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1. Introduction

The Lanka Hospitals Corporation PLC having an ISO 14001:2015 certified Environmental Management System is dedicated to delivering high-quality, cost-effective healthcare while positively impacting the environment, society, and the communities we serve. Our commitment to Environmental, Social, and Governance (ESG) principles reflects our emphasis on safety, sustainability, ethical governance, and social responsibility, which are core to our mission and values.

This policy outlines our approach to integrating ESG considerations into every facet of our operations. We focus on minimizing our environmental footprint, fostering a diverse and inclusive workplace, and upholding robust governance practices that ensure transparency, accountability, and ethical behavior. In doing so, we comply with the listing rules of the Colombo Stock Exchange (CSE) and other national laws and regulations and strive to align with the ESG best practices outlined in the International Finance Corporation (IFC) Performance Standards. We believe that by embedding ESG principles into our core operations, we can drive innovation in private healthcare, enhance our resilience, and build lasting relationships with our patients, employees, community partners and other stakeholders while striving to build a safe, socially, and environmentally responsible operation that is sustainable and equitable future for all.

We are currently undertaking a comprehensive analysis of our existing ESG practices and standards to identify any gaps or deviations in relation to the IFC Performance Standards. Based on the findings of this analysis, any identified deviations will be addressed through a structured action plan, within a period of three (03) years.

2. Scope

This policy applies to all operations, and activities as well as directors, employees, officers and authorized representatives of The Lanka Hospitals Corporation PLC (“the Company”) and extends to the Company’s fully owned subsidiary, Lanka Hospitals Diagnostics (Private) Limited (jointly referred to as the “Company Personnel”).

We expect our customers, consultants, suppliers, service providers, contractors, business partners and other third parties whom we work with (jointly referred to as the “Third Parties”) to be acquainted with and systematically comply with our ESG Policy.

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3. ESG Factors

Given below are the main ESG factors that the Company will consider in all its activities;

3.1 Environmental Responsibility

These are the factors related to the quality and functioning of the natural environment and natural system. We are dedicated to minimizing our environmental impact through sustainable practices and continuous improvement. Our environmental objectives include the following:

- a) **Compliance and Regulation:** We are committed to adhering to all applicable environmental laws, regulations, and standards in Sri Lanka. Additionally, we endeavour to identify and assess environmental risks associated with our operations and implement measures to mitigate these risks in line with IFC Performance Standards.
- b) **Resource Efficiency:** We strive to promote the efficient use of resources, including energy, water, and raw materials (where applicable), and minimize waste through recycling, reuse practices within our Company and its premises and responsible disposal to minimize environmental impact while maintaining a safe environment for all stakeholders. Additionally, we are committed to enhancing human capital efficiency by fostering a supportive and empowering work environment, investing in employee development, and optimizing workforce productivity.
- c) **Sustainable Procurement:** We are committed to sourcing medical supplies, equipment, other supplies and services with minimal environmental impact, prioritizing vendors, suppliers, contractors and service providers who demonstrate strong environmental practices and sustainability credentials.
- d) **Pollution Prevention:** We are committed to implementing measures that prevent pollution and ensure the safe management of hazardous materials to protect both the environment and public health. This includes implementing a comprehensive wastewater and stormwater management plan and prioritizing the reduction of emissions and effluents to minimize our Company's (including its subsidiary) environmental footprint as a responsible healthcare provider.
- e) **Climate Action:** We are taking proactive steps to reduce our carbon footprint and address climate change by enhancing energy efficiency, adopting renewable energy sources, and promoting sustainable transportation options. This will include assessing the potential

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impact of our activities on biodiversity and ecosystems and implementing measures to protect and conserve natural resources where necessary.

3.2 Social Responsibility

These factors concern the rights, well-being, and interests of individuals and communities. We are committed to fostering a positive social impact on Company Personnel, Third Parties and the communities we serve. Our social objectives include the following:

- a) **Labor and Working Conditions:** We are dedicated to providing fair, equal, non-discriminatory and safe working conditions and environment for all Company Personnel regardless of role, gender, race, age, religious beliefs, or sexual orientation. This includes ensuring fair wages, respecting freedom of association, and complying with national labor laws. We strictly prohibit child labor, forced labor, and any form of discrimination and/or harassment (including sexual) within our operations. Additionally, we provide fair and equitable opportunities for professional development and career advancement for employees of the Company and its subsidiary.
- b) **Health, Safety, and Security:** The health and safety of our Company Personnel, Third Parties and the communities we serve are of utmost importance. We are committed to maintaining comprehensive health and safety management systems to prevent accidents and occupational health and hazards and to provide a healthy, safe and secure environment for everyone within our premises to work. This includes (a) rigorous implementation of safety protocols, regular inspections and periodic maintenance of equipment, machinery and other safety items (including life and fire safety), (b) implementation of comprehensive safety measures to prevent accidents and injuries, including maintaining safe, healthy and clean working conditions at all times, (c) providing and maintaining clean and hazard-free equipment, machinery and environment and ensuring safe storage of all dangerous goods and substances, (d) ensuring proper use of personal protective equipment and having appropriate First Aid equipment available at all our locations, (e) providing ongoing training for staff on safety procedures and emergency response to ensure employees are able to do their work in a safe manner, (f) promoting the overall health and wellness of Company Personnel through initiatives such as health screenings, wellness programs, and mental health support, (g) providing employee protection from sexual harassment, exploitation and abuse and discrimination in the workplace and treating all incidents seriously and will promptly investigate all such allegations, (h) promoting a healthy work-life balance for all our Company Personnel, (i) fostering an inclusive atmosphere by providing fair access to facilities and services and accommodating diverse needs where Company Personnel feel respected and valued, (j) establishing and regularly updating emergency preparedness plans

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to effectively manage and respond to any potential health and safety incidents. This includes clear communication of emergency procedures, regular drills, and coordination with local emergency services.

- c) **Impact to Community Health and Safety:** We will ensure that activities are carried out with minimal impact on local communities and do not create harm to community health and safety.

We will clearly communicate our environmental and social expectations to contractors, vendors, suppliers and service providers and ensure that they understand and comply with the policy.

To ensure our commitment to social responsibility extends to every Third Party working on our premises, we provide a safe and secure working environment for all Third Parties while they are working on our premises. This includes providing the necessary health and safety training or precautionary methods such as vaccination against certain communicable/occupational diseases and identifying toxic exposure to nitrous oxide and other substances typically used as inhalation anesthetics by housekeeping and janitorial workers, waste collectors and providing a mechanism for reduction and monitoring occupational health and safety of such personnel, providing personal protective equipment, and access to safety protocols to prevent accidents and occupational hazards. Our agreements with these Third Parties (except for customers) will have provisions for preventing child labor, forced labor, and discriminatory practices in all activities conducted within our Company and its subsidiary. Each process owner or Head of the respective Department/Cluster of such an agreement is expected to carry out the functions of contract management, assess, maintain period records and evaluate contractors, service providers, subcontractors and any authorized Third Parties prior to the renewal of their contracts for a further period or for considering under an evaluation of a new bidding process. Any identified deviations or violations of this Policy are to be reported to the Procurement Committee by the respective process owner or Head of the respective Department/Cluster.

Additionally, we strive to provide a safe and secure environment for our customers and visitors while they are on our premises and are dedicated to delivering high-quality healthcare services that respect patient rights, privacy, and confidentiality, ensuring a patient-centered approach to care.

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d) Data Protection and Confidentiality

As part of our Environmental, Social, and Governance (ESG) commitments, we prioritize the protection of data and the confidentiality of all personal and sensitive information. We recognize that safeguarding data is not only a legal obligation but also a fundamental aspect of maintaining trust with our patients, employees, and other stakeholders. Our approach includes:

- i. **Robust Data Security Measures:** We implement comprehensive data security protocols to protect against unauthorized access, breaches, and cyber threats. This includes encryption, firewalls, access controls, and regular security audits to ensure that all patient and employee data is securely stored and transmitted.
 - ii. **Compliance with Regulations:** We adhere to all relevant data protection laws and regulations in the country. Compliance is monitored regularly to ensure that our data handling practices meet the highest legal and ethical standards.
 - iii. **Patient Confidentiality:** We are committed to maintaining the confidentiality of patient information. All medical records and personal data are handled with the utmost care, ensuring that only authorized personnel have access to sensitive information and as per the related laws and regulations of Sri Lanka. This commitment is integral to our duty of care and ethical responsibilities.
 - iv. **Employee Data Privacy:** We protect the privacy of our employees by securely managing personal information, including payroll, health records, and other sensitive data. Access to employee data is strictly controlled and limited to those with a legitimate need to know.
- e) **Stakeholder Engagement:** We strive to maintain an open, transparent, and constructive dialogue with all stakeholders, including Company Personnel, Third Parties and the community.
- f) **Community Engagement and Development:** We are committed to actively engaging with local communities to understand their needs and concerns and to contribute to their social and economic development. Our efforts include creating job opportunities, supporting local suppliers, and investing in community health and wellness projects, and educational programmes, however subject to the established criteria and guidelines for recruitment, procurement and investments.
- g) **Cultural Heritage:** We acknowledge the significance of cultural heritage and commit to identifying, assessing, and managing any potential impacts our operations may have on cultural sites, in accordance with IFC Performance Standards.

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- h) **Compliance and Regulation:** We are committed to adhering to all applicable labour and health and safety-related laws, regulations, and standards in Sri Lanka.

3.3 Governance Responsibility

Strong governance and ethical practices are fundamental to our operations and decision-making processes. Our governance objectives include the following:

- a) **Ethical Conduct and Anti-Corruption:** We uphold the highest standards of ethical behavior and integrity in all our business activities. We will comply with all applicable anti-corruption and anti-bribery laws and regulations and have zero tolerance for bribery or corruption.
- b) **Compliance and Integrity:** We are committed to complying with all applicable laws, regulations and ethical standards in Sri Lanka and IFC Performance Standards, and maintaining the highest standards of integrity and transparency.

The Company and its subsidiary ensure not to invest in and engage with businesses, projects and activities that are prohibited, violate the country's laws, regulations and policies and cause irreversible environmental and social impacts.

- c) **Board Oversight and Accountability:** The Board of Directors is responsible for overseeing ESG matters, ensuring that our strategies and operations align with our ESG commitments and values. The Board regularly reviews ESG risks and opportunities as reviewed and recommended by the Audit Committee and integrates them into our strategic planning and decision-making processes. Further, with the recommendation of the Audit Committee, the Board of Directors approves this policy and ESG strategy adopted by the management.
- d) **Risk Management:** We strive to implement risk management practices to identify, assess, and mitigate risks related to ESG factors, ensuring the sustainability and resilience of our operations. Additionally, we endeavour to maximize environmental and social opportunities in relation to healthcare management and operation activities and services.

Periodic independent audits conducted by the Internal Audit Department on ESG non-compliance with this policy will be reported to the Audit Committee by the Head of Internal Audit and any statutory ESG-related requirements violations will be reported to the Audit Committee by the Senior Manager Legal and Compliance on a quarterly basis. These concerns will be thereafter escalated to the Board of Directors considering its probable impact on the Company and its subsidiary.

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- e) **Transparency and Reporting:** We will maintain transparency in our operations and report regularly on our ESG performance. This includes disclosing our environmental and social impacts, risks, and opportunities in line with Colombo Stock Exchange requirements.
- f) **Whistleblower System:** Company Personnel and Third Parties are encouraged to ask questions, raise comments and concerns in the case of concern over questionable ethical standards or breaches of applicable laws, rules, this ESG policy, or other internal guidelines as soon as practicably possible. The Company expects any such matters to be raised in good faith. The process laid down in the Whistleblower Policy shall apply.
- g) **Respectful Disciplinary Actions:** Disciplinary actions shall comply with applicable laws, rules, regulations, and business standards. Disciplinary actions shall fully respect an employee's rights and dignity and shall be as per the process laid down in the respective standard operating procedure of the Company, which applies to its subsidiary as well.

4. Implementation, Monitoring and Review

This ESG policy will be implemented through the development of specific action plans, performance indicators, and accountability mechanisms. All Company Personnel are required to adhere to this policy and support our commitment to ESG sustainability and we expect the adherence to this policy by our Third Parties as well.

This policy will be reviewed annually, or more frequently as required, to ensure its relevance and alignment with evolving ESG standards, regulations, and stakeholder expectations. We are committed to continuous improvement in our ESG practices, seeking feedback, and adapting to emerging trends and best practices.

The Company reserves the right to vary and/or amend the terms of this policy from time to time. All stakeholders shall be informed of any revisions made to this policy.

5. Responsibility and Accountability

All directors and senior management shall understand their accountability and demonstrate leadership and commitment to this policy. The Board of Directors and senior management shall ensure compliance and regularly review of environmental and social performance and risks.

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The senior management is responsible for ensuring that all employees understand and adhere to the principles of this policy. All managers and heads of the departments/cluster managers are accountable for the environmental and social performance of their business units, and the implementation and communication of this policy. All employees are expected to contribute to achieving the objectives outlined in this policy and to uphold the highest standards of environmental, social, and governance practices.

The Head of the Procurement department shall ensure that all contractors, vendors and service providers are informed of procedures and receive clear instructions in respect of environmental and social standards, including this policy.

6. Training

The Company will provide regular training to all Company Personnel on the requirements of this policy and ESG aspects through the Human Resources Division.

7. Actions for Non-Compliances

Any non-compliance of this policy by Company Personnel may result in disciplinary action in line with the disciplinary process of the Company.

In the event of an actual or suspected breach of this policy by a Third Party, the Company reserves the right to suspend or terminate the business relationship with such Third Party and to take any associated legal action or recovery of damages. It may also impact eligibility for future contracts or business engagement of such Third Parties with the Company.

8. Related Policies and Procedures

This Policy should be read in conjunction with the other policies, standard operating procedures and guidelines of the Company, namely the Emergency response plan, ISO 14001:2015 certified Environmental Management System related documents, Occupational Health and Safety (OHS) procedures, grievance mechanism, fatigue management policy, employee misconduct, prevention of harassment, induction, recruitment and selection, code of business conduct and ethics, bookkeeping and accounting, discount (IP/OP, corporate packages, promotional discounts, on-bill discounts etc.,) procedures and pricing, use of company assets, risk management and internal control, whistleblower policy, anti-corruption and anti-bribery policy, related party-transactions, information security, data protection, and the MOFA, employment handbook, procurement manual and IT security management guidelines.

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LH/POLICY/LEGAL/06

POLICY ON ENVIRONMENTAL, SOCIAL AND GOVERNANCE SUSTAINABILITY

This ESG Policy is a statement of fundamentals to the Company's and its subsidiary's principles and culture. It does not create any rights for any third party, such as customers, suppliers, competitors, shareholders, stakeholders, regulatory authorities or any other person or entity.

This policy is reviewed and recommended by the Audit Committee on 10th September 2024 and approved by the Board of Directors on 19th September 2024.

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