

***SUNWAY***®

**Sunway Healthcare Group**

**Sustainability Financing Framework**

## Contents

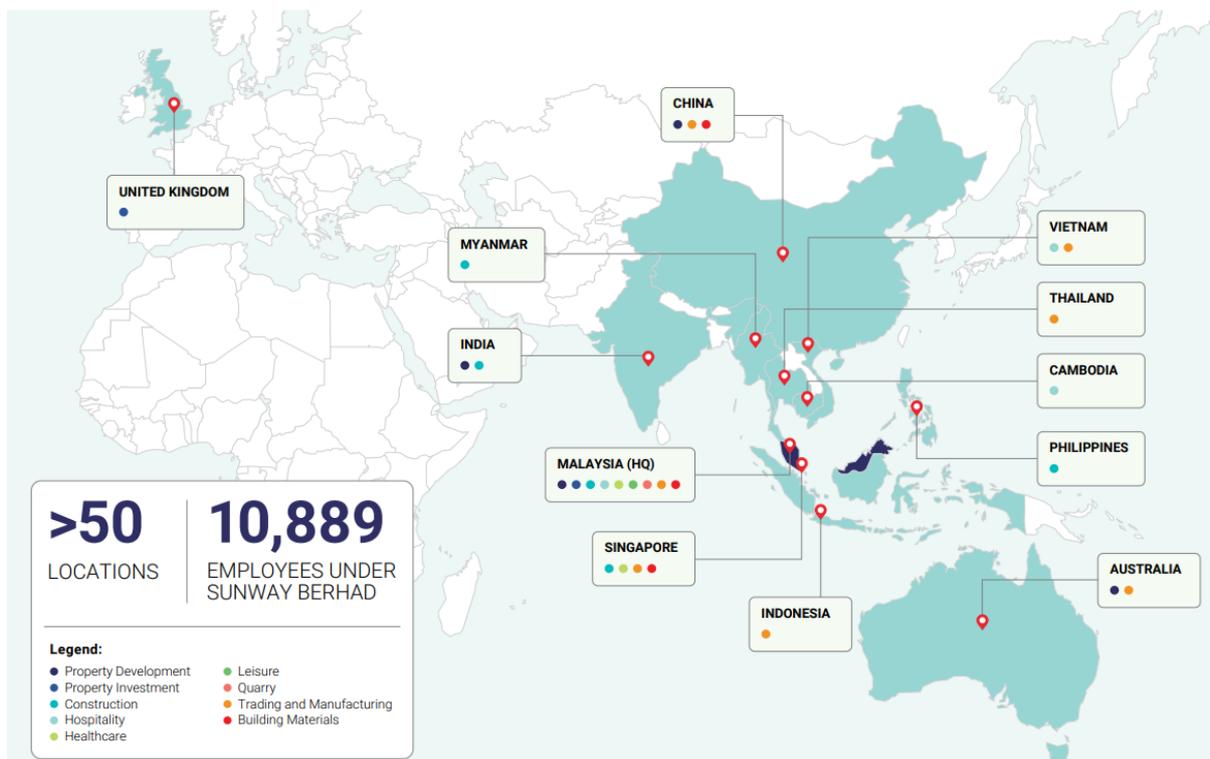
<b>1.</b>	<b>INTRODUCTION</b>	<b>3</b>
<b>2.</b>	<b>SUNWAY GROUP SUSTAINABILITY STRATEGY</b>	<b>6</b>
<b>3.</b>	<b>SUSTAINABILITY FINANCING FRAMEWORK</b>	<b>7</b>
	3.1 Use of Proceeds	7
	3.1.1 Eligible Projects	7
	3.1.2 Exclusion List	8
	3.2 Process for Project Evaluation and Selection	9
	3.3 Management of Proceeds	9
	3.4 Reporting	10
	3.4.1 Allocation Reporting	10
	3.4.2 Impact Reporting	10
<b>4.</b>	<b>EXTERNAL REVIEW</b>	<b>11</b>
	4.1 Pre-Issuance Review	11
	4.2 Post-Issuance Review	11

# 1. Introduction

## SUNWAY AT A GLANCE

Sunway Berhad (“Sunway” or “Group”) is one of the largest conglomerates in Malaysia and the parent company of the Sunway Group of companies with operations in more than 50 locations across 11 countries. It is among the top 100 companies listed on Bursa Malaysia Securities Berhad with a market capitalisation of RM8.4 billion as of 31 December 2021.

The very birth of Sunway Group in 1974 was founded on the concept of sustainable development. It began with the development of Sunway City Kuala Lumpur, a tin-mining wasteland to an integrated smart and sustainable township. Today, we are one of Southeast Asia’s leading conglomerates with core interests in real estate, construction, education, healthcare, retail, and hospitality. We are committed to advancing the United Nations Sustainable Development Goals (UN SDGs) and continue to align them with our Environmental, Social, and Governance (ESG) targets as part of our corporate strategy and social responsibility towards driving the group’s long-term success and deepening our commitment to nation-building.



## SUNWAY'S PURPOSE AND VALUES

We believe in upholding the right values to build a sustainable and progressive society. The emphasis on our core values is a key ingredient in Sunway being where we are today.

### VISION

To be Asia's model corporation in sustainable development; innovating to enrich lives for a better tomorrow

### MISSION

- Empowering our people to deliver enhanced value to all stakeholders
- Embracing sustainability in our business processes and decisions
- Attracting and nurturing a talented and progressive workforce for the digital era

### CORPORATE CORE VALUES

#### INTEGRITY

We believe in doing the right thing at all times

- We conduct ourselves in an honest and trustworthy manner
- We act professionally, ethically and honourably
- We ensure that our actions are consistent with our words

#### HUMILITY

We believe in being humble, polite and respectful

- We never stop learning
- We care for and respect people and the environment
- We seek first to understand and then to be understood

#### EXCELLENCE

We take pride in all that we do

- We strive to deliver high-quality products and services
- We continually innovate and improve for greater progress
- We seek to inspire others to excel

## SUSTAINABILITY AWARDS AND RECOGNITION

Australasian Reporting Awards (ARA) 2022

- Sustainability Reporting - Gold

*National Annual Corporate Report Awards 2021*

- Best Sustainability Reporting – Silver

*ARC Awards International 2021*

- Interactive Annual Report: Sustainability Report: Asia/Pacific – Bronze

*Sustainable Business Awards Malaysia 2020/2021*

- Sustainability Strategy – Winner
- Energy Management – Winner
- Climate Change & Emissions – Significant Achievement
- UN Sustainable Development Goals – Significant Achievement

*Sustainable Employer Index (SEI)*

- 2nd most Sustainable Employer in Malaysia

*Asia Sustainability Reporting Awards 2021*

- Asia's Best Sustainability Report (Human Rights) – Finalist
- Asia's Best Environmental Impact Reporting – Finalist

*FTSE4Good Bursa Malaysia Index - Sunway Berhad and Sunway REIT*

## SUNWAY HEALTHCARE GROUP

Sunway Healthcare Group (SHG) is a leading integrated private healthcare group with a network of hospitals and health services in Malaysia. Following the success of Sunway Medical Centre, we opened our second tertiary hospital, Sunway Medical Centre Velocity in September 2019. Together, the two hospitals have a combined capacity of 800 beds and close to 300 consultant specialists.

As part of our expansion strategy to provide more communities with access to quality healthcare, we intend to increase our footprint all over Malaysia with a hospital in Seberang Jaya (Penang), Sunway Kota Damansara (Selangor), Iskandar Puteri (Johor), Ipoh (Perak), Kota Bahru (Kelantan) and Paya Terubong (Penang) respectively. This growth will propel us to be one of the largest healthcare groups in the region, with a combined capacity of over 3,500 beds throughout our network of hospitals. Pledging our support for the UN SDGs, we proactively support the nation's agenda in raising healthcare standards in Malaysia through reaching out and educating the community on health issues and the importance of healthcare, which is also in line with the vision of the Ministry of Health to achieve better health. We also work in partnership with numerous NGOs to ensure equitable and essential health services for all.

Our primary focus is to deliver excellent medical outcomes through patient-centric care. We continue to improve the lives we touch through holistic healthcare offerings such as ambulatory care, traditional and complementary medicine, home care services, as well as health-screening and GP services. Our reputation is well known in the region as our hospitals have received more than 43,000 international patients from over 135 countries.

With the aim of shaping the future of healthcare with world-class healthcare professionals, we seek to enhance collaboration in the domain of medicine and medical education. Together with Sunway Education Group, collaborations with world-class institutions such as University of Cambridge, Royal College of Physicians (London), Royal Papworth Hospital and Harvard Medical School have been established for continuous development of our healthcare professionals. The partnership with University of Cambridge, in particular, also includes recognising our Clinical Research Centre as the sole Regional Site Partner to conduct and coordinate research involving human patients.

### OUR VISION

To be one of the leading private medical centres in the ASEAN region

### OUR MISSION

"Service with a SMILE"

- S - Satisfactory return to stakeholders
- M - Modern, comprehensive and safe facility and environment
- I - Inspired, engaged and driven teams
- L - Leading-edge clinical practices and technologies
- E - Exceed customers' expectations

## 2. Sunway Group Sustainability Strategy

The UN SDGs and Malaysia's Shared Prosperity Vision 2030 (SPV2030) are agendas that the Sunway Group is fully committed to. We aspire to be Asia's model corporation in sustainable development. Looking ahead, we intend to continue growing shareholder value meaningfully and responsibly – by actively contributing to our local communities, harnessing environmentally sustainable technology, and pursuing growth areas that leverage the strengths of Sunway Group. Sunway aims to achieve net zero carbon emissions by 2050 in our aspiration to build a sustainable future.

### OUR GROUP-WIDE GOALS

We have established a set of five goals complete with 19 key targets to benchmark against our yearly performance. All five goals are aligned with the UN SDGs.

- 1 **Transforming our portfolios to low carbon sustainable cities**
- 2 **Advocating a responsible value chain**
- 3 **Developing a safe, equal and dignified workforce**
- 4 **Investing in community inclusivity**
- 5 **Respecting ethical principles**

At Sunway, we remain committed to the 17 United Nations Sustainable Development Goals (SDGs) in creating efficient, inclusive, connected, self-contained, and sustainable developments for posterity.



### 3. Sustainability Financing Framework

This Sustainability Financing Framework (the “Framework”) will allow SHG to issue various Sustainable Financing instruments. These may be green, social or sustainability debt instruments such as bonds, Sukuk and/or Loans issued/contracted by SHG or any of its affiliated companies. The Framework is aligned to:

- Green Bond Principles (“GBP”), Social Bond Principles (“SBP”), and Sustainability Bond Guidelines (“SBG”) of the International Capital Markets Association (“ICMA”) or as they may subsequently be updated;
- Green Loan Principles (“GLP”) and Social Loan Principles (“SLP”) published by the Loan Markets Association (“LMA”) or as they may subsequently be updated;
- Green Bond Standards (“GBS”), Social Bond Standards (“SBS”), and Sustainability Bond Standards (“SuBS”) of the ASEAN Capital Markets Forum (“ACMF”) or as they may subsequently be updated; and
- Sustainable and Responsible Investment (“SRI”) Sukuk Framework of the Securities Commission Malaysia or as they may subsequently be updated.

The four (4) components of the Framework are:

1. Use of Proceeds;
2. Project Evaluation and Selection;
3. Management of Proceeds; and
4. Reporting.

#### 3.1. Use of Proceeds

The net proceeds of the Sustainable Financing instruments issued by SHG will be used to finance or refinance, in whole or in part, new or existing development expenditures with Social and/or Green focus falling within the categories of Eligible Projects as defined below.

##### 3.1.1. Eligible Projects

Eligible Category	Eligibility Criteria	Environmental and/or Social Objectives	Alignment to SDGs
Access to essential and latest technology in healthcare services	Expenditures related to existing, ongoing, and future investment, construction, development, or costs, related to acquisition or extension of healthcare facilities that provide services including: <ul style="list-style-type: none"> <li>• Primary Care – routine physical exams, prescribing necessary medications, treatment of minor illnesses and injuries, managing chronic conditions, screening for common health issues and management of acute health conditions.</li> </ul>	Increase and improve medical care capacity for people in need of medical support	  

	<ul style="list-style-type: none"> <li>Comprehensive Stroke Care – acute and post-acute.</li> <li>Medical Specialties – chronic diseases, mental health, breast care, genomics, fertility, children’s health, etc.</li> <li>Home Care</li> </ul> <p>Target Population: Underserved or Vulnerable People in need of medical care</p>		
Green Buildings	<p>New, existing or refurbished buildings that have received certification from a respected international green building rating and certification systems such as but not limited to:</p> <ul style="list-style-type: none"> <li>US LEED<sup>1</sup> (Silver or above)</li> <li>GreenRE<sup>2</sup> (Silver or above)</li> <li>GBI<sup>3</sup> (Silver or above)</li> </ul> <p><sup>1</sup>Leadership in Energy and Environmental Design (LEED), as amended from time to time, developed by the United States Green Building Council.</p> <p><sup>2</sup>GreenRE, as amended from time to time, developed by the Real Estate and Housing Development Association of Malaysia (REHDA).</p> <p><sup>3</sup>Green Building Index (GBI), as amended from time to time, developed by Malaysian Institute of Architects and Association of Consulting Engineers Malaysia.</p>	Increasing the efficiency of resource use such as energy, water, and materials; while reducing building impact on human health and the environment during the building’s life cycle, through better design, construction, operation and maintenance.	
Energy Efficiency	<p>New or existing investments or expenditures in energy efficiency projects which include:</p> <ul style="list-style-type: none"> <li>LED light replacement</li> <li>Solar panel installation</li> <li>Replacement of old electrical appliances with new and/or more efficient ones</li> <li>Chiller optimisation</li> <li>Replacement of large appliances/systems</li> </ul>	Support energy transition to a low-carbon economy; develop low-carbon buildings and improve energy efficiency of buildings.	
Renewable Energy	<p>New, or existing investments or expenditures in renewable energy projects such as but not limited to:</p> <ul style="list-style-type: none"> <li>Solar energy</li> </ul>	Support energy transition to a low-carbon economy through the use of renewable energy.	

### 3.1.2. Exclusion List

The proceeds from Sustainable Finance instruments are excluded from financing projects or activities related to the following industries:

- (a) Luxury sectors (precious metals / precious minerals / artworks and antiques wholesale or brokerage);
- (b) Child labor or forced labor;
- (c) Gambling;
- (d) Adult entertainment;
- (e) Weapons and military contracting;
- (f) Alcohol;
- (g) Tobacco;
- (h) Fossil-fuel related activities (including extraction, exploration, production, power generation or transport of fossil fuels);
- (i) Nuclear;
- (j) Production or trade in any product or activity deemed illegal under international conventions and agreements, or subject to international bans; and
- (k) Large-scale hydro-power projects with a generating capacity of over 25 megawatts.

### **3.2. Project Evaluation and Selection**

SHG has set up a Sustainability Financing Committee (“the Committee”) to oversee the project evaluation and selection process and ensure selected projects comply with the eligibility criteria defined in the Use of Proceeds section.

The Committee is chaired by SHG Managing Director (“the Chairman”) and furthermore composed of representatives from each of SHG’s hospital in operation and the relevant group function heads.

The members of the Committee are responsible for:

- Reviewing and validating the proposed projects based on the eligibility criteria defined in the Use of Proceeds;
- Evaluating the proposed projects against SHG’s Sustainability Financing Framework;
- Submitting recommendation to the Chairman; and
- Validating the result or outcome of the impact indicators.

SHG’s Finance team is responsible for:

- Maintaining proper record and monitoring the use of proceeds, throughout the life of the debt instrument(s); and
- Removing any projects that no longer meet the eligibility criteria, and replacing them with new projects as soon as feasible;

### **3.3. Management of Proceeds**

An amount equal to the net proceeds of each Sustainable Financing instrument will be managed by SHG’s Finance team through its general account, and an amount equal to the net proceeds will be earmarked for allocation to the Eligible Projects as selected by the Sustainable Financing Committee. SHG will set-up a dedicated sustainable finance register in order to track the net proceeds and to monitor the allocation of proceeds.

In the case of refinancing, Eligible Projects are eligible if they have been funded by SHG no more than three (3) years prior to the date of issuance of each Sustainable Financing instrument.

In case at any given time an Eligible Project is removed from the portfolio SHG’s Finance team will substitute such project with other Eligible Projects for an amount at least equal, as soon as practical once an appropriate substitution option has been identified.

Pending the full allocation of the proceeds, SHG commits to hold the balance of net proceeds not already allocated in cash or cash equivalents and managed by its Finance team in accordance with its internal policy.

### 3.4. Reporting

From the issuance of any Sustainable Financing instrument and until full allocation, SHG will prepare and make readily available information on the allocation of net proceeds and associated impact metrics in conjunction with Sunway Group’s annual report publication. The information will be made available in the Sustainability Report of Sunway Berhad.

#### 3.4.1. Allocation Reporting

To the extent practicable, the issuer will provide information such as:

- a list of Eligible Projects under the respective project categories funded or to be funded by the Sustainable Financing instrument proceeds and the description thereof;
- aggregate total amount allocated and utilised for each project category;
- portion of financing and refinancing; and
- remaining balance of the unallocated and/or unutilised proceeds and where such unallocated and/or unutilised amount is placed or invested pending utilisation.

#### 3.4.2. Impact Reporting

To the extent possible, subject to the nature of Eligible Projects and availability of information, SHG aims to include, but not limited to, the following Impact Indicators:

Eligible Category	Indicative Impact Indicator
Access to essential and latest technology in healthcare services	<ul style="list-style-type: none"> <li>• Number of facilities</li> <li>• Number of beds or capacity</li> <li>• Number of beneficiaries</li> <li>• Number of patients attended or bed capacities by specialties where relevant and feasible</li> </ul>
Green Buildings	<ul style="list-style-type: none"> <li>• Green Building certification</li> </ul>
Energy Efficiency	<ul style="list-style-type: none"> <li>• Annual energy savings (MWh)</li> <li>• Annual GHG emissions reduced/avoided (tonnes of CO2e)</li> <li>• Reduction in electricity consumption (%) (where applicable)</li> </ul>
Renewable Energy	<ul style="list-style-type: none"> <li>• Actual annual generation (MWh)</li> </ul>

## **4. External Review**

### **4.1. Pre-Issuance Review**

SHG has appointed the Malaysian Rating Corporation Berhad (“MARC”) to provide an independent Second Party Opinion (“SPO”) report on this Framework.

### **4.2. Post-Issuance Review**

An independent external party will verify the internal tracking method and allocation of funds, confirming that an amount equivalent to the net proceeds of the Sustainable Financing instrument have been allocated in compliance with all material respects of the eligibility criteria set forth in the Sustainability Financing Framework. The independent review forms part of the requirement for disclosures in the Sunway Group’s Sustainability Report.