

UNITED NATIONS GLOBAL COMPACT COMMUNICATION ON PROGRESS 2012/2013

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Statement of Support by Tan Sri Dr. Jeffrey Cheah, AO Founder & Chairman of Sunway Group



Since Sunway Group was first established in 1974 as a small tin-mining, it has always been my vision to actively engage with our communities even as we augment Sunway Group's business model, operating strategies and corporate culture.

Underlying my vision of playing an integral part in bettering the human condition and in fostering human rights, we are committed to support the growth and development of all our stakeholders such as our students, employees, residents and visitors so as to enable them to have an improved life while respecting their needs and rights.

We have prioritized our company-wide initiatives into three broad pillars, namely education, healthcare and the community. Under community we are dedicated to preserving the environment and in building sustainable communities with minimal impact on the environment. While the Group focusses on all the three pillars, education is the pillar closest to my heart as I believe that education is a mission and we have the mandate to improve the human condition through improving our schools and in giving opportunities to the deserving and underprivileged for them to be educated through the provision of scholarships.

While we continue to play our part to engineer transformative progress on a national level, we have identified areas where we focus our efforts. These are supporting the development of our people, professionally as well as personally in the workplace and to maintain the highest standards of accountability and corporate governance across all businesses within Sunway Group.

We have developed three core values for our employees within Group which are; Humility, Integrity and Excellence. These three cores values are close to my heart and I have always inculcated them into my daily, working life. I believe that if we embed these cultures into our hearts and minds, we will be able to achieve our goals and objectives. We have sought to elaborate on these core values through the following definitions.

Humility

We believe in being humble, polite and respectful

- We never stop learning
- We care and respect people and the environment
- We seek first to understand, then to be understood

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Integrity

We believe in doing the right thing at all times

- We conduct ourselves in an honest and trustworthy manner
- We act professionally, ethically and honourably
- We ensure our actions are consistent with our words

Excellence

We take pride in all that we do

- We give our best to deliver superior experience
- We innovate for progress
- We seek to inspire others

Of all these core values, integrity is most important and necessary as we deal with fellow human beings every day. Without integrity we will not be able to exercise our right to a purpose-filled life and be contributing effectively in society.

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HUMAN RIGHTS

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: Make sure that they are not complicit in human rights abuses

Recognising and championing human rights in the workplace

Sunway Group provides and ensures its employees' welfare, employment security, remuneration and a conducive working environment. Sunway's recent activities are focused more towards attracting and retaining woman workforce at workplace and improved communication with Employees.

Employee Engagement Survey is carried out once every 2 years' time as a platform to raise employees' feedback and concern. It is used for gathering feedback and enhancing workplace conditions. A Suggestion Box and other channels of communication (such as Town Hall meetings) are provided at the work place.

A Code of Conduct was introduced in 2013. This Code reflects the increasing need for effective corporate governance compliance measures in the conduct of the group's business domestically and worldwide. It emphasizes and advances the principles of discipline, good conduct, professionalism, loyalty, integrity and cohesiveness that are critical to the success and well-being of the Group.

Flexible Working Arrangement for working mothers (staggered work hours) was introduced in January 2014. The flexible work arrangement is offered as a privilege to working mothers in supporting their commitment to family obligations, and does not form any part of their terms of employment.

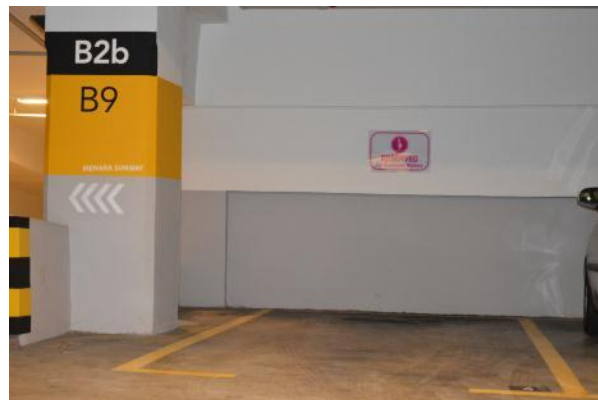
A Mother's room was introduced in August 2013. This is as part of Sunway Group's commitment to attract and retain women in the workforce. The Company has established a Mother's Room to support the needs of mothers who wish to continue breastfeeding after they return to work from maternity leave.



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Special parking spaces for expectant mothers were also introduced in August 2013. The Company has established designated car park bay to provide convenience and safety for expectant mothers especially who are at their third trimester of pregnancy.



Improving the quality of schools to support and respect the rights of children to have good education and a good learning environment

Sunway Group strives to improve the human condition especially the future generation through improving and restoring public primary and secondary schools, especially those that cater to lower income group.

The Jeffrey Cheah Foundation (JCF) was set up by the Group's Founder and Chairman. The establishment of Foundation underscores his passion to give to society supporting and respecting an individual's right to quality education. This began when he established his first education institution, Sunway College in 1987. This led to the formation of 12 education institutions today. All the Sunway Education Group institutions became owned and governed by Jeffrey Cheah Foundation (JCF) from March 2010 when the Jeffrey Cheah Foundation was established. These institutions include Sunway

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University, Sunway College, Sunway-TES, Monash University Malaysia, the Jeffrey Cheah School of Medicine and Health Sciences and Sunway International School. Monash University Malaysia is the first foreign branch campus in Malaysia. The Foundation continues the mandate of the Sunway Education Trust Fund which was established in 1997.

Jeffrey Cheah Foundation is a not-for-profit philanthropic vehicle through which funds are disbursed to as many deserving students as possible. Surpluses are ploughed back into the institutions for scholarships, research, as well as facilities and infrastructure upgrades. More than RM132 million in scholarships have been awarded to over 16,000 students since 1997. The Jeffrey Cheah Foundation is headed by a Royal Patron, Sultan Sharafuddin Idris Shah Alhaj Ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj, the Sultan of Selangor, Malaysia and Tan Sri Jeffrey Cheah, the Founding Trustee.



English Tutorial Programme for Public Schools

Sunway Group initiated the Sunway English Tutorial Programme in 2013 which was designed to improve English language speaking proficiency and address the challenges of learning English in the national school curriculum. The programme started with SMK Bandar Sunway which is within Sunway's community. Sunway Group in partnership with Sunway University sourced for 15 students from Sunway University and Sunway College's Volunteer Society to give up their time once a week from 6 September to 25 October to coach and lead activities to help improve the English of Form 4 students after school. The volunteers successfully managed to encourage the SMK students to communicate more confidently in English and this improves the chances to find employment and contribute to the economy.

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Teach For Malaysia Partnership

The Jeffrey Cheah Foundation partners Teach for Malaysia (TFM), an independent, not-for-profit organisation, that enlists Malaysia's most promising future leaders in their mission to end education inequity. In 2013, Jeffrey Cheah Foundation renewed a corporate partnership agreement, sponsoring RM150,000 to assist the organisation in achieving its mission to reduce the gap between rural and urban schools. This is the second year that the JCF has contributed to TFM. The first time was in 2012.



The rights of non-smokers for a Smoke-free Sunway

Tan Sri Jeffrey Cheah realizes that everyone has a right to breathe clean, smoke-free air. Sunway Group has pledged to drive Sunway Resort City towards being a 100% smoke-free township by 2018. Sunway Medical Centre, Sunway University, Monash University Malaysia, Sunway Pyramid and Sunway Resort

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Hotel & Spa are currently smoke-free (with designated smoking areas). The effort will be implemented in stages, with more buildings within the 800 acre Sunway Resort City to be gazetted into completely

smoke-free zone in the near future, thus creating a healthy and smoke-free space for all of its employees, students, residents and visitors.



Sunway's Job Training Programme for Special-Needs Students

In 2000, the special education class for students with learning disabilities in SMK Bandar Sunway was established. Learning disabilities include disorders affecting learning such as Down's syndrome, autism, hyperactivity, William's syndrome etc. This group of special students also known as GOLD (an acronym for Generating Opportunities for the Learning Disabled) was taken under the wing of the Hearts of GOLD Foundation, a non-governmental organisation which assists the special students to maximise their potential and become contributing members of society. This group was selected for the Sunway Job Training Programme for Special-Needs Students. The programme, which is endorsed by the Ministry of Education, Malaysia, started in February 2006 provides job training and exposure for these students thereby developing and equipping them skills that they can use for their future employment. On-the-job training is organized by Sunway Group and the special-needs students are provided work experience at Sunway components i.e. Sunway Medical Centre, Sunway Pyramid, Sunway University and Sunway Resort Hotel & Spa. This experience under supervision by experienced personnel builds confidence, independence and social skills in the students, necessary in improving the dignity and human condition of these special-needs students.

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LABOUR

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

Principle 4: The elimination of all forms of forced and compulsory labour

Principle 5: The effective abolition of child labour

Principle 6: The elimination of discrimination in respect of employment and occupation

Centralised Labour Quarters (CLQ)

Sunway Construction which is one of Sunway's businesses views heavily on the contribution of its work force, which includes its foreign workers. As a responsible employer, the Company undertakes to provide adequate necessities in safeguarding the welfare of these silent contributors. As such, proper rest areas, toilets, canteen etc are made available at site. Central Labour Quarters (CLQ) is one of the facilities provided at specific sites when needs arise and where all workers will be settled at centralized lodgings. With the CLQs, makeshift construction workers' quarters are eliminated, as well as petty crimes and other unsavoury activities are curbed as well. These CLQs are not only equipped with basic facilities such as double bunk beds, wardrobes, fans and etc, clinics, cafeteria and centralized kitchen are also available. Over and above, there is 24-hour security at the CLQs and strict identification process is practiced and monitored by the CLQ enforcement team, which is essential to appease insecurity of the public and instill confidence on safeguard of the concept.

In Sunway strict compliance with all the labour laws and regulations ensure employees are given adequate protection against any kind of discrimination and abuses. We do not practice child labour and forced labour in any of our industries. We are not practicing any kind of union busting activities. Members and non-members of unions are treated fairly and objectively in term of career opportunities and compensation. Below are some of the examples for the above principles:-

1. In terms of recruitment Sunway does not practice any kind of discrimination especially based on race, color, sex, religion, political opinion, national extraction or social origins.
2. Sunway recognizes the right to form an association and effective recognition of the right to collective bargaining. We have unions in 3 of our industries and the employees are treated fairly in term of compensation and well beings.
3. We have internal grievance policy and procedure to address any grievances brought forward by the employees.
4. We are in compliance with Minimum Wage Order 2012 wherein foreign workers and local workers are not differentiated in terms of the implementation of this policy.

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5. We are providing awareness raising and training programmes for employees / Line Managers on labour rights and company's disciplinary policy and procedures

As part of Sunway Group's Property Investment, Sunway Pyramid Shopping Mall complies with a policy of selling only original goods therefore not infringing on copyrights. This ensures that all royalties/income are channeled back to the original artists and inventors, thus ensuring the rights of individuals and companies are upheld.

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Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges.

Principle 8: Undertake initiatives to promote greater environmental responsibility and;

Principle 9: Encourage the development and diffusion of environmentally friendly technologies Assessment, Policy and Goals

Supporting a precautionary approach to environmental challenges and promoting greater environmental responsibility

Sunway Group is committed to green developments as exemplified by its flagship development Sunway Resort City ("SRC") which was recognized as Malaysia's First Green Township. SRC was awarded the Silver Award by the Green Building Index (GBI) in 2012. GBI requires that a minimum of 15% of the township to be green. Sunway Group clinched a coveted award in the Business Leadership category, bestowed by the Malaysian Green Building Confederation (MGBC) at the inaugural Leadership in Sustainability Awards. With this, Sunway will be then recommended to be Malaysia's representative in the upcoming World Green Building Council (WGBC) Asia Pacific Regional Network's Business Leadership in Sustainability Awards.



Sunway Group is known for its conscientious green efforts and sustainability exercise since it first started business 40 years ago, transforming a tin-mining wasteland into an integrated township, Sunway Resort City.

Sunway has in the past, transplanted more than 25,000 trees in Sunway Resort City to rehabilitate the wasteland. The trees today collectively absorb more than 450 tons of carbon dioxide annually which helps reduce our carbon footprint and reduce global warming.

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Sunway City Ipoh, another development under Sunway at the Northern region of Peninsular Malaysia is a masterpiece in preservation and conservation which we have preserved 260 million year old limestone hills.



Sunway believes in being accountable for the impact it makes to the environment. Guided by the Lifestyles of Health & Sustainability (“LOHAS”) philosophy, Sunway takes a proactive approach towards environmental management that aims to minimize environmental impact through energy efficient features, energy and water conservation measures, recycling programmes and preservation of biodiversity. In environmental preservation, the Group refers to the Environmental Quality Act where the environment can be defined as the physical factors of the surroundings of human beings including land, water, atmosphere, climate, sound, odour, taste, biological factors, animals, plants and the social factor of aesthetics.

The Group's key units, Sunway Integrated Properties and Sunway Construction are both accredited with ISO14001 Environmental Management System, an internationally recognized standard for environmental management systems. Achieving this certification is testament to Sunway's ongoing commitment to safeguard the environment and to develop normative documents to facilitate the fusion of business and environmental goals by encouraging the inclusion of environmental aspects in product design and construction.

Green Township and Developments

Sunway Construction is the pioneer builder in Malaysia to have attained the prestigious Building and Construction Authority of Singapore (“BCA”) Green Mark Managers and Leadership in Energy and Environment Design (“LEED”) accredited professionals as part of its team. In addition there are a total of 6 individuals in Sunway Integrated Properties and Sunway Engineering which under Sunway's construction arm are trained to be Green Building Index (“GBI”) facilitators.

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In addition, two developments were accredited by BCA in the year. In August, A'marine received the provisional BCA Green Mark Gold Award while Sunway Nexis was granted the provisional BCA Green Mark Certified Award in October. Sunway Montana's Clubhouse, namely The Club, was the first in its category to be submitted for LEED Platinum certification in 2013 and received the award in early January 2014. The LEED certification identified Sunway Montana, The Club as a showcase example of sustainable design, demonstrating leadership in transforming the building industry. The clubhouse's design enables a 40% reduction in annual energy cost, and 48% reduction in water use. Sunway Pinnacle, an MSC-status compliant office tower, was double accredited in 2013 with the GBI and BCA Green Mark certifications. The building is energy and water efficient through the use of high performance glazing, efficient chiller plant system, fitting of LED lights throughout and rainwater harvesting for irrigation and sanitary fittings. The building also uses low VOC paint and adhesives/sealants. To further incentivize sustainable practices, preferred parking spaces will be allocated for hybrid cars and carpoolers.



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At The Banjaran Hotsprings Retreat in Ipoh (Northern region of Peninsular Malaysia), water conservation is achieved by utilizing geothermal hot spring water for irrigation of the landscape. The jacuzzis in the villas, water features and the pool use natural geothermal hot spring water from the surrounding areas. Water-saving push-valve taps, shower heads and low flush toilet systems are installed to conserve energy. Other green initiatives include use of solar powered outdoor lighting throughout the resort, a natural steam cave for guests and use of energy efficient VRV air-conditioning system.



Sunway Pyramid shopping mall is a keen advocate of green initiatives. Amongst them include the country's first Car Park Guiding System in a shopping mall. The system makes it easier for drivers to locate an empty car park bay and reducing congestion and emission of carbon monoxide within the car park. Other practices are dimming of car park lights during non-mall operation hours and installation of sensors at escalators to reduce electricity consumption when not in use. In 2013, Sunway Pyramid's Chiller Retrofitting Project that was completed the prior year was nominated as amongst the Top 5 Best Performers in Energy Saving under the SAVE Program by SEDA Malaysia, meanwhile to create awareness on the importance of environmental preservation.



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Sunway Pyramid has been the official venue for WWF Malaysia's Earth Hour event for several years. At the same time, it also organises the mascot of Sunway Pyramid, Leo's Go Green Outreach campaign that focuses on educating children of the importance of energy conservation.



Sunway Construction is committed to Environment, Safety & Health Good Practices through the following:-

- Safe Access to Work Area
- Proper Working Platform for Workers
- Mobile platform for Unloading of Materials
- Designated Smoking Area
- Fire Point with Information Board
- Exclusion Zone for Lifting Activity
- Toolbox Area
- Industrial Electrical Distribution Board
- Morning Toolbox Session

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5S (Seiri, Seiton, Seiso, Seiketsu, Shitsuke) Implementation

- Information on 5S at Workers Canteen
- Materials Arrangement in Store
- Proper Material Arrangement at Project Site

Environment, Safety & Health Campaign at Project Sites

Environment, Safety & Health Activities & Training Conducted

- Machinery Safety Awareness Briefing
- Slings and Rigging Training
- Working at Height Awareness Training
- Danger on Crossing Live Traffic Briefing
- Emergency Rescue Drill
- Fire Drill

Waste Management

Construction waste such as steel bars, ready-mixed concrete and timber materials are the main by-products which can be found at every construction site. If not managed, these wastes can potentially be neglected during project progress stage which results in high disposal cost at the end of the project and/or cause devastating damage to the environment. Sunway Construction undertakes to minimize waste generation through proper planning, strict supervision and effective communication between project team members during progress stage. In addition to waste minimization effort, the Company manages its construction waste based on 3R concept – Reduce, Reuse and Recycle. In general, waste segregation is practiced at site in parallel to the 3R theory. For example, usage of drip tray is mandatory for any temporary or permanent storage of oil / chemical at all project sites to avoid spillage on the ground which may lead to severe consequences. In addition, all waste oil / chemical must be discarded separately as 'scheduled waste'. Scheduled waste is stored and disposed by a licensed vendor according to Department of Environment's requirements and regulations.

At construction sites, it is also important to manage surface run off and silt by channeling the earth and dirt to the perimeter drainage system and further divert them to sedimentation ponds / silt trap located downstream in order to separate the solids from water. The sediment free water is then reused for general washing, cleaning and wetting the road.

Sunway continued with its recycling programme which commenced in 2003 to cultivate a recycling culture among Sunway staff. Recycling collection centres have been set up and materials are recycled on a monthly basis. Approximately 300,000kg of recyclable wastes in Menara Sunway (office building of Sunway Group) is recycled every year. In addition, recycling bins in sets of three for paper, plastic and aluminum can be found throughout Sunway malls, Sunway Medical Centre and Sunway education institutions. In Sunway Pyramid Shopping Mall alone, daily collection of rubbish from tenants amounts to around 800-1,000kg per day and all recyclable rubbish collected are sent to recycling centres. Sunway

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Pyramid shopping mall has also designated Tuesday and Saturday as no plastic bag days for under its Bring Your Own Bag (“BYOB”) programme in an effort to encourage shoppers to go green.



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Transparency and Anti-corruption

Principle 10: “Businesses should work against corruption in all its forms, including extortion and bribery.”

Combating corruption in all its forms, including extortion and bribery and promoting transparency

The following initiatives are undertaken by Sunway Group as part of its continuing efforts in enhancing corporate governance effectiveness.

Code of Conduct & Business Ethics

The Sunway Code of Conduct has been revised and renamed Code of Conduct & Business Ethics (CCBE). The revision to the Code is one of the initiatives undertaken to enhance Sunway Group's governance structure so as to enable effective management oversight of the group's business domestically and worldwide. The CCBE will serve as a guide concerning how all of us are expected to conduct ourselves in our work and ensure that our behaviors are in line with Sunway's Core Values.

Integrity Pact

Sunway Berhad Board of Directors has approved the implementation of Integrity Pact (IP) by all the Procurement Functions within the Sunway Group with immediate effect. The introduction of the IP is aimed at ensuring transparency and fairness within every stage of the procurement cycle. Details of the Integrity Pact i.e. Employees Declaration, Tenderer's Declaration, Successful Tenderer's Declaration, Clause on Prevention of Corruption and Bidders Agreement are accessible by Sunway staff in the group portal.

Whistle-Blowing Policy

In line with good corporate governance practices, the Group has developed a Whistle-Blowing Policy to provide a mechanism for all level of employees and stakeholders of the Group to report concerns about any suspected wrongdoing, inappropriate behavior or misconduct relating to fraud, corrupt practices and/or abuse on a timely basis for management action.

It must be emphasized that the whistle-blowing procedure is intended to be used as an ultimate remedy, if no other means are available to address concerns. For Sunway employees, if they wish to raise a specific concern, they are encouraged to try to solve the matter through existing procedures and discuss the matter first with their line supervisor(s) or head of department or Profit Center Manager before using the whistle-blowing procedure.

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Conclusion

We believe that building a business is not about making profits but must be based on social, economic and environmental justice. We will continue to develop products, services, policies and practices that support human rights, fair and equal opportunity for all, transparency and environmental responsibility.