

Corporate Governance

OUR ROLE

CapitaLand Malaysia REIT Management Sdn. Bhd. (Manager), the manager of CapitaLand Malaysia Trust (CLMT), set the strategic direction of CLMT and make recommendations to MTrustee Berhad (Trustee), in its capacity as trustee of CLMT on any investment or divestment opportunities for CLMT and the enhancement of the assets of CLMT in accordance with the stated investment strategy for CLMT. The research, evaluation and analysis required for this purpose are coordinated and carried out by the Manager.

As the Manager, we have general powers of management over the assets of CLMT. Our primary responsibility is to manage the assets and liabilities of CLMT for the benefit of the Unitholders of CLMT. We do this with a focus on generating rental income and enhancing asset values over time so as to maximise returns from the investments and ultimately, the distribution and total returns to Unitholders.

Our other functions and responsibilities of the Manager include:

- (a) using our best endeavour to conduct CLMT's business in a proper and efficient manner in the best interests of the Unitholders;
- (b) preparing annual business plans for review by the Directors of the Manager, including forecasts on revenue, net income and capital expenditure, explanations on major variances in previous years' financial results, written commentaries on key issues and underlying assumptions for rental rates, operating expenses and other relevant assumptions;
- (c) ensuring compliance with relevant laws and regulations, including but not limited to the Companies Act 2016, the Capital Markets and Services Act 2007 (CMSA), the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Malaysia) (Listing Requirements), the Securities Commission's (SC) Guidelines on Listed Real Estate Investment Trusts (REITs Guidelines), Licensing Handbook, written directions, notices, codes and other applicable guidelines issued by SC and/or Bursa Malaysia and the tax rulings issued by the Inland Revenue Board of Malaysia on the taxation of CLMT and its Unitholders as well as any updates and amendments to such relevant laws and regulations;

- (d) attending to all regular communications with Unitholders; and
- (e) supervising Knight Frank Property Management Sdn. Bhd. and Zaharin Nexcap Property Consultants Sdn. Bhd. (collectively, the Property Managers), which pursuant to the property management agreements, perform the day-to-day property management functions (including leasing, marketing and promotion, operations coordination and other property management activities) for CLMT's properties namely Gurney Plaza, Sungei Wang Plaza¹, 3 Damansara and 3 Damansara Office Tower, The Mines, East Coast Mall and Valdor Logistics Hub.

The Manager also considers sustainability issues (including environmental and social factors) as part of its responsibility. CLMT's environmental, sustainability and community outreach programmes are set out in the Sustainability Management section on page 108 to 133 of the CLMT Annual Report 2022.

The Manager administers the enterprise risk management and ensures that internal controls are in place to mitigate and manage the risks as set out in the Enterprise Risk Management section on page 103 to 107 of CLMT Annual Report 2022.

CLMT, constituted as a trust, is externally managed by the Manager.

The Manager appoints experienced and well qualified personnel to run its day-to-day operations. The Manager was appointed in accordance with the terms of the deed dated 7 June 2010 (as amended, supplemented or restated from time to time) (Trust Deed). The Trust Deed outlines certain circumstances under which the Manager can be removed, including by notice in writing given by the Trustee upon the occurrence of certain events, or by resolution passed by a simple majority of Unitholders present and voting at a meeting of Unitholders duly convened held in accordance with the provisions of the Trust Deed.

The Manager is a wholly owned subsidiary of CapitaLand Investment Limited (CLI) which also holds a significant unitholding interest in CLMT. CLI is a leading global real estate investment manager with a strong Asia foothold and has a vested interest in the long term performance of CLMT. CLI's significant unitholding in CLMT demonstrates its commitment to CLMT and as a result, CLI's interests is aligned with that of other Unitholders. The Manager's association

1 CLMT's interest in Sungei Wang Plaza comprises (i) 205 strata parcels within the mall which represents approximately 61.9% of the aggregate retail floor area, and (ii) 1,298 car park bays which comprise 100% of the car park bays.

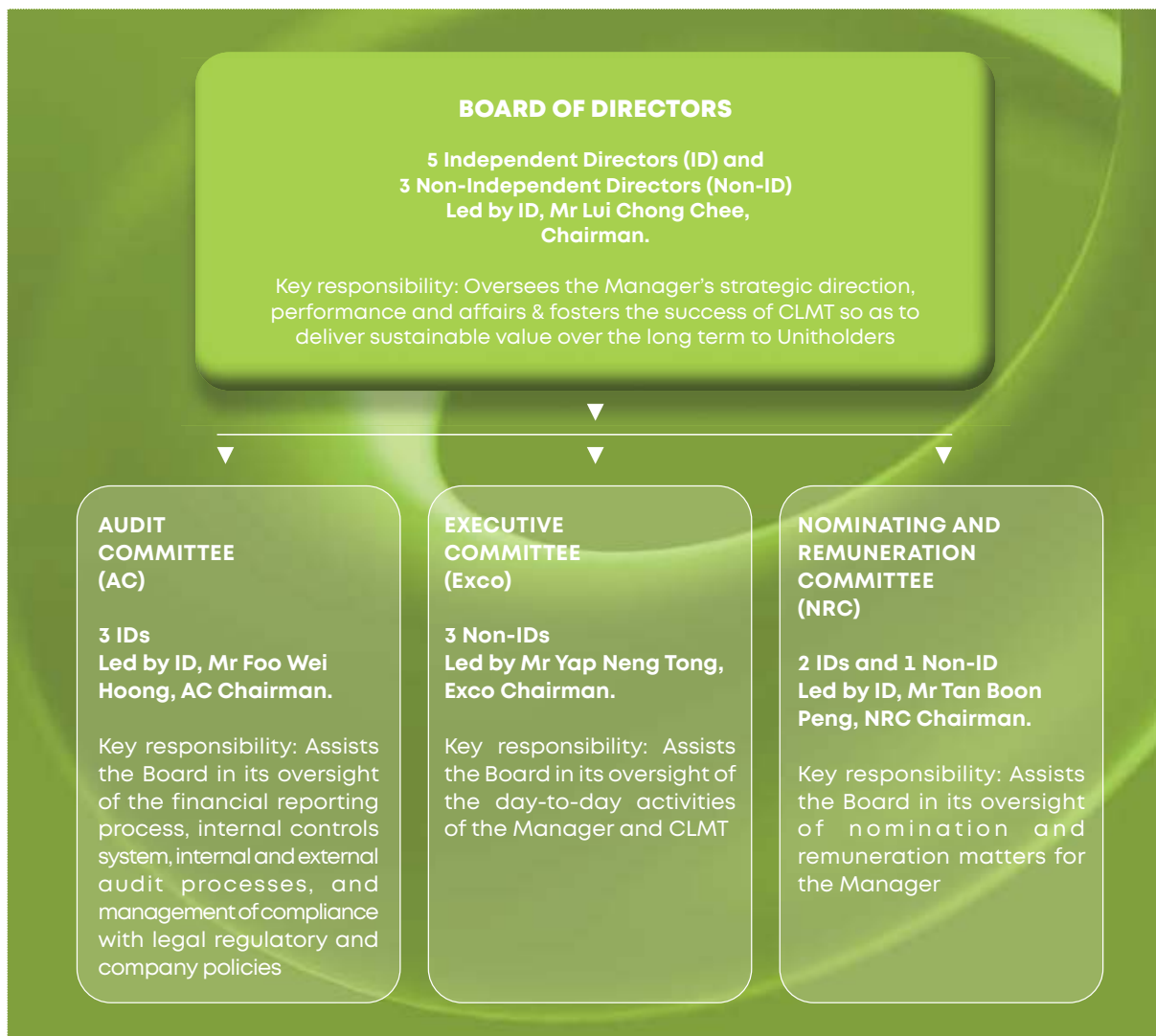
with CLI provides the following benefits, among other things, to CLMT:

- (a) a stable pipeline of property assets through CapitaLand Group;
- (b) wider and better access to banking and capital markets;
- (c) fund raising and treasury support; and
- (d) access to a bench of experienced management talent.

OUR CORPORATE GOVERNANCE FRAMEWORK AND CULTURE

The Manager embraces the tenets of good corporate governance, including accountability, transparency and sustainability. It is committed to enhancing long term Unitholder value and has appropriate people, processes and structure to direct and manage the business and affairs of the Manager with a view to achieving operational excellence and delivering CLMT's long term strategic objectives. The policies and practices developed meet the specific business needs of the CLMT and provide a firm foundation for a trusted and respected real estate investment trust.

Our corporate governance framework is set out below:



Corporate Governance

The Board of Directors (Board) sets the tone from the top and is responsible for the Manager's corporate governance standards and policies, underscoring their importance to the Manager and CLMT.

This Corporate Governance Statement (Statement) sets out the Manager's application of the corporate governance practices for financial year (FY) 2022 with reference to the principles and practices of the Malaysian Code on Corporate Governance 2021 (Code) issued by the SC.

Throughout FY 2022, the Manager has applied in general with the principles and practices of corporate governance laid down by the Code and substantially, with the underlying provisions of the Code. Where there are deviations, appropriate explanations are provided in this Statement. This Statement also sets out additional policies and practices adopted by the Manager which are not provided in the Code.

BOARD MATTERS

Intended Outcome 1.0

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.

The Board oversees the strategic direction, performance and affairs of the Manager, in furtherance to the Manager's primary responsibility in fostering the success of CLMT so as to deliver sustainable value over the long term to Unitholders. It provides overall guidance to the management team (Management), led by the Chief Executive Officer (CEO). The Board works with Management to achieve CLMT's objectives and long term success and Management is accountable to the Board for its performance. Management is responsible for the execution of the strategy for CLMT and the day-to-day operation of CLMT's business.

The Board establishes goals for Management and monitors the achievement of these goals. It ensures that proper and effective controls are in place to

assess and manage business risks and compliance with requirements under the Listing Requirements, REITs Guidelines as well as any other applicable guidelines prescribed by Bursa Malaysia, SC or other relevant authorities and such other applicable laws. It also sets the disclosure and transparency standards for CLMT and ensures that obligations to Unitholders and other stakeholders are understood and met. The goals and achievements of CLMT are set in the Balance Scorecard approved by the Board and measured at the end of each financial year. The Board also receives periodic reports on the risks, compliance, conflicts of interest and internal controls managed and applied by Management for CLMT and the Manager.

The Directors are fiduciaries and collectively, as the Board and individually, obliged at all times to act honestly and objectively in the best interests of CLMT. Consistent with this principle, the Board is committed to good ethics and integrity of action and has adopted a Code of Business Conduct and Ethics for Board (Board Code) which provides that every Director is expected to, among other things, adhere to the highest standards of ethical conduct. All Directors are required to comply with the Board Code. This sets the appropriate tone from the top in respect of the desired organisational culture and assists the Board in ensuring proper accountability by the Manager. In line with this, the Board has a standing policy that a Director must not allow himself or herself to get into a position where there is a conflict between his or her duty to CLMT and his or her own interests. Where a Director has a conflict of interest in a particular matter, he or she will be required to disclose his or her interest to the Board, recuse himself or herself from deliberations on the matter and abstain from voting on the matter. Every Director has complied with this policy, and where relevant, such compliance has been duly recorded in the minutes of meeting or written resolutions. The Board Code which was last revised on 28 July 2022 is published on CLMT's website at www.clmt.com.my (Website).

Furthermore, the Directors have the responsibility to act with due diligence in the discharge of their duties and ensure that they have the relevant knowledge to carry out and discharge their duties as Directors, including understanding their roles as executive, non-executive, and IDs, the business of CLMT and the environment in which CLMT operates. The Directors are also required to dedicate the necessary effort, commitment and time of their work as Directors, and are expected to attend all meetings of the Board, unless unusual circumstances make attendance impractical.

Board Committees

The Board has established various Board Committees to assist in the discharge of its functions. These Board Committees are the Audit Committee (AC), Nominating and Remuneration Committee (NRC) and the Executive Committee (Exco). The Board undertakes all the responsibilities for approving corporate disclosures other than certain non-material and routine disclosures which approvals are delegated to Management, following the dissolution of the Corporate Disclosure Committee on 1 February 2020.

All the Board Committees have clear written terms of reference setting out their respective composition, authorities and duties. Each of these Board Committees operates under delegated authority from the Board with the Board retaining overall oversight. The decisions and significant matters discussed at the respective Board Committees are reported to the Board on a periodic basis. The minutes of the Board Committee meetings which record the key deliberations and decisions taken during these meetings are also circulated to all Board members for their information. The composition of the various Board Committees is set out under the Corporate Information section of CLMT Annual Report 2022. The duties and responsibilities of the Board Committees are set out in this Statement.

The Board may form other Board Committees from time to time as dictated by business imperatives. The composition of each Board Committee is also reviewed as and when there are changes to Board membership and is managed to ensure an equitable distribution of responsibilities among Board members, to maximise the effectiveness of the Board and to foster active participation and contribution from Board members. Diversity of experience and appropriate skills are considered in the composition of the respective Board Committees.

Meetings of Board and Board Committees

Board and Board Committee meetings are scheduled prior to the start of each financial year in consultation with the Directors. In line with good governance practices, the Manager leveraged on technology by conducting virtual meetings of the Board and Board Committees, which made it more convenient for meeting participation and robust discussion. The conduct of Board and Board Committee meetings which include a participation by any Director via audio or video conference is permitted by the Constitution of the Manager

(Constitution). If a Director is unable to attend a Board or Board Committee meeting, he or she may provide his or her comments to the Chairman or the relevant Board Committee chairman ahead of the meeting and these comments are taken into consideration in the deliberations. The Board and Board Committees may also make decisions by way of written resolutions. In addition to scheduled meetings, the Board may also hold ad hoc meetings as and when required by business imperatives.

At each scheduled Board meeting, the Board is apprised, amongst others, of the following:

- (a) significant matters discussed at the AC meeting which is typically scheduled before the Board meeting;
- (b) AC's recommendation on CLMT's periodic and year-end financial results following AC's review of the same;
- (c) decisions made by Board Committees in the period under review;
- (d) updates on the CLMT Group's business and operations in the period under review, including market developments and trends, as well as business initiatives and opportunities;
- (e) financial performance, budgetary and capital management related matters in the period under review, including any material variance between any projections in budget or business plans and the actual results from business activities and operations;
- (f) any risk management issues that materially impact CLMT's operations or financial performance;
- (g) updates on key Unitholder engagements in the period under review, as well as analyst views and market feedback;
- (h) prospective transactions which Management is exploring; and
- (i) summary of dealings in CLMT units by the Manager.

This allows the Board to develop a good understanding of the progress of CLMT Group's business as well as the issues and challenges faced by CLMT, as well as promotes active engagement with Management.

Corporate Governance

The Manager adopts and practises the principle of collective decisions and therefore, no individual Director influences or dominates the decision-making process. There is mutual respect and trust among the Directors and therefore the Board benefits from a culture of frank and rigorous discussions. Such discussions conducted on a professional basis contribute to the dynamism and effectiveness of the Board. The Board composition is such that there is diversity in views and perspectives which enriches deliberations and contributes to better decision-making by the Board. At Board and Board Committee meetings, all the Directors actively participate in discussions, and particularly, they engage in open and constructive debate and will challenge the Management on its assumptions and recommendations.

A total of seven (7) Board meetings were held in FY 2022 with the Company Secretary in attendance at every meeting while Management and internal and external auditors attended the Board and Committee meetings upon invitation, as and when necessary. The quorum for meeting of Directors is two (2), one (1) of which shall be a representative of CLI and one (1) independent Director. Decisions are determined by a majority of votes, including the affirmative votes of at least one (1) independent Director, with any member interested in the matter deliberated abstaining.

A table showing the attendance record of the Directors at meetings of the Board and Committees in FY 2022 is set out on page 94 of the Corporate Governance section of CLMT Annual Report 2022. The Manager believes in the manifest contribution of its Directors beyond attendance at formal Board and Committee meetings. To judge a Director's contributions based on his attendance at formal meetings alone would not do justice to his overall contributions, which include being accessible to Management for guidance or exchange of views outside the formal environment of Board and Board Committee meetings. In addition to the formal meetings held in FY 2022, Management has received and benefited from the strategic guidance of the Board through the Directors having had many interactive sessions with Management in person and also through electronic means.

Directors' Development

In view of the increasingly demanding, complex and multi-dimensional roles of a Director, the Board recognises the importance of continuous training and development, including material sustainability risks and opportunities for its Directors so as to equip them to discharge the duties and responsibilities

of their office based on their abilities as Directors. The Manager has in place a training framework to guide and support the Manager towards meeting the objective of having a Board which comprises individuals who are competent and possess up-to-date knowledge and skills necessary to discharge duties and responsibilities. Newly appointed Directors who have no prior experience as a director of a listed issuer are provided with training on the roles and responsibilities of a director of a listed issuer in accordance with the listing rules of the MMLR.

Upon appointment, each Director is provided a copy of the Director's Manual (which includes information on a broad range of matters relating to the role, duties and responsibilities of a director). All Directors, upon appointment, also undergo an induction programme which focuses on orientating the Director to CLMT's business, operations, strategies, organisation structure, responsibilities of the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the Manager (key management personnel), as well as financial and governance practices. Through the induction programme, the new Director also gets acquainted with members of Management which facilitates their interaction at Board meetings.

Following their appointment, Directors are provided with opportunities for continuing education in areas such as Directors' duties and responsibilities, changes to regulations and accounting standards and industry-related matters, so as to be updated on matters that affect or which may enhance their performance as Directors or Board Committee members. The Directors may also recommend suitable training and development programmes to the Board. In FY 2022, the training and professional development programmes for the Directors included seminars conducted by experts and senior business leaders on board practices and issues faced by boards. The Directors also regularly receive reading materials on topical matters or subjects as well as updates on regulatory changes and their implications. The Board has been continuously briefed and updated on the Corporate Liability Provision under Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 (MACC Act), the gap analysis addressed with the policies and procedures put in place by Management for the Manager's compliance as guided by the Guidelines on Adequate Procedures issued pursuant to Section 17A(5) of the MACC Act and the latest development on the corporate governance issues.

All Directors have attended the Mandatory Accreditation Programme (MAP) as prescribed by Bursa Malaysia, within four months of their appointments. In addition to MAP, Mr Tan Choon Siang, who was appointed to the Board on 1 January 2022 had duly completed four (4) modules of the Capital Market Director Programme, within the timeline as required by the SC. Training programmes, seminars and conferences attended by the Directors during FY 2022 are set out on page 95 of the Corporate Governance section of CLMT Annual Report 2022.

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.

The Board presently comprises eight (8) Directors, five (5) of whom are IDs. The Chairman of the Board is a non-executive ID. Profiles of the Chairman and the Directors are provided in Our Board of Directors section on page 20 to 26 of CLMT Annual Report 2022.

During FY 2022, Chairman has been responsible for:

- (i) providing leadership to the Board so that the Board can perform its responsibilities effectively;
- (ii) overseeing the Board agenda and interfacing between Management and Board members for delivery of information required at each Board meeting;
- (iii) leading all Board meetings and discussions;
- (iv) encouraging active participation and allowing dissenting views to be freely expressed by the Directors;
- (v) managing the interface between Board and Management on all other matters;
- (vi) ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board; and
- (vii) leading the Board in establishing and monitoring good corporate governance practices in the Manager.

Practice 1.3: The positions of Chairman and CEO are held by different individuals.

The roles and responsibilities of the Chairman and the CEO are held by separate individuals, in keeping with the principles that there be a clear division of responsibilities between the leadership of the Board and Management and that no one individual has unfettered powers in decision making. The Board is led by Mr Lui Chong Chee whilst the CEO is Mr Tan Choon Siang. The Chairman and the CEO enjoy a positive and constructive working relationship between them and support each other in their respective leadership roles. They do not share any family ties.

The Chairman provides leadership to the Board and facilitates the conditions for the overall effectiveness of the Board, Board Committees and individual Directors. This includes approving the agenda set for the Board meetings and ensuring that there is sufficient information provided and time given at meetings to address all agenda items, and promoting open and constructive engagement among the Directors as well as between the Board and the Management on strategic issues.

The Chairman devotes considerable time to understanding the business of CLMT, as well as the issues and the competition that CLMT faces. He plays a leadership role by providing oversight, direction, advice and guidance to the CEO. He also maintains open lines of communication and engages with other members of Management regularly, and acts as a sounding board for the CEO on any strategic and significant operational matters.

The Chairman also ensures that the Board works together with Management with integrity, competency and moral authority, and that the Board engages Management in deliberations on strategy, business operations and enterprise risks.

The CEO has full executive responsibilities to manage CLMT's Group business and to develop and implement policies approved by the Board.

The separation of the roles and responsibilities between the Chairman and the CEO and the resulting clarity of roles provide a healthy professional relationship between the Board and Management, facilitates robust deliberations on CLMT Group's business activities and the exchange of ideas and views to help shape CLMT's strategic process thus ensuring an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making.

Corporate Governance

Since the roles of the Chairman and the CEO are held by separate individuals who are not related to each other, whereby the Chairman is an ID, no lead ID is appointed.

Practice 1.4: The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee.

Mr Lui Chong Chee is a non-executive independent Chairman and he is also a member of the NRC. The Board delegates and entrusts its review function to the NRC which operates within clearly defined terms of reference and specific powers granted thereunder.

The Board adopts and practices the principle of collective decision-making, no individual member can influence or dominate the Board's decision-making process. Based on peer review assessments conducted on objectivity and independence status of its members, the Board believes that the non-executive independent Chairman, is capable of exercising objective and impartial judgment to the Board's deliberations.

The Board also believes that having the same person assume the positions of Chairman of the Board and member of NRC helps to ensure that all key and appropriate issues are discussed in detail at the NRC before making any recommendation to the Board for decision.

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.

The Board is supported by a suitably qualified and competent Company Secretary. The Directors also have separate and independent access to the Company Secretary of the Manager. The Company Secretary keeps herself abreast of relevant developments. She has oversight of corporate secretarial administration matters and advises the Board and Management on corporate governance matters. The Company Secretary attends Board meetings and assists the Chairman in ensuring that procedures are followed. The Company Secretary also facilitates the induction programme for new Directors and oversees professional development administration for the Directors. The appointment and the removal of the Company Secretary is subject to the Board's approval.

During FY 2022, the Company Secretary has advised on corporate disclosures and compliance with the Companies Act 2016 and provided updates on the Code, REITs Guidelines, Listing Requirements, the Corporate Liability Provision under Section 17A of the MACC Act and other related laws for the Manager's and Board's information.

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.

The Manager recognises the importance of providing the Board with complete, adequate and timely information prior to Board meetings and on an on-going basis, to enable the Directors to make informed decisions to discharge their duties and responsibilities.

The Company Secretary of the Manager works with the Chairman and Management to ensure that Board papers and agendas are provided to each Director at least five working days in advance of the Board meetings so that they can familiarise themselves with the matters prior to the Board meetings. The Board meets regularly and at each Board meeting, the CEO provides updates on CLMT's business and operations as well as its financial performance. Presentations in relation to specific businesses areas are also made by key executives and external consultants or experts. This allows the Board to develop a good understanding of the progress of CLMT's business as well as the issues and challenges facing CLMT, and also promotes active engagement between the Board and the key executives of the Manager.

In line with the Manager's ongoing commitment to minimise paper wastage and reduce its carbon footprint, the Manager does not provide printed copies of Board and Board Committee meeting materials. Instead, the Directors are provided with tablet devices to enable them to access and review meeting materials prior to and during meetings. This initiative also enhances information security as the meeting materials are made available through a secure channel. The Directors are also able to review and approve written resolutions using tablet devices.

The Manager practices timely circulation of the minutes of the Board and Committee meetings after each meeting. Minutes are complete and accurately reflect the deliberations and decisions

of the Board and Board Committees, including whether any Director abstained from voting or deliberating on any matter.

Intended Outcome 2.0

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.*

The Board's duties and responsibilities have been guided by a Board Charter which include:

- (a) approving CLMT's broad policies, strategies and objectives;
- (b) approving annual budgets, major funding including capital management proposals, investment and divestment proposals;
- (c) reviewing at least annually the adequacy and effectiveness of the risk management and internal control systems including financial, operational, compliance and information technology controls of CLMT and the Manager;
- (d) reviewing and approving succession plans for Directors;
- (e) reviewing and approving the appointment of and succession plan for the CEO; and
- (f) reviewing and approving the Board's compensation.

The Board Charter is periodically reviewed to reflect changes to the Board's policies, procedures and processes as well as any development in statutes and regulations that may have an impact on the discharge of the Board's duties and responsibilities. The Board Charter which was last revised on 28 April 2022 is published on the Website.

The Board has also adopted a set of internal control which establishes financial approval limits for capital expenditure, investments, divestments, bank borrowings and issuance of debt instruments and this is clearly communicated to Management in writing. The Board has reserved authority to approve certain matters including:

- (a) material acquisition, investments and divestments;
- (b) issue of new units in CLMT (Units);
- (c) income distributions and other returns to Unitholders; and
- (d) matters which involve a conflict of interest for a controlling Unitholder or a Director.

Apart from matters that specifically require the Board's approval, the Board delegates authority for transactions below the Board's approval limits to Board Committees and Management to optimise operational efficiency.

Intended Outcome 3.0

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.

The Manager adheres to an ethics and code of business conduct policy which deals with issues such as confidentiality, conduct and work discipline, corporate gifts and concessionary offers. Clear policies and guidelines on how to handle workplace harassment and grievances are also in place.

The policies and guidelines are published on CapitaLand's Intranet which is accessible by all employees of the Manager. The policies that the Manager has implemented aim to help to detect and prevent occupational fraud mainly in three ways.

Corporate Governance

Firstly, the Manager offers fair compensation packages, based on practices of pay-for-performance and promotion based on merit to its employees. The Manager also provides various healthcare subsidies and financial assistance schemes to alleviate the common financial pressures its employees face.

Secondly, clearly documented policies and work procedures incorporate internal controls which ensure that adequate checks and balances are in place. Periodic audits are also conducted to evaluate the efficacy of these internal controls.

Finally, the Manager seeks to build and maintain the right organisational culture through its core values, educating its employees on good business conduct and ethical values. This is achieved through orientation training of new employees and periodic training updates for existing employees.

The Board has developed a Code of Business Conduct and Ethics for Board, which essentially sets out the standards of conduct expected from all Directors, including avoiding conflict of interest, duties of honesty and good faith, professionalism and commitment, preventing non-compliance with laws, rules and regulations. The Code of Business Conduct and Ethics for Board which was last revised on 28 July 2022 is published on the Website.

Bribery and Corruption Prevention Policy

The Manager adopts a strong stance against corruption and bribery. In addition to clear guidelines and procedures for the giving and receipt of corporate gifts and concessionary offers, all employees of the Manager are required to make a declaration on an annual basis where they pledge to uphold the Manager's core values and not to engage in any corrupt or unethical practices. This serves as a reminder to all employees to maintain the highest standards of integrity in their work and business dealings. This is in line with the Corporate Liability Provision under Section 17A of the MACC Act which came into force on 1 June 2020.

The Board had on 22 January 2020 adopted the anti-bribery and anti-corruption policy for the Manager's compliance (ABC Policy). The ABC Policy underpins CLMT Group's strategies in identifying, preventing and managing bribery and corruption issues. The ABC Policy applies to all Directors, managers and employees of the Manager in dealing with external parties in the commercial context. The Manager's zero-tolerance policy towards corruption and bribery has been extended to its

business dealings with third parties. Pursuant to the ABC Policy, among others, the Manager requires that certain agreements incorporate anti-bribery and anti-corruption provisions and communication of the zero-tolerance policy towards corruption and bribery is disseminated to all third parties in all correspondences to emphasise the Manager's commitment and seriousness. The ABC Policy is reviewed periodically to ensure that it continues to remain relevant, appropriate and effective to enforce the principles highlighted therein and to ensure continued compliance with the prevailing laws relating to corruption and bribery in Malaysia. A copy of the ABC Policy can be found on the Website.

A set of comprehensive communication slides has been established to communicate and disseminate the Corporate Liability Provision under Section 17A of the MACC Act as well as the ABC Policy throughout the CLMT Group through online training modules and other communication channels. The compliance with the policies and procedures put in place as guided by the Guidelines on Adequate Procedures issued pursuant to Section 17A(5) of the MACC Act will be monitored closely, both on an ongoing basis and in conjunction with the annual assessment of the CLMT Group's corruption risks. The annual risk assessment is carried out to identify the corruption risks to which the CLMT Group is exposed to and the appropriateness of the mitigation measures established to minimise the exposure to these risks.

Anti-Money Laundering and Countering the Financing of Terrorism Measures

The Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 (AMLATFA) lays down various activities which AMLATFA views as unlawful activities and which the Manager must be aware of. The Manager has applied a policy on the prevention of money laundering and terrorism financing and is alert at all times to suspicious transactions. As part of its business operational practices, the Manager performs due diligence checks on its counterparties in order to ensure that it is able to detect any suspicious money laundering and terrorist financing activities and it does not enter into business transactions with terrorist suspects or other high-risk persons or entities.

Under this policy, all relevant records or documents relating to business relations with the CLMT's Group's customers or transactions entered into must be retained for a period of at least seven years following the termination of such business relations or the completion of such transactions.

All prospective employees, officers and Capital Markets Services Representatives Licence (CMSRL) representatives of the Manager are also screened against various money laundering and terrorism financing information sources and lists of designated entities and individuals provided by SC. Periodic training is provided by the Manager to its Directors, employees and CMSRL representatives to ensure that they are updated and aware of applicable anti-money laundering and countering of terrorism financing regulations, the prevailing techniques and trends in money laundering and terrorism financing and the measures adopted by the Manager to combat money laundering and terrorism financing.

Practice 3.2: The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

A whistleblowing policy and other procedures are put in place to provide the Manager's employees and parties who have dealings with the Manager with well defined, accessible and trusted channels to report suspected fraud, corruption, dishonest practices or other improprieties in the workplace, and for the independent investigation of any reported incidents and appropriate follow up action.

The objective of this policy is to encourage the reporting of such matters so that employees or external parties making any reports in good faith will be able to do so with the confidence that they will be treated fairly and, to the extent possible, be protected from reprisal. The AC reviews all whistleblowing complaints at its scheduled meetings. Independent, thorough investigation and appropriate follow up actions are then taken. The outcome of each investigation is reported to the AC. All employees of the Manager are informed of this policy which is made available on CapitaLand's Intranet. A copy of the policy can be found on the Website.

Intended Outcome 4.0

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.

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.

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.

The Board takes cognisance of the Code to strengthen the oversight of sustainability with five new practices.

In 2020, CapitaLand launched the Sustainability Master Plan that articulates the CapitaLand Group's sustainability targets, strategies and plans till 2030. The CapitaLand 2030 Sustainability Master Plan focuses on three key themes to drive sustainability efforts in the environment, social and governance (ESG) pillars, enabling the CapitaLand Group to create a larger positive impact for the environment and society. As a CLI-sponsored Real Estate Investment Trust, CLMT led by the Manager's CEO, is aligned with CapitaLand's 2030 Sustainability Master Plan. CapitaLand's 2030 Sustainability Master Plan is regularly reviewed where necessary to complement CapitaLand Group's business strategy and align with climate science.

To ensure the sustainability practice becomes an integral part of the organisational activities, the Board, had approved the sustainability performance and the achievement of set targets as part of CLMT Balanced Scorecard and these are cascaded down throughout the organisation from the Board through senior management to employees. Sustainability goals are part of the Balanced Scorecard for measuring performance which include measurements that track progress towards sustainability target for the Manager.

The Manager, through company disclosures and various engagement channels including dialogues, participation at conferences, member representations in industry related associations, benchmarking and responding to sustainability surveys seeks to understand its stakeholders' views, communicate effectively with them and respond to their concerns.

Corporate Governance

The Manager is committed to maintaining close stakeholder engagement and communication with key stakeholders.

The Board is mindful of the importance for its members to have an adequate understanding of the industry issues that may pose threat to the sustainability of the business, and they should possess the appropriate skills and experience to manage these risks. Whenever required, the Directors will undergo education programmes, such as through internal workshops and training to be apprised of changes to emerging sustainability issues including climate-related topics and their impacts on the Group.

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.

The Board effectiveness evaluation questionnaires for the financial year 2022 had been updated to include questionnaire on Board's oversight of ESG and sustainability-related performance measures. The Board concluded that ESG practices will remain one of the areas requiring ongoing focus and dedicated attention for continuous improvement.

Practice 4.5: 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. (Step-up)

As part of the CapitaLand Group, CLMT's sustainability strategy is aligned to that of CLI. CLMT is committed to working towards long term and annual targets under CapitaLand's 2030 Sustainability Master Plan Framework. To strengthen its sustainability stewardship, the Manager has formalised a sustainability department effective January 2023, which is helmed by Ms Jasmine Loo, and supported by various Heads of Department of the Manager, and the Heads of Department of the operations and technical teams of CLI. Through the Sustainability department, the Board is updated regularly on matters relating to sustainability management performance of CLMT, key material issues identified by stakeholders and the planned follow-up measures.

Intended Outcome 5.0

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.

The Board has on 21 October 2021 established the NRC. The NRC is entrusted to assist the Board in, inter alia, matters relating to the appointment, re-appointment and retirement of Board and Board Committees members, review of Board's performance and Director's independence; the leadership development and succession plan and framework for the CEO; and the remuneration for the Directors.

The annual assessment of the Board, Board Committees and individual Directors was conducted by the NRC on 17 January 2023 using a self and peer assessment approach. The criteria for the evaluation are guided by the Corporate Governance Guide issued by Bursa Malaysia Berhad.

A summary of key activities undertaken by the NRC in discharging its nomination duties during the financial year under review and up to the date of this Statement is set out below:-

- (a) reviewed the size and composition of the Board, structure and membership of the Board Committees;
- (b) assessed the performance of the Board, Board Committees and individual Directors;
- (c) assessed the independence of all non-executive independent Directors;
- (d) reviewed whether a Director has been adequately carrying out his or her duties as a Director;
- (e) reviewed the payment of non-executive Directors' Fees;
- (f) reviewed the CLMT 2022 Balanced Scorecard; and
- (g) reviewed the Directors' Fit and Proper Policy.

Practice 5.2: At least half of the board comprises independent directors. For Large Companies², the board comprises a majority independent directors

² Large Companies refers to (1) Companies on the FTSE Bursa Malaysia Top 100 Index; or (2) Companies with market capitalisation of RM2 billion and above, at the start of the companies' financial year.

The Board has a strong independent element: it presently comprises eight (8) Directors, five (5) of whom (including the Chairman) are IDs. None of the IDs had served on the Board for nine years or longer. Profiles of the Directors are provided in Our Board of Directors section on page 20 to 26 of CLMT Annual Report 2022 reflecting that there is a majority of IDs on the Board of the Manager being manager of CLMT.

The Board reviews from time to time the size and composition of the Board and each Board Committee, with a view of ensuring that its size is appropriate in facilitating effective decision making, and the composition reflects a strong independent element as well as there is balance and diversity of thought and backgrounds. The review takes into account the scope and nature of CLMT Group's operations, and the competition that it faces.

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.

Practice 5.4: The board has a policy which limits the tenure of its independent directors to nine years without further extension. (Step Up)

The Board through NRC, assessed (and as and when circumstances require) the independence of each Director in accordance with the Listing Requirements, REITs Guidelines and the guidance in the Code. A Director is considered independent if he or she is independent in conduct, character and judgement, and:

- (a) has no relationship with the Manager, its related corporations, its major shareholders, CLMT's major Unitholders (being Unitholders who have interests in voting Units with 10% or more of the total votes attached to all voting Units) or the Manager's officers that could interfere, or be reasonably perceived to interfere with the exercise of his or her independent business judgement in the best interests of CLMT;
- (b) is independent from the management of the Manager and CLMT, from any business

relationship with the Manager and CLMT, and from every major shareholder of the Manager and every major unitholder of CLMT;

- (c) is not a major shareholder of the Manager or a major unitholder of CLMT;
- (d) is not employed by the Manager or CLMT or their related corporations;
- (e) has not served on the Board for a continuous period of nine years or longer;
- (f) is not and has not been an officer of the Manager or CLMT or their related corporations, the trustee of CLMT or its related corporation within the last three years;
- (g) has not been engaged as an adviser by the Manager or its related corporation under such circumstances as prescribed by Bursa Securities or is not presently a partner, director (except as an independent director) or major shareholder, as the case may be, of a firm or corporation which provides professional advisory services to the Manager or CLMT under such circumstances as prescribed by Bursa Securities within the last three years;
- (h) not acting as a nominee or representative of any executive director or major shareholder of the Manager or major unitholder of CLMT; and
- (i) has not engaged in any transaction with the Manager or CLMT under such circumstances as prescribed by Bursa Securities, or is not presently a partner, director or major shareholder, as the case may be, of a firm or corporation (other than subsidiaries of the Manager) which has engaged in any transaction with the Manager or CLMT under such circumstances as prescribed by Bursa Securities within the last three years.

There is a rigorous process to evaluate the independence of each ID. As part of the process:

- (a) each ID provides information on his business interests and confirms, upon appointment, as well as on an annual basis, that there are no relationships which interfere with the exercise of his independent business judgement in the best interests of Unitholders; and such information is reviewed by the NRC; and

Corporate Governance

- (b) the NRC also reflects on the respective IDs' conduct and contributions at Board and Board Committee meetings, specifically, whether the relevant ID has exercised independent judgement in discharging his or her duties and responsibilities.

Each ID is required to recuse himself or herself from the Board's deliberations on his or her independence. In appropriate cases, the NRC also reviews the independence of an ID as and when there is a change of circumstances involving the ID. In this regard, an ID is required to report to the Manager when there is any change of circumstances which may affect his or her independence.

The NRC has also carried out the assessment of each of the independence of its IDs for FY 2022 and the paragraphs below set out the outcome of the assessment.

Mr Tan Boon Peng, Mr Lui Chong Chee, Encik Mohd Yusof bin Hussian, Mr Foo Wei Hoong and Ms Tan Ming-Li do not have any relationships which interfere with the exercise of their independence and have therefore demonstrated independence of character and judgement in the discharge of his/her responsibilities as a Director of the Manager in FY 2022. The Board was satisfied that each relevant non-executive Director had acted with independent judgement.

On the bases of the declarations of independence provided by the relevant ID and the guidance in the Code, REITs Guidelines and the Listing Requirements, the NRC concluded that each of Mr Tan Boon Peng, Mr Lui Chong Chee, Encik Mohd Yusof bin Hussian, Mr Foo Wei Hoong and Ms Tan Ming-Li is an ID. Each of the above Directors had recused himself or herself from the Board's deliberations on his or her independence. All assessments and evaluations carried out by the NRC were duly documented.

The Manager believes that Board renewal is a necessary and continual process, for good governance and ensuring that the Board has the skills, expertise and experience which are relevant to the evolving needs of CLMT's business; renewal or replacement of a Director therefore does not necessarily reflect his/her performance or contributions to date. The Board has established the guideline that an ID will serve for an initial two three-year terms and any extension of term up to a maximum period of nine years (inclusive of the initial two terms served) will be individually considered by the Board. As at the date of this Statement, none of the ID had exceeded the maximum period.

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.

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.

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.

Directors' Fit and Proper Policy

In line with the new Paragraph 15.01A of the Listing Requirements, the Board had on 23 June 2022 approved and adopted the Directors' Fit and Proper Policy which outlined the fit and proper criteria for the appointment and re-appointment of Directors on the Board of the Manager and its subsidiaries. The said policy is devised to ensure that each of the Directors has the character, experience, integrity, competence and time to effectively discharge his or her role as a Director of the Manager and its subsidiaries. A copy of the Directors' Fit and Proper Policy is made available on the Website.

There was no person nominated for appointment as Director in FY 2022. Should there be any new appointment; NRC will assess the fitness and properness of candidates that are to be appointed onto the Board as well as Directors who are seeking for re-election, pursuant to the Directors' Fit and Proper Policy.

The Board embraces diversity and formally adopted a Board Diversity Policy in January 2020. The Board Diversity Policy provides that the Board shall comprise talented and dedicated Directors with a diverse mix of expertise, experience, perspectives, skills and backgrounds, with due consideration given to other diversity factors including but not limited to diversity in business or professional experience, age and gender.

The Board believes in diversity and values the benefits that diversity can bring to the Board in its deliberations. Diversity enhances the Board's decision-making capability and ensures that the Manager has the opportunity to benefit from all available talent and perspectives.

The Board, in carrying out its duties of determining the optimal composition of the Board in its Board renewal process, identifies possible candidates and makes recommendations of board appointments to the Board whilst considers diversity factors such as age, educational, business and professional backgrounds of its members. Female representation is also considered an important aspect of diversity. The current Board comprises eight members who are professionals with varied backgrounds, expertise and experience including in finance, retail management, investment, real estate, legal and accounting. The current Board has one female member.

Though the appointment and re-appointment of Directors of the Manager is not subject to the approval of the Unitholders of CMLT, the Board has a formal and transparent process for the appointment and re-appointment of Directors. The NRC assisted the Board in matters relating to reviewing and recommending to the Board all nominations for the appointment and reappointment of Directors. For Board nomination, the NRC shall consider candidates on merit and against objective criteria and with due regard to the benefits of diversity on the Board, including gender, taking care that appointees have enough time available to devote to the position. Prior to the appointment of a Director, the proposed appointee shall be required to disclose any other business interests that may result in a conflict of interest and be required to report any future business interests that could result in a conflict of interest and of members to the various Board Committees.

During the financial year 2022, a new executive non-independent Director was appointed to the Board, which followed the above process. The Board is of the view that such a process provides an adequate basis to source for competent candidates to fill the positions of Directors in the Board.

Board Composition and Renewal

The Board strives to ensure that there is an optimal blend in the Board of backgrounds, experience and knowledge in business and general management, with expertise relevant to the CLMT Group's business and track record, whereby each Director can bring to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made in the interests of the CLMT Group.

There is a structured process for determining Board composition and for selecting candidates for appointment as Directors. The Board through NRC evaluates the Board's competencies on a long term basis and identifies competencies which may be further strengthened in the long term. Board succession planning takes into account the need to maintain flexibility to effectively address succession planning and to ensure that the Manager continues to attract and retain suitably qualified individuals to serve on the Board. The process ensures that the Board composition is such that the Board has capabilities and experience which are aligned with CLMT's strategy and environment.

The NRC assisted the Board to carry out Board succession planning through the annual review of the Board's composition as well as when a Director gives notice of his or her intention to retire or resign. The NRC will seek to refresh the Board membership progressively and in an orderly manner, whilst ensuring continuity and sustainability of corporate performance.

The Board may retain external consultants from time to time to assist the Board in identifying suitable candidates for appointment to the Board. Candidates are identified based on the needs of CLMT and the relevant skills required, taking into account, among other things, the requirements in the Listing Requirements, REITs Guidelines and the Code, as well as the factors in the Board Diversity Policy. The candidates will be assessed against a range of criteria including their skills and expertise, market and industry knowledge. The Board also considers the qualities of the candidates, in particular whether they are aligned to the strategic directions and values of CLMT. In addition, the Board assesses the candidates' ability to commit time to the affairs of CLMT, taking into consideration their other current appointments.

Practice 5.8: The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

The NRC is chaired by Mr Tan Boon Peng, a non-executive independent Director.

Corporate Governance

Practice 5.9: The board comprises at least 30% women directors.

Practice 5.10: The board discloses in its annual report the company's policy on gender diversity for the board and senior management

The Manager currently has eight (8) members, comprising seven (7) male Directors and one (1) woman Director on the Board, namely Ms Tan Ming-Li. Pursuant to the recent amendments to the Main Market Listing Requirements and REITs Guidelines, effective 1 June 2023, the management companies are required to have at least one (1) woman director on its Board. The Manager has met the said requirement.

Despite the Manager not meeting the 30% women directors in its board composition, it does not deprive the Board from objective decision-making from female perspective. Ms Tan Ming-Li has been in active legal practice since 1994. She specialises in corporate and securities law where she is principally involved in advising on capital market transactions, mergers and acquisitions, corporate restructuring as well as corporate finance related work. She has played an effective role in offering diverse perspectives and insights to the Manager and CLMT.

Nevertheless, the Board recognises and embraces the benefits of having a diverse Board and sees the increasing gender diversity at Board level as a good corporate governance practice, with that, the Board aims to achieve at least 30% female representation in the composition of the Board and senior management positions over the next one to two years when reviewing the nominations for the appointment and re-appointment of Directors for a new term. The formalisation of the appointment of woman candidate as Director(s) of the Manager will be the NRC's and Board's focused priority in year 2023 and 2024.

Intended Outcome 6.0

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.

The Manager believes that oversight from a strong and effective Board goes a long way towards guiding a business enterprise to achieving success.

Whilst Board performance is ultimately reflected in the long term performance of CLMT Group, the Board believes that engaging in a regular process of self-assessment and evaluation of board performance provides an opportunity for the Board to reflect on its effectiveness including the quality of its decisions, and for Directors to consider their performance and contributions. It also enables the Board to identify key strengths and areas for improvement which are essential to effective stewardship and attaining success for CLMT.

As part of the Manager's commitment towards improving corporate governance, the Board has approved and implemented a process to evaluate annually the effectiveness of the Board as a whole and that of each of its Board Committees and individual Directors. The criteria for the evaluation are guided by the Corporate Governance Guide issued by Bursa Malaysia Berhad. As part of the process, a questionnaire is sent to the Directors, and the evaluation results are aggregated and discussed at the NRC meeting which were then shared with the Board and follow up action is taken where necessary with a view to enhance the effectiveness of the Board and individual Directors in the discharge of its or their duties and responsibilities respectively.

Board and Board Committees

The evaluation categories covered in the questionnaire included Board composition, Board processes, strategy, performance and governance, access to information and Board Committee effectiveness. As part of the questionnaire, the Board also considered whether the creation of value for Unitholders has been taken into account in the decision-making process. For FY 2022, the outcome of the evaluation was satisfactory and the Directors on the whole provided affirmative ratings across all the evaluation categories.

Individual Directors

The evaluation categories covered in the questionnaire include Director's duties, contributions, conduct and interpersonal skills, as well as strategic thinking and risk management. For FY 2022, the outcome of the evaluation was satisfactory and each of the Directors on the whole received affirmative ratings across all the evaluation categories.

The Board also recognises that contributions by an individual Director can take different forms including providing objective perspectives on issues, facilitating business opportunities and strategic relationships, and accessibility to Management outside of the formal environment of Board and/or Committee meetings.

Board Evaluation as an Ongoing Process

The Board believes that the performance evaluation should be an ongoing process and the Board achieves this by seeking feedback on a regular basis. The regular interactions among the Directors, and between the Directors and Management, also contribute to this ongoing process. Through this process of engaging its members, the Board also benefits from an understanding of shared norms among Directors which also contributes to a positive Board culture. The collective Board performance and the contributions of individual Directors are also reflected in, and evidenced by, synergistic performance of the Board in discharging its responsibilities as a whole by providing proper guidance, diligent oversight and able leadership, as well as lending support to Management in steering CLMT in the appropriate direction, for the long term performance of CLMT whether under favourable or challenging market conditions.

Intended Outcome 7.0

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.

A formal and transparent procedure exists for developing policies on Director and executive remuneration, and for fixing the remuneration packages of individual Directors and key management personnel, the primary responsibility of which has been delegated to the NRC. These policies are in line with CLMT Group's business strategy and the executive compensation framework is based on the key principle of linking pay to performance, which is aligned with the long term success of CLMT. Pay-for-performance is emphasised by linking total remuneration to the achievement of corporate and individual goals and objectives. The Board has access to independent remuneration consultants for advice on remuneration matters as and when required.

In terms of the process adopted by the Manager for developing and reviewing policies on remuneration and determining the remuneration packages for Directors and key management personnel, the Manager, through an independent remuneration consultant, takes into account compensation benchmarks within the industry, as appropriate, so as to ensure that the remuneration packages payable to Directors and key management personnel are in line with the objectives of the remuneration policies. It also considers the compensation framework of CLI as a point of reference. The Manager is a subsidiary of CLI which also holds a significant stake in CLMT. The association with the CLI Group puts the Manager in a better position to attract and retain better qualified management talent whereby it provides an intangible benefit to the Manager such that it allows its employees to associate themselves with an established corporate group which can offer them the depth and breadth of experience and enhanced career development opportunities.

In FY 2022, an independent remuneration consultant, WTW (formerly known as Willis Towers Watson) provided professional advice on Board and executive remuneration. WTW, the consultant, is not related to the Manager, its controlling shareholder, its related corporations nor to any of its Directors.

Remuneration Policy for Key Management Personnel

The remuneration framework and policy is designed to support the implementation of CLMT Group's strategy and deliver sustainable Unitholder value. The principles governing the Manager's key management personnel remuneration policy are as follows:

Business Alignment

- › Focus on generating rental income and enhancing asset value over time so as to maximise returns from investments and ultimately the distribution and total return to Unitholders.
- › Provide sound and structured funding to ensure affordability and cost-effectiveness in line with performance goals.
- › Enhance retention of key talent to build strong organisational capabilities.

Motivate Right Behaviour

- › Pay for performance – align, differentiate and balance rewards according to multiple dimensions of performance.
- › Strengthen line-of-sight by linking rewards with performance.

Corporate Governance

Fair & Appropriate

- › Ensure competitive remuneration relative to the appropriate external talent markets.
- › Manage internal equity such that the remuneration systems are being viewed as fair across the CLMT Group.
- › Significant and appropriate portion of pay-at-risk, taking into account risk policies of the CLMT Group, symmetrical with risk outcomes and sensitive to the risk time horizon.

Effective Implementation

- › Maintain rigorous corporate governance standards.
- › Exercise appropriate flexibility to meet strategic business needs and practical implementation considerations.
- › Facilitate employee understanding to maximise the value of the remuneration programmes.

Remuneration for Key Management Personnel

Remuneration for key management personnel comprises a fixed component, variable cash component and employee benefits. A significant proportion of key management personnel's remuneration is in the form of variable compensation, awarded in a combination of short-term and long term incentives, in keeping with the principle that the interests of key management personnel align with those of Unitholders and that the remuneration framework links rewards to corporate and individual performance. The fixed component for key executives comprises the base salary, fixed allowances and compulsory employer contribution to the employees' Employees Provident Fund. The variable cash component comprises the Balanced Scorecard Bonus Plan which is linked to the achievement of annual performance targets for each key management personnel as agreed at the beginning of the financial year with the Board.

Under the Balanced Scorecard Framework, CLMT Group's strategy and goals are translated to performance outcomes comprising both quantitative and qualitative targets in the dimensions of:

- (a) Financial: This includes targets relating to profitability, distributions, capital structure, capital recycling and risk management;
- (b) Execution: This includes targets relating to occupancy rates, operational efficiency and stakeholder engagement;
- (c) Future Growth: This includes targets relating to investment or portfolio growth and asset enhancements; and

- (d) Sustainability: This includes targets relating to talent management, competency development and sustainability corporate practices.

These are cascaded down throughout the organisation, thereby creating alignment across the CLMT Group.

After the close of each year, the Board reviews CLMT Group's achievements against the targets set in the Balanced Scorecard and determines the overall performance taking into consideration qualitative factors such as the business environment, regulatory landscape and industry trends.

In determining the payout quantum for each key management personnel under the plan, the Board considers the overall business performance and individual performance as well as the affordability of the payout for the Manager.

For FY 2022, remuneration for key management personnel comprises a fixed component, a performance-based variable cash component, a performance-based variable equity-based component or cash-based component and market-related benefits. For the equity-based or cash-based component, for FY 2022, either shares of CapitaLand or cash was awarded pursuant to the Balanced Scorecard Bonus Plan of CapitaLand.

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.

The NRC which comprises exclusively non-executive directors with majority of them being independent directors, has been tasked with expanded duties and responsibilities to assist the Board in reviewing the appropriate framework and policies on matters relating to remuneration and compensation of the Board and key management personnel. The roles and responsibilities of the NRC are governed by its terms of reference. A copy of the terms of reference of the NRC can be found on the Website.

The Board assisted by the NRC, considers all aspects of remuneration, including overseeing the design and implementation of the remuneration policy and the specific remuneration packages for each Director and key management personnel. CLI engages independent remuneration consultants periodically to benchmark the remuneration of non-executive directors against the market. For the

FY 2022, the remuneration of Non-Executive Directors remains competitive and is benchmarked against a selected list of Malaysia REITs and property peers. No Director, however, is involved in any decision of the Board relating to his own remuneration.

Intended Outcome 8.0

Stakeholders are able to assess whether the remuneration of directors and senior management commensurates 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.

The Directors' fees for FY 2022 are shown in the table below. The CEO who is an executive Director,

is remunerated as part of the key management personnel of the Manager and does not receive any Director's fees. The non-executive Directors who are employees of the CLI Group also do not receive any Directors' fees. The compensation policy for Directors is based on a scale of fees divided into basic retainer fees for serving as Director and additional fees for attendance of and serving on any of the Committees. The framework for the non-executive Directors' fees has remained unchanged from that of the previous financial year.

The compensation package is benchmarked against market, taking into account the effort, time spent and demanding responsibilities on the part of the non-executive Directors in light of the scale, complexity and geographic scope of CLMT Group's business. The remuneration of non-executive Directors is reviewed from time to time to ensure that it is appropriate to attract, retain and motivate the non-executive Directors to provide good stewardship of the Manager.

Directors' Fees¹

Board Members	FY 2022 (RM)
Lui Chong Chee	251,000
Foo Wei Hoong	173,000
Tan Boon Peng	137,000
Mohd Yusof bin Hussian	151,000
Tan Ming-Li	151,000
Yap Neng Tong ²	181,000
Lim Cho Pin Andrew Geoffrey ²	131,000

1 Inclusive of attendance fees of (a) RM4,000 (local director) and RM5,000 (foreign director) per meeting attendance in person, (b) RM2,000 per meeting attendance via tele-conference or video conference, and (c) RM2,000 per project or verification meeting subject to a maximum of RM20,000 per Director per annum.
 2 In respect of the Directors who are nominees of CapitaLand, the Director's fees are payable to CapitaLand.

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.

Practice 8.3: Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis. (Step Up)

The Manager has opted not to disclose the top five Senior Management's remuneration. In arriving at its decision, the Manager has taken into account the intense competition for talent in the industry, as well as the need to balance the confidentiality and commercial sensitivities associated with remuneration matters. In addition, the remuneration of the CEO and other key management personnel

of the Manager is paid out of the fees that the Manager receives (of which the quantum and basis have been disclosed), and is not being borne by CLMT.

Intended Outcome 9.0

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.

Practice 9.2: The Audit Committee has a policy that requires a former partner of the external audit firm of

Corporate Governance

the listed company to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee.

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.

Practice 9.4: The Audit Committee should comprise solely of independent directors. (Step Up)

The AC has established an External Auditors' Independence Guideline that considers among others:

- (a) The competence, audit quality and resource capacity of the external auditor (EA) in relation to the audit;
- (b) The nature and extent of the non-audit services rendered and the appropriateness of the level of fees; and
- (c) The written assurance obtained from the EA confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The AC has reviewed the nature and extent of non-audit services provided by the EA during FY 2022 and the fees paid for such services. The AC also undertook a review of the independence of the EA, taking into consideration, among other factors, CLMT's relationship with the EA in FY 2022, as well as the processes and safeguards adopted by the Manager and the EA relating to audit independence. Based on the review and the results of the assessment by Management of the EA in FY 2022, the AC is satisfied that the EA are adequately resourced, effective and independent, the latter of which was confirmed through the provisions of the EA's written confirmation of their independence to the AC. The aggregate amount of fees paid and payable to the external auditors for FY 2022 was RM220,000, of which audit (and audit related) fees amounted to RM211,000 and non-audit fees amounted to RM9,000. The Chairman of the AC is not the Chairman of the Board. At present, the AC comprises three members, all of whom are non-executive independent directors (including the Chairman of the AC). The members bring with them invaluable recent and relevant managerial and professional expertise in accounting, auditing and related financial management domains.

The Manager had also adopted the enhanced practice introduced by the Code, i.e. a former partner of the EA is to observe a cooling-off period of at least three years before being appointed as a member of the AC. The extended cooling off period is to safeguard the independence of the audit by avoiding the potential threats and the former partner shall now apply to all former partners of the audit firm and/or its affiliates, including those providing advisory services and tax consulting. In this regard, the AC's terms of reference have been amended accordingly. Currently, none of the AC members was previously a partner of the incumbent external auditors, KPMG PLT (KPMG), within the period of three years commencing on the date of their ceasing to be a partner of KPMG. The AC also does not comprise former partners of CLMT's incumbent external auditors, KPMG (a) within a period of three years commencing from the date of their ceasing to be partners of KPMG; or (b) who has any financial interest in KPMG.

The AC has explicit authority to investigate any matter within its terms of reference. Management provides the fullest cooperation in providing information and resources, and in implementing or carrying out all requests made by the AC. The AC has direct access to the internal and external auditors and full discretion to invite any Director or key management personnel to attend its meetings. Similarly, both the internal and external auditors have unrestricted access to the AC.

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.

At present, there is a level of financial literacy amongst the AC members who collectively have the appropriate competence and sufficient understanding of CLMT's business. The qualification and experience of the individual AC members are disclosed in Our Board of Directors section on page 20 to 26 in CLMT Annual Report 2022.

Key Audit Matters

In the review of the financial statements of the CLMT Group for FY 2022, the AC has discussed with Management the accounting principles that were applied and their judgement of items that might affect the integrity of the financial statements and also considered the clarity of key disclosures in the financial statements.

The AC reviewed the valuation of the investment properties, being the key audit matter as reported by the EA for FY 2022. The AC was updated of the valuation methodologies and key assumptions applied by the valuers for the investment properties in arriving at the valuations. Due diligence of the valuers' competency and independence was also presented to the AC.

The AC reviewed the outputs from the valuation process of the investment properties and held discussions with Management to review the valuation methodologies, focusing on significant changes in fair value measurement and key drivers of the changes including the reasonableness of the capitalisation rates adopted by the valuers.

The AC considered the findings of the EA, including their assessment of the appropriateness of valuation methodologies and the key assumptions applied in the valuation of the investment properties.

No significant matter came to the attention of the AC during the review.

The AC was satisfied with the valuation process, the methodologies used and the valuation of the investment properties. In FY 2022, the AC also met with the internal and external auditors, separately and without Management's presence, to discuss the reasonableness of the financial reporting process, the system of internal controls, and the significant comments and recommendations by the auditors.

In FY 2022, changes to accounting standards, accounting systems and accounting issues which have a direct impact on the financial statements were reported to and discussed with the AC at its meetings.

Intended Outcome 10.0

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.

The Manager maintains an adequate and effective system of risk management and internal controls addressing material financial, operational, compliance and information technology (IT) risks to safeguard Unitholders' interests and CLMT Group's assets.

The Board has overall responsibility for the governance of risk and oversees the Manager in the design, implementation and monitoring of the risk management and internal control systems whilst the day-to-day risk management resides with the respective business units risk owners.

The AC and the Exco assist the Board in carrying out the Board's responsibility of overseeing the risk management framework and policies for CLMT Group.

The AC and the Exco, guided by their respective terms of reference, and in particular, during FY 2022:

- (a) made recommendations to the Board on CLMT Group's risk strategy, risk appetite and risk limits;
- (b) assessed the adequacy and effectiveness of the risk management and internal control systems established by the Manager to manage risks;
- (c) oversaw the formulation, updating and maintenance of an adequate and effective risk management framework, policies and strategies for managing risks that were consistent with CLMT Group's risk appetite and reported to the Board on its decisions on any material matters concerning the aforementioned;
- (d) made the necessary recommendations to the Board such that an opinion regarding the adequacy and effectiveness of the risk management and internal controls systems could be made by the Board in CLMT Annual Report 2022; and
- (e) considered and advised on risk matters referred to it by the Board or Management, including reviewing and reporting to the Board on any material breaches of the RAS (as defined below) any material non-compliances with the approved framework and policies and the adequacy of any proposed actions.

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.

The Manager adopts an Enterprise Risk Management (ERM) Framework which sets out the required environmental and organisational components for managing risks in an integrated,

Corporate Governance

systematic and consistent manner. The ERM Framework and related policies are reviewed annually.

As part of the ERM Framework, the Manager undertakes and performs a Risk and Control Self-Assessment (RCSA) annually to identify material risks along with their mitigating measures. The adequacy and effectiveness of the systems of risk management and internal controls are reviewed at least annually by Management, the AC and the Board.

CLMT Group's Risk Appetite Statement (RAS), incorporating the risk limits, addresses the management of material risks faced by CLMT Group. Alignment of CLMT Group's risk profile to the RAS is achieved through various communication and monitoring mechanisms (including key risk indicators set for Management) put in place across the various functions within the Manager.

More information on the Manager's ERM Framework including the material risks identified can be found in the Enterprise Risk Management section on page 103 to 107 of CLMT Annual Report 2022.

The internal and external auditors conduct reviews of the adequacy and effectiveness of the material internal controls (including financial, operational, compliance and IT controls) and risk management systems. This includes testing, where practicable, material internal controls in areas managed by external service providers. Any material non-compliance or lapses in internal controls together with corrective measures recommended by the internal and external auditors are reported to and reviewed by the AC and the Exco. The AC also reviews the adequacy and effectiveness of the measures taken by the Manager on the recommendations made by the internal and external auditors in this respect.

The Board has received assurance from the CEO, the Chief Financial Officer and the relevant key management personnel of the Manager who have responsibility regarding various aspects of risk management and internal controls that the systems of risk management and internal controls for the CLMT Group are adequate and effective to address the risks (including financial, operational, compliance and IT risks) which the Manager considers relevant and material to its current business environment.

The CEO, the Chief Financial Officer and the relevant key management personnel of the Manager have obtained similar assurances from the respective risk and control owners for the purposes of Board assurance.

Based on the ERM Framework and the reviews conducted by Management and both the internal and external auditors, as well as the assurance from the CEO and the Chief Financial Officer of the Manager, the Board is of the opinion, that the system of risk management and internal controls (including financial, operational, compliance and IT risks) which the CLMT Group considers relevant and material to its current business environment as at 31 December 2022 is adequate. No material weakness in the systems of risk management and internal controls were identified by the Board or the AC in the review for FY 2022.

The Board notes that the systems of risk management and internal control established by the Manager provide reasonable assurance that CLMT Group, as it strives to achieve its business objectives, will not be significantly affected by any event that can be reasonably foreseen or anticipated. However, the Board also notes that no system of risk management and internal controls can provide absolute assurance in this regard, or absolute assurance against poor judgement in decision making, human error, losses, fraud or other irregularities.

Intended Outcome 11.0

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.

The Manager has in place an internal audit (IA) function supported by CapitaLand Group's Internal Auditors Department (CLI Group IA) which reports directly to the AC. CLI Group IA is independent of the activities it audits. The AC has carried out a review and is of the view that the internal audit function performed by CLI Group IA is, effective and independent. CLI Group IA plans its internal audit schedules in consultation with, but independently of, Management and its plan is submitted to the AC for approval prior to the beginning of each financial year. The AC also meets with CLI Group IA at least twice a year without the presence of Management. CLI Group IA has unfettered access to the Manager's documents, records, properties and employees, including access to the AC. During FY 2022, CLI Group IA has conducted all audit assignments pursuant to the 2022 annual internal audit plan as approved by AC and has also on a quarterly basis reported to AC a summary of the Related Party Transactions and Recurrent Related Party Transactions entered into by CLMT.

Practice 11.2: The board should disclose:

- (a) whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- (b) the number of resources in the internal audit department;
- (c) name and qualification of the person responsible for internal audit; and
- (d) whether the internal audit function is carried out in accordance with a recognised framework.

CLI Group IA is adequately resourced and staffed with persons having relevant qualifications and experience. CLI Group IA is a corporate member of The Institute of Internal Auditors Inc. (IIA), Singapore, which is an affiliate of the IIA with its headquarters in the United States of America (USA). CLI Group IA subscribes to, and is guided by, the International Standards for the Professional Practice of Internal Auditing (Standards) developed by IIA, and has incorporated these Standards into its audit practices. With respect to FY 2022, the AC has reviewed and is satisfied as to the adequacy and effectiveness of the IA function.

None of the CLI Group IA team members are related to the CEO nor the Management. To ensure that internal audits are performed by competent professionals, CLI Group IA recruits and employs suitably qualified professional staff with the requisite skill sets and experience. For instance, CLI Group IA staff who are involved in IT audits have the relevant professional IT certifications and are also members of the Information System Audit and Control Association (ISACA) Singapore Chapter, a professional body administering information system audit and information security certifications that is headquartered in the USA. The ISACA Information System Auditing Standards provide guidance on the standards and procedures to be applied in IT audits. CLI Group IA identifies and provides training and development opportunities for its staff to ensure that their technical knowledge and skillsets remain current and relevant.

As of 31 December 2022, CLI Group IA staff strength is at 30 persons, including Head of CLI Group IA.

CLI Group IA is headed by Ms Jenny Tan. She has more than 10 years of experience in Internal Audit, Compliance and Group Finance. Ms Tan has a Masters of Professional Accounting (MPA) from University of Adelaide (Australia) as well as a Masters of Business Administration (MBA) from the University of Leicester (UK).

Intended Outcome 12.0

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

Stakeholders can 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.

Practice 12.2: Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

The Manager is committed to keeping all Unitholders, other stakeholders, analysts and the media informed of the performance and changes in CLMT or its business which would likely materially affect the price or value of the Units. This is performed on a timely and consistent basis to assist Unitholders and investors in their investment decisions.

The Manager has in place an Investor Relations team which facilitates effective communication with Unitholders, analysts and the media. The Manager also maintains the website which contains information on CLMT including but not limited to current and past announcements and new releases, financial statements, investor presentations and annual reports of CLMT.

The Manager actively engages with Unitholders with a view to solicit and understand their views, and has put in place a Unitholders' Communication and Investor Relations Policy (IR Policy) to promote regular, effective and fair communication with Unitholders. The Policy, which sets out the mechanism through which Unitholders may contact the Manager with questions and through which the Manager may respond to such questions, is available on the Website. Unitholders are welcomed to engage with the Manager beyond general meetings and they may do so by contacting the Investor Relations department whose details may be found on the Website under the heading Ask Us or email the Manager at ask-us@clmt.com.my.

The Manager has a formal policy on corporate disclosure controls and procedures to ensure that CLMT complies with its disclosure obligations under the Listing Requirements. These controls and procedures incorporate the decision-making process and an obligation on internal reporting of the decisions made.

Corporate Governance

More information on the Manager's investor and media relations initiatives can be found in the Investor & Media Relations section on page 63 to 65 of CLMT Annual Report 2022.

Intended Outcome 13.0

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.

The Manager is committed to treating all Unitholders fairly and equitably.

All Unitholders enjoy specific rights under the Trust Deed and the relevant laws and regulations. These rights include, among other things, the right to participate in profit distributions. They are also entitled to attend general meetings and are accorded the opportunity to participate effectively and vote at general meetings (including through proxies, if they are unable to attend in person, or if their Units are held through corporations).

All Unitholders were given at least 28 days' notice prior to the Annual General Meeting which is beyond the minimum requirement of 21 days. The notice includes details of the resolutions proposed along with any background information and reports or recommendations that are relevant. The Annual General Meeting of CLMT for 2023 will take place on 29 March 2023. Full details and the notification can be found in the Notice of Annual General Meeting section on page 214 to 218 of CLMT Annual Report 2022.

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.

During FY 2022, all Directors namely, Mr Lui Chong Chee (Chairman), Mr Tan Choon Siang (CEO), Mr Foo Wei Hoong (AC Chairman), Mr Tan Boon Peng (NRC Chairman), En Mohd Yusof bin Hussian, Ms Tan Ming-Li, Mr Yap Neng Tong and Mr Lim Cho Pin Andrew Geoffrey attended (either in person or virtually) the 2022 Annual General Meeting held on 30 March 2022. The Directors were present to respond to any queries and clarifications addressed to them, if any. The presence of the Directors facilitates the unitholders to make informed voting decisions at the meeting.

Practice 13.3: Listed companies should leverage technology to facilitate –

- (a) voting including voting in absentia; and
- (b) 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.

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.

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.

CLMT supports the principle of encouraging Unitholders' participation and voting at general meetings. CLMT Annual Report 2022 is provided to Unitholders within 2 months from the end of CLMT's financial year. Unitholders may download CLMT Annual Report 2022 from the Website and printed copies of the same are available upon request. More than the legally required and minimum notice period for general meetings is generally provided by CLMT. Unitholders will receive the notices of general meetings and may download these notices from the Website. Notices of the general meetings are also advertised in the press and issued on Bursa Link. The rationale and explanation for each agenda item which requires Unitholders' approval at a general meeting are provided in the notice of the general meeting or in the accompanying circular (if any) issued to Unitholders in respect of the matter(s) for approval at the general meeting. This enables Unitholders to exercise their votes on an informed basis. Unitholders can download CLMT Annual Report 2022 and notice of the annual general meeting electronically at www.clmt.com.my while printed copies will be available upon request.

Notices of the general meetings are also advertised in the press and issued via Bursa Link. All Unitholders are given the opportunity to participate effectively in and to vote at general meetings.

The AGM of CLMT held on 30 March 2022 (2022 AGM) was conducted on virtual basis through live streaming and online remote voting using the Remote Participation and Voting (RPV) facilities managed by the Poll Administrator, Boardroom Share Registrars Sdn Bhd. The RPV facilities enabled unitholders to participate, posed questions (via real time submission of typed texts) and vote remotely without physically attending the meeting. The Poll Administrator is using the core Lumi AGM software of which there are security measures in place to address any potential cyber threats when conducting the virtual meetings. The Poll Administrator also has in place due process which ensured only registered unitholders are allowed to participate in the virtual meetings. The administrative details of the 2022 AGM as well as the detailed registration and voting procedures were shared with the Unitholders and the same were also published on the Website.

At the 2022 AGM, Management made a presentation to Unitholders to update them on CLMT's performance, position and prospects. The presentation materials were made available to Unitholders on the Website and Bursa Link. Unitholders were informed of the rules governing general meetings and were given the opportunity to communicate their views and discuss with the Board and the Management matters affecting CLMT. Representatives of the Trustee, Directors (including the chairmen of the respective Board Committees) and key management personnel were present for the entire duration of the 2022 AGM to address any queries from the Unitholders.

To safeguard Unitholders' interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings. To ensure transparency in the voting process and better reflect Unitholders' interest, the Manager conducts electronic poll voting for all the resolutions proposed at the general meetings. One Unitholder is entitled to one vote. Voting procedures and the rules governing are explained and vote tabulation procedures are disclosed at the general meetings. An independent scrutineer is also appointed to validate the vote tabulation procedures. Votes cast, for or against and the respective percentages, on each resolution are tallied and displayed 'live on-screen' to Unitholders immediately at the general meetings. An independent scrutineer is

also appointed to validate the vote tabulation procedures. Votes cast for or against and the respective percentages, on each resolution are tallied and displayed 'live' on-screen to Unitholders immediately after each resolution is voted on at the general meeting. The total number of votes cast for or against each resolution and the respective percentages are also announced on Bursa Link after the general meetings. Voting in absentia and by email may only be possible following careful study to ensure that the integrity of information and authentication of the identity of Unitholders through the web are not compromised.

Questions received from Unitholders prior to the 2022 AGM and Unitholders' Meeting as well as the questions posed during the meetings were displayed on the screen and made visible to all meeting participants during the meetings, which were duly addressed and responded by the Board and the Management.

Practice 13.6: Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

Minutes of the general meeting, recording the substantial and relevant comments made, questions raised and answers provided, are prepared and made available to Unitholders for their inspection upon request. The Minutes of the general meeting was also made available subsequently on the Website.

OTHERS

Dealing with Related Parties

Review Procedures for Related Party Transactions (including Recurrent Related Party Transactions)

The Manager has established internal control procedures to ensure that all Related Party Transactions are made on terms which are the best available for CLMT and which are no less favourable to CLMT than an arm's length transaction between independent parties. In respect of such transactions, the Manager would have to demonstrate to the AC that the transactions are the best available for CLMT and are no less favourable than an arm's length transaction between independent parties which may include obtaining (where applicable) third party quotations or obtaining valuations from independent valuers (in accordance with the REITs Guidelines and the Listing Requirements). The internal control procedures also ensure compliance with the Listing Requirements and the REITs Guidelines.

Corporate Governance

In particular, the procedures in place include the following:

Related Party Transactions ¹ (RPT) with percentage ratio ² :	Internal Approval, Procedures and Disclosure
Below 0.25%	Audit Committee recommends to Board ⁴
0.25% or more	Audit Committee recommends to Board ⁴ Immediate announcement
5% or more	Audit Committee recommends to Board ⁴ Immediate announcement Independent Adviser Unitholders
25% or more	Audit Committee recommends to Board ⁴ Immediate announcement Independent Adviser Principal Adviser Unitholders
Recurrent Related Party Transactions (RRPT) with percentage ratio ²	Immediate Announcement, Independent Adviser and Unitholders
Below 1% ³	Audit Committee recommends to Board ⁴
1% or more	Audit Committee recommends to Board ⁴ Immediate announcement

1 RPT of less than RM500,000 or RRPT is noted.
 2 The calculation is based on the total assets which are the subject matter of the transaction compared with the total assets of CLMT.
 3 Periodic review only.
 4 Board save for interested directors who shall abstain.

Role of the Audit Committee for Related Party Transactions

The Manager's internal control procedures are intended to ensure that RPT are conducted on terms which are best available for CLMT and which are no less favourable to CLMT than arm's length transaction between independent parties.

The Manager maintains a register to record all Related Parties of CLMT and RPT which are entered into by CLMT (and the basis, including the quotations obtained to support such basis upon which they are entered into). All RPT are subject to regular periodic reviews by the AC, which in turn obtains advice from CLI Group IA, to ascertain that the guidelines and procedures established to monitor RPT, including the relevant provisions of the Listing Requirements and the REITs Guidelines, as well as any other guidelines which may from time to time be prescribed by Bursa Malaysia, the SC or other relevant authority, have been complied with. The review includes an examination of the nature of the transaction and its supporting documents or such other information deemed necessary by the AC. If a member of the AC has an interest in a transaction, he is to abstain from participating in the review and approval process in relation to that transaction.

Details of all RPT entered into by CLMT during the financial year are disclosed on page 193 of the Financial Statements section of CLMT Annual Report 2022.

Dealing with Conflicts of Interest

The following principles and procedures have been established to deal with potential conflicts of interest which the Manager (including the Directors, executive officers and employees of the Manager) may encounter in managing CLMT:

- (a) The Manager will be a dedicated manager to CLMT and will not manage any other REITs or be involved in any other real property business;
- (b) All executive officers of the Manager will be employed by the Manager;
- (c) All resolutions at meetings of the Board of the Manager in relation to matters concerning CLMT must be decided by a majority vote of the Directors, including at least one ID;
- (d) In respect of matters in which CapitaLand and/ or its subsidiaries have an interest, whether direct or indirect, any nominees

appointed by CapitaLand and/or its subsidiaries to the Board will abstain from voting;

- (e) In respect of matters in which a Director or his associates have an interest, whether direct or indirect, such interested Director will abstain from voting;
- (f) If the Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee for and on behalf of CLMT with an affiliate of the Manager, the Manager is obliged to consult with a reputable law firm (acceptable to the Trustee) which shall provide legal advice on the matter. If the said law firm is of the opinion that the Trustee, on behalf of CLMT, has a prima facie case against the party allegedly in breach under such agreements, the Manager is obliged to pursue the appropriate remedies under such agreements. The Directors of the Manager have a duty to ensure that the Manager complies with the aforesaid. Notwithstanding the foregoing, the Manager shall inform the Trustee as soon as it becomes aware of any breach of any agreement entered into by the Trustee with an affiliate of the Manager, and the Trustee may take such action as it deems necessary to protect the rights of Unitholders and/or which is in the interests of Unitholders. Any decision by the Manager not to take action against an affiliate of the Manager shall not constitute a waiver of the Trustee's right to take such action as it deems fit against such affiliate; and
- (g) The Board shall comprise at least one-third of IDs. Currently the Board comprises a majority of IDs.

The Manager and the Trustee have been granted a right of first refusal (ROFR) by CapitaLand Mall Asia Limited (CMA), a wholly owned subsidiary of CLI, where:

- (a) For so long as the Manager shall remain the manager of CLMT and whereby the Manager and CMA are both subsidiaries of CapitaLand, neither CMA nor any subsidiary of CMA, will (a) purchase any relevant retail property which CMA and/or its subsidiaries may identify and target for acquisition in the future without granting the ROFR to CLMT to purchase such relevant retail property at the offer price and based on the terms and conditions as proposed to the relevant member of CMA and its subsidiaries, subject to various procedural

requirements, including notice provisions, as set out in the letters of undertakings; or (b) sponsor or act as the manager of another REIT or any listed company in Malaysia that competes or will compete for the acquisition of relevant retail property, save that (a) and (b) shall not be applicable to any relevant retail property which is the subject matter of any of the following:

- (i) joint venture or proposed joint venture with CMA and/or its subsidiaries and any third party or parties; or
 - (ii) a proposal made exclusively available to CMA and/or its subsidiaries; or
 - (iii) a fund or proposed fund managed by CMA and/or its subsidiaries.
- (b) In the event CMA should sponsor a Malaysian retail property fund for the acquisition and/or development of relevant retail property, CMA shall endeavour to procure that such fund shall grant to CLMT a ROFR in relation to any relevant retail properties of which the fund wishes to dispose.

This undertaking has the effect of limiting the ability of CMA from undertaking or participating in certain business opportunities, as described above.

Dealing in Securities

The Manager has devised and adopted a securities dealing policy for the Manager's officers and employees which applies the best practice recommendations in the Listing Requirements. To this end, the Manager has issued guidelines to its Directors and employees as well as certain relevant executives of the CLI Group, which set out prohibitions against dealings in CLMT's Units (i) while in possession of material unpublished price-sensitive information, (ii) during the periods commencing 30 calendar days before the release of CLMT's quarterly results and up to the time of each announcement of CLMT's financial statements during a financial year. In addition, if any of such affected persons deal in CLMT's Units during the closed periods or outside closed periods under the Listing Requirements, they are required to comply with the conditions as set out in the Listing Requirements. They are also made aware of the applicability of the insider trading laws at all times.

Fees payable to the Manager

The methodology for computing the fees payable to the Manager is contained in Clause 18 of the Trust Deed, details of which are disclosed under Notes to Financial Statements.

Corporate Governance

The Management Fees, which are contained in Clause 18 of the Trust Deed, are fees earned by the Manager for the management of CLMT's portfolio.

The Management Fees are fees earned by the Manager for the management of CLMT's portfolio. The Management Fee should be viewed holistically as a whole which comprise two components, namely the Base Fee and Performance Fee, which are elaborated further below

Base Fee

The Base Fee enables the Manager to cover operational and administrative overheads incurred in the management of the portfolio. The Base Fee is calculated at a percentage of assets value as the asset value provides an appropriate metric to determine the resources for managing the assets.

Performance Fee

The Performance Fee is calculated in reference to the net property income before payment of the Management Fee, for each Distribution Period based on the unaudited or as the case may be, the audited accounts of the Trust determined for the relevant Distribution Period but subject to reconciliation to the amount calculated by reference to the audited account of the Trust for the relevant Financial Year.

In addition, the Manager is also paid an Acquisition Fee or a Divestment Fee upon the successful

completion of an acquisition or divestment respectively. Further details on the Acquisition Fee and Divestment Fee are provided below:

Acquisition Fee

The Acquisition Fee, which is contained in Clause 18.3 of the Trust Deed, is earned by the Manager upon the successful completion of an acquisition. This fee seeks to motivate and compensate the Manager for its efforts expended to continually seek and acquire Distribution Per Unit accretive assets to increase longer term returns for Unitholders. In addition, the Acquisition Fee allows the Manager to recover the additional costs and resources incurred by the Manager in the course of seeking new acquisition opportunities, including but not limited to, due diligence efforts and man hours spent in evaluating the transaction.

Divestment Fee

The Divestment Fee, which is contained in Clause 18.3 of the Trust Deed, is earned by the Manager upon the completion of a divestment. This fee seeks to motivate and compensate the Manager for its efforts expended to maximise value received by CLMT in the event of a divestment. In addition, the Divestment Fee allows the Manager to recover additional costs and resources incurred by the Manager for the divestment, including but not limited to due diligence efforts and man hours spent in marketing and maximising the divestment price.

Composition and Meeting Attendance in FY 2022

Board Members	Composition			Meeting Attendance			
	Audit Committee	Executive Committee	Nominating and Remuneration Committee	Board Number of Meetings: 7	Audit Committee Number of Meetings: 5	Executive Committee Numbers of Meetings: 4	Nominating and Remuneration Committee Number of Meetings: 2
Lui Chong Chee	-	-	Member	6/7	N.A.	N.A.	2/2
Tan Choon Siang ¹	-	Member	-	7/7	N.A.	4/4	N.A.
Foo Wei Hoong	Chairman	-	-	7/7	5/5	N.A.	N.A.
Tan Boon Peng	-	-	Chairman	6/7	N.A.	N.A.	2/2
Mohd Yusof bin Hussian	Member	-	-	6/7	5/5	N.A.	N.A.
Tan Ming-Li	Member	-	-	6/7	5/5	N.A.	N.A.
Yap Neng Tong	-	Chairman	Member	5/7	N.A.	4/4	2/2
Lim Cho Pin Andrew Geoffrey	-	Member	-	5/7	N.A.	2/4	N.A.

N.A. – Not applicable

¹ Appointed as Chief Executive Officer/Executive Director with effect from 1 January 2022.

Training programmes, seminar and conferences attended by the Directors during FY 2022 were:

- > Assessing Your Organizational Culture (Iclif Executive Education Center)
- > Boards Legal Obligation Based upon the Commonwealth Climate and Law Initiative
- > Bursa Immersive Session: The Board “Agender” (Bursa Malaysia)
- > Business Challenges and Regulatory Expectations – What Directors Need to Know (Fund Management) (Securities Industry Development Corporation)
- > Business Challenges and Regulatory Expectations – What Directors Need to Know (Fund Management) (Securities Industry Development Corporation)
- > Directors as Gatekeepers of Market Participants (Securities Industry Development Corporation)
- > Directors in a 4D World (Digital, Decentralised, Decarbonised, Diverse) (Singapore Institute of Directors)
- > EDB Society Sustainability Forum
- > Emerging and Current Regulatory Issues in the Capital Market (Securities Industry Development Corporation)
- > ESG Global Conference
- > ESG Series for Accountants and Financial Professionals (Malaysian Institute of Accountants)
- > International Directors Summit (Institute of Corporate Directors of Malaysia)
- > Investing Roundtable “Market Outlook in 2022”
- > Listed Entity Director Programme: Environmental, Social and Governance Essentials Core Module (Singapore Institute of Directors)
- > Malaysia’s Corporate Taxes and Incentives Updates (BoardRoom Limited)
- > Malaysian REIT Forum: M-REITs & the Road Ahead (Malaysian REIT Managers Association)
- > Managing Fraud, Bribery and Corruption Risks at Work (CapitaLand)
- > Mandatory Accreditation Programme (Institute of Corporate Directors of Malaysia)
- > Overview of the Malaysian Code on Corporate Governance 2021 for the Directors of CLMT and its subsidiaries (KPMG)
- > Panelist at the Roundtable Seminar (Institute of Real Estate & Urban Studies)
- > PNB Knowledge Forum 2022: The Enigma and Convergence of Science and Art (Permodalan Nasional Berhad)
- > Sustainable Investing: From Aspirational to Attainable (Asia Asset Management)
- > Talent Uprising: How Boards Should Rethink Their Talent Strategy in this Era of Opportunity (Institute of Corporate Directors of Malaysia)
- > Temasek Roundtable 2022 – Achieving Normalcy
- > Transfer Pricing Conference 2022 (Malaysian Institute of Accountants)