

# **Cathay Pacific Airways Limited**

## **Remuneration Committee** **Terms of Reference**

*(Adopted at the Board Meeting on 13<sup>th</sup> January 2005)*

### **1. Constitution**

The Directors of the Company (the “Directors”) have resolved to establish a committee known as the Remuneration Committee (the “Committee”) pursuant to article 127 of the Articles of Association of the Company.

### **2. Membership**

- 2.1 All members of the Committee shall be non-executive Directors and shall be appointed and removed by the Directors.
- 2.2 The Committee shall consist of a majority of independent non-executive Directors.
- 2.3 The chairman of the Committee shall be appointed and removed by the Directors.
- 2.4 The Committee shall be supported by the Staff Director of John Swire & Sons (H.K.) Limited (and such executives from his department as he shall consider appropriate).

### **3. Quorum**

The quorum necessary for the transaction of the business of the Committee shall be two members of the Committee.

### **4. Frequency of meetings**

The Committee shall meet not less than once a year.

### **5. Authority**

- 5.1 The Committee is authorised to seek any information it requires from any employee or Director of the Company in order to perform its duties.
- 5.2 In connection with its duties, the Committee is authorised to obtain advice from any person, including professional consultants, whom it regards as competent to give such advice.

## **6. Powers and duties**

- 6.1 The Committee shall make recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration;
- 6.2 The Committee shall exercise the powers of the Board to determine:
- (A) the remuneration packages of individual executive Directors and senior management, (including salaries, bonuses, benefits in kind and the terms on which they participate in any share or other incentive scheme and any provident fund or other retirement benefit scheme) taking into consideration factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors and senior management, employment conditions elsewhere in the group and desirability of performance-based remuneration; and
  - (B) the terms and conditions on which the employment of any executive Director or senior management shall be terminated to ensure that any compensation payment is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company.
- 6.3. The Committee shall review and approve
- (A) performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time; and
  - (B) compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate.
- 6.4. The Committee shall make recommendation to the Board on the remuneration of non-executive Directors.
- 6.5 The Committee should ensure that no Director or any of his associates is involved in deciding his own remuneration.
- 6.6 The Committee shall report to the Directors of the Company its activities as the Directors may require from time to time.
- 6.7 The Committee shall exercise such other powers, authorities and discretions, and perform such other duties, of the Directors in relation to the remuneration of the executive Directors and senior management as the Directors may from time to time delegate to it, having regard to the Code of Corporate Governance Practices

(“the Code”) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“the Listing Rules”).

- 6.8 In exercising its power, authorities and discretions and performing its duties, the Committee shall take full account of the Code and the Listing Rules.