

PACIFIC & ORIENT BERHAD
(Company no. 308366-H)

TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE

1. OBJECTIVE

1.1 The Committee has adopted the objective as recommended by the Malaysian Code on Corporate Governance to determine the remuneration for a Director so as to ensure that the Company attracts and retains the Directors needed to run the Group successfully. The component parts of remuneration are structured so as to link rewards to corporate and individual performance, in the case of executive Directors. In the case of non-executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the particular non-executive Directors concerned.

2. MEMBERSHIP

2.1 The Committee shall be appointed by the Board of Directors from amongst the Directors of the Company and shall consist of not less than three (3) members.

2.2 The Committee shall consist wholly or mainly of non-Executive Directors, independent of management.

2.3 The members of the Committee shall elect a Chairman from amongst their number.

2.4 If a member of the Committee resigns, dies or for any reason ceases to be a member with the result that the number of members is reduced below three (3), the Board shall, within three months appoint such number of new members as may be required to make up the minimum of three (3) members.

2.5 The terms of office and performance of the Committee and each of its members shall be reviewed by the Board no less than once every three years. However, the appointment terminates when a member ceases to be a Director.

3. MEETINGS

3.1 The quorum for a Committee meeting shall be at least two thirds of the members, the majority present must be Independent non-Executive Directors.

3.2 The Committee shall meet at least once a year and such additional meetings as the Chairman shall decide.

- 3.3 Notwithstanding paragraph 3.2 above, upon the request of any member of the Committee or non-member Directors, the Chairman shall convene a meeting of the Committee to consider the matters brought to its attention within its terms of reference.
- 3.4 The Company Secretary shall act as Secretary of the Committee.
- 3.5 The Secretary of the Committee shall be entrusted to record all proceedings and minutes of all meetings of the Committee.

4. FUNCTIONS

- 4.1 To determine and recommend to the Board the Framework or broad policy on terms of employment and all elements of the remuneration of Executive Directors and Senior Executives of the Company.
- 4.2 To determine and recommend to the Board the remuneration packages of Executive Directors and Senior Executive of the Company. Executive Directors shall abstain from deliberations of their own remuneration.
- 4.3 To review and recommend to the Board the remuneration of the non-Executive Directors. It is for the Board, as a whole, to decide on the non-Executive Directors' remuneration with each non-Executive Director abstaining from the discussion of his own remuneration within the limits set by the shareholders.

5. AUTHORITY

The committee is authorised to engage and consult and obtain professional consultant's advice as it deems necessary to fulfil its responsibilities.