

CORPORATE GOVERNANCE REPORT

STOCK CODE : 9634
COMPANY NAME : POS MALAYSIA BERHAD
FINANCIAL YEAR : March 31, 2018

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.1

The board should 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. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Directors ("the Board") of Pos Malaysia Berhad ("the Company" or "Pos Malaysia") is responsible for setting strategic goals and direction of the Company and its subsidiaries ("Group") and has an overall responsibility of overseeing the performance and management of the businesses and affairs of the Group.</p> <p>In order to ensure the effective discharge of the Board's roles and responsibilities in achieving the strategic goals and objectives of, the Group, the Board has in place the Board Charter in which clearly set out the roles and responsibilities of the Board and each Director.</p> <p>The Board is also assisted by Board Committees established with clearly defined terms of reference namely, Board Audit Committee ("BAC"), Board Nomination and Remuneration Committee ("BNRC"), Board Risk, Sustainability and Compliance Committee ("BRSCC"), and Board Tender Committee ("BTC") to examine specific matters within their respective terms of reference as approved by the Board. Although specific powers are delegated to the Board Committees, the ultimate responsibility for decision-making, however, lies with the Board. The Board keeps itself abreast of the key issues and decisions made by each Board Committee through tabling the reports by the Chairmen of the Board Committees and minutes of the Board Committee meetings at Board meetings.</p> <p>Beyond the schedule of matters reserved for the collective decision of the Board as stipulated in the Board Charter, the Board delegates the functions and power to the Management Committee ("ManCo") and the Group Chief Executive Officer ("GCEO") to manage the daily business and operations of the Group. These functions and power are spelt out in the Limits of Authority ("LOA") adopted throughout the Group. The LOA defines the type and limits of authority designated to the specified positions of approving authority and the limits of authority vary according to the type of authority. The ManCo and the</p>

	<p>GCEO remain accountable to the Board for the authorities that are delegated to them, and for the performance of the Group.</p> <p>The Board together with its Management, are committed to promoting good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour.</p> <p>The principal responsibilities of the Board are set out in the Board Charter and the Board discharges the responsibilities accordingly as follows:-</p> <p>(i) Ensure that the Group’s objectives are clearly established and that strategic plans are in place to achieve those objectives.</p> <p>The Board established and endorsed a 5-year Strategic Plan (2012-2017) to define the path and direction of Pos Malaysia for the said five (5) years. The 5-year Strategic Plan states the Company’s end-game model to become a one-stop provider of communications, logistics, financial services and supply chain solutions. Premised on five (5) Strategic Trusts themed “SCORE”, the Board established broad based strategies to facilitate business growth and achieve operational efficiency, supported by strong capabilities and customer driven strategies which are envisaged to transcend into a dynamic high performing and modern Pos Malaysia. The 5-year Strategic Plan follows from an earlier Transformation Masterplan which focused primarily on enhancing internal capabilities and processes.</p> <p>In March 2016, the Board established and endorsed an enhanced transformation programme with the objective to undertake an aggressive transformation agenda and provision of end-to-end delivery services known as Strategic Blueprint - “SCORE 2.0”. SCORE 2.0 would chart the broad strategic direction of Pos Malaysia 5-year business plan from the financial year 2017 to 2021 with the aim of moving beyond traditional last mile delivery, primarily via eCommerce and Logistics environment in wake of the changing industry landscape into digital media and mail volume reduction.</p> <p>In March 2018, the Board endorsed a new SCORE 2.0+, which focused on revenue growth and cost savings.</p> <p>Pos Malaysia has been continuously reviewing the Strategic Initiatives to adapt to the changing market conditions, customer demands and strategic goals to ensure continuity in the transformation plan.</p>
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	<p>(ii) Establish policies to strengthen the Group’s performance and ensure that Management proactively seeks to build the business through innovation, initiative, technology, new products and development of business capital.</p> <p>As a fundamental part of discharging the Board’s responsibility to strengthen the Group’s performance, the Board continuously improves and refines Management practices. For this purpose, the Board ensures that the Company has adequate policies in place to ensure consistency in Management practices. The Board and Management also periodically assess the adequacy of the existing policies within the Group and adopt new ones and/or improve the existing policies in order to strengthen the Group’s performance.</p> <p>(iii) Adopt performance measures to monitor implementation and performance of the Group’s objectives, strategies, action plans, and policies.</p> <p>An Annual Management Plan (“AMP”) comprising the Group’s Business Plan and Annual Budget is formulated and approved by the Board on an annual basis before the commencement of the new financial year to monitor the Group’s annual performance towards achieving the 5-year Strategic Plan and the Strategic Blueprint : SCORE 2.0. The actual achievement compared to the AMP is reviewed by the Board on a quarterly basis.</p> <p>The Board also approves a set of Corporate Key Performance Indicators (“KPIs”) for the achievement of the other financial targets and initiatives as set out in the AMP. The Corporate KPIs in turn becomes the KPI of the Company’s GCEO. The KPIs of the GCEO are then cascaded to the Senior Management team members and the rest of the employees accordingly. The Board also monitors the performance of the Group against the AMP on a quarterly basis. After the closing of the financial year, the performance of the Company against the Corporate KPIs is assessed and an appropriate performance rating is accorded.</p> <p>(iv) Oversee the conduct of the Group’s business to evaluate whether the business is being properly managed.</p> <p>In assisting the Board to evaluate whether the business of the Company is being properly managed, the BAC is tasked with assessing the Group’s current processes, determining their adequacy and recommending improvements, if necessary. The Company’s Internal Audit Department (“IAD”) assists and supports the BAC in undertaking this responsibility.</p>
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	<p>(v) Ensure that the Group has appropriate business and enterprise-wide risk management processes, including an adequate control environment based on internal control systems, management information systems and systems for compliance with applicable laws, rules and regulations.</p> <p>The IAD also audits the internal control system of the Group and presents its Audit Reports to the BAC on a quarterly basis highlighting any breach of internal controls and other areas of weaknesses.</p> <p>As for enterprise-wide risk management matters, Pos Malaysia has a dedicated Risk Management Department which is entrusted with the task of monitoring the Group's risk matters. Risk Management Report(s) which highlight the Company's Risk Register and Top Key Corporate Risks are tabled quarterly to the BRSCC for deliberation before the report is escalated to the Board for further deliberation.</p> <p>In reporting the Company's Corporate Risks to the BRSCC, the respective risk champions or risk owners are required to present their respective Corporate Risks to the BRSCC in order to provide an avenue for a more granular reporting and deliberations on a specific Corporate Risk. This enables the BRSCC to have a better insight on the said risk; hence, providing an opportunity to the BRSCC to make recommendations for improvement, if necessary.</p> <p>The BRSCC identified the Top Key Risks of Pos Malaysia Group through evaluation of the consolidated key risks register. The selection of Top Key Risks with its respective risk profile would enable the Management to attend immediately and monitor closely on the key risks that are deemed crucial and utmost concern to Pos Malaysia Group.</p> <p>(vi) Appoint Board Committees to address specific issues, consider recommendations of the Board Committees and discuss problems and reservations arising from the Board Committees' deliberations.</p> <p>The Board delegated powers and authority to four (4) Board Committees namely the BAC, BNRC, BTC and BRSCC, to carry out the respective responsibilities assigned to them within their respective terms of reference as approved by the Board.</p> <p>The composition of these Board Committees is published under Corporate Information in the 2018 Annual Report. The Terms of Reference of these Board Committees which had been approved by the Board are contained in the Board Charter. Both the 2018 Annual Report and the Board Charter are accessible on Pos Malaysia's website at www.pos.com.my. The 2018</p>
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	<p>Annual Report can also be downloaded from Bursa Malaysia Securities Berhad's ("Bursa Securities") website at www.bursamalaysia.com.</p> <p>(vii) Ensure that the statutory accounts of the Group are fairly stated and conform to the relevant regulations including acceptable accounting policies.</p> <p>The BAC is delegated with the responsibility to ensure that the Group's statutory accounts are fairly stated and conform to the relevant regulations and acceptable accounting policies. In carrying out such responsibility, the BAC places focus particularly on major accounting policy changes, significant and unusual events, significant adjustments resulting from audit, going concern assumptions, key audit matter (if any), and compliance with accounting standards and other legal requirements.</p> <p>(viii) Ensure that an appropriate succession planning mechanism is in place for members of the Board and for Senior Management positions.</p> <p>In determining succession planning for Board members, the Board is guided by the recommendation made under the Malaysian Code of Corporate Governance and the Listing Requirements of Bursa Securities which stipulates that each Director should have the character, experience, integrity, competence and time to effectively discharge his/her role as a Director, taking into account the future needs and way forward for the Company. When carrying out the annual assessment, the BNRC would determine if there are gaps within the Board in terms of the type of experience and competency required for Board members to realise the Vision and Mission of the Company, and if need be, propose appointment of new Director(s) with the required skills set.</p> <p>Succession planning for the GCEO is determined by the Board upon recommendation of the BNRC.</p> <p>Succession planning for the Group Chief Operating Officer, Group Chief Commercial Officer, Chief Executive Officers/Chief Operating Officers who are Heads of Business Clusters and/or active subsidiaries of Pos Malaysia, the Chief Financial Officer and the Chief Corporate Services (collectively "Chief Level Officers") is deliberated on by the BNRC which then makes the necessary recommendations to the Board for their consideration and approval.</p> <p>Succession planning for other Senior Management positions is determined by a structured process led by the Human Resource</p>
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	<p>Department, which is then endorsed by the GCEO and the BNRC would also deliberate on matters relating thereto.</p> <p>(ix) Ensure that the Group adheres to high standards of ethics and corporate behaviour, including transparency in the conduct of business.</p> <p>In addition to the Corporate Values, Whistle Blowing Policy and Procedures, Integrity Pact under the Group Procurement Policy, Anti-Money Laundering and Counter Financing Terrorism Policy, and Compliance Framework and Policy are in place to help inculcate good corporate and ethical behaviour in the conduct of the Group and its employees.</p> <p><i>Whistle Blowing Policy (“WB Policy”)</i></p> <p>WB Policy was established in April 2008 with an objective to develop a culture of openness which requires the employees of the Group to observe high standards of business and personal ethics in the conduct of their duties and responsibilities and comply with all applicable laws, regulations, procedures and policies of Pos Malaysia.</p> <p>The WB Policy provides a confidential and secure means to enable the Board, employees of the Group and members of the public to raise concerns about instances of conducts that are contrary to applicable laws, regulations, policies and procedures that could affect the Company’s business activities, especially where ethical behaviour is of particular important.</p> <p><i>Integrity Pact under Group Procurement Policy</i></p> <p>Integrity Pact provides mandatory requirement for the vendor(s) for procurement involving consideration sum of RM500,000 and above to submit a Statutory Declaration (“SD”) on non-bribery commitment. All staff who are directly involved in the process of evaluation and/or negotiation for procurement involving consideration sum of RM500,000 and above must sign the SD on non-conflict of interest and confidentiality of information.</p> <p><i>Anti-Money Laundering and Counter Financing Terrorism Policy (“AML/CFT Policy”)</i></p> <p>AML/CFT Policy was established in compliance with the Anti-Money Laundering and Anti-Terrorism Financing Act 2001 that is governed by Bank Negara Malaysia specifically to prevent any use of Pos Malaysia’s offerings for money laundering purposes.</p>
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	<p><i>Compliance Framework and Policy</i></p> <p>Compliance Framework and Policy serves as guidance for the Company to ensure the Company's business activities are carried out in compliance with the relevant Acts (Federal Laws, Common Laws and State Laws), Ordinance, Rules and Regulations (Administrative Code), and Guidelines.</p> <p>All the abovementioned Policies are accessible on Pos Malaysia's website at www.pos.com.my.</p> <p>The Board shall discharge their duties professionally, with due diligence and efficiency and to the best of their abilities. In discharging their duties, each member of the Board shall at all times abide by and conform to the Directors' Code of Conduct as set out in the Board Charter.</p> <p>(x) Ensure that an appropriate public relations and communications programme, and an investor relations programme are in place.</p> <p>The Group adopted the Communications Policy and Investor Relations Policy in line with the best practices laid down in the Corporate Disclosure Guide issued by Bursa Malaysia Securities Berhad ("Bursa Securities") which governs the communications activities externally and internally. The Communications Policy is extended to cover the Media Policy (Press, Broadcast and Online), Corporate Advertising Policy, Internal Communications Policy, Email Communications Policy, Corporate Social Responsibility Policy, and Donation and Sponsorship Policy.</p> <p>(xi) Ensure that there is a schedule of matters reserved for collective decision of the Board.</p> <p>The schedule of matters reserved for the collective decision of the Board is set out in the Board Charter and the LOA.</p> <p>The Board Charter was last reviewed in June 2016 and will be reviewed from time to time, when necessary, to update and streamline the necessary provisions in the Board Charter to be in line with the regulatory changes and development and to reflect the relevant changes made to the Terms of Reference of the Board Committees.</p> <p>The LOA would be reviewed and revised, where necessary from time to time according to the circumstances and operational requirements of the Group.</p>
Explanation for departure	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

Application	:	Applied
Explanation on application of the practice	:	<p>The roles and responsibilities of the Chairman of the Board have been clearly specified in the Board Charter, which is accessible on Pos Malaysia's website at www.pos.com.my.</p> <p>The Chairman represents the Board to the Shareholders and is responsible for ensuring the integrity and effectiveness of the governance process of the Board. The Chairman maintains regular dialogues with the Group Chief Executive Officer over all operational matters and shall promptly consult with the Board over any matter that gives him or her any cause of concern pertaining to the Group.</p> <p>The Chairman acts as a facilitator at meetings of the Board to ensure that no Director, whether executive or non-executive, dominates discussions at Board meetings. He ensures that appropriate discussions take place and relevant opinions among Directors are forthcoming that result in logical and understandable outcomes.</p> <p>The key roles and responsibilities of the Chairman include the following:-</p> <ul style="list-style-type: none">(i) Provide governance in matters requiring corporate justice and integrity;(ii) Manage Board communication and Board effectiveness and effective supervision over Management;(iii) Create conditions for good decision making during Board and Shareholders meetings;(iv) Ensure Board proceedings are in compliance with good conduct and practices;(v) Protect the interest and provide for (if permissible) the information needs of various Stakeholders;(vi) Maintain good contact and effective relationship with external parties, investing public, regulatory agencies and trade associations;(vii) Ensure that quality information to facilitate decision-making is delivered to the Board by Management in a timely manner; and(viii) Ensure compliance with all relevant regulations and legislations.
Explanation for departure	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.3

The positions of Chairman and CEO are held by different individuals.

Application	:	Applied
Explanation on application of the practice	:	<p>The roles of the Chairman and the Group Chief Executive Officer ("GCEO") is separated, and the distinct and separate roles and responsibilities of the Chairman and the GCEO are provided in the Board Charter, which is accessible on Pos Malaysia's website at www.pos.com.my.</p> <p>The positions of Chairman and GCEO are held by 2 different individuals. There is a clear division of responsibilities between the Chairman and the GCEO in the Board Charter to ensure that there is a balance of power and authority such that no one individual has unfettered powers over decision-making.</p> <p>The Chairman is responsible for representing the Board to the Shareholders and is responsible for ensuring the integrity and effectiveness of the governance process of the Board.</p> <p>The overall business and day-to-day operations of the Group is managed by the GCEO who is not a Board member. The GCEO is accountable to the Board for the overall organisation, management and staffing of the Group and for its procedures in financial and operational matters, including conduct and discipline. The authority limits of the GCEO are stipulated in the Company's Limits of Authority duly approved by the Board.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.4

The board 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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is supported by the Company Secretary who was a practicing lawyer specialising in Corporate and Commercial law and has over 25 years' working experience in the corporate secretarial field. The Company Secretary is a licensed secretary approved by the Companies Commission of Malaysia and is qualified to act as Company Secretary under Section 235(2) of the Companies Act 2016. The Company Secretary possesses the knowledge and experience in carry out her functions.</p> <p>All Directors have unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duties and responsibilities as Directors effectively. The Company Secretary ensure the flow of information to the Board and the Board Committees.</p> <p>The Company Secretary is responsible for developing and maintaining the processes that enable the Board to fulfil its roles, ensuring compliance with the Company's constitution and the relevant guidelines, regulatory and statutory requirements, and advising the Board on all governance matters and its compliance thereof. The Company Secretary also oversee the adherence to Board policies and procedures.</p> <p>The Board is apprised by the Company Secretary of the latest amendments to the laws, rules and regulations from time to time and their application to the Group and/or the Board, where applicable.</p> <p>The Company Secretary manages the processes and attends meetings of the Board, Board Committees and shareholders and ensure that deliberations at these meetings are properly documented and subsequently communicated to the relevant management for their further actions. The Company Secretary, together with the Directors, ensure that these meetings are properly conducted according to the applicable rules and regulations. The Company Secretary also ensure proper upkeep of statutory registers and records of the Group.</p> <p>The Company Secretary also assists and facilitates the Board in Directors' training and development. The Directors have on-going access to continuing education programmes as they are kept informed of relevant training programmes by the Company Secretary. The</p>

	<p>records of all training programmes attended by the Directors are maintained by the Company Secretary.</p> <p>The Company Secretary constantly keeps themselves abreast of the evolving regulatory changes and developments in corporate governance by attending relevant continuous professional development programmes, seminars, workshops and conferences organised by MAICSA, Securities Commission, Companies Commission of Malaysia and other relevant training organisations.</p> <p>In order to ensure that the Company Secretary maintains a high quality of service to the Board, the services of the Company Secretary is evaluated by the Board annually through an annual Internal Customer Satisfaction Survey whereby each Director provides feedback on the Company Secretary's services, which forms part of the Company Secretary's Key Performance Indicators.</p>	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.5

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company Secretary set the annual meeting calendar with scheduled Board and Board Committees' meetings in advance prior to the new year to allow the Board and Board Committees' members to plan their schedules.</p> <p>The Board normally meets quarterly to review financial, operational and business performances, as well as other Board reserved matters, with additional meetings convened, when necessary. In the intervals between Board meetings, Board decisions for urgent matters are sought via circular resolutions, to which board paper with relevant and sufficient information is provided in order for the Board to make an informed decision.</p> <p>Notices of meetings are normally distributed at least two (2) weeks prior to the meeting date and agenda of meetings together with the relevant board papers are distributed at least five (5) business days prior to the meeting date to allow sufficient information and time for the Board and Board Committees' members to review and evaluate the matters to be deliberated at the meetings. Occasionally, Board meetings or Board Committees' meetings may be held at short notice, when decisions of a time-critical nature need to be made. Senior Management of the Group attends the Board meetings to provide thorough insights into the business and affairs of the Group. External advisers, where necessary, are invited to attend Board meetings to provide additional insights and professional views, advice and explanations on specific items on the meeting agenda.</p> <p>In May 2017 and in supporting of green initiative, the Company implemented a paperless environment for Board meetings, which enables digital access to meeting materials in an efficient and cost effective manner via laptop, tablets devices and mobile phone instead of distribution of hard copies of the meeting materials. The Directors are able to download and have access to the electronic meeting papers conveniently in a timely and efficient manner.</p> <p>All Board and Board Committees' deliberations and decisions including views of the Board and Board Committees' members, decision rationale and action items to be undertaken by Management are well documented in the minutes. Board and Board Committees' decisions</p>

	<p>and action items are also communicated to the Management after each meeting for appropriate action. The Company Secretary will follow up with the Management on the status of actions to be taken on the action items and update the Board at the next meeting accordingly.</p> <p>A Director who has an interest in any proposal or transaction, either direct or indirect, which is being presented to the Board for approval, will declare his or her interest and abstain from deliberation and voting of the same at the Board meeting.</p> <p>The minutes will be signed by the Chairman of the said meeting as a correct record of the proceedings of the meeting upon confirmation by the Board or Board Committees at the following meetings.</p> <p>The Directors shall have unrestricted access to Management and to information pertaining to the Group's business affairs, including from the Company's auditors and consultants, to enable them to discharge their duties.</p>	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has a formalised Board Charter which sets out inter alia, the roles and responsibilities of the Board, Board Committees, individual Directors, Chairman, Group Chief Executive Officer ("GCEO") and Company Secretary. The Board Charter aims to assist the Directors to better appreciate their roles and responsibilities, thus ensuring the long-term objectives of the Group are met.</p> <p>The Board Charter also covers the composition of the Board, procedures for convening Board meetings, Directors' remuneration and training, Board evaluation, Directors' Code of Conduct, relationship with shareholders and stakeholders, Board reserved matters for Board's approval and terms of reference of the Board Committees.</p> <p>The Board delegates the day-to-day management of the Group's businesses to the GCEO and the overall business and operations of the Group is managed by the GCEO who is not a Board member. The GCEO is accountable to the Board for the overall organisation, management and staffing of the Group and for its procedures in financial and operational matters, including conduct and discipline. The authority limits of the GCEO are stipulated in the Company's Limits of Authority duly approved by the Board. The Board also delegates certain responsibilities to various Board Committees with defined terms of reference.</p> <p>The Board Charter will be reviewed from time to time, when necessary, to update and streamline the necessary provisions in the Board Charter to be in line with the regulatory changes and development and to reflect the relevant changes made to the Terms of Reference of the Board Committees. The Board Charter is accessible on Pos Malaysia's website at www.pos.com.my.</p>
Explanation for departure	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Pos Malaysia Code of Conduct and Business Ethics (PMCCBE) provides the guidelines and commitment of the Company to carry out the business in the most professional, fairness and transparent ways by avoiding self-interest and improper work ethic. The content of the PMCCBE includes:-</p> <ul style="list-style-type: none">i) Responsibility and Accountability, which specify the responsibility of each individual in promoting good business conduct - roles of senior, middle and lower management as well as vendors, suppliers and contractors;ii) Job value, which specify the commitment of each employee to serve duty without compromising the company integrity – value of trust, avoidance of personal interest, healthy work practice and etc;iii) Company image, which specify the responsibility of each individual to protect the company interest and provide healthy work practice, which include the professional appearance, protection of company's asset, protection of intellectual property and safe keeping of confidential information;iv) Personal declaration of individual property and involvement in business;v) Dealing with outsiders, which specify the professionalism and integrity in venturing into legitimate and ethical business by avoiding self-interest, corruption, money laundering, bribery, insider trading and personal contribution;vi) Dealing with government, NGOs and political organization – compliance to various acts such as Anti-Money Laundering, Anti-Terrorism Financing Act 2001, Anti-Corruption Act 1997, Personal Data Protection Act 2012 and etcvii) Dealing with vendor and competitors – transparency in doing business, protection of legitimate business information, principle of fair competition;viii) Disciplinary and Misconduct – punishment for non-compliance of PMCCBE.

Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

Application	:	Applied
Explanation on application of the practice	:	<p>Pos Malaysia Berhad has in place a Whistle Blowing Policy ("WB Policy") since year 2008. It was revisited in February 2017 for enhancement in term of its scope to receive reports from not only employees but also members of the public regarding any breach or suspected breach of any laws or regulations, including business principles and the Group's policies and guidelines, in a safe and confidential manner.</p> <p>Disclosure of information can be made to one or more of the following persons within the company:</p> <ol style="list-style-type: none">1. Head, Internal Audit Department ("IAD")2. Group Chief Executive Officer3. Board Audit Committee ("BAC") Chairman4. Senior Independent Director <p>Any complaints and concerns regarding the Head of IAD can be channelled directly to the BAC Chairman. Any complaints and concerns regarding the Group Chief Executive Officer and any members of the Board of Directors can be channelled directly to the BAC Chairman and/or Senior Independent Director.</p> <p>WB Policy and its disclosure procedure are accessible to the public for reference on the Company's website and displayed at branches to raise concerns on any wrongdoings or corruptions. Whistle blowing programme is administered by IAD whereby concerns received were directed to the Investigation Unit for necessary actions. All cases are subjected to due process of investigation and any reports produced will be presented to the BAC.</p>
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.1

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board currently consists of eight (8) members, comprising three (3) Non-Independent Non-Executive Directors and five (5) Independent Non-Executive Directors. A majority of the Board members are Independent Non-Executive Directors to ensure balance of power and authority on the Board.</p> <p>A self-assessment on independence was carried out by all the Independent Non-Executive Directors, using the criteria of independence prescribed under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. All the Independent Non-Executive Directors confirmed satisfaction of all the criteria of independence. The Board Nomination and Remuneration Committee reviewed the same and agreed that the Independent Non-Executive Directors are able to exercise independent and objective judgment in carrying out their duties as Independent Directors. This pronouncement was subsequently endorsed by the Board.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.2

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

Application	:	Applied - Annual shareholders' approval for independent directors serving beyond 9 years
Explanation on application of the practice	:	<p>Currently, there are two (2) Independent Non-Executive Directors namely, YBhg. Dato' Ibrahim Mahaludin bin Puteh ("Dato' Ibrahim") and YBhg. Dato' Abdul Hamid bin Sh Mohamed ("Dato' Hamid"), who have served on the Board for a cumulative term of more than nine (9) years.</p> <p>Based on the annual assessment on independence of the Independent Non-Executive Directors conducted, Dato' Ibrahim and Dato' Hamid had continued to display the highest level of integrity and all characteristics of an Independent Director based on the following justifications:-</p> <ul style="list-style-type: none">(i) They had fulfilled the criteria as Independent Directors as prescribed under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Therefore, both are able to exercise independent and objective judgement;(ii) They have the relevant experience, possess in-depth knowledge of Pos Malaysia's business operations, proven commitment, and contribute actively and positively during Board and Board Committees' deliberation. They had also displayed high level of competency and integrity to effectively advise and provide oversight of the management of the Company;(iii) They had devoted sufficient time and effort to attend all Board and Board Committees' meetings for regular updates and balanced decision making. They are still able to exercise independent and balanced judgement, and demonstrate objectivity in their deliberation in the best interest of the Company; and(iv) They had exercised due care as Independent Directors of Pos Malaysia and carry out their fiduciary duties in the interest of the Company, shareholders as well as stakeholders.

	<p>The Company would be seeking shareholders' approval at the forthcoming 2018 Annual General Meeting of the Company scheduled for 29 August 2018 to retain Dato' Ibrahim and Dato' Hamid as Independent Directors.</p> <p>No Independent Non-Executive Director has served more than twelve (12) years.</p>	
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.3 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The Company has adopted the policy which limits the tenure of its Independent Directors to nine (9) years.</p> <p>The Board Charter provides that the tenure of an Independent Director of the Company should not exceed a cumulative term of nine (9) years. The nine-year period can either be based on a consecutive service basis or a cumulative basis with intervals.</p> <p>In the event the Board wishes to maintain the directorate of an Independent Director beyond the nine-year limitation period, the Board must justify and seek specific Shareholders' approval on the matter at the Company's general meeting. If Shareholders' approval is not obtained, upon completion of the nine-year period, an Independent Director may still continue to serve on the Board but subject to him/her being re-designated as Non-Independent Director.</p>

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.4

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board Nomination and Remuneration Committee ("BNRC") is responsible for reviewing and recommending to the Board any new appointment of Director and that appointment is based on merit, skills and experience with due regard to the requirements of Chapter 2, Paragraph 2.20A of the Main Market Listing Requirements of Bursa Securities.</p> <p>In evaluating the suitability of individuals for appointment of Board membership, the BNRC considers the requisite mix of skills, knowledge, expertise, experience, professionalism, integrity, capabilities, time commitment, number of directorships, and composition requirements for Board and Board Committees as priority to ensure that there is an appropriate mix of diversity, skills, experience and expertise represented on the Board.</p> <p>Diversity of gender, ethnicity and age within the Board is also important, and this includes appropriate mix of skills, experience and competencies which are relevant to enhance the Board's composition and functions. The Board takes cognisance of board diversity whenever a vacancy arises to ensure a balanced and diverse Board composition.</p> <p>Appointments of Group Chief Executive Officer and other key senior management are also based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.</p>
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

Application	:	Departure
Explanation on application of the practice	:	<p>The Board has formalised a Board Diversity Policy and such policy is contained in the Board Charter which is published on Pos Malaysia's website at www.pos.com.my.</p> <p>The Board supports the gender boardroom diversity as recommended under the Malaysian Code of Corporate Governance ("MCCG") by taking various steps to ensure women candidates are considered as part of the recruitment exercise despite not setting any target for Pos Malaysia towards meeting the recommendation under the MCCG. Pos Malaysia recognises that advancing gender equality throughout business operations and value chains can tap better talent, higher productivity, better organisational effectiveness and overall corporate success.</p> <p>The Board Nomination and Remuneration Committee and the Board take cognisance of the gender diversity by reviewing the appropriate proportion of female to male Directors on the Board at the time of considering new appointment of Directors to the Board. Nevertheless, the normal selection criteria based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board will remain a priority.</p> <p>Currently, there are two (2) female Directors out of the total eight (8) Directors on the Board namely, YBhg. Datuk Puteh Rukiah binti Abd. Majid and Cik Sharifah Sofia binti Syed Mokhtar Shah, representing 25% of the total Board members.</p>
Explanation for departure	:	<p>Currently, the composition of the Board comprises 25% female Directors, which is marginally below 30%.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The Board takes cognisance to achieve 30% gender diversity in Board composition to support women participation in decision making positions. However, the normal selection criteria based on an effective

	blend of competencies, skills, extensive experience and knowledge to strengthen the Board will remain a priority.	
Timeframe	:	Others

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

Application	:	Applied
Explanation on application of the practice	:	<p>One of the functions of the Board Nomination and Remuneration Committee ("BNRC") is to propose to the Board for its consideration suitable candidates for appointment as Directors of Pos Malaysia.</p> <p>The Board will seek recommendation/referral from various sources including our existing Directors, major shareholders and a wide network of industry contacts including independent sources, where required, to source and nominate suitable candidates for appointment as Directors. Nomination for appointment of Director also comes from the Minister of Finance Incorporated ("MOF Inc") as Special Shareholder holding one (1) Special Rights Redeemable Preference Share in Pos Malaysia. MOF Inc has the right to appoint up to two (2) Board representatives on the Board of Pos Malaysia.</p> <p>The list of candidatures obtained from external sources are limited due to the nature of the industry and the highly regulated environment in which the Group operates.</p> <p>When evaluating a candidate for new appointment, the BNRC takes into account the candidates' skills, knowledge, expertise, experience, professionalism and integrity. The BNRC also consider gender diversity in reviewing the appropriate proportion of female to male Directors on the Board for any new appointment. In the case of a candidate for the position of an Independent Director, the BNRC would consider the candidate's ability to discharge such responsibilities/functions as expected of an Independent Director. The Board will then make the final decision on the appointment of Director upon recommendation of the BNRC.</p> <p>As Pos Malaysia is licensed by Bank Negara Malaysia ("BNM") under the Money Services Business Act 2011 for its remittance business and is also licensed by the Malaysian Communications and Multimedia Commission ("MCMC") under the Postal Services Act 2012 for its postal services, all new appointment of Directors are also subject to the fulfillment of a "fit and proper" test as prescribed by BNM and MCMC.</p>
Explanation for departure	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.7

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The current composition of the Board Nomination and Remuneration Committee ("BNRC") comprises the Chairman, who is Non-Independent Non-Executive Director, and three (3) Independent Non-Executive Directors.</p> <p>Although the Chairman of the BNRC is not an Independent Director nor a Senior Independent Non-Executive Director, the Board is of the view that the BNRC is able to discharge its duties transparently, independently and objectively according to the written Terms of Reference ("TOR") of the BNRC as set by the Board. Any decision of the BNRC is decided by way of majority votes and the spirit of check and balance could still be maintained since majority of the members of the BNRC are Independent Non-Executive Directors.</p> <p>The TOR of the BNRC provides that the membership of the BNRC shall comprise of only Non-Executive Directors, a majority of whom shall be Independent Directors.</p> <p>The functions and duties of the BNRC are set out in the TOR of the BNRC includes amongst others, appointment of Board members including Chairman, Board Committees, Group Chief Executive Officer ("GCEO") and other Chief Level Officers as well as annual review of performance and effectiveness of Board, Board Committees, individual Director, GCEO and other Chief Level Officers.</p> <p>The TOR of the BNRC is accessible on Pos Malaysia's website or in the Board Charter published at www.pos.com.my</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The Board take cognisance of having Independent Director or Senior Independent Director as Chairman of the Nominating Committee, but at this juncture, believes that the BNRC shall be able to discharge its duty efficiently, with the current composition.

Timeframe	:	Others	Please specify number of years.
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Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Practice 5.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

Application	:	Departure
Explanation on application of the practice	:	<p>The Board Nomination and Remuneration Committee ("BNRC") is entrusted by the Board under its Terms of Reference with carrying out the necessary evaluation of the effectiveness of the Board, Board Committees and individual Directors on an annual basis to ensure that the Board has the appropriate mix of skills and experiences and discharges its duties effectively.</p> <p>The annual evaluation on the effectiveness of the Board and Board Committees is conducted and facilitated by the Company Secretary through self-assessment methodologies whereby the following questionnaires were given to all the members of the Board and the respective Board Committees for assessment :-</p> <ol style="list-style-type: none">1. Evaluation of the Effectiveness of the Board Questionnaire2. Evaluation of the Effectiveness of the Board Committees Questionnaire <p>The criteria used in the assessment for the Board encompassed the Board's roles and responsibilities, mix of characteristics, experiences, skills, conduct of meetings, participation and contribution of Board members in meetings, Board diversity (including gender diversity) and the overall performance of the Board. Whilst the criteria used in the assessment for the Board Committees encompassed the roles and responsibilities, skills and competencies, conduct of meetings, participation and contribution of the Board Committees' members in meetings and the overall performance of the Board Committees.</p> <p>For assessment of individual Director, each Director is required to carry a self-assessment on his/her capability, expertise, competency, experience, ethical standards and integrity. Each Director is also required to map his/her skills and experiences against the Company's requirements to determine the skills and trainings required by each Director (if necessary) for him/her to effectively discharge his/her duties and responsibilities as Director. Effective from the financial year ended 31 March 2018 ("Period Under Review"), the individual Director was also requested to conduct a peer-assessment on the other</p>

Directors for a greater objectivity and prudent assessment on the effectiveness of the individual Director.

The BNRC also carried out an assessment on the independence of each Independent Director in accordance with the criteria of independence as stipulated under the Main Market Listing Requirements of Bursa Securities in order to ensure that the Independent Directors are capable of exercising their duties and judgment independently.

The BNRC reviewed and satisfied with the structure, size, balance and composition of the Board and Board Committees including terms of office of its members, and recommended to the Board for endorsement to maintain the current structure, size and composition of the Board and Board Committees as well as the terms of office of its members.

The abovementioned assessments of the Board, Board Committees and individual Directors as well as independence of Independent Directors were undertaken for the Period Under Review and internally facilitated by the Company Secretary. The results of the assessments as well as the comments and suggestions made thereon were deliberated by the BNRC and the necessary action plans for improvement were thereafter proposed for consideration and approval by the Board.

Based on the results of the assessments, generally, the overall performance of the Board and Board Committees for the Period Under Review was rated consistently good. The Board was satisfied that the Board and Board Committees have discharged their duties and responsibilities effectively.

The training programmes attended by the Directors during the financial year ended 31 March 2018 were as follows:-

No.	Name	Training Attended
1.	Dato' Ibrahim Mahaludin bin Puteh	<ul style="list-style-type: none"> • Visit to KPMG CyberHub • Half day Seminar on "IS DIVERSITY REQUIRED IN THE BOARDROOM"? • Leading In a Volatile, Uncertain, Complex, Ambiguous (VUCA) World • Briefing on Level of Security and Protection on Cyber Security • In-House Compliance Training for Board of Directors and Senior Management of Pos Malaysia Berhad on:- <ul style="list-style-type: none"> - Money Services Business Act 2011 - Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2011

	2.	Dato' Sri Syed Faisal Albar bin Syed A. R Albar	<ul style="list-style-type: none"> • Visit to KPMG CyberHub • In-House Compliance Training for Board of Directors and Senior Management of Pos Malaysia Berhad on:- <ul style="list-style-type: none"> - Money Services Business Act 2011 - Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2011
	3.	Datuk Puteh Rukiah binti Abd. Majid	<ul style="list-style-type: none"> • Seminar on Implementing a Risk Management & Internal Control Framework Based On The Malaysian Code on Corporate Governance 2017 • Corporate Director Advanced Programme ("CDAP") – Financial Language in the Board Room • Effective Internal Audit Function for Audit Committee Workshop – A Programme for Audit Committee Members. • In-House Compliance Training for Board of Directors and Senior Management of Pos Malaysia Berhad on:- <ul style="list-style-type: none"> - Money Services Business Act 2011 - Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2011 • Corporate Governance Briefing Session:- <ul style="list-style-type: none"> - Malaysian Code on Corporate Governance Reporting and Corporate Governance Guide
	4.	Dato' Abdul Hamid bin Sh Mohamed	<ul style="list-style-type: none"> • Cyber Risk Awareness Training and Visit to KPMG Asia Pacific Cybersecurity & Digital Hub • Proposed Listing Requirements ("LR") and Companies Act 2016 ("CA 2016") Workshop-Key Amendments to LR Arising from CA 2016 • Khazanah Megatrends Forum 2017 Cerebrum X Algorithm – Building True Value in a Post – Truth World • In-House Compliance Training for Board of Directors and Senior

			<p>Management of Pos Malaysia Berhad on:-</p> <ul style="list-style-type: none"> - Money Services Business Act 2011 - Anti-Money Laundering, Anti Terrorism Financing And Proceeds of Unlawful Activities Act 2011 • The Financial Institutions Directors' Education Core Programme <ul style="list-style-type: none"> - Module A • Capital Market Director Programme <ul style="list-style-type: none"> - For Equities & Future Broking (Module 1, 2A, 3 & 4) - For Fund Management (Modules 1, 2B, 3 & 4) • Cyber Security for Financial Services Industry – What the C-Suite and Board of Directors should know
	5.	Datuk Idris bin Abdullah @ Das Murthy	<ul style="list-style-type: none"> • An Awareness Program on Malaysian Code on Corporate Governance ("MCCG") and The Latest Updates on Main Market Listing Requirements ("MMLR") of Bursa Malaysia • In-House Compliance Training for Board of Directors and Senior Management of Pos Malaysia Berhad on:- <ul style="list-style-type: none"> - Money Services Business Act 2011 - Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2011
	6.	Tan Sri Dato' Sri Zamzamzairani bin Mohd Isa	<ul style="list-style-type: none"> • Crisis Communications • Overview of the Impact of MFRS 15 and MFRS 9 • In-House Compliance Training for Board of Directors and Senior Management of Pos Malaysia Berhad on:- <ul style="list-style-type: none"> - Money Services Business Act 2011 • CRO Forum 2018 <ul style="list-style-type: none"> - Navigating the Challenging Risk Landscape
Explanation for departure	:	The Board endeavours to engage an independent consultant to facilitate the evaluation exercise, periodically or where necessary in future.	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure	:	The Board endeavours to engage an independent consultant to facilitate the evaluation exercise, periodically or where necessary in future.	
Timeframe	:	Within 2 years	

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied														
Explanation on application of the practice	:	<p>The remuneration policies for Directors, Group Chief Executive Officer ("GCEO") and other Chief Level Officers are reviewed by the Board Nomination and Remuneration Committee ("BNRC") prior to making its recommendation to the Board for approval. The BNRC ensure that the level and composition of remuneration of Directors, GCEO and other Chief Level Officers is fair to attract and retain the Directors, GCEO and other Chief Level Officers of the right calibre, experience and quality needed to drive and manage the Group successfully.</p> <p><u>Remuneration policies for Non-Executive Directors</u></p> <p>The Board determines and decides the fees and remuneration payable to Non-Executive Directors as a whole based on their experience, expertise and level of responsibilities undertaken by the Non-Executive Director. Non-executive Directors will be paid a basic fee as ordinary remuneration and will be paid a sum based on their responsibilities in the Board Committees.</p> <p>Besides Directors' fees, Non-Executive Directors will also be paid meeting allowances for every Board and Board Committee meeting, and general meeting that they attend. The Company also reimburses reasonable expenses incurred by the Directors in the course of their performance of duties as Directors.</p> <p>The yearly Directors' Fees and meeting allowances for Non-Executive Directors are as follows:-</p> <table><tr><th rowspan="2">Board/Board Committees</th><th colspan="2">Directors' Fees (RM)</th></tr><tr><th>Chairman</th><th>Members</th></tr><tr><td>Board</td><td>120,000</td><td>80,000</td></tr><tr><td>Board Audit Committee</td><td>15,000</td><td>10,000</td></tr><tr><td>Other Board Committees</td><td>8,000</td><td>6,000</td></tr></table>	Board/Board Committees	Directors' Fees (RM)		Chairman	Members	Board	120,000	80,000	Board Audit Committee	15,000	10,000	Other Board Committees	8,000	6,000
Board/Board Committees	Directors' Fees (RM)															
	Chairman	Members														
Board	120,000	80,000														
Board Audit Committee	15,000	10,000														
Other Board Committees	8,000	6,000														

Meeting Allowances		Amount per meeting attended
a.	Board of Directors	RM1,000
b.	Board Audit Committee	RM2,500
c.	Board Nomination and Remuneration Committee	RM1,000
d.	Board Risk, Sustainability and Compliance Committee	RM1,000
e.	Board Tender Committee	RM1,000
f.	General meeting	RM1,000

Both Directors' fees and meeting allowances are subject to shareholders' approval at the Company's annual general meeting ("AGM") pursuant to Section 230(1) of the Companies Act 2016.

Directors' fees in respect of the financial year under review will be paid to the Non-Executive Directors after being approved by the shareholders at the AGM. Whilst, meeting allowances will be paid to the Non-Executive Directors upon their attendance at meeting(s) after the meeting.

The Board remuneration review is carried out by the BNRC on a periodical basis of every three (3) years for recommendation to the Board to reflect the complexity of the Company's activities and added responsibility of the Board members. Market survey data, and remuneration of other companies of similar industry and market capitalisation as the Company would be used as benchmarks in the review.

Remuneration policies for GCEO and other Chief Level Officers

The level and make-up of the remuneration of the GCEO and other Chief Level Officers are structured so as to link rewards with corporate and individual performance. The BNRC determines the Corporate Key Performance Indicators ("KPIs") and structures the rewards for the GCEO and other Chief Level Officers based on their performance against the Corporate KPIs set and recommend to the Board for approval.

Salary Review Exercise for Executive was conducted in April 2016 with the objective to ensure that the remuneration of its employees is aligned with the prevailing market rate. The exercise involved external salary benchmarking with public listed and multinational companies based on Hay Group's Salary and Remuneration Report.

The new salary scale for executive including senior management was established to replace the old salary scale that had been practiced since 2011. The salary review exercise has put most senior management salary at P50 percentile of market practice which is considerably competitive compared to services and courier industry practice. Salary adjustment and benefit review for senior management was implemented in July 2017 in accordance with the Salary Review Exercise.

Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board Nomination and Remuneration Committee ("BNRC") comprises four (4) Non-Executive Directors, three (3) of whom are Independent Directors.</p> <p>The BNRC is also entrusted by the Board to implement policies and procedures on matters relating to the remuneration of Board, Group Chief Executive Officer and other Chief Level Officers as illustrated in Practice 6.1.</p> <p>The written terms of reference of the BNRC which deals with its authority, duties and responsibilities, is accessible on Pos Malaysia's website at www.pos.com.my or in the Board Charter.</p> <p>The BNRC meets as and when required, and at least once a year. The BNRC met 3 times during the financial year ended 31 March 2018.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Application	:	Applied			
Explanation on application of the practice	:	Details of remuneration of the individual Directors of Pos Malaysia Berhad (received or to be received from the Company) for the financial year ended 31 March 2018 are as follows:-			
		Name of Director	Director's fees (RM)	Board Committee's fees (RM)	Meeting allowances (RM)
		Brigadier General (K) Tan Sri Dato' Sri (Dr) Haji Mohd Khamil bin Jamil <i>(Resigned on 1 April 2018)</i>	120,000	8,000	13,000
		Dato' Ibrahim Mahaludin bin Puteh	80,000	24,000	40,500
		Dato' Sri Syed Faisal Albar bin Syed A.R Albar	80,000	Nil	9,000
		Datuk Puteh Rukiah binti Abd. Majid	80,000	17,989.04	36,500
		Dato' Abdul Hamid bin Sh Mohamed	80,000	21,000	36,500
		Datuk Idris bin Abdullah @ Das Murthy <i>(Appointed on 1 November 2017)</i>	33,095.89	5,791.78	8,000
		Tan Sri Dato' Sri Zamzamzairani bin Mohd Isa <i>(Appointed on 1 December 2017)</i>	26,520.55	1,989.04	4,000
		Dato' Eshah binti Meor Suleiman <i>(Resigned on 1 November 2017)</i>	46,904.11	8,208.22	6,000
		Lim Hwa Yu <i>(Resigned on 1 December 2017)</i>	53,479.45	8,021.92	10,000

	Datuk Mohamed Razeek bin Md Hussain Maricar (Retired on 28 February 2018)	73,205.48	14,641.09	30,000
	Dato’ Sri Dr. Mohmad Isa bin Hussain (Retired on 11 March 2018)	75,616.44	Nil	6,000
	Ahmad Suhaimi bin Endut (Alternate Director to Dato’ Sri Dr. Mohmad Isa bin Hussain) (Ceased on 11 March 2018)	Nil	Nil	2,000
	Total	748,821.92	109,641.09	201,500
	<p><i>Note :</i></p> <p>1) <i>Directors’ fees and Board Committees’ fees will be paid to the Directors after being approved by the shareholders at 26th Annual General Meeting (“AGM”) of the Company scheduled for 29 August 2018.</i></p> <p>2) <i>Directors’ benefits comprising meeting allowances had been approved by the shareholders at the 25th AGM of the Company held last year on 22 August 2017.</i></p>			
Explanation for departure :				
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.				
Measure :				
Timeframe :				

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application	:	Departure														
Explanation on application of the practice	:															
Explanation for departure	:	<p>The Board is of the opinion that disclosing the remuneration of senior management will not be in the best interest nor to the advantage to the Group considering the highly competitive employment market for talents. It will also give rise to talent management and retention issues.</p> <p>The aggregated total remuneration of key management personnel of the Group is disclosed in Note 6 of the Audited Financial Statements of the Company for the financial year ended 31 March 2018.</p> <p>The top 6 senior management’s remuneration (including salary, bonus, allowances and other emoluments) are disclosed in the bands of RM50,000, as follows:-</p> <table><tr><th>Range of remuneration (per annum)</th><th>Number of Senior Management Personnel</th></tr><tr><td>RM300,001 to RM350,000</td><td>1</td></tr><tr><td>RM550,001 to RM600,000</td><td>1</td></tr><tr><td>RM600,001 to RM650,000</td><td>1</td></tr><tr><td>RM650,001 to RM700,000</td><td>1</td></tr><tr><td>RM900,001 to RM950,000</td><td>1</td></tr><tr><td>RM1,150,001 to RM1,200,000</td><td>1</td></tr></table> <p>Currently, the performance of senior management personnel is evaluated on an annual basis and measured against their Key Performance Indicators sets for the year. The Board will ensure that the remuneration for the senior management personnel commensurate with their performance in order to attract, retain and motivate them to contribute positively to the Group’s performance.</p>	Range of remuneration (per annum)	Number of Senior Management Personnel	RM300,001 to RM350,000	1	RM550,001 to RM600,000	1	RM600,001 to RM650,000	1	RM650,001 to RM700,000	1	RM900,001 to RM950,000	1	RM1,150,001 to RM1,200,000	1
Range of remuneration (per annum)	Number of Senior Management Personnel															
RM300,001 to RM350,000	1															
RM550,001 to RM600,000	1															
RM600,001 to RM650,000	1															
RM650,001 to RM700,000	1															
RM900,001 to RM950,000	1															
RM1,150,001 to RM1,200,000	1															
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.																

Measure	:	The Board will continue to evaluate the implications and will make the necessary disclosures if satisfied that it is in the best interest of the Group to do so.	
Timeframe	:	Others	Please specify number of years.

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.3 - Step Up

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 8.1

The Chairman of the Audit Committee is not the Chairman of the board.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Chairman of the Board Audit Committee (“BAC”) is YBhg. Dato’ Abdul Hamid bin Sh Mohamed, an Independent Non-Executive Director who is not the Chairman of the Board.</p> <p>The BAC comprises four (4) members who are all Independent Non-Executive Directors.</p> <p>Details of the composition and activities of the BAC are set out in the Audit Committee Report contained in the 2018 Annual Report.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 8.2

The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

Application	:	Applied	
Explanation on application of the practice	:	<p>So far, Pos Malaysia has never appointed a former key audit partner as a member of the Board Audit Committee (“BAC”).</p> <p>The Terms of Reference of the BAC had been revised and adopted by the Board on 28 May 2018 to include the observation of cooling-off period of at least two (2) years before a former key audit partner can be appointed as a member of the BAC.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board Audit Committee's ("BAC") Terms of Reference cites among others the functions and duties of the BAC in recommending to the Board, nomination of external auditors, fees and any question of resignation or dismissal of external auditors.</p> <p>The Board established the Policy on External Auditors' Independence in 2014.</p> <p>The BAC reviewed the engagement and independence of the external auditors, their scope, approach in the conduct of the audit examination, their focus on key audit matters and reports on the financial statement of the Group and met with the external auditors at least once a year without the presence of Management.</p> <p>The BAC also reviewed the overall performance of external auditors through online evaluation questionnaires and, upon satisfactory assessment of the effectiveness of the external auditors, recommended their reappointment and fees payable in respect of the scope of work performed to the Board for approval.</p> <p>The TOR of BAC is accessible on Pos Malaysia's website at www.pos.com.my or in the Board Charter.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	The composition of the Board Audit Committee has been changed to solely comprise of three (3) members, all of whom are Independent Non-Executive Directors since 1 March 2018.

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 8.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

Application	:	Applied
Explanation on application of the practice	:	<p>All members of the Board Audit Committee ("BAC") are financially literate and have sufficient understanding of the Group's businesses. They are well-equipped with relevant knowledge and experience to effectively discharge their duties and responsibilities as members of the BAC in accordance with the Terms of Reference of the BAC. The Chairman of the BAC is a Chartered Certified Accountant with the Association of Chartered Certified Accountants and the former Chief Financial Officer of Bursa Securities. The qualification and experience of each member of the BAC are disclosed in the Profile of Board of Directors section of the 2018 Annual Report of the Company.</p> <p>The Board through the Board Nomination and Remuneration Committee reviews the term of office of the BAC members and assesses the performance of the BAC and its members through an annual evaluation. Based on the outcome of the evaluation for the financial year ended 31 March 2018, the Board was satisfied with the BAC's performance.</p> <p>All members of the BAC had undertaken continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules. Details of the training programmes attended by the BAC members are disclosed in Practice 5.1 of this CG Report.</p> <p>The members of the BAC would be briefed on the relevant changes in the financial reporting standards by the External Auditors at the BAC meeting.</p> <p>The detailed report of the BAC's activities for the financial year ended 31 March 2018 is set out in the Audit Committee Report contained in the 2018 Annual Report of the Company.</p>

Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.1

The board should establish an effective risk management and internal control framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises the fact that an effective risk management practice is a critical component of a sound system of risk management and internal control. In view of this, there is a systematic process to identify, evaluate and manage significant risks faced by the Group that may impede the achievement of the Group's objectives.</p> <p>The Board has a stewardship responsibility to understand these risks, communicating the requirements of this policy and to guide the organisation in dealing with these risks.</p> <p>The policies of the Board are:</p> <ul style="list-style-type: none">• To manage risks proactively;• To manage risks pragmatically to acceptable levels given the circumstance of each situation;• To manage risk routinely and in an integrated and transparent way in accordance with good governance practices; and• To ensure that an effective and formalised Enterprise Risk Management ("ERM") Policy and Procedure Manual ("Framework") is established and maintained by the Group. <p>The Group adopts ISO 31000 Risk Management Standards as a primary foundation and reference for the ERM framework. Via this standard, the Group aims to achieve a common understanding, consistency and effective ERM implementation across the Group. At the same time, the framework facilitates the Management in making sound business decisions with the aspiration to lead the Group towards a more proactive and inclusive risk management approach to mitigate threats and capitalise on opportunities.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The Group adopts ISO 31000 Risk Management Standards as a primary foundation and reference for the Enterprise Risk Management (ERM) framework. The key features of the ERM framework are elaborated as follows:-</p> <p>i. Establish the Context: To identify strategic objectives to be pursued from both the external and internal environment. External environmental factors include the effects on primary competition and regulations, while internal environmental factors consist of primarily business processes, capabilities, organisational culture and strategic plans.</p> <p>ii. Risk Identification: To identify and define the specific risks and sources of risks such as threat of substitution and / or digitalisation that will impact mail business performance. Risks that have been identified will be categorised into one of the following categories:-</p> <p>a. Market and Business Risk – exposure to uncertainty due to competition and/or fiscal policy changes which are external to the Group and beyond the control of the organisation.</p> <p>b. Strategic Risk – exposure to uncertainty arising from long-term or short-term policy decisions based on current strategy of the Group.</p> <p>c. Operational Risk – exposure to uncertainty arising from daily strategic business activities related to business operation, process or technology changes.</p> <p>d. Reputational Risk – exposure to uncertainty arising from brand or image of the Group.</p> <p>e. Information/System Risk – exposure to uncertainty arising from cyber threat, loss or inaccuracy of data, Information Technology ("IT") systems or reported information.</p> <p>f. Financial Risk – exposure related to loss of monetary resources or incurring unacceptable liabilities.</p>

	<p>g. Organisational Risk – exposure related to the organisational structure, management, and employees which include skills and competencies of the employees.</p> <p>h. Compliance Risk – exposure to uncertainty arising from inadequacy of compliance to require mandatory or established regulations and policies.</p> <p>i. Sustainability Risk – exposure related to sustainability matters namely environmental, economic and social whilst conducting the business.</p> <p>iii. Risk Analysis: This involves due consideration of the causes of risk, their positive and negative impact to the Group and the likelihood of occurrence. Risk is assessed by considering its impact and likelihood.</p> <p>iv. Risk Evaluation: To make decisions about further actions whether a risk needs to be managed or mitigated. Risk with high exposures will be prioritised considering its cost and benefit.</p> <p>v. Risk Treatment: Process of initiating responsive or pre-emptive actions for managing risks and restricting those to tolerable levels within the Group’s risk appetite levels. There are a range of options to response to risks listed as follows:-</p> <ul style="list-style-type: none"> • Terminate (Avoid): Deciding not to pursue with the activities that will likely generate the risks. • Treat (Mitigate): Introducing controls or action plans to manage the risks. • Transfer (Spread): Transferring or sharing the risk with third parties via considering amongst others insurance, hedging, joint ventures, outsourcing and smart partnerships. • Take (Accept): Using the strength and capabilities of the Group to accept the risks to build competitive edge over others. <p>vi. Risk Monitoring and Reviewing: Monitoring ensures that as risks change due to their dynamic nature, new measures are introduced to manage these risks. Monitoring and reviewing also involve amongst others learning from past experiences of the risk management process by reviewing events, the action plans and the possible outcomes.</p> <p>vii. Risk Communication and Consultation: This takes place in each step of the risk management process to ensure that views of stakeholders, management and the Board are taken into account. The communication flows vertically</p>
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	<p>(both top-down & bottom-up approaches) and horizontally (across departments). Key risks are being communicated formally via periodic risk reporting to Risk Management and Compliance Committee (“RMCC”), Board Risk, Sustainability and Compliance Committee (“BRSCC”), and Board of Directors (“Board”). Any constraints / limitations in managing risks will be highlighted in such report for decision or consent.</p> <p>The RMCC is supported by the Risk Management Department (“RMD”) in monitoring, analysing and reporting of the risks identified enterprise-wide and as the facilitator in the risk assessment process. RMD evaluates the risk policies and procedures, and initiates improvements by maintaining awareness of trends and developments in risk management that may have significant impact to the organisation.</p> <p>Risk owners will ensure that the risk registers and risk profiles are updated accordingly. The risk registers and risk profiles are updated quarterly, and the consolidated reports are tabled to the RMCC, BRSCC and Board.</p>	
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The Board Risk Management and Compliance Committee ("BRSCC") of the Company was renamed as Board Risk, Sustainability and Compliance Committee in February 2018 following the additional function entrusted on them in overseeing sustainability reporting of the Group in addition to overseeing the Company's risk management framework and policies.</p> <p>The BRSCC comprises three (3) members, all of whom are Independent Non-Executive Directors as follows :-</p> <ol style="list-style-type: none">1. Dato' Ibrahim Mahaludin bin Puteh - <i>Chairman</i>2. Tan Sri Dato' Sri Zamzamzairani bin Mohd Isa3. Datuk Idris bin Abdullah @ Das Murthy

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established an in-house internal audit function for Pos Malaysia Berhad and its group of companies. The Head of Internal Audit Department ("IAD") reports directly to the Board Audit Committee ("BAC") on a functional basis and to the Group Chief Executive Officer administratively.</p> <p>In this respect, the Head of IAD periodically reports on the activities performed as well as key control issues noted by the internal auditors to the BAC.</p> <p>The IAD function undertakes an independent assessment on the internal control system of the Group and on a quarterly basis provides assurance to the BAC that no material issue or major deficiency has been noted which would pose a high risk to the overall system of internal control under review.</p> <p>To ensure that the responsibilities of IAD are fully discharged, the BAC reviews:-</p> <ol style="list-style-type: none">the appointment and removal of the Head of IAD;the adequacy of the IAD's scope, competency level, experience, and resources of the function; andthe IAD's performance. <p>The IAD engagements were carried out based on annual audit plan approved by the BAC. The results of the audits as disclosed in the IAD reports were reviewed by the BAC.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.2

The board should disclose—

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

Application	:	Applied
Explanation on application of the practice	:	<p>In accordance with the Internal Audit Charter of Pos Malaysia (Section 2.3 Objectives and 2.4 Independence), internal auditors are required to act as an independent function that adds value to improve the operations of Pos Malaysia Berhad. The Head of Internal Audit Department ("IAD") reports directly to the Board Audit Committee ("BAC") on a functional basis and to the Group Chief Executive Officer administratively.</p> <p>The IAD had 24 personnel comprising the Head of IAD and 23 internal auditors. The Head of IAD, Encik Annas bin Bahari is a Chartered Member of the Institute of Internal Auditors Malaysia, a Chartered Member of Malaysian Institute of Accountants and a Fellow Member of CPA Australia. Academically, he holds a Bachelor of Commerce Degree from University of New South Wales, Australia and Executive Master in Management from Asia Metropolitan University, Cyberjaya. The internal auditors have various qualifications including the Certified Information Systems Auditor and Master of Business Administration, and members of the Institute of Internal Auditors Malaysia, Malaysian Institute of Accountants and Association of Chartered Certified Accountants.</p> <p>In accordance with the Terms of Reference of the BAC, an annual assessment of the performance of the internal audit function had been performed in January 2018. The BAC was satisfied with the level of competency, experience, and resources of the IAD function for discharging its role and responsibilities.</p> <p>IAD adopts the International Professional Practices Framework to manage its functions and perform the audit engagements to continuously deliver value-added assurance to Pos Malaysia and to support Pos Malaysia in achieving its corporate and strategic objectives. IAD is also guided by the internal policies, procedures and framework as well as the Internal Control Framework of the Committee of Sponsoring Organisations of the Treadway Commission (COSO) in</p>

	assessing and reporting on the adequacy and effectiveness of internal control, risk management and governance.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges the importance of continuous and effective communications with the Company's shareholders, investors and other stakeholders. The Board also recognises its responsibility of being transparent and accountable to its shareholders and other stakeholders.</p> <p>The Group has been communicating with the stakeholders and investors via quarterly financial reports, annual reports, announcements, circulars and press releases. In addition, the Company also conducts briefings and dialogues with financial analysts, institutional investors and fund managers via Investors' Briefings on a quarterly basis to keep investors informed of the Group's activities and developments.</p> <p>The Company's corporate website, www.pos.com.my, also provides an avenue for keeping the general public updated on the activities of the Group. The website is a source of information on the Group's financial results, services and products, annual reports, press releases, events, newsletters, media highlights, corporate governance matters and other relevant information.</p> <p>There is a dedicated channel on Investor Relations as stated in the Annual Report and the corporate website where any inquiry from the investors or stakeholders may be channelled. Any inquiry on Investor Relations matters may be conveyed to:-</p> <p>Mr. Niu Jit Aun Head, Investor Relations Tel : +603-2267 2274 Email : jitaun@pos.com.my</p> <p>The Company's general meetings serve as the principal forum for communicating with the shareholders of the Company. At these meetings, shareholders have direct access to the Directors and are given ample opportunity and time to raise questions or seek further information from the Directors regarding the Group's activities, financial performance and prospects as well as raise any issues of</p>

	<p>concern regarding the Group. Besides the Directors, the Senior Management and the Company's external auditors are present at the general meetings to take questions from the shareholders.</p> <p>Prior to tabling of proposed resolutions at a general meeting, the shareholders are presented with an overview of the financial highlights and performance of the Group in respect of the financial year under review and the Group's key growth initiatives going forward. The questions from the Minority Shareholders Watchdog Group and the Company's responses were projected and briefed to the attendees at the general meeting for information.</p>	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	Pos Malaysia Berhad has yet to adopt integrated reporting based on the globally recognised framework as such integrated reporting is still new in the current market. Nevertheless, the current financial reporting and annual report complies with the applicable accounting standards, Companies Act, 2016 and Main Market Listing Requirements of Bursa Securities.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Pos Malaysia Berhad will continue to keep abreast with the latest developments in integrated reporting requirements and work towards adopting integrated reporting based on a globally recognised framework.
Timeframe	:	Within 3 years

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

Application	:	Applied
Explanation on application of the practice	:	<p>2017 Annual General Meeting (“AGM”) of the Company was held on 22 August 2017. The Notice of 25th AGM was issued to the shareholders of the Company on 31 July 2017 i.e. 22 days prior to the date of AGM in compliance with the 21 days requirement under the Company’s Constitution, Companies Act, 2016 and Listing Requirements of Bursa Malaysia Securities Berhad.</p> <p>For the forthcoming 2018 AGM which is scheduled for 29 August 2018, the Notice of 26th AGM is scheduled to be issued to the shareholders of the Company on 31 July 2018 i.e. 28 days prior to the date of AGM.</p> <p>The notice of AGM with sufficient information of businesses to be dealt with thereat, was sent to shareholders together with the Annual Report. The notice of AGM was published in one national newspaper to provide for wider dissemination of such notice to encourage shareholder participation.</p> <p>Each item of special business included in the notice of AGM was accompanied by an explanatory statement for the proposed resolution to facilitate better understanding and enable shareholders to make an informed decision in exercising their voting rights.</p> <p>In addition, the notice of AGM and Proxy Form which were contained in the Annual Report, were posted on the websites of Pos Malaysia at www.pos.com.my and Bursa Securities at www.bursamalaysia.com</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board members are encouraged and have always committed to attend all general meetings of the Company.</p> <p>All Directors attended the 25th Annual General Meeting ("AGM") held on 22 August 2017.</p> <p>The Chairman of the respective Board Committees also availed themselves at the AGM should there be any queries on matters that fall under their purview.</p> <p>Besides the Board members, Group Chief Executive Officer ("GCEO"), Senior Management and external Auditors are usually present at the AGM to provide responses to the questions addressed to them by the shareholders/proxies.</p> <p>At the AGM, the GCEO presented an overview of the Group's performance and key strategies to the shareholders. He provided explanations to questions raised by shareholders/proxies.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate—

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board is of the view that the current state of technology that enables voting in absentia has not been proven in terms of security and reliability.</p> <p>The AGM of the Company is usually held at prominent hotel, which is easily accessible with free parking provided in the premises. Public transport is also available for shareholders' convenience.</p> <p>Shareholders are allowed to appoint corporate representative(s) or proxy(ies) to attend, participate, speak and vote on their behalf at general meetings.</p> <p>The voting at the AGM was conducted on a poll in accordance with Chapter 8, Paragraph 8.29A of the Main Market Listing Requirements of Bursa Securities by way of electronic voting since 2016 to facilitate the voting process in a more efficient manner as well as ensuring transparency and accuracy of the voting results.</p> <p>The Company appointed Symphony Share Registrars Sdn Bhd being the Share Registrars of the Company as Poll Administrator to conduct the polling process, and a third party as Scrutineers to verify the poll results.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The Board will monitor the development of this practice in the market and the availability of a suitable and reliable voting system to facilitate voting in absentia and remote participation by shareholders.
Timeframe	:	Others
		Please specify number of years.

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

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