
SUNWAY[®]

REIT

SUSTAINABLE PROCUREMENT POLICY

Version 1 (2024)

Process Owner: Sunway REIT – Sustainability

Intended Users: Sunway REIT

Process / Knowledge Area: Policy Statement

Last Updated: 05/02/2024

COMMITTED TO
**SUSTAINABLE
DEVELOPMENT GOALS**



The Board of Sunway REIT endorses the policy, and it is effective on 6th February 2024

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1. PURPOSE

1.1. Sunway REIT Management Sdn Bhd (hereinafter refer to as “Sunway REIT”) has adopted the 17 United Nations Sustainable Development Goals (UNSDGs) and Sunway REIT is committed to establish a best practice approach to sustainable procurement. In line with our commitment, we have developed a Sustainable Procurement Policy (the “Policy”). This policy applies in owned and managed properties, where practicable. This Policy is also applicable to the following external parties; including but not limited to Sunway REIT’s suppliers¹.

2. SUPPLIER CODE OF CONDUCT

2.1. Compliance with the following criteria is mandatory for all suppliers and will be thoroughly assessed:

a) Business Ethics

- i Adhere to and respect all applicable international and domestic laws and regulations governing ethical business practices.
- ii Establish and demonstrate existence of procedures to prevent:
 - Money Laundering and Terrorism Financing: Suppliers must abstain from participating in or facilitate transactions that involve funds obtained through unlawful means
 - Anti-competitiveness: Anti-competitive behaviour that undermine fair competition
 - Corruption, Fraud and Bribery: Zero tolerance against any form of bribery and corruption in all business activities
 - Conflict of interests: Prevent situations where personal interests may compromise the integrity of business decisions
 - Data Security Issues: Ensure the protection of sensitive data, including customer information, proprietary data, and employee records

b) Human Rights and Labour

- i Strict adherence to Malaysia Employment Act 1955²
- ii Compliance to Sunway Human Rights Policy³
- iii Prohibit corporal punishment, physical abuse, and any form of inhumane or degrading treatment of their employees. Disciplinary practices must adhere to ethical and legal standards, ensuring the dignity and well-being of workers
- iv Provide employees with a living wage that meet or exceed the minimum living wage established by local laws or industry standards
- v Prohibit slavery and use of forced or child labour across supply chain⁴

c) Environmental

- i Adhere to environmental regulations and standards related to but not limited to pollution prevention, waste management and resource efficiency.

2.2. Sunway REIT retains the discretion to address non-compliance by suppliers.

3. GUIDING PRINCIPLES

3.1. In the supplier selection process, preference will be given to suppliers demonstrating commitment to sustainability practices. This will be assessed based on the following criteria:

a) ESG Disclosures:

- i Completion of the Suppliers Environment and Social (E&S) Risk Assessment Form during the supplier registration process
- ii Commitment to regularly disclose ESG-related information in the format of “Simplified ESG Disclosure Guide” (SEDG) template that can be downloaded from the Capital Markets Malaysia website⁵ or through a designated supplier-based disclosure portal
- iii Establishment of their own environmental and social related targets in alignment to UNSDGs.

b) Environmental

- i Minimise environmental footprint of the goods and services over the life cycle (e.g. choosing products and services that have lower adverse impacts associated with any stage in their production, use or disposal.
- ii Collaborate with relevant stakeholders to support supply chain decarbonisation
- iii Provide goods and services that are certified with environmental label and ethical label.
- iv Provide take-back service⁷ to responsibly recycle products and/or their packaging materials
- v Commitment to resource-efficient operations, manufacturing processes, and product design
- vi Consciously design procurement processes and related programing that increases environmental awareness for environmental protection.
- vii Minimise the impact on biodiversity loss by abstaining from products and services that contribute to deforestation and biodiversity depletion.

c) Human Rights and Labour

- i Maintain a safe and healthy working environment for employees which includes but not limited to providing appropriate training, safety equipment, and procedures to prevent accidents, injuries, and occupational health issues.
- ii Ensure that the accommodations offered adhere to local standards for acceptable living conditions, if the nature of the work necessitates the provision of housing for employees.
- iii Support the right to freedom of association and collective bargaining.
- iv Provide goods and services that are certified with ethical labels⁶.

v Provision of Water, Sanitation and Hygiene (WASH) for employees

- 3.2. Suppliers are advised to make a declaration if they are aware that their products consist of hazardous components and/or materials (e.g. chemicals, toxic, require special handling of waste).

4. RESPONSIBILITIES AND REPORTING

- 4.1. The responsibility to adhere to this Policy resides in all of our employees. The oversight of this Policy is led by the Board of Directors, Sustainability Committee (“SC”), Sustainability Working Group (“SWG”) and Group Internal Audit. The implementation and administration of this policy is the responsibility of the management within each Business Units (“BU”).
- 4.2. Within Sunway, there are firmly established grievance procedures and whistle blowing channels which are available to all of our employees and external parties. An employee who whistleblow will be accorded with protection of confidentiality of identity, be protected against any adverse and detrimental actions for disclosing any improper conduct committed.

We commit to investigate all violations of this policy through:

Whistleblowing Email: whistleblowing@sunway.com.my

Or

Head of Internal Audit Department
Level 4, Menara Sunway
Jalan Lagoon Timur, Bandar Sunway
46500 Petaling Jaya
Selangor Darul Ehsan, Malaysia

5. EFFECTIVE DATE

The policy was endorsed by the Board and effective as of 6th February 2024

Notes:**1. Supplier**

Organisation or person that provides a product or service used in the supply chain of the reporting organisations. A supplier is further characterised by a genuine direct or indirect commercial relationship with the organisation.

Examples of suppliers can include, but are not limited to:

- a. Brokers: Persons or organisations that buy and sell products, services, or assets for others, including contracting agencies that supply labour.
- b. Banking and Financial Services: Economic services provided by the finance industry.
- c. Consultants: Persons or organisations that provide expert advice and services on a legally recognised professional and commercial basis. Consultants are legally recognised as self-employed or are legally recognised as employees of another organisation.
- d. Contractors: Persons or organisations working onsite or offsite on behalf of an organisation. A contractor can contract their own workers directly, or contract sub-contractors or independent contractors.
- e. Dealer: Person who buys and sells goods.
- f. Distributors: Persons or organisations that supply products to others.
- g. Franchisees or licensees: Persons or organisations that are granted a franchise or license by the reporting organisation. Franchises and licenses permit specified commercial activities, such as the production and sale of a product.
- h. Home workers: Persons at home or in other premises of their choice, other than the workplace of the employer, who perform work for remuneration and which results in a product or service as specified by the employer, irrespective of who provided the equipment, materials or other inputs used.
- i. Independent contractors: Persons or organisations working for an organisation, a contractor, or a sub-contractor.
- j. Manufacturers: Persons or organisations that make products for sale.
- k. Marketing: Persons or organisations that promote and sell products or services, including market research and advertising.
- l. Primary producers: Persons or organisations that grow, harvest, or extract raw materials.
- m. Retailer: Person or business that sells goods to the public in relatively small quantities for use or consumption rather than for resale.
- n. Service Provider: Organisation, business or individual which offers service to others.
- o. Sub-contractors: Persons or organisations working onsite or offsite on behalf of an organisation that have a direct contractual relationship with a contractor or sub-contractor, but not necessarily with the organisation. A sub-contractor can contract their own workers directly or contract independent contractors.
- p. Trader: Person or business that buys and sells goods.
- q. Wholesalers: Persons or organisations that sell products in large quantities to be retailed by others.

2. Supply Chain

Sequence of activities or parties that provides products or services to an organisation.

3. Malaysia Employment Act 1955

- a. Wages are defined under the Employment Act 1955 as “basic wages and all other payments in cash payable to an employee for work done in respect of his contract of service”
- b. The Malaysian Employment Act defines the workweek as 48 hours, with a maximum of eight working hours per day and six working days per week. (For more information, please refer to the Malaysia Employment Act 1955)

4. Sunway Human Rights Policy

<https://www.sunway.com.my/wp-content/uploads/2022/05/Sunway-Human-Rights-Policy.pdf>

5. Capital Markets Malaysia (CMM)

The Capital Markets Malaysia (CMM) has introduced the Simplified ESG Disclosure Guide (SEDG) as a reference point for small and medium enterprises (SMEs) in global supply chains. Developed in affiliation with the Securities Commission Malaysia (SC), this guide offers streamlined and standardised guidelines for environmental, social, and governance (ESG) disclosures. Malaysia proudly stands as the first country globally to issue such comprehensive guidelines tailored for SMEs.

6. Environmental Label and Ethical Label

Voluntary method of environmental performance certification and labelling that is practised around the world. An Environmental Label certifies products as environmentally responsible and sustainable. An Ethical Label signifies a product's adherence to ethical principles and social responsibility standards. Examples of Environmental Label and Ethical Label may include, but are not limited to:

- a. **Forest Stewardship Council (FSC):** A certification for wood and paper products that ensures they are sourced from well-managed forests meeting rigorous environmental and social standards.
- b. **Sustainable Forest Initiative (SFI):** This label certifies that wood and paper products originate from sustainably managed forests that promote responsible forest management.
- c. **Program for the Endorsement of Forest Certification (PEFC):** A certification program that ensures wood and paper products originate from forests managed in an environmentally, socially, and economically sustainable manner.
- d. **CERFLOR (Brazil):** A Brazilian certification system that guarantees that wood and paper products are sourced from forests managed sustainably, preserving biodiversity.
- e. **Canadian Standards Association (CSA):** A Canadian certification for sustainable forest management that assures responsible forestry practices in the country.
- f. **Forest Stewardship Council Controlled Wood (FSC-CW):** This label ensures that controlled wood used in products meets specific environmental and social standards and is sourced from responsibly managed forests.
- g. **Fair Trade Certification:** A label indicating that the product supports fair wages and working conditions for the producers, especially in developing countries.
- h. **Ethical Trading Initiative (ETI):** A label that signifies adherence to ethical principles and responsible labor practices throughout the supply chain.
- i. **Global Organic Textile Standard (GOTS):** A certification for textiles that ensures environmentally and socially responsible practices in the textile industry.

- j. **Social Accountability International (SA8000):** Certification that ensures adherence to social standards, such as fair treatment of workers, safe working conditions, and no child or forced labor.

7. Take-back service

Programmes, such as take-back or trade-in programs, allow customers to return products to suppliers/vendors for responsible management, including recycling.