

OUR SUSTAINABILITY JOURNEY

The annual Sustainability Statement of Sunway Construction Group Berhad (SunCon) for the financial year from 1 January 2023 to 31 December 2023 (FY2023) serves to provide a comprehensive account of SunCon's progress in driving our Environmental, Social, and Governance (ESG) agenda. This year's report continues to build upon our steadfast commitment to improving our ESG key performance indicators (KPIs) towards the attainment of our set targets.

Our focus remains two-pronged:

1st

We aim to mitigate our environmental and social impacts, reinforcing our role as a responsible corporate entity in the global fight against climate change, pollution, and human rights issues, including labour rights.

2nd

Our goal is to minimise business and operational risks, uncover areas for improvement, and thereby foster sustainable business and operational enhancement.

The pursuit of these goals is not only in the best interests of our stakeholders but is also integral to the growth and sustainability of SunCon. The implementation of our sustainability strategies, projects, and action plans

is underpinned by our financial strength. This strength is manifested in our growing revenues, increasing profits, robust cash flow, and expanding asset base, which are all pivotal in supporting our ESG objectives. Moreover, our dedication to

sustainability is also a catalyst for improved financial performance, as it drives greater operational efficiency, enhanced productivity, and cost savings, especially in the medium to long term.

At SunCon, embedding the sustainability agenda into our business strategies, operations, and organisational culture transcends mere commitment statements. It is supported by robust governance control measures and tangible time-bound targets that are meticulously measured and tracked to ensure attainment. These form the core of our organisational DNA, mirroring our natural inclination towards embracing and enacting the values and principles of sustainability consistently across all operations, at every level, and in all geographical areas where we operate.

Since 2022, we have developed and adopted the SunCon ESG Framework where our ESG initiatives have been designed in alignment with our strategic thrust to strive for low-carbon economy, encouraging inclusive growth, guaranteeing safety, and respecting ethical principles. Our framework, and the corresponding Key Performance Indicators and targets, are also crafted to support key UN Sustainable Development Goals (UNSDG) that are material to our operations. This commitment reflects the Board and Management's dedication to integrating ESG into all facets of our business, measuring our performance and success through the triple bottom line of people, planet, and profit.

While we are committed to contributing towards the attainment of all 17 UNSDGs, we have prioritised specific goals that have a direct impact on our sector and stakeholders. This approach ensures that the prioritised goals are strategically embedded into our operations, making our contributions toward a sustainable future more focused and impactful.

UNSDGs that we prioritise



SunCon will continually strive to ensure sustainability remains integral in our business approach, further refining the strategic management of identified key ESG focus areas by adopting industry best practices, innovation, and collaboration.

GROUP SUSTAINABILITY FRAMEWORK

SunCon ESG Framework

Vision	Mission
To be a leading regional construction and engineering group	Innovating to deliver value underpins our relentless efforts to drive positive and sustainable change in the way we work and operate to create value for all our stakeholders

Our Strategic Thrust

Striving in low carbon economy	Encouraging inclusive growth	Guaranteeing safety	Respecting ethical principles
<p>Forging sustainable practices to remain competitive in the net-zero transition</p>	<p>Promoting inclusive growth by being a responsible employer and partnering for regional growth</p>	<p>Zero-accidents objective for all people working in our workplaces remains the topmost priority for the Group</p>	<p>Adopting strong governance framework for employees to contribute effectively in upholding the Group's core values of Integrity, Humility and Excellence</p>

ESG Focus Areas

Environmental	Social	Governance
Climate action	Occupational safety and health	Governance and ethical business
Circular economy	Employee management	Anti-corruption and anti-bribery
Water protection	Product quality and responsibility	Responsible supply chain
Biodiversity	Fair labour practice	Risk and regulatory compliance
	Community enrichment	Data privacy and security

Key Enablers

<p>Collaboration</p>	<p>Innovation</p>	<p>Digitalisation</p>
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Our Goals

Enabling sustainable construction	Investing in fair, safe and inclusive workplace	Ensuring compliance and embracing transparency
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Additional information on SunCon's Material Matters and our assessment process is detailed on pages 63 to 65 of this report.

SUSTAINABILITY PERFORMANCE METRICS / BENCHMARKING ESG PERFORMANCE

SunCon continues to forge on in realising its ESG targets, which have been designed and defined based on material matters identified to provide strategic direction and momentum to our sustainability agenda. These targets act as benchmarks for our Board of Directors and Management, who maintain comprehensive oversight on overall ESG material matters. This oversight includes evaluating the effectiveness of our sustainability actions, and, where

necessary, implementation of enhanced measures to deliver us from strength to strength.

Details of our key targets and the progress made are elaborated in the respective sections of this Sustainability Statement.

This year, in addition to alignment with reporting framework and standards such as the Task Force on Climate-Related Financial

Disclosures (TCFD), FTSE4Good Bursa Malaysia Index (FTSE4Good), Morgan Stanley Capital International (MSCI), and the Sustainability Accounting Standards Board (SASB), SunCon has also included disclosures for common sustainability indicators which are required by Bursa Malaysia under the Enhanced Sustainability Reporting Guide (3rd Edition).

 For further information, please refer to ESG Performance Data Table on pages 84, 89 and 102.





UN Global Compact Index


As SunCon evolves from a traditional brick-and-mortar contractor to embrace more technologically advanced projects like data centres, we recognise the importance of aligning our practices with broader global standards, including the UN Global Compact (UNGC). While we have not yet committed to the UNGC, we are actively preparing and strategising to meet its requirements in anticipation of future alignment.

Global Compact Principles	Associated SunCon Material Matters	Pages
1 Businesses should support and respect the protection of internationally proclaimed human rights	<ul style="list-style-type: none"> Fair Labour Practice Responsible Supply Chain 	106 to 107 87 to 88
2 Businesses should make sure that they are not complicit in human rights abuses		
3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining		
4 Businesses should uphold the elimination of all forms of forced and compulsory labour		
5 Businesses should uphold the effective abolition of child labour		
6 Businesses should uphold the elimination of discrimination in respect of employment and occupation	<ul style="list-style-type: none"> Employee Management 	103 to 105
7 Businesses should support a precautionary approach to environmental challenges	<ul style="list-style-type: none"> Climate Action Circular Economy Water Protection Biodiversity 	90 to 101
8 Businesses should undertake initiatives to promote greater environmental responsibility		
9 Businesses should encourage the development and diffusion of environmentally friendly technologies		
10 Businesses should work against corruption in all its forms, including extortion and bribery	<ul style="list-style-type: none"> Anti-Bribery and Corruption Risk and Regulatory Compliance 	86 86 to 87

MEMBERSHIP OF ASSOCIATIONS

At SunCon, our involvement in industry associations and trade events is a crucial component of our ESG strategy. Engagement with peer organisations through these avenues provides us with vital insights into the latest trends and best practices in sustainability management for the construction sector. This knowledge not only informs our own ESG approaches but also allows us to contribute to the broader industry dialogue on sustainable development. Through this engagement, we ensure that SunCon's sustainability initiatives are both responsive to and influential in the evolving landscape of sustainable construction, including those related to climate change risks and opportunities.

Association	SunCon's Membership & Contribution
 Construction Industry Development Board (CIDB)	Since the establishment of CIDB in 1995, SunCon has been actively contributing to advancing CIDB's objective to build the capacity and capability of the construction industry. Through its various policies, industry standards and programmes, SunCon has improved by leaps and bounds, especially its quality, safety, and health performance through the adoption of industry best practices and continual improvement.
 Master Builders Association Malaysia (MBAM)	Our involvement with MBAM centres around collaborative efforts to enhance construction standards and workforce competencies within Malaysia. By participating in MBAM's various committees and workshops, SunCon plays an instrumental role in driving innovation and advocating for regulatory reforms that benefit the entire industry.
 Human Resource Development Corporation (HRDC)	Through participation in HRDC-certified training and development programmes, SunCon contributes to fostering a skilled, knowledgeable, and future-ready construction workforce that is essential for the continued growth and sustainability of the industry and our Company.
 National Institute of Occupational Safety and Health (NIOSH)	Occupational safety and health remain one of the key material issues within the Group and SunCon has continually dedicated efforts to minimise and mitigate the risks and consequences of undesirable events. Our engagement with NIOSH includes participating in safety training programmes, as well as the continual learning of our competent personnel.

 SunCon's other stakeholder engagement and management approaches are outlined within the Social Capital section of the report on pages 57 to 62.



Integrity is a principle deeply ingrained in SunCon's DNA as part of the Sunway Group. By adhering to the highest standards of good governance, we not only fortify our reputation but also significantly enhance our brand's value by mitigating risks associated with regulatory non-compliance and its spectrum of adverse impacts. These include the loss of stakeholder trust and confidence, susceptibility to legal and financial liability, and challenges in attracting top talent.

Consequently, SunCon is steadfast in its commitment to operate in compliance with all pertinent laws, rules, and regulations, maintaining the highest ethical standards, both within Malaysia and in our international endeavours.



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	Bursa Indicator	2023	2022
Governance and Ethical Business	No confirmed major non-compliance to all SunCon Code of Conducts	N/A	Zero non-compliance	Zero non-compliance
Anti-Bribery and Corruption	Maintain 100% employees trained in compliance (including new hires)	C1(a)	100%	100%
	Zero confirmed bribery and corruption incidents	C1(c)	Zero confirmed cases	Zero confirmed cases
Data Privacy and Security	Zero confirmed incidents on breach of customer privacy and losses of customer data	C8(a)	Zero confirmed incident	Zero confirmed incident
Responsible Supply Chain	All active suppliers and subcontractors to complete Sustainability Risk Assessment by 2024	S6(b)	Work in Progress	Work in Progress
	Include ESG criteria in major suppliers' selection process by 2026	N/A	At data compilation stage	At data compilation stage
	Percentage of new suppliers screened using environmental criteria	S6(a)	100%	100%
	Percentage of new suppliers screened using social criteria		100%	100%
Risk and Regulatory Compliance	Zero non-compliance to all regulatory requirements and guidelines	N/A	33 notices received from authorities. All closed	41 notices received from authorities. All closed

GOVERNANCE AND ETHICAL BUSINESS

Our approach to governance is underpinned by a comprehensive suite of policies developed to reinforce robust corporate governance and professional conduct within SunCon. These policies provide clear guidelines on the handling of various business and operational issues and form the bedrock of our governance framework to ensure that our business practices are not only lawful but align with our commitment to ethical excellence.

Board Policies	Corporate Policies	Alignment with Sunway Berhad's Policies
Remuneration Policy for Directors and Senior Management	Code of Conduct and Business Ethics	Human Rights Policy
Policy on Selection and Assessment of the Board	Whistleblowing Policy and Procedures	Diversity and Inclusion Policy
Policy on Selection of External Auditors	Anti-Bribery and Corruption Policy	Employee Grievance Policy
Non-Audit Services Policy	Anti-Money Laundering Policy	Anti-Sexual Harassment Policy
Fit and Proper Policy	Quality, Environmental, Safety and Health Policy	Water Management Policy
		Sustainable Procurement Policy

As a subsidiary under the umbrella of Sunway Group, SunCon adheres closely to the policies set out by our parent company to ensure consistency in upholding high standards of governance. In response to the unique requirements of SunCon's role in the construction industry, the policies have been tailored by our Management and ratified by the Board to address specific challenges and contexts.

Whilst the Board and employees are obligated to abide to the streams of policies, certain policies such as the Anti-Bribery and Corruption (ABC) policy, Anti-Money Laundering policy, and Quality, Environmental, Safety and Health (QESH) policy are also applicable to our supply chain and business partners. This approach underscores our dedication to upholding integrity and ethical conduct across all facets of our operations and interactions.

Board Oversight on Governance and Sustainability

SunCon's Board of Directors plays a crucial role in upholding good governance and driving the sustainability agenda across the organisation. The Board-level Risk Management Committee advises on the adequacy and effectiveness of risk management frameworks. The Board is also supported by the Audit Committee and Risk Management Committee in ensuring the implementation of structured policies and procedures, protecting shareholders' interests, and serving as a sounding board of the Management.

Setting a strong "tone from the top", the Board ensures that ESG principles are integrated into the company's operations through the Sustainability framework and the Group's structured Governance mechanism. This includes fostering a sustainability-centric culture, with the Board actively participating in shaping and nurturing this ethos through rigorous oversight of ESG performance and aligning bonuses and performance evaluations of Board members and senior management, with ESG KPIs and targets such as Occupational Safety and Health (OSH) metrics. Plans are in place to expand the remuneration framework to cover broader ESG criteria.

Furthermore, the Board is also involved in developing adaptation strategies to address climate change, including scenario planning to align with global targets for net-zero emissions by 2050.

The Board maintains its effectiveness in managing its governance and sustainability responsibilities through a prioritisation of diversity, valuing a mix of qualifications, experiences, and backgrounds to enrich decision-making and approach sustainability matters comprehensively. This commitment is evident in its pursuit of gender diversity, aiming for at least 30% female representation on the Board, in line with Malaysian Code on Corporate Governance (MCCG) guidelines.

GOVERNANCE

Through these initiatives, SunCon's Board ensures governance and sustainability are deeply embedded in the company's strategy, promoting long-term value creation and resilience.

i For more information, kindly refer to the Corporate Governance Statement on pages 140 to 141, and the Terms of Reference for the Board and Board Sustainability Committee (BSC) is accessible at <https://www.sunwayconstruction.com.my/investor-relations/>.

Commitment to Fair Competition

SunCon is deeply committed to fostering a fair and ethical marketplace. We unequivocally oppose all forms of anti-competitive, anti-trust, or monopoly practices, fully recognising that such behaviours are not only a violation of Malaysia's Competition Act 2010 but are detrimental to the sustainable growth of the industry and the interests of our customers.

Hence, we are dedicated to ensuring that all our business dealings and operations are conducted in a manner that respects and upholds the spirit of competition. We are proud to affirm that during the reporting period, SunCon has neither faced nor concluded any legal actions concerning violations of anti-competitive, anti-trust and monopoly legislation in our operating countries.

ANTI-BRIBERY AND CORRUPTION

At SunCon, we uphold a stringent zero-tolerance policy towards all forms of bribery and corruption in all our business interactions with stakeholders. This uncompromising stance is encapsulated in our Anti-Bribery and Corruption (ABC) policy, which has been thoroughly implemented across all subsidiary companies within both SunCon and the Sunway Group.

i The policy is accessible at: <https://www.sunwayconstruction.com.my/investor-relations/corporate-governance/>.

Fundamentally, the ABC policy outlines the Group's commitment to preventing all acts of bribery and corruption comprehensively, in accordance with Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (MACC Act 2009). We are steadfast in implementing necessary measures to ensure that our business operations remain corruption-free and in strict adherence to the amended MACC Act 2009.

Since FY2020, SunCon has designated a dedicated Anti-Bribery and Corruption Compliance Officer. This individual is responsible for the effective implementation of the ABC compliance programme and for identifying, monitoring, and controlling bribery and corruption risks.

On the communication strategy, SunCon ensured that 100% of our staff are trained on the ABC policy for FY2023, including new hires. To reinforce the message, we have also disseminated infographics to all

employees via email and displayed them on notice boards throughout our workplaces. The ABC Policy is also communicated to SunCon's contractors and suppliers during the vendor registration process.

Annually, all employees are required to complete the Code of Conduct and Business Ethics (CCBE) and Anti-Bribery and Corruption declaration to reaffirm their commitment and reiterate the repercussions of any acts of violations.

Political Position and Contributions

SunCon upholds a strictly apolitical stance, ensuring that our operations and activities remain impartial and independent of political affiliations. As an organisation, we do not endorse, support, or promote the agenda of any political party, nor are we affiliated with any political organisations. In line with this position, SunCon has not made any contributions or donations to political parties.

In the course of our ESG initiatives, SunCon may occasionally engage in, support, or partner with government-organised ESG or Corporate Social Responsibility (CSR) events and programmes. These engagements are solely for the purpose of contributing to the objectives of the respective programmes and are in no way indicative of political endorsement or support for the government, the affiliated political party, or individual politicians.

RISK AND REGULATORY COMPLIANCE

Risk and Regulatory Compliance is a critical aspect of SunCon's governance ethos. In an environment where risks are inherent and regulatory landscapes are constantly evolving, robust risk and regulatory compliance mechanisms not only safeguard the company against potential legal and financial repercussions but also reinforce our reputation as a trustworthy and responsible corporate entity.

During the year under review, SunCon and our subsidiaries registered 33 cases of non-compliance, of which 10 were related to vector control. We were issued fines amounting to RM37,700 for 6 of the vector-related non-compliance. Although the remaining cases did not result in any fines or summons, SunCon has taken appropriate action to address and resolve the identified non-compliances. We will continue to ensure our operations are conducted within the ambit of the law and avoid recurrence.

i Additional information on SunCon's business risks and mitigation measures are disclosed on pages 66 to 69 of this report, and in the Statement on Risk Management and Internal Control on pages 162 to 167.

GOVERNANCE

Whistleblowing Policy and Procedures

SunCon has adopted Sunway Berhad's comprehensive whistleblowing mechanism set out within the Group's Whistleblowing Policy and Procedures. This system is a cornerstone of our commitment to transparency and integrity in all aspects of our operations.

Upon the receipt of a whistleblowing report, which covers non-compliance allegations reported by internal and external stakeholders as well as members of the community, governmental bodies, professional groups, NGOs and others, the Group Internal Audit Department (GIAD) undertakes an independent investigation. Each case is thoroughly examined, and upon the conclusion of each investigation, the findings are submitted to the Chairman of the Audit Committee for review and necessary action. This process ensures that all allegations are addressed promptly and effectively.

A key tenet of our whistleblowing policy is the protection of the whistleblower's identity. Anonymity is maintained throughout the reporting, investigation, and post-investigation phases, except where disclosure is mandated by law or is necessary for legal proceedings involving the Group. Furthermore, we guarantee immunity to whistleblowers from any form of intimidation, punitive action, or reprisal, regardless of the outcome of the investigation. This assurance applies as long as the report is made in good faith.

In FY2023, SunCon received 1 report on a potential corruption incident through the whistleblowing channel. Upon thorough investigation, it was determined that there was no foundation for the corruption allegations.

RESPONSIBLE SUPPLY CHAIN

At SunCon, we are committed to fostering a responsible supply chain that aligns with our sustainability standards. Governance of the supply chain is crucial not only for ensuring the quality of suppliers and their goods and services but also for contributing to the development of a robust and compliant value chain that meets industry standards and regulatory requirements.

Our approach focuses on extending the reach and impact of our sustainability practices beyond our immediate operations, addressing potential ESG impacts that may arise within the broader supply network. Additionally, we require all suppliers to comply with relevant laws, regulations, and standards, reinforcing our dedication to responsible and sustainable supply chain management.

Since FY2022, we have been conducting sustainability risk assessments on our new suppliers and subcontractors where the assessment mainly focuses on the environmental and social practices of the organisation.

Our focus for the next 2 years is to actively engage our suppliers and subcontractors to influence, collaborate and synergise towards achieving the 3Ps of sustainability: People, Planet and Profit within the supply chain. This includes fully integrating sustainability risk assessment into our supply chain tender and selection processes and capturing a more accurate representation of our carbon footprint arising from purchased goods and services.

Assessment for Corruption Risks

As part of our ongoing Risk and Regulatory Compliance framework, SunCon has conducted a comprehensive corruption risk assessment across the Group's operations. This extensive review covered 85% of SunCon's operations and has identified six key areas of bribery and corruption risk, of which five pertains to the supply chain. The remaining bribery and corruption risk area was identified within the HR function with a high risk rating, specifically regarding "direct hiring through recommendations without proper process and direct liaison with employees". The following table outlines the bribery and corruption risk areas within SunCon's supply chain.

Supply Chain Bribery and Corruption Risk Areas	Risk Level
1. Awarding of contracts to subcontractors / suppliers / consultants	High
2. Hosting customers, clients, suppliers, and service providers	High
3. Appointment of third parties as intermediaries for liaison with authorities and service providers	High
4. Premature certification of payment to subcontractors / suppliers	High
5. Acceptance of hampers, gifts, and other tokens of appreciation from external parties	Moderate


Particularly vulnerable to these risks are the Supply Chain and Contracts Management (SCCM), Commercial, and Operations teams.

To address these risks, SunCon has put in place appropriate safeguards to ensure their effectiveness. The implementation of anti-corruption procedures in higher-risk departments is rigorously audited.

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These audits adhere to the T.R.U.S.T principles, as set forth in the Guidelines on Adequate Procedures under Section 17A(5) of the Malaysian Anti-Corruption Commission Act 2009, aiming to prevent corrupt practices and maintain the highest integrity levels.

Periodic audits are also carried out across various business units to ensure adherence to SunCon's ABC policies and procedures. These audits play a crucial role in verifying that our policies are sufficient and effective in mitigating bribery and corruption within our business operations.

 For a more comprehensive overview of these efforts, please refer to the Audit Committee Report, which can be found on pages 147 to 155.

Corruption Risk Mitigation Process

Recognising Anti-Bribery and Corruption as one of the key material issues, SunCon remains steadfast in implementing stringent procedures in supply chain and contracts management. Our comprehensive due diligence process on the subcontracting process not only safeguards the reputation of the Group, but more importantly, ensures a supply chain that is free from corruption risks, thanks to the necessary checks and balances incorporated at the different stages of registration, selection, and award.

At the registration stage, potential business partners 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.

We are continually refining our approach to the assessment and management of supply chain corruption risks, reinforcing our unwavering commitment to systematically reducing and mitigating these risks within our supply network.

Supply Chain Social and Environmental Assessment

In FY2023, SunCon conducted a social assessment on its supply chain, with participation from 475 active suppliers and contractors, achieving a 78% coverage. This assessment has been instrumental in gauging our supply chain's adherence to labour standards, particularly in areas of forced and bonded labour, human rights, and workers' accommodations.

Moving forward, SunCon has outlined several key initiatives to strengthen our supply chain's social compliance:

- a. We aim to extend the assessment to achieve over 95% coverage, ensuring a comprehensive understanding of our supply chain's compliance with labour standards.

- b. We plan to initiate a Supply Chain Environmental Assessment by 2024, reflecting our commitment to environmental stewardship and sustainability.
- c. We intend to engage more closely with our supply chain partners through townhall sessions. These sessions will be pivotal in disseminating information about SunCon's ESG requirements, encompassing labour standards, environmental requisites, and our strategic direction.

These initiatives are not only about ensuring alignment with our ESG goals but also about enhancing the capacity and capabilities of our supply chain partners, fostering a collaborative environment where every stakeholder plays a vital role in our shared sustainable journey.

Subcontractor and Supplier Performance Evaluation Process

We conduct an annual evaluation of our subcontractors and suppliers based on a set of performance assessment criteria on product quality, cost, delivery, service quality, and safety and health. Following the assessment, these entities are assigned grades ranging from A to E, reflecting their performance and compliance with our standards. The outcomes of these evaluations are then presented to the Management Review Board (MRB) during the annual Management Review Meeting where the future engagement of subcontractors and suppliers rated D and E will be determined. This evaluation process ensures that our partnership aligns with our commitment to quality, efficiency, and ethical practices.

DATA PRIVACY AND SECURITY

At SunCon, we are committed to maintaining the highest standards of data privacy and security in compliance with the Personal Data Protection Act 2010. Our approach to handling personal information is grounded in respect for privacy and confidentiality. We ensure that any personal data collected is done so with the explicit consent of the data owner and is used strictly for business purposes.

In line with our policy, no personal information is disclosed or sold to third parties. We have established a robust IT-based data protection system to safeguard this data. Access to this sensitive information is stringently controlled and limited to selected employees who require it for legitimate business purposes.

ENVIRONMENTAL GRI 301, 302, 303, 304, 305, 306



Recognising the significant environmental impact traditionally associated with the construction industry, SunCon is committed to a paradigm shift from the conventional resource-intensive model to a more sustainable operational framework. We believe that embracing circular economy and leveraging on continual digital innovations are pivotal for us to increase consumption efficiency, reduce waste generation and curb emissions, which are critical factors in reducing our carbon footprint.

SunCon also strives to proactively work with our clients to reduce the embodied carbon stemming from materials and construction processes throughout the lifecycle of a building or infrastructure. This involves focusing on material selection, construction methodology, and energy-efficient planning.

Net-Zero Ambition

In line with the Sunway Group's objective, SunCon aims to achieve Net Zero Carbon Emissions by 2050. To steer our progress towards this long-term goal, we have established interim milestones, including short to medium-term emissions reduction targets outlined in our performance table. Initiated in 2021, these targets were designed to align with the criteria and recommendations of the Science Based Targets Initiative (SBTi). While SBTi recommends a 4.2% annual reduction for Scope 1 and 2 emissions, SunCon has set a higher target where we aspire to achieve a 5% annual reduction.



Material Matters Addressed

Climate Action

Circular Economy

Water Protection

Biodiversity

Performance on Environmental KPIs and Targets:

Sustainability Matters	Target	Interim Target 2023	Bursa Indicator	2023	2022	Legend Tracking
Climate Action	Reduce Scope 1 emission by 40% by 2030 compared with 2020 levels (FY2020: 9,713 tonnes CO ₂ e)	15% reduction	C11(a)	7,440 tonnes	7,167 tonnes	● 23.4% reduction from 2020 levels
	Reduce Scope 2 emission by 40% by 2030 compared with 2020 levels (FY2020: 3,724 tonnes CO ₂ e) ¹	15% reduction	C11(b)	6,997 tonnes <i>* 3,692 tonnes after offset</i>	6,007 tonnes ¹	● 87.9% increased from 2020 levels ● 0.85% reduced from 2020 levels after offset
Circular Economy	10% waste diversion from landfill by 2030 by improving Segregation strategy	4% diversion	C10(a)	19.9%	22.5%	● Achieved
Water Protection	Reduce demand on potable water by 30% from 2020 levels by 2030 (FY2020: 392,726 m ³)	9% reduction	C9(a)	298,366 m³	314,821 m ³	● 24% reduction from 2020 levels
	Alternate water source (rainwater harvesting / water recycling) of at least 10% of total water withdrawn by 2030	4%	N/A	12.3%	11.2%	● Achieved
	Zero non-compliance on water discharge quality	-	N/A	Not achieved	Achieved	-
Biodiversity	Zero environmental incidents with severe environmental damage	-	N/A	Achieved	Achieved	-

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)

Note:

¹ Restate to reflect the change of grid emissions factor by Energy Commission Malaysia (2022)



CLIMATE ACTION

In the face of escalating climate change impacts, such as rising temperatures, shifting weather patterns, water scarcity, biodiversity loss, and more frequent and severe natural disasters, SunCon acknowledges the profound effects these changes have on society, including the business sector. The implications for SunCon go beyond the direct physical impacts like inclement weather and increased meteorological events but extend as well to challenges such as the availability and price of construction materials, project disruptions due to weather-related issues, and the health and safety of our on-site workers. In response, we are actively committed to managing our energy usage and efficiency, playing our part in reducing greenhouse gas (GHG) emissions.

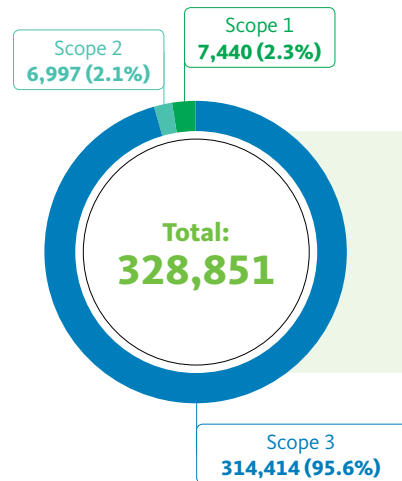
In FY2024, SunCon is set to undertake climate change scenario planning. This initiative will involve meticulously mapping out the business implications under a 2-degree scenario, aligning our strategic planning with the realities of a changing climate. It is aimed at ensuring that SunCon's business strategies are resilient and adaptable in the face of evolving climate conditions and that we continue to operate sustainably within the global effort to limit temperature rise. Plans are also underway to link the remuneration of SunCon's leadership to the achievement of climate change targets and performance to drive further improvements on this front.

Managing Our Emissions

In assessing our emissions performance, SunCon meticulously tracks emissions across Scopes 1, 2, and 3. To ensure accuracy and reliability, we derive our data using emissions factors from reputable sources, including the Department of Environment, Food & Rural Affairs (DEFRA) in the United Kingdom, and the Malaysian Green Technology and Climate Change Centre (MGTC).

Our approach to calculating our carbon footprint adheres to the globally recognised standards set by the World Business Council for Sustainable Development and the World Resources Institute's Greenhouse Gas Protocol (WBCSD / WRI GHG Protocol). This protocol is a comprehensive corporate accounting and reporting standard, enabling us to precisely measure and report our emissions, thereby ensuring transparency and accountability in our environmental performance.

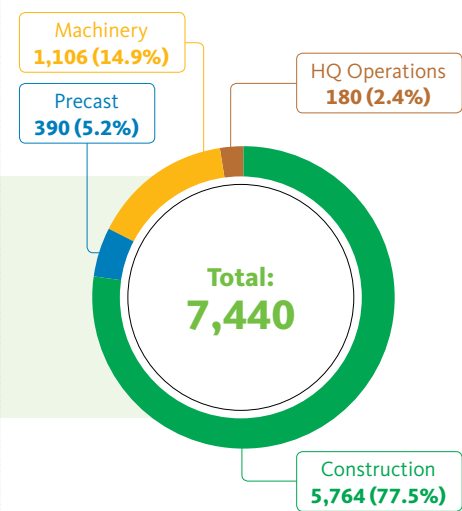
Total GHG Emissions by Scope in FY2023 (tCO₂e)



Scope 1 Emissions

Scope 1 emissions account for 2.3% of our total carbon footprint. Scope 1 emissions include all direct emissions released by our operations from fuel purchased for stationary and mobile plants and equipment at project sites and precast plants owned or controlled by SunCon.

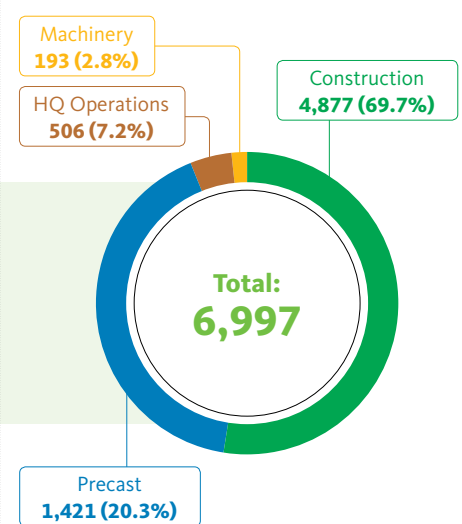
Scope 1 Emissions in FY2023 (tCO₂e)



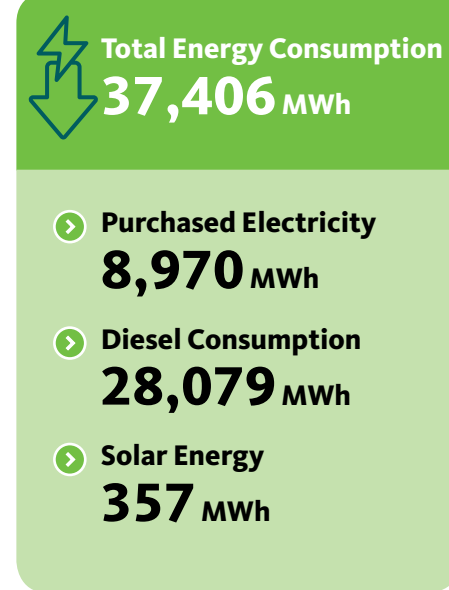
Scope 2 Emissions

Scope 2 emissions account for 2.1% of our total emissions. Scope 2 emissions are contributed from indirect emissions from electricity purchased and consumed by SunCon's head office, project worksites, company assets and precast plants.

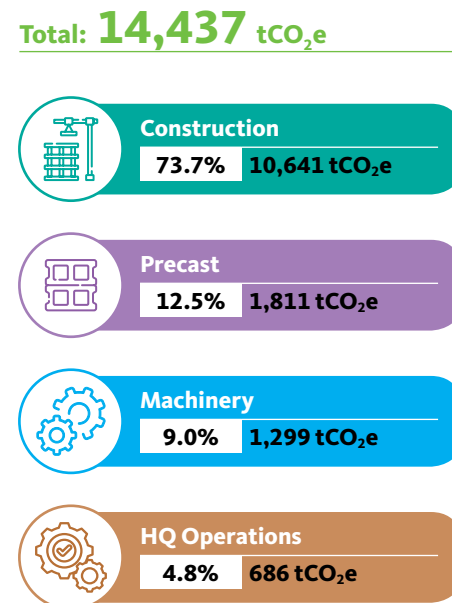
Scope 2 Emissions in FY2023 (tCO₂e)



Total Energy Consumption



FY2023 Total Scope 1 and Scope 2 Emission Profile



Scope 3 Emissions

Emissions under Scope 3 include all other indirect emissions generated across the value chain and account for 95.6% of the Group's total emissions in FY2023. This year, we have collated 4 categories under Scope 3:

Category	Asset Boundary	Calculation Methodology
1 Purchased goods and services	- Construction - Precast	Average-data method*
5 Waste generated in operations	- Construction - Precast	Average-data method*
6 Business travel	- SunCon Group	Distance-based method*
7 Employee Commuting	- SunCon Group	Distance-based method*

Definition:

* **Average-data method:** Estimating emissions for goods and services by collecting data on the mass (e.g. kilograms), or other relevant units of goods or services purchased and multiplying by the relevant secondary (e.g. industry average) emission factors (e.g. average emissions per unit of goods or services)
* **Distance-based method:** Determining the distance and mode of travel, then applying the appropriate emission factor for the mode used

Scope 3 Emissions in FY2023 (tCO₂e)



- Category 1: Purchased goods and services
- Category 5: Waste generated in operations
- Category 6: Business travel
- Category 7: Employee Commuting*

* Data is based on 80% respondents from total workforce as at September 2023

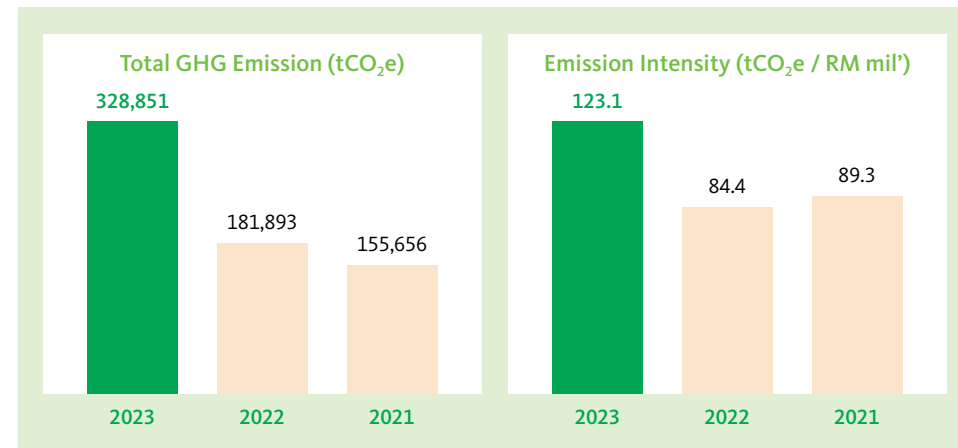
Note: Figures may not add up due to rounding of decimals



ENVIRONMENTAL

Total GHG Emissions

In FY2023, total GHG emissions by the Group was 328,851 tonnes CO₂e, an increase of 80.8% from FY2022.



Methodology, boundary, and assumptions:

1. The FY2023 emission report has included the operations at the Integrated Construction and Prefabrication Hub (ICPH) in Singapore
2. Scope 2 emissions data for FY2020, FY2021 and FY2022 have been restated to reflect the change of grid emission factor published by the Energy Commission Malaysia (2022) for operations in Malaysia

With the commencement of the ICPH facility in Singapore, emissions arising from the operations have been incorporated into our reporting boundary. The inclusion has seen a significant increase in our Scope 1, 2 and 3 emissions. Furthermore, emissions from the expanded Scope 3 categories into the reporting boundary have also contributed to the Group's total GHG emissions.

SunCon is committed to meeting its 2030 reduction targets through concerted efforts as discussed in the Carbon Reduction Policy.



Emission Avoidance

In FY2023, our carbon avoidance initiatives include renewable energy consumption, waste recycled, tree-planting and green attributes from solar investment projects. Total emissions avoidance was 3,687 tonnes CO₂e, reflecting 1.1% of the Group's total emissions.

Emissions Avoidance in FY2023 (tCO₂e)

Total: 3,687

102 (2.8%) 278 (7.5%) 3,305 (89.6%)



- Waste diverted from landfill
- Tree planting
- Electricity generated from renewable sources
- Green attributes from solar investments projects



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

ENVIRONMENTAL

Our Carbon Reduction Policy

SunCon has committed to an ambitious carbon reduction strategy, encompassing mid- and long-term plans to reduce its Scope 1, 2, and 3 emissions:

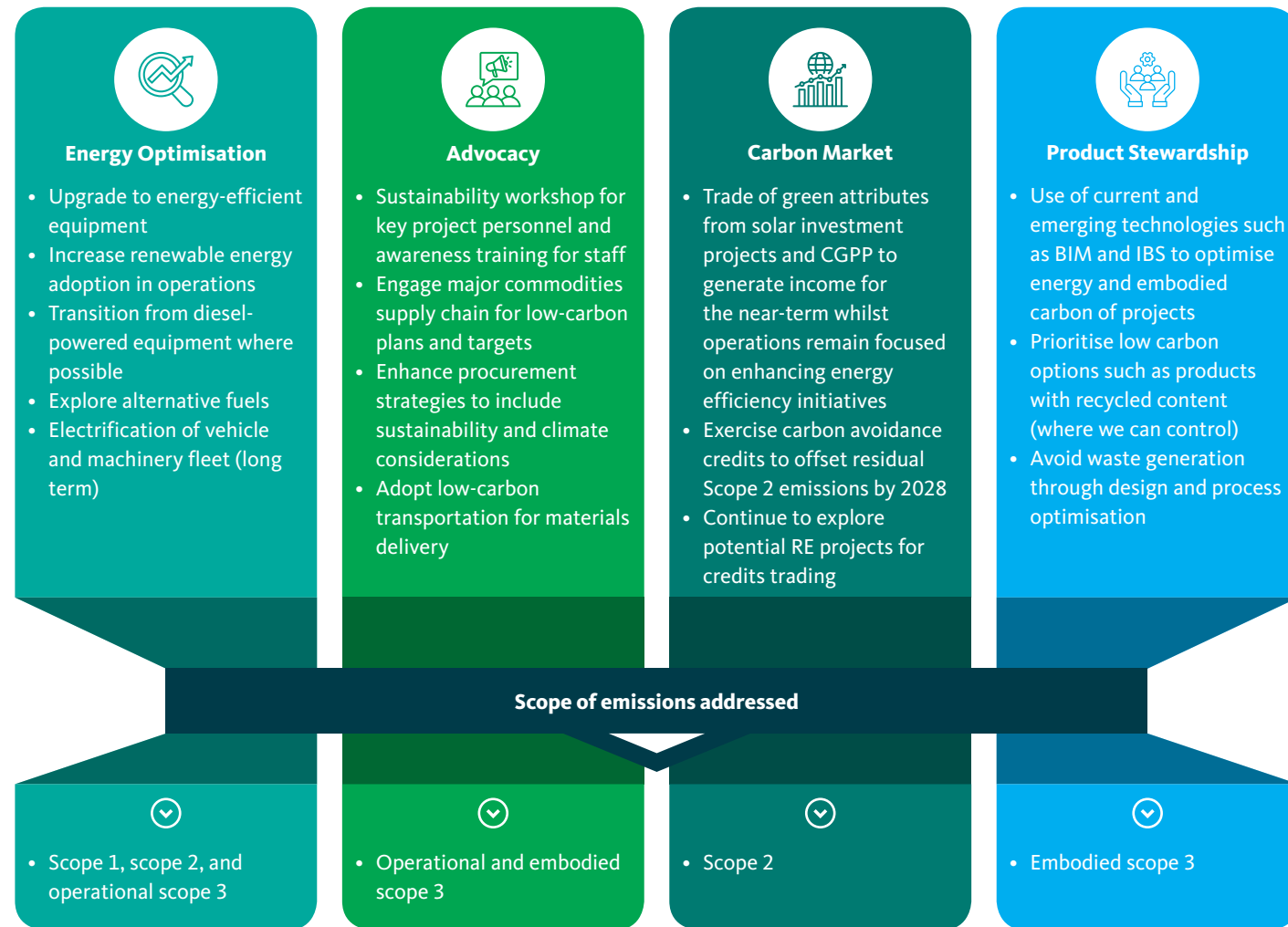
TIMEFRAME	SCOPE 1	SCOPE 2	SCOPE 3
2030: Mid-term	<ul style="list-style-type: none"> Transition from diesel-powered equipment where possible Replace aged machinery Establish project-level KPI Review sub-contracting strategy 	<ul style="list-style-type: none"> Leverage on carbon offset credits generated by solar investment projects Explore rooftop solar at ICPH Establish project-level KPI 	<ul style="list-style-type: none"> Engage major commodity supplier on managing supply chain ESG By 2025, to complete full Scope 3 accounting and establish a viable reduction target By 2025, to compute the carbon footprint of precast products By 2026, to incorporate environmental and social assessment as part of the supply chain selection process Review business strategy
2045: Long-term	<ul style="list-style-type: none"> Leverage technological solutions to advanced machinery fleet Explore alternative fuel source 	<ul style="list-style-type: none"> Leverage technological solutions on electricity consumption 	<ul style="list-style-type: none"> Leverage technological solutions to reduce emissions Explore viable carbon credits to offset residual carbon Promote low-carbon transportation for materials delivery and business travels

These strategic initiatives have been carefully mapped to support SunCon's four-pronged Carbon Reduction Policy centred on Energy Optimisation, Advocacy, Carbon Market and Product Stewardship, with strategies aimed at enhancing efficiency, increasing green attributes, and engaging with our supply chain to foster collective action towards carbon reduction.



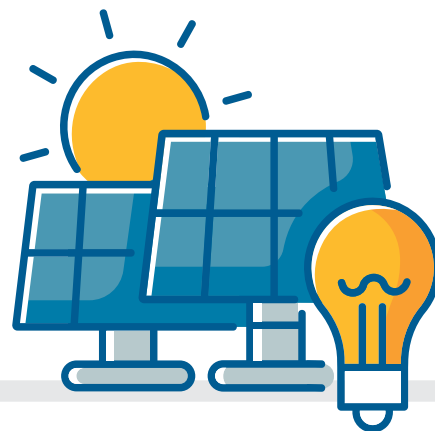
ENVIRONMENTAL

Our Carbon Reduction Policy



Our Solar Investment Projects

SunCon is actively investing in solar energy projects as a key component of our carbon reduction strategy. Currently, we have three projects underway, representing a total investment of RM8.09 million. These initiatives are expected to generate green attributes of 3,305 tonnes CO₂e avoidance, potentially enabling us to reach our 2030 carbon reduction target ahead of schedule. We are continually exploring further opportunities to expand our portfolio of green attributes, reinforcing our commitment to sustainability and carbon neutrality.



ENVIRONMENTAL

Advancing in Low Carbon Economy

SunCon is committed to steering our business towards thriving within a low-carbon economy, ensuring that we remain profitable while embracing the opportunities presented by climate transition risks.

Recognising the potential for growth and innovation in this area, we leverage our resources, capacity, and capabilities to stay at the forefront of this transition. Our strategic approach involves continually enhancing our strengths to ensure that we not only meet but exceed the demands of a rapidly evolving environmental landscape, positioning SunCon as a champion in green building and a pioneer as a green energy provider.

This commitment underscores our dedication to sustainability, aligning our operations with global efforts to combat climate change while securing a competitive advantage in the marketplace.

At the Forefront of Sustainable Energy Solutions

A key facet of our environmental strategy is SunCon's role as a Renewable Energy (RE) solutions provider through our Sustainable Energy Services division. Our engagement in a variety of RE projects, particularly in the construction and installation of solar energy facilities, positions us as an active contributor towards achieving Malaysia's target of deriving 31% of its energy capacity from RE sources by 2025, as outlined in Malaysia's Energy Transition Plan 2021 – 2040.

SunCon is expanding its sustainable energy portfolio beyond solar energy, delving into the development of advanced energy infrastructure and solutions. A key achievement in this domain is the completion of the Thermal Energy Storage (TES) tank at the IOI City Mall Phase 2 project in FY2022, alongside our involvement in the

District Cooling System (DCS) at the mixed development in Sunway Square, Sunway City Kuala Lumpur, in collaboration with ENGIE Southeast Asia.

Thermal energy storage, a more cost-effective alternative to electricity storage, holds great promise for integrating intermittent renewable energy sources like wind and solar. TES plays a crucial role in reducing energy costs and carbon emissions and enhancing overall energy efficiency.

Furthermore, our DCS project, set for completion by FY2024, is poised to provide an energy-efficient cooling solution. This system is designed to significantly reduce the carbon footprint, aligning with our commitment to sustainable energy use and contributing to the mitigation of climate change impacts.

Championing Green Building

In support of Sustainable Development Goal 11 - Sustainable Cities and Communities, SunCon is utilising our extensive expertise to champion green building solutions. Currently, the Group is on track to complete 9 green buildings, which contributes 23.5% to our total revenue and reinforces our position as a leader in constructing eco-friendly structures with minimal environmental impact.

List of SunCon's Ongoing Green Building Projects

Project	Certification
1 Sunway Velocity Two, Kuala Lumpur - Plot A, Corporate Office	GreenRE - Platinum
2 Sunway Velocity Two, Kuala Lumpur - Plot A, Service Apartment	GreenRE - Gold
3 Sunway Velocity Two, Kuala Lumpur - Plot B	GreenRE - Gold
4 Sunway Serene, Petaling Jaya	GreenRE - Gold
5 Sunway Belfield, Kuala Lumpur	GreenRE - Platinum
6 Sunway Square, Sunway City Kuala Lumpur - Tower 1	LEED - Gold, GreenRE - Platinum
7 Sunway Square, Sunway City Kuala Lumpur - Tower 2	GreenRE - Platinum
8 Sunway Flora, Bukit Jalil	GreenRE - Platinum
9 Sunway Medical Centre Velocity Phase 2 (3C4), Kuala Lumpur	GreenRE - Silver

As a committed contractor, SunCon adheres strictly to relevant building codes and standards, especially those set by designers in terms of material selection. This commitment ensures that our construction practices not only meet industry benchmarks but also contribute positively to the development of sustainable and eco-friendly urban spaces.





CIRCULAR ECONOMY

At SunCon, we recognise the significant role the construction industry plays as a major consumer of raw materials. According to the World Economic Forum's 2016 report, "Shaping the Future of Construction: A Breakthrough in Mindset and Technology", the construction sector accounts for approximately 50% of global steel production and consumes over 3 billion tons of raw materials annually. With the majority of these materials being finite, the looming challenge of resource scarcity is set to impact our operations, potentially leading to increased material costs and project delays due to material availability.

Hence, SunCon is firmly committed to aligning our practices with the United Nations Sustainable Development Goal 12: Responsible Consumption and Production. We place special emphasis on targets 12.4, which focuses on the Responsible Management of Chemicals and Waste, and 12.5, which aims at the Reduction of Waste Generation. These targets are particularly pertinent to our industry, and we are dedicated to integrating these objectives into our operations to ensure sustainable and responsible resource usage.

In line with our QESH policy, SunCon is dedicated to preventing environmental pollution, effectively managing waste, and conservatively using natural resources. This commitment involves rigorous environmental impact assessments and the implementation of control measures. Our focus is particularly honed in on two key areas: material management and waste management.

Materials Management

Within our operations, the top five commodities utilised include steel bars, cement, sand, ready-mixed concrete, and quarry products. By carefully managing these resources, we aim to reduce our

environmental footprint while maintaining the high quality of our construction projects.

Through the adoption of circular economy principles, we are focused on reducing material consumption and enhancing consumption efficiency by maximising the functionality and extending the lifecycle of our resources to support the attainment of these targets. Moreover, SunCon is progressively adopting sustainable material alternatives where feasible. We are leveraging our expertise in Virtual Design and Construction (VDC) to optimise resource use, thereby reducing the quantities required for our projects. This approach not only conserves resources but also minimises environmental impact.

A key part of our strategy involves implementing best practices in materials management. This ensures that all materials are delivered, handled, and stored in a manner that is both efficient and effective, thereby reducing unnecessary waste generation. Other materials management best practices include:

- Doing the right things the first time and every time
- Procurement of materials based on work programme to minimise premature delivery of materials
- First-In-First-Out (FIFO) practices
- 5-S System

Continuing our focus on resource efficiency, SunCon recognises its importance not only for promoting sustainable practices but also for driving cost and production efficiencies, which in turn contribute to improved financial performance. In the construction industry, where the consumption of natural resources and the generation of waste are inherent, adopting a circular economy mindset is crucial.

By integrating circular economy principles with good design, building, and procurement practices, we aim to minimise the generation

of absolute waste that ends up in landfills. This approach is not just about waste reduction; it's about rethinking how we use resources to create more sustainable, efficient processes.

Lifecycle Perspective

Lifecycle mapping is integral to our QESH management system. Through life cycle mapping, we are able to identify potential environmental impacts at each stage and implement measures to mitigate them effectively. This approach allows us to integrate practices that not only reduce our environmental footprint but also contribute significantly to environmental preservation.

The majority of SunCon and its subsidiaries adhere to the ISO 14001:2015 Environmental Management System (EMS), which includes an environmental aspect and requires impact assessment to be conducted as an essential step preceding any construction activity.

Embracing Recycled and Eco-Friendly Building Materials

At SunCon, adherence to design codes and specifications set by our clients is paramount. Within these parameters, we actively incorporate eco-friendly materials with recycled content in our construction projects. A notable example is the use of eco concrete, which includes Pulverised Fuel Ash (PFA) and Ground Granulated Blast-furnace Slag (GGBS) in the concrete mix. These materials not only enhance the sustainability of the concrete but also contribute to the reduction of environmental impact.

Additionally, Autoclaved Aerated Concrete (AAC) blocks are increasingly employed as an environmentally friendly alternative to conventional building materials. AAC blocks can be used for walls, floors, and roofs, offering benefits such as good workability, efficiency, and a reduced environmental footprint.



Our commitment to sustainable building extends to the adoption of innovative green materials as specified by our clients. For instance, the use of Star Bars, an alternative to conventional steel rebars, in one of our projects, exemplifies this approach. Star bars, a material published in GreenPages Malaysia by the Malaysia Green Building Council (malaysiaGBC), supports an 18% reduction in embodied carbon emissions associated with manufactured products, and offers enhanced recyclability and reusability. They have been recognised with a Cradle to Gate Carbon Footprint Analysis report from SIRIM and have earned Green Building Index (GBI) points for product publication in GreenPages Malaysia by the malaysiaGBC.

Reducing Material Wastage

We have established specific targets for controlling material usage in our business operations, with a particular focus on ready-mixed concrete and steel bars, as they represent major commodities in our construction projects. These targets are set to ensure that wastage levels do not exceed a predetermined percentage and are tailored to the specific material and the project's nature, underscoring our commitment to strategic resource planning to ensure efficient resource utilisation and minimise waste.

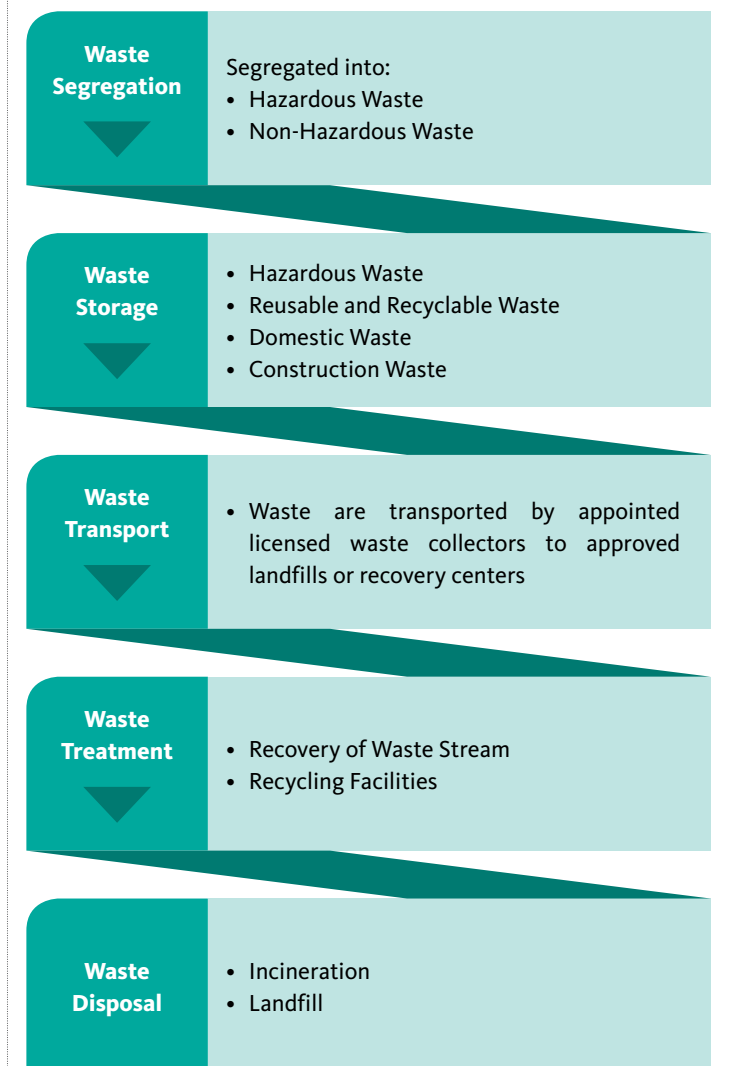
	Target	% Project sites achieved target in FY2023
Ready-mix concrete foundation		
Piling Works	25.0%	100%
Basement Works	15.0%	100%
Ready-mix concrete		
Building Works	5.0%	100%
Civil Works	8.0%	100%
Steel Bars		
Geotechnical Works	10.0%	100%
Building Works	8.0%	100%
Civil Works	8.0%	100%
Building works		
Bricks	7.0%	100%
Tiles	8.0%	100%

Waste Management

At SunCon, waste generated is meticulously categorised at construction sites into hazardous and non-hazardous categories. Hazardous waste typically includes scheduled waste, regulated under the Environmental Quality (Scheduled Wastes) Regulations 2007, while non-hazardous waste primarily consists of construction and domestic waste.

We are acutely conscious of the potential consequences of improper waste disposal, including emissions and discharges, which can lead to legal repercussions and environmental pollution. Furthermore, non-compliance with environmental regulatory requirements can adversely affect our company's reputation and brand image.

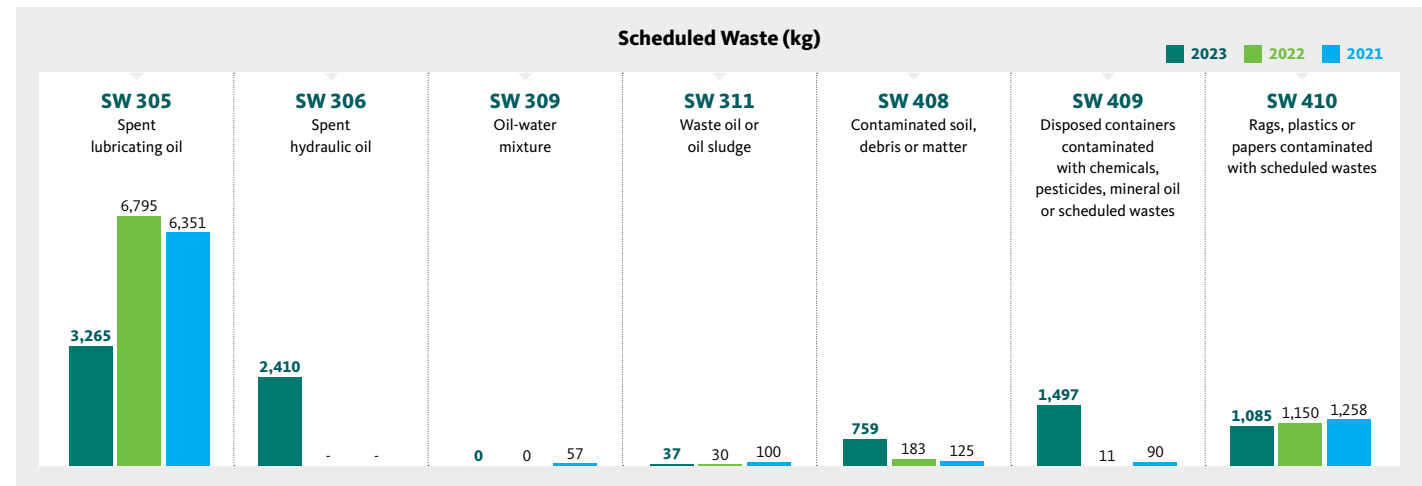
SunCon's Waste Management Process



ENVIRONMENTAL

Hazardous Waste Management

We manage hazardous waste strictly in accordance with regulatory requirements. Our hazardous waste is securely stored in designated scheduled waste storage areas on-site, meticulously monitored, and disposed of by licensed waste collectors at approved disposal facilities.



Non-Hazardous Waste Diversion

We are committed to diverting non-hazardous waste away from landfills as much as possible. This includes construction materials like timber, concrete, and steel, as well as domestic waste such as food, paper, plastic, and aluminium. We recognise that waste sent to landfills contributes to our Scope 3 emissions; therefore, reducing and diverting waste is a crucial part of our strategy to lower our indirect emissions.

19.9% Waste Diverted from Landfill in FY2023

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

Steel bars are sent to mills or foundries for recycling

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

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

Adhering to 3R Principles

Guided by our QESH Policy, SunCon is progressively integrating circular economy methodologies into our operations. Our ultimate aim is to achieve zero waste to landfill, reflecting our dedication to environmental sustainability and efficient resource management.

In line with this goal, SunCon adopts the 3R approach to reduce, reuse, and recycle wherever possible. Our focus is on minimising waste generation, repurposing materials where possible, and recycling as much as we can. Sending waste to landfills is considered a last resort. This 3R strategy not only ensures responsible disposal but also aids in conserving natural resources.

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WATER PROTECTION

In the construction industry, water is a vital resource, consumed in substantial quantities for diverse applications on-site. These include uses such as machinery wheel washing, sanitation, construction works, irrigation, testing and commissioning, dust suppression, and road-cleaning works. The significant volume of water utilised and discharged in these processes underscores the importance of water protection as a key environmental concern for SunCon.

As such, SunCon is committed to implementing effective water management strategies that minimise water waste and promote safe discharge of wastewater, ensuring that our operations are in harmony with environmental preservation and resource sustainability.

Water Protection Initiatives




Innovative Wastewater Recycling at Sunway Concrete Products

At our Sunway Concrete Products facility, SunCon has implemented a wastewater recycling system. This system is designed to treat wastewater generated from batching plant operations, enabling its reuse for non-potable applications. The facility successfully produces over 111 m³ of recycled water daily, demonstrating our commitment to sustainable water management.

Rainwater Harvesting at Sunway Enterprise Park

In addition, at the Sunway Enterprise Park, our Machinery Division has taken a significant step towards sustainability by installing a rainwater harvesting system with a capacity of 6 m³. This initiative not only optimises water usage but also aligns with our environmental conservation goals, reducing our reliance on municipal water supply and contributing to efficient resource management.



ENVIRONMENTAL

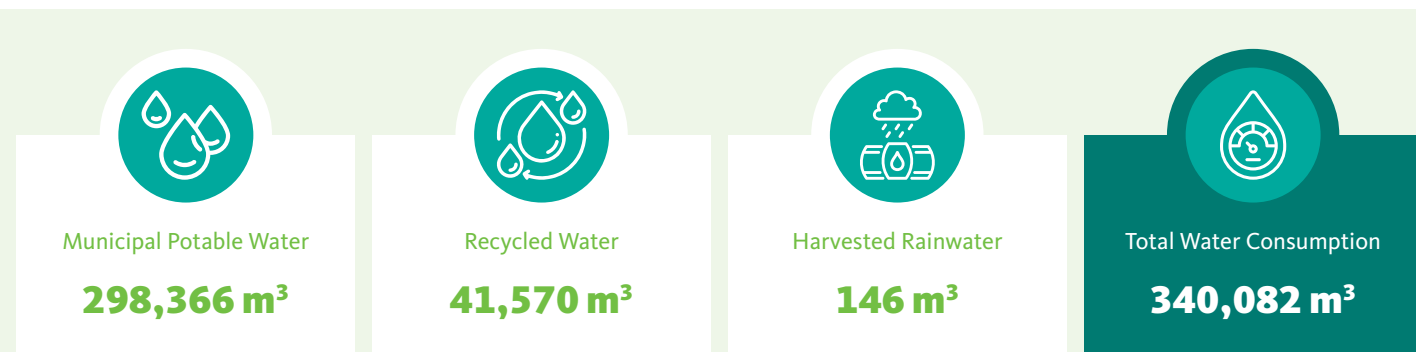
Water Withdrawal and Consumption

SunCon's approach to water usage encompasses sourcing from local utility providers, coupled with sustainable practices like rainwater harvesting and recycling water wherever feasible. Our objective is to minimise reliance on municipal water sources and increase the use of recycled water, particularly for non-potable applications. To this end, we have implemented various methods, including rainwater harvesting and controlling water pressure at most of our construction sites.

According to the Water and Sewerage Fact Book 2021 by Suruhanjaya Perkhidmatan Air Negara (SPAN), 16 out of 20 of our work sites under direct SunCon operation maintain healthy reserve margins of 15% to 20%. However, four sites located in the Johor region have a reserve margin of 11.5%, which falls below the desired level.

In recognition of the challenges posed by water scarcity and the importance of reducing water consumption, we are actively exploring alternative water sources for non-potable uses to decrease our dependence on municipal water supplies. Current initiatives include utilising water from silt traps and reusing water from wheel-washing bays. These efforts are not only crucial for sustainable water management but also vital for ensuring the resilience of our operations against potential water shortages.

FY2023: Water Consumption (m³)



Note: FY2023 water consumption data has included operations at ICPH in Singapore

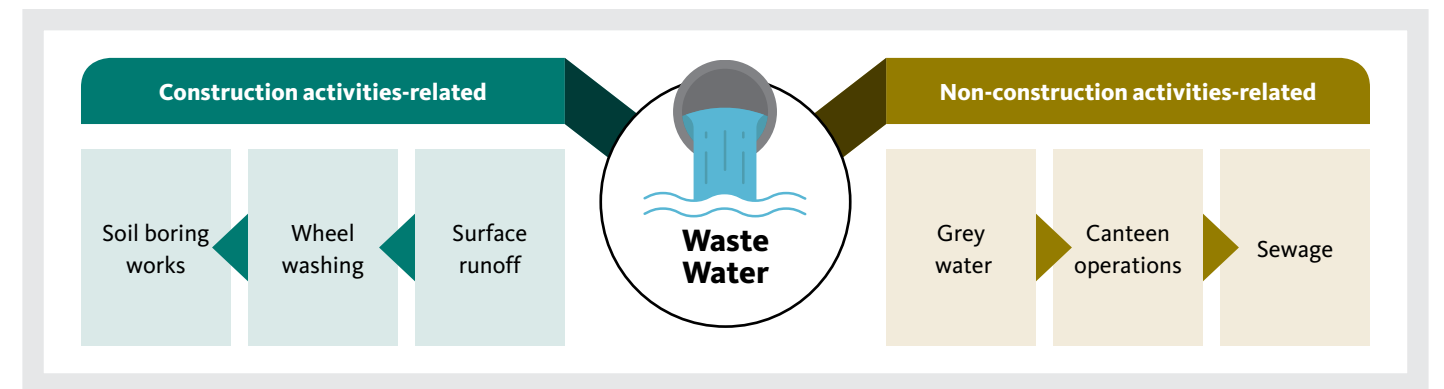
Pollution and Wastewater Management

SunCon is acutely aware that pollutants from our business operations and activities can have detrimental effects on both the environment and the communities where we operate. As a construction company, while the quantity of water discharge is not within our control, it is our responsibility to ensure the quality of our water discharges are in compliance with relevant regulatory requirements. Key pollution concerns include untreated effluent discharges, air emissions, and noise that exceed regulatory thresholds.

We are dedicated to upholding the standards set by the Department of Environment (DOE), Malaysia, particularly concerning air and water quality, and noise control. Air emissions, noise levels, and water parameters are rigorously monitored across all construction sites to ensure adherence to DOE's performance parameters and their equivalents in other regions we operate in.

Wastewater generated at construction sites falls into two primary categories: wastewater from construction-related activities and wastewater from non-construction activities.

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In managing non-construction-related wastewater, SunCon employs service providers to routinely maintain the sewage storage tanks of portable and temporary toilets. For waste originating from canteen operations, we have installed grease traps at sink outlets. The grease collected in these traps is then disposed of separately, ensuring responsible waste management and preventing environmental contamination.

In managing construction activities-related wastewater, we have established comprehensive Best Management Practices (BMPs) to effectively manage our discharges. Our approach includes the use of silt fences, silt traps, temporary perimeter drainage, check dams, and slope protection measures. These practices are designed to prevent surface runoff and sediments from contaminating water bodies located adjacent to or near our construction sites.

We diligently monitor all water discharge points at regular intervals to ensure compliance with the DOE standards. Immediate corrective actions are taken if Total Suspended Solids (TSS) levels exceed permissible limits. While SunCon has experienced several incidents of non-compliance based on river water monitoring results, these were mostly attributed to external factors and not directly related to our operations.

Additional information on SunCon's wastewater and pollution monitoring indicators are disclosed in the Key Performance Data section on pages 286 to 298.

BIODIVERSITY

SunCon recognises the critical importance of biodiversity in maintaining food security, supporting the livelihoods of indigenous communities, preserving local cultures, and ensuring habitat conservation. The loss of biodiversity can have far-reaching consequences, disrupting food chains, affecting water bodies and natural environments, biodegradation, and impacting individuals and societies in various ways, with effects varying in magnitude across different populations.

As a construction company, our role primarily involves working on sites owned by others. Therefore, the responsibility for conducting environmental impact assessments, biodiversity assessments, audits, and their equivalents typically falls under the jurisdiction of the project owner. SunCon, to the best of our knowledge, does not operate in or near areas classified as high conservation value (HCV).

Despite this, SunCon remains committed to taking all necessary measures to preserve the environment. This includes minimising the environmental impacts of our construction activities and ensuring they remain within the limits set by the DOE and other regulatory authorities. We are committed to playing our part in preventing pollution of water, air, and soil, thereby protecting the flora and fauna, and ensuring that our operations are conducted within the confines of the law and in accordance with client requirements.

Our operations are governed by our Quality, Environmental, Safety, and Health (QESH) Policy and Management System, which guides our approach to environmental management and preservation. In FY2023, 71% of our operations are certified with ISO 14001:2015.

SunCon strictly complies with the Environmental Quality Act (EQA) 1974 and adheres to the DOE's Environmental Impact Assessment (EIA) Conditions of Approval (COA). The Group did not receive any environmental fines or penalties related to environmental non-compliance in FY2023.



In the construction industry where SunCon is a key player, the social aspect of our operations is of paramount importance. This sector is intrinsically connected to a range of crucial social topics, including the development of local talents, adherence to human and labour rights, impacts on local communities, and Occupational Safety and Health (OSH).

Contrary to traditional perspectives, the modern construction business model has evolved to place a higher priority on stakeholders, particularly workers within the supply chain and the communities surrounding our projects. This shift has led to numerous positive outcomes, such as enhancements in local infrastructure, the creation of meaningful employment with fair wages, commercial opportunities for local suppliers, and significant improvements in health and safety standards.

At SunCon, we are dedicated to fostering a mutually beneficial relationship between the construction sector and society. Our approach is grounded in a commitment to safeguarding human rights, improving working conditions, offering better remuneration and benefits, and enhancing the overall quality of life. Through our business model, we aim to contribute positively to employee management, fair labour practices, occupational safety and health, product quality and responsibility, and community enrichment.



Performance on Social KPIs and Targets:

Sustainability Matters	Target	Bursa Indicator	2023	2022
Employee Management	Increase average Learning and Development (L&D) hours to 40 hours per employee by 2030	C6(a)	35.7 hours	23.8 hours
Fair Labour Practice	Maintain 100% engagement with direct workers annually on matters related to terms of employment	N/A	100%	100%
	Zero confirmed incidents on human rights violation	C6(d)	Zero incident	Zero incident
Occupational Safety and Health	Zero fatalities in all activities for employees and subcontractors	C5(a)	1	1
	Lost Time Injury Rate (LTIR) less than 0.3 by 2030	C5(b)	0.15	0.44
	All employees to be trained on safety and health standards	C5(c)	100%	100%
Product Quality and Responsibility	Zero incidents of non-compliance with regulations concerning quality of our products and services	S3(b)	Zero incident	Zero incident
	Achieved overall average satisfaction score of 70% and above	N/A	80.8%	78.8%
	QLASSIC score: 83% and above for all relevant building projects	N/A	Average score 82.3% (3 projects assessed)	Average score 82% (4 projects assessed)
Community Enrichment	Supports communities through social impact projects and initiatives in encouraging inclusive growth	C2(a) & C2(b)	RM2.63 million distributed	RM2.09 million distributed



EMPLOYEE MANAGEMENT

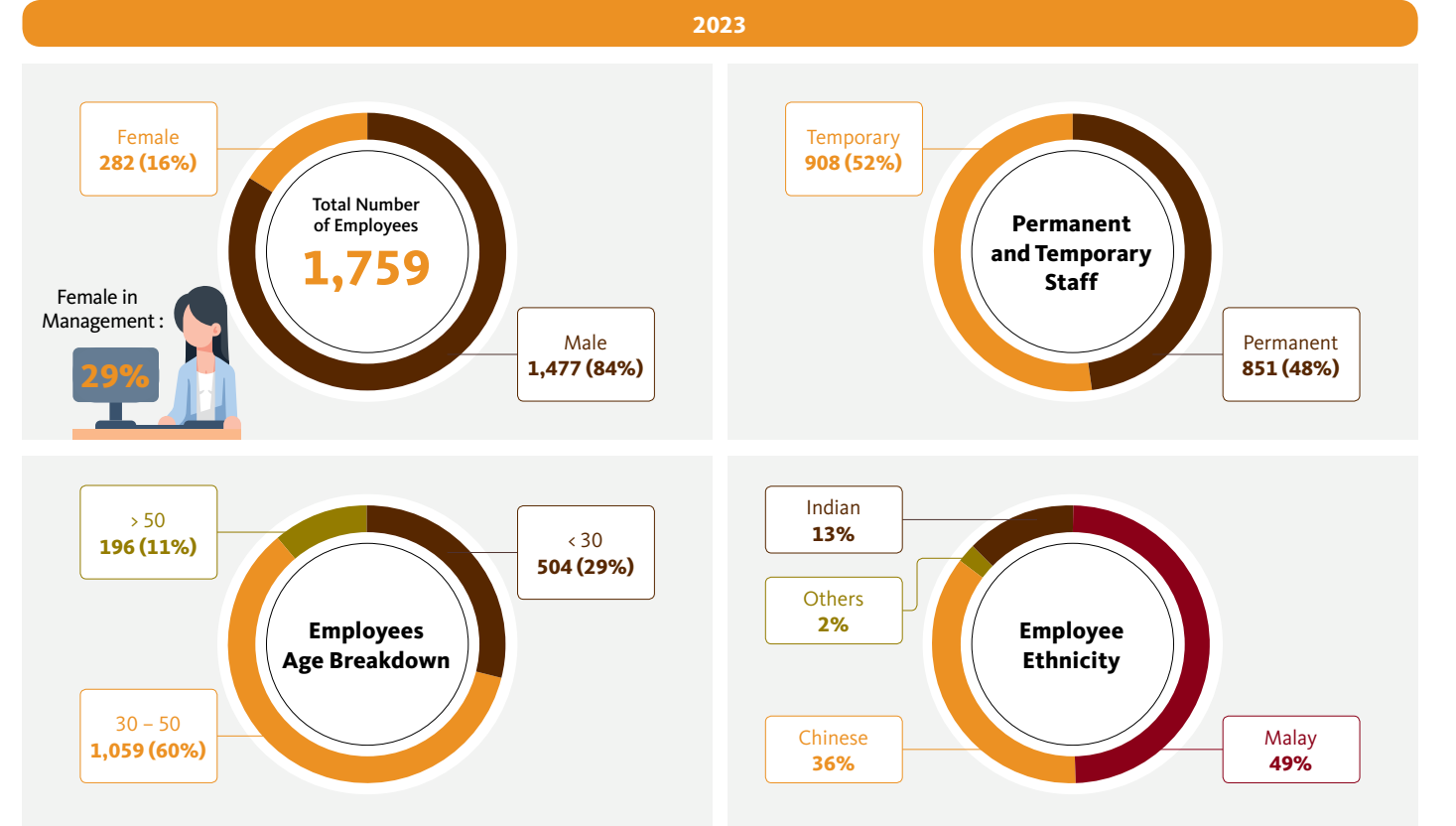
SunCon's approach to employee management extends beyond conventional human resource strategies to embrace and champion diversity and inclusion in the workplace. We are committed to cultivating a culture that respects and values individual differences, promotes equality, and fosters an environment where all employees are encouraged to grow and realise their full potential.

Diversity and Inclusivity

We pride ourselves on having a diverse group of employees from various demographic segments and social backgrounds represented at every level of our organisation, reflecting the rich cultural tapestry of Malaysia. This diversity is integral to our strength and success, bringing a wide range of perspectives and insights to our business operations.

We firmly uphold the principles of diversity and inclusivity, maintaining a strict zero-tolerance policy towards discrimination of any kind. This commitment extends to all socio-demographic characteristics, including age, gender, ethnicity, religion, nationality and disability. Our non-discriminatory approach is embedded in every facet of talent management, encompassing hiring, promotion, remuneration, and professional development of our staff.

We ensure that all company events, programmes, and activities are inclusive, allowing active participation from employees regardless of their race, culture, religion, or gender. SunCon is dedicated to creating and maintaining a workplace that is not only free from physical, psychological, or verbal abuse and the threat of abuse but also from sexual or other forms of harassment. Our working environment is characterised by equality, respect, and a supportive atmosphere that fosters a sense of belonging and mutual respect.



Additional information on SunCon's employee demography are disclosed in the Key Performance Data section on pages 286 to 298.

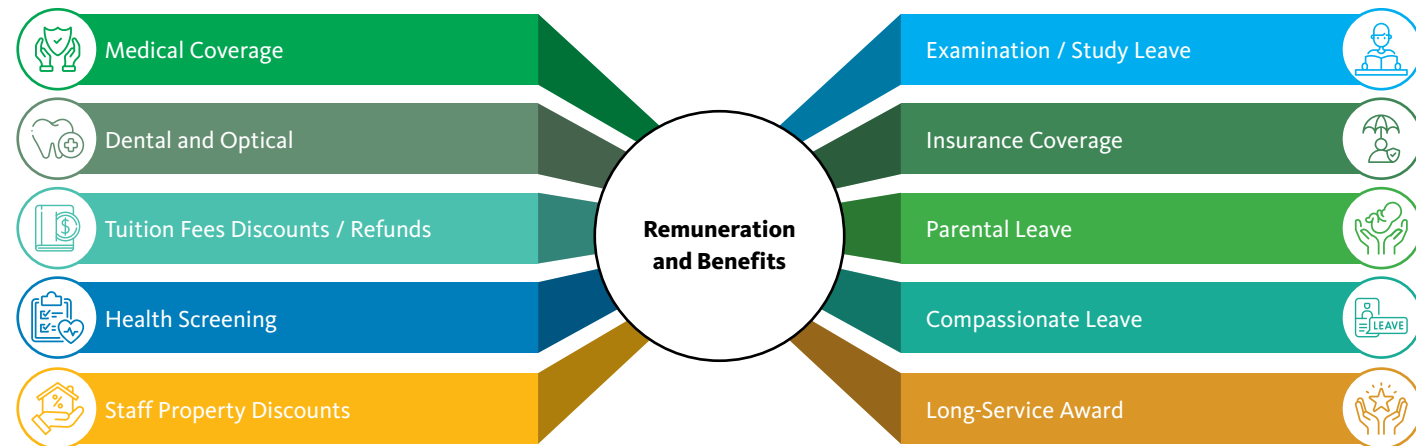
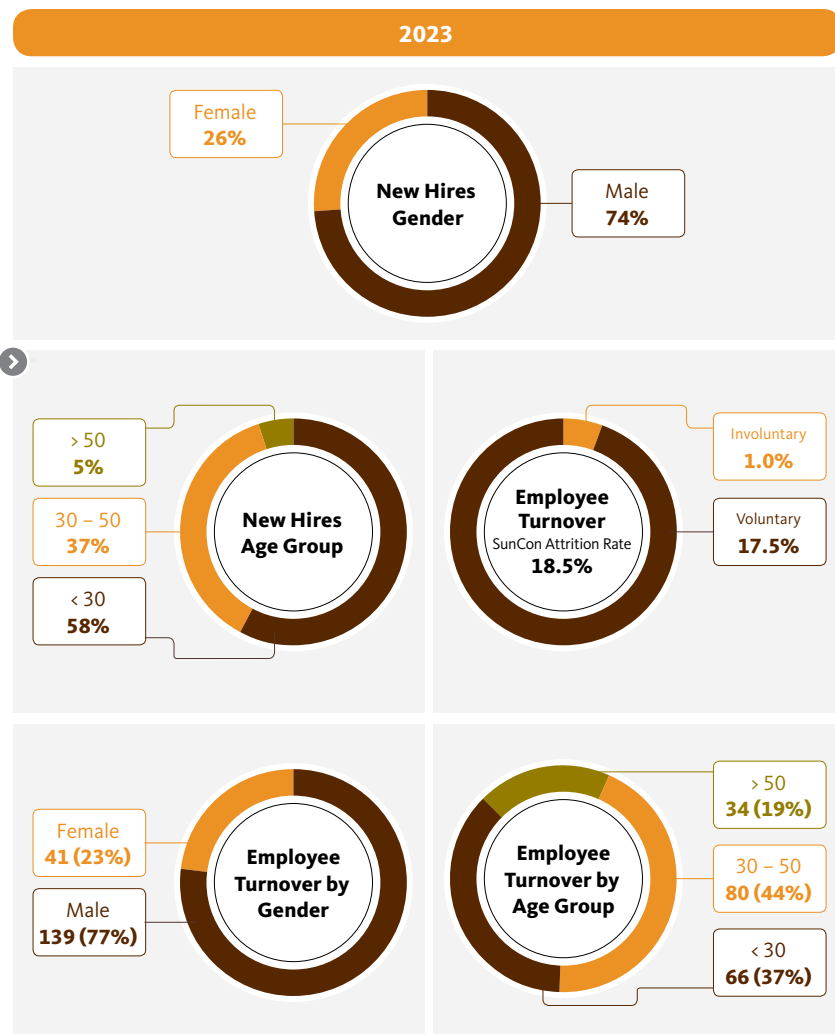


Recruitment, Retention and Remuneration

Our recruitment process leverages a broad range of channels to source for candidates. All new hires are thoroughly informed about their rights as employees under the laws of the country and are provided with an induction session to help them acclimate to our work environment and organisational culture. Typically, new hires undergo a probation period, based on performance, which does not exceed six months, during which they receive extensive support and assistance.

In our approach to talent management, we practice the spirit of meritocracy and diversity. Decisions regarding hiring, rewarding, and promotions are based on an employee's competencies, experience, professional contributions, and qualifications, with no consideration given to socio-demographic factors like age, gender, culture, or ethnicity. Training and professional development opportunities are allocated based on competency gaps or organisational requirements, ensuring equitable professional growth.

SunCon is committed to offering competitive compensation packages, aligned with industry standards and based on skills, competencies, seniority, tenure, and achievement of job KPIs, as well as the overall performance of the Group. We comply with the Minimum Wage Order 2022 and the Employment (Amendment) Act 2022, which mandates overtime payments for employees earning RM4,000 per month and below.



In FY2023, 100%* of our workforce, encompassing staff across employment grades NE00 - EG15, are entitled to a range of non-compensation benefits. These benefits are designed to support the overall wellbeing and professional growth of our employees.

* Note: All staff are entitled for at least one or more non-compensation benefits listed above.



Empowering the Underrepresented

Guided by the principles of meritocracy and equal opportunity, our Human Resources (HR) team actively considers candidates with disabilities for roles within the Group where their talents are best suited. Moreover, SunCon values on-the-job competencies over formal qualifications when hiring for manual roles on construction sites as well as office positions. As a result, we have successfully employed individuals who, despite lacking academic qualifications, have demonstrated exceptional performance and aptitude. We are committed to fostering an inclusive work environment that provides opportunities for professional advancement, enabling these individuals to contribute to and grow with the company.

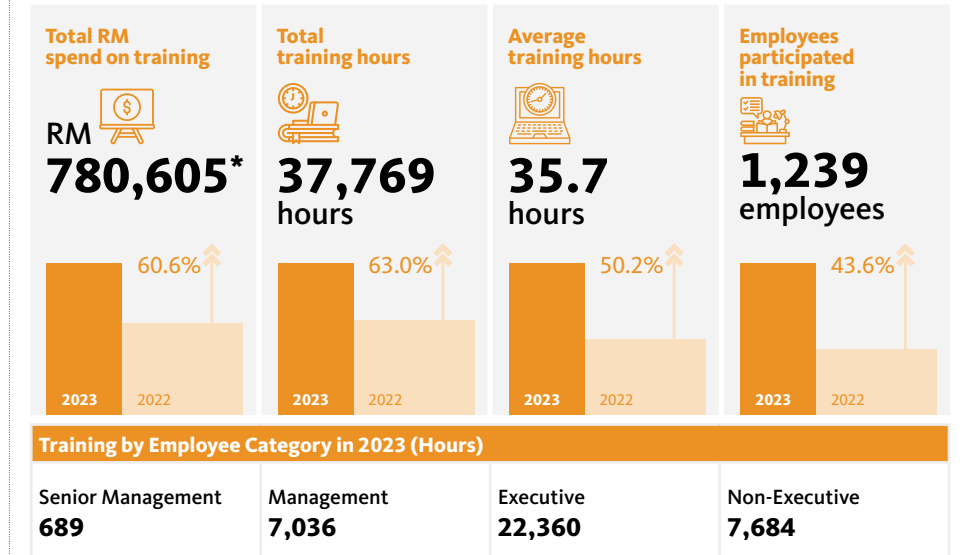
Talent Development

SunCon provides equal access to growth, offering training opportunities to all employees, whether they're on permanent or contract terms. We are cognisant that investing in talent development extends beyond improving competencies and skills. It introduces our local talent to new technologies, knowledge, and methodologies, ensuring they continually upskill and reskill to stay relevant in a rapidly evolving marketplace. This commitment not only enhances employability but also empowers our employees to ascend the value chain, achieving better wages and contributing significantly to their professional and personal development.

Continual personal development of our employees' competencies and skills through targeted training is a cornerstone of our talent management strategy. Training needs are identified through several avenues, including formal training needs analysis where recommendations from line managers are taken into consideration. Additionally, employees are encouraged to request training informally, identifying programmes or courses relevant to their job roles or for their professional growth.

Training and capacity building modules provided by SunCon include:

- Leadership Training
- On-the-Job Training
- Coaching and Mentoring
- Technical, Functional and Managerial Skills
- Quality Assurance
- Environmental, Safety and Health (ESH)



* Total spent on training include foreign workers.

Internship Placement

SunCon is committed to nurturing young talent through our robust internship programme. We provide interns with valuable cross-functional job experiences and exposure, allowing them to work across various departments and business units. This approach offers them a comprehensive range of practical, on-the-job employment experiences, laying a solid foundation for their future careers.

In FY2023, we were pleased to offer internship opportunities to 113 individuals, enabling them to gain firsthand insights into the construction industry and professional work environments.





FAIR LABOUR PRACTICE

SunCon places a high priority on overseeing human and labour rights, not just within our organisation but our supply chain as well. We recognise that potential lapses in commitment and practices from subcontractors, suppliers, vendors, and others could lead to non-compliance with human and labour rights regulations.

SunCon adheres to the Sunway Group Human Rights Policy, which aligns with local legislation and reflects the UN Global Compact's 10 Principles. The Policy extends to our supply chain, obligating all suppliers to adhere to these standards. The policy strictly prohibits the use of child and forced labour, ensuring that our business operations and those of our partners are conducted ethically and responsibly. We are in the midst of developing a Supplier Code of Conduct to ensure our supply chain understands SunCon's expectations on ethical labour practices. Any non-compliance in these areas can be reported through the Group's whistleblowing channel.

Ensuring Workers' Rights and Welfare

We are committed to safeguarding the rights and welfare of all workers, including foreign and third-party workers at our sites. Our approach is guided by several key commitments to ensure a responsible and ethical work environment:

Safe Working and Living Conditions

We provide safe working conditions and ensure that workers' accommodations are established in accordance with the Workers' Minimum Standards of Housing, Accommodations and Amenities (Amendment) Act 2019 (Act 446). Inspections are conducted periodically and randomly on the conditions of living quarters and we monitor the status of Certificate of Accommodation (CFA) applications submitted by our contractors.

Fair Compensation

We ensure fair compensation for all our workers, exceeding Malaysia's Minimum Wage Order 2022 requirements and providing equitable pay for overtime hours. SunCon is in full compliance with the labour standards of the countries where we operate.

Excessive Working Hours

We are in compliance with the overtime and working hours as stipulated in the amended Employment Act. This was communicated to our staff and direct foreign workers through engagement sessions.

Freedom of Access

SunCon is committed to the prevention of forced labour and the exploitation of migrant workers. Workers maintain the right to retain possession of their personal identification documents, including passports. Additionally, foreign workers have the right to return to their countries of origin upon the expiry of their contracts, and to apply leave for holidays during their contracts.

Bonded Labour

We do not withhold our direct workers' wages and we do not make them pay any upfront employment fees or agent fees. All recruitment fees are borne by the Company, including their FOMEMA check-ups and yearly permit renewal fees, which include levy payment.

Child Labour

Child labour is strictly prohibited within our workplaces. This is enforced through our site requirements, whereby all workers entering our project site must possess a valid work permit and a CIDB Green Card, both of which require age verification.

Collective Bargaining

We uphold the right of employees to form unions of their choice, without fear of reprisal or harassment. To date, SunCon has not received any request to establish a trade union. However, in the absence of a union, our HR department liaison with foreign workers conducts engagement sessions with them regularly.

In FY2023, we have engaged more than 600 foreign workers directly hired by SunCon through townhall sessions held at 28 active project worksites to brief workers on company policies that affect them, as well as their benefits and career progression plans. The townhall sessions also address any grievances with regard to working conditions or employment terms.

Freedom of Association

We respect and support our employees' right to join or affiliate with any legal political party, non-governmental organisation (NGO), trade, or professional association.



Minimum Notice Period for Operational Changes

We have established structured protocols regarding notice periods for various operational changes. This includes formal probationary periods for new employees and defined minimum notice periods for employee resignations. Additionally, for most HR-related announcements, such as claim submissions, we provide employees with a specific notice period to respond appropriately.

However, there are instances, particularly those related to health and safety, where immediate action may be necessary, such as quarantine notices during the COVID-19 pandemic. In such cases, advance notice periods may not be feasible due to the urgency of the situation.

SunCon is committed to ensuring, wherever possible, that all employees are given advance notice of any changes that could affect their employment conditions, work environment, work location, or working hours. This approach is part of our commitment to maintaining transparent and respectful communication with our employees, ensuring they are well informed and prepared for any operational changes.

Harassment Management

SunCon adheres to the Sunway Group Anti-Sexual Harassment Policy to protect our employees from harassment. Our HR staff, trained in managing complaints of sexual harassment, serve as the focal point for any reports from our employees. This approach ensures that those experiencing harassment have access to trained personnel who can handle their complaints appropriately and effectively, contributing to ensuring the creation of a safe and respectful work environment.

Grievance Mechanism

SunCon is committed to the professional management of grievances, particularly those related to employees. We align with the Sunway Group's Employee Grievance Policy, ensuring that all employee concerns are handled with the utmost seriousness and care. Key aspects of this policy include:

- All grievances reported through our mechanism are treated seriously, given due consideration, and investigated if necessary.
- All parties involved in a grievance are given a fair opportunity to express their views, ensuring due process is followed.
- Grievances are managed with objectivity and impartiality, guaranteeing fair judgments.

Employees are regularly informed about the availability of this grievance mechanism. They can submit their grievances to their immediate superiors, respective Department Heads, or to the Human Resources (HR) department. While we encourage employees to resolve issues through the existing management hierarchy or informal channels, such as dialogues, they are free to use the grievance mechanism whenever they choose.

Aside from the whistleblowing channel, foreign workers can report grievances through WhatsApp for direct communication with designated HR officers, offering a quicker and more personal response. Grievances reported are promptly logged with solutions detailed, ensuring effective and transparent resolution.

There were no human or labour rights incidents reported through the whistleblowing channel, no incidences of non-compliance with labour laws, and no parts of our operation were at risk of child labour in FY2023. Additionally, there were no reports made through the grievance mechanism in FY2023.

Employee Satisfaction

At SunCon, our Employee Engagement Survey (EES) is a vital tool for assessing employee satisfaction. Conducted biennially, the most recent EES was conducted in FY2022, with the next scheduled for FY2024.

The FY2022 EES saw a 99% participation rate, with an engagement score of 63%. The survey facilitated transparent discussions about various workplace dimensions, including Leadership, Diversity & Inclusion, Work-Life Balance, Career Development, and Rewards & Recognition. These insights into our employees' motivations, aspirations, and concerns are invaluable for shaping a responsive and supportive workplace culture.

Following the FY2022 survey, SunCon's Human Resources Department has actively engaged with our workforce through more than 10 employee experience sessions, involving over 100 employees. These sessions have been instrumental in providing deeper insights into employees' feedback. They enable us to address and resolve immediate workplace issues effectively. For more complex concerns that require a broader approach, we are committed to implementing company-wide policy changes and improvements. These actions reflect our dedication to continually enhancing our work environment and ensuring employee satisfaction.

By integrating feedback from both the EES and the subsequent employee experience sessions, SunCon is better positioned to foster an environment where each employee feels valued and equipped to achieve their professional best. This ongoing engagement underscores our commitment to not just measuring but actively enhancing employee satisfaction and wellbeing at SunCon.



OCCUPATIONAL SAFETY AND HEALTH

SunCon prioritises the safety, health, and welfare of our workforce and the public in all our business operations. Beyond the potential injury and loss of life, we recognise the severe implications that serious Occupational Safety and Health (OSH) incidents can have on our business, including site closures, project delays, and erosion of stakeholder confidence that will impact SunCon's competitiveness during project bidding.

Guided by our integrated Quality, Environmental, Safety, and Health (QESH) Policy, we adopt a no-compromise approach to OSH management. We are committed to providing safe and healthy workplaces for those who work for us, with us, and around us, focusing on accident prevention and continual improvement through systematic assessment of environmental, safety, and health risks that may arise in our daily operations.

Additionally, compliance with all legal requirements is integral to our operations. Our procedures and processes comply with the Occupational Safety and Health Act 1994 (OSHA 1994), Factories and Machinery Act 1967 (FMA 1967), Construction Industry Development Board Act 520 (CIDB Act 520) and all related legal requirements.

These regulations serve as our guiding principles to ensure all operations are conducted safely, healthily, and in an environmentally friendly manner.

OSH Oversight and Management Responsibility

The governance of safety, health and welfare is a top priority at SunCon, led by our Group Managing Director (GMD). With the support of senior management, the GMD holds overarching responsibility and accountability for preventing occupational

injuries and health issues, ensuring and promoting continual improvement, as well as leading the SunCon OSH culture that accentuates "Every worker has the right to go home safe and healthy every day". Whilst we have a centralised QESH Management System, we ensure that OSH responsibilities are effectively decentralised at the site level, entrusting each Project Manager with the accountability for OSH oversight on their respective projects.

Matters relating to OSH are reported to the Board Sustainability Committee (BSC), which bears the responsibility for overseeing the execution of SunCon's ESG framework, including the management of safety and health risks.

In the case of major OSH incidents, detailed investigation reports, including recommendations and preventive measures implemented, are presented at Board meetings. To ensure comprehensive management of safety and health risks across the company, the Board may also invite relevant parties for further investigations. This structure of oversight and responsibility underscores SunCon's commitment to maintaining the highest standards of occupational safety and health across all its operations.

OSH Strategy and Management

1. SunCon Integrated Management System

SunCon's OSH management ethos is anchored in its ISO 45001:2018 aligned Integrated Management System, which sets out key guidelines and standard operating procedures that aim to drive our operations in a safe and systematic manner. This includes:

- the SunCon ESH Minimum Requirement (SCMR) for essential controls;
- Safe Work Method Statements (SWMS) for hazard identification and risk management before a construction activity begins;
- the Risk and Opportunity Register (ROR) for identifying, managing, and documenting project specific other risks and opportunities; and
- critical management procedures such as emergency response, accident reporting and investigation, training, and inspection and auditing.

In FY2023, 71% of our operations are certified with ISO 45001 OSH Management System.

2. OSH Performance Linked KPI

Our Group-wide OSH objectives and targets are based on measurable key performance indicators (KPIs), which consist of leading (non-zero) and lagging indicators. The defined remuneration linked to OSH performance targets is as follows:



Our OSH KPIs include, but are not limited to:

- **Zero Life Loss**
- **Average Sunway Safety Merit System (SSMS) score of 80% and above**
- **U-SEE-U-ACT (UCUA)**

Launched in 2019, the U-See-U-Act (UCUA) programme employs a digital solution, the UCUA ChatBot, to proactively identify and mitigate unsafe acts or conditions, preventing potential hazards. It encourages a culture of prevention by setting a target of one UCUA submission per 750 manhours worked from both SunCon employees and contractors. In FY2023, we have achieved 431 manhours to 1 UCUA submission, with a total of 18,763 UCUAs identified. Since its inception, the programme has successfully averted 52,624 potential incidents through UCUA intervention.

4. Training and Communications

Safety and Health trainings are provided regularly for all our employees and contractors' workers to equip them with the awareness, knowledge, and skills to carry out their responsibilities safely and handling of emergencies and critical situations. Recognising that learning does not only happen within the classroom, on-the-job training and campaigns are carried out to ensure the information is externalized and made relevant to our workers.

5. Continual Improvement

We recognise that the active involvement of our workforce is key to maintaining safe and healthy working environments. This is exemplified by the establishment of Environmental, Safety, and Health (ESH) Committees at operational sites. These committees, which have participation from our employees and contractors' employees, play a crucial role in ensuring compliance with local legislations and the effective implementation of SunCon's policies and Standard Operating Procedures (SOPs) at all operational sites. These committees also serve as a platform for workers to raise their concerns to drive continual improvement on our OSH standards.

As of FY2023, a total of 228 SunCon employees and 331 employee representatives, including workers' representatives, have been actively engaged in formal ESH Committees.

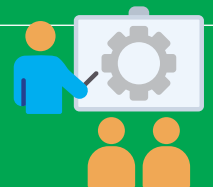
3. Monitoring and Evaluation

To ensure we are operating within the ambit of law, we have conducted the following checks in FY2023:

- 197 internal monthly Sunway Safety Merit System inspections with a Group-wide average score of 84.6%
- External audits by certification bodies at the Construction segment with track record of zero Non-Conformance Request (NCR) for more than 10 years
- 2 Safety and Health Assessment System in Construction (SHASSIC) at Sunway Belfield and Sunway Medical Sunway Damansara (SMCD) project site. Sunway Belfield is rated 5-star with a score of 94.79% whilst SMCD is rated 4-star with a score of 83.24%

FY2023 OSH Training Achievements

- **On-the-job training conducted for employees and contractors' workers:** working at heights, safe lifting, chemical management, electrical safety, and any work-specific safety training
- **100% employees trained in safety and health standards**
- **More than 10,700 hours clocked on OSH training**
- **Organised 5 ESH awareness campaigns company-wide**





Collaboration with Department of Occupational Safety and Health (DOSH) Selangor in organising Fall Prevention Awareness Campaign for Construction Industry



Collaboration with PKD Sepang in organising Mental Health Awareness Programme at Sunway Enterprise Park

Prioritising Contractor Safety

Our commitment to safety, health, and welfare extends beyond our employees to include the workers of our contractors, as we bear the responsibility of being the client on-site.

As part of the onboarding process, we communicated our QESH Policy, ESH objectives and targets, and generic ESH requirements during the contractor's kick-off meeting and Site Safety Induction programme. This also signifies that the requirements within the policy, as well as the Group's ESH targets, training requirements, and OSH standard operating procedures, are applicable to contractors' operations at our workplaces.

OSH Performance

SunCon places a great emphasis on the accuracy and reliability of our OSH data, which is meticulously tracked through monthly reports, encompassing site ESH committee meetings, departmental ESH meetings, and management review meetings, and independently verified by SIRIM QAS International Sdn Bhd.

In FY2023, we benchmarked our OSH performance against industry standards, specifically the CIDB Malaysia Safety and Health Assessment System in Construction (SHASSIC) national industry average score. Our average score is 89%, whilst the industry average is at 86.8%.

In addition, we have also benchmarked our fatality rates against both local and international standards to ensure we meet and exceed industry norms. In FY2022, we recorded a fatality rate of 14.82 per 100,000 workers, as compared to the Malaysia construction industry's rate of 6.15 in 2022, Singapore's rate of 2.9 in 2022, and the United Kingdom's rate of 1.72 in 2022.

As the industry benchmark data for 2023 is not available at the time of this report, we will provide a comparative analysis of our performance against these benchmarks in the Integrated Annual Report 2024. We are committed to continual enhancement of our standards, implementations, training, and programmes to maintain the highest levels of safety and health in all our operations.

Occupational Health and Safety	2023	2022	2021
Worked Man-hours	16,156,813	17,393,348	17,869,038
Fatal accidents			
Employee ¹	0	0	0
Temporary Employee ²	0	0	0
Contractor Employee ³	1	1	0
Lost Time Injury Accidents			
Employee	0	1	0
Temporary Employee	0	1	1
Contractor Employee	0	0	0
Total No. of Reportable Accidents ⁴	2	3	1
Lost Time Incident Rate ⁵ (LTIR) / Accident Rate (AR)	0.15	0.44	0.16
Accident Frequency Rate ⁶ (AFR)	0.06	0.17	0.06

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)



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 FY2023 involving a contractor's worker. Following a thorough investigation into the accident, inadequate controls in the system of work were determined as the root cause. In response, our actions include strengthening existing safety procedures on-site, townhall sessions conducted at sit level, and reinforcing safety requirements on-site. The investigation outcome was reviewed by our Senior Management and lessons learnt were shared across the company to prevent recurrence.

PRODUCT QUALITY AND RESPONSIBILITY

At SunCon, delivering quality is fundamental to maintaining our brand credibility and customer trust, especially in this highly competitive industry. The confidence of both new and existing customers in our commitment to delivering quality products and services is paramount. Conversely, failing to meet these quality standards and receiving unsatisfactory feedback can significantly impact our business's prospects.

SunCon is dedicated to delivering products and services of the highest quality on all our projects, thereby achieving a high level of customer satisfaction. Our efforts are in keeping with the strategic objectives of the National Construction Policy 2030 (NCP 2030), particularly its Thrust 1 which focuses on strengthening quality and safety in project performance, ensuring that we not only meet but exceed the expectations and standards of quality in the Malaysian construction sector. This alignment with the NCP 2030 also supports the broader Sustainable Development Goals (SDGs).

At SunCon, the no-compromise approach is also applicable to product quality management. SunCon's Total Quality Management (TQM) strategy was developed based on the commitment to do the right things right the first time and every time, as well as to continually improve and innovate to achieve the highest standards of work quality and service excellence.

6 Key Focus Areas of SunCon's TQM Strategy



The SunCon integrated QESH management system, which is also ISO 9001:2015 certified, serves as a compass that guides our business operations to meet excellence at every construction stage, including design, administrative processes, procurement, project execution, and handing-over activities.



Comprehensive Quality Assessments

Our approach to quality is structured around three key quality management assessments, which are essential for facilitating feedback and driving continual improvement in our operations and services:

<p>☑ SQMS (Sunway Quality Merit System)</p> <p>Our internal system is focused on continual quality improvement in our operations.</p>	<p>☑ CSS (Client / Consultant Satisfaction Survey)</p> <p>This gauges client and consultant satisfaction, providing crucial feedback on our performance.</p>	<p>☑ QLASSIC (Quality Assessment System in Construction)</p> <p>This system evaluates the quality of our construction work based on established standards.</p>
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This integrated approach ensures that we consistently deliver high-quality projects, meeting and exceeding both customer expectations and industry benchmarks. To guarantee accountability across all employee levels, SQMS and CSS scores are incorporated into our KPIs. The allocation of these KPIs reflects the importance of these standards, with the GMD accountable for 5%, both DMDs for 10%, and employees based at project sites bearing the highest at 25%, equal to the emphasis placed on safety measures.

Sunway Quality Merit System (SQMS)

Our commitment to quality is further supported by our Sunway Quality Merit System (SQMS), which provides evaluations based on the following assessment categories:

- Document and Record Management
- Product Workmanship
- Inspection and Test
- Site Arrangements
- Response to Client's Complaints

In FY2023, our average SQMS score is 80.3%.

Client / Consultant Satisfaction (CSS)

We employ client / consultant satisfaction (CSS) surveys as a key tool to evaluate our performance and the quality of our products and services. These surveys are instrumental in capturing the perspectives of our customers, acknowledging that different customers have varying requirements and objectives.

Assessment Areas Covered in CSS

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

Survey Criteria	Minimum Benchmark	2023	2022	2021
Response Rate	75%	100%	100%	97.5%
Satisfaction of Products and Services	90%	100%	95.6%	92.2%
Overall Average Score	70%	80.8%	78.8%	78.7%

In FY2023, we recorded 100% on satisfaction of products and services criteria, as well as an improvement in the overall average score. This excellent score reflects the high quality of our products and services, and we are committed to maintaining this standard and striving for further improvements to enhance our brand image and value.



QLASSIC Benchmark

Our commitment to maintaining high-quality standards is further reinforced by benchmarking against industry standards. Since 2009, SunCon has been utilising the Construction Industry Development Board's (CIDB) QLASSIC (Quality Assessment System in Construction) as an objective tool for evaluating the quality of our completed projects.

We aimed to achieve a minimum QLASSIC score of 83% for all applicable building projects in the year. In the last three years, our average scores have remained above 81%, well above the national average of 76%.

Project	QLASSIC Score
Sunway Medical Center Phase 4	85%
Sunway Serene	79%
Sunway Velocity 2 Plot A	83%
Average:	82.3%

Notably, in 2023, we achieved an average score of 82.3% – our highest ever for years with two or more projects assessed. An additional testament to our commitment to quality is the QLASSIC Excellence Award received by our SMCSJ project in the Private Project - Commercial Building category. This recognition not only highlights our dedication to maintaining superior quality standards but also reinforces SunCon's position as a leader in delivering exceptional construction quality.



CIDB QLASSIC Award of Excellence 2023, Private Commercial Building Category – Sunway Medical Centre Seberang Jaya, Penang

COMMUNITY ENRICHMENT

Community enrichment is a fundamental aspect of SunCon's value creation framework. We are dedicated to enhancing community services, infrastructure, and various programmes and initiatives, striving to serve as a force for good.

Our involvement in large-scale infrastructure projects like the MRT and LRT exemplifies this commitment. These projects not only facilitate connectivity and accessibility for commuters but also contribute to environmental sustainability by reducing carbon emissions and driving socio-economic growth. Our focus on developing sustainable infrastructure, such as district cooling systems and thermal energy storage, also serves to support sustainable living for larger communities.

Additionally, SunCon's business activities generate a net positive socioeconomic impact to the communities where we operate. This includes generating employment and entrepreneurship opportunities, facilitating skills and knowledge transfer, fostering the development of local supply chains, and making various other socio-economic contributions.

In effect, SunCon's business model generates a range of both direct and indirect economic values for a broad spectrum of stakeholders, including shareholders, local communities, financiers and investors, and the government. The generation of financial values in particular, customarily reflected as revenue and profits, is also imperative to supporting SunCon's continued resilience as a business entity, and our vision for sustainable development.

Please see pages 48 to 49 for more information on our Value Creation Model.



Supporting Local Economy through Procurement

SunCon recognises the significant benefits of local procurement and the use of local supply chains. This strategy is crucial not only for reducing our environmental footprint, particularly our Scope 3 emissions but also for bolstering local employment and entrepreneurship. By procuring locally, we minimise risks associated with material unavailability and transportation delays due to climate risks, while ensuring the quality of products delivered.

SunCon is committed to maximising local procurement wherever feasible, understanding that our actions help create jobs and foster the growth of local businesses. This leads to a cascade of socio-economic multiplier effects that positively impact local communities.

In FY2023, 99% of our engaged suppliers were local, yet only 61% of our total expenditure on goods and services was with local suppliers. This discrepancy is attributed to a significant increase in solar panel purchases, sourced from overseas due to better price competitiveness and availability. Our procurement of solar panels has risen more than 12.7 times compared to FY2022, driven by the expansion of Large-Scale Solar (LSS) projects and rooftop solar initiatives.

Community Engagement



SunCon Hotline

Snap a picture and tell us about it



T: (019) 358 2739



E: enquirysuncon@sunway.com.my

SunCon proactively engages with local communities potentially affected by construction activities through dialogue and engagement sessions, communicating project details and soliciting feedback. This feedback is evaluated by the project team and integrated into the site's OSH management strategy as appropriate. Additionally, the public can submit feedback via the SunCon Hotline on our corporate website, ensuring swift response and resolution by our team.

In FY2023, we are pleased to report that there were no major safety and health incidents involving the public. However, we did receive 3 feedback through our hotline, which were promptly addressed and resolved.

Community Contribution

SunCon is deeply committed to positively impacting local communities, not only through our construction projects but also by supporting a variety of Corporate Social Responsibility (CSR) programmes and initiatives.

Our approach to community support is guided by stringent criteria to ensure that all contributions are made to legitimate organisations and are utilised effectively for the intended CSR purposes. We maintain a clear trail of accountability and ensure that all sponsorships, donations, and political contributions are accurately recorded in our accounting books, in compliance with the applicable laws.

In FY2023, SunCon's contributions exceeded RM2.63 million, channelled through the Jeffrey Cheah Foundation and various community initiatives, including the SunCon Social Club (SSC), reaching out to more than 18,350 beneficiaries through various organisations.

