Sunway REIT Management Sdn Bhd - Climate Change 2023

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

Sunway REIT was listed on the Main Market of Bursa Malaysia on 8 July 2010. The market capitalisation of Sunway REIT stood at RM5.0 billion as at 31 December 2022.

Sunway REIT owns a portfolio of 20 assets comprising five retail properties, six hotels, five offices, two industrial properties, a medical centre and an education asset with a combined property value of RM9.1 billion as at 31 December 2022.

Sunway REIT's assets are primarily located in Sunway City where its flagship asset, Sunway Pyramid Mall, is located. Other assets in Sunway City include Sunway Resort Hotel, Sunway Pyramid Hotel, Sunway Lagoon Hotel, Menara Sunway, Sunway Pinnacle, Sunway Medical Centre (Tower A & B) and Sunway university & college campus.

Sunway REIT owns four properties in Kuala Lumpur, namely Sunway Tower, and three remaining assets that 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 four properties in Selangor, namely Wisma Sunway, Sunway REIT Industrial – Shah Alam 1, Sunway REIT Industrial – Petaling Jaya and Sunway Pier.

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 Mall in Penang.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data and indicate whether you will be providing emissions data for past reporting years.

Reporting year

Start date
January 1 2022

End date
December 31 2022

Indicate if you are providing emissions data for past reporting years
Yes

Select the number of past reporting years you will be providing Scope 1 emissions data for
5 years

Select the number of past reporting years you will be providing Scope 2 emissions data for
1 year

Select the number of past reporting years you will be providing Scope 3 emissions data for
3 years

C0.3

(C0.3) Select the countries/areas in which you operate.
Malaysia

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.
MYR

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.

Operational control

C-CN0.7/C-RE0.7

(C-CN0.7/C-RE0.7) Which real estate and/or construction activities does your organization engage in?

New construction or major renovation of buildings
Buildings management

C0.8

(C0.8) 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

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual or committee	Responsibilities for climate-related issues
Board-level committee	Sunway REIT's sustainability governance is led by Sunway REIT's Sustainability Committee, which comprises members from the Board. Led by Yeo Kar Peng, the Sustainability Committee advises the Board, which has oversight of climate-related risks and opportunities. The Sustainability Committee also advises the Board on sustainability strategy and climate mitigation measures such as the implementation of the Internal Carbon Pricing framework and conducting a VaR study on Sunway REIT's assets. Sunway REIT's Board and its Management are responsible for the governance of sustainability, including the Trust's sustainability strategies, priorities and targets. In 2021, Sunway REIT set up a Sustainability Committee, which is tasked with reviewing, supervising and recommending to the Board sustainability strategy and issues, key ESG goals, targets and performance, as well as ESG progress and scorecard. The Sustainability Committee met four times during the financial year under review to fulfil its responsibilities. The Sustainability Committee is supported by a Sustainability Working Group (SWG), which was established in 2015, and led by Sunway REIT CEO. Comprising representatives from Sunway Berhad, Managed Asset's Senior Management, Business Segment Heads and the Sustainability Officer, the SWG meets on a monthly basis to help the Sustainability Committee make informed decisions in embedding sustainability strategies in the Trust business operations and in implementing sustainability initiatives. The SWG also updates the Sustainability Committee on the progress of sustainability initiatives, ensures regulatory and reporting framework compliance, communicates the Board's direction on ESG and sustainability matters to all business segments and receives progress reports from all business segments. Sunway REIT's Sustainability Officer is in charge of keeping the Board, Senior Management and the relevant employees updated with the sustainability issues relevant to the Trust and its business, including climate-related risks and opportunities. The Sustainability Officer shares sustainability and ESG-related information with the Company Secretary, who will disseminate the information to the relevant individuals. The information consists mostly of updates on regulatory requirements and sustainability related training, webinars, conferences and developments from Corporate Governance Malaysia, Bursa Sustain and the Securities Commission Malaysia, among others.

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Scope of board-level oversight	Please explain
Scheduled – all meetings	Reviewing and guiding annual budgets Overseeing major capital expenditures Reviewing innovation/R&D priorities Overseeing and guiding employee incentives Reviewing and guiding strategy Overseeing and guiding the development of a transition plan Monitoring the implementation of a transition plan Overseeing and guiding scenario analysis Overseeing the setting of corporate targets Monitoring progress towards corporate targets Overseeing value chain engagement Reviewing and guiding the risk management process	<Not Applicable>	At Sunway REIT, the Sustainability Committee has the ultimate oversight on ESG risks including physical impacts of climate change, which is one of the prioritised material issues to Sunway's business and stakeholders. The Sustainability Committee met four times during the financial year under review to fulfil its responsibilities. The Sustainability Committee is tasked with reviewing, supervising and recommending to the Board sustainability strategy and issues, key ESG goals, targets and performance, as well as ESG progress and scorecard. The Sustainability Committee is supported by a Sustainability Working Group (SWG), which was established in 2015, and led by Sunway REIT CEO. Comprising representatives from Sunway Berhad, Managed Asset's Senior Management, Business Segment Heads and the Sustainability Officer, the SWG meets on a monthly basis to help the Sustainability Committee make informed decisions in embedding sustainability strategies in the Trust business operations and in implementing sustainability initiatives. The SWG also updates the Sustainability Committee on the progress of sustainability initiatives, ensures regulatory and reporting framework compliance, communicates the Board's direction on ESG and sustainability matters to all business segments and receives progress reports from all business segments. Sunway REIT's sustainability strategies, priorities, targets and performance against the targets are communicated to its internal and external stakeholders regularly via various channels of engagement. These include the Integrated Annual Report, Annual Sustainability Statement, corporate publications and analysts' and investors' presentation updates, apart from media releases and interviews, corporate website, social media and sustainability and ESG-related events such as conferences and forums. As for employees, we engage with them through employee engagement training and programmes, learning and development via the Learning Management System and town halls by Senior Management.

C1.1d

(C1.1d) Does your organization have at least one board member with competence on climate-related issues?

	Board member(s) have competence on climate-related issues	Criteria used to assess competence of board member(s) on climate-related issues	Primary reason for no board-level competence on climate-related issues	Explain why your organization does not have at least one board member with competence on climate-related issues and any plans to address board-level competence in the future
Row 1	Yes	In August 2022, the NRC reviewed the Board and Board Committees' evaluation methodology and the performance evaluation forms for year 2022. It also reviewed and evaluated the mid-year performance of the CEO and CFO, based on the seven months of actual performance indicators up to 31 July 2022, against the approved KPIs. It also undertook an internal annual evaluation of the effectiveness of the Board and its Committees, facilitated by the Company Secretary. In addition, each individual Director undertook a self-evaluation of their performance as well as peer evaluation, based on their contributions and performance on the Board and Committees. The Board, through the NRC, undertakes an annual assessment of the Board as a whole, the respective Board Committees and each individual Director's performance by way of self and peer evaluation. This includes a review of the desirable mix of competencies, qualifications, knowledge, skills, expertise and personal characteristics of the Directors and any gaps that exist in the optimum mix of skills required for the Board. On top of that, in 2022, the Sustainability Committee members attended trainings related to ESG as follows: Yeo Kar Peng - TCFD Climate Disclosure Training Programme - TCFD 101 - Addressing plastic waste through responsible business conduct: Shifting towards circularity in Southeast Asia - How to Start Your Sustainability Journey (Session 3 of 7): Energy Efficiency through Energy Management System - Paving the Way for Profitability through Sustainability - How to Start Your Sustainability Journey (Session 4 of 7) Dato' Jeffrey Ng Tiong Lip - Sustainability & Impact on Organizations What Directors Need to Know - Progress Update Meeting for Sustainable Development Solutions Network Project Sarena Cheah Yean Tih - Understanding Sustainability Taxonomies - Globally & Regionally	<Not Applicable>	<Not Applicable>

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Position or committee
Sustainability committee

Climate-related responsibilities of this position
Managing annual budgets for climate mitigation activities
Managing major capital and/or operational expenditures related to low-carbon products or services (including R&D)
Providing climate-related employee incentives
Developing a climate transition plan
Implementing a climate transition plan
Integrating climate-related issues into the strategy
Conducting climate-related scenario analysis
Setting climate-related corporate targets
Monitoring progress against climate-related corporate targets
Managing value chain engagement on climate-related issues
Assessing climate-related risks and opportunities
Managing climate-related risks and opportunities

Coverage of responsibilities
<Not Applicable>

Reporting line
CEO reporting line

Frequency of reporting to the board on climate-related issues via this reporting line
Half-yearly

Please explain
The Sustainability Committee is supported by a Sustainability Working Group (SWG), which was established in 2015, and led by Sunway REIT CEO, Dato' Jeffrey Ng. Comprising representatives from Sunway Berhad, Managed Asset's Senior Management, Business Segment Heads and the Sustainability Officer, the SWG meets on a monthly basis to help the Sustainability Committee make informed decisions in embedding sustainability strategies in the Trust business operations and in implementing sustainability initiatives. The SWG also updates the Sustainability Committee on the progress of sustainability initiatives, ensures regulatory and reporting framework compliance, communicates the Board's direction on ESG and sustainability matters to all business segments and receives progress reports from all business segments.

The key roles and responsibilities of the Sustainability Committee are not limited to review the strategies, issues, goals, targets and performance in relation to sustainability and key environmental, social and governance (ESG) matters. The Sustainability Committee's multifaceted roles and responsibilities go beyond conventional reviews, making them instrumental in driving sustainability and ESG initiatives. By shaping strategic direction, fostering collaboration, and promoting responsible practices, the committee helps the organisation become a leader in sustainable business, prioritising environmental stewardship, social impact, and sound governance.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	In 2022, Sunway REIT incorporated sustainability into the performance evaluations and KPIs of its Senior Management. This included linking the remuneration of senior executives to ESG performance, including climate change matters. The KPIs are aligned with Sunway's Sustainability 2030 Goals and Targets and have been made part of the performance review of Sunway REIT's CEO, Deputy CEO and CFO. The KPIs are derived from the Sunway Sustainability 2030 Goals and Targets, which includes: 1. Building Energy Intensity (BEI) / Energy Use Intensity (EUI) should stay below the annual targets set for the respective business divisions starting from 2022. 2. At least 40% of electricity from renewable energy sources by 2030. (5% locally generated, 35% purchased from green sources / solar farms) The KPIs will also be cascaded to employees within the organisation, tracked and reported annually.

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Entitled to incentive
Corporate executive team

Type of incentive
Monetary reward

Incentive(s)
Bonus - % of salary

Performance indicator(s)
Achievement of climate transition plan KPI
Achievement of a climate-related target
Reduction in emissions intensity
Increased share of renewable energy in total energy consumption
Company performance against a climate-related sustainability index (e.g., DJSI, CDP Climate Change score etc.)

Incentive plan(s) this incentive is linked to
Short-Term Incentive Plan

Further details of incentive(s)
In 2022, Sunway REIT incorporated sustainability into the performance evaluations and KPIs of its Senior Management. This included linking the remuneration of senior executives to ESG performance, including climate change matters. The KPIs are aligned with Sunway's Sustainability 2030 Goals and Targets and have been made part of the performance review of Sunway REIT's CEO, Deputy CEO and CFO.

We review our salary structure annually, in line with general industry practice. Our total remuneration also remains competitive and is benchmarked against market performance from time to time. As for our performance management strategy, we ensure that there is a balance between performance-linked bonuses and increments and competitive benefits.

Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan
Sunway REIT is guided by Directors' Remuneration Policy. 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 KPIs are derived from the Sunway Sustainability 2030 Goals and Targets, which includes:
1. Building Energy Intensity (BEI) / Energy Use Intensity (EUI) should stay below the annual targets set for the respective business divisions starting from 2022. (The business divisions should continue to stay below the BEI / EUI targets which will reduce by 3.5% to 4% on a y-o-y basis up to 2030 to align with the IPCC target of 45% reduction in carbon emissions by 2030)
2. At least 40% of electricity from renewable energy sources by 2030. (5% locally generated, 35% purchased from green sources / solar farms)

The KPIs will also be cascaded to employees within the organisation, tracked and reported annually.

C2. Risks and opportunities

C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?
Yes

C2.1a

(C2.1a) How does your organization define short-, medium- and long-term time horizons?

	From (years)	To (years)	Comment
Short-term	1	5	The Jeffrey Sachs Center on Sustainable Development (JSC) was appointed to quantify our climate Value at Risk (VaR) based on the worst-case scenario as described in the Intergovernmental Panel of Climate Change (IPCC) Assessment Report 6. The VaR analysis assessed our assets' potential financial losses and recommended steps to mitigate the worst material physical risks in Malaysia such as increased rainfall intensity and landslides. In 2021, we published our first climate report that was aligned with the four pillars of the TCFD to identify climate-related risks and opportunities. The report, which addressed the Governance, Risk Management, Strategy and Metrics & Targets of our climate risk management, underpins our official support for the TCFD. 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) - long term (≥ 11 years); based on the Taskforce on Climate-Related Financial Disclosures (TCFD) framework.
Medium-term	6	10	As part of the roadmap towards Net Zero Carbon Emissions by 2050, Sunway's focus is on reducing residual emissions by improving efficiency and using energy substitution. Sunway established an Internal Carbon Pricing framework to start preparing for the potential transition risks from climate-related issues at RM15 per tonne of CO2e emitted above a threshold level. This is a mechanism/decision-making tool that can help our business divisions to understand their exposure to external carbon pricing schemes, guide their decisions and investments and put a value on their greenhouse gas (GHG) emissions in a way that drives positive change in their business. In 2022, we continued to monitor the potential financial exposure of our business divisions based on the Internal Carbon Pricing framework. Our assets should continue to stay below the targets set, which will reduce by 3.5% to 4%, respectively, on an annual basis up to 2030 to align with the IPCC target of 45% reduction in carbon emissions by 2030. We will submit our targets to be validated to SBTi within the next two years. We aim to reduce our residual emissions by 2030 by focusing on Scope 1 and Scope 2 emissions. By 2050. we will reduce our Scope 3 emissions by engaging with stakeholders and taking appropriate measures such as implementing green leases for tenants and practising green procurement with suppliers to reduce embodied carbon. The implementation of the Green Lease Partnership Programme is the latest initiative to engage with stakeholders and promote the reduction of Scope 3 emissions. The retail malls and offices within our Property Investment / REIT division, as well as the Hospitality division, have participated in this programme. The programme aims to encourage best international practices in sustainability and drive sustainable solutions through behavioural change, while boosting Malaysia's commitment to net zero carbon emissions by 2050. Thus, it is crucial to the success of our net zero journey that we recruit and partner with our tenants to collaborate and find ways to reduce our environmental footprint and promote responsible resource management. In 2022, the programme garnered the participation of 100% hotel master lessees and 21% retail and office tenants.
Long-term	11	99	To get to Net Zero Carbon Emissions by 2050, Sunway plans to focus on carbon offset technology which includes carbon storage and capture and investment in large-scale renewable energy. In 2017, Sunway University formed a partnership with the Massachusetts Institute of Technology (MIT) in Boston to conduct research on carbon capture, utilisation and storage technology at Sunway City Kuala Lumpur. Sunway has invested in renewable energy sourced from solar photovoltaic (PV) panels and generated 3,008 MWh of clean energy in 2022. To ensure the getting to net zero is possible, Sunway is exploring to invest in large-scale solar farm.

C2.1b

(C2.1b) How does your organization define substantive financial or strategic impact on your business?

In 2021, we appointed the Jeffrey Sachs Center on Sustainable Development (JSC) to quantify our climate Value at Risk (VaR) based on the worst-case scenario as part of our analysis of risk. The VaR, updated in 2022, identified and evaluated the physical risks and transition risks and opportunities of all our 19 properties, including leased properties, across our business segments. The VaR analysis recommended mitigation measures based on the assumption that the worst material physical risks, such as increased rainfall intensity and floods in Malaysia, would occur as a result of climate change. Upon the physical risk analysis, our properties were categorised as either high, medium or low risk properties. Sunway REIT's property portfolio has low VaR overall although it is exposed to risks of flash floods and water seepage during heavy rain. Ten of the properties have low VaR while eight have medium VaR. One property, Sunway Pier, is classified as high VaR because of its close proximity to the coastline.

Site inspections were also conducted at some properties to determine the risk level of the buildings and the mitigation measures taken. To systematically assess the material physical risks for each property, the JSC utilised the following analytical procedure:

1. The buildings were categorised according to Low, Medium and High VaR. While high-risk properties have higher physical risks and financial risks such as building repair costs due to floods, low-risk buildings have lower exposure to the risks. The VaR is categorised according to Low, Medium and High:

- 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. RM annual historical losses < RM5 mil)

- 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. RM annual historical losses ≥ RM5 mil)

2. The properties were assessed against the worst-case scenario as described by the Intergovernmental Panel on Climate Change (IPCC) Assessment Report 6, which was published in August 2021.

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.

4. The historical flooding and water seepage incidences and damage cost of each property were obtained to gauge the likelihood of floods and water seepage as suggested by historical incidences at the local level.

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

Transition risks are changes that a firm is expected to navigate as society transitions to a low-carbon economy. The VaR reported four types of transition risks, in alignment with the TCFD framework namely .

- Policy and Legal risk (Medium term to long term)

- Technology risk (Short term to long term)

- Market risk (Short term to long term)

- Reputation risk (short term to long term)

Physical Risks

The risks of climate events physically damaging the properties in Sunway REIT's portfolio. In the Malaysian context, material physical risks consist of:

- Sea-level rise, which can lead to more coastal and riverine floods.

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

Types of physical risks

- Acute (Short term to long term)

- Chronic (Long term)

The risks are presented alongside potential financial risks and potential financial opportunities.

For more information, refer to Sunway REIT FY2022 Integrated Annual Report, page 137 - 145.

C2.2

(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

Value chain stage(s) covered
Direct operations
Upstream
Downstream

Risk management process
Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment
Annually

Time horizon(s) covered
Short-term
Medium-term
Long-term

Description of process
(a) Board-level governance:
The Board of the Manager is committed to maintaining effective risk management practices, underpinned by a robust Enterprise Risk Management (ERM) framework. The framework enables the Board to continuously identify, assess, treat and manage risks that could affect Sunway REIT from achieving its objectives within the defined risk appetites. The Board is supported by its Risk Management Committee and the Risk Management Working Group, and has in place a designated Risk Officer working together with the risk owners across the business operations of Sunway REIT in ensuring all identified risks are recorded in the risk scorecard to facilitate systematic review and monitoring. The risk management process is embedded in key activities and business processes, enabling proper risk management at the operation level of each property as well as at the fund level. Identified risks are systematically evaluated and proper mitigation action plans are developed. These plans are continuously monitored and revised from time to time to ensure the risks are managed to the acceptable levels.

(b) Materiality assessment:
We review and assess our material issues on an annual basis to ensure that we identify and meet stakeholder needs, in addition to mitigating risks and identifying opportunities. Conducting a materiality assessment also allows us to align our material issues and priorities with current trends, global developments and industry peers. We conduct a thorough materiality survey involving internal and external stakeholders annually to better understand our position and our ESG impacts on our stakeholders. In 2021, we conducted a fresh materiality assessment with 18 material issues addressing environmental, social and governance issues to better reflect our management approach.

For more information, refer to Sunway REIT FY2022 Integrated Annual Report, page 122, 123.

(c) Value Creation:
Sunway REIT allocates its resources to optimise value creation (i.e. innovating, producing and delivering products and services to the market) and value appropriation (measured by return on capital employed) by strategic prioritisations and trade-offs. While the primary purpose of every business is to maximise profit, value creation is fundamental to support a profitable and sustainable business.

For more information, refer to Sunway REIT FY2022 Integrated Annual Report, page 106,107

(d) Responding to Stakeholders' Priorities and Concerns:
We define stakeholders as parties who are impacted by our organisation's business decisions and activities, and as groups whose actions and decisions will influence our business growth. Stakeholders are also those with a vested interest in our corporation. We maintain regular engagement with our stakeholders, enabling us to identify and align their key priorities and concerns with organisational business practices and strategies. We have mapped our stakeholders' concerns and our responses against our sustainability material issues, which has allowed us to identify any associated risks and opportunities arising from these concerns.
For more information, refer to Sunway REIT Integrated Annual Report, page 124 - 129

(e) Sustainability 2030 Goals and Targets:
Towards achieving Net Zero Carbon Emissions by 2050, Sunway has set future value goals and targets. We have clear ESG commitment that are aligned to global goals, including UN Sustainable Development Goals (UN-SDGs), Science-Based Targets initiative (SBTi), Intergovernmental Panel on Climate Change (IPCC) and Planetary Health. Our sustainability policies and practices are aligned with the recommendations by established reporting frameworks (Bursa Malaysia Main Market Listing Requirements, Malaysian Code on Corporate Governance, GRI, IIRC, SASB, TCFD, WEF-IBC, etc.) and rating tools (FTSE Russell, MSCI, S&P Global, etc.)

For more information, refer to Sunway REIT FY2022 Integrated Annual Report, page 132 - 134

(f) Climate change-related scenario analysis and assessments:
The VaR, which was conducted by the JSC in 2021 and updated in 2022, identified and evaluated the physical risks and transition risks and opportunities of all our 19 properties, including leased properties, across our business segments. The VaR assessment was conducted based on the worst-case scenario described by the IPCC Assessment Report 6 published in August 2021. In the worst-case scenario, it was estimated that the sea-level rise in Southeast Asia would increase between 0.4 m and 1.1 m in the long term (2081 - 2100) from a 1995 - 2014 base, and that maximum one-day precipitation would increase between 6.7% and 46.6% within the same period. The median temperature is expected to increase by 4.4°C over pre-industrial levels (higher than the 2°C scenario) and the mitigation efforts to combat climate change will be unsuccessful, as the economy will continue to depend on fossil fuels.

The VaR study states that Malaysia is not expected to experience wind speed change that could damage buildings, as it is not located within a hurricane/typhoon zone. Existing chillers in buildings do not need to be enhanced, as chillers can operate in desert conditions. As such, the 19 properties of Sunway REIT were assessed against the following two types of physical risks, which could have material adverse impacts on buildings in Malaysia. Transition risks are changes that a firm is expected to navigate as society transitions to a low-carbon economy. The impact of the transition risks is expected to be more material in the 2°C or less warming scenario. The VaR reported four types of transition risks, namely policy and legal risk, technology risk, market risk and reputation risk, in alignment with the TCFD framework. The risks are presented alongside potential financial risks and potential financial opportunities.

The VaR reported two types of physical risks (i.e., acute (short term* to long term) & chronic (long term)). The risks of climate events physically damaging the properties in Sunway REIT's portfolio. In the Malaysian context, material physical risks consist of:
- Sea-level rise, which can lead to more coastal and riverine floods.
- Increased rainfall intensity, which can lead to more flash floods, water seepages into buildings and landslides.

*short term (1-5 years), medium term (6-10 years) and long term (≥ 11 years)

For more information, refer to Sunway REIT FY2022 Integrated Annual Report, page 137 - 143

C2.2a

(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	As a leading REIT, we are aware of the impacts in all our operations, hence we ensure to comply to the current local environmental law and regulations. Any negative environmental impact from our operations will affect the health of the local communities in which we operate and impact the natural resources surrounding our operations. This could also expose us to reputational, legal and financial risks, and even affect our license to operate. Pollution management is one of our priorities in all our operations, as we seek to create long-lasting positive impacts on the communities and build a sustainable future for all. We ensure strict compliance with Sunway REIT's policies and all the relevant environmental laws and regulatory requirements. We comply with: - Solid Waste and Public Cleansing Management Act 2007 - Environmental Quality Act 1974 - Factories and Machinery Act 1967 - All other relevant legislation and regulations We are also proactive in managing our waste, effluents, air emissions and noise levels by implementing various initiatives and collaborating with external stakeholders to mitigate and minimise negative environmental impacts from our operations.
Emerging regulation	Relevant, always included	Malaysia committed to be a carbon-neutral country at the earliest in 2050. There is a potential of carbon tax which could increase operating costs of high carbon emission assets. The recently tabled 12th Malaysia Plan 2021-2025 sets an ambitious goal for the country to achieve net zero carbon emission "as early as" 2050, ahead of Singapore and Indonesia. Part of the equation involves the introduction of carbon pricing, which is meant to incentivise clean energy adoption, encourage better energy efficiency and ultimately reduce greenhouse gas (GHG) emissions. Thus, Sunway has established an Internal Carbon Pricing framework which has been approved by the Board to be adopted in business operations as a way to prepare for a low-carbon economy. Placing a value on GHG emissions will help align with and support a carbon management strategy that will drive the company towards achieving our Net Zero Carbon Emissions by 2050 target. Setting internal carbon pricing can also incentivise the business divisions across Sunway REIT to reduce our carbon emissions and enable low-carbon innovation. The Malaysian government is set to ban the retail use of plastic bags across all business sectors nationwide by 2025. Natural resources, environment and climate change minister of Malaysia said, so far, the implementation of the ban is being done in phases. The federal government have given the state governments and local authorities the leeway to decide on the manner of implementation of the ban, taking into consideration their respective local context. The government's approach is not just to fine vendors who carry on supplying plastic bags after 2025, but also to provide an incentive to encourage the transition. Sunway's first step towards waste management process is to prioritise waste prevention through avoiding or minimising the purchase of materials for single-use purposes. If unavoidable, we advise our suppliers to propose sustainable alternatives such as materials that are made of paper instead of plastic, where possible.
Technology	Not relevant, explanation provided	Not applicable to the REIT industry.
Legal	Relevant, always included	Malaysia committed to be a carbon-neutral country at the earliest in 2050. There is a potential of carbon tax which could increase operating costs of high carbon emission assets. The recently tabled 12th Malaysia Plan 2021-2025 sets an ambitious goal for the country to achieve net zero carbon emission "as early as" 2050, ahead of Singapore and Indonesia. Part of the equation involves the introduction of carbon pricing, which is meant to incentivise clean energy adoption, encourage better energy efficiency and ultimately reduce greenhouse gas (GHG) emissions. We introduced a carbon-pricing framework in our businesses to push this agenda. From 2022 to 2024, the price will be set at RM15 per tonne of CO2e emitted above a pre-defined threshold level. This carbon price will be recalibrated progressively in subsequent years. Our respective business divisions will work towards their own decarbonisation targets, and those that fail to meet these targets will be penalised by having an amount deducted from their bonus pool. We are the first corporation in Malaysia, and among the first in Asia, to implement such a robust carbon-reduction strategy in conducting our business. This is also a reflection of our firm belief that sustainability and profitability can go hand in hand. The immediate result of implementing Internal Carbon Pricing is that respective divisions are now more aware of the standards set by the industries for energy-efficient operations. This has resulted in regular evaluations of each divisional operations to ensure optimal operational efficiency. Carbon pricing has become a powerful change incentive to innovate to more effective and sustainable methods as a result of the targets becoming stricter. Potential financial risks: - Regulations mandating green products and services (i.e., green buildings) will increase asset enhancement initiatives - Carbon tax will increase operating costs of high-carbon emission assets - Exposure to litigation
Market	Relevant, always included	Sunway REIT adopted Sunway Berhad's Green Building Policy, which has been established and implemented since 2022. We are committed to ensuring all new buildings from 2025 onwards are green-certified, in our effort to be at the forefront of sustainable development projects. The Policy will guide us in producing sustainable designs and managing our resources effectively, while minimising the impact of our operations on the surrounding communities and the environment. We will continue to integrate sustainable practices into our development, operations and management of our townships and buildings. As of 2022, 4 of our buildings have attained green certification namely Sunway Carnival Mall, Sunway Pinnacle, Sunway Resort Hotel and Sunway Lagoon Hotel. Sunway REIT remains committed to its Net Zero Carbon Emissions by 2050 Roadmap and will continue to explore further methods of cutting emissions from its properties. Operationally, our focus has been on reducing Scope 1 and 2 emissions. However, in the context of our business, it is Scope 3, in particular our tenants, that contributes the highest emissions. Hence, we rolled out Green Lease Partnership Programme. Sunway REIT is the first REIT in Malaysia to introduce Green Lease Partnership Programme. We aim to achieve 100% tenant participation in the programme by 2030. At the end of FY2022, Sunway REIT had garnered 100% of hotel lessees and 21% of retail and office tenants. The Ministry of Energy and Natural Resources is to implement the Malaysia Renewable Energy Roadmap (MyRER) to achieve the national aspiration of 31% renewable energy (RE) capacity by 2025 and 40% by 2035. Sunway REIT has also set target to achieve at least 40% of electricity from renewable energy sources by 2030. Switching to renewable energy is a tangible step that will effectively cut our carbon emissions and accelerate our journey towards net zero carbon emissions. Since 2018, we have been actively installing solar photovoltaic (PV) panels on the rooftops of our buildings and as of December 2022, we have generated 3,008 MWh of clean energy. Potential financial risks: - Increasing consumer preferences for green property assets - Increasing cost to own or lease green property assets

	Relevance & inclusion	Please explain
Reputation	Relevant, always included	In all that we do, we demonstrate utmost respect for ethical principles, which form the foundation of our organisation. Ethics and integrity are part of our core values and embedded in our DNA. Our commitment to good governance is reflected in our ESG scores in high-quality, globally recognised and established ESG indices. These ratings do not only reflect our commitment to sustainability, but also serve as a data-driven tool for reflection and self-appraisal. Since 2021, Sunway REIT has integrated sustainability at the highest governance level, enabling strategic oversight of ESG issues for longer-term value creation. Sustainability at Sunway REIT is led by the Sustainability Committee, which includes ESG considerations in the process of determining the strategic direction and policies. Sunway REIT was also one of the first few publicly listed companies in Malaysia that incorporated sustainability into Senior Management's performance evaluation and KPIs which are linked to remuneration. In 2022, Sunway REIT's Sustainability Committee reviewed and approved various robust sustainability initiatives, including revising the 2030 goals and targets. In 2022, Sunway REIT further deepened its commitment to accelerating its climate action, which is driven by its Net Zero Carbon Emissions by 2050 Roadmap. Apart from strengthening our efforts internally through policies, Sunway REIT introduced the Sunway Green Lease Partnership Programme to work closely with our tenants to reduce our Scope 1 and Scope 2 greenhouse gas (GHG) emissions. The United Nations Sustainable Development Goals (UN-SDG) is agenda that the Sunway REIT is fully committed to. In 2022, Sunway REIT continued to contribute to a range of key areas and selected SDGs. For more information, refer to Sunway REIT FY2022 Integrated Annual Report page 132 Potential financial risks: - Increasing consumer preferences for companies that have green reputations - Increasing stakeholder concerns about climate change (difficulty in securing government approvals, difficulty in accessing financing, increasing shareholder activism for climate action) Refer to Sunway REIT FY2022 Intergrated Annual Report page 6-7 for our milestones in FY2022.
Acute physical	Relevant, always included	The rising frequency of extreme weather events, such as floods, heavy rain, and landslides, poses a significant risk of damage to our assets. With each occurrence of these events, the risks of physical damage to our properties increase, leading to higher costs for repairs. This, in turn, places a financial burden on Sunway REIT who must invest in mitigating the effects of such events. Furthermore, the impact of these weather events extends beyond mere property damage. Properties that house businesses or provide essential services may suffer disruptions, affecting the provision of services to tenants and customers alike. As a result, both landlords and tenants may experience revenue loss due to the inability to operate under these adverse conditions. In the long run, the cumulative effect of frequent extreme weather events can lead to higher insurance premiums. Insurance providers may see increased claims and payouts, prompting them to adjust their rates to account for the heightened risk of damage to insured assets.
Chronic physical	Relevant, always included	Even in the worst-case scenario of a 3.5°C increase, the rise in mean temperatures in Southeast Asia does not represent an immediate threat because the current chiller technology can still work well. However, this does come with a consequence of higher operating costs, as the chillers need to run for more extended hours to maintain a comfortable environment in the buildings. On the other hand, the cost of building coastal properties is directly impacted by the long-term rise in sea levels. The main reason for this is the requirement to increase floor elevations in order to reduce potential flooding damage. The costs of adapting and protecting these properties against flooding and water damage might be high if they are not sufficiently prepared to deal with rising sea levels and the incidence of king tides.

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Emerging regulation	Carbon pricing mechanisms

Primary potential financial impact

Increased indirect (operating) costs

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

Potential Financial Risks that may arise are:
- Regulations mandating green products and services (green buildings, green construction products and services) will increase production costs
- Carbon tax increases operating costs of high carbon emission assets
- Exposure to litigation

Time horizon

Medium-term

Likelihood

Very likely

Magnitude of impact

High

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
Malaysia is committed to becoming a carbon-neutral country by 2050. The 12th Malaysia Plan 2021-2025 sets ambitious goals for achieving net zero carbon emissions "as early as" 2050, ahead of regional counterparts like Singapore and Indonesia. Carbon pricing is seen as a key tool to incentivize clean energy adoption, enhance energy efficiency, and ultimately reduce greenhouse gas (GHG) emissions. Although Malaysia has not implemented a carbon tax yet, there is potential for it to impact high carbon emission assets' operating costs.

Despite the absence of a national carbon tax, Sunway has taken a proactive approach to prepare for a low-carbon economy. The company established an Internal Carbon Pricing framework, gaining approval from the Board for adoption in its business operations. Sunway is a trailblazer in Malaysia and Asia, being among the first corporations to implement such a robust carbon-reduction strategy.

Sunway's Internal Carbon Pricing framework has yielded immediate benefits. It has raised awareness among different divisions about the energy-efficient standards set by industries, leading to regular evaluations of operational efficiency within each division. Carbon pricing has become a powerful incentive for innovation, driving the development of more effective and sustainable practices to meet stricter targets. By placing a value on GHG emissions, Sunway aligns with a carbon management strategy that supports the company's aim of achieving Net Zero Carbon Emissions by 2050.

The adoption of internal carbon pricing also fosters a culture of carbon emission reduction and low-carbon innovation across Sunway REIT's business divisions. This approach not only demonstrates the company's firm belief that sustainability and profitability can coexist but also positions Sunway as a leader in the transition towards a sustainable and carbon-neutral future.

To understand our targets, refer Sunway REIT FY2022 Intergrated Annual Report page 146

Cost of response to risk
0

Description of response and explanation of cost calculation
To reinforce the importance of carbon emission reduction, business units that do not meet their targets will face consequences in the form of deductions from their bonus pool. This financial penalty sends a strong message to operators and managers, urging them to innovate and implement solutions to reduce carbon emissions. The introduction of the carbon price incentivises proactive measures to cut emissions, emphasising the significance of sustainability and reinforcing Sunway REIT's commitment to mitigating its environmental impact.

Between 2022 and 2024, a carbon price of RM15/tonne of CO2 will be established, triggered when emissions exceed a predetermined threshold level. This pricing mechanism mirrors Singapore's approach. As the years progress, the carbon price will be adjusted incrementally.

For example, FY2022 building energy intensity (BEI) target for Office segment is set at 150kwh/m2/year. If BEI performance for Office segment at FY2022 is at 160kwh/m2/year, an internal carbon tax will be calculated on the excess 10kwh/m2/year.

Comment
Sunway REIT has taken proactive steps towards sustainability by embracing renewable energy. Solar PV cells have been installed at our shopping malls, hotel, office and hospitals, replacing grid energy, which is more carbon-intensive. This move demonstrates our commitment to reducing our carbon footprint and embracing cleaner energy alternatives.

Looking ahead, our vision for the future includes strategic investments in large-scale solar farms/ green sources. Our goal is to derive 40% of energy requirements from renewable energy sources by 2030.

Identifier
Risk 2

Where in the value chain does the risk driver occur?
Direct operations

Risk type & Primary climate-related risk driver

Emerging regulation	Enhanced emissions-reporting obligations

Primary potential financial impact
Increased indirect (operating) costs

Climate risk type mapped to traditional financial services industry risk classification
<Not Applicable>

Company-specific description
Additional resources are required to improve data collection and data audit for purpose of reporting.

Time horizon
Long-term

Likelihood
Virtually certain

Magnitude of impact
High

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)
500000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
- Additional cost to train employees to collect data in accordance with the standards required by the regulations
- Potential cost to develop/acquire data collection software
- Additional cost for audit purposes

Cost of response to risk

Description of response and explanation of cost calculation
Additional cost incurred to train employees in collecting data according to the specific standards required by regulations. This training may involve specialised knowledge and expertise in emissions data collection and reporting, which could lead to increased expenses. These programmes equip employees with the necessary skills and knowledge to accurately collect emissions data and comply with the stringent reporting standards set by regulations. The total cost will encompass expenses related to training materials and hiring external experts or consultants to conduct specialised training sessions.

Potential Cost to Develop/Acquire Data Collection Software: Sunway REIT may need to invest in developing or acquiring data collection software that complies with the required standards. Such software will streamline the data collection process and ensure accuracy and consistency in reporting.

Additional Cost for Audit Purposes: Enhanced emissions reporting leads to increased scrutiny and more frequent audits to verify compliance.

Comment
The enhanced emissions reporting dimensions present financial risks to the company, which can be addressed by investing in employee training, data collection software, and resources for audit purposes. By implementing these responses, Sunway REIT can efficiently and accurately comply with the required regulations while effectively managing the associated costs.

Identifier
Risk 3

Where in the value chain does the risk driver occur?
Direct operations

Risk type & Primary climate-related risk driver

Legal	Exposure to litigation

Primary potential financial impact
Increased indirect (operating) costs

Climate risk type mapped to traditional financial services industry risk classification
<Not Applicable>

Company-specific description
With the increasing rainfall and rising sea levels, risk of flashfloods has become more significance over the years, it may open Sunway REIT to potential litigation property damages from our tenants for failure to design and protect tenants against floods. Such litigation claims can open Sunway REIT up to unexpected financial lost and reputation impacts.

Sunway REIT manages and litigates such risk against mitigation by including ESG due diligence for land acquisition. In 2022, Sunway REIT performed asset-level environmental and/or social risk assessments as a standard part of our due diligence process for new acquisitions that included the following:
- Water efficiency
- Water supply
- Flooding
- Waste management
- Energy efficiency
- Energy supply
- Biodiversity and habitat
- Building safety
- Climate change adaptation
- Compliance with regulatory requirements
- GHG emissions
- Health and well-being
- Indoor environmental quality
- Socioeconomic
- Transportation

Time horizon
Long-term

Likelihood
Unlikely

Magnitude of impact
Low

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
N/A

Cost of response to risk
40000

Description of response and explanation of cost calculation
In 2021, we appointed the Jeffrey Sachs Center on Sustainable Development (JSC) to quantify our climate Value at Risk (VaR) based on the worst-case scenario as part of our analysis of risk. The VaR, updated in 2022, identified and evaluated the physical risks and transition risks and opportunities of all our 19 properties, including leased properties, across our business segments. The VaR analysis recommended mitigation measures based on the assumption that the worst material physical risks, such as increased rainfall intensity and floods in Malaysia, would occur as a result of climate change. Upon the physical risk analysis, our properties were categorised as either high, medium or low risk properties. Sunway REIT's property portfolio has low VaR overall although it is exposed to risks of flash floods and water seepage during heavy rain. Ten of the properties have low VaR while eight have medium VaR. One property, Sunway Pier, is classified as high VaR because of its close proximity to the coastline.

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:
Transition risks are changes that a firm is expected to navigate as society transitions to a low-carbon economy. Under the TCFD framework, there are four types of transition risks, namely policy and legal risk, technology risk, market risk and reputation risk.

Physical Risks:
The risks of climate events physically damaging the properties in Sunway's portfolio. In the Malaysian context, material physical risks consist of:
- Sea-level rise, which can lead to more coastal and riverine floods.
- Increased rainfall intensity, which can lead to more flash floods, water seepages into buildings and landslides.

For more information, refer to Sunway REIT FY 2022 Integrated Annual Report Page 137 - Pg 148

Comment
As above

Identifier
Risk 4

Where in the value chain does the risk driver occur?
Downstream

Risk type & Primary climate-related risk driver

Market	Changing customer behavior

Primary potential financial impact
Increased capital expenditures

Climate risk type mapped to traditional financial services industry risk classification
<Not Applicable>

Company-specific description
The demand for energy-efficient and sustainable buildings with a focus on promoting a healthy work environment is a significant and growing trend, particularly in developed economies.

Sunway REIT is actively embracing this trend through our Green Building Policy, which was established and implemented in 2022. As part of our commitment to sustainability, we have set a clear objective to ensure that all new buildings constructed from 2025 onwards are green-certified. This proactive approach places us at the forefront of sustainable development projects in the industry.

Our Green Building Policy serves as a guiding framework that directs us in producing sustainable designs and managing resources effectively. By adhering to this policy, we aim to minimise the environmental impact of our operations on the surrounding communities and the natural environment. We recognise the importance of promoting eco-friendly practices, and we strive to integrate sustainability into every aspect of our development, operations, and management of townships and buildings.

With a strong focus on sustainability, Sunway REIT aims to lead by example and contribute to creating a more environmentally responsible and healthier built environment. By prioritising energy efficiency and incorporating green practices, we are dedicated to providing our occupants with sustainable and healthy spaces that align with the evolving needs of the market and contribute positively to the well-being of our communities.

Sunway Pinnacle, which is a green certified building, has an average occupancy of 98% for FY2022 - attracting big MNC tenants such as:
- Linde Malaysia Sdn Bhd
- Huntsman Global Business Services Sdn Bhd
- Accenture Solution Sdn Bhd
- Roche Services (Asia Pacific) Sdn Bhd

Time horizon
Medium-term

Likelihood
Very likely

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
Compared to conventional buildings, constructing a green-certified building may require higher initial investments due to the incorporation of sustainable technologies and materials, as well as adherence to certification standards. It is a practice of creating structures and using processes that are environmentally responsible and resource-efficient throughout a building's lifecycle, from siting, design, construction and operation to maintenance, renovation and deconstruction.

Obtaining a certified green building involves a comprehensive assessment of the increased upfront expenses incurred during the construction of a green-certified building. This may include additional costs for sustainable materials, energy-efficient technologies, and certification fees. Costs associated with obtaining green building consultants or experts to ensure compliance with certification standards.

Cost of response to risk

Description of response and explanation of cost calculation
Despite the initial higher investment, Sunway REIT recognises that green buildings offer various advantages that can offset these costs over time.

Green-certified buildings are designed with energy efficiency in mind, resulting in reduced energy consumption and lower utility expenses over the building's lifetime. This ongoing savings on energy costs can help offset the initial higher investment.

Green buildings often incorporate durable and low-maintenance materials and systems, leading to reduced maintenance and repair expenses over time.

In response to the growing demand for sustainable and eco-friendly spaces, green-certified buildings are highly attractive to large, reputable multinational corporations (MNCs). These tenants are often willing to pay a premium for sustainable spaces that align with their environmental goals and enhance their corporate image. The increased rental income from such tenants can contribute to offsetting the initial higher development cost.

Comment
While developing a green-certified building may entail increased upfront costs, Sunway REIT's strategic response involves recognising the long-term benefits and value that such buildings bring. The potential for lower building energy and maintenance costs, along with the ability to attract reputable MNC tenants who are willing to pay premium rental rates for sustainable spaces. This approach ensures that the financial impact of developing green-certified buildings is carefully evaluated, taking into account the substantial benefits in terms of sustainability, cost efficiency, and tenant attractiveness.

Identifier
Risk 5

Where in the value chain does the risk driver occur?
Downstream

Risk type & Primary climate-related risk driver

Reputation	Shifts in consumer preferences

Primary potential financial impact
Increased capital expenditures

Climate risk type mapped to traditional financial services industry risk classification
<Not Applicable>

Company-specific description
The demand for energy-efficient and sustainable buildings with a focus on promoting a healthy work environment is a significant and growing trend, particularly in developed economies.

Sunway REIT is actively embracing this trend through our Green Building Policy, which was established and implemented in 2022. As part of our commitment to sustainability, we have set a clear objective to ensure that all new buildings constructed from 2025 onwards are green-certified. This proactive approach places us at the forefront of sustainable development projects in the industry.

Our Green Building Policy serves as a guiding framework that directs us in producing sustainable designs and managing resources effectively. By adhering to this policy, we aim to minimise the environmental impact of our operations on the surrounding communities and the natural environment. We recognise the importance of promoting eco-friendly practices, and we strive to integrate sustainability into every aspect of our development, operations, and management of townships and buildings.

With a strong focus on sustainability, Sunway REIT aims to lead by example and contribute to creating a more environmentally responsible and healthier built environment. By prioritising energy efficiency and incorporating green practices, we are dedicated to providing our occupants with sustainable and healthy spaces that align with the evolving needs of the market and contribute positively to the well-being of our communities.

Sunway Pinnacle, which is a green certified building, has an average occupancy of 98% for FY2022 - attracting big MNC tenants such as:
- Linde Malaysia Sdn Bhd
- Huntsman Global Business Services Sdn Bhd
- Accenture Solution Sdn Bhd
- Roche Services (Asia Pacific) Sdn Bhd

Time horizon
Medium-term

Likelihood
Very likely

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
Compared to conventional buildings, constructing a green-certified building may require higher initial investments due to the incorporation of sustainable technologies and materials, as well as adherence to certification standards. It is a practice of creating structures and using processes that are environmentally responsible and resource-efficient throughout a building's lifecycle, from siting, design, construction and operation to maintenance, renovation and deconstruction.

Obtaining a certified green building involves a comprehensive assessment of the increased upfront expenses incurred during the construction of a green-certified building. This may include additional costs for sustainable materials, energy-efficient technologies, and certification fees. Costs associated with obtaining green building consultants or experts to ensure compliance with certification standards.

Cost of response to risk

Description of response and explanation of cost calculation
Despite the initial higher investment, Sunway REIT recognises that green buildings offer various advantages that can offset these costs over time.

Green-certified buildings are designed with energy efficiency in mind, resulting in reduced energy consumption and lower utility expenses over the building's lifetime. This ongoing savings on energy costs can help offset the initial higher investment.

Green buildings often incorporate durable and low-maintenance materials and systems, leading to reduced maintenance and repair expenses over time.

In response to the growing demand for sustainable and eco-friendly spaces, green-certified buildings are highly attractive to large, reputable multinational corporations (MNCs). These tenants are often willing to pay a premium for sustainable spaces that align with their environmental goals and enhance their corporate image. The increased rental income from such tenants can contribute to offsetting the initial higher development cost.

Comment
While developing a green-certified building may entail increased upfront costs, Sunway REIT's strategic response involves recognising the long-term benefits and value that such buildings bring. The potential for lower building energy and maintenance costs, along with the ability to attract reputable MNC tenants who are willing to pay premium rental rates for sustainable spaces. This approach ensures that the financial impact of developing green-certified buildings is carefully evaluated, taking into account the substantial benefits in terms of sustainability, cost efficiency, and tenant attractiveness.

Identifier
Risk 6

Where in the value chain does the risk driver occur?
Direct operations

Risk type & Primary climate-related risk driver

Acute physical	Heavy precipitation (rain, hail, snow/ice)

Primary potential financial impact
Increased capital expenditures

Climate risk type mapped to traditional financial services industry risk classification
<Not Applicable>

Company-specific description
In 2021, we appointed the Jeffrey Sachs Center on Sustainable Development (JSC) to quantify our climate Value at Risk (VaR) based on the worst-case scenario as part of our analysis of risk. The VaR, updated in 2022, identified and evaluated the physical risks and transition risks and opportunities of all our 19 properties, including leased properties, across our business segments. The VaR analysis recommended mitigation measures based on the assumption that the worst material physical risks, such as increased rainfall intensity and floods in Malaysia, would occur as a result of climate change.

Site inspections were also conducted at some properties to determine the risk level of the buildings and the mitigation measures taken. To systematically assess the material physical risks for each property, the JSC utilised the following analytical procedure:
1. The buildings were categorised according to Low, Medium and High VaR. While high-risk properties have higher physical risks and financial risks such as building repair costs due to floods, low-risk buildings have lower exposure to the risks.
2. The properties were assessed against the worst-case scenario as described by the Intergovernmental Panel on Climate Change (IPCC) Assessment Report 6, which was published in August 2021.
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.
4. The historical flooding and water seepage incidences and damage cost of each property were obtained to gauge the likelihood of floods and water seepage as suggested by historical incidences at the local level.

Physical Risks: risks of climate events physically damaging the properties in Sunway's portfolio. In the Malaysian context, material physical risks consist of:
- Sea-level rise, which can lead to more coastal and riverine floods.
- Increased rainfall intensity, which can lead to more flash floods, water seepages into buildings and landslides.

According to the report, there are two types of physical risks:
- Acute (Short term to long term)
- Chronic (Long term)

Time horizon
Long-term

Likelihood
Likely

Magnitude of impact
Medium-high

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
Based on the climate VaR study, Sunway REIT's property portfolio has low VaR overall although it is exposed to risks of flash floods and water seepage during heavy rain. Ten of the properties have low VaR while eight have medium VaR. One property, Sunway Pier, is classified as high VaR because of its close proximity to the coastline.

If the risks are not managed correctly, this may result in property damage and higher capital expenditure and operational expenditure for affected sites, along with business interruption due to discontinued access to commercial centers and the potential loss of electricity, internet, water and energy supply. Based on the JSC report, potential financial risks cause by increasing frequency of extreme weather events (floods, heavy rain, landslides) are:
- Disruption of the provision of services dependent on the property asset thus loss of revenue
- Higher cost of repairs
- Higher insurance premiums

Cost of response to risk

Description of response and explanation of cost calculation
Property damage and repair costs: Heavy precipitation can cause significant damage to buildings, infrastructure, and other property assets owned by Sunway REIT. The costs associated with repairing and restoring the affected properties can be substantial. This includes expenses related to structural repairs, electrical systems, flooring, and other components. Insurance coverage may help offset some of these costs, depending on the policy terms and coverage limits.

Loss of rental income: If Sunway REIT assets experience flooding, they may become temporarily uninhabitable or unavailable for tenants. This can result in a loss of rental income during the period of repair and recovery.

Business interruption costs: Heavy precipitation can disrupt business operations, including those of commercial tenants within the REIT's properties. This can result in additional costs associated with business interruption insurance claims, temporary relocations, and supporting tenants in resuming their operations. These costs can impact the REIT's financial performance and profitability.

Potential costs include insurance premiums rising in line with extreme weather events.

The study also recommended the following mitigation steps to minimise the portfolio's physical risks:
- Continuous monitoring of drains and gutters to ensure that they are clear
- If economically viable, permanently stop water seepage 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

Comment
The VaR is categorised according to Low, Medium, and High:
- 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. RM annual historical losses < RM5 mil)
- 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. RM annual historical losses ≥ RM5 mil)

Time horizon according to JSC report:
- Short term:1-5 years
-Medium term: 6-10 years
- Long term: ≥ 11 years

Material floods have historically been observed to affect Sunway REIT's portfolio of property assets; however, they are not frequent. Moving forward, climate change will cause the frequency of these extreme acute weather events to increase.

For more information, refer to Sunway REIT FY2022 Intergrated Annual Report Page 137-146

Identifier
Risk 7

Where in the value chain does the risk driver occur?
Direct operations

Risk type & Primary climate-related risk driver

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

Primary potential financial impact
Increased capital expenditures

Climate risk type mapped to traditional financial services industry risk classification
<Not Applicable>

Company-specific description
In 2021, we appointed the Jeffrey Sachs Center on Sustainable Development (JSC) to quantify our climate Value at Risk (VaR) based on the worst-case scenario as part of our analysis of risk. The VaR, updated in 2022, identified and evaluated the physical risks and transition risks and opportunities of all our 19 properties, including leased properties, across our business segments. The VaR analysis recommended mitigation measures based on the assumption that the worst material physical risks, such as increased rainfall intensity and floods in Malaysia, would occur as a result of climate change.

Site inspections were also conducted at some properties to determine the risk level of the buildings and the mitigation measures taken. To systematically assess the material physical risks for each property, the JSC utilised the following analytical procedure:
1. The buildings were categorised according to Low, Medium and High VaR. While high-risk properties have higher physical risks and financial risks such as building repair costs due to floods, low-risk buildings have lower exposure to the risks.
2. The properties were assessed against the worst-case scenario as described by the Intergovernmental Panel on Climate Change (IPCC) Assessment Report 6, which was published in August 2021.
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.
4. The historical flooding and water seepage incidences and damage cost of each property were obtained to gauge the likelihood of floods and water seepage as suggested by historical incidences at the local level.

Physical Risks: risks of climate events physically damaging the properties in Sunway's portfolio. In the Malaysian context, material physical risks consist of:
- Sea-level rise, which can lead to more coastal and riverine floods.
- Increased rainfall intensity, which can lead to more flash floods, water seepages into buildings and landslides.

According to the report, there are two types of physical risks:
- Acute (Short term to long term)
- Chronic (Long term)

Time horizon
Long-term

Likelihood
Likely

Magnitude of impact
Medium-high

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
Based on the climate VaR study, Sunway REIT’s property portfolio has low VaR overall although it is exposed to risks of flash floods and water seepage during heavy rain. Ten of the properties have low VaR while eight have medium VaR. One property, Sunway Pier, is classified as high VaR because of its close proximity to the coastline.

If the risks are not managed correctly, this may result in property damage and higher capital expenditure and operational expenditure for affected sites, along with business interruption due to discontinued access to commercial centers and the potential loss of electricity, internet, water and energy supply. Based on the JSC report, potential financial risks cause by increasing frequency of extreme weather events (floods, heavy rain, landslides) are:
- Disruption of the provision of services dependent on the property asset thus loss of revenue
- Higher cost of repairs
- Higher insurance premiums

Cost of response to risk

Description of response and explanation of cost calculation
Property damage and repair costs: Heavy precipitation can cause significant damage to buildings, infrastructure, and other property assets owned by Sunway REIT. The costs associated with repairing and restoring the affected properties can be substantial. This includes expenses related to structural repairs, electrical systems, flooring, and other components. Insurance coverage may help offset some of these costs, depending on the policy terms and coverage limits.

Loss of rental income: If Sunway REIT assets experience flooding, they may become temporarily uninhabitable or unavailable for tenants. This can result in a loss of rental income during the period of repair and recovery.

Business interruption costs: Heavy precipitation can disrupt business operations, including those of commercial tenants within the REIT's properties. This can result in additional costs associated with business interruption insurance claims, temporary relocations, and supporting tenants in resuming their operations. These costs can impact the REIT's financial performance and profitability.

Potential costs include insurance premiums rising in line with extreme weather events.

The study also recommended the following mitigation steps to minimise the portfolio’s physical risks:
- Continuous monitoring of drains and gutters to ensure that they are clear
- If economically viable, permanently stop water seepage 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

Comment

The VaR is categorised according to Low, Medium, and High:
- 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. RM annual historical losses < RM5 mil)
- 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. RM annual historical losses ≥ RM5 mil)

Time horizon according to JSC report:
- Short term:1-5 years
-Medium term: 6-10 years
- Long term: ≥ 11 years

Material floods have historically been observed to affect Sunway REIT's portfolio of property assets; however, they are not frequent. Moving forward, climate change will cause the frequency of these extreme acute weather events to increase.

For more information, refer to Sunway REIT FY2022 Intergrated Annual Report Page 137-146

Identifier
Risk 8

Where in the value chain does the risk driver occur?
Direct operations

Risk type & Primary climate-related risk driver

Chronic physical	Coastal erosion

Primary potential financial impact
Increased capital expenditures

Climate risk type mapped to traditional financial services industry risk classification
<Not Applicable>

Company-specific description
In 2021, we appointed the Jeffrey Sachs Center on Sustainable Development (JSC) to quantify our climate Value at Risk (VaR) based on the worst-case scenario as part of our analysis of risk. The VaR, updated in 2022, identified and evaluated the physical risks and transition risks and opportunities of all our 19 properties, including leased properties, across our business segments. The VaR analysis recommended mitigation measures based on the assumption that the worst material physical risks, such as increased rainfall intensity and floods in Malaysia, would occur as a result of climate change.

Site inspections were also conducted at some properties to determine the risk level of the buildings and the mitigation measures taken. To systematically assess the material physical risks for each property, the JSC utilised the following analytical procedure:
1. The buildings were categorised according to Low, Medium and High VaR. While high-risk properties have higher physical risks and financial risks such as building repair costs due to floods, low-risk buildings have lower exposure to the risks.
2. The properties were assessed against the worst-case scenario as described by the Intergovernmental Panel on Climate Change (IPCC) Assessment Report 6, which was published in August 2021.
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.
4. The historical flooding and water seepage incidences and damage cost of each property were obtained to gauge the likelihood of floods and water seepage as suggested by historical incidences at the local level.

Physical Risks: risks of climate events physically damaging the properties in Sunway's portfolio. In the Malaysian context, material physical risks consist of:
- Sea-level rise, which can lead to more coastal and riverine floods.
- Increased rainfall intensity, which can lead to more flash floods, water seepages into buildings and landslides.

According to the report, there are two types of physical risks:
- Acute (Short term to long term)
- Chronic (Long term)

Time horizon
Long-term

Likelihood
Likely

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
Based on the climate VaR study, Sunway REIT's property portfolio has low VaR overall although it is exposed to risks of flash floods and water seepage during heavy rain. Ten of the properties have low VaR while eight have medium VaR. One property, Sunway Pier, is classified as high VaR because of its close proximity to the coastline.

If the risks are not managed correctly, this may result in property damage and higher capital expenditure and operational expenditure for affected sites, along with business

interruption due to discontinued access to commercial centers and the potential loss of electricity, internet, water and energy supply. Based on the JSC report, potential financial risks cause by increasing frequency of extreme weather events (floods, heavy rain, landslides) are:
- Disruption of the provision of services dependent on the property asset thus loss of revenue
- Higher cost of repairs
- Higher insurance premiums

Cost of response to risk

Description of response and explanation of cost calculation
Property damage and repair costs: Heavy precipitation can cause significant damage to buildings, infrastructure, and other property assets owned by Sunway REIT. The costs associated with repairing and restoring the affected properties can be substantial. This includes expenses related to structural repairs, electrical systems, flooring, and other components. Insurance coverage may help offset some of these costs, depending on the policy terms and coverage limits.

Loss of rental income: If Sunway REIT assets experience flooding, they may become temporarily uninhabitable or unavailable for tenants. This can result in a loss of rental income during the period of repair and recovery.

Business interruption costs: Heavy precipitation can disrupt business operations, including those of commercial tenants within the REIT's properties. This can result in additional costs associated with business interruption insurance claims, temporary relocations, and supporting tenants in resuming their operations. These costs can impact the REIT's financial performance and profitability.

Potential costs include insurance premiums rising in line with extreme weather events.

The study also recommended the following mitigation steps to minimise the portfolio's physical risks:
- Continuous monitoring of drains and gutters to ensure that they are clear
- If economically viable, permanently stop water seepage 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

Comment
The VaR is categorised according to Low, Medium, and High:
- 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. RM annual historical losses < RM5 mil)
- 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. RM annual historical losses ≥ RM5 mil)

Time horizon according to JSC report:
- Short term:1-5 years
-Medium term: 6-10 years
- Long term: ≥ 11 years

Material floods have historically been observed to affect Sunway REIT's portfolio of property assets; however, they are not frequent. Moving forward, climate change will cause the frequency of these extreme acute weather events to increase.

For more information, refer to Sunway REIT FY2022 Intergrated Annual Report Page 137-146

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?
Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier
Opp1

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Resource efficiency

Primary climate-related opportunity driver
Move to more efficient buildings

Primary potential financial impact
Reduced indirect (operating) costs

Company-specific description
Building energy intensity (BEI) should stay below the annual targets set for the respective business divisions, starting from 2022. The business segments should continue to stay below the BEI targets that will be lowered by 4% on a y-o-y basis up till 2030 to align with the IPCC target of 45% reduction in carbon emissions by 2030. The targets are to be validated by SBTi in next 2 years.

The Green Building Index (GBI) has derived BEI values for different types of buildings based on industry data and in close consultation with industry players. To be considered an efficient building, the building must achieve a BEI that is lower than the baseline minimum that has been derived for the respective types of buildings.

In alignment with Sunway Berhad's Green Building Policy, Sunway REIT is committed to developing all new buildings acquired from 2025 onwards to be green building-

certified to reduce the overall impact of the built environment on its surroundings. We strive to increase the number of our properties that achieve green building status each year. Four of our buildings has obtained green building accreditation over the years. Sunway REIT is actively embracing this trend through our Green Building Policy, which was established and implemented in 2022. As part of our commitment to sustainability, we have set a clear objective to ensure that all new buildings constructed from 2025 onwards are green-certified. This proactive approach places us at the forefront of sustainable development projects in the industry.

Our Green Building Policy serves as a guiding framework that directs us in producing sustainable designs and managing resources effectively. By adhering to this policy, we aim to minimise the environmental impact of our operations on the surrounding communities and the natural environment. We recognise the importance of promoting eco-friendly practices, and we strive to integrate sustainability into every aspect of our development, operations, and management of townships and buildings.

With a strong focus on sustainability, Sunway REIT aims to lead by example and contribute to creating a more environmentally responsible and healthier built environment. By prioritising energy efficiency and incorporating green practices, we are dedicated to providing our occupants with sustainable and healthy spaces that align with the evolving needs of the market and contribute positively to the well-being of our communities.

Time horizon
Medium-term

Likelihood
Virtually certain

Magnitude of impact
High

Are you able to provide a potential financial impact figure?
Yes, an estimated range

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure
An energy efficient building may require higher initial investments due to the incorporation of sustainable technologies and materials, as well as adherence to certification standards. It is a practice of creating structures and using processes that are environmentally responsible and resource-efficient throughout a building's lifecycle, from siting, design, construction and operation to maintenance, renovation and deconstruction. By adopting energy-efficient practices, it translates to cost savings in the form of lower utility bills and reduced operational expenses.

Despite the initial higher investment, Sunway REIT recognises that green buildings offer various advantages that can offset these costs over time. Green-certified buildings are designed with energy efficiency in mind, resulting in reduced energy consumption and lower utility expenses over the building's lifetime. This ongoing savings on energy costs can help offset the initial higher investment. Green buildings often incorporate durable and low-maintenance materials and systems, leading to reduced maintenance and repair expenses over time.

Renewable energy sources like solar energy are integrated into our building's energy generation system. Solar panels are installed on the building's roof or surrounding areas to harness sunlight for our energy consumption. By incorporating solar energy, we further decrease our reliance on conventional energy sources, leading to additional cost savings and a more sustainable operation.

Cost to realize opportunity

Strategy to realize opportunity and explanation of cost calculation
In 2021, Sunway REIT became the first M-REIT to incorporate sustainable finance considerations into its capital management strategy via the issuance of its inaugural Sustainability-Linked Bond (SLB). Issued under SUNREIT Unrated Bond Berhad (SUB), the SLB was part of SUB's RM10 billion existing unrated medium-term notes (MTNs) programme. OCBC Bank (Malaysia) Berhad (OCBC) was the appointed sustainability structuring coordinator of the SLB. In December 2021, SUB issued the first tranche of the SLB in December 2021, which featured a pricing adjustment mechanism benchmarked against the achievement of predetermined Sustainability Performance Targets (SPTs).

The SPTs are measured against the following two selected KPIs, which are core, relevant and material to the business of
Sunway REIT.
KPI 1: Measured based on renewable energy generated by Sunway REIT's properties.
KPI 2: Measured based on the weighted average BEI of Sunway Pyramid Mall, Sunway Carnival Mall and Sunway Putra Mall.

We have set the BEI targets for our managed properties, while continually improving our energy performance through the energy initiatives. Throughout the year, Sunway REIT has been proactive in minimising our carbon footprint by engaging with stakeholders to increase awareness on using renewable energy and ensuring energy efficiency across our operations.

We have a group of engineers who diligently monitor our energy consumption and research innovative ways to ensure efficient energy management in our organisation. In addition to improving our building energy efficiency, we also reduce our dependence on non-renewable energy sources by installing solar PV panels. We were able to generate 3,008 MWh of solar energy, which was equivalent to avoiding 1,760 tCO2e or carbon sequestrated by 83,810 trees* in a year. We have also installed smart meters in our existing buildings and changing old bulbs to LED lighting. This move demonstrates our commitment to reducing our carbon footprint and embracing cleaner energy alternatives.

Comment
We have set future value goals and 2030 targets to transform our portfolios to low-carbon sustainable cities. Our strategic framework includes decarbonisation and resource management.

From now until 2030, Sunway's focus is on reducing residual emissions by improving efficiency and using energy substitution. In 2021, we established an Internal Carbon Pricing framework to start preparing for the potential transition risks from climate-related issues at RM15 per tonne of CO2e emitted above a threshold level. This is a decision-making tool that can help our business segments to understand their exposure to external carbon pricing schemes, guide their decisions and investments and put a value on their greenhouse gas (GHG) emissions in a way that drives positive change in their business.

We also reduce energy consumption through these efforts:
- Building Energy Management Systeams (BEMS)
- Replacement of T8 fluorescent lights with LED tubes across all properties
- Upgrading old bulbs to LED lighting
- Adjusting daily operational needs

- Smart meters
- Maximising the use of natural lighting and ventilation in car parks

Identifier
Opp2

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Resource efficiency

Primary climate-related opportunity driver
Reduced water usage and consumption

Primary potential financial impact
Reduced indirect (operating) costs

Company-specific description
Sunway REIT has adopted Sunway Berhad's Water Management Policy in 2021, demonstrating our commitment to best water management practices. One of the key commitments outlined in the policy is the implementation of Water Crisis Standard Operating Procedures (SOPs) in all buildings and operations to effectively address water crises. This proactive approach allows the organisation to respond swiftly and efficiently to any water-related challenges that may arise. The SOP covers emergency planning to address water disruptions that occur during business operation hours. The assets have water-efficient fittings installed such as sensor taps, new faucets and water-efficient taps as part of our water-saving initiatives.

Time horizon
Medium-term

Likelihood
Virtually certain

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
Yes, an estimated range

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure
The impact has not been quantified financially. While there may be costs associated with this strategy to realise the opportunity, the availability and cost of water from the water treatment plant is at the same rate as the municipal water supplier, this ensures that financial considerations do not hinder the response. Additionally, regardless of whether there are water disruptions or not, our business activities will continue to operate without interruption.

Although the transition to more efficient buildings involves an initial investment to implement water-efficient technologies and practices. However, over time, if the risks are not managed correctly, this may result in property damage and higher capital expenditure and operational expenditure for affected sites, along with business interruption due to discontinued access to commercial centers and the potential loss of water supply.

Cost to realize opportunity

Strategy to realize opportunity and explanation of cost calculation
To reduce our reliance on a single supply, Sunway REIT has diversified their water sources. In addition to the municipal water supply, we source from fresh surface water specifically from Sunway South Quay Lake and treated via a water treatment plant as well as rainwater harvesting. This strategy helps to mitigate the risk associated with relying solely on the municipal water supply and ensures a more secure and reliable water source for their operations.

By implementing sustainable practices such as rainwater harvesting, Sunway REIT aims to preserve water resources and minimise wastage. This does not only contribute to our overall water management goals but also aligns with broader environmental sustainability objectives.

Addressing hygiene issues, particularly in common areas such as malls, is another important consideration. By having an alternative water supply, Sunway can ensure a continuous water supply for toilets and other common facilities. This helps to maintain proper hygiene standards, ensuring the well-being and satisfaction of visitors and customers.

We have implemented water conservation practices throughout our operations. This includes the installation of water-efficient fixtures, regular maintenance and monitoring of water systems, and educating our staff and customers on responsible water usage.

Utilising our hotel and shopping mall facilities: One unique opportunity is the ability of Sunway REIT to offer support to individuals and businesses facing water shortages within their own residential or office spaces. Here's how we leverage our hotel and shopping mall facilities:

- Hotel as a temporary accommodation: Individuals or businesses experiencing water shortages can check into our hotel, which continues to operate at normal capacity. By offering a comfortable and reliable water supply, we provide temporary relief to those in need.

- Uninterrupted operation of the shopping mall: While commercial buildings may be struggling due to water shortages, our shopping mall can continue to operate as usual. Tenants can carry out their business activities without disruptions, and customers can still enjoy a seamless shopping experience.

Comment
As above

Identifier
Opp3

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Energy source

Primary climate-related opportunity driver
Use of lower-emission sources of energy

Primary potential financial impact
Returns on investment in low-emission technology

Company-specific description
Building energy intensity (BEI) should stay below the annual targets set for the respective business divisions, starting from 2022. The business segments should continue to stay below the BEI targets that will be lowered by 4% on a y-o-y basis up till 2030 to align with the IPCC target of 45% reduction in carbon emissions by 2030. The targets are to be validated by SBTi in next 2 years.

The Green Building Index (GBI) has derived BEI values for different types of buildings based on industry data and in close consultation with industry players. To be considered an efficient building, the building must achieve a BEI that is lower than the baseline minimum that has been derived for the respective types of buildings.

In alignment with Sunway Berhad's Green Building Policy, Sunway REIT is committed to developing all new buildings acquired from 2025 onwards to be green building-certified to reduce the overall impact of the built environment on its surroundings. We strive to increase the number of our properties that achieve green building status each year. Four of our buildings has obtained green building accreditation over the years. Sunway REIT is actively embracing this trend through our Green Building Policy, which was established and implemented in 2022. As part of our commitment to sustainability, we have set a clear objective to ensure that all new buildings constructed from 2025 onwards are green-certified. This proactive approach places us at the forefront of sustainable development projects in the industry.

Our Green Building Policy serves as a guiding framework that directs us in producing sustainable designs and managing resources effectively. By adhering to this policy, we aim to minimise the environmental impact of our operations on the surrounding communities and the natural environment. We recognise the importance of promoting eco-friendly practices, and we strive to integrate sustainability into every aspect of our development, operations, and management of townships and buildings.

With a strong focus on sustainability, Sunway REIT aims to lead by example and contribute to creating a more environmentally responsible and healthier built environment. By prioritising energy efficiency and incorporating green practices, we are dedicated to providing our occupants with sustainable and healthy spaces that align with the evolving needs of the market and contribute positively to the well-being of our communities.

Time horizon
Medium-term

Likelihood
Very likely

Magnitude of impact
Medium-high

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
An energy efficient building may require higher initial investments due to the incorporation of sustainable technologies and materials, as well as adherence to certification standards. It is a practice of creating structures and using processes that are environmentally responsible and resource-efficient throughout a building's lifecycle, from siting, design, construction and operation to maintenance, renovation and deconstruction. By adopting energy-efficient practices, it translates to cost savings in the form of lower utility bills and reduced operational expenses.

Renewable energy sources like solar energy are integrated into our building's energy generation system. Solar panels are installed on the building's roof or surrounding areas to harness sunlight for our energy consumption. By incorporating solar energy, we further decrease our reliance on conventional energy sources, leading to additional cost savings and a more sustainable operation.

Cost to realize opportunity

Strategy to realize opportunity and explanation of cost calculation
In 2021, Sunway REIT became the first M-REIT to incorporate sustainable finance considerations into its capital management strategy via the issuance of its inaugural Sustainability-Linked Bond (SLB). Issued under SUNREIT Unrated Bond Berhad (SUB), the SLB was part of SUB's RM10 billion existing unrated medium-term notes (MTNs) programme. OCBC Bank (Malaysia) Berhad (OCBC) was the appointed sustainability structuring coordinator of the SLB. In December 2021, SUB issued the first tranche of the SLB in December 2021, which featured a pricing adjustment mechanism benchmarked against the achievement of predetermined Sustainability Performance Targets (SPTs).

The SPTs are measured against the following two selected KPIs, which are core, relevant and material to the business of
Sunway REIT.
KPI 1: Measured based on renewable energy generated by Sunway REIT's properties.
KPI 2: Measured based on the weighted average BEI of Sunway Pyramid Mall, Sunway Carnival Mall and Sunway Putra Mall.

We have set the BEI targets for our managed properties, while continually improving our energy performance through the energy initiatives. Throughout the year, Sunway REIT has been proactive in minimising our carbon footprint by engaging with stakeholders to increase awareness on using renewable energy and ensuring energy efficiency across our operations.

We have a group of engineers who diligently monitor our energy consumption and research innovative ways to ensure efficient energy management in our organisation. In addition to improving our building energy efficiency, we also reduce our dependence on non-renewable energy sources by installing solar PV panels. We were able to generate 3,008 MWh of solar energy, which was equivalent to avoiding 1,760 tCO2e or carbon sequestrated by 83,810 trees* in a year. We have also installed smart meters in our existing buildings and changing old bulbs to LED lighting. This move demonstrates our commitment to reducing our carbon footprint and embracing cleaner energy alternatives.

Comment
We have set future value goals and 2030 targets to transform our portfolios to low-carbon sustainable cities. Our strategic framework includes decarbonisation and resource management.

From now until 2030, Sunway's focus is on reducing residual emissions by improving efficiency and using energy substitution. In 2021, we established an Internal Carbon Pricing framework to start preparing for the potential transition risks from climate-related issues at RM15 per tonne of CO2e emitted above a threshold level. This is a decision-making tool that can help our business segments to understand their exposure to external carbon pricing schemes, guide their decisions and investments and put a value on their greenhouse gas (GHG) emissions in a way that drives positive change in their business.

We also reduce energy consumption through these efforts:
- Building Energy Management Systeams (BEMS)
- Replacement of T8 fluorescent lights with LED tubes across all properties
- Upgrading old bulbs to LED lighting
- Adjusting daily operational needs
- Smart meters
- Maximising the use of natural lighting and ventilation in car parks

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Identifier
Opp4

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Energy source

Primary climate-related opportunity driver
Use of supportive policy incentives

Primary potential financial impact
Increased revenues through access to new and emerging markets

Company-specific description
From now until 2030, Sunway's focus is on reducing residual emissions by improving efficiency and using energy substitution. In 2021, we established an Internal Carbon Pricing framework to start preparing for the potential transition risks from climate-related issues at RM15 per tonne of CO2e emitted above a threshold level. This is a decision-making tool that can help our business segments to understand their exposure to external carbon pricing schemes, guide their decisions and investments and put a value on their greenhouse gas (GHG) emissions in a way that drives positive change in their business.

Sunway REIT adopted Sunway Berhad's Green Building Policy, which has been established and implemented since 2022. We are committed to ensuring all new buildings from 2025 onwards are green-certified, in our effort to be at the forefront of sustainable development projects. The Policy will guide us in producing sustainable designs and managing our resources effectively, while minimising the impact of our operations on the surrounding communities and the environment. We will continue to integrate sustainable practices into our development, operations and management of our townships and buildings. As of 2022, 4 of our buildings have attained green certification namely Sunway Carnival Mall, Sunway Pinnacle, Sunway Resort Hotel and Sunway Lagoon Hotel.

The Ministry of Energy and Natural Resources is to implement the Malaysia Renewable Energy Roadmap (MyRER) to achieve the national aspiration of 31% renewable energy (RE) capacity by 2025 and 40% by 2035. Sunway REIT has also set target to achieve at least 40% of electricity from renewable energy sources by 2030.

Time horizon
Long-term

Likelihood
Likely

Magnitude of impact
Medium-high

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
The Ministry of Environment, Science, Technology, Environment and Climate Change (MESTECC) is tasked to implement the green technology agenda, supported by other agencies such as Malaysian Green Technology Corporation (MGTC) and Sustainable Energy Development Authority (SEDA). The government has mooted various initiatives to accelerate green technology adoption by the private sector. For easier financing access, the introduction of Green Technology Financing Scheme 2.0 (GTFS) is able to provide financial aid to Sunway REIT, with the government guaranteeing 60% of the loan amount and providing a 2% rebate on the interest or profit rate charged. Green Technology Tax Incentives are available to help to reduce the cost and encourage investments for the consumers of green technology, namely:

- Green Investment Tax Allowance (GITA) on Green Assets
- GITA on Green Projects
- Green Income Tax Exemption (GITE) on Green Services
- GITE on Solar Leasing Service

Although transitioning to efficient buildings requires an initial investment, the combination of reduced energy consumption, operational cost savings, tax incentives, and enhanced property value can significantly offset these costs over time. Moreover, adopting sustainable practices aligns with environmental and social responsibilities, positively influencing the building's reputation and creating a more resilient and financially sound real estate portfolio.

Cost to realize opportunity

Strategy to realize opportunity and explanation of cost calculation
In 2021, Sunway REIT became the first M-REIT to incorporate sustainable finance considerations into its capital management strategy via the issuance of its inaugural Sustainability-Linked Bond (SLB). Issued under SUNREIT Unrated Bond Berhad (SUB), the SLB was part of SUB's RM10 billion existing unrated medium-term notes (MTNs) programme. OCBC Bank (Malaysia) Berhad (OCBC) was the appointed sustainability structuring coordinator of the SLB. In December 2021, SUB issued the first tranche of the SLB in December 2021, which featured a pricing adjustment mechanism benchmarked against the achievement of predetermined Sustainability Performance Targets (SPTs).

The SPTs are measured against the following two selected KPIs, which are core, relevant and material to the business of
Sunway REIT.
KPI 1: Measured based on renewable energy generated by Sunway REIT's properties.
KPI 2: Measured based on the weighted average BEI of Sunway Pyramid Mall, Sunway Carnival Mall and Sunway Putra Mall.

We have a group of engineers who diligently monitor our energy consumption and research innovative ways to ensure efficient energy management in our organisation. In addition to improving our building energy efficiency, we also reduce our dependence on non-renewable energy sources by installing solar PV panels. We were able to generate 3,008 MWh of solar energy, which was equivalent to avoiding 1,760 tCO2e or carbon sequestrated by 83,810 trees* in a year. We have also installed smart meters in our existing buildings and changing old bulbs to LED lighting. This move demonstrates our commitment to reducing our carbon footprint and embracing cleaner energy alternatives.

Looking ahead, our vision for the future includes strategic investments in large-scale solar farms/ green sources. Our goal is to derive 40% of energy requirements from renewable energy sources by 2030.

Comment
We have set future value goals and 2030 targets to transform our portfolios to low-carbon sustainable cities. Our strategic framework includes decarbonisation and resource management.

Identifier
Opp5

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Energy source

Primary climate-related opportunity driver
Participation in carbon market

Primary potential financial impact
Returns on investment in low-emission technology

Company-specific description
We have set future value goals and 2030 targets to transform our portfolios to low-carbon sustainable cities. Our strategic framework includes decarbonisation, resource management and pollution management.

In 2021, Sunway rolled out its Net Zero Carbon Emissions by 2050 Roadmap, which underlines its commitment to achieving net zero carbon emissions. Based on the roadmap, Sunway will reduce its residual emissions by 45% by 2030 and reach net zero carbon status by 2050 through a three-pronged strategic framework.

To reach the goal by 2050, Sunway will implement internal carbon pricing, the framework for which was established in 2021, to prepare for potential transitional risks from climate-related issues. The initiative will focus on emissions avoidance and energy substitution. Sunway will also intensify its efforts in engaging with upstream and downstream stakeholders to reduce Scope 3 emissions.

Time horizon
Medium-term

Likelihood
Likely

Magnitude of impact
Medium-high

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
Malaysia is committed to becoming a carbon-neutral country by 2050. The 12th Malaysia Plan 2021-2025 sets ambitious goals for achieving net zero carbon emissions "as early as" 2050, ahead of regional counterparts like Singapore and Indonesia. Carbon pricing is seen as a key tool to incentivize clean energy adoption, enhance energy efficiency, and ultimately reduce greenhouse gas (GHG) emissions. Although Malaysia has not implemented a carbon tax yet, there is potential for it to impact high carbon emission assets' operating costs.

Despite the absence of a national carbon tax, Sunway has taken a proactive approach to prepare for a low-carbon economy. The company established an Internal Carbon Pricing framework, gaining approval from the Board for adoption in its business operations. Sunway is a trailblazer in Malaysia and Asia, being among the first corporations to implement such a robust carbon-reduction strategy.

Sunway's Internal Carbon Pricing framework has yielded immediate benefits. It has raised awareness among different divisions about the energy-efficient standards set by industries, leading to regular evaluations of operational efficiency within each division. Carbon pricing has become a powerful incentive for innovation, driving the development of more effective and sustainable practices to meet stricter targets. By placing a value on GHG emissions, Sunway aligns with a carbon management strategy that supports the company's aim of achieving Net Zero Carbon Emissions by 2050.

The adoption of internal carbon pricing also fosters a culture of carbon emission reduction and low-carbon innovation across Sunway REIT's business divisions. This approach not only demonstrates the company's firm belief that sustainability and profitability can coexist but also positions Sunway as a leader in the transition towards a sustainable and carbon-neutral future.

To understand our targets, refer Sunway REIT FY2022 Intergrated Annual Report page 146

Cost to realize opportunity

Strategy to realize opportunity and explanation of cost calculation
From now until 2030, Sunway's focus is on reducing residual emissions by improving efficiency and using energy substitution. In 2021, we established an Internal Carbon Pricing framework to start preparing for the potential transition risks from climate-related issues at RM15 per tonne of CO2e emitted above a threshold level. This is a decision-making tool that can help our business segments to understand their exposure to external carbon pricing schemes, guide their decisions and investments and put a value on their greenhouse gas (GHG) emissions in a way that drives positive change in their business.

As part of an engagement initiative with upstream stakeholders, we have incorporated environmental and social criteria into supplier risk assessment since 2021. For downstream stakeholders, we launched a Green Lease Partnership Programme for our tenants in 2022, which calls for a joint effort to cut carbon emissions. Sunway REIT is the first REIT in Malaysia to introduce Green Lease Partnership Programme. We aim to achieve 100% tenant participation in the programme by 2030. At the end of FY2022, Sunway REIT had garnered 100% of hotel lessees and 21% of retail and office tenants.

To get to Net Zero Carbon Emissions by 2050, Sunway plans to focus on carbon offset technology which includes carbon storage and capture and investment in large-scale renewable energy. In 2017, Sunway University formed a partnership with the Massachusetts Institute of Technology (MIT) in Boston to conduct research on carbon capture, utilisation and storage technology at Sunway City Kuala Lumpur. Sunway has invested in renewable energy sourced from solar PV panels and generated 3,008 MWh of clean energy in 2022. To ensure the getting to net zero is possible, Sunway is exploring to invest in large-scale solar farm.

Comment
To reinforce the importance of carbon emission reduction, business units that do not meet their targets will face consequences in the form of deductions from their bonus pool. This financial penalty sends a strong message to operators and managers, urging them to innovate and implement solutions to reduce carbon emissions. The introduction of the carbon price incentivises proactive measures to cut emissions, emphasising the significance of sustainability and reinforcing Sunway REIT's commitment to mitigating its environmental impact.

Between 2022 and 2024, a carbon price of RM15/tonne of CO2 will be established, triggered when emissions exceed a predetermined threshold level. This pricing mechanism mirrors Singapore's approach. As the years progress, the carbon price will be adjusted incrementally.

For example, FY2022 building energy intensity (BEI) target for Office segment is set at 150kwh/m2/year. If BEI performance for Office segment at FY2022 is at 160kwh/m2/year, an internal carbon tax will be calculated on the excess 10kwh/m2/year.

Identifier
Opp6

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Energy source

Primary climate-related opportunity driver
Shift toward decentralized energy generation

Primary potential financial impact
Returns on investment in low-emission technology

Company-specific description
The Ministry of Energy and Natural Resources is to implement the Malaysia Renewable Energy Roadmap (MyRER) to achieve the national aspiration of 31% RE capacity by 2025 and 40% by 2035. Sunway REIT has also set target to achieve at least 40% of electricity from renewable energy sources by 2030. Switching to renewable energy is a tangible step that will effectively cut our carbon emissions and accelerate our journey towards net zero carbon emissions.

To get to Net Zero Carbon Emissions by 2050, Sunway plans to focus on carbon offset technology which includes carbon storage and capture and investment in large-scale renewable energy. In 2017, Sunway University formed a partnership with the Massachusetts Institute of Technology (MIT) in Boston to conduct research on carbon capture, utilisation and storage technology at Sunway City Kuala Lumpur. Sunway has invested in renewable energy sourced from solar PV panels and generated 3,008 MWh of clean energy in 2022. To ensure the getting to net zero is possible, Sunway is exploring to invest in large-scale solar farm.

Time horizon
Long-term

Likelihood
Likely

Magnitude of impact
Medium-high

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
Malaysia is committed to becoming a carbon-neutral country by 2050. The 12th Malaysia Plan 2021-2025 sets ambitious goals for achieving net zero carbon emissions "as early as" 2050, ahead of regional counterparts like Singapore and Indonesia. Carbon pricing is seen as a key tool to incentivize clean energy adoption, enhance energy efficiency, and ultimately reduce greenhouse gas (GHG) emissions.

The Ministry of Environment, Science, Technology, Environment and Climate Change (MESTECC) is tasked to implement the green technology agenda, supported by other agencies such as Malaysian Green Technology Corporation (MGTC) and Sustainable Energy Development Authority (SEDA). The government has mooted various initiatives to accelerate green technology adoption by the private sector. For easier financing access, the introduction of Green Technology Financing Scheme 2.0 (GTFS) is able to provide financial aid to Sunway REIT, with the government guaranteeing 60% of the loan amount and providing a 2% rebate on the interest or profit rate charged. Green Technology Tax Incentives are available to help to reduce the cost and encourage investments for the consumers of green technology, namely:

- Green Investment Tax Allowance (GITA) on Green Assets
- GITA on Green Projects
- Green Income Tax Exemption (GITE) on Green Services
- GITE on Solar Leasing Services

Shift towards a decentralised energy generation requires an initial investment, the combination of reduced energy consumption, operational cost savings, tax incentives, costs associated with obtaining decentralised energy generation consultants or experts to ensure compliance with certification standards and enhanced property value can significantly offset these costs over time. Moreover, adopting sustainable practices aligns with environmental and social responsibilities, positively influencing the building's reputation and creating a more resilient and financially sound real estate portfolio.

Cost to realize opportunity

Strategy to realize opportunity and explanation of cost calculation
Despite the initial higher investment, Sunway REIT recognises that shifting towards decentralised energy generation shift offer various advantages that can offset these costs over time. Renewable energy sources like solar energy are integrated into our building's energy generation system. Solar panels are installed on the building's roof or surrounding areas to harness sunlight for our energy consumption. By incorporating solar energy, we further decrease our reliance on conventional energy sources, leading to additional cost savings and a more sustainable operation.

To get to Net Zero Carbon Emissions by 2050, Sunway plans to focus on carbon offset technology which includes carbon storage and capture and investment in large-scale renewable energy. In 2017, Sunway University formed a partnership with the Massachusetts Institute of Technology (MIT) in Boston to conduct research on carbon capture, utilisation and storage technology at Sunway City Kuala Lumpur. Sunway has invested in renewable energy sourced from solar photovoltaic (PV) panels and generated 3,008 MWh of clean energy in 2022. To ensure the getting to net zero is possible, Sunway is exploring to invest in large-scale solar farm.

Comment
As above

Identifier
Opp7

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Products and services

Primary climate-related opportunity driver
Development and/or expansion of low emission goods and services

Primary potential financial impact
Increased value of fixed assets

Company-specific description
Sunway REIT adopted Sunway Berhad's Green Building Policy, which has been established and implemented since 2022. We are committed to ensuring all new buildings from 2025 onwards are green-certified, in our effort to be at the forefront of sustainable development projects. The Policy will guide us in producing sustainable designs and managing our resources effectively, while minimising the impact of our operations on the surrounding communities and the environment. We will continue to integrate sustainable practices into our development, operations and management of our townships and buildings. As of 2022, 4 of our buildings have attained green certification namely Sunway Carnival Mall, Sunway Pinnacle, Sunway Resort Hotel and Sunway Lagoon Hotel.

Sunway REIT remains committed to its Net Zero Carbon Emissions by 2050 Roadmap and will continue to explore further methods of cutting emissions from its properties. Operationally, our focus has been on reducing Scope 1 and 2 emissions. However, in the context of our business, it is Scope 3, in particular our tenants, that contributes the highest emissions. Hence, we rolled out Green Lease Partnership Programme. Sunway REIT is the first REIT in Malaysia to introduce Green Lease Partnership Programme. We aim to achieve 100% tenant participation in the programme by 2030. At the end of FY2022, Sunway REIT had garnered 100% of hotel lessees and 21% of retail and office tenants.

The demand for energy-efficient and sustainable buildings with a focus on promoting a healthy work environment is a significant and growing trend, particularly in developed economies. With a strong focus on sustainability, Sunway REIT aims to lead by example and contribute to creating a more environmentally responsible and healthier built environment. By prioritising energy efficiency and incorporating green practices, we are dedicated to providing our occupants with sustainable and healthy spaces that align with the evolving needs of the market and contribute positively to the well-being of our communities.

Sunway Pinnacle, which is a green certified building, has an average occupancy of 98% for FY2022 - attracting big MNC tenants such as:
- Linde Malaysia Sdn Bhd
- Huntsman Global Business Services Sdn Bhd
- Accenture Solution Sdn Bhd
- Roche Services (Asia Pacific) Sdn Bhd

Time horizon
Medium-term

Likelihood
Likely

Magnitude of impact
Medium-high

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
Compared to conventional buildings, constructing a green-certified building may require higher initial investments due to the incorporation of sustainable technologies and materials, as well as adherence to certification standards. It is a practice of creating structures and using processes that are environmentally responsible and resource-efficient throughout a building's lifecycle, from siting, design, construction and operation to maintenance, renovation and deconstruction.

Obtaining a certified green building involves a comprehensive assessment of the increased upfront expenses incurred during the construction of a green-certified building. This may include additional costs for sustainable materials, energy-efficient technologies, and certification fees. Costs associated with obtaining green building consultants or experts to ensure compliance with certification standards.

Cost to realize opportunity

Strategy to realize opportunity and explanation of cost calculation
Despite the initial higher investment, Sunway REIT recognises that green buildings offer various advantages that can offset these costs over time. Green-certified buildings are designed with energy efficiency in mind, resulting in reduced energy consumption and lower utility expenses over the building's lifetime. This ongoing savings on energy costs can help offset the initial higher investment. Green buildings often incorporate durable and low-maintenance materials and systems, leading to reduced maintenance and repair expenses over time.

In response to the growing demand for sustainable and eco-friendly spaces, green-certified buildings are highly attractive to large, reputable multinational corporations (MNCs). These tenants are often willing to pay a premium for sustainable spaces that align with their environmental goals and enhance their corporate image. The increased rental income from such tenants can contribute to offsetting the initial higher development cost.

A simple comparison of electricity usage in Sunway Pyramid Mall demonstrates that the common areas managed by landlord and tenanted areas are almost equally split. This indicates the strong potential for emissions reduction that can be obtained by engaging with and guiding our tenants in best energy practices. Other benefits for Sunway include a reduction in the building’s overall management cost, added value as a green building and increased appeal for ESG-oriented investors. Thus, it is crucial to the success of our net zero journey that we recruit and partner with our tenants to collaborate and finds ways to reduce our environmental footprint and promote responsible resource management. To do this, we rolled out a Green Lease Partnership Programme in July 2022 and became the first REIT in Malaysia to implement a green lease programme. The programme aims to encourage best international practices in sustainability and drive sustainable solutions through behaviourial change, while boosting Malaysia’s commitment to net zero carbon emissions by 2050.

Comment
While developing a green-certified building may entail increased upfront costs, Sunway REIT's strategic response involves recognising the long-term benefits and value that such buildings bring. The potential for lower building energy and maintenance costs, along with the ability to attract reputable MNC tenants who are willing to pay premium rental rates for sustainable spaces. This approach ensures that the financial impact of developing green-certified buildings is carefully evaluated, taking into account the substantial benefits in terms of sustainability, cost efficiency, and tenant attractiveness.

Identifier
Opp8

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Products and services

Primary climate-related opportunity driver
Development of new products or services through R&D and innovation

Primary potential financial impact
Increased revenues through access to new and emerging markets

Company-specific description
Sunway REIT adopted Sunway Berhad's Green Building Policy, which has been established and implemented since 2022. We are committed to ensuring all new buildings from 2025 onwards are green-certified, in our effort to be at the forefront of sustainable development projects. The Policy will guide us in producing sustainable designs and managing our resources effectively, while minimising the impact of our operations on the surrounding communities and the environment. We will continue to integrate sustainable practices into our development, operations and management of our townships and buildings. As of 2022, 4 of our buildings have attained green certification namely Sunway Carnival Mall, Sunway Pinnacle, Sunway Resort Hotel and Sunway Lagoon Hotel.

Sunway REIT remains committed to its Net Zero Carbon Emissions by 2050 Roadmap and will continue to explore further methods of cutting emissions from its properties. Operationally, our focus has been on reducing Scope 1 and 2 emissions. However, in the context of our business, it is Scope 3, in particular our tenants, that contributes the highest emissions. Hence, we rolled out Green Lease Partnership Programme. Sunway REIT is the first REIT in Malaysia to introduce Green Lease Partnership Programme. We aim to achieve 100% tenant participation in the programme by 2030. At the end of FY2022, Sunway REIT had garnered 100% of hotel lessees and 21% of retail and office tenants.

The demand for energy-efficient and sustainable buildings with a focus on promoting a healthy work environment is a significant and growing trend, particularly in developed economies. With a strong focus on sustainability, Sunway REIT aims to lead by example and contribute to creating a more environmentally responsible and healthier built environment. By prioritising energy efficiency and incorporating green practices, we are dedicated to providing our occupants with sustainable and healthy spaces that align with the evolving needs of the market and contribute positively to the well-being of our communities.

Sunway Pinnacle, which is a green certified building, has an average occupancy of 98% for FY2022 - attracting big MNC tenants such as:
- Linde Malaysia Sdn Bhd
- Huntsman Global Business Services Sdn Bhd
- Accenture Solution Sdn Bhd
- Roche Services (Asia Pacific) Sdn Bhd

Time horizon
Medium-term

Likelihood
Likely

Magnitude of impact
Medium-high

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
Compared to conventional buildings, constructing a green-certified building may require higher initial investments due to the incorporation of sustainable technologies and materials, as well as adherence to certification standards. It is a practice of creating structures and using processes that are environmentally responsible and resource-efficient throughout a building's lifecycle, from siting, design, construction and operation to maintenance, renovation and deconstruction.

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Cost to realize opportunity

Strategy to realize opportunity and explanation of cost calculation
Despite the initial higher investment, Sunway REIT recognises that green buildings offer various advantages that can offset these costs over time. Green-certified buildings are designed with energy efficiency in mind, resulting in reduced energy consumption and lower utility expenses over the building's lifetime. This ongoing savings on energy costs can help offset the initial higher investment. Green buildings often incorporate durable and low-maintenance materials and systems, leading to reduced maintenance and repair expenses over time.

In response to the growing demand for sustainable and eco-friendly spaces, green-certified buildings are highly attractive to large, reputable multinational corporations (MNCs). These tenants are often willing to pay a premium for sustainable spaces that align with their environmental goals and enhance their corporate image. The increased rental income from such tenants can contribute to offsetting the initial higher development cost.

A simple comparison of electricity usage in Sunway Pyramid Mall demonstrates that the common areas managed by landlord and tenanted areas are almost equally split. This indicates the strong potential for emissions reduction that can be obtained by engaging with and guiding our tenants in best energy practices. Other benefits for Sunway include a reduction in the building’s overall management cost, added value as a green building and increased appeal for ESG-oriented investors. Thus, it is crucial to the success of our net zero journey that we recruit and partner with our tenants to collaborate and finds ways to reduce our environmental footprint and promote responsible resource management. To do this, we rolled out a Green Lease Partnership Programme in July 2022 and became the first REIT in Malaysia to implement a green lease programme. The programme aims to encourage best international practices in sustainability and drive sustainable solutions through behaviourial change, while boosting Malaysia’s commitment to net zero carbon emissions by 2050.

Comment
While developing a green-certified building may entail increased upfront costs, Sunway REIT's strategic response involves recognising the long-term benefits and value that such buildings bring. The potential for lower building energy and maintenance costs, along with the ability to attract reputable MNC tenants who are willing to pay premium rental rates for sustainable spaces. This approach ensures that the financial impact of developing green-certified buildings is carefully evaluated, taking into account the substantial benefits in terms of sustainability, cost efficiency, and tenant attractiveness.

Identifier
Opp9

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Products and services

Primary climate-related opportunity driver
Shift in consumer preferences

Primary potential financial impact
Increased revenues resulting from increased demand for products and services

Company-specific description
Sunway REIT adopted Sunway Berhad's Green Building Policy, which has been established and implemented since 2022. We are committed to ensuring all new buildings from 2025 onwards are green-certified, in our effort to be at the forefront of sustainable development projects. The Policy will guide us in producing sustainable designs and managing our resources effectively, while minimising the impact of our operations on the surrounding communities and the environment. We will continue to integrate sustainable practices into our development, operations and management of our townships and buildings. As of 2022, 4 of our buildings have attained green certification namely Sunway Carnival Mall, Sunway Pinnacle, Sunway Resort Hotel and Sunway Lagoon Hotel.

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- Accenture Solution Sdn Bhd
- Roche Services (Asia Pacific) Sdn Bhd

Time horizon
Medium-term

Likelihood
Likely

Magnitude of impact
Medium-high

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
Compared to conventional buildings, constructing a green-certified building may require higher initial investments due to the incorporation of sustainable technologies and materials, as well as adherence to certification standards. It is a practice of creating structures and using processes that are environmentally responsible and resource-efficient throughout a building's lifecycle, from siting, design, construction and operation to maintenance, renovation and deconstruction.

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Cost to realize opportunity

Strategy to realize opportunity and explanation of cost calculation
Despite the initial higher investment, Sunway REIT recognises that green buildings offer various advantages that can offset these costs over time. Green-certified buildings are designed with energy efficiency in mind, resulting in reduced energy consumption and lower utility expenses over the building's lifetime. This ongoing savings on energy costs can help offset the initial higher investment. Green buildings often incorporate durable and low-maintenance materials and systems, leading to reduced maintenance and repair expenses over time.

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Comment
While developing a green-certified building may entail increased upfront costs, Sunway REIT's strategic response involves recognising the long-term benefits and value that such buildings bring. The potential for lower building energy and maintenance costs, along with the ability to attract reputable MNC tenants who are willing to pay premium rental rates for sustainable spaces. This approach ensures that the financial impact of developing green-certified buildings is carefully evaluated, taking into account the substantial benefits in terms of sustainability, cost efficiency, and tenant attractiveness.

Identifier
Opp10

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Markets

Primary climate-related opportunity driver
Access to new markets

Primary potential financial impact
Increased revenues resulting from increased demand for products and services

Company-specific description
Sunway REIT adopted Sunway Berhad's Green Building Policy, which has been established and implemented since 2022. We are committed to ensuring all new buildings from 2025 onwards are green-certified, in our effort to be at the forefront of sustainable development projects. The Policy will guide us in producing sustainable designs and managing our resources effectively, while minimising the impact of our operations on the surrounding communities and the environment. We will continue to integrate sustainable practices into our development, operations and management of our townships and buildings. As of 2022, 4 of our buildings have attained green certification namely Sunway Carnival Mall, Sunway Pinnacle, Sunway Resort Hotel and Sunway Lagoon Hotel.

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Programme. We aim to achieve 100% tenant participation in the programme by 2030. At the end of FY2022, Sunway REIT had garnered 100% of hotel lessees and 21% of retail and office tenants.

The demand for energy-efficient and sustainable buildings with a focus on promoting a healthy work environment is a significant and growing trend, particularly in developed economies. With a strong focus on sustainability, Sunway REIT aims to lead by example and contribute to creating a more environmentally responsible and healthier built environment. By prioritising energy efficiency and incorporating green practices, we are dedicated to providing our occupants with sustainable and healthy spaces that align with the evolving needs of the market and contribute positively to the well-being of our communities.

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- Accenture Solution Sdn Bhd
- Roche Services (Asia Pacific) Sdn Bhd

Time horizon
Medium-term

Likelihood
Likely

Magnitude of impact
Medium-high

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
Compared to conventional buildings, constructing a green-certified building may require higher initial investments due to the incorporation of sustainable technologies and materials, as well as adherence to certification standards. It is a practice of creating structures and using processes that are environmentally responsible and resource-efficient throughout a building's lifecycle, from siting, design, construction and operation to maintenance, renovation and deconstruction.

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Cost to realize opportunity

Strategy to realize opportunity and explanation of cost calculation
Despite the initial higher investment, Sunway REIT recognises that green buildings offer various advantages that can offset these costs over time. Green-certified buildings are designed with energy efficiency in mind, resulting in reduced energy consumption and lower utility expenses over the building's lifetime. This ongoing savings on energy costs can help offset the initial higher investment. Green buildings often incorporate durable and low-maintenance materials and systems, leading to reduced maintenance and repair expenses over time.

In response to the growing demand for sustainable and eco-friendly spaces, green-certified buildings are highly attractive to large, reputable multinational corporations (MNCs). These tenants are often willing to pay a premium for sustainable spaces that align with their environmental goals and enhance their corporate image. The increased rental income from such tenants can contribute to offsetting the initial higher development cost.

A simple comparison of electricity usage in Sunway Pyramid Mall demonstrates that the common areas managed by landlord and tenanted areas are almost equally split. This indicates the strong potential for emissions reduction that can be obtained by engaging with and guiding our tenants in best energy practices. Other benefits for Sunway include a reduction in the building’s overall management cost, added value as a green building and increased appeal for ESG-oriented investors. Thus, it is crucial to the success of our net zero journey that we recruit and partner with our tenants to collaborate and finds ways to reduce our environmental footprint and promote responsible resource management. To do this, we rolled out a Green Lease Partnership Programme in July 2022 and became the first REIT in Malaysia to implement a green lease programme. The programme aims to encourage best international practices in sustainability and drive sustainable solutions through behaviourial change, while boosting Malaysia’s commitment to net zero carbon emissions by 2050.

Comment
While developing a green-certified building may entail increased upfront costs, Sunway REIT's strategic response involves recognising the long-term benefits and value that such buildings bring. The potential for lower building energy and maintenance costs, along with the ability to attract reputable MNC tenants who are willing to pay premium rental rates for sustainable spaces. This approach ensures that the financial impact of developing green-certified buildings is carefully evaluated, taking into account the substantial benefits in terms of sustainability, cost efficiency, and tenant attractiveness.

Identifier
Opp11

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Resilience

Primary climate-related opportunity driver
Participation in renewable energy programs and adoption of energy-efficiency measures

Primary potential financial impact
Reduced direct costs

Company-specific description
The Ministry of Energy and Natural Resources is to implement the Malaysia Renewable Energy Roadmap (MyRER) to achieve the national aspiration of 31% renewable

energy (RE) capacity by 2025 and 40% by 2035. Sunway REIT has also set target to achieve at least 40% of electricity from renewable energy sources by 2030. Switching to renewable energy is a tangible step that will effectively cut our carbon emissions and accelerate our journey towards net zero carbon emissions.

In alignment with Sunway Berhad's Green Building Policy, Sunway REIT is committed to developing all new buildings acquired from 2025 onwards to be green building-certified to reduce the overall impact of the built environment on its surroundings. Our Green Building Policy serves as a guiding framework that directs us in producing sustainable designs and managing resources effectively. By adhering to this policy, we aim to minimise the environmental impact of our operations on the surrounding communities and the natural environment. We recognise the importance of promoting adoption of energy -efficiency measures, and we strive to integrate sustainability into every aspect of our development, operations, and management of townships and buildings.

As part of the roadmap towards Net Zero Carbon Emissions by 2050, Sunway's focus is on reducing residual emissions by improving efficiency and using energy substitution. Sunway has established an Internal Carbon Pricing framework which has been approved by the Board to be adopted in business operations as a way to prepare for a low-carbon economy. Placing a value on GHG emissions will help align with and support a carbon management strategy that will drive the company towards achieving our Net Zero Carbon Emissions by 2050 target. Setting internal carbon pricing can also incentivise the business divisions across Sunway REIT to reduce our carbon emissions and enable low-carbon innovation.

With a strong focus on sustainability, Sunway REIT aims to lead by example and contribute to creating a more environmentally responsible and healthier built environment. By prioritising energy efficiency and incorporating green practices, we are dedicated to providing our occupants with sustainable and healthy spaces that align with the evolving needs of the market and contribute positively to the well-being of our communities.

Time horizon
Long-term

Likelihood
Very likely

Magnitude of impact
Medium-high

Are you able to provide a potential financial impact figure?
No, we do not have this figure

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
To get to Net Zero Carbon Emissions by 2050, Sunway plans to focus on carbon offset technology which includes carbon storage and capture and investment in large-scale renewable energy. In 2017, Sunway University formed a partnership with the Massachusetts Institute of Technology (MIT) in Boston to conduct research on carbon capture, utilisation and storage technology at Sunway City Kuala Lumpur. To ensure the getting to net zero is possible, Sunway is exploring to invest in large-scale solar farm. Looking ahead, our vision for the future includes strategic investments in large-scale solar farms/ green sources. Our goal is to derive 40% of energy requirements from renewable energy sources by 2030.

Compared to conventional buildings, constructing a green-certified building may require higher initial investments due to the incorporation of sustainable technologies and materials, as well as adherence to certification standards. It is a practice of creating structures and using processes that are environmentally responsible and resource-efficient throughout a building's lifecycle, from siting, design, construction and operation to maintenance, renovation and deconstruction.

Obtaining a certified green building involves a comprehensive assessment of the increased upfront expenses incurred during the construction of a green-certified building. This may include additional costs for sustainable materials, energy-efficient technologies, and certification fees. Costs associated with obtaining green building consultants or experts to ensure compliance with certification standards.

To reinforce the importance of carbon emission reduction, business units that do not meet their targets will face consequences in the form of deductions from their bonus pool. This financial penalty sends a strong message to operators and managers, urging them to innovate and implement solutions to reduce carbon emissions. The introduction of the carbon price incentivises proactive measures to cut emissions, emphasising the significance of sustainability and reinforcing Sunway REIT's commitment to mitigating its environmental impact.

Cost to realize opportunity

Strategy to realize opportunity and explanation of cost calculation
Between 2022 and 2024, a carbon price of RM15/tonne of CO2 will be established, triggered when emissions exceed a predetermined threshold level. This pricing mechanism mirrors Singapore's approach. As the years progress, the carbon price will be adjusted incrementally. For example, FY2022 building energy intensity (BEI) target for Office segment is set at 150kwh/m2/year. If BEI performance for Office segment at FY2022 is at 160kwh/m2/year, an internal carbon tax will be calculated on the excess 10kwh/m2/year.

We have a group of engineers who diligently monitor our energy consumption and research innovative ways to ensure efficient energy management in our organisation. In addition to improving our building energy efficiency, we also reduce our dependence on non-renewable energy sources by installing solar PV panels. We were able to generate 3,008 MWh of solar energy, which was equivalent to avoiding 1,760 tCO2e or carbon sequestrated by 83,810 trees* in a year. We have also installed smart meters in our existing buildings and changing old bulbs to LED lighting. This move demonstrates our commitment to reducing our carbon footprint and embracing cleaner energy alternatives.

In 2021, Sunway REIT became the first M-REIT to incorporate sustainable finance considerations into its capital management strategy via the issuance of its inaugural Sustainability-Linked Bond (SLB). Issued under SUNREIT Unrated Bond Berhad (SUB), the SLB was part of SUB's RM10 billion existing unrated medium-term notes (MTNs) programme. OCBC Bank (Malaysia) Berhad (OCBC) was the appointed sustainability structuring coordinator of the SLB. In December 2021, SUB issued the first tranche of the SLB in December 2021, which featured a pricing adjustment mechanism benchmarked against the achievement of predetermined Sustainability Performance Targets (SPTs).
The SPTs are measured against the following two selected KPIs, which are core, relevant and material to the business of
Sunway REIT.
KPI 1: Measured based on renewable energy generated by Sunway REIT's properties.
KPI 2: Measured based on the weighted average BEI of Sunway Pyramid Mall, Sunway Carnival Mall and Sunway Putra Mall.

Comment

As above

C3. Business Strategy

C3.1

(C3.1) Does your organization's strategy include a climate transition plan that aligns with a 1.5°C world?

Row 1

Climate transition plan
Yes, we have a climate transition plan which aligns with a 1.5°C world

Publicly available climate transition plan
Yes

Mechanism by which feedback is collected from shareholders on your climate transition plan
We have a different feedback mechanism in place

Description of feedback mechanism
Sunway REIT is aligned with Sunway Berhad to achieving Net Zero Carbon Emissions by 2050 Roadmap.
Feedback from stakeholders is vital to continuously improve reporting and sustainability practices. Stakeholders are welcomed to give views, comments or feedback, which are directed to the Sustainability Department.

Frequency of feedback collection
Annually

Attach any relevant documents which detail your climate transition plan (optional)
FINAL-SUNWAY-REIT-IAR2022.pdf

Explain why your organization does not have a climate transition plan that aligns with a 1.5°C world and any plans to develop one in the future
<Not Applicable>

Explain why climate-related risks and opportunities have not influenced your strategy
<Not Applicable>

C3.2

(C3.2) Does your organization use climate-related scenario analysis to inform its strategy?

	Use of climate-related scenario analysis to inform strategy	Primary reason why your organization does not use climate-related scenario analysis to inform its strategy	Explain why your organization does not use climate-related scenario analysis to inform its strategy and any plans to use it in the future
Row 1	Yes, qualitative and quantitative	<Not Applicable>	<Not Applicable>

C3.2a

(C3.2a) Provide details of your organization's use of climate-related scenario analysis.

Climate-related scenario	Scenario analysis coverage	Temperature alignment of scenario	Parameters, assumptions, analytical choices

Climate-related scenario	Scenario analysis coverage	Temperature alignment of scenario	Parameters, assumptions, analytical choices
Physical climate scenarios: RCP 1.9	Company-wide	<Not Applicable>	Physical Risks The risks of climate events physically damaging the properties in Sunway's portfolio. Consisting: - Sea level rise, which can lead to more coastal and riverine floods. - Increased rainfall intensity, which can lead to more flash floods, water seepages into buildings and landslides. 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 To systematically assess the material physical risks for each property, JSC utilised an analytical procedure: 1. The buildings were categorised according to the level of VaR - 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. 2. The properties were assessed against the worst-case scenario described by the Intergovernmental Panel on Climate Change (IPCC) Assessment Report 6, which was published in August 2021, whereby: - The global annual carbon emissions will rise above 120 gigatonnes per year by 2100 - The SLR upper bound is forecast to be 1.1 m - The median temperature is expected to increase by 4.4°C over pre-industrial levels (higher than the 2°C scenario - The maximum 1-day rainfall increase will be 46.6% 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. 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 For more information, refer to Sunway REIT FY2022 Intergrated Annual Report page 140.
Physical climate scenarios: RCP 2.6	Company-wide	<Not Applicable>	Physical Risks The risks of climate events physically damaging the properties in Sunway's portfolio. Consisting: - Sea level rise, which can lead to more coastal and riverine floods. - Increased rainfall intensity, which can lead to more flash floods, water seepages into buildings and landslides. 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 To systematically assess the material physical risks for each property, JSC utilised an analytical procedure: 1. The buildings were categorised according to the level of VaR - 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. 2. The properties were assessed against the worst-case scenario described by the Intergovernmental Panel on Climate Change (IPCC) Assessment Report 6, which was published in August 2021, whereby: - The global annual carbon emissions will rise above 120 gigatonnes per year by 2100 - The SLR upper bound is forecast to be 1.1 m - The median temperature is expected to increase by 4.4°C over pre-industrial levels (higher than the 2°C scenario - The maximum 1-day rainfall increase will be 46.6% 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. 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 For more information, refer to Sunway REIT FY2022 Intergrated Annual Report page 140.
Physical climate scenarios: RCP 4.5	Company-wide	<Not Applicable>	Physical Risks The risks of climate events physically damaging the properties in Sunway's portfolio. Consisting: - Sea level rise, which can lead to more coastal and riverine floods. - Increased rainfall intensity, which can lead to more flash floods, water seepages into buildings and landslides. 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 To systematically assess the material physical risks for each property, JSC utilised an analytical procedure: 1. The buildings were categorised according to the level of VaR - 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. 2. The properties were assessed against the worst-case scenario described by the Intergovernmental Panel on Climate Change (IPCC) Assessment Report 6, which was published in August 2021, whereby: - The global annual carbon emissions will rise above 120 gigatonnes per year by 2100 - The SLR upper bound is forecast to be 1.1 m - The median temperature is expected to increase by 4.4°C over pre-industrial levels (higher than the 2°C scenario - The maximum 1-day rainfall increase will be 46.6% 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. 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 For more information, refer to Sunway REIT FY2022 Intergrated Annual Report page 140.

Climate-related scenario	Scenario analysis coverage	Temperature alignment of scenario	Parameters, assumptions, analytical choices
Physical climate scenarios: RCP 7.0	Company-wide	<Not Applicable>	Physical Risks The risks of climate events physically damaging the properties in Sunway's portfolio. Consisting: - Sea level rise, which can lead to more coastal and riverine floods. - Increased rainfall intensity, which can lead to more flash floods, water seepages into buildings and landslides. 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 To systematically assess the material physical risks for each property, JSC utilised an analytical procedure: 1. The buildings were categorised according to the level of VaR - 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. 2. The properties were assessed against the worst-case scenario described by the Intergovernmental Panel on Climate Change (IPCC) Assessment Report 6, which was published in August 2021, whereby: - The global annual carbon emissions will rise above 120 gigatonnes per year by 2100 - The SLR upper bound is forecast to be 1.1 m - The median temperature is expected to increase by 4.4°C over pre-industrial levels (higher than the 2°C scenario - The maximum 1-day rainfall increase will be 46.6% 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. 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 For more information, refer to Sunway REIT FY2022 Intergrated Annual Report page 140.
Physical climate scenarios: RCP 8.5	Company-wide	<Not Applicable>	Physical Risks The risks of climate events physically damaging the properties in Sunway's portfolio. Consisting: - Sea level rise, which can lead to more coastal and riverine floods. - Increased rainfall intensity, which can lead to more flash floods, water seepages into buildings and landslides. 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 To systematically assess the material physical risks for each property, JSC utilised an analytical procedure: 1. The buildings were categorised according to the level of VaR - 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. 2. The properties were assessed against the worst-case scenario described by the Intergovernmental Panel on Climate Change (IPCC) Assessment Report 6, which was published in August 2021, whereby: - The global annual carbon emissions will rise above 120 gigatonnes per year by 2100 - The SLR upper bound is forecast to be 1.1 m - The median temperature is expected to increase by 4.4°C over pre-industrial levels (higher than the 2°C scenario - The maximum 1-day rainfall increase will be 46.6% 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. 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 For more information, refer to Sunway REIT FY2022 Intergrated Annual Report page 140.

C3.2b

(C3.2b) Provide details of the focal questions your organization seeks to address by using climate-related scenario analysis, and summarize the results with respect to these questions.

Row 1

Focal questions

Climate-related issues can affect several important aspects of Sunway REITs financial performance and position, both now and in the future.

Climate-related issues may also carry implications for future cash flows (operating, investing, and financing activities). Therefore, Sunway REIT has appointed JSC to conduct a study on Sunway REIT's exposure to climate-related issues.

The VaR, which was conducted by the JSC in 2021 and updated in 2022, identified and evaluated the physical risks and transition risks and opportunities of all our 19 properties, including leased properties, across our business segments.
The VaR assessment was conducted based on the worst-case scenario described by the IPCC Assessment Report 6 published in August 2021. In the worst-case scenario, it was estimated that the sea-level rise in Southeast Asia would increase between 0.4 m and 1.1 m in the long term (2081 - 2100) from a 1995 - 2014 base, and that maximum one-day precipitation would increase between 6.7% and 46.6% within the same period. The median temperature is expected to increase by 4.4 degree Celsius over pre-industrial levels (higher than the 2 degree Celsius scenario) and the mitigation efforts to combat climate change will be unsuccessful, as the economy will continue to depend on fossil fuels.

Intergovernmental Panel on Climate Change Assessment Report 6 (IPCC AR6) Working Group I describes five scenarios, of which the worst-case scenario, SSP5 - 8.5, was used in this climate VaR assessment. Each scenario is labelled to identify both the emissions level and the so-called Shared Socioeconomic Pathway (SSP). The SSPs are based on five narratives describing broad socioeconomic trends that could shape future society.

SSP1 - Sustainability - Taking the Green Road (Low challenges to mitigation and adaptation)
SSP2 - Middle of the Road (Medium challenges to mitigation and adaptation)
SSP3- Regional Rivalry - A Rocky Road (High challenges to mitigation and adaptation)
SSP4 - Inequality - A Road Divided (Low challenges to mitigation, high challenges to adaptation)
SSP5 - Fossil-fueled Development - Taking the Highway (high challenges to mitigation low challenges to adaptation)

For more information, refer to Sunway REIT FY2022 Intergrated Annual Report Page 140 - 144.

Results of the climate-related scenario analysis with respect to the focal questions

Based on the climate VaR study, Sunway REIT’s property portfolio has low VaR overall although it is exposed to risks of flash floods and water seepage during heavy rain. Ten of the properties have low VaR while eight have medium VaR. One property, Sunway Pier, is classified as high VaR because of its close proximity to the coastline. However, extensive mitigation measures have been taken by Sunway REIT to enable the property to cope with the SLR and floods estimated in the IPCC Assessment Report 6’s worst-case scenario.

Setting out the potential implications of climate-related physical risks and transition risks for Sunway REIT in the short, medium and long term based on the TCFD framework did not only identify potential financial risks but also potential financial opportunities. To this end, we are committed to continuing to improve our understanding of the climate-related potential risks and opportunities and investing in strategies and actions that will effectively mitigate material risks. This will be in addition to enhancing Sunway REIT’s business position as a provider of high-quality, green and sustainable properties.

The study also recommended the following mitigation steps to minimise the portfolio's physical risks:
- Continuous monitoring of drains and gutters to ensure that they are clear
- If economically viable, permanently stop water seepage 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

Following the assessment, Sunway REIT has started embedding sustainability practices in its business activities and one of them is to include ESG due diligence for land acquisition. In 2022, Sunway REIT performed asset-level environmental and/or social risk assessments as a standard part of its due diligence process for new acquisitions that included the following:
- Biodiversity and habitat
- Building safety
- Climate change adaptation
- Compliance with regulatory requirements
- Energy efficiency
- Energy supply
- Flooding
- GHG emissions
- Health and well-being
- Indoor environmental quality
- Socioeconomic
- Transportation
- Waste management
- Water efficiency
- Water supply

For more information, refer to Sunway REIT FY2022 Intergrated Annual Report Page 140 - 144 & 148.

C3.3

(C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	Green Building - As regulations mandating green products and services is one of the potential financial risks, Sunway is committed to ensuring all new townships and buildings completed from 2025 onwards are green-certified. Sunway defines green townships and green buildings as developments that focus on boosting resource efficiency, while reducing building impact on human health and the environment during the buildings' life cycle through better design, construction, operation and maintenance. - Sunway REIT is aligned with Sunway Berhad's Green Building Policy outlines the key requirements that are essential to the development of green townships and buildings which has established in 2021. The guidelines ensure that Sunway will integrate sustainable practices into the development, operations and management of townships and buildings. The policy also underscores Sunway's commitment to designing and producing built environments that facilitate healthy lifestyles and prioritising the well-being of the stakeholders. Asset Acquisition - One of the key activities for Sunway REIT is the acquisition of income-generating property. In 2021, Sunway REIT further enhanced the investment guidelines to incorporate a sustainability checklist. - The high-level investment checklist is meant to serve apreliminary 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.
Supply chain and/or value chain	Yes	Sustainable supply chain Sunway REIT adopted Sunway Berhad Sustainable Procurement Policy which this policy developed a best practice approach to sustainable procurement in 2021. All suppliers are required to complete the supplier registration form are to declare their current ESG practices via the Supplier Environmental and Social Risk Assessment forms. The information provided will be recorded and kept by all business divisions. Sunway introduced sustainable procurement best practices to employees and suppliers. Suppliers are able to refer to the Sustainable Procurement Policy as a guideline to benchmark their ESG practices against industry best practices. All Sunway suppliers must comply with all relevant laws, regulations and standards, and any supplier found to have violated the law will be removed from the supply chain. Sustainable Purchasing of Goods We purchase products with eco-labels such as PEFC and FSC-certified products. One of our 2030 targets includes to record a measurable reduction in environmental impact from goods and services procured from suppliers.
Investment in R&D	Yes	Energy efficiency and renewable energy source During AEI (asset enhancement initiatives), significant amount of investment is allocated for the upgrading of M&E equipment and installation of solar panels as part of medium-term energy management solutions. Improvement of energy efficiency and increasing use of solar energy will reduce our energy cost; directly reducing our operation expenditure associated with our energy consumption for energy building operations. Ensuring Sustainable Water Supply To ensure sustainable water supply in Sunway City Kuala Lumpur, Sunway REIT contributed to Sunway Group's investment on an RM18 million water treatment plant in 2019. With a daily water supply capacity of up to 8.5 million litres for 51,500 people, the treatment plant recycles water from the city's lakes to produce potable drinking water, enabling the Group to reduce its water consumption cost. The lake is also a catchment area for surface run-off, and Sunway ensures that the water is pumped out to the river when it reaches a certain level to avoid flooding in the surrounding areas. The lake is the source of water supply during water shortage crises to ensure business continuity. The water treatment plant supply water to all Sunway REIT's properties within Sunway City Kuala Lumpur Food Waste Management - Food waste is one of the major problems that leads to waste, Sunway REIT has been actively converting food waste to energy or compost to reduce waste to landfills and generate a circular economy. Sunway REIT has investing in 2 compost machines in 2019. - Additionally, we have sent our food waste to a composting farm that grows composting worms and black fly soldier that naturally break down food waste into compost. Sunway REIT continuously explore on food waste project to reduce the food waste into the landfill.
Operations	Yes	Increasing investment in clean technology as one of our core strategies to increase the shift towards renewable energy use, ensuring efficient energy and water consumption, reducing wastage, practising proper pollution management and adopting the circular economy approach. Energy Conservation - Awareness programmes: In line with #SunwayLightsOut, our operations took part in the annual Earth Hour initiative by turning off the facade lighting of their buildings to mark Sunway's commitment to combatting climate change. The Office division also used the opportunity to raise awareness on climate change and energy conservation by organising an Earth Hour online quiz for its tenants. - Adjusting daily operational needs: Several of our hotels reduced the duration of pre-cooling down of rooms and halls before meetings and events and controlled the temperature of hot water in hotel rooms. Meanwhile, our office and retail properties adjusted their chiller set points, depending on the condition, while maintaining the parameters within an acceptable range. Our offices also minimised the operational hours of car park lighting to conserve energy. Energy Efficiency We continue to implement energy-efficient initiatives by: - Replacing old bulbs with LED lighting - Replacing old electrical appliances - Installing or replacing large appliances/ systems such as chillers - Installing motion sensors - Applying Building Energy Management Systems (BEMS) - Utilising smart meter systems. Water Management Water is crucial in our diverse business operations, especially in the hospitality and retail business divisions. Any water disruption will interrupt our business operations and affect our productivity, eventually impacting tenant and customer satisfaction. Recognising the significance of water in our operations, we have put in place robust measures and guidelines to ensure water security. These include a water management policy, water standard operating procedures for all business divisions, water-saving initiatives and alternative water resources. For more information, please refer to Sunway REIT IAR, page 136 – 161

C3.4

(C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	Revenues Direct costs Indirect costs Capital expenditures Capital allocation Acquisitions and divestments Access to capital Assets	Capital expenditures, capital allocations, assets: Each of our business divisions is required to allocate resources for sustainability initiatives to be incorporated into their annual business plans to achieve the 2030 Sustainability Goals and Targets, as well as Net Zero Carbon Emissions by 2050. For instance, to ensure sustainable water supply in Sunway City Kuala Lumpur, Sunway REIT invested in an RM18 million water treatment plant in 2019. With a daily water supply capacity of up to 8.5 million litres for 51,500 people, the treatment plant recycles water from the city's lakes to produce potable drinking water, enabling Sunway REIT to reduce its water consumption cost. Sunway REIT has implemented a climate change and flood risk assessment guidance for new land acquisition sites to mitigate climate change risks. Natural disasters such as floods and landslides have severe adverse effects on development projects in terms of costs and long-term value creation. The guidance involves the use of several criteria to assess the risks of a site in relation to climate change and flood risks. Should a site fail any criteria and thus be deemed risky, further studies and engagements will be carried out to estimate the adaptation costs needed to fully mitigate these risks. This exercise is expected to improve the long-term value creation of the sites and therefore improve the expected return on investment projection for new land acquisitions. Sunway REIT will strive to further improve our understanding of potential climate-related risks and opportunities, while investing resources into mitigating material risks, which will help to strengthen our business position as a provider of high-quality green and sustainable products and services. With the increasing rainfall and rising sea levels, risk of flashfloods has become more significance over the years, it may open Sunway REIT to potential litigation property damages from our tenants for failure to design and protect tenants against floods. Such litigation claims can open Sunway REIT up to unexpected financial lost and reputation impacts. Sunway REIT manages and litigates such risk against mitigation by including ESG due diligence for land acquisition. In 2022, Sunway REIT performed asset-level environmental and/or social risk assessments as a standard part of our due diligence process for new acquisitions that included the following: - Water efficiency - Water supply - Flooding - Waste management - Energy efficiency - Energy supply - Biodiversity and habitat - Building safety - Climate change adaptation - Compliance with regulatory requirements - GHG emissions - Health and well-being - Indoor environmental quality - Socioeconomic - Transportation

C3.5

(C3.5) In your organization's financial accounting, do you identify spending/revenue that is aligned with your organization's climate transition?

	Identification of spending/revenue that is aligned with your organization's climate transition	Indicate the level at which you identify the alignment of your spending/revenue with a sustainable finance taxonomy
Row 1	No, but we plan to in the next two years	<Not Applicable>

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Intensity target

C4.1b

(C4.1b) Provide details of your emissions intensity target(s) and progress made against those target(s).

Target reference number

Int 1

Is this a science-based target?

Yes, we consider this a science-based target, and we have committed to seek validation of this target by the Science Based Targets initiative in the next two years

Target ambition

1.5°C aligned

Year target was set

2021

Target coverage

Business division

Scope(s)

Scope 1
Scope 2
Scope 3

Scope 2 accounting method
Location-based

Scope 3 category(ies)
Category 5: Waste generated in operations
Category 6: Business travel
Category 7: Employee commuting
Category 13: Downstream leased assets

Intensity metric
Metric tons CO2e per square meter

Base year
2021

Intensity figure in base year for Scope 1 (metric tons CO2e per unit of activity)

Intensity figure in base year for Scope 2 (metric tons CO2e per unit of activity)

Intensity figure in base year for Scope 3, Category 1: Purchased goods and services (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for Scope 3, Category 2: Capital goods (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for Scope 3, Category 4: Upstream transportation and distribution (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for Scope 3, Category 5: Waste generated in operations (metric tons CO2e per unit of activity)

Intensity figure in base year for Scope 3, Category 6: Business travel (metric tons CO2e per unit of activity)

Intensity figure in base year for Scope 3, Category 7: Employee commuting (metric tons CO2e per unit of activity)
1.09

Intensity figure in base year for Scope 3, Category 8: Upstream leased assets (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for Scope 3, Category 9: Downstream transportation and distribution (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for Scope 3, Category 10: Processing of sold products (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for Scope 3, Category 11: Use of sold products (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for Scope 3, Category 12: End-of-life treatment of sold products (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for Scope 3, Category 13: Downstream leased assets (metric tons CO2e per unit of activity)

Intensity figure in base year for Scope 3, Category 14: Franchises (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for Scope 3, Category 15: Investments (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for Scope 3, Other (upstream) (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for Scope 3, Other (downstream) (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for total Scope 3 (metric tons CO2e per unit of activity)

Intensity figure in base year for all selected Scopes (metric tons CO2e per unit of activity)

% of total base year emissions in Scope 1 covered by this Scope 1 intensity figure
100

% of total base year emissions in Scope 2 covered by this Scope 2 intensity figure
100

% of total base year emissions in Scope 3, Category 1: Purchased goods and services covered by this Scope 3, Category 1: Purchased goods and services intensity figure
<Not Applicable>

% of total base year emissions in Scope 3, Category 2: Capital goods covered by this Scope 3, Category 2: Capital goods intensity figure
<Not Applicable>

% of total base year emissions in Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) covered by this Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) intensity figure
<Not Applicable>

% of total base year emissions in Scope 3, Category 4: Upstream transportation and distribution covered by this Scope 3, Category 4: Upstream transportation and distribution intensity figure
<Not Applicable>

% of total base year emissions in Scope 3, Category 5: Waste generated in operations covered by this Scope 3, Category 5: Waste generated in operations intensity figure
4.45

% of total base year emissions in Scope 3, Category 6: Business travel covered by this Scope 3, Category 6: Business travel intensity figure
0.32

% of total base year emissions in Scope 3, Category 7: Employee commuting covered by this Scope 3, Category 7: Employee commuting intensity figure
0.02

% of total base year emissions in Scope 3, Category 8: Upstream leased assets covered by this Scope 3, Category 8: Upstream leased assets intensity figure
<Not Applicable>

% of total base year emissions in Scope 3, Category 9: Downstream transportation and distribution covered by this Scope 3, Category 9: Downstream transportation and distribution intensity figure
<Not Applicable>

% of total base year emissions in Scope 3, Category 10: Processing of sold products covered by this Scope 3, Category 10: Processing of sold products intensity figure
<Not Applicable>

% of total base year emissions in Scope 3, Category 11: Use of sold products covered by this Scope 3, Category 11: Use of sold products intensity figure
<Not Applicable>

% of total base year emissions in Scope 3, Category 12: End-of-life treatment of sold products covered by this Scope 3, Category 12: End-of-life treatment of sold products intensity figure
<Not Applicable>

% of total base year emissions in Scope 3, Category 13: Downstream leased assets covered by this Scope 3, Category 13: Downstream leased assets intensity figure
95.21

% of total base year emissions in Scope 3, Category 14: Franchises covered by this Scope 3, Category 14: Franchises intensity figure
<Not Applicable>

% of total base year emissions in Scope 3, Category 15: Investments covered by this Scope 3, Category 15: Investments intensity figure
<Not Applicable>

% of total base year emissions in Scope 3, Other (upstream) covered by this Scope 3, Other (upstream) intensity figure
<Not Applicable>

% of total base year emissions in Scope 3, Other (downstream) covered by this Scope 3, Other (downstream) intensity figure
<Not Applicable>

% of total base year emissions in Scope 3 (in all Scope 3 categories) covered by this total Scope 3 intensity figure
100

% of total base year emissions in all selected Scopes covered by this intensity figure
100

Target year
2030

Targeted reduction from base year (%)
45

Intensity figure in target year for all selected Scopes (metric tons CO2e per unit of activity) [auto-calculated]
<Calculated field>

% change anticipated in absolute Scope 1+2 emissions

% change anticipated in absolute Scope 3 emissions

Intensity figure in reporting year for Scope 1 (metric tons CO2e per unit of activity)

Intensity figure in reporting year for Scope 2 (metric tons CO2e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 1: Purchased goods and services (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in reporting year for Scope 3, Category 2: Capital goods (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in reporting year for Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in reporting year for Scope 3, Category 4: Upstream transportation and distribution (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in reporting year for Scope 3, Category 5: Waste generated in operations (metric tons CO2e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 6: Business travel (metric tons CO2e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 7: Employee commuting (metric tons CO2e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 8: Upstream leased assets (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in reporting year for Scope 3, Category 9: Downstream transportation and distribution (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in reporting year for Scope 3, Category 10: Processing of sold products (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in reporting year for Scope 3, Category 11: Use of sold products (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in reporting year for Scope 3, Category 12: End-of-life treatment of sold products (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in reporting year for Scope 3, Category 13: Downstream leased assets (metric tons CO2e per unit of activity)

Intensity figure in reporting year for Scope 3, Category 14: Franchises (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in reporting year for Scope 3, Category 15: Investments (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in reporting year for Scope 3, Other (upstream) (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in reporting year for Scope 3, Other (downstream) (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in reporting year for total Scope 3 (metric tons CO2e per unit of activity)

Intensity figure in reporting year for all selected Scopes (metric tons CO2e per unit of activity)

Does this target cover any land-related emissions?
No, it does not cover any land-related emissions (e.g. non-FLAG SBT)

% of target achieved relative to base year [auto-calculated]
<Calculated field>

Target status in reporting year
Underway

Please explain target coverage and identify any exclusions
At Sunway, we have been taking urgent action to mitigate climate change risks. We are committed to achieving our Net Zero Carbon Emissions by 2050 ambition to limit global temperature rise to 1.5°C, in line with the Paris Agreement and Malaysia's agenda of reaching net zero carbon emissions by 2050. We aim to reduce our residual emissions by 2030 by focusing on Scope 1 and Scope 2 emissions. By 2050, we will reduce our Scope 3 emissions by engaging with stakeholders and taking appropriate measures such as implementing green leases for tenants and practising green procurement with suppliers to reduce embodied carbon.

Approximately 96% of our carbon emissions comes from energy consumption (i.e. purchased electricity, company facilities, downstream leased assets). Of this amount, 81% is from Scope 3 which are emissions from our tenants' energy consumption.

We have set intensity targets for each of our business divisions to ensure efficient energy consumption. Our managed assets and industrial sites should continue to stay below the targets set, which will reduce by 3.5% to 4%, respectively, on an annual basis up to 2030 to align with the IPCC target of 45% reduction in carbon emissions by 2030. Concurrently, we have also rolled out our Green Lease Programme in 2022 to collaborate with our tenants towards further energy efficiency improvements.

Our implementation towards accelerating decarbonisation includes:
1. Internal carbon pricing
Sunway is focused on intensifying efforts to reduce residual emissions up to 2030 and beyond by improving efficiency and switching to cleaner energy. In 2021, we established an Internal Carbon Pricing framework to start preparing for the potential transition risks from climate-related issues at RM15 per tonne of CO2e emitted above a threshold level. This is a mechanism/decision-making tool that can help our business divisions to understand their exposure to external carbon pricing schemes, guide their decisions and investments and put a value on their greenhouse gas (GHG) emissions in a way that drives positive change in their business. In 2022, we continued to monitor the potential financial exposure of our business divisions based on the Internal Carbon Pricing framework.

2. Engaging with stakeholders to reduce Scope 3 emissions
Moving beyond reduction of Scope 1 and 2 emissions, which are generally within the control of an organisation, the implementation of the Green Lease Partnership Programme is the latest initiative to engage with stakeholders and promote the reduction of Scope 3 emissions.

The retail malls and offices within our Property Investment / REIT division, as well as the Hospitality division, have participated in this programme. The programme aims to encourage best international practices in sustainability and drive sustainable solutions through behavioural change, while boosting Malaysia's commitment to net zero carbon emissions by 2050. Other benefits for Sunway include a reduction in the building's overall management cost, added value as green buildings and increased appeal for ESG-oriented investors. Thus, it is crucial to the success of our net zero journey that we recruit and partner with our tenants to collaborate and find ways to reduce our environmental footprint and promote responsible resource management.

The tenants have signed a memorandum of understanding (MoU) and are committed to working closely with us to improve building energy efficiency, water-saving measures and diversion of waste from landfill towards a circular economy. We target to have 100% tenant participation, with more than 1,300 tenants on board the Green Lease Partnership Programme by 2030.

Plan for achieving target, and progress made to the end of the reporting year
Building energy intensity (BEI) should stay below the annual targets set for the respective business divisions, starting from 2022. The business segments should continue to stay below the BEI targets that will be lowered by 4% on a y-o-y basis up till 2030 to align with the IPCC target of 45% reduction in carbon emissions by 2030.

The Green Building Index (GBI) has derived BEI values for different types of buildings based on industry data and in close consultation with industry players. To be considered an efficient building, the building must achieve a BEI that is lower than the baseline minimum that has been derived for the respective types of buildings.

2030 Targets:
Office: 108 kWh/m2/year
Retail: 252 kWh/m2/year
Hotel: 209 kWh/m2/year

2022 Performance
Office: 113 kWh/m2/year
Retail: 264 kWh/m2/year
Hotel: 204 kWh/m2/year

We installed solar PV panels in four more buildings in 2022, namely Menara Sunway, Sunway Carnival Mall, Sunway Resort Hotel and Sunway Giza Mall. We were able to generate 3,008 MWh of solar energy, which was equivalent to avoiding 1,760 tCO2e or carbon sequestrated by 83,810 trees* in a year. We have also installed smart meters in our existing buildings and changing old bulbs to LED lighting.

In 2022, the Green Leases Partnership Programme garnered the participation of 100% hotel master lessees and 21% retail and office tenants.

List the emissions reduction initiatives which contributed most to achieving this target
<Not Applicable>

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?
Net-zero target(s)

C4.2c

(C4.2c) Provide details of your net-zero target(s).

Target reference number
NZ1

Target coverage
Company-wide

Absolute/intensity emission target(s) linked to this net-zero target
Abs1

Target year for achieving net zero
2050

Is this a science-based target?
Yes, we consider this a science-based target, and we have committed to seek validation of this target by the Science Based Targets initiative in the next two years

Please explain target coverage and identify any exclusions
To drive progress towards net zero by 2050, Sunway has set an interim target to halve emissions by 2030 (from 2010 as the base year, as per the UN Intergovernmental Panel on Climate Change's recommendations). The 2030 target is also divided into 3 phases: 2022-2024, 2025-2027 and 2028-2030. Our managed assets and industrial sites should continue to stay below the targets set, which will reduce by 3.5% to 4%, respectively, on an annual basis up to 2030 to align with the IPCC target of 45% reduction in carbon emissions by 2030.

Sunway REIT has announced its aim to achieve net zero carbon emissions by 2050, in line with its aspiration to build a sustainable future. Substitution to cleaner energy is vital for the Group as we journey towards achieving net zero emissions by 2050. We have set target to increase generation from renewable energy established under Sunway's 2030 Sustainability Goals and Targets.

Sunway REIT has set a target to generate at least 40% of electricity from renewable energy sources by 2030 (5% locally generated, 35% purchased from green sources/solar farms). This target is applicable to all Sunway owned and managed properties in Malaysia.

Switching to renewable energy is a tangible step that will effectively cut our carbon emissions and accelerate our journey towards net zero carbon emissions. Since 2018, we have been actively installing solar photovoltaic (PV) panels on the rooftops of our buildings.

We installed solar PV panels in four more buildings in 2022, namely Menara Sunway, Sunway Carnival Mall, Sunway Resort Hotel and Sunway Giza Mall. In 2022, we have generated 3,008MWh of clean energy which is equivalent to avoiding 5,700 tonnes CO2e emissions.

Further to the above, to get to net zero by 205, we plan to focus on carbon offset energy.
Carbon storage and capture:
Sunway University has formed a partnership with MIT in 2017 to research carbon capture, utilisation and storage technology (CCUS) to make it commercially viable. Currently, while carbon capture technology is readily available, the storage of carbon as a 'waste product' is still costly. The researchers are working on ways to turn carbon into a useful product with the potential to be sold.

Buying green energy:
Sunway REIT is also currently looking at investing directly or indirectly in large-scale solar farms.

Do you intend to neutralize any unabated emissions with permanent carbon removals at the target year?
Yes

Planned milestones and/or near-term investments for neutralization at target year
Carbon storage and capture
Sunway University has formed a partnership with MIT in 2017 to research carbon capture, utilisation and storage technology (CCUS) to make it commercially viable. Currently, while carbon capture technology is readily available, the storage of carbon as a 'waste product' is still costly. The researchers are working on ways to turn carbon into a useful product with the potential to be sold.

Buying green energy
Sunway REIT is also currently looking at investing directly or indirectly in large-scale solar farms.

Planned actions to mitigate emissions beyond your value chain (optional)
Sunway REIT engages with stakeholders to reduce Scope 3 emissions.

1) Upstream – Suppliers (Sustainable procurement & supply chain practices)
Sunway REIT is committed to responsible procurement by working with partners who uphold the same high sustainability standards we subscribe to in the areas of ethical conduct, human rights, workplace standards and environmental management. In 2020, Sunway Berhad established a Sustainable Procurement Policy to develop a best practice approach to sustainable procurement. Beginning in 2021, all suppliers who have completed the supplier registration form are required to declare their current ESG practices via the Supplier Environmental and Social Risk Assessment forms. The information provided will be recorded and kept by all business divisions. 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 suppliers must comply with all relevant laws, regulations and standards, and any supplier found to have violated the law will be removed from our supply chain

2) Downstream - Tenants
We aim to reduce our residual emissions by 2030 by focusing on Scope 1 and Scope 2 emissions. By 2050. we will reduce our Scope 3 emissions by engaging with stakeholders and taking appropriate measures such as implementing green leases for tenants and practising green procurement with suppliers to reduce embodied carbon. The implementation of the Green Lease Partnership Programme is the latest initiative to engage with stakeholders and promote the reduction of Scope 3 emissions. The retail malls and offices within our Property Investment / REIT division, as well as the Hospitality division, have participated in this programme. The programme aims to encourage best international practices in sustainability and drive sustainable solutions through behavioural change, while boosting Malaysia's commitment to net zero carbon emissions by 2050. Thus, it is crucial to the success of our net zero journey that we recruit and partner with our tenants to collaborate and find ways to reduce our environmental footprint and promote responsible resource management. In 2022, the programme garnered the participation of 100% hotel master lessees and 21% retail and office tenants.

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation		
To be implemented*		
Implementation commenced*	6	2154
Implemented*		
Not to be implemented		

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative category & Initiative type

Energy efficiency in buildings	Building Energy Management Systems (BEMS)

Estimated annual CO2e savings (metric tonnes CO2e)

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 2 (location-based)
Scope 3 category 13: Downstream leased assets

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

Investment required (unit currency – as specified in C0.4)

Payback period

1-3 years

Estimated lifetime of the initiative

6-10 years

Comment

We have set the building energy intensity targets for our managed properties, while continually improving their energy performance through the energy initiatives. Throughout the year, Sunway REIT has been proactive in minimising our carbon footprint by engaging with stakeholders to increase awareness on using renewable energy and ensuring energy efficiency across our operations.

We have a group of engineers who diligently monitor our energy consumption and research innovative ways to ensure efficient energy management in our organisation. In 2022, we continued to improve our energy consumption by installing solar photovoltaic (PV) panels and smart meters in our existing buildings and changing old bulbs to LED lighting.

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Internal price on carbon	An internal carbon pricing framework has been approved by the Sunway REIT Board of Directors to be adopted in our business operations as a way to prepare for a low-carbon economy. Placing a value on our GHG emissions will help us align with and support a carbon management strategy that will drive us towards achieving our Net Zero Carbon Emissions by 2050 target. Setting internal carbon pricing can also incentivise the business divisions across the Group to reduce their carbon emissions and enable low-carbon innovation. Ultimately, it will make carbon considerations more central to our business operations, promote understanding of carbon and carbon risk internally and externally and future-proof our business strategy. The adoption of internal carbon pricing also fosters a culture of carbon emission reduction and low-carbon innovation across Sunway REIT's business divisions. This approach not only demonstrates the company's firm belief that sustainability and profitability can coexist but also positions Sunway as a leader in the transition towards a sustainable and carbon-neutral future. To reinforce the importance of carbon emission reduction, business units that do not meet their targets will face consequences in the form of deductions from their bonus pool. This financial penalty sends a strong message to operators and managers, urging them to innovate and implement solutions to reduce carbon emissions. The introduction of the carbon price incentivises proactive measures to cut emissions, emphasising the significance of sustainability and reinforcing Sunway REIT's commitment to mitigating its environmental impact. Between 2022 and 2024, a carbon price of RM15/tonne of CO2 will be established, triggered when emissions exceed a predetermined threshold level. This pricing mechanism mirrors Singapore's approach. As the years progress, the carbon price will be adjusted incrementally. For example, FY2022 building energy intensity (BEI) target for Office segment is set at 150kwh/m2/year. If BEI performance for Office segment at FY2022 is at 160kwh/m2/year, an internal carbon tax will be calculated on the excess 10kwh/m2/year.

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products?
Yes

C4.5a

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products.

Level of aggregation
Group of products or services

Taxonomy used to classify product(s) or service(s) as low-carbon
No taxonomy used to classify product(s) or service(s) as low carbon

Type of product(s) or service(s)

Buildings construction and renovation	Other, please specify (Green Buildings)

Description of product(s) or service(s)
Sunway REIT adopted Sunway Berhad's Green Building Policy, which has been established and implemented since 2022. We are committed to ensuring all new buildings from 2025 onwards are green-certified, in our effort to be at the forefront of sustainable development projects. The Policy will guide us in producing sustainable designs and managing our resources effectively, while minimising the impact of our operations on the surrounding communities and the environment. As of 2022, 4 of our buildings have attained green certification namely Sunway Carnival Mall, Sunway Pinnacle, Sunway Resort Hotel and Sunway Lagoon Hotel.

Sunway Carnival Mall
- GreenMark - Gold Plus (Provisional Cert)
- GreenRE - Gold (Provisional Cert) - New

Sunway Pinnacle
- GBI - Certified (Renewal Verification Assessment Cert)
- GreenMark - Gold

Sunway Resort Hotel
- GreenRE - Gold (Provisional Cert) - New

Sunway Lagoon Hotel
- GBI Certified (Design Assessment Cert)
- GreenRE - Gold (Provisional)

With a strong focus on sustainability, Sunway REIT aims to lead by example and contribute to creating a more environmentally responsible and healthier built environment. By prioritising energy efficiency and incorporating green practices, we are dedicated to providing our occupants with sustainable and healthy spaces that align with the evolving needs of the market and contribute positively to the well-being of our communities.

Have you estimated the avoided emissions of this low-carbon product(s) or service(s)
No

Methodology used to calculate avoided emissions
<Not Applicable>

Life cycle stage(s) covered for the low-carbon product(s) or services(s)
<Not Applicable>

Functional unit used
<Not Applicable>

Reference product/service or baseline scenario used
<Not Applicable>

Life cycle stage(s) covered for the reference product/service or baseline scenario
<Not Applicable>

Estimated avoided emissions (metric tons CO2e per functional unit) compared to reference product/service or baseline scenario
<Not Applicable>

Explain your calculation of avoided emissions, including any assumptions
<Not Applicable>

Revenue generated from low-carbon product(s) or service(s) as % of total revenue in the reporting year
21

C5. Emissions methodology

C5.1

(C5.1) Is this your first year of reporting emissions data to CDP?
No

C5.1a

(C5.1a) Has your organization undergone any structural changes in the reporting year, or are any previous structural changes being accounted for in this disclosure of emissions data?

Row 1

Has there been a structural change?
No

Name of organization(s) acquired, divested from, or merged with
<Not Applicable>

Details of structural change(s), including completion dates
<Not Applicable>

C5.1b

(C5.1b) Has your emissions accounting methodology, boundary, and/or reporting year definition changed in the reporting year?

	Change(s) in methodology, boundary, and/or reporting year definition?	Details of methodology, boundary, and/or reporting year definition change(s)
Row 1	No	<Not Applicable>

C5.2

(C5.2) Provide your base year and base year emissions.

Scope 1

Base year start
January 1 2022

Base year end
December 31 2022

Base year emissions (metric tons CO2e)
63

Comment
Since 2021, data collected are audited by third-party.

Scope 2 (location-based)

Base year start
January 1 2022

Base year end
December 31 2022

Base year emissions (metric tons CO2e)
52

Comment
Since 2021, data collected are audited by third-party.

Scope 2 (market-based)

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 1: Purchased goods and services

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment
Since 2021, data collected are audited by third-party.

Scope 3 category 2: Capital goods

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 3: Fuel-and-energy-related activities (not included in Scope 1 or 2)

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 4: Upstream transportation and distribution

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 5: Waste generated in operations

Base year start
January 1 2022

Base year end
December 31 2022

Base year emissions (metric tons CO2e)
4923

Comment
Since 2021, data collected are audited by third-party.

Scope 3 category 6: Business travel

Base year start
January 1 2022

Base year end
December 31 2022

Base year emissions (metric tons CO2e)
353

Comment
Since 2021, data collected are audited by third-party.

Scope 3 category 7: Employee commuting

Base year start
January 1 2022

Base year end
December 31 2022

Base year emissions (metric tons CO2e)
24

Comment
Since 2021, data collected are audited by third-party.

Scope 3 category 8: Upstream leased assets

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 9: Downstream transportation and distribution

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 10: Processing of sold products

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 11: Use of sold products

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 12: End of life treatment of sold products

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 13: Downstream leased assets

Base year start
January 1 2022

Base year end
December 31 2022

Base year emissions (metric tons CO2e)
105395

Comment

Scope 3 category 14: Franchises

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 15: Investments

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3: Other (upstream)

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3: Other (downstream)

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

C5.3

(C5.3) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.
Defra Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance, 2019

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)
63

Start date
January 1 2022

End date
December 31 2022

Comment
Since 2021, data collected are audited by third-party.

Past year 1

Gross global Scope 1 emissions (metric tons CO2e)
52

Start date
January 1 2021

End date
December 31 2021

Comment
Since 2021, data collected are audited by third-party.

Past year 2

Gross global Scope 1 emissions (metric tons CO2e)
80

Start date
January 1 2020

End date
December 31 2020

Comment

Past year 3

Gross global Scope 1 emissions (metric tons CO2e)
0.02

Start date
January 1 2019

End date
December 31 2019

Comment

Past year 4

Gross global Scope 1 emissions (metric tons CO2e)
0.2

Start date
January 1 2018

End date
December 31 2018

Comment

Past year 5

Gross global Scope 1 emissions (metric tons CO2e)
0.6

Start date
January 1 2017

End date
December 31 2017

Comment

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based
We are reporting a Scope 2, location-based figure

Scope 2, market-based
Please select

Comment
https://www.seda.gov.my/statistics-monitoring/co2-avoidance/

We refer to Malaysia SEDA (Sustainable Energy Development Authority) for reference average emission factor for energy production in Malaysia. Based on the latest information on their website, baseline CO2 emissions factor for Peninsula Malaysia is 0.639tonne CO2/MWh.

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?

Reporting year

Scope 2, location-based
19371

Scope 2, market-based (if applicable)
<Not Applicable>

Start date
January 1 2022

End date
December 31 2022

Comment
Since 2021, data collected are audited by third-party.

Past year 1

Scope 2, location-based
12622

Scope 2, market-based (if applicable)
<Not Applicable>

Start date
January 1 2021

End date
December 31 2021

Comment
Since 2021, data collected are audited by third-party.

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1, Scope 2 or Scope 3 emissions that are within your selected reporting boundary which are not included in your disclosure?
Yes

C6.4a

(C6.4a) Provide details of the sources of Scope 1, Scope 2, or Scope 3 emissions that are within your selected reporting boundary which are not included in your disclosure.

Source of excluded emissions

We have not included energy consumption in our triple net lease buildings because the buildings are not within our operational control.

Retail
- SunCity Ipoh Hypermarket
- Sunway Pier

Services
- Sunway Medical Centre (Tower A & B)
- Sunway university & college campus

Industrial & Others
- Sunway REIT Industrial – Shah Alam 1
- Sunway REIT Industrial – Petaling Jaya 1

Scope(s) or Scope 3 category(ies)

Scope 3: Downstream leased assets

Relevance of Scope 1 emissions from this source

<Not Applicable>

Relevance of location-based Scope 2 emissions from this source

<Not Applicable>

Relevance of market-based Scope 2 emissions from this source

<Not Applicable>

Relevance of Scope 3 emissions from this source

Emissions are relevant and calculated, but not disclosed

Date of completion of acquisition or merger

<Not Applicable>

Estimated percentage of total Scope 1+2 emissions this excluded source represents

<Not Applicable>

Estimated percentage of total Scope 3 emissions this excluded source represents

Explain why this source is excluded

Triple net lease properties are not within our operational control.

Explain how you estimated the percentage of emissions this excluded source represents

C6.5

(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status

Relevant, not yet calculated

Emissions in reporting year (metric tons CO2e)

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

We plan to in the next two years.

Capital goods

Evaluation status

Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

Not applicable to our business.

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status
Not evaluated

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
We plan to in the next two years.

Upstream transportation and distribution

Evaluation status
Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Not applicable to our business.

Waste generated in operations

Evaluation status
Relevant, calculated

Emissions in reporting year (metric tons CO2e)
4923

Emissions calculation methodology
Waste-type-specific method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Please explain

Business travel

Evaluation status
Relevant, calculated

Emissions in reporting year (metric tons CO2e)
353

Emissions calculation methodology
Distance-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Please explain

Employee commuting

Evaluation status
Relevant, calculated

Emissions in reporting year (metric tons CO2e)
24

Emissions calculation methodology
Distance-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Please explain

Upstream leased assets

Evaluation status
Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Not applicable to our business.

Downstream transportation and distribution

Evaluation status
Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Not applicable to our business

Processing of sold products

Evaluation status
Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Not applicable to our business

Use of sold products

Evaluation status
Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Not applicable to our business

End of life treatment of sold products

Evaluation status
Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Not applicable to our business

Downstream leased assets

Evaluation status
Relevant, calculated

Emissions in reporting year (metric tons CO2e)
105395

Emissions calculation methodology
Asset-specific method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Please explain

Franchises

Evaluation status
Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Not applicable to our business

Investments

Evaluation status
Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Not applicable to our business

Other (upstream)

Evaluation status

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Not applicable to our business

Other (downstream)

Evaluation status
Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Not applicable to our business

C6.5a

(C6.5a) Disclose or restate your Scope 3 emissions data for previous years.

Past year 1

Start date
January 1 2021

End date
December 31 2021

Scope 3: Purchased goods and services (metric tons CO2e)

Scope 3: Capital goods (metric tons CO2e)

Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)

Scope 3: Upstream transportation and distribution (metric tons CO2e)

Scope 3: Waste generated in operations (metric tons CO2e)
3250

Scope 3: Business travel (metric tons CO2e)
43

Scope 3: Employee commuting (metric tons CO2e)
0

Scope 3: Upstream leased assets (metric tons CO2e)

Scope 3: Downstream transportation and distribution (metric tons CO2e)

Scope 3: Processing of sold products (metric tons CO2e)

Scope 3: Use of sold products (metric tons CO2e)

Scope 3: End of life treatment of sold products (metric tons CO2e)

Scope 3: Downstream leased assets (metric tons CO2e)
81007

Scope 3: Franchises (metric tons CO2e)

Scope 3: Investments (metric tons CO2e)

Scope 3: Other (upstream) (metric tons CO2e)

Scope 3: Other (downstream) (metric tons CO2e)

Comment
Since 2021, data collected are audited.

Past year 2

Start date
January 1 2020

End date
December 31 2020

Scope 3: Purchased goods and services (metric tons CO2e)

Scope 3: Capital goods (metric tons CO2e)

Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)

Scope 3: Upstream transportation and distribution (metric tons CO2e)

Scope 3: Waste generated in operations (metric tons CO2e)
3933

Scope 3: Business travel (metric tons CO2e)
336

Scope 3: Employee commuting (metric tons CO2e)
0

Scope 3: Upstream leased assets (metric tons CO2e)

Scope 3: Downstream transportation and distribution (metric tons CO2e)

Scope 3: Processing of sold products (metric tons CO2e)

Scope 3: Use of sold products (metric tons CO2e)

Scope 3: End of life treatment of sold products (metric tons CO2e)

Scope 3: Downstream leased assets (metric tons CO2e)
113195

Scope 3: Franchises (metric tons CO2e)

Scope 3: Investments (metric tons CO2e)

Scope 3: Other (upstream) (metric tons CO2e)

Scope 3: Other (downstream) (metric tons CO2e)

Comment
Since 2021, data collected are audited.

Past year 3

Start date
January 1 2019

End date
December 31 2019

Scope 3: Purchased goods and services (metric tons CO2e)

Scope 3: Capital goods (metric tons CO2e)

Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)

Scope 3: Upstream transportation and distribution (metric tons CO2e)

Scope 3: Waste generated in operations (metric tons CO2e)
868

Scope 3: Business travel (metric tons CO2e)
198

Scope 3: Employee commuting (metric tons CO2e)
0

Scope 3: Upstream leased assets (metric tons CO2e)

Scope 3: Downstream transportation and distribution (metric tons CO2e)

Scope 3: Processing of sold products (metric tons CO2e)

Scope 3: Use of sold products (metric tons CO2e)

Scope 3: End of life treatment of sold products (metric tons CO2e)

Scope 3: Downstream leased assets (metric tons CO2e)
123508

Scope 3: Franchises (metric tons CO2e)

Scope 3: Investments (metric tons CO2e)

Scope 3: Other (upstream) (metric tons CO2e)

Scope 3: Other (downstream) (metric tons CO2e)

Comment

C-CN6.6/C-RE6.6

(C-CN6.6/C-RE6.6) Does your organization assess the life cycle emissions of new construction or major renovation projects?

	Assessment of life cycle emissions	Comment
Row 1	No, but we plan to for upcoming projects	As part of our commitment to sustainability and responsible business practices, life cycle assessment is part of our planning.

C6.7

(C6.7) Are carbon dioxide emissions from biogenic carbon relevant to your organization?
No

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure
0.00003

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)
19434

Metric denominator
unit total revenue

Metric denominator: Unit total
651446000

Scope 2 figure used
Location-based

% change from previous year
53

Direction of change
Increased

Reason(s) for change
Change in output

Please explain
Albeit the increase in GFA from FY2016 to FY2022, the overall energy consumption did not increase as much. From FY2016 to FY2022, the BEI for Retail and Office decreased due to improvement in energy efficiency. Meanwhile, the BEI for Hotel has increased during the similar period due to the increase in energy-intensive F&B operations in Sunway Resort Hotel.

The noticeable drop in FP2021 across all three segments can be attributed to below-normal capacity operations in our buildings during Movement Control Orders (MCOs).

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?
Yes

C7.1a

(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	63	IPCC Sixth Assessment Report (AR6 - 100 year)
CH4	0.1	IPCC Sixth Assessment Report (AR6 - 100 year)
N2O	0.1	IPCC Sixth Assessment Report (AR6 - 100 year)

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/area/region.

Country/area/region	Scope 1 emissions (metric tons CO2e)
Malaysia	63

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.
By activity

C7.3c

(C7.3c) Break down your total gross global Scope 1 emissions by business activity.

Activity	Scope 1 emissions (metric tons CO2e)
Company vehicles	63

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/area/region.

Country/area/region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Malaysia	19371	

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.
By activity

C7.6c

(C7.6c) Break down your total gross global Scope 2 emissions by business activity.

Activity	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Purchased Electricity	19371	

C7.7

(C7.7) Is your organization able to break down your emissions data for any of the subsidiaries included in your CDP response?
No

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?
Increased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change in emissions	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	279	Increased	21.3	In 2022, we installed new solar PV panels in Menara Sunway, Sunway Carnival Mall and Sunway Resort Hotel. We produced 1.39% of electricity from all our rooftop solar panels in 2022.
Other emissions reduction activities	102	Decreased	20.6	In 2022, we diverted 4% of waste from landfills, which was 1% lower than 2021. Based on our environmental performance, the disposed waste increased as business operations resumed to normal, post-MCO. Going forward, we will continue to employ the waste management hierarchy to divert more waste from landfills.
Divestment		<Not Applicable>		
Acquisitions		<Not Applicable>		
Mergers		<Not Applicable>		
Change in output		<Not Applicable>		
Change in methodology		<Not Applicable>		
Change in boundary		<Not Applicable>		
Change in physical operating conditions		<Not Applicable>		
Unidentified		<Not Applicable>		
Other		<Not Applicable>		

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Location-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 80% but less than or equal to 85%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	No
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	No

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired electricity	<Not Applicable>	3008	213275	216283
Consumption of purchased or acquired heat	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Total energy consumption	<Not Applicable>	3008	213275	216283

C8.2g

(C8.2g) Provide a breakdown by country/area of your non-fuel energy consumption in the reporting year.

Country/area
Malaysia

Consumption of purchased electricity (MWh)
213275

Consumption of self-generated electricity (MWh)
3008

Is this electricity consumption excluded from your RE100 commitment?
<Not Applicable>

Consumption of purchased heat, steam, and cooling (MWh)
0

Consumption of self-generated heat, steam, and cooling (MWh)
0

Total non-fuel energy consumption (MWh) [Auto-calculated]
216283

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

Description
Energy usage

Metric value
113

Metric numerator
Total energy consumption for Office

Metric denominator (intensity metric only)
Occupied Gross Floor Area (GFA)

% change from previous year
17.7

Direction of change
Increased

Please explain
The increase in energy consumption is primarily due to increased usage as businesses returned to a more usual mode of operation following the easing of COVID-19-related restrictions.

Description
Energy usage

Metric value

Metric numerator
Total energy consumption for Retail

Metric denominator (intensity metric only)
Occupied Gross Floor Area (GFA)

% change from previous year
42.7

Direction of change
Increased

Please explain
The increase in energy consumption is primarily due to increased usage in F&B operations as businesses returned to a more usual mode of operation following the easing of COVID-19-related restrictions.

Description
Energy usage

Metric value

Metric numerator
Total energy consumption for Hospitality

Metric denominator (intensity metric only)
Occupied Gross Floor Area (GFA)

% change from previous year
9.7

Direction of change
Increased

Please explain
Albeit the increase in GFA from FY2016 to FY2022, the overall energy consumption did not increase as much. From FY2016 to FY2022, the BEI for Retail and Office decreased due to improvement in energy efficiency. Meanwhile, the BEI for Hotel has increased during the similar period due to the increase in energy-intensive F&B operations in Sunway Resort Hotel as businesses returned to a more usual mode of operation following the easing of COVID-19-related restrictions.

Description
Waste

Metric value
4

Metric numerator
Waste diverted away from landfill

Metric denominator (intensity metric only)
Total waste

% change from previous year
1

Direction of change
Decreased

Please explain
Due to increased wastage as businesses returned to a more usual mode of operation following the easing of COVID-19-related restrictions.

C-CE9.6/C-CG9.6/C-CH9.6/C-CN9.6/C-CO9.6/C-EU9.6/C-MM9.6/C-OG9.6/C-RE9.6/C-ST9.6/C-TO9.6/C-TS9.6

(C-CE9.6/C-CG9.6/C-CH9.6/C-CN9.6/C-CO9.6/C-EU9.6/C-MM9.6/C-OG9.6/C-RE9.6/C-ST9.6/C-TO9.6/C-TS9.6) Does your organization invest in research and development (R&D) of low-carbon products or services related to your sector activities?

	Investment in low-carbon R&D	Comment
Row 1	Yes	Sunway REIT is committed to investing in research and development (R&D) of low-carbon products and services, aligning with our Green Building Policy. Despite the initial higher investment, Sunway REIT recognises that green buildings offer various advantages that can offset these costs over time. Each upgrade in certification status may incur more costs, but it also signifies a higher level of environmental performance and a greater commitment to sustainability. We view these costs as investments in the long-term benefits that green buildings offer. Green buildings operate more efficiently, leading to significant cost reductions over the long term. By integrating energy-efficient technologies, optimising water usage, and implementing sustainable practices, these buildings can achieve lower energy consumption and reduced resource waste. As a result, the operating costs of our green buildings are lowered, contributing to improved financial performance and increased returns on investment. The energy efficiency of green buildings directly translates into fewer carbon emissions. By reducing our carbon footprint, we actively contribute to combatting climate change and preserving the environment for future generations. Green-certified buildings are designed with energy efficiency in mind, resulting in reduced energy consumption and lower utility expenses over the building's lifetime. This ongoing savings on energy costs can help offset the initial higher investment.

C-CN9.6a/C-RE9.6a

(C-CN9.6a/C-RE9.6a) Provide details of your organization's investments in low-carbon R&D for real estate and construction activities over the last three years.

Technology area
Resilient buildings

Stage of development in the reporting year
Large scale commercial deployment

Average % of total R&D investment over the last 3 years

R&D investment figure in the reporting year (unit currency as selected in C0.4) (optional)

Average % of total R&D investment planned over the next 5 years

Explain how your R&D investment in this technology area is aligned with your climate commitments and/or climate transition plan
Sunway REIT adopted Sunway Berhad's Green Building Policy, which has been established and implemented since 2022. We are committed to ensuring all new buildings from 2025 onwards are green-certified, in our effort to be at the forefront of sustainable development projects. The Policy will guide us in producing sustainable designs and managing our resources effectively, while minimising the impact of our operations on the surrounding communities and the environment. We will continue to integrate sustainable practices into our development, operations and management of our townships and buildings. As of 2022, 4 of our buildings have attained green certification namely Sunway Carnival Mall, Sunway Pinnacle, Sunway Resort Hotel and Sunway Lagoon Hotel.

Sunway REIT remains committed to its Net Zero Carbon Emissions by 2050 Roadmap and will continue to explore further methods of cutting emissions from its properties. Operationally, our focus has been on reducing Scope 1 and 2 emissions. However, in the context of our business, it is Scope 3, in particular our tenants, that contributes the highest emissions. Hence, we rolled out Green Lease Partnership Programme. Sunway REIT is the first REIT in Malaysia to introduce Green Lease Partnership Programme. We aim to achieve 100% tenant participation in the programme by 2030. At the end of FY2022, Sunway REIT had garnered 100% of hotel lessees and 21% of retail and office tenants.

The demand for energy-efficient and sustainable buildings with a focus on promoting a healthy work environment is a significant and growing trend, particularly in developed economies. With a strong focus on sustainability, Sunway REIT aims to lead by example and contribute to creating a more environmentally responsible and healthier built environment. By prioritising energy efficiency and incorporating green practices, we are dedicated to providing our occupants with sustainable and healthy spaces that align with the evolving needs of the market and contribute positively to the well-being of our communities.

Sunway Pinnacle, which is a green certified building, has an average occupancy of 98% for FY2022 - attracting big MNC tenants such as:
- Linde Malaysia Sdn Bhd
- Huntsman Global Business Services Sdn Bhd
- Accenture Solution Sdn Bhd
- Roche Services (Asia Pacific) Sdn Bhd

C-RE9.9

(C-RE9.9) Does your organization manage net zero carbon buildings?
No, but we plan to in the future

C-CN9.10/C-RE9.10

(C-CN9.10/C-RE9.10) Did your organization complete new construction or major renovations projects designed as net zero carbon in the last three years?
No, but we plan to in the future

C-CN9.11/C-RE9.11

(C-CN9.11/C-RE9.11) Explain your organization's plan to manage, develop or construct net zero carbon buildings, or explain why you do not plan to do so.

The demand for energy-efficient and sustainable buildings with a focus on promoting a healthy work environment is a significant and growing trend, particularly in developed economies. With a strong focus on sustainability, Sunway REIT aims to lead by example and contribute to creating a more environmentally responsible and healthier built environment. By prioritising energy efficiency and incorporating green practices, we are dedicated to providing our occupants with sustainable and healthy spaces that align with the evolving needs of the market and contribute positively to the well-being of our communities.

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In 2021, Sunway REIT became the first M-REIT to incorporate sustainable finance considerations into its capital management strategy via the issuance of its inaugural Sustainability-Linked Bond (SLB). Issued under SUNREIT Unrated Bond Berhad (SUB), the SLB was part of SUB's RM10 billion existing unrated medium-term notes (MTNs) programme. OCBC Bank (Malaysia) Berhad (OCBC) was the appointed sustainability structuring coordinator of the SLB. In December 2021, SUB issued the first tranche of the SLB in December 2021, which featured a pricing adjustment mechanism benchmarked against the achievement of predetermined Sustainability Performance Targets (SPTs).

The SPTs are measured against the following two selected KPIs, which are core, relevant and material to the business of

Sunway REIT.

KPI 1: Measured based on renewable energy generated by Sunway REIT's properties.

KPI 2: Measured based on the weighted average BEI of Sunway Pyramid Mall, Sunway Carnival Mall and Sunway Putra Mall.

We have set the BEI targets for our managed properties, while continually improving our energy performance through the energy initiatives. Throughout the year, Sunway REIT has been proactive in minimising our carbon footprint by engaging with stakeholders to increase awareness on using renewable energy and ensuring energy efficiency across our operations.

We have a group of engineers who diligently monitor our energy consumption and research innovative ways to ensure efficient energy management in our organisation. In addition to improving our building energy efficiency, we also reduce our dependence on non-renewable energy sources by installing solar PV panels. We were able to generate 3,008 MWh of solar energy, which was equivalent to avoiding 1,760 tCO2e or carbon sequestrated by 83,810 trees* in a year. We have also installed smart meters in our existing buildings and changing old bulbs to LED lighting. This move demonstrates our commitment to reducing our carbon footprint and embracing cleaner energy alternatives.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement

Page/ section reference

Relevant standard
ISAE3000

Proportion of reported emissions verified (%)
100

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.

Scope 2 approach
Scope 2 location-based

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
FINAL-SUNWAY-REIT-IAR2022.pdf

Page/ section reference
Sunway REIT FY2022 Intergrated Annual Report Page 337-339

Relevant standard
ISAE3000

Proportion of reported emissions verified (%)
100

C10.1c

(C10.1c) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope 3 category
Scope 3: Purchased goods and services
Scope 3: Waste generated in operations
Scope 3: Business travel
Scope 3: Employee commuting
Scope 3: Downstream leased assets

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
FINAL-SUNWAY-REIT-IAR2022.pdf

Page/section reference
Sunway REIT FY2022 Intergrated Annual Report Page 337-339

Relevant standard
ISAE3000

Proportion of reported emissions verified (%)
100

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?

Yes

C10.2a

(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C8. Energy	Year on year change in emissions (Scope 1 and 2)	ISAE 3000	Sunway REIT FY2022 Intergrated Annual Report Page 337-339 FINAL-SUNWAY-REIT-IAR2022.pdf

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

No, but we anticipate being regulated in the next three years

C11.1d

(C11.1d) What is your strategy for complying with the systems you are regulated by or anticipate being regulated by?

Malaysia committed to be a carbon-neutral country at the earliest in 2050. There is a potential of carbon tax which could increase operating costs of high carbon emission assets. The recently tabled 12th Malaysia Plan 2021-2025 sets an ambitious goal for the country to achieve net zero carbon emission "as early as" 2050, ahead of Singapore and Indonesia. Part of the equation involves the introduction of carbon pricing, which is meant to incentivise clean energy adoption, encourage better energy efficiency and ultimately reduce greenhouse gas (GHG) emissions. Although Malaysia has not implemented a carbon tax yet, there is potential for it to impact high carbon emission assets' operating costs.

Despite the absence of a national carbon tax, Sunway has taken a proactive approach to prepare for a low-carbon economy. The company established an Internal Carbon Pricing framework, gaining approval from the Board for adoption in its business operations. Sunway is a trailblazer in Malaysia and Asia, being among the first corporations to implement such a robust carbon-reduction strategy. This is also a reflection of our firm belief that sustainability and profitability can go hand in hand. The immediate result of implementing Internal Carbon Pricing is that respective divisions are now more aware of the standards set by the industries for energy-efficient operations. This has resulted in regular evaluations of each divisional operations to ensure optimal operational efficiency. Carbon pricing has become a powerful change incentive to innovate to more effective and sustainable methods as a result of the targets becoming stricter.

We introduced a carbon-pricing framework in our businesses to push this agenda. From 2022 to 2024, the price will be set at RM15 per tonne of CO2e emitted above a pre-defined threshold level. This carbon price will be recalibrated progressively in subsequent years. Our respective business divisions will work towards their own decarbonisation targets, and those that fail to meet these targets will be penalised by having an amount deducted from their bonus pool.

Sunway REIT has taken proactive steps towards sustainability by embracing renewable energy. Solar PV cells have been installed at our shopping malls, hotel, office and hospitals, replacing grid energy, which is more carbon-intensive. This move demonstrates our commitment to reducing our carbon footprint and embracing cleaner energy alternatives.

Looking ahead, our vision for the future includes strategic investments in large-scale solar farms/ green sources. Our goal is to derive 40% of energy requirements from renewable energy sources by 2030.

Sunway REIT has also adopted Sunway Berhad's Green Building Policy, which has been established and implemented since 2022. We are committed to ensuring all new buildings from 2025 onwards are green-certified, in our effort to be at the forefront of sustainable development projects. The Policy will guide us in producing sustainable designs and managing our resources effectively, while minimising the impact of our operations on the surrounding communities and the environment. We will continue to integrate sustainable practices into our development, operations and management of our townships and buildings. As of 2022, 4 of our buildings have attained green certification namely Sunway Carnival Mall, Sunway Pinnacle, Sunway Resort Hotel and Sunway Lagoon Hotel.

Sunway REIT remains committed to its Net Zero Carbon Emissions by 2050 Roadmap and will continue to explore further methods of cutting emissions from its properties. Operationally, our focus has been on reducing Scope 1 and 2 emissions. However, in the context of our business, it is Scope 3, in particular our tenants, that contributes the highest emissions. Hence, we rolled out Green Lease Partnership Programme. Sunway REIT is the first REIT in Malaysia to introduce Green Lease Partnership Programme. We aim to achieve 100% tenant participation in the programme by 2030. At the end of FY2022, Sunway REIT had garnered 100% of hotel lessees and 21% of retail and office tenants.

C11.2

(C11.2) Has your organization canceled any project-based carbon credits within the reporting year?

No

C11.3

(C11.3) Does your organization use an internal price on carbon?

Yes

C11.3a

(C11.3a) Provide details of how your organization uses an internal price on carbon.

Type of internal carbon price
Internal fee

How the price is determined
Benchmarking against peers

Objective(s) for implementing this internal carbon price
Change internal behavior
Drive energy efficiency
Drive low-carbon investment
Stress test investments

Scope(s) covered
Scope 1
Scope 2

Pricing approach used – spatial variance
Uniform

Pricing approach used – temporal variance
Static

Indicate how you expect the price to change over time
<Not Applicable>

Actual price(s) used – minimum (currency as specified in C0.4 per metric ton CO2e)
15

Actual price(s) used – maximum (currency as specified in C0.4 per metric ton CO2e)
15

Business decision-making processes this internal carbon price is applied to
Operations

Mandatory enforcement of this internal carbon price within these business decision-making processes
Yes, for all decision-making processes

Explain how this internal carbon price has contributed to the implementation of your organization's climate commitments and/or climate transition plan
Sunway's Internal Carbon Pricing framework has yielded immediate benefits. It has raised awareness among different divisions about the energy-efficient standards set by industries, leading to regular evaluations of operational efficiency within each division. Carbon pricing has become a powerful incentive for innovation, driving the development of more effective and sustainable practices to meet stricter targets. By placing a value on GHG emissions, Sunway aligns with a carbon management strategy that supports the company's aim of achieving Net Zero Carbon Emissions by 2050.

The adoption of internal carbon pricing also fosters a culture of carbon emission reduction and low-carbon innovation across Sunway REIT's business divisions. This approach not only demonstrates the company's firm belief that sustainability and profitability can coexist but also positions Sunway as a leader in the transition towards a sustainable and carbon-neutral future.

To reinforce the importance of carbon emission reduction, business units that do not meet their targets will face consequences in the form of deductions from their bonus pool. This financial penalty sends a strong message to operators and managers, urging them to innovate and implement solutions to reduce carbon emissions. The introduction of the carbon price incentivises proactive measures to cut emissions, emphasising the significance of sustainability and reinforcing Sunway REIT's commitment to mitigating its environmental impact.

Between 2022 and 2024, a carbon price of RM15/tonne of CO2 will be established, triggered when emissions exceed a predetermined threshold level. This pricing mechanism mirrors Singapore's approach. As the years progress, the carbon price will be adjusted incrementally.

For example, FY2022 building energy intensity (BEI) target for Office segment is set at 150kwh/m2/year. If BEI performance for Office segment at FY2022 is at 160kwh/m2/year, an internal carbon tax will be calculated on the excess 10kwh/m2/year.

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?
Yes, our suppliers

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement
Information collection (understanding supplier behavior)

Details of engagement
Collect climate-related risk and opportunity information at least annually from suppliers
Collect other climate related information at least annually from suppliers

% of suppliers by number
80

% total procurement spend (direct and indirect)
100

% of supplier-related Scope 3 emissions as reported in C6.5

Rationale for the coverage of your engagement
Since 2020, Sunway REIT has adopted Sunway Berhad's Sustainable Procurement Policy, which guides us in benchmarking our suppliers' ESG practices against industry best practices. Applicable to both internal and external stakeholders but not limited to Sunway Group's suppliers, the Policy outlines the environmental and social criteria that suppliers are required to fulfil.

As part of our best practice approach to sustainable procurement, we require all newly registered suppliers to declare their ESG practices via Supplier Environmental and Social Risk Assessment forms.

In 2022, critical and non-critical suppliers have been identified. Critical suppliers refer to suppliers who are of high significance due to their vital role in function and business operations and are contracted in high volume while non-critical suppliers' role is non-vital and they are contracted in low volume and can be substituted. In 2023, we will enhance Supplier Risk Management by updating the supplier risk management assessment and automating the assessment via online forms.

None of Sunway REIT's suppliers have been identified as committing any non-compliances in the areas assessed such as freedom of association and collective bargaining, as well as child labour, or forced or compulsory labour. Moving forward, we will continue working closely with our suppliers to manage supplier risk management, particularly with critical suppliers, in order to mitigate risk.

Impact of engagement, including measures of success
Sunway is committed to conducting its business in an ethical, legal and socially responsible manner. We are guided by Sunway Berhad's Supplier Code of Conduct, which outlines the minimum requirements for suppliers to conduct business with Sunway. This includes complying with all applicable laws, codes or regulations of the countries, states and localities in which the suppliers operate, including laws and regulations relating to environmental, occupational health and safety and labour practices. This also protects Sunway against breaches involving child labour, discrimination, health and safety, working conditions, working hours, compensation, right to association and fair employment.

Comment
As above

C12.2

(C12.2) Do your suppliers have to meet climate-related requirements as part of your organization's purchasing process?
No, but we plan to introduce climate-related requirements within the next two years

C12.3

(C12.3) Does your organization engage in activities that could either directly or indirectly influence policy, law, or regulation that may impact the climate?

Row 1

External engagement activities that could directly or indirectly influence policy, law, or regulation that may impact the climate
Yes, we fund organizations or individuals whose activities could influence policy, law, or regulation that may impact the climate

Does your organization have a public commitment or position statement to conduct your engagement activities in line with the goals of the Paris Agreement?
Yes

Attach commitment or position statement(s)
https://www.sunway.com.my/media/press-release/sunway-among-first-in-malaysia-to-support-climate-related-financial-disclosures/
FINAL-SUNWAY-REIT-IAR2022.pdf

Describe the process(es) your organization has in place to ensure that your external engagement activities are consistent with your climate commitments and/or climate transition plan
The Jeffrey Sachs Center on Sustainable Development (JSC) is a regional center of excellence that advances the achievement of the 17 Sustainable Development Goals (SDGs) in Malaysia and Southeast Asia, tackling the sustainability agenda through education, training, research and policy advisory. The Center has a focus on research and policy practice, delivering world-class programs to train students, practitioners and policy leaders on sustainable initiatives while working in collaboration with industry, government bodies, NGOs and universities worldwide, to develop solutions related to the SDGs.

The JSC at Sunway University acts as an advisor to Sustainability Committee, supporting its recommendation with academic research. The JSC was appointed to quantify our climate Value at Risk (VaR) based on the worst-case scenario as described in the Intergovernmental Panel of Climate Change (IPCC) Assessment Report 6 published in August 2021. The VaR analysis assessed our assets' potential financial losses and recommended steps to mitigate the worst material physical risks in Malaysia such as increased rainfall intensity and landslides.

Primary reason for not engaging in activities that could directly or indirectly influence policy, law, or regulation that may impact the climate
<Not Applicable>

Explain why your organization does not engage in activities that could directly or indirectly influence policy, law, or regulation that may impact the climate
<Not Applicable>

C12.3c

(C12.3c) Provide details of the funding you provided to other organizations or individuals in the reporting year whose activities could influence policy, law, or regulation that may impact the climate.

Type of organization or individual
Independent consultant

State the organization or individual to which you provided funding
Jeffrey Sachs Center on Sustainable Development

Funding figure your organization provided to this organization or individual in the reporting year (currency as selected in C0.4)

Describe the aim of this funding and how it could influence policy, law or regulation that may impact the climate
JSC will be supporting the Sustainability Development Solutions Network (SDSN) in their efforts to develop a full Program on Sustainable Development through its flagship online education initiative: SDG Academy. The goal of this partnership is the development of 10 additional Massive Open Online Courses (MOOCs), to be jointly developed by global leaders on sustainable development. The courses will be made available to the public and universities for integration into their respective sustainable development programs.

Sunway has been supporting the work of SDSN globally with a total contribution of US$20 million to date. The first gift of US$10 million was to cover the 2016-2020 period, of which a significant portion went towards the establishment of the Jeffrey Sachs Center on Sustainable Development at Sunway University. The second gift of US$10 million will cover the 2021-2025 period.

SDSN's Asia Headquarters will be responsible for initiating and coordinating continent-wide priority programs, particularly in the areas of decarbonisation, biodiversity conservation, financing sustainability, and education for sustainable development. JSC is committed to supporting and strengthening the core sustainable development activities of the SDSN Secretariat. This includes development of new SDSN tools as well as facilitate the development of up to 10 textbooks focused on the Sustainable Development Goals, creating a global repository of academic, reference books and case studies aligned with a comprehensive SDG curriculum.

Have you evaluated whether this funding is aligned with the goals of the Paris Agreement?
Yes, we have evaluated, and it is aligned

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication
In mainstream reports, incorporating the TCFD recommendations

Status
Complete

Attach the document
FINAL-SUNWAY-REIT-IAR2022.pdf

Page/Section reference
Sunway REIT FY2022 Intergrated Annual Report page 137 - 146

Content elements
Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets

Comment
As above

C12.5

(C12.5) Indicate the collaborative frameworks, initiatives and/or commitments related to environmental issues for which you are a signatory/member.

	Environmental collaborative framework, initiative and/or commitment	Describe your organization's role within each framework, initiative and/or commitment
Row 1	Task Force on Climate-related Financial Disclosures (TCFD)	Sunway REIT has become one of the first few Malaysian companies to join over 1,700 organisations from around the globe to support the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). In 2021, we publicly expressed our support for the TCFD and published our first climate report that was aligned with the four pillars of the TCFD to identify climate-related risks and opportunities. The report, which addressed the Governance, Risk Management, Strategy and Metrics & Targets of our climate risk management, underpins our official support for the TCFD. These recommendations support the goals of the Paris Agreement to limit global warming to below two degrees Celsius, compared with pre-industrial levels and aims to achieve a carbon neutral world by 2050. Reference: https://www.sunway.com.my/media/press-release/sunway-among-first-in-malaysia-to-support-climate-related-financial-disclosures/

C15. Biodiversity

C15.1

(C15.1) Is there board-level oversight and/or executive management-level responsibility for biodiversity-related issues within your organization?

	Board-level oversight and/or executive management-level responsibility for biodiversity-related issues	Description of oversight and objectives relating to biodiversity	Scope of board-level oversight
Row 1	Yes, both board-level oversight and executive management-level responsibility	Sunway REIT's sustainability governance is led by Sunway REIT's Sustainability Committee, which comprises members from the Board. The Sustainability Committee advises the Board, which has oversight of climate-related risks and opportunities including biodiversity matters. The Sustainability Committee also advises the Board on sustainability strategy and climate mitigation measures such as the implementation of the Internal Carbon Pricing framework and conducting a VaR study on Sunway REIT's assets. Sunway REIT's Board and its Management are responsible for the governance of sustainability and biodiversity, including the Trust's sustainability strategies, priorities and targets. In 2021, Sunway REIT set up a Sustainability Committee, which is tasked with reviewing, supervising and recommending to the Board sustainability strategy and issues, key goals, targets and performance, as well as ESG progress and scorecard. The Sustainability Committee met four times during the financial year under review to fulfil its responsibilities. The Sustainability Committee is supported by a Sustainability Working Group (SWG), which was established in 2015, and led by Sunway REIT CEO. Comprising representatives from Sunway Berhad, Managed Asset's Senior Management, Business Segment Heads and the Sustainability Officer, the SWG meets on a monthly basis to help the Sustainability Committee make informed decisions in embedding sustainability strategies in the Trust business operations and in implementing sustainability initiatives. The SWG also updates the Sustainability Committee on the progress of sustainability initiatives, ensures regulatory and reporting framework compliance, communicates the Board's direction on ESG and sustainability matters to all business segments and receives progress reports from all business segments. Sunway REIT's Sustainability Officer is in charge of keeping the Board, Senior Management and the relevant employees updated with the sustainability issues relevant to the Trust and its business, including climate-related risks and opportunities. The Sustainability Officer shares sustainability and biodiversity-related information with the Company Secretary, who will disseminate the information. The information consists mostly of updates on regulatory requirements and biodiversity related training, webinars, conferences and developments from Corporate Governance Malaysia, Bursa Sustain and the Securities Commission Malaysia, among others.	<Not Applicable>

C15.2

(C15.2) Has your organization made a public commitment and/or endorsed any initiatives related to biodiversity?

	Indicate whether your organization made a public commitment or endorsed any initiatives related to biodiversity	Biodiversity-related public commitments	Initiatives endorsed
Row 1	Yes, we have made public commitments only	Other, please specify (Sunway Berhad Biodiversity Policy)	<Not Applicable>

C15.3

(C15.3) Does your organization assess the impacts and dependencies of its value chain on biodiversity?

Impacts on biodiversity

Indicate whether your organization undertakes this type of assessment
Yes

Value chain stage(s) covered
Direct operations

Portfolio activity
<Not Applicable>

Tools and methods to assess impacts and/or dependencies on biodiversity
Other, please specify (ESG due diligence into our new acquisitions)

Please explain how the tools and methods are implemented and provide an indication of the associated outcome(s)
Sunway REIT has been embedding sustainability practices in its business activities and one of them is to include ESG due diligence for land acquisition. In 2022, Sunway REIT performed asset-level environmental and/or social risk assessments as a standard part of its due diligence process for new acquisitions that included the following:
- Biodiversity and habitat
- Building safety
- Climate change adaptation
- Compliance with regulatory requirements
- Energy efficiency
- Energy supply
- Flooding
- GHG emissions
- Health and well-being
- Indoor environmental quality
- Socioeconomic
- Transportation
- Waste management
- Water efficiency
- Water supply

Our business segments are guided by the Group's Biodiversity Policy to minimise their ecological footprint and negative impacts on biodiversity.

Dependencies on biodiversity

Indicate whether your organization undertakes this type of assessment
No and we don't plan to within the next two years

Value chain stage(s) covered
<Not Applicable>

Portfolio activity
<Not Applicable>

Tools and methods to assess impacts and/or dependencies on biodiversity
<Not Applicable>

Please explain how the tools and methods are implemented and provide an indication of the associated outcome(s)
<Not Applicable>

C15.4

(C15.4) Does your organization have activities located in or near to biodiversity- sensitive areas in the reporting year?
No

C15.5

(C15.5) What actions has your organization taken in the reporting year to progress your biodiversity-related commitments?

	Have you taken any actions in the reporting period to progress your biodiversity-related commitments?	Type of action taken to progress biodiversity- related commitments
Row 1	Yes, we are taking actions to progress our biodiversity-related commitments	Law & policy Other, please specify (Biodiversity policy)

C15.6

(C15.6) Does your organization use biodiversity indicators to monitor performance across its activities?

	Does your organization use indicators to monitor biodiversity performance?	Indicators used to monitor biodiversity performance
Row 1	No, we do not use indicators, but plan to within the next two years	Please select

C15.7

(C15.7) Have you published information about your organization's response to biodiversity-related issues for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Report type	Content elements	Attach the document and indicate where in the document the relevant biodiversity information is located
In other regulatory filings	Content of biodiversity-related policies or commitments Governance Influence on public policy and lobbying	For more information, refer to Sunway REIT FY2022 Intergrated Annual Report Page 148 & 194 FINAL-SUNWAY-REIT-IAR2022.pdf

C16. Signoff

C-FI

(C-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.

C16.1

(C16.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Head Of Sustainability	Chief Sustainability Officer (CSO)

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