Modern Slavery and Human Trafficking Statement 2021

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 (UK) and the Modern Slavery Act 2018 (Australia) setting out the steps taken by Cathay Pacific Airways Limited (“Cathay Pacific”) during the year ended 31 December 2021 to prevent modern slavery and human trafficking in our business and supply chains.

About Cathay Pacific

Cathay Pacific Airways Limited (“Cathay Pacific”), with its subsidiaries Hong Kong Express Airways Limited (“HK Express”) and AHK Air Hong Kong Limited (“Air Hong Kong”) (the “Group”) had 234 aircraft at the end of 2021. The Group’s headquarters is at the Hong Kong International Airport. Immediately prior to the onset of COVID-19, our airlines directly connected Hong Kong to 119 destinations in 35 countries worldwide (255 and 54 respectively with codeshare agreements), including 26 destinations in the Chinese Mainland. The Group also fully owns and operates a number of airline services subsidiaries in Hong Kong, including a catering, a laundry, a ground-handling and a cargo terminal company. As of 31 December 2021, the Group, and its subsidiaries, employed more than 21,600 people worldwide, of whom around 17,700 were employed in Hong Kong.

Operational and travel restrictions remained in place throughout the year, and this heavily constrained the airline’s ability to operate more flights. We reduced our flight schedule towards the end of December in response to the latest crew quarantine requirements in Hong Kong, and ended the year operating a considerably smaller amount of our pre-COVID-19 passenger capacity than planned.

Our People

Cathay Pacific’s Code of Conduct sets out principles for achieving a respectful and diverse workplace. The Code applies to all employees employed by Cathay Pacific and its subsidiaries and includes policies related to business ethics, anti-discrimination, anti-harassment, diversity and equal opportunity. The Code of Conduct also includes the Group’s commitment to human rights, and that we strive to keep our operations free from human rights abuse in any form, including human trafficking and child labour. All Cathay Pacific Group employees are expected to read and adhere to the Code of Conduct.

The Group’s Human Rights Policy 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 opportunity and workplace security. It also defines our position on protecting human rights in our supply chains.
Our Operation

As part of the aviation industry, we are concerned that cross-border criminal groups and individuals may exploit the interconnected air transport system to facilitate human trafficking. Stepping up our efforts to protect customers against this grave crime, we developed Cathay Pacific’s guiding policies on Modern Slavery and Human Trafficking and formal training materials for flight crew and cabin crew in 2019. The development of the policy has resulted in two documents. One is a Modern Slavery and Human Trafficking Policy Statement that sets out Cathay Pacific’s commitment to the fight against human trafficking. It is accompanied by a second internal document which outlines procedures and practices including employee training, collaborating with third parties and conducting supplier due diligence.

Training for our flight crew and cabin crew began in early 2020 by teaching our people how to recognise and respond to potential human trafficking activities. All employees learn what signs and behaviours to look for, as well as specific questions they can ask to further assess the situation and how to safely report suspected cases. The training reinforces the importance of all our frontline teams working together as well as with the authorities. We also updated our operating manuals for both employee groups for the handling and reporting of the suspected cases. In 2021, 100% of our operating flight and cabin crew undertook the anti-human trafficking training, and no suspected human trafficking incidents were reported.

Our ground operations policy manuals have been similarly updated and throughout 2021, an online training program was rolled out to our customer-facing airport employees. Fully aligned with our cabin crew training, this program upskilled both our own employees as well as those of our third party ground handling agents in identifying, assessing and appropriately responding to suspected cases of human trafficking. In recognition of the important role our ground teams play, the program has also been built into our recurrent training matrix.

Ongoing reviews will be conducted to ensure the effectiveness of these actions.

Our Supply Chain

Cathay Pacific is committed to acting ethically and with integrity in all business relationships which includes implementing policies and procedures to ensure that there is no modern slavery or human trafficking in its supply chains or in any part of the business.

Cathay Pacific’s Procurement and Aircraft Trading department manages the airline’s supply chain, conducts supplier due diligence as required and works to ensure suppliers’ adherence to Cathay Pacific’s Supply Chain Sustainability Code of Conduct. This document sets out our minimum requirements in areas including prohibition of employing under-age or forced labour, providing health and safe work environment, providing proper compensation and work hours, and sharing the standards with their subcontractors. In 2021, we conducted a benchmarking exercise to compare the current Code of Conduct with best practices in and beyond our industry. An updated version that aligns with our commitments in modern slavery prevention and other aspects would be made available in May 2022.

Cathay Pacific had over 11,000 direct suppliers globally in our record of which about 3,000 of them were active with spend in 2021. Geographic distribution of our active suppliers in 2021 was as follows.
After reviewing geographical and sectoral human rights risks and vulnerability in our procurement, including that undertaken by our subsidiaries, we have reached out to a number of key suppliers in areas with potential human rights supply chain risks, namely certain food products and textile and garment suppliers, and enquired about their governance and practices in the subject matter. We will continue to monitor their performance going forward.

We are also in the process of identifying tools and resources to incorporate ESG and modern slavery risk management in our overall procurement process. We will assess effectiveness of these actions after their implementation.

**Risk Assessment and Management**

A structured approach to managing the Group’s Environmental, Social and Governance (ESG) risks was developed as part of the overall corporate risk management process. This approach is based on a risk taxonomy specifically defined to identify, assess and mitigate ESG risks across the business, and the taxonomy covers modern slavery in supply chain. The identification of ESG risks was performed through top down and bottom up assessments, and the risks identified are prioritised and key risks incorporated into the existing risk registers, with mitigation plans developed where appropriate. The outcomes of the assessments were reported to the Risk Management Committee and the Board Risk Committee. For a full description of the risk management approach and process adopted by the Group, please refer to page 48-55 in the Cathay Pacific Annual Report 2021, which can be downloaded here.
Awareness Building and Consultation

In 2021, we also actively consulted Mekong Club, an NGO with expertise in mapping and addressing modern slavery risks in supply chains for their advice on tools and approaches to assessing risks and helping suppliers to improve their practices regarding modern slavery and human trafficking. We also initiated a consultation with our subsidiaries on the same topic. Annual consultation will be held to review the latest status and identify required follow-up actions.

Looking Forward

Cathay Pacific is committed to continuously improving our procedures and processes to mitigate human trafficking risks in our operation and modern slavery risks in our supply chain.

This statement was approved by the Board of Cathay Pacific Airways Limited.

Signed,

Augustus Tang
Chief Executive Officer
Cathay Pacific Airways Limited
11 May 2022