

SUN PHARMACEUTICAL SDN. BHD.

United Nations Global Compact Communication on Progress 2022



"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 grow stronger in life.

We serve you for life

MISSION

To establish Sun as the most valued pharmaceutical sales & marketing distribution company in Malaysia while maintaining our uncompromising values as we grow through innovative products, knowledge-based services (information, framework, tools), human development and sustainability best practices

CORE VALUES

1. Teamwork

We are a group of common people working as a team to achieve uncommon results.

2. Passion For Excellent

Nothing great can be accomplished without passion.

Excellence is not an act, it is our habit.

3. Discipline

We will be discipline in our actions and services.

We realized the secret to success is constancy of purpose.

4. Humility

We put others before self

5. Integrity

We believe that our reputation for integrity and honorable dealings is our most important asset.

We believe that strong integrity is the foundation of great performance.

We recognize our responsibility to be a good corporate citizen and firmly committed to conduct our business accordance with the principles contained within the United Nations Global Compact and the United Nations Sustainable Development Goals. At the same time, we will do our utmost in selecting with whom we interact and shoulder their share of these responsibilities through this commitment. Sun understand that sustainability is a long term journey and we will continuously strive to integrate the following human and labour rights-related, environment and anti-corruption areas into our daily business without neglecting sustainability within 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 provide 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. At Sun, employees are required to treat colleagues with dignity and respect. 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. Sun genuinely care of our employees' wellbeing thus, we also provide birthday leave which employees can take a day off either on their birthday or a day before or a day after their birthday as paid 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.

• **Workplace Health & Safety** – The pandemic of COVID-19 has changed how we operate our business. Following the Standard Operating Procedures (SOP) from Ministry of Health (MOH), we established Sun Living Bubble. All employee entering office premises must have their temperature taken and register to MySejahtera. Employees are provided with face masks and masks are compulsory to wear in office area. Physical meetings among staff are discouraged and if a physical cannot be avoided, number of participants will be limited. All meetings and training are held online and weekly COVID-19 E-Alert updates are emailed to everyone on every Friday.

Health and safety of our employees is always our top priority. Hence, we provide medical benefits, Group Term life insurance and road assistance program for our staffs. Sun consistently strive to promote health and safety at work by creating safety culture through briefing and training.

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. Through this difficult time, Sun consistently support team members by providing flexibility of working from home. Our top priority always has been to keep team members at home and safe, in the meantime keeping them motivated, engaged and informed.

Sun had implemented whistle blowing procedure with guaranteed protection and freedom to employees to complaint and address issues relating to human right violation. Moving forward we will constantly strive to strengthen our harassment-free complain mechanism by following The "Protect, Respect and Remedy" Framework of United Nation with means to act with due diligence to avoid infringing on the rights of others and to address adverse impacts that occur; and greater access by victims to effective remedy, both judicial and non-judicial.

Sun aim to widen all our stakeholders' knowledges especially our employees on:

- Legal awareness of international abuse on human right
- International covenant on civil and political rights
- Universal declaration of human right

We have evaluated our Key Performances Indicators (KPIs) in terms of Harassment-Free, diversity and inclusion as well as safety and health as follow:

Harassment-Free

KPI	2022
Number of case on Sexual & Others Unlawful Harassment	0 case

Diversity & Inclusion

KPI	2022
Percentage of Employee by Gender	Male: 44% Female: 56%
Percentage of Employee by Age	Under 18: 0% 18 – 30: 61% 30 – 50: 39% 50 and Above: 0%
Percentage of Employee by Education level	SPM/STPM : 4% Diploma: 1% Bachelor's Degree: 83% Master's Degree: 11% Doctorate Degree: 1%

Workplace Health & Safety

KPI	2022
Number of case on work-related injury & Accidents	0 Case
Number of case on mental health issue	0 Case

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, physical 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.

Freedoms of association and collective bargain / Right to Participate – Sun employees are educated on the freedom of association and collective bargain. Sun employees have the rights to participate in 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 is 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 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.

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.

We have evaluated our Key Performances Indicators (KPIs) in terms of labour right as follow:

Harassment-Free

KPI	2022
Number of reported case on discrimination	0 case

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. Sun HQ located at Q Sentral building also has been award Gold rating for its GBI Index.

- **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 OneDrive was promoted to all employees who enable 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.

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. Moving forward Sun is striving to reduce 20% reduction on paper purchase annually.

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.

- **No Gift Policy** – Sun strives to provide an ethical work environment for all its employees. Sun has implemented a "no gifts" policy that prohibits employees and directors, family members or suppliers acting for or on behalf of Sun employees, subject to certain limited exceptions, accept or provide gifts, directly or indirectly. Sun requires its employees and directors to adhere to this policy to avoid conflicts of interest, as gifts can be viewed as a bribe that may tarnish Sun or violate anti-corruption laws.

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.