



# Pilots Conditions of Service 2018

Cathay Pacific Airways Limited  
Hong Kong Based Pilots

Effective from December 2018



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## 1. APPLICATION AND INTERPRETATION

- 1.1 These Conditions of Service apply to pilots ("**Officers**") employed by Cathay Pacific Airways Limited (the "**Company**").
- 1.2 These Conditions of Service should be read in conjunction with the letter of employment provided to the Officer, the Employee Handbook for Pilots (the "**Handbook**") and any other rules, policy or direction issued by the Company which may be provided to the Officer from time to time including, for the avoidance of doubt, the Operations Manual. In case of any inconsistency between the letter of employment and these Conditions of Service, the letter of employment will prevail.
- 1.3 In addition to the duties and obligations set out in these Conditions of Service an Officer must comply with any obligation imposed on the Officer as set out in the Operations Manual, the Handbook or in any rules, policy or direction issued by the Company which is expressed to be binding on the Officer.
- 1.4 Words importing the singular may also include, where the context requires, the plural. Unless the context requires otherwise, a reference to a particular gender also includes the opposite gender. The heading to any provision is included for convenience only and does not affect its interpretation.
- 1.5 Any reference to an **Appendix** is, unless expressly stated to the contrary, a reference to an Appendix to the Handbook.

## 2. DUTIES

- 2.1 An Officer will serve the Company by operating any aircraft as directed by the Company and perform such other duties in the air and/or on the ground as the Company may from time to time require.
- 2.2 An Officer may be required by the Company to work for any other company or business for training purposes and/or gaining, or consolidation of, operational flying experience or for such other reason (including in order to train pilots from other businesses) as the Company may reasonably determine to be in the interests of the Company. Without prejudice to the generality of the foregoing sentence, an Officer may be required to work in the business of Hong Kong Dragon Airlines Limited (operating as Cathay Dragon) in any capacity and at any time.
- 2.3 An Officer will act at all times in accordance with the lawful and reasonable instructions of the Company and in the interests of the Company.
- 2.4 The first 12 months of an Officer's employment with the Company shall be a probationary period.

## 3. REMUNERATION

An Officer shall be entitled to the following remuneration:-

- basic monthly salary,
- monthly productivity pay, and
- annual productivity bonus.



### 3.1 Basic monthly salary

An Officer will be paid a basic monthly salary at the rate set out in **Appendix 1** and subject to the Officer's letter of employment. Such salary (less any deductions due to an absence from work or permissible by law) shall be paid monthly by means of direct credit to a bank account in the name of the Officer.

Basic monthly salary will be paid in Hong Kong dollars to a Hong Kong bank account nominated by the Officer in the Officer's name. It will be paid on or around the 25<sup>th</sup> of each calendar month.

The rates of basic monthly salary will be reviewed by the Company on an annual basis having regard to such factors as the Company may consider appropriate. Any increase will be at the Company's sole discretion.

### 3.2 Monthly productivity pay

An Officer will be paid a monthly payment calculated by reference to the following formula:-

$$\frac{[Actual\ Block\ Hours\ \textit{less}\ Minimum\ Monthly\ Block\ Hours]}{x\ Block\ Hour\ Rate}$$

Monthly productivity pay will be payable in the month following that to which it relates. This is necessary in order to give the Company time to process the information necessary to do the calculation.

For the purposes of this section:-

"**Actual Block Hours**" in any month means the number of hours spent by the Officer on flying duties in that month, calculated from the time of push back from the departure gate (blocks off) to the time of arrival at the destination gate (blocks on).

"**Minimum Monthly Block Hours**" in any month has the meaning set out in **Appendix 2** and is dependent on the fleet on which the Officer is operating.

"**Block Hour Rate**" is dependent on the rank of the Officer and the fleet on which the Officer is operating, the details of which are set out in **Appendix 3**.

### 3.3 Annual productivity bonus

An Officer will, subject to section 3.6 below, be paid an annual bonus for each calendar year calculated by reference to the following formula:-

$$\frac{[Aggregate\ Annual\ Block\ Hours\ \textit{less}\ Target\ Annual\ Block\ Hours]}{x\ [0.5\ x\ Block\ Hour\ Rate]}$$

Any annual productivity bonus for a calendar year will be paid with the January payroll in the subsequent year.



For the purposes of this section:-

**"Aggregate Annual Block Hours"** means in respect of an Officer and in relation to a particular calendar year the aggregate of the Actual Block Hours accrued by that Officer in that calendar year (or for such shorter period as may be relevant in relation to an Officer who has not been employed for the full calendar year).

**"Target Annual Block Hours"** in any year has the meaning set out in **Appendix 4** and is dependent on the fleet on which the Officer is operating.

**"Block Hour Rate"** has the same meaning as in section 3.2 above.

#### 3.4 Partial months and partial years

Basic monthly salary and other monthly remuneration accrues on a calendar month basis. Odd days are calculated on a pro-rata basis according to the number of actual days in the respective calendar month.

Any period of employment comprising less than a full year shall result in the Target Annual Block Hours for the Officer being prorated in such manner as the Company may reasonably determine.

Any period of employment comprising a partial month shall result in the basic monthly salary of the Officer and the Minimum Monthly Block Hours being prorated accordingly in each case in such manner as the Company may reasonably determine.

Should an Officer change fleet type part way through a month or a year then the relevant Minimum Monthly Block Hours and Target Annual Block Hours shall be revised in such manner as the Company may, in its sole discretion, consider appropriate.

#### 3.5 Variation of Target Annual Block Hours

The Company may at any time unilaterally amend the Target Annual Block Hours as set out in **Appendix 4** (in which case the Minimum Monthly Block Hours will automatically be varied accordingly). Any such change will be binding on an Officer once notified to the Officer in accordance with section 14.2 below. No such change shall have retrospective effect.

#### 3.6 Condition of payment of annual productivity bonus

Subject to the requirements of the Employment Ordinance, it shall be a condition for entitlement to any amount under section 3.3 above (annual productivity bonus) that the Officer be in the employment of the Company at the end of the relevant calendar year.

### 4. BENEFITS AND ALLOWANCES

In addition to the amounts set out in section 3 above, an Officer will be entitled to the benefits as set out in the Handbook which may be varied or amended by the Company from time to time.



## **5. LEAVE**

### **5.1 Annual leave**

Each Officer will be entitled to annual leave in accordance with the Company's Annual Leave Policy as contained in the Handbook. The amount of annual leave to which an Officer is entitled will depend on the rank of the Officer.

### **5.2 Sick leave**

An Officer will accrue paid sickness days in accordance with the Employment Ordinance.

An Officer may be entitled to enhanced sick leave benefits under the Company's Sick Leave Policy as set out in the Handbook.

The Company may require an Officer to attend an examination by a registered medical practitioner appointed by the Company for the purposes of reporting to the Company on the state of health of the Officer and the Officer's prognosis. The Company may make it a condition of payment of any sick leave benefits (other than any statutory benefits under the Employment Ordinance) that the Officer consents to the release to the Company by the medical practitioner of such information concerning the state of health of the Officer as the Company may consider appropriate or necessary in order to enable it to assess the state of health of the Officer, any steps the Company may take to assist the Officer to return to work and the expected length of absence from work of the Officer.

### **5.3 Maternity and paternity leave**

An Officer will be entitled to maternity or paternity leave in accordance with the relevant policies as set out in the Handbook.

### **5.4 Statutory holidays and rest days**

An Officer will be entitled to statutory holidays in accordance with the Employment Ordinance.

Where an Officer is required to work on a statutory holiday then the next available rostered day on which the Officer is not required to work shall be an alternative holiday for the purposes of section 39(2) of the Employment Ordinance.

An Officer will be entitled to rest days in accordance with the Employment Ordinance. The roster published monthly informs the Officer of the days on which the Officer does not have duties. The Company may amend the roster (and as such adjust the statutory rest days) and the Officer agrees to any consequential change to the Officer's statutory rest days.

By accepting employment with the Company an Officer agrees that the Guaranteed Days Off provided to the Officer (in accordance with the Rostering Guidelines from time to time) provide adequate compensation for all statutory holidays and statutory rest days in Hong Kong.



## 5.5 Statutory entitlements

An Officer may be entitled to certain minimum payments under the Employment Ordinance. In particular, an Officer is entitled to statutory annual leave pay and statutory holiday pay. For the purposes of determination of an Officer's statutory entitlements the Officer acknowledges that any day in respect of which the Officer is paid basic monthly salary and monthly productivity pay shall be a day on which the Officer receives "full wages" for the purposes of the Employment Ordinance. The Officer also agrees that basic monthly salary and monthly productivity pay (and any other remuneration item expressed to be determined on a monthly basis) are paid for each day in a calendar month and do not relate only to certain days.

## 6. ROSTER

Without prejudice to the generality of section 2 above, the Company will publish a roster each month setting out the duties for each Officer in the coming month. Such roster will be determined in accordance with the Company's Rostering Guidelines in the Handbook from time to time.

## 7. CONFIDENTIALITY

7.1 Every Officer has a responsibility, both during and after employment, to protect and maintain the confidentiality of any Confidential Information. Accordingly, each Officer must not (directly or indirectly) divulge, disclose or communicate any Confidential Information to any person, company, business or other entities or otherwise make use of or use for the Officer's own purposes or for any purposes other than those of the Company or any Cathay Group company any Confidential Information acquired in the course of the Officer's employment. In addition, each Officer must not (directly or indirectly) through any failure to exercise due care and diligence, cause any unauthorised disclosure of any Confidential Information acquired in the course of the Officer's employment.

"**Confidential Information**" includes but is not limited to:-

- trade secrets or confidential information belonging to or relating to the Company or any subsidiary, affiliate or joint venture of the Company (the "**Cathay Group**"),
- confidential or commercially sensitive information relating to the business, technical processes, research or financial information of any member of the Cathay Group, or relating to the know-how, designs, inventions, improvements, plans, strategies or other matters connected with the products or services manufactured, marketed, provided or obtained by any member of the Cathay Group,
- any information concerning any of the Cathay Group's officers, shareholders, customers, suppliers, agents, distributors, clients or other persons which is obtained in circumstances in which the Officer or the Company are subject to a duty of confidentiality, and
- any information which an Officer may be told is confidential

providing that the foregoing shall not apply to information which is in the public domain (other than as a result of a breach of the Officer's obligations under this section).



- 7.2 The restriction in section 7.1 will not prevent an Officer from using or disclosing information in the proper performance of an Officer's duties or with the prior written consent of the Company, or as required by law.

## **8. INTELLECTUAL PROPERTY**

- 8.1 It is possible that an Officer may make, discover, invent or create intellectual property in the course of his or her employment by the Company. In such circumstances the Officer has a special responsibility to further the interests of the Company and the Cathay Group.
- 8.2 Any invention, patent, improvement, design, process, information, copyright work, trade mark, service mark, trade name, proprietary information rights and all such other similar proprietary rights created by an Officer during the course of his or her employment in any way affecting or relating to the business of any member of the Cathay Group must immediately be disclosed to the Company and shall belong to and be the absolute property of such member of the Cathay Group as the Company may direct.
- 8.3 Each Officer shall, where required so to do by the Company and at the expense of the Company, apply or join with such member of the Cathay Group as the Company may direct in applying for letters patent or other protection or registration for any such invention, improvement, design, process, information, work, trade mark or trade name as set out above and do all things necessary for vesting such letters patent or other protection or registration when obtained and all rights, title and interest to and in the same in such member of the Cathay Group, whether during his or her employment by the Company or after its termination.
- 8.4 The Officer acknowledges that, except as provided by law, no further remuneration or compensation is or may become due to the Officer in respect of his or her compliance with this section.

## **9. NO OTHER EMPLOYMENT**

Officers who wish to take concurrent employment, either regular or on a consulting basis, must comply with the Company's Outside Employment Policy as contained in the Handbook.

Approval will be given only in circumstances where the Company is of the view that the interest of the Cathay Group will not be prejudiced.

## **10. TERMINATION OF EMPLOYMENT**

### **10.1 Notice during probation**

An Officer's employment may be terminated during the probationary period by either party at any time giving to the other party not less than one month's written notice or payment in lieu of such notice.





#### 10.2 Notice after probation

An Officer's employment may be terminated at any time after the probationary period by either party giving to the other party not less than three months' written notice or payment in lieu of such notice.

#### 10.3 Summary termination

Nothing in this section 10 (or within the Company's disciplinary policy) shall in any way prejudice the Company's right to summarily dismiss an Officer in accordance with section 9 of the Employment Ordinance.

### 11. RETIREMENT

Normal retirement date is an Officer's 65<sup>th</sup> birthday, at which time the Officer's employment with the Company will cease automatically.

### 12. REDUNDANCY

In the event of redundancy, Officers who join on or after 1 December 2018 will be selected for redundancy termination on a "last in first out basis" based on the Company's Aircrew Seniority List. If, in the Company's reasonable opinion, such redundancy process results in an imbalance between different ranks of Officers, then it may be necessary for the Company to unilaterally demote individual Officers to a lower rank. Such demotion will be undertaken in reverse seniority of the Officers within each rank based on the Company's Aircrew Seniority List and may result in a reduction in remuneration and benefits for an impacted Officer.

### 13. LEAVING THE COMPANY

Any amounts owing to the Company by an Officer shall become immediately due and payable on the Officer's last day of employment with the Company. The Company reserves the right, subject to applicable statutory restrictions, to set off any such amounts owed by the Officer from any amount due to the Officer, from the Company Provident Fund or Mandatory Provident Fund Scheme (if applicable).

On or before the Officer's last day of employment, the Officer must return all property, documents and correspondence belonging to or relating to the Company (including, for the avoidance of doubt, any items of uniform provided to the Officer by the Company), its business or affairs or business or affairs of any of its associated or subsidiary companies.

### 14. MISCELLANEOUS

#### 14.1 Amendment of Handbook, rules and policies

The Company may amend the Handbook (including the Appendices) as well as any other rule, policy or direction issued by the Company at any time at its sole discretion. Any such amendment will be notified to the Officer in accordance with section 14.2 below and, upon such notification, will be binding on such Officer.



## 14.2 Notices

Any notice required to be given by the Officer to the Company under this agreement shall be deemed to be duly served if delivered by hand to the General Manager Aircrew or sent by registered post to the Flight Operations Department of the Company for the attention of the General Manager Aircrew or sent to the Company's email address of the General Manager Aircrew.

Any notice required to be given by the Company to the Officer shall be deemed to be duly served if handed to the Officer personally or left at or sent by registered post to the Officer's address (which will be the Officer's last address notified by the Officer to the Company in such manner as is set out in the Operations Manual Part A), or if sent to the Officer's company email address assigned by the Company.

Any such notice served under this agreement shall be deemed to be served at the time when the same is handed to or left at the address of the party to be served and if served by registered post 48 hours after posting or, where provided by email (other than emails from an Officer to the General Manager Aircrew), 24 hours after such email is sent to the correct email address. For notice by way of email from an Officer to the General Manager Aircrew, it shall be deemed to be served after the General Manager Aircrew has acknowledged receipt of such email.

## 14.3 Rights of Third Parties

The parties do not intend any term of these Conditions of Service (or the letter of employment or the Handbook) to be enforceable under the Contracts (Rights of Third Parties) Ordinance (Cap 623).

## 14.4 Regulatory documents

It is the responsibility of the Officer to hold and maintain such documents as required by any relevant government, regulatory body or statute, rule or regulation to possess in order to perform his or her duties. These include, without limitation, the appropriate licence, Class 1 medical certificate, passport, travelling documents including visas and work permit.

## 14.5 Discipline and Grievance Procedures

Any breach by the Officer of any provision of the contractual terms constituting the agreement between the Officer and the Company may result in disciplinary action against the Officer. In such case the Company will apply the Disciplinary Procedure set out in the Handbook.

Should the Officer have any grievance then the Officer should refer to the Grievance Procedure as set out in the Handbook.

## 14.6 Entire Agreement

The letter of employment, these Conditions of Service and Part I of the Handbook shall form the entirety of the agreement between the Officer and the Company.



#### 14.7 Tax

Each Officer will be solely liable for any salaries tax payable as a result of his or her employment.

### 15. GOVERNING LAW AND JURISDICTION

15.1 These Conditions of Service (and those documents referred to in section 14.6) will be governed by and construed in accordance with the laws of the Hong Kong Special Administrative Region.

15.2 An Officer submits to the exclusive jurisdiction of the courts of Hong Kong.