

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

Atrium REIT Managers Sdn Bhd (“the Manager”), the Manager of Atrium Real Estate Investment Trust (“Atrium REIT”), is pleased to present the overview application of Corporate Governance Statement to its stakeholders in accordance with the Malaysia Code on Corporate Governance (“MCCG”). This Statement provides an overview of the application of the principles and practices set out in the MCCG, is made pursuant to paragraph 15.25(3) of the Listing Requirements of Bursa Securities.

The Manager recognises the importance of good corporate governance to enhance Atrium REIT’s performance and the delivery of sustainable value to its stakeholders. In particular, the Manager has an obligation to discharge its fiduciary duties and leadership functions in the best interest of Atrium REIT.

In adopting the corporate governance principles and practices, the Manager was guided by the standards set out in the Guidelines on Listed Real Estate Investment Trusts as issued by the Securities Commission Malaysia (“REITs Guidelines”), the MCCG and the Main Market Listing Requirements (“Listing Requirement”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

### **PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENES**

#### **Manager of Atrium REIT**

The Manager has general powers of management over the assets of Atrium REIT. The Manager’s main responsibility is to manage Atrium REIT’s assets and liabilities in the best interest of the unitholders.

The primary role of the Manager is to set the strategic direction of Atrium REIT and give recommendations to Pacific Trustees Berhad as Trustee of Atrium REIT (“Trustee”), on acquisition, divestment and enhancement of the property assets of Atrium REIT in accordance with its stated investment strategy.

Amongst others, the general functions, duties and responsibilities of the Manager include the following:

- (a) to carry out the activities in relation to the management of Atrium REIT and its portfolio of assets in accordance with the provisions of the Second Restated Deed dated 17 December 2019 (“Deed”);
- (b) to use its best endeavours to ensure that the business of Atrium REIT is carried out and conducted in a proper and efficient manner, and all transactions are to be undertaken on an arm’s length basis and on normal commercial terms;
- (c) to issue the annual report of Atrium REIT to the unitholders within two (2) months of its financial year end;
- (d) to attend to all enquiries from the unitholders, tenants, media, government bodies, etc;
- (e) to supervise the Property Manager which provides property management services in relation to Atrium REIT’s properties pursuant to the property management services agreement; and
- (f) to ensure Atrium REIT is in compliance with the applicable provisions of the REITs Guidelines, Listing Requirements of Bursa Securities and any other applicable laws.

Atrium REIT is managed by the Manager and accordingly, it has no personnel of its own. The Manager appoints experienced and well-qualified management personnel to handle the day-to-day operations.

Atrium REIT Managers Sdn Bhd is the appointed Manager of Atrium REIT in accordance with the terms of the Deed.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### **PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENES (CONT'D)**

#### **Directors of the Manager (“the Board”)**

The Board is responsible to oversee the performance of the management and promote good corporate governance culture of the Manager while establishing goals for the management and monitoring the achievement of these goals. The Board is also responsible to ensure that the strategic plan of the Manager supports the long-term value creation of Atrium REIT and has adopted the primary responsibilities as well as the roles and duties set out in the REIT Guidelines, which facilitate the discharge of the Directors’ stewardship responsibilities.

On 28 July 2022, the Manager has reviewed and updated the Board Charter which has been endorsed by the Board. This Charter serves as reference and guide for Directors, as well as the Senior Management in discharging their responsibilities for the Company and it has made available in the Company’s website [[http://ir2.chartnexus.com/atriumreit/docs/corp\\_governance/Board-Charter.pdf](http://ir2.chartnexus.com/atriumreit/docs/corp_governance/Board-Charter.pdf)]

#### **Roles and Responsibilities**

1. The Board has the overall responsibility for the long-term success of Atrium REIT and delivery of sustainable value to its stakeholders. In discharging its fiduciary duties and responsibilities, the Board assumed the following corporate governance guidelines: -
  - a) together with management, promoting good corporate governance culture which reinforces ethical, prudent and professional behaviour;
  - b) reviewing and setting a strategic plan for the Manager to ensure that the strategic plan supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
  - c) reviewing, challenging and deciding on management’s proposals, and monitoring its implementation by management;
  - d) overseeing the conduct of business to ensure it is properly managed, including supervising and assessing corporate behaviour and conduct of the business;
  - e) identifying the principal risks and ensuring implementation of appropriate internal controls and mitigation measures to achieve a proper balance between risks incurred and potential returns to the unitholders;
  - f) reviewing the information and risk management and internal control system and the effectiveness of the management;
  - g) ensuring there is an orderly succession of senior management positions who are of high caliber and have the necessary skills and experience. The Board delegates to the Nominating Committee (“NC”) to review succession plans for the Directors as well as the Manager’s policies and procedures of the Manager. The Board also ensures that there are appropriate policies for training, appointment and performance monitoring of management positions;
  - h) developing and implementing an investor relations programme or unitholders’ communications policy for the Manager to enable effective communication with stakeholders;
  - i) reviewing and approving financial statements;
  - j) reviewing and approving the reports of Audit Committee (“AC”) and NC at the end of each financial year;
  - k) reviewing and approving the Atrium REIT annual report;
  - l) ensuring the integrity of the Atrium REIT’s financial and non-financial reporting; and
  - m) undertaking a formal and objective annual evaluation to determine the effectiveness of the Board, the Board Committees and each individual Director.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENES (CONT'D)

#### Roles and Responsibilities (cont'd)

2. The Board reserves a formal schedule of matters for the Board's deliberation and approval. This includes, among others, the following matters: -
  - a) Strategic issues and planning, including sustainability;
  - b) Budget and performance reviews;
  - c) Quarterly financial results and audited financial statements;
  - d) Dividend policy or declaration of dividends;
  - e) Capital expenditures;
  - f) Material borrowings;
  - g) Material litigations;
  - h) Treasury policies;
  - i) Key human resources issues;
  - j) Material acquisitions and disposals of undertakings and properties;
  - k) Proposed appointment of external auditors and their audit fees;
  - l) New venture; and
  - m) Related party transactions ("RPT"), recurrent RPT and conflict of interest, which includes any arrangements for the consultants who are employees of the Group to perform consultations and treatments in other medical center outside the Group and any other transaction, procedures or course of conduct that raises question on management integrity and any recommendations relating thereto as set out in paragraphs 9.10 and 9.11 of the Terms of Reference of AC.
  
3. The Board needs to ensure that the Manager and its directors adhere to the following: -
  - a) The management and the directors must provide the Board with any information requested by the Board to enable the Board to oversee the performance of the Trust effectively, including assessing non-financial performance of the Trust;
  
  - b) The management and the directors must cause to be kept the accounting and other records to: -
    - I. sufficiently explain its business, transactions and financial position;
    - II. enable the preparation of true and fair financial statements; and
    - III. enable the accounting and other records to be conveniently and properly audited.
  
  - c) The management and the directors must provide the Trust with all information and records necessary to enable the preparation of the consolidated financial statements in accordance with the approved accounting standard.

The information and records required under 3 (b) and (c) shall be kept for not less than seven (7) years from the completion off transactions or operations to which the entries or records relate.
  
4. In relation to the financial reporting, the Board aims to present a balanced and meaningful assessment of the Trust's financial performance primarily through the annual financial statements and quarterly announcement of financial results. The Board is assisted by the AC to oversee the Trust's financial reporting process and the integrity of the financial information.

CORPORATE GOVERNANCE OVERVIEW STATEMENT  
(CONT'D)

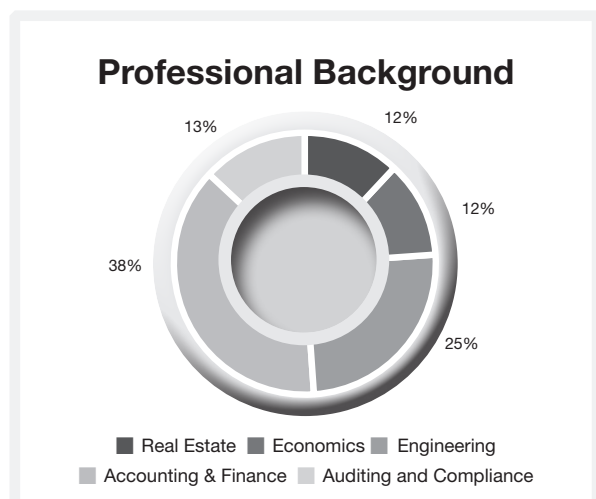
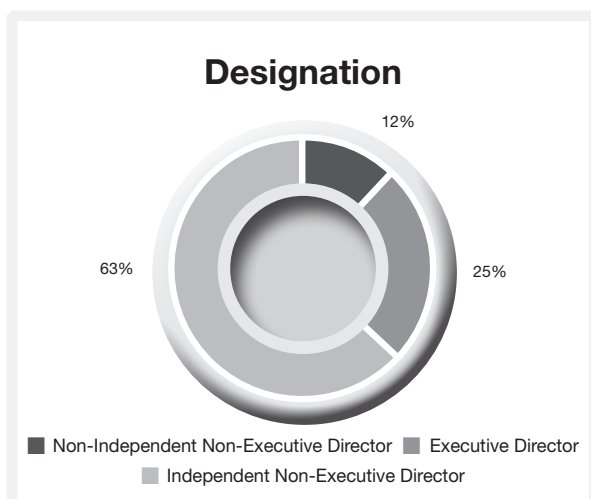
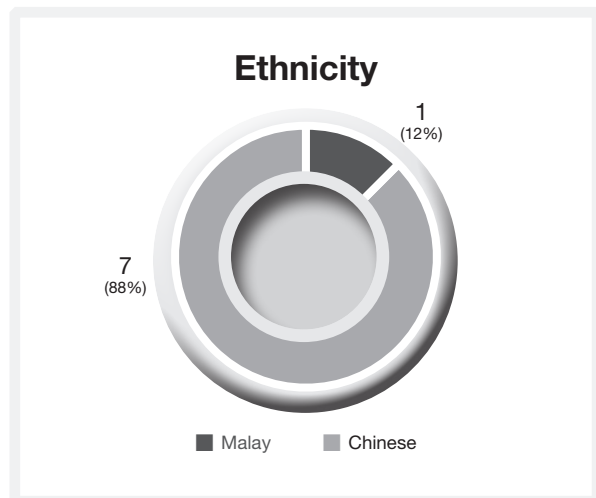
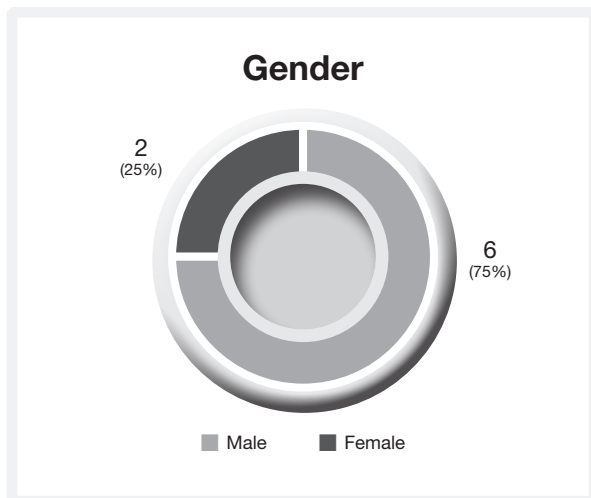
**PRINCIPLE A:  
BOARD LEADERSHIP AND EFFECTIVENES (CONT'D)**

**Board Composition**

The Board presently consists of eight (8) members comprising one (1) Non-Independent Non-Executive Director, two (2) Executive Directors and five (5) Independent Non-Executive Directors. The current Board which comprises more than half of independent directors has also met the minimum 25% women directors under the “Guidelines on Corporate Governance for Capital Market Intermediaries” issued by the Securities Commission Malaysia. Nevertheless, the Board will undertake measures during the current financial year to refresh its composition to achieve the 30% women directors as recommended by MCCG, as well as to ensure that the tenure of all independent Directors shall not exceed 12 years before the deadline of 1 June 2023 as set by the regulators.”

The diverse background of the members who come from various fields such as engineering, financial, real estate and management provides a broad spectrum of skills, experience and invaluable perspectives to oversee the management of the Manager. All directors are not involved in any political parties and they are not active politicians. The profiles of the members of the Board are provided on pages 40 to 43 of the Annual Report.

The Board diversity in terms of gender, ethnicity, professional background and experience are illustrated below:



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENES (CONT'D)

#### Board Composition (cont'd)

The Board is of the view that its current composition has the right group of people with an appropriate mix of skills, knowledge, experience and core competencies, and its current Board size is appropriate taking into consideration the nature, size and scope of Atrium REIT's operations.

The Chairman of the Board is responsible for the conduct of the Board and ensures that the Board's discussions are conducted in such a way that all views are taken into account and discussed at length before a decision is made. The Executive Directors and the Chief Executive Officer, supported by the management team are responsible for running the business on a day-to-day basis, organizational effectiveness and implementation of the Board's policies, strategies and decisions as planned and in accordance with the Deed and REIT Guidelines. This clear separation of roles between the Chairman and the Chief Executive Officer, provides a healthy, independent and professional relationship between the Board and Management.

The Board focuses mainly on strategy, financial performance and critical business issues, among others, such as: -

- Strategic business plans,
- Key financial performance indicators and budgets,
- Succession planning for senior management,
- Investors and unitholders relations programmes, and
- Risk management and internal control systems.

Independent Non-Executive Directors have the responsibility to ensure that strategic and corporate plans proposed by the Management are reviewed and challenged before being approved by the Board, after taking into account of Atrium REIT's long-term interest, not only of the unitholders, but also of employees, customers, suppliers, and other stakeholders in which Atrium REIT conducts its business.

#### Board Meetings

Board meetings are scheduled at least four (4) times per annum to review the operations of Atrium REIT and to approve the quarterly and annual financial statements of Atrium REIT. Additional meetings are held as and when urgent issues and important decisions need to be taken between the scheduled meetings.

The Board met four (4) times during the financial year ended 31 December 2022. The number of meetings attended by each Director is as follows:

Directors	Designation	Attendance
Dato' Dr Ir Mohamad Khir Bin Harun	Non-Independent Non-Executive Chairman	3/4
Wong Sui Ee	Executive Director	4/4
Chan Wan Seong	Independent Non-Executive Director	4/4
Chng Boon Huat	Independent Non-Executive Director	4/4
How Hu Son	Independent Non-Executive Director	3/4
Tor Peng Sie	Independent Non-Executive Director	4/4
Soong Kwong Heng	Independent Non-Executive Director	3/4
Foong Wai Leng (appointed on 28 June 2022)	Executive Director	2/2

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### **PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENES (CONT'D)**

#### **Access to and Supply of Information and Advice**

All Board members are supplied with information on a timely manner in order to discharge their responsibilities. The agenda together with the full set of Board papers containing information relevant to the Board meeting are circulated to the Directors at least five (5) business days in advance of Board meetings, which is sufficient time for the Directors to review and seek clarification where necessary prior to the meeting being held and this process enables the Directors to make better and informed decisions.

There is a schedule of matters reserved specifically for the Board, including the approval of strategic plans and budgets for both the Manager and Atrium REIT, acquisition and disposal of major assets or investments, and key policies and procedures, and authority limits.

On 27 October 2022, the Manager has proposed a revised limit of authority to the Board for endorsement. Subsequently, it has been presented to Trustee for notification. The Manager, as well as the Board perceived that it is necessary to revised since the last revision was made on 1 February 2012 which was 10 years ago. The main changes were made on the monetary value as well as new procedures on investment. Such revision has further strengthened the empowerment given to the Manager and promote transparency in terms of reporting of significant processes.

All Directors have access to the advice and services of the Company Secretary and has the right to seek independent professional advice when necessary, in discharging their duties.

#### **Board Evaluation**

To further enhance Board effectiveness, the Board established a Nominating Committee (“NC”) on 28 October 2021 which comprises solely of Independent Non-Executive Directors. The NC will undertake a Board evaluation exercise to determine the effectiveness of the Board and Audit Committee (“AC”) annually.

During the year, a Board evaluation was carried out by way of questionnaires assessment while the performance of the AC was assessed by non-AC Board members to ensure objectivity and unbiasedness in its results. The assessments were facilitated by the Compliance Officer.

On 28 April 2022, the Compliance officer presented to the NC and thereafter, to the Board the outcome of the Board and AC assessments for financial year 2021. The assessments concluded that the Board was effective and responsive, and the AC had been effective in discharging its duties and responsibilities.

On 28 April 2022, the NC has established and recommended the Fit and Proper Policy to the Board for approval and adoption. The policy has made available in the website subsequently.

On 15 June 2022, the Manager proposed to elect a Senior Management to comply with such requirement to the NC for consideration. The NC has therefore assessed her skill set and experience according to the Fit and Proper Policy and noted her skills and experiences are able to fill the knowledge gaps among the Board members. The appointed Director has duly made declaration of Fit & Proper accordingly. Her background is depicted in the Director’s Profile of this report.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### **PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENES (CONT'D)**

#### **Board Appointment**

During the financial year, the NC reviewed the Board composition including its optimum size and diversity in terms of gender, ethnicity, skills and experience. In line with practice 5.9 of MCCG and paragraph 5.06 of the Guidelines on Corporate Governance for Capital Market Intermediaries issued by the Securities Commission Malaysia, the NC has proposed that the Board should comprise 30% women directors.

In line with the above good corporate governance practices and based on the review of the Board composition, the NC, with the recommendation from the Manager, proposed to the Board to appoint Miss Foong Wai Leng as our new Executive Director, after considering her performance as well as her wide experience in compliance and internal audit. On 28 June 2022, the Board approved Miss Foong Wai Leng's appointment as recommended by the NC.

#### **Remuneration Policy**

The remuneration of the Directors and all employees of the Manager are paid by the Manager and not by Atrium REIT. The Board recognizes that the remuneration package is to attract, retain and motivate the Directors and senior management to carry out the Manager's and Atrium REIT's strategy and objectives to the best interest of the unitholders as well as other stakeholders. The Board believes that the current remuneration package is able to commensurate with the level of responsibilities of its Directors and Senior Management in order to manage the Manager's operations and drive its long-term objectives. Nevertheless, the Board would review the package in a timely manner so as to ensure the package is competitive and comparable against the market practices.

### **PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT**

#### **Financial Reporting**

The Board is responsible for ensuring that the financial statements give a true and fair view of the financial position of Atrium REIT as at 31 December 2022 and of its financial performance, the changes in net asset value and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

#### **Audit Committee**

The Board has established an effective Audit Committee ("AC") comprises three (3) Independent Non-Executive Directors and the Chairman of the AC is not the Chairman of the Board. None of the AC members were former audit partners who are required to observe a cooling-off period of at least three (3) years before being appointed as a member of the AC. With the present Board structure and practice, the AC is able to objectively review Atrium REIT's financial statements, the Manager's internal control system and risk management framework, and report its findings and recommendations to the Board.

The Manager, supported by the AC, has established an External Auditor Policy to provide guidance on the assessment of the suitability, objectivity and independence of the external auditor including the appointment and re-appointment of external auditor.

During the financial year, the AC has assessed and reviewed the performance and independence of the external auditor, BDO PLT and was satisfied that the external auditor has been independent throughout the conduct of the audit process and the audit services rendered have met the quality expected by AC and the Management. The performance evaluation on the external auditor was presented to the Board on 28 April 2022 for its notation.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### **PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)**

#### **Risk Management and Internal Control**

The Board acknowledges its responsibility for maintaining a sound risk management and internal control system, to safeguard the investments of the unitholders and the assets of Atrium REIT. The Board has delegated to the AC to review the effectiveness of the Manager's risk management and internal control framework which include among others, the finance, operations and regulatory compliances.

The Board has also received assurances from the Chief Executive Officer and the Chief Financial Officer that the risk management framework and internal control system of Atrium REIT are operating adequately and effectively to manage any significant risks.

The Statement of Risk Management and Internal Control furnished on pages 75 to 80 of the Annual Report provides an overview on the state of internal controls implemented by the Manager.

### **PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS**

#### **Communication with Unitholders and Stakeholders**

The Board acknowledges and appreciates the importance of regular communication with the unitholders and investors to ensure that they are well informed of the activities and performance of Atrium REIT. The communication channels are via annual reports, quarterly financial reports and the various disclosures and announcements on the Bursa Securities' website.

Another principal avenue of communication with its unitholders is Atrium REIT's Annual General Meeting ("AGM"), which provides a useful platform for the unitholders to engage directly with the Board, the senior management of the Manager, the Trustee and the External Auditors.

#### **Conduct of General Meetings**

At the last AGM, the Notice of Tenth AGM was given to the unitholders more than twenty-eight (28) days prior to the general meeting and all the Board members attended the said AGM.

The Manager leveraged on technology to facilitate remote unitholders' participation and remote electronic voting by unitholders (i.e., voting in absentia) in conducting its Tenth AGM. The Board also ensured that the conduct of the virtual AGM would support meaningful engagement between the Board, senior management and unitholders.

During the AGM, the engagement with unitholders was interactive and include robust discussion on among others, Atrium REIT's financial and non-financial performance as well as its long-term strategies, business and performance. The Chairman provided sufficient time and opportunities for the unitholders to pose questions during the AGM and the questions were meaningfully responded either by the Chairman, Board members or the senior management.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### **PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)**

#### **Conduct of General Meetings (cont'd)**

There was only one (1) resolution tabled at the AGM and the poll administrator and scrutineer were Tricor Investor & Issuing House Services Sdn. Bhd. and Asia Securities Sdn. Berhad respectively. The scrutineer verified and announced the poll results for the resolution, which include votes in favour and against, upon which the Chairman declared that the resolution was carried. The poll results were announced via Bursa LINK on the same day for the benefit of all unitholders. The minutes of the AGM was also published on Atrium REIT's corporate website within 30 business days after the general meeting.

Atrium REIT has also established a corporate website, [www.atriumreit.com.my](http://www.atriumreit.com.my), for the unitholders and stakeholders to access its corporate information, announcements and business activities.

In order to fund the development of ASA4 project, the Manager conducted an Extraordinary General Meeting ("EGM") in relation to a special issuance of up to 20,000,000 units to one of the major unitholders, namely Chan Kam Tuck on 27 October 2022. The EGM was conducted virtually with the unitholders who were given opportunities to pose questions in relation to the special issuance. The Chairman and the Chief Executive Officer of the Manager attended to all questions which were related to the subject matter. Minutes of the EGM was also published on Atrium REIT's corporate website within 30 business days after the meeting.

This Corporate Governance Overview Statement was approved by the Board on 20 February 2023.

#### **Directors' Training**

The Directors are encouraged to attend briefings and seminars to keep abreast with the latest developments in the industry. During the year, the Directors attended various courses, seminars and briefings related to their responsibilities and developments in the industry. Please refer "Other Compliance Information" for details.