

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## Pushing Forward for Sustainable Growth

**The Board of Directors (Board) of KPJ Healthcare Berhad (KPJ or the Company) believes that good corporate governance adds value to the business of the Group and will ensure that this practice continues. The Board plays an active role in guiding Management through its oversight role while at the same time steering 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 Malaysian Code on Corporate Governance (MCCG). The MCCG is made up of 3 Principles and 48 Practices, out of which 5 are Step-Ups. The Board is pleased to elaborate on the Group's application and the extent of compliance with the MCCG during the financial year ended 31 December 2023 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) of Bursa Malaysia Securities Berhad (Bursa Malaysia).

The CG Report is available on the Company's website at <https://kpj.listedcompany.com/corporate-governance.html> as well as on the website of Bursa Malaysia.

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

Companies Act 2016

Main Market Listing Requirements of  
Bursa Malaysia

Malaysian Code on Corporate  
Governance

Corporate Governance Guide  
(4<sup>th</sup> Edition)

Board Leadership &  
Effectiveness

Pages 134 to 142

### PRINCIPLE A

Effective Audit & Risk  
Management

Pages 143 to 148

### PRINCIPLE B

Integrity in Corporate  
Reporting & Meaningful  
Relationships with  
Stakeholders

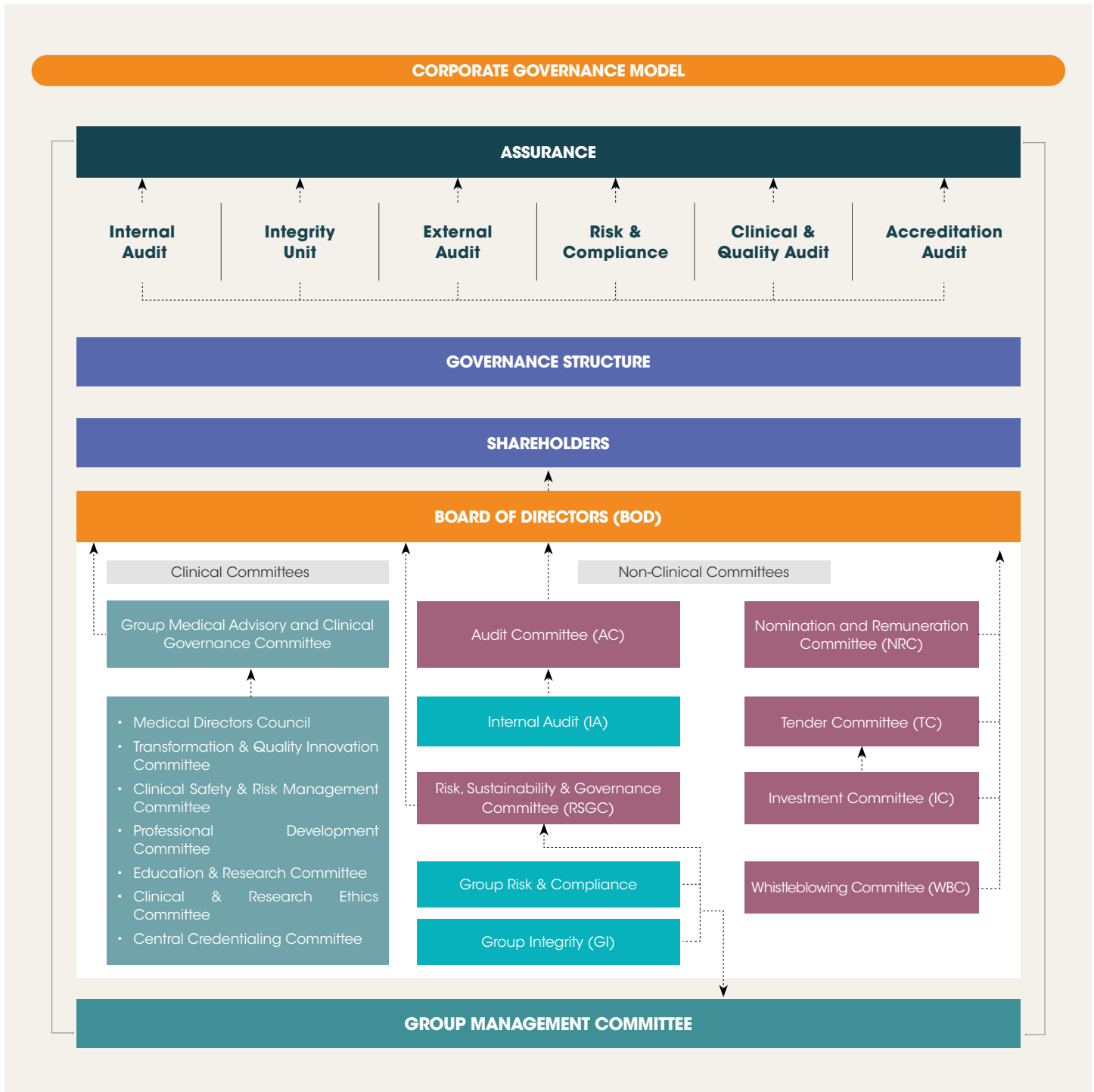
Pages 149 to 151

### PRINCIPLE C

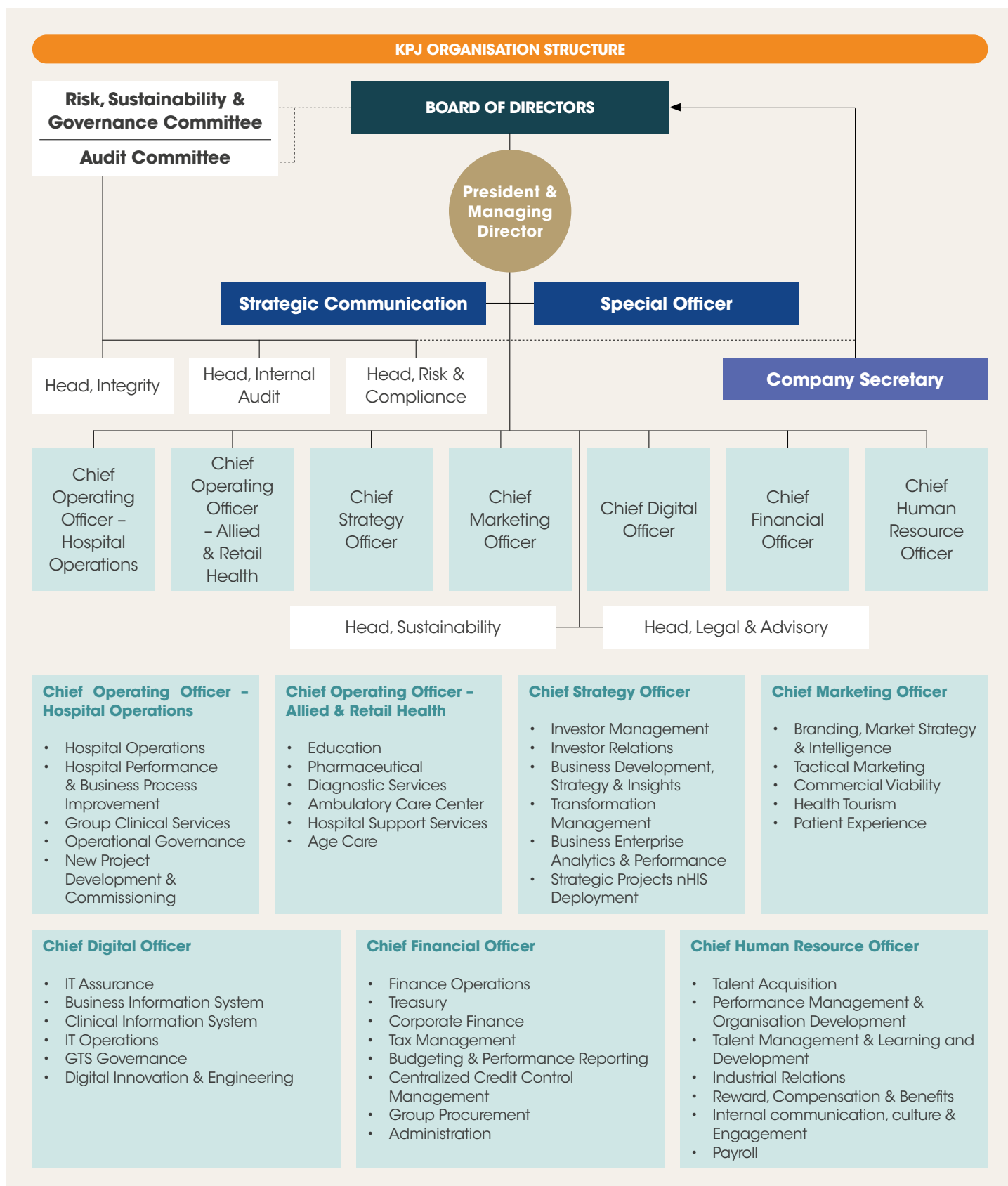
# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board has considered and takes guidance from the key Corporate Governance (CG) Principles as set out in the MCCG. A gap analysis was undertaken and the findings were tabled to the Risk, Sustainability and Governance Committee (RSGC). As at 31 December 2023, we have applied all the Practices in the MCCG save for that which has been disclosed in the CG Report.

The explanation for the departures from the Practices and the measures to be taken are provided in the CG Report which is available at [https://kpj.listedcompany.com/corporate\\_governance.html](https://kpj.listedcompany.com/corporate_governance.html).



# CORPORATE GOVERNANCE OVERVIEW STATEMENT



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A | Board Leadership & Effectiveness

#### STRUCTURAL CHANGE TO THE BOARD COMPOSITION

NAME OF DIRECTOR	DESIGNATION	DATE OF APPOINTMENT
Chin Keat Chyuan	President and Managing Director	1 September 2023

All members of the Board contributed meaningfully to the areas of formulation of strategic objectives and policies, governance, performance monitoring, allocation of resources and compliance. Each Director brought 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 of the respective committees.

The roles of the Chairman of the Board, the President and Managing Director (PMD) as well as the 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 PMD are clearly segregated to ensure that there is a balance of power and authority.

The PMD 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 PMD is supported by the KPJ Group Management Committee (KGMC) and other management committees established under the Group's CG model.

Puan Norhaizam Mohammad, KPJ's Chief Financial Officer (CFO), started serving as the Officer in Charge (OIC) of the Company, effective 7 September 2022 following the resignation of Dato' Mohd Shukrie Mohd Salleh, who had served as the PMD from 1 April 2022 to 7 September 2022.

On 1 September 2023, KPJ has appointed Mr. Chin Keat Chyuan as its new PMD. He took the helm from Puan Norhaizam Mohammad, who was the OIC for the Group. Puan Norhaizam Mohammad assumed her role as CFO on the same day.

The Board had also approved the Balanced Scorecard for 2023. With the strategic objectives in place, the PMD played a key role in leading and ensuring the senior management team executes strategic objectives to achieve them. Successful attainment of these goals becomes the basis of KPJ management's performance evaluation.

The Company Secretaries play an advisory role to the Board in relation to the Company's Constitution, the Companies Act 2016, the Board's policies, procedures and compliance with the relevant regulatory requirements, including codes or guidance and legislation. 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 Secretaries.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A | Board Leadership &amp; Effectiveness

## BOARD OF DIRECTORS

## Roles and Responsibilities

The Board is committed to delivering sustainable value and determining long-term goals through its leadership with support from a dedicated Management Team. The Board is responsible for overseeing how Management best serves the interests of shareholders and other stakeholders on the environmental, social, and governance fronts, as well as in the areas relating to risk management, regulatory and governmental changes, plus global trends. The Board also promotes a Group culture based on KPJ's core values and defines its role in society.

The Board's activities in 2023 and its priorities in 2024 are set out below:

## ACTIVITIES IN 2023

- Reviewed and approved the Group's quarterly financial results and audited financial statements;
- Reviewed and approved quarterly interim dividends and special dividend;
- Reviewed and approved Recurrent Related Party Transactions and Related Party Transactions;
- Reviewed the Group's Key Performance Indicators achieved for the year 2022;
- Deliberated and approved the Group's Balanced Scorecard for the year 2023;
- Deliberated and provided feedback on the Group's Strategic Planning/Business Plan 2024-2028;
- Reviewed and approved the re-appointment and re-election of Directors;
- Reviewed the Board Composition and the Board Effectiveness Evaluation;
- Reviewed and approved the appointment of senior management (PMD, Chief Strategy Officer, Chief Human Resource Officer and Chief Marketing Officer);
- Approved KPJ's Organisation Structure Alignment;
- Approved KPJ's Sustainability Framework & Roadmap;
- Deliberated on KPJ's Digital Strategy 2023;
- Reviewed and approved the purchase of assets and equipment, as well as hospital renovation, upgrading and expansion to maintain and enhance the service quality of KPJ hospitals;
- Reviewed and approved the strategic investment as well as divestment proposals;
- Reviewed and approved the Group's Budget for year 2024; and
- Reviewed and provided views on the Group's Operational Report for hospital and non-hospital businesses.

## Priorities in 2024

To further strengthen the Group's core business and pursue new growth opportunities. The Board is cognizant that monitoring of the Group's performance and business planning remain a priority in view of challenges and a competitive landscape.

## Matters Reserved for the Board

- Approval of corporate plans and programmes;
- Approval of annual budgets, including major capital commitments;
- Approval of new ventures;
- Approval of material acquisitions and disposals of undertakings and properties; and
- Changes to Management and the control structure within the Company and its subsidiaries, including key policies and delegated authority limits.

## BOARD CHARTER

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

*These are enshrined in the Board Charter, which is available on the Company's website at*

[https://kpj.listedcompany.com/misc/board\\_charter.pdf](https://kpj.listedcompany.com/misc/board_charter.pdf)

## Corporate Integrity

The Board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness. The Board has, since 2020, established an Anti-Bribery / Corruption Policy which has been implemented throughout the Group. The Policy was last reviewed and approved by the Board in April 2022.

The Group is obligated to amongst others, inculcate and practice ethical virtues in the organisation, hinder any possibilities that could lead to unethical or untruthful practices, and to take necessary action against employees and other interested parties contravening the law, regulations, policy and other requirements.

Another integral component of KPJ's unyielding emphasis on ethical and high integrity is the Group's Whistleblowing Policy. This policy enables employees and other stakeholders (i.e., shareholders/suppliers/patients), or any other parties to report genuine concerns about unethical behaviour, malpractice, illegal acts, or failure to comply with regulatory requirements without fear of reprisal should they act in good faith when reporting such concerns.

A dedicated whistleblowing channel at [integrity@kpjhealth.com.my](mailto:integrity@kpjhealth.com.my) is available for reporting. To encourage a conducive environment for effective whistleblowing, the policy also provides assurances on the preservation of identity, the confidentiality of information, and protection of whistleblowers from possible retaliation.

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

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A | Board Leadership & Effectiveness

### CONTINUING EDUCATION PROGRAMMES

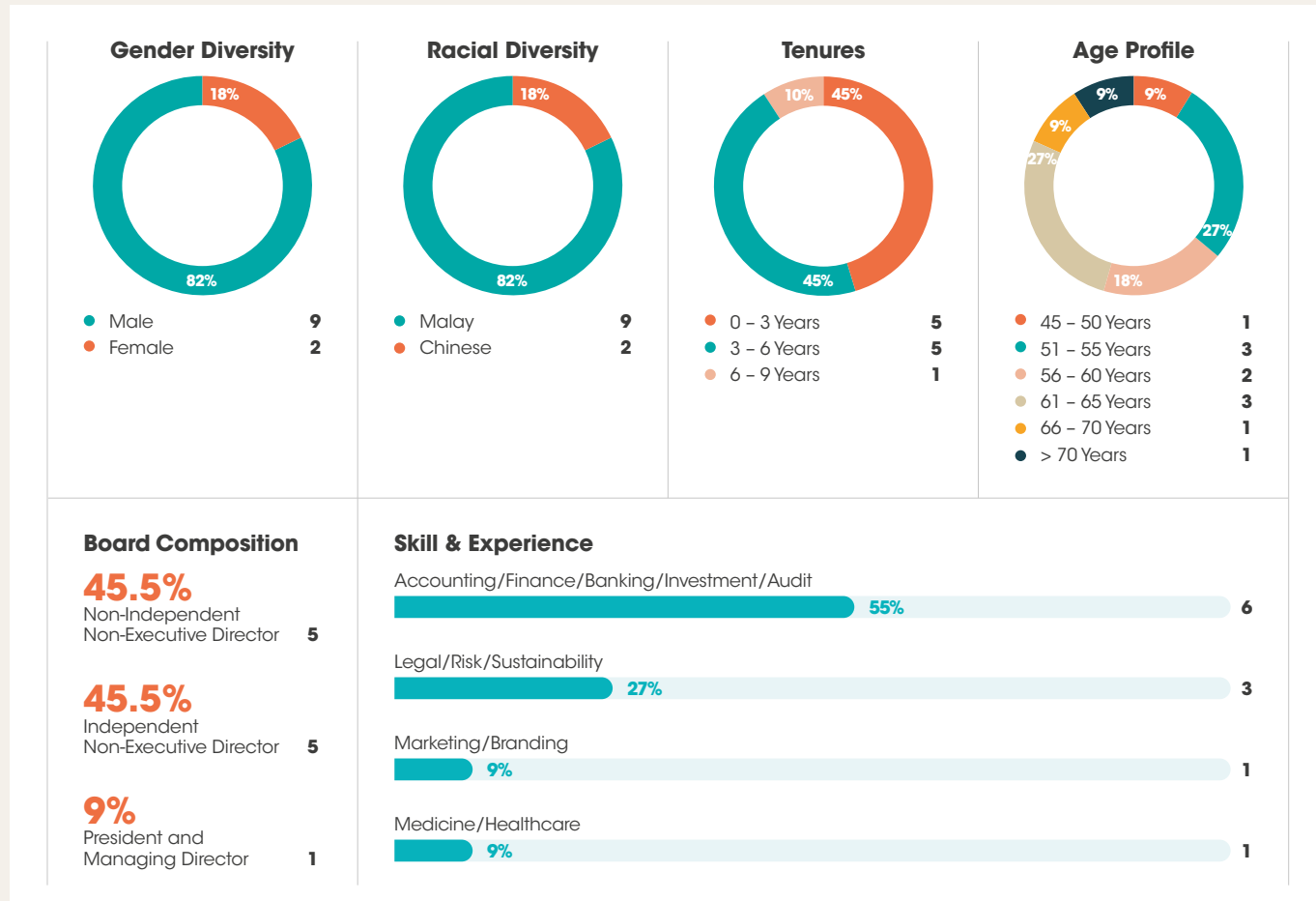
As an integral element of the process of appointing new Directors, the Board ensures that there is an orientation and education programme for new Board Members.

The Directors also receive further training from time to time through Continuous Education Programme (CEP). During the year 2023, the Board members attended training sessions/programmes organised by various parties as disclosed under Practice 2.1 of the CG Report.

2023 DIRECTORS' TRAINING FOCUS AREAS					
Corporate Governance	Leadership	Business Management	Data Governance	Sustainability	Health
10 (91%)	10 (91%)	3 (27%)	3 (27%)	7 (64%)	2 (18%)

### BOARD DIVERSITY

The analysis on the composition of the Board of Directors is as follows:



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A | Board Leadership &amp; Effectiveness

The present size and composition of the Board remain well-balanced. The Board is made up of professionals with a wide range of knowledge and experience in business and operations as well as medical, legal, finance and investment analysis acumen all relevant to the direction of a large, expanding group, as well as sustainability matters, including material matters on environmental, social and governance (ESG) as outlined in the Fit and Proper Policy for the Board of Directors. These are available in the Fit and Proper Policy for the Board of Directors, which is available on the Company's website at [https://kpj.listedcompany.com/misc/KPJ\\_Fit\\_&\\_Proper\\_Policy\\_\(For\\_website\)\\_29.06.2022.pdf](https://kpj.listedcompany.com/misc/KPJ_Fit_&_Proper_Policy_(For_website)_29.06.2022.pdf).

The profiles of all Board members are disclosed on pages 108 to 120 of this Integrated Annual Report 2023.

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 individual Director and the Chairman are performing as per Fit and Proper Policy for the Board. This includes assessing the independence of Independent Directors, taking into account the individual Director's capability to exercise independent judgement at all times as well as for recommendation to the shareholders for re-election at the Annual General Meeting (AGM). The current composition of the Board members has the appropriate mix of diversity, skills, experience and capabilities.

The Board is also guided by KPJ's Diversity & Anti-Discrimination Policy, which was introduced on 1 September 2022. The Policy is applied in overall people practices at work for all levels inclusive of Board and senior management, including but not limited to career opportunities, training and development, recruitment, compensation and benefits, talent identification, retention, performance management, promotions, job assignments, succession planning and engagement activities.

## MEETING CALENDAR 2023

The Board members' attendance at meetings throughout the year are indicated below:

NO.	DIRECTOR	BOD	AC	TC	RSGC	NRC	IC	WBC
<b>Non-Independent Non-Executive Chairman</b>								
1	Datuk Md Arif bin Mahmood	7/7						
<b>Independent Non-Executive Directors</b>								
2	Dato' Mohd Redza Shah bin Abdul Wahid	7/7	10/10	8/8		11/11	6/6	2/2
3	Mohamed Ridza bin Mohamed Abdulla	7/7			6/6	11/11	6/6	2/2
4	Khairuddin bin Jafus	7/7	10/10	8/8	5/6			
5	Hisham bin Zainal Mokhtar	7/7	10/10		6/6		6/6	2/2
6	Lee Lai Fan	7/7		8/8		11/11		
<b>Non-Independent Non-Executive Directors</b>								
7	Rozaini bin Mohd Sani	7/7	10/10	8/8	5/6			
8	Shamsul Anuar bin Abdul Majid	7/7				11/11	6/6	
9	Prof Dato' Dr Azizi bin Haji Omar	7/7			6/6	11/11		
10	Annie binti Rosle	6/7		6/8			6/6	
<b>President and Managing Director</b>								
11	Chin Keat Chyuan <sup>(a)</sup>	2/2						
<b>TOTAL NUMBER OF MEETINGS</b>		<b>7</b>	<b>10</b>	<b>8</b>	<b>6</b>	<b>11</b>	<b>6</b>	<b>2</b>

Chairman

Notes:

<sup>(a)</sup> Appointed as PMD with effect from 1 September 2023

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A | Board Leadership & Effectiveness

#### BOARD REMUNERATION 2023

The Board believes that the levels of remuneration offered by the Group are sufficient to attract Directors of caliber with sufficient experience and talent to contribute to the performance of the Group. The Non-Executive Directors (NEDs) are remunerated based on fixed annual fees and fixed meeting allowances.

NO.	DIRECTOR	FEES (RM)		ALLOWANCE (RM)		SALARY (RM)	BONUS (RM)	BENEFITS-IN-KIND (RM)	OTHER EMOLUMENT (RM)	GRAND TOTAL
		COMPANY	SUBSIDIARY	COMPANY	SUBSIDIARY					
<b>Non-Independent Non-Executive Chairman</b>										
1	<b>Datuk Md Arif bin Mahmood</b>	220,000	-	36,000	-	-	-	31,150	-	287,150
<b>Independent Non-Executive Directors</b>										
2	<b>Dato' Mohd Redza Shah bin Abdul Wahid</b>	120,000	36,000	231,000	4,500	-	-	-	-	391,500
3	<b>Mohamed Ridza bin Mohamed Abdulla</b>	120,000	-	154,000	-	-	-	-	-	274,000
4	<b>Khairuddin bin Jaffus</b>	120,000	35,456	171,000	10,500	-	-	-	-	336,956
5	<b>Hisham bin Zainal Mokhtar</b>	120,000	-	187,400	-	-	-	-	-	307,400
6	<b>Lee Lai Fan</b>	120,000	-	103,000	-	-	-	-	-	223,000
<b>Non-Independent Non-Executive Directors</b>										
7	<b>Shamsul Anuar bin Abdul Majid*</b>	120,000	-	154,600	-	-	-	-	-	274,600
8	<b>Rozaini bin Mohd Sani*</b>	120,000	-	144,000	-	-	-	-	-	264,000
9	<b>Prof. Dato' Dr Azizi bin Haji Omar</b>	120,000	36,000	187,400	4,500	-	-	-	216,000	563,900
10	<b>Annie binti Rosle**</b>	120,000	-	72,000	-	-	-	-	-	192,000
<b>Executive Director</b>										
11	<b>Chin Keat Chyuan***</b>	-	-	53,000	-	592,000****	-	8,200	-	653,200

#### Notes:

Meeting allowances were paid directly to all NEDs.

\* The payment of Directors' fees for nominee and are employees of Johor Corporation (JCorp) were paid to JCorp as Corporate Fee.

\* The payment of Committee fees for nominee and are employees of JCorp for Q1 and Q2 of 2023 were paid to JCorp as Corporate Fee. The payment of Committee fees for Q3 and Q4 of 2023 were paid directly to the NEDs.

\*\* 50% of the Directors fees and Committee fees for nominee Director representing Employees Provident Fund (EPF) were paid to EPF as Corporate Fee.

\*\*\* The payment of Directors' fees for nominee Director representing and employee of KPJ were paid to KPJ as Corporate Fee.

\*\*\* Appointed as PMD on 1 September 2023.

\*\*\*\* Inclusive of Group's contribution to provident fund.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A | Board Leadership &amp; Effectiveness

## SENIOR MANAGEMENT

The Company underwent a change in its Senior Management Team (SMT) where:

- A member has resigned her role as Chief Corporate Officer (CCO);
- Four new appointments were made during the year, namely:
  - Chief Human Resources Officer (CHRO)
  - President & Managing Director (PMD)
  - Chief Strategy Officer (CSO)
  - Chief Marketing Officer (CMO)
- An appointment from existing Regional CEO (RCEO) to Chief Operating Officer (COO) Hospital Operations.

The Company is committed to providing competitive total compensation opportunities to attract, retain, motivate and reward its employees. Performance is measured based on the relative performance of the Company and individual employees' attainment of business needs and objectives.

The range of remuneration of the top five Senior Management (including salary, bonus, benefits in kind and other emoluments) for the financial year ended 31 December 2023 is as follows:

NO	NAME	DESIGNATION	SALARY (RM)	ALLOWANCE (RM)	BONUS (RM)	BENEFITS (RM)	OTHER EMOLUMENTS	TOTAL (RM)
1	<b>Norhaizam Mohammad</b>	Chief Financial Officer	550,001-600,000	100,001-150,000	150,001-200,000	0-50,000	300,001-350,000	1,150,001-1,200,000
2	<b>Dato' Farid Salim</b>	Chief Operating Officer, Hospital Operations	550,001-600,000	50,001-100,000	100,001-150,000	0-50,000	0-50,000	850,001-900,000
3	<b>Nantha Kumar Subramaniam</b>	Chief Digital Officer	700,001-750,000	50,001-100,000	-	0-50,000	-	800,001-850,000
4	<b>Dr. Nik Fawaz Nik Abdul Aziz</b>	Chief Operating Officer, Group Allied and Retail Health Operations	550,001-600,000	50,001-100,000	-	0-50,000	-	700,001-750,000
5	<b>Norhamijah Mohd Hanafiah</b>	Chief Human Resource Officer	400,001-450,000	0-50,000	-	0-50,000	-	450,001-500,000

## 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 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.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A | Board Leadership & Effectiveness

### NOMINATION AND REMUNERATION COMMITTEE



*Chairman:*

**Dato' Mohd Redza Shah bin Abdul Wahid**  
*Senior Independent Non-Executive Director*

*Members:*

**Mohamed Ridza bin Mohamed Abdulla**  
*Independent Non-Executive Director*

**Lee Lai Fan**  
*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*

#### ROLES AND RESPONSIBILITIES

The Nomination and Remuneration Committee (NRC) manages the nomination and remuneration process for the Board and Board Committees, Senior Management as well as key positions of KPJ Group. KPJ remuneration matters are governed by the Board of Directors through its NRC which convenes quarterly. Continuous collaboration with the PMD and Group Human Resources Management with the NRC committee ensures our remuneration practices not only comply with regulatory frameworks but also support our strategic vision for long-term value creation. The committee's activities are guided by the principle of ensuring that the remuneration and rewards align with KPJ's strategic objective and regulatory standards, plus a competitive environment aiming to foster sustainable long-term performance. The main key functions include:

- Ensuring compliance with relevant regulations in remuneration practices.
- Balancing commercial needs with fiscal risks through robust internal controls.
- Supporting the board with strategic and operational insights on remuneration policies.

#### 2023: A YEAR OF STRATEGIC MILESTONES

The past year was marked by significant achievements under the stewardship of the NRC, including:

- Strategic Board and Management Alignments: Assessment and recommendation of candidates for key roles within the Board and Senior Management, ensuring leadership alignment with KPJ's strategic direction.
- Performance and Reward Optimization: Comprehensive review of KPJ Group's 2022 KPIs and subsequent formulation of the 2023 KPIs, alongside recommendations for performance bonuses, underscoring our commitment to excellence.
- Talent Management Excellence: Approval and implementation of the Talent Validation Programme, affirming our dedication to nurturing and recognizing our invaluable human capital.

#### PRIORITIES IN 2024

- Innovative Remuneration Philosophies: Spearheading the implementation of a nuanced remuneration philosophy and structure, tailor-made to enhance employee engagement and performance.
- Elevated Performance Standards: Setting new benchmarks for performance standards and management processes, aimed at fostering a culture of accountability and excellence.
- Talent Management and Development: Expanding the talent management framework to deepen our bench strength and ensure a pipeline of future leaders ready to take KPJ Group to new heights.
- Sustainability and Resilience Integration: Deepening our commitment to sustainability, with a focus on embedding sustainability-driven policies and practices into our corporate ethos, thereby enhancing long-term resilience.

The NRC's diligent efforts in 2023 have laid the necessary foundation for KPJ Group's continued success. As we move forward, our commitment to robust corporate governance, aligned with our strategic vision and ethical standards, will continue to drive KPJ Group's journey towards achieving sustainable growth and operational excellence. We remain dedicated to producing a high quality human capital that upholds the highest standards of integrity and transparency, ensuring KPJ Group's position as a leader in the healthcare industry.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A | Board Leadership &amp; Effectiveness

## INVESTMENT COMMITTEE



**Chairman:**

**Hisham bin Zainal Mokhtar**  
Independent Non-Executive Director

**Members:**

**Dato' Mohd Redza Shah bin Abdul Wahid**  
Senior Independent Non-Executive Director

**Mohamed Ridza bin Mohamed Abdulla**  
Independent Non-Executive Director

**Shamsul Anuar bin Abdul Majid**  
Non-Independent Non-Executive Director

**Annie binti Rosle**  
Non-Independent Non-Executive Director

## ROLES AND RESPONSIBILITIES

To review and recommend to the Board on matters pertaining to the business, potential investments, acquisitions, divestments, disposals, termination, joint ventures and/or other forms of corporate exercises. The approvals/recommendations to the Board are as per the authority limits of the Terms of Reference.

## ACTIVITIES IN 2023

- Reviewed KPJ Group's hospitals expansion and future development proposals and recommended to the Board for its approval;
- Reviewed and recommended to the Board the divestments of businesses within its authority limit;
- Deliberated and discussed on the KPJ Group of Companies' Business Plan which includes Investment Requirement & Returns; and
- Deliberated on and recommended for Board approval several potential corporate exercises for the KPJ Group of Companies.

## PRIORITIES IN 2024

The KPJ Investment Committee will continue to deliberate on proposals for new business opportunities, existing assets expansion, disposal of assets and closure of business as recommended by KPJ's Management by ensuring the following for each exercise:

- Explore new investment opportunities to achieve targeted returns.
- Cultivate sustainable business growth through strategic initiatives.
- Safeguard initial capital, mitigate excessive risks, and prevent losses in the investment portfolio.
- Stay abreast of industry trends to guide our strategic decisions and investment approach.
- Monitoring and assessing the performance of investments and business ventures post-implementation to ensure they align with expected outcomes.
- Ensuring thorough due diligence is conducted on all proposed business opportunities and asset transactions.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A | Board Leadership & Effectiveness

### TENDER COMMITTEE



*Chairman:*

**Khairuddin bin Jafius**

*Independent Non-Executive Director*

*Members:*

**Dato' Mohd Redza Shah bin Abdul Wahid**

*Senior Independent Non-Executive Director*

**Lee Lai Fan**

*Independent Non-Executive Director*

**Rozaini bin Mohd Sani**

*Non-Independent Non-Executive Director*

**Annie binti Rosle**

*Non-Independent Non-Executive Director*

#### ROLES AND RESPONSIBILITIES

The Tender Committee (TC) evaluates, deliberates and approves recommendations made by Management for the award of tenders to approve tenderers within its approving authority, and recommends for approval to the Board any tenders that are beyond the TC's approving limit.

The TC oversees the timeline and cost of each project undertaken by the Group and addresses any issues relating to these projects.

#### ACTIVITIES IN 2023

- Oversaw significant matters related to procurement of the Group;
- Reviewed, deliberated on and made recommendations to the Board pertaining the strategic matters surrounding new projects, sick projects with mitigation plans, and the project update dashboard report;
- Held Eight (8) meetings in 2023 to undertake its responsibilities; and
- Conducted site visits to check on and evaluate the progress of hospital renovation projects.

#### PRIORITIES IN 2024

- Primarily focus on enhancing and strengthening the procurement process and methodology for all KPJ expenditure within its authority limits, which includes all hospital projects (new, extension and renovation), medical equipment purchases, pharmaceutical and all facilities and maintenance contracts of KPJ hospitals and support services companies;
- Ensure the timely completion of all projects within the projected completion date and budget allocated;
- Assess and evaluate all vendors, contractors and suppliers conducting business with KPJ with the primary aim of enhancing and improving their deliverables and service level agreements;
- Mentor and guide personnel to raise the competency levels of all those involved in the different aspects of the procurement process; and
- Proposal to focus on this year:
  - New Hospital Information System (NHIS) contract and implementation.
  - New Enterprise Resource Planning (ERP) System contract and implementation.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE B | Effective Audit &amp; Risk Management

## AUDIT COMMITTEE

The AC currently comprises one (1) Senior Independent Non-Executive Director (INED), two (2) INED and one (1) NINED who are financially literate.

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



Chairman:

**Dato' Mohd Redza Shah bin Abdul Wahid**  
Senior Independent Non-Executive Director

Members:

**Khairuddin bin Jafus**  
Independent Non-Executive Director

**Hisham bin Zainal Mokhtar**  
Independent Non-Executive Director

**Rozaini bin Mohd Sani**  
Non-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 strengthening 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 2023

- Reviewed the quarterly financial results before recommending the same to Board for approval.
- Reviewed the Financial Result for the year ended 2023 and issues raised by the External Auditor on their review of KPJ operations and internal control system.
- Reviewed the External Audit Plan on the scope and focus area of the External Auditor
- Reviewed the related party transactions and recurrent related party transactions.
- 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 efficient and sound control systems. The reviews of the internal controls system were focused on central procurement (tender), credit management, stock management and asset facilities management as part of the monitoring of the hospital licensing.
- Reviewed the performance of the Head of Internal Audit Services (IAS) and the department against the Internal Audit Plan for 2023.
- Reviewed the Internal Audit Plan for 2024 to ensure that high-risk auditable areas are being covered in the audit scope.
- Reviewed and approved the Audit Charter in line with the International Standards for Professional Practice of Internal Auditing by the Institute of Internal Auditors (IIA).
- Reviewed and recommended to the Board the revised Terms of Reference for the AC to ensure that it remains relevant and in line with the Malaysian Code on Corporate Governance (MCCG) and the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Malaysia).

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE B | Effective Audit & Risk Management

### AUDIT COMMITTEE (continued)

#### PRIORITIES IN 2024

- In line with the 2024 Internal Audit Theme on "Process Improvement and Efficiency", the Internal Audit Services would emphasize assisting the Management of KPJ in making the KPJ Group of Companies operate more efficiently and recommends process improvement.
- Internal Audit Services continues to review the effectiveness of the internal control structures over the Group's activities by focusing on high-risk areas that are determined using a risk-based approach.
- All high-risk activities in each auditable area are audited annually following the approved Audit Plan. This is to provide reasonable assurance that such systems continue to operate satisfactorily and effectively within the Group.
- Monitor the implementation of the Self-Audit Checklist by the KPJ Group of Hospitals in which the Management of the KPJ Hospitals self-assesses the adequacy of the controls as well as to ensure compliance with the existing policies and procedures.
- Continually assess the third parties/ suppliers' cyber risk as the cyber threats by the third parties are an emerging risk that may lead to data leakages and security breaches.
- Sustaining the auditors' knowledge of new auditable areas and emerging risks by identifying the required training based on the auditors' Training Need Analysis; i.e. Environmental, Social and Governance (ESG) Reporting Audit, Forensic Audit etc.

#### 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 the External Auditor's 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.

In the year 2023, the External Auditors attended five (5) out of ten (10) meetings which were held on 16 February 2023, 23 May 2023, 25 August 2023, 29 August 2023 and 26 November 2023 respectively.

Separate private sessions were conducted without Management's presence at two (2) out of five (5) of the meetings.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE B | Effective Audit &amp; Risk Management

## RISK, SUSTAINABILITY &amp; GOVERNANCE COMMITTEE



**Chairman:**

**Mohamed Ridza bin Mohamed Abdulla**

*Independent Non-Executive Director*

**Members:**

**Khairuddin bin Jafus**

*Independent Non-Executive Director*

**Hisham bin Zainal Mokhtar**

*Independent Non-Executive Director*

**Prof Dato' Dr. Azizi bin Haji Omar**

*Non-Independent Non-Executive Director*

**Rozaini bin Mohd Sani**

*Non-Independent Non-Executive Director*

## ROLES AND RESPONSIBILITIES

The Risk, Sustainability and Governance Committee (RSGC) oversees the overall risk exposure and risk management matters relating to any material clinical and non-clinical risks identified as well as governance processes within the Group. The RSGC will recommend to the Board any changes in the policy, framework, standards and procedures where applicable.

The RSGC also monitors the appropriateness of KPJ's strategies in addressing material stakeholder sustainability concerns and ensures their compliance with sustainability policy, practices and reporting requirements.

## ACTIVITIES IN 2023

- Reviewed the Group's Enterprise Risk Management (ERM) reports – which covered the ERM reporting status, risk profile, key risk highlights, risk priorities, mitigation plans and mitigation performance – to ensure that the Group's business activities as well as risk management methodologies were aligned and supplemented on an ongoing basis. This is to proactively manage the key risk areas that arise in view of the planning and execution of Group strategic objectives as well as with the developments in the external operating environment;
- Deliberated on and made recommendations relating to the implementation of the new Hospital Information System and operational readiness of the new hospital from risk perspectives;
- Reviewed the reports of clinical and non-clinical incidents including action plans and initiatives undertaken;
- Reviewed the Anti-Bribery Management System (ABMS) framework and implementation plan and ensured its compliance with applicable laws, standards and regulatory requirements;
- Oversaw the development and implementation of the Integrity plans intending to enhance the integrity culture (internally and externally) throughout the KPJ Group;
- Approved the revision of KPJ Whistleblowing Policy and Procedures;
- Reviewed the reports on Medical and Clinical incidents reporting updates including action plans and initiatives to drive quality improvement activities. Matters in respect of the Group's medico-legal litigation cases, as well as trends of serious reportable events that highlighted problem areas in clinical performance and opportunities for improvement, were also reviewed;
- Reviewed and endorsed the Future Risk Operating Model for Group Risk Management.
- Reviewed and recommended for Board's approval on the Statement on Risk Management and Internal Control in the Integrated Annual Report 2022;
- Oversaw the implementation of the Sustainability Roadmap, plan and initiatives;
- Oversaw the implementation of initiatives in the area of cybersecurity, information management, data security and Security Roadmap;
- Monitored the status and progress of hospital licensing efforts, ensuring compliance with regulatory requirements, and facilitating ongoing operational excellence;
- Monitored the status of implementation of the Business Continuity Management (BCM) based on the revised Business Continuity Framework;

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE B | Effective Audit & Risk Management

#### RISK, SUSTAINABILITY & GOVERNANCE COMMITTEE (continued)

- Approved the implementation of a matrix reporting structure for Risk & Compliance Officers across all KPJ hospitals and subsidiaries, to report to the Group Risk & Compliance; and
- Oversaw the implementation of customisation of CURA system, a Governance, Risk and Compliance system for a better governance, risk and compliance assessment and monitoring.

#### PRIORITIES IN 2024

- Augment KPJ's risk strategy and appetite in alignment with KPJ's business objectives and strategy;
- Promote and improve the integration of risk thinking and risk culture within KPJ through necessary steps in aligning to KPJ's corporate strategy;
- Integrate efforts with other lines of defense for a better view and focus of risks and seamless reporting and monitoring;
- Oversee the Business Continuity Management (BCM) live simulation – for better preparedness, response, and recovery strategies in real-time scenarios and monitor the Group-wide implementation of the programme;
- Growth and development of risk officers through professional certification and upskilling programme;
- Strengthening of compliance culture and compliance management;
- Enhancement of annual risk and compliance management plan and execution; and
- The Committee, together with the management, to manage ESG risks and opportunities through its strong sustainability governance structure.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE B | Effective Audit &amp; Risk Management

## GROUP MEDICAL ADVISORY &amp; CLINICAL GOVERNANCE COMMITTEE



**Chairman:**

**Prof. Dato' Dr. Azizi bin Haji Omar**  
Chairman, Central Credentialing Committee

**Members:**

**Chin Keat Chyuan**  
President and Managing Director

**Dato' Mohamad Farid bin Mohd Salim**  
Chief Operating Officer

**Dr Mohd Hafetz Ahmad**  
Chairman, Group Medical Directors Council

**Dato' Dr. Sivamohan a/I S. Namasivayam**  
Chairman, Professional Development Committee

**Dato' Dr. Fadzli Cheah Abdullah**  
Chairman, Clinical and Research Ethics Committee

**Assoc. Prof. Dr. Abd Razak Samsudin**  
Chairman, Clinical Safety and Risk Management Committee

**Prof. Emeritus Dato' Dr Lokman Saim**  
Chairman, Education and Research Committee

**Dr. Noor Hisham Mansor**  
Chairman, Transformation and Quality Innovation Committee

**Dr. Rusli Arshad**  
Medical Director, KPJ Johor Specialist Hospital

**Dr. David Ling**  
Medical Director, KPJ Kuching Specialist Hospital

**Dr. Munirah Khudri**  
Head, KPJ Group Clinical Services

**Dr. Mohamed Ahsan Mohamed Ismail**  
Head, Medical Affairs

**Dr. Aliza Jamaluddin**  
Head, Clinical Governance

**Jayanthi a/p Marimuthu**  
Group Chief Nursing Officer

**Zarihasyum Wan Zein**  
Head, Pharmacy and Allied Health Services

**Dr. Rafiza Mohamed Nazir**  
Manager, KPJ Group Clinical Services

## GMACGC MEETING ATTENDANCE

Details of the attendance of Group Medical Advisory and Clinical Governance Committee (GMACGC) members can be found in the Group Medical Advisory and Clinical Governance Committee Report on pages 167 to 181 of this Integrated Annual Report.

## ROLES AND RESPONSIBILITIES

The GMACGC reviews and recommends policies, guidelines, standard operating procedures, and a clinical compliance framework for the approval of the Board to inculcate a safe, healing, ethical environment and promulgate good clinical governance practices that are consistent with the Board's business direction and risk tolerance. The GMACGC ensures that the best clinical governance activities and guidelines are adopted and practiced by the Group in order to strengthen existing systems for quality care, based on clinical standards, evidence-based practice and lessons learnt from past cases. The GMACGC conducts clinical governance based on the framework supported by the seven pillars, which include clinical effectiveness, clinical audit, risk management, education and training, patient involvement, use of information, and staffing and management. The GMACGC is also encouraging innovations, creating new services, establishing centers of excellence, and enhancing patient and community experiences.

## ACTIVITIES IN 2023

- Developed new Medical Bylaws with alignment to Private Healthcare Facility and Safety Act (PHFSA);
- Developed new policies and guidelines as well as reviewed and updated all existing policies/guidelines to ensure evidence-based processes are in place. Five (5) guidelines were approved and fourteen (14) policies/guidelines were updated;
- Restructured the clinical governance committee.
- Reviewed the activities for clinical compliance including accreditation standards and clinical survey results of twenty-nine (29) hospitals in seventeen (17) areas;
- Monitored performance and patient outcomes by monitoring the clinical and quality indicators;
- Established Cardiac Rehabilitation Service in KPJ Damansara;
- Implemented the Lean Management principles to streamline processes, reduce waiting times, and provide more efficient and effective rehabilitation experiences to patients while receiving a physiotherapy intervention post Total Knee Replacement (TKR);
- Initiated a collaboration with University Malaya Medical Centre (UMMC) by sending the dietitians for clinical dietetic attachments at the General Paediatric Clinic, Type 1 Diabetes Clinic and wards to enhance dietitians' skills in paediatric nutrition, aligning with the launch of Child Growth Clinic at KPJ Damansara;
- Ensured the involvement of KPJ dietitians in Nutrition-Focused Physical Examination (NFPE) course to improve the patient's clinical outcomes;
- Implemented the electronic medical certificate (E-MC) in three hospitals; KPJ Selangor, KPJ Perdana and KPJ Perlis;
- Standardized and streamlined the Health Information Management System (HIMS) across the KPJ hospitals;
- Installed a Pharma-Loc; a smart locker equipped with electronic lock and integrated with cloud management and reporting which is another initiative for medication delivery besides the delivery via post or medication drive-through at KPJ Ampang Puteri;

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE B | Effective Audit & Risk Management

### GROUP MEDICAL ADVISORY & CLINICAL GOVERNANCE COMMITTEE (continued)

- Organised trainings to upskilling Pharmacy professionals in Antimicrobial Stewardship for KPJ Ampang Puteri at Hospital Sungai Buloh.
- Implemented Code STEMI to fourteen hospitals that perform percutaneous coronary intervention. This is in line to improve the outcome for Door to Balloon time, ECG for AML STEMI to be done within 10 mins of A&E admission, Patient-reported experience measures (PREM) and Patient-reported outcome measures (PROM).

#### PRIORITIES IN 2024

- Publishing the KPJ Medical ByLaw and the KPJ Rules and Regulation.
- Enhancing collaboration between KPJ Healthcare and Mayo Clinic with two of KPJ hospitals; KPJ Damansara Specialist Hospital and KPJ Damansara Specialist Hospital 2.
- Revisiting the Resident Consultant Agreement (RCA)
- Introducing the medical benefit for Resident Consultant who converted into Sessional/Visiting Rights.
- Developing the Centre of Excellence; Oncology Centre, Stroke Centre, Orthopedic Centre, Total Knee Replacement Centre and Fertility Centre.
- Recruiting of top-tier consultants for ensures delivery of high-quality patient care, promotes innovation, and maintains a competitive edge in the dynamic healthcare industry;
- Partnering with Human Resources to enhance KPJ nurses' recruitment and retention efforts;
- Collaborating with the Ministry of Health to organise inaugural Malaysia International Healthcare (MIH) Megatrends 2024;
- Standardizing the Processes and Practices in Pharmacy and Allied Health Services;
- Focusing on Lean Management and Total Patient Experience projects involving selected key service areas (Nursing, Pharmacy, Allied Health, Clinical indicators);
- Enhancing the expansion of the services; Rehabilitation Services, Audiology Services and Dietetic Services;
- Introducing medication safety and Root Cause Analysis (RCA) workshop;
- Introducing external certification for Aseptic Technique for Pharmacy Services;
- Aligning silo practices to Cluster practices.

- a) Diabetic Management Cluster (2023):  
The management of Diabetic patients to be holistic in nature with support from multidisciplinary Consultants and services.
- b) Hearing Care and Cochlear Transplant (2023).
- c) Stroke Cluster (2024).
- d) Joint Management Cluster (2024).
- e) Digestive Management Cluster (2024).
- f) Women health (2024)
- g) Children's Development (2024)

#### FUNCTION OF SUB-COMMITTEE OF GROUP MEDICAL ADVISORY AND CLINICAL GOVERNANCE COMMITTEE:

COMMITTEES	FUNCTIONS
<b>Medical Directors' Council Committee</b>	1. Work closely with GCGAC to improve clinical governance hospital levels
<b>Transformation and Quality Innovation Committee</b>	1. Drive transformation initiatives in providing care 2. Implement innovations in quality and safety 3. Drive culture change 4. Develop service clusters and Centres of Excellence
<b>Clinical Safety and Risk Management Committee</b>	1. Monitor, analyse and report scientifically safety incidents, safety goals and clinical indicators 2. Develop quality and safety dashboards using SPCC 3. Analyse and report mortality and morbidity incidents and incidence
<b>Professional Development Committee</b>	1. Review and update current clinical policies 2. Develop and introduce professional enhancement for doctors and all healthcare professionals 3. Develop and implement clinical audits
<b>Education and Research Committee</b>	1. Integrate KPJ Healthcare University and Hospitals into a single platform to train and educate healthcare professionals of all levels 2. Enhance research activities in hospitals 3. Elevate major hospitals into academic health centres
<b>Clinical and Research Ethics Committee</b>	1. Monitor ethical issues involving clinical care 2. Provide advice on ethical questions as they arise 3. Review and decide on ethical appropriateness of research proposals
<b>Central Credentialing Committee</b>	1. Act as oversight body to credentialing approvals of hospital credentialing committees

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

**PRINCIPLE C** | Integrity in Corporate Reporting & Meaningful Relationships with Stakeholders

The Group understands that one of its major responsibilities is to provide sufficient and timely information 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, senior level management personnel are directly involved in the Group's investor relations (IR) function.

The PMD, supported by KPJ senior management team hold discussions with analysts, investors and shareholders from time to time on the Group's result and performance.

The key senior management personnel involved in the IR during the year were:

**Chin Keat Chyuan** - *President & Managing Director*

**Norhaizam Binti Mohammad** - *Chief Financial Officer; and*

**Michael Leddin** - *Chief Strategy 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 Malaysia as required by the MMLR.

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

Integrated Annual Report and Sustainability Report;

Announcements to Bursa Malaysia;

KPJ Healthcare Investor Relations Website and KPJ Investor Presentations

Annual General Meeting;

Quarterly results briefings with analysts and investors;

Face to face engagement at investor conferences, site visits and frequent 1 on 1 & group investor meetings

**Annual General Meeting (AGM)**

- The 30<sup>th</sup> AGM was held on a virtual basis on 22 June 2023 in accordance with the Securities Commission Malaysia's Guidance Note on the Conduct of General Meetings for Listed Issuers (SC Guidance Note);
- Pursuant to the SC Guidance Note and Section 327(2) of the Companies Act 2016, the Chairman was present at the main venue of the AGM to chair the AGM. The AGM was conducted via the TIH online meeting platform in Malaysia at <https://tiih.online> or <https://tiih.com.my>;
- All shareholders were required to register their attendance at the AGM remotely by using the Remote Participation and Voting (RPV) facilities at <https://tiih.online>;
- The Administrative Guide of the AGM was circulated to the shareholders more than 28 days prior to the AGM together with the Notice of the AGM;
- The business presentation was made by the Officer-In-Charge;
- The Chairman encouraged shareholders to post questions and these were answered during the Q&A session, with the independent moderator from Tricor Business Intelligence & Solutions Sdn Bhd presenting the questions received for the AGM;
- Electronic poll voting was conducted on all resolutions and announcements of the voting results were made instantaneously at the AGM. The outcome of the AGM is released to public via Bursa Malaysia on the same day after the AGM; and
- The minutes of the AGM were uploaded on the Company's website within 30 business days after the 30<sup>th</sup> AGM at the Company's website.

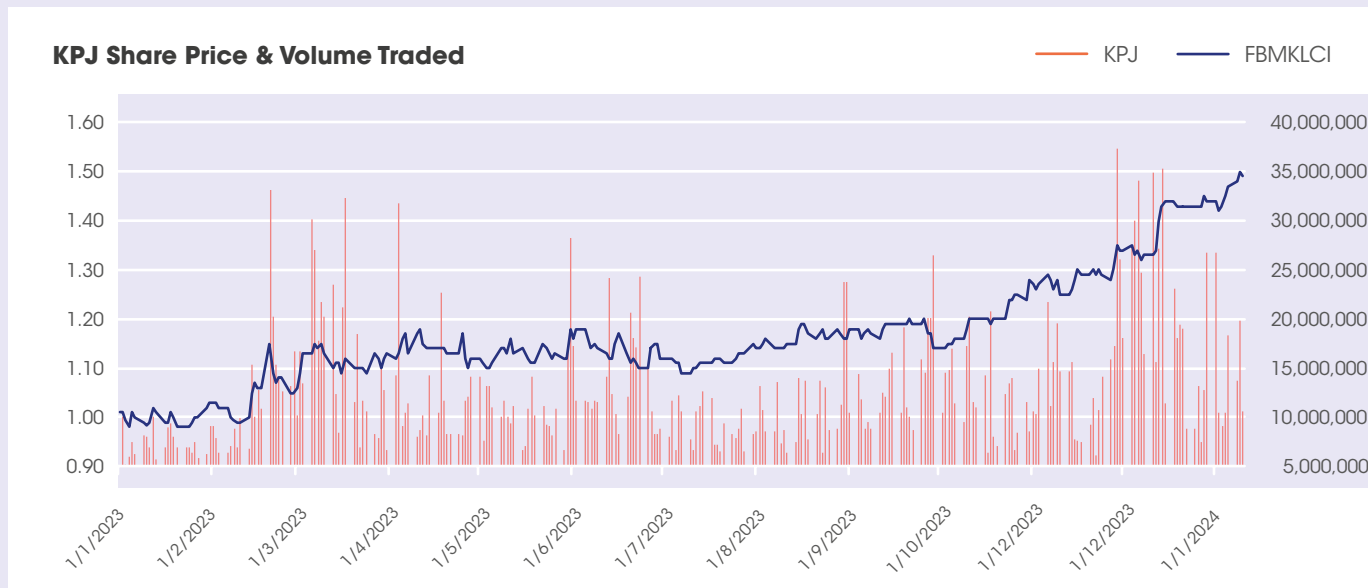
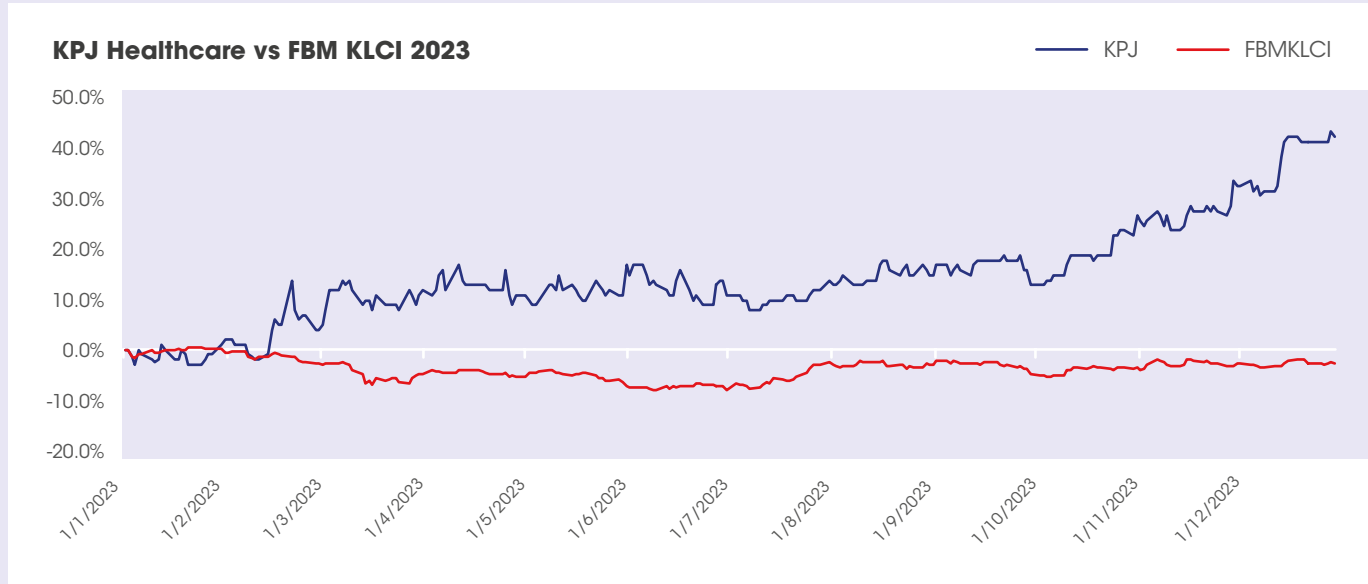
**Communication via Mass Media**

- Media interview on corporate developments;
- Press releases on key issues; and
- Social media platforms at the Group and subsidiary levels.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE C | Integrity in Corporate Reporting & Meaningful Relationships with Stakeholders

### KPJ Share Performance



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE C | Integrity in Corporate Reporting &amp; Meaningful Relationships with Stakeholders

## KPJ Quarterly Volume and Trading

	4Q 2023	3Q 2023	2Q 2023	1Q 2023
<b>Total Volume</b>	797,615,464	471,210,179	545,253,338	511,447,708
<b>Daily Average Volume</b>	12,271,007	7,249,387	8,388,513	7,868,426
<b>Closing Price</b>	1.44	1.14	1.12	1.13
	4Q 2023	3Q 2023	2Q 2023	1Q 2023
<b>High</b>	1.45	1.20	1.18	1.15
<b>Low</b>	1.14	1.09	1.10	0.98
<b>Trading</b>	0.31	0.11	0.08	0.17

## KPJ Share Price 5 Years

	2023	2022	2021	2020	2019
<b>Market Cap (RM Billion)</b>	6.52	4.55	5.00	4.40	4.20
<b>Closing Price</b>	1.44	1.01	1.11	1.00	0.95
<b>High</b>	1.45	1.15	1.21	1.04	1.10
<b>Low</b>	0.98	0.79	0.92	0.72	0.87
<b>Foreign Shareholding</b>	9.09	0.36	6.81	5.94	6.29

## Shareholders Composition as at 31 December 2023

