

## Welcome to your CDP Water Security Questionnaire 2022

### W0. Introduction

#### W0.1

**(W0.1) Give a general description of and introduction to your organization.**

Sunway REIT Management Sdn Bhd (The Manager) is submitting on behalf of Sunway Real Estate Investment Trust (Sunway REIT). Sunway REIT established a Sustainability Committee comprising Board Members, responsible for oversight and strategic management of sustainability matters in Sunway REIT, ensuring that our sustainability strategy, goals, targets, and progress are aligned with Sunway Berhad's sustainability commitment and strategy.

Sunway Real Estate Investment Trust (Sunway REIT or Trust) is one of the largest diversified real estate investment trusts (REITs) in Malaysia with a diverse portfolio strategically located across award-winning integrated townships in key locations in Greater Kuala Lumpur, Penang and Perak.

Sunway REIT owns a portfolio of 18 assets comprising 4 retail malls, 6 hotels, 5 offices, a medical centre, an industrial property and an education asset with a combined property value of RM8.7 billion as at 31 December 2021. Sunway REIT's assets are primarily located in Sunway City Kuala Lumpur (Sunway City) where its flagship asset, Sunway Pyramid Shopping Mall, is located. Other assets in Sunway City include Sunway Resort Hotel, Sunway Pyramid Hotel, Sunway Clio Property (comprising Sunway Clio Hotel and Sunway Clio Retail), Menara Sunway, The Pinnacle Sunway, Sunway Medical Centre (Tower A & B) and Sunway university & college campus.

Sunway REIT owns four properties in Kuala Lumpur, namely Sunway Tower and the remaining three assets which constitute part of the 3-in-1 integrated development, Sunway Putra. Sunway Putra consists of Sunway Putra Mall, Sunway Putra Hotel and Sunway Putra Tower.



Sunway REIT also owns two properties in Shah Alam, namely, Wisma Sunway and Sunway REIT Industrial – Shah Alam 1. In the northern region, Sunway REIT owns SunCity Ipoh Hypermarket in Perak, as well as Sunway Hotel Seberang Jaya, Sunway Hotel Georgetown and Sunway Carnival Shopping Mall in Penang.

Sunway REIT was listed on the Main Market of Bursa Malaysia Securities Berhad (Bursa Malaysia) on 8 July 2010. The market capitalisation of Sunway REIT stood at RM4.8 billion as at 31 December 2021. Sunway REIT is a component of FTSE Bursa Malaysia Mid 70 Index, FTSE Bursa Malaysia Top 100 Index, FTSE Bursa Malaysia Emas Index, FTSE ASEAN All-Share Index, FTSE ASEAN All-Share ex Developed Index, FTSE ASEAN Malaysia Index, FTSE4Good Bursa Malaysia Index, Bursa Malaysia REIT Index, GPR APREA Composite REIT Index - Malaysia, FTSE EPRA/NAREIT Global REIT Index, FTSE EPRA/NAREIT Global Index, FTSE EPRA/NAREIT Asia ex Japan Index, FTSE EPRA/NAREIT Asia Pacific Index, FTSE EPRA/NAREIT emerging REIT Index and MSCI Malaysia Small Cap Index.

## W0.2

**(W0.2) State the start and end date of the year for which you are reporting data.**

	Start date	End date
Reporting year	January 1, 2021	December 31, 2021

## W0.3

**(W0.3) Select the countries/areas in which you operate.**

Malaysia

## W0.4

**(W0.4) Select the currency used for all financial information disclosed throughout your response.**

MYR



## W0.5

**(W0.5) Select the option that best describes the reporting boundary for companies, entities, or groups for which water impacts on your business are being reported.**

Companies, entities or groups over which operational control is exercised

## W0.6

**(W0.6) Within this boundary, are there any geographies, facilities, water aspects, or other exclusions from your disclosure?**

No

## W0.7

**(W0.7) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?**

Indicate whether you are able to provide a unique identifier for your organization.	Provide your unique identifier
Yes, an ISIN code	MYL5176TO001

## W1. Current state

### W1.1

**(W1.1) Rate the importance (current and future) of water quality and water quantity to the success of your business.**

	Direct use importance rating	Indirect use importance rating	Please explain

<p>Sufficient amounts of good quality freshwater available for use</p>	<p>Vital</p>	<p>Important</p>	<p>Water is an essential natural resource for every community and industry. While Sunway REIT’s businesses are not water-intensive, water is vital for smooth daily operations in our Hotel and Retail segments. Any disruptions to our water supply will impact our tenants, hotel guests and our businesses, potentially exposing the Company to reputational and financial risks.</p> <p>We are cognisant of our role in ensuring efficient water management and have taken a proactive approach in conserving the natural resource by embedding water-saving initiatives in our daily operations. We have also aligned our water management with Sunway Berhad’s Water Management Policy. We do not operate in water-stress areas and all our wastewater is discharged via the public wastewater management system.</p>
<p>Sufficient amounts of recycled, brackish and/or produced water available for use</p>	<p>Not very important</p>	<p>Not very important</p>	<p>We are cognisant of our role in ensuring efficient water management and have taken a proactive approach in conserving the natural resource by embedding water-saving initiatives in our daily operations. We have also aligned our water management with Sunway Berhad’s Water Management Policy. We do not operate in water-stress areas and all our wastewater is discharged via the public wastewater management system. The best practice instilled at our properties are to install water-efficient fittings such as sensor taps, new faucets and water-efficient taps to ensure efficient water usage.</p> <p>Apart from municipal potable water, we consume water from alternative water sources including lake water and rainwater. The harvested rainwater is utilised mainly for non-essential usage at our operational sites, such for cleaning outdoor areas, landscape maintenance and flushing toilets, thus reducing our dependence on municipal supply.</p>

## W1.2

**(W1.2) Across all your operations, what proportion of the following water aspects are regularly measured and monitored?**

	% of sites/facilities/operations	Please explain
Water withdrawals – total volumes	100%	The majority of our business divisions consume water from municipal water supplies and some of our operational sites consume water from harvested rainwater, groundwater and lake water. The withdrawals from each source is measured and monitored regularly.
Water withdrawals – volumes by source	100%	<p><b>Municipal potable water</b> The total withdrawal from municipal water supplies are recorded in the form of monthly utility bills issued by the respective state’s municipal water supplier.</p> <p><b>Lake water</b> The water from Sunway South Quay lake (situated in Sunway City Kuala Lumpur) is treated by our own water treatment plant and supplied to Sunway’s managed properties within Sunway City Kuala Lumpur. The amount of water produced and supplied to the properties is measured and monitored regularly through water meter readings. The lake water is also utilised for landscape watering and is measured based on the estimated amount supplied to the landscape tanker lorry.</p> <p><b>Rainwater harvesting</b> Rainwater harvesting system is implemented at some of our managed properties, where practicable. The amount of harvested rainwater is measured through water meter readings.</p>
Water withdrawals quality	100%	Since the majority of our business divisions consume water from municipal water supplies, the respective municipal water supplier is responsible to measure and monitor the quality of the water.
Water discharges – total volumes		

Water discharges – volumes by destination		
Water discharges – volumes by treatment method		
Water discharge quality – by standard effluent parameters		
Water discharge quality – temperature		
Water consumption – total volume	100%	The majority of our business divisions consume water from municipal water supplies and some of our operational sites consume water from harvested rainwater, groundwater and lake water
Water recycled/reused	Not relevant	There is no direct recycling and reuse of water at our managed buildings, hence water recycled/reused is not measured
The provision of fully-functioning, safely managed WASH services to all workers	100%	Sunway's managed properties are supplied with potable water from municipal suppliers which are provided with adequate water, sanitation and hygiene (WASH) services based on regulatory requirements. The services are accessible to all employees, tenants, visitors and customers.

## W1.2b

**(W1.2b) What are the total volumes of water withdrawn, discharged, and consumed across all your operations, and how do these volumes compare to the previous reporting year?**

	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Total withdrawals	1,606	Lower	The overall water consumption in CY2021 showed a decrease compared to FY2020 performance due to the current MCO. The water consumption for FY2022 may change subject to the restriction or relaxation of business operation matters.



Total discharges			
Total consumption	1,606	Lower	The overall water consumption in CY2021 showed a decrease compared to FY2020 performance due to the current MCO. The water consumption for FY2022 may change subject to the restriction or relaxation of business operation matters.

### W1.2d

**(W1.2d) Indicate whether water is withdrawn from areas with water stress and provide the proportion.**

	Withdrawals are from areas with water stress	Identification tool	Please explain
Row 1	No		We do not operate within water stress area

### W1.2h

**(W1.2h) Provide total water withdrawal data by source.**

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Relevant	814	Lower	Source from water treatment plant and rain water harvesting
Brackish surface water/Seawater	Not relevant			
Groundwater – renewable	Not relevant			
Groundwater – non-renewable	Not relevant			

Produced/Entrained water	Not relevant			
Third party sources	Relevant	1,606	Lower	Source municipal water supplies

### W1.3

**(W1.3) Provide a figure for your organization’s total water withdrawal efficiency.**

	Revenue	Total water withdrawal volume (megaliters)	Total water withdrawal efficiency	Anticipated forward trend
Row 1	676,558,000	1,606	421,268.99128269	<p>The overall water consumption in CY2021 showed a decrease compared to FY2020 performance due to the current MCO. The water consumption for FY2022 may change subject to the restriction or relaxation of business operation matters. The water use intensity of all business segments decreased in FP2021 likely due to lesser water consumption during the MCO. We continued to increase our efforts to reduce water consumption from the municipal potable water supply.</p> <p>Sunway Berhad Water Management Policy</p>

### W1.4

**(W1.4) Do you engage with your value chain on water-related issues?**

Yes, our suppliers

### W1.4a

**(W1.4a) What proportion of suppliers do you request to report on their water use, risks and/or management information and what proportion of your procurement spend does this represent?**



## Row 1

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### **% of suppliers by number**

76-100

### **% of total procurement spend**

76-100

### **Rationale for this coverage**

Sunway REIT has adopted the 17 United Nations Sustainable Development Goals (UNSDGs) and is committed to establish a best practice approach to sustainable procurement. In line with the commitment, we have developed a Sustainable Procurement Policy. This policy shall cover all employees of Sunway Group. This Policy is also applicable to the following external parties; including but not limited to Sunway Group's suppliers.

### **Impact of the engagement and measures of success**

At Sunway REIT, responsible sourcing goes beyond appointing suppliers who demonstrate sustainability practices. Our approach is both external and internal, whereby we not only assess and guide our suppliers in ESG-compliance, but also provide sustainability training to our employees to ensure a robust and sustainable supply chain in our value creation journey.

The supplier selection process will favor suppliers that adopt sustainability practices in their organisation based on the following categories:

#### a) Environmental

- i. Minimizes environmental footprint of the goods and services over the life cycle (e.g. choosing products and services that have lower adverse impacts associated with any stage in their production, use or disposal.)
- ii. Environmental footprint includes but not limited to climate change, energy use, water use and biodiversity.
- iii. Provides goods and services that are certified with eco labels.
- iv. Introduces take-back service<sup>3</sup> at the products' end of life.

#### b) Social

- i. Provides a non-discriminatory, healthy and safe environment to the employees.
- ii. Supports the right to freedom of association and collective bargaining.
- iii. Provides goods and services that are certified with social labels.
- iv. Prohibits slavery and use of forced or child labor across supply chain.

v. Zero tolerance on supplier violation of Employment Act 1955.

In 2020, Sunway Berhad developed a Sustainable Procurement Policy to establish a best practice approach to sustainable procurement. In 2021, Sunway REIT adopted the policy and required all suppliers who completed the supplier registration forms to declare their current ESG practices via Supplier Environmental and Social Risk Assessment forms. The information provided was recorded and kept by all business segments. We introduced sustainable procurement best practices to our employees and suppliers.

Our suppliers are able to refer to the Sustainable Procurement Policy as a guideline to benchmark their ESG practices against industry best practices. All Sunway REIT suppliers must comply with all relevant laws, regulations and standards, and any supplier found to have violated these will be removed from our supply chain. In addition, the inspection audit checklist for suppliers is being updated to incorporate sustainability criteria. Our suppliers are given equal access to purchasing opportunities via credibility screening

#### **Comment**

Which involves a tendering and bidding process that is done both online and offline, guided by transparent procurement policies and practices.

They are also required to:

- Comply with Sunway REIT's Supplier Code of Conduct and Sustainable Procurement Policy
- Comply with all relevant ethical laws and regulations, including fair trade practices and intellectual property rights

## **W1.4b**

**(W1.4b) Provide details of any other water-related supplier engagement activity.**

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#### **Type of engagement**

Onboarding & compliance

#### **Details of engagement**

Other, please specify

Sustainable Procurement Policy and Supplier Environment and Social Risk Assessment



**% of suppliers by number**

76-100

**% of total procurement spend**

76-100

**Rationale for the coverage of your engagement**

Sunway REIT has adopted the 17 United Nations Sustainable Development Goals (UNSDGs) and is committed to establish a best practice approach to sustainable procurement. In line with the commitment, we have developed a Sustainable Procurement Policy. This policy shall cover all employees of Sunway REIT. This Policy is also applicable to the following external parties; including but not limited to Sunway Group's suppliers.

**Impact of the engagement and measures of success**

At Sunway REIT, responsible sourcing goes beyond appointing suppliers who demonstrate sustainability practices. Our approach is both external and internal, whereby we not only assess and guide our suppliers in ESG-compliance, but also provide sustainability training to our employees to ensure a robust and sustainable supply chain in our value creation journey.

The supplier selection process will favor suppliers that adopt sustainability practices in their organisation based on the following categories:

a) Environmental

- i. Minimizes environmental footprint of the goods and services over the life cycle (e.g. choosing products and services that have lower adverse impacts associated with any stage in their production, use or disposal.)
- ii. Environmental footprint includes but not limited to climate change, energy use, water use and biodiversity.
- iii. Provides goods and services that are certified with eco labels.
- iv. Introduces take-back service at the products' end of life.

b) Social

- i. Provides non-discriminatory, healthy and safe environment to the employees.
- ii. Supports the right to freedom of association and collective bargaining.
- iii. Provides goods and services that are certified with social labels.
- iv. Prohibits slavery and use of forced or child labor across supply chain.

v. Zero tolerance on supplier violation of Employment Act 1955.

Suppliers are advised to make a declaration if they are aware that their products consist of hazardous components and/or materials (e.g. chemicals, toxic, require special handling of waste).

In 2021, Sunway REIT adopted the policy and required all suppliers who completed the supplier registration forms to declare their current ESG practices via Supplier Environmental and Social Risk Assessment forms. The information provided was recorded and kept by all business segments. We introduced sustainable procurement best practices to our employees and suppliers. Our suppliers are able to refer to the Sustainable Procurement Policy as a guideline to benchmark their ESG practices against industry best practices. All Sunway REIT suppliers must comply with all relevant laws, regulations and standards, and any supplier found to have violated these will be removed from our supply chain.

#### **Comment**

## **W2. Business impacts**

### **W2.1**

**(W2.1) Has your organization experienced any detrimental water-related impacts?**

Yes

### **W2.1a**

**(W2.1a) Describe the water-related detrimental impacts experienced by your organization, your response, and the total financial impact.**

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**Country/Area & River basin**

**Type of impact driver & Primary impact driver**

Acute physical  
Flood (coastal, fluvial, pluvial, groundwater)

**Primary impact**

Increased operating costs

**Description of impact**

Climate Value-at-Risk (VaR) report by JSC  
Physical Risks

From the assessment, all Sunway REIT properties are exposed to the following climate-related physical risks, where 10 of the properties have Low VaR and eight properties have Medium VaR:

- Flash flood in times of heavy rain
- Water seepages in times

Additionally, five of the 18 properties are vulnerable to SLR that will cause coastal and riverine floods to become more likely and more severe for properties that are low-lying and close to the coast or river.

**Primary response**

Other, please specify

Continuous monitoring of drains and gutters to ensure that they are clear, If economically viable, permanently stop water seepages from external gaps, o If practicable, increase the drainage and gutter system's maximum capacity

**Total financial impact**

**Description of response**

Based on the VaR assessment, these following mitigation steps can be considered minimize risks to the portfolios:

- Continuous monitoring of drains and gutters to ensure that they are clear
- If economically viable, permanently stop water seepages from external gaps

- If practicable, increase the drainage and gutter system's maximum capacity
- Set an annual agenda to review the status of the physical risks above for the entire portfolio

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## Country/Area & River basin

### Type of impact driver & Primary impact driver

Acute physical  
Pollution incident

### Primary impact

Increased operating costs

### Description of impact

Pollution at water source results in the shutdown of operation of the municipal supply in order to treat the water.

### Primary response

Secure alternative water supply

### Total financial impact

### Description of response

Sunway REIT aligned with Sunway Berhad's Water Management Policy to move towards best water management practices. The policy ensures that the Group is committed to:

- Reviewing and addressing water-related risks and opportunities regularly
- Ensuring regulatory compliance across all buildings and operation sites
- Ensuring effluents discharged at buildings and operation sites are within permissible limits
- Ensuring every Standard Operating Procedure is in place to address water crises in every business division
- Ensuring water-efficient fittings at all buildings and operation sites to optimise water consumption

Sunway Berhad Water Management Policy (<https://www.sunway.com.my/wp-content/uploads/2021/12/Sunway-Berhad-Water-Management-Policy-211015.pdf>)

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**Country/Area & River basin**

**Type of impact driver & Primary impact driver**

Chronic physical

Rationing of municipal water supply

**Primary impact**

Increased operating costs

**Description of impact**

Pollution at water source results in the shutdown of operation of the municipal supply in order to treat the water.

**Primary response**

Secure alternative water supply

**Total financial impact**

**Description of response**

Sunway REIT aligned with Sunway Berhad's Water Management Policy to move towards best water management practices. The policy ensures that the Group is committed to:

- Reviewing and addressing water-related risks and opportunities regularly
- Ensuring regulatory compliance across all buildings and operation sites
- Ensuring effluents discharged at buildings and operation sites are within permissible limits
- Ensuring every Standard Operating Procedure is in place to address water crises in every business division

- Ensuring water-efficient fittings at all buildings and operation sites to optimise water consumption

Sunway Berhad Water Management Policy (<https://www.sunway.com.my/wp-content/uploads/2021/12/Sunway-Berhad-Water-Management-Policy-211015.pdf>)

## W2.2

**(W2.2) In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?**

No

## W3. Procedures

### W3.3

**(W3.3) Does your organization undertake a water-related risk assessment?**

Yes, water-related risks are assessed

### W3.3a

**(W3.3a) Select the options that best describe your procedures for identifying and assessing water-related risks.**

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**Value chain stage**

Direct operations

**Coverage**

Full



**Risk assessment procedure**

Water risks are assessed as part of other company-wide risk assessment system

**Frequency of assessment**

Not defined

**How far into the future are risks considered?**

More than 6 years

**Type of tools and methods used**

Other

**Tools and methods used**

Internal company methods

Scenario analysis

**Contextual issues considered**

Other, please specify

Reviewing and addressing water-related risks and opportunities regularly , Ensuring regulatory compliance across all buildings and operation sites,

**Stakeholders considered**

Customers

Employees

Investors

Local communities

NGOs

Regulators

Suppliers

Water utilities at a local level

**Comment**

## W3.3b

### **(W3.3b) Describe your organization's process for identifying, assessing, and responding to water-related risks within your direct operations and other stages of your value chain.**

We are cognisant of our role in ensuring efficient water management and have taken a proactive approach in conserving the natural resource by embedding water-saving initiatives in our daily operations. We have also aligned our water management with Sunway Berhad's Water Management Policy. We do not operate in water-stress areas and all our wastewater is discharged via the public wastewater management system.

Sunway Berhad's approach is focused on optimising efficiency across our value chain and identifying areas for improvement across the life cycle of all our business areas. The life cycle approach is integrated into all our sustainable building designs and management systems, centring on water conservation through reducing, recycling and reusing. All business divisions were required to draft a Standard Operating Procedure (SOP) by the end of 2021 on how to handle a water crisis. The SOP details the emergency response process flow when a water disruption occurs, as well as information such as the capacity of tank(s) and how long the water supply would last during a disruption.

## W4. Risks and opportunities

### W4.1

#### **(W4.1) Have you identified any inherent water-related risks with the potential to have a substantive financial or strategic impact on your business?**

Yes, only within our direct operations

#### W4.1a

##### **(W4.1a) How does your organization define substantive financial or strategic impact on your business?**



As part of risk management of climate-related issues, Sunway REIT appointed the Jeffrey Sachs Center on Sustainable Development (JSC) to conduct a climate Value at Risk (VaR) assessment on all our 74 properties to assess Sunway's risk exposure to climate change. JSC has categorised the levels of VaR as below:

**Low:** Low vulnerability to physical risks due to sea-level rise or higher rain intensity

**Medium:** Vulnerable to physical risks due to sea-level rise or higher rain intensity AND NOT Vulnerable to large potential damage physical risks (i.e. max. historical annual damages cost ratio < 5% or max. annual historical losses)

**High:** Vulnerable to physical risks due to sea-level rise or higher rain intensity AND Vulnerable to large potential damage physical risks (i.e. max. historical annual damages cost ratio ≥ 5% or max. annual historical losses)

The JSC also discussed the potential financial implications of climate-related physical risks and transition risks for Sunway in the short term (1-5 years), medium term (6-10 years) and long term (≥ 11 years) based on the Taskforce on Climate-Related Financial Disclosures (TCFD) framework.

**Transition Risks**

- The risks of regulatory costs that could be imposed on Sunway REIT such as carbon tax introduced by the government to transition to a low-carbon economy.
- Carbon tax may be extended to include tax exemptions for low carbon buildings to incentivise property owners to transform their properties into low-carbon buildings.

**Physical Risks**

The risk of climate events physically damaging the properties in Sunway REIT's portfolio. Consisting of:

- SLR, which can lead to more coastal and riverine floods.
- Increased rainfall intensity, which can lead to more flash floods and water seepages into buildings.

## W4.1b

**(W4.1b) What is the total number of facilities exposed to water risks with the potential to have a substantive financial or strategic impact on your business, and what proportion of your company-wide facilities does this represent?**

	Total number of facilities exposed to water risk	% company-wide facilities this represents	Comment
Row 1	5	26-50	From the assessment, all Sunway REIT properties are exposed to the following climate-related physical risks, where 10 of the properties have Low VaR and eight properties have Medium

			<p>VaR:</p> <ul style="list-style-type: none"> <li>• Flash flood in times of heavy rain</li> <li>• Water seepages in times</li> </ul> <p>Additionally, five of the 18 properties are vulnerable to SLR that will cause coastal and riverine floods to become more likely and more severe for properties that are low-lying and close to the coast or river.</p>
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### W4.1c

**(W4.1c) By river basin, what is the number and proportion of facilities exposed to water risks that could have a substantive financial or strategic impact on your business, and what is the potential business impact associated with those facilities?**

### W4.2

**(W4.2) Provide details of identified risks in your direct operations with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.**

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**Country/Area & River basin**

**Type of risk & Primary risk driver**

Acute physical  
Pollution incident

**Primary potential impact**

Increased operating costs

**Company-specific description**

Water pollution that occurs at water source would result in the shutdown of the municipal water supply for treatment procedures. This causes water disruption to our managed properties.

**Timeframe**

More than 6 years

**Magnitude of potential impact**

Medium

**Likelihood**

Likely

**Are you able to provide a potential financial impact figure?**

No, we do not have this figure

**Potential financial impact figure (currency)**

**Potential financial impact figure - minimum (currency)**

**Potential financial impact figure - maximum (currency)**

**Explanation of financial impact**

**Primary response to risk**

Secure alternative water supply

**Description of response**



In 2021, Sunway has developed a Water Management Policy to move towards best water management practices. In one of the commitments, the business divisions have to ensure Standard Operating Procedure is in place in all buildings and operations to address water crises.

**Cost of response**

**Explanation of cost of response**

**W4.2c**

**(W4.2c) Why does your organization not consider itself exposed to water risks in its value chain (beyond direct operations) with the potential to have a substantive financial or strategic impact?**

	Primary reason	Please explain
Row 1	Not yet evaluated	

**W4.3**

**(W4.3) Have you identified any water-related opportunities with the potential to have a substantive financial or strategic impact on your business?**

Yes, we have identified opportunities, and some/all are being realized

**W4.3a**

**(W4.3a) Provide details of opportunities currently being realized that could have a substantive financial or strategic impact on your business.**

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**Type of opportunity**

Efficiency

**Primary water-related opportunity**

Improved water efficiency in operations

**Company-specific description & strategy to realize opportunity**

To facilitate clear and insightful discussion, Sunway REIT “Own and Operate” business divisions are exposed to similar risks in owning and operating property assets to serve consumers:

- Hospitality
- Retail
- Office

In 2021, Sunway REIT further enhanced the investment guidelines to incorporate sustainability checklist. The high-level investment checklist is meant to serve as a preliminary screening of investment opportunity. Necessary consultants (property valuer, surveyor, SPFM) may be appointed to conduct the relevant due diligence and report to REIT Board once Sunway REIT has decided to proceed with the acquisition.

**Estimated timeframe for realization**

More than 6 years

**Magnitude of potential financial impact**

Medium

**Are you able to provide a potential financial impact figure?**

No, we do not have this figure

**Potential financial impact figure (currency)**

**Potential financial impact figure – minimum (currency)**

**Potential financial impact figure – maximum (currency)**

**Explanation of financial impact**

## W6. Governance

### W6.1

**(W6.1) Does your organization have a water policy?**

Yes, we have a documented water policy that is publicly available

### W6.1a

**(W6.1a) Select the options that best describe the scope and content of your water policy.**

	Scope	Content	Please explain
Row 1	Company-wide	Description of business dependency on water Description of business impact on water Other, please specify Reviewing and addressing water-related risks and opportunities regularly, ensuring regulatory compliance across all buildings and operation sites, effluents discharged at buildings and operation sites are within permissible limits	Sunway REIT is aligned with Sunway Berhad's Water Management Policy to move towards best water management practices. The policy ensures that the Group is committed to: <ul style="list-style-type: none"> <li>• Reviewing and addressing water-related risks and opportunities regularly</li> <li>• Ensuring regulatory compliance across all buildings and operation sites</li> <li>• Ensuring effluents discharged at buildings and operation sites are within permissible limits</li> <li>• Ensuring every Standard Operating Procedure is in place to address water crises in every business division</li> </ul>



			<ul style="list-style-type: none"> <li>Ensuring water-efficient fittings at all buildings and operation sites to optimise water consumption</li> </ul> <p>📎 1</p>
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📎 1Sunway-Berhad-Water-Management-Policy-211015.pdf

## W6.2

**(W6.2) Is there board level oversight of water-related issues within your organization?**

Yes

## W6.2a

**(W6.2a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for water-related issues.**

Position of individual	Please explain
Board-level committee	Board-level committee Sunway REIT's sustainability governance and strategy are driven by its Sustainability Committee, which was established in 2021. Chaired by Independent Non-Executive Director, the Sustainability Committee is responsible for reviewing, supervising and recommending to the Board of Directors on matters related to the three key areas (Sustainability strategy and issues, key ESG goals, targets and performance and progress and scorecard) that are aligned with Sunway Berhad's sustainability commitment. The Sustainability Committee meets twice a year to review Sunway REIT's sustainability plan and is supported by the Sustainability Working Group (SWG) and a Sustainability Officer.

## W6.2b

**(W6.2b) Provide further details on the board's oversight of water-related issues.**

	Frequency that water-related issues are a scheduled agenda item	Governance mechanisms into which water-related issues are integrated	Please explain
Row 1	Scheduled - all meetings	Monitoring implementation and performance Overseeing major capital expenditures Reviewing and guiding annual budgets Reviewing and guiding business plans Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy Reviewing and guiding corporate responsibility strategy Reviewing innovation/R&D priorities Setting performance objectives	<p>At the highest governance level, The Board of Directors has ultimate oversight on ESG risks including water-related issues. Meanwhile, BSC review, supervise and recommend to the Board on Sunway’s sustainability strategy and issues, key environment, social and governance (ESG) targets and performance, progress and scorecard to advance Sunway REIT’s sustainability leadership.</p> <p>Some of the key agendas on water-related issues discussed in the BSC meetings are:</p> <ol style="list-style-type: none"> <li>1. Endorsement of framework / strategies to achieve Sunway Sustainability 2030 Goals and Targets.                             <ul style="list-style-type: none"> <li>• In 2021, BSC appointed JSC to assess physical risks due to Climate Change for all assets owned by Sunway Property Investment. JSC has presented to BSC on the Climate Value at Risk (VaR) of all assets owned by Sunway REIT and the potential financial implications of climate-related physical risks and transition risks to the Sunway REIT using the Task Force on Climate-Related Financial Disclosures (TCFD) framework in Oct 2021.</li> </ul> </li> <li>2. Progress against target and performance to achieve Sunway Sustainability 2030 Goals and Targets.</li> </ol>

## W6.2d

**(W6.2d) Does your organization have at least one board member with competence on water-related issues?**

	Board member(s) have competence on water-related issues	Criteria used to assess competence of board member(s) on water-related issues
Row 1	Yes	The BSC is responsible to review, supervise and recommend Sunway’s sustainability strategy and issues, key environment, social and governance (ESG) targets and performance, progress and scorecard - which included water-related issues. The BSC is able to address water-related issues raised and advise practicable strategy and implementations during BSC meetings and recommends to Board of Directors.

### W6.3

**(W6.3) Provide the highest management-level position(s) or committee(s) with responsibility for water-related issues (do not include the names of individuals).**

**Name of the position(s) and/or committee(s)**

Other, please specify  
Board of Directors

**Responsibility**

Assessing future trends in water demand  
Assessing water-related risks and opportunities  
Managing water-related risks and opportunities

**Frequency of reporting to the board on water-related issues**

Half-yearly

**Please explain**

Board of Directors  
Sunway REIT has always been pioneering good practices in terms of ESG and sustainability in our management and operations. The Board sets the tone from the top on ethical conduct and the management of Sunway REIT’s sustainability risks and opportunities. It is responsible for

the oversight and strategic management of ESG and sustainability related matters of Sunway REIT.

The Board has been forward-looking with respect to the ESG agenda and it is evident in the establishment of the Sustainability Committee in 2021. To further enhance the commitment, the sustainability KPIs have been endorsed for Senior Management which are linked to remuneration. This includes linking the remuneration for senior executives to climate change performance and ESG performance.

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**Name of the position(s) and/or committee(s)**

Sustainability committee

**Responsibility**

Assessing future trends in water demand

Assessing water-related risks and opportunities

Managing water-related risks and opportunities

**Frequency of reporting to the board on water-related issues**

Half-yearly

**Please explain**

Sustainability Committee

Sunway REIT's sustainability governance and strategy are driven by its Sustainability Committee, which was established in 2021. Chaired by Independent Non-Executive Director, the Sustainability Committee is responsible for reviewing, supervising and recommending to the Board of Directors on matters related to the three key areas (Sustainability strategy and issues, key ESG goals, targets and performance and progress and scorecard) that are aligned with Sunway Berhad's sustainability commitment. The Sustainability Committee meets twice a year to review Sunway REIT's sustainability plan and is supported by the Sustainability Working Group (SWG) and a Sustainability Officer.

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**Name of the position(s) and/or committee(s)**

Other committee, please specify

Sustainability Working Group (SWG) and Sustainability Officer (SO)



**Responsibility**

- Assessing future trends in water demand
- Assessing water-related risks and opportunities
- Managing water-related risks and opportunities

**Frequency of reporting to the board on water-related issues**

More frequently than quarterly

**Please explain**

Sustainability Working Group (SWG) and Sustainability Officer (SO)

Led by Sunway REIT’s Chairperson, the SWG serves as the executive arm of the Sustainability Committee. It supports the Sustainability Committee in making informed decisions in embedding sustainability strategies including climate-related issues in the Company’s business operations and in implementing sustainability initiatives. The SWG also monitors and updates the Sustainability Committee on the progress of sustainability projects, identifies sustainability risks relevant to Sunway REIT and ensures compliance with sustainability guidelines and regulatory requirements.

Sunway REIT appointed a full-time Sustainability Officer to oversee the management of sustainability matters that reside with the Board, including the integration of sustainability considerations into the operations of the Company.

**W6.4**

**(W6.4) Do you provide incentives to C-suite employees or board members for the management of water-related issues?**

	<b>Provide incentives for management of water-related issues</b>	<b>Comment</b>
Row 1	No, not currently but we plan to introduce them in the next two years	In 2022, Sunway REIT integrated sustainability in senior management performance evaluations and Key Performance Indicators (KPIs), which are linked to remuneration. This includes linking the remuneration for senior executives to ESG performance including climate change matters. The KPIs are aligned to the Sunway Sustainability 2030 Goals and Targets: Every year, selected targets will be included as part of the senior management performance evaluations and KPIs and will be cascaded to employees within the organisation. As Sunway REIT recently initiated this, a few sets of targets related to energy and water usage, waste generation and supply chain were selected. The progress

		against the targets is tracked and reported annually in our Sustainability Statement, which serves as a guide for us towards meeting our 2030 goals progressively.
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## W6.5

**(W6.5) Do you engage in activities that could either directly or indirectly influence public policy on water through any of the following?**

Yes, direct engagement with policy makers

## W6.5a

**(W6.5a) What processes do you have in place to ensure that all of your direct and indirect activities seeking to influence policy are consistent with your water policy/water commitments?**

We publish annual sustainability report to meet the mandatory requirements by Bursa Malaysia Main Market Listing Requirements on sustainability reporting for all public listed companies. We ensure that the criteria on water-related issues by Bursa is addressed in our sustainability reporting. In addition to that, Sunway is one of the companies that have been invited by Bursa to provide feedback on the proposed amendments to the Main Market Listing Requirements in relation to Sustainability Reporting Framework.

## W6.6

**(W6.6) Did your organization include information about its response to water-related risks in its most recent mainstream financial report?**

Yes (you may attach the report - this is optional)

 Sunway-Berhad-Water-Management-Policy-211015.pdf

 Sunway REIT Sustainability Statement 2021.pdf

## W7. Business strategy

### W7.1

**(W7.1) Are water-related issues integrated into any aspects of your long-term strategic business plan, and if so how?**

	Are water-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, water-related issues are integrated	5-10	Sunway has set future value goals and 2030 targets to transform portfolios to low-carbon sustainable cities. For water-related issues, Sunway has set target to reduce overall water intensity by 10% by 2030 (Baseline year: 2015).
Strategy for achieving long-term objectives	Yes, water-related issues are integrated	5-10	Sunway REIT aligned our water management with Sunway Berhad's Water Management Policy. We do not operate in water-stress areas and all our wastewater is discharged via the public wastewater management system.
Financial planning	Yes, water-related issues are integrated		All Sunway REIT properties have established water crisis Standard Operating Procedures (SOPs) to address the issue if ware disruption. The SOPs cover: <ul style="list-style-type: none"> <li>• Emergency planning to address a water disruption that occurs during business operation hours</li> </ul>

### W7.2

**(W7.2) What is the trend in your organization's water-related capital expenditure (CAPEX) and operating expenditure (OPEX) for the reporting year, and the anticipated trend for the next reporting year?**

Row 1

Water-related CAPEX (+/- % change)



**Anticipated forward trend for CAPEX (+/- % change)**

**Water-related OPEX (+/- % change)**

**Anticipated forward trend for OPEX (+/- % change)**

**Please explain**

### W7.3

**(W7.3) Does your organization use scenario analysis to inform its business strategy?**

	Use of scenario analysis	Comment
Row 1	Yes	

### W7.3a

**(W7.3a) Provide details of the scenario analysis, what water-related outcomes were identified, and how they have influenced your organization’s business strategy.**

	Type of scenario analysis used	Parameters, assumptions, analytical choices	Description of possible water-related outcomes	Influence on business strategy
Row 1	Climate-related	Transition risks • The risks of regulatory costs that could be	• Increased building repair costs	Any disruptions to our water supply will impact our tenants, hotel guests and our businesses, potentially exposing the Company to



	<p>imposed on Sunway REIT such as carbon tax introduced by the government to transition to a low-carbon economy.</p> <ul style="list-style-type: none"> <li>• Carbon tax may be extended to include tax exemptions for low carbon buildings to incentivise property owners to transform their properties into low-carbon buildings.</li> </ul> <p>Physical risks The risks of climate events physically damaging the properties in Sunway's portfolio. Consisting:</p> <ul style="list-style-type: none"> <li>• Sea level rise, which can lead to more coastal and riverine floods.</li> <li>• Increased rainfall intensity, which can lead to more flash floods, water seepages into buildings and landslides.</li> </ul> <p>To systematically assess the material physical risks for each property, JSC utilised an analytical procedure:</p> <ol style="list-style-type: none"> <li>1. The buildings were categorised according to the level of VaR             <ul style="list-style-type: none"> <li>• High, Medium and Low. High-risk properties have a higher exposure to physical risks and financial risk such as building repair costs due to floods, while low-risk buildings have a lower exposure to the risks.</li> </ul> </li> <li>2. The properties were assessed against the worst-case scenario described by the</li> </ol>	<ul style="list-style-type: none"> <li>• Increased of damage cost due to flooding and water seepage incidences</li> </ul>	<p>reputational and financial risks. We are cognisant of our role in ensuring efficient water management and have taken a proactive approach in conserving the natural resource by embedding water-saving initiatives in our daily operations. We have also aligned our water management with Sunway Berhad's Water Management Policy. We do not operate in water-stress areas and all our wastewater is discharged via the public wastewater management system.</p> <p>The policy ensures that the Group is committed to:</p> <ul style="list-style-type: none"> <li>• Reviewing and addressing water-related risks and opportunities regularly</li> <li>• Ensuring regulatory compliance across all buildings and operation sites</li> <li>• Ensuring effluents discharged at buildings and operation sites are within permissible limits</li> <li>• Ensuring every Standard Operating Procedure is in place to address water crises in every business division</li> <li>• Ensuring water-efficient fittings at all buildings and operation sites to optimise water consumption</li> </ul> <p>Additionally, All Sunway REIT properties have established water crisis Standard Operating Procedures (SOPs) to address the issue of water disruption. The SOPs cover:</p> <ul style="list-style-type: none"> <li>• Emergency planning to address a water disruption that occurs during business operation hours</li> </ul>
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		<p>Intergovernmental Panel on Climate Change (IPCC) Assessment Report 6, which was published in August 2021, whereby:</p> <ul style="list-style-type: none"> <li>• The global annual carbon emissions will rise above 120 gigatonnes per year by 2100</li> <li>• The SLR upper bound is forecast to be 1.1 m</li> <li>• The median temperature is expected to increase by 4.4°C over pre-industrial levels (higher than the 2°C scenario)</li> <li>• The maximum 1-day rainfall increase will be 46.6%</li> </ul> <p>3. The elevation of each property vis-à-vis sea level was determined using an online topographic map, and the location relative to the coast and rivers was determined using Google Maps to gauge SLR risk.</p> <p>4. The historical flooding and water seepage incidences and damage cost of each property were obtained to gauge the likelihood of floods and water seepages as suggested by historical incidences at the local level.</p>		
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## W7.4

**(W7.4) Does your company use an internal price on water?**

Row 1

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**Does your company use an internal price on water?**

No, and we do not anticipate doing so within the next two years

**Please explain**

Not Monitored

## W7.5

**(W7.5) Do you classify any of your current products and/or services as low water impact?**

	Products and/or services classified as low water impact	Primary reason for not classifying any of your current products and/or services as low water impact	Please explain
Row 1	No, but we plan to address this within the next two years	Other, please specify Not monitored	

## W8. Targets

### W8.1

**(W8.1) Describe your approach to setting and monitoring water-related targets and/or goals.**

	Levels for targets and/or goals	Monitoring at corporate level	Approach to setting and monitoring targets and/or goals
Row 1	Business level specific targets and/or goals	Targets are monitored at the corporate level	<p>Sunway REIT's business division is also aligned with Sunway Berhad's target on water intensity.</p> <p>Sunway Berhad has set future value goals and 2030 targets to transform portfolios to low-carbon sustainable cities. For water-related issues, Sunway Berhad has set target to reduce overall water intensity by 10% by 2030 (Baseline year: 2015). The relevant business divisions (Office, retail and hospitality) are responsible to monitor and track the progress and performance of their targets.</p>

## W8.1a

**(W8.1a) Provide details of your water targets that are monitored at the corporate level, and the progress made.**

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**Target reference number**

Target 1

**Category of target**

Water use efficiency

**Level**

Business

**Primary motivation**

Cost savings

**Description of target**

To reduce overall water intensity by 20% by 2030

**Quantitative metric**

Other, please specify

% reduction in water intensity

**Baseline year**

2015

**Start year**

2020

**Target year**

2030



**% of target achieved**

100

**Please explain**

Sunway REIT's business division is also aligned with Sunway Berhad's target on water intensity.

Sunway Berhad has set future value goals and 2030 targets to transform portfolios to low-carbon sustainable cities. For water-related issues, Sunway Berhad has set target to reduce overall water intensity by 10% by 2030 (Baseline year: 2015). The relevant business divisions (Office, retail and hospitality) are responsible to monitor and track the progress and performance of their targets.

## W9. Verification

### W9.1

**(W9.1) Do you verify any other water information reported in your CDP disclosure (not already covered by W5.1a)?**

Yes

### W9.1a

**(W9.1a) Which data points within your CDP disclosure have been verified, and which standards were used?**

Disclosure module	Data verified	Verification standard	Please explain
W1 Current state	Sunway REIT Integrated Report 2021 (Sustainability Statement)	ISAE 3000	Independent Assurance Statement by third-party
W2 Business impacts	Sunway REIT Integrated Report 2021 (Sustainability Statement)	ISAE 3000	Independent Assurance Statement by third-party
W3 Procedures	Sunway REIT Integrated Report 2021 (Sustainability Statement)	ISAE 3000	Independent Assurance Statement by third-party



W4 Risks and opportunities	Sunway REIT Integrated Report 2021 (Sustainability Statement)	ISAE 3000	Independent Assurance Statement by third-party
W7 Strategy	Sunway REIT Integrated Report 2021 (Sustainability Statement)	ISAE 3000	Independent Assurance Statement by third-party
W8 Targets	Sunway REIT Integrated Report 2021 (Sustainability Statement)	ISAE 3000	Independent Assurance Statement by third-party
W6 Governance	Sunway REIT Integrated Report 2021 (Sustainability Statement)	ISAE 3000	Independent Assurance Statement by third-party

## W10. Sign off

### W-FI

**(W-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.**

No further information

### W10.1

**(W10.1) Provide details for the person that has signed off (approved) your CDP water response.**

	Job title	Corresponding job category
Row 1	Manager - Sustainability	Environment/Sustainability manager



## W10.2

**(W10.2) Please indicate whether your organization agrees for CDP to transfer your publicly disclosed data on your impact and risk response strategies to the CEO Water Mandate’s Water Action Hub [applies only to W2.1a (response to impacts), W4.2 and W4.2a (response to risks)].**

Yes

## Submit your response

**In which language are you submitting your response?**

English

**Please confirm how your response should be handled by CDP**

	I understand that my response will be shared with all requesting stakeholders	Response permission
Please select your submission options	Yes	Public

**Please confirm below**

I have read and accept the applicable Terms