

Introduction

Financial year (FY2022) saw Sunway Construction Group Berhad (SunCon) continue to actively drive its journey of sustainability. The motivations for the realisation of set ESG key performance indicators (KPIs) and targets are centred on the following.

The first, to mitigate its own environmental and social impacts as a responsible corporate citizen in addressing climate change, pollution, labour and human rights and other issues. The second, to reduce business and operational risks, to uncover improvement opportunities and to ultimately derive greater business and operational improvements to sustain value creation.

The pursuit of sustainability by SunCon is in the best interests of both stakeholders and the Group.

Sustainability strategies, projects and action plans often require considerable financial support. Hence, the financial health of the organisation, reflected in growing revenues and earnings, strong cashflow and a growing

asset base is vital in ensuring the continued successful pursuit of the ESG agenda.

Conversely, the focus on sustainability can also lead to improvements in financial performance as the former supports greater operational efficiency, improved productivity and cost savings, especially in the medium to long-term.

SunCon's performance against its set KPIs and targets is provided in the introductory pages of the respective Environmental, Social and Governance subsections of this report. The Group's KPIs are also aligned to the following UNSDGs:



OUR SUSTAINABILITY COMMITMENTS AND TARGETS

In providing strategic focus and impetus to its sustainability efforts, SunCon has established specific Key Performance Indicators (KPIs) and targets.

The targets serve as reference points for the Board of Directors and Management (who have full oversight on all ESG material matters) to gauge the effectiveness of sustainability-related action plans and if necessary, implement corrective / enhanced action to accelerate the level of progress achieved year-on-year.

GROUP SUSTAINABILITY FRAMEWORK



In FY2022, SunCon reviewed its Sustainability Framework to better align its strategic approach to ESG with the industry best practices as well as to more stringent reporting disclosures.

Specifically, the emergence of more reporting frameworks such as the Task Force on Climate-Related Financial Disclosures (TCFD), Morgan Stanley Capital International (MSCI), the Sustainability Standards Accounting Board (SASB) and others necessitate more comprehensive, transparent and insightful reporting.


At SunCon, inculcating the sustainability agenda within our business strategies, operations and organisational culture is not just about achieving tangible targets. Rather it embodies the DNA of the organisation. This includes its natural predisposition towards practicing the values, principles of sustainability, which are reflected every day across operations at every level and all geographical locations.

Our sustainability agenda is driven by four strategic thrusts, spearheading our Environmental, Social and Governance (ESG) efforts supported by the three enablers of Collaboration, Innovation and Digitalisation.

Ultimately, the intended outcome of our sustainability agenda is towards enabling sustainable construction, investing in fair, safe and inclusive workplace and ensuring compliance and embracing transparency. These desired outcomes

serve as the broad perspective of the Group in relation to reducing or avoiding environmental and social impacts. Each outcome is supported by distinctive focus areas and corresponding targets. Our focus areas have been identified as being pivotal to the Group's success in realising its ESG aspirations, especially over the medium and long term.

In providing strategic focus and impetus to its sustainability efforts, SunCon has established KPIs and targets for the focus areas identified. The targets serve as reference points for the Board of Directors and Management who have full oversight on all ESG material matters to gauge the effectiveness of sustainability-related action plans and if necessary, implement enhanced actions to accelerate the level of progress achieved year-on-year. The key targets and our progress are reflected in the respective Sections of this Sustainability Statement.



At SunCon,
we define these intended outcomes as the epitome of sustainability in broad strokes for the Group. These serve to align **business strategies, operational processes** and **other aspects of operations** towards a firm ESG vision.

GROUP SUSTAINABILITY FRAMEWORK



GROUP SUSTAINABILITY FRAMEWORK

MEMBERSHIP OF ASSOCIATIONS

SunCon engages with various associations within the construction industry to participate and contribute to meeting stakeholder expectations in a mutually beneficial manner.

In FY2022, SunCon was a member of the following professional bodies / associations:

Construction Industry Development Board (CIDB)



Master Builders Association Malaysia (MBAM)



Human Resource Development Corporation (HRDC)



National Institute of Occupational Safety and Health (NIOSH)





Governance



Material matters addressed:

- Governance and Ethical Business
- Anti-Corruption and Anti-Bribery
- Responsible Supply Chain
- Risk and Regulatory Compliance
- Data Privacy and Security



PERFORMANCE ON GOVERNANCE KPIs AND TARGETS

Sustainability Matters	Target	2020	2021	2022
Governance and Ethical Business	No confirmed major non-compliance to all SunCon Code of Conducts	Zero non-compliance	Zero non-compliance	Zero non-compliance
Anti-Corruption	Maintain 100% employees trained in compliance (including new hires)	100%	100%	100%
	Zero confirmed bribery and corruption incidents	Zero confirmed case	Zero confirmed case	Zero confirmed case
Data Privacy and Security	Zero confirmed incidents on breach of customer privacy and losses of customer data	Zero confirmed incident	Zero confirmed incident	Zero confirmed incident
Responsible Supply Chain	All active suppliers and subcontractors to complete Sustainability Risk Assessment by 2024	N/A	N/A	Work in-progress
	Include ESG criteria in major suppliers' selection process by 2026	N/A	N/A	At data compilation stage
Risk and Regulatory Compliance	Zero non-compliance to all regulatory requirements and guidelines	Zero non-compliance	Zero non-compliance	41 notices received from authorities. All closed

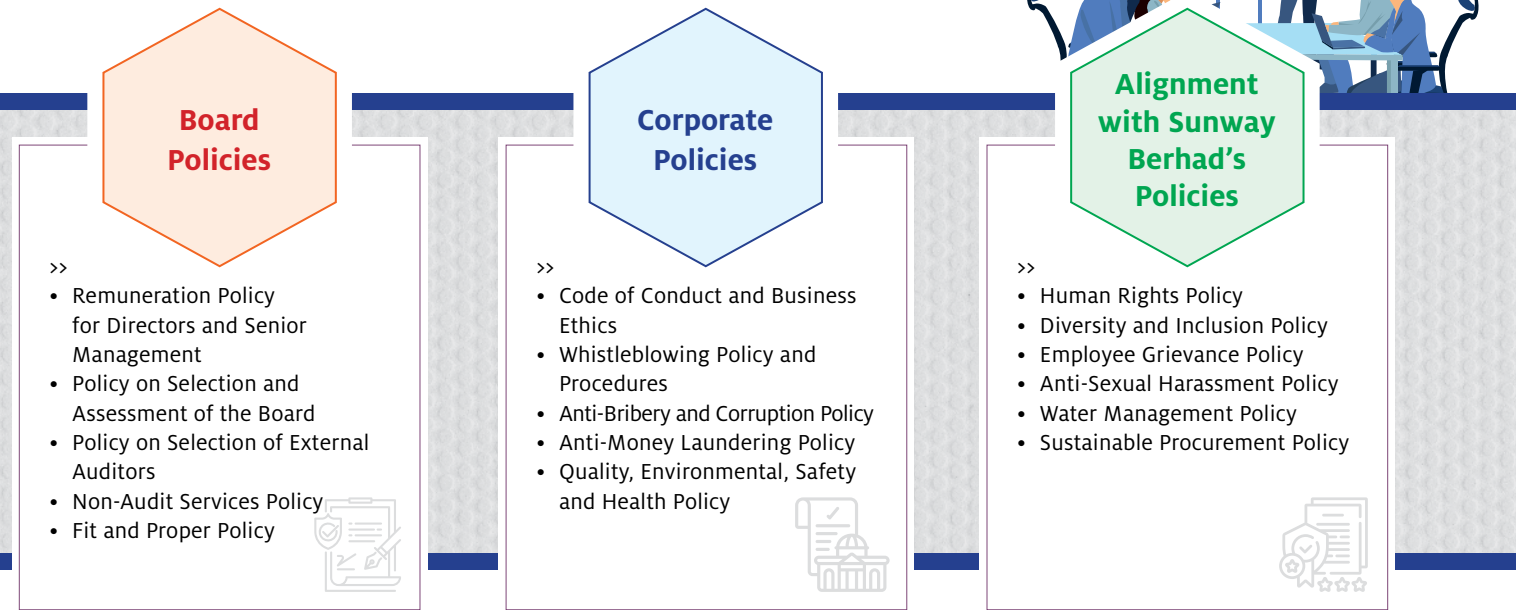
GOVERNANCE

Integrity is the first core value of Sunway Group. Upholding the highest level of ethical standards allows the organisation to establish good reputation and enhanced brand value. Good governance also reduces risk exposure, especially risks related to corporate reputation and branding.

In essence, good governance is the means to reduce a wide range of negative impacts such as loss of stakeholder trust and confidence, exposure to legal action and inability to attract new talent.

As such, SunCon is committed to conducting its business in accordance with all applicable laws, rules and regulations and the highest ethical standards, both in Malaysia and abroad.

SunCon's approach to good governance is driven by the following policies that apply across subsidiary companies and where relevant to the supply chain and other stakeholders.



UPHOLDING GOVERNANCE THROUGH STRONG COMMITMENT TO CORPORATE INTEGRITY AND ETHICAL CONDUCT

The SunCon Code of Conduct and Business Ethics (CCBE) sets out the core principles in terms of good corporate conduct, ethical behaviour and corporate integrity.

The CCBE (and other related policies) can be viewed at: <https://www.sunwayconstruction.com.my/investor-relations/corporate-governance/>.

SunCon has also established a wide range of policies aimed at strengthening corporate governance and exemplary professional conduct. These policies set out clearly how various business and operational matters should be addressed or conducted.

These policies apply across all Sunway Group companies including SunCon. Where necessary for SunCon's operating context as a construction group, additional policies have been formulated by Management and approved by the Board.

Policies have been established for the Board, employees, the supply chain and in some cases i.e. the Anti-Bribery and Corruption (ABC) policy, as well as the Quality, Environmental, Safety and Health (QESH) policy have been extended to all stakeholders.

ROLE OF THE BOARD IN UPHOLDING GOOD GOVERNANCE

The Board acknowledges its role in setting the "tone from the top" – good governance across SunCon. In this regard, the Board continues to

play an active role in not just setting broad objectives and direction, but also in the dissemination of the ESG agenda through communications activities.

The Board supports the cultivation of an ESG oriented organisational culture and mindset across the Group and where required, plays an active role in the same.

Through its sustainability governance structure as well as its Sustainability Framework, SunCon's Board of Directors maintain comprehensive and regular oversight on all material ESG topics as identified and mapped on the Group's materiality matrix. The Board is kept updated on the progress and performance of the ESG agenda through the present structure and reporting mechanism.

Collectively, the SunCon sustainability governance structure is also looking into developing climate change adaptation plans including scenario planning. The latter includes business plans in relation to the 2-degree scenario and to support the United Nations Climate Change Conference of the Parties 26 (COP26) target of Global Net Zero by 2050.

The Board level Risk Management Committee is accountable to the Board and is responsible to advise the Board on the adequacy and effectiveness of the risk management framework, including promoting better governance culture and ethical behaviour within the Group by ensuring that structured policies and procedures on anti-corruption and money laundering are in place.

Anti-bribery and corruption, as well as matters related to corporate governance, and integrity come under the purview of the full Board supported by the Audit Committee and Risk Management Committee. This includes both the ABC and Whistleblowing Policy.

BOARD REMUNERATION LINKAGE TO ESG PERFORMANCE TARGETS

In driving greater ownership and oversight of SunCon's ESG KPIs and targets at Board level, the Group is presently in progress of linking remuneration to ESG elements and performance. Methodologies being considered include providing bonus remuneration for the realisation of set KPIs and targets or apportioning a portion of the existing remuneration to KPIs and targets.

For senior management, a scorecard approach is being considered, where ESG KPIs and targets will be integrated into the individual performance scorecard of personnel with appropriate weightages set based on the following: individual's seniority and specific role within the organisation and the respective linkage of different ESG KPIs and targets to their roles. Presently, the focus on ESG linkage is being placed on OSH related KPIs and targets. SunCon will progressively expand the exercise to include other KPIs and targets.

GOVERNANCE



COMMITMENT TO BOARD DIVERSITY

SunCon's Board of Directors comprises diverse individuals, all of whom are highly qualified, industry professionals. Diversity is reflected not just in board gender and ethnicity, but also in terms of qualifications, experience, skills and competencies.

This diversity enriches the Board with varied perspectives, and an increased ability to view business, operational and sustainability matters brought for consideration from a truly comprehensive view.

The Board of Directors' composition comprising age, nationality and gender breakdowns are provided on page 290 in the Key Performance Data table at the end of this IAR2022.

Of note, SunCon is working towards achieving a 30% women representation on its Board, as stipulated in Practice 5.9 of the Corporate Governance Report issued by the Malaysia Code on Corporate Governance (MCCG).

Anti-Bribery and Corruption

The Group practices a zero-tolerance policy towards bribery and corruption in business dealings with all stakeholders. This no-compromise approach is provided for in SunCon's ABC policy which has been cascaded to all subsidiary companies within SunCon and Sunway Group.

The policy can be viewed here: <https://www.sunwayconstruction.com.my/investor-relations/corporate-governance/>.

In essence, the ABC Policy clearly sets out the Group's approach to preventing acts of bribery and / or corruption in line with Section 17A of the Malaysian Anti-Corruption Commission Act 2009. This includes all forms of abuse of power, embezzlement and fraud.

The Group is committed to implementing all necessary measures to ensure that its business operations are corrupt free at all times; and to effectively implement adequate procedures to ensure compliance with Section 17A of the amended MACC Act 2009.



The ABC policy applies to all of SunCon's stakeholders, including the Board, Management, staff and the supply chain. It also covers gift-giving and receiving, as well as solicitation and receipt of any form of incentive or gratification i.e. entertainment, sponsorships, hospitality, payments, kickbacks and so on.

SunCon since FY2020, has appointed a dedicated Anti-Bribery and Corruption Compliance Officer, who is responsible for the effective implementation of the ABC compliance programme, and is also tasked to identify, monitor and control bribery and corruption risks.

All new hires are required to complete an anti-bribery and corruption declaration prior to reporting for work. During their induction, they are briefed on the ABC policy and the Code of Conduct and Business Ethics (CCBE) policy. In FY2022, 100% of our new employees were briefed on the ABC and CCBE policy.

All employees are required to undergo refresher training and to complete an annual declaration process to restate their commitment to abide by the ABC Policy. This is in line with ensuring constant vigilance and continued compliance with the standards set for ethical business conduct by SunCon. In FY2022, all employees have underwent refresher training.

As a further measure of reinforcement, infographics were shared with all employees via email and placed on notice boards at strategic points across the workplace.

In FY2022, there were zero reported cases of bribery or corruption within the organisation.

ASSESSMENT FOR CORRUPTION RISKS

The FY2020 assessment identified several departments to be of higher inherent risks exposures to bribery and corruption. Potential risk scenarios were identified and corresponding safeguards were put in place and monitored on periodic basis.

Audits were conducted to assess the status of implementation of procedures at higher risks departments to prevent the occurrence of corrupt practices based on T.R.U.S.T principles stipulated in the Guidelines on Adequate Procedures issued pursuant to Section 17A(5) of the Malaysian Anti-Corruption Commission Act 2009.

Periodic audits were also carried out to ensure compliance to SunCon's ABC policies and procedures by business units and to ascertain that these policies continue to be adequate and effective against bribery and corrupt activities in the conduct of business.



For further information, please refer to the Audit Committee Report on pages 149 to 159.

ASSESSMENT AND MANAGEMENT OF THE SUPPLY CHAIN IN RELATION TO CORRUPTION

All new suppliers, subcontractors and service providers are required to provide information with regards to the business' readiness in implementing Anti-Bribery and Corruption, Anti-Money Laundering and Economic Sanction Compliance best management practices. This is through the Supplier / Subcontractor / Service Provider Registration Evaluation (SRE) form.

In FY2022, 100% of our new contractors and suppliers completed the SRE process.

As part of our digitisation journey, we are not only working on digitalising the SRE form towards easing the registration process, but also in simplifying the data collection and compilation process. The digitalised form is essential for the assessment of existing and long-term business partners.

SunCon also has in place procedures which provides in detail, the subcontracting process and the necessary checks and balances to ensure a corrupt free supply chain. Procedures available are Selection and Approval of Suppliers, Selection and Approval of Consultants and Business Partners and Appointment of Suppliers.

During the contract awarding process, potential business partners must affirm their consent to abide by the anti-bribery and corruption, anti-money laundering and economic sanction compliance declaration. Any breaches in the declaration may result in punitive actions as stipulated including termination of the contract or even reporting to regulatory authorities if the breach warrants as such.

SunCon continues to refine the assessment and management of its supply chain in relation to corruption and is committed to systematically minimising corruption risks within its supply chain.

WHISTLEBLOWING POLICY AND PROCEDURES

SunCon has established a whistleblowing mechanism which is governed in accordance to the Group's Whistleblowing Policy and Procedures.



The said policy can be viewed here: https://ir2.chartnexus.com/suncon/doc/cg/Whistle_Blowing_Policy.pdf.

Anyone wishing to make a whistleblowing report may do so via the following channels:

Whistleblowing hotlines

☎ : (603) 5639 8025

✉ : whistleblowing@sunway.com.my

Whistleblowing reports are investigated independently by the Group Internal Audit Department (GIAD). GIAD will conduct an investigation on each whistleblowing report received and upon completion of each investigation, the findings will be presented to the Chairman of the Audit Committee for further action.

The whistleblower's identity will remain anonymous throughout the whistleblowing report-making process as well as during and after subsequent investigations have been done, unless otherwise required by law or for purposes of proceeding against or by the Group.

The whistleblower is also granted immunity from any form of intimidation, punitive action or reprisal regardless of whether the allegation is proven to be true or unfounded, as long as the report has been made in good faith.

For FY2022, there were zero confirmed cases of corruption received through the whistleblowing channel.

POLITICAL POSITION AND CONTRIBUTIONS

SunCon maintains its position as an apolitical organisation and hence does not favour or promote the agenda of any political party. Neither is the Group affiliated to any political organisation. The Group has not made any donations to any political parties.

However, SunCon, in its pursuit of ESG may on occasion, support, participate or agree to be a strategic partner in ESG or corporate social responsibility (CSR) events or programmes organised by the government of the day. Such involvement is strictly for the purpose of the realisation of the programme's objectives and is not in any way a political endorsement of the government, any political party or politician.

Data Privacy and Security

SunCon adheres to the Personal Data Protection Act 2010 which provides for strict confidentiality of private information. Any personal information collected by the Group is done with the full consent of the data owner and is collected solely for business use only.

No such information is provided or sold to 3rd parties. All data is secured through a robust IT-based data protection system with access restricted only to selected employees who require such information for business use. FY2022 saw SunCon continue to maintain its track record for zero data breaches.

Environmental



Material matters addressed:

- Climate Action
- Circular Economy
- Water Protection
- Biodiversity



The construction industry has been typically regarded as being a key contributor to environmental impacts. Hence, it is essential that the construction industry pivots from its conventional resource intensive model to a more sustainable form of operations with greater focus on reducing carbon footprint and progressing towards the adoption of circular economy.

By rethinking the construction model and processes, SunCon continues to reshape the industry towards becoming more sustainable. This is typically a more effective approach, rather than attempting to integrate and retrofitting sustainability at later stages of the development, construction and operation cycle.

The continuous utilisation of digital solutions utilised by our Engineering and Construction Division enables us to optimise the overall planning and execution processes, yielding multiple benefits such as reducing waste

as well as achieving cost and manpower efficiencies. The digital solutions we utilise in our projects include Virtual Design and Construction (VDC), Building Information Modelling (BIM) and Industrial Building Systems (IBS).

SunCon uses both the Industrialised Building System (IBS) and aluminium formwork methodologies to reduce consumption of raw materials and wastage, reduce dependence on human labour, expedite construction completion and to achieve cost and production efficiency while improving consistency of quality.

Beyond resource consumption, the Group is also looking at waste generated and emissions, which if left unchecked can exacerbate present issues such as climate change, global warming, water contamination, biodiversity impacts and more.

Through the use of low impact materials, energy efficiency planning, careful consideration of construction methodology and the engineering of the ebb and flow of human and vehicular traffic, SunCon is able to reduce emissions during construction and conserve the use of natural resources during the projects' build and operational phases.

Another key aspect of SunCon's approach to environmental impact is the Group's contribution as a RE solutions provider, in particular as a builder / installer of solar energy generating facilities.

The Group continues to undertake a wide range of RE projects and in doing so, is directly playing a contributory role in the realisation of Malaysia's target to achieve 31% of its energy generating capacity to be derived from RE sources by 2025 as stipulated in Malaysia's Energy Transition Plan 2021 – 2040.

ENVIRONMENTAL

PERFORMANCE ON ENVIRONMENTAL KPIs AND TARGETS

Sustainability Matters	Target	Interim Target 2022	2021	2022	Legend Tracking
Climate Action	Reduce Scope 1 emission by 40% by 2030 compared with 2020 levels (2020: 9,713 tonnes CO ₂ e)	10% reduction	6,104 tonnes	7,167 tonnes	26.2% reduction from 2020 levels
	Reduce Scope 2 emission by 40% by 2030 compared with 2020 levels (2020: 2,793 tonnes CO ₂ e)	10% reduction	3,863 tonnes	4,505 tonnes	61.3% increase from 2020 levels
Circular Economy	10% waste diversion from landfill by 2030 by improving segregation strategy	2% diversion	N/A	22.5%	Achieved
Water Protection	Reduce demand on potable water by 30% from 2020 levels by 2030 (2020: 392,726 m ³)	6% reduction	316,145 m ³	314,821 m ³	19.8% reduction from 2020 levels
	Alternate water source (rainwater harvesting / water recycling) of at least 10% of total water withdrawn by 2030	2%	3.2%	11.2%	Achieved
	Zero non-compliance on water discharge quality	Zero non-compliance	Zero non-compliance	Zero non-compliance	Zero non-compliance
Biodiversity	Zero environmental incidents with severe environmental damage	Zero incident	Zero incident	Zero incident	Zero incident

Legend: Progress Tracking
● Meeting interim target, maintain performance towards meeting 2030 target
● Falling short of interim target for one year, review current practices
● Falling short of interim target for more than two years, review and revise target (if necessary)

The Group is cognisant that FY2022 saw a non-achievement of its set target for Scope 2 emissions. Despite the best efforts to maintain a downward trend, several factors i.e. a return to full operations post pandemic (including undertaking of commissioning and testing for several projects) resulted in Scope 2 emissions surpassing the set KPI. It must also be stated that the KPIs and targets for Scope 1 and Scope 2 emissions were set during the pandemic period (when the base year for emissions levels were comparatively lower) when operating activities were far from peak levels. Management will continue to monitor the Group's performance as well as the necessity for the Scope 2 emissions target to be reviewed.

CHAMPIONING SUSTAINABLE ENERGY USE

Through SunCon's Sustainable Energy Services division, the Group continue to be in the forefront of ongoing efforts to enable the transition towards a greener economy.

In FY2022, the division completed 18 rooftop solar panels installation projects with a cumulative clean energy generating capacity of 17,866 kWp.

Please refer to Management Discussion and Analysis on Sustainable Energy Services at pages 40 to 41 for more information.

ENVIRONMENTAL

AT THE FOREFRONT OF THERMAL ENERGY STORAGE AND DISTRICT COOLING SYSTEMS

Apart from solar energy, SunCon has ventured into the development of other sustainable energy infrastructure and solutions. These include the completion of the Thermal Energy Storage (TES) tank at IOI City Mall Phase 2 project; and the District Cooling System (DCS) at the mixed development in South Quay Square, Sunway City Kuala Lumpur in collaboration with ENGIE Southeast Asia.

Thermal energy storage is much cheaper than electricity storage and it has high potential of integrating intermittent RE sources such as wind and solar. TES reduces energy costs, carbon emissions and improves overall energy efficiency.

The DCS provides an energy efficient cooling solution to reduce carbon footprint and will be completed by FY2024.

UNDERTAKING GREEN BUILDING DESIGN AND DEVELOPMENT

In supporting the realisation of SDG 11 Sustainable Cities and Communities, SunCon continues to leverage its extensive capability to be a proponent of green building solutions. The Group is currently

working towards completing 11 green buildings. The Group continues to be at the forefront of construction for eco-friendly buildings with a reduced environmental footprint.

With the growing interest in embodied carbon reduction, material selection process has become increasingly important and pivotal. Consumption of green building materials are gaining traction, especially green concrete, autoclaved lightweight concrete (ALC) blocks, eco-friendly pavements, low Volatile Organic Compound (VOC) paints are common green building materials used at construction worksites. As a contractor, SunCon is committed to adhere to the relevant building codes and standards and as determined by the designers, especially on matters in relation to material selection.



List of SunCon's Ongoing Green Building Projects

Project	Certification
Sunway Velocity Two, Kuala Lumpur – Plot A	GreenRE – Gold
Sunway Velocity Two, Kuala Lumpur – Plot B	GreenRE – Gold
Sunway Serene, Petaling Jaya	GreenRE – Gold
Sunway Belfield, Kuala Lumpur	GreenRE – Platinum
Sunway International School, Sunway City Kuala Lumpur	GreenRE – Platinum
Sunway Velocity Two – Corporate Office, Kuala Lumpur	GreenRE – Platinum
Sunway Carnival Mall Extension, Seberang Jaya, Penang	GreenMark – Gold Plus & GreenRE – Gold
South Quay Square, Sunway City Kuala Lumpur – Office Tower 1	LEED – Gold
South Quay Square, Sunway City Kuala Lumpur – Office Tower 2	LEED – Gold
Sunway Flora, Bukit Jalil	GreenRE – Platinum
Sunway Medical Centre Velocity Phase 2 (3C4), Kuala Lumpur	GreenRE – Silver

ENVIRONMENTAL

Climate Change and Emissions



In recent years, the impacts of climate change have become more severe and frequent. Rising ambient temperatures, affected weather patterns, water scarcity, biodiversity loss, increased severity of natural disasters, these are just some of the impacts attributed to climate change. Inevitably, these large-scale impacts would have social ramifications, affecting a wide range of stakeholders, including businesses.

The impacts of climate change on SunCon's business model and operations are not limited to direct physical impacts such as inclement weather and increasing frequency and severity of meteorological events. Climate change can also impact the availability of construction materials, disruptions to project works caused by weather-related developments and also the health and safety of workers on-site. The company recognises its role in mitigating the impacts of climate change, hence we are committed to managing our energy use and efficiency as our call to action in reducing GHG emissions.

NET ZERO CARBON EMISSIONS BY 2050

SunCon's aspiration is in line with that of the Sunway Group, which is to achieve Net Zero Carbon Emissions by 2050. This is a Groupwide goal and extends to all of SunCon's operations locally and abroad.

In driving the Group's progress towards this long-term aspiration, SunCon has established interim milestones comprising short to medium-term emissions reduction targets as described in the performance table.

The targets are to be achieved through a comprehensive approach focused on reducing Scope 1, 2 and 3 emissions. With regards to the latter, SunCon will be focusing on the aspects of waste generated and purchased goods.



Further details are provided on pages 94 to 96 in the Circular Economy section of this Statement.

ENERGY CONSUMPTION AND MANAGEMENT

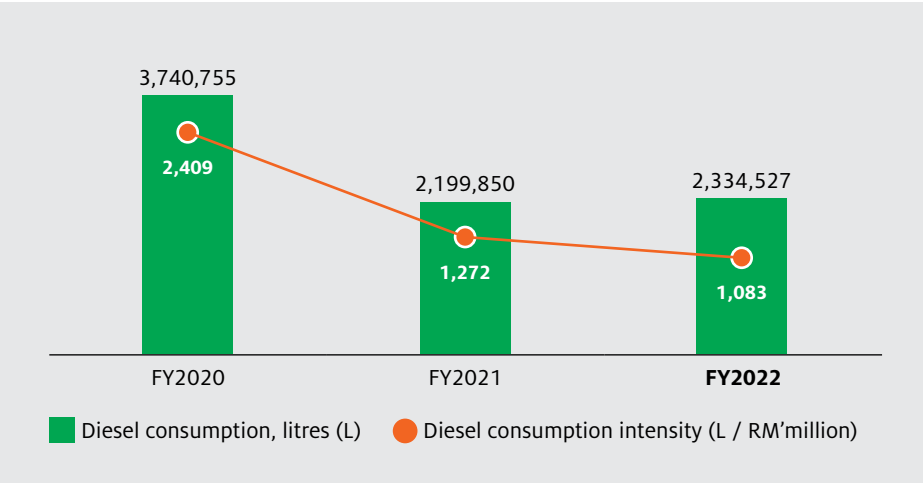
An intrinsic aspect of managing environmental impact is to address energy consumption, particularly if the business model relies on fossil fuels (or electricity produced from fossil fuels).

Consumption of fossil fuels emit carbon emissions which is a major contributor to climate change and global warming. The Group's reliance on fossil fuels can also contribute to depletion of this non-renewable resources.

SunCon's primary sources of energy are purchased electricity and diesel. Purchased electricity is sourced from the national power grid. Diesel is mainly consumed by plants and machinery and at times, to provide temporary electricity source by means of gensets. Fuel is also consumed by company vehicles.

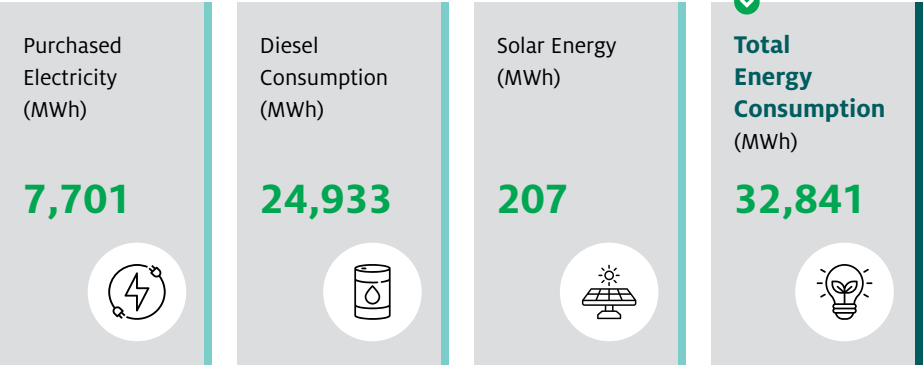
Given that the Group's standard operations typically require high energy consumption, SunCon has continued to focus on how best to achieve greater energy efficiency or intensity. In FY2022, SunCon recorded an increase of 6.1% in diesel consumption. However, in terms of diesel use efficiency, the Group recorded a reduction of 14.9% in diesel consumption intensity, L / RM'million.

Diesel Consumption and Consumption Intensity



Note: Includes diesel consumption from company facilities only

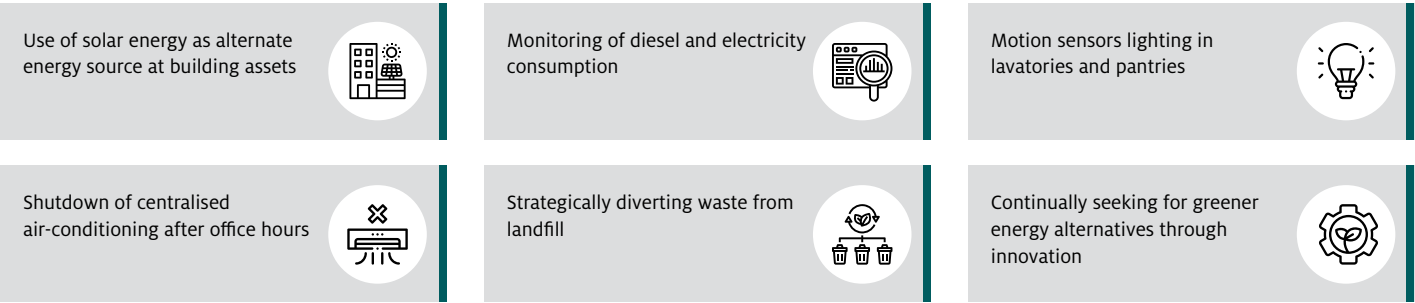
Total Energy Consumption (MWh)



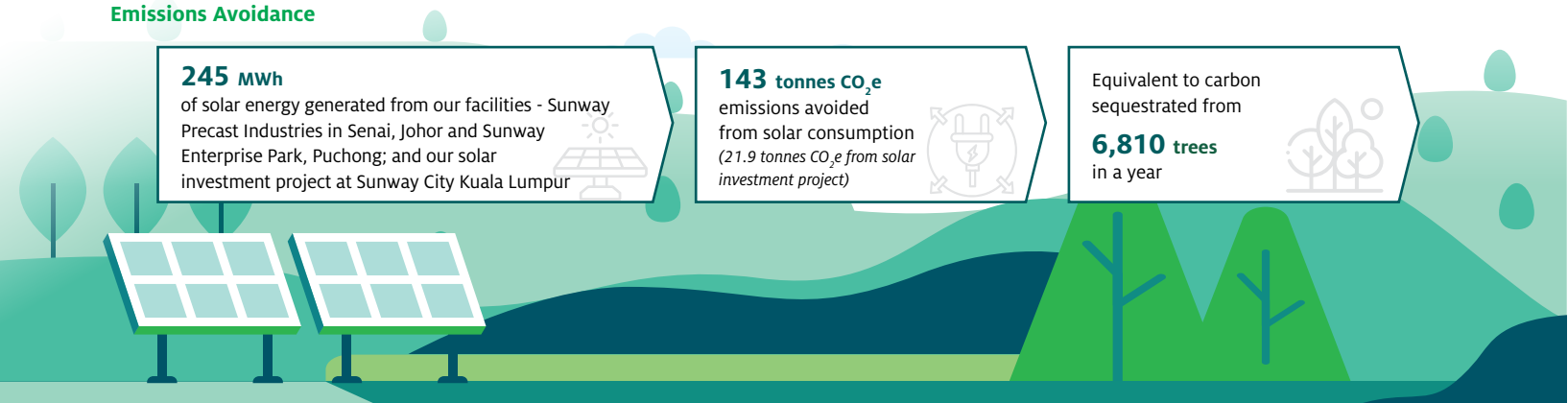
Note: Figures stated may not add up due to rounding of decimals

ENVIRONMENTAL

Carbon Footprint Reduction Initiatives



Emissions Avoidance



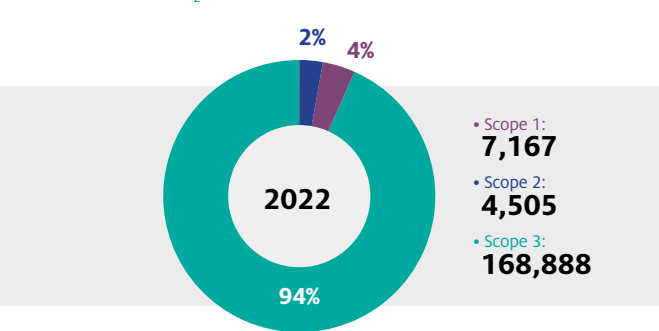
Note: 1 tree absorbs approximately 21 kg of carbon dioxide

EMISSIONS PERFORMANCE

Emissions data for all Scope 1, 2 and 3 were derived from the following emissions factors: Department of Environment, Food & Rural Affairs (DEFRA), United Kingdom and Malaysian Green Technology and Climate Change Centre.

Carbon footprint is calculated in accordance with the World Business Council for Sustainable Development and World Resources Institute's (WBCSD / WRI) GHG Protocol, a corporate accounting and reporting standard.

Total CO₂e Emissions in 2022 (tonnes, %)



Note: Figures stated may not add up due to rounding of decimals

ENVIRONMENTAL

Water Consumption and Management

Water is consumed in comparatively large quantities for a wide range of applications on construction sites. These include machinery wheel washing, sanitation and irrigation, testing and commissioning, dust suppression and road-cleaning works.

WATER WITHDRAWAL AND CONSUMPTION

The Group utilises water sourced from local utility providers as well as where feasible, rainwater harvesting and recycled water.

The focus is on reducing water consumed from municipal sources and to increase the use of recycled water, especially non-potable applications. Among the methods adopted are rainwater harvesting, control of water pressure at all sites and more.

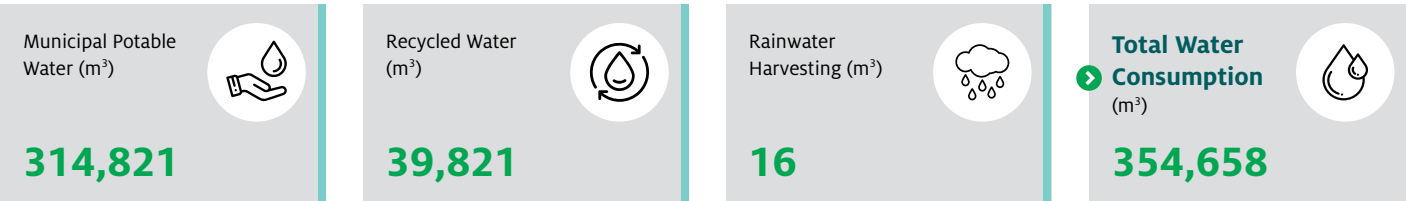
It is intended that by FY2025, all construction sites will have a comprehensive and defined water management plan.

According to the Water and Sewerage Fact Book 2021 released by Suruhanjaya Perkhidmatan Air Negara (SPAN), the reserve margin in 17 out of 20 of our work sites where operations are controlled directly by SunCon

are within healthy levels of 15% to 20%. The remaining 3 work sites, which are located in the Johor region, has a reserve margin of 14.3%, below the safe levels.

Recognising that water scarcity is a potential setback to our operations, whilst reducing water consumption is crucial, we are increasingly focusing on exploring the feasibility of alternate water sources for non-potable applications to reduce our reliance on municipal water supply. Among the initiatives currently in place include using water from silt traps and reusing water from wheel washing bays.

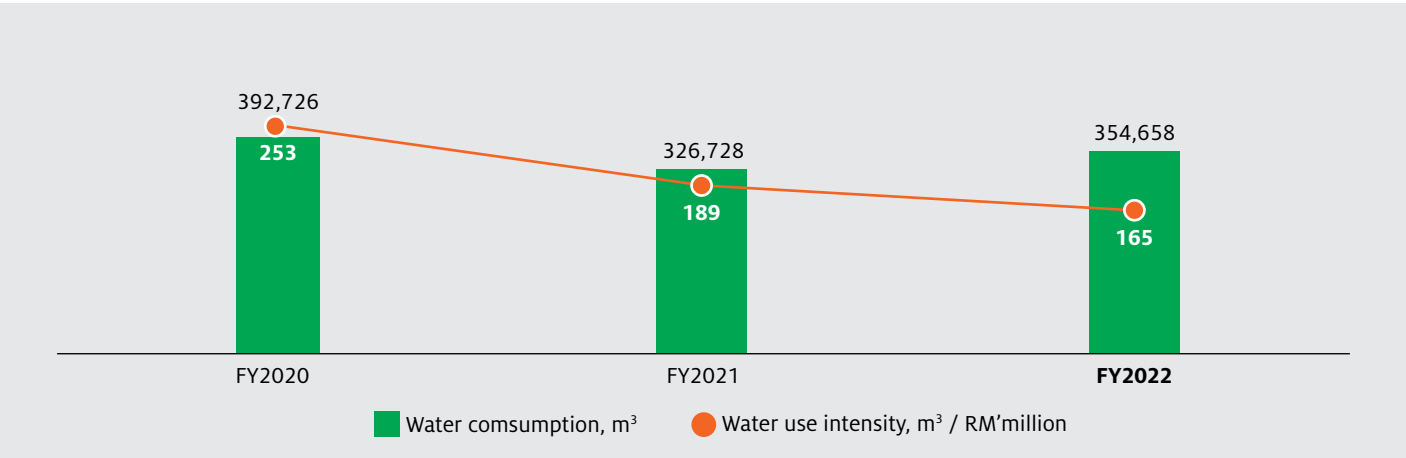
FY2022: Water Consumption (m³)



SunCon recorded a reduction of 19.8% in potable water consumption from its FY2020 baseline, which places the Group on-track with meeting its SunCon Future Value Goals 2030 target of reducing potable water demand by 30% from FY2020 consumption levels.

In FY2022, we recorded an increase of 8.5% in total water consumed. However, an increase in consumption of recycled water from 3% to 11.2% share of total water consumption, was recorded in FY2022 as compared to FY2021. This is mainly due to the increased use of recycled water at Sunway Concrete Products Precast plant and marginal contributions from the rainwater harvesting system at Sunway Enterprise Park. We are also more efficient in our water consumption.

Total Water Consumption and Water Use Intensity



At our Sunway Concrete Products facility, SunCon constructed a wastewater recycling system. The system treats wastewater from batching plant operations – to be then reused for non-potable applications. More than **111m³** of recycled water is produced daily. At the Sunway Enterprise Park, the Group’s Machinery Division has installed a 6m³ capacity rainwater harvesting system.

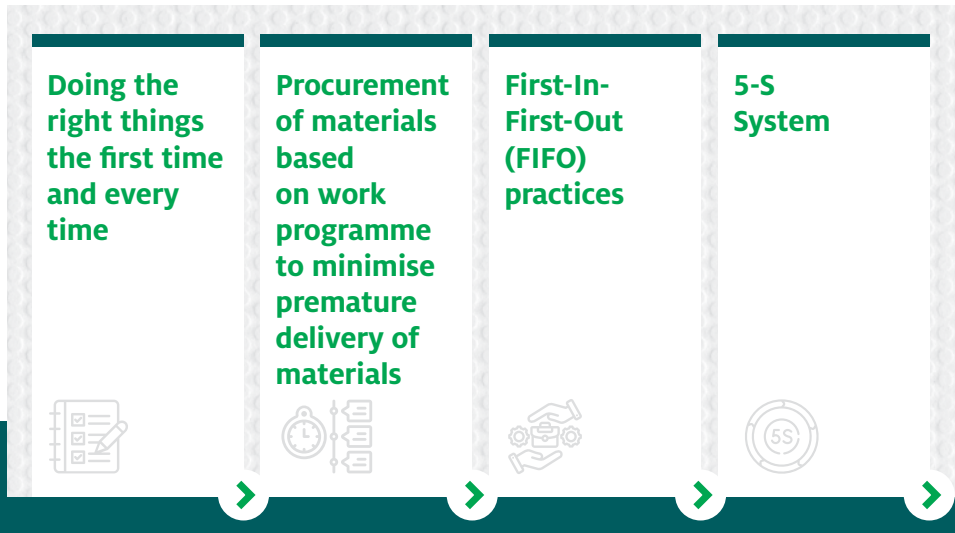
Circular Economy

The construction industry typically uses a wide range of building materials and resources. These include cement, steel, bricks, etc. As these materials are produced from finite natural resources, SunCon is committed to driving its focus on reducing consumption, improving consumption efficiency through maximising its function and the lifecycle of its resources.

In addition, the Group is also increasingly adopting more sustainable material alternatives where possible, and to tap its design expertise notably through Virtual Design and Construction (VDC) to reduce the quantity of resources required for projects.

The Group has implemented good practices on materials management which ensures that materials are delivered, handled and stored appropriately and efficiently to minimise unnecessary waste generation.

Good Practices on Materials Management



Pursuing resource efficiency continues to be a focus area as not only does it promote sustainable practices, it also promotes cost and production efficiencies, which contribute to improved financial performance.

The inherent nature of the construction business consumes natural resources and generates waste. However, through circular economy approaches as well as application of good design, building and procurement practices, the generation of absolute wastes that ends up in landfills can be reduced.

Guided by its QESH policy, SunCon is committed to preventing environmental pollution, managing waste and conserving natural resources through systematic environmental impact evaluation and controls implementation. In this regard, SunCon focuses on two key aspects: waste and material management.

The top five commodities used are: steel bars, cement, sand, ready mixed concrete and quarry.

Please refer to the Key Performance Data table on page 288 for specific information on quantities consumed for each commodity in FY2022.



Storage area barrier made from used pallets

LIFECYCLE PERSPECTIVE

At SunCon, we take into account the environmental aspects and impacts of our company’s activities, products and services. As majority of SunCon and its subsidiaries are certified with the ISO 14001:2015 Environmental Management System (EMS), guided by the management system requirements, environmental aspect and impacts assessment is a prerequisite to any of our construction activities. This is where life cycle mapping comes in; incorporated into the QESH management system, it involves managing boundaries for all our activities, products and services, allowing us to identify and mitigate environmental impacts and incorporate practices that will contribute to the preservation of the environment.

WASTE MANAGEMENT

Waste produced at construction sites are widely categorised into hazardous and non-hazardous waste. While hazardous waste is typically scheduled waste regulated under the Environmental Quality (Scheduled Wastes) Regulations 2007, non-hazardous waste are mainly construction waste and domestic waste.

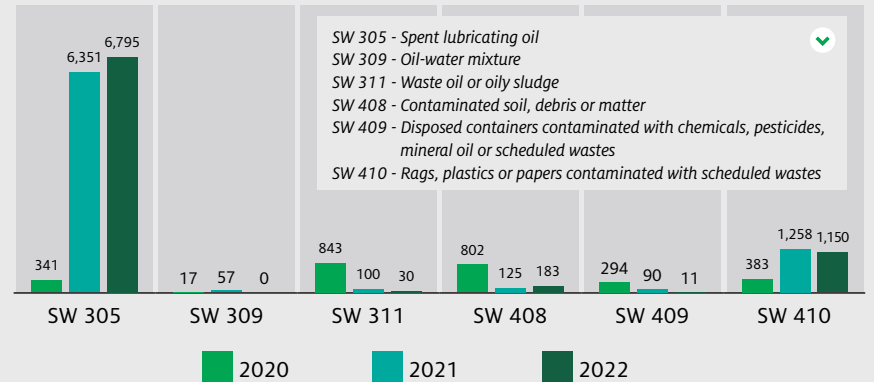
We are highly aware of the consequences of improper waste disposal, emissions and discharges as it can result in legal repercussions and environmental pollution. Violations of environmental regulatory requirements will also impact the company’s reputation and branding. In FY2022, we achieved our target of zero compounds and fines from authorities on environmental issues.



Management of Hazardous Waste:

Hazardous waste is managed in accordance to the regulatory requirements. Our hazardous waste is stored at the designated scheduled waste storage area within the site vicinity, monitored and disposed by licensed waste collectors at approved disposal facilities.

Scheduled Waste Generation (kg)



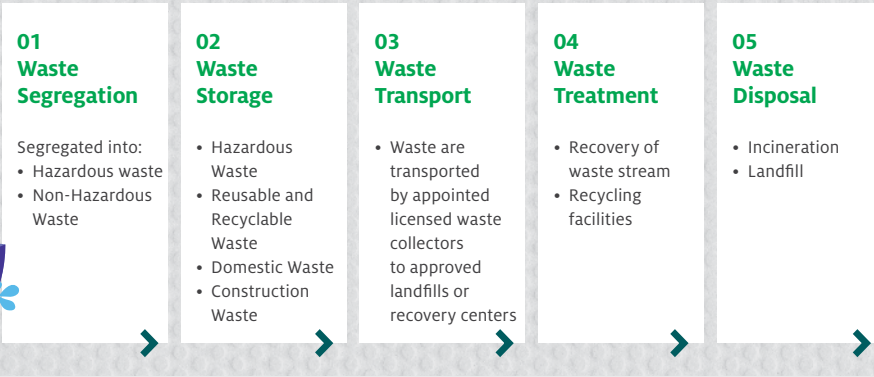
Note: Figures stated in chart have been rounded to the nearest whole

Management of Non-Hazardous Waste:

We are committed to divert our non-hazardous waste: construction waste such as timber, concrete, steel waste and domestic waste such as food waste, paper, plastic and aluminium from landfills. Recognising that waste to landfill contributes to our Scope 3 emissions, waste reduction and diversion is part of our strategy to reduce our indirect emissions. The 3R approach of solid waste management: reduce, reuse and recycle remains the key to sustainable waste management where disposal is carried out in an environmentally responsible manner and to conserve natural resources.

Essentially, SunCon adopts a 3R approach, that is to reduce, reuse and recycle waste as much as possible. The last option is for waste to be sent to landfills.

SunCon's Waste Management Process



ENVIRONMENTAL

SunCon is further guided by its QESH Policy with regard to waste management and is increasing its adoption of circular economy methodologies. The ultimate goal is to achieve zero landfill waste.



Recycled pallets and plywood for passenger hoist platforms

Concrete Waste

Concrete waste is reused as crusher run for the temporary internal access roads within a project site



Timber Waste

Timber waste is mainly reused for signage, storage facilities and other site facilities



Steel Waste

Steel bars are sent to mills or foundries for recycling



Domestic Waste

Recyclable waste from domestic waste are sent to recycling centres for further processing



In ensuring waste generation is reduced across all construction worksites, SunCon has established the following waste targets for each construction material.

	Target	% Project sites achieved target in FY2022
Ready-mix concrete foundation		
Piling Works	25.0%	33%
Basement Works	15.0%	80%
Ready-mix concrete		
Building Works	5.0%	92%
Civil Works	8.0%	100%

The failure of two geotechnical projects to meet ready-mix concrete wastage target was primarily due to environmental externalities. We will continue to ensure mitigation controls are put in place towards preventing a reoccurrence. With regard to the steel bars wastage, we will continually aim to minimize such wastage by recycling steel bar wastes into gratings for wash troughs and to adopt other methods towards repurposing such materials.

All business divisions will continue to strive towards reducing waste levels, notably those that did not meet the set threshold targets.

ENVIRONMENTAL

POLLUTION MANAGEMENT



SunCon is cognisant that potential pollutants generated from its business operations and activities may pose negative impacts not only to the environment, but also to the communities in where the Group operates.

Untreated effluent discharges, air emissions and noise exceeding regulatory thresholds are some of the main causes of pollution. SunCon is committed to ensuring regulatory compliance as set out by the Department of Environment (DOE), Malaysia on the air and water quality, and noise control.

In FY2022, SunCon continued to closely monitor air emissions, noise levels and water parameters at all construction sites to ensure compliance with the performance parameters set by DOE as well as their equivalents in other geographical locations. This is achieved through periodic environmental monitoring.

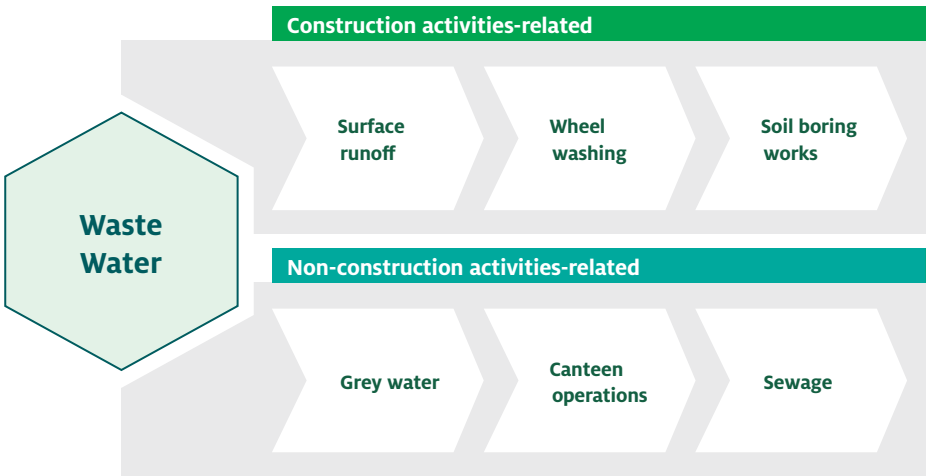
With regards to chemicals, the Group continues to adopt a zero major spillage policy. In FY2022, attributed to the strict adherence to related SOPs, SunCon continued to maintain a zero-incident track record for major spill incidents.



Specific performance data on SunCon's air, water and noise monitoring data is provided in the Key Performance Data table on pages 283 to 286.

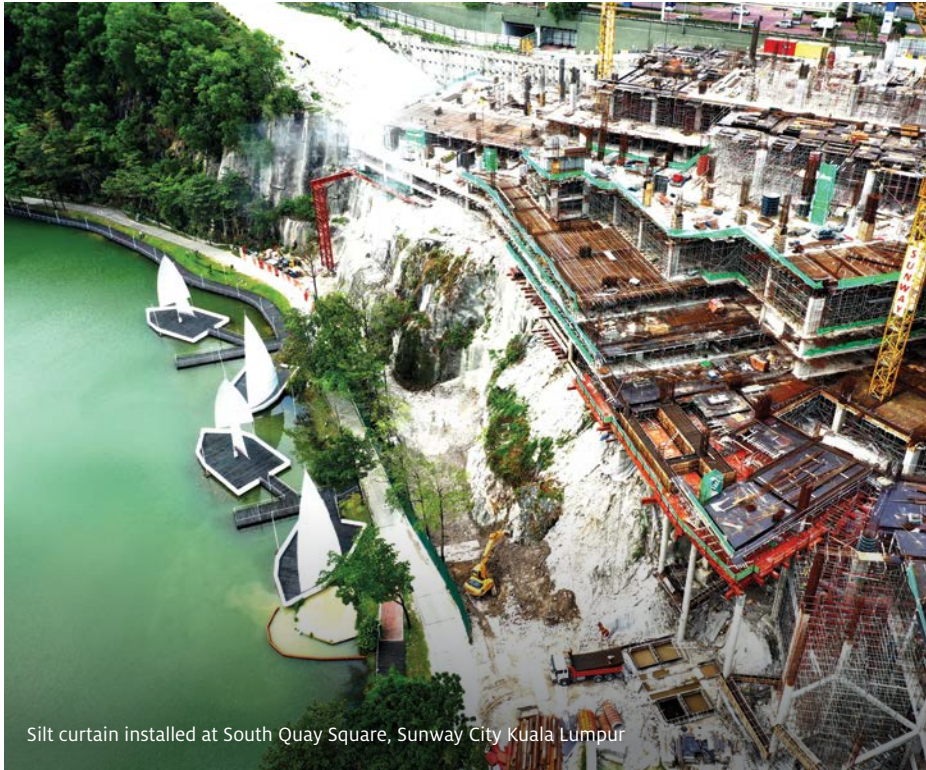
WASTEWATER MANAGEMENT

Wastewater from construction sites is classified into wastewater from construction and non-construction related activities.



Management of Wastewater from Non-Construction Activities

For non-construction related activities, service providers are engaged to maintain the sewage storage tanks of portable and temporary toilets. For waste generated from canteen operations, grease traps are installed at sink outlets and the collected grease is disposed off separately.



Silt curtain installed at South Quay Square, Sunway City Kuala Lumpur

ENVIRONMENTAL

Management of Wastewater from Construction Activities

SunCon has established Best Management Practices (BMP) to manage erosion and sediment controls (ESCs) including silt fences, silt traps, temporary perimeter drainage, check dams and slope protection to prevent surface runoff and sediments from entering into water bodies adjacent to, or in close proximity to our construction sites.

In addition, to ensure no organic compounds are carried through the surface runoff into water bodies, secondary containments have been installed at onsite chemical storage areas as well as scheduled waste storage areas and also during machinery maintenance works.

All water discharge points are monitored at defined frequencies to ensure they are within the DOE's limit. Immediate corrections are taken when the Total Suspended Solids (TSS) levels exceed the permissible limit. SunCon had several incidents of non-compliance based on river water monitoring results. These incidences were due to externalities not arising from the Group's operations. Regular maintenance work will continue to be conducted on all Erosion and Sediment Controls (ESC) systems to prevent non-compliances.

GOVERNANCE OF THE SUPPLY CHAIN

SunCon has progressively encouraged its suppliers to align with the Group's standards and benchmarks for ESG. In doing so, it enables SunCon to multiply the effects of its sustainability approach and also address the issue of ESG impacts that may be occurring outside of the Group's boundary.

Establishing ESG guidelines for suppliers also contributes to an overall improvement in the quality of the Group's supplier and sub-contractors base while developing a robust value chain that is compliant with industry standards and regulatory requirements.

The Group's Sustainability Policy sets the basis for the management approach in promoting good ESG practices among stakeholders. The said Policy shall be disseminated to all SunCon stakeholders in FY2023.

The Group also conducts risk assessments on its supply chain, for both environmental and social compliance as part of its prequalification criteria. Presently, all new subcontractors, suppliers and service providers are required to complete the Sustainability Risk Assessment procedure. In FY2022, 100% of our new subcontractors and suppliers completed the procedure and we are moving towards enforcing the assessment for all existing active suppliers and subcontractors by 2024.

By FY2026, the Group aims to incorporate sustainability assessment as part of the supply chain tender and selection process.

Material Matters	Target	2020	2021	2022
Supplier Environmental Assessment	Percentage of new suppliers screened using environmental criteria	N/A	100%	100%
Supplier Social Assessment	Percentage of new suppliers screened using social criteria	N/A	100%	100%



ENVIRONMENTAL

Good governance of the supply chain also improves the quality of suppliers, quality of goods and services as well as social and environmental aspects. This is particularly important given SunCon's stringent requirements for high-quality inputs towards meeting set quality benchmarks. Hence, it is imperative that suppliers are subjected to stringent standards. All SunCon suppliers are required to comply with all relevant laws, regulations and standards.

Biodiversity and Environmental Monitoring and Compliance



SunCon acknowledges the importance of biodiversity to food security, the lives of indigenous communities, local culture as well as to habitat preservation. Biodiversity loss can ultimately impact the health of the natural environment, which can disrupt food chains, affect the condition of rivers and other natural environment; leading to biodegradation and various adverse effects on societies and people.

As a construction company, the Group is not the land owner or project owner on the sites where the Group operates. The responsibility of conducting environmental impact

assessments, biodiversity assessments, audits and equivalents comes under the purview of the project owner.

To the best of its knowledge, SunCon does not operate at, adjacent or near any sites or locations deemed to be of high conservation value (HCV).

Nevertheless, SunCon continues to take all necessary measures with regard to preserving the environment. This includes ensuring environmental impacts caused by construction activities are kept to a bare minimum and within the thresholds set by

the Department of Environment and other regulatory authorities.

The Group is guided by its ISO 14001 certified QESH Policy and Management System for environmental management and preservation.

The Group always operates in compliance with environmental and social regulatory requirements, including with regard to biodiversity. In FY2022, we achieved zero complaints, fines and compounds with regards to biodiversity impact or biodiversity loss.



Social



Material matters addressed:

➤ Employee Management	➤ Fair Labour Practice	➤ Occupational Safety and Health
➤ Product Quality and Responsibility	➤ Community Enrichment	



Quality assessment at project site

Certainly, the construction sector is inherently linked to a wide range of material social topics. Among these topics include developing local talents, human and labour rights, impacts on local communities and Occupational Safety and Health (OSH).

On the contrary, the continued evolution of the construction business model towards prioritising stakeholders, namely workers across the supply chain as well as surrounding communities has led to the industry bringing many positive effects to these stakeholders. Among these include improvements to local infrastructure, creation of meaningful employment and fair wages, commercial opportunities to local suppliers, improved health and safety and more.

In essence, the relationship dynamics between the construction sector and society continues to transition towards a win-win, mutually beneficial dynamic.

SunCon's approach is to increasingly, through its business model, be committed to safeguarding of human rights, improved working conditions, better remuneration and benefits and improved quality of life.

PERFORMANCE ON SOCIAL KPIs AND TARGETS

Sustainability Matters	Target	2020	2021	2022
Occupational Safety and Health	Zero fatalities in all activities for employees and subcontractors	2	0	1
	Lost Time Injury Rate (LTIR) less than 0.3	0.54	0.16	0.44
	All employees to be trained on safety and health standards	N/A	N/A	100%
Employee Management	Increase average Learning and Development (L&D) hours to 40 hours per employee by 2030	23.1 hours	17.5 hours	23.8 hours
Product Quality and Responsibility	Zero incidents of non-compliance with regulations concerning quality of our products and services	Zero incident	Zero incident	Zero incident
	Achieved overall average satisfaction score of 70% and above	79.0%	78.7%	78.8%
	QLASSIC score: 83% and above for all relevant building projects	N/A	Average score 83% (1 project assessed)	Average score 82% (4 projects assessed)
Fair Labour Practice	Maintain 100% engagement with direct workers annually on matters related to terms of employment	N/A	N/A	100%
	Zero confirmed incidents on human rights violation	Zero incident	Zero incident	Zero incident
Community Enrichment	Supports communities through social impact projects and initiatives in encouraging inclusive growth	RM0.6 million distributed	RM1.5 million distributed	RM2.09 million distributed

SOCIAL

ECONOMIC VALUES GENERATED FOR STAKEHOLDERS

SunCon creates both direct and indirect economic values through its business model. As per all businesses, the generation of financial values, customarily reflected in revenue and profits, is imperative towards sustaining operations and also in driving ESG performance.

Please refer to the Value Creation Model on pages 12 to 13 for more information.

However, financial values aside, through its business model, SunCon creates and distributes a wide range of economic value to its stakeholders.

The business model creates jobs and entrepreneurship opportunities, it facilitates skills and knowledge transfer, enables the development of local supply chains and provides various other socio-economic contributions. Beneficiaries include shareholders, local communities, financiers and investors, the government and others.

More than **38%** of the value generated by the Group is channelled back to our employees through salaries and other benefits

LOCAL PROCUREMENT

The use of local procurement through local supply chains promotes reduced environmental footprint while supporting local employment and local entrepreneurship.

Benefits of local procurement and local supply chains typically comprise reduced cost and faster supply of goods and services and reduced environmental impacts; all due to shorter logistical requirements.

Local procurement also creates a wide range of jobs and supports the growth and development of local businesses. These often translate into a wide range of catalytic socio-economic multiplier effects that benefits local communities. The government also benefits from increased taxes.

As much as possible, SunCon strives to leverage local procurement, unless such goods or services are unavailable locally or are unavailable at a suitable value proposition. Besides supporting the local economy, local procurement promotes reduced environmental impact especially with regard to Scope 3 carbon emissions.

Supporting Local Economy through Procurement Management

SunCon plays a role in boosting indirect economic impact through supporting local industries. In 2022:

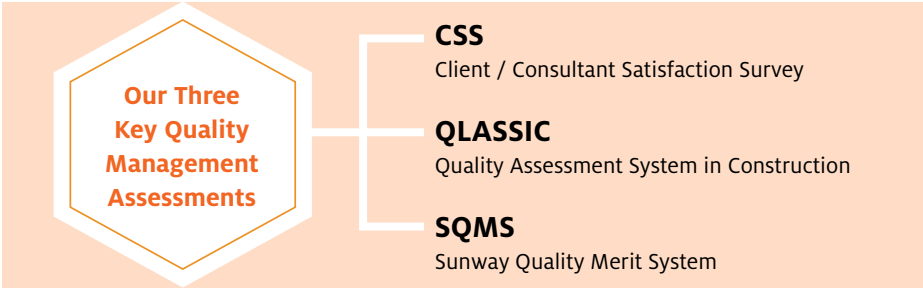


Please refer to the Governance of the Supply Chain subsection on page 98 for more information.

Product Quality, Safety and Responsibility

Delivering quality is important in maintaining brand credibility and customer trust, which are necessary in a highly competitive industry.

SunCon's approach to quality is driven by three key quality management assessments:



SunCon's approach to Total Quality Management (TQM) is driven by six key areas of focus. We are also undertaking top industry standard quality assessments and surveys that facilitate feedback and spur continual improvement.

Innovation Creating greater value and setting a benchmark for businesses	Employee Ensuring total involvement and employee satisfaction	Products and Services Passionately ensuring the highest standards in products and services
Continuous Improvement Continually improving work processes to ensure optimum productivity and eliminating wastage	Customer Striving to satisfy customers' needs and expectations	Corporate Social Responsibility Enriching the community and preserving the environment



CLIENT / CONSULTANT
SATISFACTION SURVEY

Client / consultant satisfaction surveys are used to assess SunCon’s performance and the quality of its products and services from the unique perspective of customers.

Differing customers may have specific requirements and objectives and hence, it is imperative the specific customer views are always assessed and considered to ensure that quality is always defined in terms of customers’ understanding and benchmarks.

SunCon also assesses quality based on industry benchmarks. The Group uses CIDB’s QCLASSIC quality assessment system in assessing quality of completed projects. SunCon has set a QCLASSIC benchmark score of at least 83% to be attained (for all relevant building projects).

In FY2022, four projects were assessed based on the QCLASSIC system, with an average score of 82%. Quality is also further reinforced through the Group’s Sunway Quality Merit System (SQMS).

In addition, the management approach is further bolstered with the application of Total Quality Management (TQM) philosophy and underpinned by a comprehensive Quality, Environmental, Safety and Health (QESH) Management System.

Assessment Areas Covered In CSS

Quality of Work	Resources
Job Knowledge	Communication
Responsiveness	Overall Performance
Environmental, Safety and Health	Subcontractor Performance
Timely Completion	Planning

CSS Scores FY2022 vs FY2021

Survey Criteria	Minimum Benchmark Score	2021	2022
Response Rate	75%	97.5%	100%
Satisfaction of Products and Services	90%	92.2%	95.6%
Overall Average Score	70%	78.7%	78.8%



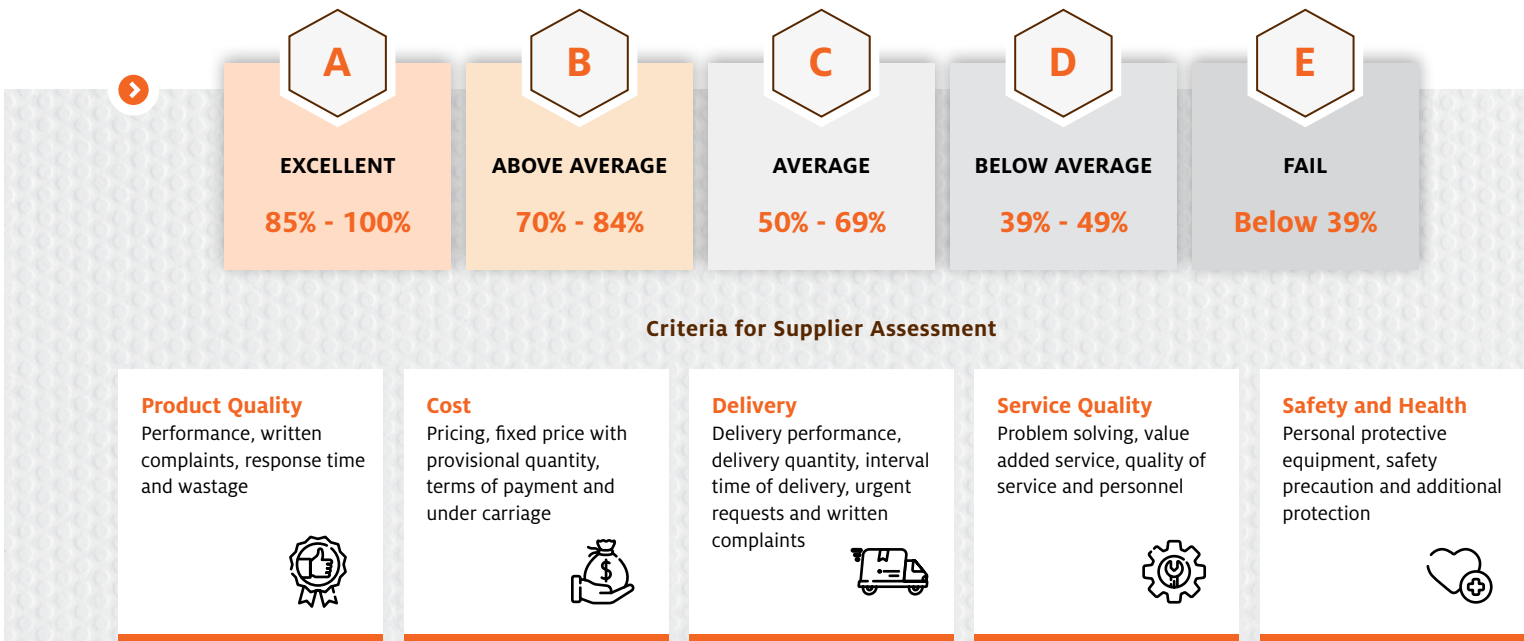
SUBCONTRACTOR AND SUPPLIER ASSESSMENT

Subcontractors and suppliers are monitored and assessed annually based on relevant assessment criteria. Based on the scores achieved, subcontractors and suppliers are then graded accordingly from Grades A to E.

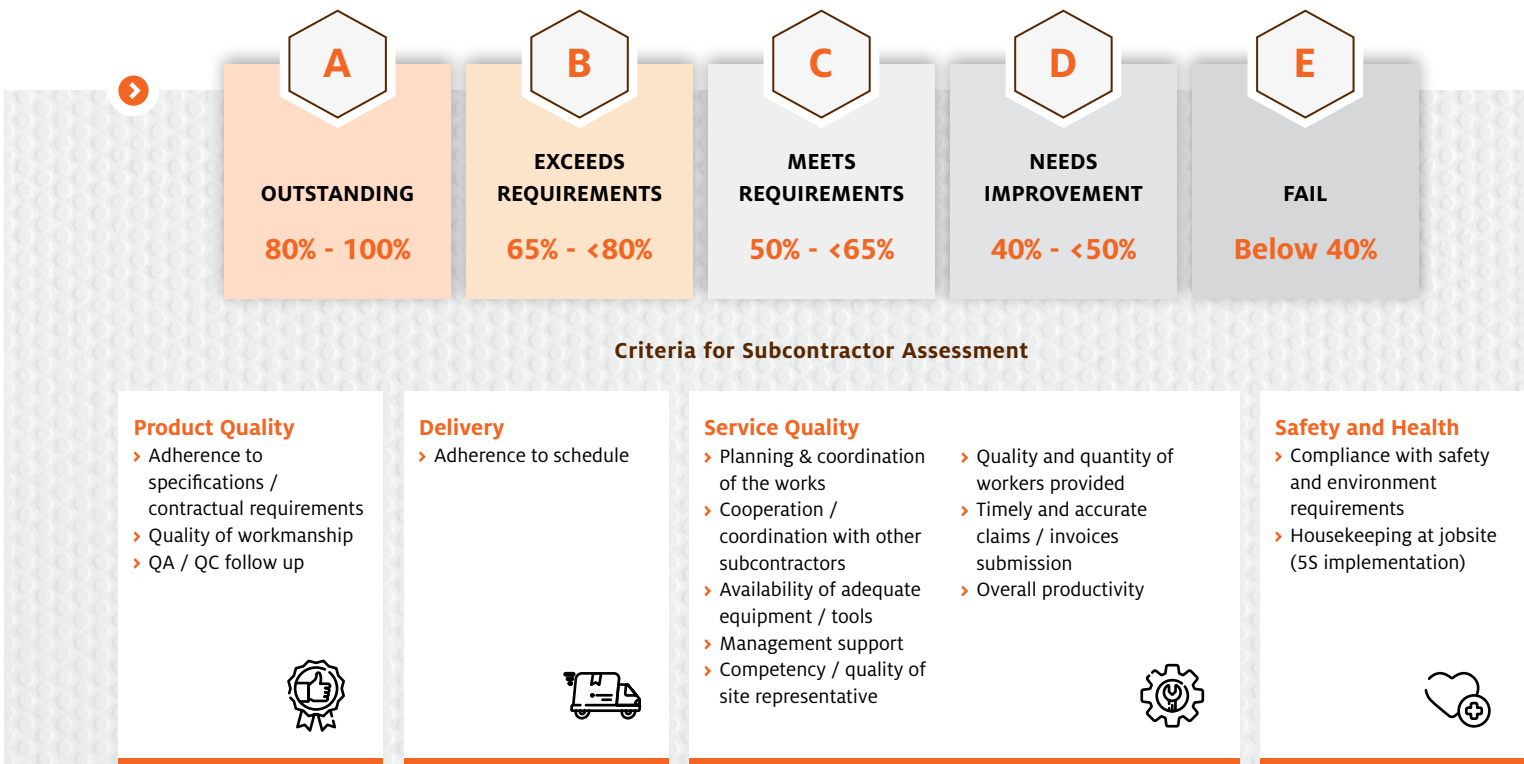
The results are then presented to the Management Review Board (MRB) annually during the Management Review Meeting. Subcontractors and suppliers who scored “E” will be terminated. Those scoring “D” will be evaluated and their status determined by the MRB.



SUPPLIER ASSESSMENT RATING



SUBCONTRACTOR ASSESSMENT RATING





SOCIAL

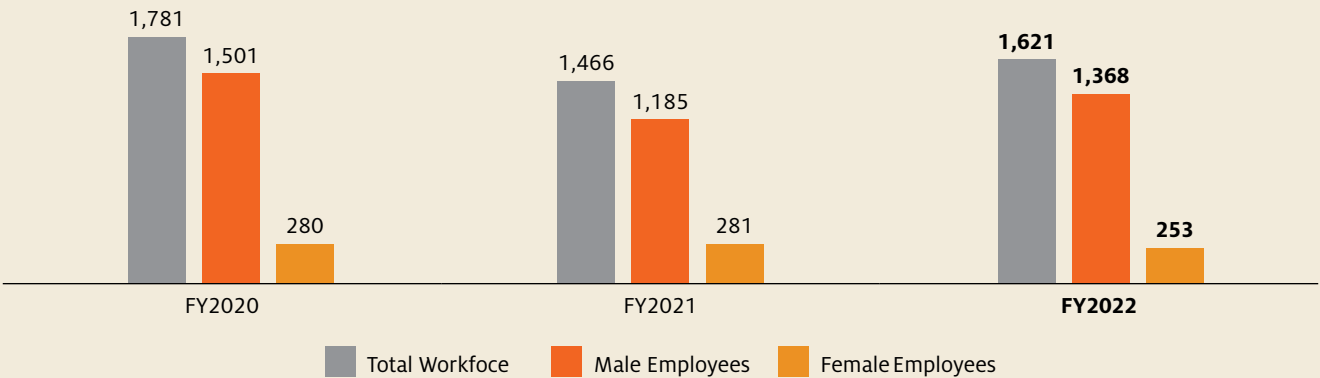
Employee Management

Employee management is a multifaceted material topic that encompasses the fundamentals of human resource management: talent retention, diversity and inclusion, and capacity building. We have therefore crafted a comprehensive employee management framework that safeguards our employees’ wellbeing, equips them to succeed and nurtures their personal aspirations. The Group remains committed to this approach as it believes that the competence, capabilities and satisfaction of its workforce is key to the growth and success of the Group and the realisation of business and operational sustainability and value creation.

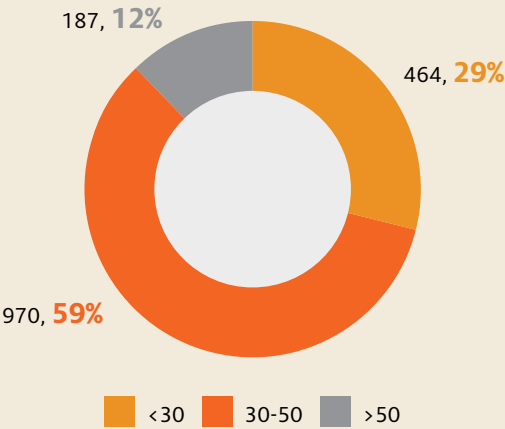
SunCon’s workforce is a reflection of the multi-cultural and multi-ethnic diversity of Malaysia with a wide range of demographic segments and social backgrounds represented across all levels of the organisation.

SunCon remains mindful that the dedication and loyalty of our workforce contributes fundamentally towards the sustainability of our business operations.

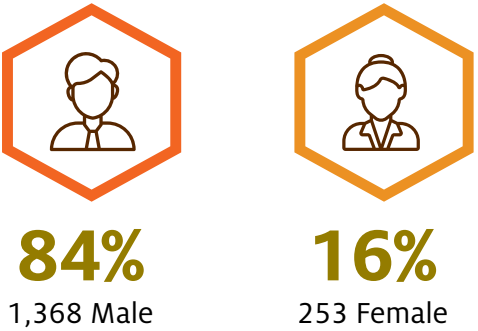
Total Workforce



FY2022 Employee Age Group Breakdown

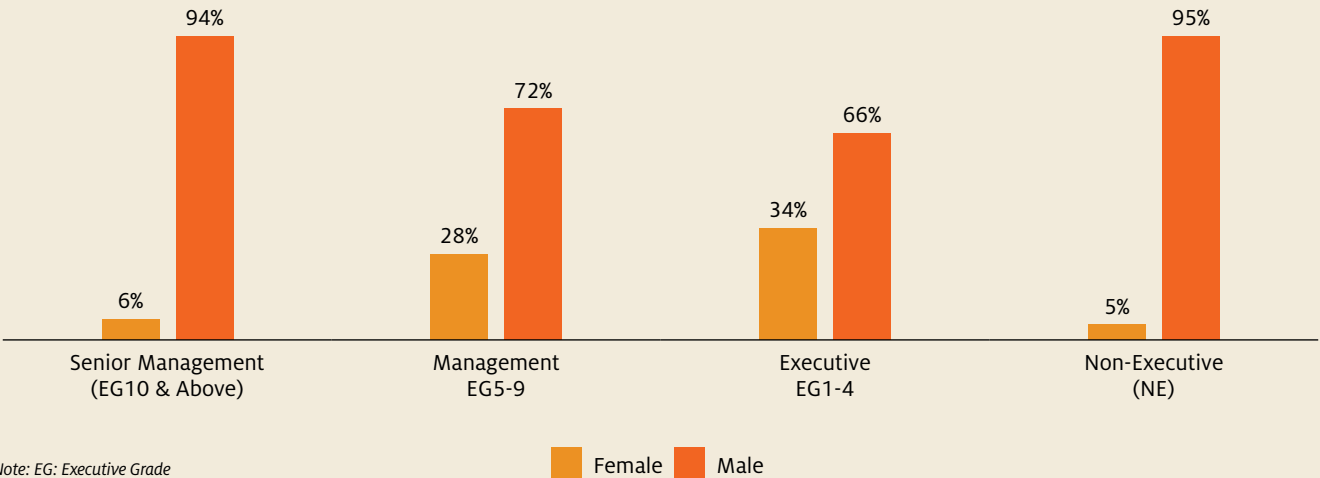


FY2022 Gender Breakdown



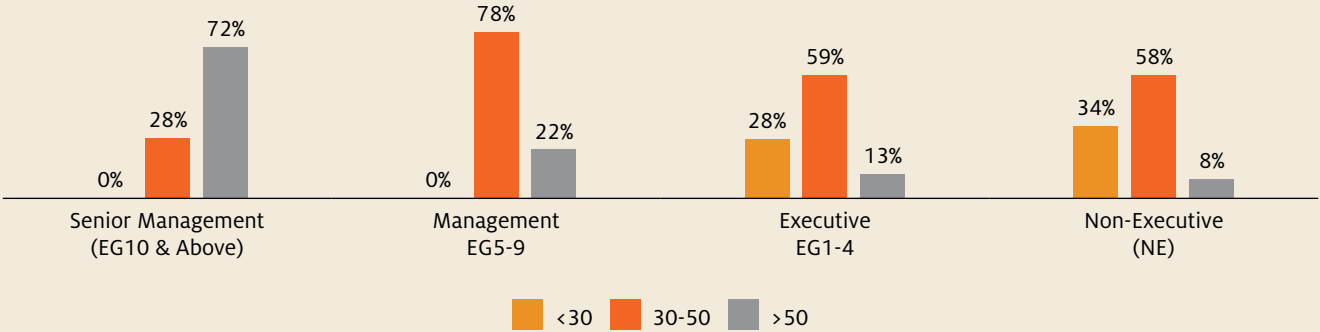
SOCIAL

Employee Gender Composition Based on Job Grade



Note: EG: Executive Grade

Workforce Age Composition Based on Job Grade



FY2022 Permanent and Temporary Staff



FY2022 Employee Ethnicity Breakdown



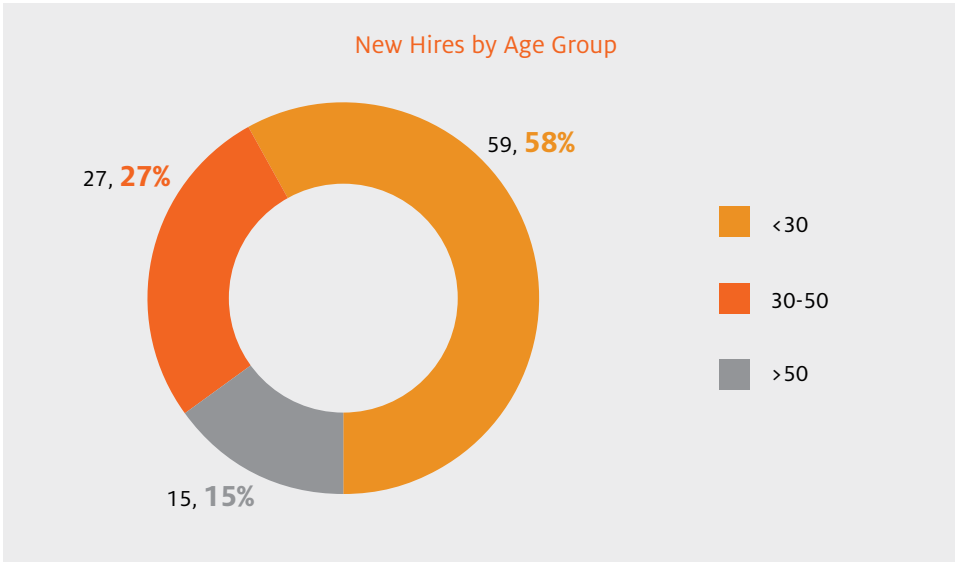


TALENT RECRUITMENT

Candidates are sourced through a wide range of recruitment channels and after a screening process, the most eligible candidates are invited to attend interviews. All new hires are briefed on their rights as an employee as provided for in the laws of the country.

New hires are also provided an induction session to enable them to acclimatise to their new work environment and organisational culture. New hires are placed on a probation period of which the duration is dependent on the employee’s work performance but not exceeding six months.

During this period, employees are given as much support and assistance possible to adjust to their jobs and to deliver their best professional contributions to SunCon.



TALENT RETENTION

SunCon complies with the Employment Act 1955 and the Minimum Wage Order 2022. It also supports the principle of equal pay for equal work with no selective discrimination based on gender, ethnicity or other demographic factors.

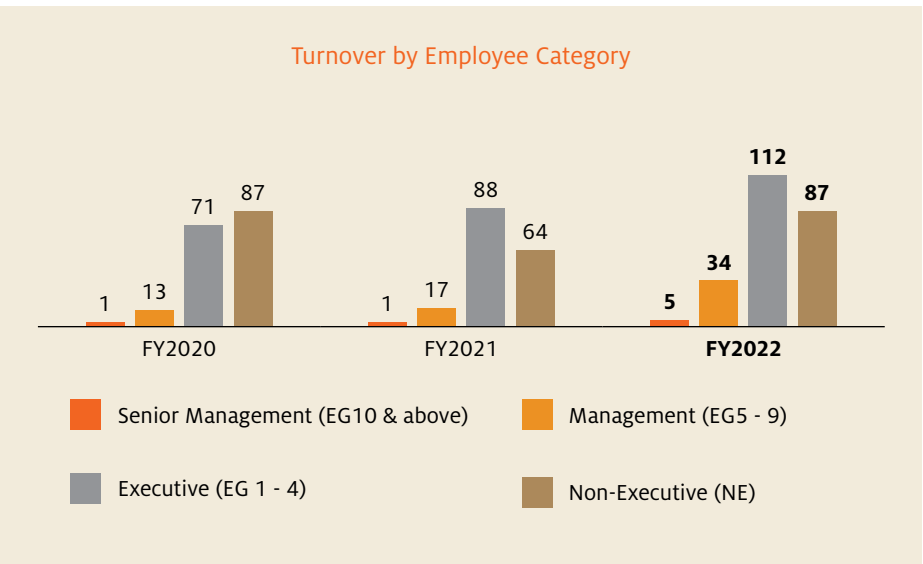
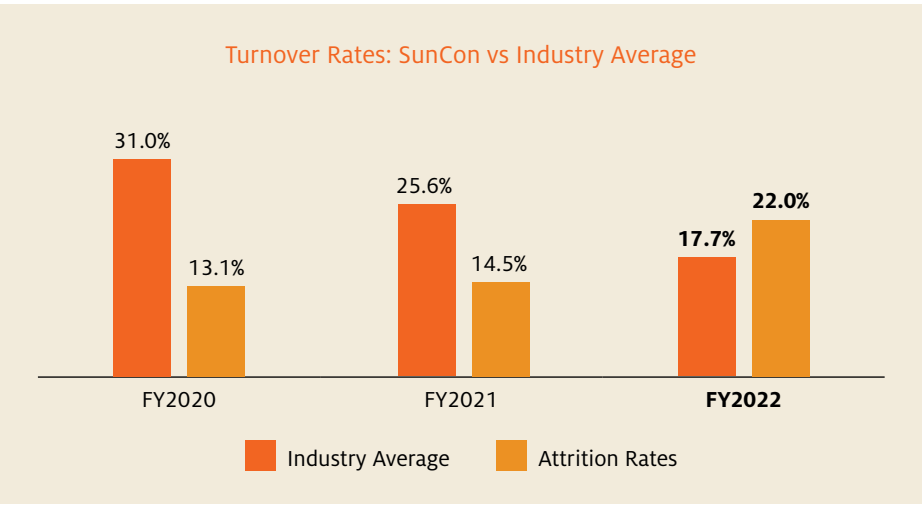
In all aspects of talent management, SunCon practices the spirit of meritocracy and diversity. All decisions pertaining to hiring and rewarding of staff and promotions are determined based on employees’ competencies, experience, professional contributions and qualifications. Socio-demographic factors such as age, gender, culture and ethnicity are not used in assessing employees.

Similarly, training and professional development opportunities are provided based on a needs basis; to address competency gaps in employees or to meet organisational requirements.

Internships

The Group continues to provide opportunities to young talents through internships. Interns are provided cross-functional job experience and exposure, working in various departments and business units. This provides them with a wide range of on-the-job, practical employment experience.

In FY2022, 129 interns were given opportunities within the Group and 6 interns who were high performing and displayed excellent aptitude were absorbed into SunCon.



DIVERSITY AND INCLUSION

SunCon values workforce diversity – viewing diversity as a means to develop an enriched talent pool that can provide a wide range of competencies, perspectives, skillsets and work experiences towards driving the Group’s ability to create value amidst an increasingly globalised world.

With the continued convergence of cultures, demographic and social backgrounds, as well as a diversified customer profile, including an expanding geographic presence, the unique qualities provided through a demographically diversified workforce enables the Group to respond appropriately to its evolving operating environment.

Consistent with its embrace of diversity and inclusivity, SunCon does not tolerate discrimination in any form, based on gender, ethnicity or any other socio-demographic characteristics. This no discriminative approach is applied to all aspects of talent management including in the hiring, promoting, remuneration and professional development of staff.

In all company events, programmes and activities, Management ensures that all employees irrespective of their race, culture, religion and gender can actively participate.

The Group strives to maintain a workplace that is free from physical, psychological or verbal abuse, the threat of abuse and sexual or other harassments. SunCon provides a conducive working environment that is characterised by equality and mutual respect.

In FY2022, there were zero complaints raised in relation to discriminatory practices.

Hiring of Talents with Physical Disability

While SunCon has not established a formal policy in favour of hiring talents with physical disability, GHR based on the principles of meritocracy and equal opportunity attempts to hire physically challenged talents for suitable positions within the Group.


In addition, the Group, where appropriate, has made attempts to hire talents who, despite lacking in formal professional qualifications, have demonstrated suitable on-the-job competencies. These could be for manual / operational jobs on site or even for office positions, where selected staff have consistently performed above par despite lacking academic qualifications.

In such instances, opportunities for professional advancement have been judiciously provided to deserving employees.



Human and Labour Rights

SunCon's oversight on human and labour rights is particularly focused on its supply chain where the business practices and possible lack of commitment from subcontractors, suppliers, vendors and others could lead to regulatory non-compliance with regard to human and labour rights.

 In governing its own operations, SunCon adheres to the Sunway Group Human Rights Policy, which can be viewed here: <https://www.sunwayconstruction.com.my/investor-relations/corporate-governance/>.

The Human Rights Policy clearly stipulates adherence to local legislation as well as reflects the UN Global Compact 10 Principles:

- >>
- Human rights, labour, environment and anti-corruption
- UN Guiding Principles on Business and Human Rights
- International Labour Law
- Prohibiting child and forced labour
- Ensuring non-discrimination and equal opportunity
- Supporting a harassment-free and violence-free workplace
- Prohibiting retaliation or any form of physical and mental disciplinary practice
- Respecting worker's right to freedom of association
- Ensuring compliance with laws governing working hours and wages



The Group ensures that there is no forced or bonded labour and we actively take preventive measures to prevent the use of such labour through periodic and random checks at our project sites. SunCon is also committed to ensure no children are employed by SunCon and its contractors. A whistleblowing channel has also been created in order for our employees and external parties to report any non-compliance in this area.

The same Policy is also extended to the Group's supply chain, which in effect obligates all suppliers to comply with the Policy. The Policy prohibits the use of child and forced labour.

ENSURING WORKERS' RIGHTS AND WELFARE

As a responsible construction group, SunCon takes all measures including precautionary measures to ensure that the rights of workers, especially foreign workers, have not been infringed upon. This extends to all workers working on the Group's sites, including 3rd party workers.

SunCon is guided by the following commitments:

- Workers are provided safe working and living conditions.
- Workers have access to healthcare, food, sanitation and decent accommodation.
- Workers are fairly compensated as provided by the laws of the country.
- Workers have freedom of access, including retaining possession of their identification documents and where relevant, the right to return to their countries of origin upon expiry of their contracts.

SunCon does not hire illegal workers or those working under forced labour or modern slavery conditions. The Group expects subcontractors to abide by the same principles. Failure to do so would lead to suspension / termination of contracts and reporting to the relevant authorities.

Where relevant, SunCon has provided a centralised living quarters (CLQ) for its workers which complies with The Employees' Minimum Standards of Housing, Accommodations and Amenities (Accommodation and Centralised Accommodation) Regulations 2020 that which were gazetted by the government in 2020.

GRIEVANCE MECHANISM

In ensuring professional management of grievances, especially employee grievances, SunCon aligns to the Sunway Group's Employee Grievance Policy.



Key aspects of the policy are as follows:

- All grievances reported through the grievance mechanism will be treated seriously with due consideration given, and if necessary will be investigated.
- All parties involved in the grievance matters will be given due process and opportunity to air their views.
- The matter of grievance will be handled with objectivity and impartiality to ensure a fair judgment on the matter is provided.

Employees are constantly reminded of the existence of the grievance mechanism. Employees can submit grievances to their immediate superiors, respective Department Heads or to GHR.

While employees are encouraged to resolve issues through the existing management hierarchy or via informal channels (dialogues between parties), they are in no means impeded or discouraged in using the grievance mechanism if they so wish.

In addition, SunCon also adopts the Sunway Group Anti-Sexual Harassment Policy to safeguard our employees from such harassment. Line managers are guided by both the Grievance and Anti-Sexual Harassment Policies.

In FY2022, there was zero human / labour rights incidents reported through the whistleblowing channel. There were zero incidences of non-compliance to labour laws. No parts of the operation was at risk of child labour.

There were also zero reports made through the grievance mechanism in FY2022.

MINIMUM NOTICE PERIOD FOR OPERATIONAL CHANGES

SunCon has established formal probationary periods for incoming employees and a minimum notice period for resignations of employees. On other occasions, almost all matters announced to employees, especially those which are HR related i.e. submission of claims, etc. come with a stipulated notice period for employees to respond.

However, there may be occasions when issued notices such as those related to health and safety i.e. quarantine notices due to the COVID-19 pandemic may be issued without minimum notice periods of change.

As much as possible, SunCon endeavours to provide all employees advance notice on

any changes that affect their employment conditions and environment as well as location of work or working hours.

COLLECTIVE BARGAINING AND FREEDOM OF ASSOCIATION

SunCon recognises the rights to collective bargaining and freedom of association. The Group respects the employees' rights to join or be affiliated with any legal political party, NGO, trade or professional association, or to form unions of their choice, without any fear of reprisal or harassment. Thus far, there have been no requests for the establishment of a union.

To maintain open communications with our direct foreign workers, SunCon continually engages our workers through townhalls to brief on company policies that affect them as well as their benefits and career progression plans. The townhalls also aim to address any grievances with regards to working conditions or employment terms.

PROFESSIONAL DEVELOPMENT OF EMPLOYEES

The appraisal is undertaken based on a formal 360° approach. Results are shared by the employees' superior with the respective talent and there is a transparent discussion

on the achievements of the individual, areas for improvement in terms of performance, competency gaps, opportunities for career growth and mobility, as well as remuneration. As prior mentioned, the continual development of employees' competencies and skills through targeted training is a key aspect of SunCon's overall approach to talent management.

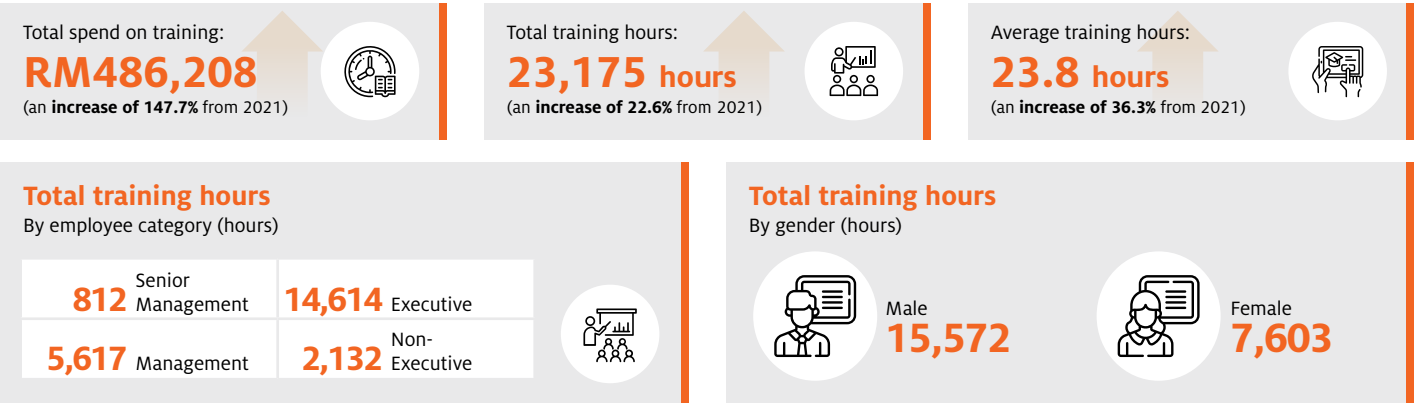
Training requirements are identified through several means, one of which is the aforementioned formal appraisal process. Training requests can also be made informally by employees as and when they identify programmes or courses that they feel is relevant to their jobs or continued professional development.

Beyond the obvious benefit of enhanced competencies and skills, talent development exposes local talent to new technologies, knowledge and methodologies. It ensures that people continue to upskill and reskill themselves to be relevant and competitive amidst, a fast-changing and dynamic marketplace. It enhances the employability of people and enables them to move up the value chain to command better wages.





Training in FY2022



Note: Figures have been rounded to the nearest whole

Our Training and Capacity Building Modules



GAUGING EMPLOYEE SATISFACTION

Through its periodic Employee Engagement Survey (EES), SunCon continues to regularly assess employee satisfaction levels across the Group. Employee satisfaction serves as a leading indicator of staff morale, and more importantly, staff retention and attrition.

The EES was conducted in FY2022. The survey entailed employees providing feedback on 26 different dimensions of their workplace experience, including Leadership, Diversity & Inclusion, Work Life Balance, Career Development and Rewards & Recognition, among others. The EES saw a 99% participation rate with an engagement score of 63%.



The survey provided insights into the motivations, aspirations, concerns as well as needs and wants of employees. Among the topics shared by employees were as follows:

- Flexibility in Work Arrangement

Including flexi hours, working from home and other new normal work arrangements, especially for working parents in managing their childcare needs.

Employee Wellbeing

Striving for more work life balance with a focus on family and personal life that goes hand-in-hand in work and career commitments and goals.
- Compensation Fairness

A request for a thorough reassessment of employee compensation packages and where possible to provide improved remuneration and benefits in tandem with rising living costs and expenses and changing industry standards.

Diversity & Inclusion

Continued emphasis on diversity, equity and inclusion, to improve workforce cohesion, development of improved cultural sensitivity and understanding and to encourage a culture of greater openness and unity.

All feedback has been duly considered by management and will be incorporated into the development of revamped people-oriented strategies for the Group. The Group also intends to hold more townhall meetings to encourage more two-way engagement between management and employees.

REMUNERATION AND BENEFITS



As part of its approach to talent management, SunCon continues to ensure competitive compensation packages for all employees across the Group.

Remuneration commensurates with industry standards for similar positions and is also determined based on the respective employees' skills, competencies, seniority, tenure and importantly, achievement of job KPIs and the performance of the Group as a whole.

SunCon complies with the Minimum Wage Order 2022. The Group is also in compliance with the Employment (Amendment) Act 2022 which

came into force effective 1 January 2023 where employees earning RM4,000 per month and below are entitled to mandatory overtime payments.

In FY2022, 670 employees were entitled to parental leave. Of which, 34 male and 8 female employees took paternity and maternity leave respectively. All 42 employees who took parental leave returned to work upon completion of their leave duration, giving SunCon a 100% return to work rate.

SunCon's 3-year data disclosures on parental leave is provided on page 291 in the Key Performance Data table.



SOCIAL

Occupational Safety and Health



Workplace Safety & Personal Protective Equipment (PPE) Awareness Campaign at Sunway Velocity Two project site

An excellent occupational safety and health (OSH) track record is akin to a company's license to operate.

Hence, SunCon continues to practice a no-compromise approach with regard to the management of safety and security on all operational sites, as well as in safeguarding the health and wellbeing of all workers and other stakeholders on operating sites.

The ramification of poor OSH management or impacts from any OSH incidents can range from mild to severe. Any serious OSH incidents can lead to temporary or permanent site closure, which would affect construction progress and consequently, completion of projects and revenue recognition. Insurance premiums would also increase adding to operational costs.

Frequent occurrence of health and safety incidents, be it serious or minor incidents may lead to the Group's subsidiaries being regarded poorly, and thus having its operational licenses suspended or revoked permanently.

However, the considerations for OSH are not limited to site productivity and operations, but also in the importance of ensuring a safe and secure working environment.

Any life lost is a tragedy. Families and society are affected and as a responsible construction company, SunCon believes it must play a role in safeguarding the interests of workers and society.

The mantra remains that everyone on all sites should be able to work safely without risks of injuries or fatalities and that at the end of day, all stakeholders return safely to their homes and families.

In addition, a poor OSH track record also affects bidding capabilities as OSH performance is a key criterion in the pre-selection and evaluation in participation of tenders called by the government or private sector. Any OSH incidents are also likely to generate negative publicity that would erode brand reputation, public trust and stakeholder confidence. Damaged credibility may also impact business development activities both locally and abroad.

- SunCon complies with the following:
- Occupational Safety and Health Act 1994 (OSHA 1994)
 - Factories and Machinery Act 1967 (FMA 1967)
 - Construction Industry Development Board Act 520 (CIDB Act 520)
 - ISO 45001 Occupational Health and Safety Management System
 - All related legal requirements



SOCIAL

KPIs AND TARGETS

SunCon has yet to establish time-specific, quantitative targets to reduce incidents. However, the ultimate goal is to achieve zero lives lost at all work sites.

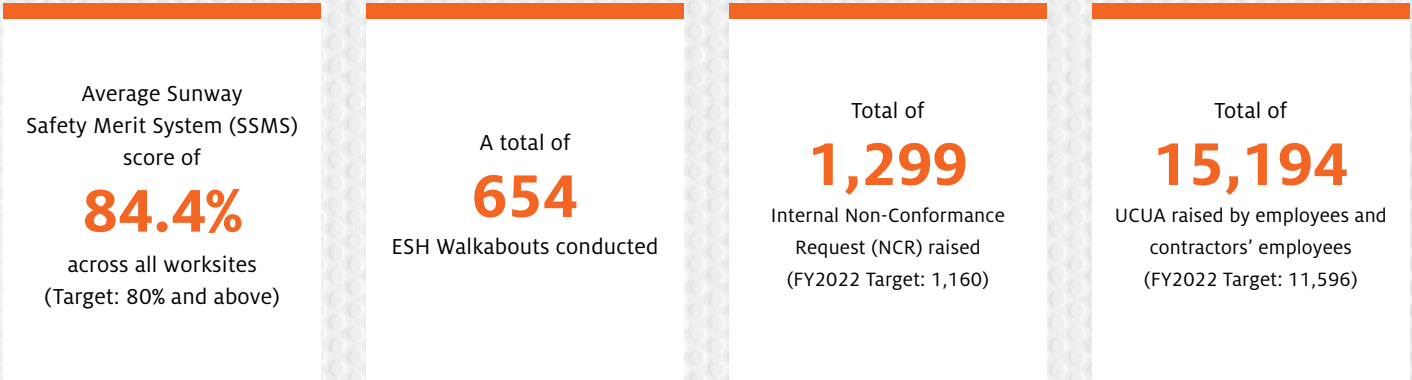
Performance is assessed using both leading and lagging indicators with a greater focus on the former, which is far more effective in driving proactive management of OSH matters.

One such example is the use of the U-See-U-Act (UCUA) programme.

UCUA is designed to identify potential hazards or incidents prior to an accident occurring. Launched in FY2019, the programme focuses on identifying unsafe acts and unsafe conditions at workplaces and with this, the subsequent elimination of stakeholders' exposure to potential accidents or incidents. It enables site workers to raise their concerns about any unsafe acts and unsafe conditions, and give suggestions for safety improvements.

One of the unique aspects of SunCon's UCUA programme is the use of digital technologies to enhance programme effectiveness. SunCon's UCUA programme incorporates ChatBot technology, allowing real-time reporting for immediate action. The ChatBot eliminates paperwork and manual analysis, which significantly improves the participation from employees and workers. Since the inception of the UCUA programme in October 2019, a total of 33,861 potential incidents have been avoided.

Our achievement of leading indicators (non-zero targets) in FY2022:



MANAGEMENT APPROACH

Given the significance of OSH to Group operations, SunCon's philosophy in managing health and safety matters at all sites for stakeholders is premised on a no-compromise stance reflected in a comprehensive management approach.

The Group practices its Integrated Quality, Environmental, Safety and Health (QESH) Policy which has been certified to the following ISO standards:

- ISO 9001:2015
- ISO 14001:2015
- ISO 45001:2018





SOCIAL

SunCon and a majority of its subsidiaries are certified with ISO 45001 Occupational Health and Safety Management System. The policy sets the basis for the further development and practice of OSH Group-wide. This includes the development of strategies, governance structures such as OSH Committees, standard operating procedures (SOPs), OSH-related training and professional development, identification and management of hazards, incidents management and more.

The policy also stipulates that the Group including all subsidiaries and all operating sites must comply with the laws of regulatory bodies such as the Department of Occupational Safety and Health (DOSH), Malaysia (and its equivalent in other jurisdictions).

LEADERSHIP’S ROLE IN DRIVING OSH

Safety and health governance is led by the Group Managing Director (GMD), Mr Liew Kok Wing, supported by senior management.

The GMD assumes the overall responsibility and accountability for the prevention of occupational injuries and health, and chairs the annual Management Review Meeting, where the effectiveness of the QESH Management System is reported and evaluated. At the same meeting, OSH performance is evaluated against previously set leading and lagging indicators and continual improvement strategies discussed.



The Group is committed to supporting
the National Lagging Indicator target of

Reducing the existing national fatality rate
to **2.93**
(per 100,000 workers)

Reducing the existing national accident rate
to **2.13**
(per 1,000 workers)

Both the GMD and senior management and where relevant, employees have defined remuneration linked OSH performance targets as follows:

GMD: 5%
of remuneration apportioned to safety and health performance

Employees: 25%
of remuneration apportioned to safety and health performance

BOARD’S ROLE IN CHAMPIONING OSH

Supporting the GMD and senior management, the Board Sustainability Committee (BSC) oversees the execution of the Group’s ESG framework including management of safety & health risks.

In the event of major OSH incidents, the investigation report with detailed recommendations and preventive measures implemented will be presented at BSC and Board meetings. Where required, the Board will invite relevant parties for further investigations to ensure the safety and health risks are managed across company-wide.

WORKER REPRESENTATION ON
ENVIRONMENTAL, SAFETY AND HEALTH
COMMITTEES

At operational level, including at operational sites, SunCon requires the establishment of Environmental, Safety and Health (ESH) Committees when worksites exceed more than 40 personnel. These committees ensure that all OSH measures and necessary mitigation controls are in accordance to local legislations as well as ensuring SunCon’s own policies and SOPs have been applied at all operational sites.

The ESH committee is chaired by the highest in command at project site level, with the Safety and Health Officer (SHO) serving as the Committee Secretary. Employees, including foreign workers are represented on the ESH Committees. Also represented are subcontractors and their worker representatives.

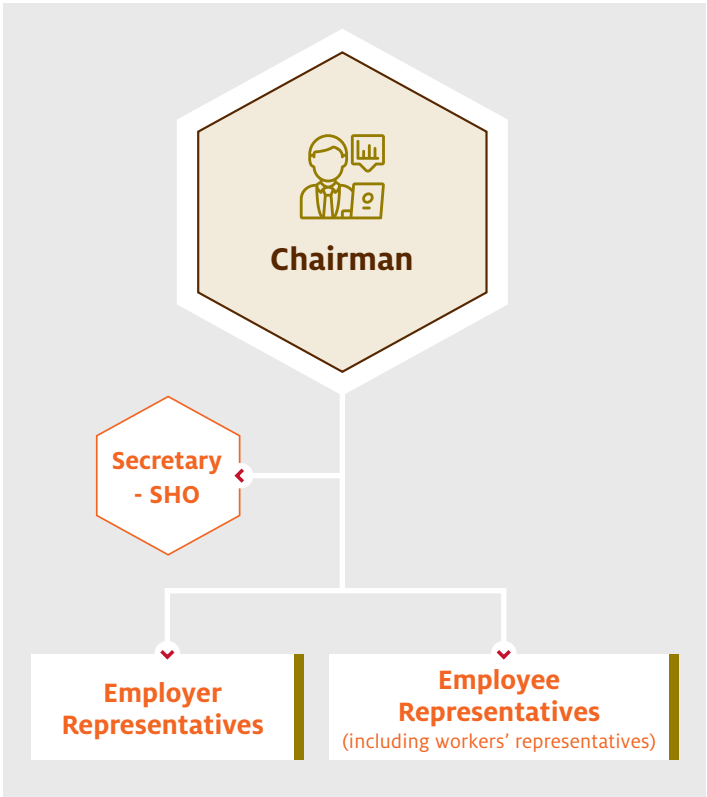
The formation of such committees enables frontline employees / workers (and therefore more likely to be exposed to ESH risks) to play an active and direct role in determining their workplace conditions. Essentially, this approach enables employees to assume responsibility for their own working environment.

SOCIAL



As at 31 December 2022, 269 SunCon employees and 372 employee representatives (including workers’ representatives) were represented by formal ESH Committees. Following is the typical organisational hierarchy of SunCon’s ESH Committees:

ESH Structure



SUNCON’S BRAND IN OSH MANAGEMENT

SunCon envisions to establish the SunCon brand in OSH management, achieving not only a comprehensive documentation system, but also a set of standardised, on-site risk mitigation solutions.

The SunCon Minimum Requirement (SCMR) is a standard operating procedure which encompasses the environmental, safety and health controls required for a specific activity. Industry best practices and legal requirements have been incorporated into the development of the SCMR, propelling us to achieve sustainable ESH performance. To date, we have issued 7 SCMRs and 12 SOPs covering requirements for HIRARC, Fall Prevention, Safe Use of Tower Crane, 5-S for Construction, Permit-to-Work, Vector Management, Lightning Safety, etc.

These SCMRs are implemented across all SunCon project sites and the project sites are inspected by internal inspectors monthly through the Sunway Safety Merit System (SSMS) to ensure these standards are implemented on-site. In addition, representative of senior management will also carry out site walkabout to monitor the effectiveness of these standards and review for continual improvement.

RESOURCES ALLOCATED FOR OSH

- **22** Competent Safety and Health Officers (SHO)
- **9** Site Safety Supervisors (SSS)
- **6** competent scaffolders with **12** pending approval from DOSH

Human

- U-See-U-Act Digital Platform
- Digitisation of Work Processes i.e. e-CAR (e-Corrective Action Request)

Technology

- OSH training hours clocked more than **6,000 hours** (employees) with total spent of more than **RM124,000**
- **124** staff trained on Construction Occupational Safety and Health (COST) since 2018
- **79** staff trained on Scaffold Awareness since 2019
- On-the-job training such as working at height, safe lifting, chemical management, electrical safety and any work-specific safety training for our workforce, including contractors’ workers, carried out as and when required, in line with our SOPs and regulatory requirements

Training and Development

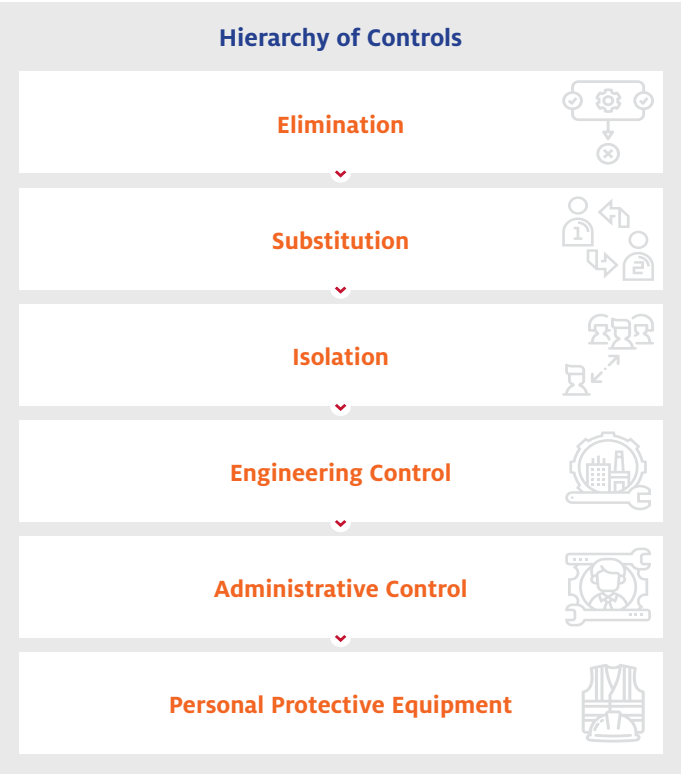


RISK ASSESSMENT ON CONSTRUCTION ACTIVITIES

Prior to any construction activity, the development of a Safe Work Method Statement (SWMS) that comprises Hazard Identification, Risk Assessment and Risk Control (HIRARC) is compulsory to identify potential hazards and risks and to establish mitigation controls in accordance to the Hierarchy of Controls.

For activities that are deemed high risk by the project team, such as working in confined spaces, working over water or near high tension cables, lifting over live traffic, tandem lift, deep excavation, working at height and working near public members, the project specific HIRARC Committee shall convene to ensure all parties involved in the operation is clear on their roles and responsibilities and to operate safely.

The HIRARC committee comprises representatives from all key stakeholder groups, including the project manager, project team representatives, client’s representatives, SHO, and representatives from subcontractors and industrial specialist. In engaging local communities that may be affected by construction works, SunCon would typically hold engagement sessions with community representatives. These are two-way engagement sessions with SunCon providing information on the works and construction site while also soliciting feedback from the public. Such feedback is reviewed by the respective HIRARC committee and where relevant, incorporated into the OSH management approach for the particular construction site.



INCIDENT INVESTIGATION

All OSH incidents are viewed seriously, even minor incidents that do not pose any danger to people or disrupt work activities. All incidents are investigated thoroughly and reported to the regulatory authorities in accordance to SOPs and regulatory requirements. Sharing of lessons learnt are also carried out through Safety Alerts, Project Performance Meetings (PPM), morning toolbox meetings, pre-task talks, refresher trainings, notice boards and appropriate platforms for all employees and workers.

The outcome of the investigation is essential for SunCon to identify any gaps within its processes, so that remedial action can be taken to address these inadequacies. Lessons learnt are shared across the company through various platforms including emails, safety alerts, notice board, toolbox sessions, ESH committee meetings and trainings. Any corrective action undertaken shall initiate a review and change in our current SOPs, if required.



Despite the Group’s best efforts in ensuring the safety and health of our workforce, regrettably, we recorded one fatal accident at our worksite in FY2022 involving a contractor’s worker. The fatal accident was subjected to a thorough investigation where unsafe system of work was identified as the key root cause. Actions taken post accident included enhancing existing safety procedures on-site, refresher training conducted for workers on safe work system and enforcing safety requirements on contractors on-site. The investigation outcome was reviewed by our Senior Management and lessons learnt were shared across the company to prevent recurrence.

WORKERS’ HEALTH AND WELFARE

SunCon continues to take the health and welfare of our workers seriously and complies with all the necessary regulatory requirements. As the construction industry is heavily dependent on foreign workers, we acknowledge that it is vital for us to ensure our foreign workers are free from communicable diseases. We strictly comply to the Immigration Act 1959 / 63 which requires foreign workers to be screened for malaria, AIDS / HIV and tuberculosis before they are permitted to start work. The Foreign Workers Medical Examination (FOMEMA) also requires foreign workers to be screened for other diseases such as cancer, Hepatitis B, leprosy, epilepsy and sexually transmitted diseases (syphilis).

In FY2022, four project sites were inspected by officers from the Ministry of Health and a total of 89 workers were tested for lymphatic filariasis and malaria. All workers tested negative.

Workers’ Minimum Standards of Housing and Amenities (Amendment) Act 2019 (Act 446) and its Regulations

SunCon continues to comply to The Employees’ Minimum Standards of Housing, Accommodations and Amenities (Accommodation and Centralised Accommodation) Regulations 2020 which was gazetted by the Government in 2020 at all living quarters for our foreign workers. Whilst SunCon is complying to Act 446 and its regulations, we are also taking the responsibility to monitor the status of Certificate for Accommodation (CFA) applications of our contractors, as well as the living conditions through scheduled inspections.



SunCon cares about the safety, health and welfare of its workers



Zero Larvae, Zero Dengue

Recognising the dangers of dengue, a potentially fatal disease carried by the Aedes mosquito that is prone to spread in construction sites, we continue to implement our Four-Pronged Anti-Dengue Strategy to eradicate dengue from our worksites. The strategy is carried out daily / weekly in accordance with the following initiatives:

1

Search and Destroy

2

Larvaciding and Fogging

3

Gotong-Royong

4

Anti-Dengue Awareness and Communications

In FY2022, despite our continuous efforts to eradicate dengue, we received four notices from the state health departments across 26 worksites. We will continue with our efforts by working closely with the state health departments to bolster our anti-dengue strategy. We will also continue to implement, improve and standardise our efforts in combating dengue at all our workplaces.

OSH PERFORMANCE DATA

All ESH data is verified by an independent 3rd party, SIRIM QAS International Sdn Bhd. OSH performance is closely tracked through monthly reporting that includes site ESH committee meetings, ESH monthly department meetings, project progress meetings and management review meetings.

SunCon benchmarks its fatality rates against both local and international standards. As we did not record any fatal accidents in 2021, our fatality rate (per 100,000 workers) was zero (2020: 27.17) whilst those of the Malaysia construction industry is at 6.3¹ (2020: 6.9), Singapore at 3.3² (2020: 2.2) and United Kingdom at 1.63³ (2020: 1.62). As the industry benchmark data for year 2022 is currently not available at the time of reporting, the comparison for the current year will be disclosed in the Integrated Annual Report 2023.

Through the benchmarking exercise, we noted a slight improvement on our safety and health performance and will continue to strengthen our efforts through continuous improvement on our standards, implementations, training and programmes as occupational safety and health remains our key priority.

List of references:
¹ Department of Statistics Malaysia
² Ministry of Manpower, Singapore
³ Health Safety Executive, UK

	2020	2021	2022
Worked Man-hours	14,723,472	17,869,038	17,393,348
Fatal accidents			
Employee ¹	0	0	0
Temporary Employee ²	0	0	0
Contractor ³	2	0	1
Lost Time Injury accidents			
Employee	0	0	1
Temporary Employee	0	1	1
Contractor	2	0	0
Total Reportable Cases ⁴	4	1	3
Lost Time Incident Rate ⁵ (LTIR) / Accident Rate (AR)	0.54	0.16	0.44
Accident Frequency Rate ⁶	0.27	0.06	0.17

¹ Includes all staff under SunCon payroll
² Defined as foreign workers under SunCon payroll
³ Defined as workers who are not employees or temporary employees
⁴ Defined as total number of fatal and loss time incidents
⁵ Lost Time Incident Rate covers both employees and contractors (per 1,000 workers – based on DOSH Malaysia JKKP 8)
⁶ Accident Frequency Rate covers both employees and contractors (per 1,000,000 hours – based on DOSH Malaysia JKKP 8)



Community Enrichment



SunCon continues to contribute meaningfully to the development of local communities in addition to supporting a wide range of CSR programmes and initiatives.

In FY2022, SunCon contributed more than RM2.09 million through the Jeffrey Cheah Foundation as well as various community and SunCon Social Club (SSC) initiatives.

All donation and sponsorship proposals must satisfy SunCon's established criteria. This includes ensuring contributions are made to bona fide organisations and there is a clear trail of accountability ensuring that contributions have been spent / utilised for the intended CSR purposes.

All sponsorships, donations and political contributions must be accurately reflected in the Group's accounting books and records and be permitted by the applicable law.

Community enrichment is a key pillar that is defined within SunCon's value creation framework. As such, the Group continues to emphasise community enrichment by



supporting a wide range of community services, infrastructure as well as programmes and initiatives. Ultimately, the goal is to serve as a force for good and through the construction business model to support the progress and betterment of the community and where possible, the physical environment.

SunCon's involvement in the development of the MRT and LRT projects creates a wide range of values for stakeholders. The development of these large scale, mass based urban rail transportation facilitates connectivity and accessibility for thousands, if not millions, of commuters. It removes single occupant vehicles off roads, contributing to reduced carbon emissions, especially over the long-term. The development of the MRT and LRT has also led to price appreciation of properties along locations close to train stations on both networks.

There are many more benefits, including socio-economic multiplier effects that come to the fore from the development of large scale infrastructure projects. The development of district cooling systems and thermal energy storage infrastructure promotes more

sustainable development approaches which ultimately support more sustainable living for large communities.

As a responsible corporation, SunCon continues to build for society – taking all necessary and additional precautionary measures to ensure its project and operational sites pose the least disruption and impact to local communities. This is achieved through active two-way engagement and continuing to feel the pulse of affected stakeholders. The Group remains open to the feedback of communities and continues to engage through a wide range of communication channels. A specific grievance channel has also been established for communities to lodge complaints on construction sites operated by SunCon.