



Cathay Pacific Airways Limited

Fighting Against Forced Labour and Child Labour Report 2023

Introduction

This Fighting Against Forced Labour and Child Labour Report (the “**Report**”) is made pursuant to Section 11 of Canada’s *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “**Act**”). This Report is made on behalf of Cathay Pacific Airways Limited (“**Cathay Pacific**”, “**we**”, “**us**”, or “**our**”) for the period from 1 January 2023 to 31 December 2023 (“**Fiscal 2023**”).

Forced labour and child labour, each as defined in the Act, are crimes and serious violations of human rights. As a leading aviation business, Cathay recognizes the important role that we have in ensuring that our operations, and supply chains that support these, adhere to the highest ethical standards, including the prevention and identification of forced labour and child labour in our supply chain. This Report sets out the steps we have taken during Fiscal 2023 to prevent and reduce the risk that forced labour or child labour is used at any step in the production of goods which Cathay Pacific imports and distributes in Canada.

Our Business

Cathay Pacific is a limited liability company incorporated pursuant to the Hong Kong Companies Ordinance and listed on the Hong Kong Stock Exchange. Cathay Pacific and its subsidiaries (the “**Cathay Group**”) offers products and services across four lines of business – Premium Travel, Cargo, Low-Cost Travel and Lifestyle.

The Cathay Group comprises Cathay Pacific and its subsidiaries, including for example: Hong Kong Express Airways Limited and AHK Hong Kong Limited as well as several other wholly owned subsidiaries which provide a comprehensive range of professional and supportive goods and services to the Cathay Group such as Cathay Dining, Vogue Laundry Services and Hong Kong Airport Services. The Cathay Group’s headquarters are located at the Hong Kong International Airport. As a member and leader of the Cathay Group, Cathay Pacific implements policies and practices which have been developed at a group level and which apply to the activities of Cathay Pacific. As such, references throughout the report to the initiatives of the Cathay Group, should be interpreted to apply equally to Cathay Pacific as leader of the Cathay Group.

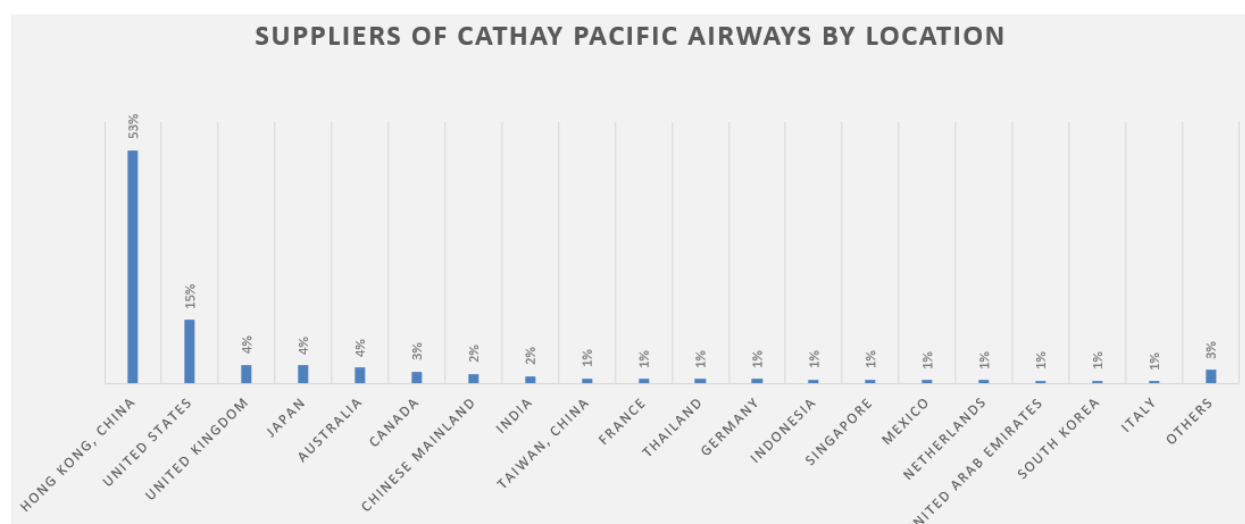
As of 31 December 2023, Cathay Group had 230 aircraft, and its passenger and cargo airlines were operating services directly connecting Hong Kong to 92 destinations in 30 countries and regions worldwide. Cathay Pacific had 181 passenger and cargo aircraft as of 31 December 2023. Cathay Pacific operates in Canada through a registered branch. The Cathay Group is subject to the requirements of both the Modern Slavery Act 2015 (UK), and the Modern Slavery Act 2018 (Australia); a separate statement is made in respect of Cathay Group’s reporting requirements under those acts.



As of 31 December 2023, the Cathay Group employed more than 23,800 people worldwide, of which there were approximately 120 employees in Canada.

The Cathay Group's Procurement and Aircraft Trading Department manages the airline's supply chain and conducts due diligence as required to confirm that the suppliers with whom we have a direct business relationship ("**suppliers**") are adhering to our expectations. Cathay Group is committed to acting ethically and with integrity in all business relationships which includes implementing policies and procedures to ensure that there is no forced labour, child labour, modern slavery or human trafficking in its supply chains or in any part of the business.

The Cathay Group had over 11,000 direct suppliers globally in our records of which about 5,500 of them were active with spend in 2023. As can be viewed in the graphic below, the vast majority of suppliers supporting the Cathay Group are located in China and the United States and provide the Cathay Group with a range of goods and services to support its airline and subsidiary operations. Geographic distribution of our active suppliers in 2023 was as follows:



Policies and Due Diligence

Through our organizational and governance policies we communicate our values and expectations, setting a high bar for ourselves and our suppliers, and making it clear that we reject any form of forced labour or child labour. We are committed to consistently evolving and improving our approach. We reject child, forced and bonded labour in any of our operations or by suppliers working for us.

We have implemented policies and procedures that are designed to ensure that our business operations and supply chains remain free from involvement in forced labour, child labour, and other human right abuses.



We make every effort, including through carrying out due diligence to monitor the performance of our suppliers, to prevent our activities having a negative impact on human rights. Our relevant policies are discussed in further detail below:

Corporate Code of Conduct

The Cathay Group [Code of Conduct](#) sets out our principles for achieving a respectful and diverse workplace. The Code applies to the Cathay Group's employees globally, including directors, officers, temporary agency workers, interns and secondees 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.

Modern Slavery and Human Trafficking Policy Statement

Our [Modern Slavery and Human Trafficking Policy Statement](#) sets out the Cathay Group's commitment to conducting business ethically and with a view to upholding human rights.

Cathay Pacific acknowledges that forced labour and child labour are crimes that encompass the recruitment, transportation, harbouring and exertion of control or influence for the purpose of exploitation. In practice, we:

- Train our operational employees to enable them to recognize, handle and report potential trafficking situations in airports and on flights to government authorities.
- Collaborate with industry bodies, government authorities and civil society on initiatives for the prevention and suppression of modern slavery and human trafficking.
- Strengthen our supply chain management to effectively enforce our Supplier Code of Conduct (discussed further below), which strictly prohibits the use of forced and child labour.

Supplier Code of Conduct

Our [Supplier Code of Conduct](#) ("**Supplier Code**"), updated in March 2024, sets out our expectations with respect to our suppliers, and is reflective of our strong preference for working with suppliers who share our commitment to honesty and integrity, and who seek to integrate principles of sustainable development into all areas of their business. In line with our [Sustainable Development Policy](#), our Supplier Code sets out our commitment to purchase goods and services on competitive terms which are not met at the expense of labour standards, health and safety or the environment.

Our Supplier Code describes the minimum standards we expect of all our suppliers with respect to:

- Legal and regulatory compliance
- Environmental protection and combatting climate change
- Health and safety in the workplace
- Not employing child labour



- Not employing forced labour
- Provision of proper compensation and appropriate working hours for employees
- Diversity and non-discrimination
- Freedom of association and rights to collective bargaining
- Sharing the Supplier Code with subcontractors and other service providers
- Upholding business integrity

We also provide a mechanism for suppliers and their employees to communicate and raise concerns in relation to these requirements to us confidentially, as further described in this Report.

Pursuant to the Supplier Code, suppliers shall ensure that their operations and the products and services supplied to the Cathay Group comply with all national and other applicable laws and regulations. Where any part of the Supplier Code contradicts local legislation, local legislation will take precedence.

Suppliers are responsible for communicating the requirements of the Supplier Code to their employees. The Cathay Group expects that the Supplier Code be made freely available to suppliers' employees in their local language and in a readily accessible place. Suppliers are encouraged to work with their own service providers and subcontractors to ensure that they also strive to meet the principles of this Supplier Code. The Cathay Group expects the Supplier Code to be integrated within the supplier's business processes to select and manage the performance of subcontractors and other service providers.

With respect to forced labour, the Supplier Code provides that suppliers must not use forced, coerced, bonded or indentured labour, military, trafficked or slave or involuntary prison labour. Furthermore, there shall be no unreasonable restrictions on employees' freedom of movement in the facility, and no unreasonable restrictions on entering or exiting company-provided facilities. All work, including overtime work, shall be voluntary. Employees should be free to leave employment upon giving reasonable notice. Suppliers should not require employees to hand-over government-issued identification, passports or work permits as a condition of employment. Employees shall not be required to pay suppliers or their agents any recruitment fees or other related fees for their employment.

With respect to child labour, suppliers must:

- Comply with the applicable local laws with regard to the minimum hiring age for employees. If no such law exists or if the existing law permits the hiring of workers younger than 18 years of age (Young Workers), Young Workers shall not perform hazardous work, which is defined as work in dangerous and unhealthy conditions that can lead to a child being killed, injured or made ill as a result of poor safety and health standards or employment conditions.
- Ensure proper management of student workers through proper maintenance of student records, rigorous due diligence of educational partners, and protection of students' rights in accordance with applicable law and regulations.
- Provide appropriate support and training to all student workers. In the absence of a local law, the wage rate for student workers, interns and apprentices shall be similar to the other entry-level workers performing equal or similar tasks.



- Not employ any person in a manner which conflicts with completion of their compulsory schooling.
- Not employ any person below the age of 16 years on a full-time basis (unless part of a recognised professions apprenticeship programme).
- Not employ any person below the age of 18 years for work at night (unless part of a recognised professional apprenticeship programme) or in hazardous conditions.

Additionally, all young employees must be protected from performing any work that is likely to be hazardous, or likely to interfere with the child's education, or that may be harmful to the child's health, or their physical, mental, social, spiritual or moral development. Suppliers should also adhere to legitimate workplace apprenticeship programmes and comply with all laws and regulations governing child labour and apprenticeship programmes.

Upon request, suppliers shall allow Cathay Pacific or its designated auditor to access relevant documentation, permit inspections of their facilities and sites, and maintain accurate, complete and truthful company books, records, accounts and communications, to demonstrate their compliance with this Supplier Code.

Human Rights Policy

The Cathay Group recognizes that respecting the human rights of our employees, customers, the workers in our extended supply chain, the communities in which we operate and all those affected by our operations is a fundamental responsibility. We continuously strive to adopt business practices that respect human rights and ultimately keep our global operations free from human rights abuses of any kind. Our commitment to operating with respect for human rights applies to all aspects of our business operations globally and is integrated across our company policies and processes. We assess, identify, monitor and manage the human rights impacts of our business activities on an ongoing basis.

Our [Human Rights Policy](#) outlines our commitments on issues such as workplace diversity, equal opportunity, child labour, modern slavery and human trafficking, and workplace security. The Human Rights Policy states that we prohibit the use of child labour across our operations and supply chain and prohibit the use of all forms of forced labour, including prison labour, indentured labour, bonded labour, military labour, slave labour and any other form of human trafficking. Operating in the airline industry, the Cathay Group is aware that it has a role to play in combatting human trafficking. We are committed to raising awareness on this issue amongst our employees and providing training to our operational employees on how to recognise, handle and where appropriate report potential trafficking situations.

It also defines our position on protecting human rights in our supply chains. To the extent possible, the Cathay Group seeks to prevent and mitigate any adverse human rights impacts that are directly linked to our business relationships by procuring appropriate contractual commitments from suppliers, vendors and contractors.

Whistleblowing Policy

Cathay Pacific provides a mechanism through which our employees, officers, directors and third parties who deal with the Cathay Group, including suppliers, can raise concerns about suspected



or actual impropriety relating to Cathay Pacific, including potential misconduct, malpractice or unethical behaviour.

Confidential reports can be made via an online reporting website, “*Speak Up*”, administered by an independent service provider. Cases reported through *Speak Up* are routed to our Compliance department for initial assessment. Reports will be investigated independently by appropriate parties, with central oversight by our Compliance department.

Our [Whistleblowing Policy](#) provides guidance on how to raise concerns and the steps that will be followed when concerns are reported to us. We encourage employees and third parties to “*Speak Up*” should they have a concern relating to serious wrongdoing within the Group, including potential breaches of our Code of Conduct.

Due Diligence

We expect third parties with which we work to adhere to business principles and values similar to our own and to comply with all applicable laws and regulations. Suppliers are therefore expected to adhere to our Supplier Code, which contains prohibitions against using child labour and forced labour.

Before making any commitments towards third parties, we also take steps to appropriately evaluate the relationship and mitigate any associated risks by carrying out risk-based due diligence and checks. A structured risk management process has been established to identify, assess and mitigate corporate risks faced by the Cathay Group, comprising top-down and bottom-up risk identification and management processes.

There is an ongoing initiative to enhance our supply chain risk management framework and develop a holistic risk universe (covering supplier compliance and integrity, human rights, modern slavery) for assessing and monitoring supply chain risks. A vendor solution has been identified and considered in Fiscal 2023 to assist with this. Through this initiative, processes for supplier due diligence, onboarding and ongoing monitoring processes continue to be enhanced to improve the robustness of these processes and the company’s overall resilience against supply chain risks. We are also identifying tools and resources to incorporate more in-depth Environmental, Social and Governance (ESG) and modern slavery risk management in our procurement process.

Forced Labour and Child Labour Risks

A structured risk management process has been established to identify, assess and mitigate corporate risks faced by the Group, comprising top-down and bottom-up risk identification and management processes. A specific risk taxonomy has also been developed to holistically identify and manage ESG risks across the business. The assessment of ESG risks is integrated with the wider risk management processes, and the taxonomy covers modern slavery in the supply chain. The key ESG risks identified are incorporated into the existing corporate risk registers, with mitigation plans developed where appropriate. The outcomes of the assessments are reported to the Board Risk Committee.

Through Cathay’s risk assessments, we have identified concerns that transnational criminal groups and individuals could be exploiting the interconnected air transport system to facilitate modern slavery and human trafficking. Whilst the responsibility to detect, apprehend and



prosecute offenders typically rests with government authorities, as an airline, Cathay Pacific acknowledges its role in raising the awareness of such crimes and providing training to our employees on reporting concerns to the authorities. As part of the aviation industry, we also call on government authorities to establish clear, practical and discreet mechanisms for the reporting of potential modern slavery and human trafficking activities in the air transport system.

Remediation measures

Our Code of Conduct and our Whistleblowing Policy provide an avenue through which employees, suppliers and customers of the Cathay Group to report actual or possible misconduct. We also undertake due diligence efforts (as further described in this Report) to ensure that the risk of forced labour and child labour is mitigated in our business. In the event that we discover any forced labour or child labour in our business and supply chains, the Whistleblowing Policy allows employees to express their concern relating to serious wrongdoing within the Group, including potential breaches of our Code of Conduct.

Furthermore, the Cathay Group provides a mechanism for Suppliers to raise concerns about suspected or actual improprieties relating to Cathay, including potential misconduct, malpractice or unethical behaviour. Confidential reports can be made via an online reporting website, “Speak Up”, administered by an independent service provider. Cases reported through Speak Up will be routed to our Compliance department for initial assessment. All reports will be investigated independently by appropriate parties and will be kept confidential at all times, with central oversight by our Compliance department.

Cathay Pacific did not receive any reports through our whistleblower mechanism related to the topic of forced or child labour. No specific remediation measures have been taken in respect of forced labour or child labour, as no incidents of forced or child labour have been identified or made known to us. Similarly, no remediation has taken place in respect of loss of income to vulnerable families as no incidents of forced or child labour have been identified or made known to us.

Training

Training for our cabin crew began in early 2020 by teaching our people how to recognise and respond to potential human trafficking activities, including for the purposes of forced or child labour, through online training. During training, our crew members 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 authorities. We also updated our operating manuals for both employee groups for the handling and reporting of suspected cases.

In 2022, 100% of our cabin crew undertook the anti-human trafficking training, and no suspected human trafficking incidents were reported. Our operating flight crew have access to our internal Modern Slavery and Human Trafficking Policy, and training for them is planned for 2024. Following the update to our ground operations policy suite in 2021, our focus in 2023 turned to continued education and awareness of our frontline airport teams on the impact of human



trafficking. Our recurrent training program that takes place between August and November required all Cathay employees and our third-party ground handling agents to undergo online training on identifying, assessing and appropriately responding to suspected cases of human trafficking, including for the purposes of forced or child labour. Ongoing reviews are expected to ensure the effectiveness of these actions.

Assessing Effectiveness

As part of our governance processes, we monitor compliance with our policies on an ongoing basis. We also review any concerns raised through our Whistleblowing Policy and other informal mechanisms of employee feedback. To date no significant concerns or complaints have been identified. We also assess the effectiveness of our policies by setting up a regular review or audit of the organization's policies and procedures related to forced labour and child labour.

As further described in the Report, the Cathay Group is considering the implementation of an ongoing initiative to enhance the supply chain risk management framework and develop a holistic risk universe for assessing and monitoring supply chain risks. Through this initiative, we are identifying tools and resources to incorporate more in-depth Environmental, Social and Governance (ESG) and modern slavery risk management in our procurement process. Based on the results obtained, the Cathay Group plans to assess the effectiveness of our existing policies and guidelines.

Approval & Signature

Pursuant to section 11(4)(a) of the Act, this Report was approved by Cathay Pacific's Board of Directors and has been submitted to the Minister of Public Safety and Emergency Preparedness in Canada. This Report is also available on our company website at www.cathaypacific.com

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in this Report for Cathay Pacific Airways Limited. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in this Report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

I make the above statement in my capacity as a member of the Board of Directors of Cathay Pacific for and on behalf of the Board of Directors.

Signed,

Ronald Lam
Chief Executive Officer
Cathay Pacific Airways Limited
June 2024