

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5878
COMPANY NAME : KPJ Healthcare Berhad
FINANCIAL YEAR : December 31, 2019

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	: Applied
Explanation on application of the practice	<p>Board Duties and Responsibilities</p> <p>All members of the Board contribute significantly in the areas of formulation of strategic direction and policies, performance monitoring and allocation of resources and enhancement of controls and governance.</p> <p>The Board believes that good corporate governance adds value to the business of the Group and will ensure that this practice continues. At the same time, the Board together with the Management, promote a healthy corporate governance ("CG") culture which reinforces ethical, prudent and professional behaviour. The Board believes in playing an active role in guiding the Management through its oversight review while at the same time steer the Group's business direction and strategy.</p> <p>The Board has established a Corporate Governance Model to ensure the effective discharge of its duties and responsibilities. The Board delegates specific powers to the relevant Board Committees with clearly defined terms of reference. There are eight Board Committees. Audit Committee ("AC"), Risk & Governance Committee ("RGC"), Medical Advisory Committee ("MAC"), Development & Procurement Committee ("DPC"), Nomination & Remuneration Committee ("NRC"), and Employees' Share Option Scheme Committee ("ESOS") and Investment Committee ("IC"). The Group's Corporate Governance Model is illustrated in the Corporate Governance Overview section of our Integrated Report on pages 130 to 154</p> <ul style="list-style-type: none"> • Reviews and approves the strategic business plans for the Group <p>The Strategic Business Plan for the period 2020 –2024 was tabled, discussed and approved by the Board in its meeting on 5 December 2019. In ensuring that the strategic plan support long term creation, the Board reviewed the outcome of the Key Performance Indicators (KPIs) and validated the materiality factors. Additionally, on an ongoing basis, the Board will review and guide the corporate strategy (including the materiality), major plans of action, risk management policy and procedures, annual budgets and business plans, setting performance objectives, monitoring implementation and corporate performance and overseeing major capital expenditures, acquisitions and divestitures.</p>

	<ul style="list-style-type: none"> <p>• Oversees the conduct of the Company’s business</p> <p>The President and Managing Director is responsible for leading the Management in running the business and operation of the Group, according to the broad policies, strategies and action plans approved by the Board. He is supported by the Management Executive Committee and other committees established under the Group’s Management Governance framework.</p> <p>On quarterly basis, the Board has the responsibility to oversee and review the agreed Management’s Key Performance Indicator (KPI) on the execution of strategic initiatives, operational and financial performance against the set targets and budget at every Board meeting.</p> <p>The relevant members of the Management are present at Board meetings to support the President and Managing Director in presenting the operational and financial updates, the progress of key initiatives and achievement to date and to provide clarification on the queries and issues raised by the Board.</p> <p>The performance of the Group will be benchmarked against the performance of its set targets and that of its competitors. All major operational matters will be discussed and the appropriate consultation will be sought, where necessary.</p> <p>• Identifies and manages principal risks while ensuring the implementation of appropriate systems to manage these risks.</p> <p>In 2019, the Board through RGC reviews the adequacy and effectiveness of internal controls system and risk management framework. In March 2019, the Group issued the 2019 KPJ Risk Management Guidelines to all its hospitals, which was formulated based on the ISO 31000:2018 Risk Management. The new guidelines superseded the previous guidelines which were based on the Australian / New Zealand standard 4630:1999 Risk Management and HB 228:2001, Guidelines for Managing Risk in Healthcare.</p> <p>The Board has reviewed and approved the Enterprise Risk Management (“ERM”) Framework for managing risks associated with its business and operations. The ERM framework features a risk governance structure that comprises of 3 level of defence.</p> <p>The RGC assists the Board in overseeing the overall ERM framework and the Risk & Compliance Services will table major risk incidents any breaches of thresholds of risk management for the non-clinical risk matters to the RGC meetings on quarterly basis.</p> <p>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 power to Medical Advisory Committee (“MAC”) to provide oversight on all clinical governance, risks and control matters.</p> <p>More details have been disclosed in the Key Risk and Opportunities, Statement on Risk Management and Internal Control (SORMIC), and Medical Advisory Committee (MAC) Statement in the Integrated Report .</p> <p>• Succession planning</p> <p>The Board through the NRC is responsible to ensure that there is an effective and orderly succession planning in the Group. The NRC is responsible to review candidates for Director selection and key management positions. The NRC is responsible to ensure that the candidates are of sufficient calibre based on their profiles, professional</p>
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	<p>achievements and personality assessment. The NRC also determines the remuneration for new appointment and renewal of service contracts of key management staff.</p> <p>In 2020, the NRC considered the new nominations and appointments of seven Independent Non-Executive Directors and five Non-Independent Non-Executive Directors.</p> <ul style="list-style-type: none"> • Develops and implements the Investor Relations (“IR”) programme for effective shareholder and stakeholder communications for the Group The Group has introduced many activities with regard to engagement and communication with investors and stakeholders to ensure that they are well-informed about the Group’s affairs and development in accordance with its IR policy. Details of the IR activities can be found at Corporate Governance Overview section of the Integrated Report. • Reviews the adequacy and integrity of the Group’s internal controls and management information systems, including compliance with applicable laws, regulations, rules, directives and guidelines Board’s function with regards to fulfilling these responsibilities effectively are supported and reinforced through the various Committees established at both Board and Management levels. Aided by the Group Internal Audit Services Division that operates independently, the active functioning of these Committees through their regular meetings and discussions provide not only a strong check and balance, but also reasonable assurance on the adequacy of the Group’s internal controls. Detailed discussion of these functions are elaborated in the Statement on Risk Management and Internal Control; and the Audit Committee Report on pages from 155 to 165 of the Integrated Report. <p>The Board is also responsible for ensuring the smooth function of core processes, board governance, corporate values and ethical oversight. The Independent Non-Executive Directors will further provide an independent and objective perspective that acts as an effective check and balance mechanism in deliberating the above mentioned.</p> • Strategies Promoting Sustainability The Board believes that developing sustainable business practices is not only critical to the future of the Group, but also for the benefit of future generations as well. For the Group, sustainability means balancing the Economic, Environment and Social (EES) aspects in operating a competitive and ethical business through good practices and policies which are applied to all stakeholders. The Group’s commitment to the evolving EES is disclosed in the Sustainability Report. • Commitment of Board Members The Board meets on a quarterly basis with additional meetings convened for specific matters when necessary. Meetings are scheduled ahead to facilitate Directors’ attendance. For the financial year 2019 the schedule of meetings were fixed in December 2018.
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During the year ended 31 December 2019, the Board Members remain committed and dedicated in fulfilling their duties and responsibilities and this is reflected via their attendance at each meetings as listed below:

2019 MEETING CALENDAR							
	BOD	ACM	RGC	DPC	NRC	MAC	ESOS
Non Independent Non-Executive Director							
Dato' Kamaruzzaman bin Abu Kassim	8/8				3/3		1/1
Zulkifli bin Ibrahim	6/8			3/4			
Mohd Sahir bin Rahmat	8/8			4/4			
Independent Non-Executive Director							
Tan Sri Datin Paduka Siti Sa'diah binti Sh Bakir	8/8			4/4	3/3		1/1
Prof Dato' Dr. Azizi bin Haji Omar	8/8	5/5	4/4	4/4		4/4	
Dr. Zaki Morad bin Mohamad Zaher	8/8		4/4	4/4		4/4	
Dato' Muthanna bin Abdullah	8/8	5/5	4/4		3/3		1/1
Christina Foo	8/8	5/5	4/4				
Dato' Dr. Bajit Kor A/P Teja Singh	8/8	5/5			3/3	4/4	
Executive/Managing Director							
Dato' Amiruddin bin Abdul Satar	8/8					4/4	
Aminudin bin Dawam	8/8						
Jasimah binti Hassan(b)	8/8		4/4			4/4	
Total number of meetings	8	5	4	4	3	4	1

 Chairman

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

Intended Outcome

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

Practice 1.2

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

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

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The roles of the Chairman of the Board, President and Managing Director and the 11 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.</p> <p>Dato Yusli Mohamed Yusoff as the Chairman, appointed on 18 February 2020, continues to lead the Board by providing oversight over the strategies and business affairs of the Group. He has never held the position of President and Managing Director of the Company.</p> <p>Dato' Amiruddin Abdul Satar , President and Managing Director is responsible to lead the Management in the execution of broad policies, strategies and action plans approved by the Board. He regularly engages the Board to report and discuss the Group's business performance and developments, including all strategic matters affecting the Group.</p> <p>The demarcation of Chairman and President and Managing Director is clearly stated in the Board Charter.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

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

Application :	Applied
Explanation on application of the practice :	<p>Two Company Secretaries ("CoSec") are appointed by the Board and are qualified to act as company secretary under Section 235(2) of the Companies Act 2016 (CA). They are responsible for providing Directors with advice on compliance and corporate governance issues.</p> <p>The Board has unrestricted access to the advice and services of Company Secretaries.</p> <p>The Company Secretaries play an advisory role to the Board in relation to the Company's constitution, Board's policies, procedures and compliance with the relevant regulatory requirements, including codes or guidance and legislations. The Company Secretaries support the Board in managing the Group's Governance Model, ensuring it is effective and relevant.</p> <p>The Company Secretaries safeguard all statutory books and records of the Group, which are maintained in the statutory register of the Group. Company Secretaries also ensure that all Board meetings are properly convened; ensuring accurate and proper records of the proceedings and resolutions passed are recorded. The Company Secretaries also have to ensure that any change in the Group's statutory information be duly completed in the relevant prescribed forms and lodged with the Companies Commission of Malaysia within the prescribed period of time.</p> <p>The Company Secretaries manage all board and committee meetings and to ensure the deliberations at Board and Board Committee meetings are well documented, and subsequently communicated to the Management for appropriate actions. The Company Secretaries will facilitate the orientation of new Directors and assist in director training and development. They also manage processes pertaining to the annual shareholder meetings.</p> <p>The orientation programme was done for new Directors. Due to the Covid-19, this orientation program was conducted remotely in June 2020.</p> <p>The Company Secretaries constantly keep themselves abreast of the evolving capital market environment, regulatory changes and developments in CG through attendance at relevant conferences and training programmes. They have also attended the relevant continuous professional development programmes as required by the Companies Commission of Malaysia or MAICSA for practising company secretaries.</p>

	Trainings attended by CoSec in 2019		
	Name: Hana Ab Rahim @ Ali		
	No	Courses/Workshop	Date
	1	MAICSA Annual Conference 2019 – Next Dimension in Governance	2-3 July
	2	Technical Briefing for Company Secretaries of Listed Issuers 2019 : Recent Developments in Listing Requirements & Chapter 10 Case Studies	30-Sep
	3	Johor Corporation Directors' Conference 2019	31-Oct
	Name: Haslinda Md Nor @ Mohd Noah		
	No	Courses/Workshop	Date
	1	SSM National Conference 2019 – 'Future-Proofing Business in the Digital Age'	23 & 24 July 2019
	2	Technical Briefing for Company Secretaries of Listed Issuers 2019 : Recent Developments in Listing Requirements & Chapter 10 Case Studies	30-Sep-19
3	Johor Corporation Directors' Conference 2019	31-Oct-19	
Explanation for departure :			
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure :			
Timeframe :			

Intended Outcome

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

Practice 1.5

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

Application	: Applied
Explanation on application of the practice	<p>The Board meets on a quarterly basis with additional meetings convened for specific matters when necessary. Meetings are scheduled ahead to facilitate Directors' attendance. For the financial year 2019 the schedule of meetings were fixed in December 2018.</p> <p>Prior to each Board meeting, the Notice of the Board Meeting and Board Report ("BR") will be circulated/emailed five days before the meeting, to all Directors so that each Director has ample time to peruse and review BR for further deliberation at the Board meeting. In line with KPJ's Sustainability initiatives which encourage a green environment for all the Board committee meetings, the Directors will be able to access the BR / meeting materials online via emails instead of hard copy distributions before the meeting. KPJ also provided tablets with the downloaded BR and meeting materials for Directors' convenience at every meeting. The Board Report includes among others, the following details:</p> <ul style="list-style-type: none">• Minutes of meeting of all Committees of the Board;• Any matters arising from previous meetings;• Business strategies and corporate proposals;• Review of operational matters and financial report of the Group and quarterly financial report• Review of clinical and professional services report;• Approval sought for capital expenditure and expansion project reports;• Reports on Audit Committee and Risk Management matters; and• Report of the Registrar. <p>There is also a schedule of matters reserved specifically for the Board's decision, including the approval of corporate plans and budgets; acquisition and disposal of assets that are material to the Group; major investments; changes to management and control structure of the Group, including key policies, procedures and authority limits.</p> <p>The Board is fully aware of its duties and responsibilities with regards to the matters stated above. Decisions and deliberations at the Board meetings whether any Director abstained from voting / deliberating on a particular manner are recorded in the minutes of the meeting by the Company Secretaries. All minutes will be confirmed prior to the meeting.</p>

	The Directors, whether collectively as a Board or in their individual capacities, have full access to all information within the Company and could, where necessary take independent advice at the Group's expense, in furtherance of their duties and responsibilities.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 2.1

The board has a board charter which is periodically reviewed and published on the company’s website.

The board charter clearly identifies–

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

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

During the year, the Board members have attended the following training programmes organised by various parties:

PROGRAMME/TRAINING	DATE	ORGANIZER	FOCUS
DATO' YUSLI BIN MOHAMED YUSOFF			
Developments in Corporate Governance	13-May	KPMG	Corporate Governance
Offence by a Commercial Organisation S17A MACC Act 2009 & ISO 37001 Anti-Bribery Management Systems	13-May	FGV	Corporate Governance
Financing the Sustainable Development Goals - Role of Private Sector	11-Sep	Global Compact Network	Financial and Capital Markets
Bursa Malaysia Diversity Xperience	2-Oct	Bursa Msia	
MFRS 16 Lease	21 Oc	Deloitte	Financial and Capital Markets
DATO' AMIRUDDIN BIN ABDUL SATAR			
APHM International Healthcare Conference & Exhibition 2019	29 – 31 Jul	APHM	Industry Healthcare
Bespoke Talk Series - ICDM Talk	8-Aug	KPJHQ	Leadership, Legal and Business Management
KPJ Healthcare Conference 2019	11 – 12 Oct	KPJHQ/KPJUC	Industry Healthcare
MIA International Accountants Conference 2019	22-23 Oct	MIA	Financial and Capital Markets
CHRISTINA FOO			
Resolving Conflict in the Boardroom	15-Jul	ICLIF	Corporate Governance
Bespoke Talk Series - ICDM Talk	8-Aug	KPJHQ	Leadership, Legal and Business Management
PROF. DATO' DR AZIZI HJ OMAR			
KPJ Medical Consultants Workshop (SQM)	15-Mar	KPJ Damansara	Industry Healthcare
MTS Congress	19-21 Jul	Lung Foundation Malaysia	Industry Healthcare
Bespoke Talk Series - ICDM Talk	8-Aug	KPJHQ	Leadership, Legal and Business Management
International Forum on Quality & Safety	18-20 Sept	KPJHQ	Corporate Governance
Pre Conference Workshop	10-Oct	KPJHQ	Industry Healthcare
KPJ Healthcare Medical Conference	11-12-Oct	KPJHQ	Industry Healthcare
Johor Corporation Directors Conference	31-Oct	J'corp	Leadership, Legal and Business Management
Clinical Epidemiology and Research Methodology Workshop	15-17- Nov	KPJUC	Industry Healthcare

	Clinical Epidemiology and Research Methodology Workshop	22– 24-Nov	KPJUC	Industry Healthcare
	DATO' MOHD RADZIF			
	Directors and Senior Management Training (#01/2019) on Halal Pharmaceuticals "Malaysia Halal Certification - Current Landscape and Moving Forward Initiatives"	25-Jun	Duopharma Biotech Berhad	Industry Healthcare
	PNB Leadership Forum 2019	25-Jun	PNB	Leadership, Legal and Business Management
	Directors and Senior Management Training (#03/2019) on "Knowledge Sharing Session on Biosimilar & Vaccines" by Professor Jaeseung Yoon (and Dr. VT Ragupathy	5-Aug	Duopharma Biotech Berhad	Industry Healthcare
	Directors and Senior Management Training (#04/2019) on "To Social or Not To Social – A Social Media Primer and Practice Playbook for Duopharma"	24-Sep	Duopharma Biotech Berhad	Leadership, Legal and Business Management
	Establishing an Empowered Audit Committee	2-Oct	IERP	Corporate Governance
	Audit Committee Guide to COSO 2013 and Internal Controls	2-Oct	IERP	Corporate Governance
	Directors and Senior Management Training on "Addressing Corruption Risk to Safeguard Directors and Management Against Corporate Liability"	3-Oct	Duopharma Biotech Berhad	Corporate Governance
	International Directors Summit 2019	14-15 Oct	ICDM	Leadership, Legal and Business Management
	PNB Corporate Summit – Rebooting Corporate Malaysia	30-Oct	PNB	Leadership, Legal and Business Management
	Risk Maturity Assessment	28-Nov	Duopharma Biotech Berhad	Corporate Governance
	MOHAMED RIDZA BIN MOHAMED ABDULLA			
	Briefing on Information Technology Roadmap and Digital Journey	22-Jan	Bank Islam	Information Technology
	RSA Conference	4 – 6 Mar	Fireeye Technologies	Leadership, Legal and Business Management
	Microsoft Executive Briefing Centre (USA)	8- Mar	Fireeye Technologies	Information Technology
	Draft Risk Management in Technology (RMiT) Policy	8-Apr	Fide Forum	Corporate Governance
	Rethinking Strategy	23-Apr	Fide Forum	Leadership, Legal and Business Management
	Islamic Finance for Board of Directors	10-11 Jul	Isra Consultancy Sdn Bhd	Financial
	Bank Tech Asia 2019	17-Jul	Professional Knowledge Centre	Financial
	Tax Awareness Training for Directors	26-Sept	Bank Islam	Financial
	4 th Distinguished Board Leadership Series: Digital to the Core	4-Oct	Fide Forum	Information Technology
	Directors' Conference 2019 on:-	29-Oct	BIMB Holdings Berhad	leadership, Legal and Business Management

	i)Role and functions of the board, A performance perspective; ii)Role of the corporate (Holding co) Board; iii)Related party transaction, Conflict of Interest and Conflict of Duty; and iv) Corporate Liability			
	Session on Corporate Governance and Anti-Corruption	31-Oct	Bursa Malaysia & Securities Commission Malaysia	Corporate Governance
	DATO' DR. NGUN KOK WENG			
	GP Symposium 2019 – KPJ Pahang Specialist Hospital	13-Jul	KPJ Pahang Specialist Hospital	Industry Healthcare
	The Gastro Academy 2019	20-21 Jul	MIMS	Industry Healthcare
	KPJ- MPS Medicolegal Workshop on Managing Adverse Outcomes and Open Disclosure	10-Oct	KPJHQ/KPJUC	Industry Healthcare
	KPJ Healthcare Conference 2019	11-12 Oct	KPJ Helthcare Berhad	Industry Healthcare
	DATO' MOHD REDZA SHAH ABDUL WAHID			
	GABV Summit -Chief Executive Officer	Feb-19	Global Alliance for Banking on Values	leadership, Legal and Business Management
	Cambridge Business Sustainability Management	Feb-19	University of Cambridge	leadership, Legal and Business Management
	CIIF Chartered & Fellowship Masterclass	Feb-19	Chartered Institute of Islamic Finance Professionals	leadership, Legal and Business Management
	Shariah Application in Islamic Finance	Jan-19	Bank Muamalat Malaysia Berhad	Corporate Governance
	Anti-Money Laundering/Counter Financing of Terrorism Act	Jan-19	Bank Muamalat Malaysia Berhad	Corporate Governance
	Personal Data Protection Act	Jan-19	Bank Muamalat Malaysia Berhad	Corporate Governance
	Foreign Account Tax Compliance Act	Jan-19	Bank Muamalat Malaysia Berhad	Corporate Governance
	Islamic Financial Services Act 2013	Jan-19	Bank Muamalat Malaysia Berhad	Corporate Governance
	Foreign Exchange Administration Rules	Jan-19	Bank Muamalat Malaysia Berhad	Corporate Governance
	DATO' SERI (DR.) MOHAMED AZAHARI BIN MOHAMED KAMIL			
	Program Name: The Cambridge Judge Business School General Management Programme	21-Oct	The University of Cambridge, UK	Leadership, Legal and Business Environment
	SHAMSUL ANUAR BIN ABDUL MAJID			
	Kurusu Pengarah Modul 1 - Responsibility & Liabilities Company's Director	18 -19 Feb	JCorp	Corporate Governance
	Culture Syndication	20-Feb	JCorp	Leadership, Legal and Business Management
	Kursus Pengarah - Business Finance - Modul 2	25-26 March	JCorp	Financial

Kursus Pengarah - Taxation - Modul 3	8-9 Apr	JCorp	Financial
Kursu Pengarah - Investment - Modul 4	29-30 Apr	JCorp	Financial
Kuliah Zuhur Perdana - Pengurusan Hutang Dalam Islam	17-Oct	JCorp	Financial
Advanced JLP Module 1 : Leadership 4.0 : Transforming Jcorp Group to a High Performance Organisation	29-30 Oct	JCorp	Leadership, Legal and Business Management
AMINUDIN BIN DAWAM			
Infrastructure Vietnam 2019	25 – 26 Jun	ConfexHub	Industry Healthcare
APHM International Healthcare Conference & Exhibition 2019	29 – 31 Jul	APHM	Industry Healthcare
Bespoke Talk Series - ICDM Talk	8-Aug	KPJHQ	Leadership, Legal and Business Management
KPJ Healthcare Conference 2019	11 – 12 Oct	KPJHQ/KPJUC	Industry Healthcare
JASIMAH BT HASSAN			
APHM International Healthcare Conference & Exhibition 2019	29 – 31 July	APHM	Industry Healthcare
Resolving Conflict in the Boardroom	15-Jul	ICLIF	Corporate Governance
Bespoke Talk Series - ICDM Talk	8-Aug	KPJHQ	Leadership, Legal and Business Management
KPJ Healthcare Conference 2019	11 – 12 Oct	KPJHQ/KPJUC	Industry Healthcare
MOHD SAHIR RAHMAT			
Adequate Measure and Anti-Bribery Management System ISO:2016	30-Apr	Jcorp	Corporate Governance
Program Bicara Ilmy Falak & Pengurusan Perniagaan	11-Jun	JCorp	Leadership, Legal and Business Management
DATO' DR BAJIT KOR A/P TEJA SINGH			
Let's Get Real on Anti - Bribery	1-Mar	ICLIF	Corporate Governance
Cyber Security in the Boardroom: Accelerating from Acceptance to Action	27-Jun	BURSA MALAYSIA	Leadership, Legal and Business Management
Resolving Conflict in the Boardroom	15-Jul	ICLIF	Corporate Governance
APHM International Healthcare Conference & Exhibition 2019	29 – 31 Jul	APHM	Industry Healthcare
Bespoke Talk Series - ICDM Talk	8-Aug	KPJHQ	Leadership, Legal and Business Management
Mastering Your Risk Workshop	19-Jun	Medical Protection Society	Leadership, Legal and Business Management
Mastering Adverse Outcomes	26-Jun	Medical Protection Society	Industry Healthcare
Mastering Difficult Interaction with Patients.	10-Jul	Medical Protection Society	Industry Healthcare
Mastering Consent & Shared Decision Making	17-Jul	Medical Protection Society	Industry Healthcare
DATO' DR ZAKI MORAD MOHAMAD ZAHER			

	Cyber Security in the Boardroom: Accelerating from Acceptance to Action	27-Jun	BURSA MALAYSIA	Technology
	APHM International Healthcare Conference & Exhibition 2019	29 – 31 Jul	APHM	Industry Healthcare
	The Convergence of Digitisation and Sustainability	23-Aug	BURSA MALAYSIA	Leadership, Legal and Business Management
	DATO' MUTHANNA ABDULLAH			
	Audit Committee Conference 2019	15-Apr	MIA	Industry Healthcare
	TAN SRI SITI SA'DIAH SHEIKH BAKIR			
	'Til Eleven - Pause For Thought - "The Importance of Integrity" by Datuk Dr. Anis Yusal Yusoff - DG National for Governance Integrity and Anti-Corruption (GIACC)	19-Feb	Lecture Theatre 5, Sunway University	Corporate Governance
	Talk on Sustainability - The Compelling Business Case for Sustainability	1-Mar	Main Auditorium, Plaza OSK	Corporate Governance
	Ring The Bell for Gender Equality 2019 (Empower Women for Sustainable Results)	14-Mar	Conference Room, Bursa Malaysia Berhad	Corporate Governance
	International Conference On Quality And Safety In Healthcare 2019 - People Make Change	27 - 29 Mar	SEC Centre, Glasgow Scotland	Corporate Governance
	Global Business Insight Series LEAP : How to Thrive In A World Where Everything Can Be Copied	23-Apr	Conference Hall 3, Securities Comm. Bukit Kiara	Leadership, Legal and Business Management
	Leadership Forum 2019 "Positive Autocracy - A Leadership Model for Industry 4.0 "	25-Jun	Grand Ballroom, Grand Hyatt Hotel, KL	Leadership, Legal and Business Management
	Bursa Malaysia Independent Director Programme – The Essence of Independent	27-Jun	Bursa Malaysia Berhad	Corporate Governance
	The Role of The Nomination and Remuneration Committee In Human Capital Management	23-Jul	Be@m Sheraton Imperial Hotel, KL	Corporate Governance
	KPJUC Chancellor Sharing Session – As Speaker “ from RM2 to RM2 Billion “ KPJ's Experience”	24-Jul	KPJUC, Nilai	Leadership, Legal and Business Management
	APHM International Healthcare Conference & Exhibition	29 – 31 Jul	KLCC	Industry Healthcare
	"Corporate & Clinical Governance : Partnerships and participates"~ As Speaker “ Corporate, Clinical Governance and Medical Education”			
	KPJ Group Talent Management – Bespoke Talk By Institute Of Corporate Directors Malaysia (ICDM)	8-Aug	Menara KPJ, Jalan Tun Razak	Leadership, Legal and Business Management

	Bursa Malaysia Thought Leadership Series ~ The Convergence Of Digitilization And Sustainability	23-Aug	Securities Commission Malaysia,	Leadership, Legal and Business Management
	Seminar & Launching 1 st World Patient Safety Day, Malaysia	17-Sep	The Everly Hotel, Putrajaya	Industry Healthcare
	The Directors & Senior Management Training (04/2019) 'To Social or Not To Social - A Social Media Primer & Practise	24-Sep	Kenanga International, 26, Jalan Sultan Ismail	Leadership, Legal and Business Management
	ICDM Power Talk - How Boards can Build Reputation Resilience	25-Sep	@ KL Eco City, KL	Corporate Governance
	Khazanah Megatrends Forum 2019 "From the Past To the Future – Building Our Collective Brain"	7 – 8 Oct	Grand Ballroom, Mandarin Oriental Kuala Lumpur	Leadership, Legal and Business Management
	KPJ Healthcare Conference 2019 "Enhancing Outcomes In The New Era of Healthcare	11 – 12 Oct	One World Hotel, First Avenue, Bandar Utama City Centre	Industry Healthcare
	ICDM International Directors Summit 2019 "The Trust Compass : Resetting the Course"	14 – 15 Oct	Plenary hall, Shangri-La Hotel, KL	Leadership, Legal and Business Management
	ISQUA 36 th International Conference – Innovate, Implement, Improve "Beating The Drum For Safety, Quality and Equity"	20 – 23 Oct	Cape Town International Convention Centre, Convention Square, 1 Lower Long Street, South Africa	Industry Healthcare
	PNB Corporate Summit 2019 "A Knowledge Sharing Initiative" – "Rebooting Corporate Malaysia"	30-Oct	Sapphire Ballroom, Mandarin Oriental Kuala Lumpur	Leadership, Legal and Business Management
	Executive Talk on Integrity and Governance : The Corporate Liability Provision, the " Adequate Procedures" & The Implementation of the National Anti-Corruption Plan (NACP)	7-Nov	Suria on Twelve Royale Chulan Damansara	Corporate Governance
Explanation : for departure				
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>				

Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has the responsibility to set the tone and standards for the Group through the Policy on Work Ethics & Code of Conduct which applies to every level in the Group. The Policy on Work Ethics & Code of Conduct is available at https://kpj.listedcompany.com/policy_work.html</p> <p>All KPJ employees need to adhere this policy that includes to conduct professional activities with honesty, integrity, respect, fairness and good faith in a manner that will reflect well upon the profession, and also comply with all and regulations pertaining to the Private Healthcare and Facilities Act 1998 and other related bylaws and legislations. They are required to report directly to the President and Managing Director on any misconduct or unethical behaviour committed by any staff of the Group through annual declaration -Borang Peradaban. We also make it mandatory for all of our suppliers and vendors to sign the Corporate Integrity Agreement ("CIA")</p> <p>In-line with the National Anti-Corruption Plan 2019 – 2023 launched by the Government in January 2019, four officers from KPJ has certified as Certified Integrity Officer (CeIO), a programme in collaboration with JCorp and Malaysian Anti-Corruption Commission (MACC) focusing in managing the business integrity and its components.</p> <p>KPJ is moving towards obtaining the ISO 37001:2016 Anti-Bribery Management System (ABMS) certification by September 2020, as part of the Group's preparation to manage the corporate liability risks that the Group may face in its business, in order to meet the requirements of Section 17A Malaysian Anti-Corruption Commission Act 2009.</p> <p>The Directors also need to adhere to the Code of Ethics under paragraph 5.3 of the Board Charter, the important aspects of which are as follows:</p> <ul style="list-style-type: none">• Directors must avoid any conflict of interest between the directors and the Company. In any situation that involves or may be expected to involve a conflict of interest with the Company, Directors should immediately disclose their interest whether direct and indirect to the Company.

	<ul style="list-style-type: none"> • Directors must at all-time act in the best interest of the Company and not for personal gain or enrichment. Specifically, Directors shall follow the following guidelines:- <ul style="list-style-type: none"> * Avoid placing own interest or any third-party interest above the Company; * Do not engage in any outside business that would directly or indirectly materially adversely affect the Company; * Do not abuse board membership by improperly using board membership for personal or third-party benefit; * Prevent corrupt practices which include offering and acceptance of gifts and other form benefits including , gratuities, honoraria or any other item of value from any person or entity as a direct or indirect inducement to provide special treatment to such donors; * Encourage the reporting of unlawful or unethical behaviour; and; * Protect and ensure the proper use of the company's assets.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

Intended Outcome

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

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

Practice 3.2

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

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

Intended Outcome

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

Practice 4.1

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

Application	: Adopted
Explanation on application of the practice	<p>As at 12 May 2020, the composition of the Board of Directors is as follows:</p> <ul style="list-style-type: none"> • One (1) Independent Non-Executive Chairman; • Three (3) Non-Independent Non-Executive Directors; • Eight (8) Independent Non-Executive Directors; • One (1) President and Managing Director; and <p>The present size and composition remains well-balanced and is made up of professionals with a wide range of knowledge and experience in business, operations and finance, all relevant to the direction of a large, expanding Group. The profiles of all Board Members, comprising of their qualification, experience and calibre are disclosed at Board Profile section of the Integrated Report on pages from 103 to 115.</p> <p>The Company's Chairman is an Independent Non- Executive Director and there are nine (9) Independent Non- Executive Directors out of the thirteen Board members.</p> <p>The Independent Non-Executive Directors do not engage in any business dealings or the day-to-day management of the Company. Hence, they are capable of exercising independent judgement and act in the best interests of the Company and its shareholders. All Independent Non- Executive Directors are qualified professionals in their respective fields and carry with them vast industry experience along with subject matter expertise in medical, legal, accounting and business management.</p> <p>All of the Directors will confirm by annually as to whether he/she has any family relationship with any Director and/or major shareholder of KPJ, any conflict of interest with KPJ, any conviction for offences within the past five years (other than traffic offences, any sanctions and/or penalties imposed on them by any regulatory bodies during the current financial year.</p> <p>Although all the Directors have equal oversight responsibilities for the Group, the role of these Independent Non-Executive Directors is particularly important in ensuring that all business strategies proposed by the Management are fully and independently deliberated and assessed, takes into account the long term interest of, not only the</p>

	shareholders, but also employees, customers, suppliers and the many communities in which the Group operates.	
Explanation for departure		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The Board is to consider appointment of additional INED to meet the requirement for majority INED for the large companies.
Timeframe	:	

Intended Outcome

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

Practice 4.2

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

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

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

Intended Outcome

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

Practice 4.3 - Step Up

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

Application	:	Adopted																				
Explanation on adoption of the practice	:	<p>In 2017, the Board has adopted the 9-year policy which limits the tenure of an Independent Director as enshrined in the MCGG.</p> <p>Particulars of INED who have served the Board for less than nine years as at 12 May 2020, including their length of services are set out in Directors' Profile appearing in pages 103 to 115 and summarised as below:</p> <table border="1"><thead><tr><th>Years of Service</th><th><1-1</th><th>1-2</th><th>2-3</th><th>3-4</th><th>4-5</th><th>5-6</th><th>6-7</th><th>7-8</th><th>8-9</th></tr></thead><tbody><tr><td>Number of Directors</td><td>7</td><td></td><td>1</td><td></td><td>1</td><td></td><td></td><td></td><td></td></tr></tbody></table>	Years of Service	<1-1	1-2	2-3	3-4	4-5	5-6	6-7	7-8	8-9	Number of Directors	7		1		1				
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Intended Outcome

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

Practice 4.4

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

Application	: Applied																																																																		
Explanation on application of the practice	<p>The Board's composition has the right balance of skills and expertise with vast experience to make meaningful contributions to the Board deliberation and decision-making. The NRC take into account the current diversity in the skills, experience and age of the Board in seeking potential candidate(s).</p> <p>The details of the Board members' qualification, expertise and experience can be found at the Board Profile section of this Annual Report on pages from 103 to 115</p> <p>The present Board composition and diversity are as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 20%;">Age profile</th> <th style="width: 10%;">46-50</th> <th style="width: 10%;">51-55</th> <th style="width: 10%;">56-60</th> <th style="width: 10%;">61-65</th> <th style="width: 10%;">66-70</th> <th style="width: 10%;">>71</th> </tr> </thead> <tbody> <tr> <td>No. of Directors</td> <td style="text-align: center;">2</td> <td style="text-align: center;">1</td> <td style="text-align: center;">3</td> <td style="text-align: center;">5</td> <td style="text-align: center;">1</td> <td style="text-align: center;">1</td> </tr> </tbody> </table> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;">Gender profile</th> <th style="width: 30%;">Male</th> <th style="width: 30%;">Female</th> </tr> </thead> <tbody> <tr> <td>No. of Directors</td> <td style="text-align: center;">12 (92%)</td> <td style="text-align: center;">1 (8%)</td> </tr> </tbody> </table> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;">Racial composition</th> <th style="width: 15%;">Malay</th> <th style="width: 15%;">Chinese</th> <th style="width: 30%;">Indian</th> </tr> </thead> <tbody> <tr> <td>No. of Directors</td> <td style="text-align: center;">10 (77%)</td> <td style="text-align: center;">2 (15%)</td> <td style="text-align: center;">1 (8%)</td> </tr> </tbody> </table> <p>Board skill & experience</p> <p>EXPERIENCE AND SKILL</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 70%;">Skill/Experience</th> <th style="width: 15%;">Percentage</th> <th style="width: 15%;">No. of Directors</th> </tr> </thead> <tbody> <tr> <td>Accounting/ Finance /Audit / Banking / Investment</td> <td style="text-align: center;">69%</td> <td style="text-align: center;">10</td> </tr> <tr> <td>International Business / Strategy and Development / Merger and Acquisition / Property Management</td> <td style="text-align: center;">46%</td> <td style="text-align: center;">6</td> </tr> <tr> <td>Mathematics/ Statistics / Economics</td> <td style="text-align: center;">23%</td> <td style="text-align: center;">3</td> </tr> <tr> <td>Business Administration / Human Resource</td> <td style="text-align: center;">15%</td> <td style="text-align: center;">2</td> </tr> <tr> <td>Legal/ Regulatory/ Risk/ Corporate Governance</td> <td style="text-align: center;">62%</td> <td style="text-align: center;">8</td> </tr> <tr> <td>Specialist Consultants</td> <td style="text-align: center;">23%</td> <td style="text-align: center;">3</td> </tr> <tr> <td>Corporate CEO / Managing Director</td> <td style="text-align: center;">54%</td> <td style="text-align: center;">7</td> </tr> <tr> <td>Chief Financial Officer</td> <td style="text-align: center;">31%</td> <td style="text-align: center;">4</td> </tr> <tr> <td>Education / Research and Development / Technology</td> <td style="text-align: center;">31%</td> <td style="text-align: center;">4</td> </tr> <tr> <td>Management / Operations</td> <td style="text-align: center;">38%</td> <td style="text-align: center;">5</td> </tr> </tbody> </table>						Age profile	46-50	51-55	56-60	61-65	66-70	>71	No. of Directors	2	1	3	5	1	1	Gender profile	Male	Female	No. of Directors	12 (92%)	1 (8%)	Racial composition	Malay	Chinese	Indian	No. of Directors	10 (77%)	2 (15%)	1 (8%)	Skill/Experience	Percentage	No. of Directors	Accounting/ Finance /Audit / Banking / Investment	69%	10	International Business / Strategy and Development / Merger and Acquisition / Property Management	46%	6	Mathematics/ Statistics / Economics	23%	3	Business Administration / Human Resource	15%	2	Legal/ Regulatory/ Risk/ Corporate Governance	62%	8	Specialist Consultants	23%	3	Corporate CEO / Managing Director	54%	7	Chief Financial Officer	31%	4	Education / Research and Development / Technology	31%	4	Management / Operations	38%	5
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Based on the review of the Board composition in 2019, the Board has decided to make the board size from 12 to 13.

The appointment of key senior management was also made based on their skills, expertise, age and gender. The EXCO's composition did not achieve 30% of women involvement at the senior management position. The details of their qualifications, expertise and experience can be found at the EXCO

The EXCO composition and diversity as follows:

Age profile	45-50	51-55	56-60
No. of EXCO	1	2	10

Gender profile	Male	Female
No. of EXCO	10 (77%)	3 (23%)

Racial composition	Malay	Chinese
No. of EXCO	12 (92%)	1 (8%)

EXCO skill & experience

Accounting/ Finance /Audit / Banking	61% (8)
International Business / Strategy and Development / Merger and Acquisition / Real Estate / Property Management	54% (7)
Mathematics/ Statistics / Economics	8% (1)
Business Administration / Human Resource	62% (8)
Legal/ Regulatory/ Risk/ Corporate Governance	38% (5)
Corporate CEO / Managing Director	46% (6)
Education / Research and Development / Technology	23% (3)
Healthcare / Clinical (Operations)	54% (7)

Explanation for departure :

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

Measure :

Timeframe :

Intended Outcome

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

Practice 4.5

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<p>The Board strongly believes that diversity enhances decision-making capability of the Company by bringing varying perspectives and better reflecting the realities of the society.</p> <p>With the recent resignation of Tan Sri Datin Paduka Siti Sa'diah Sh Bakir, Pn Jasimah Hassan and Dato Dr Bajit Kor a/p Teja Singh as Board members on 31 March and 7 May 2020 respectively, KPJ's Board composition in terms of gender diversity now does not have at least 30% women directors (1 woman director out of 13 directors or 8%)</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Board currently comprises one female director, Ms Christina Foo. This is in line with the policy pronouncement by the government that the top 100 public listed companies by market capitalisation should have at least one woman on board.	
Timeframe	:	Others	3 years

Intended Outcome

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

Practice 4.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has in place a formal and transparent procedure on the recruitment and appointment (including re-election/reappointment) of Directors. All nominees to the Board are first considered and evaluated by the NRC, taking into account the mix of skills, competencies, experience and other qualities required to oversee a highly-regulated healthcare business, before they are recommended to the Board.</p> <p>A proposed Director also must satisfy the test of independence of an independent director as defined under Paragraph 1.01 and Practice Note 13 of the MMLR and must have the ability to act in the best interests of the Group, taking into account the candidate's character, integrity and professionalism.</p> <p>In 2019, there were a few potential candidates profiles reviewed. While the Board is responsible for the appointment of new Directors, the NRC is delegated with the role of screening and conducting an initial selection, which includes internal search such as recommendation by existing Board members or Management (especially for the specialist consultant directors) and independent external sources such as 30% Club and LeadWomen Sdn Bhd, before making a recommendation to the Board.</p> <p>The NRC evaluates the nominees' ability to discharge their duties and responsibilities and will conduct a formal engagement with the nominees before recommending their appointment as Directors to the Board for approval.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.7

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Chairman of the Nomination & Remuneration Committee is an Independent Non-Executive Director, Datuk Mohd Radzif bin Mohd Yunus, with effect from 7 May 2020.</p> <p>Profile of the Chairman of NRC are found on page 108 of the Integrated Report.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	.	
Timeframe	:		

Intended Outcome

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

Practice 5.1

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

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The effectiveness of the Board is vital to the success of the Group. For that reason, a large portion of the Board Policy Manual is devoted to explaining and outlining the format and procedure for evaluating Board Members performance. The availability of the structured format for Board Members evaluation assists the members in discharging their duties effectively and efficiently.</p> <p>As stated in Paragraph 15.08A(3)(c) the assessment undertaken by the nominating committee in respect of its board, committees and individual directors together with the criteria used for such assessment.</p> <p>The Board, through the NRC, undertakes a rigorous evaluation, Board Effectiveness Evaluation (“BEE”) each year in order to assess how well the Board, its Committees, the Directors and the Chairman are performing, including assessing the independence of Independent Directors, taking into account the individual Director’s capability to exercise independent judgement at all times.</p> <p>The evaluation covers the Board’s composition, skills mix, experience, communication, roles and responsibilities, effectiveness as well as conduct. All Directors complete a questionnaire regarding the Board and Committees’ processes, their effectiveness and where improvements may be considered. The process also includes a peer review in which Directors assess their fellow Directors’ performance against set criteria, including the skills they bring to the Group and the contribution they make. The Company Secretary reports the outcome of the evaluation exercise to the NRC and then to the Board for notation.</p> <p>Following the performance evaluation process for 2019 which was conducted internally, the Board has concluded that the Board and its Committees operate effectively. Additionally, the Chairman is satisfied that each Director continues to make an effective contribution to the work of the Board, is well prepared and informed concerning matters to be considered by the Board, has a good understanding of the Group’s business and their commitment to the Company remains strong.</p> <p>The Board is finalising the policy framework for the appointment of an external expert to conduct the BBE.</p>

<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure</p>	<p>: Given the recent changes to the Board composition up to May 2020, KPJ will consider the engagement of independent experts to facilitate an objective and candid evaluation in the coming years.</p>
<p>Timeframe</p>	<p>: Within 3 years</p>

Intended Outcome

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

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

Practice 6.1

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

Application	:	Applied
Explanation on application of the practice	:	<p><u>Non-Executive Directors ("NED")</u></p> <p>The Board believes that the levels of remuneration offered by the Group are sufficient and in line with the market practice for the healthcare sector. The remuneration structure is able to attract, retain and motivate the Directors of calibre, experience and talent to contribute to the performance of the Group.</p> <p>The Board has put in place a formal and transparent process for the remuneration of the Board. The NRC is delegated by the Board to responsible in formulating the remuneration policies and procedures for Directors and key senior management.</p> <p>The NED are remunerated based on the fixed annual fees and benefits approved by the shareholders of the Company during each AGM as required by Section 230 of the Companies Act 2016 and Paragraph 7.24 of the MMLR.</p> <p>In 2019, the NRC saw the need to review its current remuneration package due to the increasing challenges that the Company faces to grow its business. The NRC saw the need to review its current rates of remuneration of the Chairman and NEDs to be able to maintain its competitiveness and sufficiency to attract and retain individuals with strong credentials and high calibre to serve on the Board of the Company. A review is also essential to be at par with the prevalent market practice, and to commensurate with the Directors' responsibilities, commitment and contribution with reference to their statutory duties, the complexity of the Group's business and increased expectations from various stakeholders.</p> <p>An external consultant, Messrs KPMG Management & Risk Consulting Sdn Bhd ("KPMG"), was engaged to conduct a Remuneration Benchmarking for Board and Board Committees of the Company</p>

("Benchmarking") to assist the NRC to make recommendation to the Board on whether an increase in Chairman and NED's remuneration is advisable. KPMG has been producing a series of reports on the remuneration of NEDs of top public listed issuers on Bursa Malaysia Securities Berhad and the latest update is the 2017 edition.

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

KPMG indicated that the Company can consider revising the remuneration framework of its NEDs with due consideration to the Company's nuances.

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

President and Managing Director/ Executive Director ("ED")

The terms of employment contract for Executive Directors as well as the remuneration structure are reviewed and recommended by the NRC for the Board's approval. The remuneration package of the President and Managing Director and the Executive Director (until 7 May 2020) are structured to commensurate with the achievement of corporate targets set by the Board and their individual performance and is designed to justly reward performance and be able to retain talent for the long term continuity and sustainability of the Group's business.

According to Corporate Governance Monitor 2019 (CG Monitor 2019), KPJ ranked at 69th position in CEO remuneration among the top 100 listed companies on the Main Market of Bursa Malaysia. The CG Monitor 2019 presented information available as at 31 December 2018. KPJ was in the median CEO remuneration ranges from RM1 million to RM7.98 million across 13 sectors.

Every ED is entitled for benefit such as overseas business development trips, travel allowance, telecommunication facilities, insurance and medical benefits.

Senior Management

The Company is committed to providing competitive total compensation opportunities to attract, retain, motivate and reward our employees. The performances are measured based on the relative performance of the Company and individual employees' achievement to meet business needs and objectives.

	<p>Every employees is entitled for benefits as such medical, travelling allowance (domestic and overseas), mileage claim and Employees Provident Fund (EPF) contribution of 13% with year of service 0-3 years and 15% for employees with years of service more than 4 years, for group of employees below 60 years old.</p>	
<p>Explanation for departure</p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	<p>:</p>	
<p>Timeframe</p>	<p>:</p>	

Intended Outcome

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

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

Practice 6.2

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

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

Application :	Applied
Explanation on application of the practice :	<p>The Board has established the NRC with formal and transparent process for evaluating and approving the remuneration of the Board members and key senior management of the Group. The composition of the NRC complies with the requirements of Paragraph 15.08A of the MMLR.</p> <p>The TOR of NRC is made available to the public on the Group website at http://kpj.listedcompany.com/nomination_committee.html.</p> <p>The Board believes that the current and previous composition of NRC is capable of acting collectively in the best interests of all shareholders in respect of the nomination & remuneration of Board members and key senior management.</p> <p>As required by Section 230(1) of the Companies Act ("CA") 2016 provides amongst others, that the directors fees and other benefits shall be presented to the shareholders for approval at the 27th Annual General Meeting as follows:-</p> <p>Resolution 12: To approve the Proposed Directors' fees of RM1,540,000 ("Proposed Directors' Fees") for the financial year ending 31 December 2020 (2019: RM1,540,000) (Note (15)(ii))</p> <p>Resolution 13: To approve the payment of Directors' Remuneration (excluding Proposed Directors' Fees) to Non-Executive Directors ("NED") for the period from 10 July 2020 until the conclusion of the next AGM of the Company ("Relevant Period") (Note (15)(ii))</p> <p>Pursuant to Section 230(1) of the Companies Act 2016 ("Act") which came into force on 31 January 2017, the fees and benefits ("Remuneration") payable to the Directors of the Company will have to be approved by the shareholders of the Company at a general meeting. In this respect, the Board of Directors of the Company hereby agree that the shareholders' approval shall be sought at the Twenty Sixth (27th) AGM commencing 10 July 2020 until the conclusion of the next AGM of the Company in 2021.</p>

The proposed Resolution 13, if passed will allow the payment of the Directors' Remuneration (excluding Directors' fees) to the NED of the Company on a monthly basis and/or when incurred within the Relevant Period.

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

In the event that the Directors' Remuneration (excluding Proposed Directors' Fees) proposed is insufficient (e.g. due to more meetings or enlarged Board size) approval of the shareholders of the Company will be sought at the next AGM for the additional remuneration to meet the shortfall. The estimated amount of RM1,418,000.00 for the Relevant Period is derived from a total of RM730,000.00 for FY2020 and a total of RM688,000.00 for the period from 1 January 2021 until the next AGM in 2021.

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

a) Directors' Fees

	2020	2019
Non-Executive Chairman	RM220,000 per annum	RM220,000 per annum
NED	RM120,000 per annum	RM120,000 per annum

NOTE:

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

b) Directors' Remuneration (excluding Directors' fees)

1) Other benefits

Description	Chairman	NED
Other benefits	Medical benefits and company car and driver	Medical benefits and company car and for 1 NED
NED	RM120,000 per annum	RM120,000 per annum

2) Committee Fees

Committee Fees	Chairman	NED
Audit Committee	RM35,000 per annum	RM25,000 per annum
Medical Advisory Committee	*	RM15,000 per annum
Nomination and Remuneration Committee	Nil	Nil
Development and Procurement Committee	RM20,000 per annum	RM15,000 per annum
Risk and Governance Committee	RM20,000 per annum	RM15,000 per annum
ESOS Committee	Nil	Nil
Investment Committee	RM20,000 per annum	RM15,000 per annum

Allowance for Professional Advisory Services	2020
*Monthly Allowance as Chairman of Medical Advisory Committee	RM18,000

NOTE:

- i. *The payment of the annual fees for nominee directors representing Johor Corporation will be paid to Johor Corporation as Corporate Fee.*
- ii. *The payment of the Committees' annual fees are extended to all Directors in the Committees except for the Managing Director and Executive Directors (until 7 May 2020) of the Company.*
- iii. *The payment of Committee annual fees is not applicable to Nomination and Remuneration Committee, ESOS Committee and Investment Committee.*

3) **Meeting Allowance**

Meeting Allowance (per meeting)	Chairman	NED
Board of KPJ	RM4,000	RM3,000
Audit Committee	RM4,000	RM3,000
Medical Advisory Committee	RM4,000	RM3,000
Nomination and Remuneration Committee	RM3,000	RM2,000
Development and Procurement Committee	RM3,000	RM2,000
Risk and Governance Committee	RM3,000	RM2,000
Investment Committee	RM3,000	RM2,000

NOTE:

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

Explanation for departure :

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

Measure :		
Timeframe :		

Intended Outcome

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

Practice 7.1

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

Application :	Applied					
Explanation on application of the practice :		Salary & Others	Allowance & Fees	Dir fee subsid	Benefit in Kind	Total
	Non-Executive Director					
	Dato' Kamaruzzaman bin Abu Kassim	-	241,000	-	-	241,000
	Zulkifli Ibrahim	-	131,250	-	-	131,250
	Mohd Sahir Rahmat	-	134,750	-	-	134,750
	Independent Non-Executive Directors					
	Dato' Dr Azizi Hj Omar	-	225,400	-	-	225,400
	Tan Sri DP Siti Sa'diah Sheikh Bakir	-	171,500	48,000	26,238	245,738
	Dr Zaki Morad Mohamad Zaher	-	405,000	-	-	405,000
	Dato' Muthanna Abdullah	-	388,500	-	-	388,500
	Dato' Bajit Kaur A/P Teja Singh	-	197,400	-	-	197,400
	Christina Foo	-	198,500	-	-	198,500
	Executive/Managing Director					
	Amiruddin bin Abdul Satar	1,324,552	683,800	-	68,150	2,076,502
	Aminudin Dawam	967,812	469,598	-	45,866	1,483,276
	Jasimah Hassan	1,083,900	300,823	-	36,064	1,420,787
	Explanation for departure :					
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>						

Measure :		
Timeframe :		

Intended Outcome

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

Practice 7.2

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

Application	:	Applied		
Explanation on application of the practice	:	Name		
		Designation		Band (RM)
		Datin Sabariah Fauziah binti Jamaludin	Vice President (II)	1,000,000 – 1,050,000
		Mohd Johar bin Ismail	Vice President (II)	850,000-900,000
		Ahmad Nasirrudin bin Harun	Senior General Manager	750,000- 800,000
		Mohd Nasir bin Mohamed	Senior General Manager	650,000-700,000
		Norhaizam binti Mohamad	Vice President (II)	650,000 – 700,000
Explanation for departure	:			
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>				
Measure	:			
Timeframe	:			

Intended Outcome

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

Practice 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Audit Committee (AC) comprises of four Independent Non-Executive Directors.</p> <p>The AC Chairman is Christina Foo who is an INED and newly appointed as AC Chairman on 7 May 2020. She is not the Chairman of the Board.</p> <p>Christina Foo is a Chartered Accountant of the Malaysian Institute of Accountants. This meets the requirement of Paragraph 15.09 (1)(c) of the BMLR which stipulates at least one of the AC members fulfils the financial expertise requisite.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.2

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

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

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Audit Committee annually assessed the independence and objectivity of the external auditors during the year and prior to any appointment of the external auditors for adhoc non-audit services. The Committee also received from the external auditors their policies and written confirmation regarding their independence and the measures used to control the quality of their work.</p> <p>The AC was satisfied with the independence of the present external auditor PricewaterhouseCoopers PLT ("PwC") based on the quality of audit, performance, competency and sufficiency of the resources that PwC provided to the Company.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The AC members comprise of four Independent Non-Executive Directors.</p> <p>The composition of the AC is as follows:</p> <ol style="list-style-type: none">1. Christina Foo (Chairman) – INED (a)2. Prof Dato' Dr. Azizi bin Haji Omar – INED3. Dato' Dr. Ngun Kok Weng – INED (b)4. Khairuddin bin Jaflus – INED (b)5. Dato' Muthanna bin Abdullah (Chairman) – INED (c)6. Dato' Dr. Bajit Kor a/p Teja Singh – INED (d) <p>Note:</p> <p>(a) Redesignation to Chairman of AC w.e.f 7 May 2020 (b) Appointment as Member of AC w.e.f 7 May 2020 (c) Resigned as Chairman of AC w.e.f 31 March 2020 (d) Resigned as Member of AC w.e.f 7 May 2020</p>

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman of the AC, Ms Christina Foo is a Chartered Accountant of the Malaysian Institute of Accountants. This meets the requirement of Paragraph 15.09 (1) (c) of the BMLR which stipulates at least one of the Committee members fulfils the financial expertise requisite.</p> <p>Khairuddin bin Jaflus is a new member of the AC, started his career with Bank Negara Malaysia in 1978 until 1991. He then joined several corporations in the financial services industry and has held various senior positions amongst others; Executive Vice President, Project/Head Transformation Groupwide with the RHB Banking Group.</p> <p>Prof Dato' Dr Azizi bin Omar is a specialist consultant in Paediatrics Medicine by profession and has served as President of Malaysian Paediatric Association.</p> <p>Dato' Dr. Ngun Kok Weng is also a new member of the AC. He is a specialist consultant in surgeon by profession. Prior to joining KPJ Group, he was with Ministry of Health from 1977 to 1983.</p> <p>Collectively, AC members are financially literate and qualified individuals having the essential skills and expertise to discharge the Committee's functions and duties. In 2019, AC members have attended various conferences, seminars and trainings. Details of the training attended are reported at Practice 2.1.</p> <p>The AC demonstrates an appropriate level of vigilance and scepticism towards, among others, detection of any financial anomalies or irregularities in the financial statement.</p> <p>Based on the outcome of the BEE in respect of the AC effectiveness, the Board is satisfied with the composition, performance and effectiveness of the AC throughout the year. The full details of the AC activities in 2019 are elaborated in the Audit Committee Report's section in the KPJ's Integrated Report 2019</p>
Explanation for departure	:	

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

Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group adopts to COSO Internal Control Framework (COSO), which was updated in 2017 – Enterprise Risk Management Integrateing with Strategy and Performance in 2017, as a guide to ensure appropriate and sound sytem of internal controls are in palce. The COSO encompasses five inter-related components i.e. the Control Envrionment, Risk Assessment Framework, Control Activities, Information and Communication and Continous Monitoring Process.</p> <p>The Group subscribes to the ISO 31000: 2018 Risk Management guidelines to guide its risk management activities as its base framework in managing its business risks, comprising of Patient Care, Clinical Staff, Employee, Property, Financial, Corporate Governance and Others.</p> <p>The Group has put in place the Enterprise-Wide Risk Management (“ERM”) framework for managing risks associated with its business and operations. The ERM framework features a rsik governance structure that comprises of 3 levels of defence with clear lines responsibilities and accountabilities.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established an organisation structure with clearly defined lines of accountability and responsibility to support the ideal control environment. The Group has established the Risk & Sustainability Committee ("RSC") in 2018 and in May 2020, the committee changed its name to Risk & Governance Committee ("RGC") to enhance one its oversight on Governance.</p> <p>The RGC reviews and recommends to the Board on any changes in the policy, framework, standards and procedures, and their implementation where applicable. The RGC will evaluate the effectiveness of ERM and the process of assessing and managing the Group's Principal risks. The RGC also review and evaluate the risk identification (on quarterly basis), Group level risk exposures and management of the significant clinical and non-clinical risk identified.</p> <p>The risk management and internal controls frameworks are disclosed in the Statement on Risk Management and Internal Control Report on pages 159 to 165 and the Audit Committee Report on pages 158 to 155.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.3 - Step Up

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

Application :	Adopted	
Explanation on adoption of the practice :	<p>With effect from 24th April 2018, the Group has established its Risk and Governance Committee ("RGC") in line with the recommendation of the MCCG 2017 to oversee the risk management and policies. The Terms of Reference of RGC can be viewed at http://kpi.listedcompany.com, under Governance section.</p> <p>The members of RGC are as follows:</p> <ol style="list-style-type: none"> 1) Mohamed Ridza bin Mohamed Abdulla (Chairman) – INED (a) 2) Dato' Dr. Ngun Kok Weng – INED (b) 3) Datuk Seri (Dr.) Mohamed Azahari Bin Mohamed Kamil NINED (b) 4) Khairuddin Bin Jaflus – INED (b) 5) Dato' Sivamohan A/L S. Namasivayam – INED (b) 6) Christina Foo (Chairman) – INED (c) 7) Dato' Dr. Zaki Morad Bin Mohamad Zaher – INED (d) 8) Dato' Muthanna Bin Abdullah - INED (e) 9) Jasimah Binti Hassan – ED (d) 10) Prof Dato' Dr. Azizi Bin Haji Omar – INED (d) <p>Note:</p> <p>(a) Appointment as Chairman of RGC w.e.f 7 May 2020</p> <p>(b) Appointment as Member of RGC w.e.f 7 May 2020</p> <p>(c) Resigned as Chairman of RGC w.e.f 7 May 2020</p> <p>(d) Resigned as Member of RGC w.e.f 7 May 2020</p> <p>(e) Resigned as Member of RGC w.e.f 31 March 2020</p>	
Explanation for departure :		

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

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 10.1

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

Application	: Applied
Explanation on application of the practice	<p>The Company has established the Internal Audit Services (“IAS”) that carries out KPJ’s internal audit function.</p> <p>IAS, as the third line of defence, reviews the effectiveness of the internal control structures over the Group activities focusing on high risk areas as determined using a risk-based approach. All high risk activities in each auditable area are audited annually in accordance with the AC approved Internal Audit Plan.</p> <p>IAS also serves as an important source of assurance and advice for the AC concerning areas of weaknesses or deficiencies in internal control processes to facilitate appropriate remedial improvements by the Management.</p> <p>This is to provide reasonable assurance that such system continues to operate satisfactorily and effectively in the Group. IAS also carries out investigative audits where warranted.</p> <p>IAS reports functionally to the Audit Committee and administratively to President & Managing Director, and is independent of the business activities or operations of the Group. IAS’s authority, scope and responsibilities are governed by its Audit Charter which is approved by Audit Committee and aligned with the International Professional Practice Framework on Internal Auditing issued by the Institute of Internal Auditors.</p> <p>The audit reports which provide the findings and results of the audit conducted are submitted to the AC for review and deliberation. Key control issues, significant risks and recommendations are highlighted, along with Management’s responses and action plans for improvement and/or rectification, where applicable.</p> <p>This enables the AC to execute its oversight function by reviewing and deliberating on the audit issues, audit recommendations as well as Management’s responses to these recommendations. Where appropriate and applicable, the AC directed Management to take cognisance of the issues raised and established necessary steps to strengthen the system of internal control based on IA’s’ recommendations.</p> <p>The AC is satisfied that the IA has been effective and able to discharge its duties and responsibilities in accordance with the approved Audit Plan in 2019.</p>

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

Intended Outcome

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

Practice 10.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Internal Audit Services (IAS) is headed by a new Chief Internal Auditor, Mohd Firdaus Mohamed Din who joined KPJ on 9 March 2020. He is a Certified Credit Professional (Business), Certified Credit Professional – Islamic (Business), Chartered Member of the Chartered Institute of Islamic Finance Professionals Malaysia and associate member of CPA Australia. He holds a Bachelor of Commerce (Accounting) from the Australian National University, Canberra.</p> <p>IAS has sufficient resources with 15 staff and the Group spent around RM2.4 million on the Internal Audit function in terms of employee remuneration and benefits. Scope and responsibilities are governed by its Audit Charter which has been approved by the AC and is aligned with the International Professional Practice Framework on Internal Auditing issued by the Institute of Internal Auditors (IIA)</p> <p>All IAS staff have signed the Independence Statement as well as a declaration on compliance with the Code of Ethics of the IIA in carrying out their duties. The AC is satisfied that none of the staff has any relationships or conflicts of interest that would impair their objectivity and independence.</p> <p>All IA staff confirmed and provided assurance via the annual declaration that they are free from any relationships or conflict of interest which could impair their objectivity and independence.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 11.1

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

Application :	Applied
Explanation on application of the practice :	<p>The Group understands that one of its major responsibilities to shareholders are to treat equally and to provide sufficient and timely information as and when necessary to its shareholders and investors, as this reflects good corporate governance practice. It is imperative to maintain transparency, build trust and understanding in the relationship through active dialogue and communication with shareholders and investors.</p> <p>As part of the Group's commitment to promote a high level of communication and transparency with the investment community, experienced and senior level management personnel are directly involved in the Group's investor relations ("IR") function. The President 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.</p> <p>Presentations are made, where appropriate, to explain the Group's strategies, performance and major developments. However, any information that may be regarded as privileged material information about the Group will be safeguarded until such time that such information has been announced to Bursa Securities Malaysia as required by the MMLR.</p> <p>Engagement with shareholders through 26th Annual General Meeting ("AGM") were held on 18 April 2019. The AGM is serve as primary engagement platform between the Board and the shareholders of the Company. During the meeting, the President and Managing Director delivered Management's presentation and performance in 2018. The shareholders were given an ample time to raise their questions and concern to the Chairman, President and Managing Director and other Directors. Shareholders have the opportunity to participate actively and vote in general meetings, the Chairman will inform the rules including voting procedures that govern the AGM.</p> <p>In addition, the Group has established a website at http://www.kpjhealth.com.my which shareholders and stakeholders can access. The Group's quarterly and annual results announcements, including press releases are posted on the IR webpage in the Group's website immediately after announcements are made on the Bursa Malaysia's website. This website also sends out alerts to investors who opted to get this service for free on any announcement by the Company to Bursa.</p> <p>The shareholders and stakeholders are encouraged to channel their concern to the Investor Relations Services which contact number and email address at http://kpj.listedcompany.com/contact.html.</p> <p>To facilitate the stakeholders' understanding of the Company in regards to its policies and governance, the Company has placed information of Board of Directors and Executive Committees Members as well as other corporate information under section "Corporate Profile" and documents pertaining</p>

	<p>Corporate Governance, Board Charters and Terms of Reference can be found under Section “Corporate Governance, for easy reference.</p> <p>Other than the website, the Group continues to produce and enhance its Annual Report, Corporate Brochures and Fact Sheets to provide sufficient details to the shareholders and stakeholders. KPJ believes in building investors’ confidence and trust through good CG practices, transparent in communication and corporate reporting as such, in 2019, the Group produce its first Integrated Reporting which consists of Annual Review, Sustainability Statement and Financial Statement in 2019.</p> <p>Other than that, the Group also makes regular announcements on Bursa Securities Malaysia to provide stakeholders with important information which may affect their investment decisions, thus enhancing the level of transparency.</p> <p>As part of the Group’s commitment to an effective IR function, the Company hosted meetings, tele-conferencing and briefings to analysts and investors via participation in events organised by investment banks or research houses in Malaysia and abroad. For more details on the IR activities during 2019, please refer to the Corporate Governance Overview section of the Integrated Report on pages 149 to 154.</p> <p>The Senior Management personnel involved in IR activities are:</p> <ul style="list-style-type: none"> • Dato’ Amiruddin Abdul Satar -President and Managing Director • Mohd Sahir Rahmat – Senior Vice President • Norhaizam Mohamad – Vice President– Group Finance & Investor Relations Services • Khairul Annuar Azizi* – General Manager – Risk & Compliance *Until 31 May 2020
<p>Explanation for departure :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>	
<p>Timeframe :</p>	

Intended Outcome

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

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

Practice 11.2

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

Application	:	Applied	
Explanation on application of the practice	:	In April 2018 the Company is adopting International Integrated Council's ("IRC") Integrated Report in its Annual Report. In 2020, the Company published its inaugural Integrated Report 2019 which consist of Annual Review, Sustainability and Financial Statement.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.1

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

Application	:	Applied	
Explanation on application of the practice	:	In line with the MCCG requirement under Practice 12.1, beginning from the 26 th AGM, the Company has adopted the 28 days prior notice to shareholders, compared to 21 days requirement under the Companies Act 2016. In 2019, we have circulated the notice 28 days before the AGM. The additional time given to shareholders allows them to make necessary arrangement to attend and participate in person or through proxies and to enables the shareholders to make decisions on the resolutions	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>At the 26th AGM held in April 2019 all 12 directors were present in person to engage with the shareholders. The Chairman of the Board, Chairman of all the Board Committees and key senior management staff were at hand to answer all the queries from the shareholders during the question and answer session.</p> <p>The President and Managing Director presented to the shareholders the 2018 Group Performance report outlining the key financial performance, corporate initiatives and achievements and shared the challenges and opportunities faced during 2018 financial year.</p> <p>The questions put forth by the Minority Shareholders Watchdog Group (“MSWG”), Employees Provident Fund (“EPF”) and Kumpulan Wang Amanah Pencen (“KWAP”) were also presented to the shareholders present during the AGM, together with the Management’s response to the issues raised. Shareholders were also given the right and opportunity to pose questions to the Board and Management during the AGM.</p> <p>All the AGM agenda were properly explained with notes and justification in the Notice of AGM given to all shareholders together with a copy of the Integrated Report, Sustainability Report and Financial Report in electronic format. The administrative details for the appointment of proxy where relevant and information on the venue and time of the AGM were also included.</p> <p>Pursuant to Paragraph 8.29A of the MMLR, all resolutions tabled at the General Meeting were voted by electronic poll. An Independent Scrutineer was appointed to validate the votes casted at the AGM.</p> <p>For the benefit of shareholders who did not attend the AGM, President and Managing Director’s performance slides presentation with question and answer from Minority Shareholders Watchdog Group (“MSWG”), Employees Provident Fund (“EPF”) and Kumpulan Wang Amanah Pencen (“KWAP”) and the results of the voting on all the resolutions tables at the AGM were posted on the Company’s website.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 12.3

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

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

Application	:	Departure
Explanation on application of the practice	:	<p>The Group has adopted the poll voting since 24th Annual General Meeting in 2017 for all resolutions proposed where the votes were cast by voting slips and subsequently enhanced to electronic voting.</p> <p>The voting at the 26th AGM in 2019 was conducted on a poll in accordance with Paragraph 8.29A of the MMLR. Tricor Investor & Issuing House Services Sdn Bhd was appointed as Poll Administrator to conduct the polling process and Coopers Professional Scrutineers Sdn Bhd as Scrutineers to verify the poll results.</p> <p>The Group does not have a large shareholder base, with just under 8,300 shareholders. The attendance of the shareholders present during AGMs consistently represented at least around 65% of the total shareholdings, whereas our foreign shareholders base own around 6%. As such, the Board is of the view that voting in absentia and remote shareholders’ participation at General Meetings are not warranted at this juncture.</p> <p>Absentee shareholders may download or view President and Managing Director’s performance slides presentation with question and answer from Minority Shareholders Watchdog Group (“MSWG”), Employees Provident Fund (“EPF”) and Kumpulan Wang Amanah Pencen (“KWAP”) at http://kpi.listedcompany.com/AGM2018.html</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	Within 3 years

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

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

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