

TERMS OF REFERENCE OF BOARD AUDIT COMMITTEE

1. COMPOSITION

- 1.1. The Board Audit Committee (“**BAC**” or “**the Committee**”) shall be formed by the Board of Directors of the Company (“**Board**”) and the Committee members shall be appointed by the Board from amongst the Board members.
- 1.2. The functions and authority of the BAC extends to Pos Malaysia Berhad (“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**”).
- 1.3. The BAC shall comprise at least three (3) members, all of whom shall be non-executive Directors with a majority of them being Independent as defined under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Listing Requirements**”).
- 1.4. Members of the BAC shall be appointed by the Board upon recommendation of the Board Nomination and Remuneration Committee (“**BNRC**”).
- 1.5. The BAC shall elect an Independent Director from amongst its members as its Chairman.
- 1.6. At least one (1) member of the BAC must meet the criteria set under the Listing Requirements as follows:-
 - (a) Must be a member of the Malaysian Institute of Accountants; or
 - (b) If he/she is not a member of the Malaysian Institute of Accountants, he/she must have at least 3 years’ working experience and:-
 - (i) he/she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or(ii) he/she must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or

- (ii) he/she must fulfil other requirements as prescribed by Bursa Malaysia Securities Berhad.

- 1.7. No alternate directors shall be appointed to the BAC.
- 1.8. If a former key audit partner is recommended for appointment as member of the BAC, he/she must observe a cooling-off period of at least three (3) years before his/her appointment.

This applies to all former partners of the audit firm and/or affiliate firms (including those providing advisory services, tax consulting etc.).

- 1.9. In the event of any vacancy in the BAC resulting in the non-compliance of the Listing Requirements, the vacancy shall be fulfilled within 3 months.
- 1.10. The terms of office and performance of the BAC and each of the members shall be reviewed by the BNRC for recommendation to the Board annually to determine whether the BAC and its members have carried out their duties in accordance with their Terms of Reference.
- 1.11. The BAC members shall collectively:-
 - (a) Have knowledge of the industries in which the Group operates; and
 - (b) Have the ability to understand key business and financial risks and related controls and control processes.
- 1.12. All members of the BAC shall also be financially literate i.e. have the ability to read and understand fundamental financial statements, including a Company's balance sheet, income statement, statement of cash flow and key performance indicators.

2. OBJECTIVES

2.1. The objectives for the formation of the BAC are as follows:-

- (a) To ensure openness, integrity and accountability in the Group's activities so as to safeguard the rights and interests of the Shareholders.
- (b) To provide assistance to the Board in fulfilling its fiduciary responsibilities relating to corporate accounting and reporting practices.
- (c) To improve the Group's business efficiency, the quality of the accounting and audit function and strengthening of the public's confidence in the Group's reported results.
- (d) To maintain, through regularly scheduled meetings, a direct line of communication between the Board and the External and Internal Auditors.
- (e) To enhance the independence of the External and Internal audit functions.
- (f) To create a climate of discipline and control to minimise or eliminate fraud.
- (g) To monitor the implementation of Anti-Bribery and Anti-Corruption Policy by the Integrity Governance unit and oversee the overall prevention of corruption, fraud, abuse of power, malpractice, and unethical conduct within the organisation, by ensuring commitment in nurturing a culture of integrity with the formulation of a strong governance, business ethics and compliance to laws and regulations.

3. AUTHORITY

3.1. The BAC for the performance of its duties, shall in accordance with the same procedures adopted by the Board and at the cost of the Group:-

- (a) Have authority to investigate any activity within its Term of Reference;
- (b) Have the resources which are required to perform its duties;
- (c) Have full and unrestricted access to any employee and information pertaining to the Group. All documents of the Group shall be made accessible to the BAC and all employees are directed to co-operate with the request made by the BAC;

- (d) Have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity for the Group;
- (e) Be able to engage independent professional advisers or other advisers and to secure attendance of other 3rd parties with relevant experience and expertise if it considers necessary; and
- (f) Oversee the implementation and monitoring of the Anti-Bribery and Anti-Corruption programs and initiatives for the Company and ensure effective administration by Group Internal Audit.

4. FUNCTIONS AND DUTIES

The BAC shall carry out the following functions and duties:-

4.1. Financial Statements

- 4.1.1. Review the quarterly results and annual financial statements of the Company and Group prior to the approval by the Board, focusing particularly on the following:-
 - (a) any changes in or implementation of major accounting policy changes;
 - (b) significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed;
 - (c) significant adjustments resulting from audit;
 - (d) the going concern assumption; and
 - (e) compliance with accounting standards and other legal requirements.
- 4.1.2. Review, with the Group's Counsel, any legal matter that could have a significant impact on the Group's financial statements (as and when necessary).

4.2. Internal Control

- 4.2.1. Assess the quality and effectiveness of the systems of internal control and the efficiency of the Group's operations, particularly those relating to areas of significant risks. Evaluate the process the Group has in place for assessing and continuously improving internal controls.
- 4.2.2. Assess the internal process for determining and managing key risks other than those that are dealt with by other specific Board committees.
- 4.2.3. Review the evaluation by the internal and external auditors of the Group's system of internal control and thereafter report the same to the Board.
- 4.2.4. Review External Audit reports and Management's response and ensure that appropriate action is taken in respect of these reports and Audit Committee resolution.

4.3. Internal Audit

- 4.3.1. Approve the Internal Audit Charter and review the adequacy of the scope, functions, competency and resources of the internal audit function, and whether it has the necessary authority to carry out its work.
- 4.3.2. Review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function and of the BAC and thereafter report the same to the Board. Where actions are not taken within an adequate timeframe by Management, the Board Audit Committee shall also report the same to the Board for its further action.

- 4.3.3. Approve any appointment or termination of senior staff members of the internal audit function namely the Head of Internal Audit and his Deputy.
- 4.3.4. Review appraisals or assessments of performance of the Head of Internal Audit and his Deputy.
- 4.3.5. Take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
- 4.3.6. Direct any special investigations to be carried out by Internal Audit as and when necessary and consider the major findings of the internal investigations and Management's response.
- 4.3.7. Oversee the implementation and monitoring of the Whistleblowing Policy for the Pos Malaysia Group, and ensure effective administration thereof, by the Head of Internal Audit.

4.4. External Audit

- 4.4.1. Recommend the nomination of external auditors, their audit fees and any question of resignation or dismissal of external auditors and thereafter report the same to the Board.
- 4.4.2. Discuss with the external auditor before the audit commences, the nature and scope of the audit and ensure co-ordination where more than one audit firm is involved and thereafter report the same to the Board.
- 4.4.3. Discuss problems and reservations arising from the internal and final audits, including assistance given by the employees and any matters the auditors may wish to discuss, in the absence of Management or Executive Directors where necessary.
- 4.4.4. To review the nature, extend and scope of non-audit services i.e., recurring and non-recurring to ensure that they are not likely to create conflicts of interest, so as to maintain objectivity and independence of external auditors.

- 4.4.5. Review the external auditor's management letter and Management's response.
- 4.4.6. Review the suitability and independence of the External Auditors.

4.5. Compliance

- 4.5.1. Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of Management's investigation and follow-up (including disciplinary action) of any instances of non-compliance.
- 4.5.2. Review the findings of any examinations by regulatory authorities.
- 4.5.3. Obtain regular updates from Management and the Group's legal counsel regarding regulatory compliance matters.
- 4.5.4. Review and consider any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity.

4.6. Integrity Governance

- 4.6.1 To receive and review recommendations by the Company on the Integrity Governance framework for the approval of the Board to inculcate an ethical environment and promulgate good governance practices consistent with the Board's risk appetite, the Company's Code of Conduct and Business Ethics, and business practices, guided by applicable laws and regulations, including but not limited to, the Malaysian Code on Corporate Governance, Listing Requirements and the Malaysian Anti-Corruption Commission Act.
- 4.6.2 To oversee issues of corruption, fraud, abuse of power, malpractice, unethical conduct and conflict of interest that may arise within the Pos Malaysia Group;

- 4.6.3 To assist the Board to promote a culture of integrity within Pos Malaysia Group; and
- 4.6.4 To ensure that the Integrity Governance is effective in achieving its objective and is able to function independently.

4.7. Other Responsibilities

- 4.7.1. Annually review and reassess, the adequacy of the Terms of Reference of the BAC (if necessary), with the assistance of Management, the external auditors and Legal Counsel.
- 4.7.2. After the end of each financial year, verify that the allocation of employee share options to the Group's eligible employees is in accordance with the Listing Requirements.
- 4.7.3. Perform any other duties as may be directed by the Board from time to time.

5. MEETINGS AND PROCEDURES

- 5.1. Meetings of the BAC shall be held at least once in every quarter in every financial year of the Company.
- 5.2. Attendance of a meeting may be by being present in person or by participating via video-conferencing or tele-conferencing.
- 5.3. Upon the request of any member of the BAC, the Head of Internal Audit or the External Auditor, the Chairman of BAC shall convene a meeting to consider any matters brought up by them.
- 5.4. The quorum for a meeting of the BAC shall comprise a majority of Independent Directors from amongst its members. In the absence of the Chairman, the members present shall elect a chairman for the meeting from amongst the members present.

- 5.5. The meetings of the BAC shall be governed by the provisions contained in the Constitution of Pos Malaysia in regulating meetings and proceedings of Directors unless otherwise provided for in this Terms of Reference.
- 5.6. The meetings of the BAC shall normally be attended by the Group Chief Financial Officer (“**GCFO**”), Head of Internal Audit and representative(s) of the External Auditors (as and when necessary) and the Management of Pos Malaysia shall be represented by the Group Chief Executive Officer (“**GCEO**”).
- 5.7. Other Directors and employees who attend any particular BAC Meeting shall attend only at the BAC’s invitation, specific to the relevant Meeting and they shall not have any voting rights.
- 5.8. The BAC shall whenever deemed necessary, meet the External Auditors, person(s) carrying out the internal audit function/activity, excluding the attendance of other Directors and employees of Pos Malaysia.
- 5.9. A Committee member shall disclose/declare any conflict of interest situation and shall abstain from voting on the resolution which may give rise to an actual or perceived conflict of interest situation.
- 5.10. BAC meeting agendas shall be the responsibility of the BAC Chairman with input from the BAC members. The Chairman may also ask Management and others to participate in this process.
- 5.11. Unless a meeting is called on a short notice basis, the agenda and the meeting paper(s) for each meeting shall be circulated at least three (3) full working days before each meeting to the BAC members and all those who are required to attend the meeting. Written materials including information requested by the BAC from Management, internal auditors (from the Group) and external auditors shall be received together with the agenda for the meetings.
- 5.12. The Secretary of the BAC shall be the Company Secretary of the Company or any other person as the Committee may decide.
- 5.13. The BAC shall cause minutes to be duly entered in the books provided for the purpose of all resolutions and proceedings of all meetings of the BAC. 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. Minutes of BAC meetings shall be tabled at the meeting of the Board.

5.14. Upon conclusion of each BAC meeting, the BAC Chairman shall present a report to the Board at the Board meeting. While presenting any recommendation to the Board, the BAC will also provide such background and supporting information, as may be necessary, for the Board to make an informed decision.

5.15. The Chairman of the BAC shall be available to answer any questions regarding the BAC, at the general meetings of the Company.

6. MISCELLANEOUS

6.1. The Chairman of the BAC should engage on a continuous basis with the Chairman of the Board, GCEO, GCFO, Head of Internal Audit, Senior Management and/or the External Auditors in order to be kept informed of matters affecting the Group.

6.2. The BAC, through its Chairman, shall report matters to the Board highlighted to the BAC after each meeting.

6.3. Where the BAC is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the BAC has the responsibility to promptly report such matter to Bursa Malaysia Securities Berhad.

6.4. The provisions under this Terms of Reference have been drafted in a manner to also incorporate the provisions under the Listing Requirements and other statutes, regulations and guidelines applicable to the Board Audit Committee. In the event the applicable provisions of the Listing Requirements and/or relevant governing statutes, regulations and guidelines relating to the BAC are from time to time amended, modified or varied, such amendments, modifications and variations shall be deemed inserted herein whereupon this Terms of Reference shall be read and construed subject to and in accordance with the amended, modified or varied Listing Requirements, statutes, regulations and guidelines.

7. CIRCULAR RESOLUTION

A resolution in writing signed by all members shall be valid and effectual as if it had been passed at a meeting of the BAC. All such resolutions shall be described as “Board Audit Committee Circular Resolutions” and shall be forwarded or otherwise delivered to the Company Secretary without delay and shall be recorded by the Company Secretary in the minutes book. Any such resolution may consist of several documents in the like form, each signed by one (1) or more members. The expressions “in writing” or “signed” include approvals by legible confirmed transmissions by facsimile or other forms of electronic communications.

Revised as at 28 February 2024

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