

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5176
COMPANY NAME : Sunway Real Estate Investment Trust
FINANCIAL YEAR : 30 June 2019

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 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.

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 Real Estate Investment Trust ("Sunway REIT"), is:</p> <p>(i) ultimately responsible and accountable in promoting good corporate governance culture within Sunway REIT. It manages, governs, guides and monitors the direction of Sunway REIT with the objective of enhancing long term sustainable value creation to the stakeholders and delivering sustainable distribution and growth.</p> <p>In 2018, the Manager received 2 awards, namely National Annual Corporate Report Awards (NACRA) 2018, and The Asset Corporate Awards 2018, for the best in integrated reporting, governance and investor relations. This was a great encouragement to the Board to unreservedly committed to applying the principles and best practices of good governance in all of its business dealings and to ensure that Sunway REIT adhere to high standards of corporate governance at all times;</p> <p>(ii) responsible for formulating and setting the strategic direction, core values and growth strategies of Sunway REIT, mapping the strategic plans and overseeing the management of Sunway REIT; and</p> <p>(iii) responsible for monitoring the property manager's performances against approved key performance indicators ("KPIs") in order to meet the overall strategic objectives and targets of Sunway REIT as well as to ensure it operates with integrity and in compliance with all the applicable laws, rules and regulations.</p> <p>The Board has established the following committees to assist in discharging its duties and responsibilities. However, it bears ultimate responsibility for Sunway REIT's performances and core values:</p> <p>(i) Audit Committee ("AC");</p> <p>(ii) Nomination and Remuneration Committee ("NRC"); and</p> <p>(iii) Risk Management Committee ("RMC").</p>

The Committees shall 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 <https://www.sunwayreit.com>.

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

- (a) setting and adopting the vision, mission, objectives, goals and strategic plans for Sunway REIT with a view to maximising unitholders’ value;

The Manager has in place an annual 1-day Board meeting, before the start of the new financial year, to deliberate on the proposed operational strategies, strategic business plans as well as the financial forecasts and targets of each property of Sunway REIT.

At the Board meeting held on 4 June 2018, the Board reviewed and deliberated on the proposed annual business plan and budget for each of Sunway REIT’s properties for the financial year ended 30 June 2019 (“**FY2019**”). The Management Team, the Business Unit Management Team and the hotel operators were invited to present the overall financial performance for FY2018, the recommended strategies, proposed strategic business plans and proposed budget of the respective properties.

At the meeting, the Board was also briefed on the industry outlook and challenges using the SWOT analysis, the risk assessment of each property as well as the sustainability initiatives undertaken and to be undertaken in FY2019. The Board and Management had brainstorming session to strategise how the Manager could overcome the potential challenges faced, mitigate the risks identified as well as leverage on the sustainability initiatives undertaken for future growth of Sunway REIT.

The Board challenged the Management Team, the Business Unit Management Team and/or the hotel operators’ views and business plan assumptions in achieving the financial forecasts and targets as well as provided its guidance and feedbacks on each proposal presented for further improvement.

The proposed strategic business plan and the proposed budget for Sunway REIT and for each of its properties for FY2019 were subsequently approved by the Board for implementation.

In addition, the Manager had a 2-day strategy planning workshop on 30 June 2018 and 1 July 2018 to craft the long term strategic direction and goals for Sunway REIT up to financial year 2025 (“**FY2025**”). The Board and Management had intensive brainstorming to formulate long

term growth strategies for Sunway REIT. Key experts and researchers from Monash University were engaged to provide the Board and the Management Team a Global Macro-perspective of the REITs industry. The presentation included comparison of the major REIT regimes around the world, emerging trends in real estate, retail, office, healthcare market-spaces as well as its implications on Sunway REIT.

Following the consultation with Monash University and the 2-day strategy planning workshop, on 31 October 2018, the key experts and researchers from Monash University were invited to present to the Board on the strategic growth options and direction of Sunway REIT up to FY2025 ("**Strategic Direction FY2025**").

At the same meeting, the Management also briefed the Board on the following in respect of Sunway REIT after taking into consideration of the Strategic Direction FY2025:

- (i) setting strategic objectives and goals up to FY2025, formulating growth strategies as well as the acquisition plan in order to achieve the targeted property value of RM15 billion by FY2025;
- (ii) crafting a new portfolio model, to reposition itself from a retail-focused REIT to a diversified REIT; and
- (iii) amending the vision and mission statement.

Guidance, ideas and further feedbacks were provided to the Management in fine tuning the proposals. The aforesaid proposals were subsequently approved by the Board for adoption and implementation.

- (b) overseeing and evaluating the conduct and performance of Sunway REIT's business against budgets as well as the conduct of Sunway REIT's properties to evaluate whether they are properly managed to achieve its targeted returns;

The Chief Executive Officer of the Manager ("**CEO**"), with the support of the Management Team, has overall responsibility for the day-to-day management of the business and operation of Sunway REIT as well as the implementation of the Board's policies, directives, strategies and decisions.

On a quarterly basis, the CEO, together with the Chief Financial Officer of the Manager ("**CFO**") presented to the AC and the Board an overview of the financial performance of Sunway REIT against the approved FY2019 budget and business plan, the key updates in relation to the capital management and investor relation activities, highlighting concerns and issues faced, if any.

The AC and the Board, together with the Management reviewed and assessed the actual key financial performance metrics against the approved FY2019 budget, the results of the corresponding quarter of FY2018 and the immediate preceding quarter. Significant variances and

accompanying explanations were reported by the Management to the AC and the Board.

Besides this, the Board was also updated by the Management of key strategic initiatives undertaken, its development progress, and significant operational issues. A summary of the performance of each properties was also provided to the Board.

A total of 10 Board meetings and 5 AC meetings were held during the year under review, which were held on the following dates:

- (i) Board meetings – 23 July 2018, 9 August 2018, 26 September 2018, 31 October 2018, 1 November 2018, 10 December 2018, 14 February 2019, 8 April 2019, 2 May 2019 and 27 May 2019; and
- (ii) AC meetings – 9 August 2018, 1 November 2018, 10 December 2018, 14 February 2019 and 2 May 2019.

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

The Board, through the RMC sets risk tolerance levels, objectives, performance targets and policies to manage the key risks faced by Sunway REIT.

A risk management framework is in place to enable the RMC to identify, assess, mitigate and monitor the risks faced by Sunway REIT. The Board, through the RMC reviews and comments on the risk management report which highlighted the principal risks of Sunway REIT and the action plans to manage or mitigate the said risks on a half-yearly basis.

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 2019 Annual Report of Sunway REIT.

- (d) reviewing the adequacy and integrity of the internal control systems and management information systems of Sunway REIT as well as ensuring the adequacy and the integrity of the management information and internal control systems of Sunway REIT;

Through the AC, the Board oversees the management information, risk management 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, at the AC’s quarterly meetings, reported the audit findings arising from the internal audit activities conducted by her team. The AC then deliberated on the actions taken by the Management to address the issues highlighted in the audit findings. 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 ensure management action plans have been effectively implemented.

Minutes of each AC meeting were presented to the Board for discussion and notation. The Chairman of the AC reported the AC's recommendations for the Board's consideration and implementation as well as highlighting the significant matters and resolutions deliberated by the AC to the Board at its immediate subsequent meeting.

- (e) considering and approving the Management's recommendations on key issues, including investments, assets acquisitions and divestments, funding options, asset enhancement initiatives ("**AEIs**"), property development activities and significant capital expenditures ("**CAPEX**");

The Board considers and deliberates on Management's proposals before their implementation. Management updates the Board on the progress of the proposals at subsequent Board meetings.

During the financial year under review, the Board had deliberated and approved the following Sunway REIT's corporate proposals:

- (i) refurbishment of the grand ballroom, meeting and function rooms of Sunway Resort Hotel & Spa, which was completed in November 2018;
- (ii) proposed 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;
- (iii) proposed establishment and issuance of commercial papers under a commercial papers programme of up to RM3.0 billion in nominal value. The first issuance of the commercial papers was made on 1 April 2019;
- (iv) proposed acquisition of a purpose-built campus from Sunway Destiny Sdn Bhd ("**Proposed Acquisition**"), which was completed on 15 April 2019;
- (v) proposed establishment and issuance of perpetual notes under a perpetual notes programme of RM10.0 billion in nominal value ("**Perpetual Notes Programme**"). The first issuance of the perpetual notes was made on 15 April 2019;
- (vi) proposed redevelopment opportunity for Sunway Tower;
- (vii) acceptance of a foreign currency revolving credit facility of up to RM500 million, together with the cross currency swap contract offered by OCBC Bank (Malaysia) Berhad;
- (viii) amendments to the Policy Manual, which consists of existing 14 policies, and the introduction of additional 9 new policies; and
- (ix) appointment of Zerin Properties Urus Harta as the new Property Manager for Sunway REIT, in replacement of AREM (Malaysia) Sdn Bhd, whose term of appointment had expired on 30 June 2019.

On 31 October 2018 and 8 April 2019, the Board met with the joint principal adviser, joint lead arranger and joint lead manager in respect of the Perpetual Notes Programme.

On 9 August 2018, 10 December 2018, 14 February 2019, and 8 April 2019, the Board met with the independent valuer, principal adviser, legal adviser and independent adviser with regards to the Proposed Acquisition, particularly on the valuation of the subject property, the terms and conditions of the proposal, the estimated timeline and the independent evaluation of the proposal by independent adviser.

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

The Board actively participated in the discussions and provided constructive comments and recommendations to the Management on each proposal.

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

The Board was briefed on any changes to applicable laws, regulatory rules and guidelines as well as accounting standards at the quarterly Board meetings. The Board took note of the:

- (i) key amendments made to the deed dated 20 May 2010 and the supplemental deed dated 10 June 2010 (“**Deed**”) entered into between the Manager and RHB Trustees Berhad (“**Trustee**”) constituting Sunway REIT, which took effect from 18 September 2018;
- (ii) new key requirements introduced by the Guidelines on Listed Real Estate Investment Trusts (“**Listed REITs Guidelines**”) issued by the Securities Commission Malaysia (“**SC**”) on listed REITs;
- (iii) the relevant provisions of the Main Market Listing Requirements (“**Listing Requirements**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) in relation to listed REITs;
- (iv) corporate liability provision in the Malaysian Anti-Corruption Commission (Amendment) Act 2018 (“**MACCA 2018**”);
- (v) report from Bursa Securities of its assessment and findings on the sustainability practices and disclosures of Sunway REIT;
- (vi) new Malaysian Financial Reporting Standards (“**MFRS**”), i.e. MFRS 9: Financial Instruments and MFRS 15: Revenue from Contracts with Customers; and
- (vii) Corporate Governance Monitor 2019 released by the SC.

The Board took note of the Malaysian Code of Corporate Governance 2017 ("**MCCG 2017**") which was released on 26 April 2017 and has disclosed the required information to the extent practicable in the 2019 Annual Report of Sunway REIT.

In carrying out its governance oversight, the Board also emphasised the importance of embracing the integrity and ethical values across the Manager and Sunway REIT. On 14 February 2019, the Board was briefed by the IAD on the corporate liability provision introduced by the MACCA 2018 as well as the proposed implementation plan of the anti-bribery programme and the targeted implementation timeline. A comprehensive framework and programme would be launched to address the most prevalent forms of bribery relevant to Sunway REIT.

- (g) overseeing Management's performance and ensuring a sound succession plan for key positions within the Manager, including appointing, training, fixing their compensation.

The Board, through the NRC, oversees the management succession planning. In discharging its responsibility on succession planning, the NRC and the Board keep track of the succession plan for key management positions. At the NRC meeting held on 2 May 2019, the Director of Group Human Resources ("**Group HR**") presented potential candidates for succession to CEO and CFO positions. She gave the NRC assurance that all talents identified for Senior Management positions were of sufficient calibre and professionally qualified. The progress and development of these potential candidates were being monitored and tracked. The Board was satisfied that there were programmes in place to provide for the orderly succession of Senior Management.

On 2 May 2019, the NRC had reviewed the skills set and competencies of each Director, and hoped that the Board skills matrix report would serve to guide the Board in the selection of new Directors as well as to identify the Directors' future training and development needs.

On 6 February 2018, the Board, through the NRC, developed and agreed on the CEO and CFO's performance scorecard for year 2018 based on the strategic objectives, targeted growth in assets size, financial budgets and financial performance targets which were aligned to Sunway REIT's target and strategic business plan approved by the Board.

On 1 November 2018 and 14 February 2019, 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 provided the Board with its recommendation for the CEO and CFO's performance evaluation for decision.

	<p>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 https://www.sunwayreit.com.</p> <p>(h) overseeing the development and implementation of the investor relations and unitholder communications policy for Sunway REIT; and</p> <p>(i) ensuring sustainable business growth in order to create sustainable long term value creation for Sunway REIT.</p> <p>The Board is cognisant of the importance of business sustainability. In managing Sunway REIT’s business, the Board takes into consideration its impact on the environment and community in general. 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.</p> <p>The Board aims to make a positive impact on the local communities where Sunway REIT has a presence and believes that through the implementation of sustainability best practices, it will also create sustainable long-term value creation for Sunway REIT.</p> <p>The Manager has established a Sustainability Working Group to oversee, monitor and report all Corporate and Social Responsibility as well as business sustainability initiatives undertaken by the Manager to the Board.</p> <p>On 9 August 2018, 1 November 2018 and 14 February 2019, the Board had reviewed the Business Sustainability Reports of Sunway REIT prepared by the Sustainability Working Group. Moving forward, the Business Sustainability Report would be reported on a half-yearly basis.</p> <p>Details of the sustainability practices of Sunway REIT are as set out in the Sustainability Statement in the 2019 Annual 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 https://www.sunwayreit.com.</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 1.2

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. He is primarily responsible for setting a clear tone at the top and managing the Board’s effectiveness by focusing on strategy, governance and compliance matters of Sunway REIT.</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 https://www.sunwayreit.com, amongst others, are as follows:</p> <ul style="list-style-type: none"> (i) instills good corporate governance practices, leadership and effectiveness of the Board; (ii) ensures the integrity and effectiveness of the governance process of the Board; (iii) provides leadership for the Board so that the Board can perform its responsibilities effectively; (iv) sets the board agenda for each meeting and ensures that Board members receive complete and accurate information in a timely manner; (v) leads Board meetings and discussions to ensure effective debate and contribution from the Board members, efficient conduct of the Board’s function and meetings; (vi) promotes a conducive boardroom environment by encouraging active participation and allows dissenting views to be freely expressed; (vii) manages the interface between the Board and Management and promote constructive and respectful relations between Directors; (viii) ensures appropriate steps are taken to provide effective communication with unitholders and stakeholders and that their views are communicated to the Board as a whole; and (ix) leads the Board in establishing and monitoring good corporate governance practices in Sunway REIT. <p>Based on the results of the annual Director’s Peer Evaluation, the Board was satisfied that:</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	: -

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 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The positions of Chairman and CEO are separated and clearly defined. There is a balance of power and authority between the Chairman and the CEO with a clear division of roles and responsibilities between the running of the Board and the business of Sunway REIT respectively.</p> <p>Tan Sri Ahmad Bin Mohd Don is the Independent Non-Executive Chairman of the Board of the Manager, who is the primary person setting a clear tone at the top and managing the Board’s effectiveness by focusing on strategy, governance and compliance matters of Sunway REIT, while Dato’ Jeffrey Ng Tiong Lip is the Executive Director and CEO of the Manager, who with the support of the Management Team, spearheads the business and day-to-day management of the business and operations of Sunway REIT. This crucial partnership dictates the long-term success of Sunway REIT.</p> <p>Based on the annual Board Effectiveness Evaluation, the performances of the Chairman and the CEO were rated excellent.</p> <p>The division of the roles and responsibilities of the Chairman and the CEO has been clearly defined in the Board Charter of the Manager, which is available on Sunway REIT’s website at https://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 1.4

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 qualified to act as Secretary of the Manager under Section 235 of the Companies Act 2016. Both of them are Associate members of the Malaysian Institute of Chartered Secretaries and Administrators (“MAICSA”).</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 Board's and Sunway REIT's governance processes to ensure they are fit for purpose and recommend or develop initiatives to strengthen the governance of Sunway REIT.</p> <p>During the FY2019, the Company Secretaries:</p> <ul style="list-style-type: none">(i) prepared and circulated the annual meeting calendar in advance of FY2019;(ii) 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;(iii) attended all Board, Board Committees, general meetings 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;(iv) constantly keep themselves updated of the regulatory changes and corporate governance developments by attending workshops, conferences and training programmes organised by MAICSA, the SC, Companies Commission of Malaysia, Bursa Securities, etc.;(v) advised the Board on corporate disclosures, governance and compliance matters;(vi) facilitated the training and professional development programmes for all Directors, as required. The Directors were invited to attend a series of talk organised by Bursa Malaysia together with various professional associations and regulatory bodies, to update and deepen their knowledge and enhance their skills;(vii) monitored the number of directorships held by each Director to ensure compliance at all times. The list of directorships of

	<p>each Director was updated regularly and was tabled for the notation of the Board on a quarterly basis;</p> <p>(viii) facilitated the annual performance evaluation surveys of the Board, Board Committees, internal and external auditors;</p> <p>(ix) updated and advice the Board on new statutes, regulations and directives issued by regulatory authorities in carrying out its roles and responsibilities effectively;</p> <p>(x) monitored the development of corporate governance and assisted the Board in applying best practices to meet the Board and stakeholders' expectation;</p> <p>(xi) played an important role in ensuring that the due processes and proceeding for the 6th Annual General Meeting ("6th AGM") and Meeting of the Unitholders ("Unitholders' Meeting 2019") of Sunway REIT held on 26 September 2018 and 8 April 2019 respectively were in place. In collaboration with the Share Registrar, the appointed poll administrator and an external independent scrutineer implemented an electronic polling system at the 6th AGM and Unitholders' Meeting 2019. During the meetings, the Company Secretaries assisted the Chairman and the Board to conduct the meetings and the meeting proceedings were properly recorded in particular the questions raised by the unitholders. A copy each of the Minutes of 6th AGM and Unitholders' Meeting 2019 was published on Sunway REIT's website at https://www.sunwayreit.com;</p> <p>(xii) briefed the Board on the following developments in regulations and laws:</p> <p>(a) the gap analysis between the Manager's corporate governance practices against the MCCG 2017;</p> <p>(b) the Corporate Governance Monitor 2019 released by the SC; and</p> <p>(xiii) assisted the Board in the review of the Deed to ensure its compliance with the Listed REITs Guidelines, the Listing Requirements as well as other relevant laws and regulations. An amended and restated deed, constituting Sunway REIT, was executed by the Manager and Trustee on 18 September 2018.</p> <p>Based on the annual Board Effectiveness Evaluation, the Board was satisfied with the support rendered by the Company Secretaries in discharging its 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, 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>On 1 November 2018, the Schedule of Board and Board Committees Meetings for year 2019 as well as the 6th AGM were circulated to the Board before the beginning of the year to facilitate the Directors in planning ahead. Special meetings of the Board and its Committees are convened between the scheduled meetings as and when required. The schedule of pre-planned meetings of the Board and Board Committees, 6th 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>Notices and agenda of meetings duly endorsed by the Chairman together with a set of comprehensive meeting papers for each agenda item are distributed to the Directors at least 1 week or 5 business days prior to the meeting, to enable the Board sufficient time to review the matters to be deliberated and to allow for effective discussion and decision making during the meeting.</p> <p>Every Director has full, free and unrestricted access to information of the Manager and Sunway REIT. Where required, the Board and its Committees are provided with external independent professional advice with the cost 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>As part of Sunway REIT's green initiatives, the Manager has implemented paperless meetings where meeting papers are uploaded onto a secure platform and is accessible via laptop, tablet devices and mobile phone. The Directors are able to download and have access to the electronic meeting papers conveniently and immediately wherever they may be, thus improving Board performance and overall effectiveness of decision making. 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. The Board is supplied with quality and timely information, which allows it to discharge its responsibilities effectively and efficiently.</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 for updating the Board.</p> <p>Upon confirmation by the Board or Board Committees at the following meetings, the minutes will be signed by the Chairman of the said meeting as a correct record of the proceedings of the meeting. Actionable items 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.

Application	: Applied
Explanation on application of the practice	<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. It 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 managing Sunway REIT 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 Sunway REIT. The CEO, with the support of the Management team, has the executive responsibility for the day-to-day management of business and operation of Sunway REIT, and the execution of the policies, directives and strategies as approved by the Board and of 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 for Sunway REIT. 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 to Sunway REIT’s operations as well as for compliance with legislation and governance standards. The Board Charter and TOR were reviewed and amended by the Board on 2 May 2019 to ensure that they continue to remain relevant and appropriate.</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</p>

	<p>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 reports by the Chairman of the relevant Board Committees and the tabling of the minutes of the Board Committee meetings and circular resolutions passed by each Board Committee at the immediate subsequent 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>The Board and all employees of the Manager are committed to adhering to best practices in corporate governance and observing the highest standards of integrity and behaviour in all activities conducted by the Manager, including the interaction with its customers, suppliers, employees and business partners, and within the community and environment in which the Manager and Sunway REIT operate.</p> <p>The Board has established a Code of Conduct and Business Ethics Policy (“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 declaration 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 resources. 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 and appropriate agreed improvements and reporting procedures will be adopted where necessary to ensure it remains relevant and appropriate.</p> <p>The Code is available on Sunway REIT’s website at https://www.sunwayreit.com.</p>

	In addition, the Board had also reviewed a comprehensive anti-bribery programme proposed by the IAD and target to launch such programme by 2020 to instil business ethics practices as one of the key elements of business sustainability of Sunway REIT.	
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 3.2

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

Application	: Applied
Explanation on application of the practice	<p>The AC, the CEO 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 https://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 of Sunway REIT 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 to encourage its employees, and indeed anyone else, to report any breach or reasonably suspected wrongful malpractices or act without fear of reprisal so that the problem can be identified at an early stage and resolved quickly.</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 or profit centre manager before initiating the whistleblowing procedure.</p> <p>Any employee or member of the public who has knowledge or is aware of any improper conduct within Sunway REIT is encouraged to disclose through the following reporting channels:</p> <p>Whistleblowing hotline Tel: +603 5639 8311 E-mail: whistleblowing_S-REIT@sunway.com.my Fax: +603 5639 9605</p> <p>The faxes and emails to these channels will be directed to the Chairman of the AC, the CEO 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 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 to 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>
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 4.1

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 is led by an Independent Non-Executive Chairman and the Independent Directors made up 57% of the composition of the Board.</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 results from the latest assessment made, all the Independent Non-Executive Directors have:</p> <ul style="list-style-type: none"> (i) satisfied the independence test under the Listing Requirements; (ii) demonstrated independence and objectivity in the Board’s decision-making process, have given valuable feedback through sharing of knowledge and experience; and (iii) acted in the best interest of Sunway REIT as well as in safeguarding the interest of unitholders and stakeholders. <p>In addition, the composition of the Board fulfils the prescribed requirement for 1/3 of the Board to be Independent Directors. The appointment of Independent Directors is to ensure that the Board includes directors who can effectively exercise their best judgment objectively for the exclusive benefit of the Company and Sunway REIT.</p> <p>The composition of the Board reflects a diversity of age, backgrounds, skills, experiences and gender in the areas of business, economics, finance, legal, professional asset valuation and business strategy that contributes effectively in leading and directing the management and affairs 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

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 9 August 2018 assessed the independence of each Independent Directors based on a set of criteria as specified in Listing Requirements. Further, all the Independent Directors had given their confirmation on their independence pursuant to the Listing Requirements vide the annual Independent Directors' Self-Assessment Checklist and responses had been collated by the Company Secretary.</p> <p>During the financial year under review, there was 1 Independent Non-Executive Director who had served 9 years of tenure. The NRC had carefully re-assessed the effectiveness of the said Independent Director based on the annual Independent Directors Assessment Checklist and other criteria, such as his ability to 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 vast experiences and expertise had enabled the Board to discharged its duties effectively and in a competent manner; (ii) they have at all times acted in the best interest of Sunway REIT, providing independent views to the deliberations and decision making of the Board and Board Committees. They had fully understood and provided critical oversight over Sunway REIT’s objective and strategies as well as the business operation of the Sunway REIT; and (iii) they have proven to be reliable Independent Directors with their integrity, professionalism, aptitude and business outlook and perspectives. They had devoted sufficient time and attention to their professional obligations to achieve informed and balanced decision making and have also exercised due care and diligence during their tenure in the best interest of Sunway REIT and the unitholders.

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

<p>Measure</p>	<p>: 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 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>
<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 4.3 - 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.

Application	: Applied
Explanation on application of the practice	<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 sets out the criteria for assessment of the appropriateness of the board mix and composition.</p> <p>The NRC is tasked with the responsibility of sourcing and making a 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, Ms Yeo Kar Peng was appointed to the Board on 2 January 2019. Ms Yeo Kar Peng was nominated after the Management had reviewed and deliberated over a pool of potential candidates. Prior to the NRC meeting on 29 November 2018, the Management met with Ms Yeo Kar Peng in person to assess her background, skills and experiences. Ms Yeo Kar Peng was invited to the NRC meeting held on 29 November 2018 to provide the NRC with detailed background information about herself. Through the interview, the NRC was satisfied that based on Ms Yeo Kar Peng’s skills, character, expertise, experience, integrity, competence and capability, she would be able to discharge her role as a director of the Manager and contribute significantly to the Board and Sunway REIT. Subsequently, the NRC recommended the appointment of Ms Yeo Kar Peng as an Independent Non-Executive Director of the Manager for the Board’s approval.</p> <p>The Board believes that a board made up of highly qualified directors from diverse backgrounds, reflective of the changing demographics of the economy, practices better governance. It recognises that a diverse board is able to make decisions more effectively by reducing the risk of “groupthink”, paying more attention to managing and controlling risks, and having a better understanding of Sunway REIT. Hence, the Board is committed to encouraging diversity and inclusion in the workplace. It aims to create a culture that respects and values each other’s differences, promotes equality and diversity, and encourages individuals to</p>

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 Sunway REIT's businesses and goals. Nonetheless, the Board will also prioritise selection criteria based on an effective mix of competencies, skills, qualifications as well as relevant experiences and knowledge in order to strengthen the Board's effectiveness.

A Board Skills Matrix Report has also been developed, and used as a guidance in the selection of new Directors as well as to identify the Directors' future training and development needs.

The current diversity in the skills, experiences, age and gender of the existing Board is as follows:

No	Experience and skills	Percentage
1.	Strategy and entrepreneurship	80%
2.	Legal / Regulatory	80%
3.	Corporate governance, risk management and internal control	100%
4.	Audit, accounting, financial reporting and taxation	80%
5.	Human capital	80%
6.	Sales and marketing	60%
7.	Information technology	50%
8.	Production and quality assurance	80%
9.	Real Estate Evaluation	50%
10.	Property/Facility Management	60%
11.	Property Development	60%

No	Gender	Percentage
1.	Male	57%
2.	Female	43%

No	Age group	Percentage
1.	41 – 50	15%
2.	51 – 60	29%
3.	61 – 70	28%
4.	71 – 80	28%

Explanation for departure : -

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

Measure : -

Timeframe : -

Intended Outcome

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

Practice 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 a formal selection process and assessment criteria for appointment of new directors. It also sets out the criteria for assessment of the appropriateness of the board mix and composition.</p> <p>The Board is allowed to engage executive search firms and other channels such as professional bodies and non-governmental organisations to assist in finding candidates with the relevant skills and background.</p> <p>During the year under review, the Board had been sourcing through independent sources to identify Ms Yeo Kar Peng for appointment as a new Director to the Board.</p> <p>To ensure that Directors have sufficient time to fulfil their roles and responsibilities effectively, the criteria as agreed by the Board for determining candidates for the pool of potential Directors is that they must not hold directorships of more than five (5) public listed companies, which is consistent with the Paragraph 15.06 of the Listing Requirements. None of the Board members hold more than 5 directorships in public listed companies. Their directorships in public companies are set out in the Board of Directors' profile in the 2019 Annual Report 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

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	:	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 2019 Annual Report of Sunway REIT.	
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 Board, through 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 review of the desirable mix of competencies, qualification, knowledge, skills, expertise and personal traits of Directors and any gaps that exist in the optimum mix of skills required for the Board.</p> <p>The evaluation process is annually conducted and facilitated by the Company Secretaries. So far, the Board was satisfied with the current evaluation methodology as each director was able to provide candid, frank opinions and recommendations for themselves, their peers and also to improve the overall governance process of Sunway REIT.</p> <p>As such, the Board has decided to continue with the existing practice of Board assessment as the existing method proves to be relevant, suitable and comprehensive for Sunway REIT. External experts although independent, may not have requisite understanding of the needs of Sunway REIT. It will only consider engaging independent experts for the annual evaluation on periodical basis in future if it is necessary.</p> <p>The evaluation process started with the development of the assessment questionnaires by the Group Secretariat Department based on the recommended questionnaires published under the third edition of the Corporate Governance Guides issued by Bursa Malaysia Berhad. There were a total of 7 questionnaires/checklist being developed 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. <p>These questionnaires were tabled to the NRC for discussion and approval on 10 August 2017. The approved evaluation forms were</p>

uploaded onto a dedicated electronic application platform for assessment by the Directors. This process is undertaken at the last quarter of every financial year.

The annual Board effectiveness 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 assessments are used to identify the Board Committees' strengths and shortcomings as well as to recommend areas for improvement. 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 FY2018 were compiled by the Company Secretaries into summarised executive reports which were then tabled for review and discussion at the NRC meeting on 9 August 2018. Thereafter, the executive reports were presented to the Board for further deliberation. At the aforesaid Board meeting, all critical comments and recommendation 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.

A 360-degree assessment of the Directors' performance appraisal would be added to the existing evaluation process, in which directors would also receive feedback from the Senior Management. This would assist the Board members to improve their performance as well as identifying areas for improvement.

The Directors were satisfied with the performances and effectiveness of the Board and Board Committees. The Director's peer review indicated that all the Directors were of the view that each of them had performed their respective roles and functions effectively and responsibly during the FY2018. Each member was satisfied with each other's contribution in sharing their insights and 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.

Measure	:	The Board is satisfied with the present assessment approach and will continue the existing practice of conducting its annual evaluation facilitated by the Company Secretaries. The Board will consider engaging independent experts for the board performance evaluation when needed.	
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 6.1

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 remuneration of Directors and Senior Management, which takes into account the demands, complexities and performance of the Manager as well as skills and experience 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 https://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 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 scorecard for the CEO and CFO for year 2018 on 6 February 2018;
- (ii) reviewed mid-year performance of the CEO and CFO based on their 9-months performance indicators up to 30 September 2018 against their approved KPIs on 1 November 2018; and
- (iii) evaluated the CEO and CFO's final performance rating for year 2018 on 14 February 2019.

The NRC had determined and approved the salary increment and quantum of bonus payment in accordance with business justifications and bonus framework of Sunway Group. 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 business size.

For Independent Non-Executive Directors, the level of remuneration reflects their experience, 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. For purpose of ensuring independence of the Independent Non-Executive Directors, they are not eligible for employees' share option scheme.

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 https://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 key performance indicators (“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 AEs, 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 run Sunway REIT 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, 5 NRC meetings were held to deliberate on the following matters before recommending the same to the Board for approval:

- (i) on 9 August 2018, the NRC:
 - (a) assessed the annual performance of each individual Director;
 - (b) assessed the continued independence of each Independent Director;
 - (c) reviewed the skills, experiences and competencies of each individual Director and based thereupon, assessed the training needs of each individual Director;
 - (d) assessed the effectiveness of the Board, the AC and other Committees of the Board;
 - (e) reviewed and endorsed the NRC report, as contained in the Corporate Governance Overview Statement, for inclusion in the 2018 Annual Report of Sunway REIT;
- (ii) on 1 November 2018, the NRC:
 - (a) reviewed mid-year performance of the CEO and CFO based on the 9-months performance indicators up to 30 September 2018 against the approved KPIs as well as the proposed interim bonuses for the CEO and CFO;
 - (b) reviewed the proposed renewal of the employment contract for the CEO;
- (iii) on 29 November 2018, the NRC interviewed a potential candidate to be appointed to the Board and recommended the candidate to the Board for approval;
- (iv) on 14 February 2019, the NRC:
 - (a) evaluated the CEO and CFO's performance scorecard for year 2018, and thereupon proposed the final bonuses and salary increments for the CEO and CFO;
 - (b) reviewed the proposed KPIs and proposed performance scorecard for the CEO and CFO for year 2019;
 - (c) reviewed the succession plan for key positions within the Manager;
- (v) on 2 May 2019, the NRC:
 - (a) reviewed the succession plan and development programme for Senior Management;
 - (b) endorsed the retirement and re-election of the Directors pursuant to the Articles of Association of the Manager;
 - (c) reviewed the Board skills matrix report which sets out the skills sets and competencies of each Director;
 - (d) reviewed the Board and Board Committee's evaluation methodology for FY2019 and the performance evaluation forms and questionnaires for FY2019; and
 - (e) reviewed the proposed amendments to the TOR.

	<p>The Chief Human Resource Officer and/or Senior General Manager – Human Resource Services attended the abovementioned meetings at the invitation of the NRC.</p> <p>The Board was satisfied that the NRC has effectively and efficiently discharged its roles and responsibilities with respect to its nomination and remuneration functions.</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 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 aggregate remuneration paid to the Directors of the Manager who served during the financial year 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>18</td></tr><tr><td>2.</td><td>Elvin A/L Bertly Luke Fernandez</td><td>80</td><td>6</td><td>18</td></tr><tr><td>3.</td><td>Tengku Nurul Azian Binti Tengku Shahrman</td><td>80</td><td>3</td><td>18</td></tr><tr><td>4.</td><td>Yeo Kar Peng*</td><td>40</td><td>1</td><td>9</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>3</td><td>19</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>Other emoluments (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>811</td><td>320</td><td>1</td><td>8</td><td>2,015</td></tr></tbody></table> <p>Notes: * Appointed as an Independent Non-Executive Director of the Manager on 2 January 2019. # 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	18	2.	Elvin A/L Bertly Luke Fernandez	80	6	18	3.	Tengku Nurul Azian Binti Tengku Shahrman	80	3	18	4.	Yeo Kar Peng*	40	1	9	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	3	19	Name	Salary (RM'000)	Bonus (RM'000)	EPF (RM'000)	Other emoluments (RM'000)	Benefits-in-kind (RM'000)	Total (RM'000)	Dato' Jeffrey Ng Tiong Lip#	875	811	320	1	8	2,015
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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

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 industries in which the Manager is operating, the Manager faces challenges in attracting the right talent and retention. Therefore, the Board is of the opinion that disclosing the remuneration of senior management would be a disadvantage to the Manager as well as Sunway REIT.</p> <p>Further, 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 https://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 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 2019 Annual Report of Sunway REIT.</p> <p>During the financial year under review, the AC 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 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 Senior Independent Non-Executive Director</td> <td>Chairman</td> </tr> <tr> <td>2</td> <td>Tan Sri Ahmad Bin Mohd Don Independent Non-Executive Director</td> <td>Member</td> </tr> <tr> <td>3</td> <td>Ng Sing Hwa Non-Independent Non-Executive Director</td> <td>Member</td> </tr> <tr> <td>4</td> <td>Tengku Nurul Azian Binti Tengku Shahrman Independent Non-Executive Director</td> <td>Member</td> </tr> <tr> <td>5</td> <td>Yeo Kar Peng Independent Non-Executive Director (Appointed on 2 January 2019)</td> <td>Member</td> </tr> </tbody> </table> <p>The detailed report of the AC is set out in the 2019 Annual Report.</p>	No.	Director / Designation	Membership	1	Elvin A/L Berty Luke Fernandez Senior Independent Non-Executive Director	Chairman	2	Tan Sri Ahmad Bin Mohd Don Independent Non-Executive Director	Member	3	Ng Sing Hwa Non-Independent Non-Executive Director	Member	4	Tengku Nurul Azian Binti Tengku Shahrman Independent Non-Executive Director	Member	5	Yeo Kar Peng Independent Non-Executive Director (Appointed on 2 January 2019)	Member
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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

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.</p> <p>The TOR of the AC is set out at Sunway REIT’s website at https://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>It is stated in the TOR of the AC that the AC is responsible to assess the suitability, objectivity and independence of the external auditors annually.</p> <p>The Board, through the AC, maintains an appropriate, formal and transparent relationship with both internal and external auditors. Based on the TOR and Policy on Selection of External Auditors and a Non-Audit Services Policy, the AC annually assesses the suitability, objectivity and independence of the external auditors and ensures that there are proper checks and balances in place so that provision of such 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 external auditors shall 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 shall obtain 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>Pursuant to the Deed, the appointment of the external auditors for Sunway REIT, who may be nominated by the Manager, shall be approved by the Trustee and 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 https://www.sunwayreit.com.</p> <p>During the financial year under review, the AC, CEO, CFO and IAD on 9 August 2018 had assessed the suitability, objectivity and independence of the external auditors as well as the provision of non-audit services by the external auditors. The annual assessment of the external auditors 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 9 August 2018, the audit engagement partner, confirmed that pursuant to the By-Laws (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (“MIA”) and the</p>

	<p>International Ethics Standards Board for Accountants' Code of Ethics for Professional Accounts, BDO PLT were, and have been, independent for the purpose of the audit in accordance with the terms of relevant professional and regulatory requirements and were not aware of any matters that might impair their professional independence.</p> <p>Based on the aforesaid assessment and the independence confirmation, the AC recommended to the Trustee the re-appointment of BDO PLT as the external auditors of Sunway REIT for FY2019.</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 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

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 8.5

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 5 members, all of whom are Non-Executive Directors, with a majority of them being Independent 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 ("MICPA") and Ng Sing Hwa is a qualified Chartered Accountant and is a member of the MIA and the MICPA. 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:</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;(ii) ensuring the adequacy and effectiveness of the risk management and internal control systems;(iii) ensuring the performance of the external and internal audit functions; and(iv) evaluating the fairness and reasonableness of all related party transactions. <p>The detailed report of the AC's activities for FY2019 is set out in the AC Report in the 2019 Annual 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 professional competencies through appropriate continuing education programme; and(ii) been periodically briefed on the changes and impact on the financial statements as a consequence of the coming into

	<p>effect of relevant financial reporting standards by the CFO at the AC meetings held during the financial year.</p> <p>The Board, through its NRC, had on 9 August 2018 reviewed the performances of the AC for FY2018 and the skills, experiences and competencies possessed by the members of the AC through an annual AC effectiveness assessment. The Board was satisfied with the performance of the AC and its members in which, they have discharged their functions and carried out their duties and responsibilities in accordance with the TOR of the AC.</p> <p>The members of the Board, including 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. Please refer to the Board of Directors section of the Manager on Sunway REIT's website at https://www.sunwayreit.com for the details of the continuing education programmes that the Directors have attended for FY2019.</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>Sunway REIT’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 Sunway REIT’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>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> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Risk Category</th> <th style="text-align: left;">Risk Appetite</th> </tr> </thead> <tbody> <tr> <td>External</td> <td>Moderate</td> </tr> <tr> <td>Regulatory</td> <td>Low</td> </tr> <tr> <td>Legal</td> <td>Low</td> </tr> </tbody> </table>	Risk Category	Risk Appetite	External	Moderate	Regulatory	Low	Legal	Low
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	<p>Notwithstanding the aforesaid, the appropriate level of risk tolerance will depend on the nature of tasks or 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 Board has also established an internal audit function by setting up an IAD. The IAD assists the AC in reviewing, evaluating and monitoring the effectiveness of Sunway REIT's governance, risk management and internal control processes. The Internal audit reports encompassing the audit findings together with recommendations thereon prepared by the IAD 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 2019 Annual Report 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

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.

<p>Application</p>	<p>: Applied</p>
<p>Explanation on application of the practice</p>	<p>The Board is committed to continually improving the risk management framework, capabilities, and culture across Sunway REIT 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 9 August 2018 and 14 February 2019, 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. For the FY2019, the RMC has identified the following top risks for Sunway REIT:</p> <ul style="list-style-type: none"> (a) interest rate risk; (b) competitive and challenging market condition, i.e. hospitality and office segments; and (c) crisis management; and (d) operational machinery and equipment. <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>The Statement on Risk Management and Internal Control as set out in Sunway REIT’s 2019 Annual Report provides an overview of the state of risk management and internal control within Sunway REIT.</p>

	The IAD's functions and summary of its activities are set out in the AC Report in the 2019 Annual Report of Sunway REIT.	
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

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 Sunway REIT.</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 Non-Independent Non-Executive Director</td><td>Chairman</td></tr><tr><td>2</td><td>Tan Sri Ahmad Bin Mohd Don Independent Non-Executive Director</td><td>Member</td></tr><tr><td>3</td><td>Elvin A/L Berty Luke Fernandez Senior Independent Non-Executive Director</td><td>Member</td></tr><tr><td>4</td><td>Tengku Nurul Azian Binti Tengku Shahrman Independent Non-Executive Director</td><td>Member</td></tr><tr><td>5</td><td>Yeo Kar Peng Independent Non-Executive Director (Appointed on 28 June 2019)</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 https://www.sunwayreit.com.</p>	No.	Director / Designation	Membership	1	Ng Sing Hwa Non-Independent Non-Executive Director	Chairman	2	Tan Sri Ahmad Bin Mohd Don Independent Non-Executive Director	Member	3	Elvin A/L Berty Luke Fernandez Senior Independent Non-Executive Director	Member	4	Tengku Nurul Azian Binti Tengku Shahrman Independent Non-Executive Director	Member	5	Yeo Kar Peng Independent Non-Executive Director (Appointed on 28 June 2019)	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 Sunway REIT. 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 at Sunway REIT.</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 9 August 2018, the AC reviewed and approved the annual risk-based internal audit plan and scope of work for Sunway REIT for FY2019 (“IA Plan FY2019”). The IA Plan FY2019 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 FY2019 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 10 audit assignments were carried out for FY2019 covering the following areas:</p> <ul style="list-style-type: none"> (a) the internal control processes of the significant properties: <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, inventory management, and regular mystery shopping audits to detect and prevent risk of fraud and irregularities;

	<ul style="list-style-type: none"> • retail properties – audits on all the retail properties, focusing on key risk areas which included procurement, billing and collection processes, and review of major special projects such as mall expansion and refurbishment; • office properties – audit on office properties, focusing on procurement, billing and collection processes; and <p>(b) the internal controls over financial reporting process 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 FY2019 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>To ensure that the responsibilities of IAD are fully discharged, 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 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 FY2019 are as set out in the AC Report in the 2019 Annual 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

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 Sunway REIT 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, headed by the Senior Manager, Ms Khong Shiyi who has 14 years of audit experience, consists of 6 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 Certified Practising Accountants Australia (CPA), 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 in 2015 and continues to meet or exceed the IIA Standards in all key aspects.</p> <p>In accordance with the TOR, the AC had in the first quarter of FY2019 conducted an annual assessment of the performance of the internal audit function for FY2018. The results were compiled and tabled to the AC at its meeting held on 9 August 2018. The</p>

	<p>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 Sunway REIT are as set out in the AC Report in the 2019 Annual Report 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

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.

<p>Application</p>	<p>: Applied</p>
<p>Explanation on application of the practice</p>	<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 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.</p> <p>The Board through the Management oversees Sunway REIT’s corporate disclosure practices and has authorised the CEO as the primary spokesperson responsible for communicating information to all stakeholders including the public.</p> <p>Sunway REIT also maintains a corporate website, https://www.sunwayreit.com to disseminate information and enhance its investor relations. 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.</p> <p>There is an Investor Relations section on the website which provides 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.</p> <p>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.</p>

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: crystaltil@sunway.com.my

The Board continues to maintain constant dialogues and is committed to clear communication with unitholders and investors. In this respect, as part of Sunway REIT's 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.

In this financial year, the following engagement activities were held with the institutional investment community focused on effective communication:

- 37 meetings /conference calls with stockbroking company, fund management company and investment bank;
- 3 analysts' briefings in relation to the financial results, 6th AGM and Unitholders' Meeting 2019; and
- 8 properties site visits.

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;

	<ul style="list-style-type: none"> • Press releases on major developments of Sunway REIT; • Notices of, and explanatory memoranda for annual general meetings; and • Sunway REIT’s website at https://www.sunwayreit.com. <p>In addition to ensuring that a CD-ROM of the annual report is sent to all unitholders and quarterly results announced to Bursa Securities, Sunway REIT regularly updates its information on its website at https://www.sunwayreit.com. Sunway REIT also continues to take the extra mile to inform investors in advance of the date of release of the quarterly results.</p> <p>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 business 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.</p> <p>The notice of 6th AGM was given 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, by proxy or by attorney as well as to exercise their ownership rights on an informed basis during the 6th AGM.</p> <p>The Board has also appointed Mr Elvin A/L Bertly 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 Bertly Luke Fernandez, Senior Independent Director</p> <p>Fax : (603) 5639 9507</p> <p>Email: irsunreit@sunway.com.my</p>
Explanation for departure	-

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

Measure	:	-	
Timeframe	:	-	

Intended Outcome

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 between Sunway REIT and its unitholders and stakeholders, Sunway REIT has adopted and incorporated integrated reporting based on a globally recognised framework in its 2018 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 Sunway REIT 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>The notice convening the 6th AGM, together with 2018 Annual Report, was issued on 30 August 2018 well in advance of the 21-day requirements under the Deed and the Listing Requirements.</p> <p>The additional time given to the unitholders would allow them to have sufficient time to scrutinise the 2018 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 6th 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 https://www.sunwayreit.com.</p> <p>An Administrative Guide, which furnished useful information regarding the conduct of the 6th AGM, together with the explanatory guide to the use of the electronic polling device were given to the unitholders.</p> <p>The 6th AGM of Sunway REIT was held at Sunway Pyramid Convention Centre which is located within Sunway City which is easily accessible and familiar venue to most unitholders.</p> <p>A notice period of 33 days was given to shareholders for the upcoming 7th AGM to be held on 2 October 2019, which is more than the minimum 21 days of notice required under the Deed and Paragraph 7.15 of the Listing Requirements.</p> <p>Sunway REIT will strive to provide a notice period of at least 28 days to unitholders as its best practice.</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 6th AGM and Unitholders' Meeting 2019 to engage directly with unitholders, and be accountable for their stewardship of Sunway REIT. 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>The Chairman of the 6th AGM and Unitholders' Meeting invited unitholders to raise questions relating to the resolutions tabled, before putting them to vote.</p> <p>The proceedings of the Unitholders' Meeting 2019 included a presentation on an overview of the Proposed Acquisition, and a questions and answers session during which all the queries raised by the unitholders in relation to the Proposed Acquisition were responded. 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 6th AGM and the Unitholders' Meeting 2019 were also made available on Sunway REIT's website at https://www.sunwayreit.com for the information of all unitholders.</p> <p>Furthermore, a full explanation was provided in the notice of the 6th AGM and Unitholders' Meeting 2019 in respect of the special business items transacted. Besides that, Circulars to unitholders in relation to the proposed unitholders' mandate for recurrent RPTs of a revenue of trading nature, and the Proposed Acquisition were 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, Sunway REIT has leveraged on technology to facilitate electronic poll voting with real-time polling results updated live for all unitholders' ("e-polling") viewing. Sunway REIT started the e-polling at its 4th AGM held on 29 September 2016 for the first time.</p> <p>Sunway REIT has conducted e-polling at its 6th AGM and Unitholders' Meeting 2019. 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 notices of 6th AGM and Unitholders' Meeting 2019 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 had appointed its Share Registrar, Sunway Management Sdn Bhd as Polling Administrator to conduct the polling process, and BDO Governance Advisory Sdn Bhd and BDO Consulting Sdn Bhd as Independent Scrutineer to validate the poll results of 6th AGM and Unitholders' Meeting 2019 respectively.</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 meetings, 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</p>

	<p>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 6th AGM and Unitholders' Meeting 2019, 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 6th AGM and Unitholders' Meeting 2019 were also made available on Sunway REIT's website at https://www.sunwayreit.com.</p> <p>The 6th AGM and Unitholders' Meeting 2019 were held at Sunway Pyramid Convention Centre and Sunway Resort Hotel & Spa respectively, which are located within Sunway City and are easily accessible to unitholders.</p> <p>The Manager aims to leverage on technology to facilitate voting in absentia and remote unitholders' participation at Sunway REIT's future general meetings. This can only be implemented with a comprehensive system fit for this purpose.</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:</p> <ul style="list-style-type: none"> (i) look into a suitable and reliable system to facilitate voting in absentia and remote participation by unitholders; (ii) carefully consider all factors including all applicable requirements, necessary framework and processes, communication with unitholders as well as cyber security concerns in implementing the voting system; and (iii) closely monitor the development of this practice in the market for future consideration.
<p>Timeframe</p>	<p>: Within 3 years</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.
