

Our Organisation



 **IHH's Code of Conduct**
 Contains an outline of the Group's values and expected standards of behaviour.

 **Whistleblowing Policy**
 Provides a channel through which employees can confidentially report incidents of malpractice, improper conduct, wrongdoings, corruption, fraud, and/or abuse within the Group, without fear of retaliation.

 **Anti-Bribery and Corruption ("ABC") Policy**
 The ABC Policy was implemented in FY2019 and built on the principles outlined in the Code of Conduct, including compliance with all anti-corruption laws specific to the Group's countries.

Ethics, Integrity and Corporate Governance

In every aspect of our business, IHH adheres to high ethical standards. Our team members recognise that their efforts and actions reflect IHH's values as a whole.

Our corporate governance and group policies apply to all of our operations at the global level. The Board of Directors of the Group is responsible for directing the business in line with the Malaysian Code on Corporate Governance 2017 ("MCCG"). Detailed roles and responsibilities for Board members are outlined in the Board Charter can be found on our corporate website. As per our Boardroom Diversity Policy, all Directors

are selected based on merit, regardless of gender, age, or background.

Group-wide policies are regularly reviewed to ensure they remain relevant and in line with industry best practices. In FY2020, we amended our Code of Conduct and Whistleblowing Policy. These policies are freely available on our corporate website.

In all global operations, new employees are trained on the Code of Conduct, Whistleblowing Policy, and Anti-Bribery and Corruption Policy as part of their induction. The update of these policies is communicated to all employees via email. In Acibadem this year, e-learning videos were developed to ensure employees understand the Code of Conduct and the policies.

Regulatory Compliance

We comply with each country's local laws and regulations in which we operate. We must update our procedures whenever laws and regulations change to remain compliant.

Case Study: Regulation Changes at IMU

IMU's team monitors legislation and regulations constantly to ensure we remain compliant if changes or updates occur. We obtain news and advice about changes to applicable laws and regulations from government announcements and our lawyers on our panel where appropriate. We notify all staff of regulatory changes directly impacting IMU if they occur. To address any changes, new policies will be created and presented to the Management Committee for approval, followed by training for all impacted staff.

The OSH (Noise Exposure) Regulation 2019 was recently updated by authorities. Following the update, a noise risk assessment was carried out at the IMU premises, and it was determined that no persons were being exposed to excessive noise levels. To ensure that all staff members were fully informed of the topic and associated risks, we also provided DOSH Requirement Training on noise exposure. The OSH Committee meets quarterly to discuss and communicate any further legislative updates.

IMU is ISO45001 (occupational health and safety) certified.

Technology and Innovation

IHH understands that staying on top of innovations and technologies will help us succeed in the future. With the impact of the COVID-19 pandemic, it is becoming increasingly evident that businesses are embracing new technologies to adapt to the “new normal.” A group-wide initiative, telemedicine is just one way in which the Group is using technology to support and improve patients’ lives.

Case Study: Telemedicine Innovation in Hong Kong

Hong Kong became the first location where we implemented our Group-wide telemedicine initiative in March 2020. Using telemedicine, patients in oncology, gastroenterology, and hepatology could consult with doctors and get prescriptions from the comfort of their own homes.

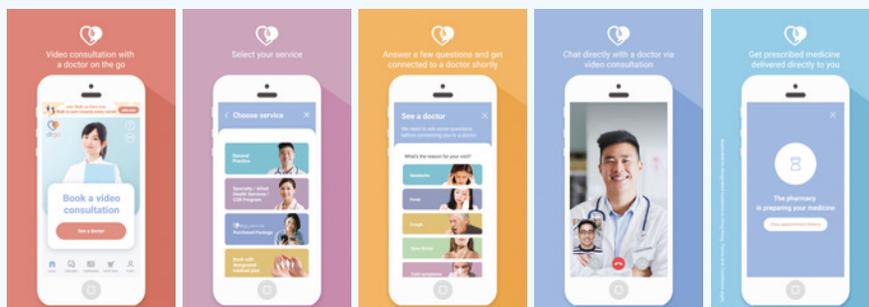
Through a partnership with AIA Hong Kong, a leading insurance provider, the telemedicine initiative was expanded with the launch of Doctor on the Go (“DrGo”), providing high-quality video consultations with doctors at Gleneagles Hospital Hong Kong. Consultations and diagnoses can be provided via video platform, with the medication and other documents delivered directly to the patient’s home, often within 4 hours of the appointment.

There are three main advantages of DrGo over traditional in-person consultations:

1. Safe and convenient – An online consultation eliminates the need for customers to leave their homes and risk being exposed to COVID-19.
2. Professional and comprehensive – appointments are made with an on-duty doctor with referrals for a specialist follow-up if needed. If necessary, DrGo users can also seek further in-person consultations at Gleneagles Specialist Outpatient Clinics.
3. Premium service – through our partnership with AIA, pre-approval and cashless arrangement services are available for select customers¹.



Gleneagles Hong Kong has consulted 790 patients via its app, with 475 consultations scheduled in FY2021.



¹ The selection depends on the customer’s specific medical benefits plan under AIA.

Our Organisation

Cost-Effectiveness

For our patients to benefit from excellent service value, we have established comprehensive supply chain management strategies, including methods to ensure we get the best price from our suppliers. In accordance with the Group Procurement Strategy and System, we encourage our suppliers and contractors to offer competitively priced bids throughout our global operations. Each business unit conducts additional practices to improve cost-effectiveness within its area, in addition to the Tendering Policy.

A pre-qualification process in IHH's operations in Greater China assesses vendor pricing structure and includes market research, analyses, and forecasts to gauge price fairness. To ensure the very best price, a "sanity check" is performed against past purchase records, internal and external peers, and online stores.

Medication, consumables and inventory are monitored regularly at hospitals to minimise product loss. We have also

launched a WeChat mini-programme to assist patients with online appointments. This year, Greater China is transitioning to a newly established centralised system for monitoring all our clinics' Gross Operating Profits ("GOP"). The setup of an escalation mechanism for underperforming clinics is now possible.

Hong Kong's procurement team regularly reviews offers and negotiates with suppliers, along with systematic reviews of inventory and consumables costs.

We benchmark our cost structures periodically against our key competitors in IHH Malaysia. We review profitability margins against the previous year's budget every month.

In IHH Singapore, procurement is handled strategically through volume consolidation, taking the entire IHH Group into account. The hospitals are currently working to reduce the annual tender cost of raw food and beverages by 30%. The procurement office is also working on reorganising the pharmacy

departments so that Hospitals, Parkway Shenton, and Parkway Cancer Centre are all incorporated into the central procurement office of IHH Singapore.

To reduce third-party costs at Acibadem, direct purchasing is used whenever possible. For instance, bulk purchasing of drugs, medical & non-medical consumables, and prices fixed for general expenses and utilities have been pursued to combat the current inflationary pressures.

Economic Performance

There have been significant economic impacts worldwide due to the COVID-19 pandemic, and IHH is no exception. Due to public concern over COVID-19 transmission, voluntary treatment has decreased or been delayed. Our supply chains are being rigorously evaluated, and we are adopting innovative technologies, including telemedicine, to overcome these challenges.

Detailed financial information can be found on page 142.

Case Study: Acibadem Return on Equity despite Economic Downturn

In Acibadem, rising international commodity prices and global supply chain disruptions have contributed to inflation³ and currency depreciation. Combining this with an increase in Credit Default Swap ("CDS") rates makes combating currency depreciation one of our key challenges in the region.

Acibadem has strengthened its foreign currency-denominated operations by

serving more foreign patients in Turkey and expanding its European operations. Consequently, additional foreign currency reserves have been built up, and foreign patient volume has continued to increase. With the increase in foreign patients, many of our existing loans and overseas borrowings have been hedged through CCS⁴ and our foreign currency cash balance. Our hedging coverage ratio

has steadily increased from 82% in Q4 2020 to 106% in Q4 2021.

Despite local economic challenges such as inflation and the global economic challenges caused by the COVID-19 pandemic, Acibadem has achieved a strong return on equity ("ROE") through hedging activities and strong operating performance.

³ In FY 2021, inflation increase in Turkey has been reported to be up by 36.08% compared to the previous year.

⁴ CCS refers to "cross currency swap" – exchange of interest payments and principal in foreign currency to principal and interest payments in local currency.