

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 5225  
**COMPANY NAME** : IHH HEALTHCARE BERHAD (IHH or the Company)  
**FINANCIAL YEAR** : December 31, 2020

## OUTLINE:

### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

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

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

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

## SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

### Intended Outcome

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

### Practice 1.1

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

<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<ul style="list-style-type: none"><li>• The Board is collectively responsible for the long-term success of the Company and the delivery of sustainable value to its stakeholders.</li><li>• In order to ensure the effective discharge of the Board's functions and responsibilities, the Board has in place the Board Charter, and has established Board Committees with clear Terms of Reference (TOR).</li><li>• The Board is guided by its Board Charter which lays out its roles and responsibilities in, among others, governing and setting the strategic direction of the Group, overseeing and evaluating the conduct of the Group's business, risk identification and implementation of appropriate risk management systems, establishing an Investor Relations (IR) Programme, setting the Company's values and standards and ensuring that its obligations to the Company's shareholders and other stakeholders are understood and met, promoting corporate governance culture within the Company and reviewing the adequacy and integrity of the Group's internal control and management information systems.</li><li>• Pursuant to the Board Charter, the Board, among others, performed the following roles and responsibilities during the financial year 2020, which are discharged in the best interests of the Company:<ul style="list-style-type: none"><li>(a) governing and setting of the strategic direction of the Group. The Board ensures that the strategic plan of the Company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;</li><li>(b) reviewing, challenging and deciding on Management's proposals for the Group and monitoring its implementation by Management;</li><li>(c) overseeing the conduct of the Group's businesses, including supervising and assessing Management's performance to determine whether the business is being managed properly;</li></ul></li></ul>

	<p>(d) identifying the principal risks and ensuring the implementation of appropriate systems to manage these risks and there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;</p> <p>(e) establishing succession plans including appointing, training, fixing the compensation of key management including ensuring that Management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of Board and Management;</p> <p>(f) developing and implementing an IR programme and shareholders' communication policy;</p> <p>(g) reviewing the adequacy and the integrity of the Group's internal control systems and management information systems to safeguard and enhance enterprise value;</p> <p>(h) reviewing and approving financial statements and the Company's annual reports;</p> <p>(i) ensuring the integrity of the Company's financial and non-financial reporting;</p> <p>(j) ensuring that the necessary resources are in place for the Company to meet its objectives and review Management's performance;</p> <p>(k) setting the Company's values and standards, and ensuring that its obligations to the Company's shareholders and other stakeholders are understood and met;</p> <p>(l) together with Management, promoting good corporate governance culture within the Company which reinforces ethical, prudent and professional behaviour;</p> <p>(m) together with Management, implementing its policies and procedures, which include managing conflict of interest, preventing the abuse of power, corruption, insider trading and money laundering;</p> <p>(n) determining the remuneration of Directors and Management in accordance with the Malaysian Code on Corporate Governance (MCCG), which takes into account the demands, complexities and performance of the Company as well as skills and experience required; and</p> <p>(o) Undertaking a formal and objective annual evaluation to determine the effectiveness of the Board, its Committees, each individual Director as well as the Board Chairman.</p> <ul style="list-style-type: none"> <li>• The Board engages in robust discussions on matters in relation to the development, progress and implementation of the Group's business plan and strategy. The Chairpersons of all Board Committees provide reports to the Board on issues and matters raised at the respective Board Committees' meetings, including those concerning the Group's strategy and performance, for the Board's further consideration and decisions. The Board may also request the Board Committees to conduct reviews or deep dive study on the relevant subject matters and the findings / recommendations are reported to the Board for consideration and decisions.</li> <li>• The newly appointed Directors are required to attend the induction programme to familiarise themselves with the Group's operations. The induction programme includes briefings by members of the senior management team and facilities visit (where possible), in order to familiarise them with the Management team on the grounds as well as the Group's key operations.</li> </ul>
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	<ul style="list-style-type: none"><li>• The Board held its Board Offsite Meeting (Offsite Meeting) in October and November 2020 to discuss and review the Group’s performance and set the Group’s strategic directions and aspirations. The Offsite Meeting was attended by the Board, Senior Management and the relevant Heads of Department of the Group. At the Offsite Meeting, the Board discussed the Group’s strategic directions and priorities, delivering synergy, growth platforms and review of the performance of the investments made by the Group. The outcome of the Offsite Meeting saw the establishment of common understanding of the Group’s strategic goals, objectives and actions moving forward.</li></ul>	
<b>Explanation : for departure</b>		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure :</b>		
<b>Timeframe :</b>		

## 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.

<b>Application</b> :	Applied	
<b>Explanation on application of the practice</b> :	<ul style="list-style-type: none"><li>• The role of the Chairman of the Board is set out in the Board Charter.</li><li>• The Chairman provides leadership to the Board, champions good governance and sets the tone of governance for the Board, maintains the Board's focus towards its goals during or outside of Board meetings and is insightful of current issues within and outside the healthcare industry.</li><li>• Dato' Mohammed Azlan bin Hashim (Dato' Mohammed Azlan) is the Independent Non-Executive Chairman of IHH. Dato' Mohammed Azlan has extensive experience in the corporate sector and during his career, has served in various capacities in the financial services industry and investment holding companies. Additionally, Dato' Mohammed Azlan has the skills, knowledge and experience necessary for that of a Board Chairman and he is also the Chairman of several other public listed entities in Malaysia.</li></ul>	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

## 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.

<b>Application</b> :	Applied	
<b>Explanation on application of the practice</b> :	<ul style="list-style-type: none"><li>During the financial year, the Chairman of IHH is Dato’ Mohammed Azlan bin Hashim whereas the Managing Director and Chief Executive Officer (MD &amp; CEO) of IHH is Dr Kelvin Loh Chi-Keon (Dr Kelvin Loh).</li><li>The Chairman is responsible for the overall effective functioning of the Board including the collective oversight of management. The MD &amp; CEO meanwhile assumes executive responsibility and spearheads the day-to-day management of the Company, in line with the Group’s strategy and objectives approved by the Board. Given the different nature of responsibilities of the Chairman and MD &amp; CEO, these positions are held by different individuals to ensure the integrity of the Board’s role in exercising objective oversight over Management at all times. The separation of such roles also ensures that there is no unfettered power of decision-making vested in one individual.</li><li>The Board Charter spells out specifically the roles and responsibilities of the Chairman and MD &amp; CEO respectively.</li></ul>	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

## 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.

<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<ul style="list-style-type: none"><li>• The Company Secretaries are Ida Suryati binti Ab Rahim (Ida Suryati) and Seow Ching Voon (Ching Voon).</li><li>• Ida Suryati holds Bachelor of Law (Hons), University Kebangsaan Malaysia, Master of Law (LLM) (Commercial), University of Cambridge, United Kingdom and Master of Law (LLM), University of Malaya, Malaysia. She possesses vast experience of over twenty years in legal, governance, corporate compliance and corporate secretarial fields, having worked as in-house legal counsel and company secretary of multi-national and public-listed companies.</li><li>• Ching Voon is a certified Chartered Secretary and Chartered Governance Professional of The Chartered Governance Institute with over twenty years' experience in the corporate secretarial, governance and compliance fields.</li><li>• Both Ida Suryati and Ching Voon are licensed by Companies Commission of Malaysia (CCM) to practice as the Company Secretaries.</li><li>• The Company Secretaries are experienced, competent and knowledgeable, and play an important role in advising the Board on issues relating to corporate compliance with the relevant laws, rules, procedures and regulations affecting the Board and the Group, as well as best practices of governance and corporate disclosures. The roles and responsibilities of the Company Secretary are stipulated in the Board Charter.</li><li>• The Directors have ready and unrestricted access to the advice and services of the Company Secretaries. The Board is regularly kept up to date on and apprised of any relevant legislation, regulations and guidelines, as well as any amendments thereto issued by Bursa Malaysia Securities Berhad (Bursa Securities), Securities Commission Malaysia, CCM and other relevant regulatory authorities including recommendations on corporate law reform in Malaysia as well as relevant foreign jurisdictions, particularly the effects of such new or amended legislation, regulations and guidelines on the directors specifically and the Group generally.</li></ul>

	<ul style="list-style-type: none"> <li>• The Company Secretaries ensure that decisions of the Board and Board Committees are properly documented and relayed to Management to act upon in a timely manner. The Company Secretaries are also responsible for, among others, the operation of the secretariat function, including lodgements with relevant statutory and regulatory bodies, the administration of Board and Board Committee meetings (including preparation of the minutes, matters arising and Board Committee Chairmen's reports), managing processes pertaining to the Company's general meetings, and assisting the Board in applying the latest corporate governance practices to meet the Board's needs and stakeholders' expectations.</li> <li>• The appointment and changes in the Company Secretaries are matters reserved for the Board's approval. The Board ensures that only qualified and suitable individuals are appointed as the Company Secretaries of the Company.</li> </ul>	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		



## 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.

<b>Application</b> :	Applied	
<b>Explanation on application of the practice</b> :	<ul style="list-style-type: none"><li>• To facilitate productive and meaningful Board and Board Committee meetings, the proceedings are conducted in accordance with an agenda which is approved by the respective Chairmen prior to each meeting. The agenda together with comprehensive management reports and proposal papers are furnished to the Directors at least five working days in advance of each Board or Board Committee meeting. This is to accord sufficient time for the Directors to review the materials and, where necessary, conduct independent analysis or request additional material. However, urgent matters and exceptional circumstances could fall outside these timing requirements and a shorter period for the circulation of the proposal papers would be allowed with the Chairman’s consent and approval.</li><li>• The annual meetings calendar is fixed prior to the end of the preceding year to enable the Directors and Management to plan ahead and prepare for the meetings accordingly.</li><li>• Directors are allowed to participate in Board or Board Committee meetings via electronic means. During the financial year, the Board and Board Committee meetings were mostly held via electronic means in view of the travel restrictions and closed international borders by various governments to curb the Covid-19 pandemic. All deliberations and decisions made at Board or Board Committee meetings, including dissenting views and whether any Director abstained from voting or deliberating on a particular matter, are duly minuted as records of their proceedings.</li><li>• Draft minutes of the meetings are typically circulated to the Directors within one month after each meeting for review.</li></ul>	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

## 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.

<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<ul style="list-style-type: none"><li>• The Board had in 2013 formalised a Board Charter setting out the duties, responsibilities and functions of the Board in accordance with the principles of good corporate governance as stipulated in the policy documents and guidelines issued by the relevant regulatory authorities. The Board Charter is published on the Company's website.</li><li>• As outlined in the Board Charter, the Board reserves full decision-making powers on itself in areas such as setting the strategic direction of the Company, material acquisitions and disposition of assets, investments in capital projects, material borrowings, related party transactions, treasury policies, risk management policies and key human resource issues.</li><li>• The Board delegates certain matters to the Board Committees as well as the Senior Management of the Company subject to the TORs and/or approving authority limits set by the Board in the Limits of Authority. While such delegation has been made, the Board has at all times exercised collective oversight of the Board Committees and Management and conducts regular review of the division of responsibilities to ensure that the Group is able to adapt to changing business circumstances.</li><li>• The Board Charter aims to ensure that all Directors acting on behalf of the Company are aware of their fiduciary duties and responsibilities as Board members, understand the various legislations and regulations affecting their conduct and apply the principles and practices of good corporate governance in all matters. The Board Charter outlines processes and procedures for the Board and its Committees in discharging their stewardship effectively and efficiently.</li><li>• The Board reviews the Board Charter as and when it deems fit to ensure its applicability to the Company's operating environment and to align with current rules and regulations for its continued relevance. The Board Charter was last reviewed and approved for adoption by the Board in June 2020.</li></ul>

- Under the Board Charter, the Board, among others, assumes the following roles and responsibilities:

**(a) Reviewing and adopting the strategic direction of the Group**

Management presents their proposals with the necessary information related to the Group's key strategies and business plans and the Board deliberates and determines the Group's strategic and business direction based on the propositions presented by Management.

The Board Offsite Meeting is held annually for the Board to have a focused discussion on key strategies and proposed business plans for the Group.

**(b) Overseeing and evaluating the conduct of the Group's businesses**

The Board and the relevant sub-Committees review and evaluate the conduct of the Group's businesses at their respective meetings. The Group Chief Financial Officer, Group Chief Operating Officer and/or representatives of each operating division would be invited to present to the relevant sub-Committees and Board at the monthly or quarterly meetings, where relevant, the financial performance, operational updates of their respective operating division and the macro economic environment. The Board provides the relevant guidance on the action plan of the Group and facilitate knowledge and experience sharing between the representatives of the operating divisions to bring about a higher level of synergy as well as operational effectiveness and efficiency.

The Board oversees the overall performance of the Group and the achievements of the Group's Balanced Scorecard which is approved by the Board.

**(c) Identifying the principal risks and ensuring the implementation of appropriate systems to manage these risks**

The Board recognises the need for a strong risk management discipline across the Group to ensure achievement of the desired business objectives. The Board also acknowledges that a holistic approach to business management, taking into consideration the economic, environmental and social (EES) risks and opportunities alongside financial implications, is a measure to generate long term benefits and business continuity.

Each of the operating division has set up their respective Risk Management division or nominated relevant staff overseeing the risk function (risk collaborator) who regularly monitors any potential risk that the respective operating division might face in the operations. The respective operating division's risk management division or risk collaborator would then report their findings to the IHH Risk Management Committee (RMC) through Group Risk or to Senior Management.

At the Group level, the Group Risk Management department consolidates the risk reports from the respective operating divisions and maps the risks identified into the IHH Group Risk Profile. The Group Risk Management department also embeds the precepts of sustainability within the Group by identifying, evaluating and managing material EES risks and opportunities and mapping them into the Group's broader risk management framework. The Group level risk report would then be presented to the IHH RMC for deliberation on a quarterly basis. The Group Risk Management department would also be invited to present the risk report to the Board on a half-yearly basis.

The Group has established an International Clinical Governance Advisory Council (ICGAC) which comprises independent healthcare thought leaders, former academia, practicing professionals from different regions and management representatives with clinical quality and ethics background from the respective operating divisions, to form a high-level advisory council. The ICGAC seeks to drive exemplary and consistent clinical quality and implements continuous quality improvement projects and initiatives across IHH Group.

**(d) Establishing Talent Management and succession plans**

The Group, via collaboration between the Human Capital Management function and senior leaders, continues initiatives on succession planning for key management and other critical roles within the Group. The objective is to have a high calibre internal talent pool to drive the Group's growth plans. Individual development plans have been established and various structured talent management practices are also in place for the purpose of developing this talent pool.

The Board, through the Nomination Committee (NC), monitors the performance of the Board and Key Senior Management as well as reviews and evaluates the suitability of potential candidates and their expertise, to fill vacant key positions.

**(e) Establishing and implementing a good IR programme and shareholders' communication policy**

The Board recognises that a sound IR programme and shareholders' communication policy is vital in managing investors' and shareholders' interests and perception of the Company.

The Company carries out its IR activities, led by the Senior Management team and in accordance with its annual IR calendar. The Board is apprised of the IR strategy and IR activities including the number of investor conferences and non-deal roadshows attended as well as the number of analysts' meetings, on a quarterly basis. Key take-aways gathered from the IR activities, which would also be shared with the Board and Management, take into account the feedback of the investors and shareholders with the aim of further improving the Group's operational and financial performance as well as to become a better corporate citizen in the community it operates.

	<p><b>(f) Reviewing the adequacy and integrity of the Group's internal control and management information systems</b></p> <p>The Board acknowledges the importance of maintaining sound and effective internal control and management information systems in order to manage and reduce risks that will hinder the Group from achieving its goals and objectives. The internal control and management information systems are embedded within the Group's operating activities.</p> <p>Assisted by the Group Internal Audit which functions independently of the operations, the Board and the Audit Committee (AC) are able to effectively discharge these control responsibilities.</p> <ul style="list-style-type: none"> <li>The Board Charter is available on the Company's website at <a href="http://www.ihhhealthcare.com/corporate-governance.html">www.ihhhealthcare.com/corporate-governance.html</a>.</li> </ul>
<b>Explanation for departure</b> :	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<b>Measure</b> :	
<b>Timeframe</b> :	

## 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.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<ul style="list-style-type: none"><li>• The Board has, since 2013, established a Code of Conduct (the Code) which has been implemented throughout the Group. The Code provides for the ethics and standard of conduct expected of all employees when performing their roles for the Group. Failure to comply with the Code may result in the commencement of disciplinary and/or legal proceedings that may lead to termination of employment.</li><li>• The Code was last reviewed and approved for adoption by the Board in November 2020, which took effect on 1 January 2021. The areas covered under the Code include the following:<ol style="list-style-type: none"><li>1. Compliance with the laws;</li><li>2. Professional integrity;</li><li>3. Accurate and complete accounting;</li><li>4. Bribery and corruption;</li><li>5. Conflict of interest;</li><li>6. Confidentiality and protection of company assets;</li><li>7. Political and charitable contributions;</li><li>8. Occupational health, safety and sustainability;</li><li>9. Social inclusion and workplace diversity;</li><li>10. Insider dealing; and</li><li>11. Anti-money laundering, anti-terrorism financing and proceeds of unlawful activities.</li></ol></li><li>• The Group has also established a Third Party Code of Conduct which outlines the minimum standards for compliance by third parties in all business dealings with the Group. The Group expects all third parties with business dealings with the Group to comply with all applicable laws, regulations and standards as well as the Third Party Code of Conduct.</li><li>• The Board has also put in place a Board of Directors Conflict of Interest Policy since 2018 which provides a framework for all Directors of IHH and its subsidiaries in relation to disclosure of actual or potential conflicts of interest and the protocol in managing the conflicts.</li></ul>

	<ul style="list-style-type: none"> <li>• The Group has put in place a Whistleblowing Policy since 2013 and it was last reviewed and approved for adoption by the Board in November 2020, which revisions took effect on 1 January 2021. The Whistleblowing Policy stipulates the relevant procedures and provides an avenue to enable and encourage a whistleblower to confidentially voice genuine concerns and offers protection from reprisals or victimisation in line with the relevant whistleblowing legislations that are applicable in all the countries where the Group operates in.</li> <li>• In August 2019, the Group formalised the adoption of the Anti-Bribery and Corruption Policy (ABC Policy) which spells out the steps required in managing, escalating, assessing, preventing and reporting any potential or actual bribery and corruption during the course of business.</li> </ul> <p>The ABC Policy which was developed in line with the existing Whistleblowing Policy (further details as elaborated in Practice 3.2) and the Code, aims to further enhance the Group's existing processes in combating bribery and corruption in line with the introduction of corporate liability provisions pursuant to Section 17A of the Malaysian Anti-Corruption Commission Act 2009 which took effect from 1 June 2020.</p> <ul style="list-style-type: none"> <li>• The Code and ABC Policy are available on the Company's website at <a href="http://www.ihhhealthcare.com/corporate-governance.html">www.ihhhealthcare.com/corporate-governance.html</a>.</li> </ul>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

## 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	:	<ul style="list-style-type: none"><li>• A Whistleblowing Policy (the Policy) has been implemented since 2013 and was last reviewed and approved for adoption by the Board in November 2020, which revisions took effect on 1 January 2021. The Policy seeks to engender an environment where integrity and ethical behaviours are fostered and any malpractice or impropriety within the Group is exposed. The Policy enables employees and external parties to raise concerns internally and at a high level and to safely disclose information on activities which they believe reflect instances of misconduct, malpractice or impropriety.</li><li>• The Policy also offers reassurance that the whistleblower will be protected from reprisals or victimisation for whistleblowing made in good faith. The concerns could include financial malpractice, impropriety or fraud, failure to comply with legal obligation or law, illicit or corrupt practices, abuse of power/authority/position, conflicts of interest, insider trading, theft or embezzlement, misuse or misappropriation of the Company’s property, funds and assets, non-compliance with the Company’s policy and procedure, dangers to health, safety or the environment, criminal activity, improper conduct or unethical behaviour and the attempts to conceal any of the aforementioned, legal offence or non-compliance or complicity, among other things.</li><li>• IHH is committed to treating all such disclosures in a confidential and sensitive manner. The identity of the whistleblower shall be kept confidential unless prior written consent of the whistleblower has been obtained for such disclosure or if required by law or any regulatory authorities.</li><li>• The Policy is available on the Company’s website at <a href="http://www.ihhhealthcare.com/corporate-governance.html">www.ihhhealthcare.com/corporate-governance.html</a>.</li></ul>
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	



## Intended Outcome

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

### Practice 4.1

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

<b>Application</b> :	Departure
<b>Explanation on application of the practice</b> :	
<b>Explanation for departure</b> :	<ul style="list-style-type: none"> <li>As stated in the Board Charter, Board composition shall comprise of at least two directors or one-third of the Board of Directors, whichever is the higher, who are Independent Non-Executive Directors (INED). Although IHH should aspire to have a majority of INEDs on the Board internally, the Board views that appointment of new INEDs on the Board should be based on the skillsets and not be restricted on the independent element.</li> <li>As at the end of the financial year, the Board was comprised of four INEDs, four Non-Independent Non-Executive Directors (NINED), one Non-Independent Executive Director (NIED) and two Alternate Directors. The INEDs made up 44% of the Board composition (excluding two Alternate Directors).</li> <li>On 1 January 2021, the Company has appointed additional three INEDs and one NINED. Consequently, on 1 January 2021, the Board is comprised of seven INEDs, five NINEDs, one NIED and two Alternate Directors. Therefore, the Independent Directors made up 54% of the Board composition (excluding two Alternate Directors).</li> <li>The Board believes the current board composition provides the appropriate balance in terms of skills, knowledge, experience and independent elements to promote the interests of all shareholders and to govern the Group effectively.</li> </ul>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	<ul style="list-style-type: none"> <li>IHH aspires to have a majority of INEDs on the Board and the Board views that appointment of new INEDs on the Board should be based on the skillsets and not be restricted on the independent element.</li> <li>During the financial year under review, the Company had undertaken a search for suitable candidates to be appointed as INED of the Company. This exercise had resulted in the appointment of additional three INEDs with effect from 1 January 2021. Currently, the INEDs made up 54% of the Board comprising thirteen members (excluding two Alternate Directors).</li> </ul>

	<ul style="list-style-type: none"> <li>• Presently, there is already a proper check and balance by the representatives of different shareholders in addition to the new appointments of three INEDs and one NINED on 1 January 2021. There is no single large shareholder who is controlling the Company through the Board representation.</li> </ul>	
<b>Timeframe</b>	:	Others subject to the availability of the right candidates

## 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.

<b>Application</b> :	Not applicable – No independent director(s) serving beyond 9 years	
<b>Explanation on application of the practice</b> :		
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### **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.

<b>Application</b> :	Not Adopted
<b>Explanation on adoption of the practice</b> :	

## 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.

<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<ul style="list-style-type: none"><li>• The Company has adopted a Boardroom Diversity Policy which sets out the approach to diversity on the Board including gender, age, cultural background and ethnic diversity. Although the Board is committed to further enhancing skillset, experience, gender, age and cultural background diversity with regards its composition, the Board does not specify a set target for boardroom diversity as the appointment of Board members should be based on objective criteria, merit and with due regard for diversity.</li><li>• The Company has a Policy on Nomination And Assessment Process Of Board Members which describes the process to be undertaken by IHH's NC and Board in discharging their responsibilities in terms of the nomination, assessment and re-election of Board members in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and taking into consideration the recommendations under MCCG.</li><li>• The Company takes into consideration the following criteria in the selection and appointment of Directors and Senior Management:<ol style="list-style-type: none"><li>1) Business experience/expertise from diverse industries (e.g. professionals with management experience in a medical services organisation, financial, legal etc.)</li><li>2) Age and gender diversity</li><li>3) Prior board experience</li><li>4) Worked in an organisation of comparable scale or complexity</li><li>5) Access to global networks and wide geographical/market experience</li></ol></li><li>• The Group has implemented a Workforce Diversity Policy which is applicable to employees of the Group across all the regions within which IHH operates. The Group will not set any fixed targets around age, gender and ethnic diversity, but will actively work towards having the appropriate diversity based on but not limited to the following strategies:<ol style="list-style-type: none"><li>a) recruiting from a diverse pool of candidates for all positions, including senior management;</li><li>b) reviewing succession plans to ensure an appropriate focus on diversity;</li><li>c) identifying specific factors to take into account the recruitment and selection processes to encourage diversity;</li><li>d) developing programs to develop a broader pool of skilled and experienced senior management, including, workplace development programs, mentoring programs and targeted training and development; and</li><li>e) any other strategies the Board develops from time to time.</li></ol></li></ul>

	<ul style="list-style-type: none"> <li>Where necessary, an independent consultant will be engaged to ensure there is due diligence work done in the search for qualified candidates as new Board members or Senior Management personnel.</li> <li>As at the financial year end, the diversity composition of the Company was as follows:   <u>Board of Directors (including Alternate Directors)</u> <table border="1"> <tr> <th colspan="4">Race/Ethnicity</th><th colspan="2">Nationality</th></tr> <tr> <th>Bumiputera</th><th>Chinese</th><th>Indian</th><th>Others</th><th>Malaysian</th><th>Foreigner</th></tr> <tr> <td>3</td><td>1</td><td>-</td><td>7</td><td>4</td><td>7</td></tr> </table>   <table border="1"> <tr> <th colspan="3">Age Group</th><th colspan="2">Gender</th></tr> <tr> <th>40-49</th><th>50-59</th><th>60-69</th><th>Male</th><th>Female</th></tr> <tr> <td>5</td><td>2</td><td>4</td><td>9</td><td>2</td></tr> </table>   <u>Senior Management (including Dr Kelvin Loh Chi-Keon, MD &amp; CEO)</u> <table border="1"> <tr> <th colspan="4">Race/Ethnicity</th><th colspan="2">Nationality</th></tr> <tr> <th>Bumiputera</th><th>Chinese</th><th>Indian</th><th>Others</th><th>Malaysian</th><th>Foreigner</th></tr> <tr> <td>2</td><td>-</td><td>-</td><td>5</td><td>2</td><td>5</td></tr> </table>   <table border="1"> <tr> <th colspan="3">Age Group</th><th colspan="2">Gender</th></tr> <tr> <th>40-49</th><th>50-59</th><th>60-69</th><th>Male</th><th>Female</th></tr> <tr> <td>7</td><td>-</td><td>-</td><td>3</td><td>4</td></tr> </table> </li> </ul>	Race/Ethnicity				Nationality		Bumiputera	Chinese	Indian	Others	Malaysian	Foreigner	3	1	-	7	4	7	Age Group			Gender		40-49	50-59	60-69	Male	Female	5	2	4	9	2	Race/Ethnicity				Nationality		Bumiputera	Chinese	Indian	Others	Malaysian	Foreigner	2	-	-	5	2	5	Age Group			Gender		40-49	50-59	60-69	Male	Female	7	-	-	3	4
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## Intended Outcome

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

### Practice 4.5

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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<ul style="list-style-type: none"><li>• The Board does not specify a target for boardroom gender diversity. In ensuring Board diversity, the Board aims to achieve synergies of thinking through diverse cultures, experience, skills, etc. rather than just in terms of gender as the appointment of Board members should be based on objective criteria, merit and with due regard for diversity.</li><li>• As at the end of the financial year, the Board had two women Directors, representing 18% of the Board composition. Subsequent to the appointment of four new Directors on the Board on 1 January 2021, the Board has three women Directors, representing 20% of the Board composition.</li><li>• Notwithstanding the 20% of gender diversity on the Board at this point in time, the Board comprises Directors with diverse backgrounds, expertise, experience and culture, all of whom contribute diverse perspectives and insights on Board decisions.</li></ul>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	<ul style="list-style-type: none"><li>• The Board will actively continue to work towards having at least 30% women representation on the Board depending on the availability of the right candidates.</li></ul>
<b>Timeframe</b>	:	Within 2 years. subject to the availability of the right candidates

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>• The Group has adopted the Policy on Nomination and Assessment Process of Board Members which sets out the process and requirements to be undertaken by the NC and Board in discharging their responsibilities in terms of nomination, assessment and re-election of the Board members.</li><li>• For new appointments, the candidate is identified not just through the recommendation of the existing board members, senior management and shareholders but also from independent sources. During the financial year, the Board has engaged the services of an independent executive search consultant, to undertake the search of potential candidates for the role of INED. The recommendation of the independent executive search consultant was presented to the NC for the necessary assessment and evaluation before recommending to the Board for approval. Consequently, three candidates were appointed to the Board as INEDs with effect from 1 January 2021.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



## 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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>• The NC is chaired by Shirish Moreshwar Apte, an INED. Majority of the members of the NC are comprised of INEDs.</li></ul>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## 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.

<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<ul style="list-style-type: none"><li>• The Board undertakes an annual evaluation to determine the effectiveness of the Board, Board Committees and each individual Director.</li><li>• The Board had engaged an independent expert as an external facilitator to facilitate the Board &amp; Director Effectiveness Evaluation (BDEE) in respect of the financial year under review.</li><li>• The BDEE was carried out through online questionnaires and confidential interviews with the Directors and Senior Management members. During the BDEE exercise, in addition to the areas of assessment, all Board members had provided feedback on the areas of improvement moving forward.</li><li>• The Directors had conducted self and peer evaluation and the results and all feedback received were presented by the independent expert to the relevant Board Committee and shared with the Board.</li><li>• Overall, the results of the BDEE in respect of the financial year under review demonstrated that the Board is working well given its organisational model and board structure and that the Directors demonstrated a high level of commitment to their fiduciary duties and have consistently fulfilled their responsibilities as members of the Board and relevant Board Committees. The Board will take the necessary actions in respect of areas that could be further strengthened.</li><li>• The Board also evaluated the performance of the MD &amp; CEO based on questionnaires completed by all Board members and interviews with the external facilitator. Based on the overall results of the evaluation conducted in respect of the financial year under review, the Board was satisfied with the performance of the MD &amp; CEO.</li><li>• The Board also assessed the independence of INEDs in respect of the financial year under review, which was carried out internally, facilitated by the Company Secretaries. Based on the overall assessments conducted for the financial year under review, the Board is satisfied that the INEDs of the Company are independent from the management and free from any business or other relationships which could interfere with the exercise of independent judgement.</li></ul>

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

## 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.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<ul style="list-style-type: none"><li>• The Group's policy on Directors' and Senior Management's remuneration establishes formal and transparent procedures for determining remuneration of Directors and Senior Management in a manner that will attract and retain Senior Management talent, align their interests with the interests of shareholders and drive the Company's long-term objectives.</li><li>• The remuneration for the Executive Director is structured so as to link rewards to corporate and individual performance. The Remuneration Committee (RC) is responsible for reviewing and recommending to the Board, the policy and framework of the Directors' remuneration and the remuneration package for the Executive Directors.</li><li>• The Board uses market capitalisation (cap) as the financial metrics to benchmark the non-executive directors' (NEDs) fees as there is a very strong positive relationship between the directors' fees and the Company's market cap. Market cap includes other qualitative measures such as the status of the company's brands and reputation, the abilities of the company's management, its market position and potential growth, which would determine the price that investors are willing to pay for the company's stock.</li><li>• The NEDs fees and any benefits will be subject to Shareholders' approval at a general meeting. The proposed NEDs fees are benchmarked against the Company's peer groups comprising Malaysia-based large cap companies, Singapore-based large cap companies and regional healthcare large cap companies. Remuneration levels are related with the Board responsibilities, effort and time commitment. Directors, including Executive Directors, will not be involved in discussion relating to, and in deciding, their own remuneration.</li></ul>

	<ul style="list-style-type: none"><li>There is a guideline and policy in place which defines the pay range (based on market data) of different levels of Senior Management according to a job grade structure. The RC will determine the appropriate remuneration for Senior Management of the Company and recommend the same to the Board for consideration. There are numerous determinants of remuneration for an individual and these would be assessed by the RC and Board to ensure that the remuneration package identified for Senior Management of the Company is fair, equitable and competitive.</li></ul>	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

## 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	:	<ul style="list-style-type: none"><li>• The RC is responsible for recommending and reviewing remuneration policies, the remuneration framework and performance measures of individual Directors and Senior Management.</li><li>• The RC comprises solely of NEDs, a majority of them are Independent Directors.</li><li>• The summary of key activities undertaken by the RC during the financial year under review was disclosed in the RC Report in the Company’s Annual Report 2020.</li><li>• The RC’s TOR is disclosed on the Company’s website at <a href="http://www.ihhhealthcare.com/corporate-governance.html">www.ihhhealthcare.com/corporate-governance.html</a>.</li></ul>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

## Intended Outcome

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

### Practice 7.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>• The detailed disclosure of each Director's remuneration package for the financial year under review was disclosed on named basis in the Corporate Governance Overview Statement of the Company's Annual Report 2020.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<ul style="list-style-type: none"> <li>• The Board is of the view that it is not to the Company's advantage or best business interest to disclose the detailed remuneration of its Senior Management considering the competitive nature of the industry within which the Group operates and the sensitivities associated with such disclosure. The confidentiality of such information is also crucial for the Group in managing its talent bench effectively.</li> <li>• Please refer to the explanation in Practice 6.1 on the qualitative aspect of the remuneration guideline and policy for Senior Management.</li> </ul>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	<ul style="list-style-type: none"> <li>• The Board will monitor the market practice in respect of such disclosure for future consideration.</li> </ul>
<b>Timeframe</b>	:	<div>Others</div> <div>Not disclosing for the time being</div>



### 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.

<b>Application</b> :	Not Adopted
<b>Explanation on adoption of the practice</b> :	

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>• The Chairman of the AC, Rossana Annizah binti Ahmad Rashid, is not the Chairman of the Board.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>• The Company has in place 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 AC. This policy, which is contained in the AC’s TOR, ensures the independence of such appointment(s), if any.</li></ul>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## 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.

<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<ul style="list-style-type: none"><li>• IHH has an internal policy to perform a major review of external auditors every five years in line with market practice, except for under certain circumstances as determined by the Board. The experience, capabilities, audit approach and independence of the audit firms are assessed by Management and recommended to the AC for appointment or re-appointment.</li><li>• The AC would conduct an annual review and assessment in relation to the appointment and re-appointment of external auditors for statutory audit, recurring audit-related and non-audit related services. The objective of the review is to ensure that the independence and objectivity of the external auditors are not compromised. This annual review and assessment are carried out via an evaluation form covering areas such as calibre of the external audit firm, independence and objectivity, quality of the processes / performance, audit team, audit scope and planning, audit fees, audit communications and resources supported by the assessment conducted by relevant management members.</li><li>• The external auditors, KPMG PLT, had provided a written confirmation to the AC that their firm, its engagement partner, engagement quality control reviewer and members of the audit engagement team are independent for the purpose of the audit of the consolidated financial statements of the Company for the financial year ended 31 December 2020, in accordance with the terms of relevant professional and regulatory requirements.</li><li>• The Board and the AC maintain a formal and professional relationship with the external auditors. For the financial year under review, the AC had two meetings with the external auditors without the presence of Management, which encouraged a greater exchange of independent and frank views and opinions as well as dialogue between both parties.</li></ul>
<b>Explanation for departure</b> :	

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

## 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.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The AC comprises solely of three INEDs, as follows:  i) Rossana Annizah binti Ahmad Rashid – Chairman; ii) Shirish Moreshwar Apte – Member; and iii) Jill Margaret Watts – Member.

## 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.

<b>Application</b> :	Applied	
<b>Explanation on application of the practice</b> :	<ul style="list-style-type: none"><li>• The AC is chaired by Rossana Annizah binti Ahmad Rashid, an INED who has extensive financial management experience and expertise who has held leadership positions in the banking, telecommunications and automobile sector.</li><li>• All the other AC members, as indicated by their profiles, are able to read and understand financial statements, and ask pertinent questions about the Company’s financial reporting process. The AC members also come from diverse backgrounds with extensive experience in banking, finance, healthcare, business strategy and corporate governance.</li><li>• The AC members are encouraged to attend at least one training in a year with emphasis being exerted on relevant developments in accounting and auditing standards, practices and rules. The AC is also apprised of developments in accounting and auditing standards impacting the Company/Group by the External Auditors periodically.</li><li>• The trainings attended by the AC members during the financial year under review are provided in the Corporate Governance Overview Statement of the Company’s Annual Report 2020.</li></ul>	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

## 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.

<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<ul style="list-style-type: none"><li>• The Board is fully committed to maintaining a sound system and framework of risk management and internal controls. The Board, through the RMC, is responsible for governing risks and providing guidance to Management in formulating the risk management frameworks, policies and guidelines. It maintains oversight of all identifiable risks within the Group to ensure that the policies and procedures on risks and internal controls are implemented in accordance with the Group's business objectives. The RMC evaluates the risk management policies formulated by Management as well as the effectiveness of the mechanisms set in place to identify, evaluate and mitigate risk. It then makes the necessary risk-related recommendations to the Board for consideration and approval. The RMC is also responsible for ensuring that the appropriate systems are in place to identify and highlight areas of potential business or operational risk to the Group.</li><li>• The Group has put in place an Enterprise Risk Management (ERM) framework to identify, assess, mitigate and monitor risks and uncertainties associated with the achievement of the Group's business objectives. Each business operating entity or group adopts the ERM framework to systematically identify, evaluate and address key risks affecting its business and regulatory environment. On a quarterly basis, these key risks (including cyber security risks, bribery and corruption risks), internal controls and risk mitigation plans are reported to the RMC, who in turn will report to the Board on critical risk issues, material matters and recommendations. The Group Risk Management department would also be invited to present the risk report to the Board on a half-yearly basis.</li><li>• Risk appetites, including financial, strategic, operational and governance risk appetites, are defined in the Group's ERM Governance Policy. Key risk indicators and risk tolerance levels are also in place for the Management and the Board to regularly monitor key business risks.</li><li>• The Statement on Risk Management and Internal Control of the Company's Annual Report 2020 provides an overview of the risk management framework and state of internal controls within the Company and the Group.</li></ul>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	



<b>Measure</b> :		
<b>Timeframe</b> :		

## 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.

<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<ul style="list-style-type: none"><li>• The Group's ERM framework provides a holistic and systematic approach to risk management and internal controls. It outlines the governance principles, structure and accountabilities, as well as policies and limits in managing the Group's key risks.</li><li>• ERM structures, responsibilities and processes are in place at each major business operating entity or group. This robust framework allows for periodic review of key risks and emerging risks, including financial, operational, regulatory, compliance (including bribery and corruption), reputational, cyber security and IT, clinical governance and talent retention/manpower related risks so that pre-emptive actions and adequate risk mitigation plans can be put in place to address and treat these risks. On a quarterly basis, these key risks, internal controls and risk mitigation plans are reported to the IHH RMC, who in turn will report to the Board on critical risk issues, material matters and recommendations. The Group Risk Management department would also be invited to present the risk report to the Board on a half-yearly basis.</li><li>• The Group's ERM framework has been developed and validated by external professional firms. References are made to the Singapore Code of Corporate Governance, MCCG and ISO 31000 Risk Management.</li><li>• Apart from the self-assessment performed by Management on the adequacy and effectiveness of internal controls in mitigating the key risks, independent audits have been performed by the internal auditors on material internal controls such as financial, operational and IT controls. External audits take the form of random checks and site visits by the Ministry of Health to assess compliance to local laws and regulations. In addition to these audits, the hospitals have also embarked on a voluntary third party assessment of its structure, process and outcome standards against the Joint Commission International (JCI) requirements for healthcare organisations.</li><li>• The Statement on Risk Management and Internal Control of the Company's Annual Report 2020 provides an overview of the risk management framework and state of internal controls within the Company and the Group.</li></ul>
<b>Explanation for departure</b> :	

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

<b>Measure</b> :		
<b>Timeframe</b> :		

## 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.

<b>Application</b> :	Adopted
<b>Explanation on adoption of the practice</b> :	<ul style="list-style-type: none"><li>• The RMC comprises solely of three INEDs, as follows:<ul style="list-style-type: none"><li>i) Rossana Annizah binti Ahmad Rashid – Chairman;</li><li>ii) Shirish Moreswar Apte – Member; and</li><li>iii) Jill Margaret Watts – Member.</li></ul></li><li>• The primary role of the RMC is to assist the Board in ensuring that the Company has in place a sound and robust risk management and internal control framework and that such framework and processes have been effectively implemented.</li></ul>

## 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.

<b>Application</b> :	Applied	
<b>Explanation on application of the practice</b> :	<ul style="list-style-type: none"><li>• The Group has an independent internal audit function, reporting directly to the AC. The Group’s internal audit function is undertaken in-house, except for IMU Health Sdn Bhd Group and Gleneagles Hospital Hong Kong Limited, which outsource their internal audit function to independent third party firms. The Internal Audit Function of Fortis Healthcare Limited Group is undertaken in-house and supported by outsourced independent internal audit firms. The Group Internal Audit (GIA) is guided by international standards and professional best practices of Internal Audit to enhance internal audit activities. The GIA uses structured risk-based and strategic-based approaches to develop its strategic audit plan which is reviewed and approved by the AC annually.</li><li>• The AC reviews the internal audit reports issued by the internal audit function of the respective operating divisions during the year and these are presented at quarterly AC meetings. The Group Head, Internal Audit, meets with the AC twice a year without the presence of the Executive Directors and Management with the exception of the Company Secretaries to provide feedback on the overall control environment of each operating division, GIA’s independence and any other related matters which had hindered the audit activities during the year.</li><li>• The AC’s TOR provide clear provisions to enable effective management and independence of the GIA function.</li></ul>	
<b>Explanation for departure</b> :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
<b>Measure</b> :		
<b>Timeframe</b> :		

## 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.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<ul style="list-style-type: none"><li>• The Board through the AC ensures that the GIA function is effective and able to function independently. The Board through the AC will also evaluate the competence and effectiveness of the GIA, whether the GIA department is adequately resourced and whether the GIA function is carried out in accordance with a recognised framework.</li><li>• The AC reviews the Key Performance Indicators, competency and resources of the internal audit function to ensure that, collectively, the internal audit function is suitable and has the required expertise, resources and professionalism to discharge its duties, etc. GIA is independent of the business of the Group.</li><li>• Audrey Huang Lok Sen (Audrey Huang) was the Group Head of Internal Audit of IHH until her retirement on 4 November 2020. Audrey Huang has more than thirty years' experience in auditing, including external audit experience as well as internal audit experience with various financial institutions. Audrey Huang is a Member of the Institute of Internal Auditors, Singapore, Fellow Member of the Association of Chartered Certified Accounts (UK), Member of the Institute of Singapore Chartered Accountants and Member of the Malaysian Institute of Accountants. In 2013, Audrey Huang obtained the Certification in Risk Management Assurance (CRMA) from the Institute of Internal Auditors, Inc USA.</li><li>• Post the retirement of Audrey Huang, Adrina Lim Sien Im, the Head of Internal Audit for IHH's Malaysia Operations Division was appointed the interim Group Head of Internal Audit of IHH role until the new Group Head of Internal Audit joined IHH on 4 January 2021.</li><li>• Stephen John Byrne (Stephen Byrne), the new Group Head of Internal Audit has joined IHH on 4 January 2021. Stephen Byrne has vast international and diverse experience of over 25 years in internal audit, risk management, assurance, external audit, treasury and credit functions in various organisations. Stephen Byrne is a Fellow Member of the Institute of Chartered Accountants in England and Wales.</li><li>• There are currently a total of 29 internal auditors across the Group reporting to the Group Head of Internal Audit. All the internal auditors have the required qualifications to carry out audit work.</li></ul>

	<ul style="list-style-type: none"> <li>GIA adopts a systematic and disciplined approach to evaluate the adequacy and effectiveness of the Group's governance, internal control and risk management system, using the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Internal Control – Integrated Framework.</li> <li>The Audit Committee Report and Statement on Risk Management and Internal Control of the Company's Annual Report 2020 provides an overview of the internal audit function of the Group.</li> </ul>	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

## 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.

<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<ul style="list-style-type: none"><li>• The Company has a dedicated IR and Corporate Communications Department which maintains regular dialogue with all its stakeholders that include key institutional investors and analysts, as well as answers queries from shareholders. The Company recognises the importance of timely, transparent, and accurate information being disclosed to shareholders and investors for them to make informed decisions about IHH.</li><li>• The Board has endorsed the IR policy which aims to enforce IHH's commitment to maintain timely, accurate and fair communications to the shareholders and stakeholders by updating them of material developments and providing a guideline of processes and procedures upon which IHH can successfully implement its IR programme.</li><li>• The IR programme is conducted throughout the year to ensure that a series of planned activities are implemented to communicate IHH's strategy, operational performance, financial results and other material developments to the Stock Exchanges (Bursa Securities and Singapore Exchange Securities Trading Limited), analysts, investors, shareholders and other stakeholders in a timely, open and comprehensive manner. IR regularly participates in investor conferences and non-deal roadshows organised by the sell side brokers. During the financial year, the Company participated in seven investor conferences and non-deal roadshows.</li><li>• The Group's IR Policy is available on the Company's website at <a href="http://www.ihhhealthcare.com/corporate-governance.html">www.ihhhealthcare.com/corporate-governance.html</a>.</li><li>• IHH's corporate website at <a href="http://www.ihhhealthcare.com">www.ihhhealthcare.com</a> and social media platforms provides dedicated platforms for stakeholders to access essential and relevant information of the Group.</li><li>• The Group's IR function is responsible to ensure and facilitate continuous and effective communication between the Company and its stakeholders. Shareholders and investors can raise and direct their enquiries, any matters and concerns via a dedicated email address at <a href="mailto:ir@ihhhealthcare.com">ir@ihhhealthcare.com</a>.</li></ul>
<b>Explanation for departure</b> :	



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

<b>Measure</b> :		
<b>Timeframe</b> :		

## 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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>• The Company’s Annual Report 2020 has been prepared in accordance with the International &lt;IR&gt; Framework set by the International Integrated Reporting Council (IIRC) and with reference to the Global Reporting Initiative (GRI) – Core Option and GRI Sector Disclosures – to enhance reporting connectivity while providing stakeholders with a more holistic view of how the Company creates and sustains value.</li></ul>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## 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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>• The Notice and agenda of the Tenth AGM together with the Form of Proxy were despatched to shareholders at least 28 days before the AGM.</li></ul>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

Shareholders are able to participate, engage the board and snior 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.

<b>Application</b> :	Applied	
<b>Explanation on application of the practice</b> :	<ul style="list-style-type: none"><li>• All Directors will attend / participate virtually at the general meetings of the Company, unless unforeseen circumstances or pressing commitments prevent them from doing so. Any leave of absence must be justified accordingly.</li><li>• The Chairman of the Board Committees endeavour to attend / participate virtually at the general meetings of the Company to address any stakeholder concerns on matters relating to the functions and activities under the purview of their respective Committees. In the event any Director is unable to attend / participate virtually at the general meeting, he/she will inform the Board Chairman in advance, then at the meeting, the other Board members (including MD &amp; CEO) will assist in addressing the questions raised.</li></ul>	
<b>Explanation for departure</b> :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
<b>Measure</b> :		
<b>Timeframe</b> :		

## 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.

<b>Application</b> :	Applied	
<b>Explanation on application of the practice</b> :	<ul style="list-style-type: none"><li>• Clause 78 of the Company’s Constitution allows general meetings to be convened at more than one venue using any technology or method that enables shareholders to participate and exercise their right to speak and vote at the meeting. The main venue of the meeting shall be in Malaysia and the chairperson shall be present at the main venue of the meeting.</li><li>• In support of the Government of Malaysia’s ongoing efforts to contain the spread of the Covid-19 and the Government’s advice of social distancing and not having mass gatherings, the Company held its Tenth AGM on 23 June 2020 on a fully virtual basis through electronic live streaming and online remote voting, pursuant to Section 327(2) of the Companies Act 2016 and the Company’s Constitution. The Boardroom’s LUMI AGM solution has been adopted for the conduct of the fully virtual Tenth AGM.</li><li>• To facilitate the fully virtual Tenth AGM, Administrative Details had been distributed to all the shareholders of the Company providing guidance as to the appointment of proxy, registration for remote participation and electronic voting, participation through live webcast and posing questions as well as remote voting procedures at the virtual meeting.</li><li>• Barring any unforeseen circumstances, the Company would endeavour to convene its general meeting by leveraging on technology in the future so as to allow remote shareholders’ participation and voting in absentia at the general meetings.</li></ul>	
<b>Explanation for departure</b> :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
<b>Measure</b> :		
<b>Timeframe</b> :		

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

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

Not Applicable.
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