



**SENTRAL REIT MANAGEMENT SDN BHD**

*200601017500 (737252-X)*

# **BOARD CHARTER**

## 1. INTRODUCTION

The Board of Directors (“**The Board**”) of Sentral REIT Management Sdn Bhd (the “**Company**” or “**Manager**”), as the manager of Sentral REIT acknowledges the need for a board charter as recommended in the Malaysian Code on Corporate Governance.

The board charter incorporates the Principles, Practices and Guideline of the Malaysian Code on Corporate Governance 2021 (“MCCG 2021”), as considered appropriate, the Guidelines on Corporate Governance for Capital Market Intermediaries, Main Market Listing Requirements on corporate governance, certain aspects of the Constitution of the Company and relevant portions of the Companies Act 2016 insofar as the duties and responsibilities of Directors are concerned.

## 2. PURPOSE

The Board Charter sets out the principal role of the Board, the demarcation of the roles, functions, responsibilities and power of the Board, various Board Committees of the Company.

This Charter further defines the specific responsibilities of the Board, in order to enhance coordination and communication between the Senior Management and Board and more specifically, to clarify the accountability of both the Board and Management for the benefit of the Company and its shareholders, the unitholders of Sentral REIT and its relevant stakeholders.

In addition, it will assist the Board in the assessment of its own performance and of its individual Directors.

## 3. BOARD COMPOSITION AND BALANCE

### (a) Size and Composition

The Board consists of qualified individuals with diverse experience, background and perspective to enable them to objectively discharge their duties and responsibilities effectively, at all times as fiduciaries in the interest of the Company and Sentral REIT. The Directors must also act with integrity, lead by example, keep abreast of their responsibilities as a Director of the Company and of conduct, business activities and development of the Company and Sentral REIT.

The composition and size of the Board is such that it facilitates the decision making of the Company. Pursuant to the Constitution of the Company, the Board will consist of up to 9 directors.

The Board shall comprise at least half of Independent Directors to ensure balance of power and authority of the Board.

The basis for the presence of an independent voice on the Board is to ensure that objectivity in decision-making of the Board is achieved and that no single party can dominate such decision-making in the Company and Sentral REIT.

The Independent Directors provide independent judgment, experience and objectivity without being subordinated to operational considerations. They help to ensure that the interests of all shareholders are indeed taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration by the Board.

The tenure of an Independent Director shall not exceed nine (9) years without further extension.

On boardroom diversity, the Board will review the appropriate skills, experience, age, cultural background, gender and knowledge required of the Board members, in the context of the needs of the Company and Sentral REIT. The Board will work towards achieving at least 30% women directors. The Board will review its composition and size from time to time to ensure its appropriateness. The Board may appoint independent advisers or use independent sources to identify suitably qualified candidates.

The Board collectively, and each Director individually, has the rights to seek independent professional advice at the Company's expense, subject to the approval of the Chairman or in the Chairman's absence, the Board.

#### **(b) Appointments and Re-election**

The Nomination and Remuneration Committee shall identify candidates with appropriate skills, experience, age, cultural background, gender, knowledge and expertise in order to discharge its mandate effectively and to maintain the necessary mix of expertise to the Board for approval.

All newly appointed Directors will be subject to retirement at the next Annual General Meeting of the Company and is eligible for re-election.

All other Directors are subject to retirement by rotation at least once in every three (3) years and are eligible for re-election.

New Board members shall be briefed on the terms of their appointment, their duties and obligations and on the operations of the Company and Sentral REIT. Copies of the following shall be provided to the newly appointed Director(s):

- Board Charter;
- Constitution;
- Terms of Reference of the respective Board Committees and its composition;
- Fit and Proper Policy;
- Latest Annual Reports and Financial Statements;
- Minutes of Board Meetings;
- Code of Business Ethics;
- Remuneration Policy and Procedures for Non-Executive Directors;
- Bribery Free Declaration Form; and
- Any other documents deemed necessary by the Board.

The directorships held by any Board member at any time shall not exceed five (5) in listed companies.

**(c) Independence of Director**

An Independent Director is independent of management and free of any business or other relationship that could materially interfere with the exercise of unfettered and independent judgement.

The Board undertakes to assess the independence of its Independent Directors upon appointment, annually and when any new interest or relationship develops.

**(d) New Directorship and Time Commitment**

Any Director shall notify the Chairman of the Board before accepting any new directorship in public listed companies. The notification shall include an indication of time that will be spent on the new appointment.

The Chairman shall also notify the Board if he has any new directorship or significant commitments outside the Company.

## **4. BOARD PERFORMANCE**

### **(a) Directors' Assessment/Board Evaluation**

The Board recognises the importance of assessing the effectiveness of individual Directors, the Board as a whole and its Committees. The Board shall conduct an annual evaluation of individual performance of directors, collective performance of the Board and each Board Committee.

The Board shall engage independent experts at least once every three years to facilitate the Board evaluations.

Performance evaluations of the Board include a review of the performance of the Board in addressing the company's material sustainability risks and opportunities.

## **5. ROLES AND RESPONSIBILITIES OF THE BOARD**

### **(a) Roles of the Board**

The Board oversees the business and affairs of the Company and Sentral REIT and will assume, amongst others, the following duties and responsibilities:

- Reviewing and approving the overall strategic plans and direction of the Company and Sentral REIT to ensure that they support long-term value creation and take into account economic, environment and social considerations underpinning sustainability and climate change;
- Overseeing and evaluating the conduct and performance of the Company and Sentral REIT;
- Identifying principal risks and ensuring implementation of a proper risk management system;
- Establishing an appropriate succession plan for members of the Board and senior management;
- Overseeing the development and implementation of an investor relations programme or unitholder communication policy for Sentral REIT;
- Reviewing the adequacy and the integrity of the management information system and internal controls system of the Company and Sentral REIT;
- Promoting good corporate governance culture within the Company and Sentral REIT which reinforces ethical, prudent and professional behavior;

- Provide and ensure accountability to unitholders/shareholders and to the extent possible towards a wider range of stakeholders impacted by the Company/Sentral REIT's decision, such as employees, customers and the local community;
- Establishing, reviewing and together with the management implement policies and procedures on whistleblowing;
- Establishing and reviewing the policies and procedures to determine the remuneration of Directors and Senior Management taking into account the demands, complexities and performance of the Company as well as skills and experience required.

**(b) Policy and Strategies**

The following matters shall be reserved to the Board for determination and/or approval (save to the extent that the Board resolves that determination and/or approval of any such matter shall be delegated to the Board Committees or Management):

- corporate plans and programmes;
- annual budgets, including major capital commitments;
- acquisitions and disposals of properties; and
- changes to the management and control structure within the Company, including key policies.

**(c) Powers delegated to Management**

The Board shall delegate to the Chief Executive Officer, the authority and power to manage the Company and its businesses within levels of authority specified under the Delegation of Authority approved by the Board from time to time. The Chief Executive Officer may delegate aspects of his or her authority and power but remains accountable to the Board for the Company's and Sentral REIT's performance and is required to report regularly to the Board on the progress being made by the Company and Sentral REIT.

**(d) Roles of Chairman and Chief Executive Officer**

The Chairman of the Board should not be a member of any committees of the Board and the roles of the Chairman and the Chief Executive Officer are distinct and separated to ensure a balance of power and authority.

The Chairman is responsible for the overall leadership and efficient functioning of the Board. The key roles of the Chairman, amongst others, are as follows:

- Providing leadership for the Board so that the board can perform its responsibilities effectively;

- Ensuring that the Board functions effectively, cohesively and independently of Management;
- Leading the Board in adoption and implementation of good corporate governance practices in the Company;
- Leading the Board, including presiding over Board meetings and Company meetings, Sentral REIT unitholders' meeting and directing Board discussions to effectively use the time available to address the critical issues facing the Company and Sentral REIT;
- Setting the Board agenda and ensuring that the Board members receive complete and accurate information in a timely manner;
- Encouraging active participation, allow dissenting views to be freely expressed and sufficient time for discussion of issues and ensure that the decisions are fairly reflected the Board consensus;
- Promoting constructive and respectful relationship between board members and managing the interaction between board members and Management; and
- Ensuring that there is effective communication between the Company/Sentral REIT and its shareholders/unitholders and relevant stakeholders.

The Chief Executive Officer is responsible to the Board for the day-to-day management of the Company. The Board gives direction and exercises judgement in setting the Company's objectives and overseeing their implementation. The key roles of the Chief Executive Officer, amongst others, are as follows:

- Developing the strategic direction of the Company and Sentral REIT;
- Ensuring that the Company's and Sentral REIT's business is properly and efficiently managed by ensuring that the executive team implements the policies and strategies adopted by the Board and its Committees;
- Ensuring that the Company and Sentral REIT's objectives and standards of performance are understood by the Management and employees;
- Ensuring that the necessary operational planning, sustainability and control systems are in place;
- Monitoring performance results against plans;
- Informing the Board in a timely and accurate manner on material and other relevant matters; and
- Taking remedial action, where necessary.

**(e) Roles of Non-Executive Directors**

Directors are expected to comply with their legal, statutory and equitable duties and obligations when discharging their fiduciary responsibilities as Directors. The duties of the Non-Executive Directors, amongst others, are as follows:

- acting in good faith and in the best interest of the Company and Sentral REIT;
- acting honestly and use reasonably care, skill and diligence in discharging his/her duties;
- avoiding conflicts of interest and to declare any conflict or potential conflict of interest in respect of any matter as soon as practicable after the facts have come to their knowledge;
- must not participate in discussions or vote on any matter in which they are interested or there is a conflict or potential conflict of interest; and
- ensuring Board information, discussions, deliberations and decisions are not publicly known, are not used for personal interest.

**(f) Board Committees**

The Board may from time to time establish committees as is considered appropriate to assist in carrying out its duties and responsibilities. The Board delegates certain functions to the following committees to assist in the execution of its responsibilities:

- Audit and Risk Committee
- Nomination and Remuneration Committee

The committees shall operate under clearly defined terms of reference. The committees are authorised by the Board to deal with and to deliberate on matters delegated to them within their terms of reference. The Chairman of the respective committees reports to the Board on the outcome of the committee meetings and the minutes will be included in the Board Papers for the Board's notification.

The Terms of Reference of each of the above committees are attached as Appendices I and II respectively.



**(g) Board Meetings**

The Board shall schedule at least four (4) quarterly meetings annually. However, Special Meetings may be convened as required.

The Notice of Board Meeting, full agenda and the supporting Board Papers should be given at least five (5) business days prior to each Board Meeting and Directors are expected to review in advance any such materials in order to facilitate meaningful deliberation during each meeting.

Upon conclusion of the meetings, the minutes are circulated in a timely manner.

**(h) Directors'/Senior Management's Remuneration**

The Company shall provide a fair and reasonable, competitive, remuneration for its directors and senior management to ensure that the Company and Sentral REIT attracts and retains high calibre directors and senior management who have the skills, experience and knowledge to increase entity value to the benefit of all shareholders.

The remuneration approach for executive directors and senior management is based on the achievements and contribution of each member measured against their respective Key Performance Indicators as well as market benchmarking. The Board shall determine the remuneration of executive directors and senior management taking into consideration the recommendations of the Nomination and Remuneration Committee.

The remuneration of Non-Executive Directors shall commensurate with their responsibilities, time commitment, experience, expertise and the complexity of the Company and Sentral REIT's activities and should be in line with market practice and in accordance with the Company's Remuneration Policy and Procedures for Non-Executive Directors. Directors' fees and benefits payable to Non-Executive Directors are subject to the approval of the shareholders at a General Meeting of the Company.

**(i) Directors' Training and Continuing Education Programme**

In addition to the Mandatory Accreditation Programme as required by the Bursa Malaysia Securities Berhad, the Directors shall continue to update their knowledge and enhance their skills through appropriate continuing education programmes. This will enable the Directors to effectively discharge their duties and sustain active participation in the Board deliberations.

The Board will assess the training needs of the Directors from time to time and will ensure the Directors have access to continuing education programme.

The Board shall take 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.

**(j) Internal Controls and Risk Management**

The Board oversees, reviews and monitors the operation, adequacy and effectiveness of the Company's system of internal controls and risk management.

Sentral REIT has an outsourced internal audit function, which critically reviews all aspects of the activities and its internal controls. The Board ensures the system of internal control is reviewed on a regular basis.

The Audit and Risk Committee receives reports regarding the outcome of such reviews on a regular basis.

The Company has established a risk management framework. The Audit and Risk Committee receives reports regarding the risks review on a quarterly basis.

**(k) Financial Reporting**

The Company aims to present a clear and balanced assessment of the Company's and Sentral REIT's financial position and prospects for its financial statements and quarterly announcements to the unitholders, including other price sensitive public reports and reports submitted to regulators.

The Board will ensure that the financial statements of the Company and Sentral REIT are prepared in accordance with the relevant regulations and the applicable approved accounting standards set out by the Malaysian Accounting Standards Board so as to present a true and fair view of the state of affairs of the Company and Sentral REIT.

## **6. COMPANY SECRETARY**

The Board appoints the Company Secretary/Secretaries who plays an important advisory role and ensure that the Company Secretary fulfils its function for which he/she has been appointed.

The Company Secretary is accountable to the Board on all governance matters.

The Company Secretary is a central source of information and advice to the Board and Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company and Sentral REIT.

The Company Secretary shall be of a senior position with adequate authority and shall report directly to the Board. The appointment and removal of the Company Secretary will be subjected to the approval of the Board.

## **7. COMPLIANCE OFFICER**

The Board shall appoint someone who possess relevant and adequate qualification and experience in carrying out the compliance function. In addition, such person must be approved by the Securities Commission prior to undertaking the function.

The Compliance Officer reports directly to the Board.

The Company has a designated compliance officer working towards ensuring the compliance with all legislation, rules and guideline issued by the Securities Commission and Bursa Malaysia Securities Berhad as well as the Sentral REIT's Trust Deed.

## **8. CONFIDENTIALITY AND DISCLOSURE OF INTEREST**

The Directors are required to act in the best interests of the Company and Sentral REIT. The Directors also have a duty of confidentiality in relation to the Company's and Sentral REIT's confidential information.

A Director should disclose to the Board:

- any material personal interest they have in a matter which relates to the affairs of the Company and Sentral REIT; and
- any other interest (direct or indirect) which the Director believes is appropriate to disclose in order to avoid any conflict of interest or the perception of a conflict of interest.

The disclosure should be made as soon as practicable after the Director becomes aware of their interest. Details of the disclosure must be recorded in the minutes of the meeting at which the disclosure is made or the meeting held following the disclosure.

## **9. INVESTOR RELATIONS AND UNITHOLDER COMMUNICATION**

The Company is committed to ensure that unitholders of Sentral REIT are well-informed of all major developments affecting the state of affairs of Sentral REIT. To achieve this, the Company has implemented amongst others, the following:

- Timely release of announcements and disclosures to Bursa Malaysia Securities Berhad, which include Sentral REIT's quarterly financial results, material contract and any other material information that may affect the investors' decision making;
- Conducts regular dialogues with financial analysts as a means of effective communication that enables the Board and Management to convey information relating to Sentral REIT's performance, corporate strategy and other matters affecting Sentral REIT's unitholders' interests;
- Press conference which is normally held after the Annual General Meeting/Extraordinary General Meeting of Sentral REIT to provide the media an opportunity to receive an update from the Board on the proceedings at the meetings and to address any queries from the media;
- Issue Notice of an Annual General Meeting to the unitholders at least 28 days prior to the meeting;
- Encourage full participation of Sentral REIT's unitholders at all Annual General Meetings to ensure a high level of accountability and discussion of Sentral REIT's strategy and goals. The Company will also invite Sentral REIT's external auditor to attend the Annual General Meeting and be available to answer unitholders' questions about the conduct of the audit and the preparation and content of the auditor's report;
- Upload the Minutes of general meeting of Sentral REIT to its website no later than 30 business days after the general meeting; and
- Sentral REIT's unitholders can gain access to information about the Company including the summary of the Sentral REIT's investor relation activities and media releases through the Company's website <http://sentralreit.com>.

## **10. CODE OF BUSINESS ETHICS**

The Directors are expected to conduct themselves with the highest ethical standards. All Directors and employees are expected to behave ethically and professionally at all times and thereby protect and promote the reputation and performance of the Company and Sentral REIT.

The Code of Business Ethics shall include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Company communicates the Code of Business Ethics to all Directors and employees upon their appointment/employment and is deemed to be part of the Terms and Conditions of Service.

The Code of Business Ethics is made available for reference on Sentral REIT's website <http://sentralreit.com>.

## **11. REVIEW OF BOARD CHARTER**

This Board Charter which has been adopted by the Board on 11 May 2023 is made available for reference on the Company's website, <http://sentralreit.com>.

The Board will review this Charter from time to time and make the necessary amendments to ensure that they remain consistent with the Board's objective, current law and practices.