
SUNWAY[®]

REIT

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

EXTERNAL AUDITORS SELECTION POLICY

COMMITTED TO
**SUSTAINABLE
DEVELOPMENT GOALS**



As at 17 August 2023

CONTENTS

1. INTRODUCTION	3
2. SELECTION CRITERIA	3

Introduction

The Trustee and the Manager are committed to ensuring the suitability and independence of external auditors in substance as well as in form.

The independence of the external auditors is a key governance pillar for Sunway REIT and its group of companies ("Group"). On an annual basis, the Audit Committee of the Manager should ensure the independence and impartiality of the external auditors, taking into consideration relevant regulatory requirements.

The Manager 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.

The Auditor may voluntarily retire upon giving three (3) months' notice of its intention to retire to the Trustee.

The Auditor's remuneration shall be fixed by the Trustee, with the recommendation from the Manager after the approval by the Audit Committee and the Board.

Selection Criteria

Criteria for consideration with regard to the appointment, re-appointment and removal of external auditors shall include:

- **Independence**
A candidate must satisfy and declare to the Audit Committee that it is independent and outline the procedures it has in place to maintain its independence. The external auditors must be independent from Sunway REIT.

The independence of the external auditors is integral to the role of auditors and the Audit Committee shall give due consideration to this requirement when selecting a preferred auditor for recommendation to the Board.
- **Competency and Resources**
A candidate must have the capacity and capability to provide quality audit functions. In this regard, the candidate's reputation and its resources, personnel's capabilities and technical expertise to undertake the audit of the Group's business operations in the different business segments and geographical markets is an important consideration.
- **Material Matters**
A candidate must demonstrate that it has proper process and procedures to address all issues of material significance, regardless of whether they are resolved or unresolved with the Management and to report independently to the Audit Committee.
- **Industry Specialty**
Industry specialty should provide higher quality audits for three reasons: (i) better audit technologies, (ii) lower costs due to economies of scale and (iii) superior knowledge due to economies of knowledge. In addition, industry experience can improve the detection of fraudulent reporting and task-level performance.

- **Rotation of Audit Engagement Partner**
In compliance with the requirements of the Malaysia Institute of Accountants, the external auditors rotate their engagement partners and engagement quality control reviewer assigned to the Group every seven (7) years.

- **Non-Audit Services**
All engagements of the external auditors to provide non-audit services in excess of 45% of the total audit fee are subject to the approval / endorsement of the Audit Committee. Prior approval of the said engagement must be obtained from the Audit Committee before commencement of the works. The Manager would include this triggering threshold in the risk management report as well as to monitor the actual non-audit fees incurred.

Total non-audit fees incurred for the financial year shall be tabled to the Audit Committee annually.

- **Fees**
A candidate must provide a fee quotation for its audit services for the Group. However, fee will not be the sole determining factor in the selection process but will be taken into consideration with regard to the provision of a quality audit.