

# En route to Sustainability

Sustainable Development Report 2011

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## Overview of 2011

The year 2011 was challenging. The core business of the Cathay Pacific Group was materially affected by instability and uncertainty in the world's major economies, and we felt the impact of natural disasters in New Zealand, Japan and Thailand. Despite this, the Group reported an attributable profit of HK\$5.5 billion in 2011, which despite representing a 60.8% drop from the exceptional 2010 results, is our third highest recorded over the last 10 years.

In spite of the current economic weakness, our long-term strategy remains unchanged, namely the continued expansion of our network and fleet, continued investment in products and services and continued development of Hong Kong as one of the world's leading international aviation hubs.

We have also announced the purchase of new passenger aircraft, with the intent of operating one of the youngest, most fuel-efficient widebody passenger fleets in the world by 2019.

Below are some of our financial, operational, environmental and social highlights from 2011:

### Financial and Operational



- New cargo markets at Bengaluru, Chongqing, Chengdu and Zaragoza
- New passenger routes to Abu-Dhabi and daily flights to Chicago
- [New Business Class seats installed in 15 aircraft](#)
- [Mobile boarding pass service introduced in Auckland](#)
- Refurbishment of our Business Class lounge, The Wing, at Hong Kong International Airport
- Cargo load factor fell by 8.5%
- Cargo joint venture, Air China Cargo, launched

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## Environmental



- [Adoption of electronic cargo airway bills](#)
- [First Cathay Pacific lounge refurbishment aspiring to LEED standard at San Francisco](#)
- ["Topping off" of the new Cathay Pacific Cargo Terminal, which contains sustainability design features](#)
- [Partnership with Swire Hotels on our carbon offset scheme, FLY greener](#)
- [Participation in the European Commission's long-term climate change monitoring programme, IAGOS](#)
- [Became a member of the Asia Pacific Business and Sustainability Council \(APBSC\), and hosted their regional conference at CX City](#)

## Social



- [Evaluation of English On Air programme with reference to the London Benchmarking Group model](#)
- [Cathay Pacific Green Explorers programme for young people launched](#)
- [Cathay Pacific Charitable Fund launched](#)
- [Dragonair Youth Aviation Academy established](#)
- [Staff appeal efforts for those affected by the New Zealand and Japan earthquakes and Thai floods](#)
- [Staff performance management system re-structured to focus on staff development and career progression](#)





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## A Joint Message from the Chairman and the Chief Executive

### The Sustainability Challenge at Cathay Pacific



Sustainability is integral to the success and long-term viability of Cathay Pacific Airways. As an airline, we can only remain profitable in a thriving economy which sustainably provides for the communities that support our business. Finding ways to minimise any negative impact on the health of the societies and environment in which we operate has therefore become a priority.

We believe that for real sustainability to be achieved at Cathay Pacific, it has to be fully integrated into our business strategy. To this end, we have been formulating our Sustainable Development Strategy over the last two years. In 2011, we identified five areas where we believe we should focus our efforts in addressing sustainability: flights, customers, staff and the community, infrastructure and the supply chain. These areas are all integral to the running of our business and the structure of this year's Sustainable Development report reflects these priorities.

One of our biggest challenges is the cyclical and volatile nature of the aviation industry where, more often than not, we need to focus on immediate issues such as rising fuel prices, operational disruptions, economic downturns, natural disasters - or even social unrest. Our industry currently faces testing times and some of these issues are highlighted in the [Overview of 2011](#) section. But while we need to take a pragmatic approach to dealing with these problems in the short term, it is vital that our overarching strategy for the airline reflects a clear focus on the longer term picture. In order to excel, we need to anticipate and provide for the changing needs of our customers, staff and business partners, honour our commitments to the environment and to the wider community and ensure we have the right tools and resources to grow our business for the future.

Whilst it has not always been a simple matter to find environmentally sound solutions that are both operationally and economically feasible, the continuing quest to do so has provided new opportunities for innovation and lateral thinking. Through the resourcefulness, creativity and dedication of our staff and with the cooperation of our business partners, we have been able to build the case for adopting many of these initiatives - some small, some more significant - and they are now adding value to the business, as well as bringing positive benefits to the community and environment.

We have not yet found the most effective solutions to all the challenges we face today, but we remain confident that we can - and indeed we must - do so. In the meantime, we will continue to plan for the future, to concentrate on attaining the best possible outcomes for our stakeholders and to strive for operational excellence in everything we do, in order to achieve our vision of being the world's best airline.

Sustainability is a journey and we are committed to it for the long haul; we realise that this path will not always be easy, but we know that it is the right one.

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### Understanding Our Business

Cathay Pacific is an international airline registered and based in Hong Kong, offering scheduled passenger and cargo services to 162 destinations in 42 countries and territories. As Hong Kong's major airline, we provide vital links for trade, investment in business and leisure travel. Through our passenger and cargo services under Cathay Pacific, Dragonair and Air Hong Kong, we connect Hong Kong to the world.

Cathay Pacific is proud of its heritage. We were founded in 1946 and have grown along with Hong Kong, sharing in the set-backs and triumphs of the past six decades. Our strategy has long been to offer a premium-quality service package based on safety, customer service, schedule and network to support the passenger and cargo transport needs of the communities the airline serves. Cathay Pacific and its subsidiaries now employ over 29,000 people worldwide.

Our investments are diverse and include aircraft fleet, airline services, catering, ground handling, our corporate headquarters and a new cargo terminal at the Hong Kong International Airport (HKIA). Cathay Pacific has its own listing on the Hong Kong Stock Exchange, with Swire Pacific and Air China as its two major shareholders, whose shares remained at 44.97% and 29.99% respectively in 2011. Air China Cargo (ACC) commenced operation as a joint venture cargo carrier between Air China and Cathay Pacific in May 2011. Under the joint venture, Air China has a 51% equity interest in ACC while the Cathay Pacific Group has a 25% equity interest together with a 24% economic interest.

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### Major Subsidiaries and Associates in 2011

Cathay Pacific Catering Services (HK) Limited	100%
Cathay Pacific Holidays Limited	100%
Hong Kong Airport Services Limited	100%
Hong Kong Dragon Airlines Limited	100%
Vogue Laundry Service Limited	100%
Air Hong Kong Limited	60%
Air China Limited	19.53%

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### Selected Awards for 2011

**Cathay Pacific**

- Best Airline First Class**  
*2011 Business Traveller China Awards*
- Airline of the Year**  
*3<sup>rd</sup> South East CEO Conclave*
- Best Frequent Flyer Programme – Asia Miles**  
*2011 Business Traveller Asia-Pacific Travel Awards*
- Best Airline Transpacific**  
*Skytrax Awards 2011*
- Corporate Award 2010/11**  
*HKIA Customer Service Excellence Programme*
- HKAEE Gold Award 2010**  
*Hong Kong Awards for Environmental Excellence (HKAEE)*
- Caring Company Status**  
*Caring Company NGO Partnership Day 2010/11*
- Corporate Social Responsibility Award**  
*Capital and Capital Weekly magazines*

**Dragonair**

- World's Best Regional Airline**  
*2011 World Airline Awards (Skytrax)*
- Air Cargo Excellence Award**  
*2011 "Air Cargo World" Magazine*
- Yahoo! Emotive Brand Award 2010-2011 Airline Category**  
*Yahoo! Emotive Brand Award 2010-2011*
- Best Regional Airline**  
*Asia 22<sup>nd</sup> Annual TTG Travel Awards 2011*
- Asia Excellence Brand Award**  
*Yazhou Zhoukan 2011 Asia Excellence Brand Award*

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## Economic Value Added Table

Economic Value Added	2011 HK\$M	2010 HK\$M	% Change
For the year ended 31 <sup>st</sup> December 2011			
<b>Directed economic value generated</b>			
Turnover	98,406	89,524	9.9%
Finance income	982	677	45.1%
Surplus on sales of investments	–	2,165	-100.0%
Gain on deemed disposal of an associate	–	868	-100.0%
Share of profits/(losses) of associated companies	1,717	2,587	-33.6%
	<b>101,105</b>	<b>95,821</b>	<b>5.5%</b>
<b>Economic Value distributed</b>			
Purchases of goods and services	71,949	58,294	23.4%
Employee wages and benefits	14,772	13,850	6.7%
Payments to providers of capital	3,941	6,207	-36.5%
Payments to/(from) government	803	1,462	-45.1%
Community investments including charitable donation			
– Direct payment	17	11	54.5%
– In the form of discounts on airline travel	6	5	20.0%
	<b>91,488</b>	<b>79,829</b>	<b>14.6%</b>
<b>Economic Value retained</b>			
– Depreciation	6,127	6,316	-3.0%
– Profit/(loss) after dividends	3,455	9,681	-64.3%
Retained for re-investment and future growth	<b>9,582</b>	<b>15,997</b>	<b>-40.1%</b>

**Note:**

The above table summarises the distribution of the economic value generated from the Group which includes Cathay Pacific and all its subsidiary companies including Dragonair and Air Hong Kong. Share of losses/profits of associated companies include our share of losses/profits of Air China and HAECO. Please refer our 2011 Annual Report page 96-97 for details of our principal subsidiaries and associates.

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## Cathay Pacific Group fleet profile as of 31 December 2011

Cathay Pacific Fleet profile										Enlarge	
Aircraft Type	BOEING							AIRBUS		Total	
	777-200	777-300	777-300ER	747-400	747-400F	747-400ERF	747-8F	A330-300	A340-300		
No of Operating A/C in Subfleet	5	12	24	21	14	6	4	33	13	132	
Average Age of Operating Subfleet (years)	14.57	10.02	2.38	19.56	10.01	3.02	0.10	9.21	14.60	10.57	
Passenger	x	x	x	x				x	x		
Freighter					x	x	x				
<b>Total</b>	<b>5</b>	<b>12</b>	<b>24</b>	<b>21</b>	<b>14</b>	<b>6</b>	<b>4</b>	<b>33</b>	<b>13</b>	<b>132</b>	

Dragonair Fleet profile				Air Hong Kong Fleet profile			
Aircraft Type	AIRBUS			Aircraft Type	AIRBUS	BOEING	Total
	A320-200	A321-200	A330-300		A320-600F	747-400BCF	
No of Operating A/C in Subfleet	11	5	15	32	8	3	11
Average Age of Operating Subfleet (years)	9.10	11.05	10.19	9.98	8.72	21.20	14.65
Passenger	x	x	x				
Freighter					x	x	
<b>Total</b>	<b>11</b>	<b>5</b>	<b>15</b>	<b>32</b>	<b>8</b>	<b>3</b>	<b>11</b>

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## Cathay Pacific Fleet profile

Aircraft Type	BOEING							AIRBUS		Total
	777-200	777-300	777-300ER	747-400	747-400F	747-400ERF	747-8F	A330-300	A340-300	
No of Operating A/C in Subfleet	5	12	24	21	14	6	4	33	13	132
Average Age of Operating Subfleet (years)	14.57	10.62	2.38	19.56	16.01	3.02	0.10	9.21	14.60	10.57
Passenger	x	x	x	x				x	x	
Freighter					x	x	x			
<b>Total</b>	<b>5</b>	<b>12</b>	<b>24</b>	<b>21</b>	<b>14</b>	<b>6</b>	<b>4</b>	<b>33</b>	<b>13</b>	<b>132</b>

## Dragonair Fleet profile

Aircraft Type	AIRBUS			
	A320-200	A321-200	A330-300	Total
No of Operating A/C in Subfleet	11	6	15	32
Average Age of Operating Subfleet (years)	9.10	11.05	10.19	9.98
Passenger	x	x	x	
Freighter				
<b>Total</b>	<b>11</b>	<b>6</b>	<b>15</b>	<b>32</b>

## Air Hong Kong Fleet profile

Aircraft Type	AIRBUS	BOEING	Total
	A300-600F	747-400BCF	
No of Operating A/C in Subfleet	8	3	11
Average Age of Operating Subfleet (years)	6.72	21.20	14.65
Passenger			
Freighter	x	x	
<b>Total</b>	<b>8</b>	<b>3</b>	<b>11</b>



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### Environmental Indicators Table

#### Aircraft Operations

Aircraft Operations	Units	2011†	2010†	2009†	2008*	2007*	2006	2005	2004	2003	2002	2001	1998
ATK	million	26,383	24,461	22,249	24,410	23,077	19,684	17,751	15,794	13,355	12,820	11,827	10,857
RTK	million	19,309	19,373	16,775	17,499	16,880	14,452	12,813	11,459	9,371	8,522	8,201	7,213
RPK	million	101,536	96,588	89,440	90,975	81,801	72,939	65,110	57,283	42,774	49,041	44,792	40,679
<b>All Flights</b>													
Fuel Consumption	thousand tonnes	5,032	4,818	4,397	4,569	4,371	3,596	3,325	3,077	2,590	2,583	2,431	2,429
Fuel Efficiency	grammes/ATK improvement since 1998 %	11.6%	8.7%	8.4%	13.3%	12.2%	15.3%	13.2%	9.7%	10.1%	6.8%	4.8%	3.2%
	grammes/RTK improvement since 1998 %	20.1%	23.4%	19.3%	19.6%	19.3%	23.4%	20.1%	17.3%	14.9%	16.5%	8.7%	13.6%
	grammes/RTK improvement since 1998 %	19.8%	23.4%	19.3%	19.6%	19.3%	23.4%	20.1%	17.3%	14.9%	16.5%	8.7%	13.6%
Global CO <sub>2</sub> emissions	thousand tonnes in CO <sub>2</sub> e	15,851	15,175	13,852	14,303	13,769	11,327	10,474	9,693	8,159	8,136	7,658	7,128
	grammes/ATK improvement since 1998 %	11.6%	8.7%	8.4%	13.3%	12.2%	15.3%	13.2%	9.7%	10.1%	6.8%	4.8%	3.2%
	grammes/RTK improvement since 1998 %	20.1%	23.4%	19.3%	19.6%	19.3%	23.4%	20.1%	17.3%	14.9%	16.5%	8.7%	13.6%
Global NO <sub>x</sub> emissions	tonnes	77,044	72,632	65,368	70,546	55,951	52,542	48,566	45,271	38,537	39,213	36,402	37,800
	grammes/ATK improvement since 1998 %	21.3%	20.0%	20.8%	22.1%	34.7%	28.1%	26.3%	22.8%	22.2%	17.6%	17.1%	11.8%
	grammes/RTK improvement since 1998 %	28.6%	32.9%	30.3%	27.8%	40.0%	34.9%	32.1%	29.3%	26.4%	26.3%	20.5%	12.9%
Global CO emissions	tonnes	12,972	12,204	11,422	13,436	13,077	10,959	10,190	10,056	8,873	8,268	8,062	8,751
Global HC emissions	tonnes	1,392	1,297	1,344	2,107	2,271	2,233	2,171	2,228	2,112	1,885	2,090	2,560
<b>Passenger Flights Only</b>													
Fuel Consumption	thousand tonnes	3,968	3,650	3,476	3,627	3,217	2,825	2,646	2,404	1,953	2,074	2,050	2,068
	share of total fuel consumption %	78.9%	75.8%	79.0%	79.4%	73.6%	78.6%	79.6%	78.1%	75.4%	80.3%	84.3%	85.1%
Fuel Efficiency	grammes/RTK improvement since 1998 %	20.8%	23.4%	21.2%	19.2%	20.3%	21.5%	17.6%	14.9%	7.5%	14.3%	7.2%	11.1%

Note:  
 (\*) Incorporates KA.  
 † Fuel consumption includes testing, training, and wet-lease flights.  
 1 tonne of fuel = 3.15 tonne of CO<sub>2</sub>.  
 GWP of CO<sub>2</sub> is 1; assumes that all other GHG gases are negligible as these impacts still uncertain.

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### Other indicators

Indicators	Units	2011	2010
<b>Hong Kong</b>			
<i>Power/Fuel</i>			
Electricity Consumption	mWh	95,442	93,232
Ground based activities fuel consumption	litre		
Mobile Combustion – Diesel		3,874,344	4,541,652
Mobile Combustion – Unleaded Petrol		275,962	262,698
Stationary Combustion – Diesel		4,272,706	7,993,278
Purchased Towngas	unit	3,545,071	128,769
Fuel dumped due to operational reqs	tonnes	832	897
% of fuel dumped	%	0.02	0.02
<i>Water</i>			
Seawater consumption	m <sup>3</sup>	7,577,000	7,546,540
Potable water consumption	m <sup>3</sup>	741,814	724,933
Maintenance water consumption	m <sup>3</sup>	98,583	107,283
<i>Paper &amp; Cardboard</i>			

Paper consumed in offices	tonnes	<b>1,837</b>	1,975
Paper & cardboard recycled <sup>(1)</sup>	tonnes	<b>1,826</b>	1,679
<i>Printer Cartridges</i>			
Printer cartridges purchased	no.	<b>4,070</b>	3,800
Printer cartridges refilled	no.	<b>722</b>	976
Printer cartridges recycled	no.	<b>1,969</b>	2,393
Refrigerants containing HFCs <sup>(2)</sup>	kg	<b>n/r</b>	n/r
<i>Recycled/Reused Materials</i>			
Aluminium cans recycled	kg	<b>77,678</b>	37,671
Plastic recycled	kg	<b>89,737</b>	40,463
Metal waste recycled	kg	<b>–</b>	3,802
Waste lubrication oil recycled	litre	<b>4,000</b>	3,690
Hangers used*	no.	<b>2,564,304</b>	2,536,173
% of hangers reused*	%	<b>61.4</b>	64.6
<i>Disposed Materials<sup>†</sup></i>			
Office waste disposed of	tonnes	<b>2,346</b>	2,284
Food waste disposed of	tonnes	<b>923</b>	366
<b>Outports</b>			
<i>Power/Fuel <sup>(3)</sup></i>			
Electricity Consumption	mWh	<b>1,273</b>	1,211
Ground based activities fuel consumption			
Mobile Combustion – Diesel	litre	<b>10,984</b>	10,550
Mobile Combustion – Unleaded Petrol	litre	<b>51,073</b>	32,899
Stationary Combustion - Natural Gas	therms	<b>668</b>	189
<i>Paper &amp; Cardboard <sup>(4)</sup></i>			
Paper consumed in offices	tonnes	<b>9</b>	15
<i>Printer Cartridges <sup>(4)</sup></i>			
Printer cartridges purchased	no.	<b>281</b>	381
Potable water consumption	m <sup>3</sup>	<b>19</b>	18

Note:

(1) CPCS receives significant amount of cardboard from its procurement that are recycled.

(2) We are unable to provide an auditable number this year. We will report on this in the medium term.

(3) Covers our offices in Auckland, Manila, San Francisco, and Taipei.

(4) Covers our offices in Frankfurt, Karachi, Kuala Lumpur, Paris, and Sydney.



Aircraft Operations		Units	2011*†	2010*†	2009*†	2008*	2007*	2006	2005	2004	2003	2002	2001	2000	1999	1998
ATK	million	<b>26,383</b>	24,461	22,249	24,410	23,077	19,684	17,751	15,794	13,355	12,820	11,827	11,630	10,867	10,857	
RTK	million	<b>19,309</b>	19,373	16,775	17,499	16,680	14,452	12,813	11,459	9,371	9,522	8,201	8,650	7,768	7,213	
RPK	million	<b>101,536</b>	96,588	89,440	90,975	81,801	72,939	65,110	57,283	42,774	49,041	44,792	47,153	41,502	40,679	
<b>All Flights</b>																
Fuel Consumption	thousand tonnes	<b>5,032</b>	4,818	4,397	4,569	4,371	3,596	3,325	3,077	2,590	2,583	2,431	2,429	2,263	2,343	
Fuel Efficiency	grammes/ATK improvement since 1998 %	<b>191↓</b> <b>11.6%</b>	197 8.7%	198 8.4%	187 13.3%	189 12.2%	183 15.3%	187 13.2%	195 9.7%	194 10.1%	201 6.6%	206 4.8%	209 3.2%	208 3.5%	216 0.0%	
	grammes/RTK improvement since 1998 %	<b>261↓</b> <b>19.8%</b>	249 23.4%	262 19.3%	261 19.6%	262 19.3%	249 23.4%	260 20.1%	269 17.3%	276 14.9%	271 16.5%	296 8.7%	281 13.6%	291 10.3%	325 0.0%	
Global CO <sub>2</sub> emissions	thousand tonnes in CO <sub>2</sub> e	<b>15,851↓</b>	15,175	13,852	14,393	13,769	11,327	10,474	9,693	8,159	8,136	7,658	7,651	7,128	7,380	
	grammes/ATK improvement since 1998 %	<b>601</b> <b>11.6%</b>	620 8.7%	623 8.4%	590 13.3%	597 12.2%	575 15.3%	590 13.2%	614 9.7%	611 10.1%	635 6.6%	647 4.8%	658 3.2%	656 3.5%	680 0.0%	
	grammes/RTK improvement since 1998 %	<b>821</b> <b>19.8%</b>	783 23.4%	826 19.3%	823 19.6%	825 19.3%	784 23.4%	817 20.1%	846 17.3%	871 14.9%	854 16.5%	934 8.7%	885 13.6%	918 10.3%	1,023 0.0%	
Global NO <sub>x</sub> emissions	tonnes	<b>77,044</b>	72,632	65,358	70,546	55,951	52,542	48,566	45,271	38,537	39,213	36,402	38,061	37,800	40,294	
	grammes/ATK improvement since 1998 %	<b>3</b> <b>21.3%</b>	3 20.0%	3 20.8%	3 22.1%	2 34.7%	3 28.1%	3 26.3%	3 22.8%	3 22.2%	3 17.6%	3 17.1%	3 11.8%	3 6.3%	4 0.0%	
	grammes/RTK improvement since 1998 %	<b>4</b> <b>28.6%</b>	4 32.9%	4 30.3%	4 27.8%	3 40.0%	4 34.9%	4 32.1%	4 29.3%	4 26.4%	4 26.3%	4 20.5%	4 21.2%	5 12.9%	6 0.0%	
Global CO emissions	tonnes	<b>12,972</b>	12,204	11,422	13,436	13,077	10,959	10,190	10,056	8,873	8,268	8,062	8,751	9,827	13,982	
Global HC emissions	tonnes	<b>1,392</b>	1,297	1,344	2,107	2,271	2,233	2,171	2,228	2,112	1,885	2,090	2,560	3,401	5,736	
<b>Passenger Flights Only</b>																
Fuel Consumption	thousand tonnes	<b>3,968</b>	3,650	3,476	3,627	3,217	2,825	2,646	2,404	1,953	2,074	2,050	2,068	1,953	2,007	
	share of total fuel consumption %	<b>78.9%</b>	75.8%	79.0%	79.4%	73.6%	78.6%	79.6%	78.1%	75.4%	80.3%	84.3%	85.1%	86.3%	85.7%	
Fuel Efficiency	grammes/RTK Improvement since 1998 %	<b>39</b> <b>20.8%</b>	38 23.4%	39 21.2%	40 19.2%	39 20.3%	39 21.5%	41 17.6%	42 14.9%	46 7.5%	42 14.3%	46 7.2%	44 11.1%	47 4.6%	49 0.0%	

Note:  
(\*) incorporates KA  
(†) Fuel consumption includes testing, training, and wet-lease flights  
1 tonne of fuel= 3.15 tonne of CO<sub>2</sub>  
GWP of CO<sub>2</sub> is 1; assumes that all other GHG gases are negligible as these impacts still uncertain.





# Our Business

## Our Business

1 Overview of 2011

2 A Joint Message From the Chairman and the Chief Executive

3 Understanding Our Business

Major subsidiaries and associates in 2011

Selected awards for 2011

Economic value added table

Cathay Pacific Group fleet profile

Environmental indicators table

**Social indicators table**

## Social Indicators Table

Issue	Units	2011*	2010*	Issue	Units	2011*	2010*
Total CX Group workforce	no.	<b>28,158</b>	26,564	Average hours of training per year			
by Location				Flight Crew	hrs	<b>44</b>	47
Hong Kong	no.	<b>21,764</b>	20,475	Cabin Crew	hrs	<b>62</b>	38
China	no.	<b>825</b>	749	Airport Staff	hrs	<b>32</b>	25
Outports	no.	<b>5,549</b>	5,340	Engineering Staff	hrs	<b>264</b>	294
by Employment Type				Subsidiary Staff	hrs	<b>21</b>	21
Flight Crew	no.	<b>3,133</b>	3,022	Total online learning enrollments	no.	<b>268,359</b>	158,297
Cabin Crew	no.	<b>10,520</b>	9,740	Employees covered under collective bargaining agreement (12)	%	<b>2.0</b>	3.4
Ground Staff	no.	<b>8,603</b>	8,120	Employees receiving performance reviews	%	<b>100</b>	100 <sup>(2)</sup>
Subsidiary Staff	no.	<b>5,902</b>	5,682	Human rights screening in investment and procurement practices	%	<b>100</b>	100 <sup>(2)</sup>
by Gender				Reported incidents of discrimination	no.	<b>0</b>	1
Female	%	<b>57%</b>	56% <sup>(1)</sup>	Non-compliance cases on product responsibility issues (12)	no.	<b>0</b>	0 <sup>(2)</sup>
Male	%	<b>43%</b>	45% <sup>(1)</sup>	Non-compliance cases on applicable laws and regulations (12)	no.	<b>0</b>	0 <sup>(2)</sup>
by Age Group							
Under 30 years old	%	<b>27</b>	22 <sup>(1)</sup>				
30-50 years old	%	<b>59</b>	60 <sup>(1)</sup>				
over 50 years old	%	<b>14</b>	13 <sup>(1)</sup>				
Senior Management from Local Community (7)	%	<b>80</b>	100				
Employee Yearly Turnover Rate (8)							
by Location							
Hong Kong	%	<b>14<sup>(9)</sup></b>	6 <sup>(9)</sup>				
China	%	<b>9<sup>(9)</sup></b>	11 <sup>(9)</sup>				
Outports	%	<b>6<sup>(9)</sup></b>	6 <sup>(9)</sup>				
by Employment Type							
Flight Crew	%	<b>7</b>	14				
Cabin Crew	%	<b>4</b>	3				
Ground Staff	%	<b>8</b>	7				
Subsidiary Staff	%	<b>31<sup>(9)</sup></b>	29 <sup>(9)</sup>				
by Gender							
Female	%	<b>11<sup>(9)</sup></b>	6 <sup>(9)</sup>				
Male	%	<b>12<sup>(9)</sup></b>	6 <sup>(9)</sup>				
by Age Group							
Under 30 years old	%	<b>10<sup>(9)</sup></b>	12 <sup>(9)</sup>				
30-50 years old	%	<b>6<sup>(9)</sup></b>	5 <sup>(9)</sup>				
over 50 years old	%	<b>11<sup>(9)</sup></b>	4 <sup>(9)</sup>				
Lost Time Injury Frequency Rate (9) (10)							
Cathay Pacific	rate	<b>33.8</b>	52.1				
Dragonair	rate	<b>25.2</b>	47.3				
Subsidiary Staff	rate	<b>29.6</b>	18.4 (10)				
Number of fatalities due to CX Group operations							
CX Group Staff	no.	<b>0</b>	0				
Contractors working within Cathay Pacific/Dragonair premises	no.	<b>0</b>	0				
Passengers	no.	<b>0</b>	0				

\* Covers CX, KA, 100% owned Hong Kong-based subsidiaries, and Air Hong Kong

(1) Includes CX, KA, AHK, CPCS, HAS, VLS  
 (2) Includes CX, KA, CPCS, HAS  
 (3) Includes CPCS, VLS  
 (4) Includes CPCS, HAS, VLS  
 (5) Includes CX, CPCS  
 (6) Includes CX, KA, CPCS, HAS, VLS  
 (7) Includes Executive Directors only  
 (8) Employee Turnover Rate computed as # of leavers/# of staff for each month and averaged on a yearly basis  
 (9) LTIFR is computed as (# of injuries resulting in lost time/total workforce hours) x 1,000,000  
 (10) This is now a combined number for each business unit  
 (11) % of employees under collective bargaining agreements are reported where it is applicable and in accordance with local legislation. We only have data for Australian, Canadian, and UK outports.  
 (12) Includes cabin product, marketing and customer privacy  
 (13) Includes anti-competition and corruption cases. For details on anti-competition cases, please refer to pg. 11 of this report and pg. 84-85 of our Annual Report 2010.

Note:  
 CX: Cathay Pacific Airways KA: Hong Kong Dragon Airlines AHK: Air Hong Kong  
 CHL: Cathay Holidays CPCS: Cathay Pacific Catering Services  
 HAS: Hong Kong Airport Services VLS: Vogue Laundry

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Issue	Units	2011 <sup>+</sup>	2010 <sup>+</sup>
<b>Total CX Group workforce</b>	no.	<b>28,158</b>	26,564
<b>by Location</b>			
Hong Kong	no.	<b>21,784</b>	20,475
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<b>by Employment Type</b>			
Flight Crew	no.	<b>3,133</b>	3,022
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Ground Staff	no.	<b>8,603</b>	8,120
Subsidiary Staff	no.	<b>5,902</b>	5,682
<b>by Gender</b>			
Female	%	<b>57%</b>	55% <sup>(1)</sup>
Male	%	<b>43%</b>	45% <sup>(1)</sup>
<b>by Age Group</b>			
Under 30 years old	%	<b>27</b>	27 <sup>(1)</sup>
30-50 years old	%	<b>59</b>	60 <sup>(1)</sup>
over 50 years old	%	<b>14</b>	13 <sup>(1)</sup>
<b>Senior Management from Local Community</b> <sup>(7)</sup>	%	<b>80</b>	100
<b>Employee Yearly Turnover Rate</b> <sup>(8)</sup>			
<b>by Location</b>			
Hong Kong	%	<b>14<sup>(6)</sup></b>	6 <sup>(5)</sup>
China	%	<b>9<sup>(6)</sup></b>	11 <sup>(5)</sup>
Outports	%	<b>6<sup>(6)</sup></b>	8 <sup>(5)</sup>
<b>by Employment Type</b>			
Flight Crew	%	<b>7</b>	14
Cabin Crew	%	<b>4</b>	3
Ground Staff	%	<b>8</b>	7
Subsidiary Staff	%	<b>31<sup>(4)</sup></b>	29 <sup>(3)</sup>
<b>by Gender</b>			
Female	%	<b>11<sup>(6)</sup></b>	6 <sup>(5)</sup>
Male	%	<b>12<sup>(6)</sup></b>	8 <sup>(5)</sup>
<b>by Age Group</b>			
Under 30 years old	%	<b>19<sup>(6)</sup></b>	12 <sup>(5)</sup>
30-50 years old	%	<b>8<sup>(6)</sup></b>	5 <sup>(5)</sup>
over 50 years old	%	<b>11<sup>(6)</sup></b>	4 <sup>(5)</sup>
<b>Lost time Injury Frequency Rate</b> <sup>(9) (10)</sup>			
Cathay Pacific	rate	<b>33.8</b>	52.1
Dragonair	rate	<b>25.2</b>	47.3
Subsidiary Staff	rate	<b>20.6</b>	18.4 <sup>(4)</sup>
<b>Number of fatalities due to CX Group operations</b>			
CX Group Staff	no.	<b>0</b>	0
Contractors working within Cathay Pacific/Dragonair premises	no.	<b>0</b>	0
Passengers	no.	<b>0</b>	0

Issue	Units	2011 <sup>+</sup>	2010 <sup>+</sup>
<b>Average hours of training per year</b>			
Flight Crew	hrs	<b>44</b>	47
Cabin Crew	hrs	<b>62</b>	38
Airport Staff	hrs	<b>32</b>	25
Engineering Staff	hrs	<b>264</b>	294
Subsidiary Staff	hrs	<b>21</b>	21
<b>Total online learning enrollments</b>	no.	<b>268,359</b>	158,287
<b>Employees covered under collective bargaining agreement</b> <sup>(11)</sup>	%	<b>2.0</b>	3.4
<b>Employees receiving performance reviews</b>	%	<b>100</b>	100 <sup>(2)</sup>
<b>Human rights screening in investment and procurement practices</b>	%	<b>100</b>	100 <sup>(2)</sup>
<b>Reported incidents of discrimination</b>	no.	<b>0</b>	1
<b>Non-compliance cases on product responsibility issues</b> <sup>(12)</sup>	no.	<b>0</b>	0 <sup>(2)</sup>
<b>Non-compliance cases on applicable laws and regulations</b> <sup>(13)</sup>	no.	<b>0</b>	0 <sup>(2)</sup>

+ Covers, CX, KA, 100% owned Hong Kong-based subsidiaries, and Air Hong Kong

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# Our Approach

## Our Approach

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- 2 Sustainable Development Strategy
- 3 Approach to Stakeholder Engagement
- 4 Approach to Managing Specific Aspects of the Business
- 5 Progress on 2011 Actions

## Our Approach to Managing Our Business Towards a Sustainable Future

At Cathay Pacific, we are committed to a journey that leads to a sustainable future. This means that our company continues to deliver financial rewards for our shareholders and brings about the benefits of the aviation industry, while not compromising the quality of life of our staff, our passengers, the communities we serve and the state of the environment.

As an airline, we face many challenges. We operate in a region that will see the biggest growth in our industry – which is positive for our business, but also brings about increased impacts on the environment and communities. Aviation is increasingly under global scrutiny due to the industry's reliance on fossil fuels, climate change impacts, increasing regulations, consumer and investor needs and other risks and liabilities associated with air transport operations. Our staff and customers expect us to be the best in everything we do; stakeholders increasingly look at how we manage our business.

In response to these increasing pressures and expectations, we have developed a Sustainable Development Strategy to embed best-in-class environmental and social practices across our business operations to ensure that our business, and the industry at large, is here for the long term.

Sustainable development underlines the core value of the Swire Group, which is also implemented across the Cathay Pacific Group. We recognise the growing and urgent need for society to address the global challenge of climate change.



**“As a Group we should always seek to be ahead of legislation rather than reacting to it: that even if the environmentally ‘clean’ way of doing something is more expensive and therefore on the face of it uneconomic, we should always, regardless of mandatory legislation, have a close look at the overall feasibility of adopting such a practice, both from the point of view of general public good and enlightened self-interest.”**

Sir Adrian Swire in 1989

We appointed engagement specialist firm, Edelman, to conduct an independent review of our Sustainable Development Strategy and activities to date. We invited comments from our directors on the Management Committee, some of whom are on the Board, on why they think sustainable development is becoming an increasingly important issue to Cathay Pacific:

**“We have to integrate sustainable development into our corporate strategy. This is an issue whose time has come.”**

**“We need to give clear directions to managers [with regards to our position on sustainable development] so that they can make decisions.”**

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**“Our young employees do not want to work for a company that doesn’t care about these issues.”**



**“Rising fuel costs and emerging carbon regulations make a stronger case for biofuels and greater fuel efficiency.”**



Our approach to managing our business is simple: to ensure we have the right infrastructure to facilitate the required improvements that may emerge in future. We do this by:

- Providing a framework in the form of a [Sustainable Development Strategy](#)
- Engaging our [stakeholders](#) regularly
- Putting in place sound [corporate governance](#) systems, procedures and practices
- Embracing '[safety comes first](#)' as an embedded philosophy in all our activities

Each of these areas is explored in detail in separate sections of this report.





# Our Approach

## Our Approach

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## Sustainable Development Strategy

We started developing a Sustainable Development Strategy in 2009 by examining the key activities and priorities across all our business functions, with a view to embed sustainability into mainstream thinking of the company and in everything we do. This resulted in five "priority areas", together with safety and sound corporate governance underpinning each area. Throughout 2011, we have been working closely with key departments, business units and subsidiaries to develop action plans under this strategy, each of which relates back to one of the Priority Areas, to be implemented in the coming five to 10 years up to 2020.



This year's report has been structured to reflect how our operations are represented under each of these priority areas.

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# Our Approach

## Our Approach

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## Approach to Stakeholder Engagement

Stakeholder engagement is central to how we conduct our business and, in our view, is a pre-requisite for long-term sustainability. It helps define our Sustainable Development Strategy as well as how and what we report. It is essential that we understand the issues our key stakeholders are concerned about, in order that our business values reflect theirs.

We follow a five-year stakeholder engagement plan to ensure we systematically engage with a range of interest groups on a regular basis, at least once every two years.

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Stakeholder Group	How we engage	Common issues that are important to this stakeholder group
<b>Customers</b>	<ul style="list-style-type: none"> <li>Reflex passenger survey</li> <li>Online feedback</li> <li>Comment cards and letters</li> <li>Social media</li> <li>Focus groups</li> </ul>	<ul style="list-style-type: none"> <li>● Safety</li> <li>● Punctuality and service</li> <li>● Customer experience</li> <li>● Crisis handling and customer relations</li> <li>● Cost of tickets</li> <li>● Environmental issues</li> <li>● Customer education on sustainability</li> <li>● Caring for the environment</li> <li>● Collaborating with the community</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Intranet</li> <li>Newsletters and briefing notes</li> <li>Consultative committees and staff forums</li> <li>Focus groups</li> <li>Organisational alignment survey</li> <li>Staff sustainability survey</li> </ul>	<ul style="list-style-type: none"> <li>● Employee relations and labour standards</li> <li>● Staff benefits</li> <li>● Training and development</li> <li>● Education on sustainability</li> <li>● Reduction of inflight waste</li> <li>● Sustainable sourcing of inflight meals</li> <li>● Volunteering and community involvement</li> <li>● Better engagement and alignment between Hong Kong and outports</li> <li>● Safety and fatigue management</li> <li>● Reduction of fuel burn</li> <li>● Moving from paper to electronic documents</li> <li>● Communicating environmental benefits of new fleet to the public</li> <li>● Adopting best international labour and contractual practices</li> </ul>
<b>NGOs/sustainability experts/the academia</b>	<ul style="list-style-type: none"> <li>Stakeholder review committee</li> <li>Focus groups</li> <li>Strategic discussions</li> <li>Event participation</li> </ul>	<ul style="list-style-type: none"> <li>● Climate change and use of sustainable fuel alternatives</li> <li>● Improving engagement with NGOs</li> <li>● Better communication of sustainability initiatives to the general public</li> <li>● Stronger influence on customers with carbon offsetting</li> <li>● Target-setting for key performance areas,</li> </ul>

		<ul style="list-style-type: none"> <li>e.g. carbon goals Carbon trading, offsetting and cost of emissions</li> <li>Biodiversity</li> <li>Investing in the next generation</li> <li>Training local personnel</li> <li>Staff satisfaction, retention and training</li> <li>Maintaining employee relations</li> <li>Community engagement, including on disaster response and relief and programme involvement</li> <li>Global approach to community investment</li> <li>Customer service</li> <li>Safety</li> <li>Having a supply chain strategy</li> <li>Promoting sustainable tourism</li> </ul>
<b>Investors and shareholders</b>	<b>Annual Report Focus groups</b>	<ul style="list-style-type: none"> <li>Improving transparency on environmental issues and supplier management</li> <li>Contextual information on reported data to help stakeholders' understanding</li> <li>Focus on customer service and cost, rather than just the bottom line</li> <li>Clearer reporting on community investment</li> <li>Providing industry and peer data for easy comparisons</li> <li>Direct engagement with investors</li> </ul>
<b>Suppliers</b>	<b>Supplier questionnaire Sustainability newsletter Focus groups</b>	<ul style="list-style-type: none"> <li>Commitment to climate change, offsetting and biofuels</li> <li>Transparency around labour relations</li> <li>Rising costs (e.g. fuel) and effects on the industry</li> <li>Collaboration with local businesses and communities</li> <li>More stringent supplier code of conduct</li> <li>Supplier training</li> <li>Communication on responsible procurement plan</li> <li>Top level governance for sustainability</li> </ul>
<b>Other businesses</b>	<b>Annual Report Focus groups Business forums</b>	<ul style="list-style-type: none"> <li>Active communication on sustainability initiatives</li> <li>Lead on climate change and resource efficiency issues</li> <li>Highest governance level takes leadership position on sustainability issues imperative</li> <li>Customer and staff safety</li> <li>Staff welfare</li> </ul>

We aim to report as transparently as possible on issues that are relevant to our organisation. We have developed a materiality matrix on sustainability issues over the years. 📌 We have carried out a process of assessing material issues as raised by stakeholders during engagement (focus groups and interviews) in producing the materiality matrix. An issue is 'material' when it substantially affects our long term commercial and operational viability. This matrix combines the Swire Group approach on identifying the risk concerns of our stakeholders and our own materiality scoring methodology which follows the principles outlined in international standards such as the Global Reporting Initiative (GRI) and the AA1000APS.

The assessment criteria of the identified risks are shown in the following tables:

## Assessing 'level of concern to Cathay Pacific's key external stakeholders'

<b>High</b>	<p><b>The issue is understood to be of concern to key stakeholder groups at an international or national level and meets two or more of the following criteria:</b></p> <ul style="list-style-type: none"> <li>● Has a high impact on society or the environment</li> <li>● Is known to be of high priority to stakeholders</li> <li>● Is strongly related to the activities of CPA and others in the sector</li> <li>● Is particularly important in enabling judgments to be formed about CPA's CR performance</li> </ul>
<b>Medium</b>	<p><b>The issue is understood to be of concern to key stakeholder groups at a national level and meets one or more of the following criteria:</b></p> <ul style="list-style-type: none"> <li>● Has a moderate impact on society or the environment</li> <li>● Is known to be of moderate priority to stakeholders</li> <li>● Is related to the activities of CPA but also many other industry sectors</li> <li>● Is fairly important in enabling judgments to be formed about CPA's CR performance</li> </ul>
<b>Low</b>	<p><b>The issue is understood to be of concern to key stakeholder groups at a national or local level and meets one or more of the following criteria:</b></p> <ul style="list-style-type: none"> <li>● Has a low impact on society or the environment</li> <li>● Is known to be of low priority to stakeholders</li> <li>● Is only indirectly related to the activities of CPA</li> <li>● Is not very important in enabling judgments to be formed about CPA's CR performance</li> </ul>

## Assessing 'current or potential impact on Cathay Pacific'

<b>High</b>	<ul style="list-style-type: none"> <li>● High current or future financial impact</li> <li>● Potential for some impact (positive or negative) on brand, reputation and key stakeholder relationships and international media attention</li> <li>● Some potential for legal non-compliance and fines</li> <li>● Some potential for positive or negative impact on operations and customer orders</li> <li>● Is part of stated strategy, policy or voluntary commitment</li> </ul>
<b>Medium</b>	<ul style="list-style-type: none"> <li>● Limited current or future financial impact</li> <li>● Potential for some impact (positive or negative) on brand, reputation and key stakeholder relationships and national media attention</li> <li>● Low potential for legal non-compliance and fines</li> <li>● Low potential for positive or negative impact on operations and customer orders</li> <li>● Is part of stated strategy, policy or voluntary commitment</li> </ul>
<b>Low</b>	<ul style="list-style-type: none"> <li>● No or low current or future financial impact</li> <li>● Potential for positive or negative local media attention, with no impact on brand, reputation and key stakeholder relationships</li> <li>● No potential for legal non-compliance and fines</li> <li>● No potential for positive or negative impact on operations and customer orders</li> </ul>

The resultant 'materiality' of our report is then reviewed by an independent Stakeholder Review Committee against the criteria of relevance and responsiveness (i.e. how we have or plan to act in consideration of this feedback).

In 2011, we engaged with staff at three of our outpost bases (with one ground staff and one cabin crew group at each outpost respectively) including Bangkok, London and Vancouver. We also spoke to our corporate customers and investors; suppliers; and environmental and social NGOs.

Focus groups or individual interviews were facilitated by an independent organisation guaranteeing anonymity to ensure impartiality and enable respondents to speak frankly.

In summary, the 2011 engagement exercise showed that Cathay Pacific continued to be perceived as one of the safest airlines globally. Most of the groups found the engagement sessions useful, and expected the company to respond to their comments. The outports engaged appeared to be less familiar with the company's sustainable development strategy and performance, which highlighted the need to improve internal and external sustainability communication. NGOs asked for continued transparency on operational impacts, clear long term goals and performance indicators, actions leading to the achievement of these goals, and on how our impacts are measured. Suppliers are keen for us to develop a supplier audit system and for them to be involved in supplier initiatives on sustainability.

This year our stakeholders said:	What we are doing:
Staff, especially the outports, do not think they are familiar with the company's sustainability strategy and performance.	A series of internal initiatives have been planned in 2012 to raise awareness and engage staff on how sustainability relates to their work.
They would like more transparency on the company's operational impacts, with clear long term goals, performance indicators, action plans and measurement of impacts.	We have been working with various departments on a set of specific targets for the key areas of our operation, which will be rolled out in 2012.
We should develop a supplier audit system.	We are putting together a framework for supply chain compliance check.



# Our Approach

## Our Approach

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## Approach to Managing Specific Aspects of the Business

### Corporate governance and risk management

Our highest governance body is the Board of Directors led by the Chairman and comprising the Chief Executive and three other Executive Directors. There are also 12 non-Executive Directors, four of whom are independent. As well as dealing with our economic performance, the Board oversees the environmental and social initiatives undertaken in the company.

The Chief Executive is accountable for the Sustainable Development Policy. This Policy is in place to help create long term value by embedding sustainable development principles and practices into the way we govern the company, manage risk and seize opportunity. Our governance structures are linked to the Swire Group's Environment and Risk Management Committees for internal audit purposes.

More information can be found in the [Corporate Governance](#) section and on p.42-45 in our 2011 Annual Report.

### Environmental management

The Sustainable Development Policy outlines our commitments such as regulatory compliance, effective environmental management throughout our operations, staff education, stakeholder engagement and the target-setting process.

The Environmental Affairs Department works with the operational teams, as well as with the Cathay Pacific Environmental Committee, Sustainable Development Steering Committee, the Climate Change Long Term Action Group, and the Swire Group Environmental Committee. The Department reports directly to the Management Committee level through the Director Corporate Affairs.

An Environmental Management System (EMS) based on ISO14001:2004 standard has been set up since 1997. Internal audits are undertaken twice a year and audited externally every three years to monitor the design and implementation of the EMS against relevant environmental regulations and policies. Opportunities for continual improvement are also identified during the audits.

Further information can be found in the [Governance of Sustainability](#) section.

### Safety management

The Airline Safety Review Committee (ASRC), which has been meeting monthly for 43 years to guide the [management of safety in Cathay Pacific](#), is supported by six departmental Safety Action Groups and Committees, four of which (Flight Operations, Engineering, Cabin and Ramp/Cargo) also meet monthly, a Fatigue Risk Management System (FRMS) Committee that meets bi-monthly, and an Occupational Health & Safety (OHS) Committee that meets quarterly.

The ASRC is made up of Directors and General Managers from key operational areas as well as the heads of the Quality, Medical, Corporate Risk and Security departments and Airline Safety Managers. Senior representatives from HAECO and HAS also attend the committee meetings. The ASRC Chairman reports to the Chief Executive after each meeting. The ASRC is under direct governance of the Board Safety Review Committee (BSRC), which meets twice yearly, and is chaired by an independent safety expert who reports on safety performance to the main Cathay Pacific Board.

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## **Sustainable purchasing management**

We aim to ensure that all purchasing practices are governed by the highest professional and ethical standards. Our Airline Purchasing and Aircraft Trading Department manage most of the purchasing requirements for both Cathay Pacific and Our Purchasing Ethics Policy outlines our expectations from our purchasing staff, including compliance with anti-bribery regulations. Our approach to sustainable procurement has been to encourage our suppliers to improve on their sustainability practices through capacity building and sharing knowledge and best practice.

The teams in our Purchasing Department understand the need to use sustainable purchasing and responsible supply chain practices, wherever practical. Suppliers to Cathay Pacific must provide clear, accurate and appropriate reporting of their progress towards achieving our Supplier Code of Conduct objectives.

## **Human resources management**

Human resources issues are managed by the respective departments in Cathay Pacific, Dragonair and our subsidiaries. At Cathay Pacific, this is headed by our Director Personnel and at Dragonair, by the Head of Personnel.

The Corporate Code of Conduct sets out our principles for acting responsibly in the course of achieving our commercial success. The Code applies to all staff of Cathay Pacific and our subsidiaries, and includes issues related to business ethics, conflict of interest, procurement, insider trading, lobbying, bribery, environment, health and safety, and respect in the workplace. Comprehensive policies have been developed to support the Code of Conduct.

To ensure that staff members are aware of these policies and their implications, they are communicated via appropriate channels including orientation and induction sessions and an intranet link provided in employee contracts.

We aim to ensure our employees are productive, competent, flexible, and operate within a healthy environment. We ensure this through a series of training and development programmes. We also strive to manage people in a way that recognises diversity.

## **Community investment management**

Our commitment to communities is a core part of our Sustainable Development Strategy. Whilst we have priority areas, we also have a flexible approach which enables us to respond to local needs and local priorities. As much as possible, we seek to engage our employees in all our community investment.

Through ongoing dialogue with our local communities, we can better understand and work to address issues and concerns relevant to their needs. In Hong Kong, we partner with local community groups, NGOs and other institutions, such as neighbourhood councils, integrated service centres, district councils, universities and schools.

Our community investment must be measured by the impact we make for the local communities. We are constantly examining international best practice and appropriate management tools to help us measure the impacts and evaluate outcomes of these initiatives.

## **Subsidiaries management**

Our subsidiaries adopt similar policies, committees and management responsibility across all areas related to sustainable development, including environmental management, human resources issues, customer service, product responsibility and community engagement. Depending on the level of impact, our subsidiaries manage issues relevant to their business, including the development of goals, monitoring data through an environmental, health and safety database and training for staff.





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## Progress on 2011 Actions

Commitments	Progress	What we did in 2011
Continue to monitor the issues raised by stakeholders since 2007, and incorporate them into our future plans where appropriate.	Ongoing	<p>We engaged with staff at three of our outpost bases (with one ground staff and one cabin crew group at each outpost respectively) including Bangkok, London and Vancouver; corporate customers and investors; suppliers; and environmental and social NGOs based outside of Hong Kong.</p> <p>Focus groups or individual interviews were facilitated by an independent organisation guaranteeing anonymity to ensure impartiality and enable respondents to speak frankly.</p>
Develop a longer term Stakeholder Engagement strategy.	Completed	We have developed a further five-year stakeholder engagement plan to ensure we systematically engage with a range of interest groups on a regular basis, at least once every two years.
Roll out the Sustainable Development Strategy within the company and develop medium to long term commitments for specific departments.	Ongoing	Throughout 2011, we worked closely with key departments business units and subsidiaries to develop action plans under this strategy, each of which relates back to one of the Priority Areas, to be implemented in the coming five to 10 years up to 2020.
Communicate non-GHG targets to staff and develop a strategy to achieve these targets.	Ongoing	Targets are being developed under the SD Strategy
Provide training to improve staff awareness of our company's corporate sustainability efforts and targets, and engage them to play a role in these initiatives.	Ongoing	This will form part of our Internal staff engagement plan to be rolled out in 2012.
Expand the Sustainable Development Report scope to include additional environmental metrics.	Ongoing	

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# Corporate Governance

## Corporate Governance

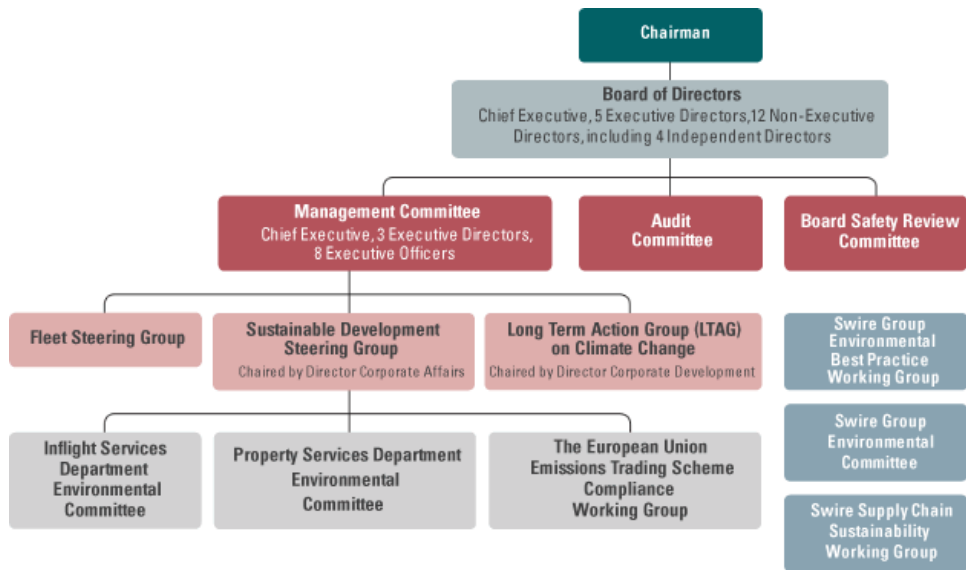
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## Governance of Sustainability

Cathay Pacific is committed to maintaining a high standard of corporate governance and devotes considerable effort to putting in place best practices in accordance with our [Code of Conduct on Corporate Governance](#).

Details of the governance structure are provided in the [Our Approach to Management](#) section and the [Corporate Governance](#) section of our Annual Report 2011 p.42-45.

The governance of sustainable development at Cathay Pacific is led by the Chairman, with the Chief Executive being accountable for the Sustainable Development Strategy. A key component of this Strategy is to encourage staff to mitigate or reduce the social and environmental impacts of the decisions they make day by day by acting responsibly. This enables us to address and integrate sustainability issues into our business and support our ability to deliver 'economic value' – i.e. profits – for shareholders. The following diagram shows the reporting lines of various sustainability committees.



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The Sustainable Development Report Review Committee and the Sustainable Development Committee were consolidated this year to inject a broader Sustainable Development Strategy remit into this committee. The committee is chaired by the Director Corporate Affairs, and comprises General Managers and Heads of Department representing flight operations, engineering, cargo, airports, property services, services, products, purchasing, finance, safety, corporate risk, international affairs, personnel, and corporate communications. It convened twice in 2011 to oversee, make decisions and provide guidance on a range of issues, such as carbon management, supply chain and food policy, biofuels, the EU emissions trading scheme, staff engagement and reporting.

## The CE's Strategy Project

In 2011, in his capacity as our new CE, John Slosar identified 35 specific strategy projects that the company must execute to be more competitive and successful – 'to be the best'. One of the projects explores how Cathay Pacific can further integrate environmental thinking into our business strategy through appropriate governance, processes

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and company culture, and what specific actions might drive this. A dedicated project team, at General Manager level, was appointed to undertake a scoping exercise, the findings of which will inform improvements to the management process that would enable best practice and management of emerging risks. The team also examined ways to increase staff and customer awareness, and support for the company's environmental direction. The project will be concluded in 2012.



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## Risk Management and Sustainable Development

The Corporate Risk Management Department (comprising risk management, legal, insurance and compliance teams) manages corporate risk and provides advice for the entire Cathay Pacific Group. The Group Risk Register is reviewed annually, with a commitment to ensuring that our risk management system is consistently in line with the AS/NZS 4360: 2004 risk management standards.

Following the roll-out of the current risk management framework to Cathay Pacific departments in Hong Kong, this framework was progressively introduced to Cathay Pacific Group subsidiaries and regional outports in 2011 in accordance with our plan. Risk briefings were held for departments, subsidiaries, outports or with particular functions/operations to understand, assess and respond to the risks, which are documented in corresponding risk registers.

Specific risks identified are assigned to a Director and undergo a process of endorsement by the Audit Committee. Action plans to respond to the risks are then developed via discussion with the relevant departments, subsidiaries or outports, and with endorsement from the Directors. Each action plan is documented together with target completion dates and the responsible parties, with progress monitored regularly to reduce the risk exposure of the Cathay Pacific Group.

Our strategy towards specific types of risks such as audit, sustainable development and safety are reviewed by specific committees. The Audit Committee reviews the adequacy of the resources, qualifications and experience of the staff of the company's accounting and financial reporting function as well as their training programmes and budget. Sustainable development risks relating to commercial and operational delivery are assessed by the Audit and the Sustainable Development Steering Committees. Airline operational safety risk is reviewed monthly by the Airline Safety Review Committee, which is chaired by the General Manager Corporate Safety and comprises Directors, senior management of all operational departments as well as our operational partners.

In the past few years, we have been identifying our environmental and social risks. We recognise that more needs to be done in this area, and after the completion of an initial climate change risk study at Cathay Pacific in 2011, we will be incorporating climate change issues much more consistently into business plans with engagement from all departments involved. This process will then expand to other sustainable development issues next year – such as environment and community issues.

Part of this process of incorporating sustainable development risks will enable us to better identify significant issues, risks or 'material' issues and summarised as a materiality matrix. We started to define a materiality matrix solely for the Sustainable Development Report in 2008, and are now expanding its use to our Sustainable Development Strategy. The graphic below is a summary of ongoing work in developing a well-defined materiality matrix for the Sustainable Development Strategy.

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## Stakeholder SD issues matrix



### Safety



Safety

### Operating Our Flights



Fuel efficiency and GHG reductions



New technology investment (biofuels)

### Interacting with Customers



Customer expectation



Offering sustainable products and services



Increasing customer awareness on sustainability issues

### Managing Our Infrastructure



Operate buildings to a high environmental standard



Manage and reduce noise



Biodiversity and conservation issues



Air quality issues



Effective resource management



Implementing sustainable sourcing practices

### Working with Our Supply Chain



Engaging suppliers and staff on sustainable procurement

### Investing in People and Communities



Staff occupational health



Staff engagement



Creating value for local communities



Engagement with local communities

Note:

This matrix indicates the relative importance and impact of issues based on our internal analysis.



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## Corporate Compliance

It is the policy and intent of Cathay Pacific, Dragonair and the Hong Kong-based 100% owned subsidiaries to operate at all times in full compliance with all applicable laws and regulations.

To support clear communication and ensure awareness of our antitrust policy and guidelines, we run face-to-face workshops, online training for new joiners and regular refresher online training for other employees. We encourage employees to report any apparent or suspected violations of our antitrust policy and associated guidelines, with strict confidentiality ensured.

In 2012, we will proactively reassess the corruption risks across the Group and make the necessary changes for enhanced compliance with the new UK Bribery Act and other applicable anti-bribery laws.

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### Progress on 2011 Actions and 2012 Agenda

Commitments	Progress	What we did in 2011
Review and update the Antitrust Policy to ensure compliance with the upcoming Hong Kong Competition Law.	Ongoing	This will be reviewed in line with the upcoming law.
Implement an adequate anti-corruption compliance programme to comply with the UK Bribery Act 2010.	Ongoing	

#### Agenda for 2012

- Reassess the corruption risks across the Group and make the necessary changes for enhanced compliance with the new UK Bribery Act and other applicable anti-bribery laws.
- To include climate change elements in the risk briefings to risk coordinators to encourage consideration of these issues when the risk register is reviewed.

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## Overview

At Cathay Pacific, we put safety first – safety is the first and most important clause of our mission statement and has been a core commitment since the founding of our airline more than 65 years ago.

- **75** ports regularly audited on safety
- **15%** decrease on moderate risk safety incidents
- **Very low risk** of an adverse event associated with flight crew fatigue

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## Operational Safety

During 2011, we continued to develop a risk-based approach to safety, as managing safety is about managing the operational risks. At Cathay Pacific, this is primarily achieved through a risk-based Safety Management System (SMS), which was accepted by the Hong Kong Civil Aviation Department (HK CAD) in 2009. Hong Kong is still one of the few places in the world to have mandated an airline SMS, placing Hong Kong and Cathay Pacific at the forefront of safety management. Our SMS defines how we manage safety as an integral part of our overall business. With a view to ensuring that our staff understand how we use the SMS to manage safety and operational risk, and to demonstrate how they can contribute to safety management, in August 2011 we rolled out an SMS e-Learning package and knowledge test for CX staff. This was well received and results to date have shown that this has improved knowledge and general understanding throughout the organisation.

## New Safety Targets

During 2011, we updated and revised the way we measure and monitor our safety performance within the airline. We now have a number of prescriptive Safety Performance Targets that are split into three categories, comprising Safety Status Indicators, Operational Performance Indicators & Management Performance Indicators. When combined, they give a measure of operational safety, fatigue, security, occupational health and safety, quality and contingency planning. These metrics are documented and reviewed on a monthly basis by the Airline Safety Review Committee (ASRC) and, where possible these safety metrics are benchmarked against other airlines, industry performance and best practices.

Our governance structure for safety is represented in the following chart:

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## Monitoring our flight safety

We continue to capture flight data from all flights operated by Cathay Pacific and through routine analysis of this data, we verify that the aircraft are operated in accordance with our normal procedures in a safe manner. We also encourage all staff to openly report all incidents, hazards, threats and errors, and safety concerns. By analysing data from these numerous sources, we are better able to manage safety on both a proactive and reactive basis.

## Monitoring safety of our ground operations

We audit the 75 ports into which we operate on a regular basis. We have also continued our work with IATA by assisting with the ISAGO (IATA Safety Audit for Ground Operations) initiative. ISAGO is an industry audit programme for ground handling companies that serve airlines. The audits are conducted in a globally standardised and consistent manner, with an aim to improve operational safety in the airport ground environment and to reduce damage to aircraft and equipment.

We are constantly looking for ways to reduce aircraft damage on the ground, and there were a number of initiatives in 2011 that focussed in this area. Cathay Pacific was one of the initial six members to share data with IATA's Ground Damage Database, which now receives data from over 20 airlines and service providers. This initiative aims to identify trends that will lead to industry improvements, such as equipment changes or better guidelines for equipment users. We met with other oneworld partners to look at ground damage amongst the member operators. The Cathay Pacific Engineering Department also initiated an arrival inspection program whereby an engineer inspects all door areas before equipment is allowed to be positioned.

## International cooperation

Part of our responsibility involves assisting other airlines and the industry as a whole in improving safety. To help guide the management of global aviation safety, Cathay Pacific attended the IATA Incident Review Meeting in October which was a gathering of around 60 airlines and organisations from around the world to share information on incidents and accidents. In addition, the General Manager Corporate Safety chaired the IATA Safety Group meetings in both Dubai and Dallas. Corporate Safety Department staff also attended safety meetings run by the Association of Asia Pacific Airlines (AAPA), and presented at the International Society of Air Safety Investigators conference in the USA. Cathay Pacific staff sit on numerous IATA Committees covering many disciplines, such as Quality, Risk,

## Charles Haddon-Cave Safety Review

In 2011, Cathay Pacific commissioned a leading international expert on aviation safety, Sir Charles Haddon-Cave, Q.C., to conduct a review of the safety systems and culture within Cathay Pacific, Dragonair, and Air Hong Kong. It was conducted over five intensive weeks in Hong Kong, where he held detailed conversations with all Directors, operational GMs, senior executives and many other staff including operating cabin crew and pilots.

Sir Charles also attended various committee and safety action group meetings, including the ASRC and the FRMS Committees, as well as meeting with representatives of the Hong Kong Aircrew Officers Association and the Hong Kong Airline Pilots Association. Finally, he observed a couple of flights on the way to and from the UK, an experience which allowed him to observe important front-line operations.

Seventy deliverable action points were collated from the Haddon-Cave safety review, covering a range of issues such as operational, technical, organisational, management, planning, risks, co-ordination between departments, staff development and culture. The next important step is to ensure we act upon the actions identified. A director has been assigned with the responsibility of oversight to each of the actions. One action point that has already been addressed was the upgrade of the Head of Corporate Safety to General Manager status to reflect the importance of safety within the airline.

Although the Haddon – Cave report made note of areas where Cathay Pacific can improve its safety systems and culture, he also found many areas where our existing procedures were world-class. "[At Cathay Pacific.] *Safety is not a department or a meeting. It is a culture of open communication and cooperation with everyone working together every day to make our airlines the safest they can be. There is a great deal that Cathay does well or very well...*".



**"Safety of our passengers and crew is front and centre of my responsibilities as chief of Cathay Pacific. I am confident that, consistent with this commitment, we have an excellent and well established safety programme. At the same time, even the best safety programmes always have room for improvement."**

John Slosar, Chief Executive





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## Safety Occurrences

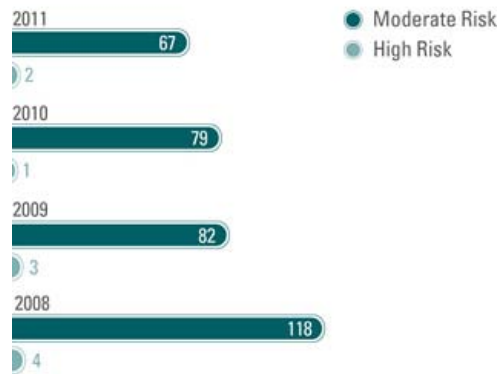
One of our safety goals is zero accidents and zero 'high risk' incidents. In 2011, there was one event classified as an accident, compared with two in 2010. There were two 'high risk' safety incidents in 2011 compared to one in 2010. Both the accident and one of the high risk events are currently under investigation, with a view to learning what we can from the events and preventing recurrence.

There was also a reduction in 'moderate risk' safety incidents from 79 in 2010 to 67 in 2011, representing a 15% decrease.

No accidents have been reported for Dragonair during the same period.

Note: Safety Occurrences include all incidents and accidents that occurred in 2011. Risk levels are determined by the Cathay Pacific risk management matrix. High risk are significant risks that require immediate attention. Moderate risks are significant risks that require appropriate mitigation and monitoring.

### Safety Incidents (Cathay Pacific)



### Events classified as accidents or serious incidents:

The accident occurred on the 9 December 2011 on CX365 when the cabin crew and passengers of a B747-400 waiting to line up for take-off in Shanghai noticed what they observed to be smoke in the economy cabin emanating from below the floor. Cabin crew reported the conditions to the pilots who, after assessing the situation, decided that an emergency evacuation of the aircraft was necessary. It was during this evacuation using the emergency slides that two passengers received injuries that required hospitalization and surgical intervention to treat ankle fractures. These injuries led to the event being classified as an accident. Further investigation revealed that in fact it was not smoke in the cabin, but atomized hydraulic fumes that had occurred as a result of a hydraulic pipe fracture under the floor in the forward cargo hold. A full investigation is under way by the Civil Aviation Administration of China, supported by the Cathay Pacific Corporate Safety Department.

The other event that was classified as a serious incident (not an accident) occurred on 5 May 2011 to CX715. In this case, an Airbus A330 aircraft departing from Singapore en route to Jakarta had a single engine failure whilst in the climb from Singapore, and subsequently returned and landed safely after the pilots dealt with the situation. The incident is under investigation by the Air Accident Investigation Bureau of Singapore with the assistance of the Cathay Pacific Corporate Safety Department.

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## Fatigue Risk Management System

### A New Approach – using a Bio-mathematical Fatigue Model

Cathay Pacific has a very complex passenger and freighter network with pilots based all over the world living in vastly different time zones. This has created a very challenging task in pilot rostering and fatigue management. Consequently, managing pilot fatigue risk is an important component of Cathay Pacific's SMS. Therefore, during 2011, we continued to develop the Fatigue Risk Management System (FRMS). The FRMS is an evidence-based, data-driven system with reactive, proactive and predictive elements that are used to continuously monitor and control fatigue risk to a level that is 'As Low As Reasonably Practical' (ALARP). The FRMS provides a mechanism by which appropriate measures, supporting procedures and training ensure that flight crew are not subjected to unacceptable levels of work-related fatigue. Employees also have a personal obligation to minimise fatigue so that they are fit for duty, and shall not perform any duty if they consider their fatigue level to be unacceptable. There are currently no HK CAD regulatory requirements for local aircraft operators to have an FRMS. Nevertheless, the one that Cathay Pacific has implemented far exceeds current HK CAD regulations pertaining to the management of pilot fatigue.

With this increasing focus on fatigue issues, Cathay Pacific has deployed a computerised fatigue calculation to assist in the analysis of fatigue risks. The model on which the software is based has been extensively validated by laboratory and research studies, as well as a number of US Government Agencies (including the US Air Force, US Army, Department Of Transportation, and Federal Aviation Administration). We believe that among all the commercially available options, we have one of the more robust and comprehensive fatigue analysis packages available. Integrating this software into our FRMS process is helping us to proactively target any systemic issues with rostering patterns, rather than simply focusing on individual patterns. For example, the software can analyse the entire monthly crew roster in a batch and then identify problematic patterns with reference to pre-defined indicators.

### Fatigue Survey Update

At the end of 2010, we conducted a pilot fatigue survey over a two-month period asking all pilots on all sectors to rate their level of alertness immediately prior to commencing a flight and just before commencing descent at the end of a flight. The survey attracted an 83% response rate. This information was analysed by an external fatigue expert who identified that approximately 5% of our flights needed some attention. Consequently, the FRMS Committee, in conjunction with Integrated Crew Management (ICM), examined these flights carefully with a view to mitigating the risk of fatigue to the ALARP level. ICM subsequently introduced a number of changes to address the identified concerns. We will continue to further develop and progress our FRMS. Current data indicates that Cathay Pacific's risk of an adverse event associated with flight crew fatigue is very low.



**A comment from Captain Darryl Soligo, Aircrew Officers Association Technical and Safety Committee, FRMS Committee Pilot Representative, and Training Captain at Cathay Pacific:**

"In the world of 24/7 flight operations, it is practically impossible to eliminate the fatigue risk on flight crew entirely, therefore greater emphasis must be placed on determining what is an acceptable or unacceptable fatigue risk, and devising strategies to reduce that risk even further where possible.

Traditionally, airlines have relied upon prescriptive Flight Time Limitations (FTLs) to mitigate the fatigue risk with their flight crew. While the FTLs, to some extent, are based on sound circadian principles, their 'one size fits all' approach has significant limitations.

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FRMS, on the other hand, takes a more holistic approach to fatigue management, looking beyond what is simply legal or not legal, but rather at what makes sense physiologically.

Cathay Pacific has demonstrated itself as an industry leader by early adoption of FRMS as an integral part of their Safety Management System. FRMS is another example of our commitment to making Cathay Pacific one of the world's safest airlines."



An FRMS was also launched at Dragonair in November 2011. Further progress updates and will be provided in the next report.





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**Passenger Safety**

In 2011, Cathay Pacific and Dragonair flew a combined 27.6 million passengers. There were zero fatalities.

**Assessing new cabin products**

We continue to conduct comprehensive risk assessments of all new cabin products, to ensure that the cabin not only meets but often exceeds the industry's stringent requirements. To ensure that passengers with disabilities are given appropriate consideration and with a view to minimising the possibility of injury both to the passenger and care assistants, we have introduced extra large lavatories on our B777-300ER aircraft with the capability of allowing a wheelchair to be manoeuvred within.

**Inflight medical support**

All Cathay Pacific aircraft are able to call upon 24/7 medical assistance through the use of the Medlink system. This system ensures that, regardless of where the aircraft is flying, there is always a medical specialist that can be contacted inflight to assist with the diagnosis and treatment of any passenger or crew illness. All crew are trained in cardio-pulmonary resuscitation (CPR), and we carry automated external defibrillators (AEDs) on all our aircraft, which all crew are trained to use. Last year we consulted Medlink for advice on more than 1,250 inflight medical situations.

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## Food Safety

We continue to do our utmost to serve meals that meet the highest levels of food safety and hygiene. We work with caterers to create well-balanced meals, minimizing the use of trans-fats, and follow our policy on no monosodium glutamate. Our policies on food safety and hygiene are based on recognised standards, such as the World Food Safety Guidelines for Airline Catering. Our caterers must comply with our strict food safety requirements and they are measured and monitored through our robust audit programme.

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### Staff Safety

There were zero staff fatalities in 2011, and zero serious work-related injuries.

2011 saw a continued emphasis on improving Occupational Health & Safety (OH&S) for all staff groups. One staff group that needs particular attention as a consequence of the specialist working environment is our cabin crew. All new joining crew complete an e-learning module related to OH&S as part of their induction training, and an annual half-day training session on manual handling skills. In addition, the Inflight Services Department and Corporate Safety Department have expanded attendance at the general safety talks to Inflight Service Managers and Senior Pursers. We reviewed the content to focus on leadership, SMS and improving OH&S by engaging other crew members.

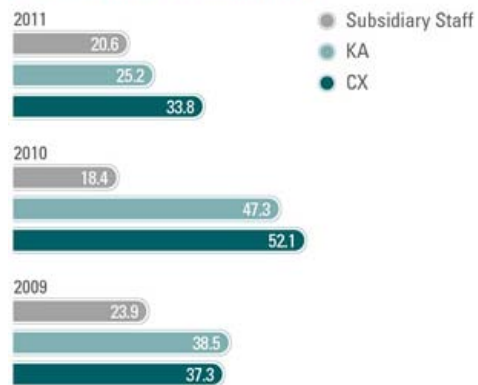
Galley services and equipment accounted for the majority of the causes of the cabin crew injuries in 2011. Therefore, a great deal of attention continues to focus on reinforcing safe working practices. In addition, we have re-designed galley stowage facilities with a view to minimising crew injuries. Given that many aircraft fixtures and equipment are industry standard, we engaged the Hong Kong Productivity Council to develop various tools and equipment to help reduce injury risk arising when crew use cabin overhead stowage bins and the food and drink trolleys and carts.



We issue regular internal Cabin Crew Safety Newsletters to all cabin crew with monthly safety and OH&S updates and communications to refresh and share important safety information.

As a result of the extensive work undertaken in 2010 and 2011 to improve the OH&S and reduce crew and staff injury, the overall Lost Time Injury Frequency Rate (LTIFR) reduced by 7.9% on the previous year. In addition, in 2011, Cathay Pacific increased work injury reporting to include ground staff at all outports across the network, and not just those working in Hong Kong. This improved reporting initiative increased the total workforce covered by approximately 3,900 staff members. The low work injury rates amongst this particular group contributed to the overall LTIFR reduction observed.

### Lost Time Injury Frequency Rate



We continue to work closely with our work injury rehabilitation provider to better manage any injuries that occur, and to better understand the reasons for any injury. We also continue to take steps to minimise the amount of excess baggage being brought into the aircraft cabin and educate our customers on the problems that excess cabin baggage can cause. In 2011, we assessed cabin crew's functional capability to carry out manual handling activities as part of their OH&S training. There was also a focus on safety and OH&S during cabin crew promotion training, and we are now exploring the introduction of a Behavioural Safety course for cabin crew.

### Cosmic radiation

Detailed educational information on cosmic radiation is provided on the Company website. We monitor the exposure

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of all of our flight crew and make this information available to each person. We will take necessary actions to ensure that all crew remain at levels below the recommended occupational limits.



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## Alcohol & Other Drugs Policy

Cathay Pacific has a responsibility to manage public and workplace safety to very high standards. Safety may be impacted by many factors, including the use of alcohol and other drugs. The aim of our Alcohol and Other Drugs Policy and Programme is to educate employees and managers on issues related to alcohol and other drug use and promote and maintain work place safety. A balanced programme is one that creates a supportive environment for those in need of help; but also demands a workplace free of alcohol and other drugs, delivering benefits in terms of safety, productivity and morale. The Programme supports employees and managers so they can fairly and effectively deal with issues related to employee alcohol and other drug use before they affect workplace safety, result in an accident or incident, or significantly affect employee health and work performance.

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### Public Health

Cathay Pacific monitors public health outbreaks closely to ensure that we protect the health and safety of our front line employees as well as the travelling public.

We monitor infectious disease outbreaks on an on-going basis and provide educational information as appropriate. A cross departmental task force may be activated in situations where there is potentially high risk and preventive steps are taken to ensure that any impact to our operations, staff and customers are minimised.

Food related incidents involving staff or passengers are investigated and action steps taken as appropriate.

We have a periodic schedule to test the water supply (both water heaters and tanks) as well as the air quality in our headquarter buildings.

### Cabin air quality

All passenger aircraft are fitted with high efficiency air particulate (HEPA) filters that remove more than 99.7% of particulates and airborne bacteria. These are maintained and changed accordingly to the manufacturer's guidelines. Cabin air quality is randomly monitored and meets all relevant standards.

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### Cathay Pacific Safety Performance Targets

#### Achievements against CX safety performance targets Key Performance Indicators (KPI) (2011)

	Target	Actual
<b>Accidents</b>	Zero	1
<b>High Risk or Severe Incidents</b>	Zero	2
<b>Moderate Risk Incidents</b>	Below 1/1000 sectors	0.68/1000
<b>IATA Operational Safety Audit (IOSA)</b>	Maintain 100% conformance	100% – IOSA renewal due in June 2012
<b>Regulatory Report Rates</b>	Below 4/1000 flights	3.8/1000
<b>Line Operational Safety Audit (LOSA)</b>	Every 4 Years	√ Next LOSA in 2013
<b>Simulate an Aircraft Accident &amp; Emergency Response</b>	Each Port Every 24 Months	√

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**Progress on 2011 Actions and 2012 Agenda**

Commitments	Progress	What we did in 2011
Launch of a new work injury rehabilitation programme for HKIA airport staff.	Ongoing	
Launch an SMS e-learning module.	Completed	In August 2011, we rolled out an SMS e-Learning package and knowledge test for CX staff to complete.
Launch an aircraft damage prevention programme.	Completed	This is an ongoing programme where we are constantly looking for ways to reduce aircraft damage on the ground. In 2011, Cathay Pacific was one of the initial six members to share data with IATA's Ground Damage Database, which now receives data from over 20 airlines and service providers. We also met with other <b>oneworld</b> partners to look at ground damage amongst the member operators. In addition, the Cathay Pacific Engineering Department initiated an arrival inspection program whereby an engineer inspects all door areas before equipment is allowed to be positioned.

**Agenda for 2012**

- Benchmark CX safety performance against other airlines and industry performance
- Introduce Behavioural Safety as part of the safety and OH&S training course for cabin crew
- Update on the FRMS at Dragonair

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### Overview

- **11.6%** ATK improvement since 1998
- **19.8%** RTK improvement since 1998
- Aircraft are **75%** more fuel efficient now than those in the 1960s
- **17,967 tCO<sub>2</sub>** offset in 2011 by staff and passengers ▲
- Noise footprint of new aircraft is **15%** of those replaced

As a business, mitigating the impacts of climate change remains one of our key environmental challenges. We are committed to working with our partners in managing our carbon emissions. We are actively contributing to global efforts in reducing aviation's overall impacts, through new technologies, better operating procedures and sustainable biofuels. Further work is being done on improving our understanding on the risks climate change poses to our business and the adaptation strategy that should be adopted.

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### Climate Change

Emissions from our flights form the largest part of our business' operational carbon footprint. Mitigating climate change impacts and adapting to climate change risks is therefore the biggest environmental challenge facing our business today. We acknowledge that, as a responsible business, projected increases in our emissions cannot be left unchecked, and we are therefore deeply committed to reducing these impacts – a concrete example is our full support of the International Air Transport Association (IATA)'s climate change commitments:

#### We support IATA's climate change commitments

- 2010 > An average improvement of fuel efficiency of 1.5% per year
- 2020 > A cap on aviation CO<sub>2</sub> emissions from 2020 (carbon neutral growth)
- 2050 > Aspiration for 50% reduction in net CO<sub>2</sub> emissions over 2005 levels

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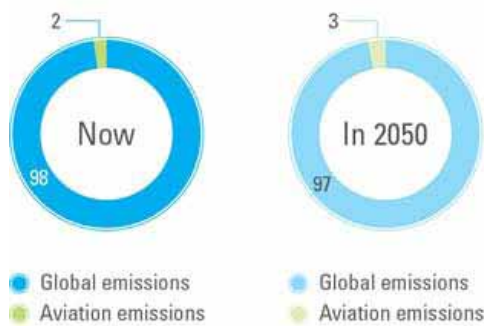


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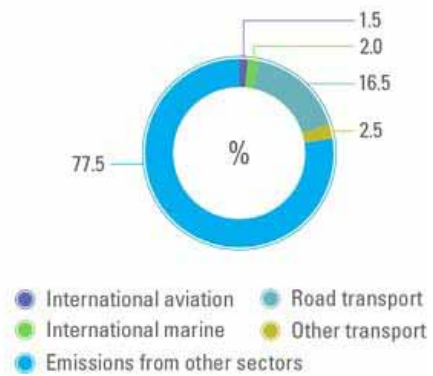
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Climate Change Science – Aviation

Global man-made GHG emissions (%)



Comparison of aviation CO<sub>2</sub> emissions vs other forms of transport (%)



According to the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA), aviation currently accounts for 2% of global emissions from human activity, in absolute terms of 649 million tonnes of CO<sub>2</sub> in 2009 from a global total of around 30 billion tonnes. As aviation grows to meet increasing demand, the IPCC has forecasted that by 2050, this could rise to 3%. While the forecast emissions for 2050 can vary significantly, it does highlight the challenge that the aviation industry faces in the next 40 years.

Aircraft contribute to climate change through the emission of oxides of nitrogen (NO<sub>x</sub>), soot, sulphate aerosols and water vapour. These impacts are summarised on the right:

Non-CO <sub>2</sub> Emissions	Nature of Impact
NO <sub>x</sub>	Increases the GHG ozone: warming effect Destruction of methane: cooling effect
Water vapour	Forms condensation trails: in exhaust air, warming effects dependent on altitude, location and atmospheric conditions
Sulphate Aerosols	Reflect incoming solar radiation: cooling effects
Soot	Small warming effect

Source: IPCC

Uncertainty remains within the scientific community regarding the full impact of other GHGs in the upper atmosphere. In 2007, the IPCC estimated these effects to be two to four times greater than those of aviation's CO<sub>2</sub> emissions alone, and by 2050, aviation's total climate change contribution, including CO<sub>2</sub> and other effects, could rise to 5% (with a worst-case scenario of 15% of human emissions). However, the IPCC acknowledges that there is still uncertainty and the non-CO<sub>2</sub> impacts of aviation are the subject of intensive academic research.

In light of uncertainty about the cumulative or 'multiplier' impacts of other aviation-related GHGs, we continue to focus our efforts on reducing our CO<sub>2</sub> emissions while monitoring the latest atmospheric science research findings of the relevant organisations and research institutes. These include the Goddard Institute of Space Studies (GISS) at the National Aeronautics and Space Administration (NASA) and the Institute of Atmospheric Physics at the German Aerospace Centre (DLR). To increase our own understanding – and that of the industry as a whole – of these impacts, we will be participating in actual monitoring; this initiative is discussed later in the [report](#).

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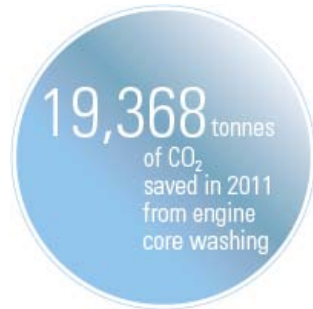
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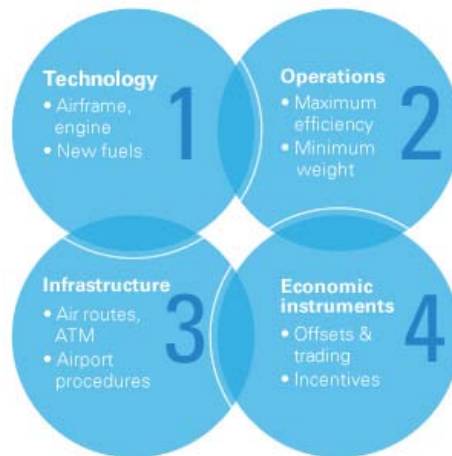
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### Fuel Efficiency – A 30 Year Story

Our operating culture of fuel efficiency has been embedded since our first non-stop long haul flights from Hong Kong to London in 1980 and Hong Kong to Vancouver in 1983. Reducing weight onboard these two routes enabled us to offer a unique and competitive service to our customers. Various teams within Cathay Pacific worked on implementing innovative initiatives such as a fuel monitoring system; use of core washing; introduction of lighter weight onboard equipment (for example, food carts and cargo container boxes) and utilising flight techniques and flight planning systems that reduce fuel use – which have been part of the airline’s standard operating procedures for the past 30 years. We believe this has allowed us to operate our aircraft in a highly efficient manner, and to a certain extent, play a part in buffering against adverse conditions such as additional carbon charges and rising fuel prices.



Our fuel efficiency initiatives in these 30 years reflect the IATA four-pillar strategy:



In 2011, apart from the operational efficiencies embedded in our operations, our achievements on fuel efficiency included:

- *Fleet modernisation* – We received three more A330-300s; six Boeing 777-300ERs and four Boeing 747-8Fs. We now have a total of 24 Boeing 777-300ERs, powered by two highly efficient GE90 engines, which form the backbone of our ultra long-haul fleet, where the greatest fuel efficiency improvements of 26-28% are realised.

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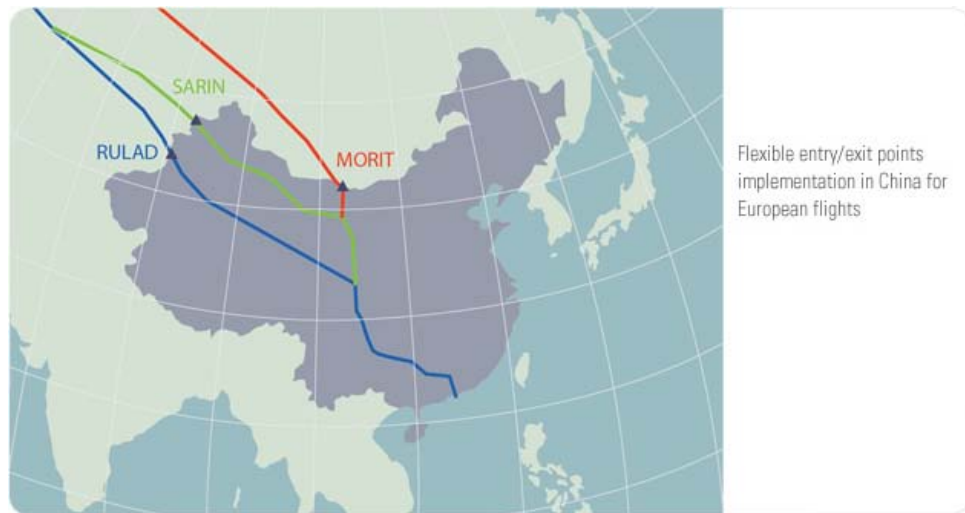
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### Boeing 777-300ER fuel efficiency features

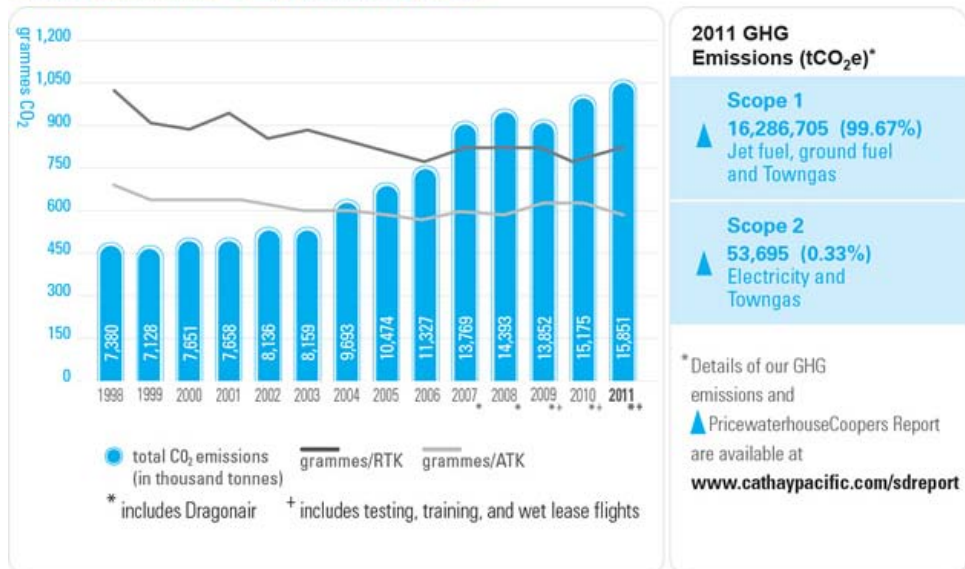


- *Route improvements* – Flexible entry/exit points implementation in China for European flights; and Reduced Vertical Separation Minimum (RVSM) implementation in Russia, Afghanistan, Mongolia and the Commonwealth of Independent States.



Specific details on our past improvements can be found in our [previous reports](#).

### Global CO<sub>2</sub> Emissions – Cathay Pacific Group Fleet



In 2011, we recorded an increase of 4.5% in our CO<sub>2</sub> emissions, bringing together a total of 15.9 million tonnes of CO<sub>2</sub> emitted from fuel burn, which is in line with the operational growth of the airline.

As the volume of passengers and cargo we carried in 2011 (known as revenue tonne kilometre – RTK) grew less than the capacity we added – either by supplying more seats/space by flying more aircraft or more frequently (known as available tonne kilometre – ATK) – there was an improvement in CO<sub>2</sub> efficiency per ATK this year, but not per RTK. In 2011, our total carbon efficiency relative to ATK has improved 11.6% since 1998 (compared to 8.7% last year). Since 1998, our carbon efficiency relative to RTK has improved 19.8%, which is less than the 23.4% improvement achieved in 2010.





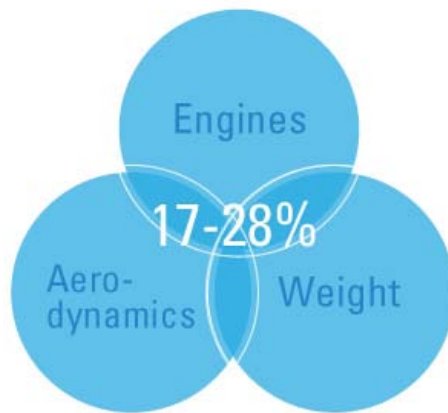
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The Future – biofuels and new technologies

**Enhanced Fuel/CO<sub>2</sub> Efficiency**

Improve fuel efficiency and CO<sub>2</sub> emissions by at least 17% over existing aircraft



Source: Airbus Industries, Boeing Company, Cathay Pacific

Our ongoing fleet modernisation programme – purchasing the most fuel efficient aircraft that is appropriate for our operations – is one of the most significant ways that an airline can reduce its environmental impact.

For our passenger aircraft fleet, we will have received delivery of a total of 50 Boeing 777-300ERs by 2015, and 32 Airbus A350-900s and -1000s by 2019. On the freighter side, we are expecting delivery of six Boeing 747-8Fs and eight Boeing 777-200Fs in the next few years. From now to the end of this decade, we will be taking delivery of over 90 aircraft, which, according to Airbus Industrie and the Boeing Company, will provide a combined range of fuel efficiency improvements of 17-28% compared to the aircraft these will replace.

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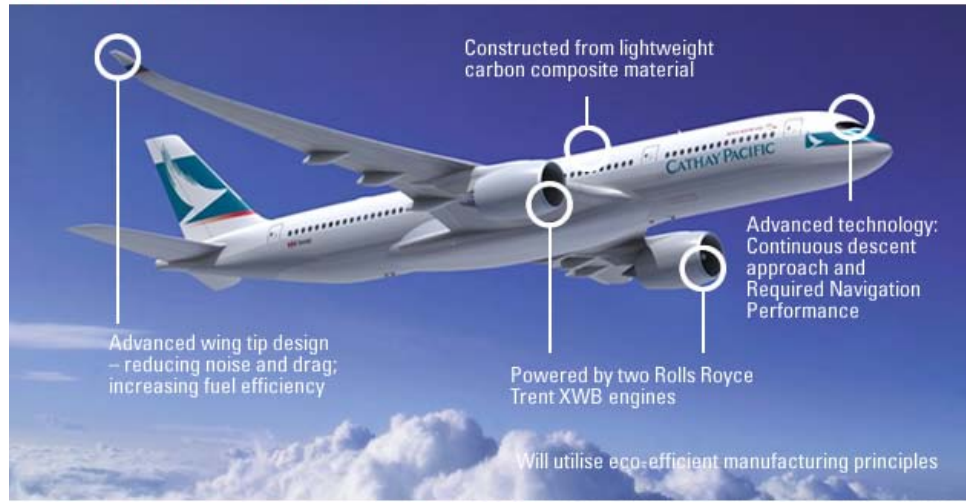
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Boeing 747-8F fuel efficiency features



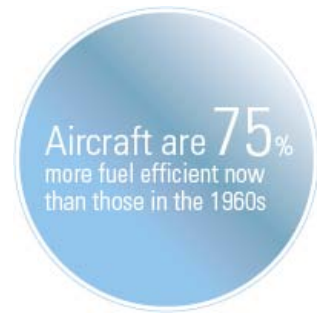
- Four ultra-high-bypass GEnx-2B engines featuring composite fan blades, lightweight composite fan casings and low emissions combustors
- Advanced rake wing tip using composite materials to reduce weight, fuel burn and emissions
- Both of the above: further reduce fuel consumption and fleet maintenance costs
- Greater operational efficiencies from advanced avionic systems available on the flight deck
- Smaller noise footprint aided by improved engine technologies, inlet acoustic treatments and aerodynamics

## Airbus A350-900 fuel efficiency features



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The reality is our industry is highly reliant on technological advancements to get us to where we need to be by 2050. While we expect to take delivery of what are still considered conventional aircraft designs, we are increasingly seeing significant changes in aircraft technology through increasingly efficient engines, improved aerodynamics, weight reduction through use of composite materials, eco design and end-of-life aircraft initiatives, onboard systems to minimise fuel burn and sustainable aviation biofuels.



We recognize the amount of research and development effort that goes into designing, testing and manufacturing a new aircraft and the significant investment and risk associated with bringing a new product to market. But this is the challenge of climate change – where a step change through radical designs and technology is imperative in meeting our climate change targets. We will work with the manufacturers and developers so that these technologies can be brought to the forefront.

One such example of working together is on the issue of sustainable aviation biofuels. As a member of an industry coalition, the Sustainable Aviation Fuel Users Group (SAFUG), we are united in our desire to accelerate the commercialization of sustainable jet fuel, including subscribing to a set of sustainability criteria to ensure that these biofuels do not compete with food and drinking water supplies, biodiversity and local populations.

We are a member of the Roundtable on Sustainable Biofuels (RSB), an international initiative hosted within the Swiss Federal Institute of Technology in Lausanne (EPFL), Switzerland, along with more than 120 organisations around the world. In addition to being a certification body for sustainable biofuels, the RSB actively involves its members in the development and implementation of the RSB Global Sustainability Standard, a global standard for sustainable production, conversion and use of biomass.

Cathay Pacific is involved with the formation of SAFUG Asia, to support the development of lower carbon renewable fuels for commercial use in the region. To this end, we assisted Air China on their test flight who has been working jointly with Boeing, Petro China, UOP and other key stakeholders to implement the first biofuel flight in China. This took place in October 2011.

In 2011, we hired a dedicated Biofuels Manager and developed a sustainable aviation biofuels strategy which will drive our efforts for the next five years.

Despite advancements made on technology, we are reliant on the work of governments and regulators to ensure that we are allowed to fly the most efficient routes and operate in the most efficient manner during take-off and landing. For example, Air Navigation Service Providers (ANSPs) must work with regulators in areas such as the European Union (EU), the United States and China to increase efficiencies in the global air traffic management system, which could reduce the industry's CO<sub>2</sub> emissions by at least 12% of its emissions, roughly around 78 million tonnes of CO<sub>2</sub>.





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## Economic Measures – Emissions Trading and Carbon Offsetting

### Emissions trading

While Cathay Pacific supports emissions trading as one of the interim solutions to reduce aviation’s emissions, we do not support the imposition of the European Union’s Emissions Trading Scheme (EU ETS) to carriers based outside of Europe for several reasons. These include distortion of the market, additional bureaucracy and cost, but most significantly, no guarantee that revenue generated from the scheme will be directed into funding much needed climate change initiatives.

We have been calling for aviation emissions to be regulated under a global sectoral scheme under the UN’s ICAO (International Civil Aviation Organization) (as opposed to regional schemes such as the EU ETS) for three years now, which we believe is more appropriate for the global nature of the industry. Despite our strong opposition, we have been working in full compliance with the EU ETS regulation.

We have been working with the Aviation Global Deal (AGD) group for a global solution to emissions that meet environmental and developmental needs whilst ensuring a level playing field in our industry, in full support of ICAO.

In addition, in 2011, our Head of Environmental Affairs was appointed to IATA’s Climate Change Task Force which is leading the industry’s work to develop airlines’ commitment to carbon neutral growth for 2020 and to develop proposals for a global agreement on emissions under ICAO’s leadership.

It is inevitable that increased costs from the EU ETS will be passed on to the passengers. To an extent, this depends on carbon prices, and it is under assessment.

### Carbon offsetting

FLY *greener*, the first carbon offset programme launched by an Asian airline in 2007, is part of our ongoing effort allowing passengers to contribute to projects that reduce CO<sub>2</sub> emissions, and increase awareness of climate change issues. More information on this programme and the projects we offer, including our unique corporate carbon offset programme for corporate clients, can be found at [www.cathaypacific.com/flygreener](http://www.cathaypacific.com/flygreener). Based on the carbon emissions calculated for the specified flights, the attributable monetary contributions go directly to fund third-party validated projects that help to offset the carbon dioxide generated by those flights. All of the projects we offer are certified under the Voluntary Carbon Standard (VCS) to ensure that they are verifiable, credible and make a difference to local communities and to the environment.

In 2011, 3,392 tCO<sub>2</sub> were offset by our passengers, including several companies in Hong Kong, China, and Taiwan, representing an increase of 10% from 2010.

Cathay Pacific and Dragonair also offset the CO<sub>2</sub> impacts of staff travelling on business, amounting to 14,575 tCO<sub>2</sub> at an approximate cost of HK\$788,000.



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Current portfolio of projects supported under FLY *greener*:

Run-of-river hydropower project	Pearl River Delta, Guangdong Feeds into the Southern China Power Grid
Set of 95 small run-of-river hydropower stations	Chongqing, Guizhou, Sichuan Yunnan Links to the Southern China Power Grid for the Pearl River Delta
Set of 23 wind turbines	Shandong



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## Understanding Climate Change Risks

As part of our overall risk management process, this year we specifically identified issues and events related to climate change that could affect our business. These ranged from severe disruptions brought about by a changing climate, pandemics, resource scarcity and impacts to our supply chain. While this work is still ongoing, our initial findings show that we have some of the contingency plans in place as part of dealing with weather-related disruptions; but also that more work needs to be done to understand the full impact of climate change to our business. We are exploring the use of scenario planning tools and methodologies to assist us in developing our understanding of climate change.

In 2012, we will be working not only on this issue internally, but also with like-minded companies in Hong Kong through the Climate Change Business Forum (CCBF), of which we are a member. CCBF is planning to embark on a climate change risk study in Hong Kong that is aimed at understanding the appropriate tools and information Hong Kong and its companies need to better prepare to adapt to climate change.

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### Contributing to Climate Change Science

To assist in increasing understanding of climate change science in the atmosphere, Cathay Pacific signed a memorandum of agreement with In-service Aircraft for a Global Observing System (IAGOS), which is part of the European Commission's European Strategy Forum on Research Infrastructures. Its aim is to conduct long-term monitoring of climate change contributors such as aerosol, cloud particles and atmospheric composition through the use of installed equipment on long-haul aircraft of international airlines, where satellite collections are not feasible. The results will form part of a database for science and policy users, including the provision of real time data for weather prediction, air quality forecasting and climate models. More information can be found on their website: [www.iagos.org](http://www.iagos.org).

In 2011, we prepared to install the necessary scientific equipment onto one of our Airbus A330 aircraft for use in monitoring. We are also one of three Asian airlines who will be participating in this project. We will provide updates on this in next year's report.

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### Engagement with Other Businesses

Cathay Pacific hosted the 4<sup>th</sup> Asia Pacific Business Sustainability Council (APBSC) conference 'Climate Responsiveness for Asian Business' organised by Conservation International at our headquarters in Hong Kong. The two-day conference, attended by 90 delegates from around the region, provided a platform on which businesses from different industries could discuss the challenges they face in dealing with climate and carbon issues, and share their experiences in a closed-door setting.

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## Other Inflight Impacts

### Fuel jettisons

The jettisoning of aviation fuel from an aircraft is an extremely rare event. This only takes place when there is a need to reduce aircraft weight mid-flight, so that its weight reaches the level recommended by the aircraft manufacturer to enable it to land safely, for example during an emergency landing. In an emergency, fuel can be released from the aircraft's wingtips and, when activated from the cockpit, a fuel dump system can release fuel into the air, if necessary. It is recommended that jettisoning fuel is carried out over the sea, or, if this is not possible, at above 10,000 feet to allow it to evaporate before it reaches the ground. In 2011, 15 instances of fuel jettisons were recorded for Cathay Pacific flights, leading to 832 tonnes of fuel being released. There were no such cases from Dragonair.

### Noise management

We work closely with the Hong Kong Civil Aviation Department (CAD) on mitigating noise impacts around the airport. The new aircraft on order for our fleet are rigorously designed such that their noise footprint is 15% of that of the aircraft they replace.

In 2011, the number of noise infringement warnings we received from the Frankfurt airport were slightly up compared to 2010, but was halved at Brussels airport, while there was an increase at Manchester. This was due to operational delays which led to our flights departing later at night, and hence exceeding a more stringent noise threshold. Fines relating to noise infringement at London Heathrow Airport came down drastically, which is a result of our noise abatement deployment strategy of arranging quieter aircraft such as the Boeing 777-300ER instead of the Boeing 747-400s on these routes to alleviate noise impacts around Heathrow airport.

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Progress on 2011 Actions and 2012 Agenda

Commitments	Progress	What we did in 2011
The FLY <i>greener</i> website to be made available on mobile phones.	Ongoing	We will continue to work with the relevant departments.
Improve the FLY <i>greener</i> online booking touch point for customers.		

Agenda for 2012

- Roll out specific climate change related targets
- Use of scenario planning tools and methodologies to help us understand climate change
- Update on the IAGOS project

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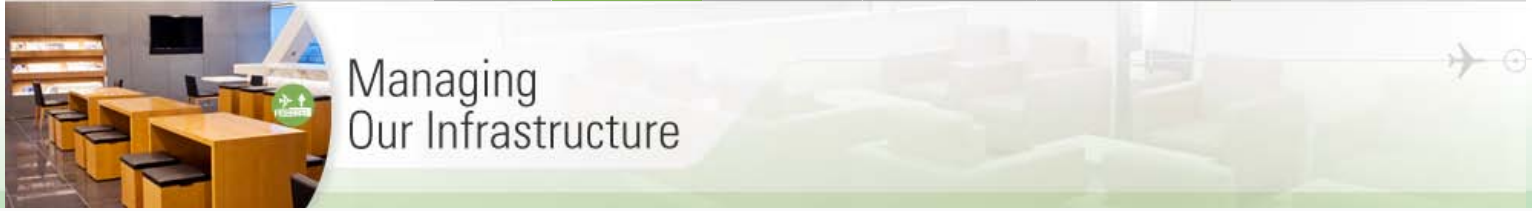
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## Managing Our Infrastructure

### Managing Our Infrastructure

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**Air Quality and Emissions on the Ground**

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Inflight waste & recycling

#### Water

#### Sustainable Buildings

Headquarters

New cargo terminal

#### Hong Kong International Airport Expansion Plan

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### Overview

- HAS **25%** vehicles are Euro IV, Euro V or electric ground service equipment with lower emission levels
- Vogue **6.4%** less perchloroethylene used compared to 2010
- Adoption of electronic cargo airway bills
- Hong Kong takes first place on IATA's list of Top Ten Origin Locations for the number of e-Freight shipments since August 2011
- Over **4,000** passengers use the Cathay lounges at the Hong Kong International Airport everyday

Our ground operation is an area where we are working hard to reduce our footprint, primarily from electricity consumption of our buildings and equipment stock, vehicular emissions, resource use and waste generation.

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### Air Quality and Emissions on the Ground

Air quality around the airport is monitored by the Hong Kong Government. In recent years, local air emissions from aviation in Hong Kong have been calculated at 6% for nitrogen oxides (NO<sub>x</sub>), 3% for carbon monoxide (CO) and 2% for other air pollutants.

In addition to our flight operations which contribute to local air quality, together with all our subsidiary companies, we continue to work on our infrastructure in order to reduce emissions from our ground operations.

Our wholly-owned subsidiary, Hong Kong Airport Services (HAS), has the largest vehicle fleet in the Group, and is the largest ground handling agent in Hong Kong, serving 33 airlines. In line with its vehicle replacement plan, HAS replaced four crew shuttle buses with Euro V standard vehicles in 2011. It is anticipated that phasing out of all pre-Euro and Euro I cars in the fleet will be completed by 2012 when the remaining four pre-Euro and Euro I vehicles still in service are replaced. In total, 25% of its 533-strong fleet now comprise lower emission vehicles that meet higher standards, including ten Euro IV, seven Euro V vehicles and 136 electric ground support equipment (GSE)/vehicles.

HAS has successfully trialed and has ordered seven sets of the POSICHARGE Fast Charging System for its electric GSE, which are expected to be put into service next year. Their implementation is expected to save up to 20% on electricity. To further improve efficiency, HAS refuels its vehicles at night-time and moves them to the location where they will be used the next day, thus saving on operational time and fuel consumption. A real-time task allocation system has also been tested, which helps improve logistics and reduces unnecessary travelling of GSE/vehicles. Further testing and fine-tuning of this system will be undertaken in 2012.



Overall, compared to 2010, HAS has reduced electricity consumption by 5.5% per thousand air traffic movement (ATM) and reduced fuel consumption by 2.9% per thousand ATM in 2011.

Vogue Laundry Services is another wholly-owned subsidiary of Cathay Pacific. It employs over 600 staff and serves over 18 airlines, 25 hotels and has a daily output of 261,000 items, equivalent to 77 tonnes of laundry. It is the first laundry in Hong Kong to be certified to the ISO 14001 environmental management standard and the OHSAS 18001 occupational health and safety standard.

Over the past few years, Vogue has been actively exploring ways to reduce emissions through active carbon absorption in the dry cleaning machines and from perchloroethylene, which is a volatile organic compound (VOC) consumed in the dry cleaning process. Consumption of this solvent has been reducing and in 2011, it was 6.4% less than in 2010. Vogue also switched from a diesel boiler to a dual fuel boiler utilising Towngas and ultra low diesel at a 75:25 ratio, which helped reduce CO<sub>2</sub> emissions by 12% when compared to the same period in 2010.

Vogue runs a fleet of 28 vehicles for its collection and delivery services. In 2011, one new Euro IV truck, one new Euro V truck and one Euro IV van were added to the fleet, with a further two Euro I and two pre-Euro I trucks phased out. It is anticipated that the remaining ones will be phased out completely by 2012.



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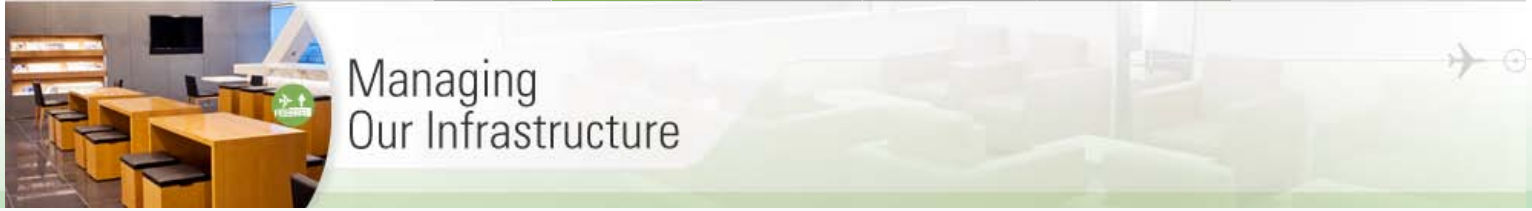
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Cathay Pacific Catering Services (CPCS), a 100% subsidiary of Cathay Pacific, serves 36 airlines and is one of the largest flight kitchens in the world. This year, air cool condensers in the blast chillers were replaced by more energy-efficient water cool condensers, saving 82,080 kW between September and December. The kitchen boilers switched to the use of Towngas since June, which consumed a total of 67,404,528 megajoules (MJ) up till December. CPCS also continues to have a dedicated purchasing team to source sustainable seafood. Four Euro IV trucks were delivered in 2011.



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### Resource Use

It is important to manage the procurement of the materials we use regularly as a way of reducing the impact of our operations. We are constantly examining options whereby we can reduce resource use, or use materials from sustainable sources.

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### In Our Offices

We continue to make progress on sourcing sustainable materials for our products. This year, all regular marketing collateral distributed from Hong Kong, as well as a number of internal newsletters, were printed on Forestry Stewardship Council (FSC) paper. Further information can be found in our previous reports, and has been summarised [here](#).

Migration to electronic means of communication has also facilitated the reduction in paper consumption in many areas. This has happened in a number of ways within the Group in 2011:

- The revamp of Cathay Pacific Holidays' intranet has reduced the amount of paper used for printing forms and distributing internal announcements. They have also begun switching over to an advanced booking system, NABS, for air and hotel travel products, which can be linked up with the upcoming new Cathay Pacific passenger service system (PSS). NABS will facilitate online booking, automatically generate confirmation and tickets via email, and thus eliminating the need to send out paper documentation in information packs.
- At HAS, from 2011, all operational and corporate manuals, company notices and forms were moved to an electronic library on its intranet, and all payslips were also distributed electronically.
- At Cathay Pacific, following consultation with our cabin crew and a review of how Service and Quick Reference Guides were distributed, we have started moving some of these documents and updates online, with a view to ultimately removing hardcopies from circulation.

We have also been exploring the use of alternative materials for our plastic bags. In 2010, Vogue initiated a switch to biodegradable plastic carrier bags, a process which was successfully completed in 2011.

### Use of sustainable paper sources

	Mixed source FSC certified paper	Recycled paper
<b>Ground-based</b>	<ul style="list-style-type: none"> <li>■ CPCS customer newsletter 'Food for Thought' (2010)</li> <li>■ All paper marketing collaterals (2010)</li> <li>■ Calendars and diaries (2010)</li> <li>■ Sales marketing leaflets (2010)</li> <li>■ Copying and printing paper at CX, KA, CX Holidays and HAS offices (2010-2011)</li> </ul>	<ul style="list-style-type: none"> <li>■ Cathay Pacific monthly staff newsletter 'CX World'</li> <li>■ Dragonair monthly staff newsletter 'Dragonews'</li> <li>■ Cabin Crew Newsletter</li> </ul>
<b>Inflight</b>	<ul style="list-style-type: none"> <li>■ Meal tray cards (2010)</li> <li>■ Safety cards on all aircraft (2011)</li> </ul>	

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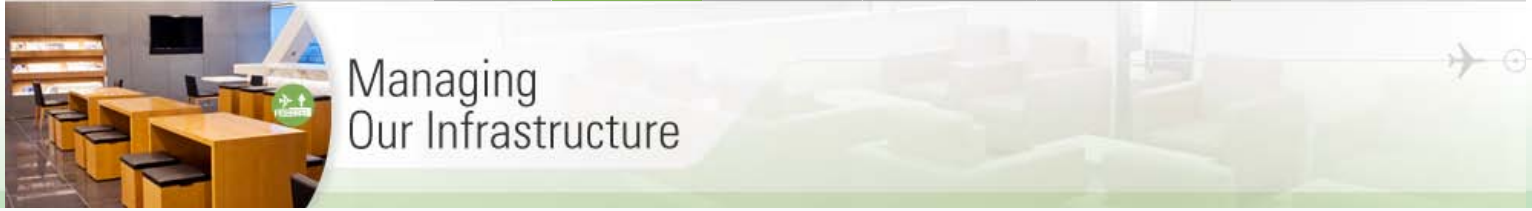
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**Inflight**

On board our flights, and in response to feedback from our stakeholders, our teams worked hard to minimise our impacts by sourcing sustainable inflight products where possible. As well as continuing to add to the number of products that use FSC-certified paper, we have started using biodegradable plastics bags that hold our inflight blankets, cutlery and duty free purchases. We are taking steps toward using paper from responsibly managed sources for our inflight magazines. We are also proud to have introduced the use of a more sustainable material (corn starch) for the toothbrush and shoe horn contained in our Business and First Class customer amenity kits.

**The Club Magazine goes paperless**

The Marco Polo Club (MPO) has taken another step in reducing its carbon footprint by taking its quarterly magazine, The Club, online, with a web version and dedicated iPad application.



**"As a socially responsible company, our prime motivation in moving from a hard copy magazine to an electronic version was to save trees."**

Katie Rowen  
Manager The Marco Polo Club (July 2008 to September 2011)

MPO members have already commented that they really appreciate being able to have the magazine to hand wherever they go – especially tablet users.



Since 2010, we have been serving fish from sustainable sources, such as those that are Marine Stewardship Council (MSC) certified, in economy class on all flights from our European ports. Since 2011, fish served in economy class on flights from Australian ports has been from a certified sustainable source. We continue to work with suppliers to source suitable seafood for our flights.



On the freight side, as part of IATA's goal of achieving e-freight worldwide, we have successfully adopted the electronic airway bills (e-AWB) for all cargo flights from Hong Kong, following last year's trials led by the Cargo team. This is an important step toward electronic freight and paperless cargo movements in the future. It has received positive feedback from both global and local freight forwarders, and this has made it easier for other airlines to rollout e-freight in Hong Kong. We are providing training to our outports in preparation for rollout of the e-AWB in their countries by 2012. Other airlines have also come to learn from our experience and understand how the project is run.

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## Launch of the mobile boarding pass in Auckland

To continuously enhance our passengers' experience, and to reduce the demand on natural resources, we have enriched our check-in options to allow customers departing from Auckland, New Zealand, to receive a Mobile Boarding Pass on their mobile devices. This is sent via SMS or email to replace a printed boarding pass. The service will progressively be introduced to other ports in 2012.



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## Waste Management and Recycling






The Cathay Pacific Group recycles a range of materials in its offices, including paper, plastic, metal, aluminium cans, printer cartridges, waste lubrication oil and garment hangers. Detailed data can be found in our [Environmental Indicators Table](#).

CPCS prepares an average of 60,000 meals per day. In the food preparation process, food waste is unavoidably created every day. As part of an ongoing programme, CPCS gives food offcuts to a pig farm in Hong Kong. This helps reduce the amount of food waste sent to landfill by up to 500 kg per day.

Vogue Laundry uses 2.5 million garment hangers every year. There continues to be a successful rate of reuse through our rebate programme with private and corporate customers who returned their hangers, which was at 61.4% in 2011. This is a slight drop from 64.6% in 2010, but this was due to a change in the hanger design in order to suit our machine configurations.

On the fuel side, in 2011, seven minor fuel spill incidents were reported to the regulators, including five cases in Hong Kong and two at outports. Minor fuel spills are those where less than 20 litres of fuel was involved or covering an area less than five square metres.

### Cathay Pacific City recycling data (2011)

- Paper and cardboard: 239,823 kg 
- Aluminium cans: 810 kg 
- Plastic: 1,559 kg 
- Waste lubrication oil: 4,000 litres 
- Printer cartridges: 1,381 pieces 

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### Disposing of Our Old Uniforms

#### Disposing of our old uniforms

In July 2011, 8,000 crew and 4,000-plus staff in our Airports, Cargo and Reservations teams worldwide started wearing the newly designed uniforms. Our challenge and aim was to dispose of the old uniforms in the most economic and environmentally responsible way, minimising waste to landfill. Anything without logos or that is not 'signature CX', such as plain white shirts, navy trousers and skirts, were given to charities.



Working with our Cargo Department and the CX Karachi team, a total of 220 woollen overcoats were donated to Compassion Revival in Karachi, Pakistan. From there, the coats were sent by donkeys to disadvantaged remote communities that were bracing themselves for a cold winter.

We are actively exploring ways to recycle the rest of the old uniforms by extracting and spinning the materials into yarns, which can then be turned into products such as blankets and throws.



**“With the efforts of our Hong Kong and Karachi teams, we are pleased that instead of disposing our old uniforms to landfills, they are being sent to people who need them.”**

Monica del Rosario, ISD

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## Inflight Waste & Recycling

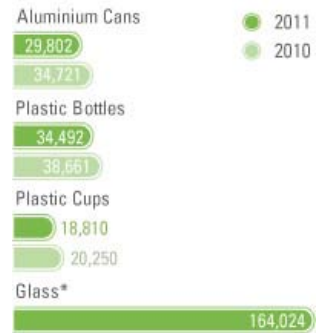
Since we started sorting, reusing and recycling inflight waste in 2006, our cabin crew has continued their efforts to reduce waste from our inflight operations. We work with the Inflight Services Department to look for ways to improve recycling on board. We will continue to find ways of working around the various limitations including storage space, tight flight schedules and procedures and service quality to improve on our inflight waste management, as we know this is recognised as one of our customers' key concerns.

One of the comments in this year's focus groups was that inflight recycling is only carried out on inbound flights to Hong Kong but not on outbound flights. We are limited by regulations in our destination countries where they prohibit the disposal of waste from international flights, and hence we are unable to store the waste for the return flight for hygiene and storage reasons. However, we will work with the local authorities where we can to examine ways of treating waste at these destinations.

In 2011, we recycled 18,630 kg of plastic cups, 34,492 kg of plastic bottles, 29,850 kg of aluminium cans on Cathay Pacific inbound flights to Hong Kong. Similarly, 20,077 kg of plastic bottles and 1,868 kg of aluminium cans were recycled on Dragonair flights.

In the last quarter of this year, we started collecting glass bottles from Cathay Pacific inbound flights to Hong Kong for recycling, which amounted to over 410,000 wine glass bottles between September and December, equivalent to 164 tonnes in weight.

### Inflight Waste Recycling (Kg)



\*September to December 2011

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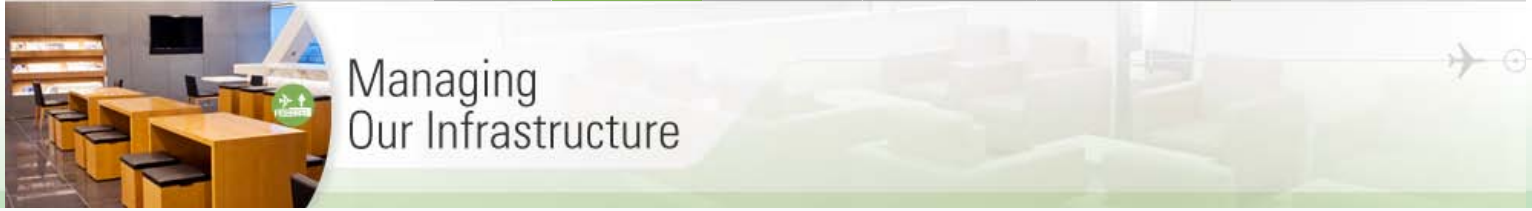
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### Water

We are continuously looking for both conventional and innovative ways of conserving water. Due to various initiatives taken by the Group companies, we have been able to reduce water consumption over the years. Potable water consumed at Cathay Pacific City and Dragonair House was 18,406 m<sup>3</sup> and 12,338 m<sup>3</sup> in 2011 respectively. This represents an overall reduction of 8% over 2010 consumption.

One of our more water-intensive operations, Vogue Laundry, consumed 302,243 m<sup>3</sup> of water in 2011, representing a 4.9% reduction from its 2010 level. This is equivalent to 10.06 litres per kg of linen washed (down 8.5% from 10.99 litres per kg in 2010). CPCS has reduced water use by 0.75% from 2010 to 2011.

In 2011, water used for aircraft washing was 98,583 m<sup>3</sup>, resulting in 8% reduction from 2010.

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## Headquarters

Our headquarter buildings, Cathay Pacific City and Dragonair House, are based at Chek Lap Kok, Hong Kong. They cover a total floor area of 193,000 m<sup>2</sup> and mainly comprise offices, flight training centres and stores. Both premises are certified to the ISO14001 international environmental management standard. They are both equipped with a building management system; Cathay Pacific City also has automatic lighting and air-conditioning controls and motion sensors in conference rooms. In 2011, the total electricity consumption at Cathay Pacific City and Dragonair House was 35,774,314 kWh and 7,280,969 kWh respectively, representing an increase of 2.2% and 11.8% respectively. The main reasons for this increase are from the installation of an additional simulator and increased usage of existing ones, increased activities from training and recruitment, and higher demand on the facilities from the adjacent cargo terminal work site.



As part of making our buildings more energy efficient, we have commenced trialling different products for special and general lighting in our Flight Training Centre and offices. It is anticipated that up to 423,400 kWh of electricity will be saved once these changes have been implemented in 2012. We will also be commissioning a detailed energy audit. The findings of this audit will form the basis of refining our energy-efficiency improvement programme and assisting us in setting appropriate energy targets.

Together with a dozen other companies in Hong Kong, we signed up to the World Business Council for Sustainable Development (WBCSD) Building Manifesto for Energy Efficiency in Buildings whereby member companies pledge to improve the energy performance of their commercial buildings.

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## New Cargo Terminal

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The purpose-built, fast connection terminal, designed for an annual air cargo throughput of 2.6 million tonnes, was 'topped out' in November 2011. The terminal contains many sustainability design features, including the HK\$1.4 billion material handling system, which is the most advanced in the world to date, and utilises regenerative power. After trialling a chilled ceiling cooling system at the current site offices, it was decided that the system will also be installed at the permanent cargo offices at Cathay Pacific Services Limited and the Cathay Pacific cargo hub offices. It is estimated that an electricity saving of 30% to 40% will be achieved compared to conventional air conditioning systems.



For the construction process, precast beam, slab modules and re-useable system formworks will be employed to reduce material wastage. In order to reduce the usage of diesel generators, we also installed a temporary transformer on site.

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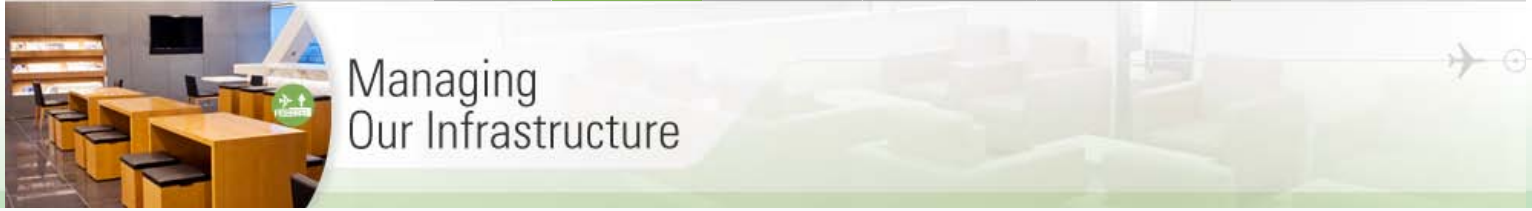
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**Hong Kong International Airport Expansion Plan**

The Airport Authority Hong Kong released its 20-year development blueprint for Hong Kong International Airport (HKIA) ('Master Plan 2030') to solicit stakeholder and public feedback on the airport's future development direction over a three-month consultation period, including the construction of a third runway.

Cathay Pacific supports the plans and believes that expansion of the Hong Kong airport is important to the sustainability of the Hong Kong economy and to ensure the long-term competitiveness of our home hub.



**“Connectivity with the rest of the world has made Hong Kong what it is today so we must be clear on how we can maintain and grow these linkages for tomorrow.”**

John Slosar, CEO

While we acknowledge that aviation has an impact on the environment and climate change, the industry is working to ensure that we are also part of the solution in its commitment to achieve sustainable long-term growth, reduce its environmental impact whilst continuing to generate significant benefits for societies, tourism, world trade and economies.

Under the Hong Kong Airport Authority's Carbon Reduction Programme, over 40 business partners around the airport community pledged to reduce airport-wide carbon emissions by 25% per workload unit by 2015 from 2008 levels (where one workload unit is equal to one passenger or 100kg of cargo).

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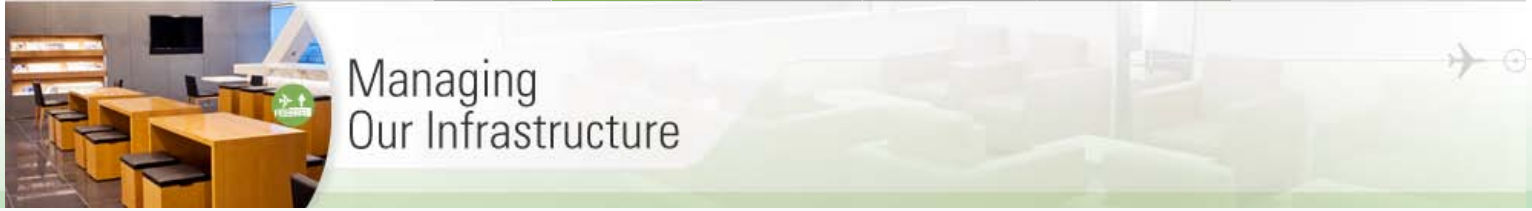
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- Hong Kong International Airport Expansion Plan
- Progress on 2011 Actions and 2012 Agenda**

**Progress on 2011 Actions and 2012 Agenda**

Commitments	Progress	What we did in 2011
Implement ground-based GHG emissions reduction targets.	Ongoing	Targets will be rolled out in the coming year.
HAS to implement a GSE Replacement Programme.	Ongoing	In line with its vehicle replacement plan, HAS replaced four crew shuttle buses with Euro V standard vehicles in 2011. It is anticipated that phasing out of all pre-Euro and Euro I cars in the fleet will be completed by 2012 when the remaining four pre-Euro and Euro I vehicles still in service are replaced. In total, 25% of its 533-strong fleet now comprise lower emission vehicles that meet higher standards, including 10 Euro IV, seven Euro V vehicles and 136 electric ground support equipment (GSE)/vehicles.
HAS to phase out all pre-Euro and Euro I vehicles in the fleet.	Ongoing	
Vogue Laundry to install a new flash steam recovery system to recover waste steam for use by the boiler to generate hot water. This will achieve 5% saving in boiler fuel use.	Deferred	
CPCS to replace fluid cooler coil for the blast chiller.	Completed	Air cool condensers in the blast chillers were replaced by more energy efficient water cool condensers at CPCS. This saved 82,080 kW between September and December.
CPCS to install a solar heater for preheating boiler water.	Deferred	
Explore alternatives of more sustainable materials for inflight products.	Ongoing	For instance, we introduced the use of a more sustainable material (corn starch) for the toothbrush and shoe horn presented in our business and first class customer amenity kits.  Since last year, we have been serving fish from sustainable sources, such as those that are Marine Stewardship Council (MSC) certified, in Economy class on all flights from our European ports.
Develop a chemicals plan to help different departments understand the health and environmental impacts of the chemicals they use in their operations.	Ongoing	

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## Agenda for 2012

- Detailed energy audit to be carried out
  - Provided refresher environmental training to property management staff
  - PEY amenity kit will be on RPET
  - HAS to replace remaining four pre-Euro and Euro 1 vehicles in 2012
  - Installation and operation of the posi-charger
  - CXWorld to be hosted on an interactive electronic site
  - Vogue to phase out all pre-Euro I and Euro I trucks in the fleet
  - CPCS to implement further energy saving projects
-





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Overview

- **162** destinations
- Fly to **42** countries and territories
- Carried **27.6 million** passengers in 2011

Our customers are integral to the sustainable development of our business, as without them, we simply would not succeed. If our customers are well looked after, they will return. We treat customer concerns as opportunities to impress and make a difference. It is therefore important to us that we listen to their feedback and continue to provide a service that is beyond their expectations.

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**Customer Satisfaction**

Our service philosophy – Service Straight From The Heart – is an integral part of the Cathay Pacific culture. Our priority is to provide a great service that is warm, friendly, professional and sensitive to our passengers' needs. We are constantly looking for ways to enhance our customers' experience of flying with us, which is why we value feedback from our customers.

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### Listening and Responding to Our Customers

Detailed customer satisfaction surveys are undertaken daily on Cathay Pacific and Dragonair flights in all classes to help us understand passengers' ratings and satisfaction on different aspects of their travel experience with us. We collect around 30,000 of these responses per month. We also have tailor-made questionnaires on specific research, such as on the design and environment of our new business class cabins, and the spaciousness and privacy of the new seats. In addition, customer focus groups are held quarterly specifically to sound out and receive feedback on concepts that are in the developmental stages. The inclusion of full series of television dramas on the Inflight Entertainment System (IFE) is one outcome of such feedback.

### Responding to feedback on our Business Class product

Cathay Pacific's new Business Class, which entered into service in March 2011, is the result of over a year's intensive and iterative design process. This involved input from the airline's Marco Polo Club members, our most frequent flyers, many of whom shared with us invaluable feedback through three successive rounds of mock-up testing on key elements of the seat design and packaging, including functionality, spatial optimisation and stowage space. This effort has resulted in a product where every aspect has been thoughtfully designed around passengers' needs.



The new product received positive feedback from passengers who have experienced the new product, with 95% of respondents saying the seat either met or exceeded their expectations. Passengers appreciate the improvements in terms of comfort, personal space, storage space, layout and the contemporary design.

**"We incorporated passenger feedback at every stage in the product's development, from initial concept sketches to full-scale prototypes. We're very happy that the end result has been so well received."**



**Alex McGowan**  
 General Manager Product

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### Defect-free Cabins

Building on last year's defect-free project where we aim to ensure no aircraft leaves Hong Kong with any faults that may spoil a passenger's enjoyment of the flight, this year, our Engineering and Cabin Quality & Standards teams worked together to introduce a new reporting and measuring process and developed more focussed performance metrics for this initiative. With the efforts of our Inflight Service Managers (ISMs), cabin crew and service providers at over 80 stations around the world, our cabins are checked against a standard prior to passenger boarding, with any findings on defects and cleanliness reported. During the summer of 2011, a seven-week road show was launched to highlight this. We also engaged with the ISM community through 21 ISM forums.



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### Getting It Right When Things Go Wrong

We aim to handle disruptions in an effective and timely manner. We have a robust emergency response system designed to manage and support service disruptions or major incidents when they occur during our operations. Below are some of the initiatives which were undertaken or enhanced in 2011.

#### Flight Disruption Control System

A typhoon simulation exercise was conducted in April 2011 to test the Flight Disruption Control System and the Flight Disruption Control Centre. The system is effective in providing a holistic view of airport passenger handling constraints during disruption. It gives an idea of the ports that require assistance and which will receive priority when flights start operating again. Our aim is to continually improve on timely communication of accurate and relevant information to and from the outports, and be better prepared for disruptions. This preparedness, readiness and handling of disruptions are essential for everyone who is involved in serving our customers.

#### Customer & Commercial Control Team

Our new Customer & Commercial Control (CCC) team was created to provide a coordinated response during disruptions, helping to better manage customers' experience. They also provide support and consistency across the network and outports. Whereas the Integrated Operations Centre (IOC) tends to look at operational issues like crew rostering, engineering and flight planning, the CCC is dedicated to focussing on the passenger experience, such as passenger protection and hotel arrangements.



"The team played a key coordination role during the London and New York snowstorms toward the end of 2010 and early 2011."

Anson Chan  
 Operations Manager – Customer & Commercial Control

### Recognising service beyond the call of duty

This year, 19 staff from Cathay Pacific and Dragonair plus seven teams were presented with the Group's highest service recognition at the annual Betsy Awards. Top award winner London Passenger Services Officer (Flight Controller) Meilu Li helped a young passenger by volunteering to translate between the passenger and the doctor, even though she was due to finish her shift. She also kept in touch with the passenger's father in Hong Kong and sister in Manchester before the passenger has reached his destination.



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### Emergencies Management

Our Crisis Management Centre is prepared to handle any emergency or accident involving our aircraft anywhere around the world, should the need arise. In such situations, our Emergency Plan takes immediate effect and triggers the assembling of the Crisis Management Team. This activates our central telephone enquiry centre, the Cathay Emergency Passenger Information Centre (CEPIC), where phone lines are on standby 24 hours to link up calls from any of our outports. These can be accessed toll-free by the public to ensure information is disseminated immediately to passengers and their families involved in the incidents.



Our volunteers from the Care Team are also on hand to offer humanitarian support to our passengers and their families during and after a crisis, including making travel arrangements, accommodation, financial and referral services. Approximately 500 volunteers were added to the CARE Team this year making a total of 1,200 members worldwide, taking advantage of the many languages and cultures in our system. Before being certified, each team member receives two days of intensive training, which is led by the company staff psychologist and emergency response specialists.



All ports in the Group participated in a crash simulation exercise in the last 18 months ending in 2011, testing their local response and the corporate response to an accident.

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**Service Recovery**

Service failures are often an unavoidable part of the travel experience but our customers tell us that they understand things may go wrong as long as we take steps to quickly recover. In 2011, we introduced an initiative to all our frontline teams to ensure that all service failures are proactively resolved on the spot, and through this, we want our customers to remember more about how we recovered than the actual service failure. Our aim is to enhance the experience for our customers and our frontline teams, as well as improving on our service.

**Shining in the Dark**

The Delhi Airport Team in India was faced with a complete power failure at Terminal 3 on 7 August 2011, when immigration, security, the baggage handling system, counters and the aerobridge were all shut down. The blackout happened five minutes before flight CX695 from Hong Kong was due to land. Passengers disembarked using the step ladder, and took three hours to clear customs.



As the baggage handling system was out of service, the CX Team took special permission to deliver all passenger baggage to their homes, and stayed for long hours to ensure prompt dispatch. As Cathay Pacific was the only airline to offer this service, it was highly appreciated by passengers. For those passengers waiting to depart, the team ordered drinks and snacks, especially for the elderly and passengers with children, as all food outlets at the airport were closed due to the electricity failure.

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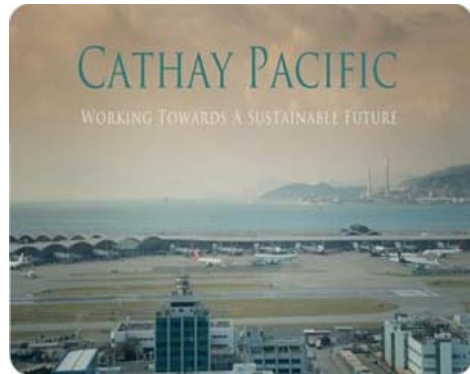


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### Communicating Sustainability to Our Customers

At Cathay Pacific, we utilise different channels to communicate and engage with our customers on a range of sustainable development issues, to help them understand the challenges we are facing as an industry. In particular, we have been sharing some of the challenges in addressing our environmental impacts, especially climate change, and the approaches and solutions that are being employed, not only as an airline, but also industry-wide. This is commonly done via articles and news items published in our inflight magazines, Discovery and The Club. As an additional and more engaging way of communicating with our customers, we produced a video that introduces Cathay Pacific's sustainability programmes on, for example, fuel efficiency performance, fleet modernisation, waste and resource use, which is available for inflight viewing.



Check out our inflight video under 'Infomercial' from May 2012

This year, we have been educating our customers proactively, especially our frequent flyers, on carbon offsetting through our FLY *greener* scheme. In June 2011, we launched a partnership with Swire Hotels and added a new benefit for members of the Marco Polo Club, our most loyal and valued passengers. Under the agreement, Swire Hotels will participate in FLY *greener* to help eligible members of the Marco Polo Club offset their carbon emissions from air travel on a Cathay Pacific or Dragonair flight. This new initiative makes it easier for members of the Marco Polo Club to reduce their personal carbon footprints.

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### Linking Up Our Customers Beyond the Airport

At a number of our destinations, we have been exploring transport solutions for our passengers that help make their access to environmentally-responsible public transport options beyond the airport more convenient. For instance as an added service in Germany, we have been encouraging the use of intermodal transport that connects our passengers with road or rail once they leave the airport. We have incorporated the German 'Rail & Fly' scheme for several years. German Railways offer set rates to airlines, which we build into an all inclusive rate into our airfares. This can be booked via travel agents, online or via the railway offices, and is used by approximately 30% of our passengers travelling to Frankfurt to catch our flights.

In Hong Kong, we have made arrangement with the Airport Express and Mass Transit Railway (MTR) such that their tickets are available for sale inflight.

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### Progress on 2011 Actions and 2012 Agenda

Commitments	Progress	What we did in 2011
Improve and refine the way in which we respond to passengers following the launch of the empowerment initiatives.	Completed	We introduced an initiative to all our frontline teams to ensure that all service failures are proactively resolved on the spot, and through this, we want our customers to remember more about how we recovered than the actual service failure.
Develop a concept paper on producing an inflight video on environmental issues.	Completed	The IFE video has been produced and will be available for inflight viewing from May 2012.
Produce a carbon offset video, such as on Flygreener, for the inflight entertainment system		This will form part of the IFE video which will be ready for showing from May 2012.

#### Agenda for 2012

- Look into improving the Economy class product
- Utilise social media to engage customers and staff on sustainability issues

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### Overview

• Over **1,000** suppliers globally for CX and KA

Cathay Pacific Airways and Dragonair works with over 1,000 suppliers globally, and many of our suppliers are companies who also report publicly on their sustainability performance and hold similar values towards corporate responsibility as ourselves. Our Airline Purchasing and Engineering Procurement departments are responsible for purchasing the range of goods and services that the airline needs, from the largest spend items such as aircraft and fuel, to the smallest such as office supplies and marketing memorabilia.

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### Engaging with Our Suppliers

We recognise that the degree to which our suppliers integrate Sustainable Development principles and practices into their businesses plays an important role in our overall sustainability performance. Our aim is to enhance the sustainability performance of our supply chain through ongoing compliance to our Supplier Code of Conduct and with continued engagement and collaboration with our suppliers. We manage our sustainable development risks related to our supply chain by actively working with suppliers who share the standards we place on environmental, health & safety, human rights and labour practices, business ethics and community issues.

Since the launch of our Supplier Code of Conduct in 2007, we published a revision in 2009 to include *ethics* to reflect our strong preference to work with suppliers who share our commitment to honesty and integrity. Along with our Sustainable Development Strategy, we are reviewing the Code of Conduct to align the expectations we have of our suppliers with our Sustainable Development Policy. We intend to publish a further revision of the Code of Conduct in early 2012 and it will be made available internally through our intranet and shared with our existing and potential suppliers, both locally and at our outposts.

Suppliers who participated in this year's stakeholder engagement focus group were very supportive of these exchange sessions, and we will continue to pursue this in the future as part of our engagement cycle with different stakeholder groups.

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### Applying the Supplier Code of Conduct

The Code forms part of the supply tenders and contracts managed by our local offices. Suppliers, both new and existing, are expected to comply with the standards described in this Code by completing a questionnaire as part of the selection process. In anticipation of a revision to the Code of Conduct in early 2012, we have deferred the distribution of this questionnaire to our suppliers this year. We expect to resume the questionnaire approach to confirm their level of compliance with our local and outport-based supplier once the revised Code is published.

We are developing a suppliers' compliance checking system. Using an internally developed risk matrix, we classify our suppliers based on the impact and likelihood of the risks each of them poses to our business. Each risk ranking will carry varying levels of follow-up actions ranging from supplier initiated self-assessment for low risk suppliers, background checks of publically available documents, to a comprehensive site visit for suppliers deemed to be in the highest risk category. We expect that this approach will allow us to more systematically monitor and manage our sustainable development risks relating to our supply chain. We will further report on this in the Sustainable Development Report 2012.

### Proposed New Supply Chain Sustainability Compliance Process



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### Timeline for Working with Our Supply Chain

- 2006 Identified the need for a more coordinated approach to sustainability in our supply chain
- 2007 Developed and launched our Code of Conduct. First questionnaires sent to Hong Kong-based suppliers.
- 2008 Launched online tool for suppliers to complete questionnaire regarding their compliance with our Code. New suppliers are contractually committed to meeting our Code of Conduct.
- 2009 Revised Code of Conduct to include *ethics*
- 2010 First publication of the Supply Chain Sustainability Newsletter distributed to local and outport suppliers. Outport-based suppliers asked to complete questionnaire for the first time.
- 2011 Development of a framework for supply chain compliance checking.

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### Sustainable Sourcing

Building on our efforts to establish sustainable sourcing guidelines, individual staff are taking greater initiatives in exploring with suppliers the usage of alternative materials with lower impacts. Some examples of successful applications in 2011 include switching from plastic to corn starch and cellulose in manufacturing the disposable toothbrushes and shoehorns in our amenity kits. Our teams are also working with suppliers to expand our offering of sustainably sourced fish to a greater number of routes. In the long term, we aim to utilise more alternatives with sustainability attributes and expand our support of products that adhere to relevant sustainability credentials by organisations such as the Fairtrade Foundation, the Forest Stewardship Council (FSC) and the Marine Stewardship Council (MSC).

### Making our airport lounges sustainable

As the first Cathay Pacific branded lounge in North America, the San Francisco lounge was also our first to pursue Leadership in Energy and Environmental Design (LEED) certification, integrating energy and environmental principles into its design and operations. This was an achievement made possible in partnership with our architectural and engineering contractors. By engaging our suppliers, we are leveraging on their expertise in design and construction to assist us in building a lounge that is more energy and water efficient, with reduced material usage, wastage, and improved indoor air quality for our customers. Using the San Francisco lounge as an example, we plan to adopt a similar approach for new or refurbished lounges in the future.

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### Involving the Local Community

With financial support from the Hong Kong Government's Home Affairs Department, and in association with the Outlying Islands Women's Association (OIWA), our subsidiary CPCS collaborated with local community service centres in Tung Chung in 2009 to establish an inflight cutlery and headset-packing and vegetable semi-processing facility. The aim of the initiative is to support women's development, promote harmonious families, and build inclusive communities. It provides training and full/part-time employment near the women's homes so they can also look after their families. Feedback from the community has been positive, and in 2011, 30 to 35 women worked at the facility every day. Involving local communities by leveraging on our operations on Lantau Island aligns with suggestions raised by stakeholders during previous focus groups, as well as this year's focus groups with our suppliers.



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### Progress on 2011 Actions and 2012 Agenda

Commitments	Progress	What we did in 2011
Conduct staff briefing sessions on the Supplier Code of Conduct.	Ongoing	We intend to publish a further revision of the Code of Conduct in early 2012 and it will be made available internally through our intranet as well as to our existing and potential suppliers, both locally and at our outposts.
Continue to liaise with other Swire Companies on 'Best Practice' sustainability and CSR issues in the Supply Chain.	Ongoing	We continue to participate in the Swire best practice working groups.
Work with suppliers toward full compliance of our Suppliers Code of Conduct.	Ongoing	We continue developing our compliance checking system for our suppliers. Using an internally developed risk matrix, we will classify our suppliers based on the impact and likelihood of the risks each supplier poses to our business.
Assess high risk suppliers on a more regular basis using compliance-checking procedures.	Ongoing	This will form part of the suppliers' compliance checking system which we are developing, including a comprehensive site visit for suppliers deemed to be in the highest risk category.

#### Agenda for 2012

- Revise the Code of Conduct to align the expectations we have of our suppliers with our SD Policy
- Development of a compliance checking system for our suppliers.
- Continue to participate in the Swire Supply Chain Sustainability Group
- Continue active membership at the Hong Kong Green Council
- Explore the feasibility of adopting more alternatives with sustainability attributes and expand our support of products that adhere to relevant sustainability credentials

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## Overview

- **29,000** employees worldwide
- **22,200** employees in Hong Kong
- Continued support in projects in the areas of **youth and education, medical services, and conservation**
- **4,037** volunteer hours by Hong Kong staff

People are an important key to our success, whether it is our staff, who differentiate us from other airlines, or the communities we fly to around the world. That is why we make it a priority to support staff at the workplace, and empowering them to make a difference in the local communities across the network. Over the years, our programmes have focussed on health, environmental conservation and education at many of the places where our staff actively organise and get involved with local communities.

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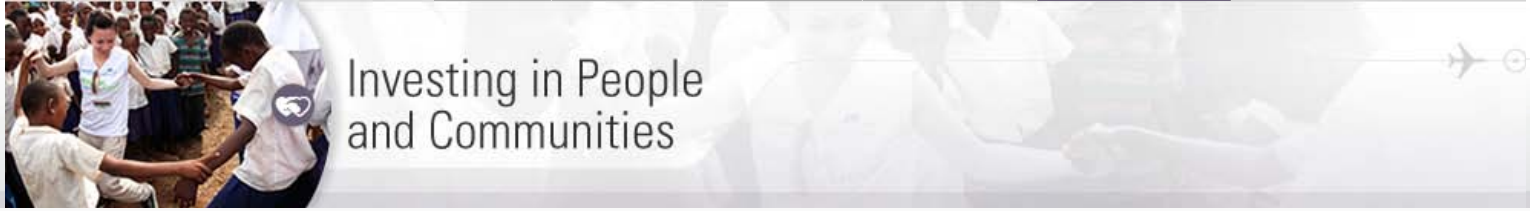
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## Employee Relations and Engagement

Our dynamic, professional, friendly and intuitive team is one of our greatest strengths and assets. We are proud of the high quality service of our staff and are committed to providing the best possible working conditions for them, in order to attract and retain the best talent. Our aim is to provide rewarding career opportunities by investing in our staff's professional and personal development. Relations have been constructive and we continued to be dedicated to creating a more transparent and responsive dialogue with our diverse workforce across the network.

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## How We Have Engaged

Staff can provide their views, ideas and feedback through a variety of channels, ranging from the intranet, structured surveys, focus groups, to direct communication with their line managers and other department-specific platforms.

In-depth individual interviews were conducted with management to understand their views on sustainability and how it relates to the company's business, culture and future direction. We explored areas where there may be synergies of existing and new sustainability projects. The findings will input to a series of engagement programmes for 2012 which are aimed at different staff groups at different levels.

As part of our five-year [Stakeholder Engagement Plan](#), this year we conducted sustainability focus groups with ground staff and cabin crew at three outport bases in Vancouver, London and Bangkok. There were generally positive comments on the environmental, safety and community performances of the company, and the sessions highlighted that sustainability was important to them. Most were keen to learn what the company is doing on this front. Better, wider engagement with outport staff is desirable, particularly on raising awareness on the sustainability initiatives of the company. There is a need to further involve staff in these initiatives, by providing more channels for them to express their suggestions and ideas and provide guidelines on community projects. Overall, staff are keen to take part in initiatives that would help the company become more responsible in recycling and resource use.

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### Staff Engagement Activities

As a long-standing corporate member of WWF-Hong Kong, we demonstrated our continued support by participating in their annual Earth Hour campaign and co-organising awareness-raising activities for staff on biodiversity and conservation.

Our staff also experienced basic field research, through which they had the opportunity to understand the relationship between climate change and biodiversity during a field visit organised by the Earthwatch Institute and supported by the Hong Kong Birdwatching Society. Through these activities, they were able to contribute to studies in Hong Kong by collecting vegetation data in Tai Po Kau Nature Reserve.

Sixty-two Cathay Pacific staff with their family members and partners volunteered in this year's International Coastal Cleanup Campaign, an Ocean Conservancy initiative managed in Hong Kong by the Green Council. The project collects and records the types of waste and debris along our coastline and serves to identify the major sources of debris and activities that contribute to beach waste. The resultant information will be used to raise awareness among the public, businesses and the government, with the aim of arriving at solutions. Approximately 1,000 kg of waste, including plastic bags, beverage bottles, shoes, and even a personal computer monitor case, were collected from two beaches on Lantau Island.



### World Cafe Vision Day

A Vision Day was held at a resort at Lonavia for our Mumbai Cathay Pacific and Dragonair staff. After a day of outdoor and team building activities, staff embarked upon a 'World Café' brainstorm session and shared ideas on how to accomplish our mission statements in order to achieve our vision of being the 'world's best airline'. Over the five days, many innovative ideas emerged which will be consolidated and further developed into action proposals.



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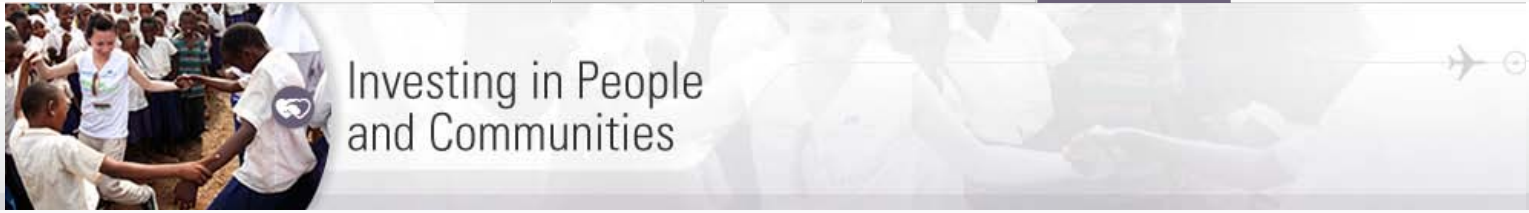
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### What are We Planning to Do?

In response to staff feedback, a comprehensive staff engagement plan is being drawn up to be rolled out in Hong Kong and our outposts during the course of 2012. We hope to inform and inspire staff by raising their awareness of the company's commitment to sustainable development, involve them in integrating sustainable development into business thinking and encourage their participation.

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### Engaging with Our Diverse, Mobile Workforce



Our team is very unique in that it is widely dispersed around the world and consists of very diverse cultures, background and languages. We work with multiple trade bodies based in different countries with specific union regulations, and we uphold freedom of association for our staff. Industrial relations continue to be challenging, however we are actively working with the various groups to continue to enhance communications and consultation to ensure views are heard and acted upon appropriately.

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## Ground Staff

Nearly 40% of Cathay Pacific and Dragonair's employees are ground-based, either at our offices, cargo hubs, or airports. Each of these groups has a staff consultative committee that meets regularly for a two-way flow of ideas with the Personnel Department and management on a range of issues, such as company policy, employee welfare and staff facilities.

In 2011, we conducted our third company-wide Organisational Alignment Survey of ground staff in Hong Kong and throughout the Cathay Pacific and Dragonair outport network. This survey is carried out approximately every 18 months by a third party, and assesses how well the company is set up in turning strategies and plans into effective action. One of the important insights that emerged from the survey was that we have maintained strong alignment with staff, who reported high levels of clarity, consistency and commitment by the company to its vision and missions. The main focus for improvement is engagement of our people at the emotional and behavioural levels, and drawing more on their ideas and insights to help the company become more resilient and able to sustain success in the long term.

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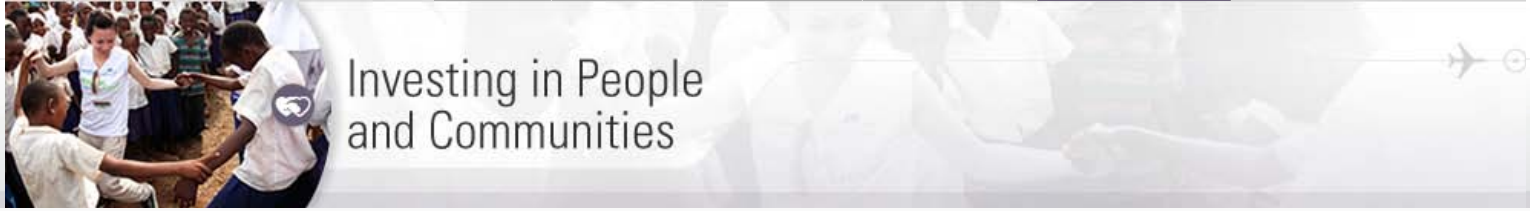
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**Flight Crew**

We proactively engage with our flight crew on the many aspects that concern their well-being, and are constantly working to improve our support to them wherever we can. To assist and support our flight crew on benefits, sickness, rostering, general welfare and on areas of a technical or operational nature, Cathay Pacific has put in place an extensive support infrastructure.

There are a number of industrial issues which we regularly address in different ways. The two primary issues for many employees, pay and working hours, are equally critical to our flight crew. The first was most recently addressed in 2010, whilst the second is up for review in 2012, where we will be working with our trade unions to develop a new agreement for rostering. Issues related to retirement and recruitment largely stem from a combination of legacy issues and constantly changing legislation around the world. In the last thirty years, our crew team has expanded rapidly, and attached to this growth is a spectrum of differing terms and conditions from various phases of recruitment over the years. Hence, one of the key challenges for us as a company is to seek to be consistent and fair in the way we treat our crew, whilst being compliant with a range of local laws, and balancing the needs of employees and the business. We value our crew, and therefore, one of our goals is to strive to offer the most attractive working conditions and packages available to them.

On the communications side, we maintain a number of channels with our flight crew to provide both technical and personal support, advice and information dissemination. These include weekly management updates, news on the fleet, training and the various bases, auditorium question and answer sessions, online feedback forms to specific operational and technical teams, and a quarterly news and lifestyle magazine, Crews News. Fleet offices also hold regular dinners so crew from the same fleet can meet in a more informal setting.

In order to provide a confidential environment to recognise and facilitate the recovery of a pilot from the illness of chemical dependency (alcohol and other drugs), Cathay Pacific is introducing a HIMS (Human Intervention and Motivation System) programme that is fully and jointly supported by the Aircrew Officers Association (AOA) and Cathay Pacific. The company is committed to ensuring a safe operation. We also subscribe to the belief that the health of an individual is paramount, and will provide incentive for recognition and recovery of employees from chemical dependency. The Flight Operations Leadership team is committed to supporting an environment conducive to identification, rehabilitation and recovery.

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## Cabin Crew

As part of our frontline team, cabin crew provide invaluable input to the way we serve customers, especially inflight. Their views are important to us, and consultation and feedback remains a key focus. We do this by strengthening existing crew forums, consultative groups, feedback sessions and utilising new channels. We do our best to show our appreciation to their highly-regarded professionalism and hardwork.

In recognition of the rapid expansion of the large inflight team and increasingly complex service environment, the following are some of the areas where new initiatives are ongoing with the aim of meeting crew requirements and to better cater for their needs:

- **Lifestyle and rostering** – We work to provide safe, comfortable and convenient layover arrangements, as well as look at flight patterns to ensure that they meet HK CAD standards and crew lifestyle needs. One initiative on trial is the flight request system that provides more flexibility on crew rosters. We also schedule days off on crew's birthday where possible, and give crew the option of choosing three priority days off per year.
- **On the Job** – We endeavour to make our crew's working environment efficient and comfortable and have introduced enhanced inflight dining options and resting amenities. Our crew was also integral in the development and implementation of the defect-free cabin campaign, which is an ongoing and long-term working group with ISMs and the Engineering and Cabin Quality & Standards teams to maintain the high standards of our cabins.
- **Recognition and Support** – We have increased interaction and engagement to recognise the efforts of cabin crew through receptions, top performers' dinners, bi-monthly crew forums, Inflight Service Managers (ISMs) and Senior Pursers workshops to discuss ideas and issues, and the introduction of a team of Performance Development Assistants to strengthen the Team Office. Twenty-one ISM forums were held this year, and we met with almost all of our ISMs to discuss service excellence and leadership. 2011 also saw the launch of Jetset TV. Jetset TV is a lifestyle magazine in a monthly video format, where crew will ultimately be responsible for developing stories ideas, script-writing, producing and presenting on topics that are of interest to them.
- **Additional benefits** – These include extension of some layovers and at new destinations, and organising outings, including one to Ocean Park in Hong Kong for over 2,000 cabin crew and 4,000 of their family and friends.

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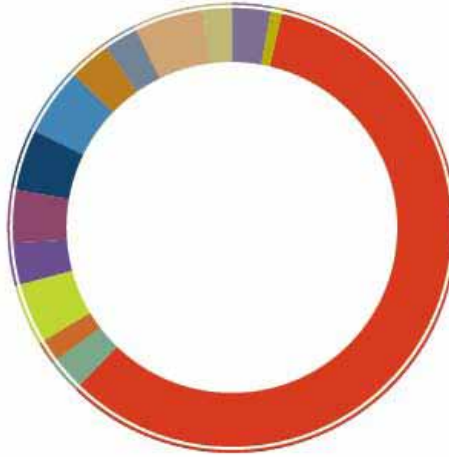
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**Cabin Crew Nationality Mix for CX and KA in 2011**



Canada	331	United Kingdom	413
China	88	Malaysia	460
Hong Kong	6,190	Philippines	549
Indonesia	265	Singapore	313
India	180	Thailand	275
Japan	458	Taiwan	519
Korea	333	United States	223

The following countries have fewer than 10 staff and are not shown on the graph above.

Argentina	1	Netherlands	3
Australia	4	Nepal	2
Germany	1	Pakistan	1
Sri Lanka	6		

This year, a new General Manager position was created in the CX Inflight Services Department alongside the existing General Manager Inflight Services, in order to dedicate more resources specifically to look after the cabin crew community and to provide oversight of this area at senior management level.

A Cabin Crew Engagement Survey will be conducted with all crew around the world in 2012 to gather views, feedback and ideas on how the company can enhance relations, engagement and service offer.

The launch of Dragon TV in 2011, which appears as quarterly episodes on the Dragonair intranet, opened up a new channel of communication with Dragonair crew members.



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### Developing a Winning Team

#### Learning and development

We encourage a continuous learning culture among all our staff, and aim to provide learning and development opportunities in preparation for their various roles and responsibilities of all categories.

To provide a greater focus on people development, the Organisation Development and Learning function was replaced by two specialist teams, 'Organisation Development & Change' and 'People Development' respectively. The aim of Organisation Development & Change is to provide better support to those departments that are implementing changes in their work culture and effectiveness. People Development supports the company's leadership in the identification and development of staff who demonstrate high potential and performance, as well as identifying suitable career development opportunities. A leadership and management development curriculum is also being developed and introduced to relevant staff at all levels in both Hong Kong and outposts.

Based on feedback from the results of the Organisation Alignment Survey and a pilot exercise in 2010, we have made improvements to the performance management process. This aims to support a more quality-based conversation between managers and staff at all levels of our organisation. This revamped process, which has been renamed Performance and Development Management Process, carries a stronger development focus, as we want managers and staff to review expectations, performance and career planning openly so that everyone can clearly understand what is expected, and feel motivated to do their best.

On the cabin crew side, to enhance their induction and training, a new Boeing 777 aircraft mock up was built at CX City and the two existing mock ups will be upgraded. These will serve the expanding training requirements for our team (which has now grown to over 9,000), improving the quality of training, and keeping pace with the new First and Business class products. The mock ups will also serve to showcase these new products. The Airbus mock-up, which has been in use since 1998, is being renovated in preparation for the delivery of our new Airbus 350 XWB aircraft. These will be ready for use in training by mid-2012.

In addition to strengthening our service philosophy, business awareness, service and interpersonal skills, we provide annual refreshers on disability awareness and occupational safety for all crew. Leadership and management skills training are provided to senior crew to support them in managing and mentoring the younger generation of crew. To encourage ongoing development, we provide voluntary learning programmes that cater to both crew's work and personal life.

In 2011, we piloted the Dragonair cabin crew mentorship programme to enhance professionalism and service quality of our crew. With the feedback received from both mentors and mentees in these pilots, the programme will be refined to enable it to be implemented effectively once it is officially launched in 2012.

#### Recruitment and selection

As an equal opportunities employer, our recruitment is not limited by gender, race, national origin, religion, disability or family status. We have been undertaking local recruitment in the communities where we operate, which means we give priority to the local labour market where the required skills are available there, before searching internationally.

#### Retaining talent

Cathay Pacific values the long-term commitment our staff makes to the delivery of their work and to service excellence. We are proud of our 'family-oriented' culture and encourage staff to see the long-term value of working with us. We acknowledge the diversity of needs and values that each generation of staff presents, and we work hard to respond to and meet those needs. In appreciation of the hardwork of our staff that helped make 2010 a record year for us, those eligible received five weeks' share of profit for 2010, along with a salary bonus.

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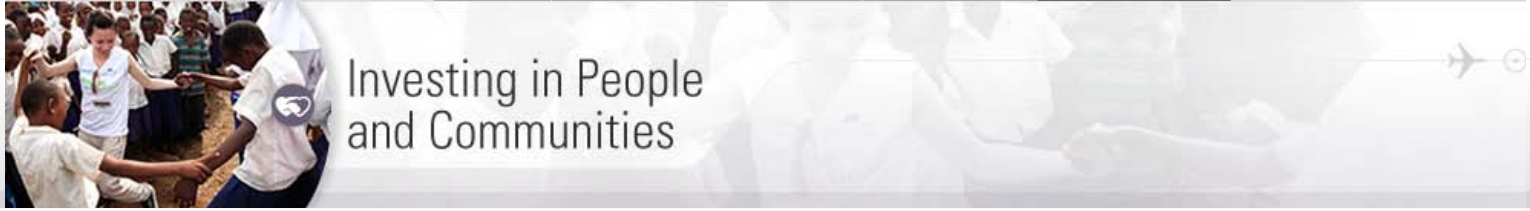
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## Employee welfare

We provide an Employee Assistance Programme (EAP) in Hong Kong and outposts, which staff and eligible dependents can access. It is free of charge, confidential, provides professional (including financial and legal) information and counselling on personal and work-related concerns such as relationships, parenting, emotional disturbances, substance dependency, coping with trauma, grief, preparing for retirement or job transitions and any other issues of concern.



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## Community Investment

Cathay Pacific recognises the importance of contributing to the communities in the destinations where we operate. We support and invest in the Hong Kong community of which we have been a part for more than six decades. Local staff are also active in community initiatives at the outport countries where we operate. They are provided with guidelines to help them choose the types of projects to be supported. Over the years, we have had numerous meaningful initiatives that have brought significant benefits to local communities.

Our global community investment strategy is to leverage on the resources of our company (including our staff and passengers) to address the needs of the communities we serve, focussing mainly in three areas: youth and education, medical care and environmental conservation.

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**Encouraging Staff Involvement**

The CX Volunteers team was set up towards the end of 2007, and more than 1,000 staff had signed up by December 2011. The team initiated a number of community projects, while staff also actively participate in events organised by other charities. In Hong Kong, 381 Cathay Pacific employees completed 4,037 hours of volunteering this year.

In addition to encouraging staff to participate in company-organised initiatives, Cathay Pacific seeks to support staff in their own charitable endeavours and benefit a wide cross-section of charitable needs. This is the aim of the Cathay Pacific Charitable Fund, which was launched in November 2011 and is open to all staff from the Cathay Pacific Group, including Cathay Pacific Airways and its wholly owned subsidiaries.



In launching the Fund, we hope to give financial support to those already engaged in charitable activities, and to encourage those who see the value in helping others, but have not yet taken up the opportunity to offer their support.

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**A volunteer's story**

Some people may feel admiration for those who devote most of their spare time helping others. But to Raymond Ng (Airline Purchasing Department), volunteering has become a way of life.

"I first started helping charities sell Christmas cards on the streets and joining outings with mentally handicapped children when I was in primary school."

He continued serving others when he went abroad for tertiary education. When he joined Cathay Pacific in 2007, it was only natural that when there was a call for helpers to visit the elderly, he signed up. Thereafter, he has been regularly participating in English-On-Air, Christmas parties for disadvantaged children, beach clean-ups, distributing recycled computers, and mentoring youths in anti-drugs campaigns. It was this latter scheme that left one of the most lasting impressions on him.



**"Through being involved with these different activities, I have acquired an appreciation and understanding of the different cultures, upbringing and life circumstances of the people I met, whom I would not have had the chance to come into contact with otherwise."**



## Cargo Team's Mount Kinabalu climb

Five hardy souls from the Cargo Terminal Project team wanted to raise funds for the Hong Kong branch of the Lighthouse Club, a charity which supports victims of accidents and illnesses within the construction industry and to dependants after a fatal accident. They scaled Asia's highest mountain, Mount Kinabalu in Malaysia, which took them eight hours in the freezing cold, reaching the 4,095-meter summit just in time to see the day breaking over Sabah state.





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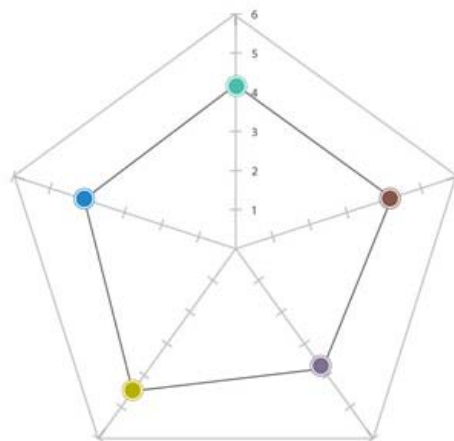
### Youth and Education

We believe in investing in a range of educational programmes for Hong Kong's young people and building on their interest in aviation. Our aim is to support and nurture today's young people, who are our future, by providing them with opportunities for skills and personal development and capacity building. This section provides some of this year's highlights.

#### Evaluating progress on English On Air

Since 2007, Cathay Pacific has been organising the company's flagship English on Air (EOA) programme to provide English-speaking opportunities for local young people in Hong Kong. In 2011, around 400 students participated in this programme. One of the comments we have received in the past is whether we are able to measure the effectiveness of our efforts. To this end, we have devised a scorecard to evaluate the outcome of our EOA activities with reference to the London Benchmarking Group model starting from the 2011/12 academic year. A survey was conducted with 93 students and three English teachers from the two schools in Tung Chung, who were involved in the three programmes run during October and November 2011. The results showed that the programme performed well against goals set out in five aspects. This methodology will allow us to compare our performance in future years in a structured, systematic manner. Next year, we will be evaluating the English on Air programme on a full academic year basis.

#### Performance feedback – Oct/Nov 2011



<span style="color: green;">●</span> Leverage CX resources	4.17
<span style="color: brown;">●</span> English opportunities	4.24
<span style="color: purple;">●</span> Increase confidence	3.95
<span style="color: yellow;">●</span> School partnership	4.50
<span style="color: blue;">●</span> Awareness of Aviation and CX	4.08

#### Celebrating one hundred years of aviation in Hong Kong

2011 marked the 100<sup>th</sup> year of aviation development in Hong Kong, and we celebrated this significant milestone with a number of events, one of which was the Cathay Pacific Aviation Knowledge Contest, jointly organised by the Hong Kong CAD and the Hong Kong Air Cadet Corps. More than 260 teams, comprising 780 students, from different secondary schools in Hong Kong displayed their knowledge and passion for aviation, with the final winners, three students from the Law Ting Pong Secondary School, winning the chance to go to Seattle, USA, for a delivery flight of one of our new Boeing 777-300ER aircraft.



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Another related event was the launch of the Dragonair Youth Aviation Academy, which incorporates a youth-oriented careers talk element ('Aviation Insights') and an educational programme ([Dragonair Aviation Certificate Programme](#)). The launch event was supported by 20 industry partners and attended by around 300 tertiary students. The Academy aims to provide young people in Hong Kong with exposure to the aviation industry.

### Life Education Activity Programme (LEAP)

Cathay Pacific is the main sponsor of the Life Education Activity Programme (LEAP), which teaches young people in Hong Kong about the dangers of drug and substance abuse, as well as conducts discussions on peer pressure, decision-making and the human body. An average school year sees more than 80,000 students from 170 schools attending the LEAP sessions.

The airline has supported LEAP since 1994 with ticket sponsorship and business expertise. In December 2011, the airline rendered support to LEAP's fundraising event '*88,000 Reasons to Celebrate – a Vivienne Tam Charity Fashion Show for LEAP*' with prizes for lucky draw and auction, as well as public relations advice. The event raised a total of HK\$1.5 million for LEAP projects.

The airline's senior management sit on the board of LEAP. In 2009, Director Corporate Affairs Quince Chong became the Chairman of the organisation.

### Xialongren

Dragonair held the Xialongren (literally, 'little dragons') programme to provide access to the aviation industry to more than 50 students aged between 12 and 15 from all over China. They were brought on a flight to Hong Kong with a special visit to the cockpit, flight simulators and mockup areas in Cathay Pacific City, as well as meeting with pilots and cabin crew.



**“Many mainland children are very interested in the aviation industry but have little access to get in touch with it, especially those from impoverished families. We want to make this opportunity available to them.”**

Sam Swire  
General Manager China



To highlight Dragonair's environmental commitment, participants were also asked to observe what the airline does to encourage recycling and reduce waste inflight. They were then asked to design a poster to illustrate the environmental practices they saw.



**“Big thanks to Dragonair for fulfilling my flying dream! I will always remember my first flying experience. I've seen the outside world on this trip and I will definitely share the experience with my friends and relatives.”**

Chen Chuqiao from Sichuan



### Dragonair Aviation Certificate Programme (DACP)

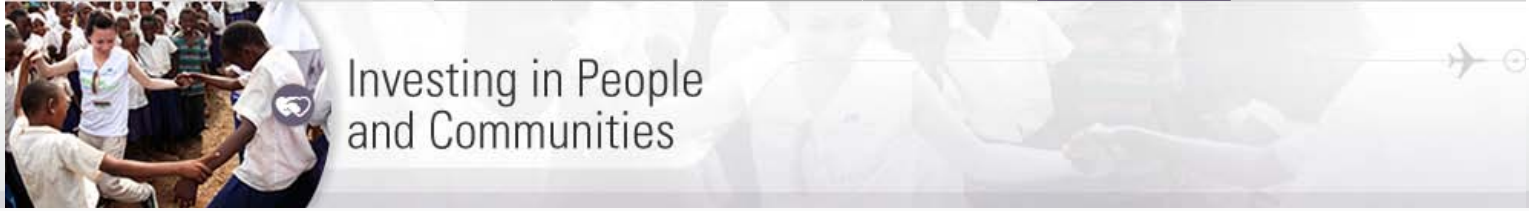
The Dragonair Aviation Certificate Programme (DACP) expanded its application criteria in 2011 to allow the general public to take part in the popular youth-oriented activity, where previously it was only available to members of the Hong Kong Air Cadet Corps, the co-organiser of this educational programme. In addition to having the opportunity to explore the aviation world through a series



of lectures, training sessions, briefings and tour of aviation facilities, each participant was mentored by a Dragonair pilot. Among the 90 programme alumni graduated between 2006 and 2011, a total of 30% have already embarked on a career in the aviation industry, including working as air traffic controllers, aircraft engineers, flight attendants and pilots for Dragonair as well as sister airline Cathay Pacific.

### **CX City Visits**

Cathay Pacific's headquarters, Cathay Pacific City, is fully equipped with aviation and training facilities that are open to different non-profit organisations through a visit programme. In 2011, more than 14,500 visitors from 375 groups from schools, universities, professional bodies and NGOs took advantage of the programme.



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### Medical Care Services

We believe it is our responsibility to support access to essential medical care services in a practical way, especially for vulnerable and impoverished groups in the regions we serve, as well as giving our support to projects that serve mobility-impaired groups.

#### 'Our long-term commitments' of medical initiatives

- > Orbis  
ticket sponsorship
- > Hong Kong Society for the Blind  
ticket sponsorship
- > Cathay Pacific Wheelchair Bank  
donation since 1999
- > Dreamflight  
ticket sponsorship
- > Medecins Sans Frontieres  
ticket sponsorship since 2009

For further details on the above initiatives, please refer to our [previous reports](#).

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**Environmental Conservation**

Our network connects over 140 destinations around the world, and we have an impact on the environment in these locations. Hence we recognise the importance of conserving habitat and species diversity where we can, as well as raising public awareness through educational activities. In line with our focus on youth education, this year, Cathay Pacific ran a youth environmental programme, Green Explorer. We also assisted in the repatriation of endangered pig-nose turtles seized in Hong Kong to Indonesia.

**Green Explorer**

Forty students aged between 16 and 18 from Hong Kong and ten other countries had the chance to join Cathay Pacific's inaugural Green Explorer programme this year. The eight-day trip to Hong Kong and Sichuan in Mainland China aims to give young participants a better understanding of conservation and sustainable development in China. They hiked through dense forests, visited a tea plantation and an old town, installed infrared cameras in the wild, visited sustainable livelihood projects and saw the conservation of giant pandas in action at the Daxiangling Nature Reserve. The trip ended with a night of cultural sharing at the Hulin Ecological Resort.



Here is what some of the students thought of the experience:



**“The simple lives of the villagers and how they managed to support themselves using sustainable growing methods really intrigued me.”**

Karis Cheung  
Hong Kong

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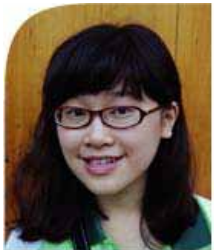
“I now realise the importance of a united, global effort in conservation.”

Donna Chiu  
Hong Kong



“The trip taught me the gravity of the panda’s endangered situation.”

Yoo Ji Suh  
South Korea



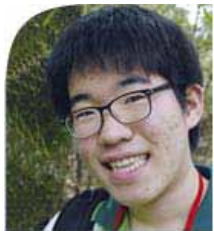
“Living in urban areas for such a long time, I had a chance to see how beautiful and peaceful unspoiled forests are, which increased my hope that humans can take more responsibility in keeping natural environments as intact as possible.”

Ina Shen  
Taiwan



“I am now thinking about a job in the environmental sector and joining the local forest group.”

Sophie Pruefert  
Germany



“I would like to use the Green Schools Alliance from the US as a benchmark to create a similar organisation in Korea.”

Ko Minhyeok  
South Korea



### Repatriation of pig-nosed turtles

Cathay Pacific assisted in the reintroduction of 609 pig-nosed turtles (*Carettochelys insculpta*) to Indonesia by donating cargo space and two return seats to the organisers of the operation, Kadoorie Farm and Botanic Garden of Hong Kong, in partnership with International Animal Rescue (Indonesia), Wildlife Conservation Society Indonesia, and in collaboration with the HKSAR and Indonesian governments.



Copyright owner: Kadoorie Farm and Botanic Garden

The endangered species was transported back from Hong Kong via Jakarta to Indonesia Papua. The release involved full participation by the villagers of Bupul, and was an opportunity to educate the village children who were responsible for releasing the turtles into the local river, with guidance from the NGO. The wild pig-nosed turtle was last seen in the river 30 years ago and it is hoped that the release of juvenile turtles will see the return of this species to the area.



**“We would like to thank everyone that helped to make this repatriation project happen.”**

Gary Ades  
Head of Fauna Conservation Department, Kadoorie Farm & Botanic





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### Contributing to the Hong Kong Community

As local neighbours to our airport community in Hong Kong, we are dedicated to serving the Tung Chung community through many of our activities. Some highlights from 2011 included our continued partnership with the Neighbourhood Advice Action Council, Tung Chung Integrated Services Centre, on the initiatives below:



#### Visit to the elderly

More than 40 CX Volunteers spent a Saturday morning before the Chinese New Year visiting households of underprivileged elderly at the Yat Tung Estate in Tung Chung. The volunteers helped the elderly with basic cleaning and decorated their homes with festive Chinese calligraphy (Fai Chun) as well as distributing special Chinese New Year packs containing food and CX souvenirs.

#### Christmas party for children

Twenty one CX Volunteers showed 37 Tung Chung primary school students around CX City before leading them in games and carols, with Santa Claus appearing to distribute presents to the children.

Other community initiatives in 2011 included:

#### Recycling our PC assets

Cathay Pacific joined with Caritas Hong Kong to organize the 'Recycled Computer Donation Campaign for Students'. The programme is aimed at recycling the airline's computers and helping students from the Yau Tsim Mong District in Hong Kong.

CX launched a programme in early 2011 to replace or upgrade all its computers, with a total of 4,600 personal computers being replaced in Hong Kong. From the start, the programme's intention was to find a partner to reuse or recycle the computers.

Cathay Pacific also pledged to donate HK\$300,000 to sponsor free recycled computers for 300 students. Each recycled computer set came with a central processing unit and a 15 inch monitor, and had basic computer software installed. Caritas also provided a one-year warranty service for each computer. Members from the CX Volunteers team joined the distribution day to help distribute the computers and run workshops for the 300 student beneficiaries.

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Computers that could not be repaired were dismantled and sent for recycling.

Our subsidiary, HAS, also donated approximately 50 pieces of computer equipment to Caritas through the same scheme, whilst the Amsterdam team donated their old PCs to the Eigenwijks Foundation.





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### Responding to Local Needs around the World

Natural disasters can have devastating effects on communities, especially the poorest members of society. Drawing on our unique position of being able to offer and organise the carriage of supplies and personnel efficiently, Cathay Pacific has continued responding quickly to help and support those affected by natural disasters around the world, making charitable donations and launching fundraising campaigns to assist a number of major relief efforts and underprivileged children in developing countries in 2011:

- The Cathay Pacific Group made a contribution of more than HK\$13 million to help those affected by the earthquake and tsunami in Japan. The donation came mainly from a staff appeal run by Cathay Pacific, Dragonair and subsidiary companies. We gave free or special-fare tickets for relief organisations, shipped consignments of emergency provisions on behalf of the HKSAR government, and gave blankets, socks and towels to affected communities. Our Japanese staff remained resilient and professional despite the frightening experience. Volunteer staff from Hong Kong and off-duty staff who spoke Japanese all worked around the clock to help customers and get things back on track.
- The Cathay Pacific Group donated RMB500,000 to the Red Cross to help victims of the earthquake in Yunnan, China. Staff and the public raised some HK\$375,000 to help victims of the New Zealand earthquake.
- In response to the devastating floods in Pakistan and landslides in Gansu Province, China, the Cathay Pacific Group donated HK\$1.5 million to support the relief efforts of UNICEF and NGOs. This donation came from Cathay Pacific and Dragonair staff, which the company matched. The airline also helped with the shipment of relief goods to Pakistan.
- A company appeal to help those affected by the devastating floods in Thailand raised almost HK\$1.2 million. A month-long fundraising appeal was launched on 1 November, with the company matching every dollar donated by CX and KA staff respectively. All proceeds were donated to the Hong Kong Red Cross who transferred it to the Thai Red Cross Society to assist the relief effort in Thailand.
- Over HK\$12.3 million was raised through 'Change for Good', the airline's inflight fundraising programme, in the 2011 programme period, to support UNICEF's programmes helping underprivileged children in more than 150 developing countries around the world.

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## Cathay Pacific staff getting involved around the world:

- North America
- Europe
- Mainland China
- East Asia
- Southeast Asia
- South Asia
- Africa



### Toronto and Vancouver

'I Can Fly' programme

### Los Angeles

13 volunteers visited San Pedro Street with Midnight Mission to serve warm meals



Visiting San Pedro Street in Los Angeles

### Atlanta

Toys collected for children attending a low income elementary school near the airport

### Europe

### Amsterdam

Raised funds for cancer charity run by Richard Bottram at their Open Office Event



Cancer Charity Run in Amsterdam, the Netherlands

### Mainland China

### Beijing

CX and KA teams visited Prince of Peace Children's Home and Rehabilitation Centre in Tianjin

### Kunming

Following the earthquake that struck Yunnan, Dragonair donated RMB500,000 through the Kunming office to the provincial Red Cross to help in reconstruction of the primary schools



Dragonair donation to the provincial Red Cross through the Kunming office

### East Asia

### Taipei

Team collected book donations from staff and the public to help the Ping Tong Indigenous Association of Culture and Education to distribute to the needy



Kaohsiung managers from the KA office visited 50 kids at the Southern Region Children's Home

### Kaohsiung

Managers of the KA office visited 50 kids at the Southern Region Children's Home M.O.I to promote environmental protection and hosted a seminar on the ecology of seagulls

## Southeast Asia

### Jakarta

20 staff building with Habitat for Humanity

### Singapore

'Bare Your Sole' for Habitat for Humanity

### Bangkok

More than 90 staff from Hong Kong and eight other Southeast Asian outposts volunteered for the day at the Mercy Centre

### Bangkok

Staff spent a day at the Veteran General Hospital, then invited 20 orphans/underprivileged children from the Mercy Centre on a trip to Saraburi province to visit the Chokchai

### Saigon and Hanoi

40 staff volunteered at Phu My Orphanage with 380 children

### Penang

Worked with Penang State Welfare Department to host underprivileged children for a day out

### Colombo

Team spent a public holiday upgrading the facilities at the Parakrama Boys Home



*Bare Your Sole 2011 in Singapore*



*Day out for underprivileged kids in Penang*

## South Asia

### Mumbai

CX staff from Hong Kong, Los Angeles, San Francisco, Vancouver and Mumbai joined other oneworld volunteers to visit two Indian orphanages

### Chennai

Supporting the Landmark Foundation, social work among slum children and abandoned elderly

### Dhaka

The KA team donated a television and DVD player to street children via the Cadet College Paribaar (CCP), a charitable school providing free education to around 150 children, so the children could enjoy educational documentaries. The team is planning to donate computers and provide a one-year internet subscription to CCP so the children can get acquainted with the internet and the world of IT.



*The Landmark Foundation in Chennai*



*Dhaka KA team donation to street kids via Cadet College Paribaar*

## Africa

### Johannesburg

Nine staff read English books to children and spent time with them



*Brightening up a school day in Johannesburg*

## Partnering with the Philippine Business for Social Progress (PBSP)

CX Philippines became a member of the Philippine Business for Social Progress (PBSP), which is the largest corporate-led social development foundation in the Philippines, and the first of its kind in Asia. So far, it has assisted 6,500 social development projects throughout the country, and CX is the first airline to become a member.



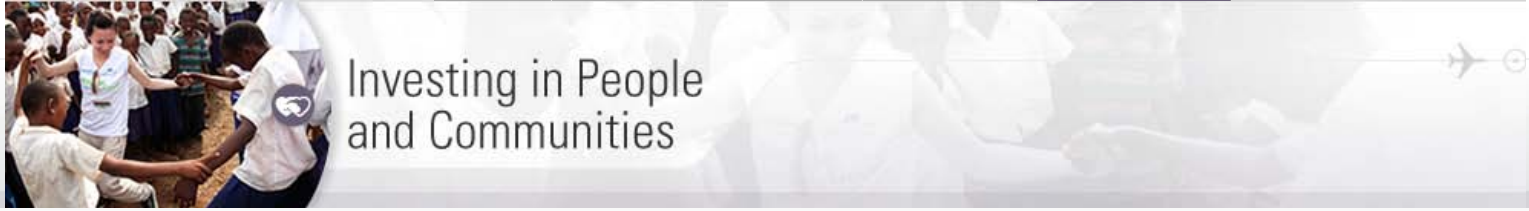
For its first countrywide project, the Cathay Pacific team participated in rehabilitation and reforestation of the 29,000 hectare Marikina Watershed, where 24 CX staff volunteers initially established a nursery site for 12,000 seedlings. Twenty Dumagat families, a nomadic Philippine tribe, were the other beneficiaries of this programme. Livelihood assistance was extended to them via this project, and they helped with setting up and looking after the nursery. In another event, 50 staff and family members from the Cebu team planted a quarter hectare of land with indigenous trees in the hills of Barangay Catipla in Babag.



**"CX has been working with PBSP for a number of years on educational and environmental projects."**

Camilla Taylor  
Manager Cebu (August 2009 to July 2011)





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### Progress on 2011 Actions and 2012 Agenda

Commitments	Progress	What we did in 2011
Renovate and update the Airbus mock-up such that the product environment enables upgrading of our training quality.	Ongoing	The Airbus mock-up, which has been in use since 1998, is being renovated in preparation for the delivery of the new Airbus 350 aircraft. These will be ready for use in training by mid-2012.
Provide CISM training for HKIA frontline airport staff.	Ongoing	
Raise awareness amongst staff on work stress management.	Ongoing	
Launch the new B777 mock up at the Training and Development Centre (TDC) to enhance induction training.	Completed	A new Boeing 777 aircraft mock up was built at the Training and Development Centre at CX City. 🇦🇺
Utilise different channels to communicate the Sustainable Development Strategy.	Ongoing	Engagement plan has been drawn up and is being implemented from 2012.
Measure and evaluate the outcomes of our community involvement using established models.	Completed	To evaluate the effectiveness of the English On Air programme, we have devised a scorecard with reference to the London Benchmarking Group model.

#### Agenda for 2012

- Add new PEY to mock up for training
- Conduct Cabin Crew Engagement Survey/Connect Survey in 2012
- Roll out a series of staff engagement activities on sustainability, including a themed ideas competition
- Evaluate the English on Air programme on a full academic year basis

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## Overview

Welcome to our third Sustainable Development Report, which covers our sustainability performance – both achievements and challenges in 2011.

A summary brochure in both English and Chinese has been published together with this online report. These are [downloadable](#) from the report website.

## Why we report

Our reporting has evolved since 1996, the first year we launched our Environmental Report, but our commitment to transparency and accountability remains unchanged.

We publish our Sustainable Development Report yearly to:

- Disclose our sustainability performance in a transparent, accountable and clear manner;
- Engage with our stakeholders on sustainability issues that are material to our business so we can address them effectively and appropriately; and
- Discuss the challenges and setbacks we face as a company in progressing along this sustainable journey so we may learn how to overcome them.

## Report scope

Our annual Sustainable Development Report covers the Cathay Pacific Group: Cathay Pacific Airways, Dragonair, Air Hong Kong and four other 100% owned subsidiaries based in Hong Kong.

As with last year, we report the energy consumption and greenhouse gas data from four outports (Auckland, Taipei, Manila and San Francisco) and non-GHG data from five outports (Frankfurt, Paris, Karachi, Kuala Lumpur and Sydney). We also continue to work with our other outports on data collection.

This report covers the 2011 calendar year.

## How we report

The content of this report has been defined by a process of:

- internal and external stakeholder engagement led by an external, independent facilitator;
- identification of priority areas set out by aviation industry associations and the use of a materiality matrix;
- reference to the Global Reporting Initiative (GRI) 2011 reporting framework (version G3.1) and the AA1000 Accountability standard; and
- benchmarking against other airlines.

## Measuring our performance

We have included commitments in most areas of this Report. It is essential for us to monitor our performance so that we can enhance initiatives throughout our operations to better manage our key sustainability impacts.

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## Data collection and calculation process

This is the third year we are collecting data from our subsidiaries and a number of our outports. The general approach is to request data owners to confirm the accuracy of their data either through documentary evidence or past operational performance. The Environmental Affairs Department checks for any material errors and approves the data. We recognise the need to continually improve on this process to ensure our data collection and calculation process is robust.

## Views on our report

We invited a multi-stakeholder committee to review and assess the balance, completeness and responsiveness of this Report. The [Stakeholder Review Committee page](#) shows the key comments from our external panel.





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### Stakeholder Review Committee

This is the third year we have invited a committee of experts to review the materiality, balance and coverage of our report. They convened twice by meeting or by conference call to review a detailed framework of the report and the draft text respectively.

The Committee provided feedback on the initial framework for the 2011 Sustainable Development Report. The Committee considered:

- The appropriate coverage of issues and the materiality of those issues for Cathay Pacific and its stakeholders
- The responsiveness of the report in terms of addressing stakeholder's concerns
- Improvements that Cathay Pacific could make in this and future reports

Subsequently, the Committee provided feedback on the draft of the 2011 Sustainable Development Report. It reviewed content and style, and provided feedback on the strengths, weaknesses and omissions in each section of the report.

#### Committee for the 2011 report:



Ms. Rachel Fleishman  
Director,  
Climate Change Business  
Forum



Dr. Glenn Frommer  
Chief Sustainable  
Development Manager,  
Mass Transit Railway  
Corporation



Mr. James Goodman  
Deputy Director,  
Systems Innovation, Forum for  
the Future



Mr. Rod Munro  
General Manager,  
Novotel Hotels Hong Kong



Mr. Peter Witton  
Director of Communications,  
Habitat for Humanity  
International

We would like to express our appreciation to the Committee for their time and invaluable feedback on our report.

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## Statement

We welcome the consultative and participative process through which Cathay Pacific is developing its report. Involving a Stakeholder Review Committee in the sustainability reporting process is a relatively new approach in Hong Kong and Cathay Pacific is commended for initiating the process.

Cathay Pacific has been proactive in addressing Committee views and concerns and we saw a significant improvement in the document from the first to the second review. We expect Cathay Pacific will continue to enhance this process in future years, ensuring Committee comments are utilised to improve the quality of reporting process.

The report demonstrates openness and integrity. The emphasis on materiality, the provision of useful data, quotes from senior management and details of the stakeholder engagement process all contribute to a report that is of a good quality. We do not expect companies to have all the answers to the concerns of their stakeholders, but we do expect them to acknowledge the issues objectively and constructively, to state their beliefs and their strategy, and maintain consistency within the report. In our view Cathay Pacific has achieved these objectives.

Cathay Pacific's climate change commitment, in line with the IATA targets, is particularly notable. The approach to climate change as set out in the report and the measures taken to mitigate expected impacts are robust. It is appropriate to acknowledge aviation's contribution to climate change. For the future it will be important to provide clear data about aviation's share of global emissions, their impacts on climate change and relevant mitigation measures as air traffic increases substantially.

For future reports, we would recommend that Cathay Pacific focuses more on the way that their sustainability strategy has developed, presenting the measurements, goals and progress being made. The Committee would like to see further information relating to:

- Cathay Pacific's vision of a sustainable commercial aviation company and the key goals to realise this vision
- Defining the material sustainable development risks for Cathay Pacific
- Benchmarking Cathay Pacific's health and safety performance against other industry players
- The implementation of the Supplier Code of Conduct
- A more focussed and strategic approach to community investment and the measurement of the impacts that Cathay Pacific programmes have had on local communities
- The involvement of staff in sustainability initiatives
- The contribution of the important constituent businesses in attaining goals and addressing risks

Overall, the Committee is of the view that Cathay Pacific is to be congratulated for going through a process of stakeholder engagement during the writing of the report.

*The views expressed here are based on individual perceptions and do not necessarily represent those of their respective organisations.*


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**Independent Assurance Statement**

**Independent assurance report**
**What we found**

Based on the work described below, nothing has come to our attention that causes us to believe that the selected subject matter for the year ended 31 December 2011 has not been prepared, in all material respects, in accordance with the Reporting Criteria.

**To the board of directors of Cathay Pacific Airways Limited**
**What we did**

Cathay Pacific Airways Limited engaged us to perform a limited assurance engagement on the selected subject matter within the Cathay Pacific Airways Limited 2011 Sustainable Development Report ("SD Report") for the year ended 31 December 2011.

**Selected subject matter**

The selected subject matter is listed below and marked with a Δ in the SD Report:

- Scope 1 and scope 2 carbon dioxide emissions (tCO<sub>2</sub> e).
- CO<sub>2</sub> emissions from Cathay Pacific and Dragonair flights (tCO<sub>2</sub> e).
- Fuel efficiency (grammes/ATK and grammes/ RTK).
- The total number of offsets for staff travel and the total number of offsets bought by passengers of the Flygreener programme.
- Amount of recycled materials from inbound Cathay Pacific flights and from Cathay Pacific City.
- The five action items for 2011 in the section "Progress on 2011 Actions and Agenda for 2012" which are marked with a Δ.
- The qualitative statement made in the section "Approach to stakeholder engagement" which is marked with a Δ.

**Reporting criteria**

The selected subject matter above have been assessed against the definitions and approaches presented under the heading *Basis of Preparation of the 2011 Sustainable Development Report* in the appendix of the 2011 Online Sustainability Report at <http://www.cathaypacific.com/sdreport> (the "Reporting Criteria").

**Responsibilities**
**PricewaterhouseCoopers**

Our responsibility is to express a conclusion based on the work we performed.

**Cathay Pacific Airways Limited**

Cathay Pacific Airways Limited management is responsible for the preparation and presentation of the selected subject matter in accordance with the Reporting Criteria. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and presentation of the subject matter and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

**Inherent limitations**

Inherent limitations exist in all assurance engagements due to the selective testing of the information being examined. Therefore fraud, error or non-compliance may occur and not be detected. Additionally, non-financial data may be subject to more inherent limitations than financial data, given both its nature and the methods used for determining, calculating and estimating such data.

**Restriction on use**

Our report has been prepared for and only for the board of directors of Cathay Pacific Airways Limited and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

**Limited assurance**

This engagement is aimed at obtaining limited assurance for our conclusions. As a limited assurance engagement is restricted primarily to enquiries and analytical procedures and the work is substantially less detailed than that undertaken for a reasonable assurance engagement, the level of assurance is lower than would be obtained in a reasonable assurance engagement.

**What our work involved**

We conducted our work in accordance with the "International Standard on Assurance Engagements 3000 (Revised): Assurance Engagements Other than Audits or Reviews of Historical Financial Information". This Standard requires that we comply with independence and ethical requirements and plan and perform the assurance engagement to obtain limited assurance as to whether the selected subject matter is prepared, in all material respects, in accordance with the Reporting Criteria.

**Main procedures performed**

The procedures selected depend on the independent accountants' judgement. Within the scope of our work we performed amongst others the following procedures:

- Making enquiries of relevant management of Cathay Pacific Airways Limited and its subsidiaries as appropriate.
- Evaluating the design of the key processes and controls for managing and reporting the selected subject matter.
- Undertaking analytical procedures over the selected subject matter.
- Reviewing a sample of relevant management information and documentation supporting assertions made in the selected subject matter.

PricewaterhouseCoopers  
 Certified Public Accountants  
 Hong Kong

25 June 2012

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**GRI Statement**

The content and quality of the information in our report is guided by the Global Reporting Initiative (GRI) G3.1 reporting guidelines, which were released in 2011 and which built upon the G3 Guidelines. The Report Application Level is A+, as checked by the GRI.

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## Statement

# GRI Application Level Check

GRI hereby states that **Cathay Pacific Airways Limited** has presented its report "En route to Sustainability" (2011) to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 8 May 2012



**Nelmara Arbex**  
Deputy Chief Executive  
Global Reporting Initiative



The "+" has been added to this Application Level because **Cathay Pacific Airways Limited** has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. [www.globalreporting.org](http://www.globalreporting.org)

**Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 25 April 2012. GRI explicitly excludes the statement being applied to any later changes to such material.





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**GRI Table**

**STANDARD DISCLOSURES PART I: Profile Disclosures**

**1. Strategy and Analysis**

Profile Disclosure	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation
1.1	Statement from the most senior decision-maker of the organization.	Fully	Chairman and Chief Executive Message Annual Report p.3-4			
1.2	Description of key impacts, risks, and opportunities.	Fully	Understanding our Business Our Approach to Managing our Business Corporate Governance 2011 Actions and 2012 Agenda  Description of key impacts are also found in the beginning of all subsections of the report.			

**2. Organizational Profile**

Profile Disclosure	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation
2.1	Name of the organization.	Fully	About this Report			
2.2	Primary brands, products, and/or services.	Fully	Understanding our Business			
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Fully	Understanding our Business			
2.4	Location of organization's headquarters.	Fully	Understanding our Business			
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Fully	Understanding our Business			
2.6	Nature of ownership and legal form.	Fully	Understanding our Business			
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Fully	Annual Report p.1, 6-7			
2.8	Scale of the reporting organization.	Fully	Understanding our Business Investing in People and Communities Annual Report p.11			
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Fully	Understanding our Business Annual Report			
2.10	Awards received in the reporting period.	Fully	Understanding our Business Annual Report p.6, 9, 22			

**3. Report Parameters**

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Profile Disclosure	Description	Reported	Cross-reference/Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation
3.1	Reporting period (e.g. fiscal/calendar year) for information provided.	Fully	About this Report			
3.2	Date of most recent previous report (if any).	Fully	About this Report			
3.3	Reporting cycle (annual, biennial, etc.)	Fully	About this Report			
3.4	Contact point for questions regarding the report or its contents.	Fully	About this Report			
3.5	Process for defining report content.	Fully	About this Report Understanding our business Our Approach to Managing our Business SD Report 2009 - Stakeholder Engagement p.8-9			
3.6	Boundary of the report (e.g. countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Fully	About this Report			
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Fully	About this Report			
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Fully	About this Report			
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	Fully	About this Report GRI attachment text – Basis of Preparation of the 2011 SD Report			
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g. mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	Fully	There are none			
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Fully	There are none			
3.12	Table identifying the location of the Standard Disclosures in the report.	Fully	GRI Content Index on web version of Report at: <a href="http://www.cathaypacific.com/sdreport">www.cathaypacific.com/sdreport</a>			
3.13	Policy and current practice with regard to seeking external assurance for the report.	Fully	GRI attachment text – Basis of Preparation of the 2011 SD Report  In order to ensure that we report accurately, we have engaged independent accountants, PricewaterhouseCoopers to provide an assurance report on selected data in this Report.			



#### 4. Governance, Commitments, and Engagement

Profile Disclosure	Description	Reported	Cross-reference/Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Fully	Our Approach to Managing our Business Corporate Governance Annual Report p.34-35, 42-45			
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Fully	Corporate Governance Annual Report p.34-35  Our Chairman is not an executive officer.			
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	Fully	Annual Report p.42-45 Corporate Code on Governance Practices			
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Fully	Annual Report p.45 Investing in People and Communities			
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	Fully	Annual Report p.42-43			
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Fully	Annual Report p.40			
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	Fully	Corporate Governance Code Annual Report p.42-45			
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Fully	Understanding our Business Our Approach to Managing our Business Corporate Governance 2011 Actions and 2012 Agenda  Our internally developed Sustainable Development Strategy is guided by: Principles set forth in a) Bruntland Commission's definition of sustainable development; b) FTSE4Good; c) Hang Seng Sustainability Index; d) GRI; e) Carbon Disclosure Project and f) Swire Pacific Sustainable Development Strategy.			
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and	Fully	Understanding our Business Our Approach to Managing our Business Corporate Governance			

	opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.				
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Fully	Annual Report p.42		
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Fully	Corporate Governance		
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Fully	About this Report Safety Operating our Flights Investing in People and Communities Managing our Infrastructure		
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	Fully	Safety Operating our Flights		
54	Basis for identification and selection of stakeholders with whom to engage.	Fully	Our Approach to Managing our Business SD Report 2009 – Stakeholder Engagement p.8-9		
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Fully	Our Approach to Managing our Business SD Report 2009 – Stakeholder Engagement p.8-9		
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Fully	Our Approach to Managing our Business		

## STANDARD DISCLOSURES PART II: Disclosures on Management Approach (DMAs)

G3 DMA	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
DMA EC	Disclosure on Management Approach EC	Fully	Understanding our Business Annual Report p.30, 85-96				
Aspects	Economic performance	Fully	Understanding our Business Annual Report p.30, 85-96  Our Corporate Vision is simple – to be the world's best airline. In practice, this means we 'provide outstanding products and services' and 'be a socially environmentally responsible company' as part of our Corporate Missions.				
	Market presence	Fully	Annual Report p.6-7  Whilst most of our operations are based in Hong Kong, the majority of our spending are in equipment and materials that are not readily available locally such as aircraft and jet fuel.  We continue to contribute to the local economies in which we operate through hiring locally-based contractors and				

			locally-sourced items when this is feasible.				
	Indirect economic impacts	Partially	SD Report 2010 – Understanding our Business	EC8	Not applicable	We do not report on this issue as the disclosure does not relate to our business because we are primarily in the service industry sector.	
DMA EN	Disclosure on Management Approach EN	Fully	SD Policy and Environmental Policy Our Approach to Managing our Business – Environmental Management Corporate Governance Operating our Flights Managing our Infrastructure Working with our Supply Chain				
Aspects	Materials	Fully	SD Policy and Environmental Policy Our Approach to Managing our Business – Environmental Management				
	Energy	Fully	SD Policy and Environmental Policy Our Approach to Managing our Business				
	Water	Fully	SD Policy and Environmental Policy Our Approach to Managing our Business – Environmental Management				
	Biodiversity	Fully	SD Policy and Environmental Policy Sustainable Food Policy Our Approach to Managing our Business				
	Emissions, effluents and waste	Fully	SD Policy and Environmental Policy Our Approach to Managing our Business – Environmental Management				
	Products and services	Fully	SD Policy and Environmental Policy Our Approach to Managing our Business – Environmental Management				
	Compliance	Fully	SD Policy and Environmental Policy Our Approach to Managing our Business – Environmental Management				
	Transport	Fully	SD Policy and Environmental Policy Our Approach to Managing our Business – Environmental Management				
	Overall	Not		EN30	Not material	Applicable indicator not reported as this is not relevant to our core business.	
DMA LA	Disclosure on Management Approach LA	Fully	Safety Policy Our Approach to Managing our Business Corporate Code of Conduct Investing in People and Communities Safety Working with our Supply Chain				
Aspects	Employment	Fully	Our Approach to Managing our Business – Human Resources & Sustainable Purchasing Management				
	Labor/management relations	Fully	Our Approach to Managing our Business – Human Resources & Sustainable Purchasing Management				
	Occupational health and safety	Fully	Safety Policy Our Approach to Managing our Business – Safety, Human Resources & Sustainable Purchasing Management				
	Training and education	Fully	Our Approach to Managing our Business – Human Resources & Sustainable Purchasing Management				
	Diversity and equal opportunity	Fully	Our Approach to Managing our Business – Human Resources & Sustainable Purchasing Management				
	Equal remuneration for women and men	Fully	Our Approach to Managing our Business – Human Resources & Sustainable Purchasing Management				
DMA HR	Disclosure on Management Approach HR	Fully	Our Approach to Managing our Business Corporate Code of Conduct Investing in People and Communities Safety Working with our Supply Chain				
Aspects	Investment and procurement practices	Fully	Our Approach to Managing our Business – Human Resources & Sustainable Purchasing Management				
	Non-discrimination	Fully	Our Approach to Managing our Business – Human Resources & Sustainable Purchasing Management				

	Freedom of association and collective bargaining	Fully	Our Approach to Managing our Business – Human Resources & Sustainable Purchasing Management				
	Child labor	Fully	Our Approach to Managing our Business – Human Resources & Sustainable Purchasing Management				
	Prevention of forced and compulsory labor	Fully	Our Approach to Managing our Business – Human Resources & Sustainable Purchasing Management				
	Security practices	Not			Not material	We do not report on this issue as the disclosure does not relate to our business because we do not employ our own security forces. Security personnel do exist at airports where we operate to. However these are under contract with the relevant airport authorities overseeing the local airport.	
	Indigenous rights	Not			Not material	We do not report on this issue as this aspect does not relate to our business because our significant area of operations (Hong Kong) does not occur in areas related to indigenous people. In other countries, we are not directly involved with issues related to local indigenous people.	
	Assessment	Not	The majority of our operations and staff emanate from Hong Kong, which has laws and regulations that are consistent with international human rights charters. We ensure that we meet these regulations. For locations that have a higher risk for human rights violations/impacts, we ensure that we meet our Code of Conduct and its supporting policies as best we can, while complying with the local regulations and laws, as well as the local culture.		Not material		
	Remediation	Fully	Our Approach to Managing our Business – Human Resources Management				
DMA SO	Disclosure on Management Approach SO	Fully	Our Approach to Managing our Business Corporate Governance Corporate Code of Conduct Investing in People and Communities				
Aspects	Local communities	Fully	Our Approach to Managing our Business – Community Investment Management				
	Corruption	Fully	Corporate Code of Conduct Corporate Governance Our Approach to Managing our Business – Human Resources & Sustainable Purchasing Management				
	Public policy	Fully	Our Approach to Managing our Business Operating our Flights				
	Anti-competitive behavior	Fully	Corporate Code of Conduct Corporate Governance Our Approach to Managing our Business – Human Resources & Sustainable Purchasing Management				
	Compliance	Fully	Corporate Code of Conduct Corporate Governance Our Approach to Managing our Business – Human Resources & Sustainable Purchasing Management				
DMA PR	Disclosure on Management Approach PR		Our Approach to Managing our Business Corporate Governance Corporate Code of Conduct Investing in People and Communities Safety				
Aspects	Customer health and safety	Fully	Our Approach to Managing our Business Corporate Governance Corporate Code of Conduct				
	Product and service labelling	Not	Our Approach to Managing our Business Corporate Governance Corporate Code of Conduct		Not available	It is our medium term goal (5 years) to be able to report on this.	2015
	Marketing communications	Fully	Our Approach to Managing our Business Corporate Governance Corporate Code of Conduct				
	Customer privacy	Fully	<a href="http://www.cathaypacific.com/cpa/en_HK/legal">http://www.cathaypacific.com/cpa/en_HK/legal</a>				
	Compliance	Fully	Our Approach to Managing our Business				

## STANDARD DISCLOSURES PART III: Performance Indicators

### Economic

#### Economic performance

Performance Indicator	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Fully	Economic Value Added Table Understanding our Business Annual Report p.26-31 Annual Report p.36				
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Fully	Understanding our Business Our Approach to Managing our Business Operating our Flights				
EC3	Coverage of the organization's defined benefit plan obligations.	Fully	Annual report p.71-74				
EC4	Significant financial assistance received from government.	Fully	None received				

#### Market presence

Performance Indicator	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	Not	The salary for all employees is based on experience, job classification, job evaluation, employee pay system and performance related pay. It would be challenging to provide a breakdown into employee category. However, we are investigating the best way to report this information in the future.		Not available		2015
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Partially	Whilst most of our operations are based in Hong Kong, the majority of our spend are in equipment and materials that are not readily available locally such as aircraft and jet fuel.  We continue to contribute to the local economies in which we operate through hiring locally-based contractors and locally-sourced items when this is feasible.		Not material		
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Fully	Our Approach to Managing our Business				

#### Indirect economic impacts

Performance Indicator	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Not			Not applicable	We do not report on this issue as the disclosure does not relate to our business because we are primarily in the service industry sector.	
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Fully	Understanding our Business Our Approach to Managing our Business SD Report 2010 – Understanding our Business p.4-5				

### Environmental

#### Materials

Performance	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	To be reported in
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Indicator	Description	Reported	Direct answer	reported	omission	Explanation	reported in
EN1	Materials used by weight or volume.	Fully	Environmental Indicators Table				
EN2	Percentage of materials used that are recycled input materials.	Not			Not available	Whilst we do use some recycled input materials, we do not know yet whether these numbers are material enough to warrant reporting. We will continue to investigate and will report progress in the medium term.	2015

## Energy

Performance Indicator	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
EN3	Direct energy consumption by primary energy source.	Fully	Environmental Indicators Table  The total direct energy consumption is 226,982,551 GJ. Details of the fuel types and quantity consumed are in the Environmental Indicators Table.				
EN4	Indirect energy consumption by primary source.	Fully	Environmental Indicators Table  The total indirect energy consumption is 338,393 GJ. Details of the fuel types and quantity consumed are in the Environmental Indicators Table.				
EN5	Energy saved due to conservation and efficiency improvements.	Fully	Operating our Flights Managing our Infrastructure				
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Fully	Operating our Flights Managing our Infrastructure				
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Fully	Operating our Flights Managing our Infrastructure				

## Water

Performance Indicator	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
EN8	Total water withdrawal by source.	Fully	Environmental Indicators Table				
EN9	Water sources significantly affected by withdrawal of water.	Not			Not material	Water supplied publicly in Hong Kong is withdrawn from natural rainfall collected in Hong Kong and the Dongjiang River from the neighbouring province of Guangdong, China. We do not report on this issue as we believe that water consumption does not have a significant impact on these water sources. However, we will continue to investigate and report on progress in the medium term.	
EN10	Percentage and total volume of water recycled and reused.	Not			Not applicable	We do not report on this issue as waste water discharged from our operations in Hong Kong are treated by the municipal water services department.	

## Biodiversity

Performance Indicator	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Fully	Cathay Pacific Headquarters and most of our subsidiary headquarters are located on over 4 hectares on Lantau Island, considered an island of high biodiversity in Hong Kong				
EN12	Description of significant impacts of activities, products, and services on	Fully	Understanding our Business Operating our Flights Managing our Infrastructure				



	biodiversity in protected areas and areas of high biodiversity value outside protected areas.						
EN13	Habitats protected or restored.	Partially	Investing in our People and Communities	Size	Not available	We do not report on this as we have not been able to collate the relevant data. The habitats we protect may also vary from year to year. We will continue to investigate this and report progress in the medium term.	2015
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	Partially	SD Policy and Environmental Policy Sustainable Seafood Policy	Full and robust strategy	Not available	We are still developing a more robust strategy related to biodiversity and our impacts to it.	2015
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Not			Not available	We are still developing a more robust strategy related to biodiversity and our impacts to it. We will continue to investigate this impact and report on progress in the medium term.	2015

### Emissions, effluents and waste

Performance Indicator	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
EN16	Total direct and indirect greenhouse gas emissions by weight.	Fully	Environmental Indicators Table				
EN17	Other relevant indirect greenhouse gas emissions by weight.	Fully	Environmental Indicators Table				
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Fully	Operating our Flights Managing our Infrastructure				
EN19	Emissions of ozone-depleting substances by weight.	Not			Not available	We are unable to provide a number this year as we have been unable to obtain an auditable number. We are continuing to work on this by preparing a set of greenhouse gas data monitoring guidelines across the Group and plan to report on this in 2013.	2013
EN20	NO <sub>x</sub> , SO <sub>x</sub> , and other significant air emissions by type and weight.	Fully	Environmental Indicators Table				
EN21	Total water discharge by quality and destination.	Fully	Managing our Infrastructure  Wastewater from our operations at Hong Kong International Airport, which includes our headquarter buildings, CPCS, and HAS, are directed to the Hong Kong Airport Authority's treatment plant prior to discharge.				
EN22	Total weight of waste by type and disposal method.	Fully	Environmental Indicators Table  In terms of disposal of waste, aside from recyclable materials (i.e. paper, print cartridges, cans etc.), office waste is managed by facility management and collected by municipal services. Scraps from food preparation at CPCS are sent to a farm in the New Territories. Cooking oil at CPCS is collected and made into bio-diesel.				
EN23	Total number and volume of significant spills.	Fully	Environmental Indicators Table				
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	Not			Not applicable	We do not transport hazardous waste	
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water	Not	Airport Authority Hong Kong monitors water quality around the airport, an area which does not have protected status.		Not applicable		

and runoff.

## Products and services

Performance Indicator	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Fully	Operating our Flights Managing our Infrastructure				
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Not			Not material	The majority of our revenue from our operations is based on our flying service and not a product per se with the exception of our aircraft when they are retired. Please refer to our SD Report 2010 – Environmental Performance section for further details on how we recycle and/or reuse aircraft parts.	

## Compliance

Performance Indicator	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Fully	Operating our Flights Managing our Infrastructure  There were none during the year 2011 apart from noise infractions. We settled the Euro fine of approx HK\$602m in the first half of 2011 but this fine was levied and fully provided for in the year of 2010.				

## Transport

Performance Indicator	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	Fully	Environmental Indicators Table Operating our Flights Managing our Infrastructure  As part of our over-all environmental impacts. We offset emissions from business travel by our staff through our carbon offset scheme FLY greener.				

## Overall

Performance Indicator	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
EN30	Total environmental protection expenditures and investments by type.	Not			Not available	It is difficult to separate out environmental from operational expenditures and investments (i.e. new aircraft purchases) due to the nature of our business. Separately a budget is being compiled for the purpose of the environmental footprint of our headquarter buildings in Hong Kong. Although we indicated reporting on this issue this year, we are postponing this to next year to ensure we are able to report accurate numbers.	2013

## Social: Labor Practices and Decent Work

### Employment

Performance Indicator	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	Partially	Social Indicators Table	total number of employees broken down by type of employment contract	Not available	We do not report on this as we have not been able to collate the relevant data, but we will be able to report on this in the short term.	2013
LA2	Total number and	Fully	Social Indicators Table				

	rate of new employee hires and employee turnover by age group, gender, and region.						
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Not			Not available	We do not report on this as we have not been able to collate the relevant data, but we will be able to report on this in the short term.	2013
LA15	Return to work and retention rates after parental leave, by gender.	Not			Not available	We do not report on this as we have not been able to collate the relevant data, but we will be able to report on this in the short term.	2013

### Labor/management relations

Performance Indicator	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
LA4	Percentage of employees covered by collective bargaining agreements.	Fully	Social Indicators Table				
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Fully				Staff is given sufficient notice of operational changes (for example when voluntary unpaid leave was introduced 2009, 1 month was provided to staff for consideration).	

### Occupational health and safety

Performance Indicator	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	Not			Not available	We do not report on this as we have not been able to collate the relevant data, but we will be able to report on this in the medium term.	2015
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	Partially	Social Indicators Table  The Lost Time Injury Rate (LTIFR) is defined as occurrences of lost time due to fatality, permanent disability or time lost by (# of injuries resulting in lost time / total workforce hours) x 1,000,000.	Absenteeism and full system of rules for reporting statistics	Not available	We do not report on the absentee rate, but we work on reporting this in the medium term.	2015
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Fully	Our Approach to Managing our Business Safety Investing in People and Communities				
LA9	Health and safety topics covered in formal agreements with trade unions.	Not			Not available	While this is discussed in voluntary consultative groups, we do not report on this as we have not been able to collate the relevant data, but we will be able to report on this in the medium term.	2015

### Training and education

Performance Indicator	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
LA10	Average hours of training per year per employee by gender, and by employee category.	Partially	Social Indicators Table	By gender	Not material	We do not keep track of this information as we believe that all staff must be provided with relevant training regardless of their gender. This is in line with our Non-Discrimination Policy.	
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Fully	Investing in our People and Communities				
LA12	Percentage of employees receiving regular performance and career development reviews,	Partially	Our Approach to Managing our Business Investing in our People and Communities	By gender	Not material	We do not keep track of this information as we believe that all staff must undergo regular performance	

by gender.

review regardless of their gender. This is in line with our Non-Discrimination Policy

## Diversity and equal opportunity

Performance Indicator	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	Partially	Investing in our People and Communities Social Indicators Table  Gender: 6% female; 94% male Age Group: 24% 30-50 years old; 76% over 50 years old		Not available	We do not report on a breakdown of staff by minority (nationality) as we have thus far been unable to gather the data but we will be able to report on this in 2015.	2015

## Equal remuneration for women and men

Performance Indicator	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	Not	Our Approach to Managing our Business  The salary for all employees is based on experience, job classification, job evaluation, employee pay system and performance related pay. It would be challenging to provide a breakdown into employee category. As a rule, salaries are not based on one's gender, consistent with our Non-Discrimination Policy and Compensation Management Policy.		Not available		2015

## Social: Human Rights

### Investment and procurement practices

Performance Indicator	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	Fully	Working with our Supply Chain Social Indicators Table				
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.	Fully	Working with our Supply Chain Social Indicators Table				
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Not			Not applicable	This does not relate to our business because we are primarily a service-based company by nature. However our Supplier Code of Conduct outlines our expectations from our suppliers to our procurement team in this area.	

## Non-discrimination

Performance Indicator	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
HR4	Total number of incidents of discrimination and corrective actions taken.	Fully	Social Indicators Table				

## Freedom of association and collective bargaining

Performance Indicator	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and	Fully	Our Approach to Managing our Business Working with our Supply Chain  Refer to 2010 SD Report – Purchasing and Supply Chain – for the most recent figures. We do not have updated				

actions taken to support these rights.

numbers in time for the 2011 SD Report.

We have identified our suppliers as an area where significant risk related to the freedom of association and collective bargaining exists. Our Supplier Code of Conduct covers freedom of association and collective bargaining. The Code of Conduct is included in our supplier risk assessments, evaluations and capability building. The survey results show how many firms are compliant with our Supplier Code of Conduct, how many are not currently but will within 3/6/9 months.

### Child labor

Performance Indicator	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	Fully	Our Approach to Managing our Business Working with our Supply Chain  Refer to 2010 SD Report – Purchasing and Supply Chain – for the most recent figures. We do not have updated numbers in time for the 2011 SD Report.  We have identified our suppliers as an area where significant risk related to forced and compulsory labour exists. Our Supplier Code of Conduct covers freedom of association and collective bargaining. The Code of Conduct is included in our supplier risk assessments, evaluations and capability building. The survey results show how many firms are compliant with our Supplier Code of Conduct, how many are not currently but will within 3/6/9 months.				

### Forced and compulsory labor

Performance Indicator	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	Fully	Our Approach to Managing our Business Working with our Supply Chain  Refer to 2010 SD Report – Purchasing and Supply Chain – for the most recent figures. We do not have updated numbers in time for the 2011 SD Report.  We have identified our suppliers as an area where significant risk related to forced and compulsory labour exists. Our Supplier Code of Conduct covers freedom of association and collective bargaining. The Code of Conduct is included in our supplier risk assessments, evaluations and capability building. The survey results show how many firms are compliant with our Supplier Code of Conduct, how many are not currently but will within 3/6/9 months.				

### Security practices

Performance Indicator	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	Not			Not applicable	We do not report on this issue as the disclosure does not relate to our business because we do not employ our own security forces. Security personnel do exist at airports where we operate to. However these are under contract with the relevant airport authorities overseeing the airport.	

### Indigenous rights

If applicable,

Performance Indicator	Description	Reported	Cross-reference/ Direct answer	Indicate the part not reported	Reason for omission	Explanation	To be reported in
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	Not			Not applicable	We do not report on this issue as this aspect does not relate to our business because our significant area of operations (Hong Kong) does not occur in areas related to indigenous people. In other countries, we are not directly involved with issues related to local indigenous people.	

### Assessment

Performance Indicator	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	Not			Not material	Majority of our operations and staff emanate from Hong Kong, which has laws and regulations that are consistent with international human rights charters. We ensure that we meet these regulations. For locations that have a higher risk for human rights violations/impacts, we ensure that we meet our Corporate Code of Conduct and its supporting policies as best we can, while complying with the local regulations and laws, as well as the local culture.	

### Remediation

Performance Indicator	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	Not			Not available	We are working on collating robust and auditable data for this particular indicator.	2015

### Social: Society

#### Local communities

Performance Indicator	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	Not			Not available	We are working on collating robust and auditable data for this particular indicator.	2015
SO9	Operations with significant potential or actual negative impacts on local communities.	Fully	Investing in our People and Communities				
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	Fully	Operating our Flights Managing our Infrastructure Investing in our People and Communities				

### Corruption

Performance Indicator	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
SO2	Percentage and total number of business units analyzed for risks related to corruption.	Partially	Purchasing Department	All other departments except for Purchasing Dept	Not available	We will launch an Anti-Corruption Compliance Project in 2012 that will review this in more detail. Although we already have anti-corruption commitments in place for our Purchasing Department which we consider has a high risk for corruption related incidents. We are working on collating robust and auditable data for this	2015



						particular indicator.	
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Not			Not available	We are working on collating robust and auditable data for this particular indicator.	2015
SO4	Actions taken in response to incidents of corruption.	Fully					

### Public policy

Performance Indicator	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
SO5	Public policy positions and participation in public policy development and lobbying.	Fully	Our Approach to Managing our Business Corporate Governance Operating our Flights Managing our Infrastructure				
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Not			Not applicable	As a matter of policy, we do not provide political contributions.	

### Anti-competitive behavior

Performance Indicator	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	Fully	Social Indicators Table Annual Report p.51				

### Compliance

Performance Indicator	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Fully	Annual Report p.51 Social Indicators				

### Social: Product Responsibility

#### Customer health and safety

Performance Indicator	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Fully	Safety Working with our Supply Chain				
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Fully	Social Indicators Table				

#### Product and service labelling

Performance Indicator	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Not			Not available	We do not report fully on this yet (commitment to future reporting in 5 years) given the wide array of products we offer onboard from food/beverages to amenity kits and blankets. However we have started offering MSC-certified seafood on selected flights and this is highlighted in the menus of applicable flights and FSC logos on sustainably sourced paper on marketing materials.	2015
PR4	Total number of	Not					

	incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.						
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Not			Proprietary information	We are still working on understanding how best we can present this information without divulging proprietary and commercially-sensitive information.	2015

### Marketing communications

Performance Indicator	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Fully	Our Approach to Managing our Business Corporate Governance  As a matter of policy, our Marketing team is guided by the relevant laws, standards and regulations related to marketing communications.				
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	Fully	Social Indicators Table				

### Customer privacy

Performance Indicator	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Not			Not available	We are working on collating robust and auditable data for this particular indicator	2015

### Compliance

Performance Indicator	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Fully	Social Indicators Table				

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## Reporting Methodology

Basis of Preparation of the 2011 Sustainable Development Report:

### a) Reporting tools

To avoid ambiguity, definitions of each parameter are communicated across the Cathay Pacific Group to ensure the quality and consistency of reporting. Data is collated via Swire's Environment, Health, and Safety (EHS) Database for our operations in Hong Kong covering Cathay Pacific, Dragonair, 100% owned and 60% owned Hong Kong-based subsidiaries. Cathay Holidays Limited and outports reported separately via questionnaires.

### b) GHG Emissions Accounting and Reporting Policies

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

#### Organisational boundaries

Cathay Pacific Group reported the greenhouse gas emissions of each of the subsidiaries below in proportion to their ownership percentage. The organisational boundaries for the reporting of greenhouse gas emissions include Cathay Pacific Airways and the following 100% and 60% owned Hong Kong-based companies (the "subsidiaries"):

- Hong Kong Dragon Airlines Limited (KA)
- Cathay Holidays Limited (CHL)
- Cathay Pacific Catering Services (H.K.) Limited (CPCS)
- Hong Kong Airport Services Limited (HAS)
- Vogue Laundry Service Limited (VLS)
- AHK Air Hong Kong Limited (AHK) (60% owned)

Other principal subsidiaries, as outlined on pages 96 to 97 of the Cathay Pacific Group 2011 Annual Report that are not included within the scope of this report, will be considered for inclusion in the future, where relevant.

#### Operational boundaries

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

- Scope 1 – Direct GHG emission, including global CO<sub>2</sub> emissions from flights, ground vehicles and Towngas combustion
- Scope 2 – Electricity and Towngas (production) indirect GHG emissions

The reporting period of the GHG data is the twelve-month period of 1 January to 31 December 2011. Consistent with our 2010 Report, the 2011 Report uses 1998 as the base year for comparing the emissions profile of our flights over time. Please note there have been changes in organisation and operational boundaries over the years which will impact comparability.

#### Scope 1 emissions

Scope 1 emissions include fuel and Towngas usage from ground-based activities in Hong Kong covering Cathay Pacific and the subsidiaries. In Hong Kong, the CO<sub>2</sub> emission factors used follow the guidelines published by the Environmental Protection Department (EPD) of the Hong Kong Special Administrative Region (HK SAR) Government

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in February 2010<sup>i</sup>. For CO<sub>2</sub> emission factors for output data, references have been made to the International Energy Agency (2010)<sup>ii</sup>.

In respect of our GHG emissions from aircraft fuel consumption, our scope includes all flight activities, including testing, training flights, dry lease and wet lease. As fuel density varies according to a number of factors, we use the Joint Inspection Group's<sup>iii</sup> recommended specific gravity of 0.80 kg/L to calculate the weight of fuel. We use the IPCC's emission factor of 3.15<sup>iv</sup> to determine CO<sub>2</sub> emissions from the combustion of aircraft fuel.

#### Scope 2 emissions

Our scope includes electricity consumption and Towngas production for our operations in Hong Kong covering Cathay Pacific and the subsidiaries. Emission factors used in our scope follow the guidelines published by the EPD of the HK SAR Government in February 2010 and the International Energy Agency (2010).

For GHGs, other than CO<sub>2</sub>, others including CH<sub>4</sub>, N<sub>2</sub>O, PFCs and SFs are either not applicable or not material to the overall GHG reporting.

Towngas is also used in the Cathay Pacific canteen. As this is operated by a third party, consistent with the previous year, it is specifically excluded.

#### Methodologies used to calculate or measure emissions

Refer to Endnote References.

### c) Other indicators

#### Environmental indicators

The scope of this year's reported resource usage includes operations in Hong Kong covering Cathay Pacific, the 100% and 60% owned subsidiaries, and five of our outports which were able to provide auditable numbers. We will continue to work on increasing the scope to cover all major outports in future reports.

#### Social indicators

Operations in Hong Kong covering Cathay Pacific and the 100% subsidiaries are included on the Social Indicators table.

### d) GRI Content Index

The GRI Content Index is prepared with reference to the applicable presentation requirements to meet the GRI G3 Guidelines V.3.1 A+ application level. The GRI content index does not reflect actual implementation of CX's sustainable development initiatives nor the value or quality of the report and its content.

### e) Other matters

#### FLY *greener* offsets

FLY *greener* offsets are calculated as the tonnes of CO<sub>2</sub> purchased by all passengers (including staff), using either cash or Air Miles as a method of payment. One tonne of CO<sub>2</sub> had a cash price of HK\$54.04 in during the year ended 31 December 2011. The average Air Miles price was 1,685.6 Air Miles per tonne of CO<sub>2</sub> during the year ended 31 December 2011. The total tonnage was computed based on the amount paid during the year. Cash received during the year related to flights taken in 2010 to 2011.

#### Fuel efficiency

Fuel efficiency is calculated as fuel usage per available tonne kilometre (ATK). ATK is defined in the Cathay Pacific Airways Limited Annual Report 2011 as overall capacity, measured in tonnes available for the carriage of passengers, excess baggage, cargo and mail on each sector multiplied by the sector distance.

RTK is defined as traffic volume, measured in load tonnes from the carriage of passengers, excess baggage, cargo and mail on each sector multiplied by the sector distance.

The fuel consumption figure shown on the Environmental Indicators Table only includes Cathay Pacific and Dragonair for comparability with last year's report.

ATK of 26,383 million and RTK of 19,309 million used in this calculation are taken from the Cathay Pacific Airways Limited Annual Report 2011.

## Recycled materials

In 2011, materials recycled from inbound flights to Hong Kong include plastic cups; plastic bottles; aluminium cans; and glass bottles (starting from September 2011). Materials recycled by the Cathay Pacific Airways and 100% owned subsidiaries include paper and cardboard; plastics; aluminium cans; waste lubrication oil; and printer cartridges. The amount of recycled materials refers to those recorded in either recycling vendor invoices or internal tracking records.

## English on Air

English on Air is an educational programme which involves English-speaking Cathay Pacific staff volunteers from a wide variety of nationalities and backgrounds who encourage local students to speak English. Participating students are invited to Cathay Pacific City to meet and chat with volunteers during English-speaking sessions.

## London Benchmarking Group

The London Benchmarking Group model is used by companies to assess and report on the value and achievements of their corporate community investment. It takes the form of a matrix that helps to summarise, and quantify, the achievements of a community activity. It breaks down the elements of the activity, detailing the different inputs, then going on to establish the outputs and, eventually, the impacts that these have achieved.

We evaluated the effectiveness of our English on Air activities run during October and November 2011 with reference to the London Benchmarking Group model starting from the 2011/12 academic year (i.e. September 2011). We developed questionnaires covering the areas indicated below and conducted surveys with the participating students and teachers in order to develop a scorecard of these areas.

- Leverage company resources
- English opportunities
- Increase confidence
- School partnership
- Awareness of aviation and Cathay Pacific Airways

## Materiality matrix

The materiality matrix plots our corporate social responsibilities issues in terms of two dimensions: the importance of the issue to our stakeholders and the impact of the issue to Cathay Pacific. In order to develop this we engaged with a third party consultant to perform focus groups and interviews on the selected group of stakeholders, chosen by Cathay Pacific and the third party consultant. The selected stakeholder groups provided comments on the six areas listed below and rated how their comments are important to them.

- Emerging issues facing the airline industry in the future
- Perceptions on the current corporate social responsibility (CSR) performance of CX and Dragonair, including the seven aspects: environment, airline safety, customer satisfaction, supply chain management, employee welfare, community development, and corporate governance.
- Expected responses from CX
- Reporting priorities
- Stakeholder engagement approach taken by CX
- Views on the five areas of CX's sustainable development strategy

With the comments and rating, we summarised stakeholders' concerns into material issues. For each of the material issues, we evaluated the impact of the issue to CX and produced a materiality matrix, which helps to structure our Sustainable Development Report for the year ended 31 December 2011.

## 2011 action items

The report includes details of commitments included in the 2010 Sustainable Development Report and the actions Cathay Pacific have taken in response to these.

## IFE video

Refers to an in-flight entertainment video entitled "Cathay Pacific Working Towards a Sustainable Future" which covers a range of activities including new aircraft technology to help reduce emissions, maintenance, inflight catering and recycling, community engagement, carbon offsetting and sustainable biofuels.

## SMS e-Learning package and knowledge test

Refers to an e-learning package with an assessment test available to all Cathay Pacific staff as part of the requirements pertaining to Safety Management System education and training.

## Boeing 777 aircraft mock up

Refers to the interior fit-out model of a Boeing 777-300ER passenger airliner, with First, Business and Economy Class seats, for crew member training.

- i Environmental Protection Department. (2010, February). Guidelines To Account For And Report On Greenhouse Gas Emissions And Removals For Buildings In Hong Kong. Retrieved from [http://www.epd.gov.hk/epd/english/climate\\_change/ca\\_guidelines.html](http://www.epd.gov.hk/epd/english/climate_change/ca_guidelines.html).
- ii International Energy Agency (2010). CO<sub>2</sub> Emissions from Fuel Combustion - Highlights. Summary Table: CO<sub>2</sub> emissions per kWh from electricity and heat. IEA.
- iii Formed by international oil companies, the Joint Inspection Group performs regular inspections of their airport facilities to ensure that they are operated in accordance with their procedures for handling aviation fuel at airports and upstream aviation fuel facilities.
- iv IPCC. (1999). Aviation and the Global Atmosphere. Cambridge: Cambridge University Press.





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### Abbreviations and Glossary

#### Some commonly used abbreviations in this report:

AAPA	Association of Asia Pacific Airlines
ACC	Air China Cargo
AGD	Aviation Global Deal
AHK	Air Hong Kong
ANSP	Air Navigational Service Providers
AOA	Aircrew Officers Association
ARSC	Airline Safety Review Committee
ATK	Available Tonne Kilometre
ATM	Air Traffic Management or Air Traffic Movement
CAAC	Civil Aviation Administration of China
CCBF	Climate Change Business Forum
CCC	Customer and Commercial Control
CCP	Cadet College Paribaar
CEPIC	Cathay Emergency Passengers Information Centre
CLG	The Prince of Wales's Corporate Leaders Group on Climate Change
COP	Conference of the Parties
CPCS	Cathay Pacific Catering Services
CX	Cathay Pacific
CX City	Cathay Pacific City
DACP	Dragonair Aviation Certificate Programme
EAP	Employee Assistant Programme
e-AWB	Electronic airway bill
EBITDA	Earnings before interest, taxes, depreciation and amortization
EMS	Environmental Management System
EOA	English On Air
EU ETS	European Union Emissions Trading Scheme
FRMS	Fatigue Risk Management System
FSC	Forestry Stewardship Council
GHG	Greenhouse Gas
GRI	Global Reporting Initiative
GSE	Ground Support Equipment

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HAS	Hong Kong Airport Services
HK CAD	Civil Aviation Department of Hong Kong
HKAEE	Hong Kong Awards for Environmental Excellence
HIMS	Human Intervention and Motivation System
IATA	International Air Transport Association
ICAO	International Civil Aviation Organisation
ICM	Integrated Crew Management
IAGOS	In-service Aircraft for a Global Observing System
IEA	International Energy Agency
IFE	Inflight Entertainment System
IOC	Integrated Operations Centre
IPCC	Intergovernmental Panel on Climate Change
ISAGO	IATA Safety Audit for Ground Operations
ISASI	International Society of Air Safety Investigators
KA	Dragonair
ISM	Inflight Service Manager
LEAP	Life Education Activity Programme
LEED	Leadership in Energy and Environmental Design
LTIFR	Lost Time Injury Frequency Rate
MSC	Marine Stewardship Council
MPO	Marco Polo Club
NGO	Non-governmental Organisation
PBSP	Philippine Business for Social Progress
PDMP	Performance and Development Management Process
PEY	Premium Economy
RTK	Revenue Tonne Kilometre
RSB	Roundtable for Sustainable Biofuels
SAFUG	Sustainable Aviation Fuel Users Group
SD	Sustainable Development
SMS	Safety Management System
WBCSD	World Business Council on Sustainable Development
WWF	World Wildlife Fund for Nature

### Glossary of terms:

Available Tonne Kilometre	Overall capacity, measured in tonnes available for the carriage of passengers, excess baggage, cargo and mail on each sector multiplied by the sector distance.
Carbon Neutral Growth	A cap on aviation CO <sub>2</sub> emissions from 2020.
Carbon Offset	Purchase of carbon credits generated by emissions reduction projects that reduce the emission of greenhouse gases to offset emissions generated elsewhere (i.e. air travel)
LTIFR	Computed as: (# of injuries resulting in lost time / total workforce hours) × 1,000,000
Materiality	Determining the relevance and significance of an issue to an organisation and its stakeholders. A material issue is an issue that will influence the decisions, actions and performance of an

organisation or its stakeholders.<sup>1</sup>

Materiality Matrix	Ranks the degree in which various SD issues have on our long term commercial and operational viability. Each SD issue assessed by its relative importance to stakeholders and the impact to our business. The result is used to define the breadth and depth of coverage in our Report.
Outport	Our overseas destinations/offices
Regulatory Report Rate	The number of safety reports (air, ground etc.) that are reported to the HK CAD as Mandatory Occurrence Reports as classified by the CAD382 [The Mandatory Occurrence Reporting Scheme] guidelines.
Responsiveness	An organisation's response to stakeholder issues that affect its sustainability performance and is realised through decisions, actions and performance, as well as communication with stakeholders. <sup>2</sup>
Revenue Passenger Kilometre	Number of passengers carried on each sector multiplied by the sector distance.
Revenue Tonne Kilometre	Traffic volume, measured in load tonnes from the carriage of passengers, excess baggage, cargo and mail on each sector multiplied by the sector distance.
Stakeholder Engagement	Using a combination of focus groups and interviews conducted by an independent facilitator to assist us in understanding the reasonable expectations and interests of stakeholders on but not limited to environmental and social issues. This can provide useful inputs for decision on reporting, drive change within our organisation, and improve upon accountability.
Stakeholder Review Committee	A select group of key stakeholders from various stakeholder groups convened to gather feedback on the materiality, balance and responsiveness of our Report.
Sustainability	The ability to continue and grow our business viably in the long-term.
Sustainable Biofuels	2nd generation biofuels produced from renewable biological resources such as plant material that do not compete with water/food supplies, protect areas of high conservation value, and bring socioeconomic to the local community where plant sources are grown.
Sustainable Development	Our commitment to sustaining economic growth without harming the planet or exhausting its resources, while improving the quality of life of current and future generations. We will manage our businesses in a sustainable manner, as this is a fundamental element of our continued success.
Sustainable Sourcing	Our commitment to work with our supply chain to ensure that products or goods that are being procured have no or a limited negative impact on the communities and environment that they are sourced from.
Transparency	The complete disclosure of information on the topics and Indicators required to reflect impacts and enabling stakeholders to make decisions, and the processes, procedures, and assumptions used to prepare those disclosures. <sup>3</sup>

Notes:

1. AccountAbility. AA1000 Accountability Principles Standard. 2008, p.12.

2. AccountAbility. AA1000 Accountability Principles Standard. 2008, p.14.

3. AccountAbility. AA1000 Accountability Principles Standard. 2008, p.6.

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Our principle subsidiaries based in Hong Kong:



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FTSE Group confirms that Cathay Pacific Airways Limited has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index company FTSE Group, FTSE4Good is an equity index series that is designed to facilitate investment in companies that meet globally recognised corporate responsibility standards. Companies in the FTSE4Good Index Series have met stringent social and environmental criteria, and are positioned to capitalise on the benefits of responsible business practice.



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