

## Chairman's Message



As a socially and environmentally responsible company, we believe we also have a duty to be at the forefront of efforts to ensure a more sustainable development path for ourselves and for future generations.

Undoubtedly, 2009 was a challenging year for Cathay Pacific. The year began with a severe global economic downturn which clearly impacted on our financial performance. The first half of the year was particularly difficult for us and we were forced to reduce flights and temporarily park aircraft in response to falling customer demand.

Nevertheless, during this period, Cathay Pacific made a profit and a public commitment to keep the team and our network together. By implementing a company-wide Special Leave Scheme and making key cost savings across the Group, we kept this promise and did not lay off staff in response to the business downturn during one of the most difficult years in our history. We recognise that our industry can be exposed to external shocks that are outside of our control – the challenge is how we respond to these situations.

Whilst tackling the short-term economic challenges, we also demonstrated our commitment to the long term by developing our new Sustainable Development Strategy. The Strategy outlines our aims and objectives for ensuring that sustainable development principles and processes are at the heart of our business model going forward.

Our new Strategy focuses on the operational side of our businesses. It emphasises the need to engage with climate change issues and to play our part in mitigating our own impacts and adapting to future changes brought about by anthropogenic climate change. However, it also places priority on engaging with social and economic sustainability issues, to meet the needs of our customers, communities and shareholders.

At Cathay Pacific we recognise the need to examine both the risks and opportunities inherent in embracing sustainable development. The aviation industry is facing significant environmental challenges, with increasing regulation and costs associated with carbon emissions, set against a backdrop of rising oil prices over the medium term. As a socially and environmentally responsible company, we believe we also have a duty to be at the forefront of efforts to ensure a more sustainable development path for ourselves and for future generations.

We have already started to implement our Sustainable Development Strategy by building awareness within our organisation and by

encouraging our suppliers and contractors to have their own strategies and policies for sustainability in place. We have asked individual departments to identify their own objectives and action plans. In the medium term we will ensure that our investments in new aircraft and associated infrastructure are consistent with moving towards lower carbon operations.

The sustainable development agenda also reinforces our commitment to being an employer of choice, enabling staff to maximise their potential, to investing in communities in which we operate, and to ensuring safety as our first priority. In this Report we highlight our continuing efforts and our progress in all of these areas.

Our Sustainable Development Strategy also commits us to demonstrating leadership both within Hong Kong and throughout the global aviation industry. We will not only meet new regulations but will help to shape the debate, and, where necessary, to challenge those proposed policy changes which we view as counterproductive. Working with our industry partners, it is important that we maintain a global perspective on what is an essential global industry.

As the economy begins to recover we are already planning for the future. During the latter part of 2009 we announced a number of new destinations and we will continue to look towards long-term expansion. But that expansion must be achieved in a sustainable way if we are to maintain the trust of our stakeholders and the loyalty of our customers. That is why this Report focuses on reaching a very important destination for Cathay Pacific: sustainable aviation. This is a long-term objective and there is still a considerable way to go on this particular journey, but we believe that we are on the right path and I look forward to reporting on our continued progress as we move forward.

A handwritten signature in black ink, appearing to read 'C. Pratt', written over a horizontal line.

**Christopher Pratt**  
Chairman