





Contents

2 Overview

- 3 Message from the CEO
- 5 Our progress in 2019
- 7 About Cathay Pacific
- 8 About this report
- 9 Our approach
- 12 Governance

17 Safety

- 18 Safety policy
- 19 Operational safety
- 26 Occupational health and safety
- 26 Passenger health and safety

27 Climate change

- 29 Climate risk
- 30 Climate change target
- 30 Climate change strategy
- 31 Ready for CORSIA
- 32 Alternative jet fuel
- 33 Fly Greener - our carbon offset programme
- 35 Aircraft emissions
- 38 Ground emissions

39 Sustainability in operations

- 41 Our approach
- 41 Sourcing
- 43 Waste management
- 48 Resources management

51 Biodiversity

- 53 Our cargo carriage approach
- 55 Sustainable development cargo carriage policy
- 55 Embargoes
- 55 International declaration

57 Our people

- 59 Major initiatives in 2019
- 60 Human resources management
- 61 Employee relations and engagement
- 64 Attracting and developing talent
- 66 Employee welfare
- 67 Diversity and Inclusion

69 Community

- 71 Our approach
- 72 Community programmes
- 76 Fundraising and donations
- 77 Volunteering

78 Our subsidiaries

- 80 HK Express
- 81 Air Hong Kong
- 82 Cathay Pacific Catering Services
- 84 Cathay Pacific Services Limited
- 85 Vogue Laundry Services Limited
- 86 Hong Kong Airport Services Limited

87 Our performance

- 87 2019 Key performance indicators
- 93 Regulations and compliance
- 99 Selected awards and memberships
- 100 External assurance
- 101 Global Reporting Initiative (GRI) and Hong Kong Stock Exchange Environmental, Social and Governance (ESG) reporting index table

Overview





Message from the CEO



Augustus Tang

Chief Executive Officer

At the time of preparing this report, a public health emergency has rocked the global economy and demanded unprecedented action of governments, businesses and the general public. It feels more important than ever to foster positivity, to protect our people, to strengthen our communities and to confront the major challenges we face. We are very determined to play our part in this hugely important undertaking; one which requires us to be financially successful but in a socially and environmentally responsible manner. And therefore, our commitment to developing sustainably with transparency and accountability is undiminished.

So, it is in this context that I present our 2019 Sustainable Development Report. A year that was turbulent for our company. We faced headwinds from the US-China trade war and as a result of social unrest in Hong Kong.

But we have remained committed to a transformation path to become a stronger and leaner company. And by putting our financial health as well as our people, the community and the environment at the heart of our plans - we believe we will further enhance our ability to ride out any adversity, as well as to survive and thrive when market conditions return.

Here are a few of our highlights:

Our approach to climate change

Acting swiftly to avert the worst effects of climate change is at the centre of our efforts. Our Board of Directors and Board Risk Committee have sharpened their focus on climate change risk and mitigation measures to build resilience in our operations. In 2019, we invested in fleet renewal and operational improvements that are vital in reducing our carbon footprint. We added six new A350s to our fleet – aircraft capable of improving fuel efficiency by up to 25%. We continued exploring opportunities to increase the use of biofuel. At the same time, carbon offsets will be instrumental in our transition to a lower carbon future. We completed all preparations for the implementation of Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), including assessing different scenarios for when China may begin its participation in the scheme. Our customers continue to offset the carbon emissions from their flights through participation in our voluntary programme. To date, Fly Greener has enabled the offset of over 200,000 tonnes of carbon, which is a solid platform to build from.



Saying goodbye to single use plastic

Our progress on removing single use plastics from our operations continues at pace. This initiative has resulted in the removal of 32 million single use plastic items from our operations in 2019. We have set a target of reducing our single use plastic footprint by at least 50% by the end of 2022. To achieve this, we began a thorough analysis of our inventory to identify items that can either be eliminated or replaced by alternative more sustainable materials, or by recycled plastics. The impact will be the removal of 189 million pieces of single use plastic items from our annual operations by the end of 2022.

Our place in the community

Supporting the local community has long been a part of our strategy. In 2019, we launched Cathay ChangeMakers, a new initiative designed to commend deserving individuals and highlight the significant positive contribution of their work to address societal or environmental challenges. Our first three ChangeMakers received free flights in addition to opportunities to promote their work through our platform to our customers, employees, and the general public. We see this as a small but important way for us to enable these remarkable individuals to drive the changes we all want to see.

We also continued our efforts to inspire, support and develop the next generation of airline enthusiasts. In 2019, we welcomed 180 secondary school students in Hong Kong to our I Can Fly programme to become future aviation leaders through training, visits to aviation facilities, and projects to take actions against important social issues. Some attendees also experienced the added benefit of visiting our cadet pilot training school in Adelaide. Through joining the ranks of I Can Fly we hope to encourage these young leaders of the future to see the many positive aspects of travel, a career in the aviation industry, and be future ChangeMakers bringing positive changes to the society.

Finally, may I take this opportunity to thank all of our many stakeholders who continue to support us both in Hong Kong and around the world. Please stay healthy at this challenging time. Rest assured that all of us at Cathay Pacific will continue to focus on the priorities that we know matter most - putting the safety of our passengers and staff at the forefront and playing our part in leading the recovery efforts when the time is right.

Augustus Tang

Chief Executive Officer



Our progress in 2019

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 progress and priorities. 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 2019.

STRATEGIC FOCUS

PROGRESS IN 2019

PRIORITIES IN 2020

Safety

We put safety first and provide a safe and healthy environment for our people, customers, and other stakeholders with the aim of achieving zero accidents and zero 'high-risk' incidents.



- Renewed IOSA accreditation
- Held safety workshops for senior management
- Established Cabin Crew Injury Working Group

- Continuous improvement of the Safety Management System incorporating Safety-II principles
- Continued focus on the reduction of cabin-crew injury rate
- Reduction of attritional losses due to ground-related events
- Enhanced resilience of the safety, security & quality system amid COVID-19 situation

Climate change

We aspire to be a leading contributor to global efforts to reduce aviation's impact on climate change, and to prepare our business to be climate ready.



- Delivered six fuel-efficient Airbus A350 aircraft
- Fulfilled monitoring, reporting and verification requirements for CORSIA
- Climate change risk was included as part of the enterprise risk management programme

- Revisit our carbon emission target and climate change strategy
- Further develop our climate adaptation strategy and actions

Sustainability in operations

We take a holistic approach to reduce the consumption or waste of natural resources through exploring alternative materials, developing closed loop solutions and embedding sustainable design in all aspects of our operations.



- Committed to a 50% reduction in single-use plastics usage by the end of 2022.
- Removed over 32 million pieces of single-use plastic items from our annual operations.

- Further removing and reducing the following single-use plastic items from our operations: plastic cups, toothpicks.
- Explore closed-loop opportunities and alternative materials for other single-use plastic items.



STRATEGIC FOCUS

PROGRESS IN 2019

PRIORITIES IN 2020

Biodiversity

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



- Served over 412 tonnes of certified sustainable seafood
- Carried out 1,157 air cargo screenings on 150 freight forwarding agents in line with our Sustainable Development Cargo Carriage Policy, an increase of 47.4% from 2018
- Conducted a comprehensive review of our Sustainable Development Cargo Carriage Policy

- Review our Sustainable Food Policy to ensure it protects against the consumption of threatened species or the degradation of habitats
- Continue to work with the civil society to prevent illegal wildlife trades

Our people

Respect our people and provide an environment in which they can realise their potential, making us a first-choice employer.



- Established 5-year Diversity and Inclusion strategy and action plan
- Enhanced the employee experience with digital improvements and the launch of The Hub, our updated intranet platform

- Support our people and clearly communicate important information with transparency when addressing the challenge of COVID-19.
- Continue to enhance employee experience through our new flexi-benefit system.
- Revamp global policies including reviews of our policies for improvements to ensure greater consistency across policies and audience groups.
- Develop new talent acquisition and onboarding solutions

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.



- Welcomed 180 secondary school children to our I Can Fly programme in Hong Kong
- Launched new initiative, Cathay ChangeMakers to commend and raise awareness of local social innovators and initiatives
- Raised HK\$10 million for UNICEF through our "Change for Good"

- Support community development especially in Hong Kong and China
- Further strengthen the Cathay ChangeMakers platform and network



About Cathay Pacific

Cathay Pacific Airways Limited ("Cathay Pacific"), with its subsidiaries Hong Kong Dragon Airlines Limited ("Cathay Dragon"), Hong Kong Express Airways Limited ("HK Express") and AHK Air Hong Kong Limited ("Air Hong Kong") (the "Group") operated 236 aircraft at the end of 2019, directly connecting Hong Kong to 119 destinations in 35 countries worldwide (255 and 54 respectively with codeshare agreements), including 26 destinations in Mainland China. The Group, and its subsidiaries, employ more than 34,200 people worldwide, of whom around 28,200 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 2019](#) 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 2019. Our previous Sustainable Development Reports can be downloaded from www.cathaypacific.com.

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).

REPORTED SCOPE AND DATA

Unless otherwise specified, the environmental, social and governance data in this report covers Cathay Pacific Airways Limited and its principle subsidiaries as of 31st December 2019 shown as follows:

<i>Subsidiaries</i>		<i>Ownership</i>
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 Dragon Airlines Limited	(KA)	100%
Vogue Laundry Service Limited	(VLS)	100%
AHK Air Hong Kong Limited	(AHK)	100%
Hong Kong Express Airways Limited	(HKE)	100%

The economic data in this report are based on the consolidated financial statement of the [Annual Report 2019](#) 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:

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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](#). Its six focus areas 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.

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 staff 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.

MATERIAL TOPICS

Our material topics are determined through a process of materiality assessment that follows the principles outlined in the [GRI Standards](#). 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	Safety
Governance	Overview > Governance
Disclosure and transparency	Our approach Our performance > Indicator tables
Environment	
Emissions/ climate change/ alternative fuels	Climate change
Biodiversity	Biodiversity
Resources and waste management	Sustainability in operations
Society	
Occupational Health and Safety	Safety > Occupational Health and Safety
Employee welfare	Our people > Employee welfare
Training and development opportunity	Our people > Attracting and developing talent
Community investment	Community
Staff volunteering	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 2019 delivered through our approach is shown on pages 5-6 of this report.

Sustainable Development Agenda		Our Approach		Report Section
SDG 5 Gender Equality		Achieve gender equality and empower all women and girls.	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.	Our people
			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.	Community
SDG 8 Decent Work and Economic Growth		Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	We employ locally, with more than 8 in 10 of our employees coming from Hong Kong. Our revised Hire-to-Retire strategy ensures we support and invest in our people, regardless of location, rewarding performance with benefits and promotion, as we devote the same care and attention to our employee experience as we do our customer experience.	Our people
			We continue to open new routes, offering economic development opportunities to communities where we operate.	Community
			We also champion safety in every aspect of our operations, ensuring our people are protected and able to focus on delivering excellent customer service.	Safety
SDG 12 Responsible Consumption and Production		Ensure sustainable consumption and production patterns.	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.	Sustainability in operations
SDG 13 Climate Action		Take urgent action to combat climate change and its impacts.	Through investment in a modern fleet, operational improvements, and the use of biofuel, we continue to reduce our reliance on fossil fuels and our greenhouse gas (GHG) emissions intensity. We support the industry's climate change goals for carbon neutral growth from 2020 onwards, with the implementation of the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) scheme under the International Civil Aviation Organization (ICAO), and to achieve the long term goal to reduce carbon emissions by 50% by 2050, against the 2005 baseline.	Climate change



Sustainable Development Agenda

Our Approach

Report Section

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.

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 biofuel, 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 are 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

CORPORATE 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.

Corporate governance is the process by which the Board instructs management of the Group to conduct its affairs with a view to ensuring that its objectives are met. The Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure:

- satisfactory and sustainable returns to shareholders
- that the interests of those who deal with the Company are safeguarded
- that overall business risk is understood and managed appropriately
- the delivery of high-quality products and services to the satisfaction of customers
- that high standards of ethics are maintained

Our governance practices are described in detail in the Corporate Governance Report section of our [2019 Annual Report](#).

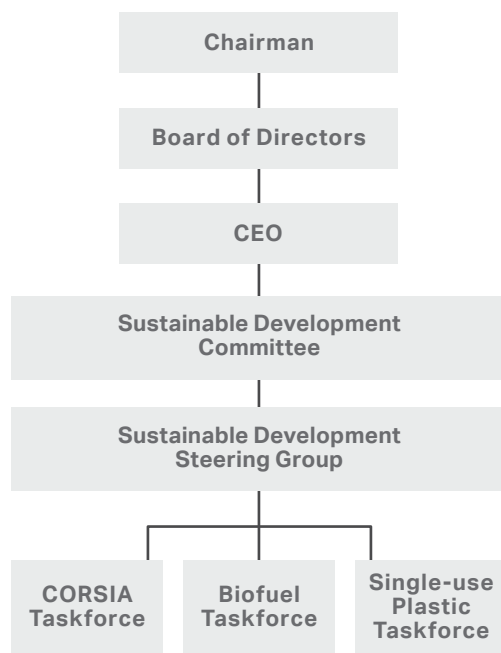
GOVERNANCE OF SUSTAINABLE DEVELOPMENT

The governance of our material sustainability topics is an important element of our corporate governance. Our primary aim is to manage sustainability risks through appropriate policies, standards, and systems. It also enables us to identify and pursue potential sustainability opportunities. The Chairman leads the governance of sustainable development at the Group in conjunction with two main governance bodies that oversee the Groups approach;

- The Sustainable Development Committee (SDC)
The SDC is established to evaluate and approve sustainable development strategy, policy, target setting, investment and prioritization in major initiatives related to sustainable development of the Group. The Chief Executive Officer chairs the SDC, which meets at least biannually. Key duties include prioritising the Group's material sustainable development topics and approving the contents of the Sustainable Development Report.
- The Sustainable Development Steering Group (SDSG)
The SDSG reports to the Sustainable Development Committee. It is chaired by the Director of Customer and comprises Department Heads that represent a wide range of functions across the company. The Steering Group evaluates and provides recommendations on sustainable development policy, initiatives, and targets that require SDC approval. It is tasked with ensuring approved strategy, targets, and commitment are executed as planned. The broad number of functions are reflected in the SDSG's responsibilities which include cargo services, customer experience design, flight operations, procurement, employee experience and engagement, carbon offsetting, emissions trading, and sustainable development. Details of how we manage these topics are contained within this report.



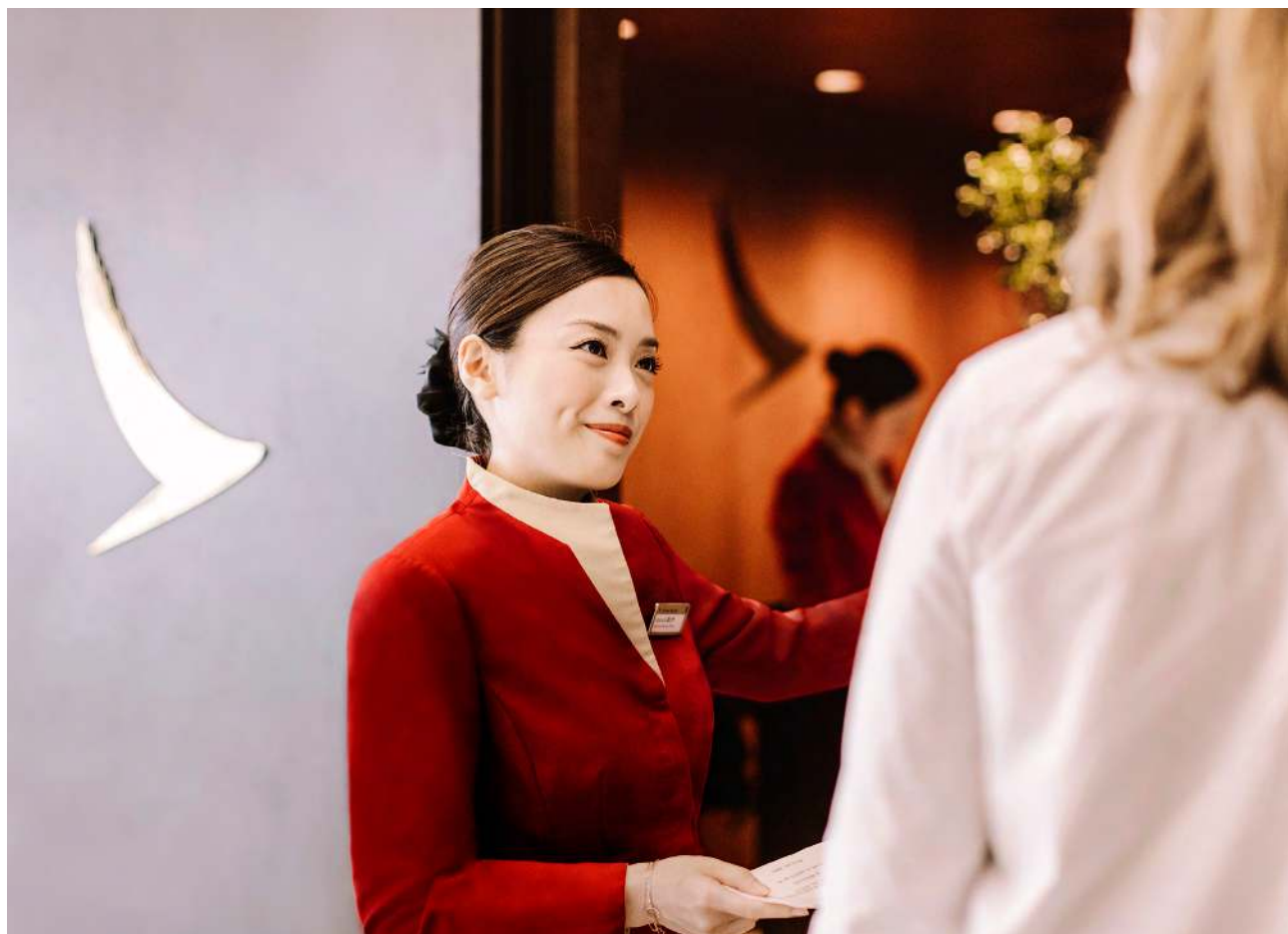
Sustainable Development Governance Structure



A key component of the Group's strategy is shared responsibility. Committees and working groups have been established to ensure all areas of the Group are managed in a responsible and accountable manner aimed at informing and operationalising the sustainable development strategy. Employees at all levels within the Group are expected to make decisions in line with our Sustainable Development Policy, helping to continuously improve our social and environmental impacts and deliver economic value.

CORPORATE 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 processes supported by focused risk management governance infrastructure including:

- A Board Safety Review Committee chaired by an independent industry expert
- A Management Safety Committee chaired by the Group CEO
- 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 provide a parallel focus on the management of all other Corporate Risks in the Group. Accordingly, the following entities were established:

- **Board Risk Committee** – a Board level committee whose membership is exclusively Non-Executive Directors with a majority of Independent 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 Cathay's risk culture
- **Risk Management Committee** – an executive committee chaired by the Group CEO 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 Group CEO. 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
- 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 of more business areas. Risk owners are responsible for escalating any breaches or potential incidents to Group Corporate Risk.

Please refer to p.53 - 57 of our [Annual Report 2019](#) 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 [Regulations and compliance](#) 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 commence a thorough investigation. In 2019, the Hong Kong Privacy Commissioner for Personal Data found that there had been a contravention of the Personal Data (Privacy) Ordinance and required Cathay to take certain actions. The Commissioner has confirmed that we have complied with all of the required actions in 2020.

During 2019, 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 2019, 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 doing business with integrity and in compliance with the laws and regulations that govern its global business. The Group has an established Anti-Bribery Policy, as part of its comprehensive and robust anti-corruption and anti-bribery compliance programme, to provide guidance to all relevant parties on compliance with global anti-bribery laws. This year, we initiated annual anti-bribery refresher training for relevant people in the Group, including Hong Kong based subsidiaries, to refresh their knowledge on the Anti-Bribery Policy and associated guidelines.

During 2019, 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.



Whistleblower Policy

We have an established Whistleblower Policy to help mitigate legal, financial, operational and reputational risk to the company. This policy also 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 is 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.

Antitrust Policy

Cathay Pacific Group has an established Antitrust Policy, and always aims to operate in full compliance with relevant competition laws. We will continue to participate in collaborative competitor activities when such arrangements are mandated or permitted by applicable laws and regulations.

As part of a continuous review of compliance within Cathay Pacific Group, we rolled out a new online competition law learning programme for all relevant staff in 2019. We will extend the training to subsidiaries in 2020.

In 2019, 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 2019](#), page 24.

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 abuses 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 impact 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 commitment to our employees on issues such as diversity, equal opportunities and workplace security. It also defines our position on protecting human rights in our supply chain.

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 Employee Code of Conduct also safeguards the Group against the use of child or forced labour in our own operations.

Stepping up our efforts to guard against the grave crime of human trafficking, we have developed Cathay's new guiding policies on the matter and formal training materials for flight crew, cabin crew and airport ground staff. 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 frontline roles will begin in the first quarter of 2020, teaching our people how to recognise and respond to potential human trafficking cases. They will learn what signs and behaviours to look out for, as well as specific questions they can ask to further assess the situation, and how to safely report suspected cases to authorities.

During 2019, 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.

Safety



Safety



Augustus Tang,
Chief Executive Officer,
Cathay Pacific



Algernon Yau,
Chief Executive Officer,
Cathay Dragon

“Safety and security are of paramount importance to our staff, our customers and to us as stewards of Cathay Pacific and Cathay Dragon – 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. ”

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. 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 Executives, 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 a “safety comes first”
- A JUST CULTURE where “non-punitive reporting” is encouraged
- A REPORTING CULTURE where all staff 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



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)

Both Cathay Pacific and Cathay Dragon underwent an IATA Operational Safety Audit (IOSA) audit in 2019. IOSA is the global standard for assessing the operational management and control systems of an airline. The external audits were successfully completed using an approach in which the both operators were audited in consecutive weeks. This approach enabled audit efficiencies in areas of Cathay Pacific's operations that provide services to Cathay Dragon and reduced the time needed to complete the review. Both operators emerged from the process with a low number of findings requiring follow up action. Once addressed, both operators will be re-registered for another 24-month period.



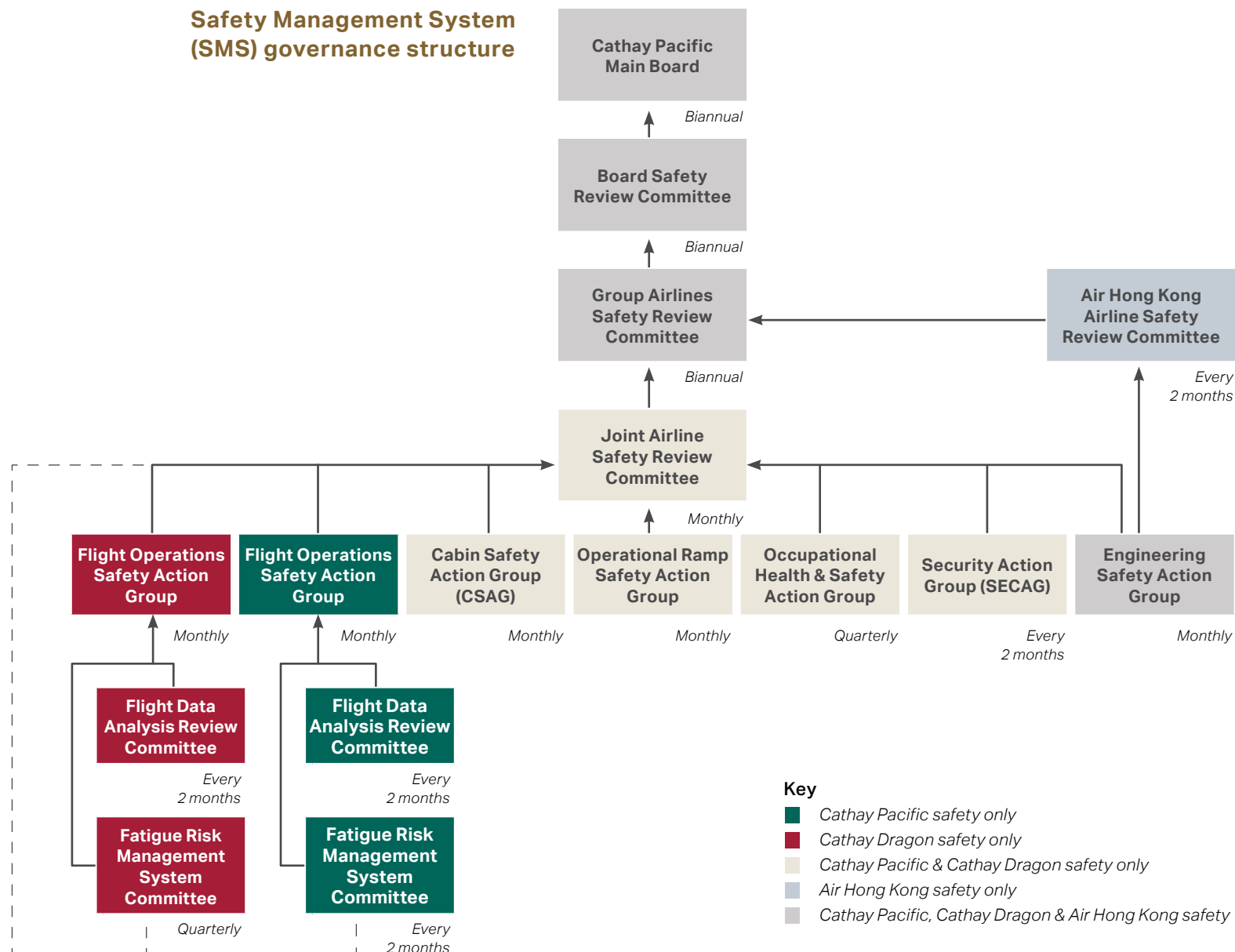
Safety governance

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 airlines operate, 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 is held by Mr. Tim Jenkins who is a former Royal Navy pilot and commercial airline pilot. He has held senior safety management positions at two other major international airlines.

Safety Management System (SMS) governance structure





Joint Aviation Safety Review Committee (JASRC) Safety Focus Workshop

In 2019, our Group Safety and Operational Risk Management (GSORM) held its first ever workshop with senior management from across the Group. Individuals were selected due to their involvement in the implementation of the policy, procedures and practical safety measures within the Group's various operational areas. The workshop encompassed:

- Review of our current situation
- Overview of safety statistics
- Current safety strategy
- Identifying areas where we perform well
- Identifying areas for improvement
- Development of new strategic initiatives
- Setting actionable goals

Outcomes and objectives from the meeting were distributed to the Safety Action Group (SAGs) for action. Following the success of this initiative, a further workshop is planned in 2020.

Continuous Improvement of the Safety Management System (SMS)

Throughout the year and in an attempt to become increasingly more predictive and proactive, we strived for continuous improvement of the SMS. This has been a key theme at the Airline Safety Committees and the Safety Action Groups responsible for operational safety across all aspects of the operation.

We have therefore been expanding the scope of what we consider following an event or incident, so as well as looking at compliance to processes and procedures, training and quality aspects, where the focus is very much on 'what' people did right, we also consider why the operation is successful the majority of the time, by considering 'why' things usually go right. Understanding this gives insight into "work as done" taking 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.

This 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, GSORM will continue to focus on these aspects to drive continuous improvement.

NORMAL GROUND OPERATIONS MONITORING (NGOM)

Normal Ground Operations Monitoring (NGOM) is a new 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 reactively making changes after an accident occurs, and therefore complement 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 staff manage threats and errors in everyday work and helps 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 staff 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.

In 2019, a team of trained observers, using clearly designed checklists, monitored selected Cathay Pacific and Cathay Dragon flight turnarounds in Hong Kong as part of the NGOM programme. 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 is being coordinated by the Ramp Safety Working Group. A further set of observations is planned for 2020.

+ CASE STUDY

Cabin Crew Injury Working Group

In early 2019, we established a Working Group (WG) consisting of members from various departments to address a consistently increasing trend in injuries to Cathay Pacific cabin crew. 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 systematic 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.

The Working Group produced a series of recommendations to enhance cabin crew safety. In late 2019, relevant departments began implementing the measures prescribed by the Working Group, with the aim of halting the increasing injury trend in 2020.



+ CASE STUDY

New port introduction process

Years before a new destination is announced, wheels are already in motion to drive network expansion forward. A fundamental component of this process is conducting a robust risk assessment. In 2019, we revamped our port introduction process policies and procedures focusing on three main areas of risk assessment beginning from when a new port is announced to when it becomes operational:

- **Risk identification and mitigation:** Following the decision to proceed with a new port and launch announcement, we require Operational Departments to identify, document and record risks and provide required mitigations.
- **Coordination and compliance:** The Risk Management Process for Confirmed New Ports is applicable for all Cathay Pacific and Cathay Dragon operations. It provides a structured coordinated process for

the expansion of the network with necessary supporting evidence to ensure the safety of our operations. It also provides an assurance that due diligence has been applied by Operational Departments and that their risk management and quality assurance responsibilities have been satisfied, prior to the commencement of the operation.

- **Ongoing risk assessments:** All Operational Departments conduct ongoing risk assessment throughout the Risk Management Process for Confirmed New Ports. When any change is identified it is added to the Safety Risk Assessment, the risk assessed, and mitigations applied and recorded. GSORM carry out a Safety Risk Assessment prior to the issue of the Port Readiness Assessment which is submitted to the Director of Service Delivery before the launch date. When all duties are fulfilled and port safety is verified, the new port goes live.



Cathay Dragon's inaugural flight to Niigata, Japan took off in October 2019

+ CASE STUDY

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. Although the Group works hard to implement measures to prevent road traffic incidents from happening, they do occur from time to time. We identified the need to establish an effective ground transport emergency response plan as a priority to ensure departments are working to the same procedures and have a consistent approach to the response.

In 2019, we established the Ground Transport Emergency Response Plan, and held a tabletop exercise to verify each department's understanding of the Plan and its effectiveness.

Safety promotion

Cathay Pacific and Cathay Dragon continue to promote safety and a wider understanding of the Safety Management System (SMS). Across 2018 and 2019, Cranfield University, a world leader in aviation safety education, delivered classroom training on Incident Investigation to staff in Hong Kong by. Over 100 operational managers attended the course. The objective of the course is to enhance investigation knowledge for operational personnel, with a focus on incident investigation and cooperation among departments. The course also included internal training in proactive safety risk assessment. By the end of 2019, over 300 operational managers had received this training.

All employees in safety-critical roles are required to complete SMS training to a level commensurate with their role in safety management. All new-joining pilots receive a comprehensive tailored SMS briefing as do newly promoted Inflight Service Managers (ISM) and Captains.

In 2019, we continued to publish and issue our Safety magazine, PROACTIVE, which aims to keep employees abreast of safety activities and issues in 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 felt 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 it 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





Fatigue risk management

Our airlines operate 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), which was established in 2011, 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 2019, we continued to develop and refine the FRMS by developing and implementing fatigue rules, reviewing and enhancing our controlled rest policies and procedures and sending representatives to serve on taskforces and present at international fatigue forums. Key initiatives included:

- Fatigue-related safety risks which were identified 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 for both Cathay Pacific and Cathay Dragon.
- Following the November 2018 publication of the Flight Safety Foundation, Fatigue Countermeasures Working Group paper 'Controlled Rest on the Flight Deck: A Resource for Operators'. The Controlled Rest (CR) policies and procedures were reviewed and enhanced. We developed and deployed a Controlled Rest App to assist crew in conducting the CR procedure and published a specific tailored Controlled Rest Report to assist crew in easily reporting CR to our Group Safety and Operational Risk Management.

The Group Safety Manager for fatigue risk management continued to serve on the IATA Fatigue Management Technical Group and the Management Committee of the International FRMS Forum and presented on the Controlled Rest project at the International FRMS Forum.

Business resilience

The Cathay Pacific Crisis Response Centre is a wholly dedicated facility capable of managing a global response effort. A regularly tested corporate emergency plan includes a centralised command protocol, customised local response teams, telephone enquiry and support centres, and biennially trained special assistance volunteers. All services can be activated by a 24/7 notification system.

More than 1,200 airline and subsidiary employees constitute the Care Team, whose prime focus is to assist passengers and employees and their families who have been affected during a crisis. For significant events, another 8,000 specially trained volunteers are available to supplement the Care Team through the airline's membership in the Family Assistance Foundation.

In 2019, every port within our operation participated in at least one emergency exercise to further strengthen its response capabilities. 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 the scalable Incident Management team.



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 2019, 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
- Injury prevention programme focusing on line departments.

As pilot and cabin crew lost days are based on days not available for duty, we previously used a factor to normalise relevant data according to 250 days' work per year, equivalent to 2000 hours per year. This

factor is no longer applied, which led to the substantial increase in the lost day rate for 2019. While there has been some increase in the rate of lost time injury rate and lost day rate since the previous year, it should be noted that the associated risk profile remains low.

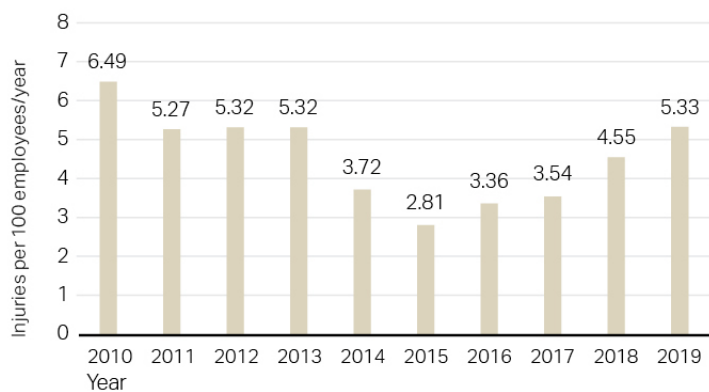
During 2019, there were no convictions for non-compliance of occupational health and safety laws and regulations that would have a significant impact on the Group.

PASSENGER HEALTH AND SAFETY

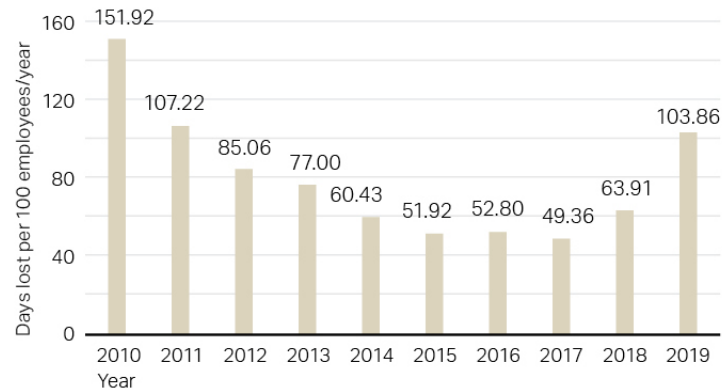
In 2019, Cathay Pacific and Cathay Dragon carried 35 million passengers. There were no fatalities caused by operational incidents or accidents. Nor were there any convictions for non-compliance of laws and regulations relating to health and safety matters relating to products and services provided that would have a significant impact on the Group.



Injury rate*



Lost day rate*



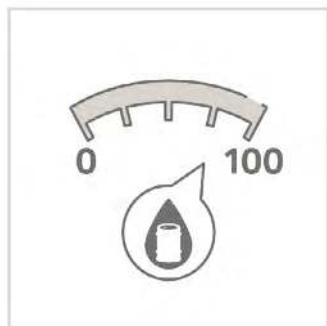
* Data from 2011-2014 covered Cathay Pacific only. Data from 2015-present includes Cathay Dragon

Climate change

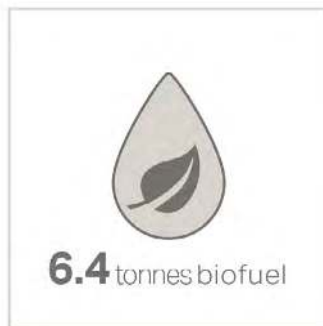


Climate change

2019 PERFORMANCE HIGHLIGHTS



by 2% in traffic carried compared to 2018* and by 20% since 1998*.



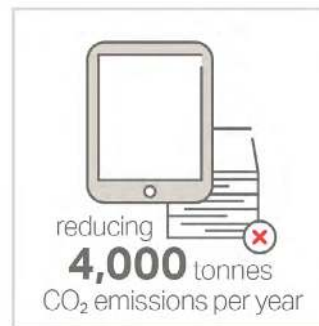
Using biofuel

We used 6.4 tonnes of biofuel in 2019 for flying our new A350-1000 aircraft home for their delivery flights.



More new aircraft

We took delivery of six Airbus A350 aircraft in 2019. With these new aircraft, fuel efficiency can improve up to 25%.



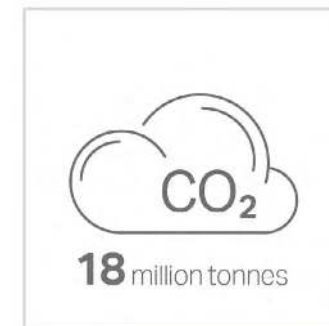
Paperless Cockpit

Flight Folder, our digitised inflight manual, replaces up to 75kg of paper documents per flight, reducing more than 4,000 tonnes CO₂ emissions per year.



Fly Greener

This voluntary carbon offset programme has offset over 200,000 tonnes CO₂ since 2007. In 2019, we offset 33,922 tonnes CO₂.



CO₂ emissions

Cathay Pacific, Cathay Dragon and Air Hong Kong flights emitted 18.4 million tonnes* of CO₂e in 2019.†

GREENHOUSE GAS EMISSIONS

Scope 1[♦]

18.4 million tonnes CO₂e[♦]

All Aviation fuel, other liquid fuel and Towngas

Scope 2[#]

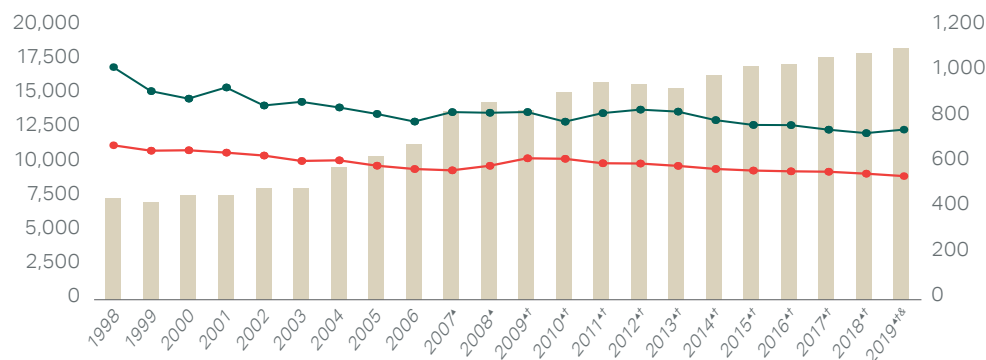
0.08 million tonnes CO₂e

Electricity and Towngas

CO₂ emissions and fuel efficiency improvement - CX group fleet (CX, KA, LD)

Total CO₂ Emissions (in '000 tonnes)

Efficiency (CO₂ in grammes per unit)



[♦] 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

▲ Includes Cathay Dragon since 2007

† Includes testing, training, and wet-lease flights since 2009

* Per available tonnes kilometer (ATK)

& HK Express was not included as it only became a wholly-owned subsidiary of Cathay Pacific in July 2019. HK Express's full year emission data will be included from 2020 onwards.



CLIMATE RISK

Climate risk is 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. Climate change risk was identified as one of the top 30 risks the Group is facing as part of the enterprise risk management process.

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. A snapshot of our climate risks and responses are provided in the table to the right.

During 2019, there were no convictions for non-compliance of 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.

	Physical risks	Transition risks	
Key risks	Extreme weather events	Regulation: 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	- 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.		- We further enhanced communications of our sustainability and climate change actions through different channels and different means, reaching different consumers and customers 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.



CLIMATE CHANGE TARGETS

Climate change is a big and complex issue. It would take real collaboration and joint effort to tackle. We support the International Air Transport Association (IATA)'s adopting a set of ambitious targets to mitigate CO₂ emissions from air transport:

- An average improvement in fuel efficiency of 1.5% per year from 2009 to 2020
- A cap on net aviation CO₂ emissions from 2020 (carbon-neutral growth)
- A reduction in net aviation CO₂ emissions of 50% by 2050, relative to 2005 levels

CLIMATE CHANGE STRATEGY

The five core areas of our climate change strategy are as follows:

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



Yee Chow

*Climate Change and Biofuel Manager,
Cathay Pacific*

“ 2019 marks the first reporting year for CORSIA and it is pleasing to see all the planning and preparation come to fruition. ”

+ CASE STUDY



Climate-related disclosures

Since 2007, we have been a constituent of CDP Climate Change. CDP is an international non-profit that focuses investors, companies and governments on acting to reduce their greenhouse gas emissions, safeguard water resources and protect forests. Since 2016, Cathay Pacific has been recognised for actively managing our overall environmental impacts and the risks and opportunities related to these, awarding us a score of B. Through our participation with CDP Climate Change we have been disclosing decision-useful information for investors in line with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Our submissions to CDP are available at www.cdp.net.

READY FOR 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. As of April 2020, 83 states, representing about 77% of international aviation activity, 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 2019, we then began monitoring, reporting and verification of our 2019 baseline emissions data and will be submitting the Emissions reports, which covers our group of airlines, to authorities in April 2020.

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.

Founding member

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

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

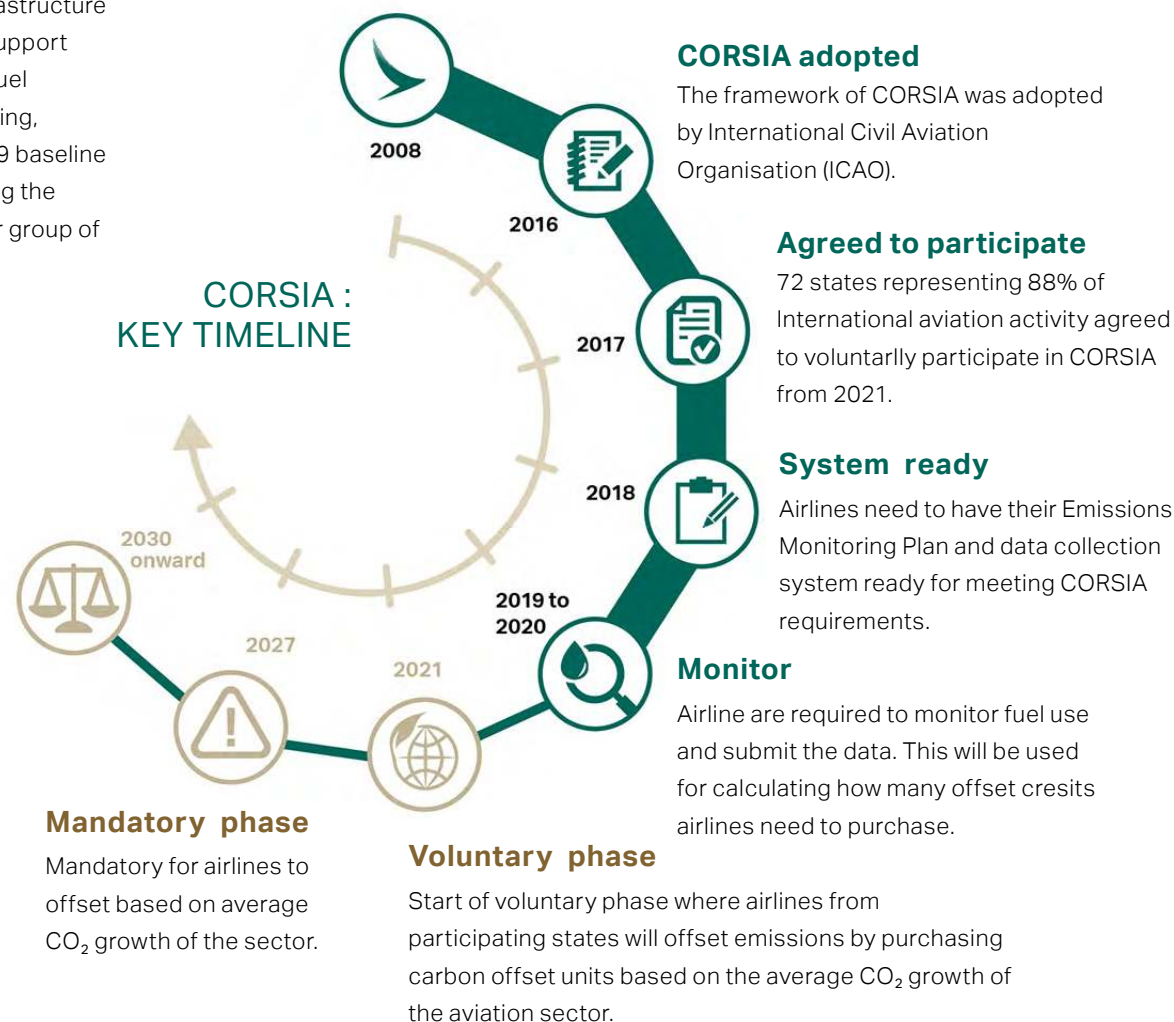
Airlines need to have their Emissions Monitoring Plan and data collection system ready for meeting CORSIA requirements.

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.

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.



ALTERNATIVE JET FUEL

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

We have taken a lead in the use of biofuel in the hope that it will become commercially viable for the mainstream. We have rolled out biofuel projects with world-renowned partners. To accelerate the development of biofuels, 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 biofuel 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 biofuel 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 2020, it will be able to convert 175,000 tonnes of waste into more than 10 million gallons of fuel each year.



Fulcrum Bioenergy plant is expected to be completed in Q3 2020

Cathay Pacific's biofuel flights

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

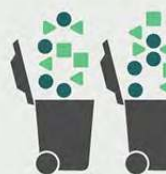
Since 2016, we have delivered all 34 Airbus A350-900 and A350-1000 aircraft from Toulouse to Hong Kong with a blend of biofuels made from sustainable sugar feedstock via our partners Total and Airbus. 6.4 tonnes of biofuel were consumed in 2019.

Our Biofuel : From Waste To Wing



Collection

Municipal waste is collected.



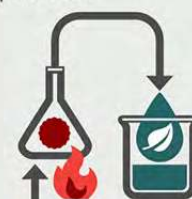
Segregation

Materials are recycled. Suitable waste for jet fuel is consolidated.



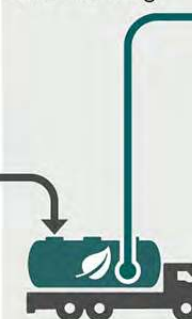
Conversion

Waste is converted into jet fuel through a thermochemical process.



Delivery

Fuel is blended, tested and delivered to airport and into wing.



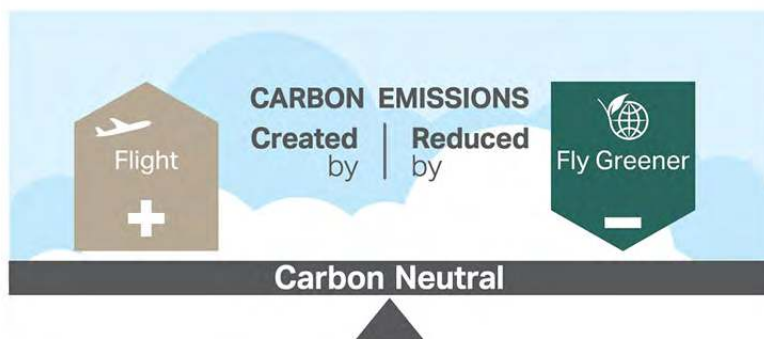
**GREENHOUSE
GAS
EMISSIONS**
-80%*



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

FLY GREENER - OUR CARBON OFFSET PROGRAMME

Launched in 2007, [Fly Greener](#) is a voluntary carbon offset programme aimed at offering our passengers an opportunity to offset their carbon footprint from air travel. This programme was the first provided by any Asian airline. All proceeds received from the programme go directly to running projects that are certified under the Gold Standard to reduce greenhouse gas emissions. Cathay Pacific does not profit from this transaction.



In 2019, we selected two new carbon offset projects. Our projects have achieved [Gold Standard](#) accreditation by coupling climate action with sustainable development. The Gold Standard is considered as the most rigorous climate standard by the WWF. As part of the 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 Sustainable Development Goal (SDG) 13, Climate Action, but also benefit local communities by contributing to two additional SDGs.

In 2019, a total of 33,922 tonnes of carbon emission produced by our operations were offset by the programme. This included 10,594 tonnes offsets for our employees duty travel, 4,401 tonnes for our contributions during promotion, 15,817 tonnes* contributed by our corporate clients, and 3,110 tonnes* by individual customers.

* Verified by Deloitte

+ CASE STUDY

Promoting carbon offsets

Effective consumer climate action requires awareness and, in many instances, convenience. That is why this year, we made efforts to promote carbon offsetting directly to our customers and in partnership with independent tour operator in the Netherlands, Travel Essence.

In support of the United Nations Climate Action Summit 2019, we ran a promotion across two months in autumn during which we tripled all carbon offsets made by our passengers through our Fly Greener programme. During the promotional period, we tripled more than 1,700 tonnes offset by our passengers resulting in a total of 5,201 tonnes of CO₂e being offset.

To extend the reach of Fly Greener, we have also started a new partnership this year with Travel Essence. Leveraging on the Fly Greener programme, Travel Essence have offset 55,000 tonnes of CO₂ for their customers. The amount is enough to offset more than 33,000 round trip Economy Class flights from Amsterdam to Hong Kong.

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



A signing ceremony for the carbon offset agreement with Travel Essence was hosted at our Amsterdam office

Our New Gold Standard Carbon Offset Projects



Bondhu Chula Cookstoves in Bangladesh

90% of the 160 million Bangladeshis cook on “three-stone” open fires in their homes, which waste energy and produce smoke that causes more than 45,000 premature deaths a year.

The Bondhu Chula, or the ‘friendly stove’, is designed to ensure a more efficient burn that reduces fuel use and has a chimney to take harmful pollutants out of the house.

The project employs local entrepreneurs to produce and distribute the stoves. Fuel consumption can be reduced by approximately 50%, leaving families with more disposable income and better health.

Managed by:



Generating clean energy from organic food waste in India

An estimated 240 million people in India live without electricity. Those who have access suffer from poor output and regular power shortages. This causes residents to turn to natural resources for fuel, which can be harmful to health but also the local environment.

The project is distributing over 15,000 biodigestors across India to replace fuelwood grid electricity and other fossil fuels. These units can be used to produce cooking gas or heat. The larger scale units even produce electricity.

Poor households benefit from saving on fuel costs and cleaner air. The slurry generated by the units can also be used as an organic fertilizer, reducing the use of chemical fertilizer.

Managed by:





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

In 2019, we reconvened our Fuel Steering Committee Meeting. Made up of representatives from different departments across our airlines, this steering committee is tasked with better managing and improving fuel efficiency by focusing on:

- Aircraft operations
- Aircraft fix 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 more fuel-efficient aircraft to our fleet we took delivery of 4 Airbus A350-1000 in 2019, with the remaining 3 scheduled for delivery in 2020. This follows the introduction of 24 Airbus A350-900s since 2016, with 4 more of these aircraft to come in 2020.

The Airbus A350-1000 brings advanced technologies in aerodynamics and design. Built with carbon-fiber reinforced plastic, the aircraft is lighter and more cost-efficient with reduced maintenance

requirements. The combined technological advancement enables it to be 25% more fuel efficient compared with previous generation competitor aircraft.

Powered by higher-thrust Rolls-Royce Trent XWB engines, the A350-1000 has attained marked levels of efficiency to support 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 & Cathay Dragon fleet

	A350-900/1000	A321neo	Boeing 777-9X
New aircraft joining fleet from 2018 onwards	18	32	21
Engine	Rolls-Royce Trent XWB	LEAP-1A-32	GE9X-105B
Fuel-efficient highlights from manufacturers	<u>25% more fuel-efficient than its current long-range competitor</u>	<u>20% more fuel-efficient than the current model of A321</u>	<u>21% more fuel efficient per seat than Boeing 777-300ER</u>



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.

At the end of 2019, Cathay Dragon launched the Reducing Engine Taxi Out (RETO) procedure at Hong Kong International Airport. As with RETI, reducing engine operation during transit to the runway will reduce on the ground fuel usage and emissions.

Utilising data analytics

We have been collecting different inflight data across the Cathay Pacific and Cathay Dragon 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.



Greg Hughes

Chief Operations and Service Delivery Officer,
Cathay Pacific

“ Our most significant environmental impact comes from our consumption of jet fuel. In addition to our investment in more fuel efficient aircraft our operational teams are focused on improving fuel efficiency through enhanced flight planning, aircraft weight reduction, reduced engine use during taxi, aircraft and engine maintenance standards as well as reducing fuel burn while at the gate. Our subsidiaries are also focused on improving their environmental impact with the deployment of leading technologies and the promotion of sound environmental and sustainability strategies, appropriate to their activity. ”

+ CASE STUDY

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 current flight routes - 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.



Our Chief Operations and Service Delivery Officer, Greg Hughes (right), and Mr Shun Chi-ming, Director of the Hong Kong Observatory, showcased this innovative technology in a flight simulator



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.

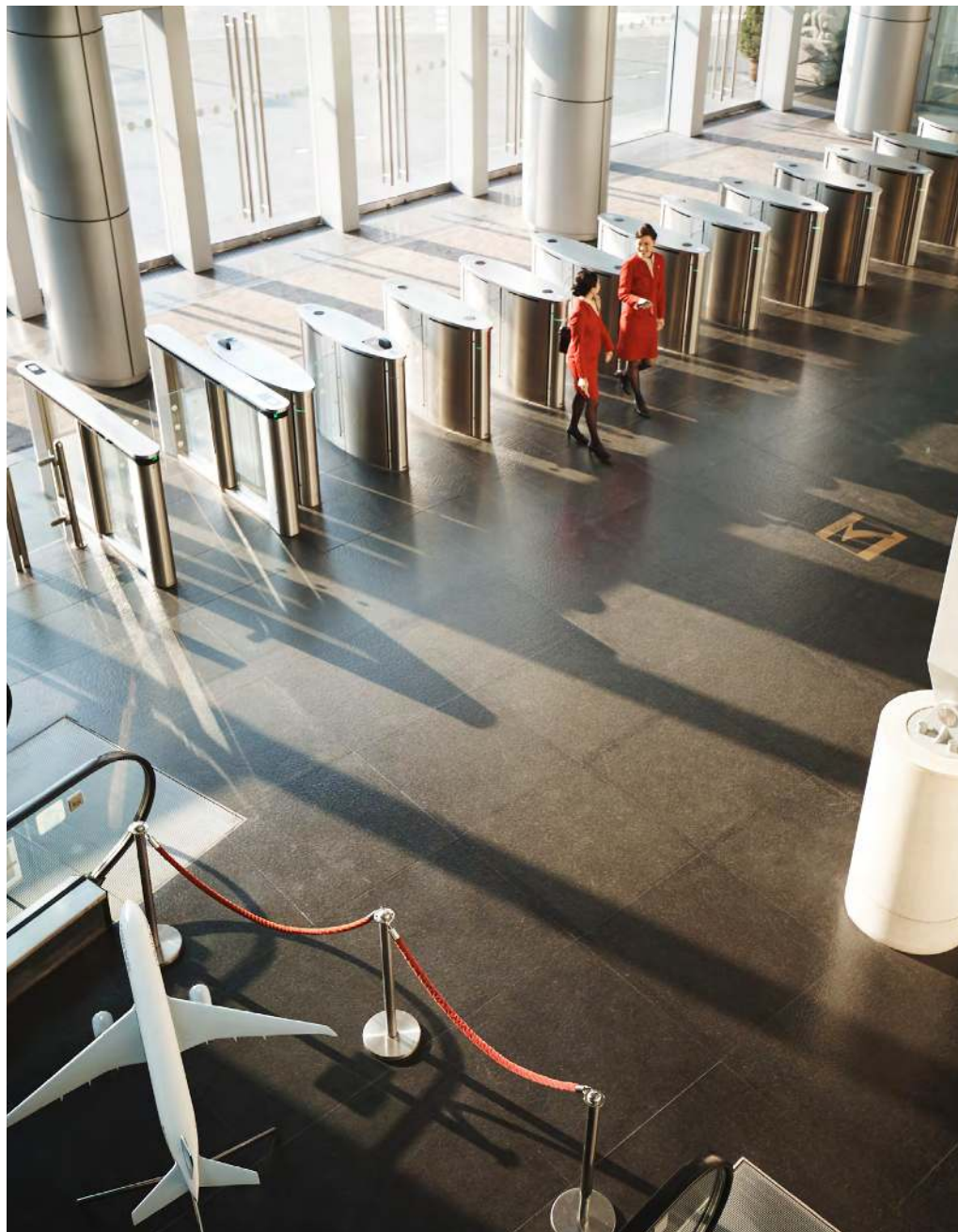
To reduce our carbon footprint, we invest in energy-saving measures such as low-impact lighting devices. Other reduction methods include sensors and chilled water system optimisation.

Environmental initiatives in 2019 continue efforts begun previously and include:

- Replacement of energy efficient LED lighting
- Operation of chilled water system optimization
- Replacement of electric vehicle is with a total of 8 electric vehicle in our ground fleet
- Reusing furniture to minimise waste

Our subsidiaries

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



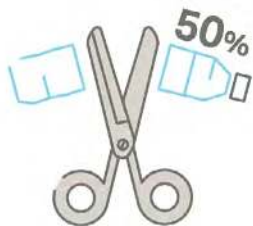
Sustainability in operations





Sustainability in operations

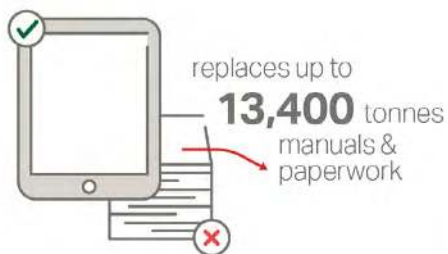
2019 PERFORMANCE HIGHLIGHTS



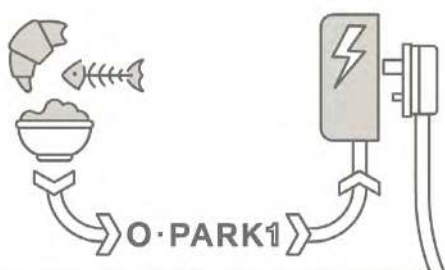
Set single-use plastic (SUP) reduction target: reduce 50% by end of 2022.



Replaced plastic wrapping for bedding in Business Class with cotton alternatives which could save up to 5.7 million pieces of plastic each year



Launched our digitalised Flight Folder which replaces up to 13,400 tonnes of manuals and paperwork on our flights each year



CPCS started to send food waste to O·Park1, the first organic resources recovery centre in Hong Kong, to convert waste to energy



RECYCLING STATISTICS



1,539 tonnes
of paper and
cardboard



40 tonnes
of metal



290 tonnes
of plastic



486 tonnes
of glass



16 thousand litres
food processing
oil recycled



over **563** tonnes
of surplus food
donated to charities



15,889 litres
of food processing oil
were collected and
turned into biodiesel



OUR APPROACH

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 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



Sustainable 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 staff, we have been proactively addressing this challenge through responsible sourcing for almost a decade.

Cathay Pacific is a corporate member of WWF. 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).

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.

In 2019, Cathay Pacific Catering Services (CPCS) purchased a total of 412 tonnes of certified sustainable, traceable seafood aimed at protecting marine ecosystems for future generations.

+ CASE STUDY

Promoting plant-based meats: Launching Omnipork in the air and Beyond Meat in First Class lounges

Since 2018, customers of The Pier First Class Lounge at Hong Kong International Airport have been served Beyond Meat, a plant-based pork alternative that is delicious in any recipe that traditionally uses real pork. This year, Cathay Pacific became the world's first airline to serve its passengers OmniPork inflight. The addition to our menus, in collaboration with local social venture Green Monday, is part of our vision for the inflight airline experience of the future. Going forward, we will be reviewing passenger feedback and continuing to experiment with other plant-based protein dishes.

Omnipork is:

- 100% plant-based
- Cholesterol-free
- Animal cruelty-free
- 66% lower in saturated fat and calories than uncooked pork*
- Vegan and Buddhist friendly



* Reference: USDA National Nutrient Database for Standard Reference

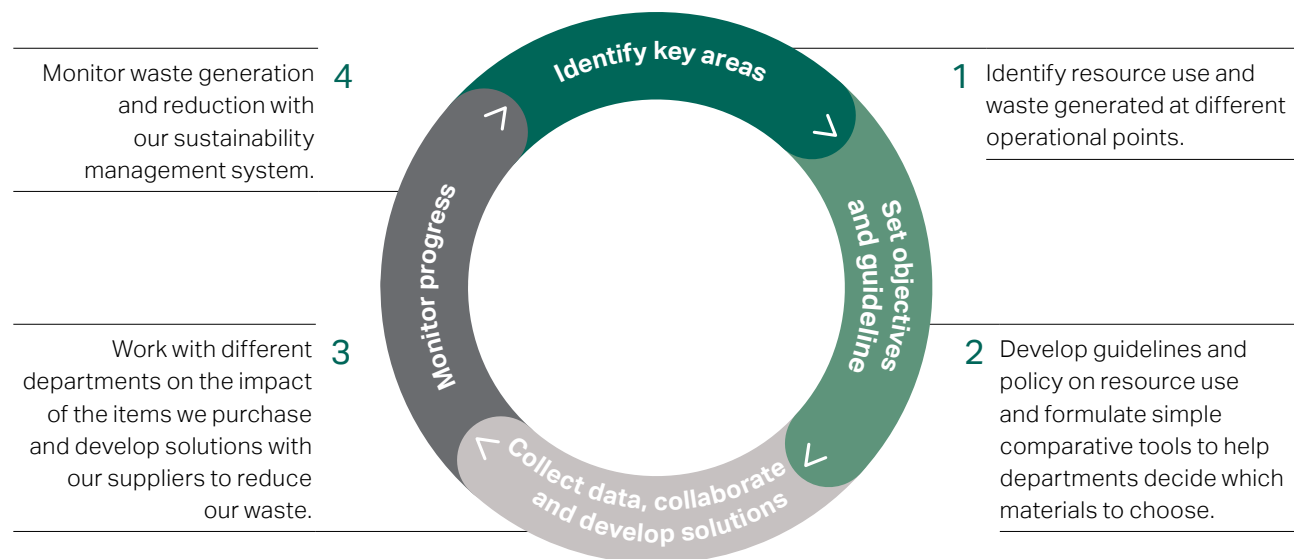
OmniPork Bolognese with Garganelli pasta was featured as one of the main courses for business classes on long-haul flights in the month of October 2019



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:

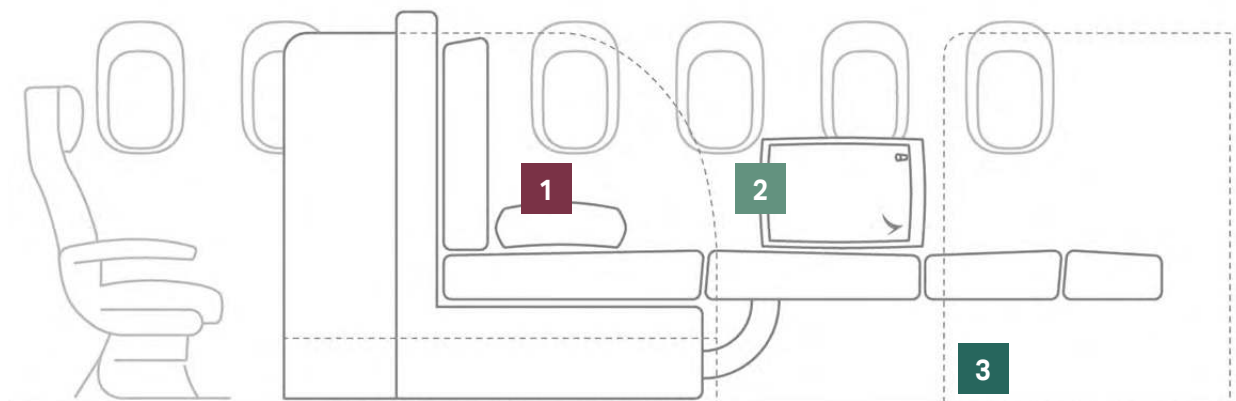




Inflight waste

Since 2006, we have sorted, reused and recycled inflight waste. Currently inflight recycling is only carried out on inbound flights to Hong Kong. In 2018, we conducted inflight waste audits for two long haul inbound flights to better understand our waste stream and help devise feasible solutions. We are not permitted to carry outbound waste on return flights for hygiene and storage reasons. 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:



Bedding

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



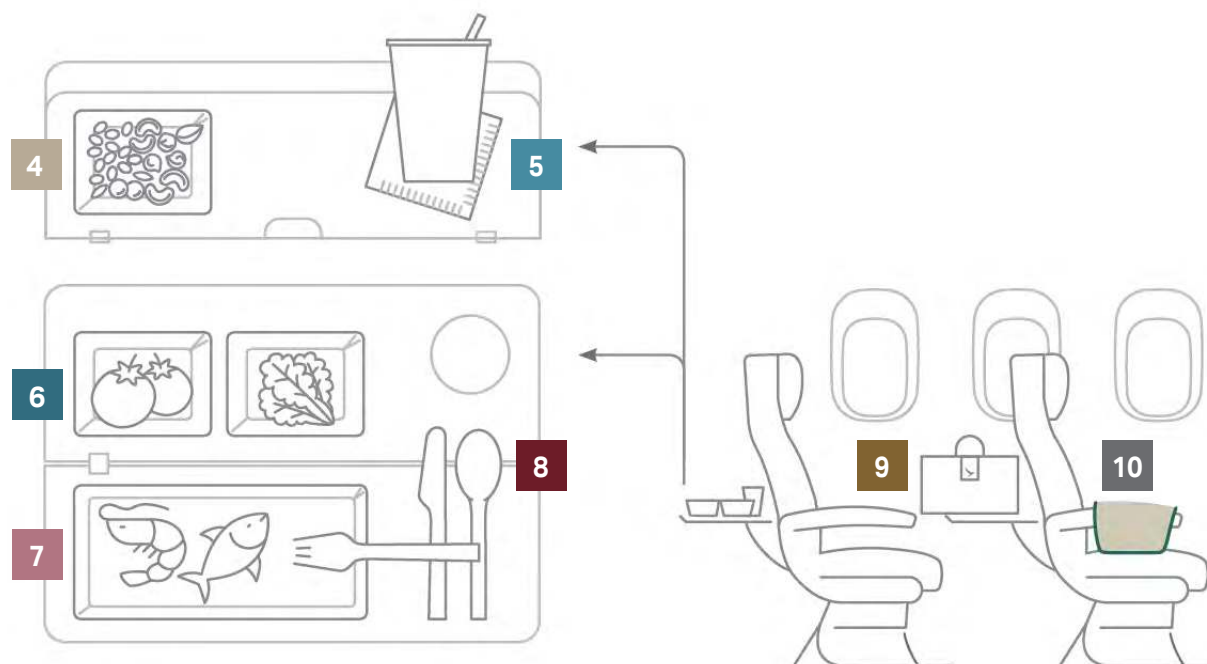
Cotton bags

Since 2019, 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.



Carpets

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



Cocktail snacks

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



Napkins, stirrers and straws

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



Vegetables

In 2019, we used 33 tonnes of hydroponic vegetables locally grown in Hong Kong.



Seafood

To support protection of the marine ecosystem, we purchased 412 tonnes of certified sustainable seafood for our inflight meals in 2019.



Meal utensils

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



Snack bag

This year we introduced a new snack bag, made out of paper which will progressively replace the existing snack bags that feature the less sustainable ribbons, which also made recycling difficult.



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.



Simon Large
Director Customer,
Cathay Pacific
Airways Limited

“Customers and staff are increasingly environmentally conscious. As a progressive and premium airline, we are making it a priority to look for alternative products that are more environmentally friendly but still maintain a high standard of quality. This is an urgent task.”

Plastic

Plastics are versatile, cost-effective and lighter than most materials. They are ideal for use in aviation as they reduce emissions from fuel burn when compared to weightier alternatives like paper, card or metals. We believe it is our responsibility to find alternatives to plastic wherever feasible. And when it is not the case, we strive to look for closed-loop opportunities to make use of recycled plastic at source and improve recycling at disposal, thus creating demand for a circular ‘plastic’ economy.

For almost two decades we have been working to reduce our reliance on single use plastic. In 2018, we adopted a new strategy towards single-use plastic (SUP) – we call it the 4Rs, which stand for Reduce, Reuse, Recycle, and Rethink. Going beyond the first three Rs, we are fundamentally rethinking how and why we use SUP. At every stage, every location, and every business unit within our operations, we aim to ultimately remove and replace single use plastic as much as possible.

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.

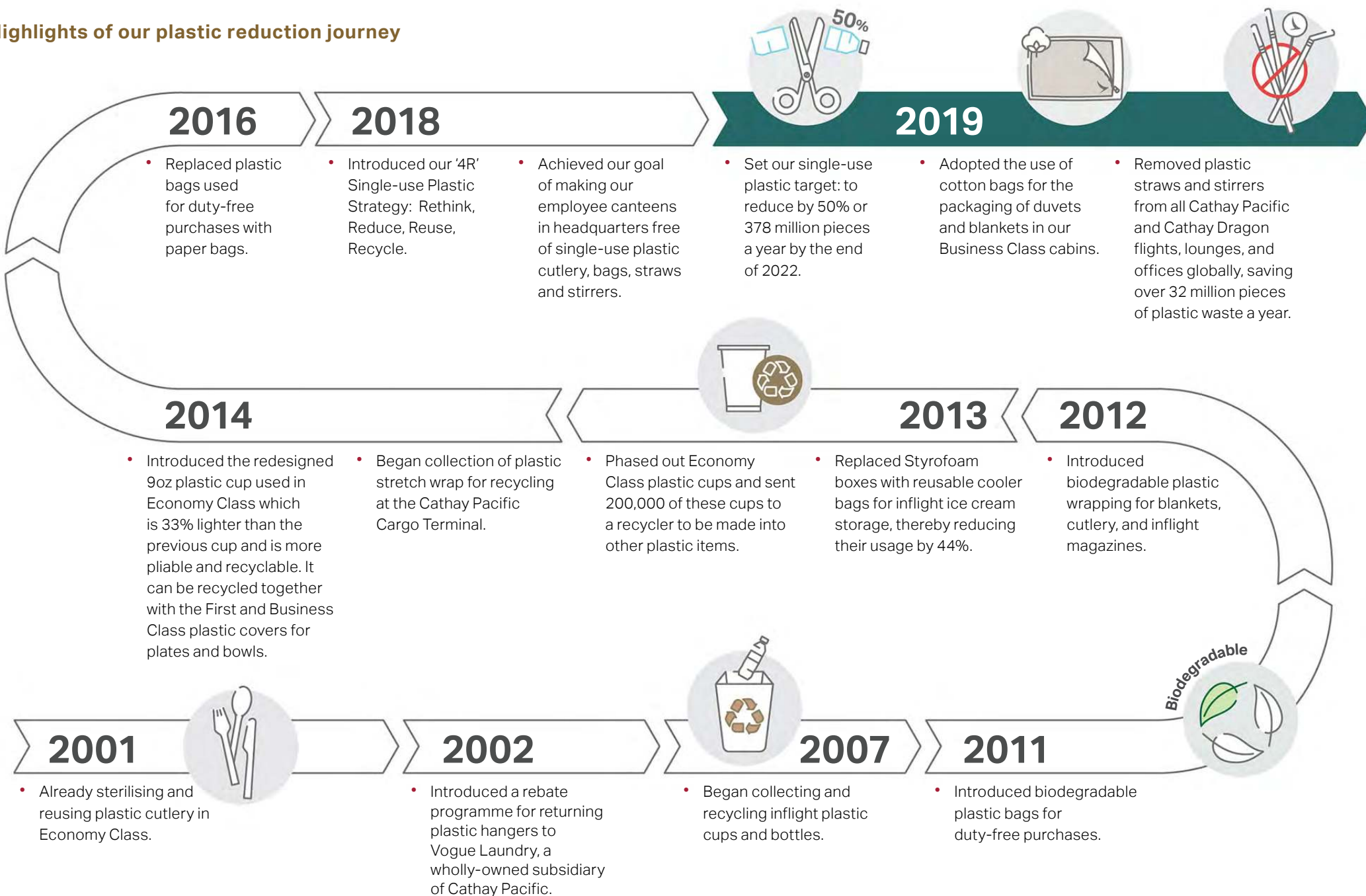
2019 is a landmark year in our plastic reduction journey. We established our single-use plastic consumption baseline from 2018 and found 89% of consumption occurs inflight, with 20 items contributing to 80% of the consumption by volume. From this baseline we have committed to cut 50% of our single-use plastics by the end of 2022. This represents the reduction, removal or replacement of 189 million pieces of plastic each year.

Our actions in 2019 removed 32 million pieces of plastic from our annual operations. We plan to replace plastic cups – our biggest single-use plastic by volume – with paper cups for non-alcoholic drinks in 2020. All the top 20 SUP items are being reviewed one by one. We will continue working with our suppliers to create alternatives to products that will appeal to our passengers while reducing environmental impact.

Although much smaller in terms of volume, we also look for ways to reduce our single-use plastic consumption outside of our aircraft. Beginning this year, all new merchandise produced under the Cathay Pacific branding is free of single-use plastic packaging, covering our four main product lines: water bottles, notebooks, passport holders and luggage tags.



Highlights of our plastic reduction journey





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.

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.

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. The company produced 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.

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. In 2019, we donated over 2.9 tonnes of produce to their operations. Feeding Hong Kong recovers and redistributes packaged food collected from our inbound flights. In 2019, we further expanded the food collection effort to cover more flights, including both Cathay Pacific and Cathay Dragon operations. As a result, total food recovered and donated was increased by another 31% to over 563 tonnes.

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 2019, CPCS sent a total of 1,175 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 2019, we collected 15,889 litres of food processing oil for conversion into biodiesel.

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 2019, we retired our Boeing B777-200 fleet and the last B747-400SF that had been in operation. They were sent to AFRA-approved consignment facility with ISO 9001:2015 Quality Management System certification for processing.

+ CASE STUDY

The journey goes on for our retired aircraft

This limited-edition tag is crafted from the actual fuselage of our Boeing 747-400 B-HUJ, otherwise known as 'Uniform Juliet'. During her 21 years with us, Uniform Juliet scored a few notches on her metal belt. On 6 July 1998, she was the first commercial aircraft to land at Chek Lap Kok International Airport and was the first aircraft to complete a transpolar flight from JFK airport in New York that same year – the longest non-stop passenger service at the time. She was also the 'press plane' for US President Bill Clinton's visit to China in 1998. Uniform Juliet's final flight was from Haneda, Tokyo to Hong Kong on 1 October 2016, after which she flew into a well-earned retirement.





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. 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.

The same requirements apply to tenants operating in our premises, such as salon and coffee shops, for their own renovation work.

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.

+ CASE STUDY

Dry exterior wash for water saving during aircraft cleaning

Environmentally responsible solutions require parties to work together to identify areas for improvement and experiment with different approaches. This year we were pleased to work with HAECO in our Hong Kong operations to trial the dry washing of the exterior of our aircraft.

Dry washing can save up to 90% of more than 8,000 litres of water usually used to wash an aircraft. The non-toxic detergents used are also biodegradable. Over the course of a year, this environmentally friendly cleaning process can amount to a saving of more than 860,000 litres of water. With improved understanding of the process and its benefits, we are looking to expand this procedure to other ports.



Dry exterior wash was trialed on our aircraft

Biodiversity



Biodiversity

2019 PERFORMANCE HIGHLIGHTS

1.

Served over 412 tonnes of certified sustainable seafood



2.

Carried out 1,157 air cargo screenings on 150 freight forwarding agents in line with our Sustainable Development Cargo Carriage Policy



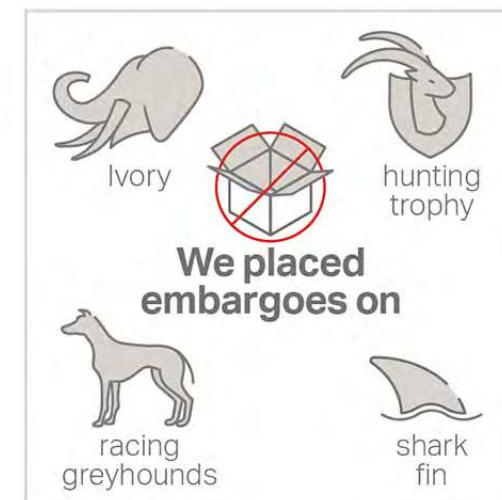
3.

Conducted a comprehensive review of our [Sustainable Development Cargo Carriage Policy](#)



4.

We placed embargoes on: Ivory since 2016, shark fin since 2016, racing greyhounds since 2015, hunting trophy since 2015



Many animals and plants are threatened by human activities. International trade in rare or endangered wildlife and associated products is one of the contributing causes. We realise that airlines play an important role in combating this threat to biodiversity through responsible

cargo management. In response, we have developed our cargo policy to prevent the carriage of illegal or endangered species, with full support of our stakeholders and value chain partners for effective implementation.



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 rapidly. This expansion has led to greater risks regarding the misdeclaration of goods carried on our passenger flights and freighters. We have conducted risk profiling and assessment on our freight forwarding and logistics agents periodically to mitigate the risks.

Since 2017, we have implemented the Cargo Agent Operation Programme (CAOP) to conduct risk profiling on about 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, the programme was extended to outports and implemented in Houston and New York in late 2019.

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, screening



Frosti Lau
General Manager Cargo
Service Delivery

“Our efforts in sustainability are focused on engagement, education and empowerment. By engaging international environmental taskforces and other NGO initiatives we drive positive change in our cargo business and contribute to industry-wide efforts. We educate our colleagues how our sustainability-focused policies are operationalised to create impact and empower them to put sustainability into practice in their everyday work.”

and declaration, as part of the programme managing activities before shipment tendered into our custody.

In 2019, we increased the number of consignments that were subject to random screenings. A total of 1,157 screenings were carried out representing a 47% increase compared to the previous year.

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.

Since 2018, we have been actively updating local and overseas authorities about our programme and have received good feedback about how we manage risk. Cathay Pacific has also hosted a number of 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.



Our partnership with TRAFFIC

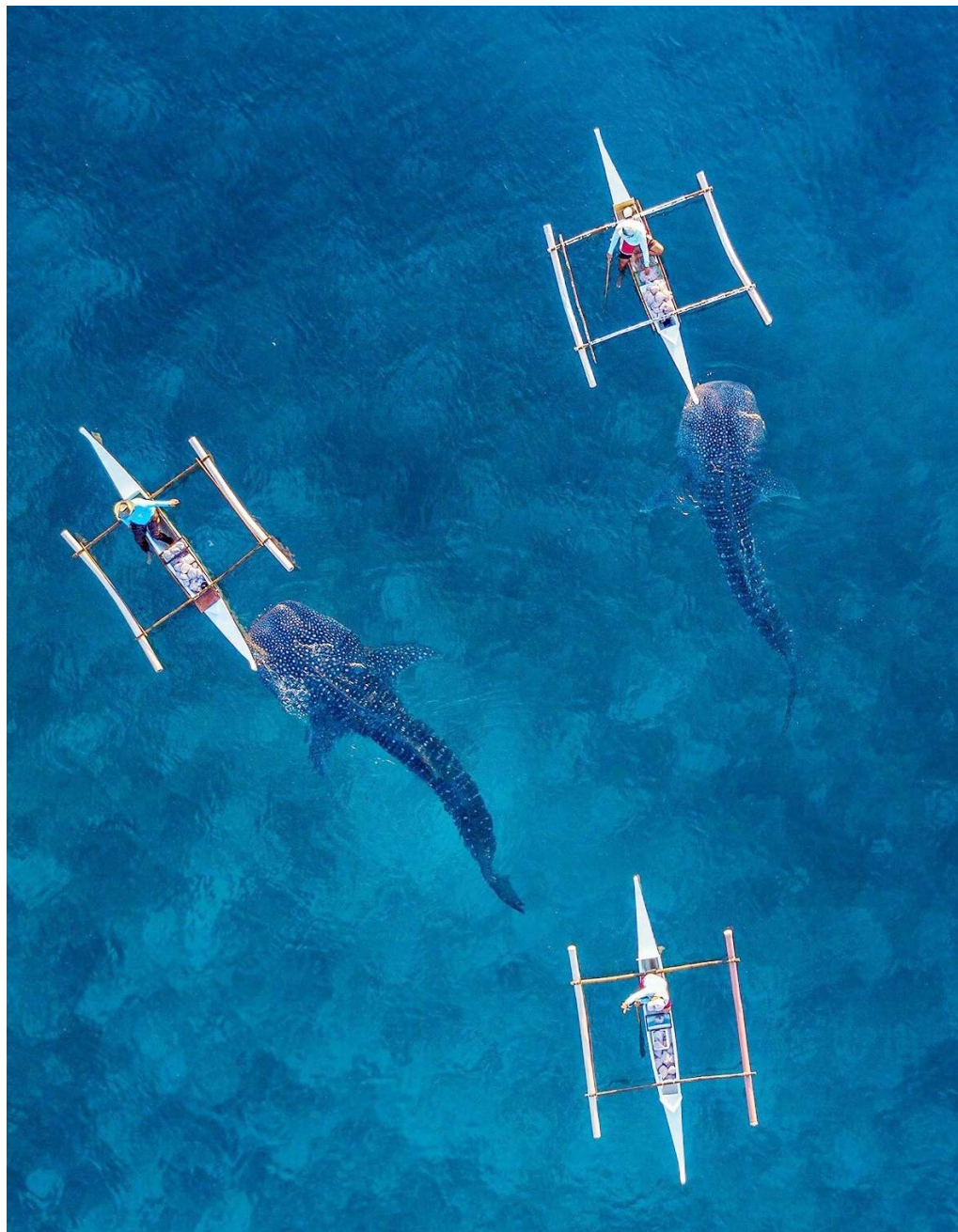
In Hong Kong, a transport and logistics hub accountable for more than 40% of global shark fin trade*, we work with knowledge partners to carry out due diligence on cargo, block channels for illegal wildlife trade and restrict access to markets for beneficiaries of wildlife exploitation.

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, Cathay Dragon House or at any corporate events or meals which are organised or subsidised by the company.

* Source : [World Wide Fund for Nature](http://WorldWideFundforNature)





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, the wildlife trade monitoring network, 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

In 2019, we conducted an internal review of our Sustainable Development Cargo Carriage Policy finding it to remain 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. Particularly as we aim to develop the policy further to ensure it is 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 or Cathay Dragon's shipping requirements. Failure to comply can result in legal penalties.

INTERNATIONAL DECLARATION

United for Wildlife Declaration

In 2016, Cathay Pacific signed the United for Wildlife Transport Taskforce Buckingham Palace Declaration.

As a signatory to the 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.



+ CASE STUDY

Big Cat Bound for Conservation Project

This year, Cathay Pacific welcomed a rare member of the big cat family to Hong Kong in January. Yakalla, a Sri Lankan leopard, made a six-hour stopover at the Large Animal Handling Centre in the Cathay Pacific Cargo Terminal in January, en route to Canberra from Paris. In its native land, Yakalla's species is at risk from population decline caused by poaching and the destruction of habitat for human use which is putting real pressure on the population. The big cat will be the first of several to be received by zoos in Australia as part of an international breeding programme aimed at reducing interbreeding and keeping the species' gene pool as strong as possible.



Yakalla received care from veterinarian after her crate was moved into the cargo

+ CASE STUDY

Hong Kong's First Alpacas Arrive by Air

Education inspires: It shapes new ways of seeing the world and makes sustainability and biodiversity conservation possible. This is why in 2019, we were excited to fly four alpacas from Perth to their new home in Hong Kong. The animals, native to Peru, are the first of their kind in Hong Kong. As the first of their kind, the import process took 18 months including a 30-day quarantine period. After 8 hours spent in the undercarriage of a passenger flight, the animals arrived in Hong Kong and took up residence on Go Green Organic Farm's Pineapple Farm. Visitors to the farm, which works with Hong Kong companies on volunteer schemes, can get up close and personal with these peaceful and pleasant animals.



To learn more about the process involved in bringing interesting and endangered animals to and through Hong Kong, check out our Cargo Clan website at <http://cargoclan.cathaypacificcargo.com/>.

Our people



Our people

2019 PERFORMANCE HIGHLIGHTS

1.

The Group employees 34,258 worldwide



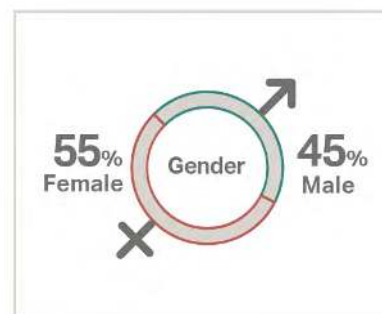
2.

80% of our people are based in Hong Kong



3.

Our people are 55% female and 45% male



4.

A total of 1,671,963 training hours delivered



5.

Launched a new 5-year Cathay Pacific Diversity and Inclusion strategy



Throughout our 70 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.

In 2019, we continued to place great focus on the employee journey. From onboarding our new employees 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.



MAJOR INITIATIVES IN 2019

Five-year Diversity and Inclusion strategy and action plan

Our management committee endorsed our newly developed Cathay Pacific Diversity and Inclusion (D&I) strategy. Our core vision is to be one of the most progressive airline groups in the world. We are focused on building a more inclusive environment for everyone, where our people feel able to safely contribute. The strategy aligns with Swire's D&I strategic framework, with key focus areas including gender, LGBT+ (Lesbian, Gay, Bisexual, Transgender/Transsexual plus) and intergenerational differences.

An employee experience enhanced with digital improvements

This year we took digitalisation to a new level. From employee chatbots that support employee leisure travel and benefits enrolment to digital maps offering facilities booking, a range of services have been made available and integration and expansion continues at pace. The focus on digitalisation puts connectivity and communication at the heart of the employee experience. The Hub, our intranet, is available to employees in all departments, outposts and regional sites and also our business partners. Upgrades to our core HR system, People Hub have been made and digital surveys and forms are streamlining processes. Greater digitalisation and integration allow for better big data insights that will enhance processes and performance going forward.

Comprehensive policy review

In 2019, we commenced a holistic review of all people-related policies in our operations globally, including all policies developed by individual departments. The review, which is due to be completed in 2020, involves the review of each policy and re-drafting in respect of content, tone, language and format. Alignment opportunities between policies will also be identified as part of this exercise.



Tom Owen,
Director 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. ”



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

We have also developed a [Human Rights Policy](#), which 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 2019, there were no convictions for non-compliance of 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, and 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

In September 2017, we launched an annual online employee engagement survey to understand what employees think and highlight where improvements could be made to their experience at work.

Results from five key statements in the survey make up our Employee Engagement Index, telling us how engaged our employees are at work. Employees rate each statement from strongly agree or strongly disagree:

- I feel optimistic about the future of the Airline.
- I feel proud to work for the Airline.
- I feel a sense of satisfaction working for the Airline.
- I am motivated to perform at my best in my role to help the Airline succeed.
- I intend to stay and not seek alternative employment during the next 12 months.

In 2019, more than 10,000 employees completed the employee engagement survey, accounting for 40% of the company. The Employee Engagement Index was 62% in 2019, an increase of over 30% year-on-year. The findings are essential to develop targeted people strategies.

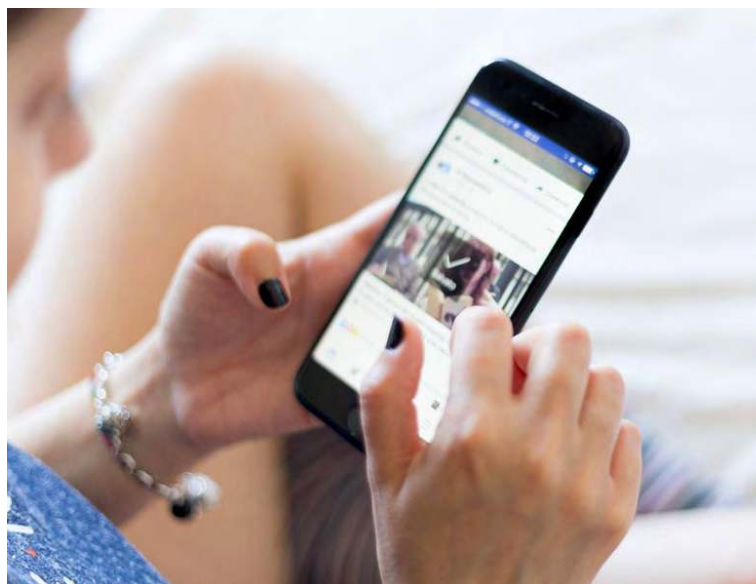
We also use a twice-yearly pulse survey to keep up with our people's sentiments.

Internal communication channels

Our internal communications got smarter this year with the launch of The Hub, our new intranet for all our employees. Modern and intuitive, The Hub is a one stop shop offering broad support for our employees including company news, events to up-to-date documents and quick access to systems and platforms – all 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 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 our bi-monthly magazine, The Journey, face to face forums for our employees to hear from senior leadership and a number of engagement events and activities.



Recognising and rewarding our people

We continued to expand our recognition programme, Work Well Done, to ensure our people feel valued and appreciated for the work they do. We also 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.

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

We also held our annual Niki and Betsy Awards programme. The awards are named after the first two aircraft that took Cathay Pacific to the skies in the 1940s. 15 Niki and 15 Betsy winners were chosen from hundreds of submissions and celebrated at an awards ceremony in Hong Kong. Our Niki award winners put in exceptional work behind the scenes and are rewarded for their exceptional efforts and behaviour. While our 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. Our winners embody our brand and have shown what it takes to deliver world leading service.

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 2019, we recognised nearly 2,000 people for their commitment and loyalty to our airlines. Over five evenings hosted by our CEO, Augustus Tang and Group directors, we honoured around 850 of these people with their family and friends.



Engagement and events activities

Throughout 2019, we took the opportunity to host several engagement and events activities. Our locally brewed Betsy Beer 2.0 made a welcome appearance at a tasting session for our people to learn more about our revamped craft brew with over 1,000 people participating. We held many other events for our people to experience our brand and products. We also continued to celebrate more traditional seasonal events including Chinese New Year, Mid-Autumn Festival and Christmas. Whether for calligraphy writing and lion dances, mooncakes, Christmas cards or mince pies, we feel it's important to bring our people together at any opportunity we can to celebrate these key events.



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 various views are heard and considered appropriately. We are committed to continue to build constructive and productive relations with both our Hong Kong and overseas based employee representatives.





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 invest in different ways to acquire the best talent in the market 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 accepting job applications in video format
- 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 job tasting events for students to build up current and future talent pipeline

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*	• 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	• 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 internships is also offered twice a year.
Cadet Pilot	• 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	• 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	• 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	• 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	• 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 to our operations and have done for more than 25 years. 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.

A new way of learning by The Learning Academy

A new approach to learning has been adopted with the focus firmly on equipping our people with the confidence, knowledge and skill to create the best possible experience for our customers. The learning methodology is interactive, participant centred, and outcome focused. We utilise a blend of classroom experiential training, on the job learning and E-learning.

Serve to Lead programme

We have created a range of opportunities for our leaders to work on the front line in various customer service roles for 1-2 days at a time. As a service brand this is an important part of raising the awareness and empathy of our leadership to challenges faced by front line employees.



Accompanied by Service Leader Wesley, Erica Peng, General Manager, Airport Service Delivery, took part in a full-day 'Serve to Lead' programme at HKIA

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
- Medical and dental coverage
- Insurance plans
- Retirement schemes
- A dedicated Benefits Services Centre for all Hong Kong-based employees, while our overseas employees can approach their local People Departments for benefits-related queries
- Flexible working policies and staggered working hours
- An industry leading employee travel benefits programme with discounted tickets, offers and travel benefits

Wellbeing at Cathay

The health and wellbeing of our employees is incredibly important to us. We continued to enhance our wellbeing initiatives in 2019 including:

- 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 in 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 new Diversity and Inclusion strategy has been developed in line with the Swire Diversity and Inclusion Strategic Framework and will guide our vision to be one of the most progressive airline groups in the world. Its implementation will be driven by the Diversity and Inclusion Office, where dedicated individuals are responsible for strengthening inclusivity as a characteristic of the Cathay culture.

In 2019, we launched a formal Hire-to-Retire process review covering policies, talent acquisition, and talent management and development areas. There was particular focus on Gender and Sexual Orientation pillars through our employee resource groups.

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

started unconscious bias training, set targets to hire more female pilots, established a male allies programme and advisory group to demonstrate support for improved gender balance and we held panel discussions and events to help promote a more inclusive culture.

Cathay Female Pilot Advisory Group

In 2019, we formalised the Cathay Dragon Female Pilot Advisory Group (FPAG) as an additional employee resource group and official segment of our Diversity and Inclusion governance structure. Doing so will bring further understanding of the current barriers our female pilots face and help the Diversity and Inclusion Office to address key challenges relating to this employee group.



Cathay Dragon Captain Zoe (left) and First Officer Ashleigh operated an all-women flight on International Women's Day 2019

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 2019 included:

- Hosting all female crewed flights over International Women's Day and communicating 'Balance for Better' messaging stemming from the idea that gender balance is essential for communities and economies to thrive
- Leading panel discussions on female financial empowerment
- Hosting a 'power lunch' giving our employees the opportunity to talk with inspiring women from Hong Kong
- Continuing our support for the Women's Foundation Hong Kong in their endeavour to breakdown stereotypes for young women in STEM (science, technology, engineering and mathematics) subjects and helping them to build a pipeline of future female talent in aviation
- Hosting Superwoman and Superman workshops, with a focus on wellbeing and wellness to give practical guidance on finding balance in our lives

Fly with Pride

In 2019, we celebrated the first anniversary of Fly with Pride. Since launch, more than 200 supporters have shown open support for LGBT+ inclusion in our workplace. The anniversary year was marked with our entry onto the Community Business LGBT+ inclusion index this year, a positive step for the Brand and for developing our own strategy and best practice planning for the next five years.

Our Move Beyond Labels advertising campaign featuring a same-sex couple also made a clear and strong statement of our commitment to diversity and inclusion. While it was encouraging to see the level of support the campaign received both internally and externally, it also served to highlight the stigma and discrimination that the LGBT+ community face in public and in the corporate world. We hope our efforts towards inclusivity within the Group ripple outwards and help to affect positive change.

This year we celebrated #PinkFridayPride by coming to work in pink and running a booth to raise awareness.



We celebrated #PinkFridayPride by coming to work in pink and running a booth in Cathay City to raise awareness.



Our people showed their support to the Move Beyond Labels campaign on World Diversity Day 2019

Community



Community

2019 PERFORMANCE HIGHLIGHTS

Strong communities make for more prosperous and healthy societies. Around the globe, communities face varied and complex challenges that require collaborative responses. Whether they are the challenges faced by young people or challenges to the environment, there is a role for companies such as ours to play in effecting positive change.

“ We take great pride in calling Hong Kong home and are eager to support our local community in ways that perhaps only our company our network and our people can. Our community-based programmes, ChangeMakers and I Can Fly focus on amplifying great causes and guiding ambitious young people in their quest for a career in our industry. ”



Ronald Lam

Chief Customer and Commercial Officer



Welcomed 180 secondary school children to our I Can Fly programme



Launched new initiative, *Cathay ChangeMakers* to pay tribute to and raise awareness of local inspirational thought leaders



Raised HK\$10 million for UNICEF through our “Change for Good” inflight fundraising programme in 2018¹

¹ 2018 is the most recent year for which data is available due to donations provided in 2019 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.

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.

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.

Cathay ChangeMakers

In 2019, we launched the Cathay ChangeMakers programme. ChangeMakers pays tribute to and raises awareness of thought leaders who are acting as catalysts for positive social and environmental change. We sponsor the flights of our ChangeMakers to support their efforts to bring their inspirational messages to Hong Kong and the world. From this year onwards, we will use our reach and network to provide our ChangeMakers with a global platform to showcase their change-making initiatives to local and international travellers.

Our ChangeMakers share our drive to address key issues:



Gigi Tung, founder of food rescue and assistance programme, Food Angel.

Food Angel goes even further than turning food waste into hot meals for people in need by conducting workshops and programmes that educate young people against food waste.



Craig Leeson, producer of documentary film A Plastic Ocean highlighting the problem of plastic pollution.

As we continue our effort in reducing single-use plastic in our operations, we support Craig's work to raise public awareness of this environmental issue.



Jeffrey Andrews, the first registered social worker of Indian descent in Hong Kong, serving refugees and ethnic minorities locally.

Jeffrey is the driving force in promoting diversity and inclusion in Hong Kong, including helping Cathay Pacific to invite ethnic minority participants to a range of our community programmes.

To inspire the leaders of tomorrow, the important causes championed by our ChangeMakers were incorporated into our 'I Can Fly' programme this year. A charity auction with flight simulator experience was also offered to our Marco Polo Club members, both to raise funds and to promote the good work of the ChangeMakers to a wider audience.

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



The 2019 Cathay ChangeMakers

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. In 2019, outstanding members from the I Can Fly programme in mainland China came to our headquarters in Hong Kong for their study trip.

+ CASE STUDY

2019 I Can Fly and ChangeMakers collaboration

I Can Fly teaches tomorrow's leaders that career success and promoting social progress should go hand in hand. The eighth intake of I Can Fly saw 180 local students gain valuable airline and social responsibility experience from 60 experienced employee team leaders.

New to the programme this year was the focus on three causes championed by our ChangeMakers: the need to combat plastic pollution; to tackle food waste; and to support ethnic minorities living in Hong Kong. Through Design Thinking, a people-focused problem-solving approach, we equipped participants with the ability to understand social issues in-depth and to innovate and design possible solutions.

Students on the programme were enthusiastic about its content, its ability to broaden and deepen their knowledge and to teach new problem-solving skills. Japan, a student participant, spoke highly of the programme this year, "Going behind the scenes during airline visits and for trainings provided me with in-depth understanding of how other industries interact with the aviation industry. The social services focus was also really informative. It gave me new insights and helped me build my social skills by pushing me to interact with people outside of my social circle. It was also beneficial to have the Design Thinking training. This is a new problem-solving technique for me, and it helped me to not only find solutions but to think in others' shoes. Overall, the I Can Fly programme has deepened my knowledge of aviation and given me valuable experience and training which will help me make my dream a reality."



30 outstanding students had the rare opportunity to visit a flight training school in Adelaide and fly a small aircraft

At the end of the 6-month programme, 30 outstanding individuals took part in an overseas trip to Adelaide Flight Training School to further explore different aspects of aviation and interact with people from various cultures and backgrounds, including Cathay's cadet pilots.

This year, one pilot leader, Marcus, volunteered for the first time having enrolled in the programme 16 years ago as a student participant. He reflected on his journey in a recent interview, "I Can Fly provided a platform for me to fulfil my dreams. The local pilots I met inspired me and I went on to join the Cathay Pacific cadet pilot programme in 2011. Employee volunteers bring their passion and commitment for aviation. Now as leader of the 2019 I Can Fly programme, I hope I've inspired the next batch of local pilots by sharing my knowledge and experience."

Cathay Pacific City visits

In 2019, we welcomed over 7,742 members of the general public in Hong Kong to our headquarters - Cathay Pacific City. Ranging from primary school children to seniors in their 70s, participants were shown around our training and operation facilities. The tours were conducted by our own employees, to give visitors access to staff knowledge and a behind-the-scenes view of the airline's operations.

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.



A new social goods package that we added to the platform in 2019 was "Hygiene Kits and soap bars for humanitarian relief across Asia", run by Clean The World Asia

Asia Miles Good Deeds quick facts 2019:

Total miles support	Over 39 million
Number of charity partners participated in Social Goods Redemption	29
Number of social goods packages	91
Most popular package	UNICEF Hong Kong – Providing therapeutic milk to malnourished children in complex emergencies
Second most popular package	Taiwan Society for the Prevention of Cruelty to Animals (TWSPCA) – Help to foster one dog or cat for one day
Third most popular package	Médecins Sans Frontières (MSF) – Anti-Malaria Treatment for Children under 5 years old



+ CASE STUDY

Cathay Pacific and Make-A-Wish Hong Kong

In 2019, Nok-him held the title of 'Cathay Pacific's youngest pilot'. At 10 years old he has had to battle his way through leukemia to remission. As reward for his bravery, hospital staff contacted Make-A-Wish Hong Kong, a charity that makes wishes come true for children with critical illnesses. Soon after, he 'took to the sky' over Hong Kong and Macao.

Nok-him is fascinated by aviation. His home is filled with model planes gifted from his father. His aircraft artwork, produced during his stays in hospital, wowed local staff and inspired Make-A-Wish to get in touch with Cathay Pacific. Teams across the airline couldn't wait to be involved.

Initially conceived as a session in one of the airline's state-of-the-art flight simulators, Nok-him's Wish Day quickly grew into an unforgettable two-day aviation experience. He was welcomed to Cathay City by senior managers and decked out in a tailor-made pilot's uniform after Captain Joe Fung, a Deputy Flying Training Manager collected Nok-him from his home in Macau.

Over the next two days Nok-him learned about airline safety, opened aircraft doors to see the emergency slides and life rafts fully deploy, and even extinguished a fire. With safety knowledge acquired, he listened to a pre-flight briefing, before taking to the skies in one Cathay Pacific's

state-of-the-art simulators. Nok-him flew from Hong Kong International Airport to Macao and back, making two take-offs and three landings.

Back on land, and with his wings successfully earned, Nok-him accompanied Captain Joe on a pilot's pre-flight walk-around of an Airbus A350-1000. He completed his pilot duty with a public announcement from the real cockpit, declaring the successful conclusion of this once-in-a-life-time experience.

Nok-him described his Wish Day as "Superb!" We look forward to welcoming him onboard again soon as our pilot in future!



FUNDRAISING AND DONATIONS

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, the programme has raised nearly HK\$193 million in support of UNICEF's lifesaving programmes, helping deprived children and women across 190 countries and territories worldwide. In 2018*, the programme raised a total of HK\$9.6 million to support UNICEF's

programmes. Over the years, our people have taken field trips to underprivileged communities that are supported by the programme, so they can experience the programme's positive impact first-hand.

In 2018, 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.



In 2019, our colleagues went on a field trip to Guizhou, China, to see first-hand how the 'small change' from CFG can make an impact on the lives of some children

** 2018 is the most recent year for which data is available due to donations provided in 2019 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 Wheelchair Bank.

Change for Conservation

Since 2004, Cathay Dragon has participated in the Change for Conservation inflight fundraising campaign to raise awareness of the importance of nature conservation. So far, the campaign has raised over HK\$10 million for conservation projects in remote areas of China, such as protecting watersheds in northwest Yunnan, establishing national parks, introducing a green credit system to help preserve forests and developing economic opportunities for the local people, as well as promoting the use of alternative energy and protecting endangered species.

Donations

In 2019, the Company and its subsidiaries made charitable donations amounting to HK\$2.5 million in direct payments and a further HK\$7 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 2019, the Community Club partnered with The Neighbourhood Advice-Action Council (NAAC) and organised several family-focused events including preserved kumquat making for the elderly, a fun day for underprivileged families and a visit with the elderly to celebrate Chinese New Year with 80 employees participating.

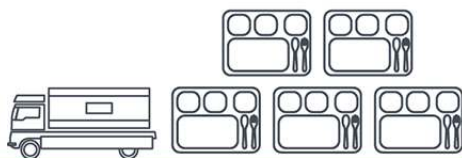
Our Subsidiaries



OUR SUBSIDIARIES

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

CATHAY PACIFIC CATERING SERVICES

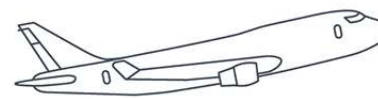


CPCS provides flight catering services to 50 international airlines operating out of the Hong Kong International Airport.



VOGUE LAUNDRY 雅緻洗衣

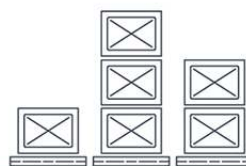
Vogue Laundry is a leading commercial laundry company in Hong Kong.



air Hongkong

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

CPSL CATHAY PACIFIC SERVICES LTD 國泰航空服務有限公司



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



HAS Hong Kong Airport Services Ltd 香港機場地勤服務有限公司



HAS provides ground handling services to airline customers. 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.

HKexpress

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





Hong Kong Express

Hong Kong Express (HK Express) is Hong Kong's only low-cost carrier, and the most recent of Cathay Pacific's wholly owned subsidiaries, having been acquired in July 2019. HK Express operates a fleet of 24 Airbus A320, A320-neo and A321 aircraft and provides scheduled air services to 25 destinations in Asia to more than 4 million passengers per year.

Our approach to sustainability

At HK Express we put our people first. Our 1,068 employees made up of 458 cabin crew, 217 pilots and 393 office staff, are integral to delivering our customer-centric service. Currently, our priority is helping our people and our business adjust and grow as part of the Cathay family through our three-part growth programme dubbed the "Three Ts" – Transit, Transform and Transcend. In Transit, we are helping adjust to Cathay's ownership. Through Transform we are equipping ourselves for the gradual changes by differentiating ourselves from the competition with improved product offerings and network optimisation, boosting our brand, and looking at synergies with the Cathay Group to capitalise growth. Finally, in Transcend, scheduled to start at the end of 2020, we will look to the growth of the business up to and after the introduction of the third runway at HKIA.

What matters to HK express?

Climate change	Our fleet of 24 aircraft are less than six years old on average. The young fleet yields the advantage of higher fuel efficiency and therefore lower carbon intensity. This year we made the airline ready for CORSIA. We have received approval letter for our Emissions Monitoring Plan for CORSIA and worked with the external auditor for verification.
Waste management	Operating an on-demand inflight meal service, we are in a good position to limit the amount of surplus food and food waste. We have also set up a waste separation mechanism to collect and sort plastic bottles and aluminum cans from our flights for recycling.
Our people and community	This year we continued to host the Diversity Awareness & Cultural Diversity training program for our cabin crew to enrich their skills to assist individuals with different background and needs and promote inclusion for everyone. We also engaged our staff to serve people in need in our communities. Our staff organised a five-day volunteering trip to Sower Actions Yunnan Children's Home in Yunnan China to teach children English through fun activities. Closer to home, we also organised a festive Christmas celebration for the senior citizens living in Tung Chung.



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.

What matter to air Hong Kong?

Climate change	This year we have explored various initiatives to increase our carbon efficiency. This includes reducing usage of auxiliary power unit (APU). We will continue to explore other reduction initiatives, such as Reduced Engine Taxi-In (RETI). We were awarded with 1 st Runner up of the HKIA Carbon Emission Award 2019.
Our people and community	We achieved a 100% response rate for our pilot 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: • 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

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 2019, CPCS supplied around 30 million meals and handled 71,000 flights to more than 50 global carriers, representing an average of 81,000 meals and 193 flights a day. CPCS is supported by 1,671 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.

What matters to CPCS?

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.	This year we: • Provided Feeding Hong Kong with 363 tonnes of bakery products and cooked food in 2019, an increase of 21% compared with 2018 • Gathered 15,889 litres of used cooking oil for conversion biodiesel production • Recycled a total of 1,174.8 tonnes of food 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.	This year we: • Purchased 412 tonnes sustainable seafood, representing 58% of the total volume of seafood purchased • Purchased 33 tonnes locally grown vegetables, representing 18% 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.	This year we: Conducted various workshops to raise awareness of urgency and necessity for change, expose our people to technological trends, and prepare them for the future of work. 11% of our workforce attended workshops on topics such as: • Change Awareness • Design Thinking • Big Data & Technology Solutions We've also aimed to stimulate innovation by providing CPCS people opportunities to visit other companies and invited external guest speakers from our industry and others to share their experience and perspectives.

* Hazard Analysis and Critical Control Point (HACCP)

+ CASE STUDY

Introduction of the Reverse Vending Machine (RVM)

CPCS endeavours to raise awareness among its various stakeholders and employees on recycling. This year, we installed a Reverse Vending Machine (RVM) in our canteen.

What makes a Vending Machine "Reverse"?

Traditionally, the user puts in money and gets out an item like a soft drink or confectionary, but with an RVM the user puts in an item and gets out a monetary reward. It's an effective way to encourage the responsible disposal of waste, and it helps capture the value in materials that might otherwise be lost to landfill.

How does it work?

1. Insert validated, empty, clean plastic beverage bottles to the machine
2. Use the Carbon Coin mobile app to scan the QR code generated
3. Collect the electronic Carbon Coins; the reward is dependent on the amount of CO₂ reduced by making a new bottle from recycled bottles as opposed to making a new one from virgin plastic
4. Redeem rewards and benefits from a network of affiliated merchants

Has it worked?

Within the trial period from September to December 2019, CPCS has collected 2,483 pieces of bottles which accounted for 596kg of carbon emission.





Cathay Pacific Services Limited

Cathay Pacific Services Limited (CPSL) operates the Cathay Pacific Cargo Terminal ('CPCT'), the largest cargo terminal in the world. Serving airlines operating out of at Hong Kong International Airport, we are equipped to handle 2.6 million tonnes of cargo annually. Over the reporting period, CPSL's throughput of cargo was 2.07 million tonnes.

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 Sustainability Development 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

What matters to CPSL?

Carbon emissions	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.	This year we: • Achieved a 1,849MWh reduction in electricity consumption, representing a 5%* fall and equivalent to an emissions reduction of 943 tonnes CO₂e
Waste management	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 retrieve wooden pallets for third party handling and recover food waste, diverting it from landfill for other uses.	This year we: • Worked more closely with our partners to improve food sorting and collected 25,480 kg more food waste than in 2018 • Recycled 217 tonnes of plastic
Health and safety	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: • 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	This year we: • Achieved a Lost Time Injury Rate# of 2.94, a slight increase on 2018. Safety management system reviews and enhancement measures were introduced to drive improvement in 2020

* Reduction based on 2018 figures

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



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 500 people, and serve over 27 airlines and 35 hotels, and on average deals 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 OHSAS 18001 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 and 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](#).

* 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

What matters to Vogue Laundry?

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.	This year we: - Reduced our Lost Time Injury Rate* by 12.3% compared with 2018 - Reduced our Lost Day Rate# by 57.9% compared with 2018
Greening our fleet	We operate a fleet of 29 trucks & vans, which make over 70 trips daily. Updating this fleet with modern, fuel efficient vehicles helps to reduce the greenhouse gas emissions from transporting our laundry.	This year we: Retired all our EURO-III trucks, 9 units in total, and replaced them with EURO-VI trucks

CASE STUDY

Enhancing our approach to Occupational Health and Safety

As an accredited OHSAS 18001 organisation, we were required to transition to its replacement standard, ISO 45001:2018 by the year 2021. Key differences associated with the replacement standards include better integration with our other management systems including our Environmental Management System. Top management are now expected to take a stronger top-down leadership role to drive performance improvement and a culture of health and safety should be embedded across the organisation.

To make the transition we:

- Reviewed our strategy with key stakeholders
- Developed an implementation plan
- Reviewed and confirmed leadership roles and defined roles and responsibilities
- Updated our existing OHSMS in line with the new requirements

Vogue Laundry Services passed the migration audit and obtained the ISO 45001 certificate on 30 May 2019.



Hong Kong Airport Services Ltd
香港機場地勤服務有限公司

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. We serve 30 airlines at HKIA with a fleet of 3,000 Ground Support Equipment (GSE) and vehicles and a staff of over 2,700 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.

What matters to HAS?

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.	This year we: - Reduced our total GSE fuel consumption by 3.92% when compared to 2018 - Acquired a total of 15 new GSE and increased the proportion of HAS electric GSE vehicles to 26% of our total fleet - Reduced our carbon emissions by 4.65% compared to 2018 - Offset a total of 11.04 tonnes of carbon dioxide from staff duty travel
Our people	Being a good employer enables us to attract talents, retain skilled employees, and develop their potential. We invest in staff training and development and recognise staff for their contribution to our success in areas including customer service excellence.	This year we: - Provided 205,367 hours of training to staff at all levels of the company; an average of 77.42 per employee - Received recognition from 10 external awards schemes related to our people and people 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: - providing opportunities for engagement - raising awareness of issues - collaborating with charities to organise and participate in activities	This year we: - Collected HKD 7,133 in support of local causes such as the Changing Young Lives Foundation and Community Chest of Hong Kong through events - Provided 140 pieces of mooncake to the Hong Kong Salvation Army to be given to local elderly residents in celebration of the Mid-autumn Festival



OUR PERFORMANCE

2019 KEY PERFORMANCE INDICATORS

Economic indicators table

<i>Economic indicator table</i>	<i>2019 HK\$M</i>	<i>2018 HK\$M</i>	<i>2017 HK\$M</i>
Direct economic value generated			
Revenue	106,973	111,060	97,284
Finance income	337	343	462
Share of profits of associates	1,643	1,762	2,630
Economic value distributed			
Operating Expenses	103,646	107,465	99,563
Staff Expenses	20,125	20,211	19,962
Payment to providers of capital	4,772	3,611	2,676
- Finance charge	3,276	2,457	2,223
- Dividend paid	1,495	590	-
- to the shareholders of Cathay Pacific			
- to non-controlling interests	1	564	453
Payments to government (Taxation)	454	466	308
Community investments including charitable donation			
- Direct payment	3	8	9
- In the form of discounts on airline travel	7	7	9
Economic value retained			
Profit/(loss) attributable to the shareholders of Cathay Pacific	1,691	2,345	-1,259



Environmental indicators table – aircraft operations

Aircraft Operations		Units	2019**	2018**	2017**	2016**	2015**	2014**	2013**	1998
Available tonne kilometres (ATK)			33,077	32,387	31,439	30,462	30,048	28,440	26,259	10,857
Revenue tonne kilometres (RTK)		million	24,090	24,543	23,679	22,418	22,220	20,722	18,696	7,213
Revenue passenger kilometres (RPK)			134,397	130,630	126,663	123,478	122,330	112,257	104,571	40,679
All Flights										
Fuel Consumption		thousand tonnes	5,837	5,713	5,625	5,467	5,425	5,198	4,912	2,343
		grammes/ATK	173	176	179	179	181	183	187	216
Fuel Efficiency		improvement since 1998	19.9%	18.3%	17.1%	16.8%	16.3%	15.3%	13.3%	0.0%
		grammes/RTK	238	233	238	244	244	251	263	325
		thousand tonnes in CO ₂ e	18,387[⊕]	17,997	17,716	17,222	17,087	16,374	15,472	7,380
		% change from previous year	2.2%	1.6%	2.9%	0.8%	4.4%	5.8%	-1.6%	-
Global CO ₂ emissions		grammes/ATK	545	556	564	565	569	576	589	680
		improvement since 1998	19.9%	18.3%	17.1%	16.8%	16.3%	15.3%	13.3%	0.0%
		grammes/RTK	748	733	748	768	769	790	828	1,023
		improvement since 1998	26.9%	28.3%	26.9%	24.9%	24.8%	22.8%	19.1%	0.0%
NOx Emissions		% of fleet meeting CAEP[#] 6 requirements	88.3	88.6	88.6	86.1	84.1	81.9	81.5	N/A
		% of fleet meeting CAEP 8 requirements	59.7	59.4	56.7	52.6	48.1	46.8	46.8	N/A

Notes:

[#] 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.

* Includes Cathay Dragon

⊕ 2019 data verified by Deloitte

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

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



Environmental indicators table

Indicators	Units	2019	2018	2017
Hong Kong and 100% owned Hong Kong-based subsidiaries				
Scope 1 [♦]	tCO ₂ e	18,429,615 [♦]	18,405,994	17,996,912
Scope 2		69,602	74,741	79,538
Hong Kong and 100% owned Hong Kong-based subsidiaries				
Fuel/Power				
Aviation jet fuel	tonnes	5,837,126	5,829,513	5,702,129
Aviation bio-jet fuel		6	38	159
Electricity Consumption	mWh	130,714	138,770	140,587
Ground based activities fuel consumption				
Mobile Combustion – Diesel	litre	5,129,925	5,284,658	5,301,570
– Unleaded Petrol		288,840	318,791	382,169
Stationary Combustion – Diesel		2,932,598	1,781,477	1,161,837
Purchased Towngas	unit	5,185,403	6,697,802	6,501,296
Total Energy used	GJ	257,444,096	257,176,334	253,235,501
Energy intensity (per total no. of employees)		7,515	7,914	7,723
Water				
Seawater consumption	m³	9,823,700	8,141,700	8,105,000
Potable water consumption		944,263	975,104	950,363
Maintenance water consumption		62,136	61,540	81,229
Paper & Cardboard				
Paper consumed in offices	tonnes	67	80	181
Paper & cardboard recycled		1,539	1,587	1,882
Recycled/Reused Materials				
Metal recycled	tonnes	40	39	41
Plastic recycled		290	467	612
Glass recycled		486	463	476
Food processing oil	1000 litre	16	29	32
Hangers reused	no.	1,760,745	1,434,324	1,205,241
Disposed Materials				
Non-Hazardous Waste	tonnes	21,608	15,029	14,066

Remarks:

[♦] 2019 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



Social indicators table

		Unit	2019	2018	2017
Workforce of the Cathay Pacific Group					
Total employees		no.	34,258	32,496	32,789
By gender					
Male			45.0	45.0	45
Female		%	55.0	55.0	55.0
By employment contract					
Employees on Permanent Terms			84	88.2	90
Employees on Fixed term and temporary contract		%	16	11.8	12
By employment type					
Permanent employees	Full-time		98.0	98.4	98.2
	Part time	%	2.0	1.6	1.6
By region					
Hong Kong & Macau			80.0	82.4	81.0
Mainland China			3.0	2.4	3.0
Taiwan		%	2.0	2.0	2.0
USA			3.0	2.5	2.0
Others			12.0	11.1	12.0
By employment role					
Cathay Pacific and Cathay Dragon	Flight crew		12.0	12.0	11.0
	Cabin crew		39.0	39.0	37.0
	Ground staff	%	26.0	28.0	31.0
Cathay Subsidiary staff			23.0	21.0	20.0
Voluntary Turnover Rate of Permanent Employees (%)					
By age group					
Under 30 years old			10.0	23.8	18.8
30 to 50 years old		%	5.0	7.5	6.2
Over 50 years old			3.0	6.3	9.3
By gender					
Male			5.0	9.9	9.8
Female		%	5.0	10.9	9.7



	Unit	2019	2018	2017
By region				
Hong Kong & Macau		5.0	10.7	10.3
Mainland China		6.0	7.6	8.1
Taiwan	%	5.0	7.3	4.5
USA		9.0	12.4	3.6
Others		7.0	9.6	8.3
Total Voluntary Turnover Rate of Permanent Employees (%)		5.0	10.5	9.5
New Hires Rate (%)				
By age group				
Under 30 years old		34.0	24.8	22.5
30 to 50 years old	%	5.0	5.1	4.7
Over 50 years old		7.0	5.7	5.1
By gender				
Male	%	12.0	10.2	10.4
Female		12.0	7.6	6.7
By region				
Hong Kong & Macau		13.0	9.8	8.8
Mainland China		9.0	7.1	4.9
Taiwan		7.0	0.9	2.1
USA	%	10.0	2.4	8.9
Others		13.0	4.8	7.4
Total New Hires Rate (%)		13.0	8.8	7.9
Training and Education				
Average hours of training				
Total training hours	hours	1,671,963	1,502,800	1,195,286
Average training hours		48.8	46.2	36.5
Performance review				
No. of employees receiving performance review	%	100.00	100.00	100.00

	Unit	2019	2018	2017
Employee engagement				
Annual employee engagement index				
% of respondents rating strongly agree or agree on the five key statements of employee engagement	%	62%	42%	53%
Board diversity				
By gender				
Male	%	81.0	88.0	88.2
Female		19.0	12	11.8
By age group				
39-47 years old		40.0	12.0	0.0
48-56 years old	%	48.0	41.0	23.5
57-65 years old		12.0	47.0	76.5
Health and Safety				
No. of accidents		0	3	1
No. of high-risk incidents (Operational Safety)	CX Group	0	0	1
No. of work-related fatalities		0	2	1
Lost Time Injury Rate (new reporting number-separation of airlines and subsidiaries lost time injury rate since 2018)	Cathay Pacific and Cathay Dragon	5.33	4.55	3.54
Lost Day Rate (new reporting number-separation of airlines and subsidiaries lost day rate since 2018)		103.86 [#]	63.91	51.34
No. of incidents of non-compliance with regulations and/or voluntary code concerning health and safety impacts of our products and services	CX Group	0	0	3

[#] 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 our lost day rate.

Restatements:
Restatement: Paper consumed in offices figure correction based on adjusted scope of data. Reported as 136 in 2018 report.
Restatement: Paper and cardboard recycled figure correction based on adjusted scope of data. Reported as 1982.8 in 2018 report.
Restatement: Food processing oil figure correction based on revised calculation. Reported as 32 in 2018 report.



REGULATIONS AND COMPLIANCE

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>
Waste Disposal Ordinance (Cap. 354 Laws of Hong Kong) and relevant subsidiary legislation. This Ordinance regulates the production, storage, collection and disposal including the treatment, reprocessing and recycling of waste.	Hong Kong	A breach of this Ordinance can give rise to civil and/or criminal liability including fines and imprisonment.	The Group has in place an Environmental Management System to ensure ongoing compliance and is subject to internal and external audit. During 2019, there were no convictions for non-compliance with laws and regulations relating to air and greenhouse gas emissions, discharges into water and land, the generation of hazardous and non-hazardous waste or other environmental issues that would have a significant impact on the Group.
Water Pollution Control Ordinance (Cap.358 Laws of Hong Kong). This Ordinance regulates / controls the pollution of the waters of Hong Kong.			
Air Pollution Control Ordinance (Cap.311 Laws of Hong Kong) and relevant subsidiary legislation. This Ordinance regulates, prohibits and / or controls the pollution of the atmosphere.			

Employment

<i>Significant laws and regulations</i>	<i>Location</i>	<i>Potential impact</i>	<i>Management approach and compliance status</i>
Employment Ordinance (Cap. 57 Laws of Hong Kong). This is the main piece of employment legislation in Hong Kong which applies to all Hong Kong employers.	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 workforce.	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. During 2019, 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.



Health and safety

<i>Significant laws and regulations</i>	<i>Location</i>	<i>Potential impact</i>	<i>Management approach and compliance status</i>
Employees' Compensation Ordinance (Cap. 282 Laws of Hong Kong). 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.	Hong Kong	Non-compliance of this Ordinance can result in civil and/or criminal ramifications and significant impact on the Group's relationship with its work force.	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 the 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.
Factories and Industrial Undertakings Ordinance (Cap. 59 Laws of Hong Kong). This Ordinance provides for the safety and health protection of workers in the industrial sector including catering establishments and cargo and container handling undertakings.		A breach of this Ordinance can give rise to criminal liability including fines and imprisonment.	During 2019, there were no convictions for non-compliance with occupational health and safety laws and regulations that would have a significant impact on the Group.
Occupational Safety and Health Ordinance (Cap. 509 Laws of Hong Kong). This Ordinance regulates health and safety at work in all economic activities (both industrial and non-industrial establishments).			

Labour Standards

<i>Significant laws and regulations</i>	<i>Location</i>	<i>Potential impact</i>	<i>Management approach and compliance status</i>
Modern Slavery Act 2015 (MSA). The MSA requires an organisation wherever incorporated which (i) supplies goods or services in the UK; and (ii) has an annual turnover of £36 million or more, 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.	UK	The UK Secretary of State may seek an injunction against organisations which fail to comply with the MSA.	The Board has approved a Modern Slavery and Human Trafficking Policy Statement in compliance with the MSA, which is available to view here. During 2019, 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.



Product responsibility

Significant laws and regulations	Location	Potential impact	Management approach and compliance status
Health and safety			
Air Navigation (Hong Kong) Order 1995 (Cap. 448C Laws of Hong Kong). This order regulates aircraft crew and licensing and safety aspects relating to the operation of aircraft.	Hong Kong	A breach of this order can give rise to civil and/or criminal liability including fines and imprisonment.	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. In 2019, Cathay Pacific and Cathay Dragon carried 35.2 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.
Prevention and Control of Disease Regulation (Cap. 599A Laws of Hong Kong). 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 — (a) a case or source of a specified infectious disease; or (b) a case or source of contamination.		A breach of this regulation can give rise to civil and/or criminal liability including fines and imprisonment	Cathay Pacific and Cathay Dragon have implemented procedures and guidelines for frontline employees including cabin crew, customer service officers and flight crew on how to identify and manage any suspected cases of infectious disease involving passengers or crew. This includes (but is not limited to): • 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 infectious. In 2019, 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.



Significant laws and regulations	Location	Potential impact	Management approach and compliance status
Public Health and Municipal Services Ordinance (Cap. 132 Laws of Hong Kong). 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, and the seizure and destruction of unfit food.	Hong Kong	A breach of this Ordinance can give rise to criminal liability including fines and imprisonment.	CPCS has adopted ISO 9001 & HACCP management system with a quality policy to comply with all applicable food health & safety regulations. In 2019, 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.
Dangerous Goods (Consignment by Air) (Safety) Ordinance (Cap. 384 Laws of Hong Kong). This Ordinance controls, in the interests of safety, the preparation, packing, marking, labelling and offering of dangerous goods for carriage by air.		A breach of this Ordinance can give rise to civil and/or criminal liability including fines and imprisonment.	Dangerous Goods Regulations and Dangerous Goods Awareness training is provided to employees. In 2019, 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.

Advertising and labelling

Trade Descriptions Ordinance (Cap. 362 Laws of Hong Kong). This Ordinance prohibits false trade descriptions, false, misleading or incomplete information and to prohibit certain unfair trade practices.	Hong Kong	A breach of this Ordinance can give rise to civil and/or criminal liability including fines and imprisonment.	It is the policy of the Group to comply with all applicable advertising and labelling laws and regulations. During 2019, 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.
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Significant laws and regulations
Location
Potential impact
Management approach and compliance status
Privacy

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.

Hong Kong

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.

The Commissioner may serve an enforcement notice to direct the company to remedy a contravention and/or instigate enforcement 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.

Breaches of the PDPO can cause reputational impact to the Company.

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.

In 2019, the Hong Kong Privacy Commissioner for Personal Data found that the data incident, disclosed in 2018, involving the unauthorised access to some of the customer data, contravened the Personal Data (Privacy) Ordinance and required Cathay to implement certain technical and organisational measures. We have provided the Commissioner with evidence for our compliance with the required actions. The Commissioner has confirmed that we have complied with all of the required actions in 2020.

EU General Data Protection Regulation (GDPR) came 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.

The GDPR is likely to have significant impact on companies which process personal data relating to individuals in the EU, for instance when the company processes personal data in the course of offering goods and services to individuals who are located in the EU.

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.



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 to reaffirm its commitment 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 2019, 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.
UK Bribery Act 2010 (Bribery Act) 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.	UK	The Bribery Act is likely to have a significant impact on the Company because of having a presence in the UK. 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 found to have given or received a bribe, the directors and other senior managers of the company can also be held accountable.	
US Foreign Corrupt Practices Act (FCPA) 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. The anti-bribery provisions of the FCPA apply 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 a corrupt payment to take place with the territory of the US.	USA	The FCPA has extra-territorial effect and is likely to have a significant impact on the Company, for instance, when dealing with government officials in respect of licensing matters. Criminal penalties for violations of the FCPA include fines and imprisonment for up to 5 years (for violating the anti-bribery provisions) and 20 years (for violating the accounting provisions).	



SELECTED AWARDS AND MEMBERSHIPS

Awards*/Recognition

Awards/Recognition	Organiser
Top 10 Airlines of 2019	Skytrax World Airline Awards
Best in ESG Awards 2019	BDO
Best in Reporting Awards 2019	
A constituent of the FTSE4 Good Index Series for the 9 th consecutive year	FTSE Group
A constituent of the CDP Climate Change since 2007	CDP
A constituent of the Hang Seng Corporate Sustainability Index since index inauguration	Hang Seng Indexes Company Limited
Hong Kong International Airport (HKIA) Carbon Reduction Award - Champion award in the 2,000 & 10,000 tonnes CO ₂ -e category	AAHK
Hong Kong International Airport (HKIA) Carbon Reduction Award - 2nd runner up award in the above 10,000 tonnes CO ₂ -e category	
Caring Company Award 10+ Years	HKCSS
Caring Company Award 15+ Years	

Membership/Signatory

Organisation	Position
Association of Asia Pacific Airlines Environmental Working Group	Member
Sustainable Aviation Fuel User Group	
Roundtable on Sustainable Biomaterials (RSB)	
Commercial Aviation Alternative Fuels Initiative (CAAFI)	
World Wildlife Fund – Hong Kong	Corporate member (Pearl)
United for Wildlife Transport Taskforce Buckingham Palace Declaration	Signatory
Racial Diversity & Inclusion Charter for Employers	
Drink Without Waste Pledge	
WildAid Global Shark Pledge	

* Other awards can be found in the Cathay Pacific [Annual Report 2019](#) on p.13

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 “” throughout the report. The assurance report is as follows:

Deloitte

德勤

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INDEPENDENT PRACTITIONER'S LIMITED ASSURANCE REPORT

To the Board of Directors of
Cathay Pacific Airways Limited

We have been engaged by the Directors of Cathay Pacific Airways Limited ("Cathay Pacific") to perform a limited assurance engagement in relation to the selected sustainable development data by Cathay Pacific (the "Data Points") for the year ended 31 December 2019 (the "Reporting Period") and contained in its Sustainable Development Report 2019, as set out below.

Data Points

The details of the Data Points are listed below:

1. Total greenhouse gas emissions (Scope 1)
2. Amount of offset contributed by individual customers and corporate clients under the Fly Greener programme in 2019

The Data Points are presented in the Data Point table set out in Appendix I to this report.

Reporting Criteria

The Data Points are presented in accordance with the criteria set out in Appendix I to this report (the "Reporting Criteria").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board of Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1, "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibilities

It is our responsibility to express a limited assurance conclusion on the Data Points based on our work performed and to report our conclusion solely to you, also today, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility or accept liability to any other person for the contents of this report.

Cathay Pacific Airways Limited

The Directors of Cathay Pacific are responsible for the preparation and presentation of the Data Points in accordance with the Reporting Criteria. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and presentation of the Data Points, applying an appropriate basis of preparation, making estimates that are reasonable in the circumstances and ensuring the accuracy and completeness of the Data Points.

Reporting Framework

We conducted our work in accordance with the International Standard on Assurance Engagements 3000 (revised), "Assurance Engagements other than Audits or Reviews of Historical Financial Information", and the International Standard on Assurance Engagements 3410, "Assurance Engagements on Greenhouse Gas Statements" (the "Standards"), issued by the International Auditing and Assurance Standards Board.

The Standards require that we comply with ethical requirements, and plan and perform the engagement to obtain limited assurance as to whether any matters have come to our attention that cause us to believe that the Data Points do not comply in all material respects with the Reporting Criteria.

Objectives

The overall objectives of our procedures were to assess whether the Data Points were prepared in all material respects in accordance with the Reporting Criteria.

Procedures Performed

Our work comprised the following limited procedures:

- Interviews with relevant management and personnel involved in providing information relating to the Data Points for inclusion in the Cathay Pacific's Sustainable Development Report 2019;
- Sample testing of documentary evidence on Cathay Pacific's corporate level and site level;
- Analytical procedures; and
- Recalculation.

We have not performed any procedures in relation to other data included in the Cathay Pacific's Sustainable Development Report 2019. In addition, our work performed is not for the purposes of expressing an opinion on the effectiveness of the Cathay Pacific's internal controls.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than, those for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Inherent Limitations

Non-financial performance information, including the Data Points, is subject to more inherent limitations than financial information given both its nature and the methods used for determining, calculating, sampling and estimating such information. This could have a material impact on comparability. Qualitative interpretations of relevance, materiality and the accuracy of such information are subject to individual assumptions and judgements.

Conclusions

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Data Points have not been prepared, in all material respects, in accordance with the Reporting Criteria.

Deloitte Touche Tohmatsu

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
18 May 2020

Appendix I – Data Point table

The selected sustainable development data prepared by Cathay Pacific for the year ended 31 December 2019:

Data Point	Unit	Amount
Total greenhouse gas emissions (Scope 1)	Tonnes of carbon dioxide (CO ₂) equivalent	10,429,615
Amount of offset contributed by individual customers under the Fly Greener programme in 2019	Tonnes of carbon dioxide (CO ₂) equivalent	3,110
Amount of offset contributed by corporate clients under the Fly Greener programme in 2019	Tonnes of carbon dioxide (CO ₂) equivalent	15,817

Appendix II – Reporting Criteria

GHG emissions accounting and reporting policies

The inventory of Cathay Pacific's greenhouse gas (GHG) emissions is reported in accordance with the World Resources Institute and World Business Council on Sustainable Development's Greenhouse Gas Protocol (2004, Revised Edition).

Organisational boundaries

The Cathay Pacific Group reported the GHG emissions of each of its subsidiaries below in proportion to the percentage of their ownership. The organisational boundaries for the reporting of greenhouse gas emissions include Cathay Pacific and the following 100%-owned Hong Kong-based companies (the "subsidiaries"):

- Cathay Holidays Limited (CHL)
- Cathay Pacific Catering Services (in K.) Limited (CPCS)
- Cathay Pacific Services Limited (CPSL)
- Hong Kong Airport Services Limited (HAS)
- Hong Kong Dragon Airlines Limited (KAL)
- Virgin Lifestyle Services Limited (VLS)
- Air Hong Kong Limited (AHK)

Operational boundaries

The operational boundaries for the reporting of GHG emissions are as follows:

- Scope 1 – Direct GHG emissions, including ground CO₂ emissions from flights, ground vehicles and Towngas combustion

The reporting period for the GHG data is 1 January to 31 December 2019.

Scope 1 emissions

Scope 1 emissions include fuel and Towngas usage from ground-based activities in Hong Kong covering Cathay Pacific and the subsidiaries. Combustion operated by third parties within Cathay Pacific's buildings are excluded.

In Hong Kong, the CO₂ emission factors follow the guidelines published by the Environmental Protection Department (EPD) of the Hong Kong Special Administrative Region Government (HKSAR) in February 2019.

In respect of Cathay Pacific's GHG emissions from aircraft fuel consumption, the scope includes all flight activities, including testing, training flights, dry lease and wet lease. As fuel density varies according to a number of factors, Cathay Pacific uses the default "Jet-A1" recommended specific gravity of 0.80 kg/l, to calculate the weight of fuel. Cathay Pacific uses the emission factor of 3.15 to determine CO₂ emissions from the combustion of aircraft fuel.

Fly Greener offsets

Fly Greener offsets are calculated as the tonnes of CO₂ purchased by all employees on duty travel, corporate clients and individual customers who used either cash or Asia Miles as a method of payment. The price per tonne of CO₂ is determined by the retail price of the credits purchased. The latest price is HK\$19.25 per tonne of CO₂ or 475 Asia Miles per tonne of CO₂. The total tonnage was computed based on the amount paid by customers during the year.

1. Environmental matters: engagement (2019 edition). Guidance to account for and report GHG emissions. And
between the National Inventory System, National Emissions Inventory and Greenhouse Gas Reporting System.
2. GHG emissions: accounting and reporting (2019 edition). Guidance to account for and report GHG emissions.
3. GHG emissions: accounting and reporting (2019 edition). Guidance to account for and report GHG emissions.
4. GHG emissions: accounting and reporting (2019 edition). Guidance to account for and report GHG emissions.
5. GHG emissions: accounting and reporting (2019 edition). Guidance to account for and report GHG emissions.
6. GHG emissions: accounting and reporting (2019 edition). Guidance to account for and report GHG emissions.
7. GHG emissions: accounting and reporting (2019 edition). Guidance to account for and report GHG emissions.
8. GHG emissions: accounting and reporting (2019 edition). Guidance to account for and report GHG emissions.
9. GHG emissions: accounting and reporting (2019 edition). Guidance to account for and report GHG emissions.
10. GHG emissions: accounting and reporting (2019 edition). Guidance to account for and report GHG emissions.



GLOBAL REPORTING INITIATIVE (GRI) AND HONG KONG STOCK EXCHANGE ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORTING INDEX TABLE

GRI Standard	Disclosure	Relevant section(s) and/or URL(s)	Remark (e.g. omission)	HKEX ESG Reporting Guide
GRI 102 General disclosures	Organizational profile			
	102-1	Name of the organization	About Cathay Pacific Annual Report	p.7 p.2-3
	102-2	Activities, brands, products, and services	About Cathay Pacific Annual Report	p.7 p.2-3
	102-3	Location of headquarters	About Cathay Pacific Annual Report	p.7 p.2-3
	102-4	Location of operations	About Cathay Pacific Annual Report	p.7 p.2-3
	102-5	Ownership and legal form	About Cathay Pacific Annual Report	p.7 p.2-3
	102-6	Markets served	About Cathay Pacific Annual Report	p.7 p.2-3
	102-7	Scale of the organization	About Cathay Pacific Economic indicators table Social indicators table Annual Report	p.7 p.87 p.90 p.2-3
	102-8	Information on employees and other workers	Our people Social indicators table	p.57 p.90
	102-9	Supply Chain	Sustainability in operations – Sustainable procurement	p.41
	102-10	Significant changes to the organization and its supply chain	Message from the CEO Safety Sustainability in operations – Sustainable procurement Our people Annual Report	p.3 p.17 p.41 p.57 p.9-15
	102-11	Precautionary principle or approach	Our approach Annual Report	p.9 p.33-35
	102-12	External initiatives	About Cathay Pacific – Selected awards and membership Our approach – United Nations Sustainable Development Goals	p.99 p.10
	102-13	Membership of associations	About Cathay Pacific – Selected awards and membership	p.99

GRI Standard	Disclosure		Relevant section(s) and/or URL(s)		Remark (e.g. omission)	HKEX ESG Reporting Guide
GRI 102 General disclosures	Strategy					
	102-14	Statement from senior decision maker	Message from the CEO		p.3	
	Ethics and integrity					
	102-16	Values, principles, standards, and norms of behavior	About Cathay Pacific Corporate Code of Conduct Supply Chain Sustainability Code of Conduct Board Diversity Policy Swire Pacific Corporate Code of Conduct		p.7 p.13 p.41	
	Governance					
	102-18	Governance structure	Our approach – Corporate governance Annual Report		p.12-13 p.48-62	
	Stakeholder engagement					
	102-40	List of stakeholder groups	Our approach – Stakeholder engagement		p.9	
	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.
	102-42	Identifying and selecting stakeholders	Our approach – Stakeholder engagement		p.9	
102-43	Approach to stakeholder engagement					
102-44	Key topics and concerns raised					



GRI Standard	Disclosure		Relevant section(s) and/or URL(s)	Remark (e.g. omission)	HKEX ESG Reporting Guide
GRI 102 General disclosures	Reporting practice				
	102-45	Entities included in the consolidated financial statements	Annual Report	p.21-24, 69-122	
	102-46	Defining report content and topic boundaries	Our approach – Stakeholder engagement About this report	p.9 p.8	
	102-47	List of material topics	Our approach – Stakeholder engagement	p.9	
	102-48	Restatements of information	2019 Key performance indicators – Restatements	p.92	
	102-49	Changes in reporting	About this report	p.8	
	102-50	Reporting period	About this report	p.8	
	102-51	Date of most recent report			
	102-52	Reporting cycle			
	102-53	Contact point for questions regarding the report			
	102-54	Claims of reporting in accordance with the GRI Standards			
	102-55	GRI content index	Global Reporting Initiative Content Index and Hong Kong Stock Exchange Environmental, Social and Governance (ESG) Content Index	p.101	
	102-56	External assurance	About this report	p.100	



GRI Standard	Disclosure	Relevant section(s) and/or URL(s)		Remark (e.g. omission)	HKEX ESG Reporting Guide
MATERIAL TOPICS					
GRI 200 ECONOMIC STANDARDS SERIES					
Economic performance					
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Message from the CEO Annual Report	p.3 p.6-8	
	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.87 p.4, 73-122	
	201-2	Financial implications and other risks and opportunities due to climate change	Climate change	p.27	
	201-3	Defined benefit plan obligations and other retirement plans	Our people Annual Report	p.66 p.25, 87-90	
Procurement practices					
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Our approach – Stakeholder engagement Sustainability in operations – Sustainable procurement	p.9 p.72	
	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	-	Quantitative data unavailable. Most of the procurement budgets were spent on aircraft and fuel which are from non-local suppliers.	
Anti-corruption					
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Our approach – Corporate governance Corporate Code of Conduct Anti-Bribery Policy Whistleblower Policy Annual Report	p.12 p.13 p.15 p.16 p.36-62	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 205: Anti-corruption	205-3	Confirmed incidents of corruption and actions taken	Regulations and compliance	p.15,98	



GRI Standard	Disclosure		Relevant section(s) and/or URL(s)		Remark (e.g. omission)	HKEX ESG Reporting Guide
Anti-competitive behavior						
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Our approach – Corporate governance Corporate Code of Conduct	p.12 p.13 p.16		Aspect B7: Anti-corruption: General Disclosure KPI B7.1 KPI B7.2
	103-2	The management approach and its components	Antitrust Policy			
	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	Regulations and compliance Annual Report	p.93 p.105		
GRI 300 ENVIRONMENTAL STANDARDS SERIES						
Materials						
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Sustainability in operations – Sustainable procurement	p.41	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 – Sustainable procurement Environmental indicators table	p.42 p.89		
Energy						
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Our approach – Stakeholder engagement Climate change	p.9 p.27		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.88-89		
	302-3	Energy intensity				
	302-4	Reduction of energy consumption	Climate change – Aircraft emissions Climate change – Ground emissions	p.35 p.38		
	302-5	Reductions in energy requirements of products and services	Climate change – Aircraft emissions	p.35		

GRI Standard	Disclosure		Relevant section(s) and/or URL(s)		Remark (e.g. omission)	HKEX ESG Reporting Guide
Water						
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	-		Water is not considered a material aspect 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	303-1	Water withdrawal by source	Environmental indicators table	p.89		
Biodiversity						
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Our approach – Stakeholder engagement Biodiversity	p.9 p.78		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.78		
Emissions						
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Our approach – Stakeholder engagement Climate change	p.9 p.27.		Aspect A1: Emission: General Disclosure KPI A1.1; KPI A1.2; KPI A1.5
	103-2	The management approach and its components				
	103-3	Evaluation of the management approach				
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	Climate change	p.27		
	305-2	Energy indirect (Scope 2) GHG emissions	Environmental indicators table	p.89		
	305-4	GHG emissions intensity				
	305-5	Reduction of GHG emissions				
	305-7	Nitrogen oxides (NOx), sulphur oxides (SOx) and other significant air emissions				



GRI Standard	Disclosure		Relevant section(s) and/or URL(s)		Remark (e.g. omission)	HKEX ESG Reporting Guide
Effluents and waste						
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Our approach – Stakeholder engagement Sustainability in operations – Waste management	p.9		Aspect A1: Emission: General Disclosure KPI A1.3; KPI A1.4; KPI A1.6
	103-2	The management approach and its components		p.43		
	103-3	Evaluation of the management approach				
GRI 306: Effluents and waste	306-2	Waste by type and disposal	Sustainability in operations – Waste management Sustainability in operations – Waste management – Retired aircraft Environmental indicators table	p.43 p.49 p.89	Hazardous waste is not considered a material aspect in the stakeholder engagement. Quantitative data unavailable.	
Environmental compliance						
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Our approach – Stakeholder engagement Climate change Sustainability in operations – Sustainable procurement – Supply Chain Sustainability Code of Conduct	p.9 p.27 p.41		Aspect A1: Emission: General Disclosure
	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	Regulations and compliance	p.93		
Supplier environmental assessment						
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Our approach – Stakeholder engagement Sustainability in operations – Sustainable procurement	p.9 p.41		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	Sustainability in operations – Sustainable procurement	p.41	All new suppliers were screened using environmental criteria through our procurement process in 2019.	



GRI Standard	Disclosure		Relevant section(s) and/or URL(s)		Remark (e.g. omission)	HKEX ESG Reporting Guide
GRI 400 SOCIAL STANDARDS SERIES						
Employment						
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Our approach – Stakeholder engagement Our people	p.9 p.57		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.90		
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Our people – Employee welfare	p.66		
Labour/Management relations						
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Our people	p.57	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 will endeavour to provide notice of operational changes to our employees as soon as they occur.	
Occupational health and safety						
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Our approach – Stakeholder engagement Safety	p.9 p.17		Aspect B2: Health and Safety: General Disclosure KPI B2.1; KPI B2.2; KPI B2.3
	103-2	The management approach and its components				
	103-3	Evaluation of the management approach				
GRI 403: Occupational Health and Safety	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Safety – Occupational health and safety Social indicators table	p.26 p.92		



GRI Standard	Disclosure		Relevant section(s) and/or URL(s)		Remark (e.g. omission)	HKEX ESG Reporting Guide
Training and education						
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Our approach – Stakeholder engagement Our people	p.9 p.57		Aspect B3: Development and Training: General Disclosure
	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	Our people Social indicators table	p.57 p.91		
	404-2	Programs for upgrading employee skills and transition assistance programs	Our people – Attracting and developing talent	p.64		
	404-3	Percentage of employees receiving regular performance and career development reviews	Social indicators table	p.91		
Diversity and equal opportunity						
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Our people Board Diversity Policy	p.57		Aspect B1: Employment: General Disclosure
	103-2	The management approach and its components				
	103-3	Evaluation of the management approach				
GRI 405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	Our people Social indicators table	p.57 p.92		
Child labour						
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Our people Sustainability in operations – Sustainable procurement – Supply Chain Sustainability Code of Conduct Corporate Code of Conduct	p.57 p.41		Aspect B4: Labour Standards KPI B4.1
	103-2	The management approach and its components		p.13		
	103-3	Evaluation of the management approach				
GRI 408: Child labour	408-1	Operations and suppliers at significant risk for incidents of child labour	Our people – Human resources management Sustainability in operations – Sustainable procurement - Supply Chain Sustainability Code of Conduct Corporate Code of Conduct	p.60 p.41 p.13		



GRI Standard	Disclosure	Relevant section(s) and/or URL(s)	Remark (e.g. omission)	HKEX ESG Reporting Guide
Forced or compulsory labour				
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Our people Sustainable procurement – Supply Chain p.57 p.41	Aspect B4: Labour Standards KPI B4.1
	103-2	The management approach and its components	Sustainability Code of Conduct Corporate Code of Conduct p.13	
	103-3	Evaluation of the management approach		
GRI 409: Forced or Compulsory Labour	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Our people – Human resources management Sustainability in operations – Sustainable procurement – Supply Chain Sustainability Code of Conduct p.60 p.41 Modern Slavery and Human Trafficking Policy Statement p.16 Modern Slavery and Human Trafficking Statement in response to the Modern Slavery Act 2015 of the United Kingdom Human Rights Policy	
Local communities				
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Our approach – Stakeholder engagement Community p.9 p.69	Aspect B8: Community Investment: General Disclosure KPI B8.1; KPI B8.2
	103-2	The management approach and its components		
	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.69	
Supplier social assessment				
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Our approach – Stakeholder engagement Sustainability in operations – Sustainable procurement p.9 p.41	Aspect B6: Product Responsibility: General Disclosure
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
GRI 414: Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	Sustainability in operations – Sustainable procurement p.41	All new suppliers were screened using social criteria through our procurement process in 2019.



GRI Standard	Disclosure		Relevant section(s) and/or URL(s)	Remark (e.g. omission)	HKEX ESG Reporting Guide
Customer health and safety					
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Our approach – Stakeholder engagement Safety	p.9 p.17	Aspect B6: Product Responsibility: General Disclosure
	103-2	The management approach and its components			
	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 Regulations and compliance	p.92 p.94	
Marketing and labelling					
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Governance – Corporate governance	p.12	Aspect B6: Product Responsibility: General Disclosure
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 417: Marketing and Labelling	417-2	Incidents of non-compliance concerning product and service information and labelling	Regulations and compliance	p.96	
	417-3	Incidents of non-compliance concerning marketing communications			
Customer privacy					
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Governance – Corporate governance	p.12	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	Regulations and compliance	p.97	



GRI Standard	Disclosure		Relevant section(s) and/or URL(s)		Remark (e.g. omission)	HKEX ESG Reporting Guide
Socioeconomic compliance						
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Governance – Corporate governance	p.12		Aspect B6:
			Antitrust Policy	p.16		Product
	103-2	The management approach and its components	Anti-Bribery Policy	p.15		Responsibility:
			Whistleblower Policy	p.16		General Disclosure
	103-3	Evaluation of the management approach	Personal Data (Privacy) Policy	p.15		
GRI 419: Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	Regulations and compliance Annual report	p.93 p.105		Aspect B7: Anti-corruption: General Disclosure