

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5176
COMPANY NAME : Sunway REIT Management Sdn Bhd, the Manager for Sunway Real Estate Investment Trust ("**Sunway REIT**")
FINANCIAL YEAR : 30 June 2020

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.

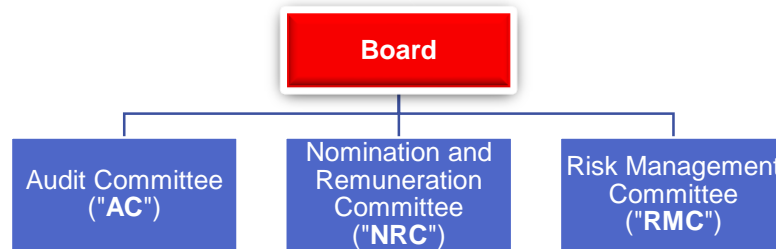
Practice 1.1

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 Sunway REIT, is responsible for the following functions:</p> <p>(i) overall management and corporate governance of the Manager. This include setting the direction and key performance indicators ("KPIs") for the Manager's management team ("Management"), monitoring the achievement of these goals and holding Management accountable for the performance of Sunway REIT;</p> <p>The Board provides a balanced and understandable assessment of Sunway REIT's performance, position and prospects to unitholders of Sunway REIT ("Unitholders") in a timely manner, through publication of its quarterly and full-year financial results, via announcements to Bursa Malaysia Securities Berhad ("Bursa Securities") and on Sunway REIT's website.</p> <p>On 28 November 2019, the Manager won the Certificate of Merit under the National Annual Corporate Report Awards (NACRA) jointly organised by Bursa Malaysia Berhad, the Malaysian Institute of Accountants ("MIA") and the Malaysian Institute of Certified Public Accountants. This is in recognition of the quality of disclosure in the Annual Report 2019 of Sunway REIT. This recognition was a testament to the Manager's commitment in raising standards of corporate disclosure and reporting transparency that would enhance the level of trust and confidence among investors and stakeholders.</p> <p>The Manager clinched the internationally recognised The Asset ESG corporate award for 2 consecutive years for 3 categories – The Asset ESG Award (Gold), The Asset Best Investor Relations Team Award and The Best Environmental Responsibility Award which received a highly commended recognition for Sunway REIT's newly launched Compost, Plant, Reuse (CPR) Project. The CPR project is a long-term commitment in the waste management process by reducing the carbon footprint through conversion of food waste into compost.</p>

- (ii) ensuring sustainability of the Manager and long-term value creation for the Unitholders; and
- (iii) alignment of the interests of Sunway REIT with that of Unitholders, which is to own and grow income generating assets to deliver sustainable distribution and growth as well as to balance the interests of other stakeholders.

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



The Committees operate within clearly defined written terms of reference ("**TOR**") as approved by the Board. The approved TOR of the respective Board Committees are available for reference at Sunway REIT's website at <http://www.sunwayreit.com>.

The Board assumes, amongst others, the following principal roles and responsibilities in discharging its stewardship role, and fiduciary and leadership functions:

- (i) setting the vision, mission, objectives, goals and strategic plans for Sunway REIT with a view to maximising Unitholders' long term value;

The Board has in place an annual 1-day Business Plan meeting, before the start of the new financial year, which was held on 27 May 2019. At the meeting, the Board reviewed and brainstormed with the Management on the business plan and budget for each property for the financial year ending 30 June 2020 ("**FY2020**").

The Management together with the hotel operators and outsourced operational team for each property ("**Business Unit Management Team**") were invited to present their business plan and budgets. The plan includes:

- (a) performance review for the financial year ended 30 June 2019 ("**FY2019**");
- (b) analysis of industry outlook and key challenges;
- (c) SWOT analysis and risk assessment of each property;
- (d) long term sustainability and new initiatives to be undertaken in FY2020;
- (e) assets enhancement initiatives ("**AEIs**"), strategic plan, budget and capital expenditures ("**CAPEX**").

The Board had advised the Management to focus on changing market trends, technological disruption and competitive environment affecting each property in the portfolio.

The Board challenged the Management’s views and business plan assumptions supporting the financial forecasts and targets. The Management was provided with guidance and suggestions on the strategic initiatives.

The strategic business plan and budget for each of its properties for FY2020 were subsequently approved by the Board for implementation.

In order to ensure Sunway REIT is future-ready, the Board had a 2-day strategy planning workshop and brainstorming on 30 June 2019 and 1 July 2019 with research support from Monash University Malaysia. As a consequence of the strategic planning, the Board had on 31 October 2019 approved the long term strategic direction and goals for Sunway REIT up to financial year 2025 (“**FY2025**”). The strategic roadmap was named TRANSCEND 2025 (“**TC25**”). TC25 leverages on Sunway REIT’s strategic pillars to set mid-term goals and aspirations up to FY2025.

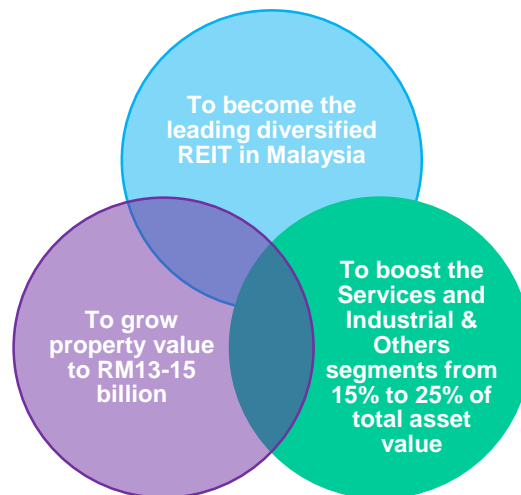
Origination of TC25 Process



Strategic Pillars



The Manager stays committed and inspired to achieve the goals and aspirations outlined in the TC25:



- (ii) evaluating the actual performance of Sunway REIT against budgets and whether they are properly managed to achieve its targeted returns;

The Chief Executive Officer of the Manager, Dato’ Jeffrey Ng Tiong Lip (“**CEO**”), with the support of the Management Team,

has overall responsibility for the day-to-day management of the assets of Sunway REIT as well as the implementation of the Board's policies, strategies and decisions.

On a quarterly basis, the CEO, together with the Chief Financial Officer of the Manager ("**CFO**") briefed the Board on the following agenda in respect of Sunway REIT:

- (a) an overview of the actual financial performance against the approved FY2020 budget and business plan;
- (b) performance of each property in the portfolio;
- (c) macro-economic trends;
- (d) updates on capital management initiatives;
- (e) updates on investment opportunities;
- (f) updates on the AElS and CAPEX undertaken; and
- (g) investor relations activities.

This enabled the Board to monitor and keep track of the Management's budgeted KPIs against the actual results achieved.

The Board assessed the Management's achievement of key financial performance metrics. Significant variances and accompanying explanations and mitigating action plans were reported by the Management to the Board.

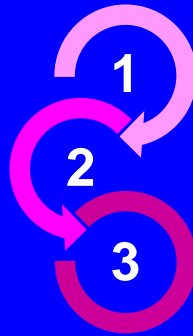
A total of 7 Board meetings and 6 AC meetings were held during the year under review, which were held on the following dates:

- (a) Board meetings – 8 August 2019, 2 October 2019, 5 November 2019, 13 February 2020, 19 May 2020, 26 June 2020 and 29 June 2020; and
- (b) AC meetings – 8 August 2019, 5 November 2019, 13 February 2020, 19 May 2020, 10 June 2020 and 26 June 2020.

- (iii) identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures to manage these risks;

The Board, through the RMC:

- (a) oversees risk governance through a robust risk management framework;
- (b) provides oversight over the adequacy and effectiveness of the risk management system;
- (c) ensures the effectiveness of Enterprise Wide Risk Management framework, policies and resources employed to identify, manage and report risks relating to Sunway REIT's activities; and
- (d) reviews and comments on the risk management report which highlighted the principal risks at Sunway REIT level and assets' level as well as the action plans to manage or mitigate the said risks on a half-yearly basis.



1. RISK IDENTIFICATION & ASSESSMENT

Continuous risk assessment at Sunway REIT and operations level through its self-assessment scorecard

2. RISK TREATMENT

Four core response strategies:

- Accept
- Terminate
- Reduce
- Transfer

3. RISK REPORTING

Key risks, mitigating actions or controls carried out and residual rating are highlighted to the RMC

The respective Business Unit Management Team and the hotel operators are responsible for the effective implementation of risk management strategy, control measures, policies and processes. This was to facilitate the achievement of business plans and goals within the risk tolerance established by the Board.

The Risk Officer had on 8 August 2019 and 13 February 2020 reported to the RMC the risk rating and status of risk mitigating actions covering risks areas identified:

- (a) interest rate risk;
- (b) business and market risk;
- (c) acquisition and investment risk;
- (d) reputational risk;
- (e) financing and refinancing risk;
- (f) liquidity risk;
- (g) valuation risk;
- (h) cyber and information technology risk;
- (i) property development risk;
- (j) compliance, regulatory and operational risk; and
- (k) operational risks faced by the Retail, Hotel and Office segments.

On 13 February 2020, the Board had incorporated into the TOR of the RMC a responsibility to assess corruption risk.

In addition, the RMC on 19 May 2020 assessed the operational and financial impact of COVID-19 pandemic as well as the mitigating measures undertaken or to be undertaken by the Manager.

The main features of the risk management framework and internal controls system are set out in the Statement on Risk Management and Internal Control in the 2020 Integrated Report of Sunway REIT.

- (iv) reviewing the adequacy and integrity of the management information and internal control systems of Sunway REIT;

The Board, through the AC, oversees the management information and internal control systems of Sunway REIT. The AC is assisted by the Internal Audit Department (“IAD”) in

reviewing and monitoring the adequacy and integrity of internal controls system.

The Head of IAD would present its annual risk-based internal audit plan (“**IA Plan**”) at the beginning of the year outlining among others, the scope of works, audit methodology and audit timetable for the review and approval of the AC. The IA Plan FY2020 was approved by the AC at its meeting held on 8 August 2019. A total of 14 audit assignments were planned for FY2020.

The Head of IAD, at the AC’s quarterly meetings held on 8 August 2019, 5 November 2019, 13 February 2020 and 19 May 2020, reported the audit findings arising from the following internal audit activities:

- (a) follow-up review on corrective actions for the procurement processes of Sunway Resort Hotel (“**SRH**”), Sunway Pyramid Hotel (“**SPYH**”), Sunway Clio Hotel (“**SCH**”) and The Villas;
- (b) unplanned audit review on the award of hot water pipe replacement project and procurement processes of Sunway Hotel Georgetown (“**SHGP**”);
- (c) audit review on cost control function of SRH, SPYH, SCH and The Villas;
- (d) audit review on key operational processes of Sunway Hotel Seberang Jaya (“**SHSJ**”) and SHGP;
- (e) special audit on buffet meal sessions at the SRH and SCH buffet outlets; and
- (f) review on regulatory and legal compliance of the Manager and Sunway REIT with the Guidelines on Listed Real Estate Investment Trusts (“**Listed REITs Guidelines**”), the deed dated 20 May 2010, a supplemental deed dated 10 June 2010 and an amended and restated deed dated 18 September 2018 (“**Deed**”) entered into between the Manager and RHB Trustees Berhad (“**Trustee**”), the Licensing Handbook and the Main Market Listing Requirements (“**Listing Requirements**”) of Bursa Securities.

The AC discussed remedial actions taken by the Management to address the issues highlighted in the audit findings. The IAD and Management were responsible for ensuring corrective actions were carried out effectively within the agreed timeframe. Regular follow-up audits were performed to ensure management action plans have been effectively implemented.

Minutes of each AC meeting were presented to the Board for discussion. The Chairman of the AC reported the AC’s recommendations for the Board’s consideration and endorsement. Significant matters and resolutions were highlighted to the Board at its immediate subsequent meeting.

- (v) considering and approving the Management’s recommendations encompassing investments, assets acquisitions and divestments, funding options, capital management strategy, AElS, property development activities and significant CAPEX;

During the financial year under review, the Board had approved the following corporate proposals:

- (a) renewal of Unitholders' mandate for recurrent related party transactions ("**RPTs**") of a revenue or trading nature and which were necessary for day-to-day operations of Sunway REIT;
- (b) variation to the Hotel Master Lease Agreement ("**HML**") relating to SRH ("**SRH HML**") to exclude the multi-storey building annexed to SRH ("**SRH Annexe**") and a link bridge connecting SRH Annexe to SPYH ("**Link Bridge**") from the SRH HML;
- (c) business enhancement plan 2020 – 2022 for Sunway Putra Mall;
- (d) renewal of the HML in relation to SRH and SPH, and HML in relation to SHSJ;
- (e) change in distribution frequency and payout ratio of Sunway REIT;
- (f) variation to the SRH HML to exclude Level 19 of SRH (for commercial office use) from the SRH HML;
- (g) refurbishment and extension works at SRH Link Bridge;
- (h) adoption of the Anti-Money Laundering Policy ("**AML Policy**"), Anti-Bribery and Corruption Policy ("**ABC Policy**"), Donations, Sponsorships & Corporate Responsibility Policy and Gift, Entertainment & Hospitality Policy;
- (i) establishment of a distribution reinvestment scheme that provides Unitholders with an option to reinvest their cash income distribution in new units of Sunway REIT;
- (j) private placement to raise gross proceeds of up to RM710.0 million at an issue price to be determined by way of bookbuilding;
- (k) acquisition of an office building known as The Pinnacle Sunway from Sunway Integrated Properties Sdn Bhd and Sunway Pinnacle Sdn Bhd ("**Proposed Acquisition**"); and
- (l) refurbishment of the main hotel of SRH.

On 26 June 2020, the Board met with the independent valuer, principal adviser, legal adviser and independent adviser with regards to the Proposed Acquisition.

The Board on a quarterly basis reviewed and assessed the business development and investment appraisal reports presented by the Investment Appraisal Working Group. The Board provided suggestions and ideas to the Management on growth strategy for Sunway REIT.

- (vi) monitoring and keeping up to date with the changes to regulations, policies, guidelines and accounting policies or circulated board papers;

The Directors were regularly updated on changes to applicable laws and regulations (e.g. regulatory developments), and changes in accounting standards.

The Company Secretaries facilitated good information flow between the Board and Management. The Company Secretaries assisted Directors in ensuring compliance with their obligations under the relevant laws, rules and regulations. They also guided the Board on its professional development training.

During the FY2020, the Board was briefed by the Company Secretary on the following developments in regulations and laws:

- (a) key amendments made to the Listed REITs Guidelines which took effect on 18 June 2019;
- (b) amendments made to the Listing Requirements in relation to anti-corruption measures effective from 1 June 2020;
- (c) the Annual General Meeting (“**AGM**”) Corporate Governance Checklist for Shareholders published by the Securities Commission Malaysia (“**SC**”) on 5 February 2020;
- (d) amendments made to the Listing Requirements in relation to application of corporate exercises via electronic means. These amendments would take effect for the corporate exercises announced on or after 2 February 2021;
- (e) the introduction of anti-corruption requirements in the Licensing Handbook by the SC on 16 April 2020;
- (f) the flexibilities granted to licensed intermediaries, registered persons and listed issuers in complying with certain requirements by the SC and Bursa Securities during the implementation of the Movement Control Order (“**MCO**”) followed by a Conditional MCO (“**CMCO**”) between the period from 18 March 2020 until 8 May 2020;
- (g) the Guidance and FAQs on the Conduct of General Meetings for Listed Issuers issued by the SC on 18 April 2020 (revised on 14 May 2020) to guide all listed issuers on the conduct of general meetings during and after the MCO/CMCO period; and
- (h) the 7 initiatives announced by the Companies Commission of Malaysia (“**CCM**”) on 10 April 2020 to ease the burden of corporate sector during the MCO.

The Board also emphasised the importance of embracing integrity and ethical values. On 14 February 2019, 13 February 2020 and 19 May 2020, the Board was briefed by the IAD on the following developments:

- (a) corporate liability provision under Malaysian Anti-Corruption Commission Act 2009;
- (b) implementation of the anti-bribery programme and formation of anti-bribery taskforce; and
- (c) the ABC Policy, Donations, Sponsorships & Corporate Responsibility Policy, Gift, Entertainment & Hospitality Policy and AMLA Policy for the Manager.

- (vii) ensuring a sound succession plan for key positions within the Manager.

The Board, through the NRC, keeps track of the succession plan for key management positions. At the NRC meeting held on 19 May 2020, the Director of Group Human Resources (“**Group HR**”) reported that there were no changes to the succession planning for the CEO and CFO. The progress and development of the identified candidates were being monitored and tracked.

On 2 May 2019, the NRC had reviewed the skills set and competencies of each Director. The Board skills matrix report provided a guide in the selection of future Directors as well as to identify the Directors’ training and development needs.

On 5 March 2020, the NRC together with Group HR developed the CEO’s performance scorecard for year 2020. The scorecard encompassed strategic objectives, targeted growth in assets size, financial budgets and financial performance targets.

On 5 November 2019 and 5 March 2020, the NRC evaluated the performance of the CEO and CFO against the approved KPIs or initiatives as set out in their scorecards. Subsequently, the NRC recommended to the Board the score for the CEO and CFO.

All Directors and employees of the Manager are remunerated by the Manager and not by Sunway REIT. The Remuneration Policy for Directors and Senior Management, which explained how the Directors and Senior Management are rewarded, is available on Sunway REIT’s website at <http://www.sunwayreit.com>.

- (viii) overseeing the investor relations programme and Unitholders communications policy for Sunway REIT; and
- (ix) ensuring sustainable growth in order to create sustainable long term value creation for Sunway REIT.

The Board aims to make a positive impact on the local communities where Sunway REIT has a presence through the implementation of sustainability best practices, it will also create sustainable long-term value creation for Sunway REIT.

In managing Sunway REIT’s assets, the Board takes into consideration its impact on the environment and community in which it operates. Balancing the environment, social and governance aspects with the interest of various stakeholders is essential to enhancing investor and public trust. In this respect, the Manager is committed to meeting United Nations 17 Sustainable Development Goals (SDG) where applicable.

The Manager has established a Sustainability Working Group to monitor and report all Corporate and Social Responsibility as well as business sustainability initiatives undertaken.

On 8 August 2019 and 13 February 2020, the Board had reviewed the half-yearly Business Sustainability Reports.

	<p>The Board had on 26 June 2020 approved the mid-term and long-term sustainability KPIs in order to set a measurable value that demonstrates how effectively Sunway REIT is achieving its targets.</p> <p>Details of the sustainability practices of Sunway REIT are as set out in the Sustainability Statement in the 2020 Integrated Report of Sunway REIT.</p> <p>The Board operates under a Board Charter, which establishes a formal schedule of matters and outlines the types of information required for the Board’s attention and deliberation at the Board meetings. The Board Charter is available on Sunway REIT’s website at http://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

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, Tan Sri Ahmad Bin Mohd Don ("Chairman"). He 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 of the Board has been clearly defined in the Board Charter of the Manager, which is available on Sunway REIT's website at http://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 Sunway REIT;(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 ensures 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 between Directors;(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 Sunway REIT; and(xi) chairing the AGM and Unitholders' meeting(s) of Sunway REIT. <p>Based on the annual Director's Peer Evaluation, the Board was satisfied with the Chairman's performances:</p> <ul style="list-style-type: none">(i) the Chairman was effective in leading the Board and has good working relationship with the CEO; and(ii) the Directors and Management have sufficient access to the Chairman.

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 1.3

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 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 Sunway REIT’s website at http://www.sunwayreit.com.</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> <p>CHAIRMAN</p> </div> <div style="border: 1px solid black; background-color: #e0e0ff; padding: 5px;"> <ul style="list-style-type: none"> • Responsible for the leadership, effectiveness, conduct and governance of the Board • Ensure that Directors and Management work together with integrity and competency • Ensure that material information is provided in a timely manner to Directors • Encourages active engagement, participation by and contribution from all Directors • Ensure effective communication with the stakeholders • Collectively with the Board, holds the CEO and Management accountable towards meeting strategic objectives of Sunway REIT </div> </div> <div style="display: flex; justify-content: space-around; align-items: center; margin-top: 20px;"> <div style="text-align: center;"> <p>CEO</p> </div> <div style="border: 1px solid black; background-color: #e0ffff; padding: 5px;"> <ul style="list-style-type: none"> • Has full executive responsibilities over the direction and operational decisions in the day-to-day management of Sunway REIT • 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 Sunway REIT’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 Sunway REIT • Develops and manages good relationships with the Unitholders and stakeholders • Accountable to the Board by ensuring the Management manages Sunway REIT to meet its strategic objectives </div> </div> <p>Based on the annual Board Effectiveness Evaluation, the performances of the Chairman and the CEO were rated excellent.</p>
<p>Explanation for departure :</p>	<p>-</p>

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

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 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 to act as Secretary under Section 241(1) of the CA 2016; and(iii) Fellow and 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 Sunway REIT's website at http://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 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 to ensure they are effective.</p> <p>During the FY2020, the Company Secretaries:</p> <ul style="list-style-type: none">(i) attended to corporate secretarial administration matters of the Manager and Sunway REIT;(ii) prepared and circulated the annual meeting calendar in advance of FY2020;(iii) managed the logistics of all Board and Board Committees' meetings and responsible for the proper conduct of the meetings according to the applicable rules and regulations;(iv) prepared the agenda for Board and Board Committee meetings in consultation with the Chairman, the respective Board Committee Chairman and the CEO;(v) attended all Board, Board Committees, AGM and Unitholders' 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;(vi) constantly keep themselves updated of the regulatory changes and corporate governance developments by attending workshops, conferences and training programmes organised by MAICSA, SC, CCM, Bursa Securities, etc.;

- (vii) advised the Board on 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) 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 Malaysia together with various professional associations and regulatory bodies;
- (xi) 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;
- (xii) facilitated the annual performance evaluation of the Board, Board Committees, internal and external auditors;
- (xiii) updated and advised the Board on new statutes, regulations and directives issued by regulatory authorities in carrying out its roles and responsibilities effectively;
- (xiv) organising and ensuring smooth running of the proceeding of the 7th AGM of Sunway REIT ("**7th AGM**") held on 2 October 2019.

In collaboration with the appointed poll administrator and an external independent scrutineer, an electronic polling system 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 announcing to the Unitholders.

During the meeting, the Company Secretaries assisted the Chairman and the Board to conduct the meeting and the meeting proceedings were properly recorded in particular the questions raised by the Unitholders. A copy of the Minutes of 7th AGM was published on Sunway REIT's website at <http://www.sunwayreit.com>;

- (xv) briefed the Board on the following developments in regulations and laws:
 - (a) key amendments made to the Listed REITs Guidelines which took effect on 18 June 2019;
 - (b) amendments made to the Listing Requirements in relation to anti-corruption measures effective from 1 June 2020;
 - (c) the AGM Corporate Governance Checklist for Shareholders published by the SC on 5 February 2020;
 - (d) amendments made to the Listing Requirements in relation to application of corporate exercises via electronic means. These amendments would take effect for the corporate exercises announced on or after 2 February 2021;

	<ul style="list-style-type: none"> (e) the introduction of anti-corruption requirements in the Licensing Handbook by the SC on 16 April 2020; (f) the flexibilities granted to licensed intermediaries, registered persons and listed issuers in complying with certain requirements by the SC and Bursa Securities during the implementation of the MCO followed by the CMCO; (g) the Guidance and FAQs on the Conduct of General Meetings for Listed Issuers issued by the SC on 18 April 2020 (revised on 14 May 2020) to guide all listed issuers on the conduct of general meetings during and after the MCO/CMCO period; and (h) the 7 initiatives announced by the CCM on 10 April 2020 to ease the burden of corporate sector during the MCO. <p>Based on the annual Board Evaluation, the Board was satisfied with the professionalism, competencies and support rendered by the Company Secretaries in discharging their functions.</p> <p>The Directors are also assisted by a Compliance Officer, who reports directly to the Board. The designated Compliance Officer is to ensure compliance with the Deed constituting Sunway REIT, Listing Requirements and all applicable SC guidelines and securities laws relating to Sunway REIT.</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

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

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 Committee meetings of the Manager, and the AGM of Sunway REIT are planned one calendar year in advance. On 5 November 2019, the Schedule of Board and Board Committees Meetings for year 2020 as well as the 8th AGM were circulated to the Board to facilitate the Directors in planning ahead. The schedule of pre-planned meetings of the Board and Board Committees, 8th AGM as well as closed period for dealing in Sunway REIT’s units by Directors and Principal Officers of the Manager were uploaded onto the Directors’ electronic devices.</p> <p>The Board meets at least six (6) times a year and convenes at other times as warranted by particular circumstances to discuss and review Sunway REIT’s key activities. Matters on which the Board is consulted include business strategies and policies for Sunway REIT, its annual budget, RPTs, the performance of the business and the financial affairs of Sunway REIT. The Board also reviews and approves the release of the quarterly and full-year financial results.</p> <p>Management provides the Board with relevant, complete, adequate and accurate information in a timely manner 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 place 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 Directors sufficient time to prepare for Board and Board Committee meetings, the notice and agenda, duly endorsed by the Chairman together with a set of comprehensive meeting papers and presentation slides are uploaded onto a secured electronic platform, one week before the relevant meeting. Directors 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 meeting.</p> <p>The meeting papers include inter alia, financial results, business plan and budget, progress development report, risk management and internal control reports, minutes of meetings of the Board and Board Committees, regulatory/statutory updates 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 Sunway REIT under its business continuity plan.</p> <p>Every Director has full, free and unrestricted access to information of the Manager and Sunway REIT. 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 Sunway REIT'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 Chairman 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>
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 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 Sunway REIT.</p> <div data-bbox="533 770 1398 1626" 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 Sunway REIT, and a 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 governing the Manager in an effective and responsible manner. Each Director has a legal duty 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 CEO, 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 Sunway REIT. 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 Sunway REIT.</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 a clear and formally defined written TOR 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 TOR 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 2 May 2019.</p> <p>The Board has established 3 committees of the Board, namely the AC, the NRC and the RMC, which operate within clearly defined written TOR. 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 Sunway REIT 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 Chairman of each Board Committee. The minutes of the Board Committee meetings and circular resolutions passed by each Board Committee were tabled at the Board meeting.</p> <p>The Board Charter is available on Sunway REIT's website at http://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

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	<p><u>Code of Conduct and Business Ethics Policy (“Code”)</u></p> <p>The Board and all employees of the Manager are committed to adhering to corporate governance best practices. They are committed to observe 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 Sunway REIT operate in.</p> <p>The Board has established the Code 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.</p> <p>The Board ensures that compliance is monitored through a confirmation of compliance process where all employees of the Manager are required by the Group HR to read and sign off their commitment in adhering to the Code 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.</p> <p>In line with good corporate governance practices, the Management and the Board encourage all employees of the Manager and stakeholders of Sunway REIT to report suspected inappropriate behaviour or misconduct relating to fraud, corrupt practices and/or abuses involving Sunway REIT’s assets. Employees are encouraged to report concerns of violation of the Code through the Manager’s existing Whistleblowing Policy. No individual will be discriminated or suffer any act of retaliation for reporting in good faith.</p> <p>The appropriateness and effectiveness of the Code 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 Sunway REIT. 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 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 the dealings requirements 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>ABC Policy and 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; and (iii) AMLA Policy. <p>The RMC is responsible for monitoring corruption risk as part of annual risk assessment of the Manager and at Sunway REIT 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>All the above mentioned code and policies are available on Sunway REIT’s website at http://www.sunwayreit.com.</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>	

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 also 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 Sunway REIT’s website at http://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 the Group’s changing business circumstances. The Manager has also put in safeguards to protect the identity of the Whistleblower.</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.</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</p>

	<p>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 year under review, there were no whistle blowing cases reported through this channel.</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

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

Practice 4.1

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

Application	: Applied						
Explanation on application of the practice	<p>The Board consists of seven (7) members, four (4) of whom are Independent Directors. Of the three (3) Non-Independent Directors, two (2) are Non-Executive Directors and one (being the CEO) is an Executive Director.</p> <div data-bbox="699 663 1315 904" 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 57% of the composition of 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>An annual assessment of the independence of the Independent Non-Executive Directors, by way of self and peer assessment, is also conducted to ensure their independence. Based on the latest assessment, all the Independent Non-Executive Directors:</p> <ul style="list-style-type: none"> (i) have satisfied the definition of “independent director” as set out in paragraph 1.01 of the Listing Requirements; (ii) have demonstrated professional “scepticism” and “objectivity” in matters brought for deliberation at the Board’s meeting; and (iii) have acted in the best interest of the Manager as well as in safeguarding the interest of Unitholders. <p>The composition of the Board also complies with the Listing Requirements, whereby of 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, legal and real estate valuation.</p>	Category	Percentage	Independent	57%	Non-Independent	43%
Category	Percentage						
Independent	57%						
Non-Independent	43%						
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 4.2

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 justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should 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, has on 8 August 2019 assessed the independence of each Independent Directors based on a set of criteria as specified in Listing Requirements. All the Independent Directors had given their confirmation of their independence pursuant to the Listing Requirements vide the annual Independent Directors' Self-Assessment Checklist.</p> <p>During the financial year under review, there were 2 Independent Non-Executive Directors who had served 9 years of tenure. They were Tan Sri Ahmad Bin Mohd Don and Mr Elvin A/L Berty Luke Fernandez. The NRC had carefully re-assessed the effectiveness and time commitment of the Independent Directors. The NRC was satisfied that they would still remain critical and independent in thinking.</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 Sunway REIT. They had provided critical oversight and contributed 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 :	The Board was advised by the NRC that the existing annual independence assessment, by way of self and peer assessment, was suitable, relevant and robust. Therefore, the Board was of the opinion that as long as the Independent Director was able to confirm in good faith that he or she remained independent not only pursuant to the criteria of independence as defined in Listing Requirements but also remained critical and independent in

	<p>thinking, such Independent Director would be allowed to serve beyond 9 years. Their relevant experiences, familiarity with the real estate industry and knowledge acquired in managing Sunway REIT's portfolio of assets would be valuable in ensuring its continued performance.</p>	
Timeframe	:	-

Intended Outcome

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

Practice 4.3 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years.

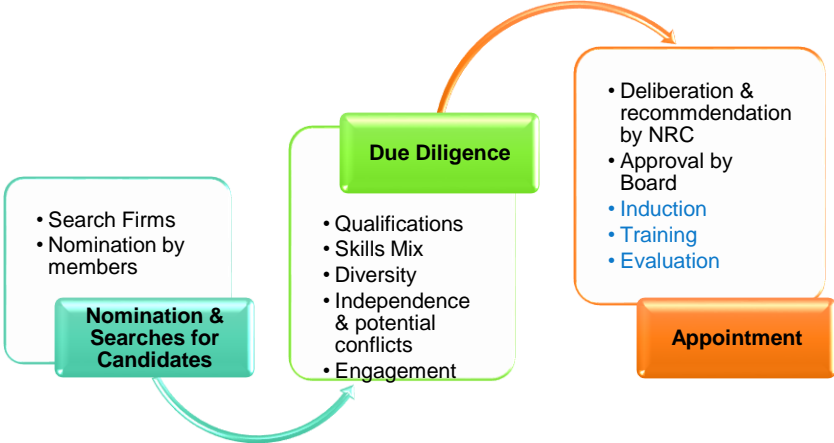
Application	:	Not adopted.
Explanation on adoption of the practice	:	-

Intended Outcome

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

Practice 4.4

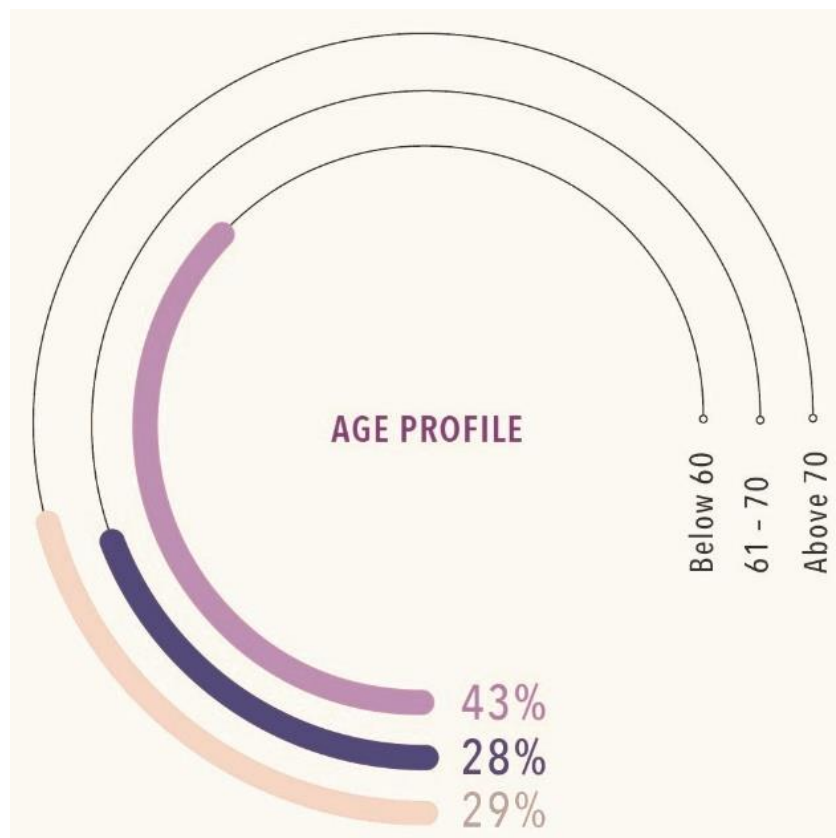
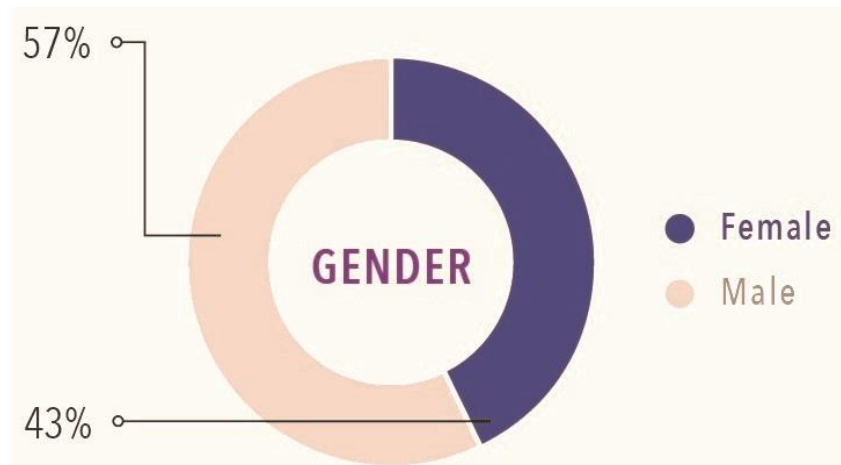
Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.


<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 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 Board Charter. 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>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 Articles of Association of the Manager.</p> <p>During the year under review, no new Director was appointed to the Board of the Manager.</p> <p>The Board believes in Board diversity and inclusivity with diverse backgrounds, experience and qualification. A diverse board is able to make decisions more effectively by reducing the risk of “groupthink”. The Board has more than 30% women representation. 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>

A Board Skills Matrix is used by NRC as a guidance in the selection of new Directors as well as to identify the Directors' future training and development needs.

Annually, the NRC reviews the structure, size and composition of the Board to ensure appropriate balance and diversity.

The current Board composition reflects a diversity of gender, age, skills and knowledge:



	<p>EXPERIENCE AND SKILLS</p>  <table border="1"> <thead> <tr> <th>Category</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Strategy and entrepreneurship</td> <td>87%</td> </tr> <tr> <td>Legal/Regulatory</td> <td>80%</td> </tr> <tr> <td>Corporate governance, risk management and internal controls</td> <td>90%</td> </tr> <tr> <td>Audit, accounting, financial reporting and taxation</td> <td>91%</td> </tr> <tr> <td>Human capital</td> <td>81%</td> </tr> <tr> <td>Sales and marketing</td> <td>83%</td> </tr> <tr> <td>Information technology</td> <td>73%</td> </tr> <tr> <td>Production and quality assurance</td> <td>87%</td> </tr> <tr> <td>Real Estate Evaluation</td> <td>77%</td> </tr> <tr> <td>Property/Facility Management</td> <td>80%</td> </tr> <tr> <td>Property Development</td> <td>80%</td> </tr> </tbody> </table>		Category	Percentage	Strategy and entrepreneurship	87%	Legal/Regulatory	80%	Corporate governance, risk management and internal controls	90%	Audit, accounting, financial reporting and taxation	91%	Human capital	81%	Sales and marketing	83%	Information technology	73%	Production and quality assurance	87%	Real Estate Evaluation	77%	Property/Facility Management	80%	Property Development	80%
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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 4.5

The board discloses in its annual report the company’s policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

Application	:	Applied	
Explanation on application of the practice	:	During the financial year under review, 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 4.6

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.

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 strive for the inclusion of diverse groups and viewpoints. 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.</p> <p>Newly-appointed Directors undergo an orientation programme to better apprise them of the Manager’s role in managing portfolio of assets owned by Sunway REIT. First-time Director who does not have prior experience as a director of a listed issuer will attend the Mandatory Accreditation Programme (MAP) designated for directors of public listed issuers in Malaysia as prescribed under the Listing Requirements.</p> <p>In accordance with Article 63 of the Articles of Association 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 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, performance, contribution and expertise.</p> <p>Pursuant to Article 63 of the Articles of Association of the Company, Mr Elvin A/L Bertu Luke Fernandez and Tengku Nurul Azian Binti Tengku Shahrman retired from the Board and were re-elected at the 13th AGM of the Manager held on 30 June 2020.</p> <p>As a general rule, each Director must not hold directorships of more than five (5) public listed companies, which is consistent with the 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</p>

	<p>interest or a conflict with any of his duties to the Manager and/or Sunway REIT, or which might detract from the time that he/she is able to devote to his 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 year under review, none of the Board members:</p> <ul style="list-style-type: none"> (i) hold more than five (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 2020 Integrated Report of Sunway REIT; and (ii) have appointed an alternate director, to discharge their duties and responsibilities when they are unavailable.
Explanation for departure	-
<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

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

Practice 4.7

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 is set out in the Board of Directors' profile in the 2020 Integrated Report of Sunway REIT.</p> <p>In addition, the NRC comprises 5 members, all of whom are Non-Executive Directors, with a majority of them being Independent Directors. The TOR of the NRC provides that the NRC shall comprise at least three (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

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Practice 5.1

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 and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

Application	:	Departure
Explanation on application of the practice	:	-
Explanation for departure	:	<p>The NRC undertakes an annual assessment of the Board as a whole and each individual Directors' performance by way of self and peer evaluation. This annual assessment includes a gap analysis by reviewing the desirable mix of competencies, qualification, knowledge, expertise and personal traits of Directors.</p> <p>During the financial year under review, a 360-degree assessment of the Directors' performance appraisal has been added to the evaluation process. Dr Yap Lang Ling, a Senior General Manager of HR department ("Independent Reviewer") was engaged to independently evaluate the performance of each individual Director ("Independent Evaluation"). The Independent Reviewer would provide an unbiased perspective on Directors' performance and their ability to contribute effectively to the Board. The Independent Reviewer has been invited to attend all the Board and Board Committee meetings held during the FY2020 in order for her to observe and assess the Board's dynamics, contribution of the Directors as well as the communication between the Board members during the meetings.</p> <p>The evaluation report prepared separately by the Independent Reviewer would be presented to the NRC and Board at their future meetings.</p> <p>The Board was satisfied with the current evaluation methodology as each director and the Independent Reviewer were able to provide candid, frank opinions and recommendations for all Directors and also to improve the overall governance process of the Manager.</p>
		<p>The evaluation process started with the development of the assessment survey by the Company Secretaries based on the third edition of the Bursa Malaysia's Corporate Governance Guides. There were a total of 7 surveys as follows:</p> <ul style="list-style-type: none">(i) Annual Board Evaluation of its Effectiveness;(ii) Director's Peer Evaluation;(iii) Board Committee Evaluation;(iv) AC Evaluation;

- (v) AC Members' Self and Peer Evaluation;
- (vi) Evaluation of Independent Non-Executive Directors; and
- (vii) Independent Directors' Self-Assessment.

These evaluation format was approved by the NRC on 2 May 2019. The evaluation process is undertaken at the last quarter of every financial year.

The evaluation is conducted internally by way of Directors' self and peer assessment covering areas such as Board composition, Board roles and responsibilities, effectiveness of Chairman, legal and regulatory compliance, trainings attended, conduct at meetings, engagement and communication with management and stakeholders, as well as competency and service quality of the Company Secretaries.

The evaluation of individual directors was based on a set of performance criteria comprising contribution to interaction, quality of input and understanding of roles and responsibilities.

The NRC also undertook annual assessment of the effectiveness of various Board Committees. The Board Committees was assessed based on the following aspects:

- (i) composition;
- (ii) ability to provide useful recommendation;
- (iii) relevant knowledge and expertise in the subject area;
- (iv) effectiveness of communication;
- (v) sufficiency and frequency of meeting;
- (vi) exercise of rights and authority conferred upon the Committees;
- (vii) competency of chairperson of the Committees; and
- (viii) records of meeting.

The results of the assessments for FY2019 were compiled into summarised executive reports which were then tabled for review and discussion at the NRC meeting on 8 August 2019. Thereafter, the executive reports were presented to the Board for further deliberation and action. All critical comments and recommendations for improvement contained in the reports were highlighted by the NRC Chairperson for immediate actions and rectification. The deliberations of the NRC and the Board were duly minuted in the respective meetings.

The Directors were satisfied with the performances and effectiveness of the Board and Board Committees. The Director's peer review showed that all the Directors were of the view that each of them had performed their respective roles and functions effectively and responsibly during the FY2019. Each member was satisfied with each other's contribution and value add in sharing their insights. All Directors were involved in active participation in Board and Board Committees' discussions.

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

<p>Measure</p>	<p>: As an alternative to hiring external consultants to conduct the Board evaluation, the Board has engaged an independent reviewer from the Group HR to provide the independent assessment of the Board's effectiveness. The Independent Reviewer was invited to every Board and Board Committee meetings to observe the Board deliberations as opposed to an external consultant who may not have such access due to sensitivity of the information being discussed.</p> <p>The Board is of the opinion that the present assessment approach is cost effective, relevant and more effective.</p>
<p>Timeframe</p>	<p>: -</p>

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 6.1

The board has in place 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 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 experiences required. The Board is assisted by the NRC in reviewing suitable remuneration for 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 Sunway REIT.</p> <p>The Remuneration Policy for Directors and Senior Management is available on Sunway REIT’s website at http://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 Sunway REIT, it is important to have a fair and competitive remuneration package that commensurate with their experience, skills, responsibilities, performance, contribution as well as benchmarking the remuneration practices and trends by other similar players in the market. 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 package of Executive Director and Senior Management is:</p> <ul style="list-style-type: none"> (i) made up of various components, primarily consisting of fixed monthly salary, performance-based remuneration, e.g. bonus, incentive pay, employee share option as well as benefits-in-kind; and (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 Executive Director and Senior Management. The review is conducted on a half-yearly basis.

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 year 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 for year 2019 on 14 February 2019;
- (ii) reviewed mid-year performance of the CEO and CFO based on their 9-months performance indicators up to 30 September 2019 against their approved KPIs on 5 November 2019; and
- (iii) evaluated the CEO and CFO's final performance rating for year 2019 on 5 March 2020.

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 Sunway REIT'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
	<p>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 Sunway REIT. The amount of AC's fees is benchmarked against public listed companies of similar size and industry, and are payable annually together with the payment of the directors' fees.</p> <p>The Executive Director is not entitled to the abovementioned Director's fee or any meeting attendance allowances.</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 6.2

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 support the strategic aims of Sunway REIT’s businesses and to enable the recruitment, motivation and retention of Executive Directors. All Directors and employees of the Manager are remunerated by the Manager and not by Sunway REIT.</p> <p>The NRC comprises 5 members, all of whom are Non-Executive Directors, with a majority of them being Independent Directors. The duties and responsibilities of the NRC are set out in the TOR of the NRC which is available at Sunway REIT’s website at http://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 AEIs, 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 it 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 Director’s selection process, annual Board and Board Committees’ performance assessment and any other nomination matters in relation to the Board.</p>

During the financial year under review, 4 NRC meetings were held to deliberate on the following matters before recommending the same to the Board for approval:

- (i) on 8 August 2019, 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) scrutinised and endorsed the NRC report, as contained in the Corporate Governance Overview Statement, for inclusion in the 2019 Annual Report of Sunway REIT;
- (ii) on 5 November 2019, the NRC:
 - (a) appraised the mid-year performances of the CEO and CFO based on the 9-months performance indicators up to 30 September 2019 against the approved KPIs;
 - (b) deliberated on the proposed interim bonuses for the CEO and CFO;
 - (c) reviewed and endorsed the terms of renewal of the employment contract for the CEO;
- (iii) on 5 March 2020, the NRC:
 - (a) evaluated the CEO and CFO's performance scorecards for year 2019, and subsequently recommended to the Board the final bonuses and salary increments for the CEO and CFO;
 - (b) discussed the setting of KPIs and performance scorecard for the CEO for year 2020;
- (iv) on 19 May 2020, the NRC:
 - (a) discussed and fine-tuned the approved KPIs and performance scorecard for the CEO for year 2020;
 - (b) deliberated on the succession plan and development programme for Senior Management;
 - (c) endorsed the retirement and re-election of the Directors pursuant to the Articles of Association of the Manager; and
 - (d) reviewed the Board and Board Committee's evaluation methodology for FY2020.

The representatives of the Group HR were invited to the abovementioned meetings at the invitation of the NRC.

The Board was satisfied that the NRC has effectively and efficiently discharged its roles and responsibilities in accordance to its TOR.

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

Practice 7.1

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 :	<p>The annual remuneration of Directors for FY2020 paid by the Manager is as follows:</p> <p>(a) Independent Non-Executive Directors</p> <table border="1"><thead><tr><th>No.</th><th>Name</th><th>Director's Fee (RM'000)</th><th>AC's Fee (RM'000)</th><th>Meeting Allowance (RM'000)</th></tr></thead><tbody><tr><td>1.</td><td>Tan Sri Ahmad Bin Mohd Don</td><td>100</td><td>3</td><td>21</td></tr><tr><td>2.</td><td>Elvin A/L Berty Luke Fernandez</td><td>80</td><td>6</td><td>21</td></tr><tr><td>3.</td><td>Tengku Nurul Azian Binti Tengku Shahrman</td><td>80</td><td>3</td><td>21</td></tr><tr><td>4.</td><td>Yeo Kar Peng</td><td>80</td><td>3</td><td>21</td></tr></tbody></table> <p>(b) Non-Independent Non-Executive Directors</p> <table border="1"><thead><tr><th>No.</th><th>Name</th><th>Director's Fee (RM'000)</th><th>AC's Fee (RM'000)</th><th>Meeting Allowance (RM'000)</th></tr></thead><tbody><tr><td>1.</td><td>Sarena Cheah Yean Tih, <i>s.m.s.</i></td><td>-</td><td>-</td><td>-</td></tr><tr><td>2.</td><td>Ng Sing Hwa</td><td>80</td><td>1</td><td>12</td></tr></tbody></table> <p>(c) Non-Independent Executive Director</p> <table border="1"><thead><tr><th>Name</th><th>Salary (RM'000)</th><th>Bonus (RM'000)</th><th>EPF (RM'000)</th><th>Benefits-in-kind (RM'000)</th><th>Total (RM'000)</th></tr></thead><tbody><tr><td>Dato' Jeffrey Ng Tiong Lip[#]</td><td>875</td><td>150</td><td>195</td><td>6</td><td>1,226</td></tr></tbody></table> <p>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.</p>	No.	Name	Director's Fee (RM'000)	AC's Fee (RM'000)	Meeting Allowance (RM'000)	1.	Tan Sri Ahmad Bin Mohd Don	100	3	21	2.	Elvin A/L Berty Luke Fernandez	80	6	21	3.	Tengku Nurul Azian Binti Tengku Shahrman	80	3	21	4.	Yeo Kar Peng	80	3	21	No.	Name	Director's Fee (RM'000)	AC's Fee (RM'000)	Meeting Allowance (RM'000)	1.	Sarena Cheah Yean Tih, <i>s.m.s.</i>	-	-	-	2.	Ng Sing Hwa	80	1	12	Name	Salary (RM'000)	Bonus (RM'000)	EPF (RM'000)	Benefits-in-kind (RM'000)	Total (RM'000)	Dato' Jeffrey Ng Tiong Lip [#]	875	150	195	6	1,226
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Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure	:	-	
Timeframe	:	-	

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 7.2

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>Due to the highly competitive REIT sector in which the Manager is operating, the Manager faces challenges in talent management and retention. Therefore, the Board is of the opinion that disclosing the remuneration of senior management would be a disadvantage to the Manager.</p> <p>In addition, the remuneration of senior management is paid by the Manager and not by Sunway REIT.</p> <p>The Manager's Remuneration Policy for Directors and Senior Management has alternatively explained how the senior management is rewarded. The policy is available at Sunway REIT's website at http://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	Not disclosing

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 7.3 - 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 8.1

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 A/L Berty Luke Fernandez, the Senior Independent Non-Executive Director who is not the Chairman of the Board. Mr Elvin A/L Berty Luke Fernandez's profile is set out in the Board of Directors' profile in the 2020 Integrated Report of Sunway REIT.</p> <p>During the financial year under review, the AC comprised 4 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 Berty Luke Fernandez <i>Senior Independent Non-Executive Director</i></td> <td>Chairman</td> </tr> <tr> <td>2</td> <td>Tan Sri Ahmad Bin Mohd Don <i>Independent Non-Executive Director</i></td> <td>Member</td> </tr> <tr> <td>3</td> <td>Tengku Nurul Azian Binti Tengku Shahrman <i>Independent Non-Executive Director</i></td> <td>Member</td> </tr> <tr> <td>4</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 2020 Integrated Report of Sunway REIT.</p>	No.	Director / Designation	Membership	1	Elvin A/L Berty Luke Fernandez <i>Senior Independent Non-Executive Director</i>	Chairman	2	Tan Sri Ahmad Bin Mohd Don <i>Independent Non-Executive Director</i>	Member	3	Tengku Nurul Azian Binti Tengku Shahrman <i>Independent Non-Executive Director</i>	Member	4	Yeo Kar Peng <i>Independent Non-Executive Director</i>	Member
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4	Yeo Kar Peng <i>Independent Non-Executive Director</i>	Member															
Explanation for departure	:	-															
<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

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 8.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Manager has a policy that a former key audit partner to observe a cooling-off period of at least 2 years before being appointed as a member of the AC in order to uphold 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 hold any financial interest in the external auditors.</p> <p>The TOR of the AC is set out at Sunway REIT’s website at http://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 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

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 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 internal and external auditors.</p> <p>The external auditors will rotate their engagement partner in charge of the audited financial statements of Sunway REIT once every 5 years to maintain their independence. Nevertheless, the current audit engagement partner has held the position for only 4 years. Management has been given assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.</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 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 Sunway REIT’s website at http://www.sunwayreit.com.</p> <p>During the financial year under review, the AC, CEO, CFO and IAD had on 8 August 2019 assessed the 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, delivery, fees and adequacy of resources.</p> <p>On 8 August 2019, the audit engagement partner, had confirmed in writing that pursuant to the By-Laws (On Professional Ethics, Conduct and Practice) of the MIA and the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accounts, 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>

	Based on the aforesaid assessment and the independence confirmation, the AC recommended to the Trustee the re-appointment of BDO PLT as the external auditors of Sunway REIT for FY2020.	
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 8.4 - 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 4 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 8.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate 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 year under review, the AC comprised 4 members, all of whom are Independent Non-Executive Directors. The AC has a mix of suitably qualified and experienced professionals in the fields of accountancy, economics, real estate development, property management, human capital development and fund management.</p> <p>Tan Sri Ahmad Bin Mohd Don is a Fellow of the Institute of Chartered Accountants in England and Wales as well as a Member of Malaysian Institute of Certified Public Accountants and Yeo Kar Peng is a member of the CPA Australia. Accordingly, the composition of the AC complied with the financial expertise requirement set out in the 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 responsibility to perform the following duties and functions:</p> <ul style="list-style-type: none">(i) overseeing the financial reporting process and ensuring that the financial results of Sunway REIT 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 related party transactions; and(v) monitoring potential management conflict of interest. <p>The detailed report of the AC's activities for FY2020 is set out in the AC Report in the 2020 Integrated Report of Sunway REIT.</p> <p>The members of the AC had:</p> <ul style="list-style-type: none">(i) devoted sufficient time to update their knowledge and enhancing their individual competencies through continuing education programmes; and

	<p>(ii) been periodically briefed by the CFO on the changes and impact on the financial statements as a consequence of the coming into effect of relevant financial reporting standards.</p> <p>The Board, through its NRC, had on 8 August 2019 reviewed the performances of the AC for FY2019. The AC members were assessed on their relevant knowledge, experiences and competencies of the members through an annual AC effectiveness assessment. The Board was satisfied with the competencies of each AC member and performance of the AC.</p> <p>The AC members, had during the financial year, 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 Sunway REIT's website at http://www.sunwayreit.com for the details of the continuing education programmes that the Directors have attended for FY2020.</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 9.1

The board should establish an effective risk management and internal control framework.

Application	: Applied
Explanation on application of the practice	<p>The Manager’s system of risk management and internal control is integrated and designed to embed into the Enterprise Risk Management covering key activities or processes and initiatives of its operations to drive effective and accountable actions, as well as monitoring consistent risk management practices.</p> <p>The Board assumes overall responsibility for maintaining a sound system of risk management and internal control that provides reasonable assurance of effective operations and legal compliance including both the Manager’s internal policies and standard operating procedures. The system of internal control encompasses corporate governance, tender processes, financial system, IT network system, risk management, operational and organizational 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 Board has adopted a risk management framework that is enterprise-wide as an acknowledgement of its commitment towards promoting risk management practices throughout all its business processes and operations.</p> <p>The Manager and Sunway REIT’s overall risk management process is supervised by the Board through the RMC. The RMC, with the assistance of the Risk Management Working Group and Risk Officer:</p> <ul style="list-style-type: none"> (i) evaluates and determines the nature and extent of the risks the Board is ready to endorse in pursuit of Sunway REIT’s strategic objectives; (ii) ensures an appropriate and effective risk management framework is established and maintained; (iii) monitors the design and implementation of the risk management framework; and (iv) oversees management of risk identification, reporting and mitigation efforts. The risk management review is reported to the RMC on a half-yearly basis for review and discussion.

	<p>The Board has adopted a conservative risk appetite which was determined by the major risk categories as follows:</p> <p><u>Sunway REIT level</u></p> <table border="1" data-bbox="555 320 1291 533"> <thead> <tr> <th>Risk Category</th> <th>Risk Rating</th> </tr> </thead> <tbody> <tr> <td>External (i.e. COVID-19 pandemic)</td> <td>High</td> </tr> <tr> <td>Financial</td> <td>Moderate</td> </tr> <tr> <td>Operations</td> <td>Moderate</td> </tr> <tr> <td>Suppliers</td> <td>Moderate</td> </tr> <tr> <td>Regulatory</td> <td>Low</td> </tr> </tbody> </table> <p><u>Operational level</u></p> <table border="1" data-bbox="555 633 1291 775"> <thead> <tr> <th>Risk Category</th> <th>Risk Rating</th> </tr> </thead> <tbody> <tr> <td>Operations</td> <td>High</td> </tr> <tr> <td>External (i.e. COVID-19 pandemic)</td> <td>High</td> </tr> <tr> <td>Regulatory</td> <td>Low</td> </tr> </tbody> </table> <p>Notwithstanding the aforesaid, the appropriate level of risk tolerance will depend on the nature of projects undertaken and the objectives pursued. The risk appetite will be 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 governance, risk management and internal control processes. The Internal audit reports encompassing the audit findings together with the recommendations are presented to the AC on a quarterly basis. In addition, the IAD also carries out independent appraisal of the effectiveness of the risk management framework.</p> <p>Further elaboration on Sunway REIT’s risk management and internal control could be found in the Statement on Risk Management and Internal Control as set out in the 2020 Integrated Report of Sunway REIT.</p>		Risk Category	Risk Rating	External (i.e. COVID-19 pandemic)	High	Financial	Moderate	Operations	Moderate	Suppliers	Moderate	Regulatory	Low	Risk Category	Risk Rating	Operations	High	External (i.e. COVID-19 pandemic)	High	Regulatory	Low
Risk Category	Risk Rating																					
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Regulatory	Low																					
<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 9.2

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 its business. The Board embeds risk management practices into activities, initiatives and processes of Sunway REIT. The framework has been set in place by the Board to identify, evaluate, mitigate and monitor key risks faced by Sunway REIT.</p> <p>The risk management framework and processes are designed to mitigate rather than to eliminate risks or events with significant adverse impact on the achievement of Sunway REIT’s objectives and strategies. As such, they provide reasonable but not absolute assurance against material financial misstatement and management information and records, or against financial losses or fraud.</p> <p>The RMC reviews 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. The RMC deliberated on the half-yearly risk report which identified several principal risks and the corresponding rating for each risk.</p> <p>The RMC, at its meetings held on 8 August 2019 and 13 February 2020, reviewed the risk management reports which consist of identified principal risks at Sunway REIT and operational levels, the corresponding rating for each risk as well as the control and mitigating action plans taken.</p> <p>Subsequently, the RMC advised the Board on areas of high risk, mitigating action plans undertaken as well as the adequacy of compliance and control procedures throughout Sunway REIT.</p> <p>On 19 May 2020, the RMC had lengthy deliberation with the Management on the impact of COVID-19 pandemic to Sunway REIT as well as the mitigating measures undertaken or to be undertaken by the Manager. The following potential risks were identified:</p> <ul style="list-style-type: none"> (i) liquidity risk; (ii) valuation risk; (iii) business and market risk; and (iv) refinancing and interest rate risk.

	<p>Business Continuity Plan (“BCP”) was immediately activated during the COVID-19 pandemic and the announcement of MCO by the government. The BCP is a comprehensive written plan of actions that provide guidance in terms of the procedures and systems necessary to restore the key business functions in the event of crisis or disruption that has a severe impact on business in terms of financial and operation. The BCP will be annually reviewed and tested, and such results will be reported to the Board.</p> <p>The Manager was of the view that this world-changing crisis is a ‘survival of the fittest’, and it was imperative for Sunway REIT to be in a position to recover quickly and capitalise on available opportunities. As such, the Manager is embarking on 3 main strategies to survive, recover and grow amidst the challenging period and beyond:</p> <ul style="list-style-type: none"> (i) liquidity management via cash conservation; (ii) managing the profit and loss via cost containment; and (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>The Statement on Risk Management and Internal Control as set out in Sunway REIT’s 2020 Integrated Report provides an overview of the state of risk management and internal control within Sunway REIT.</p> <p>The IAD’s functions and summary of its activities are set out in the AC Report in the 2020 Integrated Report of Sunway REIT.</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 9.3 - 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 year under review, the RMC comprised 5 members, all of whom are Non-Executive Directors; 4 being Independent Non-Executive Directors, who satisfied the test of independence under the Listing Requirements and 1 Non-Independent Non-Executive Director. The members of the RMC 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>Ng Sing Hwa <i>Non-Independent Non-Executive Director</i></td><td>Chairman</td></tr><tr><td>2</td><td>Tan Sri Ahmad Bin Mohd Don <i>Independent Non-Executive Director</i></td><td>Member</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 details of the TOR of the RMC are available for reference on Sunway REIT's website at http://www.sunwayreit.com.</p>	No.	Director / Designation	Membership	1	Ng Sing Hwa <i>Non-Independent Non-Executive Director</i>	Chairman	2	Tan Sri Ahmad Bin Mohd Don <i>Independent Non-Executive Director</i>	Member	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
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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 10.1

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. The IAD undertakes regular and systematic reviews of the risk management and internal control systems so as to provide reasonable assurance that risk management and internal control 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 Sunway REIT’s records.</p> <p>On 8 August 2019, the AC reviewed and approved the annual risk-based internal audit plan and scope of work for Sunway REIT’s assets for FY2020 (“IA Plan FY2020”). The IA Plan FY2020 was 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 IAD assured the AC of the adequacy of resources and its competencies to carry out the internal audit assignments. The planned audit assignments were selected based on identification and evaluation of the respective risks and control environment.</p> <p>The key emphasis areas covered under the IA Plan FY2020 were:</p> <ul style="list-style-type: none"> (i) to review the internal control processes of the significant properties; and (ii) to review the internal controls over financial reporting process and compliance framework of the Manager and Sunway REIT. <p>A total of 14 audit assignments were planned to be carried out for FY2020 covering the following areas:</p> <ul style="list-style-type: none"> (a) review the internal control processes of the significant properties: <ul style="list-style-type: none"> • retail properties – internal controls review of key operational processes focusing on billing, collection and credit management (including tenant sales verification), procurement (including property enhancement/ upgrade expenses), and car park operations & collections processes;

	<ul style="list-style-type: none"> • hospitality properties – internal control review of key operational processes focusing on areas assessed to be weaker in controls or susceptible to fraud which included procurement, front office, food & beverage, income audit function, inventory management, and regular mystery shopping audits to detect and prevent risk of fraud and irregularities; • office properties – yearly audit on office properties, focusing on procurement, billing and collection processes; <p>(b) review the tender and award exercise on major AElS; and</p> <p>(c) review the internal controls over financial reporting processes and compliance framework of the Manager and Sunway REIT.</p> <p>The AC on a quarterly basis:</p> <p>(i) monitored and reviewed the IA Plan FY2020 to ensure adequate audit coverage of the key risk areas of Sunway REIT regularly taking into account any developments which had an impact on the audit coverage; and</p> <p>(ii) reviewed the internal audit reports comprising audit findings, IAD's recommendations and the Management responses and corrective actions taken. The IAD and Management are responsible for ensuring the corrective action plans are carried out effectively within the agreed timeframe and regular follow-up audits are performed to monitor the continued compliance.</p> <p>The AC assessed the annual performance of the IAD and reviewed its effectiveness in terms of scope and compliance with relevant regulatory standards as well as its level of collaboration with the external auditors. The AC also assessed the adequacy of resources and core skills and competencies of staff within the IAD. The IAD staff kept themselves up to date with developments in the profession by attending relevant seminars and training workshops.</p> <p>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 was effective and able to function independently and able to 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>Details of the internal audit activities carried out by the IAD during the FY2020 are as set out in the AC Report in the 2020 Integrated Report of Sunway REIT.</p>
<p>Explanation for departure</p>	<p>-</p>

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

Measure	:	-	
Timeframe	:	-	

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 10.2

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 and internal control systems and governance processes of the Manager 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>During the financial year under review, the IAD confirmed its organisational independence, where the Head of IAD and all the internal auditors had signed the Conflict of Interest Declaration that they were and had been independent, objective and in compliance with the Code and the best practices of the International Standards for the Professional Practice of Internal Auditing issued by the IIA. All the IAD personnel confirmed that they were free from any relationships or conflicts of interest, which would impair their objectivity and independence in their audit assignments.</p> <p>The IAD, led by the Senior Manager, Ms Khong Shiyi who has 15 years of audit experience, consists of 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 Bachelors of Commerce Degree in Accounting and Marketing, is a member of the CPA Australia, and also a Chartered Accountant registered with the MIA.</p> <p>IAD is a member of the Malaysian Chapter of the IIA and adopts the International Standards for the Professional Practices of Internal Auditing (“IIA Standards”) laid down in the International Professional Practices Framework issued by the IIA and Internal Audit Charter. IAD successfully completed its external Quality Assessment Review (“EQAR”) in 2015 and continues to meet or exceed the IIA Standards in all key aspects. KPMG has been appointed for the next EQAR which is due in year 2020. However, due to the COVID-19 pandemic and the MCO, the review has been postponed to early quarter 2021.</p>

	<p>In accordance with the TOR, the AC had in the first quarter of FY2020 conducted an annual assessment of the performance of the internal audit function for FY2019. The results were compiled and tabled to the AC at its meeting held on 8 August 2019. 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 was effective and was able to function independently and able to 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 year under review, the IAD conducted various internal audit engagements in accordance with the approved risk-based internal audit plan that were consistent with the corporate goal of Sunway REIT. Details of the internal audit function for assets of Sunway REIT are as set out in the AC Report in the 2020 Integrated Report of Sunway REIT.</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 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 11.1

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 Unitholders and the public fully informed of information that may have a material effect on the price or value of Sunway REITs 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 actively engages its stakeholders (including Unitholders, fund managers, analysts and the media) through its Investor Relations 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” on pages 194 to 197 of the 2020 Integrated Report of Sunway REIT.</p> <p>The Management and Investor Relations conduct roadshows together with senior Management and participates in one-on-one investor meetings, investor seminars and conferences to keep the market and investors apprised of its 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 Sunway REIT’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. Management makes available all of its media release to Bursa Malaysia through Bursa LINK or via Sunway REIT’s website at http://www.sunwayreit.com.</p> <p>In this financial year, the following engagement activities were 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; • 6 analysts’ briefings in relation to the quarterly financial results, acquisition of Sunway University and College campus, and 7th AGM; and • 1 analysts and fund managers’ briefing as well as property site visit to Sunway University and College campus. <p>As part of the effort in strengthening the relationship with the Unitholders, the Board is committed to continuously disclose and 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</p>

maintaining corporate credibility and investor confidence as well as to keep the Unitholders abreast of all material business matters affecting Sunway REIT. 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 Sunway REIT 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 Sunway REIT and has authorised the CEO as the primary spokesperson responsible for communicating information to all stakeholders including the public.

The Manager also maintains a corporate website for Sunway REIT, <http://www.sunwayreit.com> to disseminate information and enhance its investor relations practices. All disclosures, material information and announcements made to Bursa Securities via Bursa LINK are published on the website shortly after the same is released by the news wire service or the relevant authorities. Supplemental, non-material information will be posted on the website as soon as practicable after it is available.

The Investor Relations section on the website provides the Manager's investor relations efforts as well as all relevant information about Sunway REIT, 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 Sunway REIT 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 Sunway REIT'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 Sunway REIT.

In addition, the email address, name and contact number of the Manager's designated person is listed in Sunway REIT's website to enable the public to forward queries relating to Sunway REIT to

the Manager. Any enquiries on investor related matters of Sunway REIT may be directed to this email address, **irsunreit@sunway.com.my** or may also be conveyed to the following person:

Ms Crystal Teh Lay Ling
Senior Manager - Investor Relations
Tel No: (603) 5639 8864
Fax No: (603) 5639 8001
Email: crystalteh@sunway.com.my

The Board continues to maintain active engagement and is committed to transparent communication with Unitholders and investors. In this respect, investor relations programmes, discussions and dialogues are held with fund managers, financial analysts, Unitholders and the media to convey information about Sunway REIT's performance, corporate strategy and other matters affecting Unitholders' interests.

The Manager communicates information on Sunway REIT 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 Sunway REIT 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 Sunway REIT;
- Notices of, and explanatory notes for AGMs; and
- Sunway REIT's website at <http://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 Sunway REIT's website at <http://www.sunwayreit.com>. The Manager also continues to take the extra mile to inform investors in advance of the date of release of the quarterly results.

Unitholders are encouraged to attend the AGM and any Unitholders' meetings of Sunway REIT, 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 Sunway REIT's operational activities and financial position, raise questions or concerns with regards to Sunway REIT as well as to discuss any other important matters with the Management and the Board.

The notice of 7th AGM was given 33 days prior to the meeting, well in advance of the 21-day requirements under the Deed and the Listing Requirements. The additional time given to the Unitholders would allow them to make necessary arrangement to attend, participate and vote either in person, by corporate representative,

	<p>by proxy or by attorney as well as to exercise their ownership rights on an informed basis during the 7th AGM.</p> <p>The Board has also appointed Mr Elvin A/L Berty Luke Fernandez, an Independent Non-Executive Director as the Senior Independent Director of the Manager, to act as a designated contact 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 Sunway REIT, the Unitholders may convey to the Senior Independent Director of the Manager via the following channels:</p> <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>
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 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 11.2

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 Sunway REIT 2019 Annual Report 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 Sunway REIT; (ii) provide a complete and coherent view of the value creation process of Sunway REIT; and (iii) articulate the business strategy (short, medium and long-term) of Sunway REIT to their 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 disclosures to the stakeholders of Sunway REIT.</p>
Explanation for departure	:	-
<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

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

Practice 12.1

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 33 days was given to Unitholders for the 7th AGM held on 2 October 2019, 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 2019 Annual Report, to understand and consider the resolutions proposed, to make necessary arrangement 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 7th AGM.</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 Sunway REIT’s website at http://www.sunwayreit.com.</p> <p>An Administrative Guide, which furnished useful information regarding the conduct of the 7th AGM, together with the explanatory guide to the use of the electronic polling device were given to the Unitholders.</p> <p>The 7th AGM of Sunway REIT was held at Sunway Resort Hotel which is located within Sunway City which is easily accessible and familiar venue to most 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	:	-

Intended Outcome

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

Practice 12.2

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 in person at the 7th AGM to engage directly with Unitholders. 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 all resolutions, the Chairman of the 7th 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 Sunway REIT for FY2019 (ii) market outlook; and (iii) strategic direction of Sunway REIT moving forward. <p>The Chairman of the 7th AGM also invited Unitholders to raise questions relating to the resolutions tabled, before putting them to vote. Subsequent to the clarifications provided to the queries raised by the Unitholders, the meeting proceeded with the voting process.</p> <p>The Minutes of the 7th AGM was also made available on Sunway REIT’s website at http://www.sunwayreit.com for the information of all Unitholders.</p> <p>Furthermore, a full explanation was provided in the notice of the 7th AGM in respect of the special business items transacted. Besides that, Circulars to Unitholders in relation to the proposed renewal of Unitholders’ mandate for recurrent RPTs of a revenue of trading nature was issued in order to provide more comprehensive information of the general nature of the proposal to be transacted as well as to assist the Unitholders in understanding the proposals being deliberated and the implication of their decision 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 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

Application	:	Departure
Explanation on application of the practice	:	-
Explanation for departure	:	<p>Since the listing of Sunway REIT 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>To promote greater transparency and to allow for a more efficient and accurate voting system, the Manager has leveraged on technology to facilitate electronic poll voting with real-time polling results updated live for all Unitholders' ("e-polling") viewing. The Manager started the e-polling at Sunway REIT'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>All resolutions set out in the notice of 7th AGM 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>Sunway REIT's Share Registrar, Sunway Management Sdn Bhd has been appointed as Polling Administrator to conduct the polling process, and BDO Consulting Sdn Bhd as Independent Scrutineer to validate the poll results of 7th AGM.</p> <p>Prior to the commencement of the meetings, a tutorial video on how to use the e-polling device was shown. In addition, a dry run on the use of the e-polling device was conducted to ensure that all Unitholders and proxies were familiar with the e-polling device and procedure.</p> <p>At the beginning of the meeting, the Polling Administrator explained and demonstrated on how to use the e-polling device and the polling procedure in 3 languages, i.e. English, Malay and Chinese languages. The polling process was conducted immediately after the deliberation of each resolution. The poll results were instantaneously displayed on-screen which could be seen by everyone in the meeting room. The Chairman then declared whether the resolution was carried based on the poll results shown on the screen.</p>

	<p>During the 7th AGM, the Independent Scrutineer observed and witnessed the entire e-polling process starting from the registration of Unitholders and proxies until the end of the meetings.</p> <p>The poll results detailing the number of votes cast for and against each resolution and the respective percentages, which have been duly verified by the Independent Scrutineer, were announced via Bursa LINK on the same day the meetings were held after the close of trading for the benefits of all Unitholders.</p> <p>The Minutes of the 7th AGM was also made available on Sunway REIT's website at http://www.sunwayreit.com.</p> <p>The 7th AGM was held at Sunway Resort Hotel, which is located within Sunway City and are easily accessible to Unitholders.</p> <p>The Manager will use new technology to facilitate voting in absentia and remote Unitholders' participation at the forthcoming 8th AGM to be held on 2 October 2020.</p> <p>As an alternative to the recommended practice, Unitholders are allowed to appoint any person(s) as their proxies to attend, participate, speak and vote in his or her stead at all the general meetings.</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>: The Manager will implement remote online voting at the next AGM of Sunway REIT.</p>
<p>Timeframe</p>	<p>: Within 1 year</p>

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT 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.

Not applicable.
