

TERMS OF REFERENCE OF BOARD NOMINATION AND REMUNERATION COMMITTEE

I. Constitution

- I.1 The Board Nomination and Remuneration Committee (“**BNRC**”) shall be formed by the Board of Directors of the Company (“**Board**”) and the Committee members shall be appointed by the Board from amongst the Board members.
- I.2 The functions and authority of the BNRC extends to Pos Malaysia and all its subsidiaries as well as joint venture and associate companies where management responsibility is vested on Pos Malaysia or subsidiaries of Pos Malaysia (collectively referred to as the “**Group**”).

2. Objectives

- 2.1 The objectives for the formation of the BNRC are as follows:-
- (a) To review the Board composition and recommend to the Board appointment of new Directors of the Group and Board Committees.
 - (b) To evaluate the effectiveness of the Board, Board Committees and contributions of each individual Director.
 - (c) To review the Managing Director’s/Group Chief Executive Officer’s and Executive Director’s objectives and goals and the assessment of performance of these persons against those benchmarks.
 - (d) To review the performance evaluation of Chief Level Officers as defined under the Human Resource Policy (“**Chief Level Officers**”).

- (e) To determine the level and composition of remuneration for the Managing Director/Group Chief Executive Officer, Executive Directors (if any) and Chief Level Officers so as to ensure that the Group attracts and retains the Managing Director/Group Chief Executive Officer, Executive Directors and Chief Level Officers of the appropriate calibre, experience and quality needed to run the Group successfully. The level and composition of the remuneration should be structured so as to link rewards with corporate and individual performance.
- (f) To develop policies, practices and recommend proposals appropriate to facilitate the recruitment and retention of the Managing Director/Group Chief Executive Officer, Executive Directors (if any) and Chief Level Officers.

2.2 In carrying out the duties, members of the Committee shall have no interest direct or indirect with the outcome of the decision and having due regard to the interest of Shareholders and to the continuing financial and commercial health of the Group.

3. Authority

- 3.1 The BNRC has the authority to carry out the functions as stated in its Terms of Reference and report to the Board with recommendations.
- 3.2 The BNRC wherever necessary and reasonable for the performance of its duties, shall in accordance with the same procedures adopted by the Board and at the cost of the Group:-
 - (a) Have the resources which are required to perform its duties;
 - (b) Have full and unrestricted access to any employee and information pertaining to the Group; and
 - (c) Be able to engage independent professional advisers or other advisers and to secure attendance of outsiders with relevant experience and expertise if it considers this necessary.

4. Membership

- 4.1 The members of the BNRC shall be appointed by the Board of Directors of Pos Malaysia and shall consist of not less than three (3) members. If the membership for any reason fall below three members, the Board of Directors shall, within three (3) months of that event, appoint such number of new members as may be required to fulfil the minimum requirement.
- 4.2 The BNRC shall be composed of only Non-Executive Directors, a majority of whom shall be Independent Directors.
- 4.3 The appointment of a BNRC member terminates when the members ceases to be a director, or as determined by the Board.
- 4.4 In the event of equality of votes, the Chairman shall have a casting vote.

5. Functions & Duties

- 5.1 For Nominations, the BNRC shall:-
- (a) Propose to the Board suitable candidates for appointment as Directors, Managing Director/Group Chief Executive Officer and Executive Directors (if any) in Pos Malaysia and consider the following aspects when considering new appointments on the Board:-
- (i) The candidates' skills, knowledge, expertise, experience, professionalism and integrity;
 - (ii) In the case of candidates for the position of Independent Non-Executive Directors, the ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors; and
 - (iii) Board diversity in terms of age, gender and culture.

- (b) Propose to the Board the membership and Chairmanship of Board Committees.
- (c) Review annually the Board structure, size, balance and composition to ensure that the Board comprises a majority of Non-Executive Directors and is in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad and has the appropriate mix of skills and experience. The Committee shall also review the core competencies which Non-executive Directors shall bring to the Board and other qualities to function effectively and efficiently.
- (d) Propose succession planning for the Managing Director/Group Chief Executive Officer, Executive Director (if any) and Chief Level Officers.
- (e) Recommend Director(s) who are retiring (by casual vacancy and by rotation) for re-election at the Company's Annual General Meeting.
- (f) Recommend Independent Director(s) who has/have served a cumulative term limit of nine (9) years for re-appointment at the Company's Annual General Meeting.
- (g) Deliberate and recommend any termination of membership of any Director of the Company (if necessary) due to appropriate reasons in accordance with the relevant laws and regulations.
- (h) Ensure that all Board appointees undergo the necessary training programmes prescribed by the applicable statutory and regulatory bodies.
- (i) Provide for adequate training and orientation for new directors with respect to the business, structure and management of the Company as well as the expectations of the Board with regards to their contribution to the Board and Group.

- (j) Assess annually the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual Director, including Independent Non-Executive Directors, as well as the Managing Director/Group Chief Executive Officer and Executive Director (if any) and the Committee shall ensure that all assessments and evaluations carried out by the Committee in the discharge of all its functions shall be properly documented.
- (k) Review the terms of office and performance of the Board Audit Committee and each of the members for recommendation to the Board annually to determine whether the Board Audit Committee and its members have carried out their duties in accordance with their Terms of Reference.

5.2 For Remuneration, the BNRC shall:-

- (a) Establish and recommend to the Board the remuneration framework, structure and policy of the Managing Director/Group Chief Executive Officer, Executive Directors (if any) and Chief Level Officers as well as to review any changes to the same as and when necessary. The Committee may obtain independent professional advice and any other information necessary in determining the framework. This would include establishing a formal and transparent procedure in developing a policy on the remuneration and benefits of the Managing Director/Group Chief Executive Officer, Executive Director (if any) and Chief Level Officers.
- (b) Recommend to the Board, the terms of employment of the Managing Director/Group Chief Executive Officer and the Executive Directors (if any).
- (c) Recommend to the Board, proposal on the Managing Director/Group Chief Executive Officer's and Executive Director's (if any)

remuneration and benefit including pension, share option and compensation payment (if any).

- (d) Recommend to the Board performance contracts and key performance indicators (KPI) for the Managing Director/Group Chief Executive Officer and the Executive Director (if any) and to assess the Managing Director's and Executive Director's performance against these KPIs.
- (e) Deliberate and recommend to the Board compensation commitments/severance payments for the Managing Director/Group Chief Executive Officer or Executive Director (if any) or any of the Chief Level Officers in the event of termination of the employment/service contracts (if necessary) by the Company and/or the Group.
- (f) Recommend to the Board the remuneration package and terms of employment of the Chief Level Officers.
- (g) Recommend to the Board key performance indicators (KPIs) for the Chief Level Officers and the Chief Level Officers' performance against these KPIs.
- (h) Recommend to the Board, bonus payment for the Managing Director/Group Chief Executive Officer, Executive Directors (if any) and Chief Level Officers which should be made based on their respective performance relative to the KPI set.
- (i) To deliberate and thereafter recommend to the Board of Directors for endorsement, the proposed appointment of Directors at Pos Malaysia's active and operating subsidiaries, associate companies and investee companies together with their remuneration packages except in the case where the proposed appointed Directors are employees of Pos Malaysia Group.

- (j) To endorse the proposed appointment of Directors at Pos Malaysia's active and operating wholly owned subsidiaries in the case where the proposed appointed Directors are employees of Pos Malaysia Group and for the Board of Directors to thereafter be informed of the proposed appointment.
- (k) Consider other matters as may be referred to the Committee by the Board.

6. Meetings

- 6.1 Meetings of the BNRC shall be held not less than twice in a financial year of the Company. The Managing Director/Group Chief Executive Officer shall always be invited to attend meetings of the BNRC save for meeting(s) convened to deliberate matters pertaining to the Managing Director/Group Chief Executive Officer.
- 6.2 Upon the request of any member of the BNRC, the Chairman of the BNRC shall convene a special meeting of the BNRC to consider any matter brought up by the Member.
- 6.3 The quorum for a meeting of the BNRC shall be two (2) members. In the absence of the Chairman, the members present shall elect a chairman for the meeting from amongst the members present.
- 6.4 The meetings of the BNRC shall be governed by the provisions contained in the Memorandum and Articles of Association of Pos Malaysia for regulating the meetings and proceedings of the Directors unless otherwise provided for in this Terms of Reference.
- 6.5 The Committee may request other Directors, members of Management, counsels and consultants as applicable to participate in Committee meetings, as and when necessary.

- 6.6 A committee member shall excuse himself/herself from the meeting during discussions or deliberations of any matter which gives rise to a situation of an actual or perceived conflict of interest for the member. Where this cause insufficient directors to make up a quorum, the BNRC has the right to appoint another Director, which meets the membership criteria.
- 6.7 The Secretary of the BNRC shall be the Company Secretary of the Company or any other person as the Committee may decide.
- 6.8 The BNRC meeting agendas shall be the responsibility of the BNRC Chairman with input from the BNRC Committee members. The Chairman may also ask Management and others to participate in this process.
- 6.9 Unless a meeting is called on a short notice basis, the agenda for each meeting shall be circulated at least five (5) full working days before each meeting to the BNRC members and all those who are required to attend the meeting. Written materials including information requested by the BNRC from Management shall be received together with the agenda for the meetings.
- 6.10 Minutes of the BNRC meetings shall be tabled at the meeting of the Board. When presenting any recommendation to the Board, the BNRC will provide such background and supporting information as may be necessary for the Board to make an informed decision.
- 6.11 The BNRC shall cause minutes to be duly entered in the books provided for the purpose of all resolutions and proceedings of all meetings of the BNRC. Such minutes shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting and if so signed, shall be conclusive evidence without any further proof of the facts thereon stated. The minutes of the BNRC meeting shall be available to all Board members.
- 6.12 The BNRC, through its Chairman, shall report matters to the Board highlighted to the BNRC after each meeting.

7. Miscellaneous

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

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