

## REMUNERATION COMMITTEE TERMS OF REFERENCE

### ***Preface***

Pursuant to law and Manulife's commitment to international best practices in the area of corporate governance practice and culture, the Remuneration Committee was constituted. These Terms of Reference shall serve as a framework of the roles and responsibilities of the Committee. The Committee is tasked to monitor the structure and level of remunerations for senior management and corporate officers.

### ***I. Definitions***

- 1. Corporate Governance** - is the system by which companies are directed and managed. It influences how the objectives of the company are set and achieved, how risk is monitored and assessed, and how performance is optimized.
- 2. Board of Directors** - refers to the collegial body that exercises the corporate powers of all corporations formed under the Corporation Code. It conducts all business and controls or holds all properties of such corporations.
- 3. Executive Director** - refers to a director who is at the same time appointed to head a department/unit within the corporate organization.
- 4. Non-Executive Director** - refers to a Board member with non-executive functions.
- 5. Independent Director** - refers to a person other than an officer or employee of the corporation, its parent or subsidiaries, or any other individual having any relationship with the corporation, which could interfere with the exercise of independent judgment in carrying out the responsibilities of a director. This means that apart from the director's fees and shareholdings, he should be independent of management and free from any business or other relationship that could materially interfere with the exercise of his independent judgment.
- 6. Senior Management** – refers to the position of Vice President and above.
- 7. Corporate Officers** – refers to the position of Senior Vice President and above.

**II. *Composition of Committee***

The Board of Directors will appoint a committee of non-executive directors and independent directors to perform the role of the Remuneration Committee.

**III. *Committee Meetings***

The committee should hold regular meetings, at least once a year and should report regularly to the full board.

**IV. *The Remuneration Committee***

1. Compensation or Remuneration Committee is composed of at least three (3) members, one of whom is an independent director.
2. It shall judge or make plans where to position the company relative to other companies in terms of overall remuneration. But such comparisons shall be used with caution in view of the risk of an upward ratchet of the level of remuneration with no corresponding improvement in performance.
3. It shall delegate responsibilities for setting up remunerations for all executive directors and chairman, including pension rights or any compensation payments.
4. It shall also recommend and monitor the level and structure of salaries including remunerations for Senior Management.