

SUSTAINABILITY SCORECARD - GOALS AND TARGETS

GRI 2-20, 2-22

ACHIEVING NET ZERO CARBON EMISSIONS BY 2050

The negative effects of climate change have become more extreme in recent years, causing devastating natural disasters that threaten the lives and livelihoods of people. More recently, Malaysia was hit by one of the worst floods in decades and the amount of losses is still being counted at the time of reporting. As extreme weather events are expected to worsen, many countries including Malaysia have declared their support for the Paris Agreement, which calls for limiting global temperature rise to below 2.0°C compared to pre-industrial levels. In line with Malaysia’s commitment, Sunway REIT aims to achieve Net Zero Carbon Emissions by 2050 to combat climate change through robust policies and strategies that are guided by globally recognised frameworks. This includes reporting our disclosures in accordance with the recommendations of the TCFD. Our efforts towards achieving net zero carbon emissions will be supported by a stronger strategy in the management of our organisation. Going forward into 2022, we will be integrating sustainability into Senior Management performance evaluations and

Key Performance Indicators (KPIs) that are linked to remuneration. This includes linking the remuneration for senior executives to climate change performance and ESG performance, such as their management of Sunway REIT’s material sustainability risks and opportunities

SUSTAINABILITY-LINKED BOND

In supporting national and global decarbonisation goals, Sunway REIT has established and issued its inaugural Sustainability-Linked Bond (SLB) under the existing unrated medium-term notes (MTNs) programme of SUNREIT Unrated Bond Berhad (SUB). SUB has mandated OCBC Bank (Malaysia) Berhad (OCBC) as the sustainability structuring coordinator of the medium-term notes.

OCBC was also tasked to review the alignment of Sunway REIT’s overall sustainability agenda, encompassing its ESG initiatives, in accordance with sustainable financing principles developed by capital market regulators. In December 2021, SUB issued the first tranche of the SLB, which

features a pricing adjustment mechanism benchmarked against the achievement of the predetermined Sustainability Performance Targets (SPTs). The SPTs are measured against two selected Key Performance Indicators (KPIs), which are core, relevant and material to the business of Sunway REIT. The KPIs measure sustainability improvements of Sunway REIT in terms of renewable energy consumption and energy efficiency. The selected KPIs are:

- KPI 1: Annual Renewable Energy Generation (MWh) (primarily provided by existing rooftop solar photovoltaic (PV) system on Sunway university & college campus); and
- KPI 2: Building Energy Intensity (BEI) measured in terms of kWh/m²/year (the weighted average of Sunway Pyramid Shopping Mall, Sunway Carnival Shopping Mall and Sunway Putra Mall).

The success of the SLB issuance represents the next big step for Sunway REIT in integrating ESG practices at the heart of its financing strategy.

Legend: Progress Tracking




- Progressing with delays, to review current approach
- Progressing but slightly behind target, to increase efforts
- Progressing well and on track to achieve targets by 2030

ENVIRONMENTAL			
Future Value Goals	2030 Targets	FP2021 Performance (Jul 2020 - Dec 2021)	CY2021 Performance (Jan 2021 - Dec 2021)
Goal 1: Transforming Our Portfolio to Low-Carbon Assets Capital Natural Capital, Manufactured Capital, Social and Relationship Capital Material Issues Physical Impacts of Climate Change, Resource Management (Energy), Resource Management (Water), Pollution (Waste/Effluents), Pollution (Emissions)	To achieve average 4% reduction annually of Building Energy Intensity (BEI) from 2022 to 2030, starting from the Green Building Index’s BEI baseline minimum based on different business segments At least 25% of electricity from renewable energy source by 2030 (5% locally generated, 20% purchased from green sources/solar farms) 40% waste diverted from landfill by 2030	●●● (kWh/m ² /year) Office: 96 Retail: 185 Hotel: 186 ●●● 1.34% (3,094 MWh) of electricity was generated from our solar panels ●●● 6% waste diverted	●●● (kWh/m ² /year) Office: 90 Retail: 205 ¹ Hotel: 178 ●●● 1.38% (2,240 MWh) of electricity was generated from our solar panels ●●● 5% waste diverted

¹ Consist of Sunway Pyramid Shopping Mall, Sunway Carnival Shopping Mall, Sunway Putra Mall and Sunway Clio Property (Retail).
² Consist of Sunway Pyramid Shopping Mall, Sunway Carnival Shopping Mall and Sunway Putra Mall.

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ENVIRONMENTAL & SOCIAL			
Future Value Goals	2030 Targets	FP2021 Performance (Jul 2020 - Dec 2021)	CY2021 Performance (Jan 2021 - Dec 2021)
<p>Goal 2: Advocating a Responsible Value Chain</p> <p>Capital Natural Capital, Social and Relationship Capital</p> <p>Material Issues Indirect Economic Impact Resource Management (Material) Pollution (Emissions) Labour Standard and Practices</p> 	<p>To record measurable reduction in environmental impact from goods and services procured from suppliers</p> <hr/> <p>Zero tolerance for procurement of goods and services from suppliers that violate human rights throughout their supply chain processes</p>	<p>●●● 209 tonnes of CO₂e avoided due to the purchase of eco-label products</p> <hr/> <p>●●● Zero confirmed incidences of non-compliance with relevant laws, regulations and standards</p>	<p>●●● 209 tonnes of CO₂e avoided due to the purchase of eco-label products</p> <hr/> <p>●●● Zero confirmed incidences of non-compliance with relevant laws, regulations and standards</p>
SOCIAL			
<p>Goal 3: Investing in Community Inclusivity</p> <p>Capital Social and Relationship Capital, Human Capital</p> <p>Material Issues Indirect Economic Impact, Human Capital Development, Diversity and Inclusion, Labour Standard and Practices, Health and Safety, Community Enrichment, Customer Welfare</p> 	<p>To reach out and support 1 million beneficiaries by 2030</p> <hr/> <p>To support the national Shared Prosperity Vision 2030 in addressing inequalities, wealth and income disparities by providing support and assistance to the underserved and B40 communities in particular</p>	<p>●●● 319,000 beneficiaries</p>	<p>●●● 316,058 beneficiaries</p>
GOVERNANCE			
<p>Goal 4: Respecting Ethical Principles</p> <p>Capital Social and Relationship Capital</p> <p>Material Issues Indirect Economic Impact, Corporate Governance, Anti-Corruption, Business Ethics</p> 	<p>Zero tolerance for bribery and corruption</p>	<p>●●● Zero confirmed incidences</p>	<p>●●● Zero confirmed incidences</p>