CORPORATE GOVERNANCE REPORT

STOCK CODE : 5225
COMPANY NAME : IHH HEALTHCARE BERHAD (IHH or the Company)
FINANCIAL YEAR : December 31, 2019

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE
Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA
Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application :	Applied
Explanation on application of the practice :	• The Board is collectively responsible for the long-term success of the Company and the delivery of sustainable value to its stakeholders. • 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). • 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. • Pursuant to the Board Charter, the Board, among others, performed the following roles and responsibilities during the financial year 2019, which are discharged in the best interests of the Company in pursuance of regulatory and commercial objectives: (a) governing and setting the strategic direction of the Group including evaluating acquisition opportunities which fit into the Group's overall strategy; (b) reviewing, challenging and deciding on Management's proposals for the Group, and monitoring its implementation by Management; (c) overseeing the conduct of the Group's businesses to ensure that the businesses are managed properly; (d) identifying the principal risks and ensuring the implementation of appropriate systems to manage these risks; (e) establishing succession plans including appointing, training, fixing the compensation of key management;

	(f) developing and implementing an IR programme and shareholders' communication policy; (g) reviewing the adequacy and the integrity of the Group's internal control systems and management information systems to safeguard and enhance enterprise value; (h) reviewing and approving financial statements and the Company's annual reports; (i) ensuring the integrity of the Company's financial and non-financial reporting; (j) ensuring that the necessary resources are in place for the Company to meet its objectives and review Management's performance; (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; (l) together with Management, promoting good corporate governance culture within the Company which reinforces ethical, prudent and professional behaviour; (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; (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 (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. • The Board held its 2-day Board Offsite Meeting (Offsite Meeting) in October 2019 to discuss and review the Group's performance and set the Group's strategic directions, values 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, business transformation plan and review of the performance of the investments made by the Group. The outcome of the Offsite Meeting saw the establishment of a common understanding of the Group's strategic goals, objectives and actions moving forward.
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

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 :	• The role of the Chairman of the Board is set out in the Board Charter. • 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. • 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.	
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

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 :	• The Chairman is responsible for the overall effective functioning of the Board including the collective oversight of management. The Managing Director and Chief Executive Officer (MD & 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 & 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. • The Board Charter spells out specifically the roles and responsibilities of the Chairman and MD & CEO respectively. • During the financial year, the Chairman of IHH is Dato' Mohammed Azlan Bin Hashim whereas the MD & CEO of IHH was Dr Tan See Leng prior to his retirement as MD & CEO on 31 December 2019. The role of MD & CEO was then assumed by Dr Kelvin Loh Chi-Keon (Dr Kelvin Loh), appointed as Chief Executive Officer (CEO) (Designate) and Executive Director of IHH on 1 July 2019 and was subsequently re-designated as MD & CEO on 1 January 2020.	
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

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 :	• The Company Secretaries are Ida Suryati Binti Ab Rahim (Ida Suryati) and Seow Ching Voon (Ching Voon). Ida Suryati 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. Ching Voon is a certified Chartered Secretary with over twenty years' experience in the corporate secretarial, governance and compliance line. • 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. • 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, Companies Commission of Malaysia 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. • 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.
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

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 :	• To facilitate productive and meaningful Board and Board Committee meetings, the proceedings are conducted in accordance with a structured agenda which is approved by the respective Chairmen prior to each meeting. The structured 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. • 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. • Directors are allowed to participate in Board or Board Committee meetings via electronic means. 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. • Draft minutes of the meetings are typically circulated to the Directors within one month after each meeting for review.	
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

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 :	• 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 set out in the policy documents and guidelines issued by the relevant regulatory authorities. • 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. • 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. • 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. It also aims to ensure that all Directors understand the various legislations and regulations affecting their conduct and that they apply principles and practices of good corporate governance in all their dealings in respect of and on behalf of the Company. The Board Charter outlines processes and procedures for the Board and its Committees in discharging their stewardship effectively and efficiently. • The Board shall review 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 May 2016.

	• Under the Board Charter, the Board, among others, assumes the following roles and responsibilities, which are to be discharged in the best interests of the Company in pursuance of regulatory and commercial objectives: **(a) Reviewing and adopting the strategic direction of the Group** Management will present their proposals and highlight their thought processes and justification for such proposals. The Board in turn deliberates and determines the Group's strategic and business direction based on the propositions presented by Management. A 2-day Board Offsite Meeting is held annually for the Board to have a focused discussion on key strategies and proposed business plans for the Group. During the financial year, the Board also made several key decisions on matters pertaining to mergers and acquisitions, an area of strategic focus reserved for the Board. **(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 quarterly meetings. The 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 and operational updates of their respective operating division. The Board would be apprised of, among others, the macro economic environment and Management's expectations, opportunities and achievements, threats and weaknesses together with the mitigation and action plan. The Board would provide 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 would also track the overall performance of the Group based on the achievements of the key performance indicators as stipulated in the Group's Balanced Scorecard approved by the Board at the recommendation of the Remuneration Committee (RC) at the beginning of the financial year. **(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 summary of 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 implement continuous quality improvement projects and initiatives across IHH Group. **(d) Establishing 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 annually as well as reviews and evaluates the suitability of potential candidates and their expertise, to fill any gaps identified. **(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, fronted by the Senior Management team and in accordance with its annual IR calendar. The Board is apprised of these 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.

	(f) Reviewing the adequacy and integrity of the Group's internal control and management information systems 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. 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. • The Board Charter is available on the Company's website at www.ihhhealthcare.com/corporate-governance.html.	
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

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 :	• The Board has established a Code of Conduct (the Code) implemented throughout the Group which dictates the ethics and standard of good conduct expected of every Executive Director and employee. The Code which has been in place since 2013, provides a common behavioural framework for all employees of the Group irrespective of their specific job or location, as well as affords professional, ethical and legal guidance to all Directors and employees in the conduct of their business and that of the Group. Failure to comply with the Code may result in the commencement of disciplinary proceedings that may lead to termination of employment and/or appointment. • The Code covers areas such as compliance with the law, professional integrity, accurate and complete accounting, bribes, gifts and entertainment, conflicts of interest, the act of diverting, confidentiality and protection of company assets, political and charitable contributions, as well as occupational health, safety and environmental activities. Employees are to direct any questions they have about the Code and its application to their managers, the respective Human Resource departments or through the whistleblowing channel. • 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 risk during the course of business. The ABC Policy which was developed in line with the existing Whistle Blowing Policy and the Code, aims to further enhance the Group's existing processes in combating bribery and corruption in line with the amendments to the Malaysian Anti Corruption Commission Act 2009 which will take effect on 1 June 2020. • The Code and ABC Policy are available on the Company's website at www.ihhhealthcare.com/corporate-governance.html.
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

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 :	• IHH and its major operating subsidiaries have implemented a Whistle Blowing Policy (the Policy) since 2013 which seeks to engender an environment where integrity and ethical behaviour 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 disclose information on activities which they believe reflect instances of misconduct, malpractice or impropriety. • The Policy also offers reassurance that the whistle blower will be protected from reprisals or victimization for whistleblowing in good faith. The concerns could include financial malpractice, impropriety or fraud, failure to comply with legal obligation or statutes, bribery, abuse of power, conflicts of interest, insider trading, theft or embezzlement, misuse of company property, non-compliance with procedure, danger to health, safety and environment, criminal activity, improper conduct or unethical behaviour and the attempts to conceal any of these, among other things. • IHH is committed to treating all such disclosures in a confidential and sensitive manner. The identity of the individual making the allegation will be kept confidential so long as it does not hinder or frustrate any investigation. • The Policy is available on the Company's website at www.ihhhealthcare.com/corporate-governance.html.	
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.

Application :	Departure	
Explanation on application of the practice :		
Explanation for departure :	• As at the end of the financial year, the Independent Directors made up 44% of the Board comprising nine members (excluding Dr Tan See Leng who resigned as Director in tandem with his retirement as MD & CEO on 31 December 2019 and the three Alternate Directors). • 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. • Apart from the suitability and availability of potential Board candidates, the Board would also need to take into consideration the size of the Board in its efforts to increase the number of Independent Directors. This is to ensure that the Board would still be able to function efficiently with the increased number of Directors.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :	The Board aims to increase the number of Independent Directors to a balanced proportion of at least 50% instead of a majority as recommended for Large Companies.	
Timeframe :	Within 2 years	

Intended Outcome

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

Practice 4.2

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

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

Application :	Not applicable - No independent director(s) serving beyond 9 years	
Explanation on application of the practice :		
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 4.3 - Step Up

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

Application :	Not Adopted
Explanation on adoption of the practice :	

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 :	• 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. • The Company will also pay due regard to the following criteria in the selection and appointment of Directors and Senior Management: 1) Business experience/expertise from diverse industries (e.g. professionals with management experience in a medical services organisation, financial, legal etc.) 2) Age and gender diversity 3) Prior board experience 4) Worked in an organisation of comparable scale or complexity 5) Access to global networks and wide geographical/market experience • 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: a) recruiting from a diverse pool of candidates for all positions, including senior management; b) reviewing succession plans to ensure an appropriate focus on diversity; c) identifying specific factors to take into account the recruitment and selection processes to encourage diversity; 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 e) any other strategies the Board develops from time to time. • 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.

- As at financial year end, the diversity composition of the Company is as follows:

Board of Directors (including Alternate Directors but excluding Dr Tan See Leng who resigned as Director in tandem with his retirement as MD & CEO on 31 December 2019)

Race/Ethnicity				Nationality	
Bumiputera	Chinese	Indian	Others	Malaysian	Foreigner
3	1	-	8	4	8

Age Group				Gender	
30-39	40-49	50-59	60-69	Male	Female
1	5	2	4	9	3

Senior Management (including Dr Kelvin Loh Chi-Keon, Executive Director and CEO (Designate) but excluding Dr Tan See Leng who retired as MD & CEO on 31 December 2019)

Race/Ethnicity				Nationality	
Bumiputera	Chinese	Indian	Others	Malaysian	Foreigner
2	-	-	6	2	6

Age Group			Gender	
40-49	50-59	60-69	Male	Female
4	3	1	4	4

Explanation for departure :

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

Measure :

Timeframe :

Intended Outcome

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

Practice 4.5

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

Application :	Departure	
Explanation on application of the practice :		
Explanation for departure :	• The Board does not specify a target for boardroom diversity as the appointment of Board members should be based on objective criteria, merit and with due regard for diversity. • At the end of the financial year, the Board comprised three women Directors, one of whom is an Alternate Director, representing 25% of the Board composition (excluding Dr Tan See Leng who resigned as Director in tandem with his retirement as MD & CEO on 31 December 2019). In the Senior Management team of the Company, women representation is 50%. • Notwithstanding the lack 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.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :	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.	
Timeframe :	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.

Application :	Applied	
Explanation on application of the practice :	• 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. • 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 third party referrals. • During the financial year under review, Dr Kelvin Loh was appointed as the CEO (Designate) and Executive Director of the Company on 1 July 2019 and was subsequently re-designated as MD & CEO on 1 January 2020. In sourcing for the appropriate candidate to succeed Dr Tan See Leng as MD & CEO of the Company, the NC considered referrals from an independent executive search consultant. The NC then conducted an assessment and evaluation of the suitability of the proposed candidates as well as formal interviews with selected candidates before a recommendation was made to the Board.	
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 4.7

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

Application :	Applied	
Explanation on application of the practice :	• The NC is chaired by Shirish Moreshwar Apte, an Independent Non-Executive Director. • The NC Chairman, together with the NC collectively, champions the following matters under the purview of the NC: 1) Succession planning and appointment of Board members of the Company and key management personnel of the Group; and 2) Annual review of the effectiveness of the Board and performance of each individual director.	
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 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 :	• The Board had carried out the annual assessment, conducted internally and facilitated by the Company Secretary/Human Capital Management, covering the following in respect of the financial year under review: (a) Board performance as a whole; (b) Board Committees such as AC, RMC, NC and RC; (c) Individual Directors; (d) Individual AC members; (e) Independent Non-Executive Directors (INED); (f) MD & CEO; and (g) Group Chief Financial Officer (GCFO), external and internal auditors. • The performance of the Board as a whole was evaluated in the areas covering board composition and structure, dynamics and culture, operations, partnership with the executive team, meeting administration and continuous development as well as the effectiveness of the Board Chairman. On top of these, the Directors' opinion was sought in relation to other pertinent matters such as the most critical priorities of the Board for the next financial year, ways to improve the Company's performance and suggestions to improve the Board meetings' effectiveness and efficiency. • The Board Committees were assessed based upon the composition and experience of the respective Board Committee members, fulfilment of objectives in line with their respective TOR, effectiveness and efficiency of decision making process, the quality of information communicated to the Board as well as the effectiveness of the Board Committees' Chairman. • Each AC member was evaluated in the areas covering foundational matters, responsibilities, financial literacy and the understanding of business/industry, significant accounting policies, accounting estimates and financial reporting practices, significant financial and non-financial risks as well as internal control systems and risk management practices. • Each INED performed a self-evaluation to affirm their independence from Management. The INEDs' self-evaluation forms were then submitted to the Board for further assessment of their overall performance during the year under review in particular whether the INEDs had exercised independent and objective judgement when discharging their duties.

	• The Directors had conducted self-evaluation centering on areas such as fit and proper, contribution and performance as well as continuous development. • The duly completed evaluation forms were collated and a summary of the results and all feedback received was tabled to the relevant Board Committee for deliberation prior to recommending the appropriate action to the Board for consideration. • The Board, having reviewed the performance of the respective persons/parties from the evaluation findings, is satisfied that: (a) the Board and Board Committees are effective as a whole, considering the required mix of skills, size and composition, experience, integrity, core competencies, time committed and other qualities in carrying out their duties and responsibilities to steer the Group; (b) the AC has consistently performed well during the financial year and discharged their duties and responsibilities satisfactorily in upholding the integrity of financial reporting and managing risks in accordance with its TOR. The AC members have sound judgement, objectivity, independent attitude, professionalism, integrity, knowledge of the industry and are financially literate; (c) the NC, RC and RMC have consistently performed well during the financial year and discharged their respective duties and responsibilities satisfactorily in accordance with their TOR under the chairmanship of the NC, RC and RMC Chairmen respectively; (d) the four 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. The INEDs have continuously brought independent and objective judgement to the Board deliberations; (e) each of the Directors including the MD & CEO has the character, experience, integrity, competence and time to effectively discharge their respective roles; (f) the GCFO has the character, experience, integrity, competence and time to effectively discharge his role; and (g) the external auditors, KPMG PLT, have discharged their duties independently, as well as adopted an objective approach in their audit process. The Board considered the performance of KPMG PLT and was satisfied with KPMG PLT's calibre and hence, recommended that KPMG PLT be re-appointed as the external auditors of the Company for the financial year ending 31 December 2020. • The Board will assess the need for an independent expert's evaluation as and when deemed necessary.
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

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 :	• The Group's policy on Directors' remuneration serves to attract, retain and motivate directors of the calibre that the Group needs to manage the Group successfully. To maximise the effectiveness of the remuneration policy, the remuneration package has been carefully aligned with industry practices while upholding shareholders' interests. The aim is to target an appropriate level of remuneration for managing the business in line with the strategy. The component parts of remuneration for the Executive Directors are structured so as to link rewards to corporate and individual performance. The 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. • The Board had agreed to use 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. • In making the appropriate assessment and then recommendation to the shareholders, 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. • 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.
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

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 :	• The RC is responsible for recommending and reviewing remuneration policies, the remuneration framework and performance measures of individual Directors and Senior Management. • The RC comprises solely NEDs, a majority of them are Independent Directors. • The RC's TOR is available on the Company's website at www.ihhhealthcare.com/corporate-governance.html.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 7.1

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

Application :	Applied	
Explanation on application of the practice :	The detailed disclosure of each Directors' remuneration package for the financial year was disclosed on named basis in the Corporate Governance Overview Statement of the Annual Report 2019.	
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 7.2

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 :	Departure	
Explanation on application of the practice :		
Explanation for departure :	• 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 we operate and the sensitivities associated with such disclosure. The confidentiality of such information is also crucial for the Group in managing our talent bench effectively. • Please refer to the explanation in Practice 6.1 on the qualitative aspect of the remuneration guideline and policy for Senior Management.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :	The Board will monitor the market practice in respect of such disclosure for future consideration.	
Timeframe :	Others	Not disclosing for the time being

Intended Outcome

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

Practice 7.3 - Step Up

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

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application :	Applied	
Explanation on application of the practice :	The Chairman of the AC, Rossana Annizah Binti Ahmad Rashid, is not the Chairman of the Board.	
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

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 :	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.	
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

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 :	• 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. • 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. • 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 2019, in accordance with the terms of relevant professional and regulatory requirements. • 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.
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

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 :	The AC comprises solely of three Independent Directors, as follows: i) Rossana Annizah Binti Abdul 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.

Application :	Applied	
Explanation on application of the practice :	• 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. • 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. • 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. • The trainings attended by the AC members during the financial year under review are provided in the Corporate Governance Overview Statement of the Annual Report 2019.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 9.1
The board should establish an effective risk management and internal control framework.

Application :	Applied
Explanation on application of the practice :	• 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 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. • 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, 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. • 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. • The Statement on Risk Management and Internal Control of the Annual Report 2019 provides an overview of the risk management framework and state of internal controls within the Company and the Group.
Explanation for departure :	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.	
Measure :	

Timeframe :		

Intended Outcome

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

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

Practice 9.2

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 :	• 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. • 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. • Our 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. • 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. • The Statement on Risk Management and Internal Control of the Annual Report 2019 provides an overview of the risk management framework and state of internal controls within the Company and the Group.
Explanation for departure :	

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

Intended Outcome

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

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

Practice 9.3 - 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 :	• The RMC comprises solely of three Independent Directors, as follows: i) Rossana Annizah Binti Abdul Rashid – Chairman; ii) Shirish Moreshwar Apte – Member; and iii) Jill Margaret Watts – Member. • 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.

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 :	• The Group has an independent internal audit function, reporting directly to the AC. The Group's internal audit function is undertaken in-house, save for IMU Health Sdn Bhd Group. 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. • 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 Chairman 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.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 10.2

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 :	• 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. • 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. • Audrey Huang Lok Sen (Audrey Huang) is the Group Head of Internal Audit of IHH. 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. • There is a total of 43 internal auditors across the Group, including the Group Head of Internal Audit. All the internal auditors have the required qualifications to carry out audit work. • 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. • The Audit Committee Report and Statement on Risk Management and Internal Control of the Annual Report 2019 provides an overview of the internal audit function of the Group.

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

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 :	• 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 and accurate information being delivered to shareholders and investors for them to make informed decisions about IHH. • 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. • 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 eight investor conferences and non-deal roadshows. • The Group's IR Policy is available on the Company's website at www.ihhhealthcare.com/corporate-governance.html. • IHH's corporate website at www.ihhhealthcare.com provides a dedicated platform for stakeholders to access essential information of the Group. • Shareholders and investors can make inquiries about IR matters via a dedicated email address at ir@ihhhealthcare.com.
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

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

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

Practice 11.2

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

Application :	Applied	
Explanation on application of the practice :	The Annual Report 2019 has been prepared in accordance with the International <IR> Framework set by the International Integrated Reporting Council (IIRC) and 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.	
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

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 :	• The Notice and agenda of the Tenth AGM together with the Form of Proxy were despatched to shareholders 28 days before the AGM.	
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

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 :	• All Directors will attend 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. • The Chairman of the Board Committees endeavour to attend 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 the general meeting, he/she will inform the Board Chairman in advance, then at the meeting, the other Board members (including MD & CEO) will assist in addressing the questions raised.	
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

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 Company's Constitution was amended in 2019 to allow general meetings to be convened at more than one venue using technology or method that enables shareholders to participate and exercise their right to speak and vote at the meeting. However, the Company has yet to implement voting in absentia and remote participation by shareholders at general meetings. • The Company has implemented electronic poll voting for all resolutions at its general meetings. • The Company is always mindful of organising its general meetings at a venue that is easily accessible to shareholders and able to cater to the crowd in attendance.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :	IHH will explore and consider the platform / applications / system to facilitate shareholder voting in absentia and remote participation, and implementation would be based on a rigorous process and verification of the system fit for the purpose, and in line with applicable laws.	
Timeframe :	Others	Subject to suitability of the platform / applications / system

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.