

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 5280  
**COMPANY NAME** : KIP Real Estate Investment Trust  
**FINANCIAL YEAR** : June 30, 2022

## 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.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: The Board is committed to collectively discharging their fiduciary duties in an ethical, prudent and professional manner while executing all the following responsibilities, including:  i) <u>Reviewing and Adopting a Strategic Plan for KIP REIT</u> Due consideration is given to the management's strategic and business plans for KIP REIT. The Board is expected to review, deliberate and decide on the implementation of these plans to maximise sustainable and long-term value creation for its stakeholders. The Board must also ensure that the strategic objectives of KIP REIT is taken into consideration in approving any such proposals put forth by the management.  ii) <u>Evaluating the Conduct and Overall Management of the Manager and Management of KIP REIT's Assets</u> The Board is responsible for the evaluation and review of KIP REIT's operational and financial performance on a quarterly basis against the annual budget that has been approved yearly by the Board. The Board shall evaluate the management's performance against the Key Performance Index as decided by the Board and shall compare the financial results to industry benchmarks.  iii) <u>Identifying Principal Risks and ensuring the Implementation of Appropriate Internal Controls and Mitigation Measures</u> The Board, as assisted by the Audit and Risk Management Committee ("ARMC"), is committed to being proactive in identifying principal risks as they arise and shall table such

	<p>discussions on a periodic basis during Board meetings. Where key risks are identified, the Board shall deliberate on the effectiveness of management’s internal controls and where necessary propose amendments or additional internal controls to mitigate the threats arising from the key principal risks.</p> <p>iv) <u>Ensuring that Orderly Succession Plans are in place</u> The Board shall deliberate on the plans and actions taken in respect to succession planning by ensuring that all candidates appointed to senior management positions or elected as a member of the Board shall have the requisite skills and experiences to hold such positions and are aligned with KIP REIT’s Fit and Proper Policy.</p> <p>v) <u>Overseeing the Development and Implementation of a Unitholder Communications Policy for KIP REIT</u> The Board shall ensure that the Manager keeps unitholders and other relevant stakeholders of KIP REIT informed about its performance and development. In line with KIP REIT’s Communications Policy, public announcements and engagements with unitholders and other relevant stakeholders through different mediums are held to ensure transparency.</p> <p>vi) <u>Reviewing the Adequacy and Integrity of Management Information and Internal Controls System of KIP REIT</u> The Board, through delegation of the ARMC, reviews and considers the information produced by the management. While the Board assumes overall responsibility over KIP REIT’s system of risk management and internal controls, it is also supported by various committees at the Board and Manager’s level to ensure that there are strong internal controls that will mitigate the risk of misinformation. The active functioning of these committees through their regular meetings and discussions provide a strong system of checks and balance and reasonable assurance on the adequacy of KIP REIT’s internal controls.</p>
<p><b>Explanation for departure</b></p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	

<b>Measure</b> :		
<b>Timeframe</b> :		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognises that it is in the best interests of KIP REIT and its stakeholders that the Chairman of the Board leads by instilling a culture of good corporate governance.</p> <p>The roles and responsibilities of the Chairman is clearly set out in the Board Charter, as updated on 20 October 2021, which can be found on <a href="http://www.kipreit.com.my/corporategovernance">www.kipreit.com.my/corporategovernance</a>. As the Chairman of the Board since his election as a Senior Independent Non-Executive Director, Datuk Dr Syed Hussain bin Syed Husman, PJN continues to lead the Board by fulfilling the following duties:</p> <ul style="list-style-type: none"><li>i) Leading deliberations on the agenda between the Board and the management with the assistance of the Company Secretary;</li><li>ii) Facilitating discussions and encouraging an open dialogue where there are dissenting opinions between members of the Board such that matters are carefully considered;</li><li>iii) Ensuring that the decisions made collectively by the Board during Board meetings are adequately communicated to the relevant parties;</li><li>iv) Maintaining a strong constructive relationship with members of the Board and members of the management;</li><li>v) Instilling a culture of transparency and monitoring good corporate governance practices; and</li><li>vi) Chairing the Annual General Meeting (“AGM”) of KIP REIT.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

**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**

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The positions of Chairman and Chief Executive Officer (“CEO”) are held by two separate individuals who are respectively aware of their distinctive roles. The roles and responsibilities of each position are clearly demarcated within the Board Charter as follows:</p> <p>As the Chairman of the Board, Datuk Dr Syed Hussain bin Syed Husman, PJN’s primary responsibility is to lead the Board by providing leadership for the board so that the board can perform its responsibilities effectively. The Chairman being an Independent Non-Executive Director is not involved in the daily management of KIP REIT and is therefore able to make independent judgements and constructive feedback on KIP REIT’s business strategies. He leads board discussions and encourage active participation to ensure that all agenda has been appropriately deliberated.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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 Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
<b>Application</b> :	Departure
<b>Explanation on application of the practice</b> :	
<b>Explanation for departure</b> :	The Board members are satisfied that the Chairmen of the Board Committees were able to maintain their independence and objectivity in their decision making. Additionally, the Board and Board Committees were evaluated on an annual basis on the same. On this basis, the Board and its Board Committees are satisfied that the contribution made by the Chairman of the Board as Board Committee members can remain objective.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	



## 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

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is supported by a qualified Company Secretary, Ms Foo Siew Loon (MAICSA 7006874) (SSM PC No. 202008002104) of CE Corporate Secretaries Sdn. Bhd. Ms. Foo Siew Loon is qualified to act as secretary of the Manager under section 235 of the Companies Act 2016 ("CA 2016") and registered with the Companies Commission of Malaysia to act as Secretary under Section 241(1) of the CA 2016.</p> <p>Her primary role is to advise the Board on governance matters relevant to KIP REIT. To effectively carry out her responsibilities, she actively engages in the activities including but not limited to:</p> <ul style="list-style-type: none"><li>a) Managing and attending all Board and Board committees' meetings and ensuring that all administrative matters are properly conducted;</li><li>b) Advising the Board on rules and regulations applicable to the Board in executing their roles, and where necessary, regularly updating the Board on new directives by authorities;</li><li>c) Facilitating the orientation of new directors and senior management and implementing necessary training and development;</li><li>d) Advising the Board on corporate disclosures and compliance matters in accordance with the Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR"); and</li><li>e) Serving as a point of contact for stakeholders' communication and engagement on corporate governance issues.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

**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**

<b>Measure</b> :		
<b>Timeframe</b> :		

### 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 1.6

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.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>: Prior to each Board meeting, all relevant meeting materials will be circulated by the Company Secretary to all Directors so that each Director has ample time to peruse and review the information prior to further deliberation at the Board meeting. Notices and agenda of meeting duly endorsed by the Chairman together with the relevant board papers are submitted to members of the Board at least one (1) week prior to the meetings for the Directors to duly evaluate the matters to be tabled.</p> <p>The Board papers provided include inter alia, the five-strategic plan, annual budget, reforecast, financial results, progress report on the internal audit, regulatory/statutory updates and other operational and financial matters including but not limited to proposed acquisitions for the Board information and/or approval.</p> <p>In most circumstances, management tables their agenda for Board and/or Board Committees approval and/or recommendation for Board approval respectively. In some circumstances, external consultants or experts are invited to present on an agenda relating to specific business areas.</p> <p>The Board is fully aware of its duties and responsibilities with regards to the above. Decisions and deliberation at the Board meetings and Board committee meetings are recorded and minuted by the Company Secretary. All minutes are circulated to the Directors prior to the next meetings to ensure that progress on management action plans are tracked.</p> <p>During the financial year under review, a total of nine Board meetings were held such that the Directors could properly discharge their duties. In addition, there were a total of five ARMC meetings, three Nomination Committee meeting and four Remuneration Committee meetings respectively held.</p>
<b>Explanation for departure</b>	:
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	

**Intended Outcome**

<b>Measure</b> :		
<b>Timeframe</b> :		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is governed by a Board Charter, amended on 20 October 2021 to reflect the updates on the best practices under the Malaysian Code on Corporate Governance 2021 (“MCCG”). The purposes of the Board Charter, among others, are to:</p> <ul style="list-style-type: none"><li>i) ensure that the Board is aligned with the key values and principles of the MCCG, MMLR, Securities Commission Malaysia (“SC”)’s Guidelines on Listed Real Estate Investment Trust and other regulatory bodies;</li><li>ii) set out the governance structure, authority and terms of reference of the Board, its committees and management;</li><li>iii) establish the roles of Non-Independent and Independent Directors;</li><li>iv) reserve specific responsibilities to Board committees such as the ARMC, Nomination Committee and Remuneration Committee;</li><li>v) ensure compliance with the form and substance of the Director’s Code of Ethics; and</li><li>vi) reserve such matters of discussion which shall be within the remit of discussion for the Board only.</li></ul> <p>The Board Charter is reviewed from time to time to ensure that the Board is in compliance with the ever-changing regulatory climate and to ensure alignment with KIP REIT’s Core Values, Mission and Vision.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

**Intended Outcome**

<b>Measure</b> :		
<b>Timeframe</b> :		

### 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.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Manager's Code of Conduct and Business Ethics ("Code") provides the ethical framework to guide actions and behaviour of all Directors and employees of the Manager during their course of employment. This Code reflects the increasing need for effective corporate governance compliance measures in the conduct of KIP REIT operations. It emphasises and advances the principles of discipline, good conduct, professionalism, loyalty, integrity and cohesiveness that are critical to the success and well-being of the Manager and KIP REIT. The Code can be found on KIP REIT's corporate website at: <a href="http://www.kipreit.com.my/corporate-governance">www.kipreit.com.my/corporate-governance</a>.</p> <p>The objective of the Code is to provide guidance on the standards of behaviour expected of the Manager, and where applicable, counterparts and business partners. The standards of behaviour are derived from the Manager's Core Values and Business Principles.</p> <p>For all intent and purposes, the Manager observes and ensures compliance with all applicable laws and regulations to which they are bound to observe in the discharge of their duties. In particular, emphasis is placed on managing conflicts of interests and preventing abuse of power, bribery and corruption, insider trading and money laundering. The Manager continues to require all employees to:</p> <ul style="list-style-type: none"><li>(i) disclose conflicts of interests in the event of actual or perceived conflicts of interests;</li><li>(ii) abide by the Anti-Bribery Management System that was implemented in line with the corporate liabilities obligation, to which the ARMC continues to review on a quarterly basis;</li><li>(iii) ensure proper use of the company's assets;</li><li>(iv) abide by the Share Dealing Policy and ensure that material information is not disclosed; and</li></ul>

**Intended Outcome**

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

	(v) abide by all applicable laws, rules and regulations.
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	



### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Manager has established and implemented a Whistle-Blowing Policy with a well-defined process to provide an independent feedback channel through which employees or other stakeholders may raise concerns about possible improprieties in matters relating to financial reporting, serious improper conduct, unsafe work practices, and other such malpractices that may negatively impact KIP REIT's reputation. The primary objective of this policy is to place safeguards for stakeholders in raising the above issues to encourage early detection of risks and allow for appropriate actions to be taken.</p> <p>The Chairman of the ARMC and the Compliance Officer shall review all whistleblowing reports submitted and shall cause the initiation of preliminary investigations by an ad-hoc committee of independent parties. Upon conclusion of these investigations, the collective group shall present their rationale on their decisions to either close the matter or suggest further investigations. All relevant parties shall then consider appropriate disciplinary actions to be taken where necessary and a detailed summary of the issue shall be kept on records.</p> <p>Stakeholders are encouraged to lodge reports of improper conduct to <a href="mailto:whistleblower@kipreit.com.my">whistleblower@kipreit.com.my</a> on any suspected misconduct either via email or mail to the Compliance Officer or the Chairman of ARMC at Unit B-6, Block B, Tingkat 6, Menara KIP, No. 1, Jalan Seri Utara 1, Sri Utara Off Jalan Ipoh, 68100 Kuala Lumpur. During the financial year, there were no whistleblowing incidences reported.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

**Intended Outcome**

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

<b>Measure</b> :		
<b>Timeframe</b> :		

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.1**

The board together with management takes responsibility for the governance of sustainability in the company including setting the company’s sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Manager had established the Sustainability Steering Committee and is chaired by the Chief Financial Officer (“CFO”) in the absence of the CEO. The members of the Sustainability Steering Committee comprising Heads of Departments who are responsible for the integration of sustainability considerations in the day-to-day management of KIP REIT’s portfolio. During the financial year, the Sustainability Steering Committee met twice to ensure effective implementation of KIP REIT’s sustainability strategies and plans. Minutes of meetings were tabled to the Board for notation.</p> <p>The Sustainability Steering Committee deliberated on material Economic Environmental Social and Governance issues and assessed the materiality of the matters taking consideration of different stakeholders’ groups. Measures were set to track sustainability matters giving due consideration of the United Nations Sustainable Development Goals. The Sustainability Steering Committee considers the most appropriate sustainability targets to track within their respective business segments. The Sustainability Steering Committee thereafter reports to the Board on the sustainability efforts on a half yearly basis.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.1**

Timeframe	:	
-----------	---	--

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.2**

The board ensures that the company’s sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	KIP REIT’s sustainability strategies, targets and performance (both qualitative and quantitative) are communicated to its internal and external stakeholders via the following means of communication: (i) Sustainability Report – incorporated into KIP REIT’s Annual Report (ii) Analyst and Investors Updates (iii) Corporate Website at <a href="http://www.kipreit.com.my">www.kipreit.com.my</a> Details on stakeholder engagement are set out in KIP REIT’s Annual Report.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.3**

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board on their own initiative stays abreast with sustainability matters that are material to the business on the management of KIP REIT's portfolio and contributes to the Sustainability Steering Committee by providing insights so that initiatives are implemented and tracked accordingly.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.4**

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company’s material sustainability risks and opportunities.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Board through the Nomination Committee shall ensure that board and senior management performance evaluation will be taken into account from this coming financial year to track individual’s contribution on material sustainability risks and opportunities moving forward.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.5- Step Up**

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

*Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.*

<b>Application</b>	:	Not adopted
<b>Explanation on adoption of the practice</b>	:	



### Intended Outcome

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

### Practice 5.1

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Nomination Committee's Terms of Reference provides clear guidelines that any independent directors' potentiality in the event of retaining as an independent director after serving in that capacity for a cumulative term of nine years shall be reviewed. To date, all KIP REIT's Directors have been appointed for less than six years.</p> <p>The Nomination Committee is also delegated the power to recommend to the Board candidates for re-election of directors by shareholders under an annual re-election provisions or retirement. During the financial year, the Nomination Committee has assessed and were satisfied with Mr Chiam Tau Meng and Ms Ong Pui Shan on their performance and contribution to the Board. Accordingly, the Nomination Committee recommended to the Board the re-election of the retiring directors for re-election of the Manager.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

2

**Intended Outcome**

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

**Practice 5.2**

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

<b>Application</b>	: Applied										
<b>Explanation on application of the practice</b>	<p>The Manager recognises that an effective board shall comprise a group of individuals with an appropriate mix of core competencies and a variety of diverse experiences to facilitate an open discourse in the best interests of KIP REIT.</p> <p>KIP REIT is committed to sustaining a strong mix of qualified individual to facilitate new perspectives for independent judgement and to avert instances of ‘group think’ in the best interest of its stakeholders. In order to achieve this, KIP REIT has adopted the definition of Independent Non-Executive Directors (“INEDs”) and Non-Executive Directors (“NEDs”) provided by the SC’s REIT Guidelines and MMLR.</p> <p>The Manager appreciates that it is in the best interest of KIP REIT and its stakeholders that the INEDs have the power to exercise objectivity in their decision-making process. As such, the Manager promotes good corporate governance practices as follows:</p> <ol style="list-style-type: none"> <li>1. INEDs shall have the right to exercise unfettered judgement;</li> <li>2. The Board shall facilitate an open-discourse in a manner such that INEDs are encouraged to provide unbiased and constructive advice as necessary;</li> <li>3. INEDs shall not materially interfere with the day-to-day management of the Manager; and</li> <li>4. INEDs shall have a tenure not longer than nine years unless by approval of the unitholders.</li> </ol> <p>The current Board composition is as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Designation</th> <th style="text-align: left;">Number of directors</th> </tr> </thead> <tbody> <tr> <td>Executive Directors (“EDs”)</td> <td style="text-align: center;">2</td> </tr> <tr> <td>Non-Independent NEDs</td> <td style="text-align: center;">1</td> </tr> <tr> <td>INEDs</td> <td style="text-align: center;">3</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: center;"><b>6</b></td> </tr> </tbody> </table>	Designation	Number of directors	Executive Directors (“EDs”)	2	Non-Independent NEDs	1	INEDs	3	<b>Total</b>	<b>6</b>
Designation	Number of directors										
Executive Directors (“EDs”)	2										
Non-Independent NEDs	1										
INEDs	3										
<b>Total</b>	<b>6</b>										

2

**Intended Outcome**

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

**Practice 5.2**

	<p>The Board comprises six members, three of whom are independent and three of whom are non-independent (two executives and one non-executive). Half of KIP REIT’s Board therefore comprises Independent Directors.</p> <p>The Nomination Committee will also from time-to-time review the composition of the Board; to review and evaluate the performance of the Board. The details on skills and knowledge of each individual member of the Board are outlined in the Directors’ Profile section in the Annual Report.</p>	
<p><b>Explanation for departure</b></p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>		
<p><b>Timeframe</b></p>		

**Intended Outcome**

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

**Practice 5.3**

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 provide justification and seek annual shareholders' approval through a two-tier voting process.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Terms of Reference of the Nomination Committee specifically states that it shall review an independent director's re-election after serving in that capacity for a cumulative term of nine years. To date, all independent directors have been serving the Board for no longer than 6 years and as such, the two-tier voting is not applicable at this juncture.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 5.4 - Step Up**

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

<i>Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.</i>	
<b>Application</b>	: Adopted
<b>Explanation on adoption of the practice</b>	: The board has a policy which limits the tenure of its independent directors to nine years without further extension.

### Intended Outcome

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

### Practice 5.5

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.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The appointment of Directors and Senior Management are conducted through a formal and transparent process, as adopted by the Board. The Board has adopted KIP REIT's Fit and Proper Policy, wherein each member of the Board is evaluated based on a prescribed fit and proper criterion. The potential candidate is assessed and reviewed by the Nomination Committee 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.</p> <p>The Company Secretary ensures that all appointments are properly effected for the purposes of meeting statutory obligations, as well as obligations arising from the MMLR, SC or other regulatory requirements. KIP REIT appreciates that a diverse board is beneficial to the interest of its stakeholders. As such, due regard is given to ensure that such individuals are appointed by their merits in nominating members of the Board and senior management.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 5.6**

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.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The procedure on appointing directors is formal and transparent. While the ultimate appointment decision vests in the Board, the Nomination Committee recommends candidates to the Board for approval having duly consider the requisite skills and experience that the candidates must possess. The search and nomination of Directors are subject to the review of other existing members of the Board, of whom are expected to base their decisions in the best interests of KIP REIT and its stakeholders. Further, the candidate is subject to the assessment against KIP REIT's Fit and Proper Policy.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The appointment and re-appointment of the Manager's Board of Directors is not subject to unitholders' approval. The power to appoint the Directors is conferred to the Board through the Nomination Committee and subject to SC's review. However, as at the financial year under review, all appointments and re-appointments are subject to KIP REIT's Fit and Proper Policy. All appointments and re-appointments are duly considered by the Nomination Committee. The Nomination Committee will provide its recommendation to the Board providing reasons to support such appointment or re-appointment.</p> <p>Details including any interest, position or relationship that might influence or reasonably be perceived to influence, in a material respect any director's capacity bring an independent judgement to bear on issues before the Board and to act in the best interests of KIP REIT is reported in the Board Profile section of KIP REIT's annual report.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



**Intended Outcome**

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

**Practice 5.8**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Nomination Committee is chaired by Datuk Mohamed Arsad bin Sehan, an Independent Non-Executive Director. His profile is set out under the Directors' Profile in the annual report.</p> <p>The Nomination Committee comprises all Independent Non-Executive Directors. The Terms of Reference provides that the Nomination Committee comprises at least three Non-Executive Directors, majority of whom shall be independent.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 5.9**

The board comprises at least 30% women directors.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	In line with SC's Guidelines on Licensed Intermediaries issued on 31 December 2021, the Manager is taking necessary steps to appoint additional candidates onto the Board such that it comprises at least 30% women directors.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 5.10**

The board discloses in its annual report the company's policy on gender diversity for the board and senior management.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board has disclosed statistics on gender diversity for the Board and senior management in the Corporate Governance Overview Statement.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 6.1

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 its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: <p>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 Nomination Committee, conduct an annual evaluation on its effectiveness as a whole, the contribution of each individual Director and the performance of Board committees.</p> <p>Furthermore, the Board shall undertake an assessment of its independent directors annually including the review of the term of office and evaluate any perceived conflicts of interests arising. The Board shall then take appropriate action and implement strategies to mitigate any such perception. Ultimately, it is important to the Board that every independent director shall not materially interfere with KIP REIT's daily management whether in practice or by perception and shall exercise their unfettered and independent judgement.</p> <p>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 but is not limited to the following:</p> <ul style="list-style-type: none"><li>(i) Performance in discharging their fiduciary duties;</li><li>(ii) Contribution in the decision-making process;</li><li>(iii) Commitment to serve the company in the best interest of unitholders and other stakeholders;</li><li>(iv) Character and integrity in defending their own opinion;</li><li>(v) Acumen in identifying potential conflicts of interests and abstaining from voting on such matters; and</li><li>(vi) Ability to critically evaluate Board decisions.</li></ul> <p>Additionally, the Manager has adopted KIP REIT's Fit and Proper Policy</p>

**Intended Outcome**

	during the financial year under review. All Directors and senior management shall be evaluated against the criteria set in the policy, which is available in KIP REIT's corporate website.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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 7.1

The board has remuneration 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 remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p>The Manager recognises that the success of KIP REIT is largely contributed to its ability to attract and retain its people at every level of the organisation. It is for this reason that the Manager has adopted a policy to ensure that its talent pool can access the necessary support for their professional development, rewarded for their hard work and ultimately contribute to the long-term success of KIP REIT.</p> <p>Applying the same rationale, the Manager is acutely aware that the experience of the Directors and senior management should be fairly remunerated for executing their vast responsibilities in their roles. It has therefore adopted a transparent approach to ensure the work of the Directors accurately reflect the benefits they bring to KIP REIT.</p> <p>The remuneration policy for EDs is based on the achievements and contribution of each EDs measured against their respective Key Performance Indicators. The level of remuneration for the EDs is determined by the Remuneration Committee after giving due consideration to the compensation levels for comparable positions among other similar industry.</p> <p>For NEDs, the level of remuneration reflects the level of responsibilities undertaken by the particular NED concerned. In attaining this, the Remuneration Committee makes its recommendations to the Board on all elements of remuneration, terms of employment, reward structure and fringe benefits for Directors. NEDs receive a fixed base fee and not by a commission on or percentage of profits or turnover, as consideration for their duties.</p>

**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.

	<p>For members of senior management, the level of remuneration reflects the performance of the individual against their yearly appraisals. The Board shall evaluate senior management’s performance against a set of objective criteria to be backed up by supporting examples and points of improvement for the next financial period. The Board recognises that to ensure talent retention, members of senior management are rewarded for the execution of their roles. Therefore, the Board has the discretion to review their remuneration packages on an annual basis.</p>	
<p><b>Explanation for departure</b></p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>	<p>:</p>	
<p><b>Timeframe</b></p>	<p>:</p>	

### 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 7.2

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board appreciates the significance of appointing an effective Remuneration Committee to ensure that all members of the Board and senior management are fairly remunerated and remain motivated to serve in the best interests of KIP REIT. The Remuneration Committee's main responsibilities include but is not limited to implementing and enforcing policies to ensure that the Board members are rewarded based on their merits, qualifications and competence, having regard to the:</p> <ul style="list-style-type: none"><li>(i) company's performance;</li><li>(ii) industry benchmarks; and</li><li>(iii) individual's performance.</li></ul> <p>On a yearly basis, the Remuneration Committee shall also review and evaluate the performance of all members of the Board. In financial year of 2022, the Remuneration Committee comprises two INEDs and one NED. It had convened four meetings to discuss the remuneration package for the Board and senior management.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



**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 8.1**

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	Refer to the following section on detailed disclosure.

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Dato' Ong Kook Liong	Executive Director	-	-	576,000	45,702	136,975	96,000	854,677							
2	Mr Chew Kheng Kai	Executive Director	15,677	-	532,645	-	120,213	96,000	764,535							
3	Datuk Dr Syed Hussain bin Syed Husman, PJN	Independent Director	96,000	11,000	-	-	-	-	107,000							
4	Datuk Mohamed Arsad bin Sehan	Independent Director	86,400	11,000	-	-	-	-	97,400							
5	Mr Chiam Tau Meng	Independent Director	86,400	9,000	-	-	-	-	95,400							
6	Ms Ong Pui Shan	Non-Independent Non-Executive Director	86,400	5,000	-	-	-	-	91,400							

### 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 8.2

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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>Due to the commercial sensitivities and the highly competitive human resources environment within the industry, the Board has opted to keep information on the top five senior management's remuneration confidential and undisclosed. In the best interest of the Manager as well as KIP REIT, staff remuneration confidentiality is required to retain its experienced staff and ensure continuity of the business operations.</p> <p>Furthermore, the REIT structure is unique whereby the Manager is separate from the REIT, there is no direct link between the remuneration of management team and KIP REIT's performance. Remuneration is disbursed from the fees generated from the Manager.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
2	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
3	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
4	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
5	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.

**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 8.3 - Step Up**

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

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

**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 9.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Chairman of the Audit Committee is not the Chairman of the Board. The composition of the ARMC, its terms of reference, attendance of meetings and duties and responsibilities are set out in the ARMC Report in the Annual Report. The minutes of the ARMC meetings are tabled to the Board for notation and for action by the Board, where necessary.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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 9.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board is acutely aware that it is integral for the Audit Committee to be impartial and is relied upon by unitholders to perform evaluation without bias. It is for this reason that the Audit Committee has implemented a policy to ensure that there is at least a two-year period of cooling off before appointing a former key-audit partner as a member of the Audit Committee. The Audit Committee further notes that none of its members have been a key audit partner for KIP REIT.</p> <p>Further, none of its members have been a key audit partner for KIP REIT since inception.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



### 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 9.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The ARMC acting on behalf of the Board maintains an appropriate, transparent and professional relationship with KIP REIT's external auditors. The assessment of the auditors is based on an objective set of criteria which takes into account of the suitability, competence and independence of the auditors. More specifically, the ARMC takes into consideration while appointing or evaluating the auditors:</p> <ul style="list-style-type: none"><li>(i) their reputation and ability to provide independent judgement;</li><li>(ii) the quality of the audit work performed;</li><li>(iii) the resources available in the audit team; and</li><li>(iv) the cost of the audit.</li></ul> <p>Additionally, the ARMC has reviewed the summary of non-audit services provided by PricewaterhouseCoopers PLT ("PwC") and is satisfied that the nature and extent of the work performed shall not dissuade them from their independence. The audit services rendered by PwC in financial year 2022 was RM113,610.</p> <p>Furthermore, prior to engagement acceptance, the ARMC shall ensure that the engagement partner in charge of the audited financial statements of KIP REIT must be rotated on a five-year basis to maintain transparency and independence. On 20 April 2022, PwC in its presentation on Audit Plan for the financial year ended 30 June 2022 to the ARMC, declared its independence in relation to their engagement as the external auditors of KIP REIT, and is compliant with the relevant professional and regulatory requirements.</p>
<b>Explanation for departure</b>	:	

**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 9.3**

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

<b>Measure</b> :		
<b>Timeframe</b> :		

**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 9.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	KIP REIT's ARMC comprises solely of three INEDs which is in line with the step-up best practices of the MCCG. The risk of self-review is mitigated as members are independent of the daily operations of KIP REIT and therefore further strengthens the financial integrity.

### 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 9.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The existing members of KIP REIT's ARMC possess varied skillsets and vast experiences within the fields of accounting and finance. They are qualified in their own rights and are well-versed in analysis KIP REIT's financial statements prior to making recommendations to the Board for approvals. The members of the ARMC are committed to undertaking continuous professional development to keep abreast with the relevant developments in their fields. The details of the trainings attended in the financial year by the members of the Audit and Risk Management Committee is included in the Corporate Governance Overview Statement.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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 10.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Board appreciates that a robust system of risk management and strong internal controls provide reasonable assurance that KIP REIT’s internal policies, processes and procedures facilitate effective business decisions and operations. KIP REIT’s Enterprise Risk Management Framework is established in built upon ISO31000:2018 International Standards with perspectives from the Committee of Sponsoring Organisations of the Treadway Commission (COSO). The Board assisted by the ARMC, places great emphasis on promoting greater accountability of business process owners of the internal controls. The Board reviews the effective of the system of risk management and internal control on an ongoing and annual basis.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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 10.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The features of the risk management and internal controls framework is disclosed in detail in the Statement of Risk Management and Internal Control in the Annual Report. This disclosure acts as a summary of the discussions held by the Board in the identification of key risks, the implementation of appropriate measures and the effectiveness of risk mitigation action plans.</p> <p>The ARMC has been delegated to oversee the risk management framework and processes to ensure that it remain relevant in a changing business environment. Members of the ARMC is be responsible in monitoring the effectiveness of risk practices or measures put in place to mitigate and control key risks. On a quarterly basis, the ARMC reviews the meeting minutes of the Risk Management Working Group and the Risk Register and ensure that measures implemented are in line with KIP REIT's risk appetite.</p> <p>Additionally, the ARMC has reviewed the internal audit scope and planning which was tabled for recommendation for Board approval. During this financial year, there were two cycles of internal audit reviews that focused on four audit areas. Each cycle also includes follow-up audit on the previous audit areas. Details on internal audit activities can be found in the Statement on Risk Management and Internal Control in KIP REIT's Annual Report.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

**Intended Outcome**

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

<b>Timeframe</b>	:	
------------------	---	--

**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 10.3 - 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.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The ARMC has been delegated the role of overseeing KIP REIT's system of risk management and internal control to ensure its adequacy and effectiveness. The ARMC is comprised entirely of INEDs whom are provided quarterly updates on risk management activities and internal audit findings by the independent outsourced internal auditors are reported twice a year.



### 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 11.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>KIP REIT's internal audit function is outsourced to an independent service provider. The main role of the internal auditors is to provide the ARMC with independent and objective evaluation of the adequacy and effectiveness of KIP REIT's internal controls, risk management and governance framework.</p> <p>The internal auditor has full, unrestricted and unfettered access to the books and records of the Manager and KIP REIT. It carries out independent test work on KIP REIT's internal controls based on the internal audit plan that is pre-approved by the ARMC.</p> <p>Following the test work performed, the internal auditor provides the ARMC with two internal audit reports covering observations, recommendations and action plans to strengthen KIP REIT's internal control system.</p> <p>Details of the internal audit activities carried out by the internal auditor during financial year of 2022 are set out in the ARMC Report in the Annual Report.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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 11.2

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>To promote objectivity in evaluating internal controls, the Manager has appointed an outsourced internal auditor to perform its internal audit services in line with the International Internal Auditors Standards and Frameworks. This is to provide assurances to stakeholders that the internal controls, procedures and processes safeguarding the unitholders’ investments and KIP REIT’s assets are properly implemented, enforced and managed.</p> <p>One key factor for the appointment of the internal auditors is so that stakeholders are satisfied that the results published are free from management’s bias.</p> <p>The Manager further notes that:</p> <ul style="list-style-type: none"> <li>• an audit plan spanning three years (2021-2023) was presented in the ARMC meeting and approved by the Board.</li> <li>• Baker Tilly has conducted two internal audit cycle reviews during the financial year under review, each of the two internal audit cycles covering two auditable areas.</li> <li>• follow-up audit findings were also reported to the ARMC at the subsequent meeting to monitor and track the progress of management action plans.</li> </ul> <p>Internal audit reports with findings, recommendations and management’s response were presented to the ARMC meeting and approved by the Board following the internal audit cycles.</p>
<b>Explanation for departure</b>	:	

**Intended Outcome**

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

<b>Measure</b> :		
<b>Timeframe</b> :		

### 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 12.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board values constant dialogue and is committed to clear communication with unitholders, investors and other stakeholders. It is for this reason that KIP REIT has implemented strategies to regularly communicate with its stakeholders through different mediums.</p> <p>KIP REIT has established and is constantly updating its website at <a href="http://www.kipreit.com.my">www.kipreit.com.my</a> to create greater awareness of KIP REIT's activities, performance and other relevant information among the stakeholders and general public. The website provides all information with reference to material information of quarterly and annual result announcements, changes to shareholdings and press releases which are published concurrently at Bursa Malaysia website.</p> <p>Further, as part of KIP REIT's active investor relations programme, discussions and dialogues are held with fund managers, financial analysts, unitholders and the media to convey information about KIP REIT's performance, corporate strategy and other matters affecting unitholders' interests. The results of which are tracked and released to the stakeholders where appropriate.</p> <p>The Manager also communicates information on KIP REIT to unitholders and the investing community through announcements that are released to Bursa Malaysia's website. Such announcements include the quarterly results, material transactions and other developments relating to KIP REIT requiring disclosure under the MMLR.</p> <p>Communication channels with unitholders are also made accessible via:-</p> <ul style="list-style-type: none"><li>(i) press and analysts' briefings;</li><li>(ii) one-on-one/group meetings, conference calls, domestic roadshows and conferences;</li><li>(iii) quarterly announcements and Annual Report;</li><li>(iv) press releases on major developments of KIP REIT; and</li><li>(v) KIP REIT's website at <a href="http://www.kipreit.com.my">www.kipreit.com.my</a>.</li></ul>

**Intended Outcome**

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

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

**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 12.2**

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

<b>Application</b>	:	Not adopted	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

1

**Intended Outcome**

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

**Practice 13.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Manager appreciates that the AGM is an important avenue for unitholders to express their opinions to those responsible for the safekeeping of their investments. For this reason, the annual report, which contains the notice of AGM together with related circular/statement to unitholders are issued at least 28 days prior to the AGM to all unitholders.</p> <p>The Board recognises that sufficient notice should be given to the unitholders to consider the resolutions to be deliberated and decided during the AGM. To facilitate this, the Board shall circulate the Notice of AGM setting out the businesses to be transacted at the AGM with explanatory notes for each proposed resolution to enable unitholders to make informed decisions while exercising their voting rights. The notice is also circulated nationally via advertisement in newspapers (English and National Language) and through announcement on BursaLINK.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 13.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Manager appreciates that the AGM and General Meeting (“GM”), if any, are important events during the corporate calendar as it is an opportunity and an avenue for unitholders and other stakeholders to communicate their opinions and address any questions to the Board, the Board committees and senior management. The Board also firmly believes that the AGM/GM acts as a feedback channel from which the Manager can leverage the constructive feedback received from unitholders to address any potential concerns and better improve on business strategies and plans.</p> <p>During the AGM, all Directors are in attendance and each Board Committee is present to provide meaningful response to questions. The Chairman facilitates conversations and allow unitholders to raise any queries to the individuals responsible. After which, senior management shall analyse the results of the AGM and take appropriate recommendations for further action.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



### Intended Outcome

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

### Practice 13.3

Listed companies should leverage technology to facilitate–

- voting including voting in absentia; and
- remote shareholders' participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	All resolutions set out in the notice of general meetings for KIP REIT were voted by way of poll since its listing on the Main Market of Bursa Malaysia.  KIP REIT's Fifth AGM was held on 29 September 2021 on a fully virtual basis via online meeting platform using Remote Participation and Electronic Voting ("PREV") facilities, allowing for livestreaming from the broadcast venue and for voting to be performed using the RPEV. All resolutions were voted by way of poll and an independent scrutineer was appointed to validate the results of the AGM. The service provider for the virtual broadcasting of the Fifth AGM was Boardroom Share Registrars Sdn Bhd and the independent scrutineer was Sky Corporate Services Sdn Bhd.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 13.4**

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company’s financial and non-financial performance as well as the company’s long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	During KIP REIT ‘s Fifth AGM, the Manager provided insights into both financial and non-financial performance including KIP REIT’s strategic direction moving forward. Unitholders were also encouraged to provide feedback and/or pose their questions through the Remote Participation and Electronic Voting system during KIP REIT’s Fifth AGM that was held fully online.
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

### Intended Outcome

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

### Practice 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

<p><i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i></p>	
<p><b>Application</b></p>	<p>: Applied</p>
<p><b>Explanation on application of the practice</b></p>	<p>: The Manager had engaged with Boardroom Share Registrars Sdn Bhd as the service provider as the platform for KIP REIT's Fifth AGM that was conducted virtually. The meeting was broadcasted from Menara Symphony located at Petaling Jaya, Selangor via <a href="https://meeting.boardroomlimited.my">https://meeting.boardroomlimited.my</a>.</p> <p>Unitholders were encouraged to participate in KIP REIT's Fifth AGM. The notice of the AGM was circulated alongside an Administrative Guide for all unitholders to register to participate in the AGM. Unitholders were also encouraged to submit their questions and/or feedback through:</p> <ul style="list-style-type: none"> <li>(i) the Meeting Platform on the day of the meeting itself;</li> <li>(ii) via email prior to the meeting to a designated Investor Relations email prior to the meeting; or</li> <li>(iii) the Boardroom Smart Investor Portal prior to the meeting.</li> </ul> <p>As part of the good cyber hygiene practices, all questions relevant to the agenda are made visible to all participants during the meeting itself. All other questions posed by unitholders, which are not relevant to the agenda of the AGM are replied to by the Investor Relations department via email thereafter.</p>
<p><b>Explanation for departure</b></p>	<p>: </p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	

**Intended Outcome**

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

**Practice 13.5**

<b>Measure</b> :		
<b>Timeframe</b> :		

**Intended Outcome**

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

**Practice 13.**

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
<b>Application</b>	: Departure
<b>Explanation on application of the practice</b>	:
<b>Explanation for departure</b>	: Polling results of the AGM is made available via Bursa LINK on the day of the AGM itself. Beginning from this coming financial year, all general meeting minutes shall be circulated to the unitholders no later than 30 business days after the general meeting.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:
<b>Timeframe</b>	:

**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.*

Click or tap here to enter text.

