

PACIFIC & ORIENT BERHAD
[199401022687 (308366-H)]

BOARD CHARTER

1. PURPOSE

- 1.1 The primary purpose of this Board Charter is to outline the structure, responsibilities and rights of the Board of Directors of Pacific & Orient Berhad (“the Company” or “POB”).
- 1.2 This Board Charter supplements and does not in any way supersede the provisions of the Company’s Constitution (“Constitution”), the Companies Act 2016 (“CA 2016”), the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“BMSB”) or any other legislations or regulations.

2. OBJECTIVES

- 2.1 The objectives of this Board Charter are to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members and the various legislations and regulations affecting their conduct and to ensure that the principles of good Corporate Governance are applied in all their dealings, for and on behalf of the Company.

3. BOARD LEADERSHIP

- 3.1 The Board of Directors (“the Board”) shall provide leadership and vision to the Company, in a way that will enhance shareholders’ value and ensure long-term sustainable development and growth of the Company.
- 3.2 The Board shall set the Company’s strategic aims, ensure that the necessary resources are in place for the Company to meet its objectives and review management performance.
- 3.3 The Board shall set the Company’s values and standards, and ensure that its obligations to shareholders and other stakeholders are understood and met.
- 3.4 The Board delegates responsibility for the operation and management of the Company’s business to the Managing Director/Chief Executive Officer (“MD/CEO”). Management is accountable to the Board and fulfils this responsibility through provisions of reports, briefings and presentations on a regular basis throughout the year.
- 3.5 The running of the Board and the executive responsibility for the running of the Company’s business are the two key tasks at the top of the Company. There should be a clear division of responsibilities at the head of the Company to ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making.

- 3.6 The roles of the Chairman and the MD/CEO are separated and clearly defined, with responsibilities divided between them. The Chairman shall be a non-executive member of the Board. Where the Chairman is an Executive Director, the Board must comprise of a majority of Independent Directors.
- 3.7 The Chairman
- (a) The Chairman shall have no executive functions.
 - (b) The Chairman shall be responsible for instilling good corporate governance practices, leadership and effectiveness of the Board.
 - (c) The Chairman shall be responsible for running the Board and shall ensure that all Directors receive complete and accurate information on financial and non-financial matters in a timely manner to enable them to participate actively in the Board discussion.
 - (d) The Chairman shall be responsible to lead and manage the work of the Board in order to ensure that it operates effectively and discharges its legal and regulatory responsibilities.
 - (e) The Chairman shall be responsible for ensuring the integrity and effectiveness of the governance process of the Board.
 - (f) The Chairman shall be responsible for representing the Board to the shareholders.
 - (g) The Chairman shall provide advice and counsel to Board members where appropriate and also acts as a link between the Board and management. The Chairman expects to be kept informed by the MD/CEO on all important matters and shall consult or discuss with the remainder of the Board promptly over matter that gives him cause for major concern.
 - (h) The Chairman shall ensure that the contents and order of agenda are appropriate and that members of the Board have the relevant papers in good time. The Chairman shall also ensure that Board members are properly briefed on issues arising at board meetings and that all available information on an issue is before the Board.
 - (i) The Chairman shall act as facilitator at meetings of the Board to ensure that no member dominates discussion, that appropriate discussion takes place and that relevant opinion among members is forthcoming. The Chairman shall ensure that discussions result in logical and understandable outcomes. The Chairman shall also encourage healthy debate on issues to maintain independency.
 - (j) The Board may appoint one of its members as Deputy Chairman who shall act as Chairman in the latter's absence.

3.8 The MD/CEO

- (a) The MD/CEO holds the primary executive responsibility for the Company's business performance and shall manage the Company in accordance with the policies and strategies approved by the Board. The MD/CEO shall implement the day-to-day operational business decisions, manage resources and risks in pursuing the corporate objectives of the Company.
- (b) The Board shall appoint the MD/CEO and set the terms of his/her appointment.
- (c) The Board shall link the Company's governance and management functions through the MD/CEO. All Board authority conferred on management shall be delegated through the MD/CEO, so that the authority and accountability of management shall be considered to be the authority and accountability of the MD/CEO so far as the Board is concerned. The Board shall agree to the levels of sub-delegation immediately below the MD/CEO.
- (d) The Board shall agree with the MD/CEO the specific results directed towards the Company in achieving its goals through a series of authorized decisions and mandated actions within management limitations, directed at achieving such goals.
- (e) The MD/CEO shall act within all specific authorities delegated to him/her by the Board.
- (f) The MD/CEO with the management team, shall ensure that the Company's assets are adequately maintained and protected and not unnecessarily placed at risk and not to cause or permit anyone to substitute their own risk preferences for those of the shareholders as a whole.

4. BOARD COMPOSITION AND CRITERIA

4.1 Composition

The Board must be of a size that promotes effective deliberation, and encourages active participation of all directors. As prescribed under the MMLR of BMSB, at least 2 Directors or 1/3rd of the Board, whichever is higher, shall be independent directors. If the number of Directors is not 3 or a multiple of 3, then the number nearest to 1/3rd shall be used.

4.2 The Board composition shall also be sufficient to:

- (i) ensure a wide range of qualifications, skills and knowledge, views and experience, towards achieving the Company's goals; and
- (ii) achieve the balance of skills, experience, and professional and industry knowledge necessary to meet the Company's strategic objectives.

The Board shall be responsible for recommending its members for election or appointment by the shareholders.

4.3 Appointment

The Nominating Committee ("NC") shall be involved in the process of assessing and nominating new Directors before recommending for Board's approval. Procedures for appointment to the Board shall be formal and transparent, and on such basis as the Board may determine.

All Board appointments are made on merit, first and foremost, in the context of the skills, experience, independence and knowledge which the Board as a whole requires to be effective. Nevertheless, the Company recognises the benefits of having a diverse Board, which will make good use of the differences in skills, industry experience, age, cultural background, gender and other distinctions among the Directors. These differences will be considered in determining Board balance and composition.

In this respect, the Board is focused on ensuring that its composition reflects gender diversity without compromising quality. Accordingly, the Board, when making appointments, will consider gender balance as well as the skills and experience needed to expand the perspective and capability of the Board as a whole. Nevertheless, to avoid mismatch and ineffective appointment of female Directors, the Board does not set any specific target for female Directors in the Board but will actively work towards having more female Directors on the Board, all things being equal.

4.4 Membership of the Board shall possess the following criteria:

- (a) appropriate knowledge, understanding and experience of the conduct of the Company's business, as well as the laws, customs and values that govern the activities of the Company;
- (b) ability to make sensible and informed business decisions and recommendations;
- (c) entrepreneurial talent for contributing to the creation of shareholders' value;
- (d) high ethical standards and sound practical sense;
- (e) ability to see wider picture and perspective;
- (f) integrity in personal and business dealings; and
- (g) total commitment to furthering the interest of the shareholders and to achieve the Company's goals.

4.5 The Chairman of the Board shall possess the following criteria:-

- (a) strong leadership skills – to lead discussions among Directors; to build a cohesive leadership team consisting of the Board and senior management; and to delegate responsibilities to other Directors, Board Committees and Management;

- (b) capable to secure the respect and trust of the whole Board;
- (c) recognised stature;
- (d) high sense of accountability to shareholders and desire to create value to all stakeholders; and
- (e) possess sufficient time and capacity to focus on his or her task as Chairman.

4.6 The criteria required for Non-Executive Director/Independent Director include:-

- (a) person of calibre, credibility and has the necessary skills, competencies and experience to bring independent and objective judgement to Board and to mitigate risks arising from conflict of interests or undue influence from interested parties;
- (b) constructively challenge and contribute to the development of strategy;
- (c) oversee the conduct of the Company's business and to evaluate whether the business is properly managed;
- (d) identify principal risks and ensure the implementation of appropriate systems to manage risks;
- (e) must be able and willing to inquire and probe. He or she should have sufficient strength of character to seek and obtain full and satisfactory answers within the collegiate environment of the Board;
- (f) review the adequacy and integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- (g) plan succession, including appointing, terminating, training, and fixing the remuneration of Executive Directors. This reflects the fact that the Board functions through delegation to Management. They must ensure the Management of the highest calibre when appointing, training, assessing and providing for succession; and
- (h) acquire the necessary skills and experience to bring an independent judgement to bear on the issues of strategies, performance and resources including key appointments and standards of conduct.

4.7 Size of Board

The size of the Board is dictated by the Constitution of the Company which permits a minimum of three (3) and maximum twelve (12) directors to be appointed to the Board.

4.8 Time Period of Office

- (a) Board members have no fixed term of appointment, but are subject to retirement by rotation and re-election in accordance with the Constitution of the Company.
- (b) New Board members shall only hold office until the next annual general meeting at which they will retire and become available for election.
- (c) Termination of service/employment contract or expiry of the appointment date shall result in resignation from the Board.
- (d) All Board members shall notify the Chairman before accepting any directorship. The notification shall include an indication of time that will be spent on the new appointment.
- (e) The tenure of an Independent Director shall not exceed a consecutive term or a cumulative terms of 9 years, with intervals. Upon the completion of the 9 years, the Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director.
- (f) However, subject to the assessment of the NC, the Board may seek the shareholders' approval in the event it retains as an Independent Director, a person who has served in that capacity for more than 9 years. In such a situation, the Board must make a recommendation and provide adequate justification to the shareholders in a general meeting.
- (g) Assessment for the appointment of Independent Director who has served in that capacity for more than 9 years involves the following processes:-
 - (i) the Director concerned shall make a declaration to the Board that he/she has fulfilled the criteria as defined under the MMLR of Bursa Malaysia.
 - (ii) the NC shall make the necessary assessment and recommendation to the Board based on the criteria required for an Independent Director and the MMLR of Bursa Malaysia.
 - (iii) the Board shall make a recommendation and provide adequate justification to the shareholders in a general meeting.
- (h) If the Board continues to retain the Independent Director beyond 12 years, the Board shall provide justification and seek shareholders' approval annually through a two-tier voting process. Under the two-tier voting process, shareholders' votes shall be cast in the following manner at the same shareholders' meeting:-
 - Tier 1: Only the Large Shareholder(s) of the Company vote.
 - Tier 2: Shareholders other than Large Shareholder(s) vote.

Large Shareholder means a person who: -

- is entitled to exercise, or control the exercise of, not less than 33% of the voting shares in the Company; or
- is the largest shareholder of voting shares in the Company;
- has the power to appoint or cause to be appointed a majority of the Directors of the Company; or
- has the power to make or cause to be made, decisions in respect of the business or administration of the Company, and to give effect to such decisions or cause them to be given effect to.

The decision for the resolution is determined based on the vote of Tier 1 and a simple majority of Tier 2. If there is more than one Large Shareholder, a simple majority of votes determine the outcome of the Tier 1 vote.

The resolution is deemed successful if both Tier 1 and Tier 2 votes support the resolution.

However, the resolution is deemed to be defeated where the outcome of the vote between the two tiers differs or where Tier 1 voter(s) abstained from voting.

4.9 Directors' Remuneration

- (a) The remuneration of the Board should be aligned with the business strategy and long-term objectives of the Company and should reflect the Board members' responsibilities, expertise and complexity of the Company's activities.
- (b) The Board is assisted by the Remuneration Committee in assessing and recommending suitable remuneration for the Directors.
- (c) Levels and make-up of remuneration shall be sufficient to attract and retain the Board members needed to run the Company successfully, but the Company shall avoid paying more than is necessary for this purpose.
- (d) Non-Executive Directors shall receive no significant benefits from the Company, other than their Directors' fee and meeting allowances, if any.
- (e) The CEO's remuneration shall be reviewed annually by the Board.
- (f) Executive members shall receive no fees but shall be paid as employees of the Company in accordance with their contracts of employment with the Company.
- (g) No Board member shall be involved in deciding his own remuneration.
- (h) The remuneration of the Board shall be reported in the Company's annual report and financial statements.

4.10 Induction of new director

- (a) On appointment, a new member shall have the benefit of an induction programme aimed at deepening his/her understanding of the Company (ownership power, rules, regulations, board structure, membership and processes) and the business environment and markets in which the Company operates (business processes, corporate strategies, organization, management and people) that includes background material and corporate/business profile, as well as financials (annual accounts, directors' reports, trends of the key financial ratios and financial performance of the business). The induction programme shall entail the following:
- Discussion with the Chairman on expectations on the appointment with regard to the role, potential contributions, particular knowledge, etc.)
 - meetings with senior management; and
 - visits to the Company's operational units.
- (b) New Board members with no or limited board experience shall receive development and training to inform/equip them with the skills to perform their duties, including fiduciary responsibilities, powers and potential liabilities.

4.11 Directors' Training

- (a) All Board members are expected to keep themselves abreast of changes and trends in the business and in the Company's environment and markets, which shall include changes and trends in the economic, political, social and legal climate generally.
- (b) All Board members shall also undergo the Mandatory Accreditation Programme (for new Board members) and have access to appropriate Continuing Education Programmes ("CEP"). These CEP ensure that the Board members continuously possess the appropriate level of awareness in relation to:
- their duties, responsibilities and powers;
 - their legal responsibilities;
 - changes in legislations and governing policies of the relevant authorities
 - enhancing their skills and knowledge in both statutory and regulatory requirements; and
 - sustain active participation in Board deliberations.

5. BOARD ROLES/RESPONSIBILITIES

- 5.1 The Board's primary responsibilities shall include giving strategic direction to the Company, identifying key risk areas and key performance indicators of the Company's business, monitoring investment decisions, considering significant financial matters, and reviewing the performance of management and executive management against business plans, budgets and industry standards.

Generally, a Director's responsibilities shall include:

- (a) To be aware of the Company's operating environment and promote safety and soundness of the Company;
- (b) To be diligent in undertaking his/her duties and avoid conflict of interest situations;
- (c) To understand his/her oversight role and exercise independent judgment in decision making;
- (d) To devote adequate time and attention to discharge his/her duties and responsibilities effectively; and
- (e) To contribute actively to functions of the board and be able to provide sound and objective advice.

- 5.2 To enable the Board to discharge its responsibilities in meeting the goals and objectives of the Company, the Board shall, among others:-

- (a) together with senior management, promote good governance culture within the Company which reinforces ethical, prudent and professional behaviour;
- (b) review, challenge and decide on management's proposals for the Company, monitor its implementation by management;
- (c) ensure that the strategic plan of the Company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
- (d) supervise and assess management performance to determine whether the business is being properly managed;
- (e) ensure there is a sound framework for internal controls and risk management;
- (f) understand the principal risks of the Company's business and recognise that business decisions involve the taking of appropriate risks;
- (g) set the risk appetite within which the Board expects management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;

- (h) ensure that senior management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of Board and senior management;
- (i) ensure that the Company has in place procedures to enable effective communication with stakeholders; and
- (j) ensure the integrity of the Company's financial and non-financial reporting.
- (k) Discharge and perform its duties and responsibilities pertaining to anti-money laundering and counter terrorism financing as provided in guidelines, circulars or directives issued by the relevant regulators.

5.3 The day-to-day management shall be in the hands of the MD/CEO and management.

6. BOARD GOVERNANCE

6.1 Board Procedures

- (a) The conduct of Board members shall be consistent with their duties and responsibilities to the Company and thus to the shareholders.
- (b) The Directors shall always act within limitations imposed by the Board on its activities.
- (c) Directors' responsibilities and limitations are primarily set out in the Company's Constitution, the Companies Act, 2016, MMLR of Bursa Malaysia, this Board Charter, the Board and/or shareholders' resolutions and other relevant legislations, where applicable.
- (d) The Board shall be disciplined in carrying out its role, with emphasis on strategic issues and policy.
- (e) The Board's discussion shall be open and constructive. The Chairman shall seek a consensus in the Board but may, where considered necessary, call for a vote.

Discussions and records shall remain confidential unless a specific direction from the Board to the contrary.

- (f) The Board has sole authority over its agenda. However, any Board member may request an addition of an item on the agenda.
- (g) The Board members are entitled to have access, at reasonable times, to all relevant Company information and to senior management to assist them in the discharge of their duties and responsibilities to enable them to make informed decisions.

- (h) The Board members are expected to strictly observe the provisions of the legislations/regulations applicable to the use and shall preserve the confidentiality of confidential material given or presented to the Board.
- (i) The Board or a Board member for the furtherance of their or his/her duties may take independent professional advice (if necessary) at the Company's expense, subject to the prior approval of the Chairman.

6.2 The Board shall: -

- (a) approve the quarterly financial statements, other reports to shareholders and public announcements;
- (b) consider and, if appropriate, declare or recommend the payment of dividend;
- (c) formalise ethical standards through a code of conduct and ensure its compliance;
- (d) formalise and review performance of key sustainability initiatives and recommend improvements, which shall include environmental, social and governance aspects of the business;
- (e) review and evaluate the present and future strengths, weaknesses and opportunities in respect of the Company. Comparisons with competitors, locally and internationally, and best practices are important elements of this process;
- (f) review and approve the Company's financial objectives, plans and actions and significant allocations and expenditures;
- (g) review the Company's goals and the strategies for achieving the Company's goals;
- (h) review the Board's composition, structure and succession;
- (i) review the Company's audit requirements;
- (j) review the performance of, necessity for and composition of the Board;
- (k) review the Directors' remuneration;
- (l) review risk assessment policies and controls, including compliance with legal and regulatory requirements;
- (m) through the NC, annually assesses the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director. All assessments and evaluations carried out by the NC in the discharge of all its functions shall be properly documented; and

- (n) through the NC, annually review the Board's required mix of skills, independence and diversity, including core competencies that Non-Executive Directors should bring to the Board.

7. BOARD COMMITTEES

- 7.1 The Board may from time to time establish Board Committees as it considers appropriate to assist in carrying out its duties and responsibilities and to allow detailed deliberation on specific issues.
- 7.2 The Board Committees shall operate under its respective Terms of Reference. The Chairman of the respective Board Committees shall report to the Board on the outcome of the Board Committee meetings and minutes of Board Committee meetings shall be made available to all Directors.
- 7.3 The Board currently delegates certain functions to the following Board Committees to assist in the execution of its responsibilities:-

- (a) **Audit Committee**

The Audit Committee serves to implement and support the oversight function of the Board. It provides a means for review of the Company's and Group's financial reporting process; ensures financial statements comply with applicable financial reporting standards; ensures adequacy and effectiveness/appropriateness of the Company's internal controls, risk management process and governance practices; ensures compliance with the corporate code of conduct; ensures the independence of the Company's External Auditors and Internal Auditors; and maintains an open line of communication and consultation between the Board, the Internal Auditors, the External Auditors and the Management.

- (b) **Nominating Committee**

The Nominating Committee assists the Board in its responsibilities in nominating new nominees to the Board, the Chief Executive Officer, and other key personnel as determine by the Company. The Nominating Committee shall also assess the performance of the Board as a whole, the various Board Committees and each individual Director on an on-going basis.

- (c) **Remuneration Committee**

Remuneration Committee assists the Board in its responsibilities in assessing the remuneration packages of the Directors and key management personnel of the Group to ensure that compensation is competitive and consistent with the Company's performance and practices.

(d) Risk Management Committee

The Risk Management Committee assists the Board in overseeing the development and implementation of the risk management framework and policies in order to manage the overall risk exposure of the Group.

8. BOARD MEETINGS

8.1 Board members shall endeavour to attend Board meetings and to prepare themselves thoroughly. Board members are expected to participate fully and constructively in Board discussions and other activities and to bring the benefit of their particular knowledge, skills, and abilities to the Board table. Board members who are unable to attend any Board meeting shall advise the Chairman at an early date.

8.2 Frequency and Quorum

- (a) Meetings of the Board shall be held at such time and at such venue as the Board deems appropriate, but it shall normally meet at least quarterly or where circumstances necessitate.
- (b) The quorum necessary for the transaction of business shall be fixed by the Constitution of the Company.
- (c) Meetings and proceedings of the Board shall be governed by the Company's Constitution and the Companies Act 2016.

8.3 Agenda and Meeting Papers

- (a) An agenda shall be prepared prior to the meeting, raising issues that require attention, ensuring that proceedings are conducted efficiently and all appropriate matters addressed. The MD/CEO and the Company Secretary must also work with the Chairman on preparing the agenda.
- (b) The Company Secretary shall circulate the agenda and other meeting papers to the Board members, preferably at least 5 business days before the meeting.

8.4 Conflict of Interest

- (a) Board members are required to inform the Board of any conflict or potential conflict of interest they have in relation to particular items of business, preferably in advance.
- (b) Board members are required to disclose their direct or indirect shareholdings in the Company, other directorships and any potential conflicts of interest.
- (c) Board members shall abstain from deliberation/discussion or decisions on matters in which they have a conflicting interest.

8.5 Minutes

- (a) Minutes of each meeting shall be distributed to all Board members on a timely basis.
- (b) Minutes of the Board meetings shall be duly entered in the Minutes Book kept by the Company Secretary. Such minutes shall be signed by the Chairman of the next succeeding meeting and if so signed, shall be conclusive evidence without any further proof of the facts thereon stated.

9. DEALINGS IN SECURITIES OF THE COMPANY

- 9.1 When dealing in the securities of the Company, the Board members must strictly observe the provisions of Chapter 14 of the MMLR of BMSB, the Capital Markets and Services Act, 2007 and all other relevant legislative or regulatory requirements / procedures as may be prescribed from time to time.

10. BOARD'S RELATIONSHIP WITH STAKEHOLDERS

- 10.1 The Board shall ensure there is effective, transparent and regular communication between the Company and its stakeholders to facilitate mutual understanding of each other's objectives and expectations.
- 10.2 Communication with stakeholders can be achieved through various means. This includes: -
 - Establishing an investor relations function;
 - Conducting engagement forums;
 - Organising investor, analyst and media briefings; and
 - Use of electronic means (website, social media, etc.).
- 10.3 The Board shall ensure that shareholders are given sufficient notice and time to consider the resolutions that will be discussed and decided at the general meeting.
- 10.4 The Board shall take proactive measures to ensure that shareholders are able to participate at general meetings.
- 10.5 The Board members and senior management are encouraged to have constructive engagements with shareholders about the Company's performance, corporate governance, and other matters affecting the stakeholders' interests.
- 10.6 The Board shall ensure that dialogues and briefings are conducted, as part of its investors relation programme, with financial analysts, fund managers and institutional investors periodically so that the investing public receives a balance and complete view of the Group's performance, new developments and current issues faced by the business under the regional and global economic climate.

11. COMPANY SECRETARY

- 11.1 The Board shall ensure that it is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.
- 11.2 The roles and responsibilities of the Company Secretary shall include, but not limited to, the following:-
- Managing all Board and Board Committee meeting logistics, attending and recording minutes of all Board and Committee meetings and facilitating board communications;
 - Advising the Board on its roles and responsibilities;
 - Facilitating the orientation of new directors and assisting in Director training and development;
 - Advising the Board on corporate disclosures and compliance with company and securities regulations and listing requirements;
 - Managing processes pertaining to the annual shareholder meeting and any extraordinary shareholder meetings;
 - Monitoring corporate governance developments and assisting the Board in applying governance practices to meet the Board's needs and stakeholders' expectations;
 - Serving as a focal point for stakeholders' communication and engagement on corporate governance issues ; and
 - Advising the Board on statutory requirements under the CA 2016 and other disclosures and governance requirements relevant to the Company.
- 11.3 The Board members shall have unlimited access to the Company Secretary.
- 11.4 The appointment and removal of the Company Secretary shall be a decision of the Board as a whole.

12. EXTERNAL AUDITORS

The Board has established a formal and transparent arrangement for considering how financial reporting and internal control principles will be applied and for maintaining an appropriate relationship with the Company Auditors through its Audit Committee.

The Audit Committee also keeps under review the scope and results of the audit and its cost effectiveness and the independence and objectivity of the Company Auditors. The Company ensures that the Company Auditors do not supply a substantial volume of non-audit services to the Company.

Appointment of the Company Auditors is subject to approval of the shareholders at General Meetings. The Company Auditors have to retire during the Annual General Meeting every year and be re-appointed by shareholders for the ensuing year.

13. REVIEW OF BOARD CHARTER

- 13.1 This Board Charter shall be periodically ed and updated in accordance with any changes in laws and regulations. Changes to this Board Charter may only be authorised by the Board.
- 13.2 The Board Charter shall be made available for reference in the Company's website.

This Board Charter is approved for adoption by the Board on 29 August 2019.

PACIFIC & ORIENT BERHAD

SCHEDULE OF MATTERS SPECIFICALLY RESERVED FOR BOARD'S DECISION

1. Acquisitions and disposals of assets exceeding RM250,000.
2. Related party transactions of a material nature which is defined as transactions exceeding the lower of RM250,000 or 1% of the insurance fund surplus determined at the end of the preceding financial year.

(The Board should review from time to time any impending transaction committed by the Company which triggers the holding company to comply with Chapter 10 of the Main Market Listing Requirements.)

3. Delegation to Management

Distinctions must be maintained between executive operational day-to-day functions and the overall responsibility of the Board.

The Board may delegate power to any committee, director or officer, employee, expert or any other person. However, the directors are still charged with the responsibility "for the exercise of such power by the delegates" as if such power had been exercised by the directors themselves, in accordance with Section 132(1F) of the CA.

4. Setting of Management Limits

The Board should:

- specify the parameters within which management decisions are to be made; and
- ensure clearly articulated legal-ethical boundaries.

5. Strategy Setting, Implementation and Supervisory

The Board should review the group's (comprising the company and its subsidiaries, including associates where relevant) strategic direction, including the approval of corporate exercises or restructuring plans.

6. Board Meetings and Agenda Setting

- Timely receipt of Board and committee papers with accompanying notes and explanations for agenda items, preferably at least 7 days before the meeting.
- Board resolutions passed by way of circular resolutions should be practiced sparingly, and individual Board members must exercise prudence in consenting to a circular resolution that involves the Company's assets.

SCHEDULE OF MATTERS SPECIFICALLY RESERVED FOR BOARD'S DECISION

- The Board should ensure that the minutes of the Board meetings are prepared on time and review the minutes to ensure completeness and accuracy.

7. Board Processes in Meetings

- A meaningful review of outstanding major action items from previous meetings.
- A candid discussion of current issues, which may significantly affect the business of the company, should be encouraged. These issues include:
 - Risk management matters;
 - Major economic and industry trends;
 - Competitors' action;
 - Adverse publicity/rumours concerning the company and/or its subsidiaries;
 - Change in regulatory requirements in the industry/business that the Company operate in;
 - Fluctuations in major raw material prices and supplies of the same; and
 - Monitoring of management's performance
- The Board should review the company's performance, i.e. financial results and operations of the current quarter, year-to-date and forecast, including budget variance reporting.

8. Monitoring of Financial performance

- With the assistance from its Board committee i.e. Audit Committee, which provides the Board with additional and more specialized oversight of the financial reporting process and assurance of the quality and reliability of the financial information to facilitate the discharge of the Board's responsibility in respect of the timely preparation and issuance of financial statements, the Board is able to monitor the financial performance of the Company efficiently.
- The Board should conduct a review of the company's funding requirements on a continuing basis, including significant treasury matters, approval of financing arrangements, cheque and other signatories.
- The Board should ensure proper procedures are put in place and that the financial statements (including quarterly/year-end announcements) of the group (comprising the company and its subsidiaries) are reviewed for integrity and approved for timely lodgment with, and/or release to, the various authorities and market.

SCHEDULE OF MATTERS SPECIFICALLY RESERVED FOR BOARD'S DECISION

9. Effectiveness in Monitoring the System on Internal controls

- The Board with the assistance from the Audit Committee, ensure that there is an unequivocal and demonstrable commitment to articulate, implement and review the company's internal control systems.
- Appropriate resources should be made available to set up and manage information systems to ensure that both the Board and management receive relevant and reliable information on a timely basis and that the company is not exposed to unmanaged financial and operational risks.
- Periodic testing of the integrity of the internal control procedures and processes must be conducted to ensure the system set-up is viable and robust enough to assist management in realizing company objectives.

10. Remuneration Review

- The Board should review for approval recommendation from the remuneration committee on remuneration packages of executive directors and recommend fees of directors for shareholders' approval at the Annual General Meeting of the company.
- In addition in the review of the remuneration packages of executive directors, the Board through its Board committee, should also review the remuneration packages and evaluate the performance of the senior management.

11. Declaration of dividend

The Board should review the dividend policy of the Company and determine the amount of dividend to be declared.