



CAPITALAND MALAYSIA REIT MANAGEMENT SDN. BHD.
(fka CapitaLand Malaysia Mall REIT Management Sdn. Bhd.)

MANAGER OF CAPITALAND MALAYSIA TRUST
(fka CapitaLand Malaysia Mall Trust)

**TERMS OF REFERENCE
OF THE
AUDIT COMMITTEE**

CAPITALAND MALAYSIA REIT MANAGEMENT SDN. BHD.
(formerly known as CapitaLand Malaysia Mall REIT Management Sdn. Bhd.)
(Registration No. 200801018055 (819351-H))
(Incorporated in Malaysia)

Audit Committee

Revised Terms of Reference as at 28 April 2022

1 INTRODUCTION

- 1.1 The Board of Directors (the “**Board**”) of CapitaLand Malaysia REIT Management Sdn. Bhd. (formerly known as CapitaLand Malaysia Mall REIT Management Sdn. Bhd.) (“**CMRM**”) as Manager of CapitaLand Malaysia Trust (formerly known as CapitaLand Malaysia Mall Trust) (“**CLMT**”), has established an Audit Committee (“**AC**”) to assist the Board in corporate governance and the oversight of the management of CLMT.
- 1.2 As a sub-committee of the Board, the AC will also serve as a useful channel of communications between the Board and the external auditors and internal auditors on matters related to and arising out of their audits.
- 1.3 The Board shall appoint an AC that has sufficient and relevant expertise to fulfill its role effectively.

2 COMPOSITION AND TERM OF OFFICE

- 2.1 The AC shall comprise at least three (3) Directors, all non-executive and a majority of whom, including the Chairman, must be Independent Directors.
- 2.2 The Chairman of the AC must be an Independent Director.
- 2.3 At least one member of the AC: -
 - (a) must be a member of the Malaysian Institute of Accountants; or
 - (b) if he/she is not a member of the Malaysian Institute of Accountants, he/she must have at least 3 years’ working experience and -
 - (aa) he/she must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
 - (bb) he/she must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
 - (c) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad (“Bursa”).
- 2.4 Subject to the Independent Directors Policy, there is no fixed term of office for any of the members of the AC. If a member of the AC resigns, dies or for any reason ceases to be a member resulting in the non-compliance of paragraphs 2.1, 2.2 or 2.3 above, the Board must fill the vacancy within three (3) months.

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- 2.5 No alternate director shall be appointed as member of the AC. The Board shall not appoint to the Audit Committee any former partner of the external audit firm of the Company unless they have observed a cooling-off period of at least three years before being appointed as a member of the Audit Committee.
- 2.6 The terms of office and performance of the AC as well as each of its members shall be reviewed by the Board annually to determine whether such AC and its members have carried out their duties in accordance with the Terms of Reference.

3 RIGHTS AND AUTHORITY

- 3.1 The AC is authorised by the Board to:
- (a) annually review its Terms of Reference and its own effectiveness and recommend any necessary changes to the Board;
 - (b) assist the Board in fulfilling its monitoring responsibilities by investigating any activity within its Terms of Reference;
 - (c) have full and unrestricted access to any information pertaining to CLMT and CMRM;
 - (d) have direct and unrestricted access to the representatives of the external auditors and the internal auditors; and
 - (e) obtain professional advice at CMRM’s expense whenever deemed necessary.
- 3.2 The AC shall have full access to and co-operation from the management, including the internal auditors, to conduct any investigations to fulfill its responsibilities. The AC shall be given reasonable resources to enable it to discharge its functions properly.

4 DUTIES AND RESPONSIBILITIES

The duties of the AC shall include: -

4.1 Financial Reporting

The AC shall review the quarterly results and year-end financial statements, to ensure the integrity of the financial statements of the Company and CLMT, and announcements relating to CLMT’s financial performance, prior to the approval by the Board for the release of the announcements, focusing particularly on:

- (a) changes in or implementation of major accounting policy changes;
- (b) significant matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transactions, and how these matters are addressed; and
- (c) compliance with accounting standards and other legal requirements.

In undertaking this duty, the AC shall be entitled to rely on the assurance provided by the management team to the AC, on the proper maintenance of the financial records and the financial statements giving a true and fair view of the Company’s and CLMT’s operations and finances and the effectiveness of the Company’s risk management and internal control systems, management team’s representations to auditors as well as the work and the results of the external auditors, where applicable.

4.2 Risk Management and Internal Control

4.2.1 In respect of risk management, the AC shall:

- (a) make recommendations to the Board on the risk appetite statement for CLMT and review CLMT’s risk profile/risk dashboard on a regular basis to understand the significant risks faced by CLMT and how they are being mitigated. For the avoidance of doubt, key risk indicators including risk limits, shall be established by the management team;
- (b) oversee the management team in the formulation, updating and maintenance of an adequate and effective risk management framework, policies and strategies for managing risks that are consistent with CLMT’s risk appetite and report to the Board on its decisions on any material matters concerning the aforementioned; and
- (c) consider and advise on risk matters referred to it by the management team or the Board including reviewing and reporting to the Board on any breach of risk appetite statement, any material non-compliance with the approved framework and policies and the adequacy of any proposed action.

4.2.2 In respect of internal controls, the AC shall:

- (a) assess the adequacy and effectiveness of the internal control (including financial, operational, compliance and information technology controls) and risk management systems established by the management team to manage risks (including those relating to compliance with existing legislation); and
- (b) make the necessary recommendation to the Board to enable the Board to express the opinion in the annual report of CLMT relating to the adequacy and effectiveness of internal control and risk management systems as applicable under the Main Markets Listing Requirements (“MMLR”) of Bursa and the Malaysian Code on Corporate Governance.

4.3 Internal Audit (“IA”) and External Audit Functions

4.3.1 In respect of the IA function, the AC shall:

- (a) review the IA plan and scope, receive the IA reports or a periodic summary thereof and significant findings and recommendations of internal auditors, and review and monitor management team’s response to ensure that appropriate follow-up measures are taken;

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- (b) monitor and assess the role and effectiveness of the IA function through reviewing the IA process from time to time and, recommend to the Board for approval any changes to the IA process;
- (c) ensure that the IA function is adequately resourced and skilled in line with the nature, size and complexity of the Company and CLMT’s business; and that an adequate budget is allocated to the IA function to assure its proper functioning. Internal auditors should continuously keep abreast with developments in the profession, relevant industry and regulations to ensure they are able to perform their role effectively including undertaking root-cause analysis to provide strategic advice and suggest meaningful business improvements; and
- (d) facilitate the Head of IA having direct and unrestricted access to the AC as well as the Chairman of the Board.

The IA function shall report directly to the AC and administratively to the management team.

4.3.2 In respect of the external audit function, the AC shall:

- (a) in connection with the terms of engagement of the external auditors, to make recommendations to the Board on the selection, appointment, re-appointment and resignation of the external auditors;
- (b) keep the nature and extent of non-audit services provided by the external auditors under review to ensure the external auditors’ independence and objectivity is not impaired;
- (c) review with the external auditors and the management team the impact of any new or proposed changes in accounting principles or regulatory requirements on the financial statements of the Company and/or the consolidated financial statements of CLMT group and, in appropriate cases, recommend their adoption to the Board for approval;
- (d) review the scope of work and results of the external audit, any significant findings arising from the audit, recommendations and the management team’s responses; and
- (e) facilitate the external auditors having direct and unrestricted access to the AC as well as the chairman of the Board.

4.4 Related Party Transactions (“RPT”) and Conflicts of Interest

The AC shall:

- (a) review and approve processes to regulate the RPTs (as defined in MMLR) and to ensure compliance with the applicable regulations, in particular, the requirements that the RPTs must be made on terms best available for CLMT and which are no less favourable to CLMT than an arm’s length transaction between independent parties;

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- (b) receive reports from the management team and IA on RPTs, review and approve RPTs as required by the approved processes;
- (c) review and assess from time to time whether additional processes are required to be put in place to manage any material conflicts of interest within CLMT group and propose, where appropriate, the relevant measures for the management of such conflicts for approval by the Board; and
- (d) review and resolve all conflicts of interest matters referred to it.

4.5 Compliance

The AC shall:

- (a) review the compliance framework, scope, compliance monitoring plan and results of compliance monitoring and the management team’s response to their significant findings to ensure that appropriate follow-up measures are taken;
- (b) monitor and assess the role and effectiveness of the compliance function through reviewing the compliance process from time to time and, recommend to the Board for approval any changes to the compliance process; and
- (c) ensure that the compliance function is adequately resourced and skilled in line with the nature, size and complexity of CLMT’s business; and that an adequate budget is allocated to the compliance function to assure its proper functioning.

4.6 The AC shall review the policy and arrangements by which staff of the Company and any other persons may, in confidence, report suspected fraud or irregularity or suspected infringement of any laws or regulations or rules or, raise concerns about possible improprieties in matters of financial reporting or other matters with a view to ensuring that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken. Where the AC becomes aware of any suspected fraud or irregularity or suspected infringement of any Malaysian laws or regulations or the MMLR or any other regulatory authority in Malaysia which has or is likely to have a material impact on CLMT’s operating results or financial position, the AC shall discuss such matter with the external auditors and, at an appropriate time, report the matter to the Board. Where appropriate, the AC shall also commission internal investigations into such matters.

4.7 Where the AC is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of MMLR, the AC must promptly report such matter to Bursa.

4.8 The AC shall consider any other matters, as defined by the Board.

5. MEETINGS

5.1 Calling of meetings

- (a) Meetings of the AC will be held at least four times in a year at such time and place as the AC members may elect.
- (b) In addition, the Secretary of the AC (defined below) shall, on the requisition of any AC member, convene a meeting of the AC.
- (c) Upon the request of the external auditors or internal auditors, a meeting of the AC shall also be convened to consider any matter the auditors believe should be brought to the attention of the Board.
- (d) The Chief Executive Officer shall attend all AC meetings on an ex-officio basis.
- (e) The AC may invite any director, members of the management team or others to attend any AC meetings and to provide pertinent information as necessary.
- (f) The AC shall meet at least once a year with the external auditors and the internal auditors without the presence of the management team.

5.2 Notice of meetings

Seven days’ notice, or such shorter notice as may be agreed by a majority of the AC members, shall be given by the Secretary of the AC specifying the date, time, venue and agenda of the meeting. A copy of the notice shall also be sent to the external auditors and internal auditors.

5.3 Decisions/Voting at meetings

All decisions at any meeting of the AC shall be made by majority votes of the AC members who are present and voting (such majority votes shall at all times exclude the vote, approval or recommendation of any member who has a conflict of interest in the subject matter under consideration). Any comments or approval expressed or given in writing prior to any particular meeting by any AC member who is unable to attend the relevant meeting shall be taken into account in the meeting discussions and recorded in the minutes of meeting.

5.4 Quorum of meetings

The quorum for the AC shall be a majority of Independent Directors.

5.5 Chairman of meetings

If at any meeting the AC Chairman is not present within 10 minutes after the time appointed for holding the meeting, the members present may elect one of the other members who is an Independent Director to be Chairman of the meeting.

5.6 Teleconferencing/Video Conferencing

Members of the AC may participate in a meeting of the AC by means of teleconferencing, video conferencing or any other similar communications equipment by means of which all persons participating in the meeting can hear each other, without the need for a member to be in the physical presence of another member or members, and participation in a meeting in this manner shall be deemed to constitute presence in person at such meeting. The members participating in any meeting in this manner shall be counted in the quorum for such meeting and subject to there being a requisite quorum under paragraph 5.4 above at all times during such meeting, all resolutions approved by the members in such meeting under paragraph 5.3 above shall be deemed to be as effective as a resolution passed at a meeting in person of the members duly convened and held. A meeting conducted by means of teleconferencing, video conferencing or any other similar communications equipment as aforesaid is deemed to be held at the place agreed upon by the members attending the meeting, provided that at least one of the members present at the meeting was at that place for the duration of the meeting.

5.7 Minutes of meetings

- (a) Minutes of all proceedings of meetings of the AC shall be recorded by the Secretary of the AC and circulated to all members.
- (b) The minutes shall be signed by the Chairman of the meeting or by the Chairman of the next succeeding meeting.
- (c) The minute books shall be kept by the Secretary of the AC at the registered office of the Company and shall be opened for inspection at the request of any director of the Company.

6. RESOLUTION IN WRITING

A resolution in writing, signed by a majority of the members (excluding any member who has a conflict of interest in the subject matter of the resolution in writing) for the time being entitled to receive notice of a meeting of the AC, shall be as valid and effectual as if it had been passed at a meeting of the AC duly convened and held. Any such resolution may consist of several documents in the like form, each signed by one or more members of the AC. The expressions “in writing” and “signed” include approval by any such AC member by any form of electronic communication approved by the Board for such purpose from time to time incorporating, if the Board deems necessary, the use of security and/or identification procedures and devices approved by the Board.

7. SECRETARY OF THE AC

The Secretary of the Company shall act as Secretary of the AC.

8. UPDATE OF TERMS OF REFERENCE

These Terms of Reference of the AC have been approved by the Board. On a regular basis, the AC shall review and re-assess the adequacy of these terms of reference and any revisions shall be approved by the Board.