

# MATERIALITY

GRI 2-16, 3-1, 3-2, 3-3

Sunway REIT recognises that material issues can significantly impact the ability to create long-term value for the organisation and its stakeholders. The last comprehensive materiality assessment was conducted in FP2021.

In FY2024, Sunway REIT engaged an external consultant to undertake a comprehensive materiality assessment to understand the impacts of the current operating environment on the business model and future orientation. To ensure relevance, Sunway REIT reviews its material issues once a year to address stakeholder concerns, mitigate risks and capture opportunities.

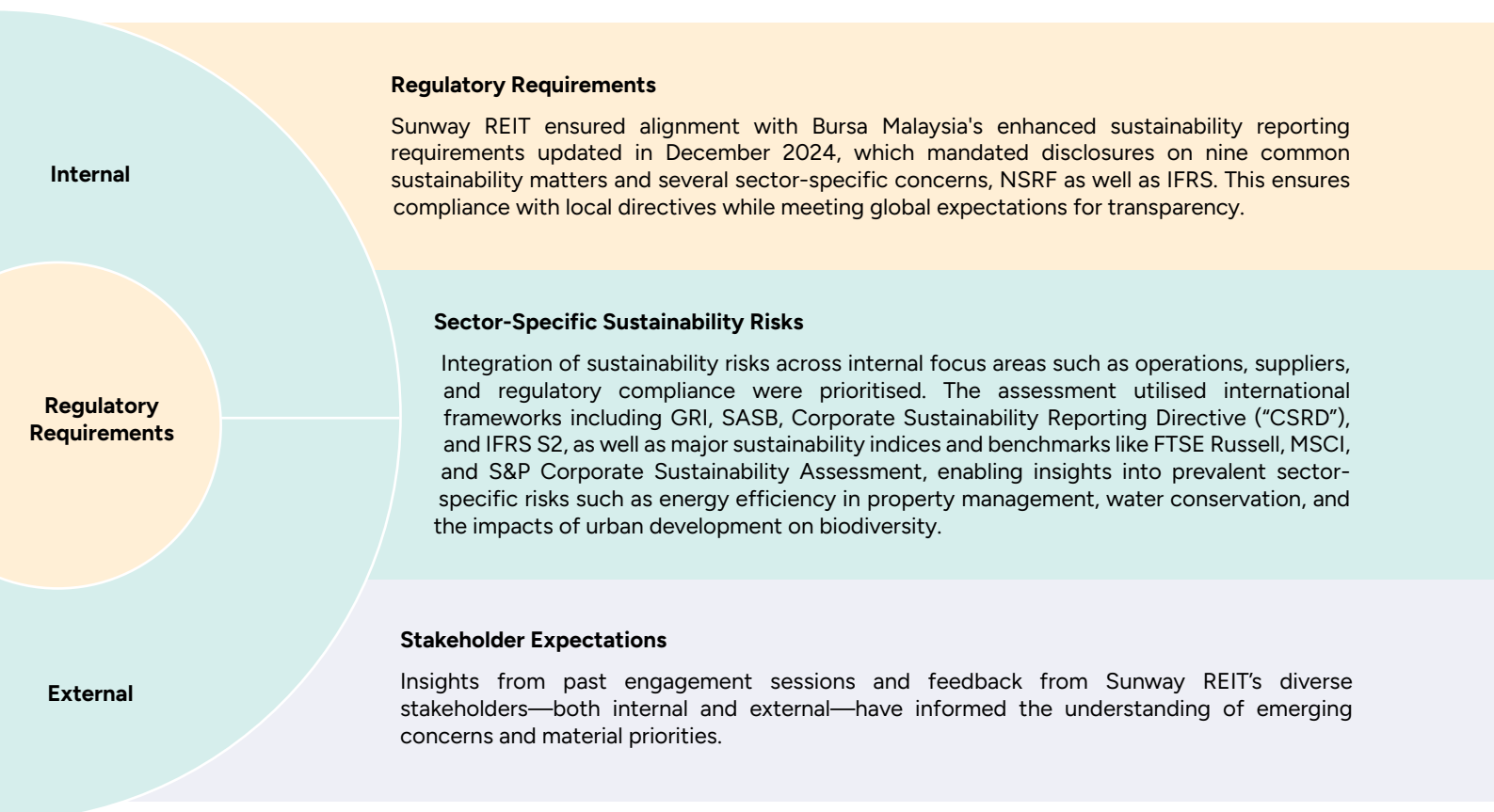
## MATERIALITY ASSESSMENT APPROACH

Sunway REIT adopted a double materiality approach to ensure a comprehensive understanding of the material issues from two critical dimensions. This approach evaluates the importance of each issue based on the impact on people and the planet, as assessed by external stakeholders, alongside the financial significance to Sunway REIT, as determined by internal stakeholders.

## MATERIALITY ASSESSMENT PROCESS

### 1. Identification of Material Issues

Material issues for Sunway REIT were identified by analysing global sustainability trends, regulatory updates, and sector-specific challenges, alongside the material issues relevant to the REIT industry as outlined by Sustainability Accounting Standards Board ("SASB").



## MATERIALITY

### 2. List of Material Issues

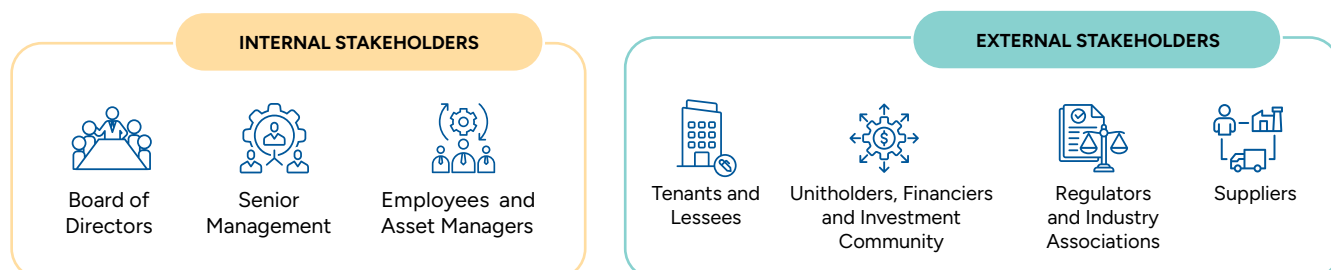
The materiality assessment resulted with 21 material issues that were streamlined into the following four pillars, which better reflect the business operation with the current trends and the evolving sustainability landscape.



### 3. Stakeholder Engagement

An online survey was distributed to the following stakeholder groups in both English and Bahasa Malaysia to determine the sustainability issues that should be prioritised with over 220 responses received.

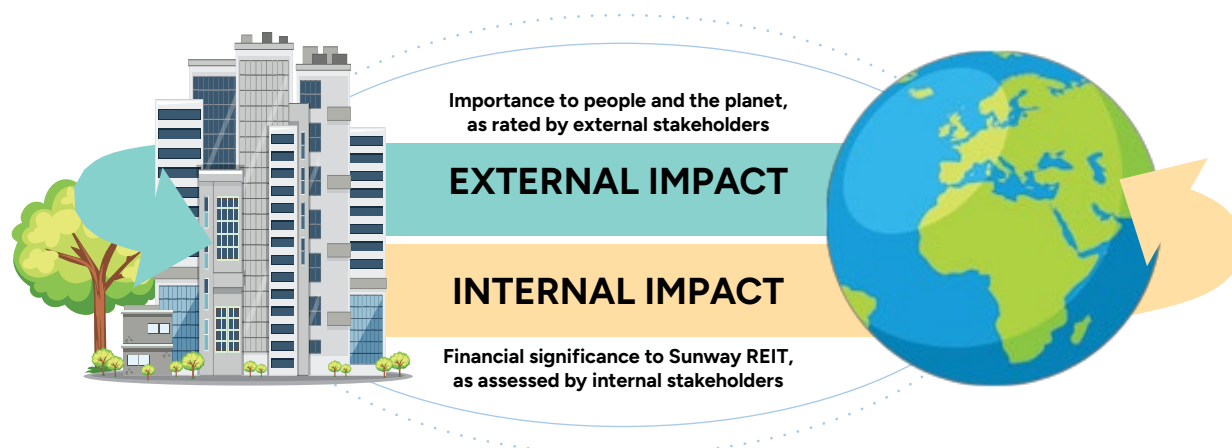
Respondents were asked to rate each identified material issues on a 5-point scale based on its importance and perceived impact on Sunway REIT's operations, and the stakeholders.



Please refer to Sunway REIT IAR 2024 for the Stakeholder Engagement section for more information.

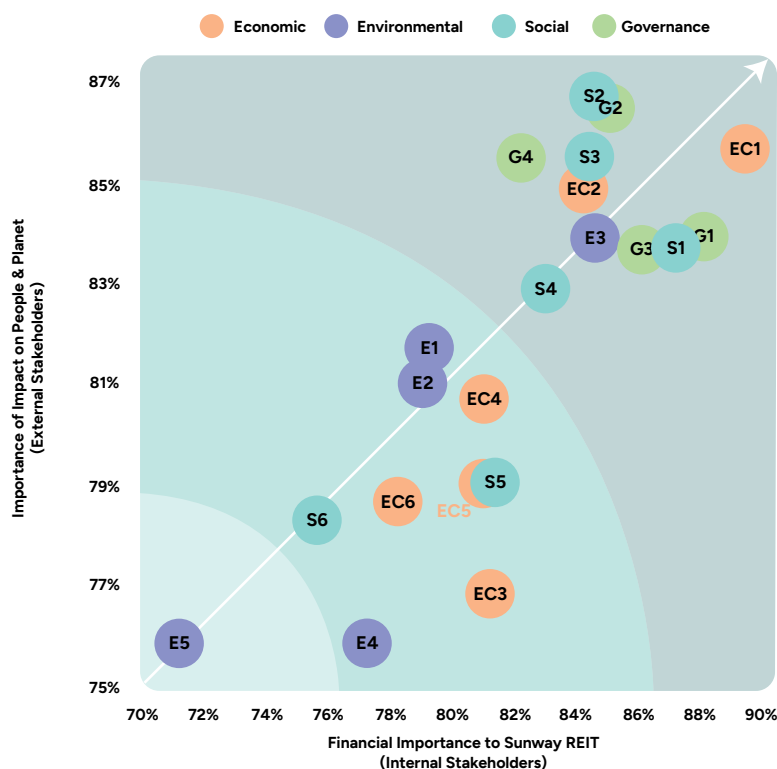
### 4. Online Survey

The survey results were analysed to evaluate the significance of each material issue along two dimensions:



The findings were then mapped onto a materiality matrix, with issues prioritised based on their aggregated ratings, to visually represent the relative importance of each material issue to Sunway REIT's long-term sustainability.

## MATERIALITY



HIGHER IMPORTANCE		CHANGES FROM 2021 TO 2024
G2	Risk Management & Regulatory Compliance	Formerly <i>Anti Corruption</i> and <i>Risk &amp; Crisis Management</i> are subsumed under this material issue
EC1	Business Performance	New
G1	Corporate Governance & Transparency	Formerly identified as <i>Corporate Governance</i> , shifted from mid to higher importance
S1	Talent Development & Retention	Formerly identified as <i>Human Capital Development</i>
G3	Brand Awareness & Reputation	New
S2	Occupational Safety & Health	Formerly identified as <i>Health &amp; Safety</i>
S3	Tenant Satisfaction	Formerly identified as <i>Customer Welfare</i>
EC2	Business Resilience	New
S4	Labour Practices & Standards	Retained, shifted from mid to higher importance
G4	Crisis Management	Formerly identified as <i>Risk &amp; Crisis Management</i> , shifted from mid to higher importance
E3	Energy Management	Retained, shifted from mid to higher importance

MID IMPORTANCE		CHANGES FROM 2021 TO 2024
EC3	Interest Rate	New
S5	Diversity, Equity & Inclusivity	Formerly identified as <i>Diversity &amp; Inclusion</i> , shifted from lower to mid importance
EC4	Sustainable Financing	Formerly identified as <i>Indirect Economic Impact</i> , shifted from lower to mid importance
EC5	Macroeconomics Issue	New
E1	Water Management	Retained, shifted from lower to mid importance
E2	Waste & Pollution Management	Formerly identified as <i>Pollution (Waste / Effluents)</i> , and <i>Pollution (Emissions)</i> is subsumed under this material issue, shifted from higher to mid importance
EC6	Supply / Value Chain Management	New
E4	Materials Management	Retained, shifted from lower to mid importance
S6	Community Engagement & Social Impacts	Formerly identified as <i>Community Enrichment</i> , shifted from lower to mid importance

LOWER IMPORTANCE		CHANGES FROM 2021 TO 2024
E5	Physical Impacts of Climate Change	Retained, shifted from high to lower importance

## MATERIALITY

## Material Issues Updates for FY2024

In FY2024, Sunway REIT's materiality assessment expanded from 18 material issues in 2021 to 21 in 2024. This reflects the evolving operating landscape and the inclusion of new strategic priorities.

### Introduction of New Material Issues

Six new issues were identified, highlighting Sunway REIT's focus on emerging sustainability priorities, particularly under the Economic pillar.

### Refinement and Redefinition

Ten issues from 2021 were redefined or subsumed under broader material issues to streamline priorities and align with the latest sustainability standards.

### Removed Issues

Two material issues were removed in FY2024, reflecting the irrelevance to Sunway REIT's operating landscape.

### Shift in Importance Levels

Several material issues experienced a shift in prioritisation, with topics like Risk Management & Regulatory Compliance, Corporate Governance & Transparency, Crisis Management, Labour Practices & Standards and Energy Management moving into higher importance, while topics such as Physical Impacts of Climate Change and Waste & Pollution Management have shifted lower in priority potentially due to continuous initiatives that have been implemented over the years, such as Green Lease Partnership Programme, Green Building Roadmap that have managed this risk.

## 5. Validation

Following the survey, targeted focus group discussions were held with the selected members of the Board and the Senior Management of the Manager. These discussions were facilitated by the external consultant to perform a desktop validation review to gather deeper insights into the strategic importance of material issues within Sunway REIT's operational landscape and to contextualise survey findings with operational realities.

The discussions concluded with resounding consensus that, while maintaining overall business sustainability remains imperative, Sunway REIT should continue to prioritise Energy Management. This prioritisation was further reinforced by Tenaga Nasional Berhad's ("TNB") recent announcement of an electricity tariff hike, which occurred after the survey was conducted.

## 6. Prioritisation of Material Issues

As a result of the comprehensive reassessment, of 21 material issues identified, six were given priority.



Risk Management  
& Regulatory Compliance



Business  
Performance



Business  
Resilience



Occupational  
Safety & Health



Tenant  
Satisfaction



Energy  
Management

## 7. Endorsement

The results of the materiality assessment were approved and endorsed by the Board of Directors.

## MATERIALITY

### HOW MATERIAL ISSUES ARE DEFINED

#### ECONOMIC

##### EC1 Business Performance

Achieving financial, operational, and strategic goals, including profitability, revenue growth, market share, and operational efficiency to sustain long-term success, growth and sustainability

##### EC2 Business Resilience

Enhancing the ability to anticipate, prepare for, and adapt to change to thrive long-term

##### EC3 Interest Rate

Managing financial risk to safeguard against the rising interest rate on Sunway REIT's cost of borrowing and overall financial performance. Proactively exploring opportunities to optimise Sunway REIT's cost of capital could contribute to a healthier balance sheet and lead to better distribution to the unitholders

##### EC4 Sustainable Financing

Supporting sustainable development and integrating sustainable and responsible principles into the financial instruments

##### EC5 Macroeconomics Issue

Monitoring and responding to changes in the global and local economic environment to ensure the capital market's competitiveness and stability against business and market risks

##### EC6 Supply / Value Chain Management

Promoting responsible and sustainable procurement practices by evaluating suppliers and vendors based on environmental and social impacts and incorporating digitalisation into value chain processes

#### ENVIRONMENTAL

##### E1 Water Management

Ensuring sufficient, uninterrupted, affordable, and clean water supply for Sunway REIT's business operations

##### E2 Waste & Pollution Management

Collaborating with stakeholders to reduce and manage waste generation, minimising all forms of environmental pollution, including effluents, and noise

##### E3 Energy Management

Planning and operating energy production and consumption to achieve cost savings and reduce carbon dioxide emissions

##### E4 Materials Management

Promoting the sustainable use of materials that can be produced in required volumes without depleting non-renewable resources or disrupting the environment and key natural resource systems

##### E5 Physical Impacts of Climate Change

Addressing physical risks such as increased rainfall intensity, flood, and rising sea levels

## MATERIALITY

## SOCIAL

**S1 Talent Development & Retention**

Equipping employees with the necessary skills and providing career development programmes to attract and retain employees

**S2 Occupational Safety & Health**

Addressing health, safety, and welfare issues in the workplace, which includes developing a policy, analysing and controlling health and safety risks, providing training, as well as recording and investigating health and safety incidents

**S3 Tenant Satisfaction**

Building trust and confidence by delivering safe and high-quality products and services, ensuring portfolio competitiveness, high tenant renewal rates, and attracting space expansion within Sunway REIT's portfolio

**S4 Labour Practices & Standards**

Prioritising and upholding human rights by adhering to international labour standards, fostering a workplace free from discrimination, ensuring fair wages and safe conditions, and prohibiting forced or child labour, while respecting employees' rights to freedom of association and collective bargaining

**S5 Diversity, Equity & Inclusivity**

Creating a diverse and inclusive workplace where everyone, regardless of who they are or what they do for the business, feels equally involved in and supported in all areas of the workplace

**S6 Community Engagement & Social Impacts**

Investing in the local communities through corporate social responsibility ("CSR") to build a sustainable future for all, uplifting the livelihood of the underprivileged and marginalised, and generating long-lasting positive social impacts

## GOVERNANCE

**G1 Corporate Governance & Transparency**

Enhancing Sunway REIT's governance, sustainability, and disclosures, while improving the efficiency and effectiveness of capital raising and restructuring

**G2 Risk Management & Regulatory Compliance**

Upholding high standards of integrity, governance, and responsible business practices through policies and initiatives that prevent bribery and corruption, going beyond mere regulatory compliance

**G3 Brand Awareness & Reputation**

Cultivating stakeholders trust to enhance Sunway REIT's reputation and brand recognition

**G4 Crisis Management**

Enhancing financial stability through surveillance, technical assistance, information sharing, and employee training to manage economic and ESG-related crises