



Message from the Chief Executive



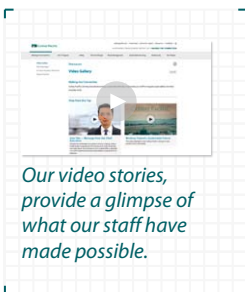
“We are committed to sustainable development as it is the right thing to do for our planet, people and communities. We are in it for the long term in order for our business to be successful and sustainable.”

Ivan Chu
Chief Executive

Cathay Pacific has an unwavering commitment to sustainability. Since 2010, we have been developing our Sustainable Development Strategy to bring about positive change and minimise the impact of our operations on the environment. This is a significant challenge, but it is also an opportunity for progress.

The involvement of our stakeholders is an indispensable part of this business vision. We have been listening to our diverse stakeholders’ needs and concerns, and we are responding by working with them to find solutions to reduce our impacts and reach our targets.

I am proud of our staff who are passionate about influencing sustainability behaviour, and challenging stakeholders to think out of the box about the way things are done, be it their colleagues or our suppliers. They work collaboratively to identify issues, best practices and improvements. I invite you to view the [video stories](#) featured in this year’s report to see what they have made possible.



Our video stories, provide a glimpse of what our staff have made possible.

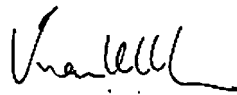
In June 2013, the International Air Transport Association Annual General Meeting endorsed the resolution for the industry to implement carbon neutral growth from 2020, also known as “CNG2020”, by means of a single market-based measure. For a number of years, Cathay Pacific has been closely involved in discussions on international aviation CO₂ emissions regulation. It was therefore very welcome news in October when the International Civil Aviation Organization (ICAO) Assembly agreed to proceed with the development of a global mechanism to tackle international aviation emissions.

We also acknowledge the positive move made by the European Union in November to 'stop the clock' on extending the EU Emissions Trading Scheme to international aviation to provide space for ICAO to reach such an agreement.

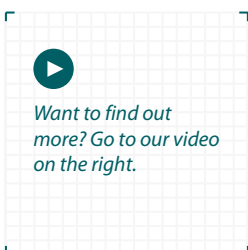
With the industry commitment to CNG2020 and our own CO₂ reduction target firmly in place, we are moving in the right direction towards a more sustainable future for aviation.

In the mean time, our industry continues to face a highly volatile operating environment. In 2013, whilst our passenger business was generally robust, fuel prices remained on a high plateau and the cargo market continued to be weak. We have to be flexible and adaptive. In addition to responding to these short to medium term issues, we are also future-proofing our business by continuously strengthening ourselves in different ways. Specifically, Cathay Pacific continued to invest in modernising our aircrafts, which will enable us to reduce fuel usage, carbon emissions, and noise pollution to the local community, and hence creating value for our stakeholders.

We are confident that our investments are going to pay dividends in the long run, and together with our outstanding team which is the best in the business, our best days lie ahead.



Ivan Chu
 Chief Executive



Ivan Chu, Chief Executive, talks about the importance of our stakeholders, especially our staff, understanding that sustainability is a key part of our business.



Our video, **Working Towards a Sustainable Future**, highlights what Cathay Pacific is doing to make aviation more sustainable.

Making the Connection

An introduction to the Cathay Pacific Sustainable Development Report 2013

At Cathay Pacific, we have always known that we create value by connecting people and places around the world. This year's theme for our Sustainable Development Report, Making the Connection, is particularly relevant.

In 2013 alone, over 29 million people travelled with Cathay Pacific and Dragonair between the 182 destinations offered by our global network.

Across the whole industry, over 3 billion passengers travelled by air in 2013. Providing these services generates 8.7 million direct jobs within the air transport industry and contributes \$606 billion to global GDP¹. Once considered a luxury, flying has become more accessible, with nearly 50,000 routes served in total globally.

Aviation not only provides jobs, trade links, connectivity and tourism. It also provides support for sustainable development through air travel, whether by supporting the transportation of sustainable agricultural products, connecting the global supply chains, providing vital lifelines to many remote communities including small island states and offering rapid disaster response. In essence, aviation is the real "world wide web"².

In addition to making physical connections, this year's theme reflects our desire for deeper engagement with our stakeholders. Since our first Environmental Report in 1996, we have been bringing our stakeholders on board this journey by progressively reporting on our environmental performance more transparently and comprehensively. In doing so, we wanted stakeholders to know where we stand on the issues that are of concern to them, our plans for addressing the impacts of our operations, how we are progressing, and how they can help us improve our performance. It is about connecting our stakeholders and our sustainability issues closer together.

The industry continues to balance the dual challenges of sustained high price of jet fuel and weak air cargo demand with the need to remain profitable against the backdrop of extremely thin margins. We believe that tackling these challenges successfully and effectively would put us on the trajectory to creating value for our stakeholders. It is about connecting our operational impacts to value creation.



"Building an economically efficient and sustainable platform is now the order of the day, and this of course involves a large number of stakeholders and is indeed a huge challenge. But what is progress if not the overcoming of challenges?"

John Slosar
Chairman

Notes:

1. Air Transport Action Group, Aviation Benefits Beyond Borders
2. Oxford Economics, Aviation: The Real World Wide Web, Onward Publishing

Innovation is the core ingredient that will help us make the step changes in the approach to our everyday actions and technological advancement. We want to collaborate with our stakeholders, both internal and external, to help us perform better and meet our sustainability commitments. We need to draw on the diverse resources and expertise within our business, the industry and our wider stakeholders. Together we work better, and our stakeholders are the ones that hold the key to innovation. It is about connecting our commitments to innovation.



“I am very proud of the work done by my team at Cathay Pacific – and that team includes innovators from purchasing to product to IT to flight operations.”

Ivan Chu
Chief Executive

We look forward to creating more opportunities for us to excel at what we do, and thus moving us closer to our vision: to be the worlds’ best airline. It is about connecting our Sustainable Development Strategy to our business vision.

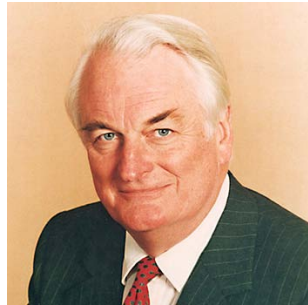
In this report, we begin to monitor the progress we have made during the year on the commitments launched in the last report. As we move forward towards 2020, we aim to achieve even more. As our stakeholders, we want to invite you to help us make these connections work.

Approach to Sustainable Development

Our Journey to Sustainable Development

In 1980, Cathay Pacific became one of the first airlines in the world to implement fuel efficiency measures – enabling us to undertake the first nonstop flight from Hong Kong to London. We then implemented these on our long-haul flights beginning with our nonstop flight from Hong Kong to Vancouver in 1982, and applied this approach throughout our fleet and worldwide routes.

As part of the Swire Group, a statement in 1989 by our honorary life president and former Chairman, Sir Adrian Swire, continues to inspire the company's direction:



“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
 Honorary life president and former Chairman

This approach defines what sustainable development means to us – it is about applying long term thinking in the business, doing the right thing by the environment and our stakeholders, which results in long term success and a sustained existence.

Cathay Pacific's current programme of CSR activities began back in 1991 with the launch of Change for Good, although we already had community activities since the 1970's, with the purpose of giving back to Hong Kong and to the communities in which we operate in.



On employee remuneration, we became one of the first companies in Hong Kong to provide flexible benefit schemes to our employees and formal management training programmes for pilots, engineers and general managers.

In 1996, we became one of the first Hong Kong companies to publish a voluntary publicly available Environmental Report for our stakeholders, which eventually evolved into our first Sustainable Development Report in 2009.

In 2012, with the support of various departments, we launched our Sustainable Development Strategy 20/20 commitments.

In 2010, thanks to the concerted effort of our colleagues, we were one of the few airlines and Hong Kong companies to be listed simultaneously in the FTSE4Good, Dow Jones Sustainability Index Asia-Pacific, and the Hang Seng Sustainability Index. We were also listed as a constituent of the Climate Disclosure Leadership Index Asia ex-Japan category under the Carbon Disclosure Project.

Callout 1: Watch our video Working Towards a Sustainable Future on StudioC+ under TV -> Lifestyle

Callout 2: We use FSC certified paper for menus, safety cards, magazines and meal tray papers

Callout 3: We use biodegradable plastic for blankets, earphones and magazine wraps and cutlery packs

Callout 4: We serve sustainably sourced fish on selected flights

Callout 5: We introduced the Mobile Boarding Pass and are developing a paperless flight deck environment to reduce paper use

Callout 6: Premium Economy Class amenity kits are made from recycled plastic bottles. Toothbrushes are made from biodegradable cornstarch

Callout 7: Magazines are replaced less frequently whilst maintaining quality to reduce paper and plastic use

Callout 8: Our cabin crew separate inflight waste such as cans, cups, and bottles for recycling

Callout 9: Plastic cutlery, serviceware, and tea cups are sorted, washed, and re-used

Sustainability All Around You

Our journey has not been easy, but it has been rewarding – since 1980, we have experienced our record-breaking profit years and our first profit loss; we have gone through Severe Acute Respiratory Syndrome (SARS); a number of economic downturns; to record highs in Hong Kong’s economy. Throughout this time, we have seen our sustainability commitments mature – starting from looking purely at environmental issues; to include social issues, and now beginning to integrate environmental, social and economic issues – the basic components of “sustainability”.

This year’s report highlights how far we have come, but also illustrates how much work still needs to be done. There is still some way to go before reaching our goal of fully embedding the value and practice of sustainability into how we conduct day-to-day business. In the 1980s, sustainability issues were not yet considered a priority for the world at large. Sustainability issues have become far more complex, the solutions need to be more innovative, and the actions need to be taken more urgently. While we have made significant progress, we need to work faster.



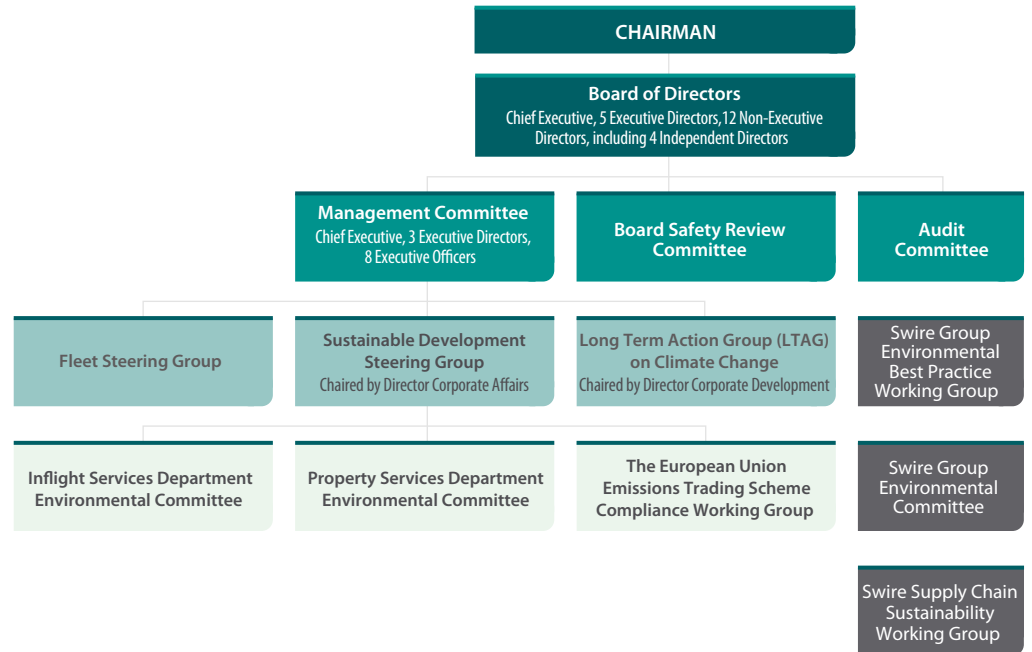
The aviation industry faces many challenges: rising fuel costs, access to diminishing natural resources, limited talent pool, increasing and uncertain regulations, and a fragile economic recovery. We continue to take sustainability seriously and place it high on our agenda as our success as a company depends on the success of society – we need thriving economies, sufficient sustainable natural resources and the right people to drive our future growth. We know this is not something we can achieve by ourselves. For the past few years we have been working with our partners – our stakeholders – employees, regulators, government, customers, suppliers, communities, non-governmental organisations, and other specialists – to make not only our vision possible, but to make our collective goal of connectivity sustainable for the long term.



We invite you, our stakeholders, and our readers to join us in making these sustainable connections possible.

Sustainable Development Strategy

Cathay Pacific remains 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](#). The structure for governing sustainable development within the Cathay Pacific Group is shown in this diagram:



The functions of these committees and working groups, as well as how we manage risks and ensure corporate compliance, are described in the [Sustainability Governance factsheet](#) of this report and the [Corporate Governance](#) section of the Cathay Pacific Airways Annual Report 2013 p.39-49.

The Cathay Pacific Sustainable Development Strategy is designed to embed sustainability into mainstream thinking of the company and hence in everything we do.

The development of the Strategy in 2009 resulted in five “priority areas” against which different departments, business units and subsidiaries of Cathay Pacific have been implementing sustainable development initiatives. These five priority areas enable us to set specific targets and move purposefully toward our goal. They also encompass the key components of who we are and how we work. In 2012, we launched our 20/20 SD commitments, and each commitment is highlighted under each of the five priority areas.



Our Sustainable Development Targets

Although the 20 commitments are being implemented by different business functions, and, in turn, address different stakeholder priorities, they all promote Cathay Pacific's sustainable development targets which cut across the group's activities and aim to:

1. Reduce our overall emissions;
2. Offer sustainably sourced products and services to our customers; and
3. Ensure our community programmes are relevant and effective to the beneficiaries.

This is what the above three targets mean to us:

1. Reducing Emissions

According to the [Intergovernmental Panel on Climate Change \(IPCC\)](#) and the International Energy Agency (IEA), aviation currently accounts for 2% of global greenhouse gas emissions from human activity. As aviation grows to meet increasing demand, the IPCC has forecasted that, by 2050, the industry's greenhouse gas emissions could rise to 3%. While forecasts for 2050 can vary significantly, they highlight a challenge that the aviation industry will face over the next 40 years.

Projected increases in our emissions cannot be left unchecked, and that is why we are firmly committed to reducing our impacts. The industry has directed significant investment towards addressing the challenge, introducing new technology, better operating procedures and sustainable biofuels.

Within Cathay Pacific, aircraft emissions constitute 99% of our overall CO₂ emissions. Therefore we have committed to manage our carbon emissions and contribute to global efforts to reduce aviation's impact on the environment and climate change. In fact, we commit to improving our fuel efficiency by 2% year on year to 2020, which is in line with ICAO's target for the industry. At the same time, we are actively managing the energy and water impacts of our facilities, vehicle fleet and the equipment we use across our subsidiaries.

To learn more about our performance on this target, go to our [Climate Change factsheet](#).

2. Offering Sustainably Sourced Products and Minimising Resource Use

We continually examine options to reduce resource use throughout our supply chain and to use materials from sustainable sources (such as Forestry Stewardship Council and Marine Stewardship Council-certified products, or recycled materials). We ensure our procurement team understand the requirements of our Supply Chain Sustainability Code of Conduct, so they can, in turn, ensure our suppliers comply with our standards. We also look for opportunities to improve recycling and waste management across all facets of our operations. These include products and services provided inflight and at airport lounges, back office operations and the maintenance, repair and overhaul (MRO) process of our aircraft.

To learn more about our performance on this target, go to our [Waste Management factsheet](#), [Sustainable Sourcing factsheet](#) and [Biodiversity factsheet](#).

3. Ensuring the Effectiveness of Community Programmes

We support and invest in the Hong Kong community, of which we have been a part for more than six decades. Local staff members are also active in community initiatives in the outport countries where we have a presence.

Since 2011, we began making reference to the internationally-recognised London Benchmarking Group (LBG) methodology in evaluating one of our flagship projects, English On Air. English On Air provides English-speaking opportunities for young Hong Kong residents. The LBG methodology involves assessing how our goals align with beneficiaries' needs and expectations. We aim to ensure that our community programmes truly respond to their needs and play to our strengths.

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

Apart from our work in Hong Kong, we strongly encourage our outport staff to get involved in their local communities and to proactively identify appropriate NGO partners with a view to exploring cooperation opportunities that will benefit the local community.

To learn more about our performance on this target, go to our [Community Investment factsheet](#) and [Our People factsheet](#).

An Issue-Focused and Performance-based Report

This year's report is both stakeholder-focused and performance-based. We recognise that our stakeholders are increasingly looking for reports to place more emphasis on the issues that concern them, so as to facilitate their understanding of these issues and how they are being addressed. This aligns directly with our need to communicate those issues that impact and/or are highly relevant to our company.

At the same time, with the launch of our 20 strategic commitments last year, we would like to report on how we are performing; as well as invite our stakeholders to join us in meeting not only our goal to embed sustainability into our business, but to ensure that our common goal of connectivity and sustainable travel can be achieved.

To determine stakeholder priorities, a detailed assessment was conducted on the findings of past years' engagement exercises. Although the importance of certain issues, such as waste management, sustainable sourcing and biodiversity, has increased over the years, some of the topics such as climate change have remained high as stakeholders' priorities over the years. These top issues continue to form the framework of this year's Sustainable Development Report:

1. [Safety](#)
2. [Climate change](#)
3. [Waste management](#)
4. [Sustainable sourcing](#)
5. [Biodiversity](#)
6. [Our People](#)



Want to find out more?
 Go to the **Stakeholder
 Engagement and
 Issues Materiality
 Factsheet**.



Overview of 2013

The Cathay Pacific Group announced an attributable profit of HK\$2,620 million in 2013, a 203.9% increase compared to 2012, thanks to the strengthening of our passenger business and the positive impact of measures introduced in 2012 to protect the business from the high price of jet fuel. However, overall we are still facing the pressure from this sustained high price, which remained the Group's most significant cost. The cargo business also continued to be affected by strong competition and weak demand.

Despite the challenging operating environment, we are committed to further developing Hong Kong as a world leading aviation hub. This is reflected in our investment in network development, fleet upgrades, providing superior service and quality products. As at 31st December 2013, we have another 93 new aircraft due for delivery up to 2024.

We took measures to improve our efficiency, by reducing long-haul frequencies and accelerating the retirement of the less fuel efficient Boeing 747-400 aircraft. On the cargo side, we adjusted capacity in line with demand throughout the year, reducing the size of our freighter fleet and at the same time increased its efficiency.

Our strategy is to continue to focus on ensuring that our service proposition to the customer remains strong; improving productivity; developing the strategic relationship with Air China; and maintaining a prudent approach to financial risk management.

We will continue to invest to make our business stronger while keeping our financial position strong.



Financial and Operational

HK\$2,620 million Attributable profit

39% Proportion of fuel cost in relation to our total operating cost

29.9 million Number of passengers carried by CX and KA

Dow Jones Sustainability Index (DJSI) Inclusion in the world-leading and most recognised sustainability index for the first time.

Climate Disclosure Leadership Index (CDLI) Listed under the Industrials sector for having one of the top scores for showing positive actions that the company has demonstrated to promote climate change mitigation, adaptation and transparency.

CX is one of a handful of companies in Hong Kong who is on the DJSI, Carbon Disclosure Project and the Hang Seng Sustainability Index at the same time.

New cabin products Installation of new regional CX Business class seats and new KA Business and Economy class seats. Introduction of the restyled and upgraded First class cabins on CX Boeing 777-300ER aircraft.

Lounges Reopened the renovated first class lounge, The Wing, at the Hong Kong International Airport. Opened our 5th departure lounge, The Bridge.

19 New aircraft delivered and received, including five Airbus A330-300, nine Boeing 777-300ER and five Boeing 747-8F freighters.

New orders

- Six Airbus A350-900 aircraft
- 10 Airbus A350-1000 aircraft + order conversion to 16 Airbus A350-1000 aircraft
- Four Boeing 747-8F freighter aircraft, with cancelled agreement to purchase eight Boeing 777-200F freighters
- Three Boeing 777-300ER aircraft
- 21 Boeing 777-9X aircraft

Economic Value Added Table

Economic Value Added For the year ended 31st December 2013 (in HK\$ million)	2013	2012 (restated)	% Change
Directed economic value generated			
Turnover	100,484	99,376	1.1%
Finance income	351	745	-52.9%
Surplus on sales of investments	-	-	-
Gain on deemed disposal of an associate	-	-	-
Share of profits / (losses) of associated companies	838	754	11.1%
	101,673	100,875	0.8%
Economic Value distributed			
Purchases of goods and services	73,344	75,513	-2.9%
Employee wages and benefits	17,027	16,248	4.8%
Payments to providers of capital	1,890	2,156	-12.3%
Payments to government	644	409	57.5%
Community investments including charitable donation			
- Direct payment	13	14	-7.1%
- In the form of discounts on airline travel	4	7	-42.9%
	92,922	94,347	-1.5%
Economic Value retained			
- Depreciation	7,142	6,617	7.9%
- Profit after dividends	2,384	547	335.8%
Retained for re-investment and future growth	9,526	7,164	33.0%

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 profits of associated companies include our share of losses / profits of Air China. Please refer our 2013 Annual Report for details of our principal subsidiaries and associates.

Cathay Pacific Group Fleet Profile as of 31 December 2013

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	38	13	7	6	13	35	11	140
Average Age of Operating Subfleet (years)	16.6	12.6	3.1	24.5	13.1	5.0	1.2	7.2	16.5	8.9
Passenger	X	X	X	X				X	X	
Freighter					X	X	X			

Dragonair Fleet profile				Air Hong Kong Fleet profile					
Aircraft Type	AIRBUS			Total	Aircraft Type	AIRBUS		BOEING	Total
	A320-200	A321-200	A330-300			A300-600F	747-400BCF		
No of Operating A/C in Subfleet	15	6	20	41	No of Operating A/C in Subfleet	8	3		11
Average Age of Operating Subfleet (years)	8.5	13.0	14.3	12.0	Average Age of Operating Subfleet (years)	8.7	23.1		12.6
Passenger	X	X	X						
Freighter						X	X		

Note:
Overall average fleet age is 9.7 years.

Environmental

15.47 million tonnes CO₂ emissions from fuel burn	
SCOPE 1	SCOPE 2
▲ 15,913,517 (99.66%) Aviation Fuel, Fuel Combustion and Towngas	▲ 54,842 (0.34%) Electricity and Towngas
13.3% CO ₂ efficiency improvement in relation to available tonne kilometre (ATK) since 1998	
19.1% CO ₂ efficiency improvement in relation to revenue tonne kilometre (RTK) since 1998	
Aircraft are 75% more fuel efficient now than those in the 1960s	
11,000 tCO₂ offset in 2013 by staff and passengers	

Environmental Indicators Table

Aircraft Operations	Units	2013 ^(*)	2012 ^(*)	2011 ^(*)	2010 ^(*)	2009 ^(*)	2008 [*]	2007 [*]	2006	2005	2004	2003	2002	2001	2000	1999	1998
ATK	million	26,259	26,250	26,384	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	18,696	18,819	19,309	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	104,571	103,837	101,535	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
All Flights																	
Fuel Consumption	thousand tonnes	4,912	4,996	5,032	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 %	187 [▲] 13.3%	190 11.8%	191 11.6%	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 %	263 [▲] 19.1%	266 18.3%	261 19.8%	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 ₂ emissions	thousand tonnes in CO ₂ e	15,472 [▲]	15,738	15,851	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 %	589 13.3%	600 11.8%	601 11.6%	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 %	828 19.1%	836 18.3%	821 19.8%	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 NOx emissions	tonnes	82,255	79,089	77,044	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 %	3 15.6%	3 18.8%	3 21.3%	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 %	4 21.2%	4 24.8%	4 28.6%	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	13,620	13,304	12,972	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	1,455	1,445	1,392	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
Passenger Flights Only⁽³⁾																	
Fuel Consumption	thousand tonnes	4,112	4,113	3,968	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 %	83.7%	82.3%	78.9%	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 / RPK	39	39,612	39,083	37,793	38,863	40	39	39	41	42	46	42	46	44	47	49
	Improvement since 1998 %	20.3%	19.7%	20.8%	23.4%	21.2%	19.2%	20.3%	21.5%	17.6%	14.9%	7.5%	14.3%	7.2%	11.1%	4.6%	0.0%

(*) incorporates KA

(1) Fuel consumption includes testing, training, and wet-lease flights

1 tonne of fuel = 3.15 tonne of CO₂

- (1) GWP of CO₂ is 1; assumes that all other GHG gases are negligible as these impacts still uncertain.
- (2) For 1999-2000 statistics, please visit our online report at <http://www.cathaypacific.com/sdreport>.
- (3) Fuel consumption for our passenger flights includes the carriage of baggage and belly space cargo.

Other Environmental Indicators	Units	2013	2012
Hong Kong and 100% owned Hong Kong-based subsidiaries			
Power/Fuel			
Electricity Consumption	mWh	95,243	97,502
Ground based activities fuel consumption	litre		
Mobile Combustion – Diesel		4,381,428	4,080,926
Mobile Combustion – Unleaded Petrol		311,990	295,707
Stationary Combustion – Diesel		1,496,857	1,707,199
Purchased Towngas	unit	5,669,621	5,706,804
Fuel dumped due to operational reqs	tonnes	274	620
% of fuel dumped	%	0.11	0.12
Water			
Seawater consumption	m ³	8,333,560	7,863,000
Potable water consumption	m ³	781,643	798,348
Maintenance water consumption	m ³	101,889	102,357
Paper & Cardboard			
Paper consumed in offices	tonnes	2,020	2,216
Paper & cardboard recycled ⁽¹⁾	tonnes	1,995	2,219
Printer Cartridges			
Printer cartridges purchased	no.	4,470	3,637
Printer cartridges refilled	no.	668	578
Printer cartridges recycled	no.	2,332	2,489
Refrigerants containing HFCs ⁽²⁾	kg	n/r	n/r
Recycled/Reused Materials			
Aluminium cans recycled	kg	56,467	67,925
Plastic recycled	kg	126,880	146,013
Glass recycled	kg	513,159	514,024
Waste lubrication oil recycled	litre	180	995
Hangers used*	no.	2,255,544	2,400,780
% of hangers reused*	%	56.0	79.0
Disposed Materials			
Office waste disposed of	tonnes	2,387	2,308
Food waste disposed of	tonnes	709	687

Other Environmental Indicators	Units	2013	2012
Outports			
Power/Fuel⁽³⁾			
Electricity Consumption	mWh	1,275	1,306
Ground based activities fuel consumption			
Mobile Combustion – Diesel	litre	10,346	10,539
Mobile Combustion – Unleaded Petrol	litre	48,445	55,315
Stationary Combustion – Natural Gas	therms	0	544
Paper & Cardboard⁽⁴⁾			
Paper consumed in offices	tonnes	5	10
Printer Cartridges⁽³⁾			
Printer cartridges purchased	no.	258	372
Potable water consumption	m ³	27	24

* Covers Vogue Laundry only

- (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.



Want to find out more?
Go to our graphs on
the right.

- 2013 GHG Emissions (tCO₂e) – Cathay Pacific Group
- Global CO₂ Emissions – Cathay Pacific Group Fleet

Social

Over 1,000 Number of suppliers globally for CX and KA

29,800 Number of group staff worldwide, of which **23,600** are employed in Hong Kong

1,700 Volunteer hours by Hong Kong staff

104 Number of student participants in the English On Air programme

12,000 Number of visitors from schools and non-governmental organisations to CX City

Social Indicators Table

Issue	Units	2013	2012
Total CX Group workforce	no.	29,787	28,861
by Location			
Hong Kong	no.	23,578	22,469
China	no.	833	786
Outports	no.	5,376	5,606
by Employment Type			
Flight Crew	no.	3,404	3,349
Cabin Crew	no.	11,194	10,872
Ground Staff	no.	9,068	8,720
Subsidiary Staff	no.	6,121	5,920
by Gender			
Female	%	56	56
Male	%	44	44
by Age Group			
Under 30 years old	%	28	28
30-50 years old	%	57	58
over 50 years old	%	14	14
by Contract Type			
On permanent terms	%	95	95
On fixed/temporary terms	%	5	5
Permanent employees			
by Gender			
Female	%	57	57
Male	%	43	43
by Employment Type			
On full-time	%	98	98
On part-time	%	2	2
Temporary employees			
by Gender			
Female	%	56	53
Male	%	44	47
Senior Management from Local Community⁽¹⁾	%	80	80

Issue	Units	2013	2012
Employee Yearly Turnover Rate⁽²⁾			
by Location⁽³⁾			
Hong Kong	%	12	13
China	%	10	10
Outports	%	7	7
by Employment Type			
Flight Crew	%	4	3
Cabin Crew	%	4	4
Ground Staff	%	8	8
Subsidiary Staff ⁽⁵⁾	%	37	36
by Gender⁽⁴⁾			
Female	%	12	12
Male	%	11	12
by Age Group⁽⁴⁾			
Under 30 years old	%	21	21
30-50 years old	%	6	7
over 50 years old	%	12	10
Lost time Injury Frequency Rate⁽⁶⁾			
Cathay Pacific	rate	27.3	26.4
Dragonair	rate	19.0	21.0
Subsidiary Staff	rate	20.0	24.7
No of fatalities due to CX Group operations			
CX Group Staff	no.	1 ⁽⁷⁾	0
Contractors working within Cathay Pacific/Dragonair premises	no.	0	0
Passengers	no.	0	0

Issue	Units	2013	2012
Average hours of training per year			
Flight Crew	hrs	43	47
Cabin Crew	hrs	42	44
Airport Staff	hrs	48	31
Engineering Staff	hrs	212 ⁽⁸⁾	130
Subsidiary Staff	hrs	27	29
Total online learning enrollments	no.	243,854	237,765
Employees covered under collective bargaining agreement⁽⁹⁾	%	1.8	3.2
Employees receiving performance reviews	%	100	100
Human rights screening in investment and procurement practices	%	100	100
Reported incidents of discrimination	no.	0	0
Non-compliance cases on product responsibility issues⁽¹⁰⁾	no.	0	0
Non-compliance cases on applicable laws and regulations⁽¹¹⁾	no.	0	0

- (1) Includes Executive Directors only
 (2) Employee Turnover Rate computed as # of leavers/# of staff for each month and averaged on a yearly basis
 (3) Includes CX, KA, AHK, CPCS, HAS, VLS
 (4) Includes CX, KA, CPCS, HAS, VLS
 (5) Includes AHK, CPCS, HAS, VLS
 (6) LTIFR is computed as (# of injuries resulting in lost time/total workforce hours) x 1,000,000
 (7) Please refer to our Safety Factsheet
 (8) The average number of training hours increased due to an increase in the number of Engineering Trainees
 (9) % 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 outposts.
 (10) Includes cabin product, marketing and customer privacy
 (11) Includes anti-competition and corruption cases. For details on anti-competition cases, please refer to pg. 84-85 of our Annual Report 2013.

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



Want to find out more?
 Go to our **CX Annual Report**.






Want to find out more?
 Go to our graphs on the right.









- Safety Incidents
- Lost Time Injury Frequency Rate (%)
- Cabin Crew Nationality Mix (%)

Sustainable Development Strategy – 20/20 Commitments

In 2010, we developed our Sustainable Development Strategy. In 2012, we launched our vision for how this Strategy will be realised through 20 commitments, to be achieved by 2020. These commitments encompassed the key operational areas of our business, right across our flights, catering services, ground fleet, offices, suppliers and the communities we fly to. This is the result of years of engagement with our key stakeholders: our employees, passengers, investors, the management, community neighbours, subject experts and academics.

In this report, we will communicate our performance by way of providing an update on the progress on these commitments. These will be represented on a three-colour scale, whereby:

-  = Achieved
-  = On plan
-  = Off plan

 COMMITMENTS	
Commitments by 2020	Section of the Report to which this Issue Relates to
 2% year on year fuel efficiency	Climate Change
 Develop a cost-effective strategy to incorporate sustainable aviation fuel into our operations	Climate Change
 Embed climate change adaptation into overall risk management	Climate Change
 Reduce electricity use by 25%	Climate Change
 Ground vehicles to use alternative fuels/power source	Climate Change
 All CX Group-owned buildings, offices and lounges will consider green building standards or principles	Climate Change
 Offer carbon offsetting as part of all ticket-related marketing and promotional activities	Climate Change
 Develop and implement a sustainable cargo policy	Biodiversity
 All meals served inflight and on the ground will meet sustainability criteria	Biodiversity
 Reduce the environmental impact of maintenance, repair and overhauls carried out in Hong Kong by 50%	Waste Management
 Reduce material usage and waste by 25%	Waste Management
 Increase recycling by 25%	Waste Management
 All CX Group-branded materials will be produced using sustainable materials	Sustainable Sourcing
 All paper, paper products and textiles offered to customers or as part of the service offering will be made of sustainable materials	Sustainable Sourcing
 Engage with suppliers of inflight sales products on sustainability principles	Sustainable Sourcing
 All suppliers will comply with our Supply Chain Code of Conduct	Sustainable Sourcing
 All meals served inflight and on the ground will meet sustainability criteria	Sustainable Sourcing Biodiversity
 CX Holidays to offer at least five more ecotourism packages by 2015	Sustainable Sourcing
 All holiday packages offered by CX Holidays will be verified for their sustainability impacts	Sustainable Sourcing
 Implement London Benchmarking Group (LBG) methodology to evaluate major company community projects	Making the Connection/ Sustainable Development Strategy
 Implement CX community investment guidelines by 2015	Making the Connection/ Sustainable Development Strategy

Selected Awards for Cathay Pacific and Dragonair 2013

CATHAY PACIFIC	
2013 Frontier Awards Inflight Retailer of the Year	2013 Business Traveller China Awards Best Airline Business Class
Social Welfare Department HKSAR Award for 10,000 Hours of Volunteer Service	Skytrax World Airline Awards <ul style="list-style-type: none"> • World's Best Cabin Staff • Best Transpacific Airlinef
U Magazine Travel Awards 2013 <ul style="list-style-type: none"> • My Favourite Aircraft Seat Design (First Class) • My Favourite Inflight Entertainment • My Favourite Service Team in the Skies 	CAPITAL WEEKLY Service Awards 2013 Airlines Service Award
12 th Best Travel Agency Awards, Weekend Weekly <ul style="list-style-type: none"> • The Most Favourite Airline Award • Green Pioneer in Travel Industry Award 	World Travel and Tourism Council Tourism for Tomorrow Award Finalist
Environmental Campaign Committee (ECC) 2013 Hong Kong Awards for Environmental Excellence – Gold Award (Transport and Logistics)	HKMA/TVB Awards for Marketing Excellence Special Citation for Outstanding TV Campaign – "Always Game" HK Sevens campaign

DRAGONAIR	
2013 World Airline Awards (Skytrax) World's Best Regional Airline	24 th Annual TTG Travel Awards 2013 Best Regional Airline
2013 Business Traveller China Award Best Airline Economy Class	Yazhou Zhoukan 2013 Asia Excellence Brand Award Asia Excellence Brand Award
Yahoo! Emotive Brand Award 2012 – 2013 Yahoo! Emotive Brand Awards 2012-2013 Airline Category	CAPITAL WEEKLY PROchoice Awards 2013 Airline Category



Safety Matters

As a business support function, our goal is to manage the risks of the operation to As Low As Reasonably Practical (ALARP) in order to allow the company to pursue and maintain its commercial activities in a sustainable way.

At Cathay Pacific, we have a longstanding and embedded focus on safety. We strive to maintain the highest levels of safety and always put safety first.

Our Safety Policy, signed by the Chief Executive, clearly articulates this commitment by stating that “safety is our number-one priority” and that we are “fully committed to providing a safe operational and working environment” for all our passengers and staff. It goes on to state that “ultimate accountability rests with me as Chief Executive. However, responsibility for safety lies with each and every one of us in the airline”.

We have well-developed and deeply-embedded proactive safety systems to ensure that we can deliver the results. Developments made in 2013 will ensure that we live up to these exacting standards.



“If we don’t know where the risks lie, we can’t mitigate them effectively.”

Richard Howell
 General Manager Corporate Safety

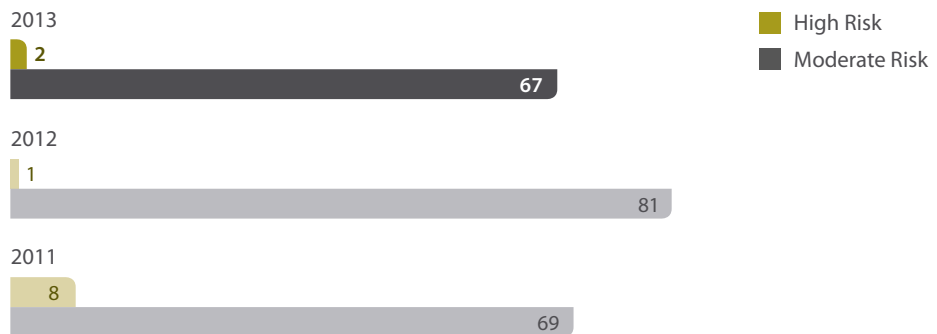
Updates for 2013

One of Cathay Pacific’s safety goals is zero accidents and zero ‘high risk’ incidents. In 2013, there were no events classified as accidents, which was the same as in 2012. There were eight ‘high risk’ safety incidents in 2013, compared to one in 2012. Five of these were related to loading or load integrity on the freighter fleet. Another one was the collapse of an airport passenger bridge at the Hong Kong International Airport. The remaining two were “near misses” with a military aircraft in Chinese airspace and a passenger smuggling lithium batteries in a suitcase from Hong Kong. These events were investigated by the Corporate Safety Department (CSD), with a view to learning and preventing recurrence.

The above ‘high risk’ events have all been investigated as far as possible by CSD. Mitigating actions have been put in place to prevent any repeat occurrences. For example, investigations into the carriage of lithium batteries in checked baggage discovered that this was occurring on certain routes. Working with airport security, these flights were targeted for increased baggage screening which resulted in several shipments of batteries being discovered, off loaded, confiscated and the person responsible warned about their conduct.

There were 0.64 ‘moderate risk’ safety incidents per 1,000 sectors in 2013, a reduction from 0.72 events/1000 sectors in 2012. The majority of these were cargo/ramp related events on the ground, in part, the result of a maturing reporting culture. CSD view any increase in reporting as a healthy positive indicator of a safety culture, where staff feel comfortable reporting to the company in order to facilitate safety improvement. It demonstrates an excellent pro-active reporting culture.

Safety Incidents



During 2013, we further developed and improved our risk-based Safety Management System (SMS) by introducing a new Safety Performance Indicator (SPI) and Risk Index Score (RIS) methodology. These are shown in the [Safety Key Performance Indicators \(KPI\) table](#). Where possible these safety metrics are benchmarked against other airlines, industry performance and best practices.

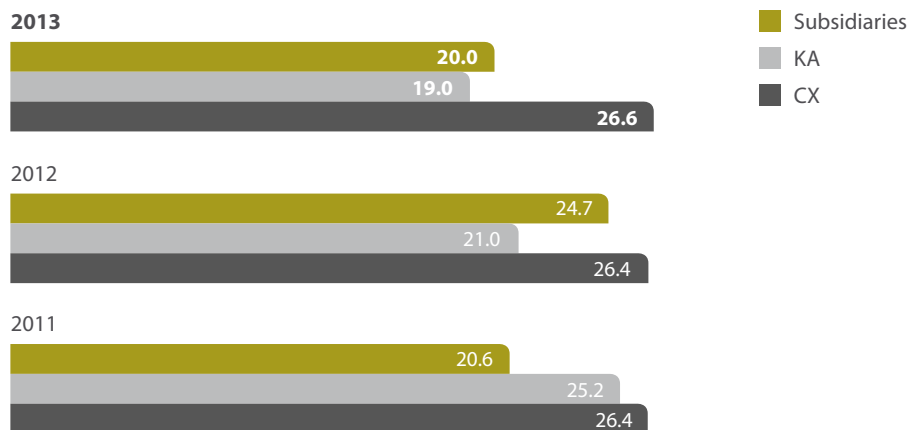
Cathay Pacific has a very complex passenger and freighter network with pilots based all over the world living in vastly different time zones. This has created a very challenging task in pilot rostering and fatigue management. Consequently, managing pilot fatigue risk is an important component of Cathay Pacific's SMS. Therefore, during 2013, we continued to develop and mature the Fatigue Risk Management System (FRMS) that was established in 2011. Cathay Pacific's FRMS experience is much sought after by industry groups. In 2013, CX continued to serve on the International Air Transport Association (IATA) FRMS Taskforce and on a panel at the international FRMS Forum.

Dragonair continued to implement the KA FRMS in 2013, which has been fully incorporated into Dragonair's SMS. The Cockpit Fatigue Report was updated to allow crew to provide more information. Reporting of fatigue increased slightly throughout 2013 and changes were made to rostering to address issues identified via fatigue reporting. Regular issues of the 'FRMS Newsletter to Pilots' kept flight crew informed on the KA FRMS. KA will commence roster analysis using the FAST fatigue software in 2014.

As a result of the work to improve Occupational Health and Safety (OHS) and reduce crew and staff injury, the overall Lost Time Injury Frequency Rate (LTIFR) has stabilised following a slight reduction. In 2013, we conducted a safety campaign called "Think Safe", which is our injury preventive initiative for cabin crew handling passenger's baggage. Our cabin crew are not encouraged to handle passenger's baggage for OHS reasons. However, should they be required to assist passengers with special needs (such as passengers who are frail or infirm, the elderly, minors travelling alone and passengers travelling with infants or small children), they should always assess the weight of the baggage by conducting a "lift check" before any manual handling. If the weight of the baggage is beyond their capacity, they should always seek assistance from a fellow cabin crew or try an alternative such as breaking the load, or having the baggage offloaded to the cargo hold. It is important that our cabin crew look after themselves whilst providing excellent service. More intervention to drive injuries lower is planned for 2014.

Our parent company, Swire Pacific Limited, issued a Transportation Safety Policy in 2013 to protect staff when travelling on company transport. It is applicable to staff and crew buses operated by Hong Kong Airport Services (HAS), a Cathay Pacific subsidiary, as well as the buses provided by our contractor, Kwoon Chung Limited.

Lost Time Injury Frequency Rate (%)



LTIFR is computed as (# of injuries resulting in lost time/total workforce hours) x 1,000,000

We have revised the LTIFR figures for CX to better report on cabin crew and flight crew lost days and work hours by including data from our outposts.

What Our Stakeholders Think

Our stakeholders continue to view customer safety and staff OHS as the top issues relevant to Cathay Pacific. The consistent message we have been receiving over the years is that both staff and passengers regard Cathay Pacific as having good safety performance, records and contingency plans, with strong emphasis on passenger and staff safety. In particular, staff are proud of the safety culture, and feel that the company is able to communicate effectively on safety issues. Cathay Pacific is also one of the first airlines to implement a Fatigue Risk Management System. This work is on-going and we will continue to build on what we have achieved. This year, surveyed staff highlighted that they would like to see strengthened training in staff occupational health & safety.

Our Safety Commitments

CX COMMITMENTS

Below presents our achievements against our key safety performance targets and indicators for 2013:

	Target	Actual
Accidents	Zero	Zero
High Risk or Severe Incidents	Zero	8
Moderate Risk Incidents	Below 1/1,000 sectors	0.64/1,000
IATA Operational Safety Audit (IOSA)	Maintain 100% conformance	IOSA renewed in 2012
Regulatory Report Rates	Below 4/1,000 flights	4.6/1,000
Line Operational Safety Audit (LOSA)	Every 4 years	Completed June 2013
Simulate an Emergency Response	Each port every 24 months	Yes

Want to find out more?
 Go to our **Safety Factsheet**.

Want to find out more?
 Go to our video on the right.

Katy Wu, Safety Training Manager, and **Aby Chiu**, Cabin Crew, talk about what happens and their experience during the intensive six-week induction programme that takes crew through all our safety, security, and service practices and procedures.



Climate Change Matters

We are committed to tackling the issue of climate change, as our use of non-renewable fossil fuels is not only one of our major operating cost, but also our most significant environmental impact.

More than ever, we have both the economic and environmental incentives to implement more sustainable solutions such as fuel efficiency, new fleet and sustainable biofuels.

We agree with our stakeholders that climate change is the company's highest environmental priority and challenge. We recognised this in the 1990s, when we released our first Environmental Report, and reinforced that position in 2006 when we launched our [Climate Change Position](#), one of the first few airlines to have done so publicly.

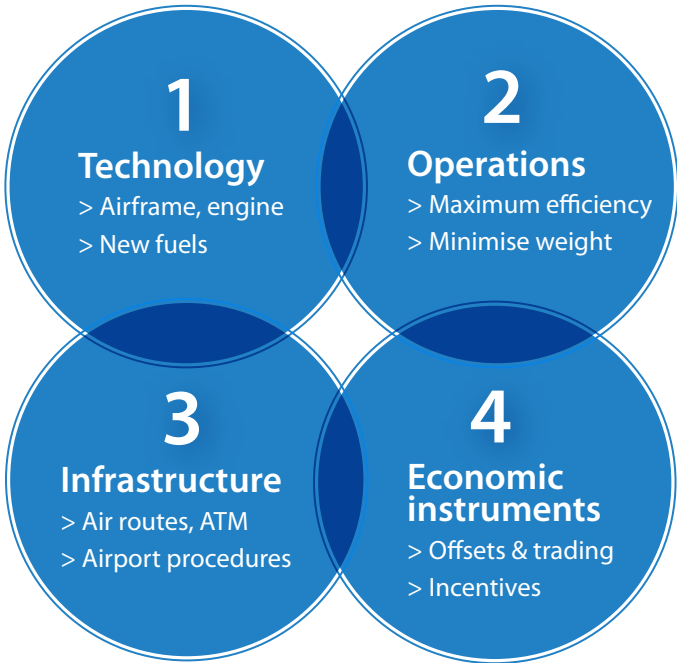
Timeline on some of the key CX Climate Change initiatives from the 1980s to present

1980	Early 1980s	Aircraft Weight Reduction Task Force*
	1989	Supports the Swire Group Environmental Policy
1990	1996	First environmental report including CO ₂ emissions
	1997	Received ISO 14001 certification
2000	2005	Established the Long Term Climate Change Task Force Initiated engine core washing
	2006	Launched CX's Climate Change Position
	2007	Launched carbon offset programme – FLY greener Joined Climate Change Business Forum (CCBF)
	2008	Founded the Aviation Global Deal (AGD)
2009	2009	Joined the Sustainable Aviation Fuel Users Group (SAFUG) Supported IATA's climate change commitments
2011	2011	Developed a sustainable biofuels strategy Supports climate change science monitoring with IAGOS
	2012	Committed to a CX CO ₂ target

* Introduced:
 Fuel monitoring system Lighter weight equipment Flight planning systems Route improvements

We have committed ourselves to a target of a 2% year on year improvement of CO2 emissions per passenger and cargo we carry (known as “revenue tonne kilometre”, or RTK) by 2020, based on 2009 levels. This exceeds the IATA industry target of 1.5% and contributes to our majority shareholder, Swire Pacific’s ambition of net zero impact.

Our strategy for achieving this follows the IATA four-pillar strategy:



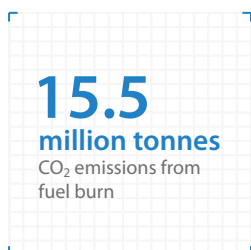
COMMITMENTS	
We fully support IATA's climate change commitments:	
2010	An average improvement of fuel efficiency of 1.5% per year
2020	A cap on aviation CO ₂ emissions from 2020 (carbon neutral growth)
2050	Aspiration for 50% reduction in net CO ₂ emissions over 2005 levels

Updates for 2013

Emissions and Fuel Efficiency

In 2013, CO₂ emissions from the Cathay Pacific and Dragonair fleet remained steady at 15.5 million tonnes of CO₂ emitted from fuel burn. This is an absolute emissions reduction from 2012 of 1.7%, or 0.27 million tCO₂. A reduction in CO₂ emissions was also recorded in relation to our capacity (grammes/ATK - available tonne kilometre) and traffic volume carried (grammes/RTK - revenue tonne kilometre). This improvement in our fuel efficiency is in line with our expectations as we continued to upgrade and modernise our fleet while retiring less fuel-efficient aircraft. Since 1998, our CO₂ efficiency in relation to ATK and RTK has improved by 13.3% and 19% respectively.

2013 GHG Emissions (tCO₂e) – Cathay Pacific Group



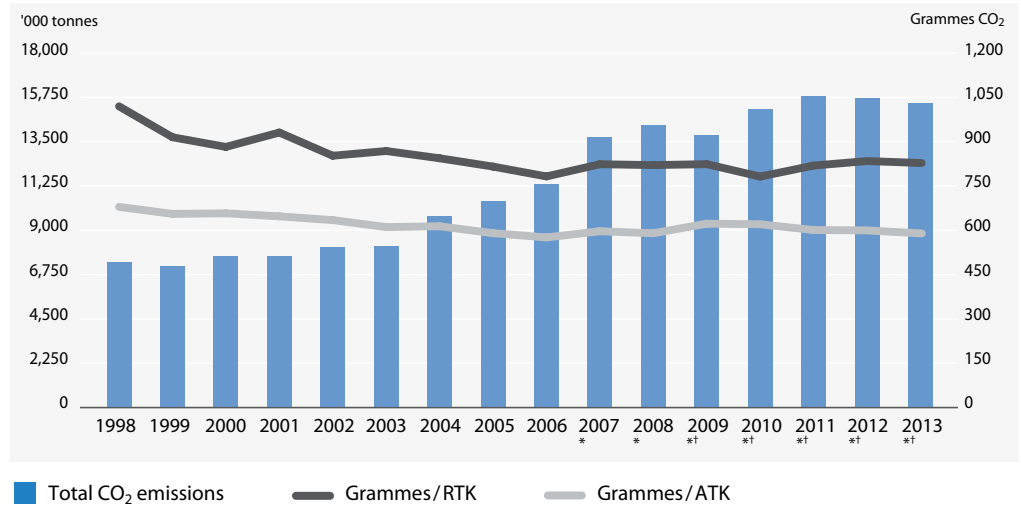
SCOPE 1	SCOPE 2
<p>▲ 15,913,517 (99.66%)</p> <p>Aviation Fuel, Fuel Combustion and Towngas</p>	<p>▲ 54,842 (0.34%)</p> <p>Electricity and Towngas</p>

Fuel efficiency achievements in 2013 included:

- Fleet modernisation by taking delivery of five Airbus A330-300s; nine Boeing 777-300ERs, and five Boeing 747-8Fs and retiring five Boeing 747-400 aircraft.
- Participated in the [Asia and Pacific Initiative to Reduce Emissions \(ASPIRE\)](#) programme, operating four demonstration flights on 20 November 2013 from Hong Kong to Sydney, Melbourne, San Francisco and Anchorage respectively. This also marked the first occasion when an airline operated four near-simultaneous ASPIRE flights, including a cargo flight, a first of type flight (the 747-8F) and the first to Anchorage.
- As part of the larger e-Enabled aircraft programme, we installed the first electronic flight bag on a Boeing 777-300ER, paving the way for a paperless cockpit environment.
- Three of the five Boeing 747-8Fs delivered are equipped with performance-improved GEnx-2B engines as part of the aircrafts' Performance Improvement Package. The upgraded engines will enhance the aircraft's fuel efficiency by 1.8 percent.



Global CO₂ Emissions – Cathay Pacific Group Fleet



* includes Dragonair
† includes testing, training, and wet lease flights

Biofuels

Since the appointment of a dedicated Cathay Pacific Biofuel Manager in 2011, we now have a robust sustainable aviation fuels strategy in place and are progressing several projects. One of these involves working with an international technology partner to undertake a study on the feasibility of a Hong Kong based biojet fuel facility, producing fuel made from commercial and household waste streams in the city. This local supply chain could help reduce the burden on landfill, and the use of this fuel would significantly reduce the net CO₂ emissions from our aircraft. Outside of Hong Kong, we continue to pursue opportunities that will lay the foundation for a consistent, sustainable alternative biofuel source for the future.

38th ICAO Assembly

The International Civil Aviation Organization (ICAO) General Assembly convened in Montreal, Canada in October 2013, where representatives from 191 countries gathered to discuss a range of issues pertinent to the global aviation industry, including climate change. The Assembly agreed to proceed with the development of a global market-based measure (MBM) addressing emissions from international aviation for the next Assembly to approve in 2016 and for implementation from 2020. The Assembly called upon Member States to engage in constructive consultations when designing new and implementing existing MBMs for international aviation. Cathay Pacific’s participation in the Aviation Global Deal and the IATA Climate Change Task Force played a significant role in the process as it helped to gather support between airlines and within IATA for the first comprehensive agreement on climate change for any global sector.

European Union Emissions Trading Scheme

Following the 38th ICAO Assembly, the **European Union (EU)** announced its proposal to amend the EU Emissions Trading Scheme (ETS) so that aviation emissions would be covered for the part of flights that takes place in European airspace. We believe the proposal is not consistent with the resolution of the 38th ICAO Assembly, where no prior consultation was conducted. The continual amendments to the regulation also added to legislative uncertainty and posed an additional layer of complexity for airlines striving to meet regulatory requirements in all markets they operate in. Despite our opposition, we have been making all the necessary preparations for full compliance with the EU ETS regulation.

Global Efforts by the Aviation Industry in Reducing Emissions

2008	●	CX as a founding member of the Aviation Global Deal Group
2009	●	The aviation industry committed to new and ambitious targets for emissions reductions through IATA
2010	●	Monitoring of CO ₂ data began in compliance with the EU ETs
2011	●	CX appointed to IATA Climate Change Task Force
2012	●	Climate Change Task Force completed extensive work around the implementation of CNG 2020
2013	●	The 38 th ICAO meeting agreed to proceed with the development of a global market-based measure for international aviation emission

Contribution to Climate Change Science

In 2013, one of our Airbus A330-300 aircraft was the first of its type to be equipped with **In-service Aircraft for a Global Observing System (IAGOS)** scientific instruments following the certification of the system on the Airbus A330. It has been deployed primarily on Australian and Middle East routes from Hong Kong to complement other similarly equipped commercial aircraft operating on other routes around the world. Data is transmitted from the aircraft on a daily basis to the IAGOS central database for access by 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 at www.iagos.org.



Fly greener Carbon Offset

Passengers continued to offset the emissions from their flights via **FLY greener**, Cathay Pacific's carbon offset programme. This amounted to 3,000 tCO₂ in 2013. Cathay Pacific and Dragonair also offset the CO₂ impacts of staff travelling on business, totaling 8,000 tCO₂ at an approximate cost of HK\$.

The programme portfolio currently includes the following renewable energy projects:

Lankou 26 MW Hydropower Project

Dongguan, Guangdong
Feeds into the China Southern Power Grid

Chaonan Shalong Wind Power Project

Shantou, Guangdong
Feeds into the Southern China Power Grid



Wind turbines at the Chaonan Shalong Wind Project

Climate Adaptation

We began work on summarising international and local research on climate change adaptation specific to the aviation industry. This work is ongoing and we aim to share the results of this study with relevant departments within the company in order to develop an implementation plan. In 2014, we plan to trial the use of future scenario planning tools to assist more strategic planning.

Airport Expansion

As part of the Environment Impact Assessment (EIA) for the plans to expand the Hong Kong International Airport, the Airport Authority Hong Kong (AAHK) continued to carry out assessments covering 12 environmental aspects. Cathay Pacific participated in numerous public and community engagement forums and an exhibition organised by the AAHK to update and engage the public on the progress of the EIA, which is expected to be completed in 2014. The EIA will be subject to review by the Environmental Protection Department and the public to ensure the requirements set out in the Study Brief have been met before an application for an Environmental Permit can be submitted.

Ground Operations

In 2013, the total electricity consumption at Cathay Pacific City and Dragonair House was 33,677,843 kWh and 6,998,637 kWh respectively, representing a decrease of 7% and 4.1%. The main savings were from chilled water system optimisation and LED lighting replacements.

As part of the refurbishment and revitalisation of our offices at Cathay City, a number of energy saving features were adopted in the installation of lighting and window blinds.



The pioneer floor

At The Bridge, which was our newly refurbished lounge at the Hong Kong International Airport, heat recovery from a water-to-water heat pump was installed. The resultant energy saving will be report next year after the system has operated for a more extended period of time.

Our subsidiary businesses, including HAS, Vogue Laundry and Cathay Pacific Catering Services (CPCS), have been replacing existing equipment with newer, more efficient and lower emission models.

HAS, our ground handling company, completed the first term of their three-year Ground Support Equipment (GSE) Replacement Programme, replacing over 230 aged and less fuel efficient GSE and vehicles. The second term will commence in 2014.



Electric tractor

At Vogue Laundry, a Euro V van was added to the fleet, with a further three Euro II trucks to be phased out in 2014. Vogue has also been reducing emissions through active carbon absorption in the dry cleaning machines and reducing consumption of perchloroethylene, a solvent consumed in the dry cleaning process. Consumption of this solvent was 7% less in 2013 compared to 2012.

CPCS installed cold room plastic curtains for outbound and trayset cold rooms, which reduced 27 tonnes of CO₂ emissions. They also installed nearly 450 LED light tubes, set the temperature at 1°C higher in some work areas, continued to use Towngas as boiler fuel. In the vehicle fleet, all pre-Euro type trucks have been replaced and the number of Euro V trucks was increased to 16 in 2013.

In 2013, for the first time, Cathay Pacific was included in the Dow Jones Sustainability Index (DJSI), a world-leading and one of the most recognised sustainability indices. We were also listed in the Carbon Disclosure Leadership Index (CDLI) under the Industrials sector, for having one of the top scores for showing positive actions that the company has demonstrated to promote climate change mitigation, adaptation and transparency.



What Our Stakeholders Think

Not surprisingly, climate change, carbon emissions and energy efficiency are the primary environmental issues of focus for stakeholders, and with fuel as an important emerging issue, due to their perceived high impact on our business – rising fuel costs, increasing regulations such as the emergence of different Emissions Trading Schemes, and impact on the environment. Climate change has been a material issue for us for a long time, and stakeholders recognise that we have been addressing this as a priority, but at the same time, expect us to adopt targets that exceed the industry ones.

There is an expectation for us to further enhance transparency and communication around our climate change approach, especially with staff, and for us to engage more proactively and publicly on this issue. Stakeholders also want to better understand the implications of regulatory controls on the industry.

Our Climate Change Commitments

CX COMMITMENTS				
20/20 Commitments	Progress	Why this commitment?	What has been done	What we are going to do in the medium term (2-3 years)
Achieve 2% year on year improvement in fuel efficiency	→	To meet and exceed the industry commitment of 1.5%, reduce fuel cost and emissions	Significant investment in our fleet renewal plan	Receive new aircraft and retire less efficient ones
Develop a cost-effective strategy to incorporate sustainable aviation fuel into our operations	→	To develop a robust alternative fuels strategy as part of our adaptation strategy	Appointed a dedicated Biofuel Manager	Undertake a feasibility study with technology partners
Embed climate change adaptation into overall risk management	→	To reduce CX's exposure to risks and capture business opportunities related to climate change	Review international and local aviation climate change adaptation research	Develop an implementation plan
Reduce electricity use by 25%	→	This is a key impact of our headquarter buildings in Hong Kong	Introduced green specifications into the proposal process for purchases of electric equipment	Carry out a detailed Energy Audit with recommendations Include green specifications in equipment requirements
Ground vehicles to use alternative fuels/ power source	→	To encourage more efficient use of our ground vehicles and service equipment, and to prepare for future legislation	Upgraded vehicle fleet	Continued progressive vehicle replacement
All CX Group-owned buildings, offices and lounges will consider green building standards or principles	→	To ensure green elements are considered at the design stage of our newly constructed or refurbished buildings	Applied green guidelines and building certification (where applicable) for offices and passenger lounges	Develop bespoke guidelines suited to the construction and refurbishment of our specific facilities
Offer carbon offsetting as part of all ticket-related marketing and promotional activities	→	To provide a value-added service while raising customer awareness on the carbon impact of their flight, and how they can offset this impact	Offsets paid for free tickets given for marketing promotions and public relations activities For free tickets where the passenger covers taxes and surcharges, a Fly greener reminder is provided in the prize letter	Revamp the Fly greener programme

Want to find out more?
 Go to our [Climate Change Factsheet](#).

Want to find out more?
 Go to our [video on the right](#).



Mark Watson, Head of Environmental Affairs, and **Mark Hoey**, General Manager Operations this video demonstrates how Cathay Pacific is supporting an international effort to increase understanding of climate change science in the atmosphere, by taking part in the In-service Aircraft for a Global Observing System (IAGOS) project with one of our Airbus A330-300 aircraft.



Waste Management Matters

The use of material resources such as paper and wood, plastic and food in our operations is inevitable. We recognise the impacts of using and disposing of these materials, such as the shortage of landfill space in Hong Kong. Therefore we have medium to long-term programmes in place to minimise these impacts. While we were seen by our stakeholders as having improved in this area, they expect to see continued action on this urgent issue.

In particular, our staff are concerned about what they can do in the working environment, for example flight and cabin crew wanted to see more being done on inflight waste, while our ground staff wanted to see more done in the offices and airports. This is a positive sign, as we are seeing our staff more willing to be involved in reducing our use of resources and increasing recycling and re-using where we can. This is encouraging as a lot of our resource and waste management initiatives can only be achieved with the support of our staff both inflight and on the ground.

In recent years, we have received considerable attention on our use of plastics inflight – this was consistent amongst our different stakeholders – from passengers, staff and environmental organisations. We have provided a detailed section in [our factsheet](#) on our plastic use.

Our strategy to resource use and waste management is through this process:



Updates for 2013

In the past few years, we have initiated a number of resource use and waste management initiatives with a full list detailed in the [factsheet](#).

We are constantly examining options whereby we can reduce resource use and waste, or use materials from more sustainable sources. Below are a few initiatives progressed in 2013:

- Replacing aluminium food containers with meal boxes made from Forestry Stewardship Council (FSC) certified paper on selected flights
- Inflight magazines, including Discovery, Silk Road, Discover the Shop, and Emporium are printed on FSC paper
- Reducing print run of the Discover and Discover the Shop magazines by 432,000 and 300,000 copies respectively via a new inflight replacement strategy



- Shopping bags for inflight duty-free purchases are made from FSC paper
- Replacing disposable chopsticks with reusable ones
- Utilising recycled and sustainably sourced material in CX City renovation project
- Developing a paperless cockpit environment by installing the first electronic flight bag
- Donating surplus food at CX City canteens to underprivileged communities in Hong Kong
- Enhancing electronic initiatives, such as integrating our Mobile Boarding Pass with popular mobile device platforms and rolling out the electronic airway bill (e-AWB) on more outport cargo flights
- Washing, repackaging and donating complimentary First class sleep suits left behind by our passengers
- Refurbishing and donating 759 personal computers and laptops plus other accessories collected from our Cathay City offices

Recycling

We continued with recycling initiatives inflight as well as in the offices, covering aluminium cans, plastic bottles, cups, and glass bottles.

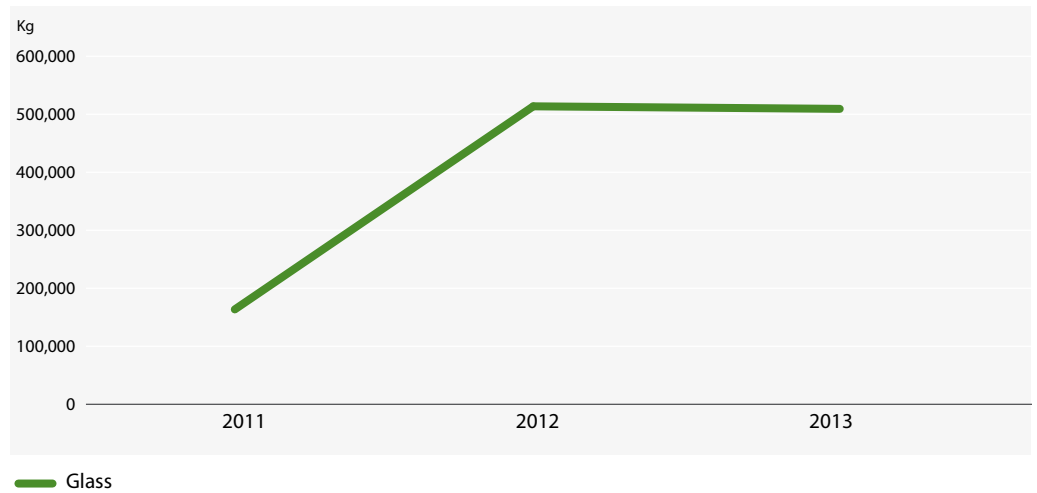
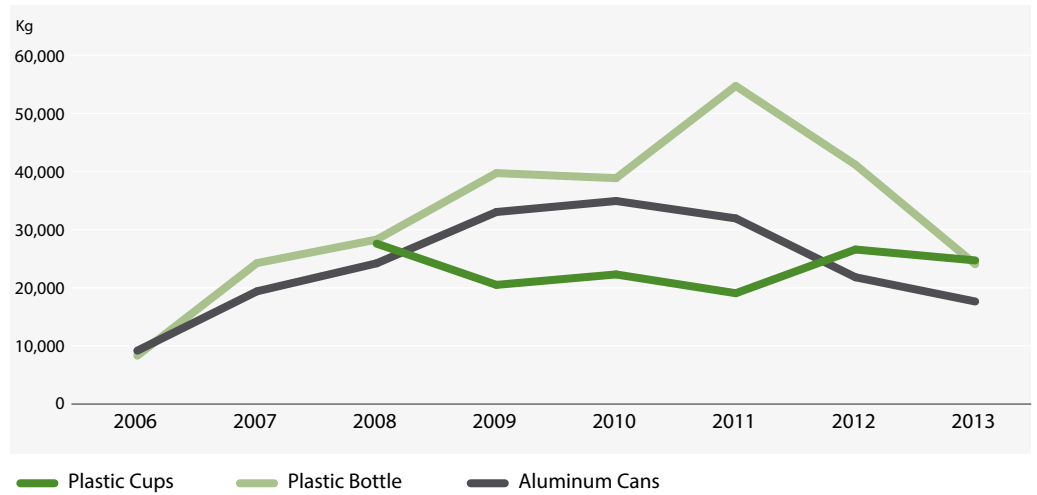
Recycling from inbound CX flights in 2013 consisted of:

- Aluminium cans: 15,462 kg[^]
- Plastic bottles: 16,782 kg[^]
- Plastic cups: 24,469 kg[^]
- Glass bottles: 509,656 kg[^]

As part of our Economy Class refresh in 2013, instead of disposing 200,000 old plastic tea cups to landfill, they were sent to a recycler to be made into other plastic items.

Another important change was replacing a proportion of Styrofoam boxes with reusable cooler bags for inflight ice cream storage. The use of foam boxes decreased by 44%, down from 11,000 pieces to 6,200 pieces per month since mid-2013.

Inflight Waste Recycling (Kg)



Cathay Pacific commenced inflight glass recycling on 1 September 2011.

Sourcing

We are aware that plastics take a very long time to degrade, we realise that it contributes to a significant amount of waste, and releasing toxins into the environment. Following a review in 2012 of plastic material usage throughout our operations, we decided to focus our efforts on single use disposable items as this is an area where we believe there is potential for reductions. We are looking at using alternative packaging material instead of plastic, as well as engaging with our suppliers to reduce excessive packaging. We will report in more detail on this next year.

We introduced fast-growing bamboo wood in the renovation of our flagship lounge at the Hong International Airport, The Cabin, both for wall and furniture finishes. There is also a 40 metre long eucalyptus wood feature wall in the First Class section of the lounge, as part of our commitment to adopting green building standards or principles in our buildings, offices, and lounges.

As part of the Pioneer Floor Programme, we completed the renovation of a section of our headquarter building at Cathay City. In addition to reviewing workplace settings, one of the project objectives is to reduce our environmental impacts. Initiatives have been implemented in terms of resource use and waste management, such as managing construction waste, using reusable carpet flooring, retaining and reusing partitioning walls, the existing ceiling system, and other existing base materials.

Food Waste

The Cathay Pacific Group, through Cathay Pacific Airways, Dragonair and Cathay Pacific Catering Services, serves around 93,400 meals per day. We recognise that food waste is unavoidably created every day. In addition to having implemented a number of measures to reduce food waste where we can on reusing food offcuts, recycling used cooking oil, and better flight meal planning, in 2013, we joined efforts for the first time with Food Angel, a food rescue programme in Hong Kong. They came to collect and repackage surplus meat and vegetables from Cathay City which would then be distributed to underprivileged communities in Hong Kong. Between August to December, 760 kg of food was donated.



What Our Stakeholders Think


With the shortage of landfill space in Hong Kong, waste is a locally critical issue. It is also a very tangible aspect of our operations to our customers and staff. This is a common thread that has been highlighted in our stakeholder groups. There are positive perceptions about Cathay Pacific's performance in this area overall, but we are expected to continue to reduce waste on board, such as tackling the use of plastic packaging; paper use in our offices; and communicating on our reuse and recycling practices, especially engaging with our passengers, cabin crew and cleaning agents. Some have also made a link between reducing inflight waste, use of materials, resources and fuel use, in terms of weight reduction.

Our Waste Management Commitments

CX COMMITMENTS				
In 2012, we launched our commitments under our Sustainable Development Strategy . We committed ourselves to a number of actions that are related to <i>reducing our resource use and improving waste management</i> :				
20/20 Commitments	Progress	Why this commitment?	What has been done	What we are going to do in the medium term (2-3 years)
Reduce the environmental impact of maintenance, repair and overhauls (MRO) carried out in Hong Kong by 50%	→	We recognise the impacts during the maintenance of our aircraft, including from the use of chemicals, jet fuel, water and energy	Identified the key MRO impacts with our maintenance service suppliers, HAESL and HAECO	Improve efficiency of resource use by HAESL and HAECO under areas where savings can be achieved
Reduce material usage and waste by 25%	→	To reduce resource use and disposed waste both inflight and in our offices, as this is something our customers and staff care about	Collected information on what we use and dispose of	Identify resources where there is potential for improvement, and work with our suppliers and customers on these materials
Increase recycling by 25%	✓	To reduce the strain on resources and avoid disposing to landfill, where there is space shortage especially in Hong Kong	Introduced recycling opportunities where available, e.g. glass bottles, both inflight and in our offices	Raise staff awareness and improve office recycling facilities



Want to find out more?
Go to our **Waste Management Factsheet**.



Want to find out more?
Go to our video on the right.



Fiona Pei, Assistant Manager Service Equipment Logistics, **Gloria Chow**, Product Manager, and **Victor Lai**, Senior Supervisor, CPCS show us how their collaboration successfully reduced use of resources and waste disposed, as well as facilitated the use of materials from sustainable sources, especially paper and plastic.



SUSTAINABLE SOURCING

Sustainable Sourcing Matters

Our suppliers are our partners – we work with over 1,000 of them globally, dealing with purchases from aircraft and fuel to office supplies and uniforms – across the 140 destinations we fly to. We envision a sustainable supply chain within the Cathay Pacific Group, and working with our suppliers is key to delivering products and services to our customers sustainably.

We work with our suppliers on a supply chain sustainability compliance process as part of our risk management process. Many of our suppliers are companies who also report publicly on their sustainability performance and hold similar values towards corporate responsibility as ourselves.

In order to deliver products and services that are sustainably sourced, we need to work with our suppliers. Developing a sustainable supply chain is a challenge due to the large amount of items we purchase, each with varying specifications. In some cases, we may not have leverage on all our suppliers and have limited influence on the sustainability attributes of these materials. Moreover, our specifications need to meet very strict safety standards, particularly if we are taking these items onboard. We are determined to find solutions to these challenges:

- We participate in best practice sharing sessions locally and internationally: Cathay Pacific chaired the Swire Sustainable Purchasing Working Group between 2007 and 2013, which looks at synergies within the Swire Group in embedding sustainable purchasing practices in the Swire Pacific companies. We were a founding member of the Hong Kong Green Purchasing Charter in 2008. In 2013, we were also one of the founding participants of the inaugural Sustainable Lifestyles Frontier Working Group launched by non-profit sustainability organisation BSR and sustainability communications firm Futerra.
- We trial and use alternative materials and implement these across the Cathay Pacific Group: We often assess the performance of alternative materials. Once it passes the trial phase, we implement the material across the whole Group. For example, when we decided to switch all office paper to sustainably-sourced material, we assessed different options from recycled paper to paper made from FSC sources. Since our initial purchase of sustainable office paper in 2008, currently the majority of office paper, marketing paraphernalia in Hong Kong, training materials, inflight magazines and team newsletters have switched to FSC or recycled paper.

- We are developing guidelines and sustainable specifications for a number of items: We developed a number of guidelines that list out the sustainable specifications we need to consider in our purchases. We now have guidelines for airport lounges, IT equipment, paper, plastic and printing. We aim to develop more guidelines to support decision-making with our purchasing team.



Cathay Pacific First and Business Class lounges in San Francisco International Airport

Sustainable Purchasing

Our purchasing practices are set at the highest professional and ethical standards. Most of the purchasing requirements for both Cathay Pacific and Dragonair are managed by the Airline Purchasing and Aircraft Trading Department. In addition to our anti-bribery expectations with all our staff, we require our purchasing staff to comply with our additional anti-bribery guidelines outlined in our Purchasing Ethics Policy.

We aim to encourage our suppliers to improve on their sustainability practices through capacity building and sharing knowledge on best practices as our approach to sustainable procurement. Our purchasing teams understand the need to consider sustainable purchasing and responsible supply chain practices in buying decisions. We require our suppliers to provide clear, accurate and appropriate reporting of their progress in achieving our Supply Chain Sustainability Code of Conduct objectives.

Supply Chain Sustainability Code of Conduct

Since the launch of our Supply Chain Sustainability Code of Conduct in 2007, suppliers to Cathay Pacific must provide clear, accurate and appropriate reporting of their progress toward achieving our objectives contained in this Code. These include:

- Legal and regulatory compliance
- Environmental management
- No use of forced and child labour
- Appropriate compensation and working hours
- Health and safety in the workplace
- No discrimination against employees
- Upholding human rights in the workplace
- Having high ethical standards
- Extending social responsibility to their subcontractors and service providers
- Maintaining documentation and permitting our inspection

In developing and revising the Code, we took account of the International Labour Organization’s core conventions and other applicable and recognised labour standards, referred and benchmarked against the United Nations Global Compact.

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 Supplier Corporate, Social and Environmental Responsibility 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 the Code of Conduct to include <i>ethics</i>
2010	First publication of the Supply Chain Sustainability Newsletter distributed to local and outport suppliers Outport-based suppliers were asked to complete questionnaire for the first time
2011	Development of a framework for supply chain compliance checking
2012	Revised and renamed the Code as Supply Chain Sustainability Code of Conduct

Sustainable Sourcing

It is our goal to ensure that we establish sustainable sourcing practices throughout our operations. We started embedding these practices by understanding the consumption of resources across different business units. To understand how we can achieve our sourcing goals, commonly procured items were identified and areas where there is potential for reduced usage were assessed. More information is provided in the [Waste Management](#) section of our report.

Updates for 2013

Use of Sustainability Guidelines

In 2013, we published an internal guideline outlining our preferred specifications to replace, remove or reduce plastic items wherever practical. We also continued trialling the implementation of selected items contained in the HKSAR Government's [Green Purchasing Guidelines](#). While these guidelines were developed specifically for the HKSAR Government's use, it was a useful reference for our procurement specifications. This year, we adopted the relevant parts of these guidelines in the design of our new airport lounges and purchase of new IT equipment. In 2014, we expect to develop guidelines for our purchase of textiles, food and inflight cosmetic cleaning products. This is in line with our 20/20 commitment to offer sustainable products and services to our customers.


Offering Sustainable Products

As part of the First Class refresh in 2013, the new sleep suits were made by Hong Kong brand 'PYE' from 100% organic cotton. Green manufacturing principles were utilised in the making of the sleep suits, and a hang tag on the suits educates passengers on caring for their sleep suits in an eco-friendly way, such as washing with cold water and line drying to save energy.

What Our Stakeholders Think

The sustainability of supply chains has gained in importance in the last few years, as businesses look beyond the impacts and performance of their immediate operations. Stakeholders are increasingly looking for us to incorporate green purchasing guidelines into environmental and sustainability policies, and show a more integrated view of environmental and sustainable development management across the business value chain. We are also expected to train employees to use these sustainable procurement guidelines, and gain a deeper understanding of supplier practices.

Our Supply Chain and Procurement Commitments

 CX COMMITMENTS				
In 2012, we launched our commitments under our Sustainable Development Strategy . We committed ourselves to a number of actions that are related to <i>working with our supply chain</i> :				
20/20 Commitments	Progress	Why this commitment?	What has been done	What we are going to do in the medium term (2-3 years)
All CX Group-branded materials will be produced using sustainable materials	→	To ensure that CX branded materials meet not only the highest quality, but also come from sustainable and responsible sources	Adopted the paper, plastic and printing guidelines with a focus on CX branded products	Trial with more sustainable materials on different products
All paper, paper products and textiles offered to customers or as part of the service offering will be made of sustainable materials	→	To ensure products offered to our customers meet their sustainability expectations	Adopted the paper, plastic and printing guidelines in 2013 Trialled alternative methods to reuse old uniforms Donated old blankets and seat covers to charities	Develop guidelines on textile use Utilising alternative methods to reuse old uniforms
Engage with suppliers of inflight sales products on sustainability principles	→	To expand the reach of our Supplier Code of Conduct to include inflight sales product suppliers. Be consistent in the sustainability requirements of the products and services offered to our customers	Surveyed publicly available information of our inflight sales suppliers against our Code New section "Cathay Cares" in inflight sales magazine Discover The Shop, selling products that support communities and the environment	Further engage with these suppliers
All suppliers will comply with our Supply Chain Sustainability Code of Conduct	→	To ensure that we only work with suppliers that comply fully with our Code of Conduct	Developed checklists for the purchasing teams to implement the Code effectively and consistently	Develop user-friendly reference material for the purchasing teams and organise learning events to equip them Develop a process and system to effectively engage suppliers to comply with the Code
All meals served inflight and on the ground will meet sustainability criteria	→	To reduce our impacts on biodiversity	Served fish and seafood from sustainable sources on flights from Europe, North America and Australia	Develop sustainable food guidelines Identify food items that can be sourced sustainably

CX COMMITMENTS				
20/20 Commitments	Progress	Why this commitment?	What has been done	What we are going to do in the medium term (2-3 years)
CX Holidays to offer at least 5 more ecotourism packages by 2015	➔	To expand our product offering to include sustainable products	Identified ecotourism destinations and operators within the packages we currently offer	Identify further ecotourism destinations and operators
All holiday packages offered by CX Holidays will be verified for their sustainability impacts	➔	To ensure sustainability impacts are considered in the packages we offer	Identified the existing sustainability criteria and standards for ecotourism	Identify the destinations and operators that meet these standards


Want to find out more?
Go to our **Sustainable Sourcing Factsheet**.


Want to find out more?
Go to our video on the right.



Aldric Chau, Inflight Sales Manager, showcases a number of items available in the Cathay Pacific Cares section in Discover the Shop, our inflight shop magazine. These products are sourced from social enterprises that support the local communities where these products are made.



Biodiversity Matters

The conservation of habitats and species diversity is important to Cathay Pacific. We recognise that we have an impact on the destinations to which we fly, and hence we continue to develop and incorporate biodiversity elements into our sustainable development strategy.

Conservation has long been a topic of concern for Cathay Pacific. For many years, we have been sponsoring habitat-protection programs within Asia, and working with NGOs from across the region. For instance, working with Friends of the Earth, we provided funding that resulted in the planting of 10,000 tree seedlings around Hong Kong. We also raised nearly HK\$8 million from passengers to support conservation initiatives in Mainland China through The Nature Conservancy. Partnering with the Kadoorie Farm and Botanic Garden in Hong Kong, we helped reintroduce 609 endangered pig-nosed turtles to Indonesia by donating cargo space and air tickets to the organisation. Cathay Pacific will continue to direct investments in biodiversity conservation as a way to give back to the community.

It is important that our inflight meals are sustainably sourced as well. On average, Cathay Pacific and Dragonair serve 75,000 inflight meals everyday to our passengers. Therefore, by adhering to international sustainability standards, we can have a substantial positive impact on the diversity of a wide variety of ecosystems. We have already adopted a Sustainable Food Policy that does not allow the serving of a number of unsustainably produced food items, including shark fin soup, both inflight and at company-paid functions. Since 2011, we have been serving fish from sustainable sources, such as those that are Marine Stewardship Council (MSC) certified, in Economy Class on all our flights departing from Europe. We follow a similar policy for fish served in Economy Class on flights from Australian and North American ports.

To learn more about what the Cathay Pacific Group has been doing to support habitat-protection programmes and adopt a strategy that incorporates biodiversity considerations into our daily operations, go to our Biodiversity factsheet [B](#).



Updates for 2013

Cathay Pacific's inflight catering team has been working with suppliers to support sustainable seafood and fisheries. Since early 2011, we have been serving fish from sustainable sources in Economy class, initially, from our European ports, and subsequently from our Australian ports. In 2012, this was extended to include flights from North American ports.

In line with our Sustainable Development Policy, Cathay Pacific announced in 2012 the decision to implement a restrictive cargo policy that will lead to us only carrying sustainably sourced sharks and shark related products. In addition to the considerable weight of independent science- and research-based data which supported our decision, we believe this is the right thing to do for a company that is committed to sustainability.

In 2013, we continued to engage with the global scientific community, including the International Union for Conservation of Nature (IUCN) Shark Specialist Group (SSG) and TRAFFIC International, an NGO network that monitors wildlife trade, to further review and develop implementation guidelines and procedures for our restrictive cargo policy. Our aim is to compile a framework to help us identify sources of shark and shark products which meet best practice consistent with the principles of sustainability in fisheries management, in order for us to effectively implement our policy. While this has been the more challenging path than an outright ban, we believe this is consistent with the principles of sustainable development. We will provide an update on progress in the next Report.

What Our Stakeholders Think

Today, companies are increasingly expected to understand their biodiversity impact and to determine ways to protect and enhance biodiversity as part of their business operations. This means that in addition to supporting habitat-protection initiatives undertaken by third parties, we are expected to take action to reduce the impact from our daily operations. Our efforts regarding shark and shark products have particularly been viewed as a strong positive move by stakeholders.

Our Biodiversity Commitments

CX COMMITMENTS				
Based on the input of our stakeholders and our strong support for reducing the negative impact of our daily operations on biodiversity, we are committed to the following actions:				
20/20 Commitments	Progress	Why this commitment?	What has been done	What we are going to do in the medium term (2-3 years)
Develop and implement a sustainable cargo policy	➔	To have a cargo policy that is in line with the principles of sustainable development	Engage with local and international experts to identify principles and criteria for acceptance of these products	Compile a framework with specialists from the IUCN and TRAFFIC International that will help us implement our policy for shark and shark products effectively
All meals served inflight and on the ground will meet sustainability criteria	➔	To ensure our inflight meals meet best sustainability standards	Develop a list and summary of all the standards on sustainable food sources	Gradually apply the food standards list to our purchases

Want to find out more? Go to our **Biodiversity Factsheet**.

Want to find out more? Go to our video on the right.



Brendan Duffy, Catering Manager, was instrumental in bringing sustainably sourced seafood to our inflight menus. In this video, he explains why this is important to Cathay Pacific.



Our People Matters

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 and career environment for them, in order to attract, develop and retain the best talent.

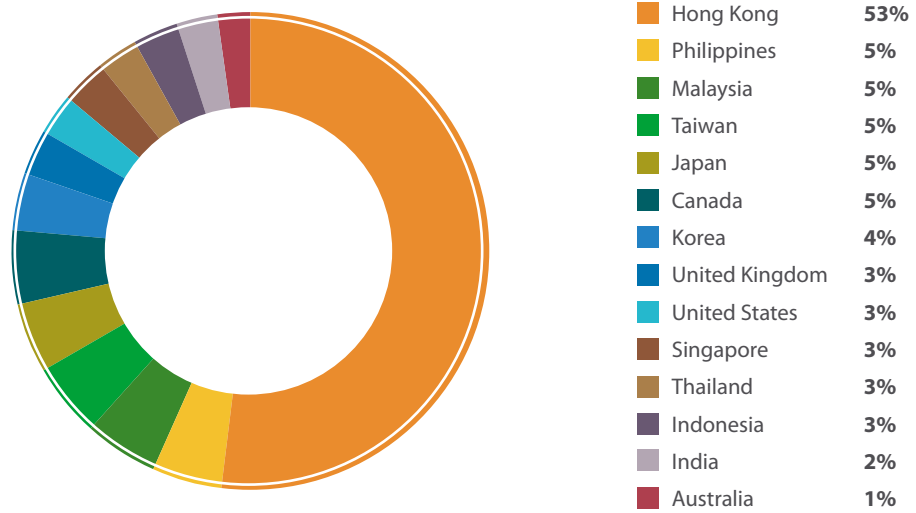
Priority on People and Continual Drive to Develop a Winning Team

We aim to ensure that our staff is productive, competent and flexible, and that they operate within a healthy environment. We want to provide rewarding career opportunities by investing in our staff's professional and personal development. We do our best to show our appreciation of their highly-regarded professionalism and hardwork.

Our aim is to provide equal opportunities to individuals regardless of gender, race, national or ethnic origin, religion, cultural background, social group, disability, marital status, family status, sexual orientation, age or political opinion. We strive to manage people in a way that recognises diversity. We have also adopted formal mechanisms through which employees can make a complaint of discrimination or harassment in any form.



Cabin Crew Nationality Mix (%)



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

Austria	France	Italy	Spain
Belgium	Germany	Netherlands	Sri Lanka
China	Greece	New Zealand	Sweden
Denmark	Ireland	Portugal	Switzerland

Our team is unique in that it is widely dispersed around the world and consists of highly 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 communication and consultation to ensure views are heard and acted upon appropriately.



As a major employer supporting Hong Kong, it has been our long-standing practice to support local recruitment. If the required skills are available locally, we will give priority to the local labour market before searching internationally. Vacancies are first opened internally to the company, then to the local community, and only then, overseas. Most of our overseas hiring relates to skills or experience that is not readily available in the local labour market, such as engineering and flight crew — which is why we have extensive local engineering and flight crew training to help build these skills in Hong Kong.

To find out more about different aspects of staff relations and engagement, recruitment, training and career development, go to the [Our People factsheet](#).

Updates for 2013

Engagement and Communication

Many different engagement programmes were run throughout the year. Below are some highlights from 2013:

All Staff

In 2013, we proceeded to the next stage of We Suggest, a sustainability-themed ideas competition for our staff around the world. A team-building offsite session was held in Kunming for the five shortlisted finalist teams to prepare and present their ideas to the judging panel. In the end, the CX Manchester Cargo Team won the competition with their suggestion of removing the 88 inch pallet stops on cargo aircraft. The removal of these pallet stops would lead to a decrease in weight, fuel use and ultimately carbon emissions. The relevant departments are reviewing the proposals in more detail.



We organised our version of Earth Hour's I Will If You Will campaign, where senior managers were asked to pledge an environmental and/or charitable fun act if a certain proportion of their team or colleagues pledged their own environmental acts. Ivan Chu, our COO at the time, pledged to use an electric vehicle instead of his regular company car for a week. Managers from departments and teams in Hong Kong as well as outports joined to rally participation. This event won the "Most Replicable Activity" at the 3rd Swire Sustainable Development Forum, which will then be applied to other Swire operating companies.



Flight Crew

We maintain a number of communication channels with our pilots to provide both technical and personal support, as well as information dissemination. These included forums and auditorium sessions.

At Cathay Pacific, we started negotiations with the Hong Kong Aircrew Officers Association (HKAOA) in late 2013, which are still ongoing. These are primarily negotiations related to pay and rostering, with other topics also included. We also continued with bargaining sessions in Australia working towards our first Enterprise Agreement.

At Dragonair, work is in progress on various fronts including Agreements that are periodically reviewed, such as Rostering Practices. Moreover, crew member representatives work closely with Dragonair on various Committees to provide feedback on meal selections, hotels, rostering and scheduling.



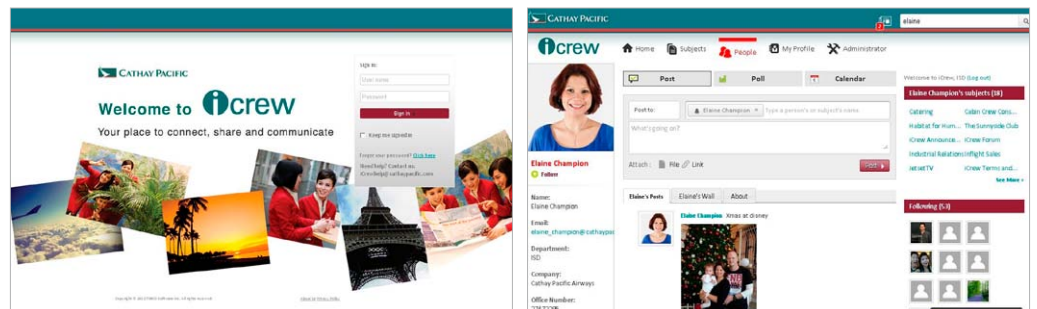
Cabin Crew

In 2013, Cathay Pacific cabin crew were voted as the “World’s Best Cabin Crew” in the World Airlines Awards run by Skytrax, which was celebrated extensively both at CX City and at overseas crew bases.



This year, our regular Crew Forums provided support on issues such as crew rostering, lifestyle schemes as well as bringing important issues to management’s attention. Also based on feedback from crew, we introduced the “high hours scheme” where crew who wished to work more hours can opt for it. At the same time, we were trialing a route-specific scheme so crew who wanted to operate on one specific route during a certain month, could do so. The Work-Life Enhancement Leave (WEL) scheme was created especially for cabin crew to provide flexibility in their roster at certain times in their life to better manage their work and lifestyle needs, and one which allowed crew to balance and fulfill their work and personal responsibilities at the same time. This proved to be very popular, and was rolled out as a permanent scheme in 2013.

In 2013, new websites and mobile phone applications exclusively for Cathay Pacific Cabin Crew and Dragonair Crew were launched. “iCrew” for Cathay Pacific and “i-KA” for Dragonair were designed to help crew quickly access relevant and up-to-date news and information using a computer, smartphone or tablet, no matter where they are in the world. The aim was to facilitate swifter communication and create a platform for better engagement for a non-office based workforce.



This year, over 200 Dragonair cabin crew competed in the first ever Dragonair Charity Singing Contest in support of community flights to Kathmandu, Nepal. Thirty finalists and their families were selected to join the ISD management team and local ground staff on two trips to Nepal in July and August. There, they visited an elderly home and three orphanages, including one for children infected with HIV.



Both last year and this year, enormous team spirit was displayed through a flash mob performance at the HKIA and Cathay Pacific City, in support of the charity Operation Santa Claus. Two hundred cabin crew, 40 HKIA ground staff and four pilots volunteered in 2013, raising HK\$380,000.



Recruitment

A total of 1,750 flight crew, cabin crew and ground staff in both Cathay Pacific and Dragonair were recruited to support the expansion of our business.

We also launched an IT Trainee Programme to support the growth of our IT-enabled activities.

Training and Development

We promote a culture of continuous learning. Our staff are responsible for their own professional and career development and the company supports this by investing heavily in extensive formal training, online learning, seminars and forums. A strong emphasis is also placed on personal development. A series of flight attendants' workshops were introduced to provide developmental opportunities for those who have completed four years of service. These workshops focused on enhancing interaction styles, especially in terms of cultural sensitivity.

We continued with the Inflight Service Managers (ISM) workshops and annual forums. In 2013, modules included workshops dealing with unruly behaviour inflight with de-escalation techniques. In addition, voluntary workshops were offered in areas such as wine tasting, servicing the First Class cabin, public address and grooming.


At Dragonair, two Mentor Master Classes were organised as the second stage of mentor development. During these sessions, experienced mentors shared and exchanged ideas on improving the mentoring process and the programme itself.

Stakeholder Views

Our staff have emphasised the need for targeted, proactive and ongoing communication with them. Sustainability messages should be integrated into this communication, utilising training platforms for different staff groups. Staff would also like a stronger connection and opportunities for a two-way exchange with the management.



Want to find out more?
Go to our **Our People Factsheet**.



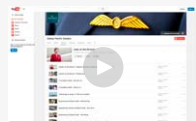
Want to find out more? Go to our video on the right.



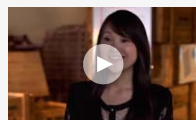
The World's Best Cabin Crew



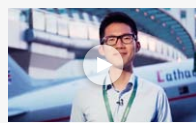
Cathay Pacific not only cares about its employees but also their families. Our video, **Jetset TV Kids**, shows kids of our cabin crew learning about what their parents really do at work.



Cathay Pacific Careers "Jobs on the Ground" (Playlist)



Michelle Tsang, Assistant Manager, Cargo Product,



Hanson Lau, Technical Services Engineer, "A Day in the Life of an Engineer"



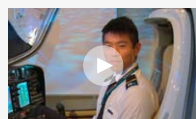
Richard Xing, Technical Services Engineer, "Engineering at Cathay Pacific"



Richard Clausen, Senior First Officer, Cathay Pacific "A Day in the Life of a Pilot"



Dennis Chen, Being a Second Officer



Meet Our Cadets and Pilots



Grace Hui, Flight Attendant,
takes us along her flight from Hong Kong to Sydney, where she works in-flight with her team to deliver world class services to passengers.



Sammy Yeung, Supervisor,
shows us how she and her colleagues make passengers' journeys a little smoother and easier.



Careers on the Ground – Customer Services at Hong Kong International Airport



Kenneth Lee, Application Manager



Cherry Lui, IT Project Manager



Joe Locandro, IT Director



Overview

Welcome to our 5th Sustainable Development Report, which covers our sustainability performance – both achievements and challenges in 2013. We continue to present a wide range of information in different formats to suit the needs of different stakeholders: As soon as you land of the report website, you will be able to read the main text which is a summary of the key issues and their updates. The [downloadable pdf Factsheets](#) are designed to engage with those who would like more in-depth data, information and stories. Finally, we have produced many fresh new videos to accompany this year's report, demonstrating the excellent sustainability achievements of our key stakeholders – our staff – in the past year.

A summary leaflet in both English and Chinese has been published together with this online report. These are downloadable from the website.

Why Do 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, learn how to overcome them, and how we are approaching them in our governance, environmental and societal practices.

Independent Assurance Statement

We have engaged PricewaterhouseCoopers Limited to perform an independent limited assurance of the report. The assurance scope and statement is provided below. Selected subject matter that has been verified are marked with a “Δ”.



羅兵咸永道

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 2012 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 2012 Sustainable Development Report (“SD Report”) for the year ended 31 December 2012.

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 (tCO₂ e).
- CO₂ emissions from Cathay Pacific and Dragonair flights (tCO₂ 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, from Cathay Pacific City and from Dragonair House.
- The two qualitative statements made in the section “Community Investment Factsheet – Youth and Education” and “Sustainable Sourcing Factsheet – Applying the Supplier Code of Conduct” 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 *Reporting Methodology* in the section “About this Report” of the 2012 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

22 August 2013

Global Reporting Initiative

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. The report application level is A+, as checked by the GRI.

In preparation for the new GRI Version 4 guidelines (G4), we also referred to the requirements of the 'Core' option for this report.



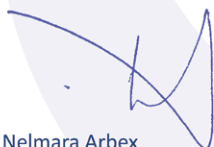
Statement GRI Application Level Check

GRI hereby states that **Cathay Pacific Airways Limited** has presented its report "CX Group Sustainable Development Report 2012" 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. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

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 August 2013



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

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 29 July 2013. GRI explicitly excludes the statement being applied to any later changes to such material.

GRI Table

The table [here](#) sets out the locations of where the relevant information or data can be found in this SD Report. In preparation for improving future reporting and disclosure, comparable key performance indicators (KPIs) from the following have also been included for ease of reference:

- Indicators recommended under the Hong Kong Stock Exchange Environmental Social and Governance (ESG) guidelines.

Reporting Methodology

This report covers the 2013 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) reporting framework versions 3.1 and version 4.0 and the AA1000 Accountability standard; and
- benchmarking against other airlines and international companies.

Measuring Our Performance

Our 20 commitments under the Sustainable Development Strategy are discussed in this year's report. This is the first time we report on progress on these commitments and we will continue to do so in future reports.

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. In 2013, preparations were being made to migrate our data to a new Swire Group sustainability management system. The new system will facilitate collecting, consolidating, analysing and reporting our environmental, social and governance (ESG) performance across the Group's diverse businesses located in different jurisdictions. Further details will be provided in the next report.

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

The Cathay Pacific Group reported the greenhouse gas emissions of each of its 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 94 to 95 of the Cathay Pacific Group 2013 Annual Report that are not included within the scope of this report, will be considered for inclusion in the future.

Operational Boundaries

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

- Scope 1 – Direct GHG emission, including global CO₂ 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 2013. The year 2009 has been used as the base year for comparing the emissions profile of our flights in line with our 2020 commitments. However, we continue to provide information from 1998 to ensure consistency with our previous reporting. Please note there have been changes in organisation and operational boundaries over the years which may 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 CO₂ emission factors used follow the guidelines published by the Environmental Protection Department (EPD) of the Hong Kong Special Administrative Region (HK SAR) Government in February 2010¹. For CO₂ emission factors for outport data, references have been made to the International Energy Agency (2010)².

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’s³ recommended specific gravity of 0.80 kg/L to calculate the weight of fuel. We use the IPCC’s emission factor of 3.15⁴ to determine CO₂ 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 CO₂, others including CH₄, N₂O, 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](#).

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, 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) 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.

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.

Reference was also made to version G4 adopted in 2013.

Other Matters

FLY greener Offsets

FLY greener offsets are calculated as the tonnes of CO₂ purchased by all passengers (including staff), using either cash or Air Miles as a method of payment. One tonne of CO₂ had a cash price of HK\$24.71 in 2013. The average Air Miles price was 609 Air Miles per tonne of CO₂ during the year ended 31 December 2013. The total tonnage was computed based on the amount paid during the year. Cash received during the year related to flights taken in 2013.

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 2013 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 26,259 million and RTK of 18,696 million used in this calculation are taken from the Cathay Pacific Airways Limited Annual Report 2013.

Recycled Materials

In 2013, materials recycled from inbound flights to Hong Kong include plastic cups; plastic bottles; aluminium cans; and glass bottles. Materials recycled by the Cathay Pacific Airways and 100% owned subsidiaries include paper and cardboard, plastics, aluminium cans, waste lubrication oil, glass bottles and printer cartridges from Cathay Pacific City; and paper and cardboard, aluminium cans, plastic and printer cartridges from Dragonair House. 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 the academic year 2012/2013 with reference to the London Benchmarking Group model. 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 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 have been engaging with a third party consultant since 2006 to perform focus groups and interviews within selected groups of stakeholders, chosen by Cathay Pacific and the third party consultant. Previously, the selected stakeholder groups provided comments and ratings on different areas, including emerging issues facing the airline industry, perceptions on the current corporate social responsibility (CSR) performance of CX and Dragonair and the expected response from CX, our reporting priorities, the stakeholder engagement approach taken by CX, and their views on CX's Sustainable Development Strategy.

With these 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 2013.

As we have come to the end of our five-year stakeholder engagement strategy, we carried out a comprehensive survey at the end of 2013. The objectives of this exercise were to create a baseline and a set of metrics on the following:

Measure stakeholder familiarity with CX initiatives and performance

- Assess stakeholder perceptions
- Identify material issues for CX
- Determine stakeholder expectations
- Evaluate CX strength and weakness

The other objective is to develop actions based on these research findings.

¹ 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.

² International Energy Agency (2010). CO₂ Emissions from Fuel Combustion – Highlights. Summary Table: CO₂ emissions per kWh from electricity and heat. IEA.

³ 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.

⁴ IPCC. (1999). Aviation and the Global Atmosphere. Cambridge: Cambridge University Press.

Abbreviations and Glossary

Some Commonly Used Abbreviations in this Report

AAHK	Airport Authority Hong Kong
AAIB	Air Accidents Investigation Branch
AFRA	Aircraft Fleet Recycling Association
AFTLS	Approved Flight Time Limitations Scheme
AHK	Air Hong Kong
ALARP	As Low As Reasonably Practical
ANSP	Air Navigation Service Providers
AOA	Aircrew Officers Association
ASRC	Airline Safety Review Committee
ASR-F	Air Safety Report – Fatigue
ATDC	Airports Training and Development Centre
ATK	Available Tonne Kilometre
BAQ	Better Air Quality
BSRC	Board Safety Review Committee
CAD	Civil Aviation Department
CCBF	Climate Change Business Forum
CCC	Customer & Commercial Control
CCF	Cathay Pacific Charitable Fund
CCNL	Cabin Crew Newsletters
CCST	Cabin Crew Support Team
CCTF	Climate Change Task Force
CE	Chief Executive
CEPIC	Cathay Emergency Passengers Information Centre
CLG	The Prince of Wales's Corporate Leaders Group on Climate Change
CNG	Carbon Neutral Growth
CO ₂	Carbon Dioxide
COO	Chief Operating Officer
CPCS	Cathay Pacific Catering Services
CPSL	Cathay Pacific Services Limited
CSAG	Cabin Safety Action Group
CSD	Corporate Safety Department
CSR	Cabin Safety Reports
CSR	Corporate Social Responsibility
CX	Cathay Pacific
CX City	Cathay Pacific City
DCGO	Director Cargo
DFO	Director of Flight Operations
DLR	German Aerospace Centre
DPA	Dragonair Pilots Association
DSD	Director Service Delivery

Some Commonly Used Abbreviations in this Report	
EAP	Employee Assistant Programme
e-AWB	Electronic airway bill
EIA	Environmental Impact Assessment
EMS	Environmental Management System
ENG	Engineering
EPFL	Swiss Federal Institute of Technology in Lausanne
EU ETS	European Union Emissions Trading Scheme
EU	European Union
FAU	Flight Attendants' Union
FDAP	Flight Data Analysis Program
FOP	Flight Operations
FRMS	Fatigue Risk Management System
FSC	Forestry Stewardship Council
FTE	Full Time Equivalents
GHG	Greenhouse Gas
GISS	Goddard Institute of Space Studies
GMCS	General Manager Corporate Safety
GRI	Global Reporting Initiative
GSE	Ground Support Equipment
GSR	Ground Safety Reports
HAS	Hong Kong Airport Services
HIMS	Human Intervention and Motivation System
HKIA	Hong Kong International Airport
IAGOS	In-service Aircraft for a Global Observing System
IATA	International Air Transport Association
ICAO	International Civil Aviation Organization
IEA	International Energy Agency
IMT	Information Management and Technology
INED	Independent Non-executive Director
INSPIRE	Indian Ocean Strategy Partnership to Reduce Emissions
IOC	Integrated Operations Centre
IPCC	Intergovernmental Panel on Climate Change
IRF	Injury Report Form
ISD	Inflight Services Department
ISM	Inflight Service Manager
KA	Dragonair
KPI	Key Performance Indicators
LBG	London Benchmarking Group
LEED	Leadership in Energy and Environmental Design
LOSA	Line Operational Safety Audit
LTIFR	Lost Time Injury Frequency Rate
MANCOM	Management Committee
MRO	Maintenance, Repair and Overhaul Process
MSC	Marine Stewardship Council
MSQD	Engineering Reports on Maintenance, Safety, Quality and Defects

Some Commonly Used Abbreviations in this Report	
NASA	National Aeronautics and Space Administration
NED	Non-executive Director
NGO	Non-governmental Organisation
NOx	Oxides of Nitrogen
OHS	Occupational Health & Safety
OIWA	Outlying Islands Women's Association
ORSAG	Operations Ramp Safety Action Group
RIS	Risk Index Score
RSB	Roundtable for Sustainable Biofuels
RTK	Revenue Tonne Kilometre
RVSM	Reduced Vertical Separation Minimum
SAFUG	Sustainable Aviation Fuel Users Group
SAG	Safety Action Groups
SD	Sustainable Development
SMS	Safety Management System
SPI	Safety Performance Indicator
UNICEF	United Nations International Children's Emergency Fund
VCS	Voluntary Carbon Standard
VLS	Vogue Laundry Services Limited
WBCSD	World Business Council on Sustainable Development
WEL	Work-Life Enhancement Leave
WWF	World Wildlife Fund for Nature

Acknowledgements

We wish to thank Edelman Hong Kong, Futerra and Sedgwick Richardson for their assistance in the development and preparation of this report.

Our Principle Subsidiaries Based in Hong Kong



air Hongkong

60% owned by Cathay Pacific



FTSE4Good

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.





Video Gallery

Making the Connection

Cathay Pacific is driving towards becoming a sustainable airline by empowering our staff to integrate sustainability into their everyday work.

View from the Top



Ivan Chu — Message from the Chief Executive

Despite the challenges the aviation industry is facing, Cathay Pacific looks to operate far into the future. In order to do this, Ivan talks about the importance of our stakeholders, especially our staff, understanding that sustainability is a key part of our business.



Working Toward a Sustainable Future

This video highlights what Cathay Pacific is doing to make aviation more sustainable.

Stories from Our People

The videos below are stories told by Cathay Pacific people on how they have integrated sustainability elements into their personal day-to-day job.

Community Investment



The making of 'The Spirit of Hong Kong' special livery



The unveiling ceremony of 'The Spirit of Hong Kong' special livery



Cathay Pacific Community Flight fulfils dreams for less-advantaged families



Katy Wu, Safety Training Manager, and Aby Chiu, Cabin Crew

As safety is our top priority, Katy and Aby talk about what happens and their experience during the intensive six-week induction programme that takes crew through all our safety, security, and service practices and procedures.

Climate Change



Mark Watson, Head of Environmental Affairs, and Mark Hoey, General Manager Operations

This video demonstrates how Cathay Pacific is supporting an international effort to increase understanding of climate change science in the atmosphere, by taking part in the In-service Aircraft for a Global Observing System (IAGOS) project with one of our Airbus A330-300 aircraft.

Waste Management



Fiona Pei, Assistant Manager Service Equipment Logistics, Gloria Chow, Product Manager, and Victor Lai, Senior Supervisor, CPCS

Colleagues from different teams show us how their collaboration successfully reduced use of resources and waste disposed, as well as facilitated the use of materials from sustainable sources, especially paper and plastic.

Sustainable Sourcing



Aldric Chau, Inflight Sales Manager

Aldric showcases a number of items available in the Cathay Pacific Cares section in Discover the Shop, our inflight shop magazine. These products are sourced from social enterprises that support the local communities where these products are made.

Biodiversity



Brendan Duffy, Catering Manager

Brendan was instrumental in bringing sustainably sourced seafood to selected CX inflight menus. In this video, he explains why this is important to Cathay Pacific.

Our People

Meet our staff from different positions and sections of the company, and hear them talk about what it is like working at Cathay Pacific.

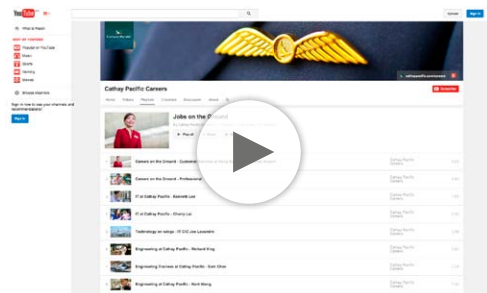


The World's Best Cabin Crew

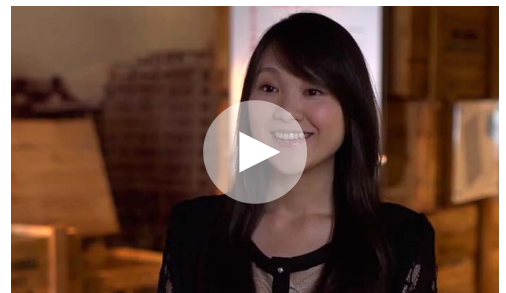


Jetset TV Kids

Cathay Pacific not only cares about its employees but also their families. This video shows kids of our cabin crew learning about what their parents really do at work.



Careers on the Ground



**Michelle Tsang, Assistant Manager
Cargo Product**



**Hanson Lau, Technical Services
Engineers – A Day in the Life of
an Engineer**



**Richard Xing, Technical Services
Engineers – Engineering
at Cathay Pacific**



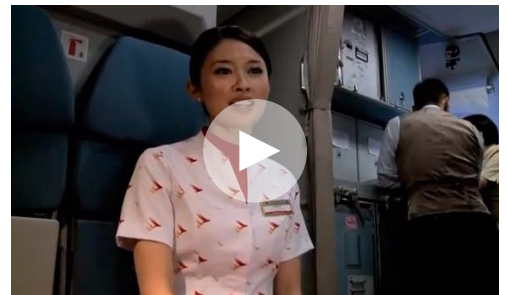
**Richard Clausen, Senior First Officer –
A day in the life of a pilot**



Dennis Chen – Being a Second Officer



Meet Our Cadets and Pilots



Grace Hui, Flight Attendant



**Sammy Yeung – A day in the life
of an airport staff**



**Customer services at the Hong Kong
International Airport**



Kenneth Lee, Application Manager



Cherry Lui, IT Project Manager



Joe Locandro, IT Director

PDF Downloads

Sections of the Sustainable Development Report can be downloaded in PDF format here.

Sustainable Development Report 2013

The Sustainable Development Report (Main Text only) in brochure format in [English](#).

[GRI Table](#)

Factsheets

[Governance of Sustainability](#)

[Stakeholder Engagement and Issues Materiality](#)

[Community Investment](#)

[Safety](#)

[Climate Change](#)

[Waste Management](#)

[Sustainable Sourcing](#)

[Biodiversity](#)

[Our People](#)

Report + Factsheets

Click here to download a package that contains both the [Sustainable Development Report Main text and the Factsheets](#).

Investor Relations Materials

This section provides quick links to the materials in the Report that are of particular interest to the investment community.

Performance Tables and Graphs

- [2012 GHG Emissions \(tCO₂e\) Scope 1 and Scope 2 Table](#)
- [2012 Global CO₂ Emissions](#)
- [Cathay Pacific Group Fleet](#)
- [Environmental Indicators Table](#)
- [Social Indicators Table](#)
- [Economic Value Added Table](#)
- [20/20 Commitments and Progress](#)

Governance and the CX Group

- [Governance of Sustainability Factsheet](#)
- [Group Fleet Profile](#)
- [CX Annual Report 2013](#)

GRI Statement and Table

- [GRI Statement](#)
- [GRI and HKEx ESG Table](#)