

PAVILION

REAL ESTATE INVESTMENT TRUST

*Managed by
Pavilion REIT Management Sdn Bhd*

SUSTAINABILITY COMMITTEE

TERMS OF REFERENCE

Effective Date : 20 May 2022

Contents

1	Preamble.....	1
2	Establishing a Sustainability Committee.....	2
3	Membership.....	2
4	Objectives.....	2
5	Authority.....	3
6	Duties and Responsibilities of SC.....	3
7	Conduct of Meetings of SC.....	4
	7.1 Frequency and Attendance.....	4
	7.2 Quorum.....	5
	7.3 Meeting Mode.....	5
8	Attendance at Annual General Meeting.....	6
9	Secretary and Minutes.....	6
10	Review of the Terms of Reference.....	6
11	Sustainability Working Committee (“SWC”).....	6

1 Preamble

The continuous enhancement of corporate governance practices is pivotal towards realising the objectives of transparency, accountability, integrity and effective performance of Pavilion Real Estate Investment Trust (“PAVREIT” or the “Pavilion REIT” or the “Trust”) by Pavilion REIT Management Sdn Bhd (“PRMSB” or the “Company”), which is ultimately driven by the quest to increase unitholders’ value and harness investor interest.

It is with the aim of enshrining the principles and recommendations of corporate governance as promulgated by the Malaysian Code on Corporate Governance (the “Code”), relevant chapters of the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa”) and the Listed REIT Guidelines (“Guidelines on Listed REITs”) by the Securities Commission (“SC”) that this Sustainability Committee Terms of Reference (the “TOR”) is established.

Whilst the TOR serves as a reference point for the activities of the Sustainability Committee members (“SC Members”) it should not be construed as a blueprint for the Sustainability Committee (“SC”) operations. Just as each organisation has its own corporate culture, the dynamics of the SC are unique.

The dynamics may shift as the composition of the SC changes, and SC Members of the Company should always be open to new opportunities and ready to confront new challenges brought about by the changes.

This TOR is designed to provide guidance and clarity for Directors and Management with regards to the role of the SC, the requirements of SC Members in carrying out their stewardship role and in discharging their terms of reference as delegated by the Board of the Company.

2 Establishing a Sustainability Committee

The Sustainability Committee (“SC”) is a committee of the Board of Directors (“Board”) established to assist the Board in fulfilling its oversight responsibilities in relation to Pavilion REIT’s sustainability strategy and initiatives covering environmental, social and economic aspect as well as embedding sustainability practices into Pavilion REIT properties. The TOR governs the processes of this Committee and outlines the policies, procedures and guidelines in relation to Pavilion REIT’s sustainability and governance framework.

3 Membership

The SC shall be appointed by the Board of Directors (the “Board”) from amongst the Directors and shall consist of no fewer than three (3) members, with a majority of whom are Independent Non-Executive Directors. No alternate director is to be appointed.

The SC shall elect a Chairman from among its members who is an Independent Non-Executive Director.

In the event that a member of the SC resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced below three (3), the Board of Directors shall, within three (3) months of that event, appoint such number of new members.

If the SC Chairman position is vacant, it is to be filled up within 3 months of the vacancy.

4 Objectives

The primary objectives of the SC are to:

- 4.1 Oversight on the establishment and implementation of a sustainability management framework and its effectiveness

- 4.2 Review and recommend to the Board the proposal by the Sustainability Working Committee on framework and policies,
- 4.3 Review sustainability reporting and disclosure requirements.

5 Authority

The SC is authorised by the Board to:

- 5.1 Investigate any matter within its terms of reference and have full and unrestricted access to any information, books, records, facilities and personnel pertaining to Pavilion REIT and / or the Company.
- 5.2 Have the authority to engage and authorize expenses for independent consultants and other advisors as SC deems necessary to perform its duties.
- 5.3 Have direct communication channels with Sustainability Working Committee (“SWC”).
- 5.4 Full access to any employee or member of the SWC.
- 5.5 Instruct SWC to perform duties as necessary to support the SC in discharging its function and duties. The Chairman of SWC is accountable to the SC and shall have direct access to the Chairman of SC.

The SC is also authorised by the Board to have access to all the resources and to obtain outside legal or other independent professional advice it considers necessary and reasonable for the performance of its duties.

6 Duties and Responsibilities of SC

SC oversees Pavilion REIT’s sustainability strategy, all its policies and performance at the Board level.

SC is accountable to the Board and is responsible to advise the Board on the adequacy and effectiveness of sustainability strategy and initiatives framework.

In fulfilling its primary objectives, the SC will need to undertake the following duties and responsibilities summarised below:

- 6.1 To have full responsibility for reviewing the sustainability strategy and performance at the Board level
- 6.2 to establish Sustainability Working Committee (SWC) to ensure smooth coordination and implementation of the sustainability strategy. The sustainability strategy shall include sustainability pillars such as environment, social, economic and governance
- 6.3 to oversee the processes, standards and strategies designed to manage social and environmental risk, covering issues such as safety, health, employment practices, community relations etc covering
 - review adoption and effectiveness to ensure compliance with policies and procedures
 - oversee management processes to ensure compliance with policies, procedures and standards
 - review annual periodic reports
 - review sustainability statement / report
- 6.4 SWC to provide oversight and input to property level implementation, operation and assurances of policies and standards to ensure that the Board's strategies and goals pertaining to sustainability are aligned with
- 6.5 to monitor the sustainability key performance indicators and their implementation

7 Conduct of Meetings of SC

7.1 Frequency and Attendance

The SC shall meet at least two (2) times a year. Additional meetings shall be scheduled as considered necessary by the Chairman of the SC.

The Chairman of SWC shall attend meetings of the SC as a permanent invitee. Other members of management may attend the meetings by invitation of the SC.

The SC shall meet with the Chairman of SWC without executive board members present at least twice a year. The SC may also invite other Directors and employees to attend any of its meeting to assist in resolving and clarifying matters raised.

7.2 Quorum

A quorum shall consist of a majority of Independent Non-Executive Directors and shall not be less than two (2).

7.3 Meeting Mode

Meetings of the SC (“SC meetings”) may be conducted by means of telephone conference, video conference or any other form of audio or audio-visual instantaneous communication and the participation in the meeting pursuant to this provision shall constitute presence in person at such meeting.

The minutes of such a meeting signed by the SC Chairman or Chairman of the meeting shall be conclusive of any meeting conducted as aforesaid.

Minutes of all SC meetings shall be confirmed by the SC Chairman or Chairman of the meeting and circulated to all members.

The SC may pass resolutions by circulation. A resolution in writing signed by a majority of SC members, shall be as valid and effectual as if it had been passed at a meeting of the SC duly called and constituted. These resolutions may consist of several documents in original or facsimile in the like form each signed by one or more members.

7.4 Voting

In the event of an equality of votes, the Chairman shall not have a casting vote. All conflicting views shall be submitted to the Board for its final decision.

Any member who has an interest in any matters being reviewed or considered shall abstain from voting on the matter.

8 Attendance at Annual General Meeting

The SC Chairman (or in his absence, an alternative member of the SC) shall attend the Annual General Meeting of Pavilion REIT.

9 Secretary and Minutes

The Company Secretary shall be the secretary of the SC and as a reporting procedure, the minutes shall be circulated to all members of the Board.

10 Review of the Terms of Reference

The SC with SWC may review the Terms of Reference of the SC annually or as and when deemed necessary to ensure it remains relevant and updated in line with best practices. Any amendments herein must be approved by the Board.

11 Sustainability Working Committee (“SWC”)

SWC shall meet at least half-yearly to deliberate sustainability agenda. Meetings can be conducted at more frequent intervals should such conditions require. SWC is chaired by the Chief Executive Officer of the Manager, and includes its management team.

The principal roles and responsibilities of the SWC are as follows:

- 11.1.1 to assist the SC in making informed decisions to integrate Pavilion REIT’s sustainability strategies into its properties business operations and implement initiatives towards achieving the Trust’s sustainability goals;
- 11.1.2 to oversee and monitor sustainability trends, governance and reporting besides overseeing key sustainability risk and opportunities, stakeholder engagement as well as materiality assessment;