

TERMS OF REFERENCE OF BOARD RISK, SUSTAINABILITY, AND COMPLIANCE COMMITTEE

1. CONSTITUTION

- 1.1 The Board Risk, Sustainability, and Compliance Committee (“**BRSC Committee**” or “**the Committee**”) shall be formed by the Board of Directors of the Company (“**Board**”) and the BRSC Committee members shall be appointed by the Board from amongst the Board members.
- 1.2 The functions and authority of the BRSC Committee extends to Pos Malaysia and all its subsidiaries as well as joint venture and associate companies where management responsibility is vested on Pos Malaysia or subsidiaries of Pos Malaysia (collectively referred to as the “**Group**”).

2. OBJECTIVE

- 2.1 On risk management and compliance oversight roles, the BRSC Committee is assisted by the Risk Management and Compliance Committee (“**RMCC**”) established at management level. The RMCC is responsible for formulating the risk management and compliance policy and framework, monitoring its implementation, ensuring appropriate controls put in place, and submitting periodical risk and compliance reports to the BRSC Committee.
- 2.2 On sustainability governance and reporting oversight roles, the BRSC Committee is assisted by the Sustainability Steering Committee (“**SSC**”) established at management level. The SSC is responsible for recommending a direction that aligns the sustainability targets to the overall goals of the Group and prioritises key sustainability matters.
- 2.3 The primary objective of BRSC Committee is to review and deliberate on the Group risks, sustainability, and compliance related matters which are identified and assessed by the RMCC. The BRSC Committee shall thereafter report and make the necessary recommendations with regard to risk, sustainability, and compliance matters and also ensure alignment to the Group’s long-term strategy.

3. AUTHORITY

- 3.1 The BRSC Committee has the authority to carry out the functions as stated in its Terms of Reference and report to the Board with recommendations.
- 3.2 The BRSC Committee shall have the authority to provide objective and independent views on any specific risk, sustainability, and compliance matters as well as the overall effectiveness of the risk, sustainability, and compliance frameworks within the Group.
- 3.3 The BRSC Committee wherever necessary and reasonable for the performance of its duties, shall in accordance with the same procedures adopted by the Board:-
- (a) Have full and unrestricted access to any employee and information pertaining to the Group;
 - (b) Have full support of the Risk Management Department, Compliance Department, and any other departments/units within the Group as it may deem necessary; and
 - (c) Engage independent professional advisers or other advisers and to secure attendance of outsiders with relevant experience and expertise if it considers this necessary.

4. MEMBERSHIP

- 4.1 The members of the BRSC Committee shall be appointed by the Board of Directors of Pos Malaysia and shall consist of not less than three (3) members, a majority of whom shall be Independent Non-Executive Directors.
- 4.2 The Chairman of the BRSC Committee shall be an Independent Non-Executive Director.
- 4.3 If the membership for any reason falls below three (3) members, the Board of Directors shall, within three (3) months of that event, appoint such number of new members as may be required to fulfil the minimum requirement.

4.4 The appointment of a BRSC Committee member terminates when the member ceases to be a Director, or as determined by the Board.

5. FUNCTIONS AND DUTIES

5.1 The BRSC Committee shall: -

- (i) Provide oversight, guidance and direction to the Group's risk management functions and processes;
- (ii) Recommend the Group's risk management policies, strategies and risk tolerance levels, and any proposed changes thereto for the Board's consideration and approval;
- (iii) Ensure that Management integrates the necessary risk management processes into all business processes of the Group;
- (iv) Evaluate the effectiveness of the Enterprise Risk Management framework, risk management processes and support system to identify, assess, monitor and manage the Group's key risks;
- (v) Review the risk identification and management process developed by Management to confirm it is consistent with the Group's strategy and business plan;
- (vi) Review Management's assessment of risk on a quarterly basis and provide quarterly updates to the Board;
- (vii) Enquire Management and the independent auditor about the exposure to such risks in relation to significant business, political, financial and control risks;
- (viii) Assess the steps/actions Management has implemented or wish to implement to manage and mitigate identifiable risk, including the use of hedging and insurance;
- (ix) Deliberate on compliance related matters of the Group and review the effectiveness of systems for monitoring compliance with laws and regulations;

- (x) Review findings, material issues or non-compliances highlighted by the regulatory authorities in relation to the regulated businesses of the Group;
- (xi) Deliberate, review and evaluate the existing compliance framework and to recommend measures for improvement by adopting the best practices;
- (xii) Review and ensure sustainability efforts are aligned to the Group's long-term business and environment strategy;
- (xiii) Ensure the effective management of significant and material economic, environment and social matters impacting the principal businesses of the Group;
- (xiv) Ensure sustainability is integrated within key business strategies towards the collective achievement of sustainability goals across the Group;
- (xv) Provide a consolidated sustainability reporting and assurance to the Board to support the relevant statement(s) for disclosure in the Company's annual report; and
- (xvi) Perform any other roles and responsibilities as may be required by the Board from time to time and/or which are related to the objectives of the Committee.

6. MEETINGS AND PROCEDURES

- 6.1 Meetings of the BRSC Committee shall be held at least once in every quarter in a financial year of the Company.
- 6.2 Upon the request of any member of the BRSC Committee, the Chairman of the BRSC Committee shall convene a special meeting of the BRSC Committee to consider any matter brought up by the member.
- 6.3 The quorum for a meeting of the BRSC Committee shall be two (2) members, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and hear each other. In the absence of the Chairman, the members present shall elect an Independent Non-Executive Director from amongst the members present to be chairman of the meeting.

- 6.4 The meetings of the BRSC Committee shall be governed by the provisions as contained in the Memorandum and Articles of Association (now known as Constitution) of Pos Malaysia for regulating the meetings and proceedings of the Directors unless otherwise provided for in this Terms of Reference.
- 6.5 Any matter to be voted upon shall be decided by a majority of the votes cast on the question. In the case of an equality of votes, the Chairman of the BRSC Committee shall have a casting vote.
- 6.6 The BRSC Committee may request other Directors, members of Management, counsels and consultants as applicable to participate in Committee meetings, as and when necessary.
- 6.7 The meetings of the BRSC Committee shall be attended by the Group Chief Executive Officer, and the respective Heads of Risk Management and Compliance Departments.
- 6.8 The Secretary of the BRSC Committee shall be the Company Secretary of the Company or any other person as the Committee may decide.
- 6.9 The BRSC Committee meeting agendas shall be the responsibility of the BRSC Committee Chairman with input from the BRSC Committee members. The Chairman may also ask Management and others to participate in this process.
- 6.10 Unless a meeting is called on a short notice basis, the agenda for each meeting shall be circulated at least five (5) calendar days before each meeting to the BRSC Committee members and all those who are required to attend the meeting.
- 6.11 Minutes of the BRSC Committee meetings shall be tabled at the meeting of the Board.
- 6.12 The BRSC Committee shall cause minutes to be duly entered in the books provided for the purpose of all resolutions and proceedings of all meetings of the BRSC Committee. Such minutes shall be signed by the Chairman of the meeting at which the proceedings were held, or 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. The minutes of the BRSC Committee meeting shall be available to all Board members.

6.13 The BRSC Committee, through its Chairman, shall report matters that are deliberated at BRSC Committee meeting(s) and make the necessary recommendations (if necessary) to the Board for the Board's deliberation and decision.

7. DISSOLUTION

The BRSC Committee shall be dissolved upon recommendation and decision of the Board.

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