Accelerating change

Sustainable Development Report
Summary 2016

> CATHAY PACIFIC

Contents

Sections

CEO message

Accelerating change

We see a lot of change everywhere. In this context, people are becoming quite rightly much more aware of what is sustainable and what that means to us.

In 2016, we achieved important sustainability milestones, which will allow us to accelerate our performance in the years ahead.

"

In a changing world, we need to be agile, focused and innovative. We are prepared to meet the challenges that lie ahead, but we are also confident that we can lead our industry into this exciting new era

Rupert Hogg
Chief Executive Officer

Performance highlights

Finance

HKD 92,751 million

in revenue was generated by passengers that travelled with us in 2016, attributable loss of HKD 575 million.

202 aircraft

Including 10 new A350-900s that were delivered to us in 2016.

78,830 flights

were undertaken by Cathay Pacific and Cathay Dragon in 2016.

Environment

Biofuels

In 2016, our first Biofuel flight was the

world's longest

Bringing our A350-900s home using a **10%** blend of Biofuel.

Greenhouse gas emissions

In 2016, Cathay Pacific and Cathay Dragon emitted

17.2 million tonnes ▲

of CO_2, an **increase of 0.8%** from 2015.

Our total fuel efficiency increased by

24.9 %

in traffic carried* and by **16.8%** ▲ in capacity** since 1998.

* Available tonne kilometre, ATK
** Revenue tonne kilometre, RTK

Inflight waste recycling

In 2016, we recycled

22,066 kg ▲
aluminium cans.

20,242 kg ▲
plastic bottles.

10,799 kg ▲
plastic cups.

517,048 kg ▲
wine bottles.

People

Our people

35,990
people around the world.

47 **% male**   **53** **% female**

Communities

Over

1,400 hours
were donated by our volunteers
in 2016.

HKD165 million
raised by **Change for Good** for **UNICEF**
in the past **25 years**, helping children in
more than 150 developing countries
around the world. Around **18 tonnes of
coins** were received in 2016.

Safety

Recognition as a

Leader
in the 2016 Jet Airliner Crash Data Evaluation Centre (JACDEC) airline safety ranking.

Sustainable development recognition

FTSE4Good

A constituent of the
FTSE4Good Index Series
for the 6th consecutive year

Hang Seng Corporate
Sustainability Index

A constituent of the
Hang Seng Corporate
Sustainability Index since
index inauguration

10 years+ caringcompany
15 years+ caringcompany

Cathay Pacific and Cathay
Dragon have been recognised
as Caring Company for
15+ years and 10+ years
respectively

Approach to sustainable development

Approach and strategy

For seven decades, Cathay Pacific's approach to valuing customers via safety procedures, inflight services and sustainable practices has enabled passengers to travel well. We are committed to delivering to our customers premium services and products for years to come. This means that by using resources responsibly, increasing efficiency, and purposefully reducing the waste we produce –amongst other things – we are able to foster meaningful collaborations and be single-minded in fulfilling our commitments.

As part of the Swire Group, a statement released in 1989 by Honorary Life President and Former Chairman Sir Adrian Swire continues to inspire positive purpose in the company:

> As a group, we should always seek to be ahead of legislation rather than reacting to it. 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, still have a close look at the overall feasibility of adopting such a practice, considering both 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 and doing the right thing by the environment and our stakeholders, which results in continuing success and sustained existence.

Governance

Governance

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

Governance of sustainable development

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

Further details of our governance structure can be found in the section below, as well as in the Corporate Governance section of our Annual Report 2016 (p. 46–56).

Corporate governance and risk management

The company's highest governance body is the Board of Directors, which is led by the Chairman and also comprises the Chief Executive and three additional Executive Directors. There are also 11 Non-Executive Directors, four of whom are independent. As well as dealing with our economic performance, the Board oversees the environmental and social initiatives undertaken in the company.

The Chief Executive is accountable for the Sustainable Development Policy, which outlines commitments including but not limited to regulatory compliance, effective environmental management throughout operations, staff education, stakeholder engagement and the target-setting process. This policy was developed to help create long-term value by embedding sustainable development principles and practices into the ways in which we govern the company, manage risk and seize opportunity. Our governance structures are linked to the Swire Group's Environment and Risk Management Committees for internal audit purposes.

The Sustainable Development Steering Group oversees, makes decisions and provides guidance on the company's Sustainable Development Strategy. They have a remit over a range of issues, including carbon management, supply chain management, procurement, food policies, sustainable biofuels, staff engagement and reporting, emissions trading schemes and carbon offsetting schemes - such as the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) and the European Union Emission Trading Scheme (EU ETS). The group is chaired by the Director of Corporate Affairs and comprises of General Managers and Heads of Departments representing a range of functions across the company.

Environmental management

The Environmental Affairs Department works with the operational teams to implement sustainability programmes. We participate in the Sustainable Development Steering Group, the Fuel Forum Steering Committee, and various other committees and working groups. This department reports directly to the Director of Corporate Affairs.

We also take part in sustainability committees and working groups within the Swire Group, including the Sustainability Committee, Energy Committee, Environmental Best Practice Working Group and the Supply Chain Sustainability Working Group.

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

Safety management

Airline Safety Review Committees (ASRCs) individually dedicated to both Cathay Pacific and Cathay Dragon meet monthly to guide the management of safety in the two airlines. They are supported by departmental Safety Action Groups and Committees, of which the following four also meet monthly: Flight Operations, Engineering, Cabin and Ramp/Cargo. A Fatigue Risk Management System (FRMS) Committee meets bimonthly, and an Occupational Health & Safety (OHS) Action Group meets quarterly.

The ASRCs are made up of airline Directors and General Managers from key operational areas, as well as the heads of Quality, Medical and Security departments. The ASRC Chairmen report to their respective chief executives after each meeting. The outputs from both ASRCs are then brought together at a Group Airline Safety Review Committee (GASRC) and ultimately governed by the Board Safety Review Committee (BSRC). The GASRC and BSRC meet twice yearly and are both chaired by independent Safety Expert Dr. David King, who reports on safety performance to the main Cathay Pacific Board. David is a retired Chief Inspector of the UK's Air Accidents Investigation Branch (AAIB), Non-Executive Director at the United Kingdom Civil Aviation Authority and Visiting Professor at Cranfield University.

Sustainable procurement management

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

The teams in our Procurement Department understand the need to apply sustainable purchasing and responsible supply chain principles wherever practical. Suppliers to Cathay Pacific must provide clear, accurate and appropriate reporting of their progress towards achieving the objectives of our Supply Chain Sustainability Code of Conduct. This is highlighted regularly during internal purchasing conferences.

Human resources management

Human resources issues are managed by the respective departments in Cathay Pacific, Cathay Dragon and our subsidiaries. This is headed by the directors at Cathay Pacific and by the head of personnel at Cathay Dragon.

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

- Recognition of human rights
- Non-acceptance of child/forced labour
- Non-discrimination
- Freedom of association
- Public policy position
- Anti-corruption and bribery
- Competition and antitrust
- Labour and management relations
- Training and education
- Performance management
- Diversity and equal opportunity
- Compensation management
- Grievance and fair disciplinary procedures

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

Community investment management

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

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

Our community investment must be measured by the impact we make for the local communities. We apply international best practices and appropriate management tools to help us measure the impact of these initiatives and to evaluate their outcomes.

Subsidiaries management

Our subsidiaries all adopt similar policies, committees and management responsibilities across all areas related to Cathay Pacific's sustainable development, including environmental management, human resources issues, customer service, product responsibility and community engagement. Depending on the level of impact, our subsidiaries are responsible for managing those issues relevant to their business. These issues might cover the development of goals, staff training and the monitoring of data through environmental, health and safety databases.

Risk management

The Risk and Control Team (under the Corporate Services Section of the Finance Department) coordinates risk register reviews and provides advice on a range of functions and activities for Cathay Pacific, Cathay Dragon and the wholly-owned subsidiaries from risk management perspectives. The internal Corporate Risk Register is reviewed and presented to the Audit Committee annually. Our risk management and processes were established based on the AS/NZS 4360: 2004 Risk Management Standards.

The current risk management framework covers all Cathay Pacific departments in Hong Kong and all regional outports, as well as having been introduced to all the wholly-owned subsidiaries. Advice is given to help departments and outports to understand, assess and respond to risks. Risks are scored, ranked and documented in the risk registers of the business units and fed into the Corporate Risk Register.

Ownership and governance

Specific risks identified in the Corporate Risk Register are owned by specific directors. Action plans to respond to the risks are then developed via discussion with the relevant departments, subsidiaries or outports, and with endorsement from the directors. Progress is monitored and reported to the Management Committee on a regular basis to reduce the risk exposure of Cathay Pacific.

Our strategy towards specific types of risks, such as financial reporting, internal control, sustainable development and operational safety are reviewed by specific committees. The Audit Committee reviews the completeness and accuracy of the company's accounts, as well as the adequacy and effectiveness of internal control and risk management systems. Sustainable development risks relating to commercial and operational delivery are assessed by the Sustainable Development Steering Committee. Airline operational safety risk is reviewed monthly by the Airline Safety Review Committee, which is chaired by the General Manager of Corporate Safety and comprises directors, the senior management of all operational departments as well as our operational partners.

Incorporating climate change risks

As awareness on sustainability grows, we recognise the importance of incorporating climate change issues into business plans. The Environmental Affairs Department works with all relevant departments to identify the key business units with risk exposure to climate change, which promotes awareness of these issues when the departmental risk registers are being reviewed.

Corporate compliance

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

Following the introduction of the Hong Kong Competition Ordinance (the "Ordinance") in December 2015, we revised our existing Antitrust Policy and Guidelines for Cathay Pacific and Cathay Dragon and introduced new policies to Hong Kong based 100% owned subsidiary companies. To further facilitate the understanding of the Ordinance by all employees, we have also developed a Traditional Chinese version of the Antitrust Policy and Guidelines. To begin with, we successfully conducted briefings with senior management teams and implemented face-to-face training sessions with relevant staff for high-risk Cathay Pacific's business units, as well as Hong Kong based subsidiaries in 2015. Following on from this, we extended the face-to-face briefings and training sessions to all remaining Cathay Pacific business units. These briefings and training sessions were specifically tailored to take into account the risks faced by each business unit, in order to further minimise legal risk and ensure the company remains compliant with the Ordinance in all aspects of its business. As part of our commitment to ensure our employees understand the competition law, we will roll out a new Online Antitrust Training programme for all relevant staff including subsidiaries in 2017.

To support clear communication and ensure awareness of our Anti-bribery Policy and Guidelines, we hold ad-hoc face-to-face workshops for our employees and provide online training for new starters. In addition to this, we have extended our face-to-face workshops to a number of our outports in the Southeast Asia region, focusing on the specific risks that they are faced with.

The General Data Protection Regulation comes into force in the EU in 2018. In order to ensure compliance with the new laws, we will conduct a global data privacy review in 2017. Following the review, we will also update our Personal Data (Privacy) Policy and Guidelines to ensure we are compliant with the data protection regimes for the countries/territories in which we conduct business.

In 2016, we introduced an Internal Whistle-blower Policy in Hong Kong. This policy serves as an umbrella policy to our already existing internal whistle-blowing/confidential reporting mechanisms. This is intended to encourage employees to report issues of suspected wrongdoing through the assurance of strict confidentiality. Prior to the rollout of the policy outside of Hong Kong, we have commenced a jurisdictional review of the policy to ensure that it is compliant with applicable local laws and regulations in other jurisdictions in which we operate.

Safety

Safety

At Cathay Pacific, we strive to maintain the highest levels of safety and always put safety first.

Safety performance

Since 2013, there has been zero accidents. In 2016, there have been no 'high-risk' incidents. In the last five years, Cathay Pacific has been rated as the world's safest airline three times by the German-based Jet Airliner Crash Data Evaluation Centre (JACDEC).

Climate change

Climate change

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 costs, but also our most significant environmental impact.

New Airbus A350s will accelerate carbon efficiency

We began receiving our new next-generation aircraft – the Airbus A350-900 – in 2016. The A350 is an important aircraft. Not only does it provide superior inflight products – including Wi-Fi connectivity, upgraded seats in all classes and a better entertainment system – for our passengers, it delivers significantly enhanced environmental performance. Our A350s, combined with the retirement of some of our older aircraft, will allow us to accelerate our airline's fuel efficiency and reduce emissions going forward.

First ever CX flights on biofuels

By partnering with TOTAL, Amyris and Airbus, we were able to fly all of our brand-new A350s from Toulouse to Hong Kong using a blend of biofuel and regular fuel. We are happy to report that these flights – all ten during 2016 – were the world's longest recorded flights using biofuel.

Supported landmark global aviation deal on carbon offset

2016 was a historic year for the global aviation industry, with 191 states passing a resolution at the International Civil Aviation Organization (ICAO) for carbon neutral growth from 2020 – something Cathay Pacific has been closely involved with since the discussions for a coordinated global scheme commenced in 2008.

Waste management

Waste management

We have long-term programmes in place to minimise our impact from the use of material resources such as paper, plastic and food in our operations.

Recycling retired aircraft

In 2016, we retired three Airbus A340-300s and the last three Boeing 747-400s. Under Airbus' PAMELA initiative (Process for Advanced Management of End-of-Life Aircraft), eight of our A340s, each weighing 125 tonnes, have been retired and transferred to a workshop in southern France to undergo a recycling process. Up to 90% of their components can be recycled, reused, or recovered.

Food donation

Since 2015, we have been donating surplus food and beverages from inbound flights to a local food bank, Feeding Hong Kong. 234 tonnes were collected and donated in 2016.

Sustainable sourcing

Sustainable sourcing

We aim to ensure that all purchasing practices are governed by the highest professional and ethical standards.

Continued to improve inflight sustainability with sustainable products

If you have flown with us during 2016, you would have likely been in direct contact with some of our new sustainable products already. These included our comfortable inflight blankets (provided in all classes) – which are thoughtfully made from recycled plastic materials – and the napkins you are provided with at every meal. These are made from 70% sugarcane material.
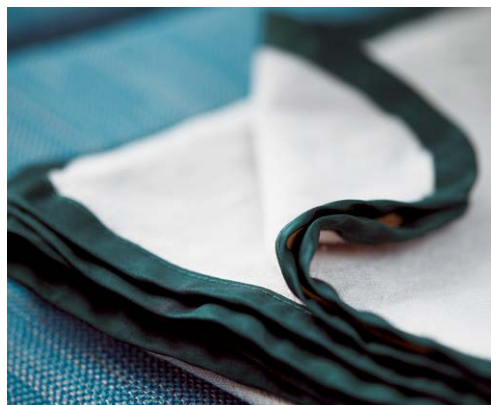
Biodiversity

Biodiversity

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.

Signed the United for Wildlife Transport Taskforce Buckingham Palace Declaration

We were among 20 airlines from around the world that signed the United for Wildlife Declaration, a collaboration between seven of the largest international conservation organisations whose focus is to end illegal wildlife trade together.

Shark's fin and ivory products embargos

As of 2016, shark's fin products, ivory and ivory products were not accepted for carriage in our flights.

People

People

People are key to our success – from our staff that differentiate us from other airlines to the customers that fly with us and the communities we serve around the world.

Supporting Hong Kong's first home built aircraft

The successful inaugural flight of the first-ever homebuilt aircraft to fly under Hong Kong registration marked a new chapter in the history of Hong Kong aviation. Led by Cathay Pacific pilot Hank Cheng, and with support from the B-KOO "Inspiration" team, the aircraft completed a three-month around-the-world journey from August to November 2016. Starting and ending in Hong Kong, Inspiration's journey covered approximately 50,000 km across 20 countries, including Australia, the United States, France, Jordan, Oman, Sri Lanka and Thailand.

Hackathon

The inaugural Cathay Pacific 24-hour Hackathon, a software development and design challenge, was held in October to allow more than 120 young and talented people to showcase their skills in technology and business development by creating innovative technological solutions to enhance the customer travel journey. As well as encouraging innovation, the Hackathon also aimed to inspire participants to join our industry.

KPI tables

Economic value added

For the year ended 31st December 2016	2016 HK$M	2015 HK$M	% Change
Directed economic value generated			
Turnover	92,751	102,342	-9.4%
Finance income	260	216	20.4%
Surplus on sales of investments	–	–	–
Gain on deemed disposal of an associate	–	–	–
Share of profits of associated companies	2,049	1,965	4.3%
	95,060	104,523	-9.1%
Economic value distributed			
Purchases of goods and services	63,844	68,481	-6.8%
Employee wages and benefits	19,770	18,990	4.1%
Payments to providers of capital	2,059	2,711	-24.1%
Payments to government	497	1,157	-57.0%
Community investments including charitable donation			
– Direct payment	12	12	–
– In the form of discounts on airline travel	8	10	-20.0%
	86,190	91,361	-5.7%
Economic value retained			
– Depreciation	8,035	8,387	-4.2%
– Profit after dividends	(772)	4,977	-115.5%
Retained for re-investment and future growth	7,263	13,364	-45.7%

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 and Air China Cargo. Please refer our 2016 Annual Report
for details of our principal subsidiaries and associates.

Environmental indicators – aircraft operations

Aircraft Operations	Units	2016*†	2015*†	2014*†	2013*†	2012*†	2011*†	2010*†	2009*†	2008*	2007*	2006	2005	2004	2003	2002	2001	2000	1999
ATK	million	30,462	30,048	28,440	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
RTK	million	22,418	22,220	20,722	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
RPK	million	123,478	122,330	112,257	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

All Flights

	Units	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Fuel Consumption	thousand tonnes	5,467	5,425	5,198	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
Fuel Efficiency	grammes/ATK	▲179	▲181	▲183	187	190	191	197	198	187	189	183	187	195	194	201	206	209	208
	improvement since 1998 %	▲16.8%	▲16.3%	▲15.3%	13.3%	11.8%	11.6%	8.7%	8.4%	13.3%	12.2%	15.3%	13.2%	9.7%	10.1%	6.6%	4.8%	3.2%	3.5%
	grammes/RTK	244	244	251	263	265	261	249	262	261	262	249	260	269	276	271	296	281	291
	improvement since 1998 %	24.9%	24.8%	22.8%	19.1%	18.3%	19.8%	23.4%	19.3%	19.6%	19.3%	23.4%	20.1%	17.3%	14.9%	16.5%	8.7%	13.6%	10.3%
Global CO_2 emissions	thousand tonnes in CO_2e	17,222	17,087	16,374	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
	grammes/ATK	565	569	576	589	600	601	620	623	590	597	575	590	614	611	635	647	658	656
	improvement since 1998 %	16.8%	16.3%	15.3%	13.3%	11.8%	11.6%	8.7%	8.4%	13.3%	12.2%	15.3%	13.2%	9.7%	10.1%	6.6%	4.8%	3.2%	3.5%
	grammes/RTK	768	769	790	828	836	821	783	826	823	825	784	817	846	871	854	934	885	918
	improvement since 1998 %	24.9%	24.8%	22.8%	19.1%	18.3%	19.8%	23.4%	19.3%	19.6%	19.3%	23.4%	20.1%	17.3%	14.9%	16.5%	8.7%	13.6%	10.3%
Global NOx emissions	tonnes	94,697	94,106	80,946	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
	grammes/ATK	3	3	3	3	3	3	3	3	3	2	3	3	3	3	3	3	3	3
	improvement since 1998 %	16.2%	15.6%	23.3%	15.6%	18.8%	21.3%	20.0%	20.8%	22.1%	34.7%	28.1%	26.3%	22.8%	22.2%	17.6%	17.1%	11.8%	6.3%
	grammes/RTK	4	4	4	4	4	4	4	4	4	3	4	4	4	4	4	4	4	5
	improvement since 1998 %	24.4%	24.2%	30.1%	21.2%	24.8%	28.6%	32.9%	30.3%	27.8%	40.0%	34.9%	32.1%	29.3%	26.4%	26.3%	20.5%	21.2%	12.9%
Global CO emissions	tonnes	14,005	14,059	12,186	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
Global HC emissions	tonnes	1,597	1,578	1,429	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

Passenger Flights Only [3]

	Units	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Fuel Consumption	thousand tonnes	4,571	4,496	4,313	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
	share of total fuel consumption %	83.6%	82.9%	83.0%	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%
Fuel Efficiency	grammes/RPK	37	37	38	39	40	39	38	39	40	39	39	41	42	46	42	46	44	47
	improvement since 1998 %	25.0%	25.5%	22.1%	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%

* incorporates KA

† fuel consumption includes testing, and wet-lease flights

1 tonne of fuel = 3.15 tonne of CO_2

(1) GWP of CO_2 is 1; assumes that all other GHG gases are negligible as these impacts still uncertain.

(2) Fuel consumption for our passenger flights includes the carriage of baggage and belly space cargo.

Environmental indicators table

Hong Kong and 100% owned Hong Kong-based subsidiaries	Units	2016	2015
Power/Fuel			
Electricity Consumption	mWh	130,135	129,740
Ground based activities fuel consumption	litre		
Mobile Combustion - Diesel		5,020,803	4,940,625
Mobile Combustion - Unleaded Petrol		386,844	390,203
Stationary Combustion - Diesel		2,281,306	1,151,643
Purchased Towngas	unit	4,967,623	5,475,070
Fuel dumped due to operational reqs	tonnes	306	411
Water			
Seawater consumption	m³	8,859,600	9,100,100
Potable water consumption	m³	916,786	845,701
Maintenance water consumption	m³	118,314	80,502
Paper & Cardboard			
Paper consumed in offices	tonnes	2,503	2,412
Paper & cardboard recycled	tonnes	2,011	1,988
Recycled/Reused Materials			
Metal recycled	kg	42,661	39,968
Plastic recycled	kg	672,458	681,781
Glass recycled	kg	520,135	493,833
Food processing oil	litre	42,679	45,014
Hangers used	no.	2,414,141	1,913,988
% of hangers reused	%	65.3	57.2
Disposed Materials			
Non-Hazardous Waste	tonnes	13,793	13,457

Social indicators table

	Units	2016	2015
Total workforce	no.	35,990	33,301
by Location			
Hong Kong	%	80	80
Mainland China	%	3	3
Others	%	17	17
by Employment Type			
Flight Crew	%	11	11
Cabin Crew	%	35	37
Ground Staff	%	26	29
Subsidiary Staff	%	28	23
by Gender			
Female	%	53	56
Male	%	47	44
by Age Group			
Under 30 years old	%	26	27
30-50 years old	%	58	58
over 50 years old	%	16	15
by Contract Type			
Permanent terms	%	93	93
Fixed/temporary terms	%	3	3
Supervised employees	%	4	4
Permanent employees			
by Gender			
Female	%	56	56
Male	%	44	44
by Employment Type			
On full-time	%	98	98
On part-time	%	2	2
Fixed term & temporary contract employees			
by Gender			
Female	%	56	58
Male	%	44	42
Senior Management from Local Community [1]	%	80	79
Employee Yearly Turnover Rate [2]			
by Location			
Hong Kong	%	10	10
Mainland China	%	12	10
Others	%	8	8
by Employment Type			
Flight Crew	%	5	3
Cabin Crew	%	4	4
Ground Staff	%	11	9
Subsidiary Staff	%	30	23

	Units	2016	2015
by Gender			
Female	%	8	10
Male	%	11	9
by Age Group			
Under 30 years old	%	17	18
30-50 years old	%	6	6
over 50 years old	%	11	11
Lost Time Injury Frequency Rate [3]			
Cathay Pacific	rate		2.8
Cathay Dragon	rate		2.7
Combined Cathay Pacific and Cathay Dragon	rate	3.4	
Subsidiary Staff	rate	2.1	2.7
No. of fatalities due to CX Group operations			
CX Group Staff	no.	0	0
Contractors working within Cathay Pacific/ Cathay Dragon premises	no.	0	0
Passengers	no.	0	0
Average hours of training per year			
Top/Senior Management	hrs	3.1	2.3
Middle/Junior management & supervisory	hrs	14.2	14.3
Customer facing staff	hrs	26.8	43.7
Non-customer facing operational/technical staff	hrs	11.5	21.9
Others	hrs	1.0	1.3
New Employees			
by Age Group			
Under 30 years old	%	39	29
30-50 years old	%	7	4
over 50 years old	%	6	4
By Gender			
Female	%	17	11
Male	%	16	11
By Region			
Hong Kong	%	17	11
Mainland China	%	15	9
Others	%	13	10
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 [6]	no.	0	0
Non-compliance cases on applicable laws and regulations [7]	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)   LTIFR is computed as (# of injuries resulting in lost time/total workforce hours) x 200,000 (revised).
(4)   Please refer to our Safety Factsheet of our Sustainable Development Report 2013.
(5)   Includes cabin product, marketing and customer privacy.
(6)   Includes anti-competition and corruption cases. For details on anti-competition cases, please refer to p. 92 of our Annual Report 2016.

GRI G4 content index
Hong Kong Stock Exchange Environmental, Social and Governance (ESG) content index

GENERAL STATEMENT DISCLOSURES

External Assurance

Indicate if the Standard Disclosure Item has been externally assured.

If yes, include the page reference for the External Assurance Statement in the report.

General Standard Disclosures	Location of Disclosure	Omission	External Assurance	HKEx
STRATEGY AND ANALYSIS				
G4-1	Message from the Chief Executive Officer		–	
ORGANIZATIONAL PROFILE				
G4-3	About this Report		–	
G4-4	Message from the Chief Executive Annual Report p.2-3		–	
G4-5	Annual Report p.2		–	
G4-6	Annual Report p.2-3, 18-22		–	
G4-7	Annual Report p.2		–	
G4-8	Annual Report p.2-3, 18-22		–	
G4-9	Homepage Annual Report p.2-3, 6, 23-25		–	
G4-10	Social Indicators Table Annual Report p.23-25		–	KPI B1.1
G4-11	Social Indicators Table	Not reported – The majority of our employees are in Hong Kong, where there is no legal framework for collective bargaining arrangements with trade unions.	–	
G4-12	Sustainable Sourcing		–	KPI B5.1

GENERAL STATEMENT DISCLOSURES

General Standard Disclosures	Location of Disclosure	Omission	External Assurance Indicate if the Standard Disclosure Item has been externally assured. If yes, include the page reference for the External Assurance Statement in the report.	HKEx
G4-13	About this Report	There were no significant changes.	–	
G4-14	Approach to Sustainable Development		–	
G4-15	Message from the Chief Executive Climate Change Waste Management Biodiversity People Annual Report p.23-25		–	
G4-16	Climate Change Annual Report p.1, 8-9		–	

IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES

G4-17	Annual Report p.103-104		–	
G4-18	Approach to Sustainable Development – Issues Materiality		–	
G4-19	Approach to Sustainable Development – Issues Materiality		–	
G4-20	About this Report Approach to Sustainable Development – Issues Materiality		–	
G4-21	Approach to Sustainable Development – Issues Materiality		–	
G4-22	There are none.		–	
G4-23	There are no significant changes in Scope/ Aspect Boundaries.		–	

GENERAL STATEMENT DISCLOSURES

General Standard Disclosures	Location of Disclosure	Omission	External Assurance Indicate if the Standard Disclosure Item has been externally assured. If yes, include the page reference for the External Assurance Statement in the report.	HKEx
STAKEHOLDER ENGAGEMENT				
G4-24	Approach to Sustainable Development – Approach to Stakeholder Engagement		–	
G4-25	Approach to Sustainable Development – Approach to Stakeholder Engagement		–	
G4-26	Approach to Sustainable Development – Approach to Stakeholder Engagement		–	
G4-27	Approach to Sustainable Development – Approach to Stakeholder Engagement		–	
REPORT PROFILE				
G4-28	About this Report		–	
G4-29	About this Report		–	
G4-30	About this Report		–	
G4-31	About this Report		–	
G4-32	About this Report		–	
G4-33	About this Report		–	
GOVERNANCE				
G4-34	Approach to Sustainable Development		–	
ETHICS AND INTEGRITY				
G4-56	Board Diversity Policy Swire Pacific Corporate Code of Conduct Corporate Governance Code Supply Chain Sustainability Code of Conduct		–	

SPECIFIC STANDARD DISCLOSURES

Material Aspects (As in G4-19) List identified material Aspects.		DMA and Indicators List Specific Standard Disclosure related to each identified material Aspect, with page number (or link).	Omissions In exceptional cases, if it is not possible to disclose certain required information, provide the reason for omission (as defined on p.13)	External Assurance Indicate if the Standard Disclosure has been externally assured. If yes, include the page reference for the External Assurance Statement in the report.	HKEx
Economic					
G4-DMA		Annual Report p.1	–		B8: General disclosure
Economic Performance	EC1	Economics Table	–		KPI B8.2
	EC2	Climate Change	–		
	EC3	Annual Report p.78-81	–		
	EC4	Cathay Pacific did not receive significant financial assistance from governments.	–		
Market Presence	EC5		Partially Reported – Quantitative data not available The salary for all employees is based on experience, job classification, job evaluation, employee pay system and performance related pay. As a rule, salaries are not based on one's gender, consistent with our Non-Discrimination Policy and Compensation Management Policy.	–	
	EC6	Social Indicators Table	–		
Indirect Economic Impacts	EC7	As an airline, we are generally not involved in the development of infrastructure investments and services supported such as airports.	–		KPI B8.1
	EC8	People	–		

SPECIFIC STANDARD DISCLOSURES

Material Aspects (As in G4-19) List identified material Aspects.		DMA and Indicators List Specific Standard Disclosure related to each identified material Aspect, with page number (or link).	Omissions In exceptional cases, if it is not possible to disclose certain required information, provide the reason for omission (as defined on p.13)	External Assurance Indicate if the Standard Disclosure has been externally assured. If yes, include the page reference for the External Assurance Statement in the report.	HKEx
Procurement Practices	EC9		Not reported – Quantitative data not available Whilst most of our operations are based in Hong Kong, the majority of our spend are in equipment and materials that are not readily available locally such as aircraft and jet fuel. We continue to contribute to the local economies in which we operate through hiring locally-based contractors and locally-sourced items when this is feasible. When evaluating the current and future needs of our business and proposals from suppliers, we use a tried and tested evaluation tool as part of our purchasing decision process. This approach employs the criteria of Cost, Innovation, Satisfaction, Quality, Assurance of Supply and Safety, which are ranked on a case-by-case basis according to the needs of the business and the importance of each criteria in each specific case. We measure sustainability when we consider the "Safety" criteria, as safety in its broadest sense includes risk – and in the case of sourcing, the risk is of "un-sustainability	–	KPI B5.1

SPECIFIC STANDARD DISCLOSURES

Material Aspects (As in G4-19) List identified material Aspects.		DMA and Indicators List Specific Standard Disclosure related to each identified material Aspect, with page number (or link).	Omissions In exceptional cases, if it is not possible to disclose certain required information, provide the reason for omission (as defined on p.13)	External Assurance Indicate if the Standard Disclosure has been externally assured. If yes, include the page reference for the External Assurance Statement in the report.	HKEx
Environmental					
G4-DMA		Approach to Sustainable Development		–	A1: General disclosure A2: General disclosure A3: General disclosure
Materials	EN1	Environmental Indicators Table Waste Management		–	KPI A2.5
Energy	EN3	The total direct energy consumption is 245,729 thousand GJ. Details of the fuel types and quantity consumed are in the Environmental Indicators Table.		–	KPI A2.1
	EN5	Environmental Indicators Table			
	EN6	Climate Change		–	KPI A2.3
Water	EN8	Environmental Indicators Table		–	
Biodiversity	EN12	Biodiversity		–	KPI A3.1

SPECIFIC STANDARD DISCLOSURES

Material Aspects (As in G4-19) List identified material Aspects.		DMA and Indicators List Specific Standard Disclosure related to each identified material Aspect, with page number (or link).	Omissions In exceptional cases, if it is not possible to disclose certain required information, provide the reason for omission (as defined on p.13)	External Assurance Indicate if the Standard Disclosure has been externally assured. If yes, include the page reference for the External Assurance Statement in the report.	HKEx
Emissions	EN15	Climate Change		Yes	KPI A1.1, KPI A1.2
	EN16	Climate Change		Yes	KPI A1.1, KPI A1.2
	EN17	Climate Change		–	KPI A1.1, KPI A1.2
	EN18	Climate Change Environmental Indicators Table		Yes	KPI A1.2
	EN19	Climate Change		–	KPI A1.5
	EN21	Environmental Indicators Table	Partially Reported – Select data not available We report on air emissions relevant to our operations such as NOx, CO, and HC.	–	KPI A1.1
Effluents and Waste	EN23	Environmental Indicators Table Waste Management	Partially Reported – Select data not available	–	KPI A1.3, KPI A1.4, KPI A1.6
	EN24	Environmental Indicators Table Waste Management		–	KPI A3.1
Products and Services	EN27	Climate Change Sustainable Sourcing Waste Management		–	KPI A3.1

SPECIFIC STANDARD DISCLOSURES

Material Aspects (As in G4-19) List identified material Aspects.		DMA and Indicators List Specific Standard Disclosure related to each identified material Aspect, with page number (or link).	Omissions In exceptional cases, if it is not possible to disclose certain required information, provide the reason for omission (as defined on p.13)	External Assurance Indicate if the Standard Disclosure has been externally assured. If yes, include the page reference for the External Assurance Statement in the report.	HKEx
Compliance	EN29	In 2016, we received six warnings in relation to noise with no fines received. As we continue to phase out older aircraft, the number of infractions received have decreased significantly.		–	A1(b)
Transport	EN30	Climate Change		–	KPI A3.1
Supplier Environmental Assessment	EN32	Sustainable Sourcing		–	KPI A5.2
Environmental Grievance Mechanisms	EN34	We are not aware of significant issues related to our suppliers.		–	
Social: Labor Practices and Decent Work					
G4-DMA		Approach to Sustainable Development		–	B3: General disclosure B4: General disclosure
Employment	LA1	Social Indicators Table		–	KPI B1.2
	LA2	People	Not reported – Over 98% of our staff are full-time employees	–	
Labour/Management Relations	LA4	The implementation of any significant operational changes is governed by the Employment Ordinance of Hong Kong. We will endeavour to provide notice of operational changes to our employees as soon as they occur. For example when voluntary unpaid leave was introduced in 2009 in Hong Kong, one month was provided to staff for consideration.		–	

SPECIFIC STANDARD DISCLOSURES

Material Aspects (As in G4-19) List identified material Aspects.		DMA and Indicators List Specific Standard Disclosure related to each identified material Aspect, with page number (or link).	Omissions In exceptional cases, if it is not possible to disclose certain required information, provide the reason for omission (as defined on p.13)	External Assurance Indicate if the Standard Disclosure has been externally assured. If yes, include the page reference for the External Assurance Statement in the report.	HKEx
Occupational Health and Safety	LA5	Safety		–	
	LA6	Social Indicators Table	Partially Reported – Select data not available	–	KPI B2.1, KPI B2.2
	LA7	Safety		–	
Training and Education	LA9	Social Indicators Table	By Gender We do not keep track of this information as we believe that all staff must be provided with relevant training regardless of their gender. This is in line with our Non-Discrimination Policy.	–	KPI B3.2
	LA10	People		–	B3(b)
	LA11	Social Indicators Table		–	
Diversity and Equal Opportunity	LA12	Social Indicators Table		–	KPI B1.1
Equal Remuneration for Women and Men	LA13		Not reported – Quantitative data not available The salary for all employees is based on experience, job classification, job evaluation, employee pay system and performance related pay. As a rule, salaries are not based on one's gender, consistent with our Non-Discrimination Policy and Compensation Management Policy.	–	

SPECIFIC STANDARD DISCLOSURES

Material Aspects (As in G4-19) List identified material Aspects.		DMA and Indicators List Specific Standard Disclosure related to each identified material Aspect, with page number (or link).	Omissions In exceptional cases, if it is not possible to disclose certain required information, provide the reason for omission (as defined on p.13)	External Assurance Indicate if the Standard Disclosure has been externally assured. If yes, include the page reference for the External Assurance Statement in the report.	HKEx
Supplier Assessment for Labor Practices	LA14	Sustainable Sourcing		–	KPI B5.2
Labor Practices Grievance Mechanisms	LA16	We are not aware of significant issues related to our suppliers.		–	
Social: Human Rights					
G4-DMA		Approach to Sustainable Development		–	B5: General disclosure
Supplier Human Rights Assessment	HR10	Sustainable Sourcing		–	
Human Rights Grievance Mechanisms	HR12	We are not aware of significant issues related to our suppliers.		–	
Non-discrimination	HR3	Social Indicators Table		–	
Child Labor	HR5	Supply Chain Sustainability Code of Conduct Sustainable Sourcing		–	KPI B4.1, KPI B4.2
Forced or Compulsory Labor	HR6	Supply Chain Sustainability Code of Conduct Sustainable Sourcing		–	KPI B4.1, KPI B4.2

SPECIFIC STANDARD DISCLOSURES

Material Aspects (As in G4-19) List identified material Aspects.		DMA and Indicators List Specific Standard Disclosure related to each identified material Aspect, with page number (or link).	Omissions In exceptional cases, if it is not possible to disclose certain required information, provide the reason for omission (as defined on p.13)	External Assurance Indicate if the Standard Disclosure has been externally assured. If yes, include the page reference for the External Assurance Statement in the report.	HKEx
Social: Society					
G4-DMA		Approach to Sustainable Development		–	B1: General disclosure B2: General disclosure B7: General disclosure
Local Communities	SO1	People		–	
	SO2	Biodiversity Climate Change Sustainable Sourcing Waste Management		–	
Anti-corruption	SO3	Approach to Sustainable Development		–	
	SO4	Approach to Sustainable Development		–	
	SO5	We are not aware of confirmed incidents of corruption in 2016.		–	B7(b), B7.1
Public Policy	SO6	As a matter of policy, we do not provide political contributions.		–	
Anti-competitive Behavior	SO7	Annual Report p.92		–	
Compliance	SO8	Annual Report p.92		–	B1(b), B2(b), B4(b), B7(b)

SPECIFIC STANDARD DISCLOSURES

Material Aspects (As in G4-19) List identified material Aspects.		DMA and Indicators List Specific Standard Disclosure related to each identified material Aspect, with page number (or link).	Omissions In exceptional cases, if it is not possible to disclose certain required information, provide the reason for omission (as defined on p.13)	External Assurance Indicate if the Standard Disclosure has been externally assured. If yes, include the page reference for the External Assurance Statement in the report.	HKEx
Supplier Assessment for Impacts on Society	SO9	Supply Chain Sustainability Code of Conduct Sustainable Sourcing		–	KPI B5.2
Grievance Mechanisms for Impacts on Society	SO11	We are not aware of significant issues related to our suppliers.		–	
Social: Product Responsibility					
G4-DMA		Approach to Sustainable Development		–	B6: General disclosure
Customer Health and Safety	PR1	Safety		–	
	PR2	Social Indicators Table		–	B6(b)
Product and Service Labeling	PR5	We sample our flights daily across all classes through our Reflex Passenger Survey with around 30,000 responses per month.	Partially reported – Select data is confidential	–	KPI B6.2
Marketing Communications	PR6	We do not sell banned or disputed products		–	
	PR7	Social Indicators Table		–	B6(b)
Customer Privacy	PR8	Social Indicators Table		–	B6(b), KPI B6.2
Compliance	PR9	Social Indicators Table		–	B6(b)

To view videos and for further information,
please visit our website at
www.cathaypacific.com/sdreport

Please send us your feedback at
environment@cathaypacific.com

This report includes our 100% (Cathay Dragon, Cathay Pacific Catering Services,
Vogue Laundry, Hong Kong Airport Services) and 60% (Air Hong Kong) owned
subsidiaries based in Hong Kong.

Selected recognition

FTSE4Good

Hang Seng Corporate
Sustainability Index

10 years+
caring**company**
Awarded by The Hong Kong Council of Social Service

15 years+
caring**company**
Awarded by The Hong Kong Council of Social Service