

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5878
COMPANY NAME : KPJ Healthcare Berhad
FINANCIAL YEAR : December 31, 2017

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application :	Applied
Explanation on application of the practice	<p>Board Duties and Responsibilities</p> <p>All members of the Board contribute significantly in the areas of formulation of strategic direction and policies, performance monitoring and allocation of resources and enhancement of controls and governance.</p> <p>The Board believes that good corporate governance adds value to the business of the Group and will ensure that this practice continues. The Board believes in playing an active role in guiding the Management through its oversight review while at the same time steer the Group's business direction and strategy.</p> <p>The Board has established a Corporate Governance Model to ensure the effective discharge of its duties and responsibilities. The Board delegates specific powers to the relevant Board Committees with clearly defined terms of reference. There are six Board Committees.- Audit Committee ("AC"), Building Committee ("BC"), Medical Advisory Committee ("MAC"), Nomination and Remuneration Committee ("NRC"), Tender Board Committee ("TBC") and Employees' Share Option Scheme Committee ("ESOS"). The Group's Corporate Governance Model is illustrated in the Corporate Governance Overview section of our Annual Report on page 129.</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 2018 –2022 was tabled, discussed and approved by the Board at its meeting on 25 January 2018. Additionally, on an ongoing basis, the Board will assess whether projects, purchases and sales of equity as well as other strategic considerations proposed (including strategies on economic, environmental and social initiatives) at Board meetings during the year, are in line with the objectives and broad outline of the adopted strategic plans.</p> <ul style="list-style-type: none"> • Oversees the conduct of the Company's business to evaluate whether the business is being properly managed <p>The President & Managing Director is responsible for leading the Management in running the business and operation of the Group, according to the broad policies,</p>

	<p>strategies and action planes approved by the Board. He is supported by the Management Executive Committee and other committees established under the Group's Management Governance framework.</p> <p>The Board has the responsibility to oversee and review the Management's performance on the execution of strategic initiatives, operational and financial performance against the set targets and budget at every Board meeting.</p> <p>The relevant members of the Management are present at Board meetings to support the President & Managing Director in presenting the operational and financial updates, the progress of key initiatives and achievement to date and to provide clarification on the queries and issues raised by the Board.</p> <p>The performance of the Group will be benchmarked against the performance of its set targets and that of its competitors. All major operational matters will be discussed and the appropriate consultation will be sought, where necessary.</p> <ul style="list-style-type: none"> • Identifies and manages principal risks while ensuring the implementation of appropriate systems to manage these risks The Board is cognisant of the principal risks of the business and expects Management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks. <p>Given the nature of the Group's business, the Board considers the clinical risks from its hospital operations to be the primary risk area. The Board delegates its powers to the MAC to provide oversight on all clinical governance, risks and control matters.</p> <p>The AC has oversight on all non-clinical governance, risks and control matters. More details have been disclosed in the Statement on Risk Management and Internal and the Medical Advisory Committee Statement in the Annual Report on pages 94 to 99 and 135 to 139 respectively.</p> • 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. <p>In 2017, the NRC considered the new nominations and appointments of an Independent Non-Executive Director, a Non-Independent Non-Executive Director and one key senior management.</p> • 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 are listed at the Investor Information section of the Annual Report on pages from 49 to 51.
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- **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**

The 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 132 to 134 of the Annual Report.

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

- **Strategies Promoting Sustainability**

The Board believes that developing sustainable business practices is not only critical to the future of the Group, but also for the benefit of future generations as well. For the Group, sustainability means balancing the Economic, Environment and Social (EES) aspects in operating a competitive and ethical business through good practices and policies which are applied to all stakeholders. The Group's commitment to the evolving EES is disclosed in the Sustainability Statement section of the Annual Report on pages from 54 to 93.

- **Compliance with applicable Malaysian Financial Reporting Standards**

In the preparation of the financial statements, the Directors have taken necessary steps to ensure that the Group consistently complied with all applicable Malaysian Financial Reporting Standards, provisions of the Companies Act 2016 and relevant provision of laws and regulations in Malaysia, including the respective countries in which the subsidiaries operate, and that the policies are supported by reasonable and prudent judgement and estimates.

The Audit Committee assists the Board in ensuring that both the annual financial statements and quarterly announcements are accurate and the preparation is consistent with the accounting policies adopted by the Group. The quarterly reports, prior to tabling to the Board for approval, will be reviewed and approved by the Audit Committee.

The Directors are required by the Companies Act 2016 to prepare financial statements for each financial year which have been made in accordance with the Malaysian Financial Reporting Standards and the International Financial Reporting Standards. This is to ensure a true and fair view of the financial position of the Group and the Company at the end of the financial year, and of the results and cash flows of the Group and Company for the financial year.

In preparing the financial statements, the Directors have adopted suitable accounting policies and applied them consistently; made judgement and estimates that are reasonable, prudent and prepared the financial statements on a going-concern basis; as the Directors have a reasonable expectation, having made enquiries that the Group and Company have resources to continue in operational existence for the foreseeable future. The Directors have the overall responsibilities

for taking such steps necessary to safeguard the assets of the Group, as well as prevent and detect fraud and other irregularities.

The Statement by Directors pursuant to Section 251(2) of the Companies Act 2016 is set out in the Financial Statements on page 156 of the Annual 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 2017 the schedule of meetings were fixed in December 2016.

During the year ended 31 December 2017, the Board convened five (5) meetings. The Board Members remain committed and dedicated in fulfilling their duties and responsibilities and this is reflected via their attendance at each Board meeting as listed below:

Date	14 Febr	25 Feb	20 Apr (Special Board of Directors Meeting)	24 Aug	21 Nov
Directors/Venue	Level 16, Menara KPJ, KL	Level 16, Menara KPJ, KL	Puteri Pacific Hotel, Johor Bahru	Level 24, Menara KOMTAR, JBCC, Johor Bahru	Level 24, Menara KOMTAR, JBCC, Johor Bahru
Non Independent Non-Executive Director					
Dato' Kamaruzzaman Abu Kassim	/	/	/	/	/
Ahamad Mohamad #	/	/	/	-	-
Zulkifli Ibrahim	/	/	/	/	/
Mohd Sahir Rahmat *	-	-	-	/	/
Independent Non-Executive Director					
Tan Sri Datin Paduka Siti Sa'diah Sheikh Bakir	/	/	/	/	/
Zainah Mustafa	/	/	/	/	/
Datuk Azzat Kamaludin	/	/	-	/	/
Dr Kok Chin Leong	/	/	/	/	/
Dr Yoong Fook Ngian ##	/	/	/	-	-
Dato' Dr Azizi Hj Omar	/	/	/	/	/
Dato' Dr Zaki Morad Mohamad Zaher **	-	-	-	/	/
Managing/Executive Director					
Dato' Amiruddin Abdul Satar	/	/	/	/	/
Aminudin Dawam	/	/	/	/	/

	<p># Resigned as Non-Independent Non-Executive Director with effect from 3 July 2017</p> <p>## Resigned as Independent Non-Executive Director with effect from 3 July 2017</p> <p>* Appointed as Non-Independent Non-Executive Director with effect from 3 July 2017</p> <p>**Appointed as Independent Non-Executive Director with effect from 3 July 2017</p> <p>All Directors have complied with the minimum of 50% attendance as stipulated by Paragraph 15.05(3)(c) of the MMLR.</p>	
<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

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

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The roles of the Chairman of the Board, President & Managing Director, Executive Director and the eight (8) Non-Executive Directors are kept separate with a clear division of responsibilities in line with best practices. The functions of the Chairman as well as those of the President & Managing Director are clearly segregated to ensure that there is a balance of power and authority.</p> <p>Dato' Kamaruzzaman Abu Kassim as the Chairman continues to lead the Board by providing oversight over the strategies and business affairs of the Group. He is also the President and Chief Executive of Johor Corporation (JCorp) and has never held the position of President & Managing Director of the Company.</p> <p>Dato' Amiruddin Abdul Satar , President & Managing Director is responsible to lead the Management in the execution of broad policies, strategies and action plans approved by the Board. He regularly engages the Board to report and discuss the Group's business performance and developments, including all strategic matters affecting the Group.</p> <p>The demarcation of Chairman and President & Managing Director is clearly stated in the Board Charter.</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

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

	Trainings attended by CoSec in 2017:			
	Name	Courses/Workshop	Date	Organiser
	Salmah Wahab	Updates on the Malaysian Code on Corporate Governance 2017 and Companies Act 2016	9 Aug	Malaysian Investor Relations Association (MIRA)
		Malaysian Code on Corporate Governance : New Dimension	6 Sept	Securities Industry Development Corporation (SIDC)
		Johor Corporation Director's Conference 2017	29 Nov	JCorp
		Technical Briefing For Cosec Of Listed Companies	10 Oct	Bursa
	Hana Ab Rahim	Training on the Best Practices Guide on AGMs for Company Secretaries of Listed Issuers	30 Mar	Bursa
		Updates on the Malaysian Code on Corporate Governance 2017 and Companies Act 2016	9 Aug	Malaysian Investor Relations Association (MIRA)
		MAICSA Annual Conference 2017 – Companies Act 2016 Paradigm Shift	12-13 Sept	MAICSA
		Technical Briefing For Cosec Of Listed Companies	10 Oct	Bursa
		Johor Corporation Director's Conference 2017	29 Nov	JCorp
	Explanation for departure :			
	<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
	Measure :			
Timeframe :				

Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>Prior to each Board meeting, the Board Report will be circulated 5 days before the meeting, to all Directors so that each Director has ample time to peruse and review papers for further deliberation at the Board 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;• Review of clinical and professional services report;• Approval sought for capital expenditure and expansion project reports;• Report on Audit Committee and Risk Management matters; and• Report of the Registrar. <p>There is also a schedule of matters reserved specifically for the Board's decision, including the approval of corporate plans and budgets; acquisition and disposal of assets that are material to the Group; major investments; changes to management and control structure of the Group, including key policies, procedures and authority limits.</p> <p>The Board is fully aware of its duties and responsibilities with regards to the matters stated above. Decisions and deliberations at the Board meetings are recorded in the minutes of the meeting by the Company Secretary. All minutes will be confirmed prior to the meeting.</p> <p>The Directors, whether as a full Board member or in their individual capacities, have full access to all information within the Company and could, where necessary take independent advice at the Group's expense, in furtherance of their duties and responsibilities.</p>

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

Intended Outcome

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

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

Practice 2.1

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

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

Application	: Applied
Explanation on application of the practice	<p>The Board Charter (“BC”) was adopted in 2014 that has sets out the key values, principles and ethos of the company, as policies and strategy development are based on these considerations. The BC has set out the roles, functions, compositions and proceedings of the Board. The BC provides guidance and captures good governance and compliance practices for the Board members.</p> <p>The BC was last reviewed in June 2017 and is available on the corporate website. The Company’s policy is for the BC to be reviewed every 3 years, 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:

Corporate Governance (including audit, risk management & internal control)

Name	Courses/Workshop	Date	Organiser
Tan Sri Datin Paduka Siti Sadiyah Sheikh Bakir	Risk Management Training	21-Feb	OSK Group – KPMG Risk Management
	International Forum on Quality and Safety in Healthcare 2017- Quality Improvement, Patient Safety	26-28 April	Institute for Healthcare Improvement & British Medical Journal (BMJ)
	University Leadership & Governance Conference – Redesigning Education Towards Financially Sustainable Universities	15-16 August	University of Malaya / MOHE AKEPT
	Bursa Malaysia Advocacy Session on Corporate Disclosure for Directors and Principal Official of Lister Issuers	30-Aug	Bursa
	ISQua 34 th International Conference (London 2017) – Learning at the System Level to Improve Healthcare Quality Safety	1-4 October	ISQua
	Bursa Malaysia Corporate Governance Breakfast Series: Integrating an Innovation Mindset with Effective Governance	7-Nov	Bursa
	Bursa Malaysia Case Study Workshop for Independent Directors – Rethinking-Independent Directors : A New Frontier	9-Nov	Bursa
	Training on Companies Act 2016 and Malaysian Code on Corporate Governance	23-Nov	OSK Holdings Berhad
JCorp Directors Conference 2017 – Managing and Leading Johor Corporation Business Continuity Mission, The Roles of the Board of Directors	29-Nov	Jcorp	
Prof. Dato Dr Azizi Omar	International Forum Quality & Safety in Healthcare	24-26 August	Institute for Healthcare Improvement & British Medical Journal (BMJ)

		Integrating An Innovation Mindset With Effective Governance Co Organiser (MINDA) Malaysian Directors Academy	7-Nov	Bursa Securities Malaysia
		JCorp Directors Conference 2017 – Managing and Leading Johor Corporation Business Continuity Mission, The Roles of the Board of Directors	29-Nov	JCorp
	Dr Kok Chin Leong	Corporate Directors Advanced Programme (CDAP) The New MCGG 2017	13-Jun	Malaysian Directors Academy (MINDA)
		IDS 2017 International Directors Summit - Enhancing Resilience Through Governance For Sustainability	21-22 August	MICG
		JCorp Directors Conference 2017 – Managing and Leading Johor Corporation Business Continuity Mission, The Roles of the Board of Directors	29-Nov	JCorp
	Dato Dr Zaki Morad Mohamad Zaher	Mandatory Accreditation Programme	25-26 September	The ICLIF Leadership and Governance Center
		International Forum Quality & Safety in Healthcare	24-26 August	Institute for Healthcare Improvement & British Medical Journal (BMJ)
	Aminudin Dawam	International Forum Quality & Safety in Healthcare	24-26 August	Institute for Healthcare Improvement & British Medical Journal (BMJ)
		JCorp Directors Conference 2017 – Managing and Leading Johor Corporation Business Continuity Mission, The Roles of the Board of Directors	29-Nov	JCorp
	Mohd Sahir Rahmat	Mandatory Accreditation Programme	28-29 September	The ICLIF Leadership and Governance Center
		JCorp Directors Conference 2017 – Managing and Leading Johor Corporation Business Continuity Mission, The Roles of the Board of Directors	29-Nov	JCorp

Leadership, Legal & Business Management

Name	Courses/Workshop	Date	Organiser
Tan Sri Datin Paduka Siti Sadiyah Sheikh Bakir	The Outward Mindset : Leadership and Self-Betrayal	13-Jul	Chemical Company of Malaysia Berhad
	The Evolving Rules of Social Media to Grow your Company, Engage Stakeholders and Actually Make Sales	7-Apr	Chemical Company of Malaysia Berhad
	Women & Leadership ~ Increasing Role of the Feminine Force	13-Apr	Pusat Kepimpinan Wanita Tun Farimah Hashim UKM
	Seminar Pemantapan Tadbir Urus : Lembaga Pengarah Unversit Awam Siri 1/2017	14-Nov	Ministry of High Education
Dato Amirudin Abdul Satar	Blue Ocean Strategy	14-15 May	JCorp
Aminudin Dawam	Seminar: Top of Mind-What's The World Best CEO Needs For the Future	2-Mar	Linkage Asia
	Strategic Roadmap for Sharing Economy Malaysia	31-Mar	Malaysia Digital Economy (MDEC)
	CIO Circle (02/2017)	16-Aug	KPJ Healthcare Berhad
	CIO Circle (03/2017)	17-Nov	QSR
	JCorp Director's Course	29-Nov	JCorp
Zulkifli Ibrahim	Blue Ocean Strategy Simulation Training Workshop	14 – 15 May	UCSI Blue Ocean Strategy Consulting
	Lean Management System untuk Pengurusan	26-Nov	Quality Unit, JCorp
	Directors Conference 2017	29-Nov	Human Resource Development Department AKADEMI
Prof. Dato Dr Azizi Omar	Southeast Asia Healthcare Leadership Program (Workshop 1)	9-12 March	Harvard Medical School
	Southeast Asia Healthcare Leadership Program (Workshop 2)	18-21 September	Harvard Medical School

Financial and Capital Markets

Name	Courses/Workshop	Date	Organiser
Zainah Mustafa	Forensic Accounting and Fraud Examination	14 August	The Institute of Internal Audit Malaysia
Datuk Azzat Kamaludin	Khazanah Megatrends Forum 2017 – Cerebrum Algorithm – Building True Value in a Post-Truth World	2-3 October	Khazanah Research Institute
Aminudin Dawam	Daiwa Investment Conference 2017	24-23 May	Daiwa Capital Markets

Industry

Name	Courses/Workshop	Date	Organiser
Dato' Kamaruzzaman Abu Kassim	ADFIM's International CEO Forum 2017- Sustaining Economic Growth with Social Conscience-Modalities of the New Era	25 Oct	DFIM
	KPJ Medical Workshop	10-12 November	KPJ Healthcare Berhad
Tan Sri Datin Paduka Siti Sadiyah Sheikh Bakir	Malaysia Global Leadership; Halal Pharmaceuticals & Enforced Choice	31-Mar	Chemical Company of Malaysia
	KPJ Medical Workshop	10-12 November	KPJ Healthcare Berhad
Dato' Amirudin Abd Satar	APHM International Healthcare Conference & Exhibition	25-27 July	KPJ Healthcare Berhad
Aminudin Dawam	APHM Conference	1-3 June	APHM
	TN50 Workshop	3-Aug	Economic Planning Unit (EPU)
	West Java Forum – Islamic Corporation of Development for Private Sector	6-7 October	Kennedy & Berliner
	KPJ Medical Workshop	10-12 November	KPJ Healthcare Berhad
Prof. Dato Dr Azizi Omar	Malaysian Thoracic Society Annual Congress 2017	20-23 July	TBA
	KPJ Medical Workshop	10-12 November	KPJ Healthcare Berhad
	JCorp Medical Conference	29-Nov	JCorp

Technology

Name	Courses/Workshop	Date	Organiser
Dato' Kamaruzzaman Abu Kassim	CIO Circle's Hi-Tea – The CIO Circle is introduced in furtherance to JCorp Strategic	24 Jan	JCorp

		Innovation Framework		
		Brown Bag Session – The Technology for Safer, Smarter & Healthier Future	24 Jan	JCorp
		CIO Circle KPJ Healthcare – Digital Disruption in 4 th Industrial Revolution, Pocket Talk, Fire side chat- Innovation: A key Thrust to Business	16 Aug	KPJ Healthcare
		QSR's CIO Circle – QSR Digital transformation journey and demonstrating its capability to deliver value through improving its Digital Customer Experience	17 Nov	QSR
		Hari Misi Kesyntambungan Bisnes 2017- Luncheon Talk : The Digital Economy : Enter the Fourth Industrial Revolution , Attaining Work-life Balance : Setting up Childcare Centers at the Workplace, Social Entrepreneurship : The Viva Starship Project	13 Dec	JCorp
	Dr Kok Chin Leong	Cyber Fraud for Board	17 May	ASIAN World Summit
	Mohd Sahir Rahmat	World's First Digital Free Trade Zone 2017	9-10 October	Malaysia Digital Economy Corporation (MDEC)
Explanation for departure :				
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>				
Measure :				
Timeframe :				

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has the responsibility to set the tone and standards for the Group through the Policy on Work Ethics & Code of Conduct which applies to every level in the Group. The Policy on Work Ethics & Code of Conduct is available at http://kpj.listedcompany.com/policy_work.html</p> <p>While the Chairman encourages full discussion and deliberation of issues affecting the Group by all Board Members, the Board has also appointed Zainah Mustafa, the Independent Non-Executive Director who is also the Chairman of the Audit Committee, to whom concerns pertaining to the Group may be conveyed by shareholders and other stakeholders.</p> <p>The Directors adhere to the Code of Ethics which is contained in the Board Charter, the important aspects of which are as follows:</p> <ul style="list-style-type: none"> • Members must represent non-conflicted loyalty to the interests of the Group; • Members must avoid conflict of interests with respect to their fiduciary responsibilities; • Members may not attempt to exercise individual authority over the Group unless it is explicitly provided for in the Board Charter; and • Members will respect the confidentiality appropriate to issues of a sensitive nature.
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 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 President & Managing Director, the Chairman of the Audit Committee and the Chairman of the Board, to facilitate whistle-blowing activities according to different possible circumstances. 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 whistleblowers 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	: Applied
Explanation on application of the practice	<p>The composition of the Board of Directors is as follows:</p> <ul style="list-style-type: none">• One (1) Non-Independent Non-Executive Chairman;• Two (2) Non-Independent Non-Executive Directors;• Six (6) Independent Non-Executive Directors;• One (1) President & Managing Director; and• One (1) Executive Director. <p>The present size and composition remains well-balanced and is made up of professionals with a wide range of knowledge and experience in business, operations and finance, all relevant to the direction of a large, expanding Group. The profiles of all Board Members, comprising of their qualification, experience and calibre are disclosed at Board Profile section of this Annual Report on pages from 108 to 118.</p> <p>The Company's Chairman is a Non-Independent Non- Executive Director and there are six (6) Independent Non- Executive Directors out of the eleven (11) Board members.</p> <p>As the Chairman is representing JCorp which has a substantial interest in the Company, he is well-placed to act on behalf of and in the best interest of all shareholders. The Board believes that the current Chairman and Board members comprise of a well-balanced mix of professionals with a diverse range of knowledge and experience which are relevant to guide the Company and the Group.</p> <p>The Independent Non-Executive Directors do not engage in any business dealings or the day-to-day management of the Company. Hence, they are capable of exercising independent judgement and act in the best interests of the Company and its shareholders. All Independent Non- Executive Directors are qualified professionals in their respective fields and carry with them vast industry experience along with subject matter expertise in medical, legal, accounting and business management.</p> <p>The current Board composition complies with Paragraph 15.02 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (MMLR) and Practice 4.1 of the MCCG 2017, whereby six (6) out of eleven (11) members are Independent Non-Executive Directors who meet the criteria of "Independent Director", as defined in Paragraph 1.01 of the MMLR. The high number of Independent Non-Executive Directors further provides for diversity of views as well as effective check and balances in the functioning of the Board.</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>	
<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

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	:	Applied - Annual shareholders' approval for independent directors serving beyond 9 years
Explanation on application of the practice	:	<p>As advocated in Practice 4.2 of the MCCG 2017, the Board should justify and seek the shareholders' approval for the retention of the independent status of 3 existing Directors who have served in that capacity for more than 9 years.</p> <p>Zainah Mustafa (appointed 1 December 2004), Datuk Azzat Kamaludin (appointed on 01 September 1994) and Dr. Kok Chin Leong (appointed 7 July 2005) have served the Company for more than 9 years. Their appointments as Independent Directors were approved by the shareholders at the 24th AGM held in April 2017.</p> <p>In November 2017, the Board has adopted the 9-year policy which limits the tenure of the Independent Director as enshrined in the MCCG. As such, the present long serving Independent Directors with more than 9 years tenure on the Board have expressed their desire not to seek re-appointment at the coming 25th AGM to be scheduled in April 2018.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	In November 2017, the Board has adopted the 9-year policy which limits the tenure of an Independent Director as enshrined in the MCCG.

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 including 3 specialist consultants with vast experience to make meaningful contributions to the Board deliberation and decision-making. 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 108 to 118.</p> <p>The present Board composition and diversity are as follows:</p> <p><u>Age profile</u> 51-55 : 4 56-60 : 2 61-65 : 2 66-70 : 2 >70: 1</p> <p><u>Gender profile</u> Male: 9 Female : 2</p> <p><u>Racial composition</u> Malay: 10 Chinese : 1</p> <p>The appointment of key senior management was also made based on their skills, expertise, age and gender. The details of their qualifications, expertise and experience can be found at the EXCO Profile section of the Annual Report on pages from 119 to 125.</p> <p>The EXCO composition and diversity as follows:</p> <p><u>Age profile</u> 45-50 : 3 51-55 :6 56-60 : 4 61-65 : 1</p> <p><u>Gender profile</u> Male: 9 Female : 5</p> <p><u>Racial composition</u> Malay: 11 Chinese : 2 Others: 1</p> <p><u>Nationality profile</u> Malaysian: 13 Others: 1</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 4.5

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 NRC at its meeting held in January 2018 has evaluated the shortlisted candidates for appointment as new Independent Directors, which will ensure compliance with MCCG as well as achieve the diversity target of at least 30% women directors on the Board. The appointment of new directors to achieve the 30% women director target will be made once their appointments have been finalised, which is expected to be latest by June 2018.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Within 1 year	

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 appointment of new 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>While the Board is responsible for the appointment of new Directors, the NRC is delegated with the role of screening and conducting an initial selection, which includes internal search such as recommendation by existing Board members or Management (especially for the specialist consultant directors) and independent external sources such as 30% Club and LeadWomen Sdn Bhd, before making a recommendation to the Board.</p> <p>The NRC evaluates the nominees' ability to discharge their duties and responsibilities and will conduct a formal engagement with the nominees before recommending their appointment as Directors to the Board for approval.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.7

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Chairman of the NRC is also the Chairman of the Board. As the Chairman is representing JCorp, which has a substantial interest in the Company, he is well-placed to act on behalf of the Company and act in the best interest of all shareholders. He is able to align the evaluation of existing Directors and selection of new Directors with the Company's requirements. This ensures adequate checks and balances in the decision-making process as the Board is also required to endorse the recommendations and final decisions of the NRC.</p> <p>Notwithstanding the above, the composition of the NRC comprises of 3 independent directors and 1 non-independent non-executive Chairman.</p> <p>Although an Independent Director is not the Chairman of the NRC, therefore a departure from Practice 4.7 of the MCCG, the Board, through the annual Board Effectiveness Evaluation feedback agreed that the NRC, under the chairmanship and leadership of Dato Kamaruzzaman Abu Kassim, has maintained its independence and objectivity during the process of Board appointments and performance evaluation. His strong view and characters, dynamic personality, inquisitive nature and outstanding leadership skills, coupled with the support of his fellow committee members, create a strong foundation for an effective NRC.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Others

Intended Outcome

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

Practice 5.1

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

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

Application	:	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>The Board, through the NRC, undertakes a rigorous evaluation each year in order to assess how well the Board, its Committees, the Directors and the Chairman are performing, including assessing the independence of Independent Directors, taking into account the individual Director's capability to exercise independent judgement at all times.</p> <p>The evaluation covers the Board's composition, skills mix, experience, communication, roles and responsibilities, effectiveness as well as conduct. All Directors complete a questionnaire regarding the Board and Committees' processes, their effectiveness and where improvements may be considered. The process also includes a peer review in which Directors assess their fellow Directors' performance against set criteria, including the skills they bring to the Group and the contribution they make. The Company Secretary reports the outcome of the evaluation exercise to the NRC and then to the Board for notation.</p> <p>Following the performance evaluation process for 2017 which was conducted internally, the Board has concluded that the Board and its Committees operate effectively. Additionally, the Chairman is satisfied that each Director continues to make an effective contribution to the work of the Board, is well prepared and informed concerning matters to be considered by the Board, has a good understanding of the Group's business and their commitment to the Company remains strong.</p> <p>An external consultant will be engaged to assist the NRC for the 2018 Board Evaluation.</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>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 and retain Directors and key senior management 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 and Board Committees and key senior management. The NRC is delegated by the Board the responsibility to formulate the remuneration policies and procedures for Directors and key senior management.</p> <p>The Non- Executive Directors are remunerated based on the fixed annual fees and benefits approved by the shareholders of the Company during each AGM as required by Section 230 of the Companies Act 2016 and Paragraph 7.24 of the MMLR.</p> <p>The Group has adopted a review cycle policy of between 3 to 4 years, depending on the Company performance and market conditions, for the directors fixed fees and benefits. The last review was conducted in 2015.</p> <p>The terms of employment contract for Executive Directors as well as the remuneration structure are reviewed and recommended by the NRC for the Board's approval. The remuneration package of the President & Managing Director and the Executive Director are structured to commensurate with the achievement of corporate targets set by the Board and their individual performance and is designed to justly reward performance and be able to retain talent for the long term continuity and sustainability of the Group's business. The typical employment contract for the Managing Director and Executive Director is for a period of 3 years.</p>

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

Intended Outcome

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

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

Practice 6.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established the NRC with formal and transparent process for evaluating and approving the remuneration of the Board members and key senior management of the Group. The composition of the NRC complies with the requirements of Paragraph 15.08A of the MMLR.</p> <p>The TOR of NRC is made available to the public on the Group website at http://kpi.listedcompany.com/nomination_committee.html.</p> <p>The NRC consists of the following members:</p> <ul style="list-style-type: none">a) Dato' Kamaruzzaman Abu Kassim, Chairman - <i>NINED</i>b) Zainah Mustafa – <i>INED</i>c) Tan Sri Datin Paduka Siti Sadiyah Sheikh Bakir - <i>INED</i>d) Datuk Azzat Kamaludin – <i>INED</i> <p>The Board believes that the current composition of NRC is capable of acting collectively in the best interests of all shareholders in respect of the nomination and remuneration of Board members and key senior management.</p> <p>As required by Section 230 of the Companies Act 2016, the directors fees and other benefits have been presented to the shareholders for approval at the 24th AGM held in April 2017 as follows:-</p> <p>Resolution 3(i) on the payment of Directors' fees of RM918,750 for the financial year ending 31 December 2016 and proposed fees of RM925,000 for the financial year ending 31 December 2017; and</p> <p>Resolution 3(ii) on the payment of Directors' remuneration (excluding Directors' fees) to the Non-Executive Directors of RM838,250 for the financial year ended 31 December 2016 and up to an amount of RM965,000 for the period from January 2017 until the conclusion of the next AGM of the Company.</p>

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.

The present remuneration structure for the NED as approved by the Board in 2015 (applicable for financial year 2016 onwards until the next review) is as follows:-

a) Directors' Fees

	2016	2017
Non-Executive Chairman	RM150,000 per annum	RM150,000 per annum
NED	RM75,000 per annum	RM75,000 per annum

b) Directors' Remuneration (excluding Directors' fees)

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

Meeting Allowance (per meeting)	Chairman	NED
Board of KPJ	RM3,500	RM2,500
Audit Committee	RM3,500	RM2,500
Medical Advisory Committee	RM500	RM400
Nomination & Remuneration Committee	RM1,000	RM500
Building Committee	RM1,000	RM500
Tender Board Committee	RM1,000	RM500

Allowance for Professional Advisory Services	2018
Monthly Allowance as Chairman of Medical Advisory Committee	RM18,000
Monthly allowance on implementation of KPJ Clinical Information System	RM7,000

For the remuneration of the President & Managing Director, Executive Director and key senior management (comprising of the 5 Vice Presidents), the NRC evaluated them with regard to the Company's overall financial and strategic achievements and their Key Performance Indicators scores and competencies for the Board's approval. The details of their remuneration for 2017 are disclosed in Practice 7.1 and Practice 7.2 sections respectively

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

Intended Outcome

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

Practice 7.1

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

Application :	Applied						
Explanation : on application of the practice		Salary & Others	Allowance & Fees	Fees from subsidiary	Advisor Fee	BIK	Total
	Non Independent Non-Executive Director						
	Dato' Kamaruzzaman bin Abu Kassim (a)		168,500				168,500
	Ahamad Mohamad (a)#		45,000				45,000
	Zulkifli Ibrahim (a)		92,500				92,500
	Mohd Sahir Rahmat *		43,500				43,500
	Independent Non-Executive Directors						
	Zainah Mustafa		105,500				105,500
	Datuk Azzat Kamaludin		97,500				97,500
	Dr Kok Chin Leong (d)		103,816		84,000		187,816
	Dr Yoong Fook Ngian (b)(c)##		156,000	11,333			167,333
	Dato' Dr Azizi Hj Omar		90,100				90,100
	Tan Sri Datin Paduka Siti Sa'diah Sh Bakir		92,000			21,250	113,250
	Dr Zaki Morad Mohamad Zaher (f)**		154,800				154,800
	Executive/Managing Director						
	Amiruddin bin Abdul Satar	1,381,590	117,700	50,000		21,250	1,570,540
	Aminudin Dawam	854,280	89,000	50,000			993,280
	(a) Representative of controlling shareholder (b) Received allowances for professional advisory services as Medical Advisory Committee Chairman (c) Received allowances for appointment as Independent Director of subsidiary hospital with effect from 01.08.2017 (d) Received allowances for professional advisory services on implementation of KPJ Clinical Information System (K-CIS)						

	(f) Received allowances for professional advisory services as Medical Advisory Chairman (appointed 03.07.2017) # Resigned as Non-Independent Non-Executive Director with effect from 3 July 2017 ## Resigned as Independent Non-Executive Director with effect from 3 July 2017 * Appointed as Non-Independent Non-Executive Director with effect from 3 July 2017 **Appointed as Independent Non-Executive Director with effect from 3 July 2017	
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 7.2

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

Application	:	Applied		
Explanation on application of the practice	:	Name	Designation	Band
		Jasimah Hassan	Vice President (I) – Business Development and Clinical Services	900,000-950,000
		Dato' Wahab Baba	Vice President (I) – Business Development Services	800,000-850,000
		Mohd Johar Ismail	Vice President (II) – Project Management, Bio Medical & International Operation Services	850,000-900,000
		Datin Sabariah Fauziah Jamaludin	Vice President (II) – Group Talent Management	750,000-800,000
		Norhaizam Mohamad	Vice President (II) – Group Finance	600,000-650,000
Explanation for departure	:			
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>				
Measure	:			
Timeframe	:			

Intended Outcome

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

Practice 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	Please provide an explanation on the adoption.

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 three (3) Independent Non-Executive Directors KPJ Healthcare Berhad.</p> <p>The Chairman of AC is Zainah Mustafa who is a Fellow of the Association of Chartered Certified Accountants (FCCA). This meets the requirement of Paragraph 15.09 (1) (c) of the MMLR which stipulates that at least one of the Committee members fulfils the financial expertise requisite. She is not the Chairman of the Board.</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>Every 5 years, the Audit Committee may obtain written assurance from the external auditors confirming their independence throughout the conduct of audit engagement in accordance with all relevant professional and regulatory requirements.</p> <p>The AC is satisfied with the independence of the present external auditor PricewaterhouseCoopers PLT.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The AC members comprise of three (3) Independent Non-Executive Directors.</p> <p>The composition of the AC is as follows:</p> <ol style="list-style-type: none">1. Zainah Mustafa - Chairman, INED2. Datuk Azzat Kamaludin – Member, INED3. Dr Kok Chin Leong- Member, INED

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, Zainah Mustafa, is a Fellow of the Association of Chartered Certified Accountants (FCCA). This meets the requirement of Paragraph 15.09 (1) (c) of the MMLR which stipulates at least one of the Committee members fulfils the financial expertise requisite.</p> <p>Datuk Azzat Kamaludin is a lawyer by profession with vast experience in legal practice and was also a former diplomatic officer.</p> <p>Dr Kok Chin Leong is a specialist consultant in paediatrics medicine by profession and is a leading paediatrics specialist, having served as President of the ASEAN Paediatrics Federation.</p> <p>Collectively, AC members are financially literate and qualified individuals having the essential skills and expertise to discharge the Committee's functions and duties. In 2017, AC members have attended various conferences, seminars and trainings. Details of the training attended are reported at Practice 2.1, page 13 to 18 of this CG Report.</p> <p>The AC demonstrates an appropriate level of vigilance and scepticism towards, among others, detection of any financial anomalies or irregularities in the financial statement.</p> <p>Based on the outcome of the Board Effectiveness Evaluation in respect of the AC effectiveness, the Board is satisfied with the composition, performance and effectiveness of AC throughout the year. The full details of the AC activities in 2017 are elaborated in the Annual Report on pages 132 to 133.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board affirms its overall responsibility for establishing the Group's system of internal controls and risk management framework as well as reviewing its adequacy, integrity and effectiveness. The Board has put in place a sound governance structure, risk management framework and internal control system pursuant to Principle B(II) of the Malaysian Code on Corporate Governance 2017 to ensure effective oversight of the principal risks and controls in the Group.</p> <p>There are 2 Board Committees established to provide oversight as follows:-</p> <p>The MAC reviews the adequacy and effectiveness of clinical governance and risk management frameworks through the clinical audits and surveys conducted by the Clinical Services Division.</p> <p>The MAC is further assisted by the Clinical Risk Management Committee ("CRMC") that comprises of medical directors who are experienced specialist consultants in their respective fields. The deliberations and decisions of the CRMC would be presented to the MAC for notation and approval.</p> <p>The detail activities of the MAC and its key sub-committees are listed in the Annual Report on pages 135 to 139.</p> <p>The AC reviews the adequacy and effectiveness of non-clinical internal controls system and risk management framework through the internal audits and risk management reviews conducted by the Group Internal Audit Services and the Risk & Compliance Services respectively. Issues raised and actions taken by Management to address these issues were deliberated in the AC meetings and the minutes of the AC meetings were then presented to the Board by the AC Chairman.</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

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, as part of its leadership role coordinates and delegates specific responsibilities to several Committees to facilitate the operations of the Group at the Board and Management level. Each Committee has written terms of reference defining its scope, powers and responsibilities.</p> <p>These Committees have the authority to examine particular issues and report back to the Board with their findings and recommendations. The ultimate responsibility for the final decisions and recommendations on all matters emanating from these Committees, however, lies with the entire Board.</p> <p>The Committees are divided into Board and Management Committees. The Board Committees comprises of six (6) main Committees:</p> <ul style="list-style-type: none"> • Audit Committee; • Building Committee; • Medical Advisory Committee; • Nomination and Remuneration Committee; • Tender Board Committee; and • Employees' Share Option Scheme Committee (ESOS) Committee <p>Building Committee (BCM)</p> <p>The main purpose of the Committee is to oversee the timeline and costs of each development project undertaken by the Group and to address any issues relating to these projects.</p> <p>The Committee meets on a scheduled basis at least four (4) times a year. All reports and minutes of the meeting are escalated to the Board.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Directors</th> <th style="text-align: center;">25 January</th> <th style="text-align: center;">12 May</th> <th style="text-align: center;">3 August</th> <th style="text-align: center;">2 November</th> </tr> </thead> <tbody> <tr> <td>Tan Sri Datin Paduka Siti Sadiyah Sheikh Bakir (Chairman) – Independent Non-Executive Director</td> <td style="text-align: center;">/</td> <td style="text-align: center;">/</td> <td style="text-align: center;">/</td> <td style="text-align: center;">/</td> </tr> <tr> <td>Dato' Amiruddin Abdul Satar – President and Managing Director</td> <td style="text-align: center;">/</td> <td style="text-align: center;">/</td> <td style="text-align: center;">/</td> <td style="text-align: center;">/</td> </tr> </tbody> </table>	Directors	25 January	12 May	3 August	2 November	Tan Sri Datin Paduka Siti Sadiyah Sheikh Bakir (Chairman) – Independent Non-Executive Director	/	/	/	/	Dato' Amiruddin Abdul Satar – President and Managing Director	/	/	/	/
Directors	25 January	12 May	3 August	2 November												
Tan Sri Datin Paduka Siti Sadiyah Sheikh Bakir (Chairman) – Independent Non-Executive Director	/	/	/	/												
Dato' Amiruddin Abdul Satar – President and Managing Director	/	/	/	/												

Dr. Yoong Fook Ngian – Independent Non-Executive Director*	/	/	n/a	n/a
Aminudin Dawam – Executive Director	/	/	x	/
Dr Zaki Morad Mohamad Zaher- Independent Non-Executive Director**	n/a	n/a	n/a	/

* Resigned as a member on 3 July 2017

** Appointed as a member on 24 August 2017

Terms of Reference of BCM is available at http://kpj.listedcompany.com/TOR_building.html

Medical Advisory Committee (MAC)

The Committee's role is to ensure that the best clinical governance activities and guidelines are adopted and practised by the Group. The Committee meets on a scheduled basis at least four (4) times a year on 25 January, 10 May, 3 August and 3 November in 2017. The MAC is chaired by Dr Zaki Morad Mohamad Zaher, Independent Non-Executive Director, replacing Dr. Yoong Fook Ngian on 1 July 2017.

At the Group level, the MAC develops and monitors clinical governance activities and guidelines. The committees that manage clinical risks under MAC as follows:

1. Clinical Governance Policy Committee (CGPC)
2. Clinical Governance Action Committee (CGAC)
3. Clinical Risk Management Committee (CRMC)
4. Research & Development Committee (R&D)
5. Clinical Ethics Committee (CEC)
6. Clinical Research Ethics (CREC)

At KPJ hospitals, overall responsibility for clinical governance and risk management lies with the hospital's Medical Director.

All hospitals have complied with the Hospital Clinical Committee (HCC) meetings as stipulated on the KPJ Medical Professional By-Laws. The reports from the HCC meetings are collected and complied and discussed during meetings in the hospital. The identified matters will be presented to Hospital Medical & Dental Advisory Committee and Hospital Board of Directors before it discuss at Group level.

The functions and activities carried out by the Committee are set out under the Medical Advisory Committee Report on pages 135 to 139 of this Annual Report.

Terms of Reference of MAC is available at http://kpj.listedcompany.com/TOR_medical.html

Tender Board Committee (TBC)

In an effort to achieve high standards of corporate governance, the Board established the Tender Board Committee (TBC) in 2014. The main purpose of the Committee is to evaluate any major purchases, acquisitions or disposals of assets, awards of contracts and appointments of consultants/advisors for the Group.

In 2017, the TBC held 5 meetings to evaluate major purchases, awards of contracts and made its recommendations to the Board accordingly.

Directors	3 February	24 May	27 July	13 October	17 November
Zulkifli Ibrahim (Chairman) – Non-Independent Non- Executive Director	/	/	/	/	/
Datuk Azzat Kamaludin – Independent Non-Executive Director	/	x	/	/	/
Dr. Yoong Fook Ngian – Independent Non-Executive Director#	/	/	n/a	n/a	n/a
Dato' Amiruddin Abdul Satar – President & Managing Director	x	/	/	/	/
Aminudin Dawam – Executive Director*	x	x	/(not as member)	n/a	/(not as member)
Mohd Sahir Rahmat - Non-Independent Non- Executive Director**	/(not as member)	n/a	n/a	/	/
Dato' Dr Azizi Omar**	n/a	n/a	n/a	/	/

Resigned as TBC Member on 3 July 2017

* Resigned as TBC Member on 24 August 2017

** Appointed as TBC Member on 24 August 2017

Terms of Reference of TBC is available at http://kpi.listedcompany.com/TOR_tender.html

Employees' Share Option Scheme Committee (ESOS Committee)

The ESOS Committee was established on 26 November 2014, comprising of a majority of independent directors. The Board has delegated the ESOS Committee to review the rules and regulations relating to the ESOS scheme and ensure that the ESOS scheme is implemented in accordance with the ESOS By-Laws with regard to amongst others, eligibility, options offer and allocation, basis of allotment, termination and appeals, if any.

The ESOS Committee members are as follows:

- a) Dato' Kamaruzzaman Abu Kassim (Chairman) – **NINED**
- b) Zainah Mustafa – **INED**
- c) Datuk Azzat Kamaludin – **INED**

The ESOS Committee reports to the Board of their deliberations and recommendations. Minutes of the ESOS Committee are presented at the Board meetings for further discussion and direction. While the ESOS Committee has the authority to deliberate on matters delegated to them, all decisions and/or recommendations made by the ESOS Committee will be brought to the attention of the Board.

Management Committees

The Management Committees comprise of two (2) main Committees:

- Executive Committee
- Tender Evaluation Committee
- Sustainability and Risk Committee

Executive Committee (EXCO)

The terms of reference and objectives of the EXCO are as follows:

1. Purpose

The main objective and purpose of the EXCO are as follows:

- To manage all aspects of the Group's business;
- To implement the strategic business plans and policies approved by the Board of Directors; and
- To identify, formulate and prioritise strategic issues as well as chart strategic directions for action by Management and employees.

2. Members

There are 14 members of EXCO as follows:

- One (1) President and Managing Director
- One (1) Executive Director
- One (1) Vice President I – Business Operations & Clinical Services
- One (1) Vice President I – Business Development
- One (1) Vice President II – Financial Services
- One (1) Vice President II – Project Management, Commissioning, Bio Medical and International Operation Services

- One (1) Vice President II – Group Talent Management Services
- One (1) Senior General Manager – Strategic Support Services
- One (1) Senior General Manager – Group Marketing, Strategic Communication
- Three (3) Senior General Manager – Group Business Operation
- One (1) Chief Information Officer
- One (1) General Manager – Product and Services Development

3. Meetings

Meetings are usually held on every Tuesday of the week.

Tender Evaluation Committee (TEC)

In an effort to achieve high standards of corporate governance, the Board had in February 2014 resolved to establish the Tender Evaluation Committee (TEC). The main purpose of the Committee is to evaluate and make its recommendations to the TBC on major purchases, acquisitions or disposals of assets, awards of contracts and appointments of consultants/advisors for the Group.

The members of the TEC are:

- a) Aminudin Dawam – **Executive Director** *
- b) Mohd Sahir Rahmat – **NINED****
- c) Jasimah Hassan – **Vice President (I), Business Operations and Clinical Services**
- d) Ahmad Nasirruddin Harun – **Senior General Manager – Group Education and Strategic Support Services**
- e) Mohd Taufik Ismail – **Executive Director International**
- f) Roslan Ahmad – **Senior General Manager – Group Operations**

* Appointed as Chairman on 24 August 2018

** Resigned as a Chairman on 24 August 2018

In 2017, the TEC met ten (10) times on 2 Feb, 3 March, 22 May, 9 June, 20 July, 11 August, 22 August, 12 September, 23 October, 12 December and made its findings and recommendations to the TBC as required.

Terms of Reference of TEC is available at http://kpj.listedcompany.com/TOR_tender.html

Sustainability and Risk Committee (SRC)

The Group's Sustainability and Risk Committee has been established to assist the Board of Directors in fulfilling its oversight responsibilities in relation to KPJ Group's objectives, policies and practices pertaining to Economic, Environment and Social (ESS) risks and achieve compliance with sustainable development, responsibilities and commitments and strive for an industry leadership position on sustainability.

The Terms of Reference of SRC can be found at http://kpj.listedcompany.com/risk_committee.html

	<p>The Committee is organised from the management staff of KPJ as follows:-</p> <ul style="list-style-type: none"> a) Dato' Amiruddin Abdul Satar, Chairman President & Managing Director b) Mohd Sahir Rahmat - NINED b) Dato' Abdul Wahab Baba Vice President (I) Business Development & Intrepreneur Services c) Datin Sabariah Fauziah Jamaluddin Vice President (II) Group Talent Management Services d) Rafeah Ariffin Senior General Manager - Group Marketing, Corporate Communication & Public Relation Services e) Mohd Taufik Ismail Executive Director International f) Norhaizam Mohamad Vice President (II) – Group Finance Services** g) Khairul Annuar Azizi General Manager - Risk, Compliance & Investor Relations Services <p>*Resigned as member on 20 April 2017 ** Appointed on 20 April 2017</p> <p>In 2017, the SRC met three (3) times on 13 Feb, 20 June and 21 Sept</p>
<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

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

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

Practice 9.3 - Step Up

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

Application	: Adopted																						
Explanation on adoption of the practice	<p>The MAC is the primary Board Committee overseeing all clinical governance policies, framework and risk controls to promote the highest standard of clinical excellence and safety throughout the Group. The Board considers the MAC to be the risk management committee for the Group.</p> <p>The TOR of MAC is available at http://kpj.listedcompany.com/TOR_medical.html</p> <p>Group Medical Advisory Committee (MAC)</p> <p>The MAC was formed in 2002, to initiate as well as to oversee clinical governance activities undertaken by the Group. The Chairman of MAC is the Independent Non-Executive Director Dato Dr Zaki Morad Mohamad Zaher, a Consultant Nephrologist who was appointed on 1 July 2017, replacing Dr Yoong Fook Ngian, who was the Chairman since 2011 and retired on 30 June 2017.</p> <p>The MAC has 11 members, comprising of 3 INED, 5 senior specialist consultants (some of whom are medical directors of the Group's hospitals) and 3 management staff (comprising of the President & Managing Director, Vice President (I) Business Operations & Clinical Services and Deputy General Manager Clinical Services).</p> <p>The Committee met four (4) times in 2017 as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2">No</th> <th rowspan="2">Members</th> <th colspan="4">Meeting Attendance</th> </tr> <tr> <th>25 Jan</th> <th>10 May</th> <th>3 Aug</th> <th>3 Nov</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Chairman Dr. Yoong Fook Ngian * <i>Independent Non-Executive Director</i></td> <td style="text-align: center;">√</td> <td style="text-align: center;">√</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> <tr> <td>2</td> <td>Chairman Dato' Dr. Zaki Morad Mohamed Zaher** Chairman, Clinical Ethics Committee</td> <td style="text-align: center;">√</td> <td style="text-align: center;">√</td> <td style="text-align: center;">√</td> <td style="text-align: center;">√</td> </tr> </tbody> </table>	No	Members	Meeting Attendance				25 Jan	10 May	3 Aug	3 Nov	1	Chairman Dr. Yoong Fook Ngian * <i>Independent Non-Executive Director</i>	√	√	-	-	2	Chairman Dato' Dr. Zaki Morad Mohamed Zaher** Chairman, Clinical Ethics Committee	√	√	√	√
No	Members			Meeting Attendance																			
		25 Jan	10 May	3 Aug	3 Nov																		
1	Chairman Dr. Yoong Fook Ngian * <i>Independent Non-Executive Director</i>	√	√	-	-																		
2	Chairman Dato' Dr. Zaki Morad Mohamed Zaher** Chairman, Clinical Ethics Committee	√	√	√	√																		

	Independent Non-Executive Director				
2	Dato' Amiruddin Abdul Satar President & Managing Director	√	√	√	√
3	Dr. Kok Chin Leong Chairman, Clinical Governance Policy Committee	√	√	√	√
4	Prof. (C) Dato' Dr. Shahrudin Mohd Dun Chairman, Clinical Governance Action Committee	√	√	√	√
5	Datuk Dr. Hussein Awang Chairman, Medical Directors' Meeting	X	√	√	√
6	Prof. Dato' Dr. Azizi Hj Omar Chairman, R&D Committee	√	√	√	√
8	Dato' Dr. Ngun Kok Weng Chairman, Clinical Risk Management Committee	√	√	√	√
9	Dato' Dr. S Jenagaratnam*** Consultant Anaesthesiologist KPJ Ipoh	√	-	-	-
10	Dato' Dr. Fadzli Cheah Medical Director KPJ Ipoh	√	√	√	√
11	Dr. Mohd Hafetz Ahmad Chairman of CREC and Consultant Obstetrician & Gynaecologist KPJ Johor	√	√	√	√
12	Puan Jasimah Hassan Vice President (I), Business Operation and Clinical Services	X	√	√	√
13	Ms Gunavathy Kalee Deputy General Manager, Clinical Quality Services KPJHB	√	√	√	√

*Resigned as a Chairman on 30 June 2017

** Appointed as Chairman on 1 July 2017

***Retired

The MAC is assisted by six (6) sub-committees. The function of each sub-committee is as follows:-

1. Clinical Governance Policy Committee (CGPC)

CGPC was formed in 2002 to develop policies related to evidence based good clinical practice for maintaining and strengthening a clinical governance framework or structure. KPJ Clinical Governance Policies arises from activities as shown below:

- a. Quality Improvement Activities
- b. Established evidence based and best practices and assessment of new innovation and emerging technology;
- c. Regulatory and National or International Professional Bodies and Academies;
- d. Analytic Reports from Incident Reports, Indicators, and Complaints.
- e. Requests from Medical Directors, Consultants, Hospital Management, and staff.

CGPC met four (4) times in 2017:

No.	Members	Meeting Attendance			
		19 Jan	6 Apr	6 Jul	4 Oct
1	Chairman Dr. Kok Chin Leong KPJ Board Member & Consultant Paediatrician KPJ Puteri	√	√	√	√
2	Prof. Dato' Dr. Lokman Saim Dean / President KPJUC	√	x	x	√
3	Dato' Dr. Abdul Wahab Abdul Ghani Medical Director & Consultant Orthopaedic Surgeon KPJ Ampang Puteri	√	x	√	x
4	Dato' Dr. N. Sivamohan Medical Director & Consultant Obstetrician & Gynecologist KPJ Klang	√	x	√	x
5	Prof. (C) Dr. Wan Hazmy Che Hon Medical Director & Consultant Orthopaedic Trauma & Sports Surgeon KPJ Seremban	√	√	√	√
6	Dr. Mahayidin Muhammad Medical Director & Consultant Radiologist KPJ Perdana	√	√	√	√
7	Dr. Ab Razak Samsudin	√	√	√	√

	Medical Director & Consultant Surgeon KPJ Pasir Gudang				
8	Dr. K.K. Chan Medical Director & Consultant Physician KPJ Tawakkal	√	√	x	√
9	Dr. Mohd Namazie Ibrahim Consultant Anaesthesiologist KPJ Selangor	x	√	x	√
10	Ms Gunavathy Kalee Deputy General Manager, Clinical Quality Services KPJHB	√	√	√	√

2. Clinical Governance Action Committee (CGAC)

CGAC is the committee that is responsible in monitoring progress of implementation of policies or programs approved by MAC. The committee also identifies problems that are hindering implementation of the agreed policies or programs. All the agreed policies or programs are analysed, evaluated and monitored in order to ensure quality in clinical care. CGAC oversees the implementation of Clinical Survey, Mortality and Morbidity Review, Clinical Performance Indicators among others. CGAC also recommends training and development of hospital clinical staff.

CGAC met 4 times in 2017:

No.	Members	Meeting Attendance			
		18 Jan	13 Apr	13 Jul	12 Oct
1	Chairman Prof. (C) Dato' Dr. Shahrudin Mohd Dun Medical Director & Consultant General Surgeon KPJ Selangor	√	√	√	√
2	Dato' Dr. Ismail Yaacob Consultant Physician Kedah Medical Centre	√	√	√	√
3	Dr Balakrishnan Subramaniam Medical Director & Consultant Obstetrician & Gynaecologist KPJ Kajang	X	√	√	X
4	Dr Mohd Harris Lu Medical Director & Consultant Ophthalmologist KPJ Sentosa KL	√	√	√	√
5	Dato' Dr Khaled Mat Hassan Medical Director & Consultant Obstetrician & Gynaecologist Kuantan Specialist	√	√	√	√

6	Noor Hisham Mansor Medical Director & Consultant Physician KPJ Tawakkal	√	X	√	√
7	Dato' Dr Mahmood Awang Kechik Medical Director & Consultant Urologist KPJ Bandar Maharani	√	√	√	√
8	Dr Rusli Arshad Medical Director & Consultant Anaesthesiologist KPJ Johor	X	√	√	√
9	Prof (C) Dr Primuharsa Putra Sabir Husin Athar Consultant Otorhinolaryngologist KPJ Seremban	√	√	X	X
10	Ms Gunavathy Kalee Deputy General Manager, Clinical Quality Services KPJHB	√	√	√	x

3. Clinical Risk Management Committee (CRMC)

The overall objective of CRMC is to enable achievement of clinical operational and strategic objectives such as:

- Promote safety and excellence in patient care;
- Identify, prioritize and manage risk arising from clinical care;
- Ensure effective and efficient use of resources through evidence-based clinical practices; and
- Protect the health and safety of the patients, healthcare providers and visitors.

CRMC aims to reduce the clinical risk to a minimum by improving the quality of care received by patients and to ensure the maintenance of a safe environment for our patients, healthcare providers and visitors. The committee met 4 times in 2017 as follows:

No	Members	Meeting Attendance			
		20 Jan	20 Apr	20 Jul	11 Oct
1	Chairman Dato' Dr. Ngun Kok Weng Medical Director & Consultant General Surgeon, KPJ Pahang	√	√	√	√
2	Dr. Padmanathan Rajoo Medical Director & Consultant General Surgeon, KPJ Penang	X	X	√	√
3	Dr. Ong Boon Teik Medical Director & Consultant Obstetrician & Gynaecologist Taiping Medical Centre	√	X	√	X
4	Dato' Dr. Kamaruzaman Ali Medical Director & Consultant Obstetrician & Gynaecologist Kedah Medical Centre	√	X	√	√

5	Dr. Roslan Mahamud Medical Director & Consultant Otorhinolaryngologist KPJ Damansara	√	√	√	X
6	Dato' Dr. Azlin Azizan Deputy Medical Director & Consultant Radiologist KPJ Ampang	√	√	√	X
7	Dr. Luis Chen Shian Liang Deputy Medical Director & Consultant Otorhinolaryngologist KPJ Ipoh	√	√	√	√
8	Dr. Mohammad Iqbal Mohammad Sawar Consultant Neonatologist KPJ Damansara	√	X	X	X
9	Dr. Muhammad Nazri Aziz Consultant Medical Microbiologist Lablink (M) Sdn Bhd	√	X	√	√
10	Mr Eric Sim Chief Information Officer, KPJHB	X	X	√	√
11	Mr Khairul Annuar Azizi General Manager, Risk Compliance & Investor Relations, KPJHB	X	X	√	√
12	Ms Gunavathy Kalee Deputy General Manager, Clinical Services, KPJHB	√	√	√	√

4. Clinical Ethics Committee (CEC)

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

The committee met 3 times in 2017.

No.	Members	20 Jan	28 Apr	9 Oct
1	Chairman Dato' Dr Zaki Morad Mohamed Zaher Consultant Physician & Nephrologist KPJ Ampang	√	√	√
	Independent Non-Executive Director			
2	Dato' Dr Ashar Abdullah Consultant Obstetrician & Gynaecologist KPJ Ampang	√	X	√
3	Dato' Dr Wan Nik Ahmad Mustafa Ali Consultant Anaesthesiologist KPJ Damansara	√	√	X
4	Datin Dr Vasantha Mathews	X	√	√

	Consultant Paediatrician KPJ Damansara			
5	Dr S. P Singaram Consultant Otorhinolaryngologist KPJ Ampang	√	√	√
6	Dr Alex Tang Tuck Hon Consultant Paediatrician KPJ Johor	√	X	X
7	Dr Jamal Azmi Mohamed Consultant Orthopaedic Surgeon KPJ Selangor	X	√	X
8	Dr Ahmad Farid Medical Director & Consultant Otorhinolaryngologist Kluang Utama Specialist Hospital	X	X	X
9	Dr Gunasegaran PT Rajan Consultant Obstetrician & Gynaecologist KPJ Damansara	√	√	√
10	Ms Gunavathy Kalee Deputy General Manager, Clinical Services KPJHB	√	√	√

5. Research & Development Committee (R&D)

The committee was established in 2010 to facilitate research within the KPJ Hospitals for Clinicians and KPJ staff who would like to conduct research involving clinical, quality, safety and/or healthcare related matters. The committee is responsible to promote the establishment of quality assurance and improvement programmes in the hospitals. The committee also oversees the process of research governance.

The committee meets (physically or by circulation of papers) only whenever there is a need to review a research proposals. In 2017, the Committee received two (2) research requests and both were approved.

The following are the members of the committee:

No	Members
1	<u>Chairman</u> YBhg. Prof. Dato' Dr. Azizi Hj Omar Consultant Paediatrician KPJHB Board Member
2	Prof. (C) Dr. Wan Hazmy Che Hon Medical Director & Consultant Orthopaedic KPJ Seremban
3	Dr. Aminuddin Saim Consultant Otorhinolaryngologist, KPJ Ampang Puteri
4	Dr. Kelvin Lim Jia Hau

	Consultant Obstetrician & Gynaecologist, KPJ Tawakkal
5	Dr. Hue Teck Lee Consultant General Surgeon, KPJ Klang
6	Dr. Hj. Mohd Ali Salleh Deputy Medical Director & Consultant Anaesthetist, KPJ Puteri

6. Research Ethics Review Committee (RERC)

The RERC was set up in 2011 to review all proposals that are submitted to the Research and Development Committee (R&D) to conduct research in the KPJ Group of Hospitals. The RERC shall review both the scientific merit and the ethical acceptability of the research proposal. The committee is responsible to safeguard the rights, safety and well-being of the research subjects.

The committee only meets when a review is required otherwise discussions and approval are by circular resolution. This year, there was one request submitted to RERC and it was approved.

The following are the members of the committee:

No	Members
1	<u>Chairman</u> Dr. Mohd Hafetz Ahmad Consultant Obstetrician & Gynaecologist, KPJ Johor
2	YBhg. Dato' Dr. Shahrudin Mohd Dun Chairman, CGAC
3	YBhg. Dato' Dr Abdul Wahab Abdul Ghani Medical Director & Consultant Orthopaedic Surgeon, KPJ Ampang Puteri
4	Pn. Jasimah Hassan Vice President (1) - Business Operation and Clinical Services, KPJHB
5	Dr. K. V. Anitha Senior Corporate Manager, KPJHB
6	Pn. Noreen Abdul Rashid General Manager, President and MD's Office
7	Pn. Zarihasyum Wan Zein Group Chief Pharmacist, KPJHB
8	Prof. Dato' Dr Lokman Saim President & CEO, KPJUC
9	Pn. Maygala Arumugam Group Chief Nursing Officer, KPJHB

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

Intended Outcome

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

Practice 10.1

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

Application	: Applied
Explanation on application of the practice	<p>The Company has established the Group Internal Audit Services Division (“GIA”) that carries out KPJ’s internal audit function. GIA, as the third line of defence, reviews the effectiveness of the internal control structures over the Group activities focusing on high risk areas as determined using a risk-based approach. All high risk activities in each auditable area are audited annually in accordance with the AC approved Internal Audit Plan.</p> <p>GIA also serves as an important source of assurance and advice for the AC concerning areas of weaknesses or deficiencies in internal control processes to facilitate appropriate remedial improvements by the Management.</p> <p>This is to provide reasonable assurance that such system continues to operate satisfactorily and effectively in the Group. GIA also carries out investigative audits where warranted.</p> <p>GIA reports functionally to the Audit Committee and administratively to President & Managing Director, and is independent of the business activities or operations of the Group. GIA’s authority, scope and responsibilities are governed by its Audit Charter which is approved by Audit Committee and aligned with the International Professional Practice Framework on Internal Auditing issued by the Institute of Internal Auditors.</p> <p>The audit reports which provide the findings and results of the audit conducted are submitted to the AC for review and deliberation. Key control issues, significant risks and recommendations are highlighted, along with Management’s responses and action plans for improvement and/or rectification, where applicable.</p> <p>This enables the AC to execute its oversight function by reviewing and deliberating on the audit issues, audit recommendations as well as Management’s responses to these recommendations. Where appropriate and applicable, the AC directed Management to take cognisance of the issues raised and established necessary steps to strengthen the system of internal control based on GIAS’ recommendations.</p> <p>The AC is satisfied that the GIA has been effective and able to discharge its duties and responsibilities in accordance with the approved Audit Plan in 2017.</p>

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

Intended Outcome

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

Practice 10.2

The board should disclose–

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

Application	:	Applied	
Explanation on application of the practice	:	<p>GIA is headed by Khairol Badariah Basiron, General Manager, Group Internal Audit Services. She holds a Bachelor of Accounting and is a Certified Internal Auditor and a Professional Member of the Institute of Internal Auditors Malaysia.</p> <p>GIA has sufficient resources with 19 staff and the Group spent around RM2.2 million on the Internal Audit function in terms of employee remuneration and benefits. Scope and responsibilities are governed by its Audit Charter which has been approved by the AC and is aligned with the International Professional Practice Framework on Internal Auditing issued by the Institute of Internal Auditors (IIA)</p> <p>All GIA staff signed the Independence Statement as well as a declaration on compliance with the Code of Ethics of the IIA in carrying out their duties. The AC is satisfied that none of the GIA staff has any relationships or conflicts of interest that would impair their objectivity and independence.</p>	
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 is to provide sufficient and timely information as and when necessary to its shareholders and investors, as this reflects good corporate governance practice. It is imperative to maintain transparency, build trust and understanding in the relationship through active dialogue and communication with shareholders and investors.</p> <p>As part of the Group's commitment to promote a high level of communication and transparency with the investment community, experienced and senior level management personnel are directly involved in the Group's investor relations ("IR") function. The President & Managing Director and senior management personnel hold discussions with analysts, investors and shareholders from time to time on the Group's results and performance.</p> <p>Presentations are made, where appropriate, to explain the Group's strategies, performance and major developments. However, any information that may be regarded as privileged material information about the Group will be safeguarded until such time that such information has been announced to Bursa Securities Malaysia as required by the MMLR.</p> <p>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 Head of Investor Relations whose name, contact number and email address at http://kpj.listedcompany.com/contact.html.</p> <p>To facilitate the stakeholders' understanding of the Company in regards to its policies and governance, the Company has placed information of Board of Directors and Executive Committees Members as well as other corporate information under section "Corporate Profile" and documents pertaining Corporate Governance, Bard 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. 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 2017, please refer to the Investor Information section of the Annual Report on pages 49 to 51.</p> <p>The Senior Management personnel involved in IR activities are:</p> <ul style="list-style-type: none"> • Dato' Amiruddin Abdul Satar -President & Managing Director • Aminudin Dawam – Executive Director • Norhaizam Mohamad – Vice President (II) – Group Finance Services • Khairul Annuar Azizi – General Manager – Risk, Compliance & Investor Relations 	
<p>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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board has decided to produce the Sustainability Statement in the Annual Report as required by Paragraph 29 Part A of Appendix 9C of MMLR.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:	Within 3 years	

Intended Outcome

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

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	In line with the MCCG requirement under Practice 12.1, beginning from the 25 th AGM, the Company has adopted the 28 days prior notice to shareholders.
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 24th AGM held in April 2017, all 11 directors were present in person to engage with the shareholders. The Chairman of the Board, Chairman of all the Board Committees and key senior management staff were at hand to answer all the queries from the shareholders during the question and answer session.</p> <p>The President & Managing Director presented to the shareholders the 2016 Group Performance report outlining the key financial performance, corporate initiatives and achievements and shared the challenges and opportunities faced during 2016 financial year.</p> <p>The questions put forth by the Minority Shareholders Watchdog Group (“MSWG”), Employees Provident Fund (“EPF”) and Kumpulan Wang Amanah Pencen (“KWAP”) were also presented to the shareholders present during the AGM, together with the Management’s response to the issues raised. Shareholders were also given the right and opportunity to pose questions to the Board and Management during the AGM.</p> <p>All the AGM agenda were properly explained with notes and justification in the Notice of AGM given to all shareholders together with a copy of the Abridged Annual Report and full Annual 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 for the first time at the 24th AGM. 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, the corporate presentation, MSWG/EPF/KWAP questions and answers and the results of the voting on all the resolutions tables at the AGM were posted on the Company’s website.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 12.3

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

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Group does not have a large shareholder base. The attendance of the shareholders during AGMs consistently represented at least around 60% of the total shareholdings of the Company. As such, the Board is of the view that voting in absentia and remote shareholders' participation at General Meetings are not warranted.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:	Others	Not Applicable

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

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

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