

Sun Pharmaceutical Sdn. Bhd.

United Nations Global Compact

Communication on Progress 2020



"Sun...Serving You for Life"

Bringing better quality of life to our community



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SUN
SUN PHARMACEUTICAL SDN. BHD.
(COMPANY NO. 439523 M)

May 8th, 2020

H.E. António Guterres
Secretary-General
United Nations
New York, NY 10017
USA.

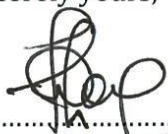
Dear Mr. Secretary-General,

I am pleased to confirm that Sun Pharmaceutical Sdn Bhd supports the Ten Principles of the United Nations Global Compact on human rights, labour, environment and anti-corruption. With this communication, we express our intent to implement those principles. We are committed to making the UN Global Compact and its principles part of the strategy, culture and day-to-day operations of our company, and to engaging in collaborative projects which advance the broader development goals of the United Nations, particularly the Sustainable Development Goals. Sun Pharmaceutical Sdn Bhd will make a clear statement of this commitment to our stakeholders and the general public.

We recognize that a key requirement for participation in the UN Global Compact is the annual submission of a Communication on Progress (COP) that describes our company's efforts to implement the Ten Principles. We support public accountability and transparency, and therefore commit to report on progress within one year of joining the UN Global Compact, and annually thereafter according to the UN Global Compact COP policy. This includes:

- A statement signed by the chief executive expressing continued support for the UN Global Compact and renewing our ongoing commitment to the initiative and its principles. This is separate from our initial letter of commitment to join the UN Global Compact.
- A description of practical actions (i.e., disclosure of any relevant policies, procedures, activities) that the company has taken (or plans to undertake) to implement the UN Global Compact principles in each of the four issue areas (human rights, labour, environment, anti-corruption).
- A measurement of outcomes (i.e., the degree to which targets/performance indicators were met, or other qualitative or quantitative measurements of results).

Sincerely yours,



(WONG FONG LENG)

EXECUTIVE DIRECTOR

Vision

Our “spirit to serve” our people, customers, partners and shareholders will make us stronger. We serve you for life.

Mission

To establish SUN as the most valued pharmaceutical sales and marketing distribution company in Malaysia while maintaining our uncompromising values as we grow through innovative products, knowledge-based services, people development, and business best-practices.

Work Philosophy

- i. Service Excellence to Our Customers
- ii. Continuous Improvement in Operation Process Best Practices
- iii. Highly Effective, Lean and Fast-moving Company
- iv. Betterment of our People
- v. Develop Company Sustainability

COMMITMENT

We recognize our responsibility to be a good corporate citizen and commit to conducting our business in a manner consistent with the principles contained within the United Nations Global Compact and the United Nations Sustainable Development Goals. At the same time, through our commitment, we will try to encourage with whom we interact to consider and shoulder their share of these responsibilities. This commitment requires that we work continuously to integrate the following human and labour rights-related areas into our daily business without neglecting **sustainable** with our employees, partners and suppliers, in accordance with the United Nations Global Compact's Ten Principles:

HUMAN RIGHTS

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

Principle 2: Businesses should make sure that they are not complicit in human rights abuses

Sun encourages all employees to be the best in their chosen field. With this, Sun are committed to a fair-minded and effective selection, development, inspiration, and recognition of people. Employees are guaranteed the right to a work environment that's free from harassment, discrimination and unfair treatment. All Sun employees should apply the company core values and uphold their work philosophy to the highest degree.

- **Harassment-Free Work Environment** – Sun is committed to providing a safe workplace environment that is free from all forms of discrimination and conduct that can be considered harassing, coercive, or disruptive, including sexual harassment. Employees who are engaging in sexual or other unlawful harassment will be subjected to disciplinary action, up to and including termination of employment without any claims of employment benefits and compensations.
- **Diversity & Inclusion** – Sun protects the rights of employees and strives to maintain an inclusive work culture where each employee is respected and valued. Employees can bring their authentic self to work every day, helping to foster an environment that enables the team to stay energized, focused and committed to doing their best. Sun does not tolerate any actions, words, jokes or comments based on an individual's sex, race colour national origin, religion, disability sexual orientation, or any other legally protected characteristic. Any cultural sensitivity actions which may causes issues in the workplace are prohibited.

• **Working Conditions** – All employees are eligible for a standard requirement of Annual Leave as per stated in Malaysia Employment Act 1955. They are also entitled to fair compensation and benefits, including medical leaves, replacement leaves, bereavement leaves, maternity leaves, paternity leaves, marriage leaves and examination leave. The standard working hours for Sun complies with national laws. The work week does not exceed 48 hours, including overtime, except in emergency or uncommon situations. The employee is given one (1) off day and one (1) rest day in a week. For salary increment and bonus, it will be based on company performance as well as employee performance contribution to the success of the company to ensure the sustainability of company achievement.

Measure of Outcome

Sun practice work life balance towards the employee and maintain the harmonious of the workplace between employees which can lead to build sound relationship at the workplace. Sun also practicing whistle blowing procedure and welcoming for employees to complaint and address issues relating to human right violation. In past 3 years, Sun do not receive any complaints involving human rights violation at workplace through group and online survey. We'll look forward for better structure for human rights method which suitable for environment & Sun's culture.

LABOUR RIGHTS

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

Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour

Principle 5: Businesses should uphold the effective abolition of child labour

Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation

Sun has never received any complaints of mistreatment, exploitation by unscrupulous recruitment agencies, physically abuse and poor work conditions. Fair and equal consideration were given in the recruitment and selection process to equal treatment throughout the employment relationship in matters such as employee development, opportunities for career transition and upward mobility. In Sun, we believe in continuous learning and developing out internal talent, providing opportunities to all employees enabling to build talent from within. Supports are provided to all employees where they are exposed to extensive training to further equip them with the necessary skills.

Freedom of association and collective bargain / Right to Participate – Sun employees are ensured aware of all company events. All employees are trained and given information about the activity that they are exposed to. They are given the chances to ask questions and suggest about issues concerning their health and safety. Participation can also be achieved by reporting unsafe conditions to the supervisor or employer.

Right to Refuse – Sun works consistently to maintain a safe and healthy work environment. Both the physical and mental working environment are monitored and continually improved to avoid accidents, injury and illness. If trainings were given and employees still feel that their wellbeing are not suitable in the participation of the events, they are allowed to excuse themselves.

Elimination of forced and compulsory labour – Sun has a zero-tolerance policy towards any form of forced labour, including bonded labour or involuntary prison, or any involvement in human trafficking. Sun will also engage with suppliers to eliminate any kind of forced labour by monitoring the risk of forced labour, and tighten up the contracts with the suppliers. We make sure that Sun has no external suppliers that use child or forced labour. If there's suspected forced labour with the suppliers, Sun's first priority is to find another source for the products even if it will increase the cost of Sun's products and marketing materials.

Abolition of Child labour – Forced labour is a very ugly business. It often involves children or the mentally disabled. Sun does not employ children below the minimum age of 18 years old. Sun also confirmed that employees under the age of 18 will not perform any duties or undertake any hazardous work that could jeopardize their health of safety, including overtime.

Elimination of discrimination– Sun upholds a fair and anti-discrimination system of management to initiatives including but not limited to offering compensation and benefits according to position, seniority, qualifications and performance and not protected characteristics. All Sun employees were given equal opportunity to join and grow within the company according to performance and potential.

Gender diversity is the key for organization's bottom lines. Sun aims to achieve equal gender breakdown as well as culture diversity. This diversity in a company would ensure a better, more dynamic and healthier business by providing a dynamic workday and encourages fine interaction for the advantages of Sun employees and company efforts.

2020	Female	Male
All Employees	38	34
Head of Departments	2	3
Executive Management	1	0
Board of Directors	2	2

With regards to diversity, Sun is in progress to be equal with the gender equality in structuring our organization chart.

Measure of Outcome:

Human Resource department served as primary communication for employees to address any issues relating to labour rights. As of now, Sun's employees are satisfied and contented to fully maximise their full potential and likewise the management is always giving a full support to help the employees to pursue their passion at work.

ENVIRONMENT

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

Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility

Principle 9: Businesses should encourage the development and diffusion of environmentally-friendly technologies

- **Sustainable development** – Sun Pharmaceutical Headquarter is located at the heart of Kuala Lumpur Sentral which provides a holistic environment. It is connected with transportation hub, giving Sun Pharmaceutical the intra-city, inter-city and global connectivity. The location encourages Sun employees to use the public transportation that helps to keep traffic congestion lower, which in turn reduces the greenhouse gas emissions and improves air quality. Sun Pharmaceutical is continuously seeking to reduce its environmental impact as much as possible. The building complies the aim of Green Building Index (GBI) Standards by incorporating sustainable technologies such as energy efficient technologies to reduce water and energy consumption by 20%; rain water harvesting system; high efficiency sanitary fittings; hybrid renewable energy systems in the form of solar panels and wind turbines to generate power to all common areas; the use of SRI material in the building's exterior to reduce global warming; and the use of T5/LED/energy saving bulbs.

- **Paperless productivity** – Sun Pharmaceutical's activities are primarily knowledge-based and employees are encouraged to be mindful of the environment, and to produce as little waste as possible. Since 2018, Sun Pharmaceutical practises to be more environmentally friendly by going paperless. Digital application such as One drive was promoted to all employees which enables everyone to transact anything, anytime, anywhere, on any device, instead of getting printed out. A simple move of going paperless not only reduces the cost spent yearly, but also cutting down on pollution with lesser usage of chemical; reducing transport and save water and trees. Management will continually encourage employees to do environmental and climate friendly initiatives.



PHARMACEUTICAL

Measure of Outcome:

Operation department conducts monthly checks on all workplaces include our store room to ensure that employees comply with the company's policies on environmental issues. The PIC monitor issues such as percentage of recycled materials, electricity & power usage. Sun also doing regular cleaning and sanitize of workplace to ensure comfortable, hygienic and green environment increased employee's efficiency to maximize their performance and reduce further disruptions.

ANTI-CORRUPTION

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

Sun is committed to conduct business transparently, honestly and with integrity which in line with company core values. Sun and all the employees also committed to compliance with the Malaysian Anti-Corruption (MACC) Act 2009, subsequent amendments to the Act and all guidelines issued by relevant authorities pertaining to the same. Therefore, Sun has not been involved in legal cases, rulings or other events related to corruption and bribery. Sun believed that leaders must treat all employees fairly and refrain from restricting their rights to speech, assembly, and voting powers. Any incidents of corruption would be reported to the Executive Management and they would prompt take action to ensure that a similar incident would not happen again.

Measure of Outcome:

In line with one of Sun's core values which is integrity that we believe that our reputation for integrity and honourable dealings is our most important asset. We believe that strong integrity is the foundation of great performance. Additionally, Sun also submit financial and account records to Grant Thornton to make sure all expenses were documented properly. Thus, till now there is no issue related to corruption or bribery while liaise with customers, suppliers and other third party.