

## **CATHAY PACIFIC AIRWAYS LIMITED**

### **Board Risk Committee – Terms of Reference**

*(Amended and restated with effect from 11th August 2021)*

#### **Establishment and Constitution**

1. The Board Risk Committee (“**BRC**”) was established by the Board (the “**Board**”) of Cathay Pacific Airways Limited (the “**Company**”) on 1st July 2019 pursuant to Article 127 of the Company’s Articles of Association.

#### **Committee Purpose**

2. The BRC is charged with supporting the Board in its responsibility for all risk management within the Company (including its subsidiaries), focusing solely on risks not related to safety and security arising from the Company’s flight operations: risks associated with the latter are overseen by the Board Safety Review Committee. In particular, the BRC is charged with overseeing the ongoing implementation and development of the Company’s risk management framework, and for ensuring its effectiveness.

#### **Membership**

3. The BRC shall be appointed by the Board and will include the Chairman of the Company’s Audit Committee. The BRC shall consist of not less than three members, of whom at least half should be independent. A quorum shall be the Chairman of the BRC (the “**Chairman**”) and one other member. At least half the members voting on any resolution must be independent. Where the Committee is evenly split, the Chairman shall have a casting vote.
4. The Chairman of the BRC shall be appointed by the Board and will either be an Independent Non-Executive Director of the Company or an external adviser appointed by the Board as an independent specialist in risk management.

#### **Attendance at meetings**

5. The following officers of the Company will be Standing Invitees to the BRC: the Chief Executive Officer, the Chief Financial Officer, the Chief Risk Officer (“**CRO**”), the Group General Counsel, and the General Manager, Group Internal Audit.
6. Other Directors or executives may be invited to attend from time to time or may attend with the approval of the Chairman.

### **Officers Providing Support to Meetings**

7. The CRO shall be responsible for assembling and reviewing the materials for the meeting. They will agree the agenda for the meeting with the Chairman one month in advance and will brief the Chairman on the materials at least one week in advance. The CRO will also meet separately in camera with the independent members of the BRC at least twice a year.
8. The Company Secretary or their alternate shall be the secretary of the BRC and will organise, support and record the minutes of BRC meetings. Draft and final versions of minutes of meetings shall be sent to all BRC members for their comment and records within ten working days of each meeting. The BRC minutes will be circulated to the Directors of the Company.

### **Frequency of meetings**

9. The BRC shall hold meetings not less than four times a year. Additionally, the Chairman will call a meeting if so requested by any member or by the Chairman of the Board. Meetings may be held in person or through electronic means at the discretion of the Chairman.

### **Authority**

10. The BRC is authorised by the Board to investigate any activity within its terms of reference or as directed by the Board. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the BRC.
11. The BRC is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.
12. The BRC is authorised by the Board to review and endorse the terms of reference and activities of the Company's executive Risk Management Committee ("**RMC**") which has been established by the Chief Executive Officer.

### **Duties**

13. The duties of the BRC may be summarised as follows:
  - (a) Risk Framework: The BRC will oversee the effectiveness of the Company's Risk Management Framework ("**RMF**"). As part of this responsibility, the BRC will determine the effectiveness of the RMF through an annual Assurance Review and will present its conclusions to the Board.
  - (b) Risk Appetite: The BRC will review recommendations from the RMC on appropriate risk tolerances that together make up "Risk Appetite". The BRC will oversee metrics, methodologies and processes for measuring Risk Appetite, and oversee the Company's compliance with it.

- (c) Risk Profile: The BRC will review RMC activities in managing the Company's Risk Profile which will be reviewed in the context of Risk Appetite. Any breach of Risk Appetite that the Chairman considers material or long term in nature shall be reported by the BRC to the Board.
  - (d) Emerging and Strategic Risks: The BRC will advise the Board as appropriate on all emerging risks, and risks associated with strategic initiatives and transactions ("**Strategic Risks**") which, in the opinion of the BRC, require Board attention and/or approval. The Board may also request that the BRC investigate particular issues and report to them.
  - (e) The BRC should allow time to discuss any material risks to the Company that members consider may not have been adequately covered elsewhere in the agenda.
  - (f) Risk Culture: At least annually the BRC will review the risk culture of the organisation to confirm the awareness and commitment of staff to the management of risk as a priority.
  - (g) On an ongoing basis, the BRC will satisfy itself as to the independence and effectiveness of the Risk function. The BRC should be notified of the appointment of the CRO, and their dismissal or resignation should be discussed with the BRC.
  - (h) Risk Reporting: The Chairman should provide a report to the Board at least semi-annually on compliance with Risk Appetite and on the general activities of both the BRC and the RMC. The Chairman will also provide recommendations on behalf of the Committee to the Board on any matter requiring their approval.
  - (i) The BRC shall be responsible for oversight of the activities of the RMC, ensuring that it at all times fulfils the duties and exercises its delegations effectively consistent with its terms of reference.
  - (j) Risk Disclosures: The BRC will review and recommend to the Board all public disclosures in relation to risk management.
  - (k) External Reporting: The Chairman will attend the Annual General Meeting and will be prepared to answer any shareholder questions relating to the activities of the BRC or to the Company's approach to the management of risk.
14. The terms of reference of the BRC will be made available on request and by inclusion on the Company's website. They will be subject to review by the Board at least every two years.