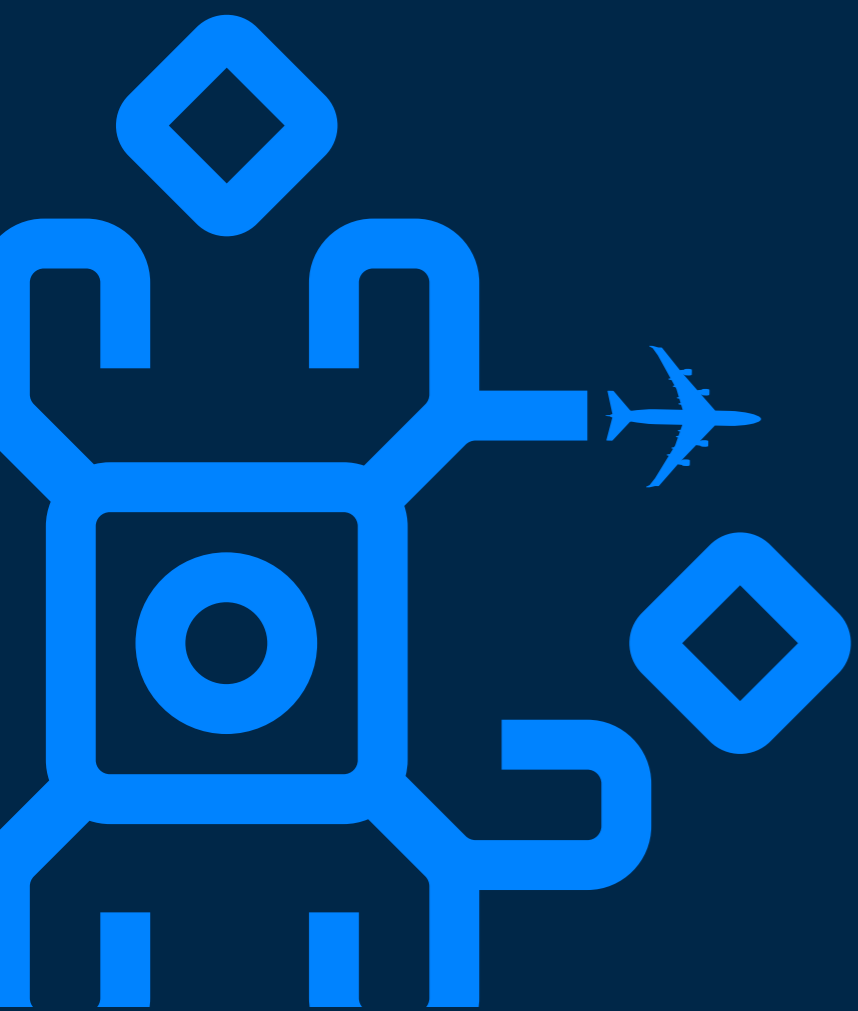


silkway
west airlines



**SUSTAINABILITY
REPORT
2020**

Content

1. About the Report	02	6. Social	23
2. Message from the President & CEO	04	6.1. Our people	24
3. About the	06	6.1.1. Employee development	24
3.1. Silk Way West Airlines at a glance	07	6.1.2. Diversity and inclusion	26
3.2. Our mission, goal and values	08	6.1.3. Employee benefits	26
3.3. Regular service map	09	6.2. Safety at Silk Way West Airlines	26
3.4. Awards and recognition	10	6.2.1. Safety compliance	27
3.5. Corporate governance	11	6.2.2. Safety reporting system and monitoring	27
3.5.1. Compliance and integrity	12	6.2.3. Safety awareness	28
3.5.2. Ethics	12	6.2.4. SW Technics	28
3.5.3. Risk Management	13	6.2.5. Safety during COVID-19	28
4. Sustainability management	14	6.3. Customers	29
4.1. Our sustainability approach	15	7. Environmental management	31
4.2. Stakeholder engagement	15	7.1. Combating climate change	33
4.3. Materiality assessment	16	7.2. Fuel efficiency	34
4.4. Contribution to Sustainable Development Goals (SDGs)	17	7.3. Noise Management	34
5. Economy	18	7.4. Waste Management	35
5.1. Our economic impact	19	7.5. Environmental awareness	35
5.2. Economic footprint	21	8. Annex	36
5.3. Supply chain	22	8.1. Performance tables	37
		8.2. GRI content index	38

1 About
the Report



About the Report

GRI 102-50, GRI 102-54

Silk Way West Airlines is pleased to introduce its first Sustainability Report ("the Report"), which contains our sustainability performance, including economic, social, and environmental activities for the period starting from the 1st of January 2020 to the 31st of December 2020.

The Report is prepared in accordance with the "Core" option of the global standards for sustainability reporting – the Global Reporting Initiative (GRI) Standards.

One of our priority goals in issuing the Sustainability Report is to ensure accountability and transparency for our stakeholders. This allows us to create an effective communication tool to disclose the relevant corporate information to a wide range of stakeholders, including our employees, customers, suppliers, and local communities.

The Report also serves to track our progress towards the United Nations Sustainable Development Goals (SDGs) and to take stock of how far we have progressed toward our commitments.

The content of the Report was structured on the principles of stakeholder engagement, materiality, and completeness, considering the relevant sustainability reporting guidelines for the cargo industry.

It is divided into eight sections with detailed information about the Company, the scope of our operations, policies, risks, our main achievements, and progress on material sustainability topics.





2 Message from the
President & CEO



Message from the President & CEO

GRI 102-4, GRI 102-6, GRI 102-14

As the region's biggest air cargo Company, we have faced challenges as well as great opportunities further to the emergence and spread of the COVID-19 virus. The pandemic rapidly became a serious threat to human health, and since its emergence global society has been on a quest to find appropriate mechanisms to deal with it. For our Company, COVID-19 has opened a new pathway and a new mission. We have found ourselves in a position where we are one of the most important coping mechanisms for the pandemic. Silk Way West Airlines took a very active and significant role in the transportation of the most-needed COVID-19 materials such as sanitary items, medicine, medical supplies and equipment, humanitarian aid, and vaccines – all crucial tools for the health of Azerbaijani citizens as well as our customers worldwide. We obtained the Goods Distribution Practice (GDP) certificate to further improve our capacity to transport time- and temperature-sensitive goods, including pharmaceutical products. In 2020, Silk Way West Airlines operated more than 100 charter flights to deliver medical supplies.

Silk Way West Airlines's strategic focus is centered on a dynamic combination of charter and regular flights. Charter flights have become an important pillar of our business model alongside our scheduled operations, and now represent around 25% of our flights. Despite the difficulties of the pandemic, our business has grown immensely. Due to the rapid changes that have taken place, we have shifted our Company's outlook and focus. For us at Silk Way West Airlines, our three main achievements and priorities are economic, technological, and human resource development. Our economic development in 2020 was reflected by our destinations, clients, and operations all increasing and thereby opening new doors for the economic advancement of our Company. As of 2020, we operate in 22 countries and three continents. The rapid growth of our Company has caused us to look inwards and understand the technological development we have to undertake in order to support our operations. The development of our employees has always been one of our priorities, which we continue to facilitate with continuous training.

As elsewhere, the ongoing changes caused by the pandemic have accelerated the process of digitalization in Silk Way West Airlines. With the emergence of COVID-19, online services became the most efficient option; we have introduced facilities on our websites whereby customers can book cargo transportation as well as track their shipments. We are planning to develop our online services and e-commerce further in the coming years, in keeping with international best practices. The increase in operational demand has given our Company the opportunity to reach new heights. We are planning the acquisition of five new Boeing 777 Freighters to renew our fleet according to the latest aircraft specifications. The deal marks the first purchase of this long-range, high-capacity twin-engine freighter in the Caspian and Central Asian region. We were also honored as the 'Cargo Airline of the Year 2020' by South Korea's Incheon Airport. The growth of our Company has also allowed us to stay at the cutting edge of global trends and increase our Company's focus on sustainable practices. Recognizing the impact that airlines have on the environment, we are in the process of implementing the voluntary IATA Environmental Assessment (IEnvA).

Ongoing digitalization, the acquisition of fuel-efficient aircraft, and economic development have led us to a more sustainable path. Sustainability has emerged as an important topic in today's world. We at Silk Way West Airlines have realized the importance of conducting business sustainably, and with the current changes that our Company is facing, we have put the focus on economic, environmental, social and governance issues. We have decided to release our first Sustainability Report in order to showcase our commitment to creating a more personalized interaction with our stakeholders by sharing our efforts and progress.

3 About the Company



3.1. Silk Way West Airlines at a glance

GRI 102-1, GRI 102-3, GRI 102-4, GRI 102-5, GRI 102-7

Silk Way West Airlines (hereafter "Silk Way West Airlines", "We", "the Company") headquartered at Heydar Aliyev International Airport in Baku, Azerbaijan, is one of the largest cargo airlines in the CIS countries and Caspian region.

The Company was founded in 2012, and through its dynamic growth and development, Silk Way West Airlines was rapidly recognized as one of the largest cargo companies in the world. Our position in the global airfreight market is based on our unique geographic location and ability to serve an international market combined with a regional feeder network. The Company is included in the Silk Way Group, along with Silk Way Airlines. Moreover, Silk Way West Airlines has Silk Way Technics ("SW Technics"), which is the Company's brunch.

The Company's fleet consists of seven Boeing 747-400F and five Boeing 747-8F aircraft equipped with the latest safety systems. By constantly striving to improve our systems and operations, we are able to promote a safety-first culture, where everyone has the opportunity to communicate their opinions and suggestions. By introducing technology equipped with advanced safety systems, we are promoting a culture where everyone has the opportunity to contribute to safety in the workplace.

Moreover, to provide greater connectivity and special care for our customers, we have 33 representative offices around the world across five different regions. In addition to representative offices, we have 35 sales agents.

This allows Silk Way West Airlines to stay in touch with our customers and reach them all over the world.

As a member of International Air Transport Association (IATA), we strive to implement recommended policies based on its requirements, covering IATA's main activities including flight safety, regulatory compliance, international obligations, and training.

Moreover, we have a tailored approach to our business resources, which is reflected in safe air transportation, operations, and quality services in air cargo aviation. This is highlighted in our core mission and values.

Figure 2. Annual tonnes transported on regular and charter flights during 2018-2020, thousands

Recognized by Boeing as the **fastest-growing airline in terms of fleet size, geographic reach, and cargo volume**, in 2020 Silk Way West Airlines ranked third in Europe by these three criteria. As indicated in Figure 2, the airline was able to increase cargo turnover during the year despite COVID-19.

Silk Way West Airlines Technics

"SWW Technics", a branch of Silk Way West Airlines – Aircraft Maintenance Organization (AMO) was founded in 2006 and is based at Heydar Aliyev International Airport. The main activities of SWW Technics are to provide a high level of engineering, line, and base maintenance services. SWW Technics employs over 600 highly qualified aviation engineers, technicians, and specialists in various fields. In order to ensure the quality of our aircraft services, we implement intensive training for our technical service specialists. The customer base of Silk Way West Airlines Technics includes not only leading domestic carriers Silk Way West Airlines, Silk Way Airlines, ASG Business Aviation and Azerbaijan Airlines, but also airlines from the CIS, Europe, and the Middle East, including Aeroflot, Etihad, Jazeera Airways, Kuwait Airways, Qatar Airways and others.



Cargo turnover exceeds **316,000** tons



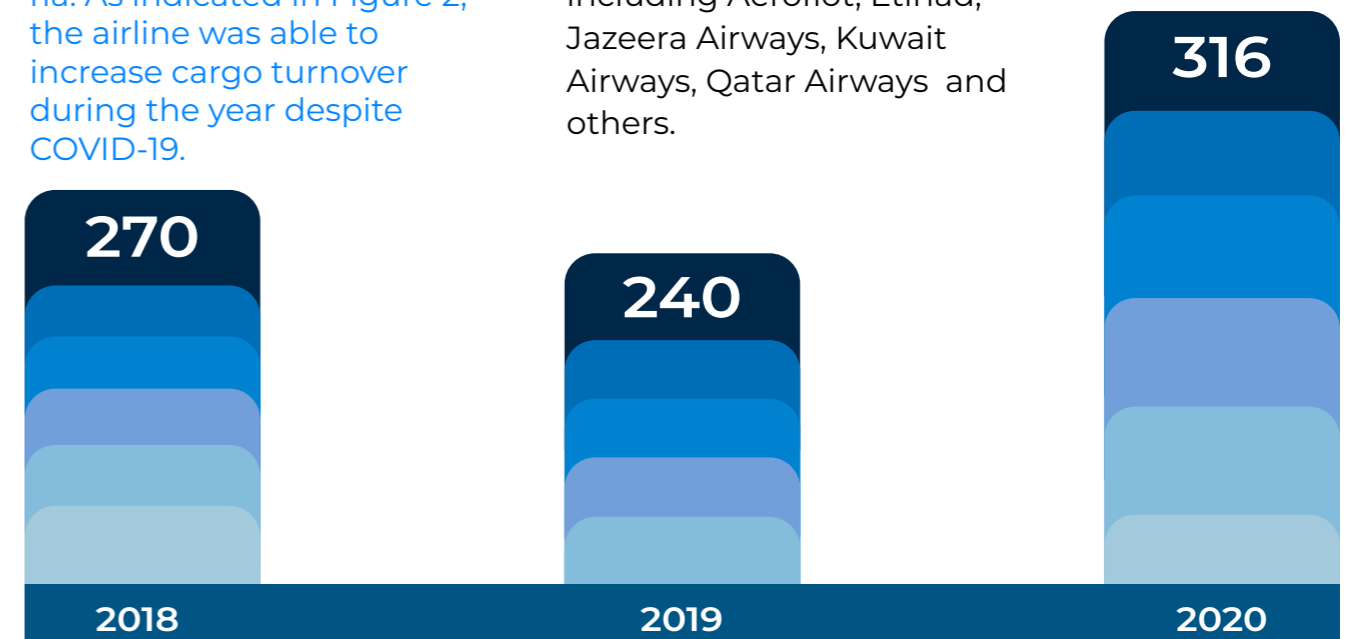
More than **40** destinations



350 Regular and charter flights monthly

Figure 1. Silk Way West Airlines business overview

We provide a wide portfolio of transportation services. In 2020, our annual cargo turnover exceeded **316,000** tons while operating around **350** regular and charter flights monthly to **more than 50 destinations** in Europe, Asia, North America, and South America.



3.2. Our mission, vision and values

GRI 102-11, GRI 102-16

Our vision

To become a regional air cargo leader, providing:

- The best and most cost-effective solutions for all cargo
- Favorable business environment
- Safe flight operations
- A personnel well adapted to contemporary management principles
- Shared values to all our stakeholders
- Safety and well-being of our customers, employees and local communities
- Network efficiency
- Learning & development of employees
- Emergency preparedness

Our mission

Our mission is to provide prompt and reliable transportation services that meet the highest safety standards, taking responsibility for the economic, environmental, and social implications of our business decisions to create long-term value for all our stakeholders.

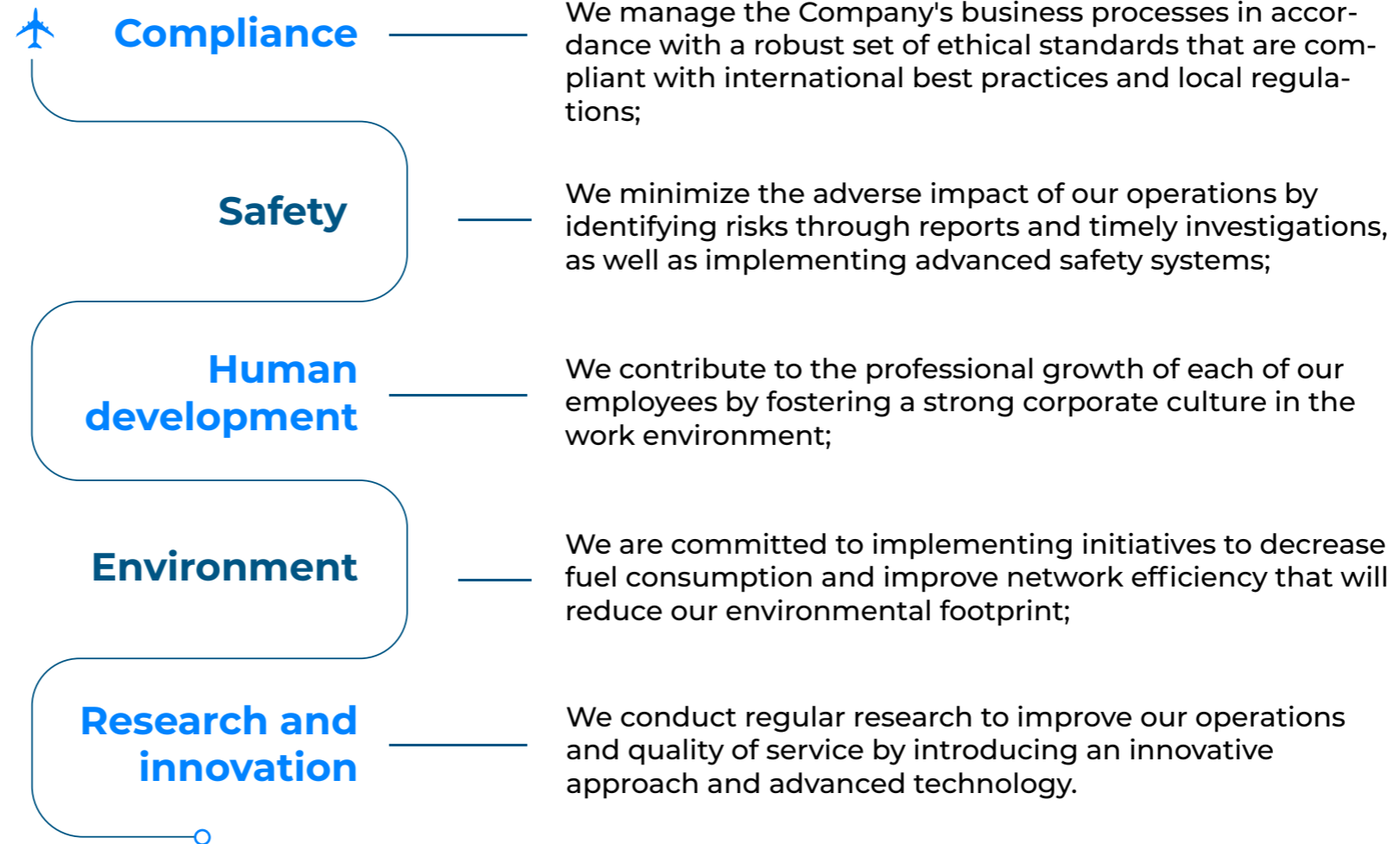


Figure 3. Our core values



3.3. Regular service map



Country	City	Airport
Netherlands	Amsterdam	AMS
Germany	Hahn	HHN
Ukraine	Kyiv	KBP
Luxembourg	Luxembourg	LUX
Norway	Oslo	OSL
Italy	Milan	MXP
Austria	Vienna	VIE
Hong Kong	Hong Kong	HKG
Japan	Osaka	KIX
South Korea	Seoul	ICN
China	Shanghai	PVG
China	Zhengzhou Xin Zheng	CGO
Singapore	Singapore	SIN
Israel	Tel-Aviv	TLV
Kazakhstan	Almaty	ALA
Kazakhstan	Aktau	SCO
Kazakhstan	Atyrau	GUW
Kyrgyzstan	Bishkek	FRU
Turkey	Istanbul	IST
Bangladesh	Dhaka	DAC
Kuwait	Kuwait	KWI
Russia	Moscow	SVO
Georgia	Tbilisi	TBS
India	Mumbai	BOM
India	Delhi	DEL
Iraq	Erbil	EBL
Iraq	Baghdad	BGW
UAE	Dubai	DWC
USA	Chicago	ORD

3.3. Regular service map

3.4. Awards and recognition

Our high-quality performance is regularly recognized by leading professional institutions around the world. As part of this Report, we are proud to present the awards and accomplishments that we have achieved to reinforce our position as a leading Company in the air cargo industry.

IOSA IATA OPERATIONAL SAFETY AUDIT

Silk Way West Airlines has passed its fourth certification since first being recognized in 2015. This accomplishment reflects the Company's performance, especially in the operations departments, which deliver the highest level of accuracy and discipline and apply international practices to ensure the safety of air travel.

Cargo airline of the year 2020 *named by Incheon Airport*

South Korea's Incheon Airport awarded Silk Way West Airlines with the prestigious 'Cargo Airline of the Year 2020' award, recognizing the Company as the best air cargo airline to achieve international cargo turnover of up to 25,000 tons.



3.5. Corporate governance

GRI 102-18, GRI 102-19, GRI 102-27, GRI 102-22, GRI 102-23, GRI 102-24

Silk Way West Airlines is dedicated to having a strong corporate governance framework, helping us to address the interests of our stakeholders and create an environment of trust. Established in 2012, Silk Way West Airlines is one of the three enterprises that constitute Silk Way Group. At Silk Way West Airlines, we are governed by the Group’s Supervisory Board. The Supervisory Board operates based on our Company Charter.

As a Company that has various responsibilities, we want to make sure that our management functions accordingly and takes into account all necessary operational areas. Silk Way West Airlines’s management consists of our President & CEO, Vice Presidents, and Advisors to the President. There are three advisors to the President, each responsible for certain aspects such as Corporate QA&QC and Aviation Security, Flight Safety, and the branch Director, responsible for “SWW Technics”.

There are six members of the Supervisory Board, nominated and selected by the Company’s shareholder from Silk Way Group’s high-level management staff due to their relevant knowledge and experience. Silk Way West Airlines is partially centralized, with functions such as HR, Risk Management, and Finance being governed by the Group.

Silk Way West Airlines has two Senior Vice Presidents: Senior Vice-President on Corporate Finance and Senior Vice-President on Operations and Corporate Affairs; also Vice-President for Flight Operations, Vice-President for Maintenance and Engineering, Vice-President for Global Logistics and Standards and Vice-President for Legal and Corporate Affairs.

Figure 4. Key management group



Kamran Gasimov
Senior Vice-President,
Operations & Corporate
Affairs



Mirsamed Movsumzadeh
Senior Vice-President
Financial Affairs



Adil Baghirov
Vice-President
Maintenance & Engineering



Aydin Huseynov
Vice-President
Global Cargo
Logistics & Standards



Elgar Alekperov
Vice-President
Legal & Corporate Affairs



Rasim Ashrafov
Vice-President
Flight Operations



Firangiz Mammadova
Advisor
Corporate Quality

3.5.1. Compliance and integrity

GRI 416-2, GRI 419-1, GRI 307-1, GRI 205-1

Silk Way West Airlines recognizes the indisputable importance of compliance and integrity in order to conduct business properly. We always aim to comply with local as well as international best practices.

Our corporate governance functions were created according to our structure and Company Charter. We are committed to following corporate governance standards adopted by our regulator, the State Civil Aviation Agency (SCAA). Moreover, Silk Way West Airlines is fully committed to compliance with the laws of the Republic of Azerbaijan and relevant regulations of the countries we operate in. There were no cases of non-compliance with aviation industry regulations by our Company in 2020.

The Audit Committee, which functions under the Supervisory Board, was established in 2020 and is responsible for ensuring regular internal audits, which are conducted with the highest level of transparency. The Committee reports directly to the Supervisory Board. Its areas of expertise include compliance of the corporate practices with national and international norms and regulations, business process enhancement through audits, and provision of information transparency.

Moreover, in addition to our internal audits, we engage external parties in audits of our financial, operational, and safety performance. We have engaged in Big 4 financial audits since 2015. We also comply with international regulators such as IATA, CORSIA, IOSA, ICAO, and others through regular audits. Our Company is currently in the process of implementing IATA's IEnvA (IATA Environmental Assessment) for future years. We recognize the central importance of environmental issues in the aviation industry; our voluntary decision to implement IEnvA showcases our dedication to such matters.

Compliance with international norms and standards is key to a successful aviation Company, therefore we strive to comply with and implement international best practice programs, norms, and standards.

3.5.2. Ethics

GRI 419-1, GRI 416-2, GRI 407-1, GRI 205-1

Silk Way West Airlines is committed to conducting business ethically and with integrity. We strive to foster a safe working environment and inclusive culture. Our Company endeavors to provide a space that is free from harassment and discrimination of any sort.

A Code of Conduct and Ethics has been adopted in order to comply with the applicable law of the Republic of Azerbaijan and the rules and regulations of the Civil Aviation Agency of the Republic of Azerbaijan. Silk Way West Airlines ensures that all employees adhere to our Code of Conduct and Ethics. The Code highlights issues such as confidentiality, non-discrimination, non-corruption, ethical behavior, and the establishment of fair treatment between employees.

Any issues related to Code of Conduct and Ethics violations are brought to the attention of HR management and disciplinary measures are taken. Moreover, we have situated feedback boxes as a speak-up channel for our employees at the Silk Way West Airlines offices. Such matters are brought to the attention of HR and discussed with Silk Way West Airlines's management if required.

3.5.3. Risk Management

GRI 102-15, GRI 102-30

Effective risk management in a Company is crucial in order to identify, control and resolve potential risks and ensure sustainable growth and development.

The Risk Management Department ensures the establishment and maintenance of the efficiency of the Risk Management System (RMS):

- In accordance with its level of risk management provided for in the RMM (Risk Management Manual), and
- In considering the particularities and constraints established by the requirements of the regulators, as well as international industry standards and certificates of the Company.

In an industry as highly competitive as aviation, there are always external risks that we have to monitor (described in Figure 5).

We have developed a risk management process that consists of the following steps:

1. Selection and approval of risk owners;
2. Identifying possible risks and gathering of information from risk owners;
3. Evaluation of completeness of covering risks coverage and adequacy of the response;
4. Administrating the database of realized and potential risks on an ongoing basis;
5. Semi-annual generation of consolidated risk management reporting and material for Management consideration;
6. Formation of the annual action plan for risk response.

The Risk Management department also ensures appropriate training for employees on risk management and compliance with risk management policies and procedures.

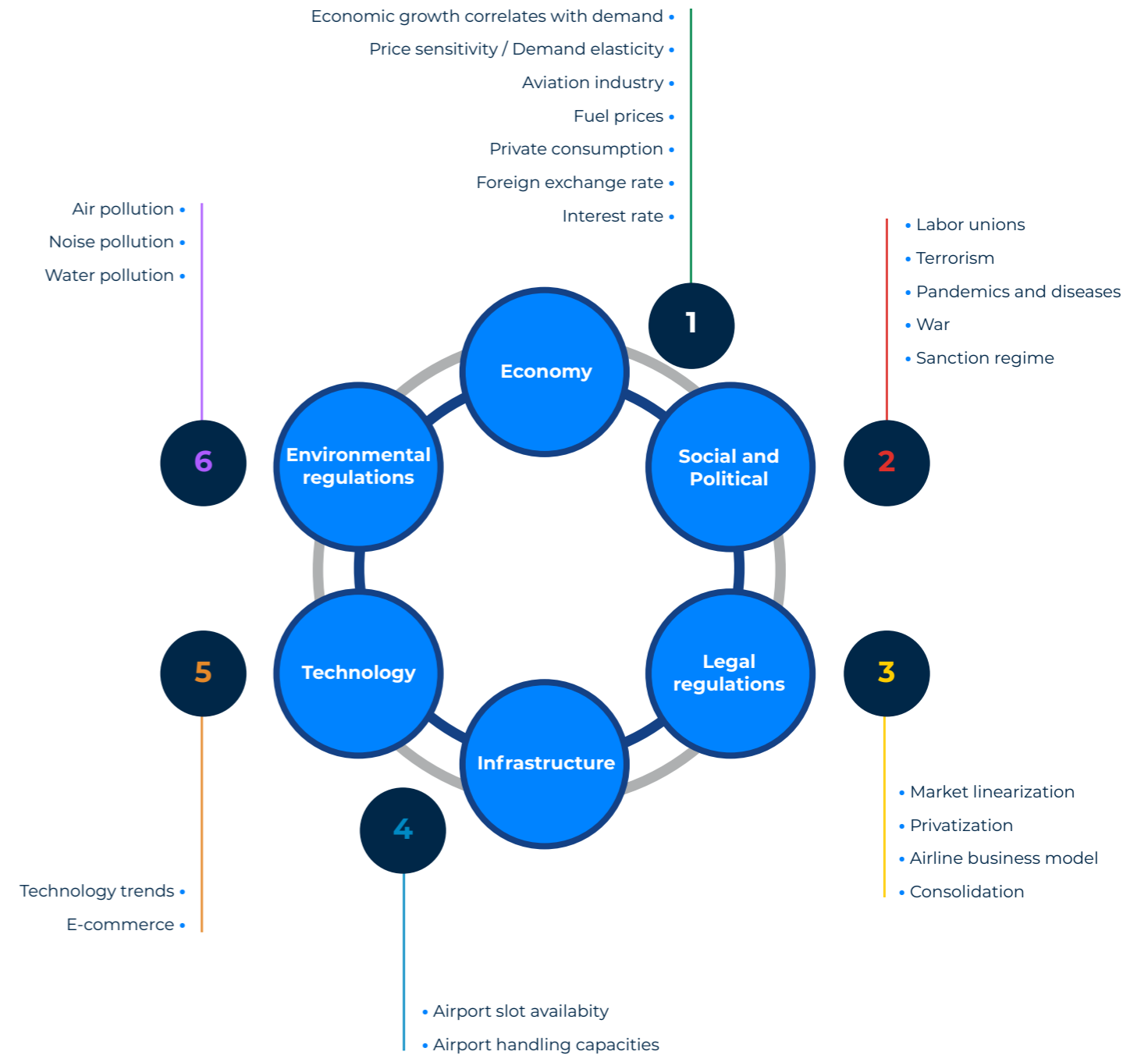


Figure 5. External risks in the aviation industry

4

Sustainability management

GRI 102-29, GRI 413-1, GRI 413-2



4.1. Our sustainability approach

GRI 103-2

At Silk Way West Airlines, we understand that economic, social, and environmental sustainability is necessary for today's air cargo industry, and strive to integrate this into our operational processes. Our approach to sustainability is aligned with our mission and Company values and is progressively being embedded in our operations.

Silk Way West Airlines is currently in the process of developing and identifying key mechanisms to promote sustainability awareness and corporate social responsibility in its operations. This will enable us to develop sustainable management processes that will help us to achieve our key objectives.

As Silk Way West Airlines contributes to achieving SDGs, we are enhancing indicators through identification of cost-effective measures, improving working conditions, training systems, and ensuring a safe and comfortable environment for every employee.

We endeavor to implement international standards, including those of IATA and ICAO, which enable us not only to respond appropriately to industry needs but also to effectively improve our performance. Integrating sustainability into our business processes according to best practices will allow us to set and reach measurable goals and KPIs that reflect our achievements.

4.2 Stakeholder engagement

GRI 102-40, GRI 102-43, GRI 102-44

Silk Way West Airlines is committed to creating value for stakeholders that are involved directly or indirectly in our operations. By generating both internal and external impacts, the results of our actions affect not only employees, suppliers, and customers, but also the communities around us. We regularly communicate with our stakeholders through various feedback mechanisms: conferences, industry forums, training, events, and others.

In Table 1, we have identified our main stakeholders, as well as the ways we communicate with them and the value generated.

Table 1. Key stakeholder groups

Interest Group	Engagement Method	Value Generated
Employees	<ul style="list-style-type: none"> • Trainings; • Internal recruitment; • Development programs; • Internal events; • Feedback boxes. • Sustainable development report 	<ul style="list-style-type: none"> • Employee engagement; • Employee retention; • Employee career growth; • Transparent and motivating working environment.
Customers	<ul style="list-style-type: none"> • Representative offices; • Call centers; • E-mail communication; • Website. 	<ul style="list-style-type: none"> • Mutual trust; • Transparency; • Loyalty; • Quality work; • Protection of rights.
Suppliers and Contractors	<ul style="list-style-type: none"> • Meetings; • On-site visits. 	<ul style="list-style-type: none"> • Compliance with the Silk Way West Airlines requirements and standards; • Strengthening supplier relationships;
Government entities and Regulator	<ul style="list-style-type: none"> • Regular reporting; • Public meetings • Inspections and audits • Sustainable development report 	<ul style="list-style-type: none"> • Compliance with governmental laws and regulations; • Trust and transparency; • Participation in government events.
Industry Peers	<ul style="list-style-type: none"> • Industry forums; • Industry conferences; • Partnerships; • Synergies, industry memberships, industry groups. 	<ul style="list-style-type: none"> • Compliance with industry development and trends; • Strengthening alliance and cooperation; • Industry memberships.
Financial Institutions and Investors	<ul style="list-style-type: none"> • External audit reports; • Sustainable development report; • Tax declarations. 	<ul style="list-style-type: none"> • Liquidity; • Transparency; • Business development.
Local Communities	<ul style="list-style-type: none"> • Community development programs; • Public event sponsorship; • Social media. 	<ul style="list-style-type: none"> • Support; • Local community development.
Media	<ul style="list-style-type: none"> • Press releases; • Interviews; • Official media platforms. 	<ul style="list-style-type: none"> • Communication with stakeholders; • Communication of major activities; • Timely update on business operations.

4.3. Materiality assessment

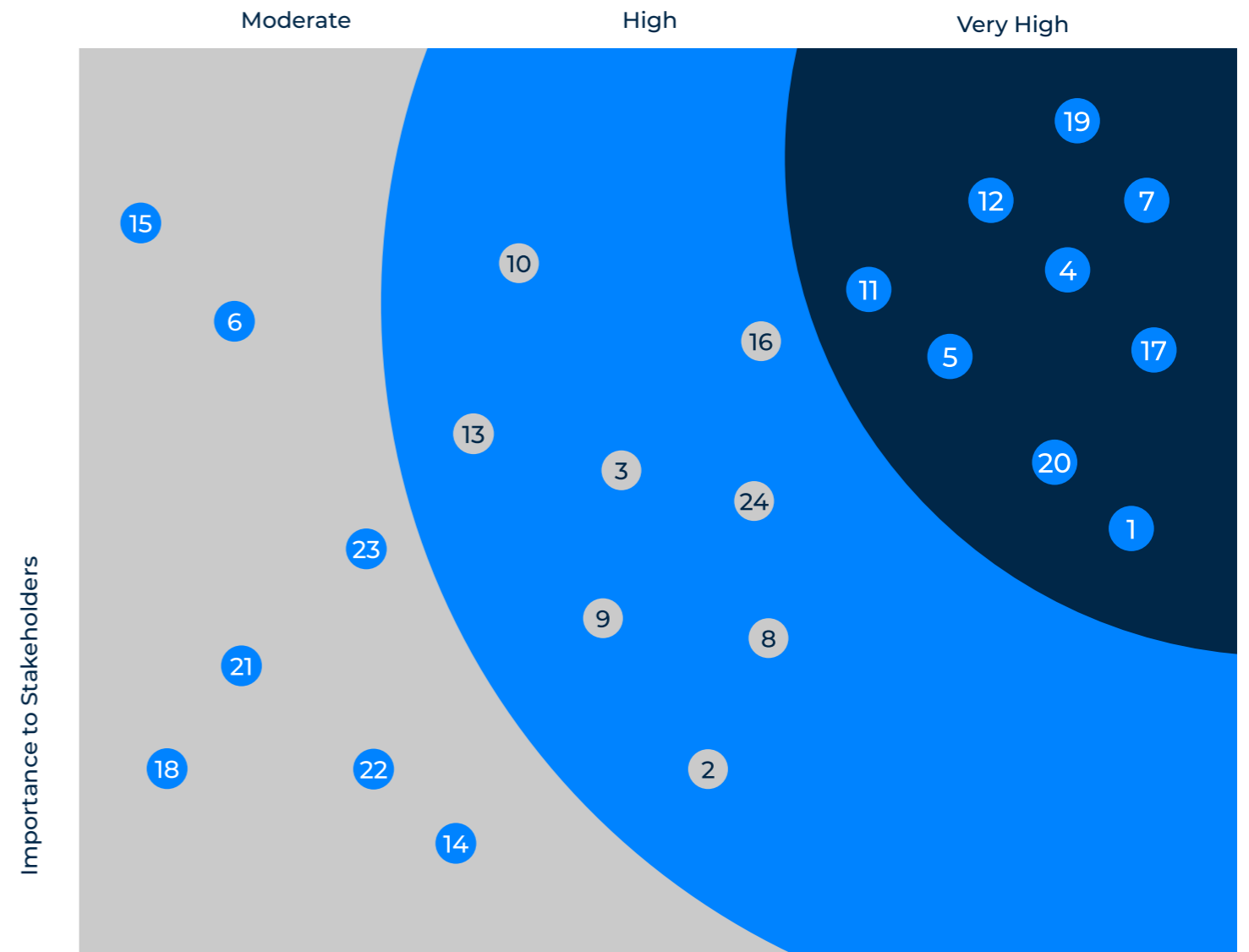
GRI 102-32, GRI 102-46, GRI 102-47, GRI 103-1

We conducted a materiality assessment (Figure 6. Materiality matrix) to identify environmental, social, and economic topics of high interest to our stakeholders and to ensure that our analysis reflected key developments and trends in Silk Way West Airlines's operations. In 2020, material topics were selected based on two criteria: the importance of the topic to our stakeholders, and to the Company. To identify the most material sustainability indicators, materiality topics are determined using a three-step process:

1. Identification: We conducted an analysis of material topics based on stakeholder engagement and analysis of key Company policies and operations, taking into account global sustainability practices;

2. Evaluation: We evaluated topics in accordance with stakeholder expectations and the Company's target areas, considering the Company's strategic development goals;

3. Development: The final list of material topics is based on the results of the analysis conducted and considers the principles of completeness, materiality, and stakeholder engagement.



Materiality for Silk Way West Airlines

Figure 6. Materiality matrix



- | | |
|---|--|
| 1 Corporate governance | 13 Staff diversity |
| 2 Job creation- retention | 14 Purchasing practices and supply chain |
| 3 Investment in sustainable innovation | 15 Community involvement |
| 4 Business ethics and compliance | 16 Network efficiency |
| 5 Transparency and disclosure | 17 Fuel efficiency |
| 6 Community engagement | 18 Waste management |
| 7 Ensuring safe flight operations | 19 Noise management |
| 8 Human capital development | 20 GHG emissions |
| 9 Employee relations and engagement | 21 Water management |
| 10 Customer engagement | 22 Biodiversity and animal welfare |
| 11 Emergency preparedness and business continuity | 23 Package contents responsibility |
| 12 Employee health and wellness | 24 Digital and physical asset security |

4.4. Contribution to Sustainable Development Goals (SDGs)

At Silk Way West Airlines we aim to contribute significantly to the local economy, as well as have a key role in social development, both locally and internationally. To this end, we are keeping up with the government by supporting all 17 SDGs. We are working to achieve the SDGs and are focusing our efforts on those goals that are closely aligned with the Company's current strategy and mission.

In 2020, the top priority goals for our company are the eight SDGs listed in Table 2

At Silk Way West Airlines, we are aware that in line with current trends and global challenges, sustainability is one of the core drivers of our Company's development. Building on our efforts and achievements, we continue to advance our daily operations in line with all 17 SDGs and contribute to sustainable development to meet the needs of the present without compromising the ability of future generations to thrive.



Contribution to SDGs	Topic	Impact
<p>3 GOOD HEALTH AND WELL-BEING</p>	Ensure healthy lives and promote wellbeing for all	Silk Way West Airlines has operated more than 100 charter flights to deliver medical supplies during the COVID-19 pandemic. The Company has signed contracts to prepare for the delivery of temperature-sensitive medical supplies. To ensure delivery of the life-saving cargo, the packages are delivered to specially equipped warehouses and handled by personnel specially trained to work in these unique conditions.
<p>5 GENDER EQUALITY</p>	Empowering women, promoting gender equality and giving equal rights to the professional development of each employee	Despite the nature of our Company, we focus on promoting each employee in their professional development, regardless of gender. More than 20 percent of Silk Way West Airlines's female employees hold leadership and senior management positions, including Vice-Presidents. We are committed to increasing this percentage and continuing to develop a work environment without gender limitations.
<p>8 DECENT WORK AND ECONOMIC GROWTH</p>	Promote inclusive and sustainable economic growth, employment and decent work for all	We strive to create a healthy and safe work environment by conducting trainings for our employees to improve their basic and theoretical knowledge. Thus, each of our employees regularly undergoes training in the FLYCO program and has opportunities for professional development.
<p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	Creating favorable conditions for innovative working and behavior	We have purchased five Boeing 777 freighters, which are advanced and innovative cargo aircraft. In addition, we have the most efficient flight control center, which integrates the administration of all the responsible persons, to respond immediately to any decisions and issues that may arise.
<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	The rational consumption of resources to minimize the impact on the environment	Our pilots and flight management department implement various approaches, such as streamlining operations and performing regular flight plan analysis to reduce fuel consumption and utilize it efficiently. In addition, we have also been able to significantly reduce our fuel consumption through the purchase of new Boeing 777 freighters.
<p>13 CLIMATE ACTION</p>	Controlling the impact of our activity on the environment and living things	Silk Way West Airlines is a member of the CORSIA emissions offset program and has been reporting emissions since 2019. This reporting allows the Company to monitor and manage its energy efficiency and emissions.
<p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	Ensuring access to justice for all our employees and stakeholders and creating an effective and inclusive working environment	We are progressively implementing corporate social responsibility, improving management systems, transparency and accountability to enhance integrity with our employees and create safe and transparent communication with our stakeholders.
<p>17 PARTNERSHIPS FOR THE GOALS</p>	Revitalize the global partnership for sustainable development	Silk Way West Airlines has worked in partnership with Rolls-Royce to support the maintenance of its Boeing 747-400F fleet since 2017. We have a long-term partnership with ACL Airshop, a global leader in cargo services and logistics. Moreover, we voluntarily participate in CORSIA and implement the necessary obligations.

Table 2. Our contribution to SDGs

5 Economy

GRI 201-1, GRI 201-2, GRI 203-2



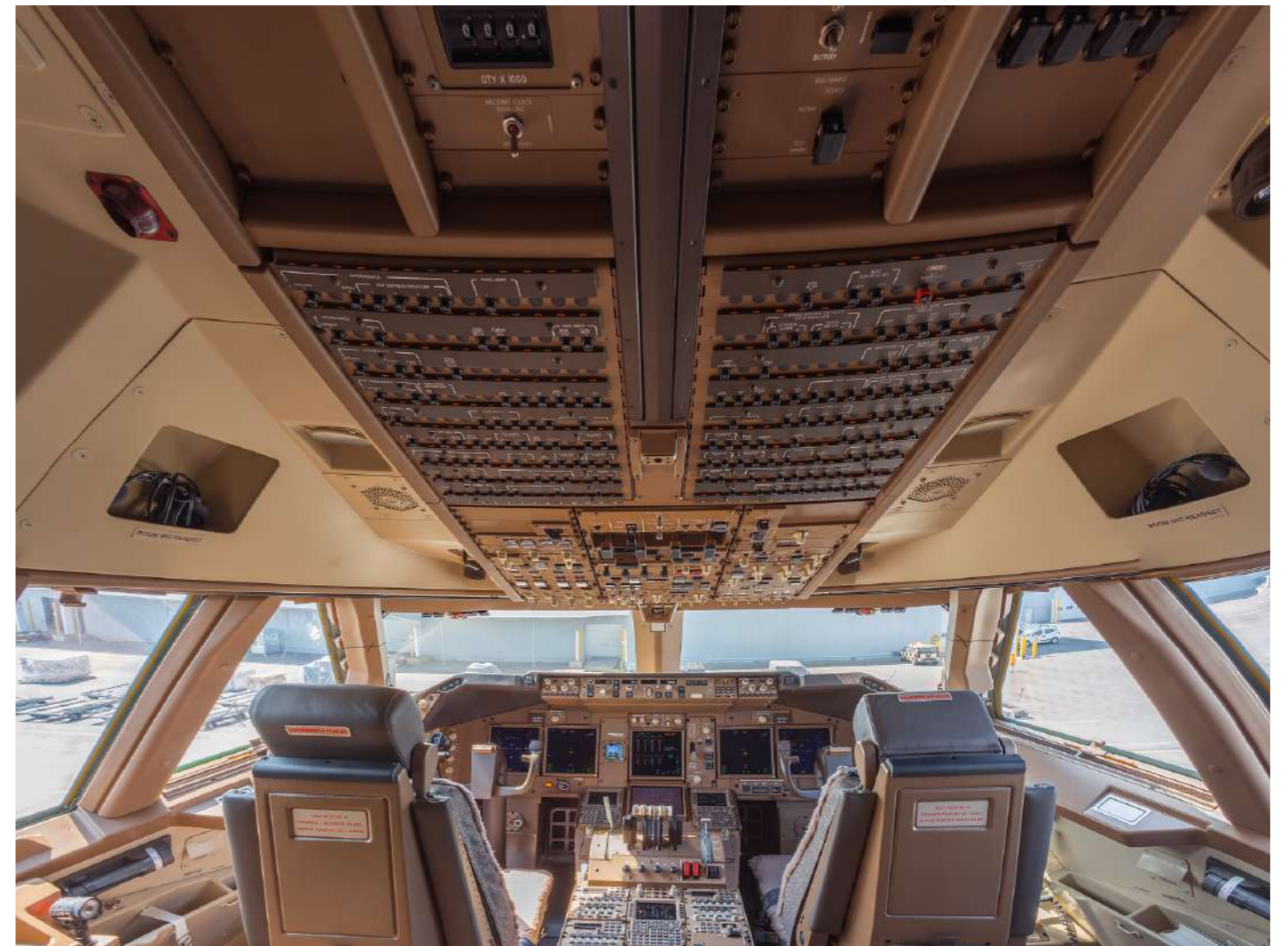
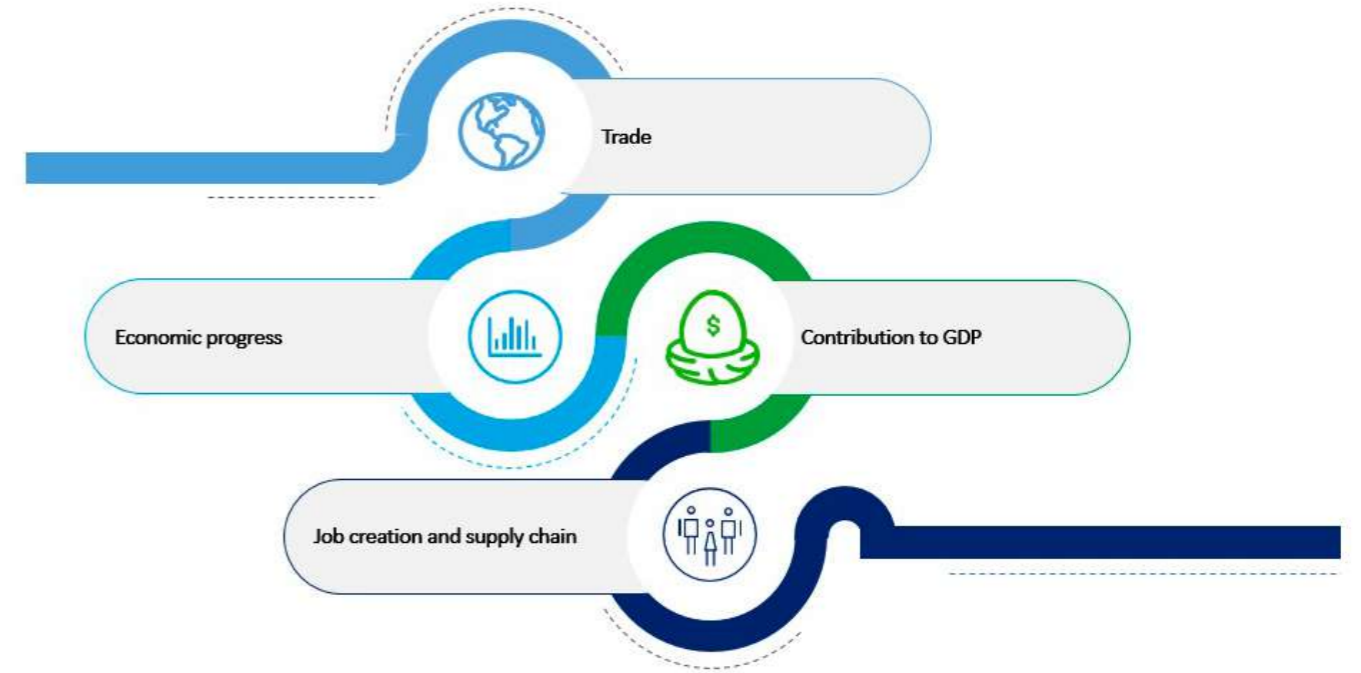
5.1. Our economic impact

The global pandemic triggered much more than a health crisis in 2020 – it also had far-reaching implications for almost every aspect of the global economy. Organizations have faced significant financial and operational challenges as they strive to maintain output through the crisis. Strict quarantine measures made it much more difficult for businesses to execute their resilience strategies, which often rely on the ability to shift production around the globe and switch volumes between suppliers in different regions. In early 2020, trade in goods shrunk at the fastest pace on record, only to reverse course mid-year and surpass its pre-pandemic level before year-end. The logistics industry in particular was in the limelight as the pandemic impacted supply chains.

We are proud of the fact that during the period we proved to be extremely adaptable by moving assets, altering routes and rapidly adjusting capacity to meet changing demands. Through the unprecedented year that 2020 proved to be, our biggest impact was in supporting our clients when they had to rely heavily on air carriers for business continuity, and in some cases even for survival.

As an air cargo Company operating in multiple regions and countries, we aspire to create positive impacts for the local economies and communities. Although we have presence in more than 40 locations, Azerbaijan is where we call home – therefore our focus and main objective is to create sustainable economic value primarily in our country of origin. We have identified both direct and indirect contributions through such aspects as trade, GDP, economic progress, supply chain and job creation. Below are the three main categories that we have defined through which we can track and measure our economic impact.

Figure 7. Our economic impact



5.1. Our economic impact

Trade

The COVID-19 pandemic has shown how indispensable international connections are in maintaining the global economy, securing people's livelihoods, and helping companies strengthen their trading links. Connected supply chains and logistics networks play an essential role in keeping the world running and facilitating globalization, especially at a time of global crisis. We are proudly playing our part in this ecosystem, representing Azerbaijan on the global market, while also contributing to international trade by opening new flight destinations, and consequently increasing worldwide connectivity.

Economic progress

Air cargo enables nations, regardless of their geographic location, to efficiently connect to distant markets and global supply chains in a speedy and reliable manner. This is vital for implementing best international business practices, including just-in-time inventory management and build-to-order production – making air cargo one of the most important enablers of economic progress.

High-value electrical components and perishable products are transported all over the world, providing steady employment and sustainable economic growth for regions that benefit from such trade. As an important player in Azerbaijan's economy, we also acknowledge that speed and reliability are key factors in the delivery of urgently needed assistance during emergencies caused by natural disasters and/or famine, and therefore incorporate these factors into our business model.

Experiencing rapid growth in 2020, we contributed significantly to Azerbaijan's GDP through increased volumes of trade, advances in infrastructure, job creation, and more. Silk Way West Airlines generated total revenue of AZN 2.4 billion in 2020.

We are a proud Azerbaijani taxpayer, and see this as an opportunity to contribute directly to public finances. Although we do not yet apply a calculation model to spending through our supply chain and employees, we are aware that these are indirect ways in which we contribute to the national economy.

Job creation and supply chain

As the only air cargo airline in the country and a leader in the region, we provide employment opportunities for all. Specifically, we provide airline-related jobs, including numerous local pilots, crew members and specialized engineering staff. Our Silk Way West Airlines Technics branch also employs a number of air cargo-related specialists.

Through our supply chain, we strive to stimulate the local entrepreneurship ecosystem by supporting local enterprises of diverse sizes and scale. This in turn boosts local spending and employment.



5.2. Economic footprint

The outbreak of COVID-19 contributed to the air cargo industry's growth and position as one of the most reliable means of transportation of goods. Despite presenting a set of unprecedented challenges, 2020 was also the year in which we grew and developed in response to global market demand. This allowed us to increase our operations, and consequently our economic footprint. As can be seen in Figure 2, our revenue increase correlates directly with the increase of our operations in 2020; according to IATA's World Air Transport Statistics report for the year, we ranked as a top-25 cargo industry airline.

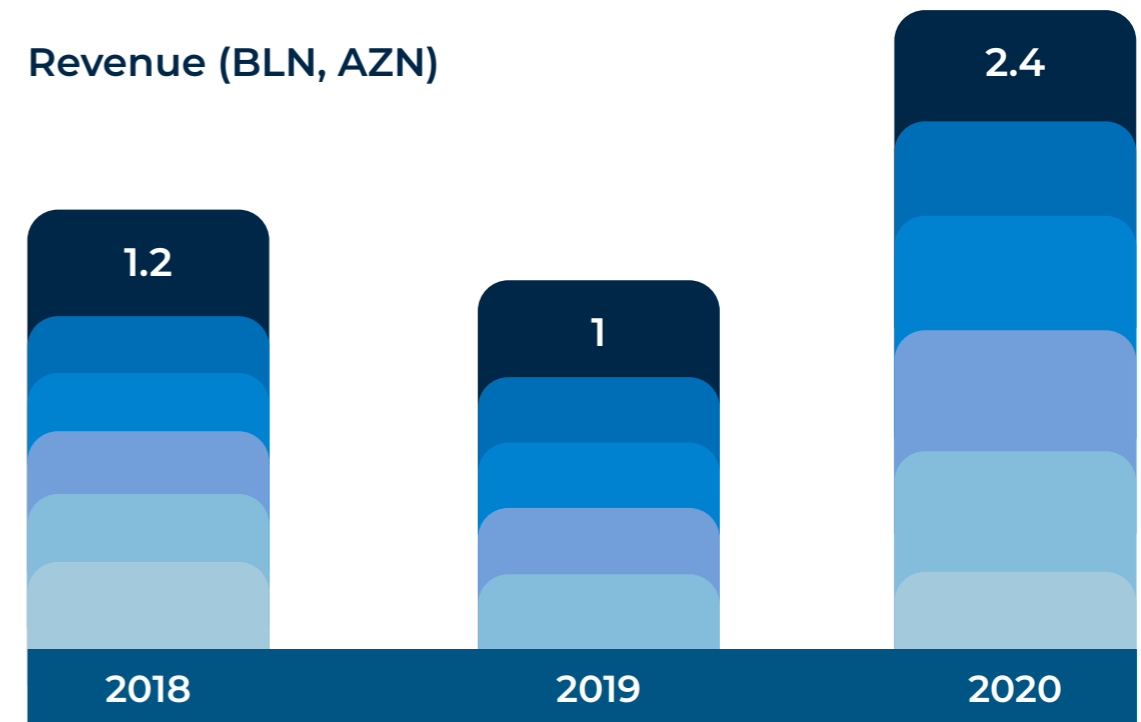
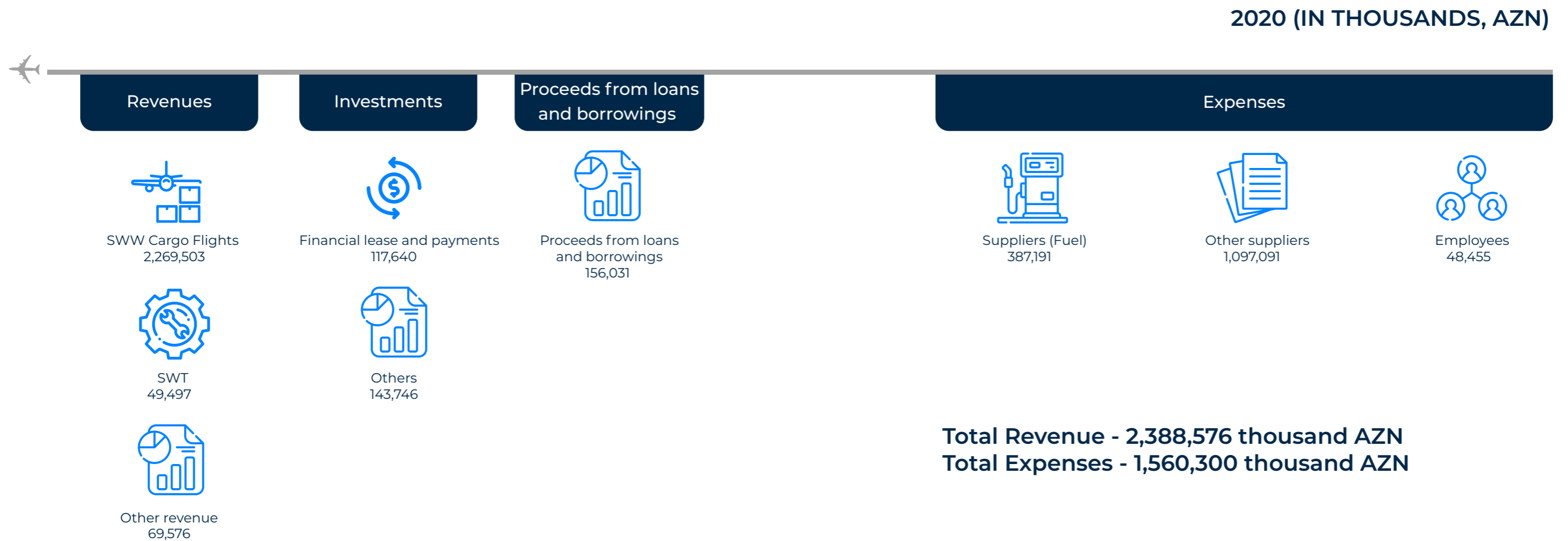


Figure 8 Revenue



5.3. Supply chain

GRI 102-9, GRI 102-10, GRI 204-1, GRI 308-2, GRI 414-2

Silk Way West Airlines understands the necessity of collaborating with local and international suppliers to ensure long-term prosperity and a sustainable future for all. We fly to more than 40 destinations and have around 700 suppliers. The share of local suppliers increases from year to year, showing our commitment to developing local businesses (see Figure 9. Share of local suppliers).

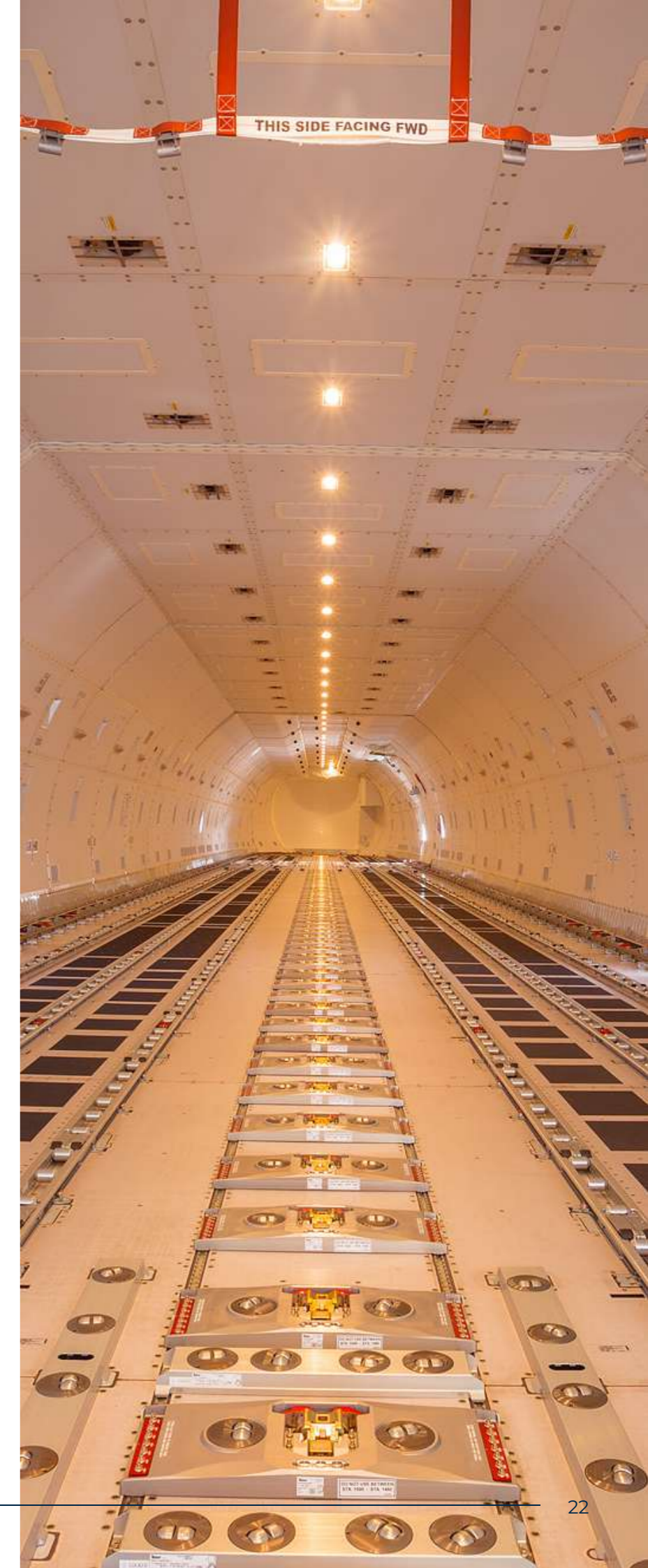
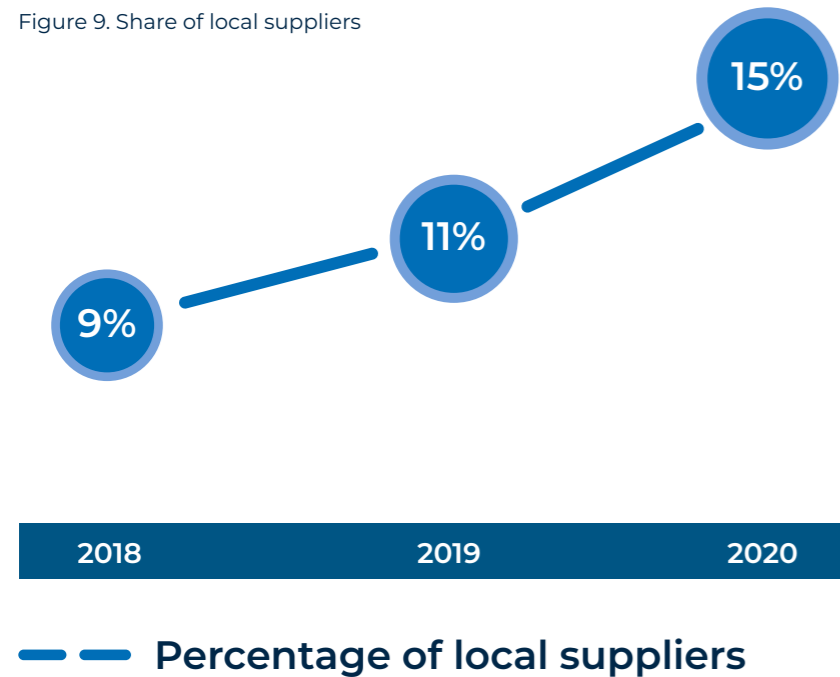
At Silk Way West Airlines, we look for organizations that share our dedication to ethical, safe, and environmentally friendly working practices. Our procurement policy is established according to the relevant IATA and ICAO standards. The main objective of the procurement function is to achieve the most effective solution in accordance with given tasks in the right place, at the right time, at suitable price, quality, and quantity.

From maintaining equality and transparency in item requests to order fulfilment throughout the supply chain, we rely on competitive tender selection practices in our procurement processes. The tender process includes receiving several bids under specific requirements, followed by conversations with the supplier and process owner to refine understanding of any boundaries or constraints. Potential suppliers are selected based on objective criteria. We regularly monitor buyer and supplier compliance with industry standards, IATA, ICAO and Silk Way West Airlines internal requirements.

Our procurement approach guides staff through a consistent and vetted process that includes and considers the environmental impact of purchased goods (e.g. transportation, storage, etc.). We procure the majority of our ground handling from domestic suppliers, thereby reducing our indirect CO2 emissions.

Despite the challenges of the COVID-19 epidemic, we continue to work with our supply chain partners to improve our fleet efficiency. Silk Way West Airlines plans to expand its fleet by acquiring the world's most efficient aircraft from Boeing. The focus in coming years will be to build upon gains and ensure that the best procurement practices prevail in every part of the organization.

Figure 9. Share of local suppliers

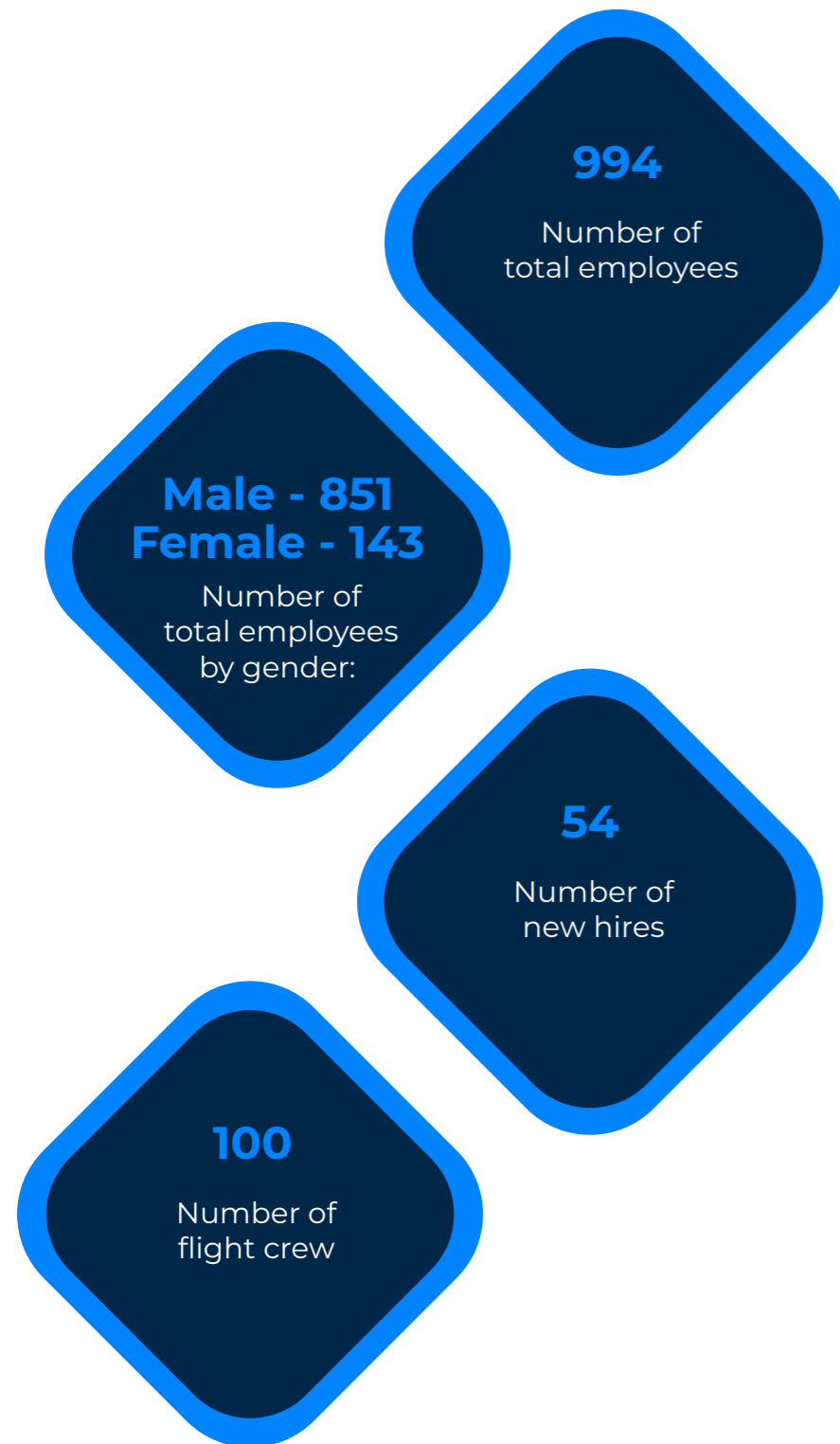


6 Social



6.1. Our people

GRI 102-8, GRI 102-35, GRI 401-1, GRI 410-2, GRI 412-2, GRI 413-2



In an aviation Company, people play an integral part in ensuring the uninterrupted service we provide. We, therefore, place great importance on our employees to make sure their knowledge is valued and recognized. At Silk Way West Airlines, we aim to provide all of our employees with a friendly work environment that supports their personal development, efforts, and initiatives.

In order to ensure a high-quality working environment, Silk Way West Airlines's Human Resources (HR) department is responsible for full compliance with the Labor Code of the Republic of Azerbaijan. HR is also responsible for the development of several HR-related policies and procedures such as the Labor Relations procedure, Human Rights policy, Code of Ethics, and Succession Planning. Our HR department has three areas of responsibility to focus our human resource management: labor relations, remuneration, and assessment and development. We strive to provide our employees with the best possible opportunities such as employee development, diversity and inclusion, and employee benefits.

6.1.1. Employee development

GRI 404-1, GRI 404-2, GRI 412-2

Silk Way West Airlines understands the importance of continuous development of its employees to harness new opportunities and increase the quality of output. We strive to support our employees' knowledge and development pathways. We aim to do so by providing our employees with regular training courses.

Silk Way West Airlines has outsourced online training programs for its employees to a leading UK-based aviation industry training Company, FLYCO.

The training program and syllabus have been approved by the local authorities (SCAA). FLYCO has a mandatory New Employee Induction course as well as other mandatory courses for all employees such as Aviation Legislation, Aviation Security, Good Distribution Practice, Human Factors and Safety Management System. Other courses are delegated according to specific job requirements. FLYCO has an automatic alert tool, which helps employees keep track of their training programs and make sure everyone undergoes them. Courses for 2018-2020 are listed in the table below:

Course Name
HUMAN FACTORS
AVIATION SECURITY PROCEDURES
AIR LAW
SMS
BASIC AVIATION PSYCHOLOGY
CREW RESOURCE MANAGEMENT (CRM)
DANGEROUS GOODS
EASA REGULATIONS
GENERAL MASS & BALANCE KNOWLEDGE
HIGH ALTITUDE FLIGHT PHYSIOLOGY
NAT-HLA (MNPS) Minimum Navigation Performance Specifications
RISK MANAGEMENT
B747-400F - DOORS AND EMERGENCY EQUIPMENT
B747-400F - LIMITATIONS
B747-400F - OXYGEN SYSTEM
B747-400F - PRESSURIZATION SYSTEM
COMMUNICATION AND BODY LANGUAGE
FATIGUE MANAGEMENT
FIRE FIGHTING & SMOKE IN CABIN
FIRST AID (COCKPIT)
PROCEDURES CONCERNING POTENTIALLY DISRUPTIVE PASSENGERS
SAFA SANA SACA AWARENESS
PERFORMANCE BASED NAVIGATION - PBN
SWW PBN
OCEANIC PROCEDURES
INTERNATIONAL RVSM Reduced Vertical Separation Minima
ICAO FLIGHT PLAN
GENERAL PERFORMANCE
EXTENDED RANGE TWIN ENGINE OPERATIONS - ETOPS
EXTENDED RANGE TWIN ENGINE OPERATIONS (ETOPS) 120 TO 180 NM
EMERGENCY EQUIPMENT
4 ENGINE PERFORMANCE

6.1.1. Employee development

GRI 404-1, GRI 404-2, GRI 412-2

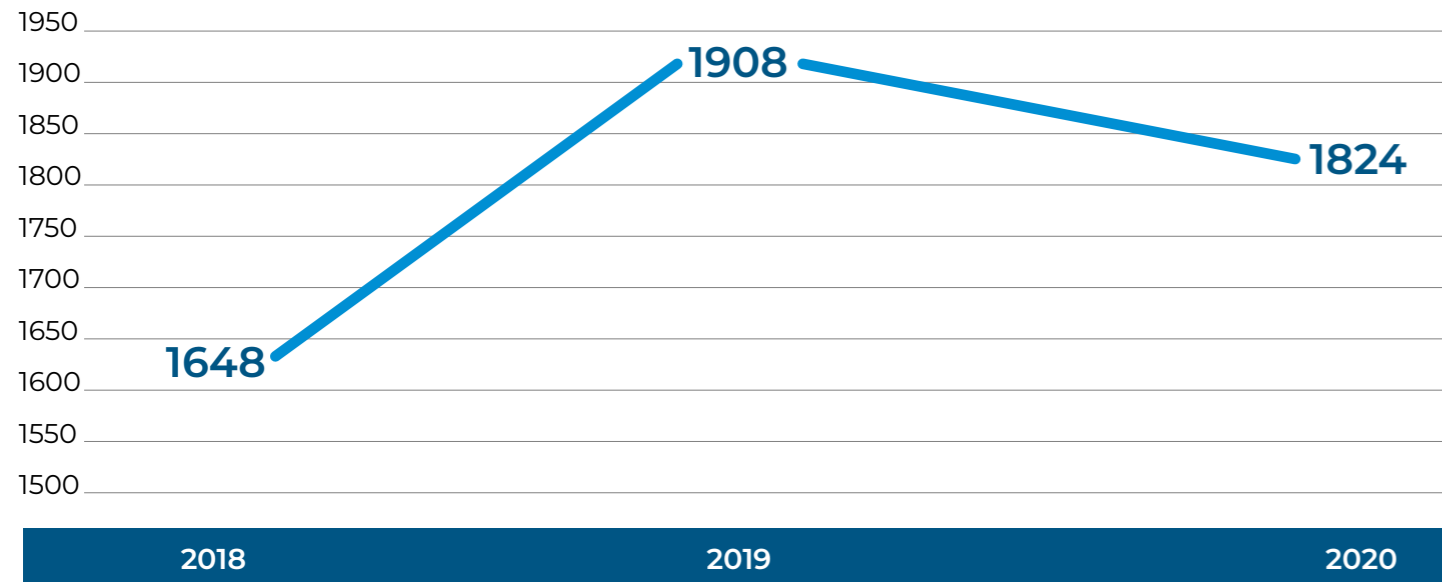
In addition to FLYCO-related training courses, we provide crew simulator training sessions. Crew training programs are immensely important in aviation companies.

Our pilots undergo mandatory crew theory training in the National Aviation Academy (NAA) and crew simulator training abroad. In 2020, simulator training consisted of: SIMULATOR; IPT; Course C; Command Course; Type Rating Course.

In 2020, Silk Way West Airlines conducted 1,824 hours of simulator training. COVID-19 posed challenges in the delivery of such training sessions due to the provision of in-house training only, and as a result they decreased by 84 hours since 2019.

Silk Way West Airlines provides business trainings to its employees, including specialization courses and additional training from organizations such as IOSA, EASA, and CORSIA. Development courses including software learning and key skills training are also provided. Below is a list of business trainings conducted in 2018-2020:

Figure 10. Simulator trainings (2018-2020), hours



Reliability Programme Training Course	Temperature Controlled Cargo Operations
Occurrence Reporting in Aviation	DGR INITIAL
Intruduction to Flight Operations Management	DGR 6
European Flight Time Limitations	Emergency response training
Network, Fleet and Schedule Planning	Electronic Flight Bag
IOSA Airline Auditor	NAVBLUE training
ISAGO Workshop	Blue One software
EASA Air Operations	FLYCO administrator training
Quality Management for Airlines	Aviation Fuel Management
Part 145	Airline Leading Practices and Cost Reduction Strategies
Aviation Legislation	EWIS\Electrical wiring interconnection system
Integrated Quality and Safety Management System	CDCCL\Critical Design Configuration Control Limitations
Loadmaster training	Effective personnel management system in the organization
Aircraft Turnaround Coordination and Loading Supervision	CORSIA training courses

6.1.2. Diversity and inclusion

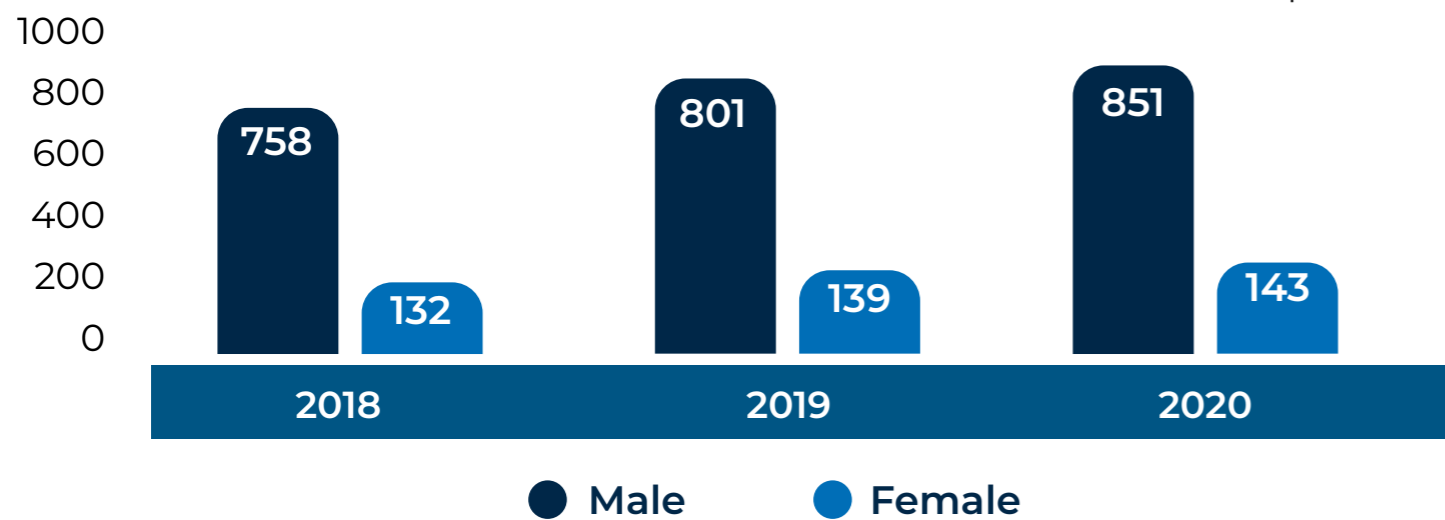
GRI 405-1

For us at Silk Way West Airlines, it is important to embed the principles of diversity and inclusion in our Company and business conduct. We want to break the stereotypes associated with the aviation industry and attract different age and gender groups.

Although, due to the nature of many of the roles in the aviation industry, there are fewer women in the workforce than men, the number of female employees has been increasing as we strive to break boundaries and make the aviation industry more attractive to women.

Moreover, in 2020 we appointed three more women to executive positions, encouraging female leadership.

Figure 11. Total number of employees, by gender



We also provide employee benefits in collaboration with Azerbaijan's National Aviation Academy (NAA). After three years of work experience, Silk Way West Airlines provides free education for employees in NAA. In the case of an employee having less than three years of work experience, the Company pays for 50% of the education fee. We provide the same benefits for both full-time and part-time employees.

Apart from the above-listed benefits, we deem it crucial to express our gratitude to our employees. Every year on the occasion of Aviation Day, employees are awarded by the Civil Aviation Authority (CAA) and the President of Azerbaijan Republic. Below is a table illustrating the awards received by Silk Way West Airlines employees in 2020.

Table 3. Employee awards received in 2020

Name of the Award	Job title of the employee
The Civil Aviation Merit Medal	Senior Vice President, Operations and Corporate Affairs
The Civil Aviation Merit Medal	Deputy General Director of Financial Affairs of "SW Technics"
The Honored Engineer	General Director of "SW Technics"
The Labor Order Third Degree	Engineer-pilot of Engineering department of "SW Technics"
The Honored Pilot	Captain of Boeing 747-400 Aircraft

6.1.3. Employee benefits

GRI 401-2

We care greatly about the satisfaction of our employees, and at Silk Way West Airlines we deem it important to provide our employees with benefits and reward them for their achievements. We aim to show our employees their value and increase motivation. Our Company has introduced social benefits for our employees in order to increase their standards of living and wellbeing in the workplace:

1. Free shuttle buses from the city to the airport (Silk Way West's office) and back;
2. Airport monthly entry card;
3. Mobile SIM card and monthly allowance for designated employees;
4. Provision of vehicles and monthly fuel allowance for senior management.

6.2. Safety at Silk Way West

GRI 403-1, GRI 403-3, GRI 403-7, GRI 403-9, GRI 403-10

At Silk Way West Airlines, health and safety ("H&S") is a major priority in every aspect of our business, including for employees, contractors, customers, and all operations that affect our activities. We strive to constantly improve our safety systems and create a holistic approach to achieve the highest level of safety in the provision of our services.

6.2.1. Safety compliance

GRI 416-1

Ensuring international safety standards and maintaining customers' interests are our key objectives. During COVID-19, we maintained a high performance by complying with all applicable international flight safety standards despite the rapid increase in the scale of air cargo operations. Silk Way West Airlines strives to meet all International Civil Aviation Organization (ICAO) standards and recommendations. As a member of the IATA since 2015, Silk Way West Airlines has successfully passed the audit process and reaffirmed its compliance with operational safety requirements (IOSA). The IOSA audit program includes a variety of required standards and recommendations in several areas.

These include ground, cargo and flight operations, as well as maintenance, management and organization.

Thus, in 2019, based on the results of the audit, our airline was again confirmed as meeting international airline safety requirements, and the relevant certificate was extended for two further years.

In 2020, we also conducted internal audits and operational observations. Our fleet was inspected, and the results were incorporated into operational processes, training sessions, and safety awareness. This allows us to identify, analyze and monitor incident trends and major risks, and take appropriate actions to mitigate potential risks when necessary.

Our SMS includes the Safety Reporting System and Flight Data Monitoring program.



1. The Safety Reporting System is designed to encourage and assist personnel in filing reports that identify safety hazards, expose safety deficiencies and raise safety concerns. All employees working at Silk Way West Airlines can report any safety issue, risk mitigation/monitoring measures, and suggestions for improving operations. We have also implemented a process for immediate reports to the local air traffic control (ATC) office that are communicated via radio, as well as written reports that are communicated via safety reporting forms. Since 2017, the Company has utilized the Safety Reporting System mobile app for convenient use by every employee to report any safety violation or non-compliance. The application allows users to prepare and send safety reports in order to promptly respond to emerging safety issues.

2. The Flight Data Monitoring (FDM) program helps Silk Way West Airlines to identify, assess and address operational risks in a timely manner. This entails the systematic, proactive use of digital flight data from routine operations to improve aviation safety.

The FDM system allows the Company to benchmark standard operating procedures (SOPs) with the standards used in daily operations. The system is structured as follows:

- Identify areas of operational risk and quantify safety margins;
- Identify and quantify changing operational risks;
- Develop risk mitigation techniques and put in place remedial actions;
- Monitor effectiveness of remedial action.

Due to the strict confidentiality requirements of the flight data monitoring program, user access is regulated according to Company safety and security standards.

We are aware of the duty of responsibility for bird and aircraft collisions, which are a major concern as they endanger people, have an adverse impact on the environment, and require additional maintenance. For this purpose, we are implementing effective bird control measures by using flight data in aircraft altitude and flight speed planning. We also keep monthly reports on bird strikes to identify areas of deficiency in the process and to mitigate such hazards.

6.2.2. Safety reporting system and monitoring

GRI 403-2, GRI 403-8

We understand that the stability of H&S indicators requires constant monitoring, as well as timely upgrades of the Company safety system. Since 2014, we have implemented a Safety Management System ("SMS") to reduce the safety risk and keep the accident rate at zero. SMS is guided by our Safety Management Manual ("SMM") which was issued in line with the applicable national and international regulations in order to meet the requirements of the Accident Prevention policy and the state safety program.

6.2.3. Safety awareness

GRI 403-4, GRI 403-5, GRI 403-6

Health and safety awareness and training are an important part of our Safety Management system. Therefore, our management is responsible for ensuring that our system is structured to continuously provide training for our employees, regulate learning devices according to the most recent standards and requirements, monitor and improve internal performance and occupational health and safety indicators. As part of our SMS, we are committed to maintaining the health and safety of our employees through the aspects mentioned in Figure 12.

All of our employees participate in extensive safety training sessions, which are mandatory and take place directly after the induction course. Moreover, employees who are directly involved in SMS undergo mandatory safety training according to the specific scope of their work. For instance, in 2019, one of the major workshops was the IATA Safety Audit for Ground Operations (ISAGO), which aims to improve safety precautions and cut airline costs by minimizing ground accidents and injuries. Due to COVID-19, such activities were limited in 2020, but we plan to participate in these types of events in the coming years.

Figure 12. Our key aspects of safety awareness



6.2.4. SW Technics

GRI 403-2

As a branch of Silk Way West Airlines, a top priority for SWW Technics is to ensure personnel and aircraft safety during maintenance operations. Our employees are our most important asset, and their safety in the workplace is one of the key priorities at SW Technics. Principle health and safety objectives include the following aspects:

- Identify and assess health and safety risks to ensure appropriate mitigation measures are in place;
- Identify and eliminate potential hazards by conducting internal safety audits, providing employees with personnel protective equipment and safe work assignments;
- Guarantee relevant training programs and mechanisms to ensure that they have the knowledge and appropriate skills to competently perform their duties;

- Clearly defining all employees' responsibilities concerning health and safety matters;
- Create and maintain a corporate culture that promotes health and safety;
- Develop, implement and review safety working procedures, H&S manuals and monitor working activities.

Furthermore, in 2007, SWW developed and implemented a Health and Safety Management Manual that contains an Emergency Preparedness Plan. The purpose of this plan is to ensure that we have appropriate emergency response procedures in place to manage all foreseeable emergencies that may arise from any operational and non-operational activity.

6.2.5. Safety during COVID-19

GRI 403-6

The COVID-19 pandemic has had a significant impact on cargo-related activities. In these challenging circumstances, there was an increased demand for timely and safe cargo flights. During the pandemic, Silk Way West Airlines actively supported the initiatives of the government of the Republic of Azerbaijan and provided transportation of necessary personal protective equipment and medicines.

All of our operations during the pandemic were conducted in accordance with all necessary safety measures and requirements. Moreover, we implemented all necessary actions to ensure the highest level of health and safety protection for our employees in the workplace through regular disinfection and temperature checks, as well as material supplies such as hand sanitizers and masks.

6.3. Customers

GRI 102-12, GRI 413-1, GRI 416-1

2020 was a difficult year for many, with disruption and uncertainty being the dominant features of the period. On a brighter note however, the COVID-19 pandemic has given e-commerce a big push, with the vast majority of businesses with e-commerce capability having seen sales increase significantly. We witnessed the growth of e-commerce first hand, and adapted our tools and services to help businesses take full advantage. For us, 2020 was about getting the two most important aspects of our business right – simplicity and flexibility. In 2020, cargo delivery traffic increased, accompanied by a 34% increase in our customer base. We are proud of the fact that we managed to not only maintain but increase our scheduled and charter flights throughout this challenging period.

2467 customers in 2020

As the largest cargo airline in the Caspian region, we believe it is our responsibility to deliver the resources that improve the lives of those we serve. With a network that spans more than 2,000 customers across the world, delivering is our business.

When we help businesses access new markets, they grow and create jobs that boost standards of living in their communities. Through our customers, we contribute to building a connected world that is more prosperous and sustainable for all. A more connected world sparks innovation when shared ideas, goods and technologies interact to transform how we live and how we work.

Understanding our customers' needs and enhancing their experience are key principles that guide our business decisions. Our customers work hard to build businesses and expand their reach, and as they grow – so do we. We use state-of-the-art infrastructure to offer sophisticated and reliable air shipments. Reliability, affordability and timeliness are at the heart of our customer approach, and manifest our unfaltering commitment to providing the best possible service to our customers.



Silk Way West Airlines is among the top 25 air cargo carriers according to IATA's latest world air cargo statistic reports (IATA, 2021). In 2020, we were awarded 'Cargo Airline of the Year 2020' by South Korea's Incheon Airport, one of the largest and busiest airports in the world. The airport recognized our airline as the best air freighter achieving up to 25,000 tons of international cargo turnover. We owe this success to a fruitful and mutually beneficial cooperation with our partners across the world.

Providing unrivalled customer experience is at the core of our corporate philosophy. As part of our customer strategy, we have established a dedicated team headed by a member of senior management. The objective is to harmonize all services across diverse functions and levels from the customers' viewpoint to achieve a better understanding of customer expectations and requirements. On our constant quest to advance the customer experience, we have embedded a customer-centric approach into our corporate DNA.

We also have a specialized and trained staff to handle a wide range of shipments on our flights. We want our customers to be assured that they can expect the highest standards of service and efficiency from us, both on the ground and in the air. The airline also strictly follows the Montreal Convention and the Warsaw Convention in terms of loss, damage, or delay to cargo.

In addition, as the recent pandemic increased the demand for medical products, and consequently pharmaceutical logistics services, we mobilized resources to obtain Good Distribution Practice (GDP) accreditation by passing an in-depth audit. GDP will allow us to operate charter flights to deliver a range of time- and temperature-sensitive goods, including medical supplies. This will be a significant step in strengthening and expanding pharmaceutical provision, through which we aspire to contribute to combatting the pandemic.

6.3. Customers

GRI 102-12, GRI 413-1, GRI 416-1

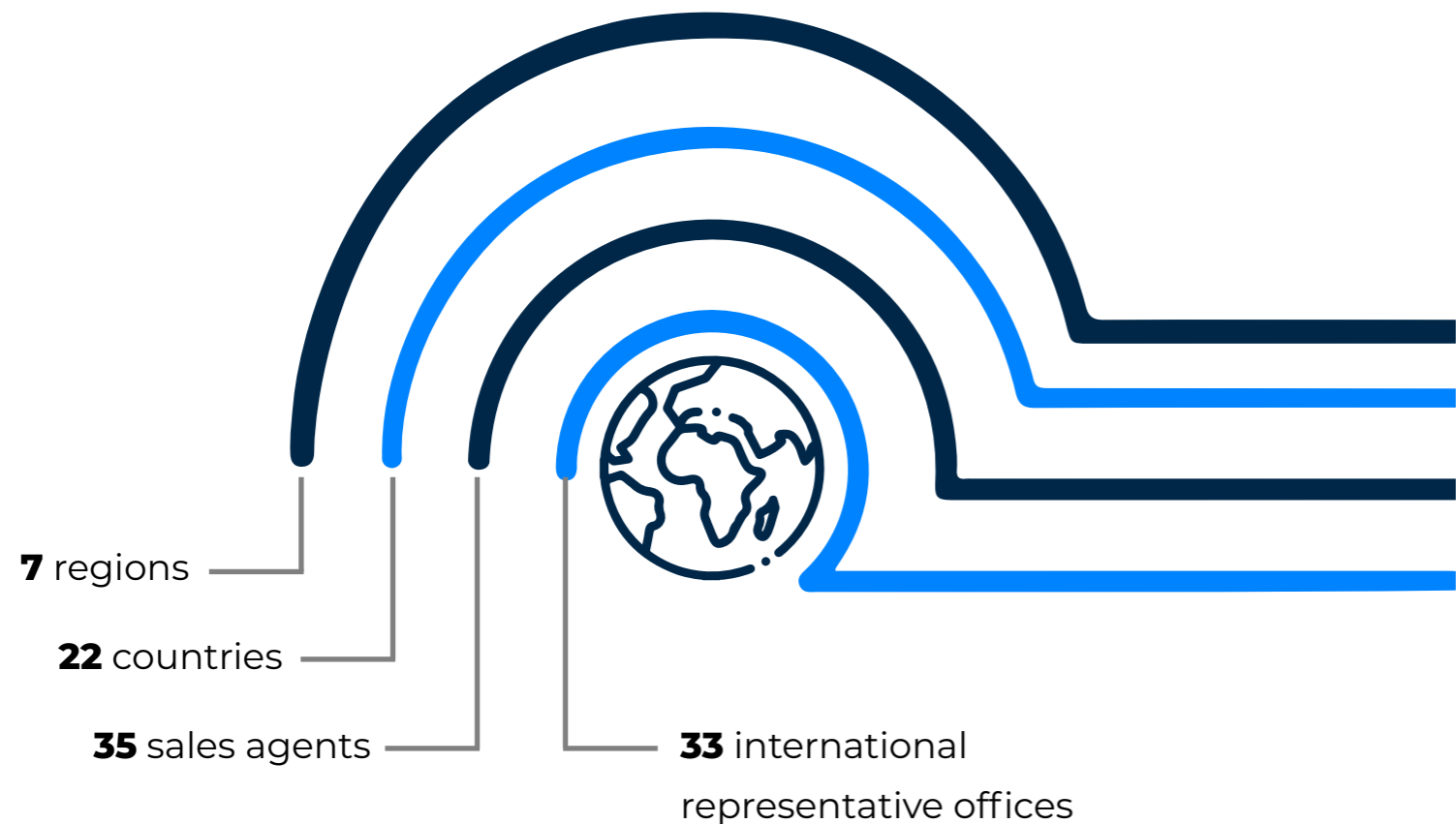
At Silk Way West Airlines, we believe that our customer-oriented activities, as well as information systems that support the extensive automation of our delivery systems, are functions that are best coordinated across our operating offices. We currently operate in over 50 destinations through Baku connecting Europe, Central and Eastern Asia, China, the Middle East, Africa, and North America. We prioritize the establishment of good relations with our customers at all times, take necessary proactive steps to protect their privacy, and analyze their feedback and satisfaction rates.

As we aspire to be a brand name for reliability, affordability and speed, we have established 33 international representative offices. The goal is to provide effective and timely resolution of issues that may arise in those locations and offer services to assist in cargo transportation, fulfilling the role of coordination and communication with our clients.

In addition to its regular flights, Silk Way West Airlines has extensive experience in countries not served by other airlines. We work with different organizations from all over the world to deliver customized solutions to any request, no matter how complex.

As part of our future aspirations, we plan to make it convenient for our customers to use the full range of our services through a one-stop-shop principle. We are planning to fully upgrade and expand our corporate website to make it a single point of contact for our customers to enable various digital services – including functionalities to check schedules, book directly, request pricing, track and monitor shipments, and others.

Businesses thrive on confidence, and it is gratifying to know that there is a great deal of it among our customers. Faster deliveries, increased cost saving options, easier returns and time-definite deliveries are all features that make us stand out, and express our commitment to creating value and delivering excellence to our customers.



7 Environmental management

GRI 303-1, GRI 305-5,



7. Environmental management

GRI 303-1, GRI 305-5

At Silk Way West Airlines, we understand that the cargo industry has a major impact on the environment, and are dedicated to minimizing our potential adverse impact in this regard, preserving a livable ecosystem for future generations. We implement our environmental management processes in accordance with the local and international regulations required in the aviation industry. Silk Way West Airlines is a current IATA member and is certified by IATA Operational Safety Audit Program (IOSA) since 2015. Our operations therefore comply with the relevant laws of the Republic of Azerbaijan and industry best practices.

We work relentlessly to implement and enforce a range of internal programs to advance our progress in reducing fuel emissions, energy consumption, and waste in the workplace. For instance, Silk Way West Airlines enhances employees' awareness of environmental challenges and encourages them to participate in various training initiatives. The Quality Management department has integrated human factor, environmental and safety management training using FLYCO software, which applies to both pilots and office employees.

In addition, VeriFavia, the leading global independent accredited verification body, conducted specialized training on environmental impact assessment for Silk Way West Airlines employees. We touch upon training in more detail in Section 6. (6.1.1 Employee development).

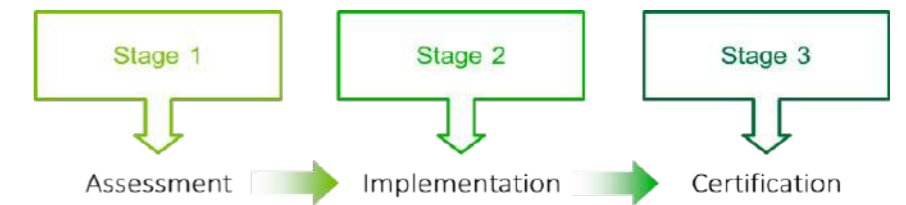
Silk Way West Airlines is currently in the process of defining the adverse environmental impacts of all our activities. In the near future, we plan to evaluate our footprint from various perspectives, such as energy and water consumption, hazardous and non-hazardous wastes, air emissions and biodiversity. To implement this in a systematic way, we will take part in a voluntary IATA Environmental Assessment (IEnvA) program, based on the principles of environmental compliance and commitment to continuous improvement of environmental management.

Introducing the IEnvA program to our operations will enable us to identify the appropriate initiatives to address material impacts, improve efficiency, reduce costs and develop action plans to mitigate potential environmental risks. We are thereby committed to establishing an improvement-oriented management system and methods to keep material environmental risks and challenges under control. Currently, our environmental risk minimization initiatives encompass four environmental management processes (Figure 14. Main environmental initiatives at Silk Way West Airlines).

Figure 14. Main environmental initiatives at Silk Way West Airlines



Figure 13. IEnvA implementation plan



Silk Way West Airlines is currently at the beginning of the first stage of joining the program. The preparation and collection of data for the analysis of the current environmental conditions of the Company have already started.

7.1. Combating climate change

GRI 201-2, GRI 302-3, GRI 302-5, GRI 304-2

According to the United Nations Intergovernmental Panel on Climate Change (IPCC), the aviation industry has been responsible for an annual increase in CO2 emissions of about 5% since 2013. We clearly understand that reducing CO2 emissions must be a high priority during our operations, therefore we are determined to implement processes to reduce emissions and become a Company that continues to grow without disrupting the environment.

As an IATA member, Silk Way West Airlines is committed to following IATA's four-pillar approach to combating climate change, which includes technological, operational, infrastructure, and global-based measures. This includes technology and infrastructure upgrades, efficient aircraft operations and air traffic control, and the use of a single global market measure to calculate air emissions.

In 2018, Silk Way West Airlines joined the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), and in 2019 began reporting its CO2 emissions. CORSIA is a global scheme approved by ICAO in 2016 to monitor and reduce emissions from international flights. Furthermore, to combat climate change, the leading independent accredited verification body VeriFavia provides Silk Way West Airlines with training under the EU Emissions Trading System (EU-ETS). VeriFavia has certified Silk Way West Airlines to be in compliance with the EU Monitoring System requirements to reduce CO2 emissions from flights operated in 2020 (VeriFavia Assurance Statement. Page 84).

Flight numbers have increased significantly since the beginning of the pandemic due to growing demand for cargo transportation. This led to an increase of 25% in our CO2 emissions in 2020 in comparison to 2019. Nevertheless, through timely and competent flight planning, we were able to manage operational CO2 emissions in 2020, and as indicated in Figure 16, the rate per ton of cargo transported remained almost the same.

Our systematic approach, in the form of various training sessions and corresponding emission calculations, allows us to see the whole picture and subsequently implement the right internal regulators and monitoring programs to further reduce emissions into the atmosphere.

Total direct CO2 emissions of flights, mln kg/year

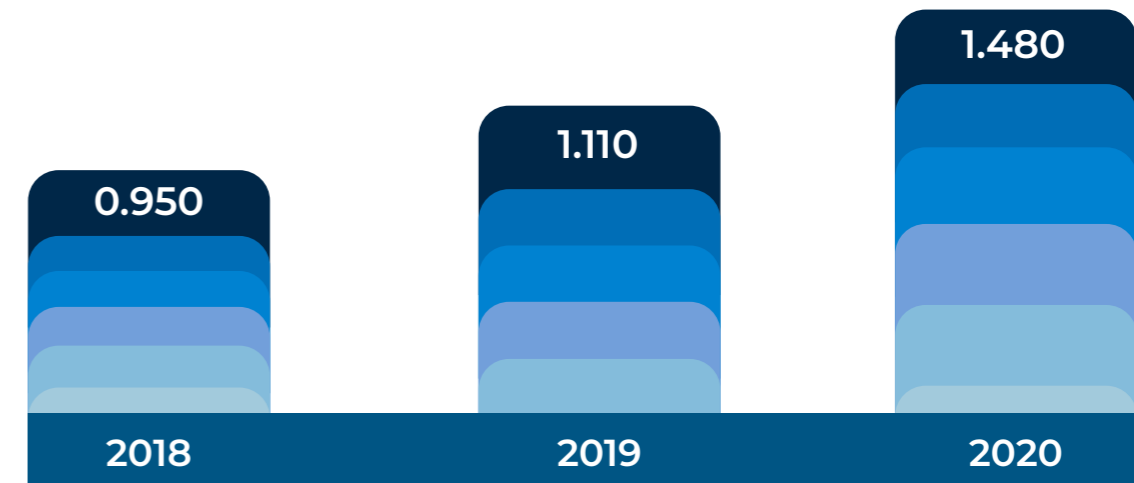


Figure 15. Total amount of direct CO2 emissions from flights

Specific Direct CO2 Emissions from all regular and charter flights, per tons

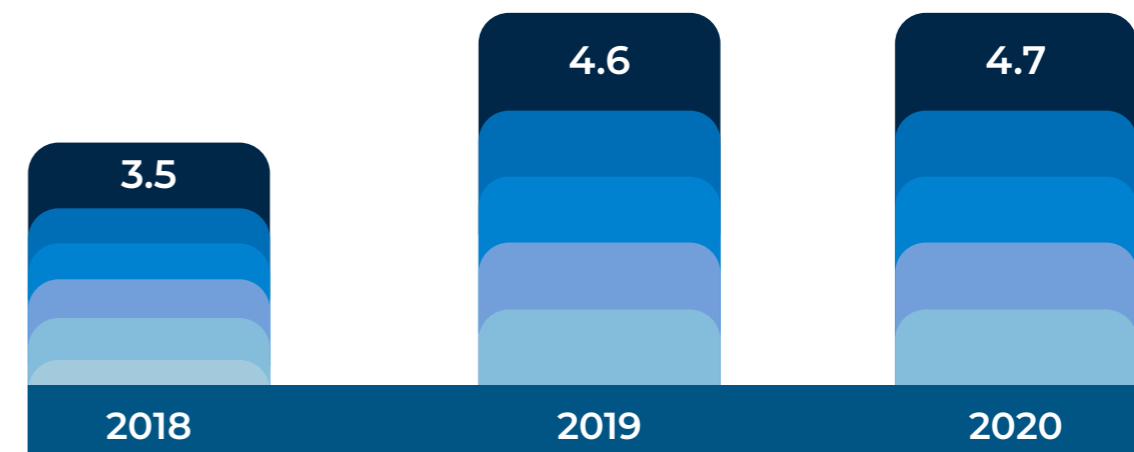


Figure 16. Specific CO2 emissions per ton of transported cargo

7.2. Fuel efficiency

GRI 302-4, GRI 302-5

We are aware that the main source of emissions in the aviation industry is fuel consumption. In order to gradually reduce the negative impact on the ecosystem, we endeavor to achieve optimal fuel efficiency and reduce both emissions and fuel expenses. Our pilots and flight control department use the following approaches to reduce fuel consumption:

Streamlining our operations:

The Flight Control department organizes meetings before each flight to analyze the planned route. During the meeting, the shortest routes are selected, as well as the appropriate flight altitude. This analysis of upcoming flights is regularly compiled in the Flight Planning system. In addition, we strive to motivate our pilots by rewarding them financially for the rational use of fuel, taking into account all safety measures.

Research & development:

We are currently conducting research and regular flight plan analysis to develop a systematic program to improve fuel efficiency. By the end of 2021, we plan to introduce the Fuel Dashboard program from Jeppesen, which will help us combine planned and actual flights by automating fuel-efficient flight routes.

Moreover, Silk Way West Airlines has placed a fixed order for five new Boeing 777 Freighters, which offer a 17% fuel-per-ton advantage over other freighters. This two-engine aircraft also provides environmental benefits, as lower fuel consumption means lower carbon dioxide emissions.

7.3. Noise management

GRI 304-2

Aircraft noise is the most significant driver of the adverse social impacts associated with airport operations and expansion. We regulate the noise emissions of all our aircraft in accordance with the State Civil Aviation Agency (SCAA) for environmental noise. For this purpose, Silk Way West Airlines establishes appropriate departure and arrival operating processes for each aircraft type, taking into account the need to minimize the impact of aircraft noise. There are two evaluation criteria for each of our airplanes when obtaining certification:

- Noise reduction at close range;
- Noise reduction at long range.

These analyses allow each of our aircraft to be successfully evaluated and certified in accordance with national and international requirements to ensure that aircraft noise and exposure levels are within ICAO permissible limits.

7.4. Waste management

GRI 301-3

Silk Way West Airlines endeavors to implement the principles of environmental sustainability. One of the mechanisms that we use to accomplish this is minimizing our waste generation.

Silk Way West Airlines began transferring waste paper to third parties for recycling on a monthly basis in 2020. During the year, we handed over about one ton of waste paper, and are working to reduce the use of waste paper in future years.

1.014 ton of waste paper was handed over to a third party for recycling **in 2020**

Besides reducing office waste paper, we have initiated a plan to control the amount of paper used by pilots for flight information. In the near future, this paperless initiative will allow us to completely digitalize flight plans and weather reports, which will reduce paper use significantly.

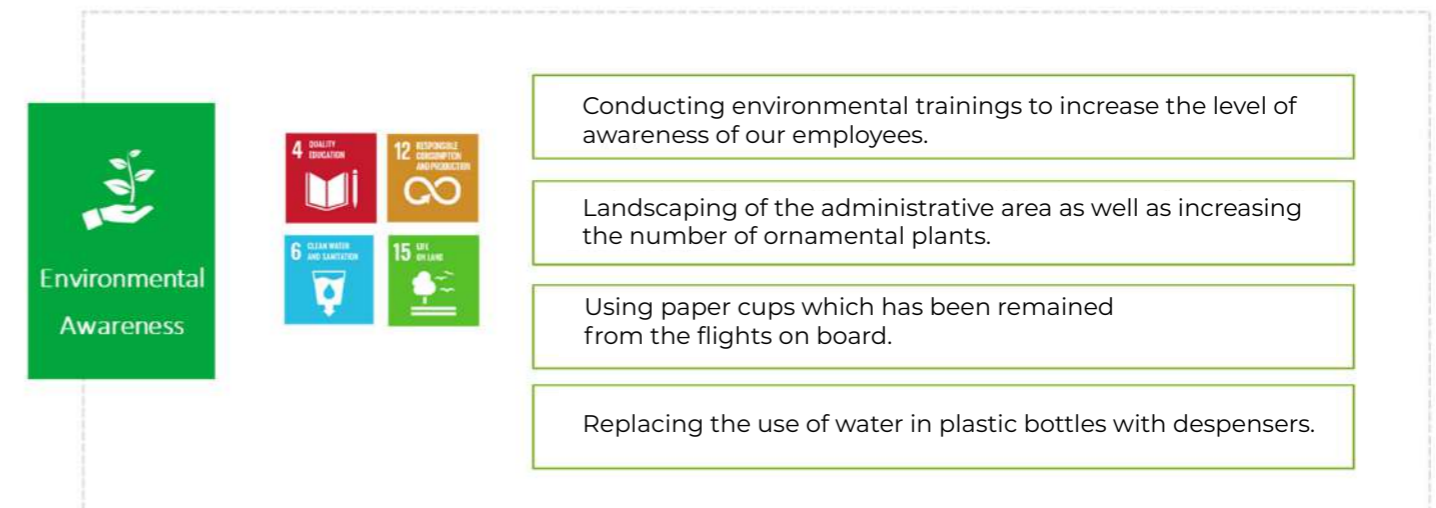
7.5. Environmental awareness

GRI 301-2

We endeavor to conduct activities to improve environmental awareness among our employees, as well as to have an impact on protecting the environment and combating climate change. Silk Way West Airlines has started transferring office waste paper to third parties and plans to further improve waste management systems in the Company.

In 2020, we implemented a variety of activities that had a direct impact on biodiversity and resource management in line with the SDGs highlighted below.

Figure 17. Environmental awareness





8.1. Performance tables

Supply chain

Number of suppliers	2018	2019	2020
Total number of suppliers	711	710	671
Number of local suppliers/contractors	62	69	94
Number of suppliers of goods	192	192	181
Number of suppliers of services	519	518	490
Share of local suppliers/contractors (%)	9%	10%	14%
Share of suppliers of goods (%)	27%	27%	27%
Share of suppliers of services (%)	73%	73%	73%

Health and safety

Health and safety Indicators	2018	2019	2020
Total number of fatalities	0	0	0
Total number of recordable injuries	0	0	0
Total Lost Time Injuries (LTI)	0	0	0

Environment

Emission indicators	2018	2019	2020
Total amount of direct CO2 emissions, kg/year	945,710	1,107,519	1,477,860
Specific CO2 emissions per ton of cargo	3.5	4.6	4.7

Water consumption ¹	2018	2019	2020
Total water consumption (liters)	8,538	10,254	16,062
Total water discharge (liters)	5,976	7,178	11,243

Energy indicators ¹	2018	2019	2020
Electrical energy consumption (kWh)	706,482	679,044	720,151
Total natural gas consumption (m ³)	56,832	62,730	70,020

¹ Indicators such as water and energy consumption were calculated approximately based on average monthly data.

Financial performance

Financial performance (in thousands, AZN)	2020
Revenues	2,388,576
SWW cargo flights	2,269,503
SWT	49,497
Other revenue	69,576
Proceeds from loans and borrowings	156,031
Investments	
Financial lease and payments	117,640
Others	143,746
Expenses	1,560,300
Suppliers (fuel)	387,191
Other suppliers	1,097,091
Employees	48,455

Our people

Age-based indicators	2018			2019			2020		
	Under 30	30 to 50	Over 50	Under 30	30 to 50	Over 50	Under 30	30 to 50	Over 50
Total number of employees, by age	250	353	218	269	375	233	262	453	279
Number of executive position employees, by age	8	37	16	2	47	16	8	57	14
Number of flight crew, by age	3	60	13	4	68	16	6	119	50
Number of other position employees, by age	239	256	189	263	260	201	248	277	215

Gender-based indicators	2018		2019		2020	
	Male	Female	Male	Female	Male	Female
Total number of employees, by gender	758	132	801	139	851	143
Number of part-time employees, by gender	31	10	31	10	38	8
Number of full time employees, by gender	727	122	770	129	813	135
Number of permanent employees, by gender	758	132	801	139	851	143
Number of temporary employees, by gender	-	-	-	-	-	-
Employee turnover rate, by gender	36,00	9,00	40,00	12,00	26,00	19,00
Number of employees dismissed, by gender	4	-	-	-	4	-
Number of employees who left voluntarily, by gender	32	9	40	12	22	19
Average number of employees during the year, by gender	624	124	657	145	732	139

Total hours of flight crew training	2018	2019	2020
Theoretical training	936	1179	1477
Simulator training	1648	1908	1824

8.2. GRI content index

GRI Index

Standard	Description	Status	Reference/Comment
GRI 102: GENERAL DISCLOSURES			
Organizational profile			
102-1	Name of the organization	Covered	About the Company: Silk Way West Airlines at a glance
102-2	Activities, brands, products, and services	Covered	About the Company: Silk Way West Airlines at a glance
102-3	Location of headquarters	Covered	About the Company: Silk Way West Airlines at a glance
102-4	Location of operations	Covered	Message from the President & CEO; About the Company: Regular service map
102-5	Ownership and legal form	Covered	About the Company: Silk Way West Airlines at a glance
102-6	Markets served	Covered	Message from the President & CEO; About the Company: Silk Way West Airlines at a glance
102-7	Scale of the organization	Covered	About the Company: Silk Way West Airlines at a glance
102-8	Information on employees and other workers	Covered	Our people
102-9	Supply chain	Covered	Supply chain
102-10	Significant changes to the organization and its supply chain	Covered	Supply chain
102-11	Precautionary principle or approach	Not covered	Silk Way West Airlines has not applied the "precautionary approach" during the reporting period.
102-12	External initiatives	Covered	Social: Customers
102-13	Membership of associations	Covered	About the Company: Silk Way at a glance
Strategy			
102-14	Statement from senior decision-maker	Covered	Message from the President & CEO
102-15	Key impacts, risks, and opportunities	Covered	Corporate Governance: Risk Management
Ethics and integrity			
102-16	Values, principles, standards and norms of behavior	Covered	About the Company: Our mission, goal and values
102-17	Mechanisms for advice and concerns about ethics	Covered	Corporate governance: Ethics
Governance			
102-18	Governance structure	Covered	About the Company: Corporate governance
102-19	Delegating authority	Covered	About the Company: Corporate governance
102-20	Executive-level responsibility for economic, environmental, and social topics	Covered	Sustainability management

102-21	Consulting stakeholders on economic, environmental, and social topics	Covered	Stakeholder engagement
102-22	Composition of the highest governance body and its committees	Covered	About the Company: Corporate governance
102-23	Chair of the highest governance body	Partially covered	Message from the President & CEO
102-24	Nominating and selecting the highest governance body	Covered	About the Company: Corporate governance
102-25	Conflicts of interest	Partially covered	Conflicts of interest arising from both internal and external stakeholders are disclosed in accordance with our Code of Conduct.
102-26	Role of the highest governance body in setting purpose, value, and strategy	Covered	About the Company: Corporate governance
102-27	Collective knowledge of highest governance body	Covered	About the Company: Corporate governance
102-28	Evaluating the highest governance body's performance	Covered	About the Company: Corporate governance
102-29	Identifying and managing economic, environmental, and social impact	Covered	Sustainability Management
102-30	Effectiveness of risk management processes	Covered	Corporate governance: Risk Management
102-31	Review of economic, environmental, and social topics	Covered	Sustainability Management: Materiality assessment
102-32	Highest governance body's role in sustainability reporting	Covered	Sustainability Management
102-33	Communicating critical concerns	Covered	Our people: Employee development
102-34	Nature and total number of critical concerns	Not covered	
102-35	Remuneration policies	Partially covered	Our people
102-36	Process for determining remuneration	Not covered	As this is the first Sustainability report developed by the Company, more information on remunerations is expected to be provided in the following reports.
102-37	Stakeholders' involvement in remuneration	Not covered	As this is the first Sustainability report developed by the Company, more information on remunerations is expected to be provided in the following reports.
102-38	Annual total compensation ratio	Not covered	As this is the first Sustainability report developed by the Company, more information on remunerations is expected to be provided in the following reports.
102-39	Percentage increase in annual total compensation ratio	Not covered	As this is the first Sustainability report developed by the Company, more information on remunerations is expected to be provided in the following reports.
Stakeholder engagement			
102-40	List of stakeholder groups	Covered	Sustainability management: Stakeholder engagement
102-41	Collective bargaining agreements	Not covered	
102-42	Identifying and selecting stakeholders	Covered	Sustainability management: Stakeholder engagement
102-43	Approach to stakeholder engagement	Covered	Sustainability management: Stakeholder engagement:
102-44	Key topics and concerns raised	Covered	Sustainability management: Stakeholder engagement:

Standard	Description	Status	Reference/Comment
Reporting practice			
102-45	Entities included in the consolidated financial statements	Covered	Economy: Economic footprint
102-46	Defining report content and topic boundaries	Covered	Sustainability Management: Materiality assessment
102-47	List of material topics	Covered	Sustainability Management: Materiality assessment
102-48	Restatements of information	Covered	As this is the first Sustainability report developed by the Company, this indicator does not apply.
102-49	Changes in reporting	Covered	As this is the first Sustainability report developed by the Company, this indicator does not apply.
102-50	Reporting period	Covered	About the Report
102-51	Date of most recent report	Covered	As this is the first sustainability report developed by the Company, this indicator does not apply.
102-52	Reporting cycle	Covered	About the Report
102-53	Contact point for questions regarding the report	Covered	Provided on the last page of the Report.
102-54	Claims of reporting in accordance with GRI Standards	Covered	About the Report
102-55	GRI content index	Covered	Annex: GRI content index
102-56	External assurance	Covered	VeriFavia has certified Silk Way West Airlines to be in compliance with the EU Monitoring System requirements to reduce CO ₂ emissions from flights operated in 2020.
GRI 103: MANAGEMENT APPROACH			
103-1	Explanation of the material topic and its boundary	Covered	Sustainability Management: Materiality assessment
103-2	The management approach and its components	Partially covered	Sustainability Management: Our sustainability approach
103-3	Evaluation of the management approach	Covered	We did not conduct any evaluations of the management approach during the reporting period.
GRI 201: ECONOMIC PERFORMANCE			
201-1	Direct economic value generated and distributed	Covered	Economy
201-2	Financial implications and other risks and opportunities due to climate change	Not covered	
201-3	Defined benefit plan obligations and other retirement plans	Not covered	
201-4	Financial assistance received from the government	Covered	No financial assistance is received from the government.
GRI 202: MARKET PRESENCE			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Not covered	
202-2	Proportion of senior management hired from the local community	Not covered	

GRI 203: INDIRECT ECONOMIC IMPACTS

203-1	Infrastructure investments and services supported	Partially covered	Economy
203-2	Significant indirect economic impacts	Covered	Economy

GRI 204: PROCUREMENT PRACTICES

204-1	Proportion of spending on local suppliers	Covered	Economy: Supply chain Performance tables
-------	---	---------	--

GRI 205: ANTI-CORRUPTION

205-1	Operations assessed for risks related to corruption	Covered	We do not assess suppliers for corruption risks.
205-2	Communication and training about anti-corruption policies and procedures	Not covered	Corporate governance: Compliance and integrity, Ethics
205-3	Confirmed incidents of corruption and actions taken	Covered	No incidents of corruption occurred during the reporting period.

GRI 206: ANTI-COMPETITIVE BEHAVIOR

206-1	Legal actions for anti-competitive behavior, anti-trust, and monopol practices	Covered	No such anti-competitive behavior related incidents occurred during the reporting period.
-------	--	---------	---

GRI 207: TAX

207-1	Approach to tax	Covered	Economy: Our economic impact The detailed information about taxes can be found in our financial statements.
207-2	Tax governance, control, and risk management	Not covered	
207-3	Stakeholder engagement and management of concerns related to tax	Not covered	
207-4	Country-by-country reporting	Not covered	

GRI 301: MATERIALS

301-1	Materials used by weight or volume	Not covered	
301-2	Recycled input materials used	Not covered	
301-2	Reclaimed products and their packaging materials	Not covered	

GRI 302: ENERGY

302-1	Energy consumption within the organization	Covered	Performance tables
302-2	Energy consumption outside of the organization	Not covered	
302-3	Energy intensity	Not covered	
302-4	Reduction of energy consumption	Covered	Environmental management: Combating climate change; Environmental management: Fuel efficiency
302-5	Reductions in energy requirements of products and services	Partially covered	Environmental management: Fuel efficiency

Standard	Description	Status	Reference/Comment
GRI 303: WATER			
303-1	Interactions with water as a shared resource	Partially covered	Environmental management
303-2	Management of water discharge-related impacts	Not covered	
303-3	Water withdrawal	Covered	
303-4	Water discharge	Covered	Performance tables
303-5	Water consumption	Covered	Performance tables
GRI 304: BIODIVERSITY			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not covered	
304-2	Significant impacts of activities, products, and services on biodiversity	Covered	Environmental Management: Combating climate change; Environmental Management: Noise Management
304-3	Habitats protected or restored	Not covered	
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Not covered	
GRI 305: EMISSIONS			
305-1	Direct (Scope 1) GHG emissions	Covered	Environment management: Combating climate change Performance tables
305-2	Energy indirect (Scope 2) GHG emissions	Not covered	
305-3	Other indirect (Scope 3) GHG emissions	Not covered	
305-4	GHG emissions intensity	Not covered	
305-5	Reduction of GHG emissions	Covered	Environmental Management
305-6	Emissions of ozone-depleting substances (ODS)	Not covered	
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Not covered	
GRI 306: EFFLUENTS AND WASTE			
306-1	Water discharge by quality and destination	Covered	Performance tables
306-2	Waste by type and disposal method	Not covered	
306-3	Significant spills	Not applicable	
306-4	Transport of hazardous waste	Covered	Environmental management: Waste Management
306-5	Water bodies affected by water discharges and/or runoff	Covered	No water bodies were affected by water discharges for various purposes of our services during the reporting period.

GRI 307: ENVIRONMENTAL COMPLIANCE

307-1	Non-compliance with environmental laws and regulations	Covered	About the Company: Corporate governance: Compliance and integrity, Ethics
-------	--	---------	---

GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT

308-1	New suppliers that were screened using environmental criteria	Not Covered	
308-2	Negative environmental impacts in the supply chain and actions taken	Covered	We did not identify significant environmental negative impact in our supply chain.

GRI 401: EMPLOYMENT

401-1	New employee hires and employee turnover	Covered	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Covered	Our people: Employee benefits
401-3	Parental leave	Not covered	

GRI 402: LABOR/MANAGEMENT RELATIONS

402-1	Minimum notice periods regarding operational changes	Covered	Such period is decided depending on the action planned for each significant operational change. We also adhere to the Labor Code of Azerbaijan.
-------	--	---------	---

GRI 403: OCCUPATIONAL HEALTH AND SAFETY

403-1	Occupational health and safety management system	Covered	Social: Safety at Silk Way West Airlines
403-2	Hazard identification, risk assessment, and incident investigation	Covered	Safety at Silk Way West Airlines: Safety reporting and monitoring
403-3	Occupational health services	Covered	Social: Safety at Silk Way West Airlines
403-4	Worker participation, consultation, and communication on occupational health and safety	Covered	Safety at Silk Way West Airlines: Safety awareness
403-5	Worker training on occupational health and safety	Covered	Safety at Silk Way West Airlines: Safety awareness
403-6	Promotion of worker health	Covered	Safety at Silk Way West Airlines: Safety awareness
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Partially covered	Safety at Silk Way West Airlines
403-8	Workers covered by an occupational health and safety management system	Covered	Safety at Silk Way West Airlines: Safety reporting system and monitoring
403-9	Work-related injuries	Covered	Performance tables
403-10	Work related ill health	Not covered	

Standard	Description	Status	Reference/Comment
GRI 404: TRAINING AND EDUCATION			
404-1	Average hours of training per year per employee	Covered	Our people: Employee development
404-2	Programs for upgrading employee skills and transition assistance programs	Covered	Our people: Employee development
404-3	Percentage of employees receiving regular performance and career development reviews	Not covered	
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY			
405-1	Diversity of governance bodies and employees	Covered	Our people: Diversity and inclusion
405-2	Ratio of basic salary and remuneration of women to men	Not covered	
GRI 406: NON-DISCRIMINATION			
406-1	Incidents of discrimination and corrective actions taken	Covered	No incidents of discrimination were identified during the reporting period.
GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Covered	We do not perform specific risk assessments to check collective bargaining or freedom rights. There were no incidents where the right to freedom of association and collective bargaining may be at risk.
GRI 408: CHILD LABOR			
408-1	Operations and suppliers at significant risk for incidents of child labor	Covered	No incidents of discrimination were identified during the reporting period.
GRI 409: FORCED OR COMPULSORY LABOR			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Covered	No incidents of forced or compulsory labor were identified during the reporting period.
GRI 410: SECURITY PRACTICES			
410-1	Security personnel trained in human rights policies or procedures	Partially covered	Our people: Employee development
GRI 411: RIGHTS OF INDIGENOUS PEOPLES			
411-1	Incidents of violations involving rights of indigenous peoples	Not covered	
GRI 412: HUMAN RIGHTS ASSESSMENT			
412-1	Operations that have been subject to human rights reviews or impact assessments	Partially covered	Although we do not have a stand-alone policy for Human Rights, we take them into account throughout all our operations.
412-2	Employee training on human rights policies or procedures	Covered	Our people: Employee development
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Covered	No significant investment agreements subject to close human rights monitoring were signed during the reporting period.

GRI 413: LOCAL COMMUNITIES

413-1	Operations with local community engagement, impact assessments, and development programs	Covered	Sustainability Management Our People Social: Customers
414-2	Operations with significant actual and potential negative impacts on local communities	Covered	There were no operations with significant direct negative impacts on local communities during the reporting period.

GRI 414: SUPPLIER SOCIAL ASSESSMENT

414-1	New suppliers that were screened using social criteria	Not covered	
414-2	Negative social impacts in the supply chain and actions taken	Covered	We did not identify any negative social impacts in our supply chain during the reporting period.

GRI 415: PUBLIC POLICY

415-1	Political contributions	Covered	There were no political contributions during the reporting period made by Silk Way West Airlines.
-------	-------------------------	---------	---

GRI 416: CUSTOMER HEALTH AND SAFETY

416-1	Assessment of the health and safety impacts of product and service categories	Partially covered	Social: Safety at Silk Way West Airlines: Safety compliance Social: Customers
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Covered	We did not identify any non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of our services during the reporting period.

GRI 417: MARKETING AND LABELING

417-1	Requirements for product and service information and labeling	Covered	About the Company: Silk Way West Airlines at a glance
417-2	Incidents of non-compliance concerning product and service information and labeling	Covered	We have not identified any non-compliance with regulations concerning product and service information and labeling.
417-3	Incidents of non-compliance concerning marketing communications	Covered	We have not identified any non-compliance with regulations concerning marketing communications.

GRI 418: CUSTOMER PRIVACY

418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Covered	No breaches of customer privacy were identified during the reporting period.
-------	--	---------	--

GRI 419: SOCIOECONOMIC COMPLIANCE

419-1	Non-compliance with laws and regulations in the social and economic area	Partially covered	About the Company: Corporate governance: Compliance, integrity and ethics We have not identified any non-compliance with socio-economic laws and/or regulations.
-------	--	-------------------	---

ASSURANCE STATEMENT

Context

We have been engaged by Silk Way West Airlines to perform an independent verification with reasonable assurance of the CO₂ emissions from flights operated in 2020 subject to the Directive 2018/101/EC (EU ETS) and flights operated in 2020 subject to ICAO's Carbon Offsetting & Reduction Scheme for International Aviation (CORSIA).

Criteria

In order to prepare its 2020 emissions reports for EU ETS and CORSIA, Silk Way West Airlines followed the following rules:

- The EU ETS Directives (Directive 2008/101/EC of 19 November 2008 and Directive 2009/29/EC of 22 April 2009 amending Directive 2003/87/EC)
- The Commission Regulation 421/2014 of the European Parliament and of the Council of 16 April 2014 amending Directive 2003/87/EC
- The Commission Regulation 2018/2066 of 19 December 2018 on the monitoring and reporting of greenhouse gas emissions pursuant to Directive 2003/87/EC (MRR)
- International Standards and Recommended Practices (SRAPs), Environmental Protection – Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) (Annex 16, Volume IV to the Convention on International Civil Aviation)
- Environmental Technical Manual (ETM) (Doc 9501), Volume IV – Procedures for demonstrating compliance with the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA)

We conducted the independent verification based on the following verification criteria:

- ISO 14065:2013 – Greenhouse Gases – Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition
- ISO 14064-3:2019 – Greenhouse Gases – Specification with guidance for the validation and verification of greenhouse gas emissions and removals
- The IAF MD 6:2014 - IAF Mandatory Document for the Application of ISO 14065:2013;
- The Commission Regulation 2018/2067 of 19 December 2018 on the verification of greenhouse gas emission reports and tonne-kilometre reports and the accreditation of verifiers pursuant to Directive 2003/87/EC (AVR)

Responsibilities

Silk Way West Airlines is solely responsible for the preparation and reporting of their emissions data, for any information and evidence that support the reported data, for determining the company's objectives in relation to emissions information and management, and for establishing and maintaining appropriate performance management and internal control systems from which reported information is derived.

In accordance with our verification contract with Silk Way West Airlines, it is our responsibility to form an independent opinion, based on the examination of information and data presented in the emissions reports, and to report that opinion to Silk Way West Airlines.

We conducted our examination having regard to the verification criteria documents listed above. This included examining, on a test basis, evidence to give us reasonable assurance that the amounts and disclosures relating to the data have been properly prepared in accordance with the rules in terms of relevance, completeness, consistency, transparency and accuracy.

Independence statement

We confirm that VeriFavia SARL, VeriFavia (Singapore) Pte Ltd, and the verification team are independent of Silk Way West Airlines and have not assisted in any way with the development of the emissions reports, with the exception of this Assurance Statement.

Opinion

We conducted a verification of the 2020 emissions by Silk Way West Airlines in its emissions reports dated 30 March 2021 (EU ETS) and 12 July 2021 (CORSIA). On the basis of the verification work undertaken to reasonable assurance, these data are fairly stated and contain no material misstatements or material non-conformities.

Total emissions reported under EU ETS: 7,198 tCO₂
Total emissions reported under CORSIA: 1,477,860 tCO₂



Paris & Singapore, 19 July 2021

Julien Dufour, CEO, VERIFAVIA SARL & VERIFAVIA (Singapore) PTE LTD

Contact point for questions regarding the Report:
Firangiz Mammadova

Corporate Quality Director
Phone: +994 (12) 4374041 (ext. 4728)
E-mail: firangiz.mammadova@silkwaywest.com
Silk Way West Airlines, Heydar Aliyev International Airport,
Baku AZ-1044, Azerbaijan

