

AmREIT Managers Sdn Bhd
Registration No. 200601011214 (730964-X)

BOARD CHARTER

Approved on 21 February 2024 (Version 1.0)

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1. Introduction

- 1.1 AmREIT Managers Sdn Bhd ('AmREIT' or the 'Manager') is the responsible entity in the management and administration of AmFIRST Real Estate Investment Trust ('AmFIRST REIT' or the 'Trust'), as well as the implementation of the Trust's investment and business strategies.
- 1.2 The Board of Directors (the 'Board') of the Manager regard sound corporate governance as vital to the success of AmFIRST REIT and are unreservedly committed to applying the principles necessary to ensure that the following principles of good governance are practiced in all of its business dealings:
- i) The Board is the focal point of the Manager's corporate governance system. It is ultimately accountable and responsible for the performance and affairs of the Manager and Trust.
 - ii) All Board members are expected to act in a professional manner, thereby upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.
 - iii) All Board members are responsible to ensure that the Manager's obligations to its unitholders and other stakeholders are understood and met.
- 1.3 This Board Charter shall constitute, and form, an integral part of each Director's duties and responsibilities.
- 1.4 The objectives of this Board Charter are to ensure that all Board members acting on behalf of the Manager are aware of their duties and responsibilities as Board members and the various legislations and regulations affecting their conduct and that the principles and practices of good corporate governance are applied in all their dealings in respect, and on behalf of, the Manager for the benefit of AmFIRST REIT and its stakeholders.

2. Board Governance Roles

2.1 Board Composition

- 2.1.1 The Constitution of the Manager specifies that the number of Directors shall not be less than two or more than twelve. The Board has power under the Constitution of the Manager to appoint a Director to fill a casual vacancy or as an additional Director.
- 2.1.2 At any one time, the Board shall comprise of at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, who are Independent Directors.
- 2.1.3 The Chairman must be a Non-Executive member of the Board and must not have served as Chief Executive Officer of the Manager in the past five years.
- 2.1.4 The Board members should have wide ranging experience, skill and knowledge that add value to the Manager. The Board shall consider recommendations by the Group Nomination and Remuneration Committee pertaining to nominees for directorship in the Manager.

2.2 Role of the Board

- 2.2.1 The Board has overall responsibility for promoting the sustainable growth and financial soundness of the Manager. Each Director has a duty to act in the best interest of the Manager and unitholders of AmFIRST REIT. The Directors, collectively and individually, are aware of their responsibilities to its stakeholders for the manner in which the affairs of the Manager are managed. The Board sets the Manager's values and standards and ensures that its obligations to its shareholders and stakeholders are understood and met.
- 2.2.2 The Board understands that the responsibility for good corporate governance rests with them and therefore strives to inculcate good governance as set out in applicable laws and regulations including, without limitation, the guidelines and directives as may be issued by Securities Commission Malaysia and other regulatory authorities which may be applicable to the Manager from time to time ('Laws').
- 2.2.3 The Board assumes the following duties, having regard to the interests of all the stakeholders of the Manager:
- i) Approve and monitor strategy**
The Board shall review and approve the strategic business plans that support long term value creation which include strategies with appropriate focus on environmental, social and governance aspects.
 - ii) Oversee conduct of the business**
The Board shall oversee conduct of the business to ascertain its proper management including setting clear objectives and assessing corporate behaviour and conduct of the business.
 - iii) Oversee risk management, governance and internal controls**
The Board shall oversee the effective design and implementation of the Manager's governance and reporting framework, internal controls and management information systems for compliance with applicable laws, rules, regulations, directives and guidelines. The Board shall periodically review whether these remain appropriate in light of material changes to the nature, scale and complexity of the business and structure of the Manager. The Board shall identify and approve policies pertaining to the management of all risk categories including but not limited to, credit, financial, market, liquidity, operational, legal and reputational risks.
 - iv) Promote a strong culture of professionalism and ethics**
The Board shall promote, together with Senior Management, a sound corporate culture that reinforces ethical, prudent and professional behaviour by adopting a code of ethics and conduct that set out standards of behaviour and conduct that must be followed by all employees.
 - v) Oversee appointment, performance evaluation, remuneration and succession planning of the Board, CEO, Senior Management and the Company Secretary**
The Board shall be responsible for appointing, evaluating, remunerating and planning for the succession of Directors, CEO, Senior Management and the Company Secretary.

vi) Oversee communications with stakeholders

The Board shall ensure the development and implementation of a communications policy for the Manager that enables effective communication with the unitholders of AmFIRST REIT and other stakeholders.

2.2.4 The Board must cause to be kept the accounting records and other records to:

- i) Sufficiently explain the business, transactions and financial position of the Manager.
- ii) Enable the preparation of true and fair financial statements; and
- iii) Enable the accounting and other records of the Manager to be conveniently and properly audited.

2.3 Role of Chairman and CEO

The Manager aims to ensure a balance of power and authority between the Chairman and the CEO with a clear vision of responsibility between the running of the Board and the Manager's business respectively. The positions of Chairman (i.e. non- executive Chairman) and CEO are separated and clearly defined.

Role of the Chairman

2.3.1 The Chairman is responsible for leadership of the Board in ensuring the effectiveness of all aspects of its role. The Chairman is responsible for:

- i) leading the Board in setting the values and standards of the Manager
- ii) ensuring that appropriate procedures are in place to govern the Board's operation
- iii) maintaining a relationship of trust with and between the Executive and Non-Executive Directors
- iv) ensuring that decisions are taken on a sound and well-informed basis, including by ensuring that all strategic and critical issues are considered by the Board
- v) ensuring the provision of accurate, timely and clear information to Directors
- vi) encouraging healthy discussion and ensuring that dissenting views can be freely expressed and discussed
- vii) leading efforts to address the Board's developmental needs

2.3.2 The Chairman is responsible for managing the business of the Board to ensure that:

- i) all Directors are promptly briefed on issues arising at Board meetings
- ii) sufficient time is allowed for the discussion of complex or contentious issues and, where appropriate, arranging for informal meetings beforehand

to enable thorough preparation for the Board discussion

- iii) the issues discussed are forward looking and concentrate on strategy

2.3.3 The Chairman ensures that every Board resolution is put to vote to ensure the will of the majority prevails.

Role of the CEO

2.3.4 The CEO is the conduit between the Board and Management in ensuring the success of the Manager's governance and management functions.

2.3.5 The CEO bears primary responsibilities over the day-to-day management of the Manager's business. This includes:

- i) overseeing the operational management of the Manager's business as well as the development and execution of the Manager's strategy as approved by the Board.
- ii) acting as a conduit between the Board and Management in ensuring the success of governance and management functions.
- iii) promoting, together with the Board, a sound corporate culture within the Manager which reinforces ethical, prudent and professional behaviour.
- iv) regularly updating the Board with the material information the Board needs to carry out its oversight responsibilities.

2.4 Role of Individual Directors

2.5.1 Directors are expected to demonstrate at all times that they:

- i) act in good faith in the best interests of the Manager and the Trust;
- ii) exercise reasonable care, skill and diligence with:
 - a. the knowledge, skill and experience which may reasonably be expected of a Director having the same responsibilities; and
 - b. any additional knowledge, skill and experience which the Director has;
- iii) only exercise powers conferred on them for the purposes for which such powers are conferred; and
- iv) exercise sound and independent judgement.

2.5.2 Independent Directors shall provide independent and objective judgement, experience and objectivity without being subordinated to operational considerations.

2.5 Role of the Company Secretary

- 2.6.1 The Board appoints the Company Secretary who reports directly to the Board and is the source of guidance and advice to the Directors on areas of corporate governance, Listing Requirements of Bursa Malaysia Securities Berhad, relevant legislations, regulations and policies.
- 2.6.2 The Company Secretary attends Board and Board Committees meetings and is responsible for the accuracy and adequacy of records of the proceedings of Board and Board Committees meetings.

2.6 Role of Board Committees

- 2.7.1 The Board may from time to time establish Committees to assist it in carrying out its responsibilities and shall adopt Terms of References setting out matters relevant to the composition, responsibilities and administration of such Committees, and other matters that the Board may consider appropriate.

- 2.7.2 The Board has established the following Board Committees:

- i) Audit Committee of Directors
- ii) Management Appointment Committee of Directors

The criteria for the membership are based on a Director's skills and experience, as well as his ability to add value to the Board Committee.

- 2.7.3 The role of the respective Board Committees are as summarised below:

- i) Audit Committee of Directors ('AC')

The AC is responsible for the oversight and monitoring of the Manager and the Trust's financial reporting, accounting policies, internal control systems, adequacy of internal and external audits as well as to review conflict of interest situations and related party transactions.

Refer to the Terms of Reference of the AC for further details of the roles and responsibilities.

- ii) Management Appointment Committee ("MAC")

The MAC is chaired by an independent director and it is responsible for the following:

- To assess and recommend the candidates for Executive Director (Licensing Director), CEO and other key senior officers to the Board.
- To recommend to the Board the removal of the Executive Director (Licensing Director), CEO and/or other key senior officers if the personnel is ineffective, errant or negligent in discharging his responsibilities.

Refer to the Terms of Reference of the MAC for further details of the roles and responsibilities.

3. Board Conduct

3.1 Code of Ethics and Conduct

3.1.1 The Board commits itself and its Directors to ethical, business-like, and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members. Accordingly, all Directors shall apply ethical principles and standards of behaviour as set out in the following documents:

- i) Code of Ethics
- ii) Other applicable governance documentation approved by the Board setting out standards of ethical conduct and behaviour

3.2 Conflict of Interest

3.2.1 Directors shall declare any conflict of interest by way of a written notice or declare at the Board Meeting to all Board members and the Company Secretary (as soon as practicable) after being aware of his interest in the material transaction or arrangement; and if the material transaction or arrangement is being deliberated at a Board meeting, before the commencement of that deliberation. Directors shall not be present when it is being deliberated at the Board or Board Committee meeting.

3.2.2 Directors must not accept a benefit from or provide a benefit to a third party by a reason of him being the Director, or him doing something or refraining from doing anything as a Director.

4. Boardroom Diversity

4.1.1 The Board is committed to ensuring diversity in its composition and embraces the proposition that having a diverse Board would have a positive, value-adding impact on the Manager. The Board shall endeavour to have at least 30% women Directors. Whilst the Board acknowledges the importance of boardroom diversity, appointments to the Board shall always be based on merit.

4.1.2 The Board shall disclose in the annual report its gender diversity policies and targets, and the measures taken to meet those targets.

5. Board Effectiveness

5.1 Annual Board Effectiveness Evaluation

5.1.1 The Board shall review the effectiveness of the Board and Board Committees as well as the performance of individual Directors annually. All such assessments shall be properly documented. The GNRC is entrusted with the responsibility for carrying out the annual evaluation review.

5.1.2 The evaluation results shall form the basis of GNRC's recommendation to the Board for the re-election and/or re-appointment of Directors and Board Committee members as well as for further development of the Board and Board Committees.

5.2 Director Selection and Appointment

- 5.2.1 The appointment of a new Director is a matter for consideration and decision by the full Board.
- 5.2.2 The appointment, retirement and/or re-appointment of a Director shall be governed by the Laws, the Constitution of the Manager as well as the Manager's rules, regulations and policies as may be issued from time to time ('Internal Guidelines').
- 5.2.3 Directors are expected to fulfill the fit and proper requirements and qualifications specified by the Laws.
- 5.2.4 The tenure of an Independent Director shall not exceed a cumulative term of (9) nine years, except under exceptional circumstances or as part of transitional arrangements towards full implementation of the succession plans of the Manager.
- 5.2.5 Independent Director must not be an employee / Non-Independent Non-Executive Director of the Management for the last three (3) years.

5.3 External Directorships

- 5.3.1 Directors must devote sufficient time to prepare for and attend Board meetings, and maintain a sound understanding of the business of the Manager as well as relevant market and regulatory developments. This includes a commitment to on-going education. The Board shall set out expectations of the time commitment for its members to fulfil Board and Board Committees roles.
- 5.3.2 Prior to accepting appointment(s) in other companies, Directors should ensure that the appointment(s) are not in conflict with the Manager's business and do not affect the discharge of their duties as Director of the Manager. Directors shall notify the Chairman of the Board and the Company Secretary of the new Board appointment(s) in other companies within 14 days of the appointment(s).
- 5.3.3 A Director must not hold more than five directorships in listed issuers.

5.4 Director's Access to Information and Advice

- 5.4.1 The Manager aims to provide all Directors with timely and quality information and in a form and manner appropriate for them to discharge their duties effectively.
- 5.4.2 The Management is responsible for providing the Board with the required information in an appropriate and timely manner. If the information provided by the Management is insufficient, the Board will make further enquiries where necessary to which the persons responsible will respond as fully and promptly as possible.
- 5.4.3 In order to assist Directors in fulfilling their responsibilities, the Directors have the right to seek independent professional advice regarding their responsibilities at the expense of the Manager.
- 5.4.4 Full minutes of each Board meeting shall be kept by the Company Secretary

and made available for inspection by any Director during office hours.

5.5 Director Induction

- 5.5.1 Newly appointed Board members shall attend the Manager's Induction Programme for Directors which includes mandatory core programmes required pursuant to Securities Commission Malaysia's regulations, Bursa Malaysia Securities Berhad and internal briefings by relevant Management personnel.
- 5.5.2 The Manager shall ensure that new Board members are fully briefed on the terms of their appointment, duties, and responsibilities, as well as on the nature, operations, and current issues of the Manager.

5.6 Director Development

- 5.6.1 The Board via Group's Learning & Development Department shall ensure that a structured Director Learning and Education programme is in place for its members. This programme shall ensure members have access to appropriate continuing education programmes and are kept up to date with current business, industry, regulatory and legislative developments and trends that will affect the Manager's business operations.
- 5.6.2 The GNRC shall evaluate and determine on a half yearly basis, the Directors' training and development needs, taking into consideration the Manager's strategy for the next several years and the current combined skills on the Board.

5.7 Director Remuneration

- 5.7.1 The Board, through the GNRC, shall establish a formal and transparent remuneration framework for Directors. The remuneration framework shall be appropriate to attract and retain highly dedicated, competent, professional and Independent Directors and recognise them for their contributions.

6. Board Meetings

6.1 Frequency and Attendance

- 6.1.1 The Board meets no less than once every financial quarter or at such other interval as required, to facilitate the discharge of their responsibilities. Additional meetings shall be scheduled as considered necessary by the Chairman of the Board or should circumstances require. Members of Management may be invited to attend and speak at meetings on matters relating to their sphere of responsibility.
- 6.1.2 A Director who has, directly or indirectly, an interest in a material transaction or material arrangement shall not be present at the meeting where the material transaction or material arrangement is being deliberated by the Board of Directors.
- 6.1.3 Board members are expected to attend at least 50% of total Board meetings in any applicable financial year, and must not appoint another person to attend or participate in a board meeting on his behalf, with appropriate leave of absence duly communicated to the Chairman of the Board and/ or Company Secretary, where applicable.

6.2 Board Meeting Agenda and Papers

- 6.2.1 The Chairman, in consultation with the CEO and the Company Secretary, sets the agenda for Board meetings and ensures that all relevant issues are on the agenda.
- 6.2.2 The agenda and meeting papers for each meeting shall be circulated at least seven (7) calendar days before each meeting to the Board members. Any submission of meeting papers after seven calendar days shall be considered a late paper and will require the approval of the Chairman.

6.3 Quorum

- 6.3.1 The quorum for Board meetings shall be two (2) Board members.
- 6.3.2 In the absence of the Chairman, the remaining members present shall elect one of the Directors as Chairman of the meeting.

6.4 Meeting Mode

- 6.4.1 A meeting shall be conducted in person or via telephone conference or video conference or similar communications equipment or other appropriate means as determined by the Board to enable effective discussion. Where permitted, alternative means of attendance must remain the exception rather than the norm and appropriate safeguards must be in place to preserve the confidentiality of deliberations.
- 6.4.2 The Board may from time to time and if deemed appropriate, consider and approve and/ or recommend relevant matters via a Circular Resolution in writing, in lieu of formally convening a meeting. The Circular Resolution shall be used sparingly, and shall be as valid and effectual as if it has been passed by a meeting of the Board duly convened.

6.5 Voting

- 6.5.1 All resolutions of the Board shall be adopted by a simple majority vote, each member having one (1) vote. In case of equality of votes, the Chairman of the meeting shall have a second or casting vote in accordance with the Constitution of the Manager. Where two (2) Directors form a quorum, the Chairman of the meeting at which only such a quorum is present or at which only two (2) Directors are competent to vote on the question at issue shall not have a casting vote.
- 6.5.2 A Board member is required to abstain from deliberations and voting in respect of any matter that arose, persist or may give rise to an actual, potential or perceived conflict of interest situation.

7. Application and Charter Review

- 7.1 The principles set out in this Charter shall be:
- i) Kept under review and updated as practices on corporate governance develop and further guidelines on corporate governance are issued by the relevant regulatory authorities.

- ii) Applied in practice having regard to their spirit and general principles rather than to the latter alone.
- 7.2 The Board endeavours to comply at all times with the principles and practices set out in this Charter.
- 7.3 This Charter is subject to review by the Board from time to time to ensure the Manager remains at the forefront of best practices in corporate governance.