

PARADIGM REIT MANAGEMENT SDN BHD
(formerly known as WCT REIT MANAGEMENT SDN BHD)
(the Manager of Paradigm REIT)

Terms of Reference of Risk and Sustainability Committee (“RSC”)

• **Composition and Size**

The members of the RSC shall be appointed by the board of directors (“**Board**”) of Paradigm REIT Management Sdn Bhd (“**Manager**”), the management company of Paradigm Real Estate Investment Trust (“**Paradigm REIT**”) from amongst the members of the Board. The RSC shall fulfil the following requirements:-

- (a) the RSC shall consist of not fewer than three (3) members, with a majority of whom are independent directors;
- (b) the Chairman of the RSC must be an independent director. The Chairman of the Board shall not be the Chairman of the RSC;
- (c) The Company Secretary of the Manager shall act as the Secretary of the RSC.

• **Authority**

The RSC is authorised by the Board to:-

- (a) Investigate any matter within this Terms of Reference and have full and unrestricted access to any information, books, records, facilities and personnel pertaining to Paradigm REIT and / or the Manager;
- (b) Have the authority to engage and authorise expenses for independent consultants and other advisors as RSC deems necessary to perform its duties;
- (c) Have direct communication channel with the Compliance, Risk and Sustainability department;
- (d) Have full, free and unrestricted access to any information, records and property of the Manager;
- (e) Have access to all the resources and to obtain independent legal or other professional advice it considers necessary and reasonable in discharging its function and duties; and
- (f) Have access to the advice and services of the Company Secretary who must ensure that all appointments are properly made and organise and provide assistance at all the meetings of the RSC.

• **Responsibilities**

➤ **Compliance and Risk Management Matters:-**

- (a) To oversee the overall operational compliance function and to monitor operational compliance by Paradigm REIT at property level (where applicable).

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- (b) To review all compliance matters and ensure that any non-compliance with any provisions of the relevant laws, regulations and guidelines, are properly addressed.
- (c) To conduct an annual review and periodic testing on the adequacy of Paradigm REIT's risk management framework and to ensure the risk management framework adopted by the Manager is based on an internationally recognised risk management framework.
- (d) To establish and review Paradigm REIT's compliance and risk management guidelines and policies and ensure implementation and compliance of the objectives outlined in this Terms of Reference.
- (e) To recommend for the Board's approval of both compliance and risk management policies, strategies, key risk indicators and risk tolerance levels and any proposed changes thereto.
- (f) To review and recommend Paradigm REIT's level of risk tolerance and actively identify, assess and monitor key business risks including material Environmental, Social, and Governance ("ESG") and climate-related risks to safeguard Unitholders' investments and Paradigm REIT's assets.
- (g) To review the adequacy of the scope, functions, competency and resources of the Compliance, Risk and Sustainability department and ensure that it has the necessary authority and resources to carry out its work.
- (h) To evaluate the effectiveness of the governance structure, risk management processes and support system to identify, assess, monitor and manage Paradigm REIT's key business risks, including material ESG and climate-related risks and to ensure it is continuously improved as the business environment changes.
- (i) To review the status of the implementation of management action plans in mitigating significant risk identified.
- (j) To review and assess the effectiveness and adequacy of business continuity plan and monitoring its implementation.
- (k) To engage management in an ongoing risk appetite dialogue as conditions and circumstances change and new opportunities arises, including ESG and climate-related considerations.
- (l) To review the Statement on Risk Management for inclusion in Paradigm REIT's Annual Report.
- (m) To conduct investigation on any matters within this Terms of Reference as authorised by the Board.

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➤ Sustainability Matters:-

- (a) To review the sustainability strategies including the sustainability pillars such as environment, social, economic and governance adopted by the Manager and performance at the Board level.
- (b) To oversee the implementation of processes, policies, initiatives, standards and strategies designed to manage economic, social and environmental risk by:-
 - ensuring Paradigm REIT's compliance with its sustainability related policies and procedures;
 - overseeing the material assessment undertaken to determine material sustainability matters of Paradigm REIT;
 - overseeing the management processes to ensure compliance with policies, procedures and standards;
 - monitoring the implementation of initiatives through periodic updates on Paradigm REIT's progress in achieving its sustainability targets/key performance indicators; and
 - ensuring that the Compliance, Risk and Sustainability department has sufficient resources to perform its duties effectively.
- (c) To monitor the sustainability key performance indicators and their implementation.
- (d) To review the sustainability statement for inclusion in Paradigm REIT's Annual Report.

• **Meetings**

- (a) The quorum for the RSC meeting shall be at least two (2) members, who must be independent directors.
- (b) The RSC shall meet at least twice a year. Additional meetings may be convened as required.
- (c) Notice of each RSC meeting confirming the venue, time and date, together with the agenda of items to be discussed, shall be forwarded to each member of RSC and any other person required to attend, no later than five (5) business days (unless in unavoidable circumstances, notice of the RSC meeting may be shortened or waived provided all the RSC members so agree in writing) prior to the date set for meetings to enable RSC members and other attendees to review the information and to obtain such details and explanations where necessary.
- (d) Minutes shall be kept of the proceedings and the resolutions passed during the RSC meetings. The Chairman of the RSC shall report to the Board on any salient matters discussed during the RSC meetings and which requires the Board's notice, direction and approval. Minutes of each RSC meeting shall be tabled at the Board meeting for the directors' review and notation.

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- (e) The RSC meetings may be conducted by means of telephone conferencing or other methods of simultaneous communication by electronic or telegraphic means. Such participation in a meeting shall constitute presence in person at such meeting.
- (f) The minutes of RSC meeting signed by the Chairman of the RSC shall be conclusive evidence of any meeting conducted as aforesaid.

- **Resolutions in writing**

A resolution in writing signed or approved by letter, facsimile or electronic communication by a simple majority of RSC members shall be effective for all purposes as if it were a resolution passed at a RSC meeting duly convened, held and constituted. Any such resolution may consist of a single document or several documents all in like form each signed by one or more RSC members. All such resolutions shall be recorded by the secretary of the RSC in the minutes book.

- **Review**

This Terms of Reference shall be subjected to periodic review to ensure that it remains relevant and updated in line with applicable laws, regulations and corporate governance best practices. Any amendment to this Terms of Reference must be approved by the Board.

This RSC Terms of Reference was reviewed and approved by the Board on 27 March 2025.