

COMMITTED TO STRONG GOVERNANCE

Corporate Structure

As at 26 April 2021



- ▶ **100%** Bandar Dato Onn Specialist Hospital Sdn Bhd (KPJ Bandar Dato Onn Specialist Hospital)
- ▶ **100%** Kluang Specialist Hospital Sdn Bhd

100%
Johor Specialist Hospital Sdn Bhd (KPJ Johor Specialist Hospital)

100%
Kumpulan Perubatan (Johor) Sdn Bhd

100%
Point Zone (M) Sdn Bhd

100%
Tawakal Holdings Sdn Bhd

- ▶ **100%** Ampang Puteri Specialist Hospital Sdn Bhd (KPJ Ampang Puteri Specialist Hospital)
- ▶ **100%** Bandar Baru Klang Specialist Hospital Sdn Bhd (KPJ Klang Specialist Hospital)
- ▶ **100%** Kajang Specialist Hospital Sdn Bhd (KPJ Kajang Specialist Hospital)
- ▶ **100%** Maharani Specialist Hospital Sdn Bhd (KPJ Bandar Maharani Specialist Hospital)
- ▶ **100%** Pasir Gudang Specialist Hospital Sdn Bhd (KPJ Pasir Gudang Specialist Hospital) (KPJ Puteri Specialist Hospital) (KPJ Batu Pahat Specialist Hospital)
- ▶ **100%** Penang Specialist Hospital Sdn Bhd (KPJ Penang Specialist Hospital) (Taiping Medical Centre)
- ▶ **100%** Pusat Pakar Kluang Utama Sdn Bhd (KPJ Kluang Specialist Hospital)
- ▶ **100%** Rawang Specialist Hospital Sdn Bhd (KPJ Rawang Specialist Hospital) (KPJ Damansara Specialist Hospital)
- ▶ **100%** Sentosa Medical Centre Sdn Bhd (KPJ Sentosa KL Specialist Hospital)
- ▶ **100%** Sibu Medical Centre Corporation Sdn Bhd (Sibu Specialist Medical Centre)
- ▶ **100%** SMC Healthcare Sdn Bhd (KPJ Sabah Specialist Hospital)
- ▶ **100%** Amity Development Sdn Bhd
- ▶ **70%** Kuching Specialist Hospital Sdn Bhd (KPJ Kuching Specialist Hospital)
- ▶ **70%** Miri Specialist Hospital Sdn Bhd (KPJ Miri Specialist Hospital)
- ▶ **70%** Pahang Specialist Hospital Sdn Bhd (KPJ Pahang Specialist Hospital)
- ▶ **61%** Perdana Specialist Hospital Sdn Bhd (KPJ Perdana Specialist Hospital)

- ▶ **60%** Perlis Specialist Hospital Sdn Bhd (KPJ Perlis Specialist Hospital)
- ▶ **60%** Selangor Specialist Hospital Sdn Bhd (KPJ Selangor Specialist Hospital)
- ▶ **52%** Pusrawi SMC Sdn Bhd
- ▶ **100%** Kuantan Wellness Center Sdn Bhd (KPJ Kuantan Care and Wellness Centre)
- ▶ **100%** Kota Kinabalu Wellness Sdn Bhd
- ▶ **100%** Advanced Health Care Solutions Sdn Bhd
- ▶ **100%** KPJ Eyecare Specialist Sdn Bhd (KPJ Center For Sight)
- ▶ **100%** Pharmaserv Alliances Sdn Bhd
- ▶ **75%** Malaysian Institute of Healthcare Management Sdn Bhd
- ▶ **100%** KPJ Healthcare University College Sdn Bhd
- ▶ **100%** KPJ Education (M) Sdn Bhd
- ▶ **100%** Sibu Geriatric Health & Nursing Centre Sdn Bhd
- ▶ **100%** KPJ HealthShoppe Sdn Bhd
- ▶ **100%** Sterile Services Sdn Bhd
- ▶ **100%** Healthcare IT Solutions Sdn Bhd
- ▶ **100%** PharmaCARE Sdn Bhd
- ▶ **100%** BDC Specialist Hospital Sdn Bhd

Legend:

- Malaysian Operations
- Support Services
- Overseas Operations
- Dormant Companies
- Associates

Corporate Structure

As at 26 April 2021



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Corporate Governance Overview







The Board of Directors of KPJ Healthcare Berhad (Board) Believes That Good Corporate Governance Adds Value To The Business of The Group and Will Ensure That This Practice Continues. 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.

In line with this commitment, the Board is continuously reviewing and has taken, where appropriate, the necessary steps to comply with the three Principles, 32 Practices and four Step-ups of the Malaysian Code on Corporate Governance 2017 (MCCG 2017). The Board is pleased to elaborate on the Group’s application and extent of compliance with MCCG 2017 during the financial year 2020 in this Corporate Governance Overview Statement (CG Overview).

This statement is supplemented with a Corporate Governance Report (CG Report) pursuant to paragraph 15.25 of the Main Market Listing Requirements (MMLR) by Bursa Malaysia Securities Berhad (Bursa Securities).

The CG Report is **available on the Company’s website https://kpj.listedcompany.com/cg_report.html** as well as on the website of Bursa Securities.

This statement should be read in conjunction with the Statement on Risk Management and Internal Control (SORMIC), and Audit Committee Report (AC) as well as Medical Advisory Committee Report (MAC). The Corporate Governance Framework is developed based on the following statutory requirements, best practices and guidelines:-

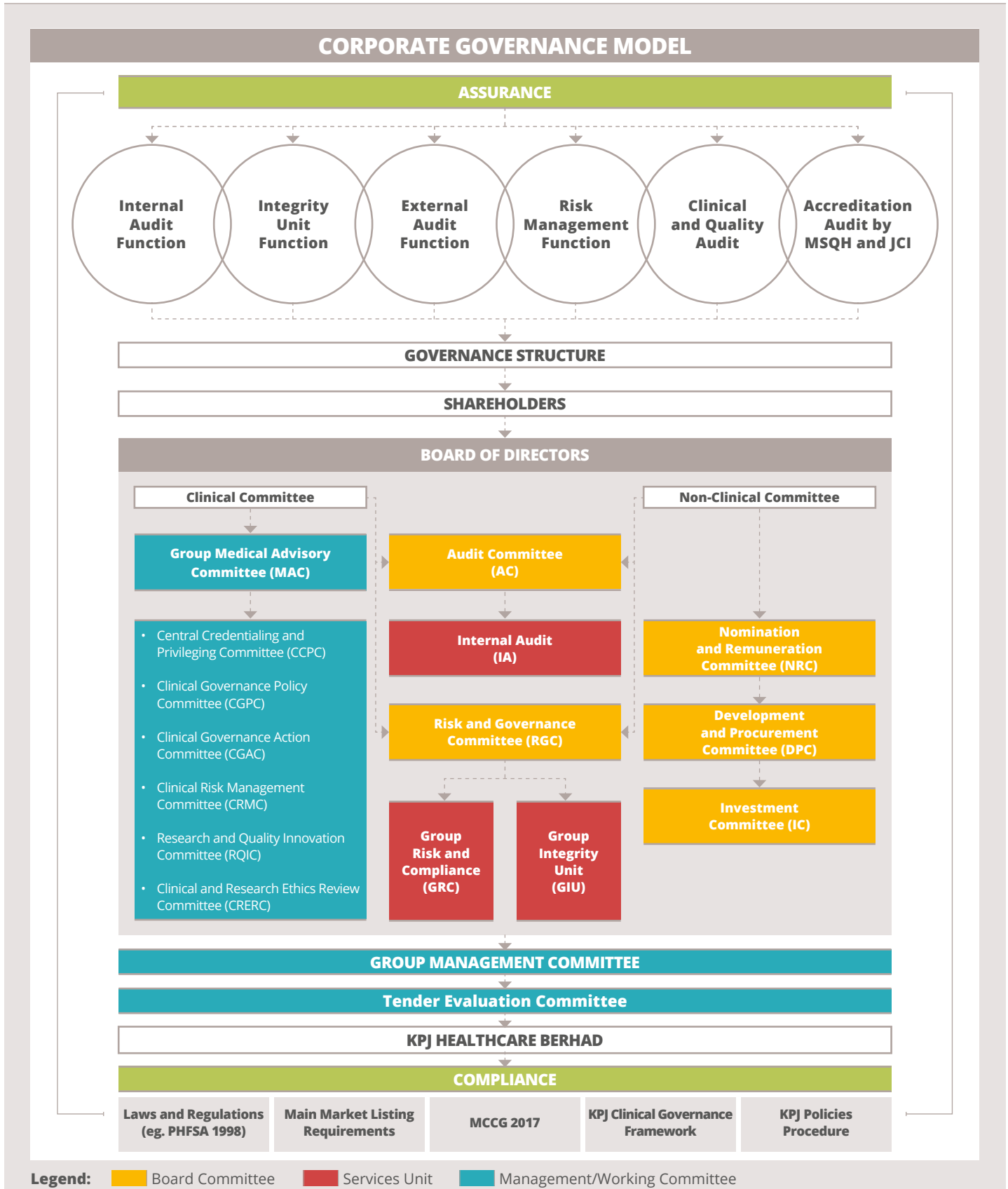
 <p>Companies Act 2016 (CA 2016)</p>	 <p>Main LR of Bursa Securities</p>	 <p>Malaysia Code on Corporate Governance 2017 (MCCG 2017)</p>	 <p>Corporate Governance Guide - 3rd Edition published on 17 December 2017</p>
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The Company has complied with the Main Principles set out in the MCCG 2017 which was released in April 2017. The gap analysis was discussed and tabled to the Risk and Governance Committee (RGC) on 1st March 2021. As at the date of this Integrated Report, we have applied all the practices in MCCG 2017 except for the following:-

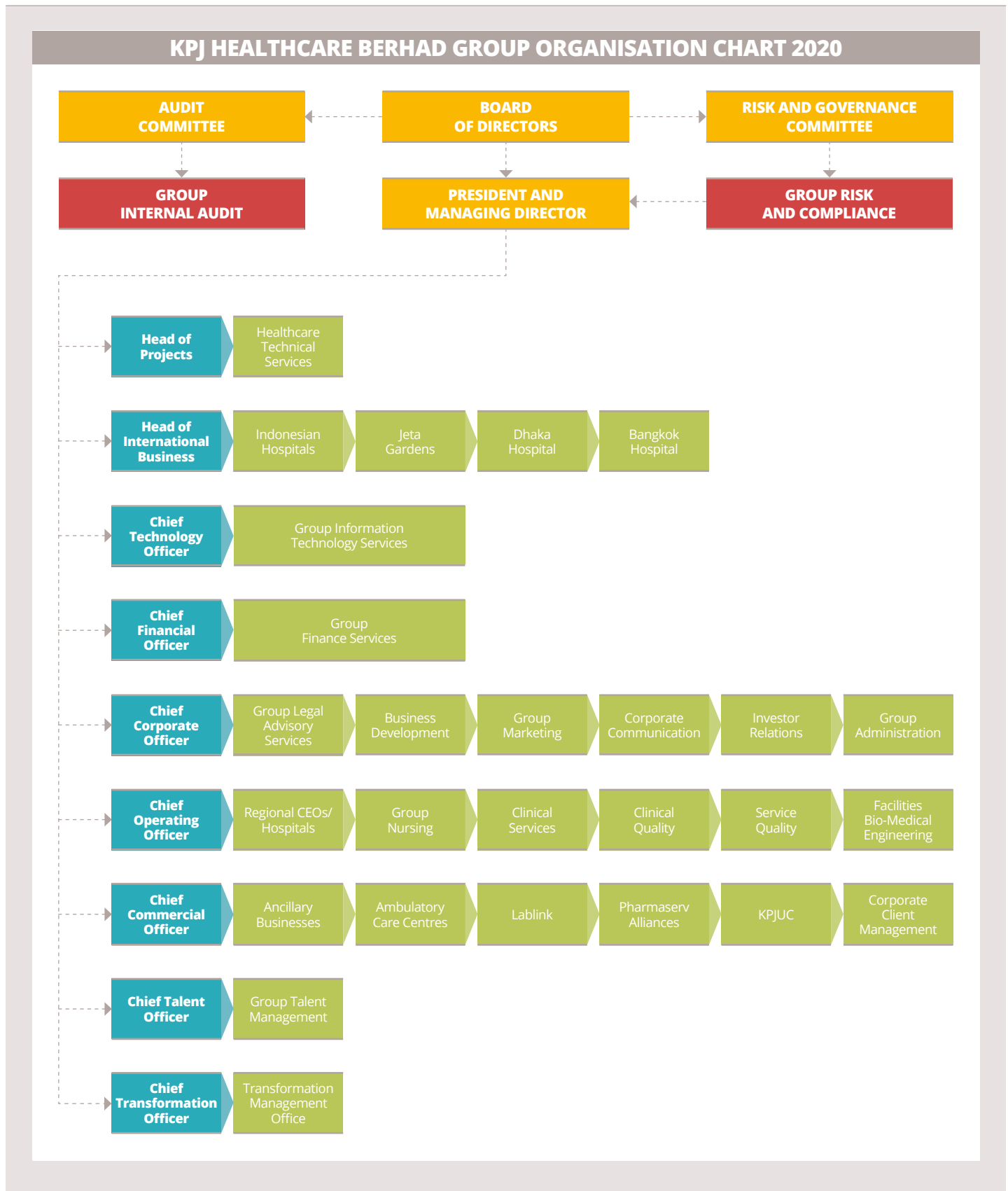
<p>Practice 4.1 ▼</p> <p>At least half of the board comprises of independent directors. For Large Companies, the board comprises of a majority independent directors.</p>	<p>Practice 4.5 ▼</p> <p>The board discloses in its annual report the company’s policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.</p>	<p>Practice 7.3 Step-up ▼</p> <p>Companies are encouraged to fully disclose the detailed remuneration of each of senior management on a named basis.</p>	<p>Practice 8.4 Step-up ▼</p> <p>The audit committee should comprise solely of independent directors.</p>	<p>Practice 9.3 Step-up ▼</p> <p>The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company’s risk management framework and policies.</p>
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The explanation for the departure from the Practices and measures to be taken are provided in the CG Report.

Corporate Governance Overview



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Corporate Governance Overview

PRINCIPLE A

PRINCIPLE B

PRINCIPLE C

BOARD LEADERSHIP AND EFFECTIVENESS BOARD'S RESPONSIBILITIES



STRUCTURAL CHANGES TO BOARD COMPOSITION

New Appointment of Managing Director	Date: 1 July 2020
<ul style="list-style-type: none"> Ahmad Shahizam Bin Mohd Shariff 	
Re-designation from Independent Non-Executive Director to Non-Independent Non- Executive Director	Date: 1 December 2020
<ul style="list-style-type: none"> Prof Dato' Dr. Azizi Bin Haji Omar Dato' Dr. Ngun Kok Weng Dato' Dr. Sivamohan A/L S.Namasivayam 	
Resignation of Managing Director	Date: 1 July 2020
<ul style="list-style-type: none"> Dato' Amiruddin Bin Abdul Satar 	
Resignation of Non-Independent Non-Executive Directors	Date: 8 October 2020
<ul style="list-style-type: none"> Dato' Seri (Dr.) Mohamed Azahari Bin Mohamed Kamil 	

Ahmad Shahizam Bin Mohd Shariff, the President and Managing Director of the Company, is responsible for leading 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.

The Board has also developed and approved the Corporate Objectives for 2020, for which the President and Managing Director has the responsibility to execute and achieve. It also forms the basis where the performance of Management will be assessed.

All members of the Board contribute meaningfully in the areas of formulation of strategic objectives and policies, governance, performance monitoring, allocation of resources and compliance.

Each director brings with him/her vast experience and astute insights to enable the Board to function effectively in discharging its duties and responsibilities in accordance with the Terms of Reference (TOR) of the respective committees.

The roles of the Chairman of the Board, President and Managing Director and the ten (10) Non-Executive Directors (NEDs) 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 and Managing Director are clearly segregated to ensure that there is a balance of power and authority.

The Company Secretary 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 Secretary support the Board in managing the Group's Governance Model, ensuring it is effective and relevant. Each Board member has unrestricted access to the advice and services of the Company Secretary.

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BOARD LEADERSHIP AND EFFECTIVENESS BOARD'S RESPONSIBILITIES



BOARD OF DIRECTORS

Roles and Responsibilities

The Board is committed to deliver sustainable value and determine long-term goals through its leadership and dedicated management team. The Board is responsible for overseeing how management served the interest of shareholders and stakeholders including risk management, environmental, social, external conditions such as new government, regulatory changes and global trends. The Board also promotes a Group culture based on the core values and define its roles in society.

ACTIVITIES IN 2020

- The Board reviewed, challenged and approved the Group's Strategic Plan for long term value creation and business growth.
- The Board supervised and guided management in navigating the Group's business operations and performance amidst the challenges posed by the COVID-19 pandemic.
- The Board commissioned an independent review on Board assessment and effectiveness, training, remuneration and governance.
- Discussed and engage management on the risks and opportunities of the Group's material matters as well as other value drivers that may have a direct and indirect impact on the Group performance.

PRIORITIES IN 2021

- To develop strategy and manage risks and opportunities of the Group's material matters as well as other value drivers that may have a direct impact to the Our Six Capitals and Our Seven Strategic Thrust.

THE FOLLOWING ARE MATTERS WHICH ARE SPECIFICALLY RESERVED FOR THE BOARD :-

Approval of corporate plans and programmes

Approval of budgets, including major capital commitments

Approval of new ventures

Approval of material acquisitions and disposals of undertakings and properties

Changes to the management and control structure within the Company and its subsidiaries, including key policies, delegated authority limit

Corporate Governance Overview

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BOARD LEADERSHIP AND EFFECTIVENESS BOARD'S RESPONSIBILITIES

BOARD CHARTER

The Group has documented clear policies for identifying and separating the functions and responsibilities of the Board and Management, Chairman as well as the President and Managing Director in ensuring the smooth running of the Group's business and operations.

These are enshrined in the Board Charter, which has been updated in 2020 to be in line with the practices of MCCG 2017 and the Companies Act 2016 and due to the current composition in the Board, it has been revised in 2021.

 The full extent of Board responsibilities including Code of Conduct is available at https://kpj.listedcompany.com/board_charter.html.

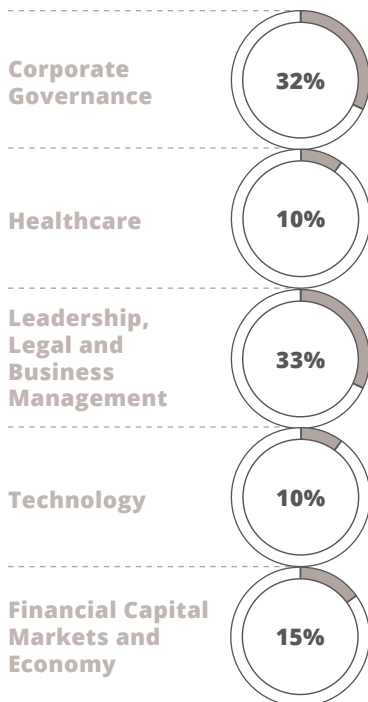
CONTINUING EDUCATION PROGRAMMES

As an integral element of the process of appointing new Directors, the Board ensures that there is an orientation and education programme for new Board Members.

Directors also received further training from time to time through Continuous Education Program (CEP), particularly on relevant laws, regulations, changing commercial risk and environment as required by Paragraph 15.08(3) of the Main LR. During the year, the Board members have attended trainings/ programmes organised by various parties as disclosed under Practice 2.1 of the CG Report.

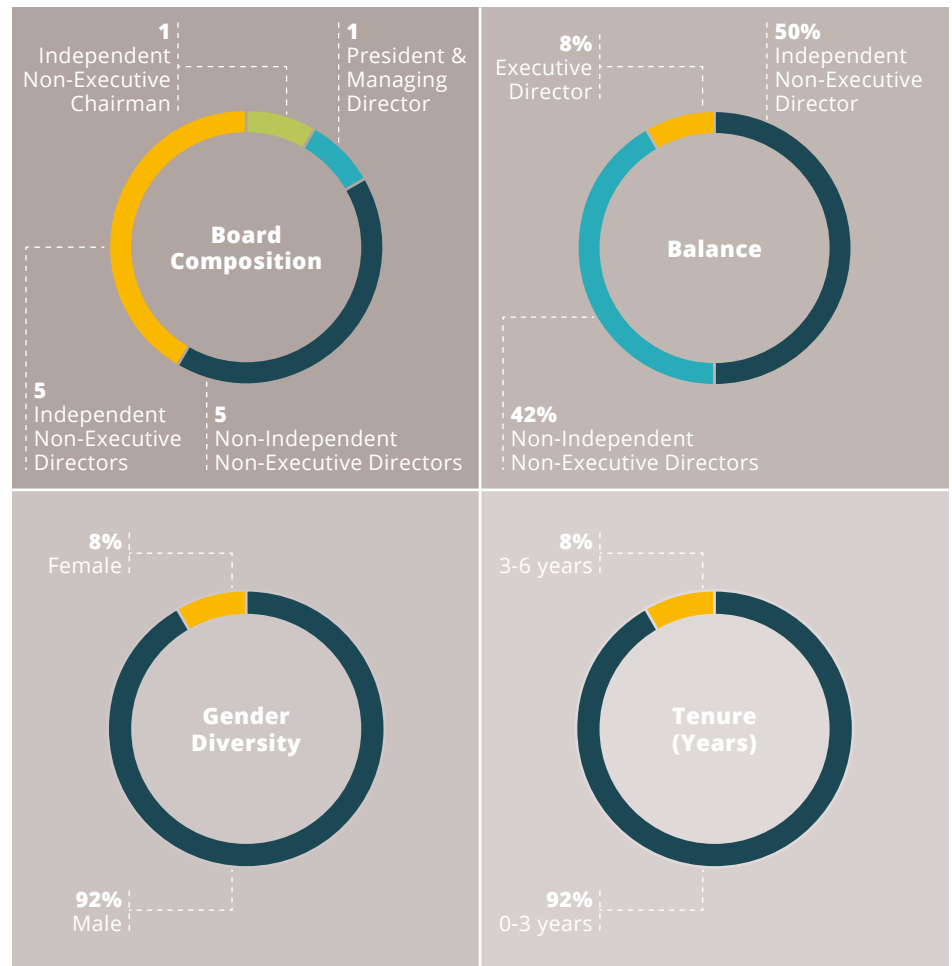
2020 DIRECTORS' TRAINING FOCUS AREAS

PROGRAMMES



BOARD COMPOSITION

The composition of the Board of Directors is as follows:



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BOARD LEADERSHIP AND EFFECTIVENESS BOARD'S RESPONSIBILITIES

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 on **pages 88 to 99** of this Integrated Report.

The Board, through the Nomination and Remuneration Committee (NRC), undertakes a rigorous evaluation 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.

The Board also approved the NRC's recommendation that the Board size be decrease to 12 from 13 directors previously.

The current composition of the Board Members has the appropriate mix of diversity, skills, experience and capabilities.

EXPERIENCE AND SKILLS



MEETING CALENDAR 2020

Independent Non-Executive Director							
	BOD	ACM	RGC	DPC	NRC	IC	MAC
Dato' Yusli Bin Mohamed Yusoff ^(a)	10/10				2/2		
Christina Foo	10/10	7/7	1/1			6/6	
Datuk Mohd Radzif Bin Mohd Yunus ^(b)	10/10			12/12	6/6	6/6	
Mohamed Ridza Bin Mohamed Abdulla ^(c)	8/8		6/6		6/6	6/6	
Dato' Mohd Redza Shah Bin Abdul Wahid ^(d)	8/8			12/12	5/5	6/6	
Khairuddin Bin Jaflus ^(d)	8/8	5/5	6/6	12/12			
Dato' Dr. Zaki Morad Bin Mohamad Zaher ^(e)	2/2		1/1	1/1			4/4
Tan Sri Datin Paduka Siti Sa'diah Binti Sh Bakir ^(f)	2/2			1/1	1/1		
Dato' Muthanna Bin Abdullah ^(f)	2/2	2/2	1/1		1/1		
Dato' Dr. Bajit Kor A/P Teja Singh ^(e)	2/2	2/2			2/2		4/4

Executive Directors

Ahmad Shahizam Bin Mohd Shariff - Managing Director ^(h)	6/6						2/2
Dato' Amiruddin Bin Abdul Satar - Managing Director ^(g)	3/4						2/2
Aminudin Bin Dawam ^(e)	2/2						
Jasimah Binti Hassan ^(e)	2/2		1/1				4/4

Non-Independent Non-Executive Directors

Dato' Seri (Dr) Mohamed Azahari Bin Mohamed Kamil ^{(c)(i)}	6/6		3/3				
Rozaini Bin Mohd Sanji ^(d)	8/8			11/12			
Shamsul Anuar Bin Abdul Majid ^(d)	8/8				5/5	6/6	
Dato' Kamaruzzaman Bin Abu Kassim ⁽ⁱ⁾	NA						
Zulkifli Bin Ibrahim ^(f)	2/2			1/1			
Mohd Sahir Bin Rahmat ^(f)	2/2			1/1			
Wan Azman Bin Ismail ^{(c)(e)}	0/0	0/0	0/0	0/0	0/0	0/0	0/0
Prof. Dato' Dr. Azizi Bin Haji Omar ^(k)	10/10	7/7	1/1	1/1	5/5		4/4
Dato' Dr. Ngun Kok Weng ^(k)	8/8	5/5	6/6				4/4
Dato' Dr. Sivamohan A/L S.Namasivayam ^(k)	8/8		6/6	12/12			4/4
Total number of meetings	10	7	7	12	7	6	4

Chairman

Notes :

- (a) Appointment as Chairman w.e.f 18.2.2020
- (b) Appointment as BOD member w.e.f 1.1.2020
- (c) Appointment as BOD member w.e.f 1.4.2020
- (d) Appointment as BOD member w.e.f 7.5.2020
- (e) Resignation as BOD member w.e.f 7.5.2020
- (f) Resignation as BOD member w.e.f 31.3.2020
- (g) Resignation as Managing Director w.e.f 1.7.2020
- (h) Appointment as Managing Director w.e.f 1.7.2020
- (i) Resignation as BOD member w.e.f 8.10.2020
- (j) Resignation as Chairman w.e.f 15.1.2020
- (k) Re-designation to NINED w.e.f 1.12.2020

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BOARD LEADERSHIP AND EFFECTIVENESS BOARD'S RESPONSIBILITIES

BOARD REMUNERATION 2020

The Board has in place a Board Remuneration Policy governing the remuneration of directors and believes that the levels of remuneration offered by the Group are sufficient to attract directors of calibre with sufficient experience and talent to contribute to the performance of the Group. The Non-Executive Directors are remunerated based on fixed annual director's fees and fixed meeting allowances.

According to the Corporate Governance Monitor 2020 (CG Monitor 2020), under Health Care Sector, KPJ is among the top 5 on board remuneration as listed on the FTSE Bursa Malaysia Top 100 (FBM 100). CG Monitor 2020 presents information available for the financial year ended 2019.

	Salary and Others	Allowance and Fees	Director Fees from subsidiaries	Benefit In-kind	Total
Independent Non-Executive Director					
Dato' Yusli bin Mohamed Yusoff ^(a)	-	233,000	-	25,708	258,708
Christina Foo	-	236,282	-	-	236,282
Datuk Mohd Radzif bin Mohd Yunus ^(b)	-	231,788	-	-	231,788
Mohamed Ridza bin Mohamed Abdulla ^(c)	-	175,788	-	-	175,788
Dato' Mohd Redza Shah Bin Abdul Wahid ^(d)	-	171,788	-	-	171,788
Khairuddin bin Jaflus ^(d)	-	183,809	-	-	183,809
Dato' Dr. Zaki Morad bin Mohamad Zaher ^(e)	-	146,670	-	-	146,670
Tan Sri Datin Paduka Siti Sa'diah binti Sh Bakir ^(f)	-	46,000	12,000	6,150	64,150
Dato' Muthanna bin Abdullah ^(f)	-	60,500	-	-	60,500
Dato' Dr. Bajit Kor A/P Teja Singh ^(e)	-	78,238	-	-	78,238
Executive Directors					
Ahmad Shahizam bin Mohd Shariff ^(h)	750,000	78,000	-	12,846	840,846
Dato' Amiruddin bin Abdul Satar ^(g)	2,520,976	78,000	62,313	15,575	2,676,864
Aminudin bin Dawam ^(e)	315,438	44,000	17,826	13,400	390,664
Jasimah binti Hassan ^(e)	232,000	44,000	17,327	4,400	297,727
Non-Executive Directors					
Dato' Kamaruzzaman bin Abu Kassim ⁽ⁱ⁾	-	8,871	-	5,142	14,013
Rozaini bin Mohd Sani ^(d)	-	* 128,766	-	-	128,766
Shamsul Anuar bin Abdul Majid ^(d)	-	* 130,766	-	-	130,766
Prof Dato' Dr. Azizi bin Haji Omar ^(k)	-	244,550	-	-	244,550
Dato' Dr. Ngun Kok Weng ^(k)	-	184,293	-	-	184,293
Dato' Dr. Sivamohan A/L S.Namasivayam ^(k)	-	169,298	-	-	169,298
Mohd Sahir bin Rahmat ^(f)	-	* 165,720	5,716	3,025	174,461
Zulkifli bin Ibrahim ^(f)	-	* 41,750	-	-	41,750
Wan Azman bin Ismail ^{(c)(e)}	-	* 12,164	-	-	12,164
Dato' Seri (Dr) Mohamed Azahari Bin Mohamed Kamil ^{(c)(i)}	-	* 89,952	-	-	89,952

* Included are the Directors Fees and Committee Fees paid to Johor Corporation as Corporate Fees

Notes :

- | | |
|---|---|
| (a) Appointment as Chairman w.e.f 18.2.2020 | (g) Resignation as Managing Director w.e.f 1.7.2020 |
| (b) Appointment as BOD member w.e.f 1.1.2020 | (h) Appointment as Managing Director w.e.f 1.7.2020 |
| (c) Appointment as BOD member w.e.f 1.4.2020 | (i) Resignation as BOD member w.e.f 8.10.2020 |
| (d) Appointment as BOD member w.e.f 7.5.2020 | (j) Resignation as Chairman w.e.f 15.1.2020 |
| (e) Resignation as BOD member w.e.f 7.5.2020 | (k) Re-designation to NINED w.e.f 1.12.2020 |
| (f) Resignation as BOD member w.e.f 31.3.2020 | |

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BOARD LEADERSHIP AND EFFECTIVENESS BOARD'S RESPONSIBILITIES

SENIOR MANAGEMENT

Effective 1st February 2021, the Board has approved a new Group Senior Management structure, reorganised to establish greater management accountability and enhance empowerment at all levels of management. The ten members of the KPJ Senior Management Team, together with the seven Regional CEOs, will form the newly established KPJ Group Management Committee (KGMC), headed by the President and Managing Director.

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.

The remuneration of the top five Senior Management (including salary, bonus, benefit in kind and other emoluments) for the financial year ended 31 December 2020 ranged as follows:

Name	Designation	Range of Remuneration (RM)
Aminudin Bin Dawam	Senior Vice President	1,050,000 - 1,100,000
Jasimah Binti Hassan ^(a)	Senior Vice President	950,000 - 1,000,000
Mohd Sahir Bin Rahmat	Senior Vice President	600,000 - 650,000
Datin Sabariah Fauziah Binti Jamaluddin ^(a)	Vice President	600,000 - 650,000
Mohd Johar Bin Ismail ^(a)	Vice President	850,000 - 900,000

Notes :

(a) Retirement w.e.f 31 Jan 2021

BOARD COMMITTEES

The Board, as part of its leadership role coordinates and delegates specific responsibilities to several Committees to facilitate the operations of the Group at the Board and Management level. Each Committee has written terms of reference defining its scope, powers and responsibilities.

These Committees have the authority to examine particular issues and report back to the Board with their findings and recommendations. The ultimate responsibility for the final decisions and recommendations on all matters emanating from these Committees, however, lies with the entire Board.

Nomination and Remuneration Committee (NRC)

Chairman	Member				
Datuk Mohd Radzif Bin Mohd Yunus Independent Non-Executive Director	Mohamed Ridza Bin Mohamed Abdulla Independent Non-Executive Director	Christina Foo^(a) Independent Non-Executive Director	Prof. Dato' Dr. Azizi Bin Haji Omar Non-Independent Non-Executive Director	Shamsul Anuar Bin Abdul Majid Non-Independent Non-Executive Director	Dato' Mohd Redza Shah Bin Abdul Wahid^(b) Independent Non-Executive Director

Roles and Responsibilities

The NRC is responsible to ensure that there is an effective and orderly succession planning in the Group. NRC is also responsible for formulating the nomination, selection and succession for the Group's key management positions.

Activities in 2020

- Reviewed in the size and composition of the BOD to ensure an appropriate balance of skills, experience and diversity and all package meets the need of the Company
- Oversaw the selection and assessment of Directors
- Recommended the appointment of Board Committees Members, Senior Management and other changes
- Evaluated and proposed to the Board engagement of independent consultant to facilitate board evaluation
- Reviewed and recommended the revision of the NRC's Term and References for Board approval

Priorities In 2021

- Review of the top management succession planning
- Review routine matters such as performance bonus and increment of Senior Management and all employees

Notes :

a) Appointment as Member of NRC w.e.f 4 Jan 2021

b) Resignation as Member of NRC w.e.f 4 Jan 2021

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PRINCIPLE B

PRINCIPLE C

BOARD LEADERSHIP AND EFFECTIVENESS BOARD'S RESPONSIBILITIES

Investment Committee (IC)

Chairman	Member			
Dato' Mohd Redza Shah Bin Abdul Wahid Independent Non-Executive Director	Christina Foo Independent Non-Executive Director	Shamsul Anuar Bin Abdul Majid Non-Independent Non-Executive Director	Datuk Mohd Radzif Bin Mohd Yunus Independent Non-Executive Director	Mohamed Ridza Bin Mohamed Abdulla Independent Non-Executive Director
Roles and Responsibilities To review the specific initiative project and potential investment's proposed by management.				
Activities in 2020 <ul style="list-style-type: none"> Reviewed, analyzed and approved KPJ acquisition plan Reviewed and approved KPJ Group of hospitals expansion and future development Reviewed and approved KPJ Group of hospitals additional capital expenditure plan ie: Equipment Deliberated and discussed on KPJ Investment Policy Deliberated and approved IC Term of Reference Visited proposed sites for new development of KPJ Hospitals 				
Priorities In 2021 <ul style="list-style-type: none"> To explore new business opportunities targeting expected returns To stimulate a sustainable business growth for the company To enhance the Group's brand positioning and reputation To preserve initial capital, avoid excessive risks and prevent losses in the investment portfolio 				

Development and Procurement Committee (DPC)

Chairman	Member			
Datuk Mohd Radzif Bin Mohd Yunus Independent Non-Executive Director	Dato' Mohd Redza Shah Bin Abdul Wahid Independent Non-Executive Director	Khairuddin Bin Jaflus Independent Non-Executive Director	Dato' Dr. Sivamohan A/L S.Namasivayam Non-Independent Non-Executive Director	Rozaini Bin Mohd Sani Non-Independent Non-Executive Director
Roles and Responsibilities The DPC oversees the timeline and costing of each project undertaken by the Group and to address any issues relating to these projects. DPC also evaluates, deliberates and approves the recommendations made by the Management to award major contracts and tenders to selected contractors for the Board's approval.				
Activities in 2020 <ul style="list-style-type: none"> Deliberating & Facilitating the operations of KPJ Management team through approvals required or further advised Review and deliberate to Board on strategic matters of new project, problematic project, and project update dashboard and mitigation plans for delayed project Conducted site visits to all hospital development project 				
Priorities In 2021 <ul style="list-style-type: none"> Review and improve overall procurement process Ensure project to complete on time 				

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PRINCIPLE A | **PRINCIPLE B** | PRINCIPLE C

EFFECTIVE AUDIT AND RISK MANAGEMENT

AUDIT COMMITTEE (AC)

The AC currently comprises three INED and financially literate.

Company Secretary (CoSec) will arrange the meetings' schedule in advance to coincide with the dates within the financial reporting cycle.

Audit Committee (AC)

Chairman	Member			
Christina Foo Independent Non-Executive Director	Datuk Mohd Redza Shah Bin Abdul Wahid^(a) Independent Non-Executive Director	Prof. Dato' Dr. Azizi Bin Haji Omar Non-Independent Non-Executive Director	Dato' Dr. Ngun Kok Weng Non-Independent Non-Executive Director	Khairuddin Bin Jaflus Independent Non-Executive Director

Roles and Responsibilities

The Audit Committee (AC) ensures transparency, integrity and accountability in the Group's activities to safeguard the rights and interests of the shareholders. At the same time assist the Board in fulfilling its fiduciary responsibilities relating to corporate accounting and reporting practices. The AC is also responsible to improve the Group's business efficiency, the quality of the accounting and audit function as well as strengthen public confidence in the Group's reported financial results. AC also ensures the independence of the External and Internal Audit functions within the Group.

Activities in 2020

- Reviewed the quarterly financial results before recommending the same to Board for approval.
- Reviewed the conceptual Framework for Financial Reporting (revised 2018) which enable preparer to develop consistent policies which is effective on 1 January 2020.
- Reviewed the related party transactions and recurrent related party transactions.
- Assessed the impact of COVID-19 global pandemic situation and the consequential effects on the operations and financials of the KPJ Group.
- Assessed the effectiveness of the mitigation action taken for the assessment on the technological risks identified in KPJ's computing environment to support the Hospital's Operation.
- Assessed the effectiveness of the process and adherence to SOP by the Management and staff at all Hospitals/Subsidiaries in order to ensure an efficient and sound control systems.
- Reviewed the performance of Head of Internal Audit Services (IAS) and the department against the Consolidated Strategic Internal Audit Plan for 2020.
- Reviewed the revised Consolidated Strategic Internal Audit Plan for 2020 and Audit Management System as a tool for the Internal Auditors as part of the areas of improvement recommended by the Consultant.
- Reviewed and approved Audit Charter in line with the International Standards for Professional Practice of Internal Auditing by the Institute of Internal Auditors (IIA).
- Reviewed and recommended the revision of the Audit Committee's Terms of Reference for Board approval.

Priorities In 2021

- Assess the preparedness and adequacy of procedures in KPJ Group of Companies in relation to the Corporate Liability Provision as per Section 17A Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018).
- Review the identified high risk areas specifically on Project Management, Procurement, IT Governance and Management of Agreement.
- Equip the auditors with the relevant training and professional certification to minimize the knowledge and experience gaps as well as engage new auditors with diverse skills and background.
- Assess the efficiency and effectiveness of the process and adherence to SOP by the Management and staff at all Hospitals/Subsidiaries in order to ensure an efficient and sound control system.

More details of activities done by AC in 2020 can be found in the Audit Committee Report at [pages 132 to 135](#).

Notes :

a) Appointment as Member of AC w.e.f 4 Jan 2021

Review of The Performance of AC

The annual review of the composition and performance of the AC, including members' tenure, performance and effectiveness as well as their accountability and responsibilities, was duly assessed via the Board Effectiveness Evaluation.

RELATIONSHIP WITH EXTERNAL AUDITORS

A dialogue was held between Audit Committee, Internal Audit, Finance and the external auditors to discuss on the External Auditors audit plan, report, internal controls issues and procedures. The performance of external auditors was assessed and the AC recommended their appointment and remuneration to the Board.

Corporate Governance Overview

PRINCIPLE A PRINCIPLE B PRINCIPLE C

EFFECTIVE AUDIT AND RISK MANAGEMENT

In the year 2020, the External Auditors attended four (4) out of seven (7) meetings which were held on 14 February 2020, 21 August 2020, 19 November 2020 and 17 December 2020 respectively.

Separate private sessions were conducted without Management's presence on three (3) out of four (4) of the meetings.

POLICY ON WHISTLE-BLOWING

The Group has a Policy on Whistle-Blowing that enables employees, stakeholders (i.e. shareholders / suppliers / customers) and any other parties to report genuine concerns about unethical behaviour, malpractices, illegal acts or failure to comply with regulatory requirements without fear of reprisal should they act in good faith when reporting such concerns.

The Policy covers, inter-alia, three (3) tiers of whistle-blowing reporting line, comprising the President & Managing Director, the Chairman of the Risk and Governance Committee and the Chairman of the Board, to facilitate whistle-blowing activities according to different possible circumstances.

 The address and contact details of the above are **stated in the policy at <https://kpj.listedcompany.com/whistleblowing.html>**.

The objective of this channel is to encourage the reporting of such matters in good faith, the confidence that employees or any party making such report are protected against any retaliation.

As a 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 provide oversight on all clinical governance, risks and control matters.

Risk and Governance Committee (RGC)

Chairman	Member			
Mohamed Ridza Bin Mohamed Abdulla Independent Non-Executive Director	Dato' Dr. Ngun Kok Weng Non-Independent Non-Executive Director	Dato' Dr. Sivamohan A/L S.Namasivayam Non-Independent Non-Executive Director	Khairuddin Bin Jaflus Independent Non-Executive Director	Dato' Seri (Dr) Mohamed Azahari Bin Mohamed Kamil^(a) Non-Independent Non-Executive Director

Roles and Responsibilities


The committee changed its name from Risk and Sustainability Committee (RSC) to Risk and Governance Committee (RGC) in May 2020, to enhance its oversight on Governance. The RGC oversees the overall risk exposure and risk management matters relating to any material clinical and nonclinical risk identified. RGC will recommend to the Board for any changes in the policy, framework, standards and procedures where applicable. At the same time, the RGC also monitors the appropriateness of KPJ strategies in addressing material stakeholder sustainability concerns and ensure its compliance with sustainability policy and reporting requirement.

Activities in 2020

- Reviewed the effectiveness of the reporting structure for the Group's business activities and risk management functions and the implementation of the appropriate system to manage various types of risks
- Deliberated on the evaluation and control of Strategic Risk, Financial Risk, Operational Risk and Compliance Risk effecting the Group
- Deliberated on the progress and status of Group Technology strategic and operational activities
- Reviewed the 2020 Statement of Risk Management and Internal Control and Corporate Governance Report and recommended the same to the Board
- Monitored the status of implementation of recommendations arising from the KPMG ERM Maturity Assessment Report to improve risk management practices
- Discussed COVID-19 pandemic's impact on Group's operations and performance
- Reviewed and monitored the implementation progress of Anti-Bribery Management System (ABMS)

Priorities In 2021

- To enhance the KPJ risk strategy and appetite link to the KPJ's Corporate Strategy
- To promote healthy risk culture and awareness across the Group that keep abreast with new or emerging risks
- To enhance the ERM risk reporting mechanism and monitoring of risk controls and mitigation measures across the Group

 More details are set out in the SORMIC section on **pages 136 to 141**.

Notes :

a) Resignation as Member of RGC w.e.f 8 Oct 2020

COMMITTED TO STRONG GOVERNANCE

Corporate Governance Overview

PRINCIPLE A PRINCIPLE B PRINCIPLE C

EFFECTIVE AUDIT AND RISK MANAGEMENT

Group Medical Advisory Committee (MAC)

Chairman	Member			
Dato' Dr. Zaki Morad Bin Mohamad Zaher Chairman	Ahmad Shahizam Bin Mohd Sharif President & Managing Director	Datuk Dr. Hussein Bin Awang Chairman, Medical Directors' Meeting	Dato' Dr. Sivamohan A/L S. Namasivayam Chairman CGPC - NINED	Assoc. Prof. (Clinical) Dr. Ab Razak Samsudin Chairman CGAC
	Dato' Dr. Ngun Kok Weng Chairman CRMC - NINED	Prof. (Clinical) Dato' Dr. Fadzli Cheah Chairman CRERC	Prof. Dato' Dr. Azizi Bin Haji Omar Chairman RQIC - NINED	Dr. Mohd Hafetz Bin Ahmad
	Dato' Dr. Bajit Kor A/P Teja Singh	Jasimah Binti Hassan	Dr. Kok Chin Leong	Dr. S. Balakrishnan

Roles and Responsibilities

The MAC develops and monitors clinical governance activities and guidelines of the KPJ Group of Hospitals. The committee ensures that the best clinical governance activities and guidelines are adopted and practised by the Group in order to strengthen existing systems for quality control, based on clinical standards, evidence based practice and lessons learnt from past cases. To monitor Patient Safety, Quality of Care and Enhancing Clinical Performance.

Activities in 2020

- Developed new policies and guidelines as well as reviewing and updating all existing policies/guidelines to ensure evidence based processes are in place. There were eight new policies approved and three policies were updated.
- Reviewed clinical governance and reporting clinical outcomes by consultants
- Reviewed the activities for clinical compliance including accreditation standards and 27 clinical surveys.
- Monitored performance and patient outcomes such as clinical indicators and quality indicators for Accident and Emergency Services (A&E). All five A&E indicators met target.
- Introduced new services in line with new technology in meeting customers' expectations and endeavor to provide a safe healing environment.
- Organizing a training on "Management of COVID-19 patients" on the 20 Jan 2021 for the KPJ Consultants.
- Developed KPJ Guideline on managing COVID-19 patient.

Priorities In 2021

- To monitor the execution of policy, procedures and guidelines for patient safety and satisfactory clinical outcomes

More details of the activities undertaken by MAC in 2020 *can be found at the Medical Advisory Committee Report on pages 142 to 151.*

Tender Evaluation Committee (TEC) Management

Chairman	Alternate Chairman	Member		
Ariesza Noor Chief Corporate Officer	Mohd Sahir Bin Rahmat Head of International Business	Maisarah Binti Omar Regional CEO, CENTRAL II	Roslan Bin Ahmad Regional CEO - Northern	Mohd Firdaus Bin Mohamed Din General Manager, Internal Audit

Roles and Responsibilities

Evaluate and make its recommendations to the DPC on major purchases, acquisitions or disposal of assets, awards of contracts and appointments of consultants/advisors of the Group.

Activities in 2020

- Recommended tender for Hospital Development and IT projects to DPC

Priorities In 2021

- To encourage prospective contractors to practice sustainable business
- To review the contractors evaluation process
- Revision of TEC composition to ensure the procurement and tender process is carried out with transparency and adhere with corporate governance best practice.

Corporate Governance Overview

PRINCIPLE A

PRINCIPLE B

PRINCIPLE C

INTEGRITY IN CORPORATE REPORTING and MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

The Group understands that one of its major responsibilities is 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.

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 and Managing Director and senior management personnel hold discussions with analysts, investors and shareholders from time to time on the Group's results and performance.

The Senior Management personnel involved in Investor Relations activities are:

- Ahmad Shahizam Bin Mohd Shariff – President and Managing Director
- Norhaizam Binti Mohammad – Chief Financial Officer
- Ariesza Noor – Chief Corporate Officer

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.

All shareholders have an equal access to information. The Group has established formal channels to engage with shareholders and stakeholders:

COMMUNICATION AND ENGAGEMENT WITH SHAREHOLDERS

- Integrated Report, Sustainability Report, Corporate Brochures, Fact Sheets, Notice of AGM
- Announcements to Bursa Malaysia Securities
- Website Updates on all corporate communication Annual General Meeting

ANNUAL GENERAL MEETING

- The first fully virtual meeting was carried out on 9th July 2020 for the 27th AGM, whereby the meeting was guided by the Securities Commission Malaysia Guidance on the Conduct and General meetings for listed issuers dated 18th April 2020 (SC Guidance).
- Pursuant to the SC Guidance and Section 327 (2) of the Companies Act, 2016, the Chairman shall be present at the main venue of the AGM to chair the AGM at Tricor Business Centre, Bangsar, Kuala Lumpur.
- All shareholders were required to register their attendance to AGM remotely by using Remote Participation and Voting (RPV) at <https://tiah.online>.
- The Administrative Guide of the AGM was circulated 28-days prior to the shareholders with the Notice of AGM.
- Business presentation by President and Managing Director and the Chairman encourage shareholders to post questions to be read and answered during the Q&A session.

- Electronic poll voting on all resolutions and immediate announcement of results during AGM and included in the key matters discussed which uploaded on our website.
- In line with KPJ's EES initiatives which encourage green environment the shareholders will be able to access our Integrated Reports, Sustainability Report and Financial Report online instead of hard copy distribution.
- The report and proxy form can be downloaded at <https://kpj.listed.com/ar.html>

COMMUNICATION VIA MASS MEDIA

- Media interview on corporate developments
- Social media established on most popular social media platform at Group level and subsidiaries

ENGAGEMENT WITH ANALYSTS AND INVESTORS

- Analyst/ Investor Meetings
- IR Roadshow
- Quarterly Results and Audited Annual Financial Statement
- 17 Equity Research coverage on KPJ

COMMITTED TO STRONG GOVERNANCE

Corporate Governance Overview

INVESTOR RELATIONS ACTIVITIES

Since MCO all of the 25 investor meetings comprising of 232 analysts and fund managers were conducted via tele-conference, including the quarter results briefings that happened on 27 August and 1 December 2020. There was a strong interest shown amongst analysts and fund managers to get the latest updates on the impact of COVID-19 global pandemic. The queries were mainly on progress of hospital network expansion, new revenue stream and financial impact.

Share Quote ▼

Market : Main
Sector : Healthcare

Stock ▼

5878

Share Price ▼

High : RM1.04
Low : RM0.72
Close : RM1.00

Meetings/Tele-conferences in 2020 ▼


	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec
No	8	15	3	6
Number of analysts/ fund managers met	20	92	55	84

Investor Conference/Non-Deal Roadshow ▼

DATE	EVENT
6 January	CGS-CIMB 12 th Annual Malaysia Corporate Day, Kuala Lumpur
9 January	DBS Pulse of Asia Conference Singapore
14 January	Alliance Investment Bank Corporate Day, Kuala Lumpur

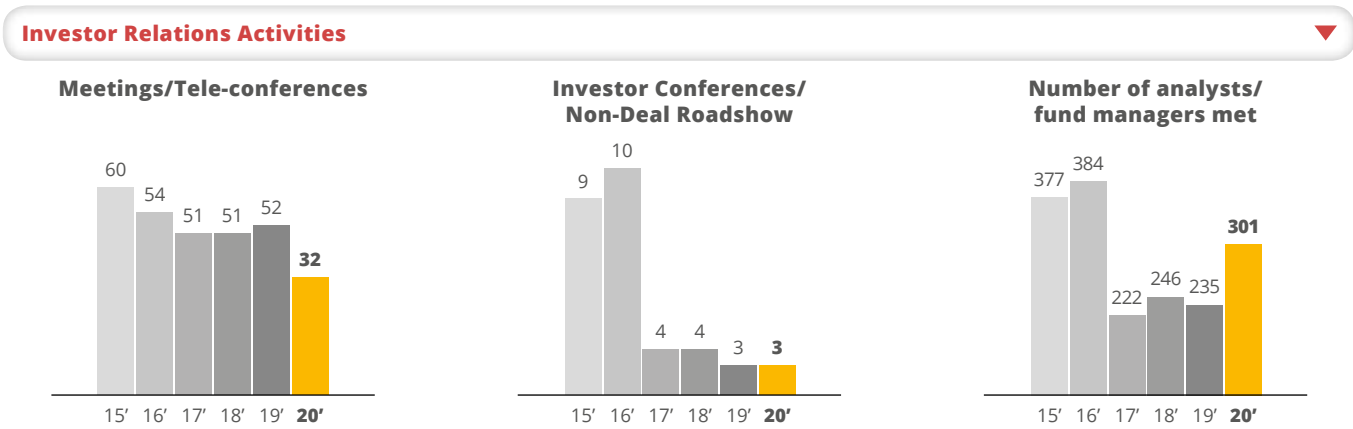
General Meeting ▼

Date	Meetings	Venue	Agenda
9 July	27 th Annual General Meeting	Live streaming from broadcast venue, Tricor Business Centre, Kuala Lumpur	Re-election and new appointment of directors and presentation of Company's performance



FTSE4Good

KPJ Healthcare Berhad is a constituent of the FTSE4Good Index since 20 June 2016

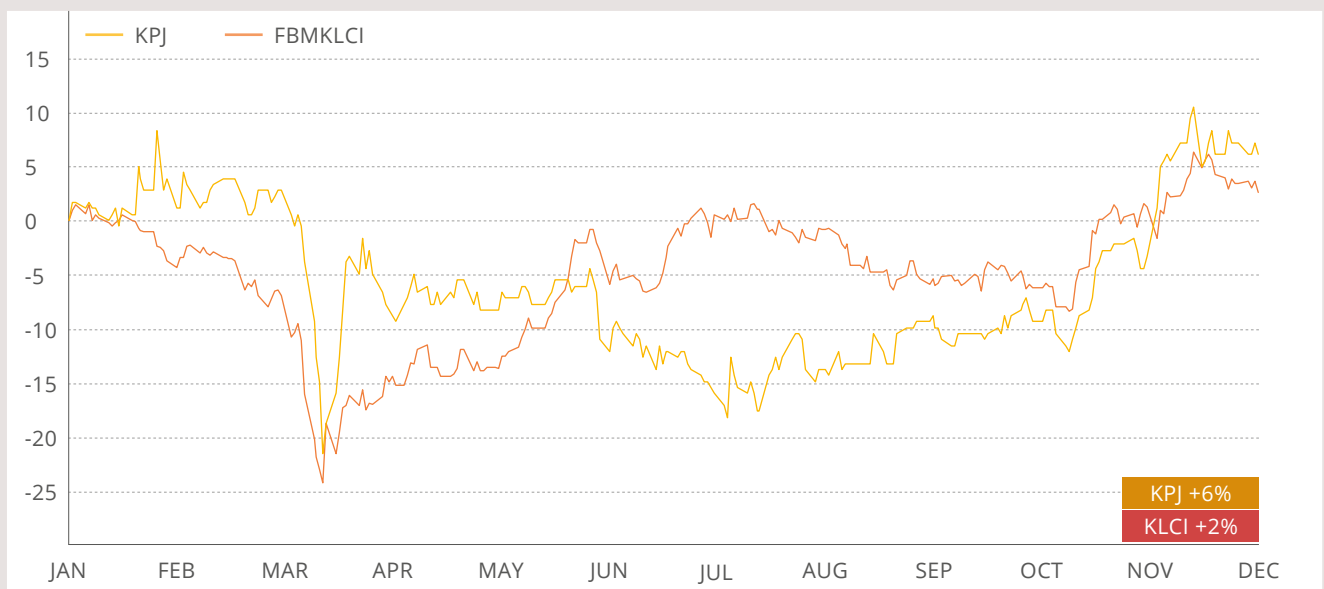


Corporate Governance Overview

KPJ SHARE PERFORMANCE

2020 was a challenging and turbulent year due to the pandemic and all stocks' price track the KLCI index lackluster during the first MCO, in the second quarter. KPJ share price performed and recorded above the KLCI index towards the end of 2020 and closed at RM1, represented 6% increase compared to KLCI's performance of 2%.

KPJ Share Price vs FBMKLCI as at 31 December 2020



KPJ Share Price and Volume Traded

