

# CENTRAL POLICY

TMCLS-CP/003

**SUSTAINABILITY & CLIMATE CHANGE**

REVISION NO. : 00

RISK RATING : HIGH RISK

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**APPROVED BY : BOARD OF DIRECTORS**

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## 1.0 PURPOSE

This Policy aims to:

- 1.1 Steer the direction, planning and implementation of TMCLS Group-wide ESG efforts in line with industry best practices in the healthcare sector.
- 1.2 Monitor and mitigate potentially adverse environmental and societal impacts resulting directly or indirectly from the Group's operations;
- 1.3 Guide the involvement, cooperation and oversight of the Group's Board of Directors, Management and sustainability working teams in implementing the Policy, as well as establishing and reviewing ESG-related key performance indicators and performance targets;
- 1.4 Integrate ESG principles and considerations into the Group's governance agenda and investment decision-making;
- 1.5 Facilitate key stakeholders' expectations in identifying, assessing and prioritising the Group's ESG material matters, risks, opportunities and strategies for the continued enhancement of its business model in generating sustainable long-term returns; and
- 1.6 Support the realisation of national and global sustainability commitments, including the Malaysian government's goal of achieving net zero carbon emissions by 2050 as outlined in the National Policy on Climate Change; the National Energy Transition Roadmap; the Malaysia Health White Paper 2023; and the United Nations Sustainable Development Goals ("UN SDGs").
- 1.7 TMCLS Group's sustainability scope and goals should also be aligned to the TMG's sustainability scope and goals. Where TMCLS Group's scope or goals are broader and more stringent than TMG's then the TMCLS Group's scope or goals will take precedent.

## 2.0 SCOPE

- 2.1 This Policy covers TMCLS's sustainability agenda in line with the Group's ESG pillars: Patient Care, Organisational Management, Environmental Sustainability and Community Outreach and also the TMG's Sustainability Policy and goals.
- 2.2 The Policy applies to TMCLS's directors, employees and primary operations, including its flagship hospital Thomson Hospital Kota Damansara (THKD), TMC Fertility Centres (TMCF), Thomson Traditional Chinese Medicine ("TCM"), TMC Care Pharmacy ("TMC Care") and Thomson Specialist Clinics (Kepong, as well as the corporate headquarters situated in Kota Damansara, Petaling Jaya.
- 2.3 The Policy is implemented alongside other Group Policies as listed below:
  - Board Charter
  - Appendix A – Board Diversity Policy
  - Appendix B – Succession Planning Policy
  - Corporate Social Responsibilities Policy
  - Shareholders' Rights
  - Shareholders' Communication Policy
  - Whistleblowing Policy
  - Anti-Corruption and Anti-Bribery Policy
  - Code of Conduct Policy
  - Fit and Proper Policy
  - Directors and Senior Management Remuneration Policy
  - Privacy Notice

- Terms of Reference for ARMC
  - Terms of Reference for NC
  - Terms of Reference for RC
  - Terms of Reference for Executive Committee
  - Thomson Medical Group Limited's Sustainability Policy and Goals
- 2.4 The Group operates in full compliance with sustainability-related performance targets and protocols that align with recognised industry laws and regulations, including but not limited to:
- Private Healthcare, Facilities and Service Act 1998
  - Medicines (Advertisement and Sale) Act 1956
  - Medical Act 1971
  - Malaysian Employment Act 1955
  - Companies Act 2016
  - Bursa Malaysia Securities Berhad Main Market Listing Requirements
  - Malaysian Code on Corporate Governance 2021
  - Malaysian Anti-Corruption Commission (Amendment) Act 2018
  - Occupational Safety and Health Act, 1994
  - Personal Data Protection Act 2010

### 3.0 TERMS & DEFINITIONS

#### 3.1 Climate Change

Climate change is a long-term change in the average weather patterns that have come to define Earth's local, regional and global climates. These changes have a broad range of observed effects that are synonymous with the term.

#### 3.2 Enterprise Risk Management (ERM)

ERM is a structured and integrated approach of aligning strategy, processes, people, system, and knowledge with the purpose of evaluating and managing the uncertainties an organisation faces. It involves identifying, assessing, treating and monitoring risk in order to reduce the likelihood and impact of all identified risks.

#### 3.3 Environmental, Social and Governance (ESG)

ESG refers to a set of standards used to measure an organization's environmental and social impact. It's typically used in the context of investing, although it also applies to customers, suppliers, employees and the general public.

#### 3.4 Sustainability

Sustainability is the quality of being able to continue over a period of time or causing little or no damage to the environment.

#### 3.5 TMCLS Group

TMCLS Group refers to all business units under TMC Life Sciences Berhad (TMCLS).

## 4.0 THE POLICY

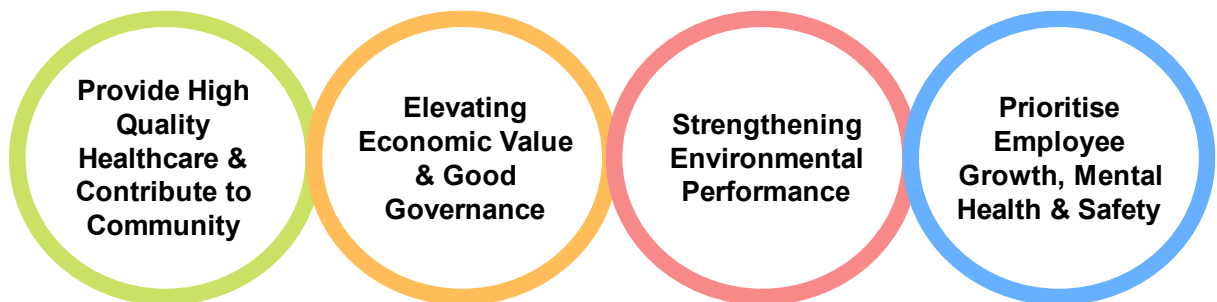
### POLICY STATEMENT

TMCLS shall lead by example in sustainability (Environmental, Social and Governance (ESG)) and climate action to minimise our environmental impact and contribute positively to global climate goals.

#### Guidelines:

#### 4.1 OVERVIEW OF SUSTAINABILITY & CLIMATE CHANGE

- 4.1.1 TMC Life Sciences Berhad's (TMCLS) Sustainability and Climate Change policy shall provide a set of comprehensive guidelines that strengthen TMCLS's commitment to incorporating sustainability practices across its business and operations as a rapidly expanding healthcare services provider in Malaysia.
- 4.1.2 In progressing its sustainability journey, the Group continuously strives to achieve the right balance between the needs and expectations of its stakeholders as well as economic growth. This is realised through the integration of Environmental, Social and Governance (ESG) considerations as TMCLS's three (3) sustainability pillars, focusing on four (4) main areas:

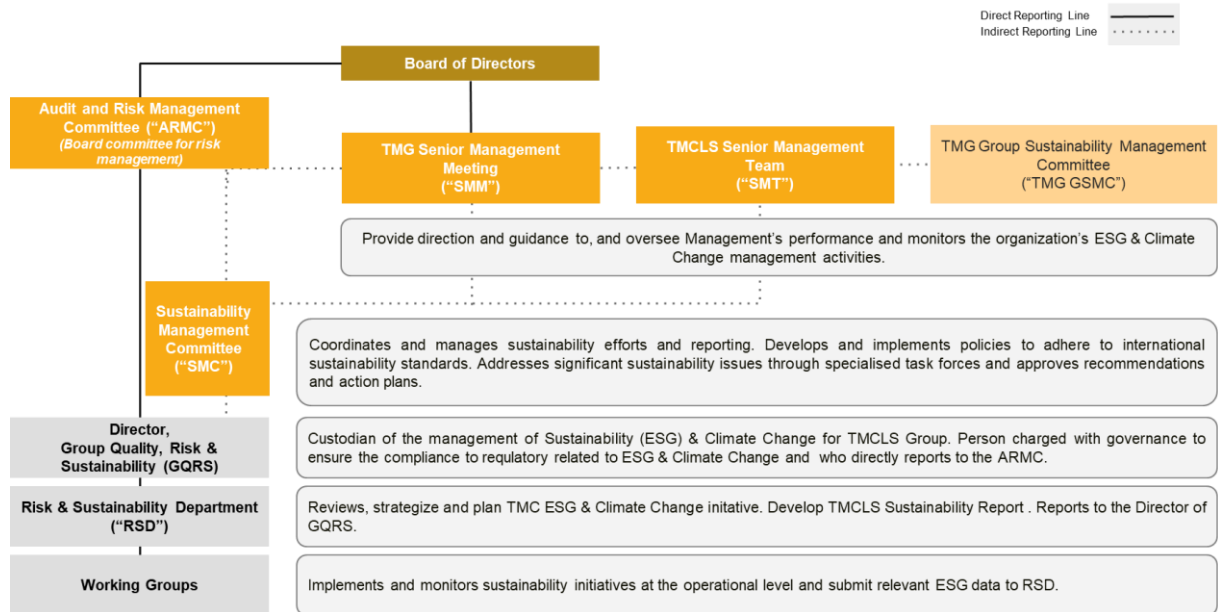


**Diagram 1:** TMCLS's Four Areas of Focus Under the Three (3) Strategic Pillars Environment, Social and Governance

- 4.1.3 Given the growing importance of identifying and addressing sustainability concerns and solutions on a broader scale, particularly climate change risks and opportunities, TMCLS recognises the need to align its ESG strategies and targets with both national and global commitments to ensure meaningful contributions towards holistic sustainability in the healthcare sector.

## 4.2 KEY ROLES & RESPONSIBILITIES

4.2.1 The sustainability governance structure established by TMCLS is as follows:



**Diagram 2: TMCLS Sustainability Governance Structure**

- 4.2.2 A three-tiered governance framework shall be established to clearly outline the executive, management, and operational responsibilities to ensure the effective implementation and oversight of sustainability initiatives within our organisation.
- 4.2.3 At the top of this structure is TMCLS's Board of Directors ('The Board') shall serve as the ultimate authority responsible for setting the overall direction of the Group. The Board shall play a vital role in endorsing proposed sustainability strategies and initiatives, as well as granting final approval for the Group's sustainability statements. Supporting the Board is the Audit and Risk Management Committee (ARMC), which provides valuable advice on ESG initiatives and oversees their implementation.
- 4.2.4 Sustainability Committee (SC) shall be tasked with identifying TMCLS's material sustainability matters. The SC plays a pivotal role in regularly updating the ARMC on the progress of the Group's ESG initiatives. Comprising key senior managers from various departments, the SC ensures comprehensive representation and expertise in driving sustainability efforts.

### 4.3 ESG FOCUS AREAS

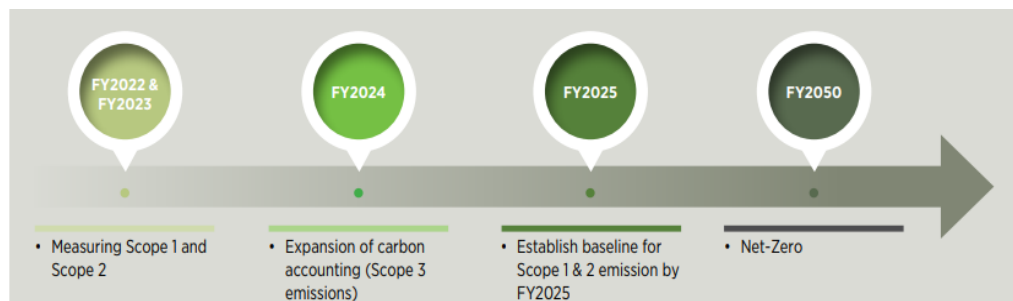
ESG PILLAR	KEY COMMITMENTS	DRIVERS
Patient Care & Community Outreach	<ul style="list-style-type: none"> <li>○ Quality healthcare</li> <li>○ Patient satisfaction</li> <li>○ Community health &amp; wellbeing</li> </ul>	<ul style="list-style-type: none"> <li>➤ Customer/patient feedback through direct engagement and surveys</li> <li>➤ Continuous enhancement of management processes and protocols</li> <li>➤ Efficient medicine management training for employees</li> <li>➤ Management of clinical risks, workplace/ patient safety and health</li> <li>➤ Frequent engagement in impactful corporate social responsibility (CSR) activities that benefit and educate local communities on healthcare and medicine</li> </ul>
Organisational Management	<ul style="list-style-type: none"> <li>○ Economic performance</li> <li>○ Ethics and integrity</li> <li>○ Emergency preparedness for disasters</li> <li>○ Cybersecurity &amp; Data Protection</li> <li>○ Supply chain management</li> </ul>	<ul style="list-style-type: none"> <li>➤ Sustainability-centric business model that appeals to ESG-focused investors</li> <li>➤ Ethical and responsible supply chain processes and protocols</li> <li>➤ Clean track record of compliance with regulatory bodies</li> </ul>
Environmental Sustainability	<ul style="list-style-type: none"> <li>○ Clinical and other wastes</li> <li>○ Energy conservation</li> <li>○ Water consumption</li> <li>○ Climate change</li> </ul>	<ul style="list-style-type: none"> <li>➤ Proper disposal methods for hazardous and clinical waste</li> <li>➤ Recycling and reduction of usage of plastic materials for patients, food and beverages, etc</li> <li>➤ Best practices, data tracking and industry benchmarking on energy usage and effluent management</li> <li>➤ Accurate measurement of resource usage</li> <li>➤ Monitoring and reduction of carbon emissions</li> </ul>

ESG PILLAR	KEY COMMITMENTS	DRIVERS
Talent Excellence	<ul style="list-style-type: none"> <li>○ Diversity, Equity and Inclusion</li> <li>○ Safety at the Workplace</li> <li>○ Human Capital Development</li> <li>○ Talent Retention</li> </ul>	<ul style="list-style-type: none"> <li>➤ Actively recruits individuals from diverse backgrounds to ensure its team reflects the rich diversity of its patient population</li> <li>➤ Continuous enhancement of Occupational Safety and Health rules and standards</li> <li>➤ Safety and emergency preparedness training for employees</li> <li>➤ Regular career growth, employee appraisals and incentive opportunities</li> </ul>

**Table 1:** ESG Pillar Key Commitments

**4.4 CLIMATE CHANGE COMMITMENTS**

4.4.1 The Group has launched an environmental roadmap towards reducing its carbon footprint and achieving net zero emissions in Malaysia by 2050:



**Diagram 3:** Environmental Roadmap

4.4.2 TMCLS’s Enterprise Risk Management Framework includes ESG Risks, with climate-related risks being prioritised. Accordingly, new strategies have been put in place to ensure TMCLS moves closer to its net zero emissions goal. These shall include a detailed approach for Scope 1, 2 and 3 calculation and reporting.

4.4.3 TMCLS shall fully embrace the principles of environmental stewardship, and its sustainability strategy places the well-being of its patients at the core of its ESG endeavours, while ensuring that its actions contribute significantly to the long-term sustainability of the planet.



#### 4.5 UPHOLDING HUMAN RIGHTS AND LABOUR STANDARDS

At TMCLS, we believe that the heart of healthcare excellence lies in respecting and protecting basic human rights and fair labour standards. Our business strategies shall be driven by a commitment to upholding the principles of a just and inclusive society. Guided by TMCLS's core values of trust, compassion, accountability, respect and empowered agility, we pledge to:

- Practise workplace non-discrimination for our employees in terms of race, religion, age, gender, sexual orientation, disability or nationality.
- Respect the rights of all our employees, such as the right to fair wages, freedom of association, collective bargaining and advancement opportunities, through open dialogue and engagement.
- Protect the rights of minors in alignment with UNICEF's Children's Rights and Business Principles.
- Contribute positively to local communities by providing accessible healthcare services and education, as well as providing learning and work opportunities for underprivileged groups and unemployed youths.

#### 4.6 PERFORMANCE-DRIVEN KPIS AND TARGETS, MONITORING & MEASUREMENT

The sustainability agenda at TMCLS shall be supported by the implementation of Key Performance Indicators (KPIs) that align with the Group's existing framework. These KPIs involve precise definitions of the relevant ESG targets and action plans, followed by the identification, assessment and realisation of measurement metrics.



**Diagram 4:** Measurement of Metrics

#### 4.7 POLICY DISCLOSURE

The Policy shall be circulated through appropriate channels of communication. A copy of the Policy shall be publicly accessible on the TMCLS website. The Board, Management and other employees must be notified through internal communication channels.

#### 4.8 POLICY FEEDBACK & INQUIRIES

Any feedback or inquiries about the Policy may be directed to (the Director of Group Quality, Risk & Sustainability).

#### 4.9 POLICY REVIEW & APPROVAL

The Policy shall undergo an annual review to ensure adherence to the latest regulatory requirements and sustainability developments. Any amendments shall be subject to the Board's approval.

#### 5.0 REFERENCE DOCUMENTS

No.	Reference Title	Doc. Control No.	Internal/External Origin
1.	National Policy on Climate Change	-	External Origin
2.	National Energy Transition Roadmap	-	External Origin
3.	Malaysia Health White Paper 2023	-	External Origin
4.	United Nations Sustainable Development Goals (UN SDGs)	-	External Origin
5.	Board Charter	-	Internal Origin
6.	Appendix A – Board Diversity Policy	-	Internal Origin
7.	Appendix B – Succession Planning Policy	-	Internal Origin
8.	Corporate Social Responsibilities Policy	-	Internal Origin
9.	Shareholders' Rights	-	Internal Origin
10.	Shareholders Communication Policy	-	Internal Origin
11.	Whistleblowing Policy	-	Internal Origin
12.	Anti-Corruption and Anti-Bribery Policy	-	Internal Origin
13.	Code of Conduct Policy	-	Internal Origin
14.	Fit and Proper Policy	-	Internal Origin
15.	Directors and Senior Management Remuneration Policy	-	Internal Origin
16.	Privacy Notice	-	Internal Origin
17.	Terms of Reference for ARMC	-	Internal Origin
18.	Terms of Reference for NC	-	Internal Origin
19.	Terms of Reference for RC	-	Internal Origin
20.	Terms of Reference for Executive Committee	-	Internal Origin
21.	Private Healthcare, Facilities and Service Act 1998	-	External Origin
22.	Medicines (Advertisement and Sale) Act 1956	-	External Origin
23.	Medical Act 1971	-	External Origin
24.	Malaysian Employment Act 1955	-	External Origin

<b>No.</b>	<b>Reference Title</b>	<b>Doc. Control No.</b>	<b>Internal/External Origin</b>
25.	Companies Act 2016	-	External Origin
26.	Bursa Malaysia Securities Berhad Main Market Listing Requirements	-	External Origin
27.	Malaysian Code on Corporate Governance 2021	-	External Origin
28.	Malaysian Anti-Corruption Commission (Amendment) Act 2018	-	External Origin
29.	Occupational Safety and Health Act, 1994	-	External Origin
30.	Personal Data Protection Act 2010	-	External Origin

## 6.0 QUALITY RECORDS

<b>No.</b>	<b>Document Description</b>	<b>Doc. Control No.</b>	<b>Responsibility</b>	<b>Storage Location</b>	<b>Storage Duration</b>
1.	NIL	-	-	-	-

## 7.0 ABBREVIATIONS

<b>No.</b>	<b>Abbreviation</b>	<b>Description</b>
1.	ARMC	Audit and Risk Management Committee
2.	BOD / 'The Board'	Board of Directors
3.	CSR	Corporate Social Responsibility
4.	ERM	Enterprise Risk Management
5.	ESG	Environmental, Social and Governance
6.	FY	Financial Year
7.	GQRS	Group Quality, Risk & Sustainability
8.	GSMC	Group Sustainability Management Committee
9.	NC	Nominating Committee
10.	RC	Remuneration Committee
11.	RSD	Risk & Sustainability Department
12.	SMC	Sustainability Management Committee
13.	SMM	Senior Management Meeting
14.	SMT	Senior Management Team
15.	TMG	Thomson Medical Group
16.	TCM	Thomson Traditional Chinese Medicine

No.	Abbreviation	Description
17.	THKD	Thomson Hospital Kota Damansara
18.	TMC Care	TMC Care Pharmacy
19.	TMCF	TMC Fertility Centres
20.	TMCLS	TMC Life Sciences
21.	UN SDGs	United Nations Sustainable Development Goals

## 8.0 REVISION HISTORY

Revision Number	Description of Changes	Effective Date
00	A new Central Policy established	November 2024

## 9.0 LIST OF REVIEWERS

**Note:** All the reviewers have reviewed the central policy in the e-review process.

No.	Name	Designation
1.	Dr Melvin Heng	Acting Group Chief Executive Officer
2.	Jimmy Wong Yu Chee	Chairman, Sustainability Management Committee

## 10.0 APPENDIX

NIL.