

**KIP REIT MANAGEMENT SDN BHD**  
**(Registration No. 201501044317 (1169638-M))**  
(Incorporated in Malaysia)

**BOARD CHARTER**  
(2021)

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## **1.0 INTRODUCTION**

The Board of Directors (“the Board”) of KIP REIT Management Sdn Bhd (“the Manager” or “the Company”) is committed to ensuring that high standards of corporate governance are practiced by the Company as the Board recognises that this is vitally important to the performance and success of the business of the Company and the KIP Real Estate Investment Trust (“KIP REIT”) besides protecting and enhancing shareholders’ value, KIP REIT unitholders’ value and the performance of the KIP REIT.

In line with this, the Board has formalised this Board Charter as part of the Company’s corporate governance framework. This Board Charter sets out the roles, functions and responsibilities of the Board members and declares that the principles and practices of good corporate governance shall be applied in all the Board’s dealings in respect and on behalf of the Manager and KIP REIT. It also sets out the policies and practices of the Board in respect of its duties, functions and responsibilities and functions delegated to the management of the Company.

## **2.0 KIP REIT**

The KIP REIT is a real estate investment trust established with the principal investment strategy of investing, directly and indirectly, in a portfolio of income-producing real estate used primarily for retail purposes with a focus towards community-centric retail centres and for industrial or commercial purposes, including, without limiting the generality of the foregoing, warehousing facilities, logistics facilities and manufacturing sites as well as real estate-related assets. Its key objective is to provide unitholders with regular and stable distributions, sustainable long term unit price and distributable income and capital growth, while maintaining an appropriate capital structure.

## **3.0 THE MANAGER**

The Manager is established to manage and administer the KIP REIT in accordance with the objectives and investment policies of the KIP REIT, in compliance with the Trust Deed entered into between the Company and the Trustee constituting the KIP REIT, applicable laws and regulations, and the Memorandum and Articles of Association of the Company.

The Manager is also responsible for developing strategic direction and plan, establish and monitor the progress and performance of the Management in meeting its goals and corporate objectives with a view of protecting KIP REIT unitholders’ interests and maximizing the unitholders’ value.

## **4.0 THE BOARD**

### **4.1 Purpose, Key Values and Principles**

The Board is charged with leading and managing the Company in an effective and responsible manner. For this purpose, the Board recognises that it must set the Company’s values and standards to ensure that its obligations to its shareholders, KIP REIT unitholders and stakeholders are understood and met.

The following are key values and principles that the Board shall embrace in meeting the above purpose:

- (a) The Directors, collectively and individually, must constantly be and are aware of their legal duty to act in the best interest of the Company and their responsibilities to its shareholders and stakeholders including KIP REIT unitholders for the manner in which the affairs of the Company and the KIP REIT are managed.
- (b) The Board strives to follow the principles and best practices stated in the latest Malaysian Code on Corporate Governance (“MCCG”) released by the Securities Commission Malaysia (“SC”). The extent of its compliance with the principles and best practices in corporate governance is set out in the narrative statement in the KIP REIT’s Annual Report pursuant to the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).
- (c) The Board must ensure that the Company and the KIP REIT comply with all the contractual, statutory and any other legal obligations, including the requirements and various guidelines issued by any regulatory body including Bursa Securities and the SC.

#### **4.2 Roles and Responsibilities**

- (i) The principal roles, functions and responsibilities of the Board include the following:
  - (a) To establish, review and approve the objectives, strategic and business plans and significant policies for the Company and to ensure that the Company’s goals are clearly established;
  - (b) To formulate policies, oversee and evaluate the conduct of the businesses of the Company and the KIP REIT;
  - (c) To oversee and evaluate the conduct and performance of the Company and the KIP REIT and to monitor corporate performance against the strategic plans and business plans of the Company and the KIP REIT;
  - (d) To oversee the conduct of the management of the assets under the Company’s portfolio;
  - (e) To consider management’s recommendations on key issues including acquisitions, disposals, divestments, funding and significant capital expenditure;
  - (f) To observe its legal and fiduciary obligations and to ensure that the Company and the KIP REIT comply with the various guidelines issued by Bursa Securities and the SC relating to disclosures and internal audit functions;
  - (g) To review the adequacy of the internal control policy;
  - (h) To ensure identified risks are properly managed;
  - (i) To ensure that there is an appropriate succession plan for members of the Board and senior management;
  - (j) To establish various Board Committees and ensure their effectiveness to address specific issues by considering recommendations of the various Board Committees and acting on their reports;

- (k) To establish written procedures determining which issues require a decision of the full Board and which issues can be delegated to Board Committees or the Management;
- (l) To develop and review corporate governance principles and policies;
- (m) To develop and implement an investor relations programme or shareholder communication policy;
- (n) To approve announcements including the approval and release of financial results and annual reports; and
- (o) To perform such other functions as are prescribed by law or other matters and/or transactions that fall within the ambit of the Board pursuant to the Companies Act 2016, Listing Requirements of Bursa Securities, Company's Constitution, Terms of Reference of the respective Board Committees, the Company's Discretionary Authority Limits Manual or any other applicable rules.

(ii) Senior Independent Non-Executive Director

The Board approves the appointment of a Senior Independent Non-Executive Director ("SID") to whom shareholders and unitholders' concerns can be conveyed to. The SID shall be nominated from amongst the Independent Non-Executive Directors.

The SID generally has the same responsibilities as other director. However, his/her role is expanded to include the following:

- (a) Serve as a sounding board for the Chair and act as an intermediary for other directors when necessary;
- (b) Serve as a designated contact for consultation and direct communication with shareholders and other stakeholders;
- (c) Receive whistleblowing reports made by stakeholders to the Audit and Risk Management Committee as prescribed by KIP REIT's Whistleblowing Policy

#### **4.3 Board Size, Composition and Board Balance**

The Board shall consist of qualified individuals with diverse experience, background and perspectives. The composition and size of the Board shall be such that it facilitates the making of informed and critical decisions.

The Company's Constitution provide that the number of directors shall not be less than two (2) or more than fifteen (15). At all times, the Board shall have a balanced composition of Executive and Non-Executive Directors, with at least two (2) or one-third (1/3), whichever is higher, being independent directors. However, the Board must comprise a majority of independent directors where the Chairman of the Board is not an independent director to ensure there is a balance of power and authority in the Board. If the number of directors of the Company is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) must be used.

The Board with the guidance of the Nomination Committee shall review the skills represented by Directors on the Board and determine whether the composition and mix of those skills remain appropriate for the Company's strategy.

A Director of the Manager shall not hold office as:-

- (i) a director of more than one management company at any one time; and
- (ii) a member of the Investment Committee of REIT managed and administered by another management company.

There shall be clear segregation of responsibilities between the Executive and Non-Executive Directors to ensure a balance of power and authority. Generally, the Executive Directors are responsible for making and implementing operational and corporate decisions whereas the Non-Executive Directors' role is to ensure corporate accountability by providing unbiased and independent views as well as contributing their knowledge and experience towards the corporate decision-making process.

The roles of the Chairman and Chief Executive Officer ("CEO") shall be distinct and separate to ensure that there is a balance of power and authority to facilitate effective oversight and clear segregation of duties. In this respect, the office of the Chairman and the CEO shall be assumed by different persons.

In the event there is a potential conflict of interest, it is a mandatory practice for the Director concerned to declare his interest and abstain from any Board deliberations and decisions.

Non-executive Directors shall meet as a group at least once a year without the presence of the Executive Directors.

#### **4.4 Chairman**

The Board shall appoint a Chairman from among the Directors. The Chairman is responsible for the overall leadership and efficient functioning of the Board.

The roles of the Chairman, amongst others, shall include the following:

- (a) To lead the Board effectively on all aspects of its role;
- (b) To ensure that the Board functions effectively and independently of Management;
- (c) To promote constructive and respectful relations of all Board members and also amongst management;
- (d) To chair the board meetings and ensure the efficient organisation and conduct of the meetings i.e. to ensure that no Director dominates discussions during meetings and also to ensure appropriate discussions take place and the relevant opinion amongst Directors are forthcoming;
- (e) To chair shareholders' meetings and to ensure a smooth, open and constructive dialogue between the Board and the shareholders;
- (f) To ensure that there is effective communication between the Manager and the KIP REIT and the Company's shareholders, relevant stakeholders and KIP REIT unitholders;
- (g) Managing the interface between board and management; and
- (h) Leading the Board in establishing and monitoring good corporate governance practices in Company.

#### **4.5 CEO**

The Company shall not appoint anyone as its CEO unless such appointment has been approved by the SC. Subject to the approval of the SC, the Directors may from time to time appoint any one (1) or more of their members to be the CEO of the Company, who must be a full time officer, either for a fixed term or without limitation as to the period for which he is or they are to hold office and may from time to time (subject to provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place.

The roles of the CEO, amongst others, shall include the following:

- (a) To determine the direction of the Manager and the KIP REIT through strategic planning and implementing relevant strategies;
- (b) To ensure that the businesses of the Manager and the KIP REIT are properly and efficiently managed by ensuring that the executive team implements the strategies and policies adopted by the Board and its Committees;
- (c) To assess business opportunities which are of potential benefit to the Manager and the KIP REIT;
- (d) To ensure that the objectives and standards of performance are understood by the management and employees;
- (e) To monitor performance results against plan; and
- (f) To bring material and other relevant matters to the attention of the Board in a timely and accurate manner.

#### **4.6 Appointment and Re-election of Directors**

The appointment of Directors shall be conducted through a formal and transparent process, as adopted by the Board. The potential candidate shall be assessed and reviewed by the Nomination Committee (“NC”) taking into account the required mix of skills, experience and other relevant qualities including core competencies which are required to well manage the business with the aim to meet the current and future needs of the Board composition prior to its recommendation to the Board and approval of the SC.

The Company Secretary shall ensure that all appointments are properly made for the purposes of meeting statutory obligations, as well as obligations arising from the Listing Requirements of Bursa Securities, SC or other regulatory requirements.

The Company’s Articles of Association states that one-third (1/3) of the Board for the time being, shall retire from office and be eligible for re-election provided that at all times, each Director shall retire from office once at least in each three (3) years, but shall be eligible for re-election.

A CEO shall while he continues to hold that office, be subject to retirement by rotation and he shall be taken into account in determining the rotation or retirement of Directors but shall subject to the provisions of any contract between him and the Company be subject to the same provisions as to resignation and removal as the other Directors of the Company. If he ceases to hold the office of Director of the Company for any cause, he shall ipso facto and immediately cease to be a CEO.

The election of each Director shall be voted separately unless a motion for the appointment of two (2) or more persons as Directors by a single resolution shall be so made at the general meeting has first been agreed to by the meeting without any vote being given against it. To assist the shareholders or unitholders in their decision making, sufficient information such as the personal profile, attendance of Board meetings and shareholdings in the Group held by each Director standing for re-election will be furnished in a separate Statement Accompanying the Notice of Annual General Meeting.

The directorships held by any Board member in listed issuers at any one time shall not exceed the limit prescribed by the Listing Requirements of Bursa Securities.

The tenure of an Independent Director should not exceed a cumulative term of nine (9) years as recommended in the MCCG. The MCCG also recommends that upon completion of nine (9) years, an Independent Director may continue to serve on the Board as a Non-Independent Director. In the event the Board intends to retain such a Director as an Independent Director, the Board must justify and seek annual shareholders' and unitholders' approval through a two-tier voting process.

The Board, through the NC, annually appraises its composition to ensure it has the required mix of skills, experience and other qualities, including core competencies which are required for them to discharge their duties and responsibilities effectively and efficiently.

#### **4.7 Gender Diversity**

The Company does not practice any form of gender biasness as both genders shall be given fair and equal treatment. Any new appointments to the Board shall be based on merits instead of fulfilling any gender quotas.

#### **4.8 Board Meeting**

The Board shall meet at least once every quarter to facilitate the discharge of their responsibilities. Members of the Management who are not Directors may be invited to attend and speak at meetings on matters relating to their sphere of responsibility.

At each scheduled meeting, the agenda and relevant Board papers shall be circulated to all Board members well in advance and the Board members are expected to review in advance any such materials in order to facilitate meaningful deliberation during each meeting.

In convening the Board Meetings, all procedures to meet the requirements of a valid Board Meeting shall follow the Company's Articles of Association. All proceedings in Board Meetings shall be recorded as minutes. Minutes of the Board Meetings shall include a record of the decision and resolution of the Board Meetings, to be circulated in a timely manner but no later than three (3) weeks from the meeting date and are properly maintained by the Company Secretary.

#### **4.9 Annual Performance Evaluation of the Board, Board Committees and Individual Directors**



The Board recognises the importance of assessing the effectiveness of individual Directors, the Board as a whole and its Committees. The Board shall, through the NC, conduct annual evaluation on its effectiveness as a whole, contribution of each individual Director and the Committees established by the Board. The Board shall undertake an assessment of its independent directors annually including the review of the term of office and performance of Audit and Risk Management Committee (“ARMC”) and its members by NC annually. Pursuant to the Listing Requirements of Bursa Securities, an Independent Director is a director who is independent of management and free from any business or relationship with the Company and the KIP REIT that could materially interfere with, or could reasonably be perceived to interfere with, the exercise of their unfettered and independent judgment.

The assessment of the Board is based on specific criteria, covering areas such as the Board structure, Board operations, roles and responsibilities of the Board and the Board Committees. For individual assessment, the assessment criteria include time commitment and contribution, inputs during the meeting and the quality of the inputs. The results of the above assessment shall form the basis of the NC’s recommendation to the Board for the re-election of Directors at the next AGM.

#### **4.10 Directors’ Remuneration**

The Company has adopted the principle recommended by the Code whereby the level of remuneration is sufficient to attract and retain the Directors needed to run the Company successfully and increase entity value to the benefit of shareholders and unitholders. The remuneration policy for Executive Directors shall be based on the achievements and contribution of each Executive Director measured against their respective Key Performance Indicators. The level of remuneration for the Executive Directors shall be determined by the Remuneration Committee (“RC”) after giving due consideration to the compensation levels for comparable positions among other similar industry.

For Non-Executive Directors, the level of remuneration reflects the level of responsibilities undertaken by the particular Non-Executive Director concerned. In attaining this, the RC shall establish a remuneration framework for Directors and made recommendations to the Board on all elements of remuneration, terms of employment, reward structure and fringe benefits for Directors. The Non-Executive Directors shall receive a fixed base fee and not by a commission on or percentage of profits or turnover, as consideration for their duties. The fees payable to the Directors shall from time to time be subject to the approval of the shareholders and unitholders at a General Meeting.

#### **4.11 Delegation to Management**

The Board’s role is to govern the Company rather than to manage it. In governing the Company, the Directors must act honestly, fairly, diligently and in accordance with the law and in the best interests of the Company as a whole. It is the role of Management to manage the Company and the KIP REIT in accordance with the direction of and delegation by the Board and the responsibility of the Board to oversee the activities of Management in carrying out these delegated duties.

#### **4.12 Directors’ Continuing Education**

In addition to the Mandatory Accreditation Programme (“MAP”) as required by Bursa Securities, Directors are also encouraged to attend suitable continuing education / training

programmes conducted by highly competent professionals and which are relevant to the Company's operations and business. This shall enable the Directors to effectively discharge their duties and sustain active participation in the Board deliberations. The Board shall assess the training needs of the Directors from time to time and disclose in the Annual Report the trainings attended by the Directors.

#### **4.13 Succession Review**

In addition to reviewing the performance of the Directors and Board Committees, the Board shall develop and review periodically the succession plans of the Company for the Chairman, the CEO and other key executive officers, including the appointment, training and monitoring of such persons, based on the recommendations of the NC.

#### **4.14 Supply of / Access to Information**

The Company aims to provide all Directors with timely and quality information and in a form and manner appropriate for them to discharge their duties effectively.

The Management is responsible for providing the Board with the required information in an appropriate and timely manner. The Chairman, assisted by the Company Secretary, shall assess the type of information required to be provided to the Board. If the information provided by the Management is insufficient, the Board shall make further enquiries where necessary to which the persons responsible shall respond as fully and promptly as possible.

Notices of meetings setting out the agenda and accompanied by comprehensive Board papers shall be provided to all Directors well in advance of each Board meeting. The board papers that cover updates on operational, financial and corporate developments shall be circulated to the Directors on a timely manner to enable them to have a comprehensive understanding on matters to be deliberated. The Directors could obtain further information or seek clarification from the Management before making an informed decision.

All Directors whether as a full Board or in their individual capacities, shall have access to all information in relation to the Manager and the KIP REIT as well as the advice and services of the Company Secretary. In addition, the Directors may engage external and independent professional advisors, whenever required, at the expense of the Company or the KIP REIT in order to discharge their duties and responsibilities more effectively.

#### **4.15 Company Secretary**

The Board is assisted by qualified and competent Company Secretaries ("Company Secretary") who ensure that the Board procedures are followed, and applicable rules and regulations are complied with.

Among others, the Company Secretary also advise the Directors of their obligations and duties to disclose their interest in securities, disclosure of any conflict of interest in a transaction involving the Group, prohibition on dealing in securities and restrictions on disclosure of price-sensitive information and relevant regulatory updates to laws and requirements, where applicable.

The Company Secretary also safeguards all statutory books and records of the Company and maintains the statutory registers of the Company. The Company Secretary also ensures

that all Board meetings are properly convened, and that accurate and proper records of proceedings and resolutions passed are maintained. In addition, the Company Secretary also ensures that any change in the statutory information of the Company and KIP REIT is duly completed in the relevant prescribed forms and lodged with the Registrar of Companies within the required period of time.

## **5.0 BOARD COMMITTEES**

The Board shall establish the ARMC, NC and RC to assist it in carrying out specific responsibilities for the Company, and such committees shall operate within clearly defined terms of reference. Notwithstanding the aforesaid, the ultimate responsibility for the final decision remains with the Board.

### **5.1 ARMC**

The key responsibilities of the ARMC is to assist the Board in assessing the risks and control environment, overseeing financial reporting, evaluating the internal and external audit process as well as reviewing situations caused by conflict of interest and related party transactions of the Company and the KIP REIT.

The Board shall appoint the members of the ARMC from amongst its Directors based on the following requirements:

- the ARMC must be composed of not fewer than three (3) members;
- all the ARMC members must be Non-Executive Directors, with a majority of them being Independent Directors; and
- at least one member of the ARMC:-
  - must be a member of the Malaysian Institute of Accountants; or
  - if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and -
    - (i) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
    - (ii) he must be a member of one of the Associations of Accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
  - fulfils such other requirements as prescribed or approved by Bursa Securities
- No alternate Director shall be appointed as a member of the ARMC.

The Chairman of the ARMC shall be an Independent Director elected amongst its members.

A summary of the terms of reference of ARMC is attached as Appendix I.

### **5.2 NC**

NC shall consist of not less than three (3) members. The NC comprises exclusively of Non-Executive Directors, a majority of whom must be Independent.

The role of the NC amongst others, shall include the following:-

- To assess and recommend to the Board suitable candidates to act as directors of the Company.
- To review the structure, size and composition of the Board.
- To carry out annual performance assessment on the Board as a whole including the performance and contribution of each director and the Committees to ensure that the Board has the optimal mix of qualifications, skills, experience and other qualities, including core competencies which they should possess in order to serve the Board effectively and efficiently.
- To recommend to the Board candidates for re-election of directors by shareholders under the annual re-election provisions or retirement.
- To undertake an assessment of its independent directors annually.
- To assess and recommend to the Board, the independent directors' potentiality in the event of retaining as an independent director after serving in that capacity for a cumulative term of nine (9) years.
- To review the succession plans for Directors and other key executive officers to ensure that an appropriate balance of skills, experience etc. necessary for the Company's business be maintained.
- To review and recommend suitable training programmes for the Board members including board induction and training for new directors.

A summary of the terms of reference of NC is attached as Appendix II.

### **5.3 RC**

RC shall consist of not less than three (3) members and be composed exclusively or a majority of Non-Executive Directors.

The role of the RC shall include the following:-

- To establish a formal and transparent remuneration policy or framework for directors, senior and key management personnel.
- To recommend the remuneration framework for Directors as well as the remuneration packages of CEO, Executive Directors, senior and key management positions such as Chief Financial Officer, Chief Operating Officer and Senior General Manager.
- To review the performance of and recommend to the Board for approving the annual total remuneration packages of individual executive directors and senior management.
- To review and recommend the remuneration of non-executive directors to the Board.
- To communicate with shareholders or unitholders on executive remuneration when necessary.
- To formulate and review the said remuneration packages with the aim of attracting, retaining and motivating individuals of the highest caliber which are required to manage the business of the Company and uphold shareholders' and unitholders' interest.
- To review and make recommendations on any other matters related to remuneration referred by the Board from time to time.
- To ensure that during the course of the Board's deliberation in determining the remuneration packages for the Executive Directors, none of the Executive Directors shall participate in the aforesaid deliberation. Further, the concerned Directors shall

abstain from participating in the decision-making process of their respective remuneration packages.

During the course of the Board's deliberation in determining the remuneration packages for the Executive Directors, none of the Executive Directors shall participate in the aforesaid deliberation. Further, each Director shall abstain from participating in the decision-making process of their respective remuneration packages.

A summary of the terms of reference of RC is attached as Appendix III.

The NC and RC may be combined as the Board may deem fit provided always that the committee shall comprise exclusively of non-executive directors, a majority of whom must be independent and that committee provides dedicated attention to discuss matters relating to remuneration of directors and senior management.”

## **6.0 DIRECTORS' CODE OF ETHICS**

The Company and KIP REIT have the Code of Ethics and Conduct which sets out the standards and ethical conduct expected of the Directors. A summary of the Directors' Code of Ethics and Conduct is made available for reference on the Company's website at [www.kipreit.com.my](http://www.kipreit.com.my)

## **7.0 WHISTLEBLOWING POLICY**

The Company has in place a WhistleBlowing Policy with a well-defined process to provide an independent feedback channel through which employees or other stakeholders may, in good faith, raise concerns about possible improprieties in matters relating to financial reporting or other matters. All cases are independently investigated and appropriate actions taken where required.

The Company expects all parties to always act in good faith and have reasonable grounds when reporting a WhistleBlowing complaint. However, malicious or false allegations by a whistle blower shall be viewed seriously and treated as a gross misconduct and if proven may lead to dismissal.

A copy of the WhistleBlowing Policy is made available for reference on the Company's website at [www.kipreit.com.my](http://www.kipreit.com.my)

## **8.0 REVIEW OF BOARD CHARTER**

The Board shall review the Board Charter from time to time and make the necessary amendments as it deems appropriate, to ensure that the Charter remain consistent with the Board's objectives and will reflect changing legal, regulatory and ethical standards. The Board Charter is made available for reference on the Company's website at [www.kipreit.com.my](http://www.kipreit.com.my)

The Board Charter was amended and approved by the Board of Directors on 20 October 2021.