

UNITED NATIONS GLOBAL COMPACT COMMUNICATION ON PROGRESS 2013/2014

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



The year 2014 was an important milestone year for us as the Sunway brand celebrated its 40th Anniversary. From a small tin-mining company to one of Malaysia's most established property-construction conglomerates, I believe Sunway has been successful because we stayed true to our corporate purpose of providing a better future for the communities in which we build, serve and live. This business philosophy is embedded in our culture and in our commitment to our stakeholders as we continually deliver this promise as dedicated co-investors.

Our Group is a conglomerate with 12 business divisions across 50 locations worldwide, and a 13,000 strong employee base. This means that we have an opportunity to touch people's lives in a positive way, in many places and in many ways. The theme for our year-long celebrations, "A Part of You", is a tribute to the many communities that we have built and continue to serve. It is therefore only propitious that we deepen our relationships with these communities by intensifying our efforts in community-building along with our celebrations.

In December 2014, Sunway Berhad was listed as one of the inaugural constituents of FTSE4Good Bursa Malaysia Index together with only 23 other Malaysian public listed companies. The FTSE4Good Bursa Malaysia Index recognises companies that distinguish themselves by consistently demonstrating sound environmental, social and governance practices. We believe this inclusion is beneficial to us as it will further attract investors who seek to invest in corporations with outstanding business practices.

Sunway's Corporate Social Responsibility (CSR) initiatives focus on three key areas namely Education, Healthcare and Community Aid, Reach-out, and Enrichment ("C.A.R.E") projects. CSR forms an integral part of our business framework, and to also strengthen the sustainability of our businesses as we expand our presence worldwide.

Through education, the Group and the Jeffrey Cheah Foundation ("JCF") continue its mission to provide educational opportunities to all and to elevate the academic standards in Malaysia. The initiatives include provision of scholarships, school adoption and restoration works, job training programmes for special students, collaborative partnerships with global institutions and sponsorships to noteworthy causes.

Our efforts in healthcare are based on our strong belief in the importance of raising healthcare standards in Malaysia and in helping to cultivate healthy living. Sunway has taken a three pronged approach in our activities namely education, screening and support. As a strong advocate of a smoke-free workplaces

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myself, Sunway has carried out several initiatives to turn Sunway-owned buildings in Sunway Resort City to be 100% smoke-free by 2018.

By aligning our CSR efforts with our business interests, and embedding our core values of integrity, humility and excellence into our Group's culture, we will remain committed to creating a more positive and far-reaching impact on our society and the nation.

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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

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 the workplace and an improved communication with Employees.

Employee Engagement

Sunway Group regards its people as its most valued asset. The Group firmly believes that an engaged workforce is more productive, motivated, energised and willing to stretch beyond their immediate responsibilities, resulting in higher job satisfaction and enabling the organisation to reach and even exceed its goals. Stemming out of this belief is the Group's prevailing employee engagement philosophy which continues to elevate the dynamism of its employees and contributes to its perennial success.

To ensure that its employees are afforded the ideal support and engagement, Sunway engaged the consultancy of Aon Hewitt to better understand its employees' expectation through an extensive Employee Engagement Survey. For the year of 2014, the Group's focus was on carrying out the action plan identified in 2013, which sees the full commitment from Sunway's Senior Leaders and Management team to ensure that employees are supported and engaged.

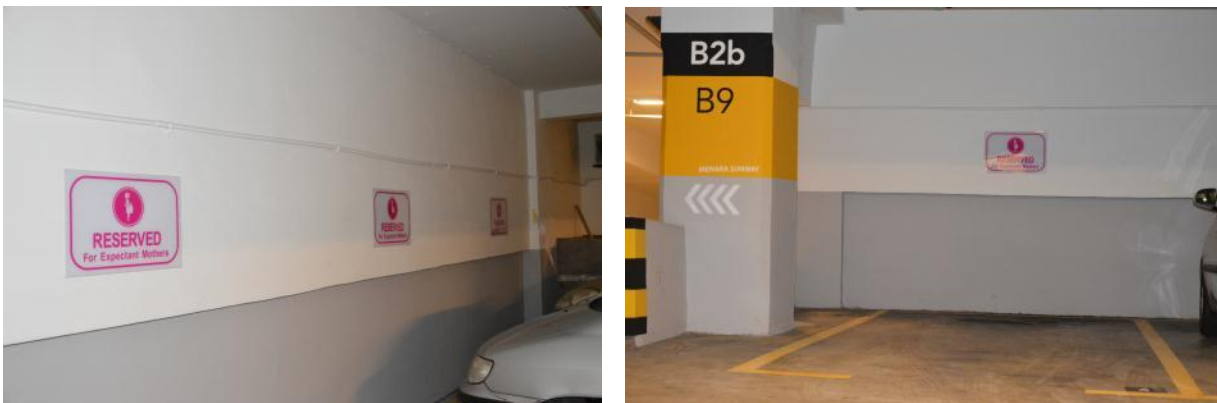


Sunway Annual Family Day gathers employees and their families together, keeping the workforce happy.

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Women's Initiatives

Since 2013, Group Human Resources (“GHR”) has introduced a host of new initiatives to better attract, retain and develop women in the workplace. With the implementation of a dedicated mother's room in Sunway's headquarters in 2013, the initiative has seen an expansion to Sunway Pyramid Shopping Mall, Sunway Resort Hotel & Spa, Sunway University and Sunway Medical Centre in the year 2014. The designated car parking bays for pregnant women have also seen an increase in the utilisation rate.



Designated car parking bays for pregnant women

Apart from improved HR policies to include flexible working arrangements and extended maternity leave, Sunway is also committed to supporting working parents through high quality, affordable childcare. This is achieved through the establishment of a kindergarten and childcare centre via a partnership with R.E.A.L Kids, where the Group has been offering academic fee discount to employees.



R.E.A.L Kids Preschool Centre

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Various events in conjunction with celebrating women in the workforce were also initiated in 2014. A highlight event would be the Mother's Day Charity Sale, where RM8,000 was raised for the children of Generating Opportunities for the Learning Disabled (G.O.L.D) Centre.



Sunway Group Human Resources and children of Generating Opportunities for the Learning Disabled (G.O.L.D) Centre baked muffins together for the charity sale



Sunway Mother's Day Celebration

In 2014, a Senior Women Leaders Networking Event was organised for a knowledge sharing session as well as a round-table discussion as to how the Group can better support females in climbing the corporate ladder. This follows from the first Networking Event for Women in 2013.

In recognition of these efforts, Sunway Group received a Special Mention in the MaSRA (ACCA Malaysia Sustainability Reporting Awards) 2013 Award.

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Stopping Hunger

In collaboration with the United States-based Stop Hunger Now, Sunway launched the Stop Hunger Now Meal Packaging Programme in 2014 as a joint effort to combat hunger.

More than 800 Sunway staff packed some 100,000 meals at Sunway locations across Peninsular Malaysia to support the less fortunate communities in the central, southern and northern regions. In total, Sunway has reached out to more than 1,000 individuals predominantly children and poor families. This is an annual initiative organised by Sunway and is one of Sunway's biggest volunteer efforts which encourages Sunway staff to reach out to the community.



Sunway staff from Central region joined as volunteers to stop hunger



Sunway staff from Northern region (Penang)

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Sunway staff from Northern region (Ipoh)



Sunway staff from Southern region

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Education

Sunway works closely with the Jeffrey Cheah Foundation (“JCF”) in most of its education initiatives. The Foundation owns and governs the largest education social enterprise in Malaysia, Sunway Education Group, which operates 12 education institutions, each a highly respected name in their respective areas. JCF was set up to ensure everyone who deserves a chance at quality education receives it regardless of creed, race or belief.

Sunway Establishes Academic Ties with University of Cambridge

JCF and Gonville and Caius College of the University of Cambridge (“Caius”) have entered into an agreement in 2014 to establish the Jeffrey Cheah Professorial Fellowship Fund. This partnership, with a benefaction of £1.2 million (approximately RM6.2 million) by JCF, will support in perpetuity, two University of Cambridge professors who are Fellows of Caius, and who will be known as the Jeffrey Cheah Professorial Fellows. Following the Fund, each of the Fellows will visit Sunway University at least once a year to give public lectures on academic development, and conduct masters’ classes. This is the second donation by JCF to a prestigious university abroad. The first was a gift of USD\$6.2 million (approximately RM20 million) to Harvard University. It is envisioned that such collaborations will promote the two way flow of top notch scholars, elevating the academic profile of Sunway Education Group and contribute to greater academic development and research excellence.



Sunway establishes ties with University of Cambridge

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Scholarships For The Deserving

At its 2014 Scholarships and Awards Ceremony, the JCF awarded over RM33 million in scholarships to a total of 3,500 deserving students. As of 2014, the Foundation has disbursed in excess of RM165 million in scholarships to more than 20,000 deserving students since 1997. The amount is expected to surpass the RM200 million mark by end of 2015.

The Foundation helps students fund their studies through more than 15 types of scholarship schemes, such as the JCF- Sunway Group Scholarships, the Sunway Talent Scholarships and the JCF Community Scholarships.



Jeffrey Cheah Foundation Scholarships & Awards Ceremony 2014 witnessed by Deputy Prime Minister of Malaysia Tan Sri Muhyiddin Yassin

Raising the Standard of English in Malaysia

The inaugural Sunway-Oxbridge Essay Competition saw an overwhelming response with approximately 2,000 entries from secondary school students across Malaysia. The essay competition, endorsed by the Ministry of Education Malaysia, was organised by Sunway Group in partnership with The Oxford & Cambridge Society Malaysia, JCF, Sunway University and Monash University Malaysia. Opened to Malaysian secondary school students aged 13 to 17, the competition was also supported by popular Astro TV IQ series, Oh My English!

After rounds of rigorous and intensive selection, 26 young Malaysians emerged as winners and were invited to receive their prizes at the prize-giving ceremony held at Sunway Resort Hotel & Spa. The prizes

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totalled more than RM200,000 in value. SMK (P) Sultan Ibrahim from Johor Bahru was also presented with the award as the “School with the Most Submissions”, with a total of 213 essays submitted.

The inaugural Sunway-Oxbridge Essay Competition is part of a wider English language development programme that Sunway has embarked on since 2010 to encourage young Malaysians to speak and

write English. In addition to the essay competition, Sunway Group has also organised English tutoring programmes, as well as coaching on English public speaking skills for the benefit of SMK Bandar Sunway students.



The success of Sunway-Oxbridge Essay Competition 2014 with the top 26 winners, witnessed by Deputy Minister of Education of Malaysia, YB Tuan P. Kamalanathan

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 organised 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 programme, 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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Job training for special needs students at Sunway Resort Hotel & Spa, Sunway University and Sunway Medical Centre canteen

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English Tutorial Programme and English Public Speaking Competition

Sunway Group initiated the Sunway English Language Development Programme with the commencement of the English Tutorial Programme for the Form 4 students of SMK Bandar Sunway in 2013. Partnering with Jeffrey Cheah Foundation and Sunway University, the English Tutorial Programme is designed to improve English language speaking proficiency and address the challenges of learning English in the national school curriculum. These students are also encouraged to participate in the annual English Public Speaking Competition organized by Sunway to instill confidence among students to converse in English and improve their public speaking skills.



Public Speaking Workshop & Competition

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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.



Tan Sri Dr. Jeffrey Cheah handing free dictionaries to students after an inspiring talk during Teach for Malaysia week

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

Blue Ribbon Campaign 2014

The Group's Chairman, Tan Sri Dr Jeffrey Cheah, is a strong supporter of smoke-free workplaces and environment. In 2008, he championed an initiative which has resulted in five Sunway-owned buildings in Sunway Resort City becoming smoke-free establishments, namely Sunway Medical Centre, Sunway Pyramid Shopping Mall, Sunway University, Monash University Malaysia and Sunway Resort Hotel & Spa. In 2014, the Group has pledged to gazette all Sunway-owned buildings within the 800-acre Sunway Resort City to be smoke-free by 2018. Additionally, Sunway's Lost World Hotel in Tambun, Ipoh, had also set a milestone by being the first hotel in Perak to be smoke-free. In recognition of these efforts, Sunway was awarded The Blue Ribbon Outstanding Achievement at the Blue Ribbon Campaign 2014. The campaign is part of the Malaysian Health Promotion Board (MySihat)'s efforts to recognise and honour the significant roles of people and organisations in saving lives from second hand smoke and advocating a smoke-free environment. The Blue Ribbon Outstanding Achievement award is reserved for individuals, groups, companies, and institutions that advocate and mobilise support for smoke-free environments.

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L-R: Tan Sri Dr Jeffrey Cheah (right) receiving the Outstanding Achievement award from Minister of Health Malaysia, Datuk Seri Dr. Subramaniam Sathasivam (second from right) witnessed by Tan Sri Dr Mohd Nasir Mohd Ashraf, Chairman of Malaysian Health Promotion Board (second left) and Dr Manimaran A/L Krishnan, CEO of Malaysian Health Promotion Board (left)

In 2014, Sunway developed a Sunway Smoke-free workplace Policy to educate its employees of the benefits of a smoke-free environment. The implementation of the smoke-free township will free an estimated 200,000 residents, including 30,000 students, from the harmful effects of cigarette smoke.

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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.

Workplace

Sunway's goal is to create a working environment for everyone to contribute their best. The Group has zero tolerance for discrimination, victimisation, bullying or harassment in the workplace. The Group encourages differences in age, gender, ethnicity, religion, language, abilities, physical appearance and cultural background.

Diversity and Inclusion

Sunway truly believes that diversity and inclusion in the workplace enables the employees to better understand, relate and respond to the customers and communities whom they serve at the multiple locations and regions. This is essential for the Group's continued growth as a diversified conglomerate with a multitude of businesses. Sunway encourages individuals to grow and realise their full potential by providing fair and equal career opportunities. The Group launched a Diversity and Inclusion Policy in April 2014. The key focus areas are talent, workplace and community which are important for the long term business success, competitiveness and growth. Initiatives taken to support Sunway's key focus areas are as follows:

Talent

- Recruitment and selection
- Training and development
- Performance management
- Compensation and benefits
- Recognition and rewards
- Career opportunity
- Succession planning
- Employee mobility

Workplace

- Workplace environment
- Flexible work arrangement
- Support facilities
- Communication
- Education and awareness
- Employee engagement

Community

- Corporate Responsibility programme
- Donations and sponsorships

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- Scholarship
- Green city initiatives
- Safe city initiatives
- Charity events

Sunway Group has relentlessly championed equal opportunity for all. This resolve for inclusiveness is exemplified by Group Human Resources' initiatives to tap into the alternative talent pool such as returning mothers, retirees or disabled persons. In turn, the Group's inclusive and non-discriminatory hiring policies have strengthened employer branding and continue to position Sunway as the employer of choice.

Apart from the implementation of the various training programs and education support available for employee development, the Group encourages career mobility. Recently enhanced, the Internal Staff Transfer Policy fully supports the transfer of employees across Sunway's diverse industries, equipping employees with the flexibility to explore their career aspirations. The policy not only benefits employees in terms of career development but also serves as one of the Group's employee retention strategies.



Harmonious working environment

Performance Management and Key Benefits

Sunway is continuously working to enhance its Performance Management system to ensure it is clear, dynamic and agile in anticipating challenges and opportunities. The Group has introduced the Career Conversation Guide in an effort to help employee and managers understand their career aspirations and how they can grow with the company. In addition, Sunway has also launched a new HR web-based portal for knowledge sharing and ease of reference for employees. In its effort to improve its compensation and benefit structure from the previous year, the Group's salary structure is reviewed on a yearly basis in line with the general industry practice. Periodically, benchmarking is carried out to monitor the market to ensure that cash and total remunerations remain competitive. In 2014, Sunway's benefits have been enhanced to include a broader variety of benefits to cater to a wider level of employees, including the Non-Executives. Having businesses across 9 diverse industries, the Group is able to offer unique benefits to its employees

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such as Sunway theme parks and malls discounts, Sunway hotels room rates for employees, Sunway Medical Centre benefits and more.

Also in 2014, the Total Reward Statements was introduced to communicate the overall value of each individual employee's financial rewards such as base pay, incentives and employee benefits. Sunway employees have also enjoyed the benefits of the Employees' Share Option Scheme (ESOS). Now in its second year of implementation, the ESOS structure promotes a culture of reward based on merit as the vesting amount depends on the performance of the respective employees – higher performing staff vested a higher proportion of options.

Hearts of GOLD Project

Sunway Group and Jeffrey Cheah Foundation collaborate with GOLD (Generating Opportunities with the Learning Disabled) with the pledge of RM100,000 to fund and develop an ongoing social enterprise business model for the learning disabled. With the collaboration, Sunway University's Sunway Institute for Social Entrepreneurship (SISE), on behalf of the Foundation, has been assisting the Hearts of GOLD projects to develop programmes and business plans which will equip special-need youths with skills that will sustain them through life.



Signing ceremony between (L) Jane Poh from Jeffrey Cheah Foundation and (R) Mohd Ghazali B. Mohd Isa from with GOLD (Generating Opportunities with the Learning Disabled)

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Group photo between children from GOLD (Generating Opportunities with the Learning Disabled) and Sunway University's Sunway Institute for Social Entrepreneurship (SISE)



Bowling training for the special need students

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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

Marketplace

A progressive brand with a commendable track record, Sunway has through the years, established itself in each industry that it is in. Sunway has positioned itself to stay relevant to its customers through a firm understanding of emerging trends and the ability to constantly reinvent itself and adapt to new changes. Today, Sunway holds the virtues of a customer-centric organisation close to heart. By revitalising customer engagement, Sunway enjoys even greater brand loyalty and is able to deliver greater value by continuously improving customer experience.

Products and Services Information

In continuous effort to meet and exceed clients' needs, Sunway has adopted the Total Quality and Environment Management ("TQEM") System that places emphasis on total customer satisfaction. As a result of the implementation of TQEM, the system has helped streamline processes that have resulted in increased profitability as it helps facilitate quality and environmental management, compliance management, risk assessment and other components that directly impact the quality of products and services. Using a model based on the four pillars of TQEM, namely support of competent employees; total involvement and operational excellence; prevention of environmental pollution and compliance with legal and other requirements; and continuous operational and measurement improvement, Sunway ensures that all its products and services achieve total customer satisfaction.

As a benchmark against international standards, several of the Group's subsidiaries have been certified ISO compliant. The list of Sunway subsidiaries that have been certified ISO 9001 and ISO 14001 compliant are:

Integrated Properties division

- Sunway Integrated Properties Sdn Bhd
- Sunway City (Ipoh) Sdn Bhd
- Sunway City (Penang) Sdn Bhd
- Sunway City (JB) Sdn Bhd
- Sunway D'Mont Kiara Sdn Bhd
- Sunway PKNS Sdn Bhd (formerly known as Sunway Damansara Sdn Bhd)
- Sunway Grand Sdn Bhd
- Sunway Melawati Sdn Bhd
- Sunway Monterez Sdn Bhd
- Sunway Pinnacle Sdn Bhd

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- Sunway Semenyih Sdn Bhd
- Sunway South Quay Sdn Bhd
- Sunway SPK Homes Sdn Bhd
- SunwayMas Sdn Bhd
- Sunway Iskandar Sdn Bhd
- Prosper Revenue Sdn Bhd
- Sunway Bintang Sdn Bhd

Construction division

- Sunway Construction Sdn Bhd
- Sunway Engineering Sdn Bhd
- Sunway Concrete Products (S) Pte Ltd
- Sunway Builders Sdn Bhd
- Sunway Innopave Sdn Bhd
- Sunway Geotechnics (M) Sdn Bhd

Total Quality Management (“TQM”)

Sunway Group has been resolute in its efforts to develop its staff as the Group moves towards continuous improvement and becomes a more customer-centric organisation. TQM will form the foundation for an ecosystem of further innovation for the Group to leverage on for greater customer satisfaction. Through TQM, Sunway will be able to approach continuous improvement more strategically, enhance decision-making and improve communications within the organisation. TQM is also a viable platform for career and leadership development which will help groom future leaders for the Group. Sunway is highly committed to this initiative which is guided by Yabe Akira, Director – Special Projects, who will lead the Group on TQM.

Occupational Safety and Health (“OSH”)

As one of the leading property and construction groups in the country, the nature of the Group’s operations create inevitable risks and hazards, not only to those who work with these risks, but also to the public. Air pollution, noise, hazardous materials, polluted water and solid wastes are common by-products of the construction process. To ensure that the safety and health aspects of all parties and the sustainability of the environment is safeguarded, Sunway is subject to relevant laws and regulations in Malaysia on occupational safety, health and environmental protection. To comply with these regulations, Sunway has established an Environmental, Safety and Health Centre of Excellence with officers located at the Group’s head office and at all project sites, who are responsible for:

- advising, establishing, evaluating, monitoring, enforcing policies and procedures to ensure that operations are in compliance with all local legislation with regards to environmental, safety and health;
- reviewing, standardising and implementing environmental, safety and health management systems within the Group;
- supervising and examining safety and health control measures for all construction activities carried out by Sunway and subcontractors engaged;
- monitoring compliance with statutory environmental protection laws relating to air, water, noise and solid waste pollution;
- regulating labour, hygiene and safety conditions; and
- monitoring the Group’s environmental, safety and health performance.

Safety measures at all stages of operations are imposed in order to minimise the possibility of work-related accidents and injuries. As a responsible contractor, Sunway also strives to ensure that the safety of the

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public is protected through prudent considerations and decisions during the implementation of safety measures.

Sunway conducts extensive environmental monitoring to ensure that the sustainability of the environment is well preserved despite the nature of activities at the project site. To top it off, regular internal safety and environmental inspections are conducted to ensure that all environmental, safety and health practices and implementations at project sites are aligned with the Group's policy, procedures, objectives and targets.

Sunway is strongly committed to the compliance of all relevant occupational safety, health and environmental requirements. To ensure a world class work environment, the Group places emphasis on continuous efforts towards system improvement through the implementation of a structured safety, health and environmental management system. To date, Sunway subsidiaries has attained certifications by SIRIM QAS International Sdn Bhd and IQ Net for OHSAS18001 and ISO14001.



Morning Toolbox Session

Quality, Environmental, Safety and Health Management System ("QESH")

To further enhance these policies, the Group developed and implemented an integrated QESH Management System known as QESH Policy for the Construction division in 2009. The integrated management system aims to optimise resources and standardise processes throughout domestic and overseas projects. The Quality, environment, Safety and Health Management System meets the requirements of international standards, thus ensuring that the Group's products and services are well defined in terms of quality, safety, environment and health at every stage of construction. Among the benchmark ratings implemented are to strive for zero life loss at all work sites; to achieve a monthly inspection score of 75% and above; to achieve three milestones of 3.9 million, 7.0 million and 10.0 million man-hours without lost-time incidents company-wide; and to prevent environmental pollution, managing construction waste and conserving resources through systematic environmental impact evaluations, implementing operational controls and conducting regular training.

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The Kaizen philosophy of innovation and efficiency in 2007 allowed the adoption of advanced technologies in operations, such as in the system formwork technology that enhances productivity and efficiency. In

January 2010, the Group piloted an internal TQM initiative, which focuses on prioritising quality, safety, health and the environment in its business. In 2014, TQM initiatives were formalised and implemented its operations.

As a result of the implementation of a structured and integrated quality environmental, safety and health management system, and initiative towards continuous improvement, the Group was able to achieve the following milestones:

- Achieved 5 Star Ratings for Safety and Health Assessment System in Construction championed by CIDB for project Klang Valley MRT Package V4, viaduct guideway and associated works from Section 17 Petaling Jaya to Semantan Portal, in 2014;
- Achieved 4 Star Ratings for Safety and Health Assessment System in Construction for various projects including Parcel 7 and 8 Phase 2 Package A, Putrajaya, and the Everly Hotel Putrajaya in 2011;
- MSOSH Gold Class II Award 2009 for project Parcel 17, Ministry of Housing and Local Government and Ministry of Women, Family and Community development, Putrajaya; and
- National Occupational Safety and Health Excellence Award 2005.



Environment, Safety and Health Campaign

Sunway Safety Merit System (“SSMS”)

SSMS is another project under the Environmental, Safety and Health (“ESH”) umbrella which aims to set the standards of ESH at all project sites through periodic inspections by the Inspectorate Team. Other company-wide initiatives and awareness programmes and trainings include 5S: Sort, Set-in-order, Shine, Sustain and Standardise which are periodically carried out at the project site level. Noteworthy achievements as part of ESH practices were Rihan Heights, a key Abu Dhabi project which successfully achieved 10 million man hours Without Loss Time Injury (WLTi).

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Safety training

ENVIRONMENT

As a responsible and forward thinking corporate citizen, Sunway is passionate about environmental sustainability and conservation. Subscribing to the Lifestyles of Health & Sustainability (LOHAS) philosophy, Sunway is a proactive advocate of proper environmental management. Key to its beliefs are its efforts taken in ensuring the utilisation of energy efficient technology; energy, water and natural resource conservation efforts; recycling programs and the preservation of biodiversity.

Accredited Professionals

The Group's Construction division is the pioneer builder in Malaysia to have the prestigious Building and Construction Authority of Singapore ("BCA") Green Mark Managers and Leadership in Energy and Environment Design ("LEED") accredited professional on its team.

Further, a total of six employees in Sunway Integrated Properties and Sunway Engineering are trained to be Green Building Index (GBI) facilitators.

Green Townships and Developments

Understanding the impact of development on the natural surroundings, Sunway is strongly committed to the "green" development concept as a means of conservation and environmental sustainability. This is exemplified by its flagship development, Sunway Resort City, which was recognised as Malaysia's First Green Township. In 2012, Sunway Resort City was awarded the Silver Award by Persatuan Arkitek Malaysia ("PAM") where the GBI requires a minimum of 15% of the township to be green.

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Tan Sri Dr Jeffrey Cheah accepting the Business Leadership Award from MGBC President, Ar. Sarly Adre Sarkum

In 2014, the Group had also won the Edge-PAM Green Excellence Award 2014 for The Banjaran Hotsprings Retreat while Sunway Rymba Hills garnered an honorary mention. The Banjaran was awarded due to its many energy and water saving features as well its health promoting facilities like hot springs & spa and yoga meditation caves. Meanwhile, Sunway Rymba Hills is a secured residential development built on 19.72 acres of prime land in Sunway Damansara where 60% of the development is dedicated to greenery and comes with a private park.



Dato' Ngeow Voon Yean, Managing Director, Property Investment Division of Sunway Property receiving The Edge-PAM Green Excellence Award for The Banjaran Hotsprings Retreat



Ong Ghee Bin, Executive Director, Property Development Division for Central Region of Malaysia, Sunway Property receiving The Edge-PAM Green award for Sunway Rymba Hills

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Sunway Rymba Hills

Waste Management

An integral part of the construction process is the management of construction waste. If left unattended, construction waste such as steel bars, ready-mixed concrete and timber materials can potentially be neglected during the progress stages of a project, thus resulting in high disposal costs at the end of the project cycle. More than that, unmanaged construction waste, if not properly disposed can cause undue damage to the environment.

To mitigate these issues, Sunway Construction undertakes to minimise waste generation through proper planning, strict supervision and effective communication between project team members during the progress stages. Beyond these waste minimisation efforts, the Company also manages its construction waste based on the 3R concept – Reduce, Reuse and Recycle.

By following this principle, Sunway Construction practices waste segregation on-site, parallel to the 3R theory. Dip trays are used to store oils or chemicals at all project sites to avoid spillage while all waste oils and chemicals are periodically disposed by licensed vendors in accordance to the requirements and regulations set forth by the Department of Environment. Surface run off and silt are channelled to the perimeter drainage system and diverted to sedimentation ponds or silt traps located downstream in order to separate the solids from water. The sediment free water is then reused for general washing and cleaning.

Green Retreat

To keep to the theme of a green retreat, the Group's internationally acclaimed The Banjaran Hotsprings Retreat manages water conservation by utilising water from geothermal hot springs for the irrigation of its landscape. All water features, including the jacuzzi in the villas and pools, use natural geothermal waters from the hot springs in the surrounding area. Water-saving push-valve taps, shower heads and low flush toilet systems were installed to further conserve water while other green energy and eco-sensible initiatives include the use of solar powered outdoor lighting throughout the resort, the installation of energy efficient air-conditioning systems and a natural steam cave for guests. The Banjaran Hotsprings Retreat has also developed an organic garden, providing culinary staff with direct access to fresh ingredients and herbs for fresher foods.

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The Banjaran Hotsprings Retreat at Sunway City Ipoh



Steam Cave at The Banjaran Hotsprings Retreat

In its effort to further reduce dependency on energy resources and generate even more energy savings, Sunway Resort Hotel & Spa also installed low consumption light-emitting diode (LED) lights along guestroom corridors. The facility also adopted the Variable Frequency Drive (VFD) technology to regulate power consumption by controlling the speed of motor-controlled equipment depending on requirements resulting in even greater energy savings. Another program initiated was the precooling of chilled water using heat-pump evaporators before the cool water is used in the chillers resulting in much lower power consumption.

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Green Mall

Sunway's green initiatives go beyond that of green residential developments and green retreats. Another keen advocate of green sustainable initiatives is Sunway Pyramid Shopping Mall where the country's first Car Park Guiding System in a shopping mall was introduced. Designed to leave a smaller carbon footprint, the Car Park Guiding System works to reduce the time taken by drivers to locate empty car park bays, thereby reducing congestion and the emission of carbon monoxide within the car park. Other practices include the dimming of car park lights during non-mall operation hours and the installation of sensors at escalators to reduce electricity consumption when not in use.



Car Park Guiding System in Sunway Pyramid Shopping Mall

To further conserve water, Sunway Pyramid Shopping Mall also uses waterless urinals where all urinals are treated with BioCare liquid, a special chemical that breaks down urine into environment-friendly components without using water.



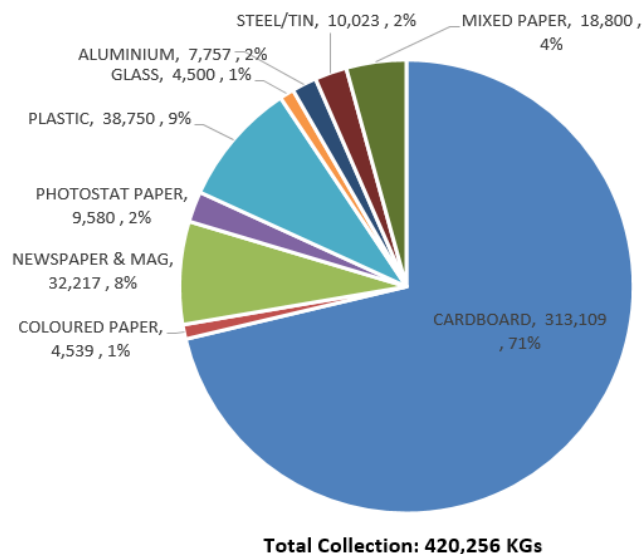
Waterless urinals: There is no need to flush at the urinals in men's washroom as each urinal is coated with BioCare Liquid, a special chemical that breaks down urine into environment-friendly components without using water

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Following the Chiller Retrofitting Project in Sunway Pyramid Shopping Mall in 2013, the Group has saved over RM9.0 million from energy costs. In 2014, the Hospitality division similarly invested RM3.5 million to undertake an upgrading and relocation of Sunway Resort Hotel's cooling towers to an area with better air circulation and heat dissipation and for the fitting of variable frequency drives to all pump motors to optimise energy usage and reduce costs. Further savings are anticipated from this project from 2015 onwards.

Recycling and Other Environmental Initiatives

In 2003, Sunway commenced a recycling program that would cultivate a culture of recycling among Sunway staff. Since then, recycling collection centres have been set up and materials are recycled on a monthly basis. Approximately 300,000 kilogrammes of recyclable waste in Menara Sunway is recycled every year.



Selling of recyclables by Sunway staff to Alam Flora, Malaysia's leading waste management company

In addition, recycling bins in sets of three for paper, plastic and aluminium can be found throughout Sunway malls, Sunway Medical Centre and Sunway educational institutions. In Sunway Pyramid Shopping Mall alone, the collection of rubbish from tenants amount to around 800-1,000 kilogrammes daily and all recyclable rubbish collected are sent to recycling centres. Sunway Pyramid Shopping Mall has also designated Tuesdays and Saturdays as "no plastic bag" days under its Bring Your Own Bag ("BYOB") programme in an effort to encourage shoppers to go green.

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Styrofoam-free Initiative

In an effort to create an environmentally-friendly and sustainable green environment for the communities in Sunway, the Group launched a styrofoam-free initiative in Sunway-owned cafeterias within Sunway Resort City to encourage people to bring their own containers for takeaway meals.

Since 2009, Sunway Medical Centre, Sunway University and Monash University Malaysia have gone styrofoam-free to minimise the negative health and environmental impacts posed by styrofoam. Similarly in 2014, Menara Sunway, Sunway Lagoon Club and Sunway Lagoon's staff cafeteria also joined the initiative to educate its staff, tenants and visitors on the impact of using styrofoam food containers.



"Bring Your Own Container" poster to encourage staff to bring own container for take-away food

Green Activities

To convey the message of conservation and eco-sustainability to the community, Sunway organised the Sunway Property Water Jam 2014. The event aimed to raise awareness on responsible water usage, especially after the water crisis faced by more than a million households in Selangor from March to April 2014. Sunway Property partnered Malaysian Environmental NGOs network ("MENGO"), a not-for-profit organisation consisting 28 environmental civil society groups working on environmental protection and sustainable development.

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To encourage eco-friendly practices, participants were asked to bring their own water tumblers which could be refilled with free-flow reverse osmosis (RO) water provided at the venue. Participants were also

encouraged to bring recyclable materials such as old newspapers weighing a minimum 1 kilogramme to the registration counter where they could earn extra points. Wastage from the event was also minimised as much as possible. For example, the event's banner for the backdrop will be used as recycled material for tote bags made by single mums in a project by Biji-Biji, an initiative that promotes sustainable living through the use of recycled materials.

The funds Sunway Property raised for this event were contributed towards a good cause to the Semai Orang Asli group from Gombak, Tatana Roots and MENGO members.



Sunway Property Water Jam 2014

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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 emphasised 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.