

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5176
COMPANY NAME : Sunway REIT Management Sdn Bhd, the Manager for Sunway
Real Estate Investment Trust ("SUNREIT")
FINANCIAL YEAR : December 31, 2021

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

Intended Outcome

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.

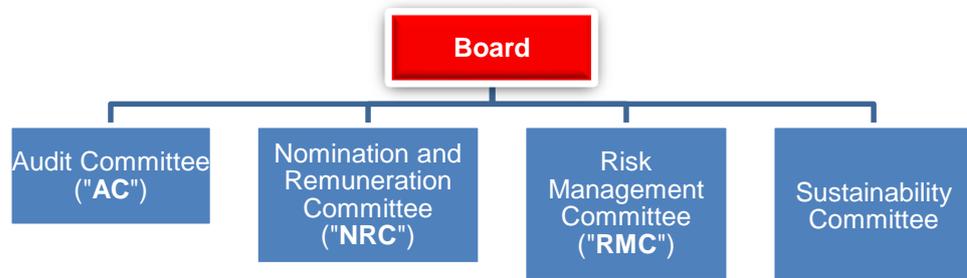
Application :	Applied
Explanation on application of the practice :	<p>The Board of Directors of Sunway REIT Management Sdn Bhd (the “Manager”) (“Board”), being the Manager for SUNREIT, is responsible for the strategic leadership and overall governance of SUNREIT as well as in setting and achieving sustainable long-term growth in total asset value and maximising financial returns to the unitholders of SUNREIT (“Unitholders”).</p> <p>In line with SUNREIT’s vision to be a leading diversified REIT in Malaysia and enhance stakeholder value through sustainable growth, environmental stewardship and community engagement, and its mission to deliver sustainable income distribution over the long term through responsible business strategies supported by adaptive innovation solutions, management and sustainability practices., the Board will endeavour to empower businesses, curate experiences and enrich lives.</p> <p>The Board operates under a Board Charter, which has established a formal schedule of matters and outlines the types of information required for the Board’s attention and deliberation at Board meetings. The Board Charter had been updated on 9 November 2021 to align with the recently revised Malaysian Code on Corporate Governance (“MCCG”) which is available on SUNREIT’s website at www.sunwayreit.com.</p> <p>The Board of the Manager is guided by its core values which encompasses:</p> <p>a) Integrity – Doing the right thing at all times:</p> <ul style="list-style-type: none">(i) By conducting ourselves in an honest and trustworthy manner(ii) Acting professionally, ethically and honourably(iii) Ensuring our actions are consistent with our words <p>b) Humility – Being humble, polite and respectful:</p> <ul style="list-style-type: none">(i) Never stop learning(ii) Care for and respect the people and environment(iii) Seek first to understand, then to be understood

- c) Excellence – Take pride in all that we do:
 - (i) Strive to deliver high quality products and services
 - (ii) Continuously innovate and improve greater progress
 - (iii) Seek to inspire others to excel.

The Board fulfils its duties and responsibilities as Manager by executing the following functions:

- (i) scanning and keeping track of changing operating environment and market trends in order to remain relevant as well as adopting the right strategic direction and formulating growth strategies for SUNREIT;
- (ii) establishing growth targets and corporate governance objectives and policies.
- (iii) setting and assigning key performance indicators (“KPIs”) for the management team (“**Management**”) to achieve the objectives;
- (iv) establishing effective risk management framework and internal control systems and reporting;
- (v) monitoring financial reporting on a quarterly basis, Management’s performance and achievement of KPIs in order to ensure sustainable growth in Net Property Income of the assets under management (“**AUM**”) and payment of distribution per unit to Unitholders;
- (vi) charting a sustainable long-term growth strategy in AUM;
- (vii) incorporating sustainability and environmental, social and governance (“**ESG**”) elements in the management of SUNREIT’s properties; and
- (viii) providing a balanced and understandable assessment of SUNREIT’s performance, total asset value and future prospects to Unitholders and investing public.

The Board has established the following Board Committees to assist the Board in discharging its duties and responsibilities. However, it bears ultimate responsibility for the Manager and SUNREIT’s performances and core values:



The Board Committees operate within clearly defined written terms of reference (“**TOR**”) as approved by the Board. The approved TORs of the respective Board Committees are available for reference on SUNREIT’s website at www.sunwayreit.com.

Approval of Annual Business Plan and Strategic Road Map

The Board met in early January 2021 to deliberate and brainstorm with Management on the Annual Business Plan (“BP”) and budget for each property segment for the financial period ended 31 December 2021 (“FP2021”). At the aforesaid meeting, the respective Management Team responsible for each property segment presented its market outlook, Strength, Weaknesses, Opportunity, and Threat (“SWOT”) analysis, past performance review versus budgets, operational strategies, projected performance for year 2021 for the Board’s deliberation and approval.

In early February 2021, the Retail team presented a revised BP 2021 due to the impact of the Movement Control Order (“MCO”) imposed by the government of Malaysia.

The Management together with the hotel operators and outsourced operational team (“Management Team”) were also invited to present their revised BPs and budgets which covered the following aspects:

- (a) performance review for year 2020 versus the BP2021;
- (b) dramatic transformation and marketing strategies for promoting the hotels;
- (c) global overview and retail industry outlook amidst the Covid-19 pandemic;
- (d) SWOT analysis and risk assessment of each hotel property;
- (e) strategic sustainability initiatives to thrive in Covid-19 pandemic; and
- (f) assets enhancement initiatives (“AEIs”), strategic plan, budget and capital expenditures (“CAPEX”).

The strategic BPs and budgets for each of its properties for FP2021 were subsequently approved by the Board for implementation.

On 23 November 2020, the Board formulated a long-term strategic road map for SUNREIT as follows:

- (a) Transcend 2025 (“TC25”) strategic roadmap – to deep dive, revisit and refresh the TC25 to make it relevant and gain greater resilience; and
- (b) Management succession plan – to train second liners of Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”) to ensure effective execution of the planned road map ahead.

Due to the impact of the pandemic on future market demand, the Board together with Management had on 9 February 2021 met to review the strategies spelt out in the TC25 roadmap. At the meeting, the Board and the Management:

- (a) reassessed TC25’s key growth strategies in order to make all necessary adjustment to accommodate the major shifts post-pandemic in order to improve business resilience;
- (b) formulated practical implementation plan and strategies to navigate the business approaches in achieving the targets; and
- (c) produced detailed work plan to get ahead in the TC25, covering the desktop research and business modelling based on the macro trends impacting real estate investment trusts (“REITs”) in 4 key countries.

Subsequently, Messrs. PricewaterhouseCoopers Advisory Services Sdn Bhd (“PwC”), was engaged as an external independent strategy consultant to review the relevance of TC25 strategic roadmap. PwC had on 19 May 2021, presented its research findings and recommendations to amend the TC25 strategic roadmap, incorporating the pandemic impact analysis. The Board subsequently gave its inputs and ideas for PwC to incorporate into the revised strategic roadmap.

On 9 November 2021, PwC presented to the Board its recommended revised strategic roadmap until year 2027, renamed as “Refreshed Transcend 2027 (“RTC27”)”. The purpose of the revised strategic plan was to guide SUNREIT in setting and achieving its targeted objectives within a volatile world by establishing new medium-term targets to be achieved by year 2027. The plan will focus on rebalancing the assets portfolio in line with the changing market trends and post-pandemic new normal. The Board had a lengthy and intense discussion with PwC on the RTC27 road map. All the contributions and ideas from the Board were again incorporated into the RTC27 strategic roadmap which was finally approved by the Board on 14 December 2021.

Quarterly reporting of financial results and performance review

The CEO of the Manager, Dato’ Jeffrey Ng Tiong Lip, with the support of the Management Team, has overall responsibility for the day-to-day management of the assets of SUNREIT as well as the implementation of the Board’s policies, strategies and decisions.

On a quarterly basis, the CEO, together with the CFO of the Manager presented his report on SUNREIT covering the following aspects:

- (a) macro-economic and market trends;
- (b) overview of the actual financial performance against the approved FP2021 BP and budget;
- (c) financial performance of each property in the portfolio;
- (d) risk management issues;
- (e) ESG and sustainability matters;
- (f) material internal control matters;
- (g) Management performance reviews and succession planning;
- (h) reports on capital management initiatives;
- (i) briefing on investment opportunities;
- (j) any related party transactions (“RPTs”) and management conflict of interest;
- (k) updates on the AElS and CAPEX undertaken; and
- (l) investor relations activities.

These quarterly reporting had enabled the Board to monitor and keep track of the Management’s performance and budgeted KPIs against the actual results achieved. Significant variances and accompanying explanations and mitigating action plans were reported by the Management.

A total of 14 Board meetings were held during the financial period under review, on 3 August 2020, 11 August 2020, 19 August 2020, 1 October 2020, 23 November 2020, 12 January 2021, 9 February 2021, 11 May 2021, 19 May 2021, 30 August 2021, 9 November 2021, 1 December 2021, 9 December 2021, 14 December 2021.

	<p>During the financial period under review, the Board had approved the following proposals:</p> <ul style="list-style-type: none"> (a) renewal of Unitholders’ mandate for recurrent RPTs of a revenue or trading nature and which were necessary for the day-to-day operations of SUNREIT; (b) change of SUNREIT’s financial year end (“FYE”) from 30 June to 31 December (“Change of FYE”); (c) approved additional rental rebate to the affected retail tenants due to reinforcement of the conditional MCO and full MCO; (d) approved revision in construction budget for Sunway Carnival expansion; (e) deliberated and approved the proposed acquisition of a commercial building known as “Kompleks Dato’ Shaari Jihin” at Port Klang; (f) renewal of the Hotel Master Lease Agreement (“HML”) in relation to Sunway Pyramid Hotel; (g) approved the issuance of sustainability-linked bond and proposed revision to the principal terms and conditions of the medium term note programme of up to RM10.0 billion in nominal value of SUNREIT Unrated Bond Berhad; (h) approved the amendments/revisions to: <ul style="list-style-type: none"> - the Policy Manual; - SUNREIT’s Standard Operating Procedures; - Crisis Communication Policy; - Corporate Disclosure Policy and formation of Corporate Disclosure Working Group; - Board Charter and the respective TORs of the AC, RMC and NRC; (i) established the Sustainability Committee to study and recommend SUNREIT’s sustainability governance initiatives and action plans; (j) appointed the Institute of Corporate Directors Malaysia (“ICDM”) to undertake an independent assessment of the Board and Directors’ effectiveness for FP2021; (k) approved External Auditor’s Audit Planning Memorandum and Internal Audit Department (“IAD”)’s Audit Plan for the FP2021; (l) adopted: <ul style="list-style-type: none"> - Business Continuity Management Framework; - Donations, Sponsorships and Corporate Responsibility Policy; - Sustainability Policy; - ESG related goals and targets for SUNREIT; and - Internal Carbon Pricing Framework; (m) approved the appointments of Tricor Investor and Issuing House Services Sdn Bhd as new Unit Registrar and Mega Corporate Services Sdn Bhd as event manager for SUNREIT’s virtual general meeting(s) to be held in year 2022. <p>The Board also assessed the business development and investment appraisal reports presented by the Investment Appraisal Working Group on a quarterly basis.</p> <p>The Board continuously kept abreast with emerging trends, in particular, the rapid changes in digitalisation and disruptive technology and also focussed on the increased emphasis on sustainability business practices. Prior to the formation of Sustainability Committee, the Board had reviewed and approved the half-yearly Business Sustainability Reports on 3 August 2020 and 9 February 2021.</p> <p>Recognising the importance of sustainability and ESG issues, the Sustainability Committee with the assistance of the Sustainability Working Group had actively</p>
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	<p>looked into integrating sustainability initiatives into all of SUNREIT’s assets and services as well as its operations. A dedicated sustainability officer has been appointed to ensure SUNREIT’s sustainability efforts was aligned with the Sunway Group’s overall sustainability strategy and policies.</p> <p>The Sustainability Committee has embarked its sustainability journey with the first and second Sustainability Committee meetings held on 16 June 2021 and 29 October 2021 to adopt the following:</p> <div data-bbox="638 481 1276 974" data-label="Diagram"> <pre> graph TD A[Donation, Sponsorship and Corporate Responsibility Policy] --> B[Sustainability Standard Operating Procedures] A --> C[Sustainability Policy] B --> D[Internal Carbon Pricing Framework] C --> E[Sustainability Goals and Targets] D <--> E </pre> </div> <p>A research study on SUNREIT’s properties’ Value-at-Risk from climate related impact was presented to the Sustainability Committee by the consultants from Jeffrey Sachs Center.</p> <p>Details of the sustainability practices of SUNREIT have been set out in the Sustainability Statement forming part of the Integrated Annual Report 2021 of SUNREIT (“IAR 2021”).</p>
<p>Explanation :</p> <p>for departure</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>	
<p>Timeframe :</p>	

Intended Outcome

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 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

Application	: Applied
Explanation on application of the practice	<p>The Board is led by an Independent Non-Executive Chairman ("Chairman"), Tan Sri Ahmad Bin Mohd Don ("Tan Sri Ahmad Don"). Tan Sri Ahmad Don is primarily responsible for setting a clear tone at the top and ensuring the Board is effective in discharging its roles and responsibilities.</p> <p>The role and responsibilities of the Chairman have been clearly defined in the Board Charter of the Manager, which is available on SUNREIT's website at www.sunwayreit.com.</p> <p>Amongst others, the Chairman is responsible for:</p> <ul style="list-style-type: none">(i) leading the Board in setting the vision, mission, values and growth strategies of SUNREIT;(ii) ensuring the integrity and effectiveness of the governance process of the Board and the Management;(iii) instilling good corporate governance best practices;(iv) providing leadership for the Board so that the Board can perform its responsibilities effectively;(v) setting the Board agenda for each meeting and ensuring that Board members receive complete and accurate information in a timely manner;(vi) leading Board meetings discussions to ensure effective debate and contribution from the Board members, efficient conduct of the Board's function and meetings;(vii) promoting a conducive boardroom environment by encouraging active participation and allows dissenting views to be freely expressed;(viii) managing the interface between the Board and Management and promote constructive and respectful relations amongst Board members;(ix) ensuring appropriate steps are taken to provide effective communication with Unitholders and stakeholders and that their views are communicated to the Board as a whole;(x) leading the Board in establishing and monitoring good corporate governance practices in the Manager and SUNREIT;(xi) chairing the general meetings of SUNREIT; and(xii) championing sustainability agenda in the strategy and operations of SUNREIT.

	<p>Based on the independent Board and Directors' Effectiveness Evaluation ("BDEE" or "Assessment") facilitated by ICDM, the Board was satisfied with the Chairman's roles and performances:</p> <ul style="list-style-type: none"> (i) the Board members regarded the Chairman as an effective leader who is open minded, and who has provided room, time and platform for all Board members to voice their ideas and concerns; and (ii) the Chairman initiated discussions on difficult topics, and ensured there was adequate time for robust and open discussions. 	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

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 1.3

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

<p>Application</p>	<p>: Applied</p>
<p>Explanation on application of the practice</p>	<p>The positions of the Chairman and CEO are separately held by two persons in order to maintain effective checks and balances. This promotes greater accountability from Management and allows the Board to exercise its independence in its oversight of and deliberations with Management. There is a clear separation of the roles and responsibilities between the Chairman and the CEO, as set out in the Board Charter of the Manager, which is available on SUNREIT's website at www.sunwayreit.com.</p> <div style="display: flex; flex-direction: column; align-items: center;"> <div style="display: flex; align-items: center; margin-bottom: 20px;"> <div style="margin-right: 10px;">CHAIRMAN</div> <div style="font-size: 3em; margin-right: 10px;">}</div> <div style="border: 1px solid black; background-color: #6a3d9a; color: white; padding: 10px; width: 80%;"> <ul style="list-style-type: none"> • Responsible for the leadership, effectiveness, conduct and governance of the Board • Ensure that the Boards and Management work together with integrity and competency • Ensure that material information is provided in a timely manner to the Board • Encourages active engagement, participation and contribution from all Board members • Ensure effective communication with the stakeholders • Collectively with the Board, holds the CEO and Management accountable towards meeting strategic objectives of SUNREIT </div> </div> <div style="display: flex; align-items: center;"> <div style="margin-right: 10px;">CEO</div> <div style="font-size: 3em; margin-right: 10px;">}</div> <div style="border: 1px solid black; background-color: #00aaff; color: white; padding: 10px; width: 80%;"> <ul style="list-style-type: none"> • Has full executive responsibilities over the direction and operational decisions in the day-to-day management of SUNREIT • Works with Management to ensure that action plans have been put in place in developing an effective enterprise risk management system • Works with the Board to determine SUNREIT's strategy • Responsible for the implementation of the strategies, decisions and policies approved by the Board • Provides leadership and guidance to Management in order to meet the strategic and operational objectives of SUNREIT • Develops and manages good relationships with the Unitholders and stakeholders • Accountable to the Board by ensuring the Management manages SUNREIT to meet its strategic objectives </div> </div> </div>

	Based on the BDEE, the Chairman and the CEO had effectively discharged their respective duties and responsibilities during the financial period under review.	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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 1.4

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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
Application :	Applied
Explanation on application of the practice :	The Chairman of the Board had ceased to be a member of all Board Committees on 31 May 2021.
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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 1.5

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.

Application	: Applied
Explanation on application of the practice	<p>The Board is supported by 2 Company Secretaries. Both of them are:</p> <ul style="list-style-type: none">(i) qualified to act as Secretary of the Manager under Section 235 of the Companies Act 2016 (“CA 2016”);(ii) registered with Companies Commission of Malaysia (“CCM”) to act as Secretary under Section 241(1) of the CA 2016; and(iii) Associate members of the Malaysian Institute of Chartered Secretaries and Administrators (“MAICSA”). <p>As a matter of good corporate governance practice, the role of the Company Secretary has been clearly defined in the Board Charter of the Manager, which is available on SUNREIT’s website at www.sunwayreit.com.</p> <p>All Directors have full and unrestricted access to the professional advice and services of the Company Secretaries to enable them to discharge their duties effectively. The Company Secretaries provide dedicated support to the Board, in particular the Non-Executive Directors, and are the point of reference and support for all Directors. The Company Secretaries consult regularly with the Directors to ensure they receive all necessary information. The Company Secretaries will regularly review the governance processes and relevant regulation to ensure they are effective.</p> <p>During the FP2021, the Company Secretaries:</p> <ul style="list-style-type: none">(i) attended to corporate secretarial administration matters of the Manager and SUNREIT;(ii) prepared and circulated the annual meeting calendar in advance for calendar year 2021;(iii) managed the logistics of all Board and Board Committees’ meetings and was responsible for the proper conduct of the meetings according to the applicable rules and regulations;(iv) prepared the agenda for Board and Board Committees’ meetings in consultation with the Chairman, the respective Board Committees’ Chairmen/Chairperson and the CEO;(v) attended all Board, Board Committees, and general meetings held. All deliberations at the meetings in arriving at the decisions and conclusions were properly recorded by way of minutes of meetings and subsequently communicated to the relevant Management personnel for their subsequent actions;

	<ul style="list-style-type: none"> (vi) constantly keep themselves updated of the regulatory changes and corporate governance developments by attending workshops, conferences and training programmes organised by MAICSA, Securities Commission Malaysia (“SC”), CCM, Bursa Malaysia Securities Berhad (“Bursa Securities”), etc.; (vii) advised the Board on updated corporate disclosures, governance and compliance matters; (viii) assisted the Board and Management in implementing and strengthening corporate governance policies and procedures; (ix) monitored the development of corporate governance guidelines and best practices and assisted the Board in applying best practices to meet the Board and stakeholders’ expectation; (x) assisted the Board Committees in the discharge of their respective functions in accordance to the TORs of the respective Board Committees; (xi) facilitated the training and professional development programmes for all Directors, as required. The Directors were invited to attend a series of seminars organised by Bursa Securities as well as other various professional associations and regulatory bodies; (xii) monitored the number of directorships held by each Director to ensure compliance at all times. The list of directorships of each Director was updated regularly; (xiii) facilitated ICDM in the BDEE; (xiv) facilitated the Board in the evaluation of the performance and effectiveness of internal and external auditors; (xv) updated and advised the Board on new statutes, regulations and directives issued by regulatory authorities in carrying out its roles and responsibilities effectively; (xvi) organised the virtual Eighth Annual General Meeting (“AGM”) of SUNREIT (“8th AGM”) and Unitholders’ Meeting held on 2 October 2020. <p>In collaboration with the appointed poll administrator and an external Independent Scrutineer, an online polling platform was used to generate accurate polling results in 20 seconds for each resolution tabled. Thereafter, the polling results were verified by the Independent Scrutineer appointed by the Manager before being announced to the Unitholders.</p> <p>During the 8th AGM, the Company Secretaries assisted the Chairman and the Board to ensure the proceedings were properly recorded in particular the questions raised by the Unitholders. A copy of the Minutes of the 8th AGM was published on SUNREIT’s website at www.sunwayreit.com within 30 days from the date of the 8th AGM;</p> <ul style="list-style-type: none"> (xvii) briefed the Board on the following developments in regulations and laws:
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	<ul style="list-style-type: none"> (a) Guidelines on Conduct of Directors of Listed Corporations and Their Subsidiaries issued by the SC on 30 July 2020 (“Guidelines on Conduct of Directors”); (b) Disclosure Guidance on Covid-19 related Impacts and Investments issued by Bursa Securities on 10 June 2020; (c) amendments to the Main Market Listing Requirements of Bursa Securities (“Listing Requirements”) in relation to new issue of securities and other amendments made on 13 August 2020; (d) Guidelines on the Use of Electronic Signature for Documents Submitted to the SC which took effect on 23 October 2020; (e) temporary increase in gearing limit for Malaysian REITs from 50% to 60% announced by SC with effective from 12 August 2020 until 31 December 2022; (f) Corporate Governance Monitor 2020 published by SC on 8 October 2020; (g) enhanced rights issue framework announced by Bursa Securities on 10 November 2020; (h) amendments to the Listing Requirements in relation to lower public security holding spread requirements made on 23 February 2021; (i) the inclusion of Guidance on Group Governance in the Guidelines on Conduct of Directors by SC on 12 April 2021; (j) updates to the MCCG by SC on 28 April 2021; (k) Voting Guidelines at General Meeting 2021 issued by Permodalan Nasional Berhad and Employees’ Provident Fund; and (l) Guidance Note on Co-operation and Self-Reporting issued by SC on 23 June 2021. <p>The Board was satisfied with the professionalism, competencies and support rendered by the Company Secretaries in discharging their functions.</p> <p>The Directors were also assisted by a Compliance Officer, who reports directly to the Board. The designated Compliance Officer is to ensure compliance with the Deed constituting SUNREIT, i.e. the deed dated 20 May 2010, a supplemental deed dated 10 June 2010 and an amended and restated deed dated 18 September 2018 (collectively, the “Deed”), Listing Requirements and all applicable SC guidelines and securities laws relating to SUNREIT.</p>
<p>Explanation for departure :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	

Measure	:		
Timeframe	:		

Intended Outcome

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 1.6

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The schedules of all Board and Board Committees' meetings of the Manager, and the AGM of SUNREIT are planned one calendar year in advance and scheduled before the state of the calendar year. On 23 November 2020, the schedule of Board and Board Committees' meetings for year 2021 were circulated to the Board to facilitate the Directors in planning ahead. The schedule of pre-planned meetings of the Board and Board Committees, as well as closed period for dealing in SUNREIT's units by Directors and Principal Officers of the Manager were uploaded onto the Board members' electronic devices.</p> <p>The Board meets at least 6 times a year and convenes at other times as warranted by particular circumstances to discuss and review SUNREIT's key activities. Matters on which the Board is consulted include business strategies and policies for SUNREIT, its annual budget, RPTs, the performance of the business, sustainability issues and the financial affairs of SUNREIT. The Board also reviews and approves the release of the quarterly financial results and financial results for the financial period under review.</p> <p>Management ensures that it provides the Board with relevant, complete, adequate and accurate information in a timely manner (at least 5 business days prior to the meetings) relating to matters to be brought before the Board and relevant Board Committees, prior to their meetings and on an on-going basis. Management has in places a procedure for papers to be circulated to the Board or to be submitted at Board meetings. Board meeting papers adhere to a standard format which includes background information, issues for deliberation, proposals and risk mitigation measures.</p> <p>To give Board members sufficient time to prepare for Board and Board Committees' meetings, the notice and agenda, duly endorsed by the Chairmen/Chairperson together with a set of comprehensive meeting papers and presentation slides are uploaded onto a secured electronic platform, one week before the relevant meeting. The Board members can access these materials via their computers, laptops, tablet devices and smartphones prior to, during and after meetings. Members of Management who prepared the Board papers and can provide additional insights into matters to be deliberated would be present at the relevant meetings.</p>

	<p>The meeting papers include inter alia, financial results, BP and budget, progress development report, risk management and internal control reports, minutes of meetings of the Board and Board Committees, regulatory/statutory updates, sustainability related papers and other operational issues are provided for the Board’s information.</p> <p>The Board is apprised of any significant developments on business initiatives, industry developments and regulatory updates. In the face of the Covid-19 pandemic, Management has been providing the Board with regular updates on how the Manager manages the operations of SUNREIT under its business continuity plan.</p> <p>Every Director has full, free and unrestricted access to information of the Manager and SUNREIT. The Directors, whether as a group or individually, may seek and obtain independent professional advice in the furtherance of their duties, the expenses of which are borne by the Manager. The Board may also seek advice from the Management or request further explanation, information or update on any aspect of SUNREIT’s operations or business concerns.</p> <p>A Director who has an interest in any transaction must abstain from deliberation and voting on the relevant resolution in respect of such transaction at the Board and Board Committees’ meetings.</p> <p>All Directors’ Circular Resolutions are approved using electronic means resulting in efficient and timely Board decision and facilitating speedy management implementation.</p> <p>Upon conclusion of each meeting, the minutes of meetings will be circulated for comments and for follow-up actions by the Management. The Company Secretaries will also follow up with the Management on status of actions taken with reference to the previous minutes of meetings.</p> <p>Upon confirmation by the Board or Board Committees at the following meetings, the minutes will be signed by the Chairmen/Chairperson of the respective meetings as a true record of the proceedings of the meetings. Matters that needed follow up actions would be recorded in the minutes as matters arising until they are eventually resolved.</p>
<p>Explanation for departure</p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure</p>	<p>:</p>

Timeframe	:		
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Intended Outcome

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.

<p>Application</p>	<p>: Applied</p>
<p>Explanation on application of the practice</p>	<p>The Board operates under a Board Charter, a primary source of reference and induction literature that guides the governance and conduct of the Board in managing SUNREIT.</p> <div data-bbox="523 898 1391 1760" data-label="Diagram"> </div> <p>The Board Charter sets out among others, the Board’s strategic intent, role and responsibilities, Board composition, operation and procedures of the Board toward the management of SUNREIT, and clear functions reserved for the Board, and those which the Board may delegate to the Board Committees, the CEO and the Management.</p>

	<p>As set out in the Board Charter, the Board is in charge of leading and managing the Manager and SUNREIT in an effective and responsible manner. It is both the legal and fiduciary duties of each Director to act honestly, in good faith and shall use his/her reasonable care, skills and diligence in discharging his/her duties in the best interest of the Manager.</p> <p>The Board shall ensure that there is at all times an appointed full-time CEO, who, with the support of the Management Team, has the executive responsibility for the day-to-day management of business and operation of the Manager and SUNREIT. He is responsible for the execution of the policies, directives and strategies as approved by the Board as well as all operational decisions in managing the Company and SUNREIT.</p> <p>To ensure the effective discharge of its functions and responsibilities, the Board has delegated specific responsibilities to the relevant Board Committees, CEO and Management through clearly defined written TORs and policies and procedures, which are the primary instruments that govern and manage the decision-making process of the Manager. All Board authorities conferred on the Management is delegated through the CEO and this will be considered as the CEO's authority and accountability.</p> <p>The Board Charter and TORs of the respective Board Committees are continuously reviewed and updated to ensure their relevance and effectiveness as well as for compliance with legislation and governance standards. The Board Charter and TORs were last reviewed and amended by the Board on 9 November 2021 in order to incorporate latest best practices introduced in the revised MCCG and changes in regulations.</p> <p>The Board has established 4 Committees of the Board, namely AC, NRC, RMC and Sustainability Committee, which operate within clearly defined written TORs. The Board Committees deliberate issues on a broad and in-depth basis before putting up any recommendation to the Board for decision. Notwithstanding the existence of the Board Committees and the relevant authorities granted to a Committee under its TOR, ultimate responsibility for the affairs of SUNREIT and decision-making lies with the Board.</p> <p>The Board keeps itself abreast of the significant matters and resolutions deliberated by each Board Committee through the Chairmen/Chairperson of each Board Committee. The minutes of the Board Committees' meetings and circular resolutions passed by each Board Committee were tabled at the Board meeting.</p> <p>The Board Charter is available on SUNREIT's website at www.sunwayreit.com.</p>
<p>Explanation for departure :</p>	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure :		
Timeframe :		

Intended Outcome

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.

Application	: Applied
Explanation on application of the practice	: <u>Code of Conduct and Business Ethics Policy ("CCBE")</u> The Board and all employees of the Manager are committed to adhering to corporate governance best practices. They are committed to observing the highest standards of integrity and behaviour in all activities conducted by the Manager, including interaction with its customers, suppliers, employees and business partners, and within the community and environment in which the Manager and SUNREIT operate in. The Board has established the CCBE which provides an ethical framework to guide and reinforce ethical, prudent and professional behaviours of all Directors and employees of the Manager to ensure compliance with applicable laws and ethical values in discharging their duties and responsibilities. The Board ensures that compliance is monitored through annual confirmation of compliance process where all employees of the Manager are required by the Group Human Resources Department of Sunway Group (" Group HR ") to read and sign off their commitment in adhering to the CCBE at all times during their services with the Manager. This serves to drive organisational culture and continuing awareness amongst the employees of the need to understand, develop and maintain a value-based culture beyond mere compliance. In line with good corporate governance practices, the Management and the Board encourage all employees of the Manager and stakeholders of SUNREIT to report suspected inappropriate behaviour or misconduct relating to fraud, corrupt practices and/or abuses involving SUNREIT's assets. Employees are encouraged to report concerns of violation of the CCBE through the Manager's existing Whistleblowing Policy. No individual will be discriminated or suffer any act of retaliation for reporting in good faith.

	<p>The appropriateness and effectiveness of the CCBE are continuously monitored for improvements.</p> <p><u>Disclosure Requirements and Insider Trading Policy</u></p> <p>The Manager has adopted an internal compliance Statement of Policy Regarding Securities Trades by Directors and all employees (the “Insider Trading Policy”). The policy provides guidance to the Directors and principal officers (“Officers”) on dealing in securities of SUNREIT. The Insider Trading Policy elaborates on prohibitions under the Capital Markets and Services Act 2007 as well as stresses the importance of prohibitions against insider trading.</p> <p>All Directors and Officers are notified quarterly of each closed period for securities trading.</p> <p>Directors and Officers are required to confirm in writing on a quarterly basis that they have complied with their obligations outlined in the closed period notice, and to undertake and agree to comply with Chapter 14 of the Listing Requirements and the laws governing insider trading.</p> <p><u>Anti-Bribery and Corruption (“ABC”) Policy and Anti-Money Laundering (“AMLA”) Policy</u></p> <p>The Manager is committed to upholding its core values of Integrity, Humility and Excellence. The Manager has on 19 May 2020 adopted and implemented the ABC policy and programme in order to maintain a corrupt-free business environment.</p> <p>The Manager is committed and will ensure strict compliance with the ABC Policy with zero-tolerance towards bribery and corruption.</p> <p>The Manager has the following policies to guide its business conduct in order to minimise and manage the risks of fraud and corruption:</p> <ul style="list-style-type: none"> (i) Gift, Entertainment & Hospitality Policy; (ii) Donations, Sponsorships & Corporate Responsibility Policy (revised on 9 November 2021); and (iii) AMLA Policy. <p>The RMC is responsible for monitoring corruption risk as part of annual risk assessment of the Manager and at SUNREIT level.</p> <p>The Manager would provide regular trainings and communications to its employees and associates on their obligations under the ABC Policy and AMLA Policy.</p>
<p>Explanation for departure</p>	<p>:</p>

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman of the AC and the Head of IAD have been given the responsibility by the Board to monitor the implementation of the Whistleblowing Policy and Procedures, whilst duties relating to the day-to-day administration of the policy are performed by the Head of IAD. The policy is available on SUNREIT's website at www.sunwayreit.com.</p> <p>The main objective of Whistleblowing Policy and Procedures is to provide a mechanism for all level of its employees of the Manager and stakeholders to report concerns about any suspected wrongdoing, inappropriate behaviour or misconduct relating to fraud, corrupt practices and/or abuse in a safe and confidential manner, thereby ensuring that employees may raise concerns without fear of reprisals.</p> <p>The Whistleblowing Policy and Procedures is subject to periodic assessment and review to ensure that it remains relevant to SUNREIT's changing business circumstances. The Manager has also put in safeguards to protect the identity of the Whistle blower.</p> <p>The whistleblowing procedure is intended to be used as an ultimate remedy, if no other means are available to address the matter. For the employees, if they wish to raise a specific concern, they are encouraged to try to solve the matter through existing procedures and discuss the matter first with their line supervisor(s) or head of department before initiating the whistleblowing procedure.</p> <p>Any employee or member of the public who has knowledge or is aware of any improper conduct is encouraged to report any concern in good faith through the following channels:</p> <p>Whistleblowing hotline Tel: +603 5639 8025 E-mail: whistleblowing@sunway.com.my Fax: +603 5639 8027</p> <p>The faxes and emails to these channels will be directed to the Chairman of the AC and the Head of IAD. If the reporting individual wishes to remain anonymous, he/she is encouraged to make use of the</p>

	<p>“Whistleblowing Report Form” provided in the Appendix of the Whistleblowing Policy and send via local postal service.</p> <p>The Head of IAD will maintain a record of the complaints and will track their receipt, investigation and resolution. The Head of IAD will review each claim independently and pursue it to the extent that the information received allows, and based on the evidence that is available. IAD will then begin preliminary investigation to establish whether the claim has merit and can be substantiated. IAD will investigate each claim independently based on standard internal audit practices and fraud response procedures. Upon completion of each investigation, IAD will prepare a report for the Chairman of the AC for further action. The Head of IAD shall prepare a summary report and present it to the AC on a quarterly basis.</p> <p>During the financial period under review, the IAD had reported its findings on a letter of complaint from a whistleblower to the AC. The IAD had in its report to the AC detailed:</p> <ul style="list-style-type: none"> (i) the investigative actions taken and the multiple discussions held with the relevant parties; (ii) the investigative findings; and (iii) the recommended course of action to improve the relevant internal controls system.
<p>Explanation for departure :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>	
<p>Timeframe :</p>	

Intended Outcome

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.

Application	:	Applied
Explanation on application of the practice	:	<p>SUNREIT had on 11 May 2021 set up the Sustainability Committee, chaired by an Independent Non-Executive Director, Madam Yeo Kar Peng and comprised two committee members, Dato' Jeffrey Ng Tiong Lip and Madam Sarena Cheah Yean Tih. It had also on even day established the TOR of the Sustainability Committee.</p> <p>The Sustainability Committee reviews, supervises and recommends to the Board on three key areas:</p> <ul style="list-style-type: none">○ sustainability strategy and issues;○ key ESG goals, targets and performance; and○ ESG progress and scorecard. <p>The Sustainability Committee met twice during the financial period under review to fulfil its responsibilities.</p> <p>In 2021, SUNREIT conducted its annual materiality assessment which involved SUNREIT's internal and external stakeholders, to identify the top material ESG issues and the results of the materiality assessment were approved and endorsed by the Board. While SUNREIT has addressed the aforesaid top material ESG issues in the Sustainability Statement, other ESG issues deemed material were also addressed.</p> <p>SUNREIT had in 2015 established a Sustainability Working Group ("SWG") comprising representatives from Sunway Berhad and the Manager's Senior Management, Business Segment Heads and Sustainability Officer that meets on a monthly basis. Representatives of the SWG are as follows:</p> <ul style="list-style-type: none">○ Dato' Jeffrey Ng Tiong Lip, Chairman (CEO of the Manager)○ Irene Sin May Lin (CFO of the Manager)○ Ng Poh Li (Sustainability Officer of the Manager)○ Crystal Teh Lay Ling (Head of Investor Relations of Sunway Berhad)○ Jacqueline Wong Yin Teng (Manager – Sustainability of Sunway Berhad)

	<ul style="list-style-type: none"> ○ Cheng Jew Keng (Chief Operating Officer of Office Segment) ○ Chan Hoi Choy (CEO of Retail Segment) ○ Alex Castaldi (Senior General Manager of Hotel Segment) <p>The monthly SWG meeting serves as a platform for:</p> <ul style="list-style-type: none"> ○ communication and alignment of the Board’s direction on ESG and sustainability matters to the business segments; ○ reports from representatives of business segments on the progress of initiatives at the operational level of the business segments; and ○ knowledge sharing between the SWG on relevant and current ESG developments. <p>Additionally, each of the business segments allocate resources for sustainability initiatives to be incorporated into their annual business plans to achieve the 2030 Sustainability Goals and Targets as well as the Net Zero Carbon Emissions by 2050.</p> <p>SUNREIT became an official supporter for the Task Force on Climate-Related Financial Disclosures (“TCFD”) and had disclosed its climate risks according to the recommendations of the TCFD. All of SUNREIT’s business segments will have targets aligned with the Science-Based Targets initiative (SBTi).</p> <p>Details of the sustainability governance structure are as set out in the IAR 2021 of SUNREIT.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

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.

Application	:	Applied	
Explanation on application of the practice	:	<p>SUNREIT’s sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders regularly via:</p> <ul style="list-style-type: none"> • Integrated Annual Report • Bulletin Sunway • Townhall by Senior Management • Analyst and Investors Presentation updates • Media release • Corporate website at www.sunwayreit.com <p>In addition, SUNREIT’s sustainability risks and opportunities have also been set out in its IAR 2021 for the information of its internal and external stakeholders.</p> <p>Details of the Stakeholder Engagement are as set out in the IAR 2021.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

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.

Application	: Applied
Explanation on application of the practice	<ul style="list-style-type: none">• SUNREIT signed up as a member of Climate Governance Malaysia in 2021. Consequent thereto, the Board would receive regular updates, newsletters, trainings, invitation to events and other communication materials relating to sustainability.• The Board also receives regular updates from regulators such as BURSA Sustain, SC and many more. Additionally, the Company Secretary and Sustainability Officer would regularly update the Board on relevant and current ESG developments.• Board representative and/or Management also communicated with the stakeholders on SUNREIT's strategies, initiatives and achievements on sustainability.• To ensure the Board is well equipped to execute its roles effectively, the NRC used the Board Skills Matrix as a guidance to identify the training and development needs of the Board members. For more information on the Board Skills Matrix, please refer to the write-up on Practice 5.5.• The ESG-related trainings attended by the members of the Board during the financial period under review are as follows: Dato' Jeffrey Ng Tiong Lip<ul style="list-style-type: none">• Webinar Series: What ESG means for funds by The Asset• JC3 Flagship Conference 2021: JC3 outcomes and implications for FIs (Sharing experience on sustainable finance product development – by OCBC)• CA ANZ Asia Webinar – How to Drive 'Sustainability' in face of Profitability and Growth by The Asset• 16th Asia Bond Markets Summit – Rebuilding Economies through Sustainable Bonds and Loans by The Asset Sarena Cheah Yean Tih<ul style="list-style-type: none">• Governance Frameworks by Asia School of Business Yeo Kar Peng<ul style="list-style-type: none">• Paving the Way for Profitability through Sustainability by Securities Industry Development Corporation• Reimagine Leadership and Governance, Not Capitalism by Asia School of Business

	<p>Tan Sri Ahmad bin Mohd Don</p> <ul style="list-style-type: none"> • In-house Anti-Bribery & Corruption eLearning Programme FY2021 by Alliance Bank Malaysia Berhad • In-house Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) Training by Alliance Bank Malaysia Berhad <p>Elvin A/L Bertly Luke Fernandez</p> <ul style="list-style-type: none"> • Integrating ESG in Fundamental and Financial Analysis by Securities Industry Development Corporation <p>Tengku Nurul Azian Binti Tengku Shahrman</p> <ul style="list-style-type: none"> • Driving Sustainability through Digital Governance by Tricor <p>The Manager has identified risk and opportunities related to ESG including climate change risk as one of the emerging risks for SUNREIT.</p> <p>Realising that climate change is one of the emerging risks, the Manager has appointed Jeffrey Sachs Center on Sustainable Development to conduct a Value at Risk (“VaR”) assessment due to impacts of climate change on all the properties of SUNREIT. The risks that were taken into consideration for the VaR assessment include acute physical risks such as increased rainfall intensity and chronic physical risks such as sea level rise. The result of the VaR assessment has been presented to the SWG, the Sustainability Committee and the Board.</p> <p>These risks will be evaluated annually and will form part of the selection criteria that will be incorporated in future assessment of new properties to be acquired.</p> <p>Details of the Risk Matrix and VaR assessment have been set out in the IAR 2021.</p>
<p>Explanation for departure</p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure</p>	<p>:</p>
<p>Timeframe</p>	<p>:</p>

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

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.

Application	:	Applied
Explanation on application of the practice	:	<p>In year 2021, SUNREIT has established and issued its inaugural sustainability-linked bond (“SLB”) under the existing unrated medium term notes programme of SUNREIT Unrated Bond Berhad. The SLB features a pricing adjustment mechanism benchmarked against the achievement of predetermined Sustainability Performance Targets (“SPT”). The SPTs are measured against two selected KPIs, which are core, relevant and material to the business of SUNREIT. The KPIs measure sustainability improvements of SUNREIT in terms of annual renewable energy generation and building energy intensity.</p> <p>Pursuant to the SLB, the NRC has recommended to the Board to approve the inclusion of these sustainability KPIs starting 2022 for the CEO and CFO of the Manager. These KPIs are also cascaded to the business segments.</p> <p>Details of the KPIs have been set out in the IAR 2021 and further information on the remuneration policies and procedures of the Manager has been included under the write-up on Practice 7.1.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.5- Step Up

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.

<i>Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.</i>	
Application	: Adopted
Explanation on adoption of the practice	: The Manager had during the financial period under review appointed a full-time Sustainability Officer, Ms Ng Poh Li to oversee the management of sustainability matters which resides with the Board, including the integration of sustainability consideration in the operation of the businesses of SUNREIT. The Sustainability Officer reports to the CFO and is responsible to: <ul style="list-style-type: none">• coordinate the communication on the sustainability direction and initiatives between the Board and the various business segments of SUNREIT;• monitor sustainability performance to ensure the CEO and CFO as well as business segments' KPI are achieved;• keep abreast with the relevant and current ESG developments and update the Sustainability Committee and SWG on the said developments; and• explore opportunities for adoption of relevant and current ESG developments in SUNREIT.

Intended Outcome

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.

Application	:	Applied
Explanation on application of the practice	:	<p>In accordance with Article 63 of the Articles of Association (“AA”) of the Manager, at least 1/3 of the Directors of the Manager are subject to retirement by rotation at each AGM of the Manager. However, a retiring director is eligible for re-election. The following Directors would be retiring by rotation at the Fifteenth AGM of the Manager (“15th AGM”) to be held in April 2022:</p> <ul style="list-style-type: none">(i) Tan Sri Ahmad Don; and(ii) Mr Elvin A/L Bertly Luke Fernandez (“Mr Elvin”). <p>As part of the Manager’s Board refreshment, the NRC took note that Tan Sri Ahmad Don and Mr Elvin had expressed their intention to retire at the 15th AGM since both of them had served more than 9 years on the Board.</p> <p>The Board had on 11 May 2021, upon the recommendation from the NRC, approved the appointment of ICDM to undertake an external independent BDEE for FP2021. The ICDM had outlined in their findings and observations arising from the BDEE in a formal report which was tabled to the Board on 1 December 2021. One of the recommendations was for the Board to refresh its composition especially replacing Directors who had served more than 9 years. In view of this, the NRC had commenced the process of sourcing for suitable candidates to be appointed as Independent Directors. The NRC had on 20 December 2021, engaged the ICDM to assist in sourcing for suitable candidates based on the criteria provided.</p> <p>The appointment of ICDM to undertake an external independent BDEE would be in line with the Practice 6.1 of the MCCG 2021. The objective of the Assessment was to provide the Board with an independent insight and external perspective of its effectiveness and suggestions for improvements where necessary. As part of the Assessment, the ICDM also interviewed each Director for more than an hour to get in-depth understanding to the evaluation process. A peer review was also facilitated by ICDM on the performance and effectiveness of each Director.</p>

Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.2

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

<p>Application</p>	<p>: Applied</p>						
<p>Explanation on application of the practice</p>	<p>The Board consists of 7 members, 4 of whom are Independent Directors. Out of the 3 Non-Independent Directors, 2 are Non-Executive Directors and one Executive Director (the CEO of the Manager).</p> <div data-bbox="686 728 1316 985" data-label="Figure"> <table border="1"> <caption>DIRECTORS</caption> <thead> <tr> <th>Category</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Independent</td> <td>57%</td> </tr> <tr> <td>Non-Independent</td> <td>43%</td> </tr> </tbody> </table> </div> <p>The Board is led by an Independent Non-Executive Chairman and the Independent Directors made up a majority in the Board. The Independent Directors and their immediate family members have no relationships with the Manager, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director’s independent business judgement.</p> <p>Based on ICDM’s observation, the Board comprised a very good mix and balance of experience, skill sets and diversity, and comprised qualified members in its composition.</p> <p>The composition of the Board also complied with the Listing Requirements, whereby at least one-third (1/3) of Directors are independent from management and business relationships with the Manager and from every substantial shareholder of the Manager.</p> <p>The composition of the Board reflects a diversity of age, skills, experiences, gender and professional qualifications in the areas of business & economics, finance, accounting, banking, property development, consultancy, legal and real estate valuation. More than 30% of the Board comprised female Directors. The diverse skills, experiences, different ages and gender of the Board have contributed to dynamic, constructive and creative board discussions.</p> <p>In order to leverage on the collective wisdom and benefit from the greater participation of the Independent Directors, several private sessions of the Independent Directors without the presence of the Non-</p>	Category	Percentage	Independent	57%	Non-Independent	43%
Category	Percentage						
Independent	57%						
Non-Independent	43%						

	Independent Directors and Executive Directors had been held during the financial period under review. The external and internal auditors were invited to such sessions to provide the Independent Directors as well as the external and internal auditors a platform to share their concerns candidly.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

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.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board, through the NRC, had on 1 December 2021 assessed the independence of each Independent Directors based on ICDM's BDEE.</p> <p>During the financial period under review, there were 2 Independent Non-Executive Directors who had served more than 9 years of tenure, namely, Tan Sri Ahmad Don and Mr Elvin. Both of them had expressed their intention to retire once suitable replacements have been found and appointed.</p> <p>The NRC had carefully re-assessed Tan Sri Ahmad Don and Mr Elvin's effectiveness and independence as well as their time commitment, and was satisfied that they remained critical and independent in their thinking as demonstrated in their contributions in Board discussions. In addition, their attendance records at Board and Board Committees' Meetings have been excellent.</p> <p>The NRC affirmed that all the Independent Directors continued to act objectively and independently based on the following justifications:</p> <ul style="list-style-type: none">(i) their experiences and relevant expertise had added value to the Board's deliberations and decisions;(ii) at all times, they have acted in the best interest of the Manager and SUNREIT. They had provided critical oversight and contributed valuable ideas and suggestions;(iii) they have proven to be reliable with high integrity, professionalism, and possessed business aptitude; and(iv) their time commitment record was excellent.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	<p>: The Board was of the opinion that as long as Tan Sri Ahmad Don and Mr Elvin were able to confirm in good faith that they remained independent not only pursuant to the criteria of independence as defined in the Listing Requirements but also remained critical and independent in thinking, they should be able to serve on the Board even though their tenure had exceeded 9 years. Their relevant experiences, familiarity with the real estate industry and knowledge acquired in managing SUNREIT’s portfolio of assets would be much valuable.</p> <p>Nonetheless, the Board had taken note of the recommended practice under the MCCG 2021 and agreed with the ICDM’s recommendation to consider refreshing Directors whose tenures are closer to 12 years. In view of this, the Board through the NRC had commenced the process of sourcing for suitable potential candidates as replacement for the long-serving Independent Directors.</p>
Timeframe	<p>: Within 1 year</p>

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.4 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

<i>Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.</i>	
Application	: Adopted
Explanation on adoption of the practice	: The Board had on 9 November 2021 reviewed and amended its Board Charter requiring an Independent Non-Executive Director to step down from the Board once his/her tenure reaches 9 years.

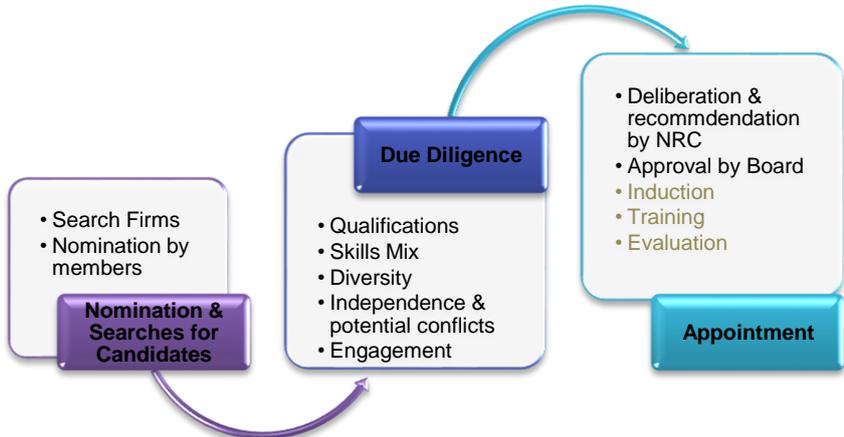
Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

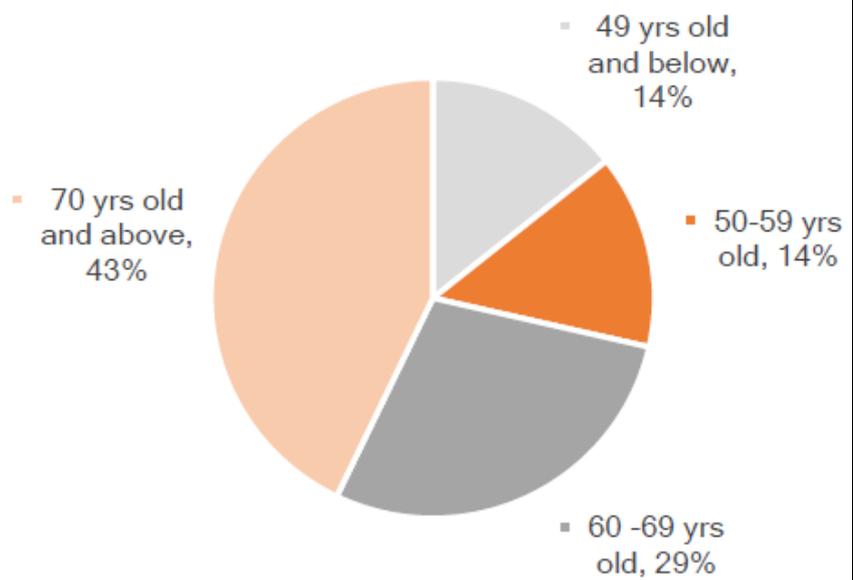
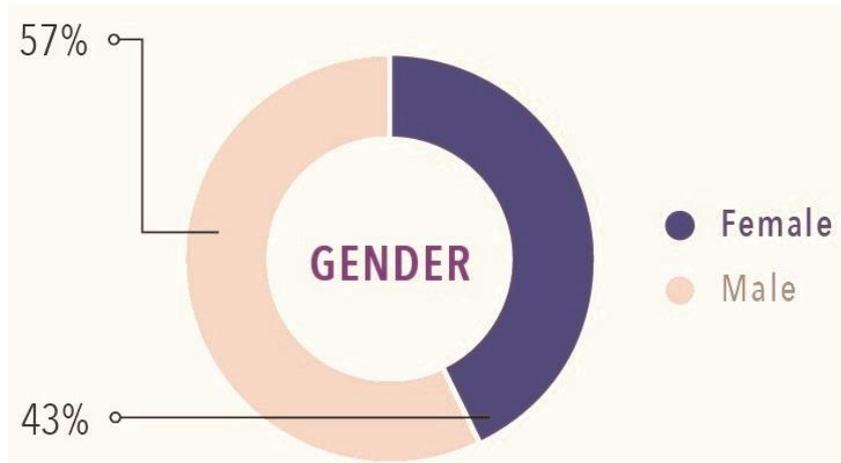
Practice 5.5

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.

<p>Application</p>	<p>: Applied</p>
<p>Explanation on application of the practice</p>	<p>The appointment of directors is a vital process as it determines the composition and quality of the Board’s mix of diversity, professional qualification, relevant experiences, skills and competencies.</p>  <p>The nomination and selection process as well as assessment criteria for appointment of new directors are set out in the Policy on Selection and Assessment of Members of the Board of Directors and Board Composition. It details the processes and the criteria for selection and assessment of potential candidates for election to the Board. It also sets out the criteria for achieving a balanced board mix and composition.</p> <p>Potential candidates for appointment as Non-Executive Directors must, amongst others:</p> <ul style="list-style-type: none"> (a) possess high standards of ethics, integrity and professionalism; (b) display independent and sound judgment; and (c) have meaningful experience and expertise in business, corporate, real estate, property, accountancy, law, finance or other relevant endeavours. <p>To ensure that Directors are able to devote the required time to serve the Board effectively, Directors are required to notify the Chairman of the Board before accepting any new directorship in public listed companies. The notification shall include an indication of time that will</p>

	<p>be spent on the new appointment. The Chairman shall also notify the Board if he/she has any new directorship or significant commitments outside the Manager</p> <p>In order to safeguard the interests of the Unitholders, the Board Charter has prohibited a Director from:</p> <ul style="list-style-type: none">(a) holding office as a Director of more than one management company at any one time; and(b) holding office as a member of the investment committee of a REIT operated by another management company. <p>The NRC is tasked with the responsibility of sourcing and making recommendation in relation to any appointment of a Director.</p> <p>Based on the recommendations of the NRC, the Board shall have the ultimate power to appoint any person to be a director of the Manager, either to fill a casual vacancy or as an addition to the existing Board subject to the maximum number fixed in the AA of the Manager.</p> <p>During the financial period under review, no new Director was appointed to the Board.</p> <p>The Board believes in Board diversity and inclusivity with diverse backgrounds, experiences and qualifications. A diverse board is able to make decisions more effectively by reducing the risk of “groupthink”. The Board has more than 30% women representatives. It aims to create a culture that respects and values each other’s differences, promotes equality and diversity, and encourages individuals to grow and develop in order to realise their full potential. Diversity and inclusion are closely tied to the Manager’s core values of integrity, humility and excellence which are embedded into every facet of the Manager’s businesses and goals.</p> <p>The NRC had at its meeting held on 11 August 2020 reviewed and discussed on the Board Skills Matrix Report. The Board Skills Matrix Report detailed the skills sets and competencies of each Director and had been used by the NRC as a guidance in identifying the training and development needs of the Directors. As recommended by ICDM, the Board Skills Matrix would be enhanced to include identifying future talents and board succession planning, which may include areas of significant need such as property, valuation, innovation, sustainability and/or digital experience, or representing geographical areas impacting the business risks and succession planning trigger points, especially for long standing non-independent executive directors and independent directors who are nearing the end of term.</p> <p>Annually, the NRC reviews the structure, size and composition of the Board to ensure appropriate balance, board size and diversity.</p> <p>The current Board composition reflects a diversity of gender, age, skills and knowledge:</p>
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Average Technical Competencies - Board



	<p>Rating Descriptor:</p> <table border="1" data-bbox="571 280 1369 477"> <thead> <tr> <th>Rating</th> <th>Indicator</th> <th>Description</th> </tr> </thead> <tbody> <tr> <td>2.50 - 3.00</td> <td></td> <td> <ul style="list-style-type: none"> Broad and in-depth proficiency in this competency Able to contribute to the board specific expertise in the application of this capability Able to assist, consult and lead others in the application of this competency </td> </tr> <tr> <td>2.00 - 2.49</td> <td></td> <td> <ul style="list-style-type: none"> Working or functional proficiency level in this competency Have been exposed to this capability and experienced in decision making involving this competency for a certain period of time </td> </tr> <tr> <td>1.00 - 1.99</td> <td></td> <td> <ul style="list-style-type: none"> Limited exposure to and experience in this competency Demonstrate minimal use of this competency and require development </td> </tr> </tbody> </table> <p>The Directors devoted sufficient time to serve the board effectively as their meeting attendance as shown in the table below is satisfactory.</p> <table border="1" data-bbox="547 633 1390 1037"> <thead> <tr> <th></th> <th>Attendance (Attended/Held)</th> <th>% of Attendance</th> </tr> </thead> <tbody> <tr> <td>Tan Sri Ahmad Bin Mohd Don</td> <td>14/14</td> <td>100.00%</td> </tr> <tr> <td>Dato' Jeffrey Ng Tiong Lip</td> <td>14/14</td> <td>100.00%</td> </tr> <tr> <td>Elvin A/L Bertly Luke Fernandez</td> <td>14/14</td> <td>100.00%</td> </tr> <tr> <td>Sarena Cheah Yean Tih</td> <td>13/14</td> <td>92.85%</td> </tr> <tr> <td>Ng Sing Hwa</td> <td>14/14</td> <td>100.00%</td> </tr> <tr> <td>Tengku Nurul Azian Binti Tengku Shahrman</td> <td>14/14</td> <td>100.00%</td> </tr> <tr> <td>Yeo Kar Peng</td> <td>14/14</td> <td>100.00%</td> </tr> </tbody> </table> <p>Members of the Board would also provide confirmation on their directorships in listed and non-listed companies biannually.</p>	Rating	Indicator	Description	2.50 - 3.00		<ul style="list-style-type: none"> Broad and in-depth proficiency in this competency Able to contribute to the board specific expertise in the application of this capability Able to assist, consult and lead others in the application of this competency 	2.00 - 2.49		<ul style="list-style-type: none"> Working or functional proficiency level in this competency Have been exposed to this capability and experienced in decision making involving this competency for a certain period of time 	1.00 - 1.99		<ul style="list-style-type: none"> Limited exposure to and experience in this competency Demonstrate minimal use of this competency and require development 		Attendance (Attended/Held)	% of Attendance	Tan Sri Ahmad Bin Mohd Don	14/14	100.00%	Dato' Jeffrey Ng Tiong Lip	14/14	100.00%	Elvin A/L Bertly Luke Fernandez	14/14	100.00%	Sarena Cheah Yean Tih	13/14	92.85%	Ng Sing Hwa	14/14	100.00%	Tengku Nurul Azian Binti Tengku Shahrman	14/14	100.00%	Yeo Kar Peng	14/14	100.00%
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<p>Timeframe :</p>																																					

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Manager has put in place a framework for selection, appointment and re-appointment of Directors. In the process of searching for qualified persons to serve on the Board, the NRC will assess the experience, expertise and business relationships represented by the existing Board members in light of the existing and planned businesses and to determine the skills and background of the potential candidates in order to complement those of the existing Board members. The NRC leads the process and makes recommendations to the Board for approval. The Board will consider, inter alia, skills, industry and business experience, gender, age, culture, and other distinguishing qualities of the candidates, before selecting the right candidate. The Board believes that orderly succession and renewal is achieved as a result of careful planning, where the appropriate composition of the Board is continually under review. In searching for appropriate candidates, the Board uses executive search firms and other channels such as professional bodies and non-governmental organisations to identify a broader range of suitable candidates. The Board would consider refreshing the age diversity by bringing younger Board Members onto the Board, who are more adept at new business models and technologies as well as capable of bringing in viewpoints of younger generations. A Board member with a strong network in the property market and/or deep understanding of property valuations, would also be valuable to SUNREIT's core business.</p> <p>Newly-appointed Directors undergo planned onboarding programme to better apprise them of the Manager's role in managing portfolio of assets owned by SUNREIT. First-time Directors who do not have prior experience as director of listed issuer will attend the Mandatory Accreditation Programme (MAP) designated for directors of public listed issuers in Malaysia as prescribed under the Listing Requirements. Based on ICDM's recommendation, the Board would put in place an onboarding process which is more structured and as comprehensive as possible, to cater for different levels of skills and experiences of new Directors and to allow time for clarifications and follow up questions.</p>

	<p>In accordance with Article 63 of the AA of the Manager, at least one-third (1/3) of the Board is subject to retirement by rotation at each AGM and a retiring Director shall retain office until the close of the AGM of the Manager at which he/she retires.</p> <p>The NRC will review the composition of the Board and decide whether to recommend to the Board the re-election of these retiring Directors, after taking into account factors such as their attendance record, performance, contribution and expertise.</p> <p>As a general rule, each Director must not hold directorships of more than 5 public listed companies, which is consistent with Paragraph 15.06 of the Listing Requirements. Each of the Directors is required to notify the Chairman of the Board prior to accepting any new directorship in public listed companies or further commitments which might either give rise to a conflict of interest or a conflict with any of his duties to the Manager and/or SUNREIT, or which might detract from the time that he/she is able to devote to his/her role as a Director of the Manager. The Chairman of the Board shall also notify the Board if he has any new directorship or significant commitments outside the Manager.</p> <p>During the period under review, none of the Board members:</p> <ul style="list-style-type: none"> (i) hold more than 5 directorships in listed issuers and public companies. Their directorships in listed issuers and public companies are set out in the Board of Directors' profile in the IAR 2021; and (ii) have appointed an alternate director, to discharge their duties and responsibilities when they are unavailable.
<p>Explanation for departure :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>	
<p>Timeframe :</p>	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

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.

Application	:	Applied
Explanation on application of the practice	:	<p>Whilst the reappointment of Directors of the Manager is not subject to the approval of the Unitholders, these reappointments had taken into account both the interests of the Manager and SUNREIT.</p> <p>During the financial period under review, the NRC had carefully assessed the performances of the retiring Directors pursuant to Article 63 of the AA of the Manager, and being eligible, they had offered themselves for re-election at the 14th AGM of the Manager held on 30 June 2021, namely, Tan Sri Ahmad Don and Madam Sarena Cheah Yean Tih. The NRC's recommendation for their re-election, was based on their excellent meeting attendances, knowledge and experiences as well as good contributions during Board and Board Committees' discussions. Their proposed re-elections were subsequently endorsed by the Board. Shareholders of the Manager then re-elected them at the 14th AGM.</p> <p>As part of the Manager's endeavour to drive accountability to the Unitholders and in compliance with the Listing Requirements, details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect the Directors' capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Unitholders had been disclosed under their respective Directors' Profiles in the IAR 2021.</p> <p>Further, in line with the Manager's commitment to transparency:</p> <ul style="list-style-type: none">(i) the NRC comprising Independent Directors will be actively involved in the sourcing, selection and appointment of new Directors;(ii) there is an open, formal, rigorous and transparent procedure for nominating and appointing new Directors to the Board.
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure :		
Timeframe :		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.8

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

Application	:	Applied
Explanation on application of the practice	:	<p>The NRC is chaired by Tengku Nurul Azian Binti Tengku Shahrman, an Independent Non-Executive Director. Her profile has been set out under the Directors' profile in the IAR 2021.</p> <p>In addition, the NRC comprises 3 members, all of whom are Independent Non-Executive Directors. Madam Sarena Cheah Yean Tih, the Non-Independent Non-Executive Director resigned from the NRC with effect from 5 March 2021. The TOR of the NRC provides that the NRC shall comprise at least 3 Non-Executive Directors, the majority of whom shall be independent.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Applied	
Explanation on application of the practice	:	There are 7 members on the Board, with 3 women Board members, thus the women Directors made up 43% of the composition of the Board.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.10

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

Application	:	Applied	
Explanation on application of the practice	:	The Board has disclosed the Manager's policy on gender diversity for its employees under the Sustainability Statement in the IAR 2021. As for the Board and Senior Management, it is disclosed under Corporate Governance Overview Statement in the IAR 2021.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
Application	: Applied
Explanation on application of the practice	: <p>The Board had appointed the ICDM to undertake an external independent BDEE for FP2021.</p> <p>The objective of appointing ICDM was to provide the Board with an external independent assessment of the Board and its committees as to its effectiveness in relation to adhering to the recommended practices as promulgated by the MCCG 2021.</p> <p>The comprehensive Assessment covered the following key parameters:</p> <ul style="list-style-type: none">(i) Board leadership;(ii) Board composition, skills and development;(iii) Board Committees;(iv) Board governance oversight and processes;(v) Board agendas, meetings and information;(vi) Board dynamics and culture;(vii) Board and Management relationship;(viii) Board and stakeholder engagement;(ix) Board sustainability matters; and(x) Board's pandemic and crisis management response. <p>The BDEE assessed the effectiveness of the Board and each individual Director through a combination of one-on-one confidential interviews with each individual Director, sighting of governance documents in confidentiality, online surveys and peer reviews.</p> <p>Upon completion of the Assessment process, ICDM conducted a working session with the Board where the ICDM presented its final BDEE Report which sets out the detailed findings from the BDEE and the corresponding recommendations for each finding, all of which have been benchmarked against corporate governance best practices.</p>

Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Manager has in place a policy to determine the fee and remuneration of Directors and Senior Management, which takes into account the demands, complexities and performance of the Manager as well as skills and relevant experience required. The Board is assisted by the NRC in reviewing the remuneration of the Executive Director and Senior Management whereupon recommendations are submitted to the Board for approval.</p> <p>All Directors and employees of the Manager are remunerated by the Manager and not by SUNREIT.</p> <p>The Remuneration Policy for Directors and Senior Management is available on SUNREIT's website at www.sunwayreit.com.</p> <p>The Board recognises that in order to attract, retain and motivate Directors and Senior Management of good calibre to drive and pursue the long-term growth objective of SUNREIT, it is important to have a fair and competitive remuneration package that commensurates with their experience, skills, responsibilities, performance, contribution. The Board also recognises the importance of benchmarking the Manager's remuneration practice and policy against that of its peers. In view of this, framework and guidelines provided by external independent consultant and market data on the remuneration practices of comparable peers are taken into consideration in determining the remuneration package.</p> <p>The remuneration packages of Executive Director and Senior Management are:</p> <p>(i) made up of various components, primarily consisting of fixed monthly salary and allowances, performance-based remuneration, e.g. bonus as well as benefits-in-kind; and</p>

(ii) structured on the basis of linking rewards to corporate and individual performance. The Group HR uses established HR system to facilitate performance management process for the Executive Director and Senior Management. The review is conducted on a half-yearly basis.

To ensure that a fair differential between the remuneration of the Executive Director and other levels of management is maintained, the fixed monthly salary of the Executive Director is set according to the job responsibility and complexity of the position, the level of skills and experience required for the position and other pertinent market conditions.

The CEO, who serves as an Executive Director of the Manager is paid a remuneration package arising from his employment contract with the Manager.

During the financial period under review, the NRC deliberated the following matters relating to the remuneration of Directors and Senior Management before recommending the same to the Board for approval:

- (i) reviewed the proposed performance scorecards for the CEO and CFO (“**CEO and CFO Scorecards**”) for year 2021 on 9 February 2021;
- (ii) reviewed the mid-year performance of the CEO and CFO based on their 9-month performance indicators up to 30 September 2021 against their approved KPIs on 8 November 2021; and
- (iii) evaluated the CEO and CFO’s final performance rating for year 2020 on 9 February 2021.

The targets set out in the CEO and CFO Scorecards for year 2021 were in line with the approved BP of SUNREIT for the FP2021. Moreover, it had also taken into consideration the impact arising from the re-imposition of the various phases of the MCO and implementation of the National Recovery Plan. Notwithstanding the NRC’s approval of the CEO and CFO Scorecards for year 2021 on 9 February 2021, the targets set out in the CEO and CFO Scorecards for year 2021 were revisited as and when necessary to take into account the evolving impact of Covid-19 pandemic on SUNREIT’s business.

The NRC had on 8 November 2021 reviewed and approved the proposed revision to the Remuneration Policy for Directors and Senior Management which would see KPIs related to ESG being incorporated into the CEO and CFO Scorecards for year 2022. This is in line with the Manager’s commitment in addressing sustainability risks and opportunities in an integrated and strategic manner to support the long-term strategy and success of both the Manager and SUNREIT. The achievements of these KPIs will impact the overall rating and remuneration of the respective Directors and Senior Management.

The NRC had determined and approved the salary increment and quantum of bonus payment in accordance with business justifications

and its bonus framework. It had also taken into consideration the external market data in its decision i.e. benchmarking against remuneration packages of relevant positions with similar industry and asset size.

For Independent Non-Executive Directors, the level of remuneration reflects their experiences, level of responsibilities and industry's benchmark as well as complexity of the Manager's businesses. The remuneration of Independent Non-Executive Directors consists of fixed annual board fees, committee fees, and meeting attendance allowances for each Board or Board Committee meeting attended. The Non-Executive Directors are reimbursed for all their travelling, hotel and other expenses properly and necessarily expended by them in and about the business of the Manager.

The Non-Executive Directors are paid by way of fees for their services and are not compensated based on the Manager or SUNREIT's performance and results as this may impair the Directors' objectivity and independence, particularly when asked to endorse risky business decisions that may have a vast upside potential.

The Board as a whole resolved on the fees for the Independent Non-Executive Directors with individual Directors abstaining from decisions in respect of their individual remuneration. The fees payable to the Independent Non-Executive Directors are subject to the approval of shareholders of the Manager at its AGM. The remuneration structure of the Non-Executive Directors is as set out below:

	Chairman (RM'000)	Member (RM'000)
Annual director's fee:		
Board	100	80
AC	6	3

	Chairman (RM'000)	Member (RM'000)
Meeting allowance per meeting:		
For each Board or Board Committee meeting	1	1

In addition to the annual Directors' fees, the Chairman and members of the AC are entitled to AC's fees in respect of their governance and responsibilities in relation to the financial reporting, internal control system, risk management system as well as internal and external audit function of SUNREIT. The amount of AC's fees is benchmarked against listed issuers of similar size and industry, and are payable annually together with the payment of the Directors' fees.

	The Executive Director is not entitled to the abovementioned Director's fee or any meeting attendance allowances.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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 7.2

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The NRC is tasked by the Board to ensure that remuneration policy of the Board and Senior Management supports the strategic aims of SUNREIT's businesses and to enable the recruitment, motivation and retention of Executive Director(s). All Directors and employees of the Manager are remunerated by the Manager and not by SUNREIT.</p> <p>The NRC comprises 3 members, all of whom are Independent Non-Executive Directors. The duties and responsibilities of the NRC are set out in the TOR of the NRC which is available on SUNREIT's website at www.sunwayreit.com.</p> <p>The NRC, with the assistance of Group HR, evaluates the performances of the CEO and CFO twice a year. The CEO and CFO were assessed based on a set of pre-approved KPIs using balanced scorecard. The KPIs of the CEO and CFO included budgeted financial targets, operational targets, targeted asset acquisition, capital management, expected additional revenue from AELs, property development activities and CAPEX, business sustainability initiatives, people development, management succession plan, etc.</p> <p>Based on the performance appraisals, the NRC determines the performance bonus for the CEO and CFO. The NRC also reviews the remuneration packages of the CEO and CFO to ensure that the remuneration packages commensurate with their scope of responsibilities and performance achieved. It also deliberates and recommends the renewal of the terms of employment contracts for CEO, with the aim of ensuring that the Manager retains the high calibre CEO needed to lead the Manager successfully.</p> <p>Besides reviewing the remuneration matters of Directors and Senior Management, the NRC is also responsible for overseeing the selection</p>

process of Directors, annual Board and Board Committees' performance assessment and any other nomination matters in relation to the Board.

During the financial period under review, 6 NRC meetings were held to deliberate on the following matters before recommending the same to the Board for approval:

- (i) on 11 August 2020, the NRC performed the following functions:
 - (a) evaluated the annual performance of each individual Director;
 - (b) assessed and confirmed the continued independence of each Independent Director;
 - (c) took note of the skills, experiences and competencies of each individual Director and prepared a gap analysis to identify the training needs of each individual Director;
 - (d) assessed the effectiveness of the Board, the AC and other Committees of the Board;
 - (e) reviewed and endorsed the NRC report, as contained in the Corporate Governance Overview Statement, for inclusion in the 2020 Integrated Report of SUNREIT;
- (ii) on 23 November 2020, the NRC:
 - (a) appraised the mid-year performances of the CEO and CFO based on the 9-month performance indicators up to 30 September 2020 against the approved KPIs;
 - (b) reviewed and endorsed the terms of renewal of the employment contract for the CEO;
- (iii) on 9 February 2021, the NRC:
 - (a) evaluated the CEO and CFO's performance scorecards for year 2020, and subsequently recommended to the Board the final bonuses and salary increments for the CEO and CFO;
 - (b) reviewed and recommended to the Board the performance scorecards for the CEO and CFO for year 2021;
- (iv) on 11 May 2021, the NRC:
 - (a) deliberated on the succession plan and development programme for Senior Management;
 - (b) endorsed the retirement and re-election of the Directors pursuant to the AA of the Manager;
 - (c) endorsed and recommended to the Board the formation of the Sustainability Committee;
 - (d) endorsed and recommended to the Board the appointment of ICDM to conduct an independent BDEE for FP2021;

	<p>(v) on 30 August 2021, the NRC took note of the timelines in respect of the deadlines and tasks of the BDEE, as well as the BDEE survey questionnaires;</p> <p>(vi) on 8 November 2021, the NRC:</p> <ul style="list-style-type: none"> (a) reviewed and recommended to the Board the amendments to the TOR of the NRC; (b) endorsed the revisions to the Remuneration Policy for Directors and Senior Management; (c) appraised the mid-year performances of the CEO and CFO based on the 9-month performance indicators up to 30 September 2021 against the approved KPIs; and (d) reviewed and endorsed the terms of renewal of the employment contract for the CEO. <p>The representatives of the Group HR were invited to the abovementioned meetings at the invitation of the NRC.</p> <p>The Board was satisfied that the NRC has effectively and efficiently discharged its roles and responsibilities in accordance with its TOR.</p>
<p>Explanation for departure :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>	
<p>Timeframe :</p>	

Intended Outcome

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

Application	:	Applied
Explanation on application of the practice	:	The annual remuneration of Directors for FP2021 paid by the Manager is as follows:

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Tan Sri Ahmad Bin Mohd Don	Independent Director	152,741.10	28,000.00	-	-	-	4,110.00	184,851.10	-	-	-	-	-	-	-
2	Elvin A/L Berty Luke Fernandez	Independent Director	129,000.00	32,000.00	-	-	-	-	161,000.00	-	-	-	-	-	-	-
3	Tengku Nurul Azian Binti Tengku Shahrman	Independent Director	124,500.00	33,000.00	-	-	-	-	157,500.00	-	-	-	-	-	-	-
4	Yeo Kar Peng	Independent Director	124,500.00	35,000.00	-	-	-	-	159,500.00	-	-	-	-	-	-	-
5	Sarena Cheah Yean Tih, <i>S.M.S.</i>	Non-Executive Non-Independent Director	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Ng Sing Hwa	Non-Executive Non-Independent Director	120,000.00	19,000.00	-	-	-	-	139,000.00	-	-	-	-	-	-	-
7	Dato' Jeffrey Ng Tiong Lip [#]	Executive Director	-	-	1,276,296.00	89,400.00	9,694.55	191,329.00	1,566,719.55	-	-	-	-	-	-	-

Note:

[#] The total remuneration is due to his employment contract with the Manager, but not in his capacity as an Executive Director of the Manager.

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

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.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<p>Given the competition in the REIT sector in which the Manager operates in, confidentiality of the remuneration of senior management is crucial for talent management and retention. Therefore, the Board is of the opinion that disclosing the remuneration of senior management would not be in the best interest of the Manager.</p> <p>In addition, the remuneration of senior management is paid by the Manager and not by SUNREIT.</p> <p>The Manager's Remuneration Policy for Directors and Senior Management ("Remuneration Policy") has alternatively explained how the senior management is rewarded. The Remuneration Policy is periodically reviewed to ensure its relevance with the recommended best practices. The Remuneration Policy has been made available on SUNREIT's website at www.sunwayreit.com.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Board has decided not to disclose the top five (5) senior management's remuneration of the Manager.	
Timeframe	:	Others	Others

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 8.3 - Step Up

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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.

Application	:	Applied												
Explanation on application of the practice	:	<p>The AC is led by Mr Elvin, the Senior Independent Non-Executive Director who is not the Chairman of the Board. Mr Elvin's profile has been set out under the Directors' Profile forming part of the IAR 2021.</p> <p>During the financial period under review, in line with Practice 1.4 of the MCGG 2021, Tan Sri Ahmad Don had ceased to be a member of the AC with effect from 31 May 2021. Consequently, the AC comprised 3 members, all of whom are Independent Non-Executive Directors, who satisfied the test of independence under the Listing Requirements. The members of the AC are as follows:</p> <table border="1"><thead><tr><th>No.</th><th>Director / Designation</th><th>Membership</th></tr></thead><tbody><tr><td>1</td><td>Elvin A/L Bertly Luke Fernandez <i>Senior Independent Non-Executive Director</i></td><td>Chairman</td></tr><tr><td>2</td><td>Tengku Nurul Azian Binti Tengku Shahrman <i>Independent Non-Executive Director</i></td><td>Member</td></tr><tr><td>3</td><td>Yeo Kar Peng <i>Independent Non-Executive Director</i></td><td>Member</td></tr></tbody></table> <p>The detailed report of the AC is set out in the IAR 2021.</p>	No.	Director / Designation	Membership	1	Elvin A/L Bertly Luke Fernandez <i>Senior Independent Non-Executive Director</i>	Chairman	2	Tengku Nurul Azian Binti Tengku Shahrman <i>Independent Non-Executive Director</i>	Member	3	Yeo Kar Peng <i>Independent Non-Executive Director</i>	Member
No.	Director / Designation	Membership												
1	Elvin A/L Bertly Luke Fernandez <i>Senior Independent Non-Executive Director</i>	Chairman												
2	Tengku Nurul Azian Binti Tengku Shahrman <i>Independent Non-Executive Director</i>	Member												
3	Yeo Kar Peng <i>Independent Non-Executive Director</i>	Member												
Explanation for departure	:													
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>														
Measure	:													
Timeframe	:													

Intended Outcome

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 9.2

The Audit Committee has a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Manager has a Board policy that a former key audit partner must observe a cooling-off period of at least 3 years before being appointed as a member of the AC in order to ensure independence.</p> <p>Since the incorporation of the Manager on 14 February 2008, none of the members of the AC were former key audit partners or held any financial interest in the external auditors.</p> <p>The TOR of the AC is set out on SUNREIT's website at www.sunwayreit.com.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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 9.3

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The AC is responsible for assessing the suitability, objectivity and independence of the external auditors annually. It is tasked with ensuring there are proper checks and balances in place so that the provision of non-audit services is not in conflict with their audit function and does not impair the independence and objectivity of the external auditors.</p> <p>The Board, through the AC, maintains an appropriate, formal and transparent relationship with both the internal and external auditors.</p> <p>The external auditors will rotate their engagement partner in charge of the audited financial statements of SUNREIT once every 7 years to maintain their independence. Notwithstanding this, a new engagement partner for the financial period under review was assigned. Management has been given assurance by the external auditors confirming that they were, and had been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.</p> <p>In order to safeguard the quality and reliability of the audited financial statements of SUNREIT, the Manager has established a Board policy on Selection of External Auditors which sets out amongst others, the selection criteria, i.e. independence, competency and adequacy and quality of resources, proposed procedures to address material matters, industry specialty, rotation of audit engagement partner, non-audit services and audit fees. Further, the AC has also considered the information presented by the external auditors in their Annual Transparency Report 31 December 2020, in its assessment of the external auditors' system of quality control and their audit quality.</p> <p>In accordance to the terms and conditions of the Deed, the Manager may nominate an audit firm but it must be approved by RHB Trustees Berhad (the "Trustee"). The remuneration of the external auditors shall be fixed by the Trustee.</p> <p>Both the Policy on Selection of External Auditors and Non-Audit Services Policy are published on SUNREIT's website at www.sunwayreit.com.</p>

	<p>During the financial period under review, the AC, CEO, CFO and IAD had on 11 August 2020 assessed the effectiveness and performance of the external auditors as well as the provision of non-audit services. The annual assessment encompassed areas such as objectivity and independence, competency, quality of services, communication and interaction, audit planning, output delivery, fees and adequacy of resources. The audit engagement partner, had also confirmed in writing that pursuant to the By-Laws (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (“MIA”) and the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accounts, the external auditors, namely, Messrs BDO PLT were, and had been, independent for the purpose of the audit and were not aware of any matters that might impair their professional independence.</p> <p>Based on the aforesaid assessment and the independence confirmation, the AC recommended to the Trustee the re-appointment of Messrs BDO PLT as the external auditors of SUNREIT for FP2021.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

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 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	The AC is chaired by a Senior Independent Non-Executive Director, who is not the Chairman of the Board, and comprises 3 members, all of whom are Independent Non-Executive Directors.

Intended Outcome

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 9.5

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.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

Application	:	Applied
Explanation on application of the practice	:	<p>During the financial period under review, the AC comprised 3 members, all of whom are Independent Non-Executive Directors. The AC has a mix of suitably qualified and experienced professionals in the fields of finance, accountancy, real estate development, property valuation, property management, human capital development and fund management.</p> <p>Madam Yeo Kar Peng is a member of the CPA Australia. Accordingly, the composition of the AC has fulfilled the financial expertise requirement set out in Paragraph 15.09(1)(c) of Listing Requirements.</p> <p>All the members of the AC are financially literate and have the ability to discharge their responsibilities as follows:</p> <ul style="list-style-type: none">(i) overseeing the financial reporting process and ensuring that the financial results of SUNREIT are true and accurate in compliance with relevant accounting standards and legislations. The AC also focused on any significant and unusual events which could affect the financial report;(ii) assessing and ensuring the adequacy and effectiveness of the risk management and internal control systems;(iii) monitoring the performance of the external and internal audit functions;(iv) evaluating the fairness and reasonableness of all RPT; and(v) monitoring and dealing with potential management conflict of interest. <p>The AC had also in the furtherance of its duties during the financial period under review, demonstrated an appropriate level of vigilance and professional scepticism towards significant matters requiring judgement and detection of irregularities in the financial statements of SUNREIT by asking Management probing questions and challenging the</p>

	<p>appropriate adoption of relevant accounting treatment in the preparation of the financial reports and statements.</p> <p>The detailed report of the AC's activities for FP2021 is set out under the AC Report in the IAR 2021.</p> <p>The members of the AC had during the financial period under review:</p> <ul style="list-style-type: none"> (i) devoted much time to update their knowledge and enhancing their individual competencies through continuing professional education programmes; and (ii) they had been periodically briefed by the CFO on the changes and impact on the financial statements as a consequence of the coming into effect of new and relevant financial reporting standards. <p>The Board, through its NRC, had on 11 August 2020 reviewed the effectiveness and performances of the AC for FY2020. The AC members were assessed on their relevant knowledge, experiences and competencies through an annual AC effectiveness assessment. The Board was satisfied with the competencies of each AC member and performance of the AC as a whole.</p> <p>The AC members had during the financial period under review attended various training programmes and seminars organised by the relevant regulatory authorities and professional bodies to broaden their knowledge and to keep abreast with the relevant changes in law, regulations, risk management and business environment. The expenses of such events attended by the Directors are borne by the Manager. Please refer to the Board of Directors section of the Manager on SUNREIT's website at www.sunwayreit.com for the details of the continuing education programmes attended by the AC members for FP2021.</p>
<p>Explanation for departure</p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure</p>	<p>:</p>
<p>Timeframe</p>	<p>:</p>

Intended Outcome

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has in place an adequate and effective risk management and internal control system to safeguard the interest of the Unitholders during the financial period.</p> <p>The Board recognised that the risk management and internal control system established can provide only reasonable assurance that SUNREIT will not be significantly affected by any event that can be reasonably foreseen or anticipated. The system of internal controls encompasses corporate governance, tender processes, financial system, IT network system, risk management, operational and organisational systems, safety, health and environment, regulatory as well as compliance control matters. The system in place provides reasonable but not absolute assurance against fraud, work site accidents, negligence, cyber-attacks, financial losses or material misstatement.</p> <p>The Manager's enterprise risk management framework is embedded into key business activities and decision-making processes of SUNREIT to ensure that all material business risk at the operation level of each property as well as the fund level are prudently identified, analysed and effectively managed within the defined risk parameters. As part of annual strategic business plan review, the risk implication of any change in strategy had been identified, assessed and documented. This was followed by periodic review and updates through half-yearly risk reports and specific review and assessment of investment proposals where required. The Risk Officer is responsible for ensuring all identified risks are recorded in the risk management scorecard to facilitate systematic review and monitoring.</p> <p>The Board has overall responsibility for the governance of risk and internal controls. The RMC assists the Board in overseeing the risk management framework and policies with the assistance of Risk Management Working Group and the AC supports the Board in reviewing and monitoring the effectiveness of the system of internal controls.</p> <p>The Board has adopted a conservative risk appetite.</p>

	<p>Notwithstanding that, the appropriate level of risk tolerance would depend on the nature of projects undertaken and the objectives pursued. The risk appetite had been reviewed periodically by the RMC in response to the operating environment.</p> <p>The Manager has an internal audit function. The IAD assists the AC in reviewing, evaluating and monitoring the effectiveness of the Manager's corporate governance practices, risk management and internal control processes. The internal audit reports encompassing the audit findings together with the recommendations were presented to the AC on a quarterly basis.</p> <p>Further elaboration on SUNREIT's risk management and internal control system could be found in the Statement on Risk Management and Internal Control as set out in the IAR 2021.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

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 10.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is committed to continually improving the risk management framework, capabilities, and culture across the Manager to ensure the long-term growth and sustainability of SUNREIT.</p> <p>The RMC had reviewed the risk management framework and processes to ensure that they remain relevant, and monitors the effectiveness of risk practices or mitigation action plans for the management and control of the key risks.</p> <p>The RMC, at its meetings held on 11 August 2020, 9 February 2021 and 30 August 2021, reviewed the half-yearly risk reports which consist of identified key risks at the fund and operational levels, the corresponding ratings for each risk as well as the control and mitigating action plans taken. Three new key risks had been included for monitoring during the financial period under review:</p> <ol style="list-style-type: none">1. occupational safety and health risk to ensure safety of the employees and business continuity during the pandemic;2. tenancy renewal risk with the threat of e-commerce and work-from-home trends to protect the occupancy of the retail and office properties; and3. valuation risk to ensure fair value of asset enhancement initiatives are largely protected. <p>The RMC had in the Board meetings subsequent to each of its meetings advised the Board on areas of high risk, mitigating action plans undertaken as well as the adequacy of compliance and control procedures throughout SUNREIT.</p> <p>In light of the unprecedented Covid-19 pandemic, the Manager is of the view that this world-changing crisis is a 'survival of the fittest', and it was imperative for SUNREIT to be in a position to recover quickly and capitalise on available opportunities. As such, the Manager continued to apply three main strategies to survive, recover and grow amidst the challenging period and beyond:</p> <ol style="list-style-type: none">(i) liquidity management via cash conservation;(ii) managing the profit and loss via cost containment; and

	<p>(iii) strengthening the balance sheet via capital management, i.e. from organic growth of existing portfolio value via AEs to external growth via yield-accretive acquisitions of strategic assets.</p> <p>The Board has received assurance from the CEO and CFO that the risk management framework and internal control system are operating adequately and effectively during the financial period under review, in all material aspects, based on the risk management framework adopted by the Manager. The Manager also has effective compliance review process comprising the Compliance Officer, the Company Secretaries and the IAD. The gatekeepers of compliance work together closely to monitor compliance related matters within their scope and roles.</p> <p>Regular assessments on the adequacy and integrity of the internal controls and monitoring of compliance with policies and procedures have also been carried out through the internal audit exercises.</p> <p>For the financial period under review, the Board is satisfied with the adequacy and effectiveness of the Manager’s risk management and internal controls to safeguard the interest of the Unitholders.</p> <p>The Statement on Risk Management and Internal Control as set out in the IAR 2021 provides an overview of the state of risk management and internal control within SUNREIT.</p> <p>The IAD’s functions and summary of its activities are set out in the AC Report in the IAR 2021.</p>
<p>Explanation for departure</p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure</p>	<p>:</p>
<p>Timeframe</p>	<p>:</p>

Intended Outcome

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 10.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application	:	Adopted															
Explanation on adoption of the practice	:	<p>The RMC was formed on 31 October 2017 to oversee the risk management framework and policies of the Manager.</p> <p>During the financial period under review, following the cessation of Tan Sri Ahmad Don as a member of the RMC on 31 May 2021, the RMC comprised 4 members, all of whom are Non-Executive Directors; 3 being Independent Non-Executive Directors, who satisfied the test of independence under the Listing Requirements and one Non-Independent Non-Executive Director. The composition of the RMC is as follows:</p> <table border="1"><thead><tr><th>No.</th><th>Director / Designation</th><th>Membership</th></tr></thead><tbody><tr><td>1</td><td>Ng Sing Hwa <i>Non-Independent Non-Executive Director</i></td><td>Chairman</td></tr><tr><td>3</td><td>Elvin A/L Bertly Luke Fernandez <i>Senior Independent Non-Executive Director</i></td><td>Member</td></tr><tr><td>4</td><td>Tengku Nurul Azian Binti Tengku Shahrman <i>Independent Non-Executive Director</i></td><td>Member</td></tr><tr><td>5</td><td>Yeo Kar Peng <i>Independent Non-Executive Director</i></td><td>Member</td></tr></tbody></table> <p>The TOR of the RMC is regularly reviewed to ensure its relevance with the latest prevailing regulatory/statutory requirements as well as the evolving business/market trends, and the same is available for reference on SUNREIT's website at www.sunwayreit.com.</p>	No.	Director / Designation	Membership	1	Ng Sing Hwa <i>Non-Independent Non-Executive Director</i>	Chairman	3	Elvin A/L Bertly Luke Fernandez <i>Senior Independent Non-Executive Director</i>	Member	4	Tengku Nurul Azian Binti Tengku Shahrman <i>Independent Non-Executive Director</i>	Member	5	Yeo Kar Peng <i>Independent Non-Executive Director</i>	Member
No.	Director / Designation	Membership															
1	Ng Sing Hwa <i>Non-Independent Non-Executive Director</i>	Chairman															
3	Elvin A/L Bertly Luke Fernandez <i>Senior Independent Non-Executive Director</i>	Member															
4	Tengku Nurul Azian Binti Tengku Shahrman <i>Independent Non-Executive Director</i>	Member															
5	Yeo Kar Peng <i>Independent Non-Executive Director</i>	Member															

Intended Outcome

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The internal audit function is undertaken by the IAD of the Manager. The main role of the internal audit function is to provide the AC with independent and objective evaluation of the adequacy and effectiveness of the system of internal controls, risk management and governance framework of the Manager and SUNREIT. The IAD undertakes disciplined and systematic approach to evaluate and improve the effectiveness of risk management, governance and internal control systems so as to provide reasonable assurance that such systems continue to operate adequately and effectively.</p> <p>In order to achieve appropriate degree of independence and objectivity, the IAD reports functionally to the AC and administratively to the CEO. The AC has explicit authority to communicate directly with the IAD and <i>vice versa</i> the IAD also has direct unrestricted access to the AC to highlight any issues of concern at any time. The IAD has full, free and unrestricted access to the Manager and SUNREIT's documents, records, properties and personnel.</p> <p>The AC had on 3 August 2020 reviewed and approved the annual risk-based internal audit plan for FY2021 ("IA Plan FY2021"). It had subsequently on 11 May 2021 reviewed and approved the extended internal audit plan for FP2021 to include the audit assignments and schedule for the 6-month period from 1 July 2021 to 31 December 2021 in line with SUNREIT's Change of FYE ("Extended IA Plan FP2021"). Both the IA Plan FY2021 and Extended IA Plan FP2021 (collectively, the "IA Plans") were prepared in accordance with best practices of the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors ("IIA"). The planned internal audit assignments were selected based on identification of key audit areas and the prioritisation of these areas for review based on a predetermined risk assessment methodology. The AC had also considered the adequacy and relevance of the scope and resources allocated for the IA Plans as part of its review of the IA Plans.</p> <p>The key emphasis areas covered under the IA Plans were:</p> <p>(i) to review the adequacy and effectiveness of internal controls system focusing on key operational processes of significant properties; and</p>

- (ii) to review the governance and compliance framework of the Manager and SUNREIT to ensure compliance with all relevant and/or applicable policies, procedures, law and regulations.

A total of 16 audit assignments were planned to be carried out for FP2021 covering the following areas:

- (a) review the internal control processes of the significant properties:
- retail properties and office properties – internal controls review of key operational processes focusing on tenancy management and tenant sales verification audit; billing, collection and credit management processes; procurement processes and compliance to established standard operating procedures for tender and award processes;
 - hospitality properties – internal controls review of key operational processes focusing on processes assessed to be weaker in controls or susceptible to fraud which included front office, food & beverage operations, procurement, income audit functions, payroll; and mystery shopping audits on front office and food and beverage outlets involving cash-handling procedures;
- (b) review the tender and award exercises for major AEs;
- (c) review the enterprise risk management & compliance framework of the Manager and SUNREIT;
- (d) review of the adequacy, appropriateness and compliance with the procedures established to monitor recurrent RPT; and
- (e) review the implementation of Anti-Bribery and Corruption Programme in response to the corporate liability provision under the Malaysian Anti-Corruption Commission (Amendment) Act 2018.

The AC on a quarterly basis:

- (i) monitored and reviewed the IA Plans to ensure adequate audit coverage of the key risk areas of SUNREIT including aligning business risk and developments which had an impact on the audit coverage; and
- (ii) reviewed the internal audit reports comprising audit findings, IAD's recommendations, Management responses and corrective actions taken. Management had been made responsible for ensuring the effective implementation of corrective action plans within the agreed timeframe and regular follow-up audits had been performed by IAD to monitor the continued compliance.

The AC had undertaken annual assessment on the performance of the IAD and reviewed its effectiveness in terms of scope and compliance with relevant regulatory standards as well as adequacy of resources and core skills and competencies of staff within the IAD.

From its evaluation, the AC was satisfied with the performance of the IAD and was of the opinion that the size of the internal audit team was appropriate to its function, the nature and scope of its activities. The AC was of the view that the IAD had been effective and able to function

	<p>independently and to provide the Board and the Management with pertinent information on potential weaknesses in the system of internal controls as well as to provide the Management with constructive input and ideas for remedial action.</p> <p>Details of the internal audit activities carried out by the IAD during the FP2021 are as set out in the AC Report in the IAR 2021.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 11.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>In accordance with the Internal Audit Charter, the IAD acts as an independent, objective assurance and advisory function which has been established for purposes of examining and evaluating the risk management, internal control systems and governance processes of the Manager and SUNREIT in order to assist the members of the Management Team and the Board (including members of the AC) in the effective discharge of their responsibilities.</p> <p>The IAD had confirmed its organisational independence to the AC during FP2021, whereby the Head of IAD and all the internal auditors had signed the Annual Declaration that they were and had been independent, objective and in compliance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accounts and the best practices of the International Standards for the Professional Practice of Internal Auditing issued by the IIA. All IAD personnel had also confirmed that they were free from any relationships or conflicts of interest, which would impair their objectivity and independence in their audit activities</p> <p>The IAD is led by Ms Khong Shiyi who has over 15 years of audit experience, and comprises 4 internal auditors with relevant qualifications ranging from Bachelor's degrees to professional accounting qualifications. Ms Khong Shiyi reports directly to the AC to ensure impartiality and independence. She holds a Bachelor of Commerce Degree in Accounting and Marketing and is a member of the CPA Australia, as well as a Chartered Accountant registered with the MIA.</p> <p>The IAD is a member of the Malaysian Chapter of the IIA and has adopted the International Standards for the Professional Practices of Internal Auditing ("IIA Standards") laid down in the International Professional Practices Framework issued by the IIA.</p> <p>The IAD successfully completed its External Quality Assessment Review ("QAR") by Protiviti Pte Ltd of Singapore in 2015 and it was concluded</p>

	<p>that IAD has continued to meet or exceed the IIA Standards in all key aspects. The next EQAR was originally planned to be carried out in year 2020 but it has been rescheduled to year 2022 due to the Covid-19 pandemic.</p> <p>In accordance with the TOR, the AC had in the first quarter of FP2021 conducted an annual assessment of the performance of the internal audit function for FY2020. The results of the assessment were tabled to the AC at its meeting held on 11 August 2020. The AC was satisfied with the performance of the IAD and was of the opinion that the size of the internal audit team was appropriate to its function, the nature and scope of its activities. The AC was of the view that the IAD had been effective in the discharge of its roles and responsibilities, and that the IAD had been able to function independently and provide the Board and the Management with pertinent information on potential weaknesses in the system of internal controls as well as providing the Management with constructive input and ideas for remedial action.</p> <p>During the financial period under review, the IAD had conducted various internal audit engagements in accordance with the approved risk-based IA Plans that were consistent with the corporate goal of SUNREIT. Details of the key activities of internal audit function during FP2021 are as set out in the AC Report in the IAR 2021.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

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

Stakeholders are able to 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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Manager is committed to keeping the Unitholders and the public fully informed of information that may have a material effect on the price or value of SUNREIT's units through timely disclosure of information to Bursa Securities via Bursa LINK, to assist investors in their investment decisions. The Manager has in place a policy on announcements which governs the timely and accurate disclosure of announcements via Bursa LINK.</p> <p>The Manager maintains active engagement and is committed to transparent communication with its stakeholders namely, Unitholders, investors, fund managers, financial analysts and media through its Investor Relations team to promote regular, effective and fair communication with its Unitholders and stakeholders. Further details of the investor relations activities can be found under "Investor and Media Relations" in the IAR 2021.</p> <p>The Manager together with the Investor Relations team have conducted roadshows and participated in one-on-one investor meetings, investor seminars and conferences to keep the market and investors apprised of SUNREIT's financial performance and corporate development. The aim of such meetings is to provide investors with prompt disclosure of relevant information, provide a better understanding of SUNREIT's operations and financial performance, and to enable investors to make informed investment decisions, as well as to solicit and understand the views of Unitholders. The Manager would make available all of its media release to Bursa Securities through Bursa LINK or via SUNREIT's website at www.sunwayreit.com.</p> <p>In this financial period under review, the following engagement activities had been held with the institutional investment community:</p> <ul style="list-style-type: none">• 27 meetings / conference calls with stockbroking company, fund management company and investment bank; and• 6 analysts' briefings in relation to the quarterly financial results, acquisition of Sunway University and College campus, and 8th AGM. <p>As part of the effort in strengthening the relationship with the Unitholders, the Board is committed to continuously disclose and</p>

disseminate comprehensive and timely information to the Unitholders as well as to the general investing public. Timely disclosure of material information is critical towards building and maintaining corporate credibility and investor confidence as well as to keep the Unitholders abreast of all material business matters affecting SUNREIT. The Board believes that by maintaining consistent and extensive communication with the Unitholders, its mutual relationship with the Unitholders would be strengthened. This would also enhance the Unitholders' understanding of SUNREIT in order to enable them to exercise their ownership rights on an informed basis.

The Board through the Management oversees the Manager's corporate disclosure practices in relation to SUNREIT and has authorised the CEO as the primary spokesperson responsible for communicating information to all stakeholders including the public. The Manager communicates information on SUNREIT to Unitholders and the investing community through announcements that are released to Bursa Securities via Bursa LINK. Such announcements include the quarterly results, material transactions and other developments relating to SUNREIT requiring disclosure under the Listing Requirements. Communication channels with Unitholders are also made accessible via:

- Press and analysts' briefings;
- One-on-one/group meetings, conference calls, investor luncheons, domestic/overseas roadshows and conferences;
- Annual reports;
- Press releases on major developments of SUNREIT;
- Notices and explanatory notes for AGMs; and
- SUNREIT's website at **www.sunwayreit.com**.

In addition to ensuring that the Letter to Unitholders of the annual report is sent to all Unitholders and quarterly results announced to Bursa Securities, the Manager regularly updates the information on SUNREIT's website at **www.sunwayreit.com**.

The Investor Relations section on the website provides the Manager's investor relations efforts as well as all relevant information about SUNREIT, such as financial information, announcements released to Bursa Securities, general meetings materials, investor presentations, corporate governance matters, distribution information, press releases to the media and investor centre. The information is easily accessible by the public. Annual reports and circulars to Unitholders are also made available at this website for review.

In addition, the Manager also announces the targeted date for release of the financial results of SUNREIT at least 2 weeks in advance prior to each Board meeting in order to keep the Unitholders or investing public aware of the timing of the release of the financial results.

The Manager recognises the need for due diligence in maintaining, updating and clearly identifying the accuracy, veracity and relevance of

information on the website. All timely disclosure and material information will be clearly date-identified. The Manager has ongoing responsibility for ensuring that information in SUNREIT's website is up-to-date.

While the Manager endeavours to provide as much information as possible to the Unitholders and stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information. The Manager has also in place an Insider Trading Policy to safeguard confidentiality of the material and price-sensitive information of SUNREIT.

In addition, the email address, name and contact number of the Manager's designated person is listed in SUNREIT's website to enable the public to forward queries relating to SUNREIT to the Manager. Any enquiries on investor related matters of SUNREIT may be directed to irsunreit@sunway.com.my or conveyed to the following person:

Mr Vincent Than Tein Juin
Manager - Investor Relations
Tel No: (603) 5639 8864
Fax No: (603) 5639 8001
Email: vincentttj@sunway.com.my

Unitholders are encouraged to attend the AGM and any Unitholders' meetings of SUNREIT, which is the principal forum for dialogue between the Board and the Unitholders. It provides Unitholders the opportunity to engage the Board, gain insights on SUNREIT's operational activities and financial position, raise questions or concerns with regards to SUNREIT as well as to discuss any other important matters with the Management and the Board.

The Manager has always strived to meet the 21-day notice pursuant to the requirements under the Deed and the Listing Requirements. A clear example shown was the Notice of the 8th AGM which was given 34 clear days prior to the meeting, well in advance of the 21-day requirement under the Deed and the Listing Requirements. The additional time given to the Unitholders would allow them to make the necessary arrangement(s) to attend, participate and vote either in person, by corporate representative, by proxy or by attorney as well as to exercise their ownership rights on an informed basis during the 8th AGM.

The Board has also appointed Mr Elvin, an Independent Non-Executive Director as the Senior Independent Director of the Manager, to act as a designated contact person to whom Unitholders' concerns or queries may be raised, as an alternative to the formal channel of communication with Unitholders. For any concerns or queries regarding SUNREIT, the Unitholders may convey to the Senior Independent Director of the Manager via the following channels:

	<p>Mail : SUNWAY REIT MANAGEMENT SDN BHD Level 16, Menara Sunway Jalan Lagoon Timur Bandar Sunway 47500 Subang Jaya Selangor Darul Ehsan Malaysia Attention: Elvin A/L Berty Luke Fernandez, Senior Independent Director</p> <p>Fax : (603) 5639 9507</p> <p>Email : irsunreit@sunway.com.my</p>
<p>Explanation for departure</p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure</p>	<p>:</p>
<p>Timeframe</p>	<p>:</p>

Intended Outcome

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

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 12.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>As part of the Manager's efforts to improve the quality of communication with the Unitholders and stakeholders, the Manager has adopted and incorporated integrated reporting based on a globally recognised framework in the IAR 2021 to enhance the connectivity and relevance of reporting for its esteemed stakeholders as well as to facilitate mutual understanding of each other's objectives and expectations.</p> <p>Integrated reporting provides an avenue for the Manager to:</p> <ul style="list-style-type: none"> (i) create a clearer and concise report which would encompass details that can be tailored to meet the needs of different group of stakeholders associated with SUNREIT; (ii) provide a complete and coherent view of the value creation process of SUNREIT; and (iii) articulate the business strategy (short, medium and long-term) of SUNREIT to its stakeholders. <p>The Manager will continue to keep abreast with the latest requirements of the integrated reporting framework to further improve the quality of information disclosure to the stakeholders of SUNREIT.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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.

Application	:	Applied
Explanation on application of the practice	:	<p>A notice period of 34 clear days was given to the Unitholders for the 8th AGM held on 2 October 2020, which was more than the minimum 21 days of notice required under the Deed and Paragraph 7.15 of the Listing Requirements.</p> <p>The additional time given to the Unitholders would allow them to have sufficient time to scrutinise the Integrated Report 2020, to understand and consider the resolutions proposed, to make the necessary arrangement(s) to attend, participate (including to poses questions to the Board) and vote either in person, by corporate representative, by proxy or by attorney as well as to exercise their ownership rights on an informed basis during the 8th AGM. Each item of special business included in the Notice of the 8th AGM was accompanied by an explanatory statement and Circular to unitholder on the proposed resolution to keep the Unitholders abreast of all information relating to the proposal to be undertaken.</p> <p>The notice was also announced via Bursa LINK, published in the local national language and English daily newspapers and posted on the Investor Relations section of SUNREIT's website at www.sunwayreit.com.</p> <p>Administrative Details comprising useful information regarding the conduct of the virtual 8th AGM by way of live streaming and online remote voting using the Remote Participation and Voting ("RPV") Facility, procedures for RPV Facility, Unitholders' entitlement to participate in the virtual meeting, their right to appoint proxy, etc, were given to the Unitholders.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

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.

Application	:	Applied
Explanation on application of the practice	:	<p>All Directors of the Manager were present either in person or virtually in accordance to the Guidance on Virtual Meeting of Listed Issuers issued by SC at the 8th AGM and Unitholders' Meeting ("UM") held on even day of the 8th AGM. The Chair of the AC, the RMC and the NRC were present to respond to any queries and clarifications addressed to them, if any. Besides that, the Trustee, the Management Team, both internal and external auditors and the advisers were in attendance to respond to the questions or concerns raised by Unitholders.</p> <p>Prior to the tabling of the resolutions at the 8th AGM, the Chairman of the 8th AGM invited the CEO to brief the Unitholders on the:</p> <ul style="list-style-type: none">(i) highlights of the financial performance and achievements of SUNREIT for FY2020;(ii) market outlook; and(iii) strategic direction (Transcend 2025) of SUNREIT moving forward. <p>Similarly, a representative from the Principal Adviser was invited to present an overview of the corporate proposals to the Unitholders prior to the tabling of the resolutions at the UM.</p> <p>The Unitholders were invited to raise questions relating to the resolutions tabled at the 8th AGM and UM before the resolutions were put to vote. Subsequent to the clarifications provided to the queries raised by Unitholders, the meetings proceeded with the voting process.</p> <p>Furthermore, a full explanation was provided in the notice of the 8th AGM in respect of the special business items transacted. Besides that, Circulars to Unitholders in relation to the proposed renewal of the Unitholders' mandate for recurrent RPTs of a revenue of trading nature and the corporate proposals were issued in order to provide more comprehensive information of the general nature of the proposals to be transacted as well as to assist Unitholders in understanding the proposals being deliberated and the implication of their decisions in voting for or against the resolutions.</p>
Explanation for departure	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.3

Listed companies should leverage technology to facilitate–

- voting including voting in absentia; and
- 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.

Application	:	Applied
Explanation on application of the practice	:	<p>Since the listing of SUNREIT on the Main Market of Bursa Securities on 8 July 2010, all resolutions set out in the notice of the general meetings were voted by poll.</p> <p>The Manager started the e-polling at SUNREIT's 4th AGM held on 29 September 2016 for the first time. With the e-polling, Unitholders and proxies present at the meetings were entitled to vote on "one unit, one vote" basis. The e-polling system had been thoroughly tested and proven reliable by the Independent Scrutineers.</p> <p>In light of the pandemic and as part of the safety measures and control for the well-being of the Unitholders, as well as the employees and Directors of the Manager, the Manager has leveraged on technology by conducting the 8th AGM and UM held on 2 October 2020 (collectively, the "Meetings") on a fully virtual basis through livestreaming from the broadcast venue and online remote voting using RPV.</p> <p>All resolutions set out in the Notices of the Meetings were voted by poll, and an Independent Scrutineer was appointed to validate the votes cast at each of the Meetings. This was in line with Paragraph 8.29A of the Listing Requirements.</p> <p>SUNREIT's then Unit Registrar, Sunway Management Sdn Bhd was appointed as Polling Administrator to conduct the polling process, and BDO Consulting Sdn Bhd as Independent Scrutineer to validate the poll results of the Meetings.</p> <p>For unitholders or proxies who wished to participate in the Meetings through the RPV facility, they were required to register themselves at the Unit Registrar's online portal at www.sunwaymanagement.com.my ("Registrar Portal"). Detailed registration procedures had been provided to the Unitholders in the Manager's Administrative Details for Unitholders Participating in the Meetings. After verification that one is a Unitholder based on the Record of Depositors as at 24 September 2020, the relevant Unitholder or proxy had been notified via email that</p>

his/her registration for the remote participation at 8th AGM or UM, as the case may be, had been approved.

A tutorial video clip on how to access and vote using the online voting platform was uploaded at the SUNREIT's website prior to the meetings. On the day of the meetings itself, prior to and at the start of the 8th AGM, the tutorial video clip was played again as a reminder.

Unitholders and proxies were allowed to vote online at the beginning of the respective meetings upon the declaration by the Chairman. The calculations of the online polling results for the respective meetings were tabulated upon completion of the deliberation of all resolutions tabled at the meetings. Prior to the closure of the voting windows of the respective meetings, Unitholders and proxies were given another 5 minutes to vote.

The voting results of all votes cast in respect of each resolution were displayed on the screen for viewing by the participants. The Chairman then declared the resolutions carried based on the results shown on the screen.

The Independent Scrutineer had previously tested and verified this online poll voting system. Upon verification by the Independent Scrutineer, the poll results detailing the number of votes cast for and against each resolution and the respective percentages were announced via Bursa LINK after 5:00 p.m. on the same day.

The Manager is committed to ensuring proper and adequate protection of personal data of the Unitholders within its control in compliance with the Personal Data Protection Act 2010.

As part of the Sunway Group, the Manager's information security system has been placed under the purview of Sunway's Information Technology Shared Services Centre ("**Sunway's ITSSC**"). Sunway's ITSSC adheres to the ISO 27001:2013 international standard which focuses on Information Security Management System, a framework of policy and procedures that include all legal, physical and technical controls involved in an organisation's information risk management processes. In addition to that, Sunway Group's Data Governance Framework, Policies and Procedures which outline how businesses within Sunway Group should manage the availability, usability, integrity, sharing and security of data have been established to ensure that there is consistency in the way data is handled within Sunway Group as well as to reduce the risk of data misuse.

Sunway's ITSSC manages cybersecurity challenges through a stringent series of codes, policies and security controls. Unitholders' data is protected from intrusions and unauthorised access and the Manager's employees are subjected to the strictest standards of privacy and confidentiality.

	Sunway's ITSSC has also sent out informative emails to employees within Sunway Group, including employees of the Manager, throughout the financial period under review to continuously create awareness on data governance and cyber security, and protect Sunway Group and its stakeholders, including the Unitholders, from being victims of fraudulent practices.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

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.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
Application :	Applied
Explanation on application of the practice :	<p>Unitholders were encouraged to submit questions to the Board of the Manager prior to the 8th AGM by emailing to irsunreit@sunway.com.my or via the questions and answers ("Q&A") platform in the Registrar Portal. In addition, upon commencement of the 8th AGM, the Chairman invited Unitholders to submit their questions or share their views in the Q&A platform throughout the AGM proceedings.</p> <p>The Chairman provided ample time for the Q&A sessions at the 8th AGM. All suggestions and comments given by Unitholders were attended by the Management for consideration. Meanwhile, all questions raised prior the 8th AGM by Unitholders were addressed at the 8th AGM by the Management and Board members.</p> <p>In the event of time constraint in answering the questions during the AGM, the answer would be published in SUNREIT's website at www.sunwayreit.com under Investor Relations' page, after the AGM.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

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.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
Application	: Applied
Explanation on application of the practice	: <p>During the 8th AGM, SUNREIT conducted its first fully virtual AGM through live streaming and online remote participation by using RPV facilities. The Chairman of the Board and the Management were present either in person or virtually in accordance with the Guidance on Virtual Meeting of Listed Issuers issued by SC.</p> <p>Unitholders were encouraged to submit questions prior to the 8th AGM by emailing to irsunreit@sunway.com.my or via the Q&A platform in the Registrar Portal. During the 8th AGM, following the presentation by the CEO and briefing on the Agendas by the Chairman, the Chairman invited unitholders to send in their questions online in respect of SUNREIT's financial performance before putting the resolutions to vote. Unitholders were provided with opportunity to communicate their views and discuss with the Board and the Management on matters affecting SUNREIT in the Q&A session in real time through the Q&A platform in Zoom Cloud Meetings App. All the questions and concerns raised by unitholders before and during the 8th AGM were made visible and duly addressed and responded by the Board and the Management.</p> <p>In view of the Covid-19 pandemic and the movement control restriction imposed by the government of Malaysia, SUNREIT had decided to conduct its 8th AGM fully virtual by engaging its Unit Registrar, Sunway Management Sdn Bhd, to provide virtual access through the RPV facility for the Unitholders to participate by submitting their questions online (in the form of real-time submission of typed texts), vote remotely and participate in the Q&A session at the 8th AGM.</p>
Explanation for departure	:

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure :		
Timeframe :		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.6

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
Application	: Applied
Explanation on application of the practice	: The complete minutes of the 8 th AGM detailing the meeting proceedings including issues or concerns raised by Unitholders and responses by the Board and the Management was made available on SUNREIT's website at www.sunwayreit.com not later than 30 business days after the 8 th AGM.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT
CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

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