

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5878
COMPANY NAME : KPJ Healthcare Berhad
FINANCIAL YEAR : December 31, 2018

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

Application :	Applied
Explanation : on application of the practice	<p>Board Duties and Responsibilities</p> <p>All members of the Board contribute significantly in the areas of formulation of strategic direction and policies, performance monitoring and allocation of resources and enhancement of controls and governance.</p> <p>The Board believes that good corporate governance adds value to the business of the Group and will ensure that this practice continues. At the same time, the Board together with the Management, promote a healthy corporate governance ("CG") culture which reinforces ethical, prudent and professional behaviour. The Board believes in playing an active role in guiding the Management through its oversight review while at the same time steer the Group's business direction and strategy.</p> <p>The Board has established a Corporate Governance Model to ensure the effective discharge of its duties and responsibilities. The Board delegates specific powers to the relevant Board Committees with clearly defined terms of reference. There are six Board Committees.- Audit Committee ("AC"), Group Medical Advisory Committee ("GMAC"), Building & Tender Committee ("BTB"), , Nomination and Remuneration Committee ("NRC"), and Employees' Share Option Scheme Committee ("ESOS") and Risk & Sustainability Committee ("RSC"). The Group's Corporate Governance Model is illustrated in the Corporate Governance Overview section of our Annual Report on page 113</p> <ul style="list-style-type: none">• Reviews and approves the strategic business plans for the Group <p>The Strategic Business Plan for the period 2019 –2022 was tabled, discussed and approved by the Board at its meeting in November 2018. In ensuring that the strategic plan support long term creation, the Board reviewed the outcome of the strategic focus (7 thrust) and validated the materiality factors. Additionally, on an ongoing basis, the Board will review and guiding the corporate strategy (including the materiality), major plans of action, risk management policy and procedures, annual budgets and business plans, setting performance objectives, monitoring implementation and corporate performance and overseeing major capital expenditures, acquisitions and divestitures.</p>

	<ul style="list-style-type: none"> Oversees the conduct of the Company's business The President & Managing Director is responsible for leading the Management in running the business and operation of the Group, according to the broad policies, strategies and action planes approved by the Board. He is supported by the Management Executive Committee and other committees established under the Group's Management Governance framework. On quarterly basis, the Board has the responsibility to oversee and review the agreed Management's Key Performance Indicator (KPI) on the execution of strategic initiatives, operational and financial performance against the set targets and budget at every Board meeting. The relevant members of the Management are present at Board meetings to support the President & Managing Director in presenting the operational and financial updates, the progress of key initiatives and achievement to date and to provide clarification on the queries and issues raised by the Board. The performance of the Group will be benchmarked against the performance of its set targets and that of its competitors. All major operational matters will be discussed and the appropriate consultation will be sought, where necessary. Identifies and manages principal risks while ensuring the implementation of appropriate systems to manage these risks. In 2018, the Board through AC and subsequently RSC reviews the adequacy and effectiveness of internal controls system and risk management framework. Effective April 2018, the new RSC assist to fulfil its responsibilities with regard to the risk management and reviews the adequacy and effectiveness of internal control system. The Board has reviewed and approved the Enterprise Risk Management ("ERM") Framework for managing risks associated with its business and operations. The ERM framework features a risk governance structure that comprises of 3 level of defence. The RSC assists the Board in overseeing the overall ERM framework and Risk & Compliance services will table any breaches of thresholds of risk management for the non-clinical risk matters to the RSC meetings on quarterly basis. As the healthcare service provider, the Board considers the clinical risks from its hospital operations to be the primary risk area. The Board delegates its power to Medical Advisory Committee ("MAC") to provide oversight on all clinical governance, risks and control matters. More details have been disclosed in the Key Risk and Opportunities, Statement on Risk Management and Internal Control (SORMIC), and Medical Advisory Committee (MAC) Statement in the Integrated Report on pages 46 to 51 and from 132 to 138, 139 to 144, respectively. Succession planning The Board through the NRC is responsible to ensure that there is an effective and orderly succession planning in the Group. The NRC is responsible to review candidates for Director selection and key management positions. The NRC is responsible to ensure that the candidates are of sufficient calibre based on their profiles, professional achievements and personality assessment. The NRC also determines the remuneration for new appointment and renewal of service contracts of key management staff.
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	<p>In 2018, the NRC considered the new nominations and appointments of three Independent Non-Executive Directors and one Executive Director. The Board have reviewed and approved the appointment of one key management staff.</p> <ul style="list-style-type: none"> Develops and implements the Investor Relations (“IR”) programme for effective shareholder and stakeholder communications for the Group The Group has introduced many activities with regard to engagement and communication with investors and stakeholders to ensure that they are well-informed about the Group’s affairs and development in accordance with its IR policy. Details of the IR activities can be found at Corporate Governance Overview section of the Integrated Report on pages from 124 to 128. Reviews the adequacy and integrity of the Group’s internal controls and management information systems, including compliance with applicable laws, regulations, rules, directives and guidelines Board’s function with regards to fulfilling these responsibilities effectively are supported and reinforced through the various Committees established at both Board and Management levels. Aided by the Group Internal Audit Services Division that operates independently, the active functioning of these Committees through their regular meetings and discussions provide not only a strong check and balance, but also reasonable assurance on the adequacy of the Group’s internal controls. Detailed discussion of these functions are elaborated in the Statement on Risk Management and Internal Control; and the Audit Committee Report on pages from 129 to 138 of the Annual Report. The Board is also responsible for ensuring the smooth function of core processes, board governance, corporate values and ethical oversight. The Independent Non-Executive Directors will further provide an independent and objective perspective that acts as an effective check and balance mechanism in deliberating the above mentioned. Strategies Promoting Sustainability The Board believes that developing sustainable business practices is not only critical to the future of the Group, but also for the benefit of future generations as well. For the Group, sustainability means balancing the Economic, Environment and Social (EES) aspects in operating a competitive and ethical business through good practices and policies which are applied to all stakeholders. The Group’s commitment to the evolving EES is disclosed in the Sustainability Report. Commitment of Board Members The Board meets on a quarterly basis with additional meetings convened for specific matters when necessary. Meetings are scheduled ahead to facilitate Directors’ attendance. For the financial year 2018 the schedule of meetings were fixed in December 2017.
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During the year ended 31 December 2018, the Board Members remain committed and dedicated in fulfilling their duties and responsibilities and this is reflected via their attendance at each meetings as listed below:

	BOD	ACM	RSC	BC (c)	TBC (c)	BTB (c)	NRC	MAC
Non Independent Non-Executive Director								
Dato' Kamaruzzaman bin Abu Kassim	5/5						3/3	
Zulkifli bin Ibrahim	5/5				2/2	1/2		
Mohd Sahir bin Rahmat	5/5				2/2	1/2		
Independent Non-Executive Director								
Tan Sri Datin Paduka Siti Sa'diah binti Sheikh Bakir	5/5			2/2		2/2	2/3	
Prof Dato' Dr Azizi bin Omar	4/5	4/5	4/5		2/2	2/2		4/4
Dato' Dr Zaki Morad bin Mohamad Zaher	5/5		3/5	2/2		1/2		4/4
Dato' Muthanna bin Abdullah #	3/3	5/5	5/5				2/2	
Ms Christina Foo#	3/3	5/5	5/5					
Dato' Dr Bajit Kor s/p Teja Singh #	3/3	5/5					2/2	1/1
Datuk Azzat bin Kamaludin *	2/2	1/2			1/2		1/1	
Dr Kok Chin Leong *	2/2	1/2						1/1
Pn Zainah binti Mustafa*	2/2	2/2					1/1	
Executive/Managing Director								
Dato' Amiruddin bin Abdul Satar	5/5			1/1	2/2	2/2		4/4

	Aminudin bin Dawam	5/5			2/2				
	Pn Jasimah binti Hassan #	3/3	5/5						1/1
	Total number of meetings	5	7	5	2	2	2	3	4
	<div style="display: flex; align-items: flex-start;"> <div style="width: 20px; height: 15px; background-color: #f4a460; border: 1px solid black; margin-right: 5px;"></div> <div> <p>Chairman</p> <p>(a) Retired in 23 April 2018</p> <p>(b) Appointed in 24 April 2018</p> <p>(c) Building Committee and Tender Board Committee are merged into one committee in July 2018</p> </div> </div>								
Explanation for departure									
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>									
Measure									
Timeframe									

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board Directors of the Group is helmed by Dato' Kamaruzzaman bin Abu Kassim, as its Chairman. The Chairman sits as a representative of its major shareholder, Johor Corporation Berhad ("JCorp") and therefore is non-independent.</p> <p>Some of the specific responsibilities of the Chairman include: Provides leadership for the Board and sets the tone from the top for overall Board and individual Director's performance and effectiveness</p> <ul style="list-style-type: none">• In consultation with the Company Secretaries, the Chairman sets the Board meeting schedule and agenda• Ensures that the Board is properly briefed on issues arising in the meeting with accurate, clear, complete information in timely manner• Promotes effective relationship and open communication, encourages constructive debates and challenges during Board meetings• Ensures that there is effective communication with stakeholders so that every Director will understand stakeholder's view• Establishes good corporate governance practices and procedures• Sets the tone and promotes the highest standard of integrity, compliance and governance at the Board level and throughout the Group <p>The roles and responsibilities of the Chairman of the Board are stated in the Board Charter, which is available on KPJ's Corporate website at http://kpj.listedcompany.com/board_charter.html</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.3

The positions of Chairman and CEO are held by different individuals.

Application	:	Applied
Explanation on application of the practice	:	<p>The roles of the Chairman of the Board, President & Managing Director ("PMD"), two Executive Director ("ED") and the ten Non-Executive Directors are kept separate with a clear division of responsibilities in line with best practices. The functions of the Chairman as well as those of the President & Managing Director are clearly segregated to ensure that there is a balance of power and authority.</p> <p>Dato' Kamaruzzaman Abu Kassim as the Chairman continues to lead the Board by providing oversight over the strategies and business affairs of the Group. He is also the President and Chief Executive of Johor Corporation (JCorp) and has never held the position of President & Managing Director of the Company.</p> <p>Dato' Amiruddin Abdul Satar, PMD is responsible to lead the Management in the execution of broad policies, strategies and action plans approved by the Board. He regularly engages the Board to report and discuss the Group's business performance and developments, including all strategic matters affecting the Group.</p> <p>The demarcation of Chairman and PMD is clearly stated in the Board Charter.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.4

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

Application :	Applied
Explanation on application of the practice :	<p>Two Company Secretaries ("CoSec") are appointed by the Board and are qualified to act as company secretary under Section 235(2) of the Companies Act 2016 (CA). They are responsible for providing Directors with advice on compliance and corporate governance issues.</p> <p>The Board has unrestricted access to the advice and services of Company Secretaries.</p> <p>The Company Secretaries play an advisory role to the Board in relation to the Company's constitution, Board's policies, procedures and compliance with the relevant regulatory requirements, including codes or guidance and legislations. The Company Secretaries support the Board in managing the Group's Governance Model, ensuring it is effective and relevant.</p> <p>The Company Secretaries safeguard all statutory books and records of the Group, which are maintained in the statutory register of the Group. Company Secretaries also ensure that all Board meetings are properly convened; ensuring accurate and proper records of the proceedings and resolutions passed are recorded. The Company Secretaries also have to ensure that any change in the Group's statutory information be duly completed in the relevant prescribed forms and lodged with the Companies Commission of Malaysia within the prescribed period of time.</p> <p>The Company Secretaries manage all board and committee meetings and to ensure the deliberations at Board and Board Committee meetings are well documented, and subsequently communicated to the Management for appropriate actions. The Company Secretaries will facilitate the orientation of new Directors and assist in director training and development. They also manage processes pertaining to the annual shareholder meetings.</p> <p>In August 2018, the CoSec with the Management team facilitated the orientation programme for 3 Directors who were appointed on 24 April 2018. The relevant Management team presented about KPJ and gave further understanding with regards to its business and operations.</p> <p>The Company Secretaries constantly keep themselves abreast of the evolving capital market environment, regulatory changes and developments in CG through attendance at relevant conferences and training programmes. They have also attended the relevant continuous professional development programmes as required by the Companies Commission of Malaysia or MAICSA for practising company secretaries.</p>

	Trainings attended by CoSec in 2018:			
	Name	Courses/Workshop	Date	
	Hana binti Ab Rahim @ Ali	MAICSA Annual Conference 2018 - Forgoing Forward - New Dimensions	10-11 July	MAICSA
		Technical Briefing for Cosec of Listed Issuer	19 October	Bursa
		Seminar MBRS for Prepares : Financial Statements	4-5 December	Companies Commission of Malaysia
		Seminar MBRS "Introduction to MBRS : Financial Statements"	3 December	Companies Commission of Malaysia
	Haslinda Mohd Noah	MAICSA Symposium 2018 : Beyond Compliance – Stepping up Your Game	8 November	MAICSA
		Technical Briefing for Cosec of Listed Issuer	19 October	Bursa
		Seminar MBRS for Preparers : Financial Statements	4-5 December	Companies Commission of Malaysia
Explanation for departure				
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>				
Measure				
Timeframe				

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.5

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board meets on a quarterly basis with additional meetings convened for specific matters when necessary. Meetings are scheduled ahead to facilitate Directors' attendance. For the financial year 2018 the schedule of meetings were fixed in December 2017</p> <p>Prior to each Board meeting, the Notice of the Board Meeting and Board Report ("BR") will be circulated/mailed 5 days before the meeting, to all Directors so that each Director has ample time to peruse and review BR for further deliberation at the Board meeting. In line with KPJ's Sustainability initiatives which encourage a green environment for all the Board committee meetings. The Directors will be able to access the BR / meeting materials online via emails instead of hard copy distributions before the meeting. For Directors' convenience, tablets with the downloaded BR and meeting materials will be given to the Directors at every meetings</p> <p>The Board Report includes among others, the following details:</p> <ul style="list-style-type: none">• Minutes of meeting of all Committees of the Board;• Any matters arising from previous meetings;• Business strategies and corporate proposals;• Review of operational matters and financial report of the Group and quarterly financial report• Review of clinical and professional services report;• Approval sought for capital expenditure and expansion project reports;• Report on Audit Committee and Risk Management matters; and• Report of the Registrar. <p>There is also a schedule of matters reserved specifically for the Board's decision, including the approval of corporate plans and budgets; acquisition and disposal of assets that are material to the Group; major investments; changes to management and control structure of the Group, including key policies, procedures and authority limits.</p> <p>The Board is fully aware of its duties and responsibilities with regards to the matters stated above. Decisions and deliberations at the Board</p>

	<p>meetings whether any Director abstained from voting / deliberating on a particular manner are recorded in the minutes of the meeting by the Company Secretary. All minutes will be confirmed prior to the meeting.</p> <p>The Directors, whether as a full Board member or in their individual capacities, have full access to all information within the Company and could, where necessary take independent advice at the Group's expense, in furtherance of their duties and responsibilities.</p>	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

Application :	Applied
Explanation on application of the practice :	<p>The Board Charter ("Charter") was adopted in 2014 that has sets out the key values, principles and ethos of the company, as policies and strategy development are based on these considerations. The BC has set out the roles, functions, compositions and proceedings of the Board. The BC provides guidance and captures good governance and compliance practices for the Board members.</p> <p>The BC was last reviewed in January 2019 and is available on the corporate website. The Company's policy is for the BC to be reviewed every 3 years or when the need arise, to enable updates for changes in regulations and best practices, while ensuring its effectiveness and relevance to the Board's objectives.</p> <p>All members of the Board contribute significantly in the areas formulation of strategic direction and policies, performance monitoring and allocation of resources and enhancement of controls of governance. The Board's roles and responsibilities are set out in the BC. Key matters reserved for the Board's approval include:</p> <ul style="list-style-type: none">• Corporate plans and programmes• Annual budgets including major capital commitments• New ventures• Material acquisitions and disposals of undertakings and properties• Changes to the management and control structure within the Group, including key policies and delegated authority limits <p>In this respect, the Board also received further training from time to time through the Continuous Education Programme (CEP), particularly on relevant laws, regulations, changing commercial risks and environment as required by Paragraph 15.08(3) of the MMLR. It regularly assesses the training needs of its Directors to ensure that they are updated with the latest requirements. The Company Secretary will assist to schedule dates for training of Directors whether in a group or on an ad-hoc basis.</p>

	During the year, the Board members have attended the following training programmes organised by various parties:			
	<u>Corporate Governance (including audit, risk management & internal control)</u>			
	Name	Courses/Workshop	Date	Organiser
	Prof. Dato Dr Azizi bin Omar	Governance For The Audit Committee Members,	27 Jun	Malaysian Institute Of Accountants
		Risk Management Conference 2018 – Connexion Conference And Events Centre @ The Vertical Summit 1	29 Aug	Malaysian Institute Of Accountants
		KPJ Integrated Reporting Workshop 2018	3 Oct	KPJ Healthcare Berhad
	Ms Christina Foo	Seminar on ‘Corporate Governance Guide 3 rd Edition: “Moving From Aspiration To Actualization”’	25 Jan	Malaysian Institute of Corporate Governance
		7 th Annual National Procurement Conference 2018	08 Mar	Malaysian Institute of Corporate Governance
		MTDC 1.5 days in-house training programme on Corporate Governance	09 & 10 Apr	Malaysian Institute of Corporate Governance
		Preparation For Corporate Liability On Corruption	27 Jun	Malaysian Institute of Corporate Governance
		Ethics Seminar on Code of Ethics – A Key to Public Trust	18 Jul	Malaysian Institute of Accountants
	Tan Sri Siti Sa'diah binti Sheikh Bakir	MICG- Corporate Governance Guide 3 rd Edition : “ Moving from aspiration to actualisation” – Unstacking The Guide for Application	25 Jan	Malaysian Institute of Accountants
		Bursatra – Remuneration Committee : Attracting and Retaining The Best Talents	26 Mar	Bursatra
		Sharing Session - Analysis of Sustainability Practices and Disclosures In Annual Reports And / or Sustainability Reports for Financial Year Ended 31 st Dec. 2016	3 Apr	Bursa Malaysia Berhad

Tan Sri Siti Sa'diah binti Sheikh Bakir	Directors Training on Regulatory Requirements from Authorities “ Understanding Regulatory Affairs& Evolution of Regulatory Requirements in Malaysia	9 Jul	CCM Duopharma Biotech Berhad
	MCCG And Bursa’s Listing Requirements - Application Disclosure And Reporting Expectations	24 Jul	SIDC
	CCMD Directors Training (#4/2018) “Enterprise Risk Management (ERM) : Driving Organisational Sustainability, Agility and Resilience”	25 Jul	CCM Duopharma Biotech Berhad
	Official Launch of the Pathway to a Governance Practitioner Programme	26 July	The Iclif Leadership and Governance Centre (Iclif)
	PNB – YTI Memorial Lecture “Redefining Financial Integrity”	26 Nov	PNB
	Sambutan Hari Integriti Malaysian Communications & Multimedia Commission (MCMC) 2018 ~ As Forum Panelist : Forum on Strengthening Integrity Agenda In Postal & Courier Industry	27 Nov	Malaysian Communications & Multimedia Commission (MCMC)

Leadership, Legal & Business Management

Name	Courses/Workshop	Date	Organiser
Prof. Dato Dr Aziz bin Omar	Havard Leadership In Healthcare Workshop & Graduation	25 Feb – 12 Mar	Havard Medical School, Boston
	Contractor & Consultant Selection Criteria – Session 2	7 & 8 Nov	Johor Corporation
Dato’ Dr Zaki Morad bin Mohd Zaher	Contractor & Consultant Selection Criteria – Session 2	7 & 8 Nov	Johor Corporation
Dato Amirudin bin Abdul Satar	Program Bicara Ilmu Falak & Pengurusan Perniagaan	6 Feb, 4 Sept	Johor Corporation
	Contractor & Consultant Selection Criteria – Session 2	7 & 8 Nov	Johor Corporation
Aminudin bin Dawam	KPJ In-House Training : Mentoring and Coaching Refresher Course	4 May	KPJHB

		Contractor & Consultant Selection Criteria - Session 2	7 & 8 Nov	Johor Corporation
	Dato' Dr Bajit Kor a/p Teja Singh	Mandatory Accreditation Programme	5 - 6 Jul	Mandatory Accreditation Programme
	Christina Foo	Mandatory Accreditation Programme	5 - 6 July	The Iclif Leadership and Governance Centre
	Jasimah binti Hassan	Mandatory Accreditation Programme	5 - 6 Jul	The Iclif Leadership and Governance Centre
		Contractor & Consultant Selection Criteria - Session 2	7- 8 Nov	Johor Corporation
	Tan Sri Sa'adiah binti Sh Bakir	CCMD Directors' Briefing Session - Regulatory Requirements from Authorities	18 Jan	CCM Duopharma
		International Forum On Quality & Safety In Healthcare (IHI & BMJ) " Reclaiming the Quality in Healthcare"	2 - 4 May	Institute for Healthcare Improvement (IHI) & British Medical Journal (BMJ)
		Retreat Khas Pengurusan Universiti Utara Malaysia~ As speaker ' Kepimpinan Dalam Pengurusan Organisasi"	17 Apr	Universiti Utara Malaysia
		The 2 nd UUM International Islamic Business Management Conference (IBMC 2018)	4 July	Universiti Utara Malaysia
		International Educational Leadership Conference Walking the Talk~ Future of Leadership & Advocacy	17 July	University of Malaya
		Henley Business School Lecture 2018 ~ As Speaker " Leadership & Integrity - The Price of not Owning it"	17 July	Alumni Henley Business School
		Retreat Khas Pengurusan UTM~ As Speaker - " Visionary, Strategic and Transformational Leadership "	18 Jul	Universiti Teknologi Malaysia, Johor
		Corporate Malaysia Summit 2018 ~ A Meeting Platform of Malaysia	4Sept	International Strategy Institute (ISI)

		Corporate Leaders and Government Leaders			
		KKM – Talent Grooming Programme for Technical Healthcare Professionals (TGP) Inspirational Leadership~ As Speaker “Leading Change as a Woman Corporate Leader”	20 Sept	KKM	
		Advanced Leadership and Management Programme (ALMP) series 59 No. 3/2018 ~ As Speaker “ Leading in the Malaysian Healthcare Industry”	17 Oct	ALMP & INTAN	
		New Malaysia Summit : Building A New Malaysia, Fulfilling Hope. ~ As Panellist : Creating Business & Investment Opportunities In The New Malaysia – Enhancing Public Private Cooperation	18 Oct 2018	International Strategy Institute (ISI)	
		RSOG Young Leaders Forum 2018 “The Voices of Malaysia Baharu” ~ As Panelist – The Search for Authentic Leadership	6 Dec 2018	Razak School Of Government (RSOG)	
	Zulkifli bin Ibrahim	Bicara Ilmu Falak & Pengurusan Perniagaan	6 Feb 6 Mar 8 May	JCorp	
		Advanced JLP : Session with YB Dato’ Kamaruzzaman Abu Kassim	19 Mar	JCorp	
		Sesi 4 Program Bicara Ilmu Falak & Pengurusan Perniagaan	3 Jul	JCorp	

		Sesi 6 Program Bicara Ilmu Falak & Pengurusan Perniagaan	2 Oct	JCorp
		JCorp Intellectual Property Management Awareness Programme	3 Oct	Business Continuity Management Department JCorp
		Workshop for Contractor and Consultants : Sesi Dato Sri IR Dr Judin bin Abdul Karim	7 Nov	Jabatan Inspektorat, JCorp
	Mohd Sahir bin Rahmat	Kursus Protokol & Etiket Sosial – Mutiara Johor Corporation	14 Jan	JCorp
		Bicara Ilmu Falak & Pengurusan Perniagaan	6 Feb 6 Mar 8 May	JCorp
		Advanced JLP : Session with YB Dato' Kamaruzzaman Abu Kassim	19 Mar	JCorp
		Bengkel Penjenamaan Johor Corporation	8 May	JCorp
		Sesi 4 Program Bicara Ilmu Falak & Pengurusan Perniagaan	3 Jul	JCorp
		Senior Management Workshop	26 Jul	Jcorp
		Sesi 5 Program Bicara Ilmu Falak & Pengurusan Perniagaan	7 Aug	Jcorp
		Sesi 6 Program Bicara Ilmu Falak & Pengurusan Perniagaan	2 Oct	JCorp
		JCorp Intellectual Property Management Awareness Program	3 Oct	Jcorp
		Workshop for Contractor and Consultants : Sesi Dato Sri IR Dr Judin bin Abdul Karim	7 Nov	Jabatan Inspektorat, JCorp

Financial, Capital Markets and Economics

Name	Courses/Workshop	Date	Organiser
Ms Christina Foo	MIA Conference 2018	09 & 10 Oct	Malaysian Institute of Accountants
	World Congress of Accountants 2018	05 – 08 Nov	MCI Australia Pty Ltd (Sydney)
Aminudin bin Dawam	Citi Asean C-Suite Conference, Singapore	26-27 June	Citi Bank
Dato' Amirudin bin Abdul Satar	MFRS 15, Revenue from Contracts with Customers & Application to Construction Contracts and Property Development Activities	15 January	MICPA
Tan Sri Sa'adiah binti Sh Bakir	Invest Malaysia 2018~ The Capital Market Conversation Connecting Strengths Advancing Performance	23 January	Bursa Malaysia Berhad
	Higher Education Forum (HEF) 2018 Islamic Economics @ IR4.0 : Waqaf Revival ~ As Speaker : Collaborative Economy : Waqf as the New Driver	22 - 23 February 2018	Ministry Of High Education
Dato' Muthanna bin Abdullah	Annual Dialogue with Deputy Governor of BNM	19 Apr	FIDE Forum

Industry

Name	Courses/Workshop	Date	Organiser
Prof. Dato Dr Azizi bin Omar	Paediatric Nebulisation Forum – The Role Of Nebulized Ics In Asthma: Focus Of Pulmicort Respules In Shanghai, China	30 Jun – 1Jul	Astrazeneca Malaysia
	(Main Speaker) Clinical Epidemiology And Research Methodology Workshop	20 – 22 Jul 27 th – 29 th Jul	Research Management Centre, Kpjuc
	ISQUA'S 35 th International Conference 2018, KLCC	23 – 26 Sept	Malaysian Society Quality In Health (MSQH)
	KPJ Healthcare Medical Conference 2018	19 – 21Oct	KPJ Healthcare Berhad

	Aminudin bin Dawam	KPJ Quality Conference 2018, KI	18-19 Sept	KPJ
		APHM International Healthcare Conference	31 Jul 2 Aug	APHM
		HMA SIEMEN Hospital Management Asia Conference, Bangkok	12-13 Sept	SIEMEN
		KPJ MEDICAL Conference 2018, KI	19-21 Oct	KPJ
	Jasimah binti Hassan	ISQUA's 35th International Conference	24 - 26 Sept	ISQUA
		Hospital Management Asia 2018	13 - 14 Sept	Hospital Management Asia (HMA)
	Tan Sri Sa'adiah binti Sh Bakir	APHM International Healthcare Conference And Exhibition "Emerging Models of Healthcare Delivery"	31 July - 02 Aug	APHM
		ISQUA 35 th INTERNATIONAL CONFERENCE " Heads, Hearts and Hands – Weaving the Fabric of Quality & Safety" ~ As Speaker – The future of Quality / The Next Frontier " Restoring Joy in work and Preventing Burnout : an IHI Framework for Joy	24 – 26 Sept	ISQUA
		KPJ Healthcare Conference 2018" Innovation in Healthcare delivery"	19 – 21 Oct	KPJ Healthcare Berhad
	Dato' Muthanna bin Abdullah	Identifying next Board Talent	8 Nov	FIDE Forum

Technology

Name	Courses/Workshop	Date	Organiser
Dato' Amirudin bin Abdul Satar	Launching of Digital Transformation Acceleration Program (DTAP) ~ As a Speaker	9 Apr	Malaysia Digital Economy Corporation Sdn Bhd (MDEC)

Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has the responsibility to set the tone and standards for the Group through the Policy on Work Ethics & Code of Conduct which applies to every level in the Group. The Policy on Work Ethics & Code of Conduct is available at http://kpj.listedcompany.com/policy_work.html</p> <p>All KPJ employees need to adhere this policy that includes to conduct professional activities with honesty, integrity, respect, fairness and good faith in a manner that will reflect well upon the profession, and also comply with all and regulations pertaining to the Private Healthcare and Facilities Act 1998 and other related bylaws and legislations. They are required to report directly to the PMD on any misconduct or unethical behaviour committed by any staff of the Group through annual declaration -Borang Peradaban. We also expect all of our suppliers and vendors sign the Corporate Integrity Agreement ("CIA")</p> <p>The Directors also need to adhere to the Code of Ethics under paragraph 5.3 of the Board Charter, the important aspects of which are as follows:</p> <ul style="list-style-type: none">• Directors must avoid any conflict of interest between the directors and the Company. In any situation that involves or may be expected to involve a conflict of interest with the Company, Directors should immediately disclose their interest whether direct and indirect to the Company.• Directors must at all time act in the best interest of the Company and not for personal gain or enrichment. Specifically, Directors shall follow the following guidelines:-<ul style="list-style-type: none">* Avoid placing own interest or any third-party interest above the Company;* Do not engage in any outside business that would directly or indirectly materially adversely affect the Company;* Do not abuse board membership by improperly using board membership for personal or third-party benefit;* Prevent corrupt practices which include offering and acceptance of gifts and other form benefits including , gratuities, honoraria or any other item of value from any person or entity as

	a direct or indirect inducement to provide special treatment to such donors; * Encourage the reporting of unlawful or unethical behaviour; and; * Protect and ensure the proper use of the company's assets.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

Application	:	Applied
Explanation on application of the practice	:	<p>The Group has in place a comprehensive Policy of Whistle-Blowing ("PWB") that outlines the Group's commitment to promote the highest standards of governance, ethics and integrity in all aspects of business dealings.</p> <p>The Policy covers, inter-alia, 3 tiers of whistle-blowing reporting line, comprising of the PMD, the Chairman of the Audit Committee and the Chairman of the Board, to facilitate whistle-blowing activities according to different possible circumstances.</p> <p>In order to encourage a conducive environment for effective whistle-blowing, the Policy also provides assurances on the preservation of identity, confidentiality of information and protection of whistle-blowers from possible retaliation.</p> <p>This policy provides an avenue for whistle-blowers to raise genuine concerns internally or report any breach or suspected breach of any law or regulation. The Whistleblowing Channel is available at http://kpj.listedcompany.com/whistleblowing.html</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.1

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

Application	:	Departure
Explanation on application of the practice	:	<p>The composition of the Board of Directors is as follows:</p> <ul style="list-style-type: none">• One (1) Non-Independent Non-Executive Chairman;• Two (2) Non-Independent Non-Executive Directors;• Six (6) Independent Non-Executive Directors;• One (1) President & Managing Director; and• Two (2) Executive Director. <p>The present size and composition remains well-balanced and is made up of professionals with a wide range of knowledge and experience in business, operations and finance, all relevant to the direction of a large, expanding Group. The profiles of all Board Members, comprising of their qualification, experience and calibre are disclosed at Board Profile section of this Annual Report on pages from 93 to 104</p> <p>The Company's Chairman is a Non-Independent Non- Executive Director and there are six (6) Independent Non- Executive Directors out of the twelve Board members.</p> <p>As the Chairman is representing JCorp which has a substantial interest in the Company, he is well-placed to act on behalf of and in the best interest of all shareholders. The Board believes that the current Chairman and Board members comprise of a well-balanced mix of professionals with a diverse range of knowledge and experience which are relevant to guide the Company and the Group.</p> <p>The Independent Non-Executive Directors do not engage in any business dealings or the day-to-day management of the Company. Hence, they are capable of exercising independent judgement and act in the best interests of the Company and its shareholders. All Independent Non- Executive Directors are qualified professionals in their respective fields and carry with them vast industry experience along with subject matter expertise in medical, legal, accounting and business management.</p> <p>All of the Directors will confirm by annually as to whether he/she has any family relationship with any Director and/or major shareholder of KPJ, any conflict of interest with KPJ, any conviction for offences within the past five years (other than traffic offences, any sanctions and/or penalties imposed on them by any regulatory bodies during the current financial year.</p> <p>Although all the Directors have equal oversight responsibilities for the Group, the role of these Independent Non-Executive Directors is particularly important in ensuring that all business strategies proposed by the Management are fully and independently deliberated and assessed, takes into account the long term interest of, not only the shareholders, but also employees, customers, suppliers and the many communities in which the Group operates.</p>

Explanation for departure	The current Board composition complies with Paragraph 15.02 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (MMLR) and Practice 4.1 of the MCCG 2017, whereby six out of 12 members are Independent Non-Executive Directors who meet the criteria of “Independent Director”, as defined in Paragraph 1.01 of the MMLR. The number of Independent Non-Executive Directors further provides for diversity of views as well as effective check and balances in the functioning of the Board.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	: The Board is to consider appointment of additional INED to meet the requirement for majority INED for the large companies.
Timeframe	: Within 3 years

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.2

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

Application	:	Not Applicable – Step Up 4.3 adopted	
Explanation on application of the practice	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.3 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years.

Application	:	Adopted																				
Explanation on adoption of the practice	:	<p>In 2017, the Board has adopted the 9-year policy which limits the tenure of an Independent Director as enshrined in the MCCG.</p> <p>Particulars of INED have served the Board for less than nine years as at 31 January 2019, including their length of services are set out in Directors' Profile appearing in pages 93 to 104 and summarised as below:</p> <table><tr><td>Years of Service</td><td><1-1</td><td>1-2</td><td>2-3</td><td>3-4</td><td>4-5</td><td>5-6</td><td>6-7</td><td>7-8</td><td>8-9</td></tr><tr><td>Number of Directors</td><td>3</td><td>1</td><td>2</td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>	Years of Service	<1-1	1-2	2-3	3-4	4-5	5-6	6-7	7-8	8-9	Number of Directors	3	1	2						
Years of Service	<1-1	1-2	2-3	3-4	4-5	5-6	6-7	7-8	8-9													
Number of Directors	3	1	2																			

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.4

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Application	:	Applied																																												
Explanation on application of the practice	:	<p>The Board’s composition has the right balance of skills and expertise with vast experience to make meaningful contributions to the Board deliberation and decision-making. The NRC take into account the current diversity in the skills, experience, age and race of the Board in seeking potential candidate(s).</p> <p>The details of the Board members’ qualification, expertise and experience can be found at the Board Profile section of this Annual Report on pages from 93 to 104</p> <p>The present Board composition and diversity are as follows:</p> <table><tr><td>Age profile</td><td>51-55</td><td>56-60</td><td>61-65</td><td>66-70</td></tr><tr><td>No. of Directors</td><td>4</td><td>3</td><td>2</td><td>3</td></tr></table> <table><tr><td>Gender profile</td><td>Male</td><td>Female</td></tr><tr><td>No. of Directors</td><td>8</td><td>4</td></tr></table> <table><tr><td>Racial composition</td><td>Malay</td><td>Chinese</td><td>Others</td></tr><tr><td>No. of Directors</td><td>10</td><td>1</td><td>1</td></tr></table> <p>Board skill & experience</p> <table><tr><td>Skill and experience</td><td>% (No. of Directors)</td></tr><tr><td>Accounting/ Financial Management/Audit</td><td>21% (8)</td></tr><tr><td>Business Development Advisory</td><td>8% (3)</td></tr><tr><td>Mathematics/Statistics/ Economics</td><td>5% (2)</td></tr><tr><td>Legal/Regulatory/Risk/ Corporate Governance</td><td>16% (6)</td></tr><tr><td>Specialist Consultants</td><td>8% (3)</td></tr><tr><td>Corporate CEO / Managing Director</td><td>18% (7)</td></tr><tr><td>Education</td><td>8% (3)</td></tr><tr><td>Research & Development</td><td>5% (2)</td></tr><tr><td>Healthcare (Operations)</td><td>11% (4)</td></tr></table>	Age profile	51-55	56-60	61-65	66-70	No. of Directors	4	3	2	3	Gender profile	Male	Female	No. of Directors	8	4	Racial composition	Malay	Chinese	Others	No. of Directors	10	1	1	Skill and experience	% (No. of Directors)	Accounting/ Financial Management/Audit	21% (8)	Business Development Advisory	8% (3)	Mathematics/Statistics/ Economics	5% (2)	Legal/Regulatory/Risk/ Corporate Governance	16% (6)	Specialist Consultants	8% (3)	Corporate CEO / Managing Director	18% (7)	Education	8% (3)	Research & Development	5% (2)	Healthcare (Operations)	11% (4)
Age profile	51-55	56-60	61-65	66-70																																										
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Healthcare (Operations)	11% (4)																																													

	<p>Based on the review of the Board composition in 2018, the Board has decided to make the board size from 11 to 12 and achieved 30% women directors.</p> <p>The appointment of key senior management was also made based on their skills, expertise, age and gender. The details of their qualifications, expertise and experience can be found at the EXCO Profile section of the Annual Report on pages from 105 to 111.</p> <p>The EXCO composition and diversity as follows:</p> <table border="1"> <tr> <td>Age profile</td><td>45-50</td><td>51-55</td><td>56-60</td><td>61-65</td></tr> <tr> <td>No. of Directors</td><td>2</td><td>5</td><td>1</td><td></td></tr> </table> <table border="1"> <tr> <td>Gender profile</td><td>Male</td><td>Female</td></tr> <tr> <td>No. of Directors</td><td>10</td><td>2</td></tr> </table> <table border="1"> <tr> <td>Racial composition</td><td>Malay</td><td>Chinese</td></tr> <tr> <td>No. of Directors</td><td>9</td><td>1</td></tr> </table>	Age profile	45-50	51-55	56-60	61-65	No. of Directors	2	5	1		Gender profile	Male	Female	No. of Directors	10	2	Racial composition	Malay	Chinese	No. of Directors	9	1
Age profile	45-50	51-55	56-60	61-65																			
No. of Directors	2	5	1																				
Gender profile	Male	Female																					
No. of Directors	10	2																					
Racial composition	Malay	Chinese																					
No. of Directors	9	1																					
Explanation for departure	:																						
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>																							
Measure	:																						
Timeframe	:																						

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

Application	:	Applied	
Explanation on application of the practice	:	<p>The NRC at its meeting held in January 2018 has evaluated the shortlisted candidates for appointment as new Independent Directors, which will ensure compliance with MCGG 2017 as well as achieve the diversity target of at least 30% women directors on the Board.</p> <p>On 24 April 2018, the Board appointed three women directors, Ms Christina Foo, Dr Bajit Kor a/p Teja Singh and Pn Jasimah binti Hassan and achieved its target 30% of women directors.</p> <p>The Board promotes and embraces diversity and gender mix in its composition. The diversity policy is entrenched in Board Charter under Composition and Board Balance, paragraph 4.10 , in line with Government's aspirational target of 30% women directors.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has in place a formal and transparent procedure on the recruitment and appointment (including re-election/reappointment) of Directors. All nominees to the Board are first considered and evaluated by the NRC, taking into account the mix of skills, competencies, experience and other qualities required to oversee a highly-regulated healthcare business, before they are recommended to the Board.</p> <p>A proposed Director also must satisfy the test of independence of an independent director as defined under Paragraph 1.01 and Practice Note 13 of the MMLR and must have the ability to act in the best interests of the Group, taking into account the candidate's character, integrity and professionalism.</p> <p>In 2018, there were a few potential candidates profiles reviewed. While the Board is responsible for the appointment of new Directors, the NRC is delegated with the role of screening and conducting an initial selection, which includes internal search such as recommendation by existing Board members or Management (especially for the specialist consultant directors) and independent external sources such as 30% Club and LeadWomen Sdn Bhd, before making a recommendation to the Board.</p> <p>The NRC evaluates the nominees' ability to discharge their duties and responsibilities and will conduct a formal engagement with the nominees before recommending their appointment as Directors to the Board for approval.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.7

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Chairman of the NRC is also the Chairman of the Board. As the Chairman is representing JCorp, which has a substantial interest in the Company, he is well-placed to act on behalf of the Company and act in the best interest of all shareholders. He is able to align the evaluation of existing Directors and selection of new Directors with the Company's requirements. This ensures adequate checks and balances in the decision-making process as the Board is also required to endorse the recommendations and final decisions of the NRC.</p> <p>Notwithstanding the above, the composition of the NRC comprises of three independent directors and one non-independent non-executive Chairman.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Although an Independent Director is not the Chairman of the NRC, therefore a departure from Practice 4.7 of the MCCG, the Board, through the annual Board Effectiveness Evaluation feedback agreed that the NRC, under the chairmanship and leadership of Dato Kamaruzzaman Abu Kassim, has maintained its independence and objectivity during the process of Board appointments and performance evaluation. His strong view and characters, dynamic personality, inquisitive nature and outstanding leadership skills, coupled with the support of his fellow committee members, create a strong foundation for an effective NRC.
Timeframe	:	Others

Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Practice 5.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The effectiveness of the Board is vital to the success of the Group. For that reason, a large portion of the Board Policy Manual is devoted to explaining and outlining the format and procedure for evaluating Board Members performance. The availability of the structured format for Board Members evaluation assists the members in discharging their duties effectively and efficiently.</p> <p>As stated in Paragraph 15.08A(3)(c) the assessment undertaken by the nominating committee in respect of its board, committees and individual directors together with the criteria used for such assessment.</p> <p>The Board, through the NRC, undertakes a rigorous evaluation, Board Effectiveness Evaluation ("BBE") each year in order to assess how well the Board, its Committees, the Directors and the Chairman are performing, including assessing the independence of Independent Directors, taking into account the individual Director's capability to exercise independent judgement at all times.</p> <p>The evaluation covers the Board's composition, skills mix, experience, communication, roles and responsibilities, effectiveness as well as conduct. All Directors complete a questionnaire regarding the Board and Committees' processes, their effectiveness and where improvements may be considered. The process also includes a peer review in which Directors assess their fellow Directors' performance against set criteria, including the skills they bring to the Group and the contribution they make. The Company Secretary reports the outcome of the evaluation exercise to the NRC and then to the Board for notation.</p> <p>Following the performance evaluation process for 2018 which was conducted internally, the Board has concluded that the Board and its Committees operate effectively. Additionally, the Chairman is satisfied that each Director continues to make an effective contribution to the work of the Board, is well prepared and informed concerning matters to be considered by the Board, has a good understanding of the Group's business and their commitment to the Company remains strong.</p> <p>The Board is finalising the policy framework for the appointment of an external expert to conduct the BBE.</p>

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p><u>Non-Executive Directors ("NED")</u></p> <p>The Board believes that the levels of remuneration offered by the Group are sufficient and in line with the market practice for the healthcare sector. The remuneration structure is able to attract, retain and motivate the Directors of calibre, experience and talent to contribute to the performance of the Group.</p> <p>The Board has put in place a formal and transparent process for the remuneration of the Board. The NRC is delegated by the Board to responsible in formulating the remuneration policies and procedures for Directors and key senior management.</p> <p>The NED are remunerated based on the fixed annual fees and benefits approved by the shareholders of the Company during each AGM as required by Section 230 of the Companies Act 2016 and Paragraph 7.24 of the MMLR.</p> <p>The remuneration was last reviewed in 2015 and the directors' fees and benefits remain in 2018.</p> <p>In terms of benefit, every NED is entitle for medical benefits and provide a company car for 1 NED.</p> <p><u>Executive Director ("ED")</u></p> <p>The terms of employment contract for Executive Directors as well as the remuneration structure are reviewed and recommended by the NRC for the Board's approval. The remuneration package of the President & Managing Director and the Executive Director are structured to commensurate with the achievement of corporate targets set by the Board and their individual performance and is designed to justly reward performance and be able to retain talent for the long term continuity and sustainability of the Group's business.</p> <p>Every ED is entitled for benefit such as overseas business development trips, travel allowance, telecommunication facilities, insurance and medical benefits.</p> <p><u>Senior Management</u></p>

	<p>The Company is committed to providing competitive total compensation opportunities to attract, retain, motivate and reward our employees. The performances are measured based on the relative performance of the Company and individual employees' achievement to meet business needs and objectives.</p> <p>Every employees is entitled for benefits as such medical, travelling allowance (domestic and overseas) leave passage, mileage claim and Employees Provident Fund (EPF) contribution of 13% with year of service 0-3 years and 15% for employees with years of service more than 4 years, for group of employees below 60 years old. For the top 3 Senior Managements, a part from others they are entitled company car and driver.</p>	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

Application :	Applied
Explanation on application of the practice :	<p>The Board has established the NRC with formal and transparent process for evaluating and approving the remuneration of the Board members and key senior management of the Group. The composition of the NRC complies with the requirements of Paragraph 15.08A of the MMLR.</p> <p>The TOR of NRC is made available to the public on the Group website at http://kpi.listedcompany.com/nomination_committee.html.</p> <p>The NRC consists of the following members:</p> <ul style="list-style-type: none">a) Dato' Kamaruzzaman bin Abu Kassim, Chairman – <i>NINED</i>b) Tan Sri Datin Paduka binti Siti Sadiah Sheikh Bakir - <i>INED</i>c) Dato' Muthanna bin Abdullah – <i>INED</i>d) Dato' Dr Bajit Kor a/l Teja Singh - <i>INED</i> <p>The Board believes that the current composition of NRC is capable of acting collectively in the best interests of all shareholders in respect of the nomination and remuneration of Board members and key senior management.</p> <p>As required by Section 230 of the Companies Act 2016, the directors fees and other benefits have been presented to the shareholders for approval at the 26th AGM held in April 2019 as follows:-</p> <p>Resolution 8 : To approve the Proposed Directors' fees of RM1,540,000 ("Proposed Directors' Fees") for the financial year ending 31 December 2019 (2018: RM976,458) (Note (4)(ii))</p> <p>Resolution 9 To approve the payment of Directors' Remuneration (excluding Proposed Directors' Fees) to Non-Executive Directors ("NED") for the period from 19 April 2019 until the conclusion of the next AGM of the Company ("Relevant Period"). (Note (4)(ii))</p> <p>Pursuant to Section 230(1) of the Companies Act 2016 ("Act") which came into force on 31 January 2017, the fees and benefits ("Remuneration") payable to the Directors of the Company will have to be approved by the shareholders of the Company at a general meeting. In this respect, the Board of Directors of the Company hereby agree that the shareholders' approval shall be sought at</p>

the Twenty Sixth (26th) AGM commencing 19 April 2019 until the conclusion of the next AGM of the Company in 2020.

The proposed Resolution 9, if passed will allow the payment of the Directors' Remuneration (excluding Directors' fees) to the NED of the Company on a monthly basis and/or when incurred within the Relevant Period.

In view of the increasing challenges that the Company faces to grow its business, the Nomination and Remuneration Committee (“NRC”) saw the need to review its current rates of remuneration of the Chairman and NEDs to be able to maintain its competitiveness and sufficiency to attract and retain individuals with strong credentials and high calibre to serve on the Board of the Company. A review is also essential to be at par with the prevalent market practice, and to commensurate with the Directors’ responsibilities, commitment and contribution with reference to their statutory duties, the complexity of the Group’s business and increased expectations from various stakeholders.

An external consultant, Messrs KPMG Management & Risk Consulting Sdn Bhd (“KPMG”), was engaged to conduct a Remuneration Benchmarking for Board and Board Committees of the Company (“Benchmarking”) to assist the NRC to make recommendation to the Board on whether an increase in Chairman and NED’s remuneration is advisable. KPMG has been producing a series of reports on the remuneration of NEDs of top public listed issuers on Bursa Malaysia Securities Berhad and the latest update is the 2017 edition.

In its review, KPMG has adopted comparators which includes similar representative healthcare provider across all Public Listed Companies on Bursa Malaysia Securities Berhad and also among other private healthcare providers. The outcome of the benchmarking indicated that the current Directors' remuneration lagged behind the Company's key comparators when normalised and the average remuneration of the NEDs is higher across the other private healthcare providers when normalised. In contrast with market norms, KPMG also noted that the Company's existing remuneration framework does not include a component for Board Committee fees. KPMG indicated that the Company can consider revising the remuneration framework of its NEDs with due consideration to the Company's nuances.

Having considered the positioning of the Board's remuneration for the past 4 years from 2015 to 2018, the Board on 12 March 2019 approved the NRC's recommendation for the proposed revision to the NEDs' fees as set out in the table below:

1. Directors' Fees

Annual Fees	Current Rate per annum (RM)	Proposed New Rate per annum (RM)
Board of Directors*		
Chairman	150,000.00	220,000.00
Other Members (per person)	75,000.00	120,000.00

NOTE:

The payment of the Directors' fees for nominee directors representing Johor Corporation will be paid to Johor Corporation as Corporate Fee.

2. Directors' Remuneration

a. Committee Fees

Annual Fees	Current Rate per annum (RM)	Proposed New Rate per annum (RM)
Committees		
<u>Audit:</u>		
Chairman	-	35,000.00
Member :	-	25,000.00
<u>Risk & Sustainability</u>		
Chairman	-	20,000.00
Member :	-	15,000.00
<u>Building & Tender Board</u>		
Chairman	-	20,000.00
Member	-	15,000.00
<u>Medical Advisory</u>		
Chairman	**	216,000
Member		15,000.00

	Allowance for Professional Advisory Services	2019
	**Monthly Allowance as Chairman of Medical Advisory Committee (<i>no change</i>)	RM18,000

NOTE:

- The payment of the annual fees for nominee directors representing Johor Corporation will be paid to Johor Corporation as Corporate Fee.
- The payment of the Committees' annual fees are extended to all Directors in the Committees except for the Managing Director and Executive Directors of the Company.
- The payment of Committee annual fees is not applicable to Nomination and Remuneration Committee and ESOS Committee

b. Meeting Allowances

Meeting Allowances for Board / Committees (per member/ per meeting)	Chairman		Members	
	Current Rate (RM)	Proposed Rate (RM)	Current Rate (RM)	Proposed Rate (RM)
Board of Directors	3,500.00	4,000.00	2,500.00	3,000.00
Committees:				
Audit	3,500.00	4,000.00	2,500.00	3,000.00
Risk & Sustainability	1,000.00	3,000.00	500.00	2,000.00
Nomination and Remuneration	1,000.00	3,000.00	500.00	2,000.00
Building & Tender Board	1,000.00	3,000.00	500.00	2,000.00
Medical Advisory	500.00	4,000.00	400.00	3,000.00
ESOS	1,000.00	3,000.00	500.00	2,000.00

NOTE:

- The payment of Allowances are extended to all Directors except for the Managing Director and Executive Directors of the Company

c. Other benefits

Description	Chairman	NED
Other benefits (no change)	Medical benefits	Medical benefits and company car for 1 NED

The above recommendation by the NRC is for the Company to do a calibration to align its directors' remuneration to that of the prevailing competition by increasing its annual remuneration to the normalised annual remuneration of similar representative healthcare provider across all Public Listed Companies on Bursa Malaysia Securities Berhad.

The Board is of the view that it is just and equitable for the NED to be paid the Directors' Remuneration on a monthly/quarterly basis and/or as and when incurred particularly after they have discharged their responsibilities and rendered their services to the Company throughout the Relevant Period.

In the event that the Directors' Remuneration (excluding Proposed Directors' Fees) proposed is insufficient (e.g. due to more meetings or enlarged Board size), approval of the shareholders of the Company will be sought at the next AGM for the additional remuneration to meet the shortfall. The estimated amount of RM951,188 for the Relevant Period is derived from a total of RM749,150 for FY2019 and a total of RM202,038 for the period from 1 January 2020 until the next AGM in 2020.

Details of the estimated Directors' Remuneration for NEDs for the Relevant Period are as below:-

(a) Directors' Fees

	2019	2018
Non-Executive Chairman	RM220,000 per annum	RM150,000 per annum
NED	RM120,000 per annum	RM75,000 per annum

(b) Directors' Remuneration (excluding Directors' fees)

(1) Other benefits

Description	Chairman	NED
Other benefits	Medical benefits	Medical benefits and company car for 1 NED

(2) Committee Fees

Committee Fees	Chairman	NED
Audit Committee	RM35,000 per annum	RM25,000 per annum
Medical Advisory Committee	18,000 per month*	RM15,000 per annum
Nomination and Remuneration Committee	Nil	Nil
Building and Tender Board Committee	RM20,000 per annum	RM15,000 per annum
Risk and Sustainability Committee	RM20,000 per annum	RM15,000 per annum

Allowance for Professional Advisory Services	2019
*Monthly Allowance as Chairman of Medical Advisory Committee	RM18,000

NOTE:

- i. The payment of the annual fees for nominee directors representing Johor Corporation will be paid to Johor Corporation as Corporate Fee.
- ii. The payment of the Committees' annual fees are extended to all Directors in the Committees except for the Managing Director and Executive Directors of the Company.
- iii. The payment of Committee annual fees is not applicable to Nomination and Remuneration Committee and ESOS Committee

(3) Meeting Allowance

Meeting Allowance (per meeting)	Chairman	NED
Board of KPJ	RM4,000	RM3,000
Audit Committee	RM4,000	RM3,000
Medical Advisory Committee	RM4,000	RM3,000
Nomination and Remuneration Committee	RM3,000	RM2,000
Building and Tender Board Committee	RM3,000	RM2,000
Risk and Sustainability Committee	RM3,000	RM2,000

NOTE:

- i. *The payment of the Meeting Allowances are extended to all Directors except for the Managing Director and Executive Directors of the Company*

To approve the payment of Directors' Remuneration (excluding Proposed Directors' Fees) to Non-Executive Directors ("NED") for the period from 19 April 2019 until the conclusion of the next AGM of the Company ("Relevant Period").

Pursuant to Section 230(1) of the Companies Act 2016 ("Act") which came into force on 31 January 2017, the fees and benefits ("Remuneration") payable to the Directors of the Company will have to be approved by the shareholders of the Company at a general meeting. In this respect, the Board of Directors of the Company hereby agree that the shareholders' approval shall be sought at the Twenty Sixth (26th) AGM commencing 19 April May 2019 until the conclusion of the next AGM of the Company in 2020.

The proposed Resolution 9, if passed will allow the payment of the Directors' Remuneration (excluding Directors' fees) to the NED of the Company on a monthly basis and/or when incurred within the Relevant Period.

In view of the increasing challenges that the Company faces to grow its business, the Nomination and Remuneration Committee ("NRC") saw the need to review its current rates of remuneration of the Chairman and NEDs to be able to maintain its competitiveness and sufficiency to attract and retain individuals with strong credentials and high calibre to serve on the Board of the Company. A review is also essential to be at par with the prevalent market practice, and to commensurate with the Directors' responsibilities, commitment and contribution with reference to their statutory duties, the complexity of the Group's business and increased expectations from various stakeholders.

An external consultant, Messrs KPMG Management & Risk Consulting Sdn Bhd ("KPMG"), was engaged to conduct a Remuneration Benchmarking for Board and Board Committees of the Company ("Benchmarking") to assist the NRC to make recommendation to the Board on whether an increase in Chairman and NED's remuneration is advisable. KPMG has been producing a series of reports

on the remuneration of NEDs of top public listed issuers on Bursa Malaysia Securities Berhad and the latest update is the 2017 edition.

In its review, KPMG has adopted comparators which includes similar representative healthcare provider across all Public Listed Companies on Bursa Malaysia Securities Berhad and also among other private healthcare providers. The outcome of the benchmarking indicated that the current Directors' remuneration lagged behind the Company's key comparators when normalised and the average remuneration of the NEDs is higher across the other private healthcare providers when normalised. In contrast with market norms, KPMG also noted that the Company's existing remuneration framework does not include a component for Board Committee fees. KPMG indicated that the Company can consider revising the remuneration framework of its NEDs with due consideration to the Company's nuances.

Having considered the positioning of the Board's remuneration for the past 4 years from 2015 to 2018, the Board on 12 March 2019 approved the NRC's recommendation for the proposed revision to the NEDs' fees as set out in the table below:

3. Directors' Fees

Annual Fees	Current Rate per annum (RM)	Proposed New Rate per annum (RM)
Board of Directors*		
Chairman	150,000.00	220,000.00
Other Members (per person)	75,000.00	120,000.00

NOTE:

i. *The payment of the Directors' fees for nominee directors representing Johor Corporation will be paid to Johor Corporation as Corporate Fee.*

4. Directors' Remuneration

d. Committee Fees

Annual Fees	Current Rate per annum (RM)	Proposed New Rate per annum (RM)
Committees		
<u>Audit:</u>		
Chairman	-	35,000.00
Member :	-	25,000.00

	<u>Risk & Sustainability</u>		
	Chairman	-	20,000.00
	Member :	-	15,000.00
	<u>Building & Tender Board</u>		
	Chairman	-	20,000.00
	Member	-	15,000.00
	<u>Medical Advisory</u>		
	Chairman	**	216,000
	Member		15,000.00

Allowance for Professional Advisory Services	2019
**Monthly Allowance as Chairman of Medical Advisory Committee (no change)	RM18,000

NOTE:

i. The payment of the annual fees for nominee directors representing Johor Corporation will be paid to Johor Corporation as Corporate Fee.

ii. The payment of the Committees' annual fees are extended to all Directors in the Committees except for the Managing Director and Executive Directors of the Company.

iii. The payment of Committee annual fees is not applicable to Nomination and Remuneration Committee and ESOS Committee

e. Meeting Allowances

Meeting Allowances for Board / Committees (per member/ per meeting)	Chairman		Members	
	Current Rate (RM)	Proposed Rate (RM)	Current Rate (RM)	Proposed Rate (RM)
Board of Directors	3,500.00	4,000.00	2,500.00	3,000.00
Committees:				
Audit	3,500.00	4,000.00	2,500.00	3,000.00
Risk & Sustainability	1,000.00	3,000.00	500.00	2,000.00
Nomination and Remuneration	1,000.00	3,000.00	500.00	2,000.00
Building & Tender Board	1,000.00	3,000.00	500.00	2,000.00
Medical Advisory	500.00	4,000.00	400.00	3,000.00
ESOS	1,000.00	3,000.00	500.00	2,000.00

NOTE:

i. *The payment of Allowances are extended to all Directors except for the Managing Director and Executive Directors of the Company*

f. Other benefits

Description	Chairman	NED
Other benefits (<i>no change</i>)	Medical benefits	Medical benefits and company car for 1 NED

The above recommendation by the NRC is for the Company to do a calibration to align its directors' remuneration to that of the prevailing competition by increasing its annual remuneration to the normalised annual remuneration of similar representative healthcare provider across all Public Listed Companies on Bursa Malaysia Securities Berhad.

The Board is of the view that it is just and equitable for the NED to be paid the Directors' Remuneration on a monthly/quarterly basis and/or as and when incurred particularly after they have discharged their responsibilities and rendered their services to the Company throughout the Relevant Period.

In the event that the Directors' Remuneration (excluding Proposed Directors' Fees) proposed is insufficient (e.g. due to more meetings or enlarged Board size), approval of the shareholders of the Company will be sought at the next AGM for the additional remuneration to meet the shortfall. The estimated amount of RM951,188 for the Relevant Period is

derived from a total of RM749,150 for FY2019 and a total of RM202,038 for the period from 1 January 2020 until the next AGM in 2020.

Details of the estimated Directors' Remuneration for NEDs for the Relevant Period are as below:-

(c) Directors' Fees

	2019	2018
Non-Executive Chairman	RM220,000 per annum	RM150,000 per annum
NED	RM120,000 per annum	RM75,000 per annum

(d) Directors' Remuneration (excluding Directors' fees)

(4) Other benefits

Description	Chairman	NED
Other benefits	Medical benefits	Medical benefits and company car for 1 NED

(5) Committee Fees

Committee Fees	Chairman	NED
Audit Committee	RM35,000 per annum	RM25,000 per annum
Medical Advisory Committee	*	RM15,000 per annum
Nomination and Remuneration Committee	Nil	Nil
Building and Tender Board Committee	RM20,000 per annum	RM15,000 per annum
Risk and Sustainability Committee	RM20,000 per annum	RM15,000 per annum

	Allowance for Professional Advisory Services	2019
	*Monthly Allowance as Chairman of Medical Advisory Committee	RM18,000

NOTE:

i. The payment of the annual fees for nominee directors representing Johor Corporation will be paid to Johor Corporation as Corporate Fee.

ii. The payment of the Committees' annual fees are extended to all Directors in the Committees except for the Managing Director and Executive Directors of the Company.

iii. The payment of Committee annual fees is not applicable to Nomination and Remuneration Committee and ESOS Committee

(6) Meeting Allowance

Meeting Allowance (per meeting)	Chairman	NED
Board of KPJ	RM4,000	RM3,000
Audit Committee	RM4,000	RM3,000
Medical Advisory Committee	RM4,000	RM3,000
Nomination and Remuneration Committee	RM3,000	RM2,000
Building and Tender Board Committee	RM3,000	RM2,000
Risk and Sustainability Committee	RM3,000	RM2,000

NOTE:

i. The payment of the Meeting Allowances are extended to all Directors except for the Managing Director and Executive Directors of the Company

For the remuneration of the President & Managing Director, Executive Director and key senior management (comprising of the 3 Vice Presidents and 2 Senior Managements), the NRC evaluated them with regard to the Company's overall financial and strategic achievements and their Key Performance Indicators scores and competencies for the Board's approval. The details of their remuneration for 2017 are disclosed in Practice 7.1 and Practice 7.2 sections respectively.

Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Application :	Applied					
Explanation on application of the practice		Salary & Others	Allowance & Fees	Dir fee subsid	#BIK	Total
	Non-Executive Director					
	Dato' Kamaruzzaman bin Abu Kassim (a)		228,000			228,000
	Zulkifli Ibrahim (a)		90,000			90,000
	Mohd Sahir Rahmat		89,000			89,000
	Independent Non-Executive Directors					
	Zainah Mustafa #		36,042			36,042
	Datuk Azzat Kamaludin #		32,042			32,042
	Dr Kok Chin Leong (c)#		31,942			31,942
	Dato' Dr Azizi Hj Omar		101,400			101,400
	Tan Sri DP Siti Sa'diah Sheikh Bakir		92,500	36,000	31,150	159,650
	Dr Zaki Morad Mohamad Zaher (b)		309,700			309,700
	Dato' Muthanna Abdullah*		79,958			79,958
	Dato' Bajit Kaur A/P Teja Singh*		73,258			73,258
	Christina Foo*		76,458			76,458

	Executive/Managing Director					
	Amiruddin bin Abdul Satar	1279456	273,400	50,000	31,150	1,634,006
	Aminudin Dawam	947190	220,500	50,000	7,200	1,224,890
	Jasimah Hassan**	1009828	194,658	50,000	7,200	1,261,686
	<div><div></div>Chairman</div> <div>(a) Retired as INED w.e.f on 23 April 2018</div> <div>(b) Appointed as INED w.e.f on 24 April 2018</div> <div>(c) Building Committee and Tender Board Committee merged into one committee in July 2018</div>					
Explanation : for departure						
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.						
Measure :						
Timeframe :						

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application	:	Applied		
Explanation on application of the practice	:	Name	Designation	Band
		Mohd Johar bin Ismail	Vice President (II)	850,000-900,000
		Datin Sabariah Fauziah binti Jamaluddin	Vice President (II)	750,000-800,000
		Norhaizam binti Mohamad	Vice President (II) – Group Finance	700,000-750,000
		Ahmad Nasirruddin bin Harun	Senior General Manager	750,000- 800,000
		Mohd Nasir bin Mohamed	Senior General Manager	650,000-700,000
Explanation for departure	:			
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.				
Measure	:			
Timeframe	:			

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.3 - Step Up

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

Application	:	Not Adopted
Explanation on adoption of the practice	:	...

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 8.1

The Chairman of the Audit Committee is not the Chairman of the board.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Audit Committee (AC) comprises of four Independent Non-Executive Directors.</p> <p>The AC Chairman is Dato' Muthanna bin Abdullah is an INED and is newly appointed as AC Chairman on 24 April 2018. He is not the Chairman of the Board.</p> <p>.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 8.2

The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

Application	:	Applied	
Explanation on application of the practice	:	None of the members of the AC were former key audit partners of any external audit firms. The Company will ensure that the cooling-off period of 2 years is observed if and when the Company is seriously considering such a person for appointment to the AC.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit Committee annually assessed the independence and objectivity of the external auditors during the year and prior to any appointment of the external auditors for adhoc non-audit services. The Committee also received from the external auditors their policies and written confirmation regarding their independence and the measures used to control the quality of their work.</p> <p>The AC was satisfied with the independence of the present external auditor PricewaterhouseCoopers PLT ("PWC") based on the quality of audit, performance, competency and sufficiency of the resources that PWC provided to the Company. The AC will recommend PWC's remuneration to the BOD for the financial year 2018 and the shareholders' approval to be sought for re-appointment of PWC as the external auditors at the 26th AGM for the financial year 2019.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The AC members comprise of four Independent Non-Executive Directors.</p> <p>The composition of the AC is as follows:</p> <ol style="list-style-type: none">1. Zainah Mustafa - Chairman, <i>INED</i>*2. Datuk Azzat Kamaludin – Member, <i>INED</i>*3. Dr Kok Chin Leong- Member, <i>INED</i>*4. #Dato' Muthanna bin Abdullah – Chairman5. #Prof Dato' Dr Azizi bin Omar6. #Dato' Dr Bajit Kor a/p Teja Singh7. #Ms Christina Foo <p>Note : * Retired on 23 April 2018 # Appointed on 24 April 2018</p>

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

Application	:	Applied
Explanation on application of the practice	:	<p>Dato' Muthanna bin Abdullah is a lawyer by profession with more than 30 years of experience in legal practice and was admitted and enrolled as an advocate and solicitor of the High Court of Malaya in 1984. Currently he is a Chairman of AC at Sapura Resources Berhad and he also sits as a member of AC at Malaysian Rating Corporation Berhad and Malaysia Life Reinsurance Group Berhad.</p> <p>The member of the AC, Ms Christina Foo, is a Fellow of the Association of Chartered Certified Accountants (FCCA). This meets the requirement of Paragraph 15.09 (1) (c) of the MMLR which stipulates at least one of the Committee members fulfils the financial expertise requisite.</p> <p>Prof Dato' Dr Azizi bin Omar is a specialist consultant in Paediatrics Medicine by profession and have served as President of Malaysian Paediatric Association.</p> <p>Dato' Dr Bajit Kor a/p Teja Singh is also a specialist consultant in ophthalmology by profession with sub-specialist in Paediatric Ophthalmology. She received various awards and recognitions in Paediatric Ophthalmology such as British Council Award and Commonwealth Medical Fellowship Award.</p> <p>Collectively, AC members are financially literate and qualified individuals having the essential skills and expertise to discharge the Committee's functions and duties. In 2018, AC members have attended various conferences, seminars and trainings. Details of the training attended are reported at Practice 2.1, page 129 to 132 of this CG Report.</p> <p>The AC demonstrates an appropriate level of vigilance and scepticism towards, among others, detection of any financial anomalies or irregularities in the financial statement.</p> <p>Based on the outcome of the BBE in respect of the AC effectiveness, the Board is satisfied with the composition, performance and effectiveness of AC throughout the year. The full details of the AC activities in 2018 are elaborated in the Annual Report on pages 129 to 132.</p>

Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.1

The board should establish an effective risk management and internal control framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board affirms its overall responsibility for establishing the Group's system of internal controls and risk management framework as well as reviewing its adequacy, integrity and effectiveness. The Board has put in place a sound governance structure, risk management framework and internal control system pursuant to Principle B(II) of the Malaysian Code on Corporate Governance 2017 to ensure effective oversight of the principal risks and controls in the Group.</p> <p>In order to further strengthen the risk management and compliance functions of the Group, the Internal Audit and Risk & Compliance Services act as the centralised risk management function, to provide a holistic and an enterprise wide view of the risk and compliance in the Group.</p> <p>The Group adopts the COSO Internal Control Framework (COSO), which was updated in 2017 – Enterprise Risk Management Integrating with Strategy and Performance, as a guide to ensure an appropriate and sound system of internal controls are in place. The COSO encompasses five inter-related components i.e. the Control Environment, Risk Assessment Framework, Control Activities, Information and Communication and Continuous Monitoring Process.</p> <p>The Group subscribes to the "Australian/New Zealand Standard 4360:1999 Risk Management" to guide its risk management and adopting the "Australian/New Zealand Standard HB228:2001 Guidelines for Managing Risk in Healthcare" as its base framework in managing its business risks, comprising Patient Care, Clinical Staff, Employee, Property, Financial, Corporate Governance and Others.</p> <p>The Group has put in place the Enterprise-Wide Risk Management ("ERM") framework for managing risks associated with its business and operations. The ERM framework features a risk governance structure that comprises of 3 levels of defence with clear lines responsibilities and accountabilities.</p> <p>The Company is moving towards ISO3100:2009 Risk Management as part of ISO Certification Programme. By 2019, the Group will be adopting ISO3100:2009 and revised its risk management policy and risk reporting guidelines.</p>
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure	:	
Timeframe	:	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board has established an organisation structure with clearly defined lines of accountability and responsibility to support the ideal control environment. Initially, AC reviewed the adequacy and effectiveness of the risk management framework. Any issues raised and actions taken by Management to address these issues were deliberated in the AC meetings and the minutes of the meetings were then presented to the Board.</p> <p>With effect from 24 April 2018, the Group has established the Risk & Sustainability Committee ("RSC"). The RSC review and recommend to the Board on any changes in the policy, framework, standards and procedures, and their implementation where applicable. The RSC will evaluate the effectiveness of ERM and the process of assessing and managing the Group's Principal risks. The RSC also review and evaluate the risk identification (on quarterly basis), Group level risk exposures and management of the significant clinical and non-clinical risk identified.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application :	Adopted
Explanation on adoption of the practice :	<p>With effect from 24 April 2018, the Group has established its Risk and Sustainability Committee ("RSC") in line with the recommendation of the MCCG 2017 to oversee the risk management and policies. The Term of Reference of RSC can be viewed at http://kpj.listedcompany.com/TOR_RSC.html</p> <p>The members of RSC are as follows:</p> <ol style="list-style-type: none">1. Ms Christina Foo – Chairman, <i>INED</i>2. Prof Dato' Dr Azizi bin Omar, <i>INED</i>3. Dato' Dr Zaki Morad bin Mohamed Zahir, <i>INED</i>4. Dato' Muthanna bin Abdullah, <i>INED</i>5. Jasimah binti Hassan, <i>ED</i> <p>As the healthcare service provider, the Board considers the clinical risks from its hospital operations to be the primary risk area. The Board delegates its powers to the Medical Advisory Committee ("MAC") to overseeing all clinical governance policies, framework and risk controls to promote the highest standard of clinical excellence and safety throughout the Group.</p> <p>The Term of Reference of MAC is available at http://kpj.listedcompany.com/TOR_medical.html</p> <p>The MAC is assisted by six (6) sub-committees. The function of each sub-committee is as follows:</p> <ol style="list-style-type: none">1. Clinical Governance Policy Committee (CGPC) CGPC was formed in 2002 to develop policies related to evidence based good clinical practice for maintaining and strengthening a clinical governance framework or structure. KPJ Clinical Governance Policies arises from activities as shown below:<ol style="list-style-type: none">a. Quality Improvement Activitiesb. Established evidence based and best practices and assessment of new innovation and emerging technology;c. Regulatory and National or International Professional Bodies and Academies;d. Analytic Reports from Incident Reports, Indicators, and Complaints.e. Requests from Medical Directors, Consultants, Hospital Management, and staff.

CGPC met four (4) times in 2018:					
N O.	CGPC Members Date:	Meeting Attendance			
		19 Jan	6 Apr	6 Jul	4 Oct
1	Dr. Kok Chin Leong Chairman Consultant Paediatrician, KPJ Puteri <i>Stepped down w.e.f 31st August 2018</i>	√	√	√	√
2	Dato' Dr. N. Sivamohan Chairman Medical Director & Consultant Obstetrician & a, KPJ Klang <i>w.e.f 1st September 2018</i>				
2	Prof. Dato' Dr. Lokman Saim Dean / President, KPJUC	√	X	x	√
3	Dato' Dr. Abdul Wahab Abdul Ghani Medical Director & Consultant Orthopaedic Surgeon, KPJ Ampang Puteri	√	X	√	x
4	Prof. (C) Dr. Wan Hazmy Che Hon Medical Director & Consultant Orthopaedic Trauma & Sports Surgeon, KPJ Seremban	√	√	√	√
5	Dr. Mahayidin Muhammad Medical Director & Consultant Radiologist, KPJ Perdana	√	√	√	√
6	Dr. Abd Razak Samsudin Medical Director & Consultant Surgeon, KPJ Pasir Gudang	√	√	√	√
7	Dr. Chan Kheng Khim Medical Director & Consultant Physician, KPJ Tawakkal	√	√	x	√
8	Dr. Mohd Namazie Ibrahim Consultant Anaesthesiologist, KPJ Selangor	x	√	x	√
9	Ms Gunavathy Kalee General Manager, KPJ Clinical Services KPJHB	√	√	√	√
<p>2. Clinical Governance Action Committee (CGAC) CGAC is the committee that is responsible in monitoring progress of implementation of policies or programs approved by MAC. The committee also identifies problems that are hindering implementation of the agreed policies or programs. All the agreed policies or programs are analysed, evaluated and monitored in order to ensure quality in clinical care. CGAC oversees the implementation of Clinical Survey, Mortality and Morbidity Review, Clinical Performance Indicators among others. CGAC also recommends training and development of hospital clinical staff.</p> <p>CGAC met (4) times in 2018:</p>					

No.	CGAC Members Date:	Meeting Attendance			
		18 Jan	13 Apr	13 Jul	12 Oct
1	Prof. (C) Dato' Dr. Shahrudin Mohd Dun Chairman Medical Director & Consultant General Surgeon, KPJ Selangor	√	√	√	√
2	Dato' Dr. Ismail Yaacob Consultant Physician, Kedah Medical Centre	√	√	√	√
3	Dr Balakrishnan Subramaniam Medical Director & Consultant Obstetrician & Gynaecologist, KPJ Kajang	X	√	√	X
4	Dr Mohd Harris Lu Medical Director & Consultant Ophthalmologist, KPJ Sentosa KL	√	√	√	√
5	Dato' Dr Khaled Mat Hassan Medical Director & Consultant Obstetrician & Gynaecologist, Kuantan Specialist	√	√	√	√
6	Noor Hisham Mansor Medical Director & Consultant Physician, KPJ Rawang	√	X	√	√
7	Dato' Dr Mahmood Awang Kechik Medical Director & Consultant Urologist, KPJ Bandar Maharani	√	√	√	√
8	Dr Rusli Arshad Medical Director & Consultant Anaesthesiologist, KPJ Johor	X	√	√	√
9	Prof (C) Dr Primuharsa Putra Sabir Husin Athar Consultant Otorhinolaryngologist, KPJ Seremban	√	√	X	X
10	Ms Gunavathy Kalee General Manager, KPJ Clinical Services KPJHB	√	√	√	x
<p>3. Clinical Risk Management Committee (CRMC)</p> <p>The overall objective of CRMC is to enable achievement of clinical operational and strategic objectives such as:</p> <ol style="list-style-type: none"> Promote safety and excellence in patient care; Identify, prioritize and manage risk arising from clinical care; Ensure effective and efficient use of resources through evidence-based clinical practices; and Protect the health and safety of the patients, healthcare providers and visitors. <p>CRMC aims to reduce the clinical risk to a minimum by improving the quality of care received by patients and to ensure the maintenance of a</p>					

safe environment for our patients, healthcare providers and visitors. The committee met four (4) times this year as follows:

No	CRMC Members	Meeting Attendance			
		20 Jan	20 Apr	20 Jul	11 Oct
1	Dato' Dr. Ngun Kok Weng Chairman Medical Director & Consultant General Surgeon, KPJ Pahang	√	√	√	√
2	Dr. Padmanathan Rajoo Medical Director & Consultant General Surgeon, KPJ Penang	X	X	√	√
3	Dr. Ong Boon Teik Medical Director & Consultant Obstetrician & Gynaecologist, Taiping Medical Centre	√	X	√	X
4	Dato' Dr. Kamaruzaman Ali Medical Director & Consultant Obstetrician & Gynaecologist, Kedah Medical Centre	√	X	√	√
5	Dr. Roslan Mahamud Medical Director & Consultant Otorhinolaryngologist, KPJ Damansara	√	√	√	X
6	Dato' Dr. Azlin Azizan Deputy Medical Director & Consultant Radiologist, KPJ Ampang	√	√	√	X
7	Dr. Luis Chen Shian Liang Medical Director & Consultant Otorhinolaryngologist, KPJ Ipoh	√	√	√	√
8	Dr. Mohammad Iqbal Mohammad Sawar Consultant Neonatologist, KPJ Damansara	√	X	X	X
9	Dr. Muhammad Nazri Aziz Consultant Medical Microbiologist, Lablink (M) Sdn Bhd	√	X	√	√
10	Mr Eric Sim Chief Information Officer, KPJHB	X	X	√	√
11	Mr Khairul Annuar Azizi General Manager, Risk Compliance & Investor Relations KPJHB	X	X	√	√
12	Ms Gunavathy Kalee General Manager, KPJ Clinical Services KPJHB	√	√	√	√

4. Clinical Ethics Committee (CEC)

The committee was formed in 2011 and the objective of CEC is to assist consultants, patients and family as well as hospital staff to resolve clinically related ethical issues such as refusal of treatment, and end-of-life requests. The outcome should lead to the best interest of the patient.

The committee met four 4) times in 2018.

No.	CEC Members	Date:		
		20 Jan	28 Apr	9 Oct
1	Dato' Dr. Fadzli Cheah Chairman Consultant Neurosurgeon, KPJ Ipoh	√	√	√
2	Dato' Dr Ashar Abdullah Consultant Obstetrician & Gynaecologist, KPJ Ampang	√	X	√
3	Dato' Dr Wan Nik Ahmad Mustafa Ali Consultant Anaesthesiologist, KPJ Damansara	√	√	X
4	Datin Dr Vasantha Mathews Consultant Paediatrician, KPJ Damansara	X	√	√
5	Dr S. P Singaram Consultant Otorhinolaryngologist, KPJ Ampang	√	√	√
6	Dr Alex Tang Tuck Hon Consultant Paediatrician, KPJ Johor	√	X	X
7	Dr Jamal Azmi Mohamed Consultant Orthopaedic Surgeon, KPJ Selangor	X	√	X
8	Dr Ahmad Farid Medical Director & Consultant Otorhinolaryngologist, Kluang Utama Specialist Hospital	X	X	X
9	Dr Gunasegaran PT Rajan Consultant Obstetrician & Gynaecologist, KPJ Damansara	√	√	√
10	Ms Gunavathy Kalee General Manager, KPJ Clinical Services KPJHB	√	√	√

5. Research & Quality Innovation Committee (RQIC)

The committee was established in 2010 to facilitate research within the KPJ Hospitals for Clinicians and KPJ staff who would like to conduct research involving clinical, quality, safety and/or healthcare related matters. Initially, the committee was known as R&D Committee and was renamed in May 2018 to promote the establishment of quality assurance and improvement programmes in the hospitals. The committee also oversees the process of research governance.

The committee meets (physically or by circulation of papers) only whenever there is a need to review research proposals.

In 2018, the Committee received four (4) research requests as shown below and all have been approved by MAC.

- a) A National Survey on Prophylactic Antibiotics against Infective Endocarditis (I.E.) Following Invasive Dental Procedures: Professional Opinion from Malaysian Oral and Maxillofacial Surgeons, Cardiologists, Microbiologists, Family Medicine Specialists and Forensic Pathologists Personnel

	<p>b) Perception of Consultant on IV-to-Oral Switch in Antibiotic among Private Healthcare Practitioners</p> <p>c) Survey on Estimating Growth in the Demand for Genetic Testing Service</p> <p>d) Retrospective Comparison Study Between Vancomycin Individualized Pharmacokinetic Dosing versus Conventional Dosing Among Patients in Malaysian Private Hospital</p> <p>The following are the members of the committee:</p> <table border="1"> <tr> <th></th><th>RQIC Members</th></tr> <tr> <td>1</td><td> <p>YBhg. Prof. Dato' Dr. Azizi Hj Omar</p> <p>Chairman</p> <p>Consultant Paediatrician, KPJ Damansara</p> <p>KPJHB Board Member</p> </td></tr> <tr> <td>2</td><td> <p>Prof. (C) Dr. Wan Hazmy Che Hon</p> <p>Medical Director & Consultant Orthopaedic Surgeon, KPJ Seremban</p> </td></tr> <tr> <td>3</td><td> <p>Dr. Aminuddin Saim</p> <p>Consultant Otorhinolaryngologist, KPJ Ampang Puteri</p> </td></tr> <tr> <td>4</td><td> <p>Dr. Kelvin Lim Jia Hau</p> <p>Consultant Obstetrician & Gynaecologist, KPJ Tawakkal</p> </td></tr> <tr> <td>5</td><td> <p>Dr. Hue Teck Lee</p> <p>Consultant General Surgeon, KPJ Klang</p> </td></tr> <tr> <td>6</td><td> <p>Dr. Hj. Mohd Ali Salleh</p> <p>Medical Director & Consultant Anaesthetist, KPJ Puteri</p> </td></tr> </table> <p>6. Research Ethics Review Committee (RERC)</p> <p>The RERC was set up in 2011 to review all proposals that are submitted to the Research and Development Committee (R&D) to conduct research in the KPJ Group of Hospitals. The RERC shall review both the scientific merit and the ethical acceptability of the research proposal. The committee is responsible to safeguard the rights, safety and well-being of the research subjects.</p> <p>The committee only meets when a review is required otherwise discussions and approval are by circular resolution. This year, there was one request submitted to RERC and it was approved.</p> <p>The following are the members of the committee:</p> <table border="1"> <tr> <th></th><th>RERC Members</th></tr> <tr> <td>1</td><td> <p>Dr. Mohd Hafetz Ahmad</p> <p>Chairman</p> <p>Consultant Obstetrician & Gynaecologist, KPJ Johor</p> </td></tr> <tr> <td>2</td><td> <p>YBhg. Dato' Dr. Shahrudin Mohd Dun</p> <p>Chairman, CGAC</p> </td></tr> <tr> <td>3</td><td> <p>YBhg. Dato' Dr. Abdul Wahab Abdul Ghani</p> <p>Medical Director & Consultant Orthopaedic Surgeon, KPJ Ampang Puteri</p> </td></tr> <tr> <td>4</td><td> <p>Prof. Dato' Dr. Lokman Saim</p> <p>President & CEO, KPJUC</p> </td></tr> <tr> <td>5</td><td> <p>Pn. Jasimah Hassan</p> <p>Vice President (1) - Business Operation and Clinical Services, KPJHB</p> </td></tr> </table>		RQIC Members	1	<p>YBhg. Prof. Dato' Dr. Azizi Hj Omar</p> <p>Chairman</p> <p>Consultant Paediatrician, KPJ Damansara</p> <p>KPJHB Board Member</p>	2	<p>Prof. (C) Dr. Wan Hazmy Che Hon</p> <p>Medical Director & Consultant Orthopaedic Surgeon, KPJ Seremban</p>	3	<p>Dr. Aminuddin Saim</p> <p>Consultant Otorhinolaryngologist, KPJ Ampang Puteri</p>	4	<p>Dr. Kelvin Lim Jia Hau</p> <p>Consultant Obstetrician & Gynaecologist, KPJ Tawakkal</p>	5	<p>Dr. Hue Teck Lee</p> <p>Consultant General Surgeon, KPJ Klang</p>	6	<p>Dr. Hj. Mohd Ali Salleh</p> <p>Medical Director & Consultant Anaesthetist, KPJ Puteri</p>		RERC Members	1	<p>Dr. Mohd Hafetz Ahmad</p> <p>Chairman</p> <p>Consultant Obstetrician & Gynaecologist, KPJ Johor</p>	2	<p>YBhg. Dato' Dr. Shahrudin Mohd Dun</p> <p>Chairman, CGAC</p>	3	<p>YBhg. Dato' Dr. Abdul Wahab Abdul Ghani</p> <p>Medical Director & Consultant Orthopaedic Surgeon, KPJ Ampang Puteri</p>	4	<p>Prof. Dato' Dr. Lokman Saim</p> <p>President & CEO, KPJUC</p>	5	<p>Pn. Jasimah Hassan</p> <p>Vice President (1) - Business Operation and Clinical Services, KPJHB</p>
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	6	Dr. K. V. Anitha Senior Corporate Manager, KPJ Clinical Services, KPJHB		
	8	Pn. Zarihasyum Wan Zein Group Chief Pharmacist, KPJ Clinical Services, KPJHB		
	9	Pn. Maygala Arumugam Group Chief Nursing Officer, KPJ Clinical Services, KPJHB		
Explanation for departure		:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>				
Measure		:		
Timeframe		:		

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has established the Group Internal Audit Services Division ("GIA") that carries out KPJ's internal audit function.</p> <p>GIA, as the third line of defence, reviews the effectiveness of the internal control structures over the Group activities focusing on high risk areas as determined using a risk-based approach. All high risk activities in each auditable area are audited annually in accordance with the AC approved Internal Audit Plan.</p> <p>GIA also serves as an important source of assurance and advice for the AC concerning areas of weaknesses or deficiencies in internal control processes to facilitate appropriate remedial improvements by the Management.</p> <p>This is to provide reasonable assurance that such system continues to operate satisfactorily and effectively in the Group. GIA also carries out investigative audits where warranted.</p> <p>GIA reports functionally to the Audit Committee and administratively to President & Managing Director, and is independent of the business activities or operations of the Group. GIA's authority, scope and responsibilities are governed by its Audit Charter which is approved by Audit Committee and aligned with the International Professional Practice Framework on Internal Auditing issued by the Institute of Internal Auditors.</p> <p>The audit reports which provide the findings and results of the audit conducted are submitted to the AC for review and deliberation. Key control issues, significant risks and recommendations are highlighted, along with Management's responses and action plans for improvement and/or rectification, where applicable.</p> <p>This enables the AC to execute its oversight function by reviewing and deliberating on the audit issues, audit recommendations as well as Management's responses to these recommendations. Where appropriate and applicable, the AC directed Management to take cognisance of the issues raised and established necessary steps to strengthen the system of internal control based on GIAS' recommendations.</p> <p>The AC is satisfied that the GIA has been effective and able to discharge its duties and responsibilities in accordance with the approved Audit Plan in 2018.</p>

Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.2

The board should disclose—

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

Application	:	Applied	
Explanation on application of the practice	:	<p>GIA is headed by Khairol Badariah binti Basiron, General Manager, Group Internal Audit Services. She holds a Bachelor of Accounting and is a Certified Internal Auditor and a Professional Member of the Institute of Internal Auditors Malaysia.</p> <p>GIA has sufficient resources with 15 staff and the Group spent around RM2.4 million on the Internal Audit function in terms of employee remuneration and benefits. Scope and responsibilities are governed by its Audit Charter which has been approved by the AC and is aligned with the International Professional Practice Framework on Internal Auditing issued by the Institute of Internal Auditors (IIA)</p> <p>All GIA staff signed the Independence Statement as well as a declaration on compliance with the Code of Ethics of the IIA in carrying out their duties. The AC is satisfied that none of the GIA staff has any relationships or conflicts of interest that would impair their objectivity and independence.</p> <p>All GIA staff confirmed and provide assurance via the annual declaration that they are free from any relationships or conflict of interest which could impair their objectivity and independence.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

Application :	Applied
Explanation on application of the practice :	<p>The Group understands that one of its major responsibilities to shareholders are to treat equally and to provide sufficient and timely information as and when necessary to its shareholders and investors, as this reflects good corporate governance practice. It is imperative to maintain transparency, build trust and understanding in the relationship through active dialogue and communication with shareholders and investors.</p> <p>As part of the Group's commitment to promote a high level of communication and transparency with the investment community, experienced and senior level management personnel are directly involved in the Group's investor relations ("IR") function. The President & Managing Director and senior management personnel hold discussions with analysts, investors and shareholders from time to time on the Group's results and performance.</p> <p>Presentations are made, where appropriate, to explain the Group's strategies, performance and major developments. However, any information that may be regarded as privileged material information about the Group will be safeguarded until such time that such information has been announced to Bursa Securities Malaysia as required by the MMLR.</p> <p>Engagement with shareholders through 25th Annual General Meeting ("AGM") were held on 23 April 2018. The AGM is serve as primary engagement platform between the Board and the shareholders of the Company. During the meeting, the President & Managing Director delivered Management's presentation and performance in 2017. The shareholders were given an ample time to raise their questions and concern to the Chairman, President & Managing Director and other Directors. Shareholders have the opportunity to participate actively and vote in general meetings, the Chairman will inform the rules including voting procedures that govern the AGM.</p> <p>In addition, the Group has established a website at http://www.kpjhealth.com.my which shareholders and stakeholders can access. The Group's quarterly and annual results announcements, including press releases are posted on the IR webpage in the Group's website immediately after announcements are made on the Bursa Malaysia's website. This website also sends out alerts to investors who opted to get this service for free on any announcement by the Company to Bursa.</p> <p>The shareholders and stakeholders are encouraged to channel their concern to the Investor Relations Services which contact number and email address at http://kpj.listedcompany.com/contact.html.</p>

	<p>To facilitate the stakeholders’ understanding of the Company in regards to its policies and governance, the Company has placed information of Board of Directors and Executive Committees Members as well as other corporate information under section “Corporate Profile” and documents pertaining Corporate Governance, Board Charters and Terms of Reference can be found under Section “Corporate Governance, for easy reference.</p> <p>Other than the website, the Group continues to produce and enhance its Annual Report, Corporate Brochures and Fact Sheets to provide sufficient details to the shareholders and stakeholders. KPJ believes in building investors’ confidence and trust through good CG practices, transparent in communication and corporate reporting as such, in 2018, the Group produce its first Integrated Reporting which consists of Annual Review, Sustainability Statement and Financial Statement in 2018.</p> <p>Other than that, the Group also makes regular announcements on Bursa Securities Malaysia to provide stakeholders with important information which may affect their investment decisions, thus enhancing the level of transparency.</p> <p>As part of the Group’s commitment to an effective IR function, the Company hosted meetings, tele-conferencing and briefings to analysts and investors via participation in events organised by investment banks or research houses in Malaysia and abroad. For more details on the IR activities during 2018, please refer to the Corporate Governance Overview section of the Integrated Report on pages 124 to 128.</p> <p>The Senior Management personnel involved in IR activities are:</p> <ul style="list-style-type: none">• Dato’ Amiruddin Abdul Satar -President & Managing Director• Aminudin Dawam – Executive Director• Norhaizam Mohamad – Vice President (II) – Group Finance Services• Khairul Annuar Azizi – General Manager – Risk, Compliance & Investor Relations <p>IR Activities</p> <table><tr><th colspan="6">Activities</th></tr><tr><th colspan="2">Meetings</th><th colspan="2">Tele-Conference</th><th colspan="2">Inv. Conference</th></tr><tr><th>No</th><th>Pax</th><th>No</th><th>Pax</th><th>No</th><th>Pax</th></tr><tr><td>43</td><td>172</td><td>2</td><td>2</td><td>4</td><td>72</td></tr></table>	Activities						Meetings		Tele-Conference		Inv. Conference		No	Pax	No	Pax	No	Pax	43	172	2	2	4	72
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Measure :																									
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Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

Application	:	Applied
Explanation on application of the practice	:	<p>In April 2018 the Company is adopting International Integrated Council's ("IRC") Integrated Report in its Annual Report.</p> <p>In 2019, the Company published its inaugural Integrated Report 2018 which consist of Annual Review, Sustainability and Financial Statement.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

Application	:	Applied	
Explanation on application of the practice	:	<p>In line with the MCCG requirement under Practice 12.1, beginning from the 25th AGM, the Company has adopted the 28 days prior notice to shareholders, compared to 21 days requirement under the Companies Act 2016. In 2018, we have circulated the notice 33 days before the AGM. The additional time given to shareholders allows them to make necessary arrangement to attend and participate in person or through proxies and to enables the shareholders to make decisions on the resolutions</p> <p>The Notes to the Notice of 25th AGM 2018 had provided detail explanations for the resolution proposed, e.g. detailed Directors' remuneration (Directors' fees and benefits), retirement of Directors more than 9 years, appointment of auditors, etc.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied
Explanation on application of the practice	:	<p>At the 25th AGM held in April 2018 all 11 directors were present in person to engage with the shareholders. The Chairman of the Board, Chairman of all the Board Committees and key senior management staff were at hand to answer all the queries from the shareholders during the question and answer session.</p> <p>The President & Managing Director presented to the shareholders the 2017 Group Performance report outlining the key financial performance, corporate initiatives and achievements and shared the challenges and opportunities faced during 2017 financial year.</p> <p>The questions put forth by the Minority Shareholders Watchdog Group ("MSWG"), Employees Provident Fund ("EPF") and Kumpulan Wang Amanah Pencen ("KWAP") were also presented to the shareholders present during the AGM, together with the Management's response to the issues raised. Shareholders were also given the right and opportunity to pose questions to the Board and Management during the AGM.</p> <p>All the AGM agenda were properly explained with notes and justification in the Notice of AGM given to all shareholders together with a copy of the Integrated Report, Sustainability Report and Financial Report in electronic format. The administrative details for the appointment of proxy where relevant and information on the venue and time of the AGM were also included.</p> <p>Pursuant to Paragraph 8.29A of the MMLR, all resolutions tabled at the General Meeting were voted by electronic poll. An Independent Scrutineer was appointed to validate the votes casted at the AGM.</p> <p>For the benefit of shareholders who did not attend the AGM, President & Managing Director's performance slides presentation with question and answer from Minority Shareholders Watchdog Group ("MSWG"), Employees Provident Fund ("EPF") and Kumpulan Wang Amanah Pencen ("KWAP") and the results of the voting on all the resolutions tables at the AGM were posted on the Company's website.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

Application	:	Applied
Explanation on application of the practice	:	<p>The Group has adopted the poll voting since 24th Annual General Meeting in 2017 for all resolutions proposed where the votes were cast by voting slips and subsequently enhanced to electronic voting.</p> <p>The voting at the 25th AGM in 2018 was conducted on a poll in accordance with Paragraph 8.29A of the MMLR. Tricor Investor & Issuing House Services Sdn Bhd was appointed as Poll Administrator to conduct the polling process and Coopers Professional Scrutineers Sdn Bhd as Scrutineers to verify the poll results.</p> <p>The Group does not have a large shareholder base. The attendance of the shareholders during AGMs consistently represented at least around 60% of the total shareholdings of the Company. As such, the Board is of the view that voting in absentia and remote shareholders' participation at General Meetings are not warranted.</p> <p>Absentee shareholders may download or view President & Managing Director's performance slides presentation with question and answer from Minority Shareholders Watchdog Group ("MSWG"), Employees Provident Fund ("EPF") and Kumpulan Wang Amanah Pencen ("KWAP") at http://kpj.listedcompany.com/AGM2018.html</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	Others
		Not Applicable

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

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