

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5878
COMPANY NAME : KPJ Healthcare Berhad
FINANCIAL YEAR : December 31, 2020

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application :	Applied
Explanation on application of the practice :	<p>Board Duties and Responsibilities</p> <p>All members of the Board contribute significantly in the areas of formulation of strategic direction and policies, performance monitoring and allocation of resources and enhancement of controls and governance.</p> <p>The Board believes that good corporate governance adds value to the business of the Group and will ensure that this practice continues. At the same time, the Board together with the Management, promote a healthy corporate governance ("CG") culture which reinforces ethical, prudent and professional behaviour. The Board believes in playing an active role in guiding the Management through its oversight review while at the same time steer the Group's business direction and strategy.</p> <p>The Board has established a Corporate Governance Model to ensure the effective discharge of its duties and responsibilities. The Board delegates specific powers to the relevant Board Committees with clearly defined terms of reference. There are 5 Board Committees. Audit Committee ("AC"), Risk & Governance Committee ("RGC"), Development & Procurement Committee ("DPC"), Nomination & Remuneration Committee ("NRC"), and Investment Committee ("IC"). The Group's Corporate Governance Model is illustrated in the Corporate Governance Overview section of our Integrated Report on pages 110 to 127.</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>

- **Oversees the conduct of the Company’s business**

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.

On quarterly basis, the Board has the responsibility to oversee and review the agreed Management’s Key Performance Indicator (KPI) on the execution of strategic initiatives, operational and financial performance against the set targets and budget at every Board meeting.

The relevant members of the Management are present at Board meetings to support the President 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.

The performance of the Group will be benchmarked against the performance of its set targets and that of its competitors. All major operational matters will be discussed and the appropriate consultation will be sought, where necessary.

- **Identifies and manages principal risks while ensuring the implementation of appropriate systems to manage these risks.**

In 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 old guidelines which were based on the Australian/New Zealand Standard 4360:1999 Risk Management and HB228:2001 Guidelines for Managing Risks in Healthcare.

The Group has put in place an Enterprise-Wide Risk Management (“ERM”) framework for managing risks associated with its business and operations. The ERM framework features a risk governance structure that comprises 3 levels of defence with clear lines of responsibilities and accountabilities.

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.

As a healthcare service provider, clinical risk forms the biggest risk class the Group faces. Therefore, the Board has entrusted the CRM committee which comprises medical consultants of various disciplines to review and deliberate on all reported risk incidences. The minutes and decisions of this committee are presented to the MAC, which is the apex-committee for all clinical matters of the Group.

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 .

- **Succession planning**

The Board through the NRC is responsible to ensure that there is an effective and orderly succession planning in the Group. The NRC is responsible to review candidates for Director selection and key management positions. The NRC is responsible to ensure that the candidates are of sufficient calibre based on their profiles, professional

achievements and personality assessment. The NRC also determines the remuneration for new appointment and renewal of service contracts of key management staff.

In 2020, the NRC considered the **new** nominations and appointments of 5 Independent Non-Executive Directors and 2 Non-Independent Non-Executive Directors.

- **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 128 to 137 of the Integrated Report.

The Board is also responsible for ensuring the smooth function of core processes, board governance, corporate values and ethical oversight. The Independent Non-Executive Directors will further provide an independent and objective perspective that acts as an effective check and balance mechanism in deliberating the above mentioned.

- **Strategies Promoting Sustainability**


The Board believes that developing sustainable business practices is not only critical to the future of the Group, but also for the benefit of future generations as well. For the Group, sustainability means balancing the Economic, Environment and Social (EES) aspects in operating a competitive and ethical business through good practices and policies which are applied to all stakeholders. The Group’s commitment to the evolving EES is disclosed in the Sustainability Report.

- **Commitment of Board Members**

The Board meets on a quarterly basis with additional meetings convened for specific matters when necessary. Meetings are scheduled ahead to facilitate Directors’ attendance. For the financial year 2020 the schedule of meetings were fixed in December 2019.

During the year ended 31 December 2020, 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:

2020 MEETING CALENDAR	BOD	ACM	RGC	DPC	NRC	IC	MAC
INDEPENDENT NON-EXECUTIVE DIRECTORS							
1. Dato' Yusli Bin Mohamed Yusoff (a)	10/10				2/2		
2. Christina Foo	10/10	7/7	1/1			6/6	
3. Datuk Mohd Radzif Bin Mohd Yunus (b)	10/10			12/12	6/6	6/6	
4. Mohamed Ridza Bin Mohamed Abdulla (c)	8/8		6/6		6/6	6/6	
5. Dato' Mohd Redza Shah Bin Abdul Wahid (d)	8/8			12/12	5/5	6/6	
6. Khairuddin Bin Jaflus (d)	8/8	5/5	6/6	12/12			
7. Dato' Dr Zaki Morad Bin Mohamad Zaher (e)	2/2		1/1	1/1			4/4
8. Tan Sri Siti Sa'diah Sh Bakir (f)	2/2			1/1	1/1		
9. Dato' Muthanna Bin Abdullah (f)	2/2	2/2	1/1		1/1		
10. Dato' Dr Bajit Kor a/p Teja Singh (e)	2/2	2/2			2/2		4/4
EXECUTIVE DIRECTORS							
11. Dato Amiruddin Bin Abdul Satar – Managing Director (g)	3/4						2/2
12. Aminudin Bin Dawam (e)	2/2						
13. Jasimah Binti Hassan (e)	2/2		1/1				4/4
14. Ahmad Shahizam Bin Mohd Shariff – Managing Director (h)	6/6						2/2
NON-INDEPENDENT NON-EXECUTIVE DIRECTORS							
15. Dato' Seri (Dr) Mohamed Azahari Bin Mohamed Kamil (c) (i)	6/6		3/3				
16. Rozaini Bin Mohd Sani (d)	8/8			11/12			
17. Shamsul Anuar Bin Abdul Majid (d)	8/8				5/5	6/6	
18. Dato' Kamaruzzaman Bin Abu Kassim (j)	NA						
19. Zulkifli Bin Ibrahim (f)	2/2			1/1			
20. Mohd Sahir Bin Rahmat (f)	2/2			1/1			
21. Wan Azman Bin Ismail (c) & (e)	0/0						
22. Prof. Dato' Dr Azizi Bin Haji Omar (k)	10/10	7/7	1/1	1/1	5/5		4/4
23. Dato' Dr Ngun Kok Weng (k)	8/8	5/5	6/6				4/4
24. Dato' Dr Sivamohan a/l S.Namasivayam (k)	8/8		6/6	12/12			4/4
Total number of meetings	10	7	7	12	7	6	4

 Chairman

Note :

- (a) Appointment as Chairman w.e.f 18.2 2020
- (b) Appointment as BOD member w.e.f 1.1 2020
- (c) Appointment as BOD member w.e.f 1.4.2020
- (d) Appointment as BOD member w.e.f 7.5.2020
- (e) Resignation as BOD member w.e.f 7.5.2020
- (f) Resignation as BOD member w.e.f 31.3.2020
- (g) Resignation as Managing Director w.e.f 1.7.2020
- (h) Appointment as Managing Director w.e.f 1.7.2020
- (i) Resignation as BOD member w.e.f 8.10.2020
- (j) Resignation as Chairman w.e.f 15.1 2020
- (k) Re-designation to NINED w.e.f 1.12.2020

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 10 Non-Executive Directors (NEDs) are kept separate with a clear division of responsibilities in line with best practices. The functions of the Chairman as well as those of the President and Managing Director are clearly segregated to ensure that there is a balance of power and authority.</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 and he was the 1st appointment of an Independent Chairman that was traditionally held by the President/Chief Executive of JCorp, the controlling shareholder</p> <p>Ahmad Shahizam Bin Mohd Shariff, President and Managing Director, appointed on 1 July 2020 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. On 15 Jan 2021, Puan Haslinda Binti Md Nor @ Mohd Noah, the joint Company Secretary, has retired.</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>

	<p>Trainings attended by CoSec in 2020</p> <p>Name: Hana Ab Rahim @ Ali</p> <table border="1"> <thead> <tr> <th>No</th> <th>Courses/Workshop</th> <th>Date</th> <th>Organiser</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Bursa Malaysia`S The Company Secretary: Becoming A Changemaker</td> <td>14 Dec</td> <td>Institute Of Corporate Directors Malaysia (ICDM)</td> </tr> <tr> <td>2.</td> <td>MAICSA Annual Governance Conference 2020 : New Decade Governance – Influence Strategy Impact</td> <td>2 &3 Dec</td> <td>MAICSA</td> </tr> <tr> <td>3.</td> <td>Technical Briefing For Company Secretaries of Listed Issuers</td> <td>19 Oct</td> <td>Listing Division, Regulation, Bursa Malaysia</td> </tr> </tbody> </table>			No	Courses/Workshop	Date	Organiser	1.	Bursa Malaysia`S The Company Secretary: Becoming A Changemaker	14 Dec	Institute Of Corporate Directors Malaysia (ICDM)	2.	MAICSA Annual Governance Conference 2020 : New Decade Governance – Influence Strategy Impact	2 &3 Dec	MAICSA	3.	Technical Briefing For Company Secretaries of Listed Issuers	19 Oct	Listing Division, Regulation, Bursa Malaysia
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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 2020 the schedule of meetings were fixed in December 2019.</p> <p>Prior to each Board meeting, the Notice of the Board Meeting and Board Report ("BR") will be circulated/emailed 5 days before the meeting, to all Directors so that each Director has ample time to peruse and review BR for further deliberation at the Board meeting. In line with KPJ's Sustainability initiatives which encourage a green environment for all the Board committee meetings, the Directors will be able to access the BR / meeting materials online via emails instead of hard copy distributions before the meeting. 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:			
NAME OF COURSE	DATE	NAME OF ORGANIZER	FOCUS
Dato Yusli Bin Mohamed Yusoff			
Corporate Governance & Ethics – Graduates for the Corporate sector	10-Mar-20	UUM's School of Education	Corporate Governance
The clear and present risks facing organisations under COVID-19	13-May-20	MACD & FPLC	Corporate Governance
What are the temporary relief measures for listed issuers during the COVID-19 pandemic?	15-May-20	Tricor	Leadership, Legal & Business Management
How to be an effective NED in a disruptive world	21-Sep-20	ICDM	Leadership, Legal & Business Management
Talk on MACC Sec 17A and the Private Healthcare Facilities and Services Act	15-Oct-20	KPJ Healthcare Bhd	Corporate Governance
Shipping & cargo trends and Sustainability requirement for Ports	25-Nov-20	Westports Holdings Bhd / Ocean Shipping Consultants of Royal Haskoning	Corporate Governance
Malaysian Financial Reporting Standards	01-Dec-20	FGV Holdings Bhd / PwC	Financial
COVID-19 and the future of business	02-Dec-20	UKM's Faculty of Economics & Management	Leadership, Legal & Business Management
Ahmad Shahizam Bin Mohd Shariff			
INSIGHT VIRTUAL CONFERENCE Panel Discussion Collaboration for An Agile Future in Healthcare Travel	24-Nov-20	MHTC	Leadership, Legal & Business Management
Christina Foo			
The Role of Audit Committees in Ensuring Organisational Integrity, Risk & Governance	7 – 10 Dec 2020	Institute of Corporate Directors Malaysia (ICDM)	Corporate Governance
Adequate Procedures Pursuant to Subsection(5) of Section 17A Under The Malaysian Anti-Corruption Commission Act 2009	04-Mar-20	MTDC	Corporate Governance
Audit Committee Conference 2020	04-Nov-20	MIA	Financial
CPA Virtual Congress	10-Nov-20	CPA	Financial
The Role of the Risk Management Committee in Managing Risk – Part 2	25 & 26 Nov 2020	ICDM	Corporate Governance
Datuk Mohd Radzif Bin Mohd Yunus			
SDGs and Corporate Sustainability Awareness by UN Global Compact Network Malaysia	14-Feb-20	DuoPharma Biotech Berhad	Corporate Governance
Section 17A MACC Act 2018- Corporate Liability Provision	19-Feb-20	FLPC and MSWG	Corporate Governance
Series 1 – Risk Oversight Practices	11-Mar-20	Institute of Enterprise Risk Practitioners	Corporate Governance
Series 2 – Corporate Culture and ERM			
Transport and Logistics Webinar	16-Apr-20	Frost & Sullivan	Business Management
Stakeholder Engagement in Times of Crisis	16-Apr-20	Institute Corporate Directors Malaysia	Leadership, Legal & Business Management

	The Path to the Next Normal	21-Apr-20	Institute Corporate Directors Malaysia	Leadership,Legal & Business Management
	CADS Webinar Series 1 – Prof Dennis Campbell	21-Apr-20	Center of Applied Data Science	Technology
	Turning Crisis into Opportunity	22-Apr-20	Institute Corporate Directors Malaysia	Leadership,Legal & Business Management
	CADS Webinar Series 2 – Prof Dennis Campbell	22-Apr-20	Center of Applied Data Science	Technology
	Market Impact of Covid 19 – How to Respond, Reset and Rebound	24-Apr-20	Bright Talk	Business Management
	Key Growth Strategies and Technologies to upgrade your customer experience amidst the Pandemic	29-Apr-20	Bright Talk	Business Management
	Familiarization for Consumer Healthcare Business	08-Jul-20	DuoPharma Biotech Berhad	Healthcare
	Digital Therapeutics and The Future of Pharma	23-Jul-20	DuoPharma Biotech Berhad	Technology
	Power Talk #11 – Preparing the Board for a Post COVID World	14-Aug-20	Institute Corporate Directors Malaysia	Leadership,Legal & Business Management
	Virtual Knowledge Sharing Session on Stem Cell	07-Oct-20	DuoPharma Biotech Berhad	Healthcare
	Strategic Development and Issues on the Registration of Halal Pharmaceuticals	14-Oct-20	DuoPharma Biotech Berhad	Healthcare
	Talk on MACC Sec 17A and the Private Healthcare Facilities and Services Act	15-Oct-20	KPJ Healthcare Berhad	Corporate Governance
Mohamed Ridza Bin Mohamed Abdulla				
	Capital Market Director Programme : Module 1 - Directors as Gatekeeper of Market Participants Module 2B - Business Challenges and Regulatory Expectations Module 3 - Risk Oversight and Compliance Module 4 - Current and Emerging Regulatory Issues in the Capital Market	3 – 5 Mar 2020	Securities Commission Malaysia	Financial & Capital Market
	Progressive Board Review & Directors Global Masterclass 2020	22 & 23 Sep 2020	Corporate World Intelligence	Leadership,Legal & Business Management
	<u>Pre-Board Retreat Speakers' Series</u> i) Macroeconomic Outlook: Impact of the Pandemic on Malaysia's Economy and our Journey towards Recovery ii) Property Industry Outlook: Panel Discussion : COVID-19 – What is the Reality for the Malaysian Property Industry iii) Strategy & Transformation in Real Estate: What are the Trends affecting the Real Estate Space Globally	29-Sep-20	Sime Darby Property Berhad /	Leadership,Legal & Business Management
	Directors Training for FY2020 : The Quiet Transformation of Corporate Governance	06-Nov-20	Sime Darby Property Berhad /	Corporate Governance
	PowerTalk Global Series #1 The Regenerative Business of the Future	07-Dec-20	ICDM	Leadership,Legal & Business Management

Directors Training for FY2020 : The Board and Sustainable Leadership for the Decade of Action	14-Dec-20	Sime Darby Property Berhad /	Leadership,Legal & Business Management
Briefing Session 2020 for Board and Management Bank Islam	06-Jan-20	Bank Islam	Business Management
Cyber Security Briefing & Training on Boardpac Solution	03-Feb-20	Bank Islam	Technology
Table Top Exercise by FireEye (Cyber Security Simulation Briefing)	05-Feb-20	Bank Islam	Technology
COVID-19 and Current Economic Reality: Implications for Financial Stability	14-Apr-20	FIDE	Financial & Economy
Managing Virtual Banking and Insurance Businesses	21-Jul-20	FIDE	Financial
Directors Training : Impact of Covid-19 To The Economy	05-Aug-20	Bank Islam	Financial & Economy
Digital Financial Institutions Series: Fidor's Experience	13-Aug-20	FIDE	Financial
BNM-FIDE FORUM Annual Dialogue with the Governor of BNM	03-Sep-20	FIDE	Financial
Anti-Money Laundering	11-Nov-20	BHB	Corporate Governance
Corruption Risk	11-Nov-20	BHB	Corporate Governance
United Against Corruption: Speak Up For Integrity	09-Dec-20	Bank Islam	Corporate Governance
Dato' Mohd Redza Shah Bin Abdul Wahid			
Shariah Audit Conference 2020 Mainstreaming Shariah Audit in Islamic Finance	1 – 2 Dec 2020	MIA, IVFIM CPSA	Corporate Governance
Khairuddin Bin Jaflus			
The Role of Audit Committees in Ensuring Organisational Integrity, Risk & Governance	7 – 10 Dec 2020	Institute of Corporate Directors Malaysia (ICDM)	Corporate Governance
Prof. Dato' Dr Azizi Bin Haji Omar			
National Fatigue Awareness (Speaker)	24/02/2020	CKAPS - KKM	Healthcare
NRC Workshop	17/08/2020	KPJ Healthcare Berhad	Corporate Governance
European Respiratory Congress	7-9 Sept 2020	European Respiratory Society	Healthcare
KPJ Strategic Retreat	06-Nov-20	KPJ Healthcare Berhad	Leadership,Legal & Business Management
MTS Conference	11-13 Dec 2020	Malaysian Thoracic Society	Healthcare
Dato' Dr Ngun Kok Weng			
MAP Program Virtually for PLCs Directors	15 – 17 June 2020	ASB Management Sdn Bhd	Leadership,Legal & Business Management
The Role of Audit Committees in Ensuring Organisational Integrity, Risk & Governance	7 – 10 Dec 2020	Institute of Corporate Directors Malaysia (ICDM)	Corporate Governance
Dato' Dr Sivamohan a/l S.Namasivayam			
MAP Program Virtually for PLCs Directors	20 – 22 Jun 2020	ASB Management Sdn Bhd	Leadership,Legal & Business Management
Robotic Surgery	9 – 19 Jan 2020	KPJ Healthcare Berhad / Medrobotics	Technology
Rozaini Bin Mohd Sani			

	-			Nil
	Shamsul Anuar Bin Abdul Majid			
	MAP Program Virtually for PLCs Directors	20 – 22 Jun 2020	ASB Management Sdn Bhd	Leadership, Legal & Business Management

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>The Directors also need to adhere to the Code of Ethics under paragraph 5.3 of the Board Charter, the important aspects of which are as follows:</p> <ul style="list-style-type: none">• Directors must avoid any conflict of interest between the directors and the Company. In any situation that involves or may be expected to involve a conflict of interest with the Company, Directors should immediately disclose their interest whether direct and indirect to the Company.• Directors must at all-time act in the best interest of the Company and not for personal gain or enrichment. Specifically, Directors shall follow the following guidelines:-<ul style="list-style-type: none">* Avoid placing own interest or any third-party interest above the Company;* Do not engage in any outside business that would directly or indirectly materially adversely affect the Company;* Do not abuse board membership by improperly using board membership for personal or third-party benefit;* Prevent corrupt practices which include offering and acceptance of gifts and other form benefits including , gratuities, honoraria or any other item of value from any person or entity as a direct or indirect inducement to provide special treatment to such donors;* Encourage the reporting of unlawful or unethical behaviour; and;* Protect and ensure the proper use of the company's assets. <p>During the year under review, KPJ implemented the ISO 37001 Anti-Bribery Management System (ABMS), to manage the corporate liability risks that may face in its business and to meet the requirements of Section 17A Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018) that had been enforced on 1st June 2020. The ABMS will further strengthen our efforts in combatting bribery and corruption. The ABMS Policy can be found</p>

	<p>at https://kpi.listedcompany.com/misc/ABMS_policy-English as at 1 September 2020.pdf</p> <p>A Chief Integrity Officer was appointed in February 2020 and supported by four (4) Certified Integrity Officers (CeIO) that attained their certification in 2019 to implement the policies and strategies to bolster the governance, ethics and integrity systems within the Group</p> <p>In August 2020, a total of 10 ABMS Standard Operating Procedures (SOP) were established in line with the ISO 37001:2016 standards that also meet the Guidelines on Adequate Procedures (Pursuant to Subsection (5) of Section 17A under the Malaysian Anti-Corruption Commission Act 2009</p> <p>Amongst the SOPs are on Bribery Risk Assessment, Anti-Bribery Control and Monitoring, Integrity Pact Implementation, Donation and Sponsorships, Conflict of Interest, Whistle Blowing Procedure and Gift, Entertainment and Corporate Hospitality Policy.</p> <p>KPJ has attained the ISO 37001:2016 ABMS certification on 23rd October 2020 from SIRIM QAS Sdn Bhd, a qualified and independent party as to obtain assurance that KPJ is operating in compliance with its policies and procedures related to integrity and corruption.</p> <p>In addition, the Group has also put in place a Gift, Entertainment and Corporate Hospitality Policy and “Asset Declaration” Policy, which are applicable to all employees. The purpose of these policies is to uphold ethical and responsible behaviour by employees and avoid conflicts of interest in ongoing or potential business dealings between the Group, suppliers and service.</p>
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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 Risk and Governance 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	:	
<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

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

Practice 4.1

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure		<p>As at 26th April 2021, the composition of the Board of Directors is as follows:</p> <ul style="list-style-type: none">• 1 Independent Non-Executive Chairman;• 5 Non-Independent Non-Executive Directors;• 5 Independent Non-Executive Directors; and• 1 President and Managing Director; <p>The present composition of independent directors is 50%. Nevertheless KPJ complied with MMLR requirement of at least 1/3 of Board composition comprise of INED.</p> <p>The present size and composition 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 82 to 95.</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 declared annually as to whether he/she has any family relationship with any Director and/or major shareholder of KPJ, any conflict of interest with KPJ, any conviction for offences within the past five years (other than traffic offences, any sanctions and/or penalties imposed on them by any regulatory bodies during the current financial year.</p> <p>Although all the Directors have equal oversight responsibilities for the Group, the role of these Independent Non-Executive Directors is particularly important in ensuring that all business strategies proposed by the Management are fully and independently deliberated and assessed, takes into account the long term interest of, not only the shareholders, but also employees, customers, suppliers and the many communities in which the Group operates.</p>
<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	:	Applied																				
Explanation on adoption of the practice	:	<p>In 2017, the Board has adopted the 9-year policy which limits the tenure of an Independent Director as enshrined in the MCCG.</p> <p>Particulars of INED who have served the Board for less than nine years as at 26 April 2021, including their length of services are set out in Directors' Profile appearing in pages 82 to 95 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>2</td><td>3</td><td></td><td>1</td><td></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	2	3		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 96 to 106</p> <p>The present Board composition and diversity are as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%;">Age profile</td> <td style="width: 10%;">46-50</td> <td style="width: 10%;">51-55</td> <td style="width: 10%;">56-60</td> <td style="width: 10%;">61-65</td> <td style="width: 10%;">66-71</td> <td style="width: 10%;">>71</td> </tr> <tr> <td>No. of Directors</td> <td>3</td> <td>1</td> <td>2</td> <td>3</td> <td>2</td> <td>1</td> </tr> </table> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Gender profile</td> <td style="width: 25%;">Male</td> <td style="width: 25%;">Female</td> </tr> <tr> <td>No. of Directors</td> <td>11 (92%)</td> <td>1 (8%)</td> </tr> </table> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%;">Racial composition</td> <td style="width: 17%;">Malay</td> <td style="width: 17%;">Chinese</td> <td style="width: 33%;">Indian</td> </tr> <tr> <td>No. of Directors</td> <td>9 (75%)</td> <td>2 (17%)</td> <td>1 (8%)</td> </tr> </table> <p>Board skill & experience</p> <p>EXPERIENCE AND SKILL</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">Accounting/ Finance /Audit / Banking / Investment</td> <td style="width: 15%;">67%</td> <td style="width: 15%;">8</td> </tr> <tr> <td>International Business / Strategy and Development / Merger and Acquisition / Property Management</td> <td>33%</td> <td>4</td> </tr> <tr> <td>Mathematics/ Statistics / Economics</td> <td>17%</td> <td>2</td> </tr> <tr> <td>Business Administration / Human Resource</td> <td>17%</td> <td>2</td> </tr> <tr> <td>Legal/ Regulatory/ Risk/ Corporate Governance</td> <td>42%</td> <td>5</td> </tr> <tr> <td>Specialist Consultants</td> <td>25%</td> <td>3</td> </tr> <tr> <td>Corporate CEO / Managing Director</td> <td>50%</td> <td>6</td> </tr> <tr> <td>Chief Financial Officer</td> <td>25%</td> <td>3</td> </tr> <tr> <td>Education / Research and Development / Technology</td> <td>17%</td> <td>2</td> </tr> <tr> <td>Management / Operations</td> <td>17%</td> <td>2</td> </tr> </table>	Age profile	46-50	51-55	56-60	61-65	66-71	>71	No. of Directors	3	1	2	3	2	1	Gender profile	Male	Female	No. of Directors	11 (92%)	1 (8%)	Racial composition	Malay	Chinese	Indian	No. of Directors	9 (75%)	2 (17%)	1 (8%)	Accounting/ Finance /Audit / Banking / Investment	67%	8	International Business / Strategy and Development / Merger and Acquisition / Property Management	33%	4	Mathematics/ Statistics / Economics	17%	2	Business Administration / Human Resource	17%	2	Legal/ Regulatory/ Risk/ Corporate Governance	42%	5	Specialist Consultants	25%	3	Corporate CEO / Managing Director	50%	6	Chief Financial Officer	25%	3	Education / Research and Development / Technology	17%	2	Management / Operations	17%	2
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	<p>Based on the review of the Board composition in 2020, the Board has decided to make the board size from 13 to 12.</p> <p>Effective 1st February 2021, the Board has approved a new group Senior Management structure, reorganised to establish greater management accountability and enhance empowerment at all levels of management. The ten members of the KPJ Senior Management Team, together with the seven Regional CEOs, will form the newly established KPJ Group Management Committee (KGMC).</p> <p>The appointment of key senior management was also made based on their skills, expertise, age and gender.</p> <p>The composition and diversity as follows:</p> <table border="1" data-bbox="451 656 1370 750"> <thead> <tr> <th>Age profile</th> <th>41-45</th> <th>46-50</th> <th>51-55</th> <th>56-60</th> </tr> </thead> <tbody> <tr> <td>No. KGMC</td> <td>1 (6%)</td> <td>3 (18%)</td> <td>7 (41%)</td> <td>6 (35%)</td> </tr> </tbody> </table> <table border="1" data-bbox="451 784 1187 878"> <thead> <tr> <th>Gender profile</th> <th>Male</th> <th>Female</th> </tr> </thead> <tbody> <tr> <td>No. KGMC</td> <td>12 (71%)</td> <td>5 (29%)</td> </tr> </tbody> </table> <table border="1" data-bbox="451 911 1173 985"> <thead> <tr> <th>Racial Composition</th> <th>Malay</th> <th>Chinese</th> <th>Indian</th> </tr> </thead> <tbody> <tr> <td>No. KGMC</td> <td>15 (88%)</td> <td>1 (6%)</td> <td>1 (6%)</td> </tr> </tbody> </table> <p>KGMC skill & experience</p> <table border="1" data-bbox="451 1046 1305 1368"> <tbody> <tr> <td>Accounting/ Finance /Audit / Banking</td> <td>65% (11)</td> </tr> <tr> <td>International Business / Strategy and Development / Merger and Acquisition / Real Estate / Property Management</td> <td>41% (7)</td> </tr> <tr> <td>Business Administration / Human Resource</td> <td>53% (9)</td> </tr> <tr> <td>Corporate CEO / Managing Director</td> <td>24% (4)</td> </tr> <tr> <td>Education / Research and Development / Technology</td> <td>6% (1)</td> </tr> <tr> <td>Healthcare / Clinical (Operations)</td> <td>59% (10)</td> </tr> </tbody> </table>	Age profile	41-45	46-50	51-55	56-60	No. KGMC	1 (6%)	3 (18%)	7 (41%)	6 (35%)	Gender profile	Male	Female	No. KGMC	12 (71%)	5 (29%)	Racial Composition	Malay	Chinese	Indian	No. KGMC	15 (88%)	1 (6%)	1 (6%)	Accounting/ Finance /Audit / Banking	65% (11)	International Business / Strategy and Development / Merger and Acquisition / Real Estate / Property Management	41% (7)	Business Administration / Human Resource	53% (9)	Corporate CEO / Managing Director	24% (4)	Education / Research and Development / Technology	6% (1)	Healthcare / Clinical (Operations)	59% (10)
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<p>Timeframe :</p>																																					

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	:	The present composition of female director is 8% or 1 female director out of 12 directors (i.e., Ms. Christina Foo).	
		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.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Board will address the departure in the next review cycle of directors' appointments and retirements.	
Timeframe	:	Others	2 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>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	:	
<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

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	:	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. Profile of the Chairman of NRC are found on page 86 of the Integrated Report.	
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	:	Applied
Explanation on application of the practice	:	<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>In late 2020, the Board engaged an independent consultant KPMG Governance Advisory Services, to conduct an independent review on Board assessment & effectiveness, training, remuneration and governance. The BOD is evaluating the findings and recommendations of the KPMG report that was received recently.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 6.1

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>

	<p>("Benchmarking") to assist the NRC to make recommendation to the Board on whether an increase in Chairman and NED's remuneration is advisable. 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</p> <p><u>President and Managing Director</u></p> <p>The remuneration package of the President and Managing is structured to commensurate with the achievement of corporate targets set by the Board and his individual performance and is designed to justly reward performance and be able to retain talent for the long term continuity and sustainability of the Group's business.</p> <p><u>Senior Management</u></p> <p>The Company is committed to providing competitive total compensation opportunities to attract, retain, motivate and reward our employees. The performances are measured based on the relative performance of the Company and individual employees' achievement to meet business needs and objectives.</p> <p>Every employees is entitled for benefits as such medical, travelling allowance (domestic and overseas), 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>
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Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 6.2

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

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

Application :	Applied
Explanation on application of the practice :	<p>The Board has established the NRC with formal and transparent process for evaluating and approving the remuneration of the Board members and key senior management of the Group. The composition of the NRC complies with the requirements of Paragraph 15.08A of the MMLR.</p> <p>The TOR of NRC is made available to the public on the Group website at http://kpi.listedcompany.com/nomination_committee.html.</p> <p>The 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 28th Annual General Meeting as follows:-</p> <p>Resolution 6: To approve the Proposed Directors' fees of RM1,600,000 ("Proposed Directors' Fees") for the financial year ending 31 December 2021 (2020: RM1,540,000) (Note (15)(ii))</p> <p>Resolution 7: To approve the payment of Directors' Remuneration (excluding Proposed Directors' Fees) to Non-Executive Directors ("NED") for the period from 10 July 2021 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 (28th) AGM commencing 22 June 2021 until the conclusion of the next AGM of the Company in 2021.</p>

The proposed Resolution 7, 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

	2021	2020
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
Other benefits	Medical benefits and company car and driver

2) Committee Fees

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

NOTE:

- i. The payment of the Committee Fee for nominee directors representing Johor Corporation will be paid to Johor Corporation as Corporate Fee.*
- ii. The payment of the Committee Fee are extended to all Directors in the Committees except for the Managing Director of the Company*

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 of the Company.*

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

Intended Outcome

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

Practice 7.1

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

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

	<p>* Included are the Directors Fees and Committee Fees paid to Johor Corporation as Corporate Fees</p> <ul style="list-style-type: none"> (a) Appointment as Chairman w.e.f 18.2 2020 (b) Appointment as BOD member w.e.f 1.1 2020 (c) Appointment as BOD member w.e.f 1.4.2020 (d) Appointment as BOD member w.e.f 7.5.2020 (e) Resignation as BOD member w.e.f 7.5.2020 (f) Resignation as BOD member w.e.f 31.3.2020 (g) Resignation as Managing Director w.e.f 1.7.2020 (h) Appointment as Managing Director w.e.f 1.7.2020 (i) Resignation as BOD member w.e.f 8.10.2020 (j) Resignation as Chairman w.e.f 15.1 2020 (k) Re-designation to NINED w.e.f 1.12.2020
<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

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	: <table border="1" style="margin-left: 20px;"> <thead> <tr> <th style="text-align: center;">Name</th> <th style="text-align: center;">Designation</th> <th style="text-align: center;">Band (RM)</th> </tr> </thead> <tbody> <tr> <td>Aminudin Dawam</td> <td>Senior Vice President</td> <td>1,050,000 - 1,100,000</td> </tr> <tr> <td>Jasimah Hassan (a)</td> <td>Senior Vice President</td> <td>950,000 - 1,000,000</td> </tr> <tr> <td>Mohd Sahir Bin Rahmat</td> <td>Senior Vice President</td> <td>600,000 - 650,000</td> </tr> <tr> <td>Datin Sabariah Fauziah Jamaluddin (a)</td> <td>Vice President</td> <td>600,000 - 650,000</td> </tr> <tr> <td>Mohd Johar Ismail (a)</td> <td>Vice President</td> <td>850,000 - 900,000</td> </tr> </tbody> </table> (a) Resignation as w.e.f 31.1.2021			Name	Designation	Band (RM)	Aminudin Dawam	Senior Vice President	1,050,000 - 1,100,000	Jasimah Hassan (a)	Senior Vice President	950,000 - 1,000,000	Mohd Sahir Bin Rahmat	Senior Vice President	600,000 - 650,000	Datin Sabariah Fauziah Jamaluddin (a)	Vice President	600,000 - 650,000	Mohd Johar Ismail (a)	Vice President	850,000 - 900,000
Name	Designation	Band (RM)																			
Aminudin Dawam	Senior Vice President	1,050,000 - 1,100,000																			
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Mohd Johar Ismail (a)	Vice President	850,000 - 900,000																			
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	:	Departure
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 3 Independent Non- Executive Directors.</p> <p>The AC Chairman is Christina Foo who is an INED and was 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 MMLR 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 Ernst & Young ("EY") based on the quality of audit, performance, competency and sufficiency of the resources that EY 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	:	Departure
Explanation on adoption of the practice	:	<p>The AC members comprise of three Independent Non-Executive Directors. The composition of the AC is as follows:</p> <ol style="list-style-type: none">1. Christina Foo (Chairman) – INED2. Prof Dato' Dr. Azizi bin Haji Omar – NINED3. Dato' Dr. Ngun Kok Weng – NINED4. Khairuddin bin Jaflus – INED5. Dato Mohd Redza Shah Bin Abdul Wahid – INED (a) <p>Note: (a) Appointment as Member of AC w.e.f 4.1.2021</p>
Explanation for departure:		<ul style="list-style-type: none">• Not complied whereby AC composition is 60% INED and 40% NINED arising from recent re-designation of Prof Dr Azizi and Dr Ngun from INED to NINED.

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 MMLR which stipulates at least one of the Committee members fulfils the financial expertise requisite.</p> <p>Khairuddin bin Jaflus is a member of the AC since 7 May 2020, 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 senior consultant paediatrician. He was the Medical Director of KPJ Damansara Specialist Hospital from 1997 to 2016 and is experienced in governance. He completed a Harvard's one year leadership certificate program that included financial literacy, cost accounting and management control.</p> <p>Dato' Dr. Ngun Kok Weng is a member of the AC since 7 May 2020. He is a senior consultant in surgeon by profession. Prior to joining KPJ Group, he was with Ministry of Health from 1977 to 1983.</p> <p>Dato Mohd Redza Shah Bin Abdul is a new member of the AC. He is an Associate Chartered Accountant and a member of Institute of Chartered Accountant in England and Wales.</p> <p>Collectively, AC members are qualified individuals having the essential skills and expertise to discharge the AC's functions and duties. AC's financial literacy and ability to understand the financial reporting process have contributed to the AC's discussion in upholding the integrity of the Company's financial reporting process and financial statements.</p> <p>The annual review of the composition and performance of the AC, including members' tenure, performance and effectiveness as well as their accountability and responsibilities, was duly assessed via the Board Effectiveness Evaluation. The full details of the AC activities in 2020 are elaborated in the Audit Committee Report's section in the KPJ's Integrated Report 2020.</p>

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

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>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 old guidelines which were based on the Australian/New Zealand Standard 4360:1999 Risk Management and HB228:2001 Guidelines for Managing Risks in Healthcare.</p> <p>The Group has put in place an Enterprise-Wide Risk Management ("ERM") framework for managing risks associated with its business and operations. The ERM framework features a risk governance structure that comprises 3 levels of defence with clear lines of responsibilities and accountabilities.</p> <p>KPMG was appointed to conduct external assurance as part of the effort to enhance the roles and functions of Risk Management. The Enterprise Risk Management (ERM) Maturity Assessment by KPMG was carried out from 13th January 2020 to 7th February 2020. The objectives of the assessment were to assist the Board of Directors of KPJ in respect of the following:-</p> <ul style="list-style-type: none"> • Asses the risk maturity level and identify possible gaps in KPJ's existing enterprise risk management capability • Engage with key stakeholders of the enterprise risk management function in the Group • Make recommendations to improve and enhance the effectiveness of the ERM framework <p>KPMG issued their report on ERM Maturity in April 2020 which was presented, deliberated in RGC for implementing the recommendations. They have identified 27 areas of improvement opportunities to improve KPJ's risk management practices which are categorized based on implementation priority i.e. Urgent, Medium and Long Term. 85% of recommendations have been implemented.</p> <p>Please refer to SORMIC in AR 2020 on pages 132 to 137.</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 affirms its overall responsibility for establishing the Group’s system of internal controls and risk management framework as well as reviewing its adequacy, integrity and effectiveness.</p> <p>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 its oversight on Governance.</p> <p>RGC is entrusted to evaluate and review the assessment of risk identification, the effectiveness of Enterprise Risk Management, process of assessing and managing Group’s principal risks. The committee also reviews and evaluate the Group level risk exposures and management of significant clinical and non-clinical risks identified.</p> <p>The risk management and internal controls frameworks are disclosed in the Statement on Risk Management and Internal Control Report on pages 132 to 137 and the Audit Committee Report on pages 128 to 131.</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	:	Departure
Explanation on adoption of the practice	:	<p>The RGC members comprise of two Independent Non-Executive Directors.</p> <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://kpj.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) – INED2) Dato' Dr. Ngun Kok Weng – NINED3) Khairuddin Bin Jaflus – INED4) Dato' Sivamohan A/L S. Namasivayam – NINED5) Datuk Seri (Dr.) Mohamed Azahari Bin Mohamed Kamil (a) <p>Note: (a) Resignation as Member of RGC w.e.f 8.10 2020</p>
Explanation for departure	:	<ul style="list-style-type: none">• Not complied with the majority of independent directors whereby RGC composition is 50% INED and 50% NINED arising from recent re-designation Dato' Dr. Ngun and Dato' Dr. Sivamohan from INED to NINED.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has established the Internal Audit Services (“IAS”) that carries out KPJ’s internal audit function.</p> <p>IAS, as the third line of defense, 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 approved Audit Plan. This is to provide reasonable assurance that such system continues to operate satisfactorily and effectively in the Group.</p> <p>IAS reports functionally to the AC and administratively to the President and Managing Director. IAS is independent of the activities or operations of other operating units. Internal Audit Services’ authority, scope and responsibilities are governed by its revised Audit Charter which was approved by the AC on 21 May 2020 and aligned with the International Professional Practices Framework (IPPF) of the Institute of Internal Auditors (IIA). All Internal Audit personnel signed an Independence Statement as well as a declaration on compliance to the Code of Ethics of the IIA in carrying out their duties.</p> <p>The IAS shall maintain a quality assurance and improvement programme to evaluate the conformance of internal audit activities to the International Standards for Professional Practice of Internal Auditing (Standards) issued by IIA. The said programme includes IAS function’s self-assessment and assessment by a qualified independent assessor once in five years.</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 2020.</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 in-house Internal Audit Services (IAS) carries out KPJ's internal audit function in assisting the Board to oversee that Management has in place sound risk management, internal control and governance systems. The 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>The total costs incurred for maintaining the internal audit function of 17 staff for the financial year ended 31 December 2020 is approximately RM 2.4 million, comprising mainly salaries and incidental costs such as travelling, accommodation, training cost and professional fees. Various physical and virtual in-house training programmes and external courses were provided to staff members in the areas of auditing skills, technical skills, leadership, data analytic, business acumen, strategic management and personal development to enhance the desired competency level.</p> <p>Internal Audit Services' authority, scope and responsibilities are governed by its revised Audit Charter which was approved by the AC on 21 May 2020 and aligned with the International Professional Practices Framework (IPPF) of the Institute of Internal Auditors (IIA). All Internal Audit personnel signed an Independence Statement as well as a declaration on compliance to the Code of Ethics of the IIA in carrying out their duties.</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 27th Annual General Meeting ("AGM") were held on 9 July 2020. 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 2019. 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 2020, the Group produce its first Integrated Reporting which consists of Annual Review, Sustainability Statement and Financial Statement in 2020.</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 2020, please refer to the Corporate Governance Overview section of the Integrated Report on pages 110 to 127.</p> <p>The Senior Management personnel involved in Investor Relations activities are:</p> <ul style="list-style-type: none"> • Ahmad Shahizam bin Mohd Shariff- President and Managing Director • Norhaizam binti Mohammad – Chief Financial Officer • Ariesza Noor – Chief Corporate Officer
<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	:	The Company has been publishing its inaugural Integrated Annual Report from FY 2018 by adopting International Integrated Reporting Council's ("IIRC") framework.	
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 MCGG requirement under Practice 12.1, beginning from the 27 th AGM (9 July 2020), the Company has adopted the 28 days prior notice to shareholders, compared to 21 days requirement under the Companies Act 2016. In 2020, 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 27th AGM held in July 2020 all 13 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 2019 Group Performance report outlining the key financial performance, corporate initiatives and achievements and shared the challenges and opportunities faced during 2019 financial year.</p> <p>The questions put forth by the Minority Shareholders Watchdog Group (“MSWG”) and Employees Provident Fund (“EPF”) 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”) and Employees Provident Fund (“EPF”) and the results of the voting on all the resolutions tables at the AGM were posted on the Company’s website.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 12.3

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The 27th AGM was carried in a post-MCO period where social distancing practiced via fully virtual meeting as guided by the Securities Commission Malaysia Guidance on the Conduct of General Meetings for Listed Issuers dated 18 April 2020 (SC Guidance).</p> <p>The guidance was introduced to enable companies to hold AGMs and other meetings in a way that is consistent with both their constitutional arrangements and the need to limit the spread of COVID-19.</p> <p>Pursuant to the SC Guidance and Section 327 (2) of the Companies Act, 2016, the Chairman and President and Managing Director were present at the broadcast venue of the AGM at Tricor Business Centre, Bangsar, Kuala Lumpur.</p> <p>All shareholders were required to register their attendance to AGM remotely by using Remote Participation and Voting (RPV) at https://tjih.online.</p> <p>The Tricor e-voting tutorial video on the e-voting process was played at the AGM prior to the commencement of the e-voting. The results of the poll were duly validated by Coopers Professional Scrutineers Sdn Bhd, the Independent Scrutineer appointed by KPJ.</p> <p>The poll results were also announced via Bursa LINK on the same day for the benefit of all shareholders. The 27th AGM Minutes were also made available on KPJ's website.</p>
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	:	Within 3 years

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

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

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