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# **SUNWAY**<sup>®</sup>

## **REIT**

**SUNWAY REIT MANAGEMENT SDN BHD**  
Registration No. 200801005046 (806330-X)  
(Manager for Sunway Real Estate Investment Trust)

# **REMUNERATION POLICY FOR DIRECTORS AND SENIOR MANAGEMENT**

COMMITTED TO  
**SUSTAINABLE DEVELOPMENT GOALS**



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*As at 9 November 2021*

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## 1. INTRODUCTION

The Nomination and Remuneration Committee (the “**Committee**”) of Sunway REIT Management Sdn Bhd (“**Company**”) is responsible to review and recommend to the Board of Directors (“**Board**”) the remuneration for the Non-Executive Directors, Executive Director and Senior Management with the aim of attracting, retaining and motivating individuals of good caliber to drive and pursue the long term growth objectives of the Company.

Senior Management shall refer to the Chief Executive Officer and Chief Financial Officer of the Company, or by whatever name called.

The objective of this policy is to outline the principles for the Committee to determine and propose an appropriate level of remuneration for the Directors and Senior Management.

## 2. REMUNERATION STRUCTURE FOR NON-EXECUTIVE DIRECTORS

The remuneration for Non-Executive Directors should take into account fee levels and trends for similar positions in the market and the time commitment required from the Non-Executive Directors as well as additional responsibilities undertaken by the Non-Executive Directors.

The Non-Executive Directors shall be:

- (i) paid by way of fixed annual board fee, and committee fee for either being the chairperson or member of the Audit Committee for their services rendered;
- (ii) paid meeting attendance allowance for each Board and Board Committee meetings attended; and
- (iii) reimbursed for all their travelling, hotel and other expense properly and necessarily expended by them in and about the business of the Company including their travelling and other expenses incurred in attending the meetings of the Board or any Board Committees of the Company.

The payment of the Directors’ fees and other benefits payable for the Non-Executive Directors are subject to annual shareholders’ approval at the annual general meeting of the Company.

## 3. REMUNERATION STRUCTURE FOR EXECUTIVE DIRECTOR AND SENIOR MANAGEMENT

The remuneration should be set at a competitive level for similar roles within comparable markets to recruit and retain high quality Executive Director and Senior Management. Individual pay levels should reflect the performance of the individual, skills and experience as well as responsibility undertaken.

The measurement of Executive Director and Senior Management’s performance is based on a balanced scorecard approach. The Key Performance Indicators (KPIs) for their performance are mainly arranged under 3 categories, i.e. Group Financials, Group/Business Units’ Strategic Initiatives and Organisation Effectiveness.

In line with the Company’s commitment in addressing sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success, a 10-year Sustainability Goals & Targets was developed by the Group Sustainability Committee (GSC) and Group Human Resources (GHR). These Goals and Targets were tabled and approved by the Sunway Berhad Sustainability Board in 2020.

Effective 2021, with reference to the company’s 2030 Sustainability Goals & Targets, a set of KPIs related to ESG (Environment, Social and Governance) is officially introduced into the Executive Director and Senior Management’s scorecards, under the Organisation Effectiveness category. The achievements of these KPIs will have a weightage of minimally or more than 10% on the scorecard, which will subsequently impact the overall rating and remuneration of the respective Directors.

The remuneration structure is designed to ensure alignment with shareholders' interest in driving the Company's performance via pay-for-performance principle and comprises principally the following components:

### 3.1 Fixed components

Fixed monthly salary for Executive Director and **Senior** Management are set according to:

- Job nature of the position including responsibility and complexity;
- Level of skills and experiences; and
- Other market conditions.

### 3.2 Variable components

Performance-based remuneration, e.g. short term incentive – bonus, and long term incentive – share options, if any, are determined based on:

- Individual performance indicators; and
- Individual overall contribution to the Company.

Goals and performance expectation are set at the beginning of the year and will be reviewed mid and end of the year. The Company adopts pay-for-performance philosophy. There is a transparent performance-linked rewards framework in place.

### 3.3 Benefits components

Common benefits, e.g. annual leave, Employee Provident Fund (EPF), medical and life insurance, staff purchase discounts and perquisites, e.g. company car / car allowance, club subscription and driver.

## 4. BENCHMARKING AND ANNUAL REVIEW OF THE REMUNERATION STRUCTURE FOR EXECUTIVE DIRECTOR AND SENIOR MANAGEMENT

As a good practice, the Company participates in total rewards survey exercises organised by the consulting companies every year. The data or results released by the consulting companies will then be used as the data sources for benchmarking exercises. The benchmarking exercises are conducted to assess the Company's competitiveness level in the market.

For Executive Director and Senior Management, the Company uses a bonus framework developed by credible consulting companies as a guideline for base recommendation.

Taking into consideration the market benchmarks and bonus frameworks, level of responsibility, individual's experience, expertise and performance as well as the Company's overall performance, the Committee will review and make an informed decision on the remuneration package for Directors and Senior Management.

## 5. REVIEW OF THE POLICY

This Remuneration Policy for Directors and Senior Management was adopted by the Board on 3 May 2018 and last revised on 9 November 2021. Any subsequent amendment to the policy can only be approved by the Board.

The Board will review this policy periodically or as changes arise to ensure that it remains relevant.

The Remuneration Policy for Directors and Senior Management is available on Sunway REIT's website at <https://www.sunwayreit.com>.