



Aster DM Healthcare Ltd

Environment, Social and Governance (ESG) Policy

| Version | Date | Created By | Reviewed By | Approved By |
|----------------|-------------------|--|---|-------------------------|
| 1 | 12 September 2021 | Deputy Head-Enterprise Risk Management | Head- Internal Audit, Risk and Compliance, Governance and Corporate Affairs | Policy Review Committee |
| 2 | 23 September 2021 | | Non- Executive Director and Group Head- Governance and Corporate Affairs | Board |
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From the Chairman's Desk

Dear Employees,

While writing this note, I am filled with pride and gratitude for the consistent support and goodwill that every one of you has shown towards building the brand name – 'Aster'. Today, despite the recurrent covid-19 scenario and unforeseen challenges, Aster has been able to reach out to the masses with its world-class tertiary and quaternary care facilities and has become an epitome of hope and care. We Asterians have been able to serve humanity when it needed us the most, and that should make each one of us feel proud.

Our commitment to the attainment of UN SDGs is reflected through the remarkable Environmental, Social and Governance (ESG) performance achieved in such testing times. I feel humbled and proud of the Aster family members who made a significant effort towards supporting our communities during the time of crisis. We continued Aster Volunteers - our global CSR initiatives wherein additional 1.3 Million+ lives have been positively influenced in the last financial year. We extended 195,990 free dialysis services through our associate community dialysis centers, 84,350 people benefitted from our Mobile Medical Clinics and large numbers of free surgeries & medical investigations worth millions of INR have been extended to the underprivileged. 134 homes were delivered so far under the Aster Homes initiative to the flood-affected in Kerala. Our COVID-19 community support program benefitted 900,000+ individuals. We distributed 318,490 food and ration kits, 15,486 PPE kits, 16,697 distress calls were attended to help people get medical and emotional support, and 500,000+ people benefitted through our webinars & online awareness sessions and 93,980 individuals benefitted from our mobile medical services in various geographies during the crisis period.

While being wholly devoted to the service of people and the community, we also monitored our environmental performance. At 11 of our hospitals, we reduced electricity consumption vis a vis last year and saved 5.7 GWh of electricity. Our water consumption was also reduced across 9 hospitals and we saved 70,000 Kilo liters of water, and almost 1 million liters of wastewater was reused post-treatment. We initiated a 2,358 MWh renewable solar PV project in the UAE and contracted an ESCO to undertake energy efficiency projects at our hospitals.

We signed an agreement with Cayman Islands Government to build a 150-bed multi-specialty hospital – The Aster Cayman Medcity. Last year, we also formed Aster labs, a new vertical to provide laboratory services. We have also embarked on our journey in digitalizing the healthcare services and like to be a leader in the innovations front engaging Aster Innovation & Research Lab. Aster e-Consul services has been implemented in many of our units to ensure the availability of doctors. e-ICU services were implemented to extend our expertise in Covid care beyond the geographies of our quaternary care services.

With our positive and progressive approach, we have shown the world what it means to be part of the Aster family; we received multiple recognitions, including the Excellence in CSR Awards (6 Stars) from IBPC (International Best Practice Certification) - New Zealand. Our work is not done yet, there is a lot more to be achieved, and there are communities and people who still need our support and care. Let us all welcome a new tomorrow and emerge victorious and stronger and shape a future that is nothing less than beautiful, safe, and sustainable. I extend my sincere thanks and gratitude to all Asterians, Aster Volunteers and other Stake Holders for working towards a better tomorrow.

1. Context

Aster DM Healthcare Limited operations are managed under the name of three brands: 'Aster', 'Medcare' and 'Access' catering to people from various socioeconomic backgrounds. With an expanding and well networked presence in the Middle Eastern nations and India, Aster DM Healthcare is regarded as one of the fastest growing private healthcare providers in the industry. The Company as part of its business operations, takes on risks on behalf of its shareholders, its customers, and its clients. This policy captures Aster's position and the responsibilities associated with respect to ESG.

2. Scope

This policy is applicable to all verticals within Aster DM Healthcare including contractors and part-time consultants, patients, patient attendants, visitors, public and the community around Aster DM Healthcare's existing and upcoming facilities.

3. Policy review

This policy is to be reviewed once every two years and to be approved at the Policy review committee and Board as appropriate.

4. Definitions

ESG is an evaluation of Aster DM Healthcare's collective conscientiousness for social and environmental factors.

Environment: Climate change, as an example, can manifest through complex chain reactions and cascade effects associated with both physical and transition risks that could generate unpredictable environmental, geopolitical, social, and economic dynamics.

Social: Gender equality, fundamental human rights, animal welfare, quality education are just a few of the growing social concerns that stakeholders are interested in.

Governance: The principles of accountability and stewardship are key to ensuring companies act responsibly to support their own (financial and societal) interests and that of all their stakeholders.

5. **Our ESG Commitments-** The 17 Sustainability Development Goals developed by the United Nations are considered the blueprint to achieve a sustainable future for all by 2030. At Aster, we have identified the goals relevant to our objectives and are collectively working towards their attainment. These goals are covered throughout the document in the relevant sections.

5.1 Environment Commitments- To be reduced against the benchmark for 2020 considering all loading factors

Commitment 1: - Preservation of Green Planet by recycling general waste and creating environmental awareness and bio-diversity activities with 12%-15% improvisation by 2025

Commitment 2: - Energy and Water optimization with 10%-12% savings by 2025

Commitment 3: - Medical waste management with 12%-15% reduction by 2025

Commitment 4: - Climate change mitigation with 6% reduction on GHG emission and carbon footprint by 2025.

Commitment 5: Setting SBTi approved net zero target in line with Paris agreement requirements to achieve net zero emissions by 2050 or earlier

SGD Goals related to our Environment commitments include: -

Goal 6- Clean Water and Sanitization- Optimizing the use of portable water is a material aspect of our sustainability

Goal 9- Industry Innovation and Infrastructure- Aster believes that research and innovation make access to medical information easier and faster and gives an opportunity to doctors and patients to easily access healthcare information and related research.

Goal 13- Climate Action- is on top of the Aster agenda to ensure we undertake several energy efficiency and water optimization measures to save our planet.

Aster DM Healthcare obligates to achieve the above Environment commitments by the following actions:

Design development process

- Ensure a multi-disciplinary design team approach, to design and develop new clinic/hospital projects, comprising of engineers, operations manager, quality auditors, architects
- Agree on an outcome document for the project keeping in line with this policy
- Implement LEED design practices and environment friendly design for new facilities, wherever possible such as:

Building Design and Construction

- For new construction or major renovations. Includes: New Construction, Core & Shell

Interior Design and Construction

- For complete interior fit-out projects. Includes: Commercial Interiors. Also, includes applications for Retail and Hospitality.

Building Operations and Maintenance

- For existing buildings that are undergoing improvement work or little to no construction. Includes: Existing Buildings, also includes applications for Schools, Retail, Hospitality, Data Centers, and Warehouses & Distribution Centers.

Land Use

- Preserve to the extent possible presence of natural green cover, water bodies etc.
- Prepare master plan in line with the local regulations & statutory environment policies

External Development

- Provide for sufficient outdoor recreational spaces for patients, staff & patient attendants
- Provide for a structured parking for sufficient number of vehicles so as to minimize disturbance to the external public infrastructure
- Maximize rainwater absorption by providing for sufficient substrate that improves water percolation into the ground; alternatively promote use of scientific water conservation techniques
- Promote use of energy efficient lighting system for the external campus
- Plan for restoration of green cover that might have been disrupted as a result of the site development and construction
- Maximize utilization of wastewater recycling for landscaping
- Highlight emergency exit points from the building and ensure that they are maintained free from obstruction
- Provide adequate guidance on speed limits within the facility

Water Conservation

- Restrict use of potable water to human consumption
- Promote treatment and recycling of wastewater for utilization in cooling systems, landscaping, flushing, and cleaning
- Minimize underground water utilization. Where unavoidable, promote proactive replenishment mechanisms for restoring underground water table.
- Establish systems and technologies for minimizing domestic water consumption such as bio-degradable urinals, automatic flushing & metering systems etc.
- Design and implement rainwater harvesting measures to capture surface run-off water and utilize for ground water replenishment.

Energy Conservation

- Provide adequate provisions in design for energy efficient measures by benchmarking with international standards such as Bureau of Energy Efficiency (BEE) and American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE) etc.
- Provide greater preference for selection of higher energy efficiency equipment's and lighting fixtures
- Ensure design and selection of material that are environment friendly such as refrigerants free from CFCs, lead free paints etc.
- Take steps to reduce carbon footprint thereby proactively working towards minimizing ozone depletion in the atmosphere and reducing greenhouse gas emissions
- Encourage use of renewable energy to the extent feasible
- Provide, to the extent possible, monitoring systems to help effective decision making to reduce energy consumption on an on-going basis
- Implement training and development for employees in proactive energy conservation Measures
- Promote use of energy efficient vehicles including electrical vehicles where possible to reduce the emissions. Also, ensure vehicles are tested for roadworthiness, insurance is timely renewed thereby ensuring individual and vehicle safety
- Utilize automatic lighting control sensors, wherever possible, to minimize unnecessary

lighting and air-conditioning

- Enhance utilization of the natural light and ventilation through adequate design provisions

of the building

- Utilize insulating materials in design for reducing the heat load on the air-conditioning systems to the extent possible
- Facilitate regular energy & environment audits to identify gaps and benchmark performance against best practices
- Promote utilization of efficient commute options for employees, implement employee and environment friendly HR policies

Waste management

- Provide for waste segregation and aggregation systems in the design to ensure proper collection and disposal of hazardous & bio-medical wastes
- Incorporate hazardous waste treatment prior to disposal as a standard design element for all facilities
- Avoid, to the extent possible, use of substances such as mercury, lead, asbestos etc. that have been documented as hazardous and advised against active use
- Ensure responsible collection and disposal of construction debris & waste into designated disposal points
- Encourage use of recyclable material
- Manage liquid waste in line with local statutory regulations. Implement processes, to the extent possible, to ensure prevention of bio-contamination of ground water sources
- Implement internal process to ensure regular audit of the contractor in case bio-medical waste management is outsourced
- Institute processes to ensure that procurement of environment unfriendly materials such as non-biodegradable materials is minimized
- Ensure proper treated effluent checks are conducted at appropriate intervals

Hazardous waste handling

- Provide employees handling hazardous waste with adequate protective gear
- Conduct programs to educate employees on the precautions to be undertaken. Ensure periodic refresher programs to ensure adherence to recommended practices
- MSDS to be made available for all hazardous chemicals
- Constitute a HAZMAT handling team for managing large spills across the hospitals

Use of chemicals

- Reduce use of polychlorinated bi-phenyls and asbestos (in construction materials)
- Phase out glutaraldehyde and ethylene oxide with safer alternatives for sterilization
- Replace formaldehyde with safer alternatives for sterilization
- Phase out mercury containing bio-medical equipment's
- Promote use of automation, where possible, in laboratory testing for reducing use of reagents thereby minimizing chemical waste generation
- Institute practices to minimize expiry of drugs / pharmaceuticals thereby minimizing chemical waste generation
- Incorporate, in the formulary review process, measures to identify and therefore prevent use of drugs that are deemed hazardous globally

- Review the use of chemical disinfectants and sterilization agents used in the facility and limit the use of hazardous materials
- Promote pest management practices that are environment friendly

Radiation Exposure

- Provide continual monitoring of radiation exposure for employees working in clinical areas having equipment's emitting radiation
- Measure radiation emissions on a regular basis through area survey using a survey meter across radiology and catheterization lab areas
- Through tie-ups with OEMs and through internal maintenance teams, institute a preventive maintenance schedule for ensuring optimal performance
- Provide protective gear against radiation to employees to protect against over-exposure
- Formulate an excessive radiation leakage policy and periodically audit for adherence by means of TLD badge to all clinical and non-clinical staff working in radiation areas and area surveys by use of survey meter under the supervision of a Radiation safety officer
- Ensure no violation of statutory radiation related regulations
- Ensure periodic inspection of all lead apron, thyroid, and gonad shields by Radiation Safety Officer for leakage check at least once in a year.

Fire Safety

- Ensure design of building in line with the applicable fire code
- Provide fire control equipment's at appropriate places within the facility
- Educate employees on use of these fire control equipment's
- Conduct periodic fire drill to ensure speedy and appropriate response in case of an emergency
- Institute a periodic preventive maintenance schedule of the fire-fighting systems installed on the premises
- Ensure that fire exit points and smoke refuge areas are clearly indicated and free from clutter
- Fire response team is available in each hospital with representatives from all departments with the Hospital CEO as an Incident Commander.
- Ensure that appropriate fire exit signage and fire escape plans are available at all areas
- Ensure that appropriate instructions are provided to prevent the use of lift in case of fire

Safety Codes

- Ensure that appropriate safety codes, to prevent panic among patients like codes for COVID protocols, for fire, spills, evacuation, bomb threat etc., are in place to provide a safe and secure environment

5.2 Social Commitments

Commitment 1: - Increase our employee engagement through Leadership connects, Wellbeing programs, EAP, EVP and other initiatives.

Commitment 2: - Provide growth opportunities for nurses enabling global career pathway for every nurse

Commitment 3: - Attract a diverse workforce across gender, multi-generations, people with determination and nationality.

Commitment 4: - Give back to the communities across the world by touching 1 million lives a year, with a network of 75,000 committed and engaged Aster Volunteers by 2025.

SGD Goals related to our Social commitments include: -

Goal 5 Gender Equality- To ensure women are represented across levels within our organisation

Goal 10 Reduced Inequality- Aster is an equal opportunity employer and embraces diversity across religion, nationality, and people with determination.

Aster DM Healthcare obligates to achieve the above Social commitments by the following actions:

People

- Ensure that there is continuous training and development opportunities to grow and contribute through the growth pathways for our employees
- Ensure all employees receive equal opportunity to upskill and re-skill for personal and professional growth and success
- Ensure clinical staff complete the mandatory CME needed for legalization of their license
- Ensure mental and physical well-being of employees is prioritized
- Ensure succession plans developed for Leadership and key roles in the business
- Ensure that Diversity – gender, generation, nationality, and people with determination is maintained across levels
- Ensure the Corporate Governance Policy is understood and adhered to by employees as well as patient/customers
- Ensure to enhance employee and patient experience by offering digital solutions thereby bringing efficiencies in processes and reducing costs
- Ensure employee satisfaction and customer satisfaction scores are improved year on year

D&I at Aster DM Healthcare

- At Aster, we aim to provide an inclusive and safe organizational culture for all our patients, employees, business partners and the communities we serve. The Group D&I strategy is aimed at also enabling our business goals and addressing the needs of all our stakeholders.
- The Aster CARES culture unites us through a collective purpose and enable us to achieve our Vision and Mission.

D&I Committee

- The D&I committee seeks to facilitate our Organization's ongoing and continuing efforts to foster a culture and atmosphere of mutual respect, safety and attract, retain, and develop professionals from all backgrounds, perspectives, and abilities.
- The committee aims at fostering an open communication within the organization in matters relating to D&I. A quarterly assessment on the success and concerns is conducted to identify wins and gaps.

Community

- Ensure to constitute and maintain a CSR committee to identify CSR objectives, track CSR activities, approve budgets to carry out CSR activities, monitor CSR expenditure and report to the Board on its performance against objectives
- Ensure employees are encouraged to volunteer a certain number of hours in a year towards CSR activities

- Ensure there is a well-defined CSR framework that works towards meeting the overall CSR objectives
- Ensure impact created and value generated from CSR is documented and reported at least annually
- Ensure volunteering activities have a global presence

Aster Volunteers

Established in 2016, Aster volunteers is the CSR arm of Aster under which all CSR activities are planned and implemented

SDG goals related to CSR include:

Goal 3 Good Health and Well-being- developed three brands to support the varied strata of the population and provide free health care services for people with limited resources.
Goal 4 Quality education- to support employees and the community to access training and education

- Ensure Aster volunteers include aid initiatives that are aimed at sharing and reducing the financial burden of healthcare
- Ensure Aster volunteers include belonging initiatives that drive us to participate in the lives of the community and take measures to improve life's health and happiness
- Ensure Aster volunteers include coaching initiatives that help increase opportunities for employment and income generation
- Ensure Aster volunteers provide Disaster aid and disaster relief in pressing times

5.3 Governance Commitments-

Commitment 1: - 100% Compliance to Statutory Policies (Code of Conduct, Whistleblower Policy, Anti-Discrimination Policy, Anti-Sexual Harassment Policy)

Commitment 2: - Shareholder value creation by 10% year on year growth

SGD goals related to our governance commitments include:

Goal 8 Decent work and economic growth- Aster has been working towards generating employment opportunities and having stringent policies in place for harassment and conduct.

Aster DM Healthcare obligates to achieve the above Governance commitments by the following actions:

Board of Directors

- Ensure to constitute and maintain BOD as per the provisions of the law and to disclose particulars of the Directors so appointed in the public domain through statutory filing of information
- Ensure that charter documents such as Articles of Association and Memorandum of Association are easily available for reference
- Ensure accuracy of the information w.r.t BOD and updating it regularly as well as on occurrence of specific events such as appointment, resignation, removal, or any change in prescribed particulars of Directors.
- Ensure maintenance of the required minimum number of Independent directors on the Board as per legal obligations

- Ensure segregation of duties and clear responsibilities assigned for the Board
- Ensure there are no conflicts of interest and those that cannot be avoided are appropriately disclosed and managed
- Ensure appropriate succession plans in place for BOD and other leadership roles in the organisation
- Ensure appropriate disclosure of dividend policy with pay-out ratio
- Ensure the Board has diverse experience and expertise and well gender represented
- Ensure there are Statutory Board committees in place in accordance with regulatory requirements
- Ensure there are adequate management committees in place to support the Board to carry out its duties
- Ensure all committees have their TORs documented, approved, and refreshed at least annually and provide disclosure on committee effectiveness
- Ensure stakeholder sustainability objectives are understood and met via proactive engagement
- Provide disclosure of auditor independence
- Ensure validation of disclosures in the Sustainability report by a third-party organisation

People

- Ensure the employee policies are non-discriminatory and easily available for reference. Ensure all policies are refreshed at least annually
- Ensure adequate data security and privacy processes and procedures are in place to protect employee and patient data
- Ensure zero tolerance for any proven sexual harassment, fraud, corruption, discrimination, human rights violation, and bribery cases
- Ensure the COC is understood by all staff. Ensure the code is refreshed at least annually
- Ensure there is a safe mechanism for employees to report issues including a whistle blowing ethics line
- Ensure all employee related investigations are biased free and protect the integrity of the employee as well as the organisation.
- Ensure there are transparent and ethical recruitment process
- Ensure appropriate documentation and disclosure of supplier code of conduct

Clinical Governance

- Ensure dedicated CG lead responsible for oversight and reporting on various CG aspects
- Ensure processes and protocols in place to identify and improve quality of services and patient safety
- Ensure services and treatments provided are aligned to EBP and measure the effectiveness of services provided against desired outcomes in the EBP
- Ensure clinical audits are held periodically and audit actions are implemented in a systematic and timely manner with on-going improvements to the process
- Ensure robust health care providing system with appropriate credentials and privileges
- Ensure measures in place to avoid conflicts of interest. Those conflicts that cannot be avoided are appropriately documented and reported
- Ensure employees are provided comprehensive training to address clinical and non-clinical issues.

- Ensure updated TOR for the Complaints Overview Committee with annual refresh and quorum required for the committee is met
 - Ensure adequate and appropriate reporting in place to report clinical and non-clinical risks and incidents
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- Ensure adequate processes in place enabling staff to report incidents in a timely and transparent manner
 - Ensure appropriate mechanisms in place for patients to provide feedback or make a formal complaint.
 - Ensure appropriate mechanisms in place to report morbidity and mortality cases on a timely basis

6. Responsibilities for various broad stakeholder categories

All individuals are advised to take measures at all times to ensure compliance to the ESG processes. Listed below are the responsibilities of all individuals at Aster DM Healthcare.

| Stakeholder Category | Responsibilities |
|---|---|
| Associates- Doctors, Staff, Students and Contractors | Read, understand, and adhere to the ESG policy and guidelines (verbal and written) |
| | Operate only such equipment that the individual has been trained and authorized for safe usage |
| | Read the MSDS before using any hazardous material |
| | Mandatorily use the safety gear provided for the assigned / mandated tasks |
| | Keep work areas clean and orderly |
| | Not indulge in actions or work behavior that may lead to workplace injury for self or others |
| | Report non-compliance of the ESG guidelines to their supervisor |
| | Assist and facilitate other associates, patients, and the general public to comply with the ESG guidelines |
| | Report incidents in violation of the ESG guideline for e.g., in case of any accidents or personal injury arising during work activities |
| Supervisor- Department Heads, Nursing managers, Paramedical supervisors, administrative supervisors | Ensure: <ul style="list-style-type: none"> a) workplace is safe from hazards b) guidelines are displayed where appropriate c) non-compliant practices to this policy are identified and corrected d) provision of relevant training and education and suggest corrective action to e) ensure compliance to this policy |
| | Facilitate subordinates to recognize and protect themselves against hazards in the workplace and promote safe use of hazardous materials and monitor compliance to the processes and protocols |
| | Promote training on energy conservation initiatives |
| | |

| Stakeholder Category | Responsibilities |
|---|--|
| | Ensure incidents in violation of the ESG guidelines have been reported and are escalated to the ERM Team within Aster DM Healthcare for undertaking suitable corrective measures |
| Leadership- Facility Directors, Medical/Nursing Directors, Vertical Heads | Ensure work procedures, systems, and the working environment are safe and do not pose any health risks |
| | Implement environment and social governance processes across their area of responsibility |
| | Provide adequate resources to effectively meet commitment to environment, health, and safety. |
| | Engage the workforce in promotion and achievement of safe and healthy conditions. |
| | Provide training and awareness to allow employees to carry out their work safely. |
| | Review implementation of relevant actions from the ESG guidelines to meet agreed performance targets. |
| | Take steps to control hazards as they are reported; investigate incidents and implement corrective actions addressing the root causes of the incident. |
| 2 LOD- Enterprise Risk team | identify potential ESG risks and impacts, considering both the contribution the business makes to ESG ('inside out') and the impact of external ESG events on the business ('outside in') |
| | ensure effective risk controls, policy and practices are in place to mitigate and minimize ESG risks, and provide oversight of progress made against key objectives and flag any barriers to success |
| | create a robust decision making and escalation environment on ESG risk issues, demonstrating prudent and effective controls to facilitate effective entrepreneurial leadership |
| | build a culture of awareness and understanding of ESG Risk to underpin effective 3LoD, in line with our commitments and in accordance with our core principles |
| | Socialize the ESG risk framework and Reputational Risk policy across the group and differing business environments and territories and our values |
| | Include ESG risks and controls in regular reporting to various committees and boards. |
| 3 LOD- Internal Audit Team | Carry out independent audit on various ESG themes |

7. Appendix

7.1 Abbreviations

| Abbreviation | Full form |
|--------------|---|
| ESG | Environment, Social and Governance |
| CSR | Corporate Social Responsibility |
| BEE | Bureau of Energy Efficiency |
| CME | Continuing Medical Education |
| TLD | Thermoluminescent dosimeter |
| OEM | Original Equipment Manufacturer |
| ASHRAE | American Society of Heating, Refrigerating and Air-Conditioning Engineers |
| MSDS | Material Safety Data Sheet |
| HAZMAT | Hazardous Materials |
| BOD | Board of Directors |
| COC | Code of Conduct |
| 2LOD | 2 nd Line of Defence |
| 3LOD | 3 rd Line of Defence |
| CFCs | Chlorofluorocarbons |
| ERM | Enterprise Risk management |
| CG | Clinical Governance |
| EBP | Evidence Based Practice |
| TOR | Terms of Reference |
| EAP | Employee Assistance Program |
| EVP | Employer Value Proposition |
| SGD | Sustainability Development Goals |
| UN | United Nations |
| D&I | Diversity and Inclusion |
| LEED | Leadership in Energy and Environmental Design |

7.2 ESG Risk Framework



ESG Risk
Management Framew