



SUNWAY BERHAD GROUP

ECONOMIC SANCTIONS COMPLIANCE POLICY

Version 1.0 (20 MAY 2022)

COMMITTED TO
SUSTAINABLE DEVELOPMENT GOALS



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1. SUNWAY POLICY STATEMENT

To all employees and business partners,

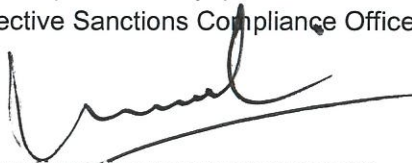
Sunway Berhad as well as all of its subsidiaries and business units ("**Sunway**") have to comply with various Malaysian and international economic sanctions laws and regulations ("**Economic Sanctions**"). Sunway observes good business conduct and is fully committed to complying with applicable Economic Sanctions in all its business conduct under each of its business units wherever it operates, based on the key principles set out in this Economic Sanctions Compliance Policy ("**Sanctions Policy**").

This Sanctions Policy aims to put forth:-

- a) Sunway's position in respect of compliance with applicable Economic Sanctions, in line with international norms and standards;
- b) principles and measures that Sunway adopts vis-à-vis Economic Sanctions compliance, including the way in which Sunway identifies, mitigates and manages its Economic Sanctions risks;
- c) general guidance on key Economic Sanctions and principles relevant to Sunway's operations; and
- d) consequences of failing to comply with this Sanctions Policy or any applicable Economic Sanctions.

Failure to adhere to Economic Sanctions can result in significant adverse legal, financial and reputational implications to our business. As such, it is imperative that all our Employees (as defined herein) read, understand and strictly adhere to this Sanctions Policy at all times.

It is essential that each of you take this matter very seriously and support us in our effort to ensure full compliance. If you have any questions concerning compliance with this Sanctions Policy, please contact your respective Sanctions Compliance Officer.



.....
Tan Sri Dato (Dr.) Chew Chee Kin

President

For and on behalf of

Sunway Berhad

2. SCOPE AND APPLICATION

- 2.1. This Sanctions Policy requires that all relevant functions within Sunway's business units take into account the requirements of the relevant Economic Sanctions in the markets in which Sunway or the business units operate in.
- 2.2. This Sanctions Policy is applicable to all employees of Sunway and Business Partners or third parties performing work for or on behalf of Sunway across all jurisdictions in which it operates or has presence in. Employees include persons employed by Sunway on a full-time, part-time, casual, contract, or volunteer basis, regardless of location, role, and level of seniority, and shall include executive and non-executive members of the boards of directors ("**Employees**").
- 2.3. This Sanctions Policy outlines the fundamental principles and key control measures that are key to the establishment of an effective Economic Sanctions compliance programme. This Sanctions Policy is not intended to provide exhaustive commentary or conclusive steps that should be adopted in any individual case. Instead, it provides for a general framework based upon which the relevant departments can develop their own internal processes and procedures, which are tailored based on their specific business operations and risks.

3. ROLES AND RESPONSIBILITIES

3.1. Business Unit commitment

- a) Sunway's Board of Directors has authorised the implementation of this Sanctions Policy. Each Business Unit (described below) is to authorise the appointment of a Sanctions Compliance Officer (described below) to take charge of the implementation of the same.
- b) Every Employee, department and business unit of Sunway is required to comply with this Sanctions Policy to ensure Sunway remains in compliance with all applicable Economic Sanctions.

3.2. Appointment of Sanctions Compliance Officer

- a) Each of the business units within the Sunway Group ("**Business Unit**") is to nominate and appoint Sanctions Compliance Officer(s) who will be in charge of maintaining this Sanctions Policy as well as overseeing its overall implementation for that Business Unit.
- b) The Sanctions Compliance Officer will continuously review this Sanctions Policy, make necessary revisions from time to time and organise relevant training and awareness sessions for the Employees. As the Sunway Group has diverse Business Units, each Business Unit is to implement training sessions that focus specifically to the business of that Business Unit.
- c) Owing to the nature and broad application of the Economic Sanctions requirements, which may cover the day-to-day operations of the Business Units, the Sanctions Compliance Officer will engage and liaise with other relevant departments within the Business Unit in ensuring compliance with this Sanctions Policy.

- d) All Employees are required to be fully cooperative with the Sanctions Compliance Officer in the implementation of this Sanctions Policy.

3.3. Responsibilities in respect of sanctions compliance

- a) All business units, departments, heads of department and senior management in a Business Unit are required to:
 - (i) Review this Sanctions Policy and understand your role in assisting Sunway and your Business Unit to ensure compliance with the Economic Sanctions requirements. All departments and business units which are involved in the entry into, negotiation, execution or completion of any transactions should consider whether there are Economic Sanctions compliance requirements that apply in respect of such transactions;
 - (ii) Where Economic Sanctions compliance is relevant to your work, you are required to ensure that relevant steps are taken to ensure compliance with the principles set forth in this Sanctions Policy;
 - (iii) Attend all engagement and training sessions conducted by Sunway and/or the Business Unit in respect of Economic Sanctions; and
 - (iv) Report any concerns or potential violations of Economic Sanctions, or any serious doubts or uncertainties, to the Sanctions Compliance Officer immediately.
- b) For further information on the application of Economic Sanctions, please refer to paragraph 5 below and **Appendix A**. Where necessary, additional Appendices may be introduced. Please note, however, that the Appendices are not intended to be exhaustive and may be amended from time to time.
- c) For any inquiries in respect of any issues relating to the latest Economic Sanctions requirements, please direct them to the Sanctions Compliance Officer.

4. GUIDING RULES AND PRINCIPLES

- 4.1. Economic Sanctions are generally imposed to prohibit certain or all dealings with sanctioned countries, entities and persons.
- 4.2. In general, an Employee of Sunway is not allowed to enter into, negotiate, execute, facilitate, or fulfil transactions of any sort, including to supply goods and services as well as making payment to any individual or entity listed or designated on any restricted parties or sanctions list (and any entity that is 50% or more owned or otherwise controlled by a listed individual or entity) maintained by the United Nations ("UN"), the United States ("US"), the United Kingdom ("UK"), the European Union ("EU"), Malaysia, Singapore, and / or any other applicable economic sanctions regulations ("**Sanctioned Parties**"), on behalf of Sunway, subject to exceptions set out in this Policy.

- 4.3. Economic Sanctions are constantly changing and evolving, and the types of measures and restrictions imposed can vary from one country to another. Therefore, Sunway adheres to the following guiding rules and principles:
- a) Adherence to international norms and standards
- Sunway respects and is committed to adhering to sanctions programmes adopted by the United Nations Security Council (“UNSC”) which generally represent the internationally accepted norms and standards.
- b) Adherence to all relevant jurisdictional Economic Sanctions regulations
- Sunway is fully committed to complying with the Malaysian Economic Sanctions regulations, as Sunway's business operations are primarily based in Malaysia.
 - As Sunway enters or has entered into contractual arrangements to comply with Economic Sanctions regulations in Singapore, the UK, the EU and the US, Sunway also commits to complying with the Economic Sanctions regulations in the foregoing jurisdictions, where applicable.
 - From time to time, Sunway may enter into contractual arrangements that may require Sunway to also comply with Economic Sanctions regulations in other countries or regions.
 - There may also be other sanctions laws and regulations that Sunway may be required to comply with as the business continues to grow.
 - It is to be noted that the Economic Sanctions regulations in certain jurisdictions may have extraterritorial application and could apply to activities carried out outside the relevant jurisdiction.
 - If the laws in a particular jurisdiction conflict with this Sanctions Policy, the local laws in that particular jurisdiction shall prevail.
- 4.4. In addition to the Economic Sanctions specified above, other sanctions programmes may also be applicable to Sunway in a particular dealing or transaction depending on, among others, the nationality of the counterparty, the location of performance, the currency of choice for the transaction, the nature of the activities, and the nationalities of suppliers and other third parties relevant to a transaction (such as the financial institution through which payment is made).
- 4.5. Please refer to **Appendix A** or reach out to the Sanctions Compliance Officer for further details on how Economic Sanctions may apply.
- 4.6. From time to time, **Addendums** which are applicable to specific industries or Business Units may be included as part of this Sanctions Policy. All Employees and Business Partners are required to identify Economic Sanctions which are relevant or applicable to their Business Units
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or departments and undertake the necessary steps to ensure full compliance with relevant Economic Sanctions regulations.

5. SANCTIONS REQUIREMENTS

5.1. As an introduction, Economic Sanctions refer to prohibitive measures that restrict or prohibit a person's ability to engage in specified economic activities with certain Sanctioned Parties or sanctioned countries / jurisdictions. These sanctions may restrict only certain types of transactions or prohibit all dealings altogether.

5.2. Economic sanctions are generally intended to:

- a) encourage a change in the behaviour of a country or regime, support enforcement when international peace and/or national security has been threatened, and diplomatic efforts have failed, and prevent and suppress activities related to terrorism; or
- b) act as deterrence and punishment for a range of activities such as international crime, nuclear development, terrorism, and abuses of fundamental human rights.

5.3. UN sanctions

- a) Internationally, under the United Nations Charter ("**Charter**"), the UNSC may make recommendations, or decide on measures to maintain or restore international peace and security, where it determines the existence of any threat to peace, breach of peace, or act of aggression.
- b) The Charter provides that the UNSC may call upon the Members of the UN to apply, among others, certain Economic Sanctions measures and these measures are by and large adopted by Members of the UN under local laws.
- c) Please refer to **Appendix A** for a list of sanction regimes maintained by the UN and the consolidated list of individuals and entities subject to measures imposed by the UNSC.

5.4. Local and unilateral sanctions

- a) The UN sanctions are generally adopted by all UN members into their local laws. Please refer to **Appendix A** for an overview of the sanctions regimes adopted in Malaysia, Singapore, the UK, the EU and the US.
- b) **Appendix A** sets out an overview of sanctions regimes which have been identified to be of key relevance to Sunway based on existing operation footprints and contractual obligations, and is by no means exhaustive.
- c) In addition to the UN Economic Sanctions, some countries (or in the case of the EU, a supranational organisation) impose additional unilateral sanctions measures pursuant to their respective national objectives and policies. These unilateral sanctions measures are unique to a particular country and vary from one jurisdiction to another.

- d) As such, all Employees and Business Partners of Sunway will need to assess the applicability of the relevant Economic Sanctions (which may extend to other sanctions regimes not specifically highlighted in **Appendix A**) on a case-by-case basis. If the Employee is unsure of which Economic Sanctions is applicable, the Employee should consult with the Sanctions Compliance Officer before proceeding with the transaction.
- e) In addition, the Employees must be aware of certain countries that have been subjected to more comprehensive sanctions, which include, among others, Cuba, Iran, North Korea, Syria and the Crimea region of Ukraine and ensure that approval from the Sanctions Compliance Officer has been obtained prior to proceeding with any transaction involving these countries/regions or nationals or residents in those countries.
- f) Where you have identified potential conflict between sanctions measures imposed under different laws that apply to your transaction concurrently, please escalate the issue to the Sanctions Compliance Officer before proceeding with the transaction.

5.5. General sanction obligations

- a) As a general rule of thumb, in complying with the relevant Economic Sanctions, all Employees and Business Partners of Sunway are prohibited from:
 - (i) knowingly provide or collect by any means, directly or indirectly, property with the intention that the property be used, or in the knowledge that the property is to be used, by a Sanctioned Party;
 - (ii) knowingly deal, directly or indirectly, in any property of a Sanctioned Party, including funds derived or generated from property owned or controlled directly or indirectly by that person;
 - (iii) knowingly enter into or facilitate, directly or indirectly, any transaction related to a dealing referred to under Paragraph 5.5(a)(ii) above;
 - (iv) knowingly provide any financial or other related services in respect of the property referred to under Paragraph 5.5(a)(ii) above;
 - (v) knowingly make available any property or any financial or other related services, directly or indirectly, for the benefit of a Sanctioned Party; or
 - (vi) knowingly do anything that causes, assists or promotes, or is intended to cause, assist or promote, any of the above prohibited activities.
- b) Where knowledge of the following circumstances arises, a disclosure will need to be made to the Sanctions Compliance Officer immediately:
 - (i) the existence of property in Sunway's possession, custody or control where there is reason to believe that the property is owned or controlled by or on behalf of a Sanctioned Party; or

- (ii) information about a transaction or proposed transaction in respect of property referred to under Paragraph 5.5(b)(i) above.

6. SANCTIONS KYC & SCREENING RESPONSIBILITIES

6.1. Know-Your-Customer/Counterparty ("KYC") Review

- a) As part of any Business Partner onboarding process, all relevant Employees must undertake KYC review on the Business Partner to ascertain salient information which will facilitate Sunway's compliance with applicable Economic Sanctions regulations.
- b) As the effectiveness of the KYC process, as well as Sunway's screening process, will largely depend on the quality of information disclosed by the Business Partner, the relevant Employees should ensure that all relevant fields of information that the Business Partner is required to provide input on as part of the KYC review are addressed properly.
- c) In the event that an Employee detects any suspicious circumstances that may suggest that the information provided by the Business Partner may not be reliable (e.g., Business Partner is not forthcoming with the information, prolonged delay in furnishing information, resistance to provide certain documents etc.), the Employee should notify the Sanctions Compliance Officer of any such observations.

6.2. Initial Onboarding Screening

- a) The objective of sanctions screening is to identify any potential risk of violating relevant Economic Sanctions by conducting due diligence on the transaction details and any Business Partners of Sunway. In this regard, any sanctions screening of this nature is meant to be comprehensive.
- b) All departments of each Business Unit involved in the negotiation, execution, facilitation or fulfilment of any transaction (including where any goods, services, funds, or any kind of economic resource or benefit is provided with or without consideration) are required to conduct due diligence to verify the true identity of all parties involved, and ensure that they are not Sanctioned Parties, or intermediaries of or owned or controlled by Sanctioned Parties, prior to entering into transactions, except in cases involving exceptional circumstances set out in this Policy. Each Business Unit is to set the thresholds (e.g. value of transaction, country of destination, or currency) to administer the frequency or applicability of the screening process. These thresholds should be determined based on the level of risk at stake that is unique to a particular Business Unit or function.
- c) In this regard, the department of each Business Unit in charge of, among others, the following roles should establish appropriate and adequate procedures and controls to ensure that screening for Sanctioned Parties is carried out prior to entering into transactions:
- onboarding and entering into transactions with vendors (suppliers of goods and services to Sunway);

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- onboarding and entering into transactions with customers (for customers, whether regular or one-off customers);
 - onboarding and entering into transactions with agents or brokers etc.;
 - onboarding and dealing with the Employees;
 - entering into any partnerships, collaborations, affiliation or sponsorship etc.; and
 - entering into any other transactions such as mergers and acquisitions, joint ventures, restructuring exercises etc.
- d) Screening should be conducted on all relevant parties to the transactions (and to the extent relevant, their shareholders, partners, as well as directors) against the UN Sanctioned Parties list, with specific checks against the sanction lists of Malaysia, Singapore, UK, EU and US as well as any other foreign sanctions regulations which Sunway may be required to comply with.
- e) As a matter of good practice, where the shareholder of the Business Partner of Sunway is a non-individual, and there is suspicion in respect of the identity of the beneficial owner, screening of the beneficial owner(s) (i.e., shareholder(s), partner(s), etc.) of the organisation tracing to the individual beneficial owner(s) is required. Directors of the Business Partner of Sunway should also be screened.
- f) Any screening matches should be checked and verified to ensure that the person identified is not in fact, a Sanctioned Party, upon confirmation to proceed with the transaction.
- g) In the event that the person identified is in fact, a Sanctioned Party, then the transaction must be promptly stopped and reported to the Sanctions Compliance Officer for further instructions. Where a match is confirmed, the Employee must not proceed until the transaction is otherwise approved by the Sanctions Compliance Officer upon review.
- h) When there is any uncertainty about the sanctions screening clearance from the Sanctions Compliance Officer, the transactions must be kept suspended until the Sanctions Compliance Officer has addressed all the uncertainty. As part of the review process, the Sanctions Compliance Officer may require further information from the Business Partner and the Employees should facilitate any requisite communication with the Business Partner as necessary.
- i) The screening process should be completed before entering into transactions and, ideally, before each delivery of goods and services, making of payment, as well as renewal of any contract subject to such thresholds to be determined by each Business Unit. The frequency of the screening process will need to be determined by each Business Unit and function and a risk-based approach will need to be adopted (i.e., assess risks involved and adopt more frequent screenings where there are higher risks at stake).
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6.3. Periodic Screening

- a) All counterparties or Business Partners to Sunway for recurring transactions (including suppliers, customers and Employees) should also be re-screened periodically at an appropriate time interval to ensure continued compliance. The frequency of re-screening should also be determined based on a risk-based approach.
- b) Alternatively, periodic screening may be necessary upon a trigger event such as, among others, regulators providing a new list of sanctioned entities or individuals, or as customer information changes.

6.4. High Risk Transactions

- a) During the KYC and sanctions screening, there may be a possibility whereby the individual or entity flagged is not completely banned by the Economic Sanctions but could still be flagged as a high risk transaction such as requiring certain special conditions to be fulfilled (as an example, please refer to paragraphs 4.7, 4.8 and 4.9 under **Appendix A** below in respect of Malaysia's trade embargo against Israel).
- b) Such conditions may also include securing government permission prior to the transaction and disallowance of import and export of certain goods or services. Should the transaction proceed without satisfying these special conditions and receiving government clearance, it will result in a sanctions violation.
- c) Therefore, if a certain transaction is flagged as high risk or require these special conditions or similar conditions to be fulfilled, the transaction must be suspended to identify the details of the conditions by consulting the Sanctions Compliance Officer.

6.5. Stop Right

- a) Where any activity involving Sunway is suspected to be a violation of Economic Sanctions, the Sanctions Compliance Officer may exercise "*stop right*" in writing (including by e-mail) to any Employee to instruct such Employee to cease carrying out the transaction or activity, and in some cases, take certain remedial or risk management steps.
- b) Once the "*stop right*" is exercised, the relevant Employee(s) must immediately cease the transaction or cease carrying out the activity in question and fully cooperate with the head of its department and the Sanctions Compliance Officer in the review of the matter. In this case, the Employee may only proceed with such activity upon receipt of written confirmation to proceed from the Sanctions Compliance Officer.

7. COMPLIANCE REQUIREMENTS

7.1. Contractual Assurances

- a) Generally, contractual assurances should be obtained in any contractual arrangements which Sunway is party to, in order to ensure that:

- the parties to the transaction are not directly or indirectly linked or connected to sanctioned countries, entities or individuals;
 - no Sanctioned Party has a direct or indirect interest in the transaction; and
 - the parties will abide by applicable Economic Sanctions laws and regulations.
- b) Where appropriate, this Sanctions Policy may be attached as part of the contract, for reference.
- c) For existing contractual arrangements that do not include the template Economic Sanctions clause, such clause should, to the extent reasonably practicable, be included when the contract is renewed or renegotiated.

7.2. Recordkeeping

- a) Insufficient recordkeeping may be a separate violation of the Economic Sanctions regulations. As such, all Business Units and departments are required by these instructions to carry out screening for sanctions compliance purposes must maintain evidence of the screening results and relevant supporting documentation for a minimum period of seven (7) years in general from the date of the transaction in either electronic or physical form.
- b) Such record should include (among others):
- the screening results and findings;
 - the completed Know Your Customer (KYC) form or similar documentation;
 - corporate records such as company searches, company registration certificates used for verification purposes;
 - personal identification records, such as ID and passport used for verification purposes; and
 - documentary evidence of approval by the relevant approver where there are legitimate matches on the Sanctioned Party screening.

7.3. Prohibition against Bypasses

- a) This Sanctions Policy strictly prohibits any Employees or Business Partners of Sunway from attempting Economic Sanctions evasions or bypasses.
- b) Examples of attempts of Economic Sanctions evasions or bypasses include:
- covertly entering into transactions using the name of third parties;
 - entering false information or selectively omitting information to clear sanctions screening; or

- deleting or manipulating screening results to conceal sanctions violation risks etc.
- c) Any bypass made or attempted by the Employees or Business Partners of Sunway may lead to serious consequences and disadvantages to Sunway, even if there was no intention to violate any Economic Sanctions or this Sanctions Policy.

7.4. Reporting Obligation

- a) If at any time any Employee has reason to believe that certain activities and transactions may give rise to a potential violation of any applicable Economic Sanctions regulations, the Employee should cease such activities and refer the matter to the Sanctions Compliance Officer for review. No Employee should proceed with such activities or transactions before obtaining written confirmation from the Sanctions Compliance Officer to proceed.
- b) Further, any Employee who has reasonable grounds to believe that Sunway or any of its Employees is or was involved in any non-compliance with this Sanctions Policy and / or these instructions must, without delay, report such activity to his or her immediate superior, who should then report the matter to the Sanctions Compliance Officer. The Employee may also opt to notify the Sanctions Compliance Officer of any suspicious transaction directly.
- c) The Sanctions Compliance Officer, alongside relevant personnel within the Business Unit and where necessary, with the assistance of outside legal counsel, will investigate all reports of suspected Economic Sanctions issues and take appropriate remedial steps, including to report the same to the authorities. It is the responsibility of Employees to fully and honestly cooperate with the investigations, to report information truthfully by providing as much information as possible on the suspicious transaction, including the reasons or grounds of the alleged suspicions and in good faith, and to respond timely to any requests made by the investigators.
- d) Sunway protects the identity of the person who has reported a violation of this Sanctions Policy. Sunway prohibits any form of retaliation or intimidation against the person who, in good faith, has reported a perceived violation of this Sanctions Policy, expressed intention to report, helped a co-worker to proceed with a report, or participated in or assisted with an investigation even if Sunway ultimately concludes that there was no violation.

8. **SETTING UP AN EFFECTIVE INTERNAL COMPLIANCE PROCEDURE**

- 8.1. An effective internal compliance procedure, which captures key responsibilities as outlined under Paragraphs 6 and 7 above, is key to ensure that Sunway is able to uphold its commitment to adhering to applicable Economic Sanctions regulations.
- 8.2. Given the various business units and functions at stake, a varied and nuanced internal compliance procedure tailored to each Business Units and functions would be crucial to ensure that Sunway continues to comply with all applicable Economic Sanctions regulations.

- 8.3. As a general guiding principle, key elements of an effective compliance program are as follows:
- (a) **Written policies** - Having clear written policies or detailed step-by-step procedures in place that describe compliance steps, requirements and expectations at the Business Unit and function levels will help stakeholders understand the expected responsibilities as well as develop uniformity within the organisation. Identify key processes and stakeholders clearly in the policy to ensure that the written policy can readily be operationalised.
 - (b) **Oversight** - Whilst the Sanctions Compliance Officer will serve as the main focal point for all Economic Sanctions related issues, it would be crucial for the head of the Business Unit or function to identify a person who will review, oversee, monitor and enforce the compliance procedures at the Business Unit and function levels. This will ensure that procedures put in place are as tailored as possible to each Business Unit and function as well as to avoid placing undue burden on the Sanctions Compliance Officer and the Business Units.
 - (c) **Trainings** - In addition to the general sanctions trainings that the Sanctions Compliance Officer may organise, refresher trainings on internal compliance procedures specific to a Business Unit or function should be rolled out to ensure that the relevant stakeholders are kept up to date and to ascertain any implementation issues on the ground. Induction training for newly onboarded Employees should also be undertaken.
 - (d) **Update** - As Economic Sanctions regulations may change over time, it would be crucial to ensure that all internal compliance procedures put in place remain up to date to account for any changes in compliance requirements.

9. MISCELLANEOUS

9.1. Legal Update and Training

- a) The Sanctions Compliance Officer, with the support of the appointed departments within a Business Unit or external consultants, is in charge of providing timely updates on any changes in the Economic Sanctions which may be relevant to the Employees. Such communications are important and must be considered carefully without delay to ensure continuous compliance with applicable Economic Sanctions requirements at all times.
- b) The Sanctions Compliance Officer shall ensure that the data sets and lists of sanctions indicators used for screening purposes are accurate, reliable, up-to-date, refreshed frequently and relevant to the risks level that Sunway or each Business Unit is attempting to manage.
- c) Where invited, the Employees are required to participate or attend any training or other events relating to the topic of sanctions organised by the Sanctions Compliance Officer.
- d) Refresher trainings are to be conducted on an annual basis.

9.2. Compliance Audit and Review

- a) The Sanctions Compliance Officer may conduct periodic audits, whether internally or externally (including in the form of a self-assessment), to assess compliance by the Employees with this Sanctions Policy as well as the instructions set out herein on an annual basis. All Employees are required to cooperate in the audit to facilitate an effective review of the implementation of the Economic Sanctions compliance programme and this Sanctions Policy.
- b) Following the audit, the Sanctions Compliance Officer may recommend steps to improve or enhance compliance (where appropriate), including introducing changes to internal processes and revisions to this Sanctions Policy. Any changes to these instructions will be notified to the Employees for their immediate compliance.

9.3. Checklist of Do's and Don'ts

- a) A quick summary of key do's and don'ts is set out in **Appendix B** as general guidance for Employees and Business Partners of Sunway to understand their responsibilities under this Sanctions Policy.
- b) However, note that this is not intended to be exhaustive. Employees or Business Partners may contact the Sanctions Compliance Officer for more information and where further guidance is needed to ensure full compliance with the Sanctions Policy.

10. CONSEQUENCES OF NON-COMPLIANCE

10.1. Violation of Economic Sanctions may result in serious adverse consequences, including:

- a) exposing Sunway to adverse legal consequences arising from the breach of the Economic Sanctions and the breach of warranties and undertakings in contracts entered into by Sunway relating to compliance with Economic Sanctions;
- b) exposing Sunway to civil and criminal fines and losses of export privileges where the financial ramifications for violations may exceed the value of the transactions;
- c) exposing individual Employees to civil penalties and even imprisonments;
- d) affecting Sunway's banking relationships and financing activities which may potentially jeopardise its ability to conduct business; and
- e) exposing Sunway to severe reputational consequences causing other companies or third parties to be unwilling to deal with Sunway for fear of being penalised for dealing with Sunway.

10.2. Disciplinary action may be taken against those Employees who authorise or participate directly in a violation of Economic Sanctions or this Sanctions Policy, and also against:

- a) any Employee who deliberately fails to report a violation, or suspected violation, as required;

- b) any Employee who deliberately withholds material and relevant information concerning a violation;
- c) any Employee who fails to cooperate with an investigation into an actual or potential violation; and
- d) any offender's supervisor or manager, to the extent that there was negligence or a serious lack of oversight or supervision.

GLOSSARY OF DEFINED TERMS

ABBREVIATION / TERM	DESCRIPTION
Business Partner	Business partners or third parties performing work for or on behalf of Sunway across all jurisdictions in which it operates or has presence in.
Business Unit	A business unit of Sunway.
Economic Sanctions	All relevant Malaysian and international economic sanction laws and regulations.
Employees	All employees of Sunway (including persons employed by Sunway on a full-time, part-time, casual, contract, or volunteer basis, regardless of location, role, and level of seniority, and shall include executive and non-executive members of the boards of directors).
Sanctions Compliance Officer	An Employee designated as the sanctions compliance officer by each Business Unit.
Sanctioned Parties	Individual or entity listed or designated on any restricted parties or sanctions list (and any entity that is 50% or more owned or otherwise controlled by a listed individual or entity) maintained by the UN, the US, the UK, the EU, Malaysia, Singapore, and / or any other applicable Economic Sanctions regulations.
Sanctions Policy	Sunway Group's Economic Sanctions Compliance Policy.
Sunway	Sunway Berhad Group of Companies, including all of its subsidiaries and business units.
UNSC	United Nations Security Council.

APPENDIX A

1. UN Sanctions Lists

- 1.1. The list of sanction regimes which the UN maintains can be found here: <https://www.un.org/securitycouncil/sanctions/information>.
- 1.2. The UNSC also publishes a Consolidated List of all individuals and entities subject to measures imposed by the UNSC on its website here: <https://www.un.org/securitycouncil/content/un-sc-consolidated-list>.

2. US Sanctions Law

- 2.1. The US maintains economic sanctions for national security and foreign policy purposes against a number of third countries, entities and individuals. These sanctions laws and regulations are principally administered by the US Department of the Treasury, Office of Foreign Assets Control ("OFAC"), and, in some respects, the US Department of State.
- 2.2. There are two types of sanctions administered by the US, namely:
- a) Primary sanctions – sanctions which apply to US persons (including US nationals and companies) or activities with a US nexus; and
 - b) Secondary sanctions – sanctions which apply to foreign entities engaged in targeted activities not subject to US jurisdiction.
- 2.3. It is to be noted that a foreign person (such as Sunway) can also be liable for causing, aiding and abetting, or conspiring with US persons to violate US sanctions (e.g., by processing sanctioned country transactions through the US financial system). As an example, a non-US person operating outside the US jurisdiction can incur such causing risks if the underlying transaction entered into involves US dollar payments, as in such cases, US banks are typically involved in the processing of the transaction in the background, resulting in a US nexus.
- 2.4. The US maintains a comprehensive and sophisticated sanctions regime, with more than 30 sanctions programmes that are currently active. Each US sanctions programme is unique and contains specific provisions and prohibitions. That said, they can generally be divided into comprehensive sanctions and targeted (list-based) sanctions.
- 2.5. The US administers comprehensive sanctions in respect of Cuba, Iran, North Korea, Syria, and the Crimea region of Ukraine, and prohibits all US persons or persons within the US from being involved in any transactions involving nationals, residents or persons in those countries. Non-US entities that are owned or controlled by US persons must also comply with US sanctions targeting Cuba and Iran. The US also administers targeted sanctions that generally target transactions with specific persons listed in the OFAC's sanction lists or activities as prescribed under the relevant sanctions programmes.
- 2.6. It is to be noted that the US sanctions programmes evolve rapidly and undergo changes from time to time. In doubt, it is a good practice to verify the US sanctions programmes directly based on OFAC's website or other related key US government agencies website and check with the Sanctions Compliance Officer on whether a transaction is affected by US sanctions. For

example, please refer to the following website: <https://home.treasury.gov/policy-issues/financial-sanctions/sanctions-programs-and-country-information>.

3. EU and UK Sanctions Law

- 3.1. In the EU, the Directorate-General for Financial Stability, Financial Services and Capital Markets Union ("**DG FISMA**") is in charge of monitoring, on behalf of the European Commission, the implementation and enforcement of EU sanctions across EU member states. However, the actual implementation and enforcement of EU sanctions is carried out by the competent authorities of each individual EU member state, which may in some cases result in inconsistent interpretation and enforcement of sanctions regulations. In the UK, the implementation and enforcement of UK sanctions is by the Office of Financial Sanctions Implementation ("**OFSI**"), which is part of HM Treasury.
- 3.2. EU and UK sanctions generally apply to the following persons and activities:
- EU and UK nationals/citizens, regardless of where they are living or working;
 - companies incorporated in an EU member state or in the UK (including their overseas branches);
 - companies in respect of any business conducted (either in whole or in part) within the territory of the EU or the UK; and
 - individuals located in the EU or the UK, irrespective of nationality/citizenship.
- 3.3. Any EU or UK national/citizen working for Sunway is prohibited from participating in or approving any transaction directly or indirectly involving a person or entity subject to EU or UK sanctions.
- 3.4. As of 2022, the EU and UK each have over 40 and 30 different sanctions regimes in place respectively, with some mandated by the UNSC, and others adopted autonomously by the EU/UK. The full list of EU sanctions measures is published by the EU Commission here: <https://sanctionsmap.eu/#/main>.
- 3.5. In general, EU and UK sanctions tend to be more targeted than US sanctions and focus on listed individuals and entities and/or particular activities rather than imposing comprehensive sanctions on countries or governments as a whole. EU and UK financial sanctions generally target individuals or entities that are linked to certain conduct that the EU/UK opposes or seeks to discourage. Both the targeted countries and lists of designated persons and entities can change regularly, so it is important to ensure that the latest sanctions programmes are taken into consideration. The EU Commission publishes its consolidated list of persons subject to EU financial sanctions on its website here: https://webgate.ec.europa.eu/europeaid/fsd/fsf#!/filesd-list-of-sanctions_en.
- 3.6. The UK was historically part of the EU and has traditionally adopted the sanctions measures adopted by the EU. However, given the UK's departure from the EU, the sanctions measures and lists may vary from the EU over time. Therefore, please ensure that the UK's sanctions party list is checked separately where relevant. The UK authority, OFSI, publishes its consolidated list of persons subject to UK financial sanctions on its website here: <https://sanctionssearch.ofsi.hmtreasury.gov.uk>.
- 3.7. In conducting screening for Sanctioned Parties, the Employees must ensure that screening is conducted against the above EU and UK Sanctioned Party lists. Where there are matches or potential matches, please ensure that clearance is obtained from the Sanctions Compliance Officer before proceeding.

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4. **Malaysia Sanctions Law**
- 4.1. In Malaysia, the sanctions law are generally set out under:
- a) Strategic Trade (United Nations Security Council Resolutions) Regulations 2010 ("**UNSC Regulations**");
 - b) Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 ("**AMLATFA**"); and
 - c) Central Bank of Malaysia Act 2009 ("**CBMA**").
- 4.2. The UNSC Regulations and AMLATFA generally prohibit any person within or outside Malaysia from knowingly entering into or facilitating any transactions, among others, directly or indirectly with:
- a) designated countries or persons under the Strategic Trade (Restricted End-Users and Prohibited End-Users) Order 2010 (adopted from UN sanctions); and
 - b) specified entities published in the *Gazette* by the Ministry of Home Affairs.
- 4.3. The Malaysian Ministry of International Trade and Industry maintains a list of prohibited and restricted end users which is available here:
<https://www.miti.gov.my/index.php/pages/view/3420?mid=299>
- 4.4. Further, the Malaysian Ministry of Home Affairs maintains a separate list of individuals, entities or groups who may have participated or facilitated the commission of terrorist acts, which is available here: https://www.moha.gov.my/images/maklumat_bahagian/KK/kdndomestic.pdf
- 4.5. The CBMA requires financial institutions to:
- a) freeze funds, financial assets or economic resources owned or controlled, whether directly or indirectly by designated persons under UN sanctions; and
 - b) ensure that no funds, financial assets or economic resources are made available to such persons.
- 4.6. Pursuant to the CBMA and relevant anti-money laundering requirements, financial institutions generally will not process any transactions (including transfer of funds) involving Sanctioned Parties and are obligated to report any suspicious transactions.
- 4.7. In addition to the above, Malaysia imposes a general trade embargo against Israel. This embargo is provided for under the Malaysian Customs Act 1967, which provides for a general prohibition against all imports from and exports to Israel, unless an export or import licence has been granted.
- 4.8. Consistent with this, Bank Negara Malaysia also imposes a prohibition on residents or non-residents in Malaysia from undertaking or engaging in:
- a) any dealings or transactions with the State of Israel, its residents or any entity owned or controlled, directly or indirectly, by the State of Israel or its residents; or
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- b) dealing or transaction using or involving the currency notes or coins (legal tender) of Israel.
- 4.9. As general screening system may or may not incorporate local jurisdiction-specific embargoes, it is the responsibility of the Employees to ensure that no import from or export to Israel or transaction with any Israeli person or entity owned or controlled, directly or indirectly, by the State of Israel or its residents takes place unless specific governmental approval has been obtained.
- 4.10. In case of doubt, please refer to the Sanctions Compliance Officer for further guidance.
5. **Singapore Sanctions Law**
- 5.1. Singapore is a member of the UN, and generally adopts the sanctions measures set out under the resolutions passed by the United Nations Security Council (UNSC) into its local laws.
- 5.2. Such measures are reflected under the United Nations Act (Cap. 339), Terrorism (Suppression of Financing) Act (Cap. 325), Monetary Authority of Singapore Act (Cap. 186) and Regulation of Imports and Exports Act (Cap. 272A).
- 5.3. As a general principle, pursuant to the United Nations Act, a person in Singapore (including company incorporated in Singapore) or a citizen of Singapore outside Singapore is prohibited from:
- a) dealing, directly or indirectly, with any property funds or other financial assets or economic resources (including funds derived or generated from such property) that are owned or controlled, directly or indirectly, by or on behalf of; or
 - b) making available any funds or other financial assets or economic resources, directly or indirectly, to or for the benefit of,
 - i) a designated person (as adopted from the UNSC resolutions);
 - ii) an individual or entity that acts on behalf of or under the direction of a designated person; or
 - iii) an entity owned or controlled by a designated person.
- 5.4. In addition, the Terrorism (Suppression of Financing) Act provides further prohibitions on, amongst others, (i) dealing, whether directly or indirectly, in any property owned or controlled by or on behalf of any terrorist or terrorist entity, including funds derived or generated from such property; (ii) entering into or facilitating any financial transaction related to a dealing in such property; or (iii) providing financial services or other related services in respect of such property to, or for the benefit of, or on the direction or order of, any terrorist or terrorist entity. Such terrorists and terrorist entities are set out in the First Schedule of the Act which contains reference to UN designated persons as well as Singapore's own list of terrorists and terrorist entities.
- 5.5. The Monetary Authority of Singapore Act sets out obligations for financial institutions to, amongst others, freeze assets including funds or other financial assets or economic resources owned or controlled, directly or indirectly, by a designated person which came into their

possession, custody or control in Singapore and to report such occurrence to the Monetary Authority of Singapore.

- 5.6. Singapore also imposes export controls with respect to the export of specific categories of goods (primarily arms, nuclear, missile and chemical and related materials) to specific countries or territories pursuant to the Regulations of Import and Export Regulations.
- 5.7. Generally, Singapore does not implement any unilateral sanctions outside the United Nations framework, with the exception of the additional persons/entities listed as terrorists or terrorist entities under the Terrorism (Suppression of Financing) Act.

APPENDIX B**DO'S**

- Review the Sanctions Policy and understand the Employees' roles and responsibilities in ensuring Sunway's compliance with Economic Sanctions regulations;
- Understand the principles and concepts of Economic Sanctions;
- Identify the relevant Economic Sanctions and remain in compliance at all times;
- Conduct Economic Sanctions screenings or ensure Economic Sanctions screenings have been conducted appropriately at all relevant stages of operation;
- Consult or report to the Sanctions Compliance Officer in respect of any red flags, suspicions or uncertainties;
- Obtain contractual assurances in respect of compliance with Economic Sanctions, where applicable;
- Maintain records of Economic Sanctions screenings and other relevant documentations appropriately; and
- Attend trainings organised by each Business Unit in respect of Economic Sanctions.

DON'TS

- Take chances with transactions or operations which may be a possible violation of Economic Sanctions;
- Ignore tell-tale signs of a possible violation of Economic Sanctions;
- Proceed with a suspected transaction or operation bearing the intention to only report the matter at the later stage;
- Bypass or attempt to bypass any requirements under this Sanctions Policy;
- Withhold information from the Sanctions Compliance Officer; and
- Disregard instructions from the Sanctions Compliance Officer.

ADDENDUM

A. Healthcare Sector

For the purposes of Sunway's healthcare business in Malaysia, Sunway's approach with respect to its sanctions compliance is set out as follows:

(I) Dealing with individual medical patients

Under the UN sanctions, prohibitions are generally imposed with respect to the supply of funds, financial assets or economic resources to designated persons, along with other forms of restrictions depending on applicable sanctions programmes. Consistent with this, the relevant provisions under the Malaysian UNSC Regulations and the AMLATFA are focused on ensuring that designated persons are denied access to property, funds, financial assets or economic resources.

The provision of personal medical services to individual patients (such as medical consultation, medical procedures and treatments, supply of drugs and medication, etc) generally fall outside the scope of the prohibitions under the sanctions requirements. As such, consistent with the general ethical duties of healthcare service providers, Sunway does not reject any individual medical patient's request for medical services on the basis that the person is listed as a designated person under any sanctions regime. As such, Sunway does not carry out sanctions party screening for individual healthcare patients.

Note that transactions with individual patients to whom personal medical services are provided shall not be transacted using the USD currency or involve any US person (including any US citizen, permanent resident, entity organized under the laws of the United States or any jurisdiction within the United States (including foreign branches), or any person located in the US) or any aspect of the US financial system.

(II) Dealing with third party commercial customers (other than individual patients)

For all dealings with commercial customers (whether individuals, companies or any other organizations), Sunway requires the business units and functions involved in the negotiation, execution, facilitation or fulfilment of any transaction to, prior to entering into any such transactions, (i) carry out KYC review to verify the true identity of all parties involved; and (ii) carry out sanctioned party screening to ensure that counterparties are not Sanctioned Parties, or intermediaries of or owned or controlled by Sanctioned Parties.

Examples of commercial customers to whom this paragraph applies, include, but are not limited to:

- local or foreign corporations and conglomerates (including collaboration with pharmaceutical companies or any third parties, managed care organisations, or other corporations with corporate programs for healthcare services);
- retail tenants (mainly in the Malaysian hospitals).

The relevant business units and functions in charge of commercial customer intake are required to establish tailored standard operating procedures to ensure that the above KYC review and sanctions screening steps, as well as the appropriate recordkeeping steps are incorporated into its intake procedure. Please refer to Paragraphs 6, 7.2 and 8 of the Policy for further details on each of these obligations.

(III) Dealing with third party commercial vendors

The requirements set out at Paragraph A(II) above are similarly applicable to dealings entered into by Sunway with any commercial vendors (whether individuals, companies or any other organizations).

Examples of commercial vendors to whom this paragraph applies, include, but are not limited to:

- local or foreign corporations and conglomerates (including suppliers of medical equipment, pharmaceutical products, IT systems, workforce (e.g. employment agencies), water disposal services, marketing services etc.);
- doctors/consultants who act as independent contractors;
- any other contractors, consultants, sub-contractors, or service providers engaged by Sunway.

(IV) Dealing with Employees

Sunway requires the employee intake process to incorporate Sanctioned Party screening to be carried out for each new employee, whether full-time, part-time or casual, or on a volunteering basis, and regardless of location, role, and level of seniority, whether Malaysian or foreigner and includes members of the board of directors. This includes all contract employees (e.g. locum doctors and nurses) and hospitality staffs (e.g. housekeeping, F&B, concierge staffs, etc). Records of the completed screening process should be retained as required under the recordkeeping requirement set out at Paragraph 7.2 of this Policy.

(V) Ad-hoc or non-routine transactions

There may be circumstances where Sunway enters into other ad-hoc or non-routine transactions with third parties. Example of such transactions include collaboration with education institutions such as universities and colleges on educational programmes or the provision of scholarship or educational sponsorship.

Under such circumstances, business units or functions involved in the negotiation, execution, facilitation or fulfilment of the relevant transaction should determine the nature of the transaction to be entered into and parties to the transaction to assess whether sanctioned party screening is applicable and ascertain the parties to be screened.

As a rule of thumb, KYC review and sanctioned party screening should be carried out for all transactions involving exchange of financial or economic benefits. This is the case, even if the arrangement is entered into with an individual, for e.g., where a scholarship is granted to an individual student. In cases where no provision of financial or economic benefits is involved, for e.g., where students visit the Sunway hospitals on an education tour, screening requirement may be dispensed with. The business units and departments in charge of entering into such transactions, where applicable, should prepare tailored standard operating procedures to ensure that the KYC review and sanctions screening steps, as well as the appropriate recordkeeping steps are incorporated into its processes. Please refer to Paragraphs 6, 7.2 and 8 of the Policy for further details on the relevant obligations.