



A JCORP Company

INTEGRATED ANNUAL REPORT 2022

CONNECTING HEARTS

***Care for Life***



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Proxy Form



Scan this QR Code to download our Integrated Annual Report 2022

## COVER RATIONALE



At KPJ, we are dedicated in serving our stakeholders especially our patients, as they rely on us to provide high-quality healthcare. Our Integrated Annual Report 2022 reflects our commitment in prioritising the health needs of our patients as we understand that through care that goes above and beyond patient expectations, we are creating strong connections which leads to better health outcomes. Bringing together product and service excellence with passion and compassion is how we are “**Connecting Hearts**” to sustainably preserve the health and wellbeing of our stakeholders.

### Icons used in this report



This icon tells you where to find information in this report.



This icon tells you to visit our website for more information.



### VISION

#### The Preferred Healthcare Provider

We ‘Care for Life’. We strive to be the preferred provider of healthcare throughout the continuum of care, by leveraging on the innovative use of technology and capitalising on our experienced consultants, our well-trained and caring employees and our extensive network of specialist hospitals. Together we will offer the best diagnosis, treatment and care, for all our patients and customers.

### MISSION

#### Deliver Quality Healthcare Services

Our mission is to improve the health of the people and the communities we serve. Led by skilled and caring medical staff, we are consistently focused on clinical excellence and innovative technology for superior patient outcomes and customer experience.

### OUR CORE VALUES

We are guided by our five Core Values which underpin our dedication to ‘Care for Life’. It is through these five Core Values, we deliver and grow KPJ’s patient-centric healthcare services focused on compassionate care.



Ensuring  
**Safety**



Delivering Service  
with **Courtesy**



Performing Duties  
with **Integrity**



Exercising **professionalism**  
at all times



Striving for **Continuous**  
**Improvement**

# BASIS OF THIS REPORT

**Welcome to KPJ Healthcare Berhad's (KPJ or the Group) Integrated Annual Report 2022. Our fifth Integrated Annual Report serves as a platform for us to present a comprehensive and transparent account of the Group's businesses, strategies and performance as well as demonstrate how we continue to create value for our stakeholders.**

KPJ's vision is to be the preferred healthcare provider to our patients and customers are laser-focused on achieving this via our commitment to deliver exceptional healthcare. We consistently achieve high-quality patient outcomes and foster a loyal customer base by skillfully guiding patients through their healthcare journeys, emphasising on our 'Care for Life'. We go all out to support this commitment by bringing the appropriate resources and strategies into play, all of which are enabling us to create a sustainable business that is positioned for long-term success.

## REPORTING SCOPE AND BOUNDARY

This Integrated Annual Report goes beyond financial reporting and encompasses our non-financial activities for the period 1 January to 31 December 2022. Building on our previous publications, it aims to present to KPJ's stakeholders our progress in implementing our strategies as well as our approaches in navigating challenges, risks and opportunities that had a significant influence on our ability to create value.

This report covers the operating activities of the Group and all its subsidiaries in various locations. It is worthy to note that the Malaysian operations contribute an estimated 95% of the Group's revenue, therefore, our reporting results are predominantly derived from these operations and its related activities.

## REPORTING FRAMEWORKS

In line with best practices, this Report adopts the Value Reporting Foundation's (formerly known as the International Integrated Reporting Council) Integrated Reporting <IR> Framework. The <IR> Framework is a principle-based, multicapital framework that is used to accelerate the adoption of integrated reporting across the world. Our reporting is also aligned with the updated Malaysian Code on Corporate Governance (MCCG) that was released in April 2021, the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Securities), the Companies Act 2016 (CA 2016), and both the International Financial Reporting Standards (IFRS) and Malaysian Financial Reporting Standards (MFRS).

Sustainability-related information has been prepared in accordance with the Global Reporting Initiative (GRI) Standard and is closely guided by Bursa Malaysia's Sustainability Reporting Guide (2<sup>nd</sup> and 3<sup>rd</sup> Edition) to fulfil Bursa's enhanced sustainability requirements in the MMLR and FTSE4Good Bursa Malaysia Index criteria. We also continue to be guided by our commitment towards the United Nations Sustainability Development Goals (UN SDGs) which is covered within this Report.

## NAVIGATION ICONS

Our Value Creation activities are linked to our Six Capitals and Seven Strategic Thrusts through the following icons, applicable throughout this Integrated Annual Report:

### Our Six Capitals



Financial



Manufactured



Human



Natural



Intellectual



Social and Relationship

### Our Seven Strategic Thrusts



Capacity Building



Human Resources



Enriched Customer Relationships



Business Process Improvement



Innovation @ The Core



Sustainable Value for Stakeholders



New Niches

## BASIS OF THIS REPORT



### FORWARD-LOOKING STATEMENTS

This Integrated Annual Report contains forward-looking statements with the use of words or phrases such as “might”, “forecast”, “anticipate”, “project”, “may”, “believe”, “predict”, “expect”, “continue”, “will”, “estimate”, “target”, and other similar expressions. The report may also contain forecast information about KPJ Healthcare Berhad’s future direction, strategies and growth opportunities. These forward-looking statements are not to be construed as a guarantee of our operating performance or financial results as the business is subjected to uncertainties and risks which are present in our dynamic business environment.

### APPROVAL BY THE BOARD

**Datuk Md Arif Bin Mahmood**  
Chairman  
KPJ Healthcare Berhad

**Norhaizam binti Mohammad**  
Officer In Charge

### OUR REPORTING SUITE

KPJ’s Integrated Annual Report for the financial year ended 31 December 2022 is supplemented by our standalone Sustainability Report 2022. Our reporting suite can be accessed online at <https://www.kpjhealth.com.my>.

REPORTING SUITE	INTEGRATED ANNUAL REPORT 2022	SUSTAINABILITY REPORT 2022
<b>Disclosure</b>	<ul style="list-style-type: none"> <li>• Management Review</li> <li>• Corporate Governance Overview Statement</li> <li>• Audit Committee Report</li> <li>• Statement on Risk Management and Internal Control</li> <li>• Directors’ Report</li> <li>• Independent Auditors’ Report</li> <li>• Financial Statements</li> </ul>	<ul style="list-style-type: none"> <li>• Global Reporting Initiative Universal Standard 2021 (GRI 2021)</li> <li>• Bursa Malaysia’s enhanced sustainability reporting requirements</li> </ul>
<b>Reporting Frameworks</b>	<ul style="list-style-type: none"> <li>• MMLR</li> <li>• Value Reporting Foundation’s &lt;IR&gt; Framework</li> <li>• MCGG</li> <li>• Companies Act 2016</li> <li>• MFRS</li> <li>• IFRS</li> </ul>	<ul style="list-style-type: none"> <li>• GRI 2021</li> <li>• FTSE4Good Bursa Malaysia Index Criteria</li> </ul>

# AT A GLANCE

# CARE FOR LIFE

DELIVER HEALTHCARE EXCELLENCE

- Ambulatory Care Centre (ACC)
- Senior and Assisted Living Care
- Mobile Clinics
- Education
- Klinik Waqaf An-Nur



## FINANCIAL CAPITAL

Recorded a near tripling of net profit

**RM 190.3 million**

**+163%** compared to FY2021  
RM72.4 million

Dividend Payout Per Share

**2.00 sen**

**+264%** compared to FY2021  
0.55 sen per share

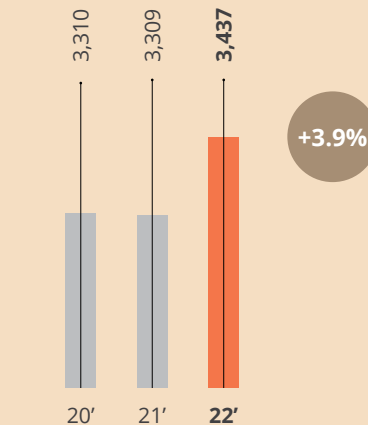
Refer to page 62 for more information.

## MANUFACTURED CAPITAL

Value of property, plant & equipment

**RM 2,760.2 million**

Number of beds



Refer to page 63 for more information.

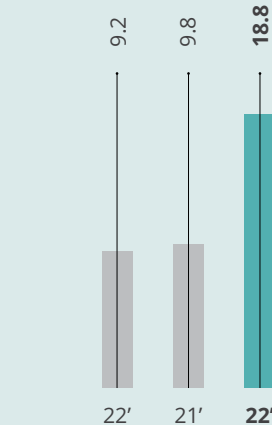
## NATURAL CAPITAL

Effective natural resource

management strategy through recycling activities

Recycled Waste Generated Per Square Meter

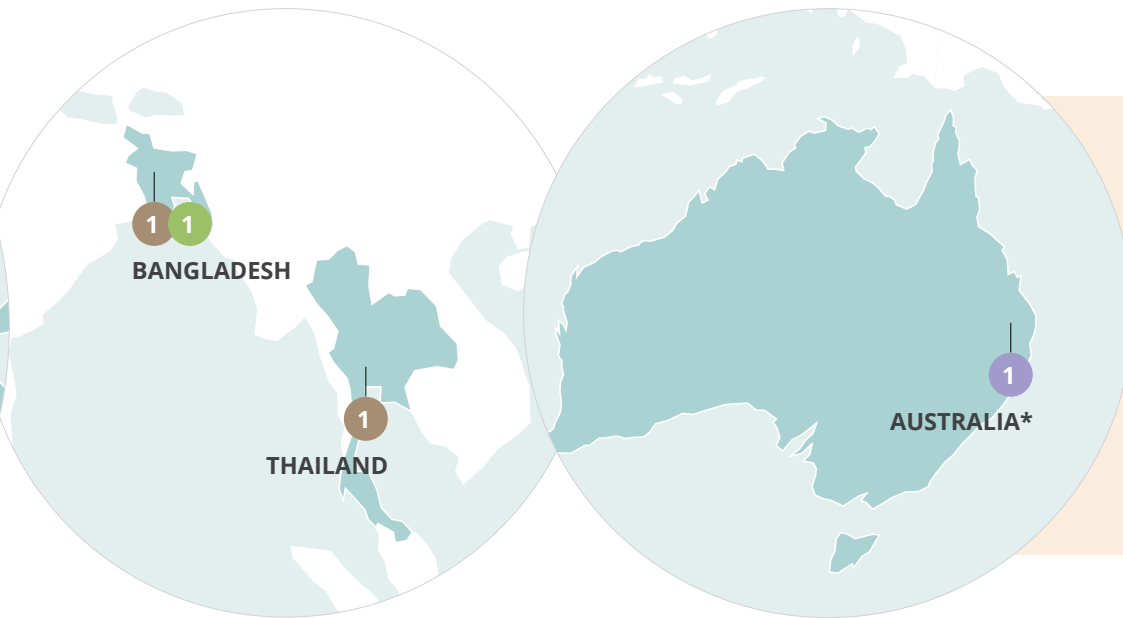
**+91%** compared to FY2021



Refer to page 66 for more information.

\* As part of active business portfolio management, we announced in 2022 our plans to divest our businesses in Indonesia and Australia. We believe this strategic move will further improve the value of KPJ. At the same time, will allow us to focus our resources more on our core business, both in driving operational excellence and growth.

AT A GLANCE



Hospitals

**19** Accredited by Malaysian Society for Quality in Health (MSQH)

**4** Accredited by Joint Commission International (JCI)



HUMAN CAPITAL

In recognition of the contributions of more than

**16,000**

of employees, an annual complimentary wellness package was extended to their parents beginning in 2023.

Employee Compensation & Benefit Costs

RM **983.8** million

+RM120.5 million compared to FY2021

Refer to page 68 for more information.



INTELLECTUAL CAPITAL

KPJ Online Appointments

**1,192,002**

+37% compared to FY2021

KPJUC is Malaysia's only private university college offering Master in Medical Specialist programmes, and has already produced

**18**

specialists since 2016.

Refer to page 70 for more information.



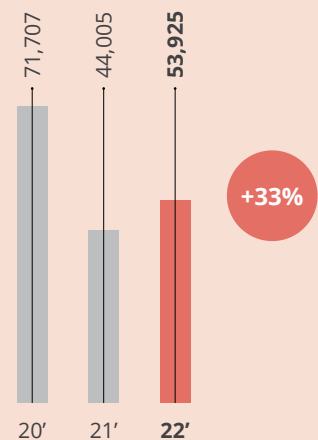
SOCIAL AND RELATIONSHIP CAPITAL

Customer Satisfaction Index

**93.4**

+1.1 compared to FY2021

Total number of underserved patients treated at KWAN



Refer to page 72 for more information.

# AWARDS & RECOGNITION 2022



## KPJ HEALTHCARE BERHAD

### Global Health Asia-Pacific Awards 2022

- *Best Hospital of the Year in Malaysia*

### International Finance Leadership Awards 2022

- *Best Emerging Woman CFO in Healthcare*

### The EDGE Billion Ringgit Club 2022

- *Best CR Initiatives Below RM10 billion Market Capitalisation*

### National Annual Corporate Report Award (NACRA) 2022

- *Special Award SILVER Best Designed Annual Report 2021*

### Sustainability & CSR Malaysia Awards 2022

- *Company of the Year - Category: Healthcare Overall CSR Excellence for Public Health Initiatives*

### Malaysian Tourism Council (MTC) Gold Awards

- *Gold Award Medical & Wellness Tourism Centre*

### Bumiputera Business Excellence Awards 2022

- *CSR Excellence Award*

### Graduates' Choice Awards

- *Best Employer Brand Graduate's Choice Award*

## KPJ AMPANG PUTERI SPECIALIST HOSPITAL

### Global Health Asia-Pacific Awards 2022

- *Oncology (Medical) Service Provider of the Year in Asia Pacific*

### Pertandingan Landskap MPAJ 2022

- *Champion - Category: Pejabat Kerajaan/Swasta*

### Low Carbon City (LCC) 2030 Audit Challenge - Malaysian Green Technology & Climate

- *Provisional Certificate*

## KPJ DAMANSARA SPECIALIST HOSPITAL

### Global Health Asia-Pacific Awards 2022

- *Women's Health & Wellness Service Provider of the Year in Asia Pacific*

## KPJ TAWAKKAL KL SPECIALIST HOSPITAL

### Healthcare Asia Awards 2022

- *COVID Management Initiative of the Year*



## AWARDS & RECOGNITION 2022



MSOSH Awards 2022  
 KPJ Kajang Specialist Hospital



Diagnostic Imaging Centre of the Year in Asia Pacific  
 KPJ JOHOR SPECIALIST HOSPITAL



The Malaysian Society for Quality in Health Accreditation Excellent Award  
 KPJ JOHOR SPECIALIST HOSPITAL

### KPJ KAJANG SPECIALIST HOSPITAL

**MSOSH Awards 2022**

- Best Performance Campaign Gold Class 2

**SEDA Malaysia Sustainable Energy Low Carbon Building Assessment**

- Certificate 2021 - GreenPass Operation Diamond Rating

### KPJ SELANGOR SPECIALIST HOSPITAL

**The Malaysian Society for Quality in Health Accreditation Excellent Award**

- Excellence Award

### KPJ RAWANG SPECIALIST HOSPITAL

**Majlis SIRIM Industri 2022**

- Customer Service Management (SIRIM 6:2016) Recognition 2020

### KPJ KLANG SPECIALIST HOSPITAL

**Majlis SIRIM Industri 2022**

- Customer Service Management (SIRIM 6:2016) Recognition 2020

### KPJ BANDAR MAHARANI SPECIALIST HOSPITAL

**MSOSH Award 2022**

- Best Performance Campaign Gold Class 1

### KPJ JOHOR SPECIALIST HOSPITAL

**Global Health Asia-Pacific Awards 2022**

- Diagnostic Imaging Centre of the Year in Asia Pacific

**Healthcare Asia Awards 2022**

- Marketing Initiative of the Year - Malaysia Category: The IVF Happy Journey

**The Malaysian Society for Quality in Health Accreditation Excellent Award**

- Excellent Award

## AWARDS & RECOGNITION 2022



CXP Best Customer Experience Award 2022  
KPJ PUTERI SPECIALIST HOSPITAL



Best Employer Award 2022  
PHARMASERV ALLIANCES SDN BHD

### KPJ KLUANG SPECIALIST HOSPITAL

#### Anugerah Organisasi Kemakmuran Bersama 2022

- Kategori Syarikat Besar Saguhati

#### Majlis SIRIM Industri 2022

- Customer Service Management  
(SIRIM 6:2016) Recognition 2022

### KPJ PUTERI SPECIALIST HOSPITAL

#### CXP Best Customer Experience Awards 2022

- Kategori Syarikat Besar Saguhati

### KPJ BANDAR DATO' ONN SPECIALIST HOSPITAL

#### Majlis SIRIM Industri 2022

- Customer Service Management  
(SIRIM 6:2016) Recognition 2022

### KPJ PENANG SPECIALIST HOSPITAL

#### MDA Awards 2022

- Best Performance Campaign Bronze
  - Maternity Campaign Touchpoints
  - Turning up to RM4Million

### KPJ SRI MANJUNG SPECIALIST HOSPITAL

#### Majlis SIRIM Industri 2022

- Customer Service Management  
(SIRIM 6:2016) Recognition 2022

### KPJ PERLIS SPECIALIST HOSPITAL

#### Majlis SIRIM Industri 2022

- Customer Service Management  
(SIRIM 6:2016) Recognition 2022

## AWARDS & RECOGNITION 2022



### KPJ PAHANG SPECIALIST HOSPITAL

**Anugerah Integriti, Governans dan Anti Rasuah (AIGA2022)**

- Bronze

### KPJ SIBU SPECIALIST HOSPITAL

**Majlis SIRIM Industri 2022**

- Customer Service Management (SIRIM 6:2016) Recognition 2022

### KPJ KUCHING SPECIALIST HOSPITAL

**Majlis SIRIM Industri 2022**

- Customer Service Management (SIRIM 6:2016) Recognition 2022

### KPJ SABAH SPECIALIST HOSPITAL

**Majlis SIRIM Industri 2022**

- Customer Service Management (SIRIM 6:2016) Recognition 2022

### PHARMASERV ALLIANCES SDN BHD

**Anugerah Majikan Terbaik KWSP Lembah Klang**

- Best Employer Award 2022

# WHAT WE DO

## HOSPITAL OPERATIONS

Our Hospital Operations Division plays an integral role in supporting the smooth running of our network of hospitals through:

- Continuously reviewing and streamlining processes;
- Enhancing hospital systems;
- Expanding our existing hospitals' capacity to cater to market demand;
- Undertaking structured professional development; and
- Monitoring of clinical outcomes.

## CLINICAL OPERATIONS

Our Clinical Operations Division oversees quality and professionalism in patient care services. With the guidance of the Medical Advisory Committee, it also ensures that all the components of clinical governance are in place.

## DIAGNOSTIC SERVICES

Our Diagnostic Services Division provides patients timely, cost-effective, and high quality diagnostic care in a safe environment. Clinical offerings in the Pathology and Laboratory Medicine, Radiology, and Nuclear Medicine segments also come under the ambit of Diagnostic Services.

## SENIOR AND ASSISTED LIVING CARE

The Senior and Assisted Living Care Division is responsible for providing both short and long-term care for individuals who need support in their daily activities. These services are provided at our three Senior and Assisted Living Centres in Malaysia and one in Australia.

## AMBULATORY CARE

KPJ's Ambulatory Care Division is tasked with providing a host of outpatient services that include the following:

- Dentistry;
- Oral and maxillofacial surgery;
- Rehabilitation services;
- Haemodialysis services; and
- Ophthalmology.



**KPJ's robust and resilient business model draws its strength from the Group's more than 40 years of experience in the Malaysian private healthcare industry. Our value proposition centres on managing a network of specialist hospitals in a professional, efficient and prudent manner. We support this with a host of strategic investments in our well-diversified portfolio.**

## WHAT WE DO



### HOSPITAL OPERATIONS



### CLINICAL OPERATIONS

### DIAGNOSTIC OPERATIONS

### SENIOR ASSISTED LIVING CARE

#### ANCILLARY SERVICES

The Ancillary Services Division supports KPJ's hospitals in several ways, namely:

- Through its supply-distribution value chain;
- By reducing dependency on outsourced third party vendors and suppliers;
- By developing intrapreneur companies that generate business value for the KPJ Group;
- Through developing pharmaceutical companies that provide medication to our hospitals, as well as the Group's retail pharmacies; and
- Through offering sterilisation services for surgical equipment.

#### BUSINESS DEVELOPMENT SERVICES

The Business Development Division is responsible for the identification, evaluation and expansion of KPJ's hospital-based and healthcare-related businesses be these through sole ownership, partnership, joint venture, and/or design build and lease models.

#### EDUCATION SERVICES

Two of the Group's platforms offer education programmes:

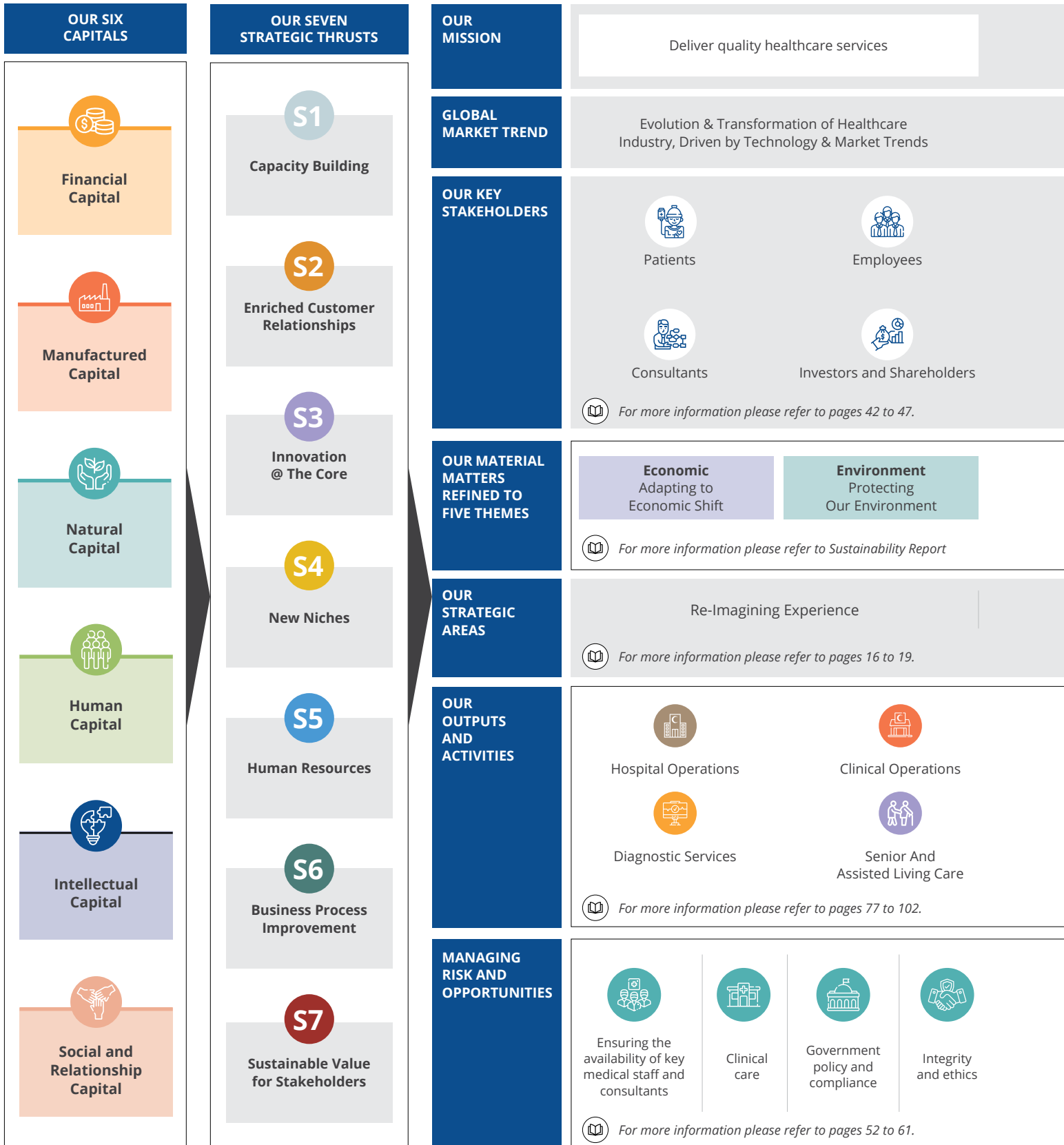
- The KPJ Healthcare University College (KPJUC) in Nilai, Negeri Sembilan provides a wide range of medical and healthcare programmes in addition to its colleges in Johor and Penang;
- The Sheikh Fazilatunnessa Mujib KPJ Nursing College (SFMKNC) in Bangladesh provides basic and post-basic nursing programmes for students in that nation.

#### HEALTH TOURISM

KPJ's Health Tourism initiatives positions the Group as the preferred healthcare provider to international health travellers. Our health tourism activities are aimed at:

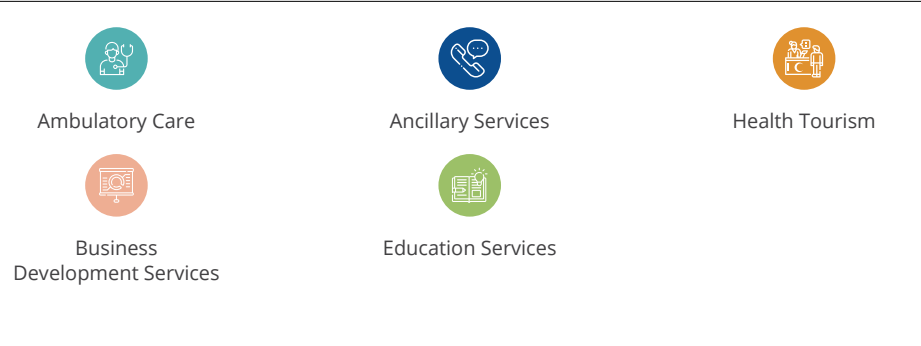
- Leveraging the KPJ brand regionally and internationally;
- Attracting international health travellers to the Group's hospitals to obtain specialist treatment;
- Increasing Group revenue and patient volume by strengthening our existing markets in Indonesia, ASEAN and MENA; and
- Enhancing international patients' healthcare experience in Malaysia.

# OUR VALUE CREATION



# OUR VALUE CREATION

We are consistently focused on clinical excellence and innovative technology for superior patient outcomes.



## OUR VALUES AND OUTCOMES

**Continuous Growth in Healthcare Industry**

We continue to reinforce our position as Malaysia's preferred healthcare service provider by delivering sustainable and high quality care, which translates to profitability and socially-beneficial outcomes, guided by effective risk management strategies

**Excellent Customer Service**

Understanding that customers need increasingly positive Return on Experience (ROE), KPJ has structured frameworks and set systems in place that generate consistently high customer service, measured through industry-accepted benchmarks

**Deliver the Best Possible Clinical Outcomes**

Adhering to a strong Clinical Governance Framework, KPJ puts patient safety as our top priority. We meet both internationally and locally recognised benchmarks, including certification and accreditation standards

**Leverage on Technology and Innovation for Quality Care**

By equipping our network of hospitals with the latest medical facilities and equipment, as well as investing in healthcare innovation and technology, we are ensuring quality patient care

**Ensure Upgrading of Employees' Skills and Knowledge**

To ensure the sustainable development of medical and non-medical professional talents and to enhance our Group's knowledge and expertise in healthcare services, we are continuously upskilling our employees

**Take Environment Protection Seriously**

Environmental and social responsibility are key to our business culture. KPJ implements scalable measures to minimise the impact of our carbon footprint on the environment

**Protect the Socio-economic Environment of Our Stakeholders**

By empowering stakeholders and communicating with them in a responsible, sensible and sustainable manner, we are safeguarding their position and entrenching ourselves as a respected member of the community

# OUR APPROACH TO SUSTAINABILITY

## SUSTAINABILITY APPROACH

In 2022, we took a significant step in our sustainability journey by revising our Sustainability Framework, which now comprises five themes with 27 new and enhanced initiatives. Our approach is designed to establish a three-year roadmap which measures and takes action to deal with material matters, and ties back to addressing risks and leveraging opportunities identified by the Group.

### SUSTAINABLE HEALTHCARE





# OUR APPROACH TO SUSTAINABILITY

We are committed to building a sustainable future while also creating long-term value for our stakeholders. Through this approach, we aim to minimise our environmental impact, enhance social and community benefits, and strengthen governance practices. By incorporating sustainability into our business practices, we aim to accomplish our long-term objectives while simultaneously tackling the global issues of climate change and social responsibility. Our refreshed Sustainability Framework is a key driver in achieving our mission to become a leader in sustainable business practices.

KPJ 3 YEAR ROADMAP AND TARGETS		
2023	2024	2025
<b>Economic</b>		
Continuous growth in the healthcare industry via Sustainability Sukuk Wakalah issuance to support eligible social and green projects.		
<b>Environmental</b>		
1. KPJ Carbon Accounting 2. Decarbonisation 3. Waste Management Plan 4. Climate Risk	12. Scope 1, 2 and 3 13. Clean Energy Mix 14. Water Management 15. Green Hospital	25. Sustainable Transportation
<b>Social</b>		
5. Training and Awareness 6. DEI Policy	16. Training Aged Care Workforce 17. Inclusive Workplace 18. Non-Discriminatory Policy 19. Labour and Human Rights	
7. Health Awareness 8. Affordable Packages 9. KWAN 10. Outreach Programmes	20. Mental Health for Community 21. Healthy Lifestyle	
<b>Governance</b>		
11. Supply Chain Engagement	22. Sustainability Embed Supply Chain 23. TCFD 24. Shariah Governance	26. Collaboration 27. Enhance Transparency

OUR TARGETS AND PRIORITISED UN SDG	
<p><b>Build a resilient and adaptable organisation for any economic volatility</b></p>	
<p><b>Reduce environmental impact by managing KPJ's waste, resources and climate risks by 2025</b></p>	
<p><b>Develop a healthy and competent workforce by 2030</b></p>	
<p><b>Improve the lives of community members across Malaysia by 2030</b></p>	
<p><b>Be a sustainability-accountable and future-ready organisation by 2030</b></p>	
<p> Refer to Sustainability Report 2022 for more information.</p>	

MANAGING RISK AND OPPORTUNITIES	
	<p> For more information please refer to pages 52 to 61.</p>

# OUR STRATEGIC PROGRESS

Our strategic intent is premised on delivering exceptional healthcare to our patients, through the careful and excellent management of patient journey, to produce quality patient outcomes as well as create a sustainable pool of returning clients. Dedication to this strategy, bolstered by our aspiration to be the preferred healthcare provider, will ultimately create long-term value for our shareholders.

We are guided by seven Strategic Thrusts which are aligned to our Six Capitals. These thrusts are aimed at growing the business while improving resilience, growing capacity and embedding innovation.

## Our Vision -

### THE PREFERRED HEALTHCARE PROVIDER

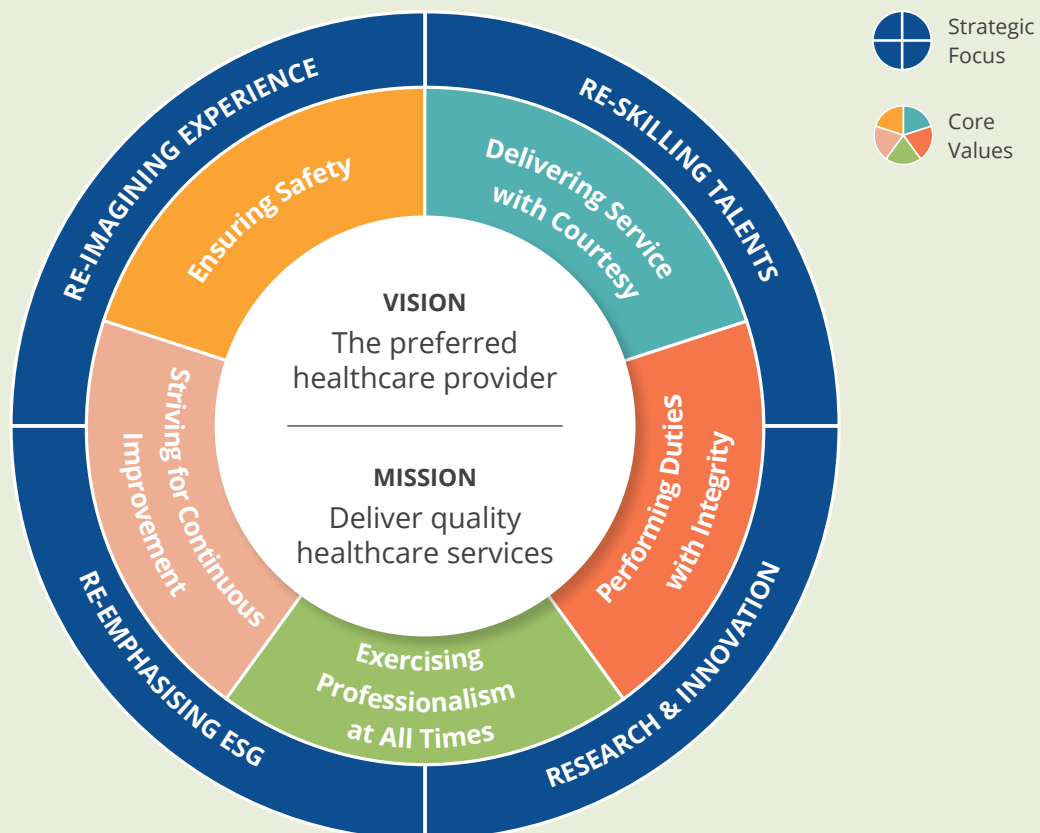
Our fundamental purpose is the delivery of diagnosis, professional treatment and care for all our patients. We are dedicated to being the preferred provider of healthcare through the innovative use of technology and the expertise of experienced consultants as well as well-trained medical and non-medical employees who collaborate to offer the best for our patients.

## Our Mission -

### DELIVER QUALITY HEALTHCARE SERVICES

Our mission is to improve the health of the people and the communities we serve. We are consistently focused on clinical excellence and innovative technology for superior patient outcomes.

## Care for Life -



# OUR STRATEGIC PROGRESS

## OUR SEVEN STRATEGIC THRUSTS

Seven Strategic Thrusts underpin our commitment to provide comprehensive, patient-centred care and help us to maintain our position as the leader in the country's private healthcare industry. These thrusts encompass the following:

<p>S1</p> <p><b>Capacity Building</b></p> <p>This involves making strategic investments and rolling out enhancements on the project development front.</p>	<p>S2</p> <p><b>Enriched Customer Relationships</b></p> <p>This focuses on the implementation of strategic measures aimed at strengthening the KPJ brand built on a patient-centric culture.</p>	<p>S3</p> <p><b>Innovation @ The Core</b></p> <p>By embedding a Culture of Innovation throughout the Group, we are ensuring KPJ keeps abreast with industry trends and technological advancements.</p>	<p>S4</p> <p><b>New Niches</b></p> <p>This encompasses exploring new and potential opportunities to grow the business in the medium to long term.</p>	<p>S5</p> <p><b>Human Resource</b></p> <p>This involves a laser focus on nurturing dependable and high-integrity talent who are capable of driving positive performance and contributing to KPJ's sustainable growth.</p>	<p>S6</p> <p><b>Business Process Improvement</b></p> <p>This sees us continuously working to strengthen our processes and systems to improve our performance.</p>	<p>S7</p> <p><b>Sustainable Value for Stakeholders</b></p> <p>This ensures long-term growth in order to provide our stakeholders with good returns, contributing to positive, sustainable and enduring relationships.</p>
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## STRATEGIC PROGRESS

In 2022, we established strategic foci and targets for each thrust to drive better outcomes and ensure quality healthcare services. Our targets and achievements are as follows:

STRATEGIC THRUST	STRATEGIC FOCUS 2022	STRATEGIC FOCUS 2023-2026
<p>S1</p> <p><b>CAPACITY BUILDING</b></p>	<p><b>Strengthen Business and Operational Excellence</b></p> <p><b>Achieved</b> Added 137 licensed beds, and recruited 33 new resident consultants.</p> <p><b>Continuous Improvement</b> Private and Public Partnership (PPP) with the Ministry of Health (MOH) on decanting non-COVID-19 cases.</p> <ul style="list-style-type: none"> <li>A total of 6,344 decanted cases were received from MOH hospitals with a total value of RM50 million.</li> <li>56% of the referrals were surgical cases and 34% were medical cases.</li> </ul> <p>Four elective Renal transplant cases were successfully performed at KPJ Tawakkal KL. KPJ provides the facilities and manages the pre- and post-surgery care of the patient and donor.</p> <p><b>Achieved</b> Allocated resources and dedicated wards and ICU beds for COVID-19 positive cases. Treated a total of 2,661 COVID-19 patients.</p> <p>Also implemented strict standard operating procedure (SOP) to minimise the impact of COVID-19 on our healthcare professionals and patients.</p>	<p><b>Re-Imagining Experience</b></p> <p><b>In Progress</b> Further expand subspecialties and optimise the current composition of consultants in surgical and medical disciplines.</p> <p>Expand niche services with a focus on Neurology &amp; Stroke, Oncology, Cardiology, Orthopaedic and Paediatric &amp; Neonatology services as the catalysts for growth.</p> <p>Add more operational beds, which we plan to increase by 400 in 2023.</p> <p>BOR target of about 62% in 2023</p>

## OUR STRATEGIC PROGRESS

STRATEGIC THRUST	STRATEGIC FOCUS 2022	STRATEGIC FOCUS 2023-2026
<p><b>S2</b></p> <p><b>ENRICHED CUSTOMER RELATIONSHIPS</b></p>	<p><b>Provide Patient-centric Benefits in Our Services</b></p> <p><b>Achieved</b> Surpassed our target of 93.4% in our Customer Satisfaction Index.</p> <p><b>Achieved</b> Recruitment of KPJ cares members increased 18%</p>	<p><b>Achieved and Continuous Improvement</b> KPJ Cares Loyalty Programme aims to be the largest chain of hospitals in Malaysia with a loyalty points programme.</p> <p><b>Strategies for excellent service deliveries (enhance service quality) for 2023-2028</b> Transformation of people and culture through talent development and training, including an elevation of the existing Service Excellence - KPJ Way programme which enhances knowledge, skills, values and competencies</p>
<p><b>S3</b></p> <p><b>INNOVATION @ THE CORE</b></p>	<p><b>Leverage Technology and Innovation for Quality Care</b></p> <p><b>Achieved</b> Implementation of Telemedicine and Medication Delivery (TMD).</p> <p>KPJ Healthcare and its hospitals experienced a 28% uptick in their overall social media following and a 34% rise in their engagement levels on social media platforms.</p>	<p><b>Research &amp; Innovation</b></p> <p><b>Achieved</b> 3,600 medication deliveries, 1,032 courier services and 2,302 drive throughs.</p>
<p><b>S4</b></p> <p><b>NEW NICHES</b></p>	<p><b>Continuous Growth in Healthcare Industry</b></p> <p><b>Achieved</b> Opening one Ambulatory Care Centre in Ipoh, and one in Klang Valley this year.</p>	<p><b>Re-Imagining Experience</b></p> <p>Bringing quality outpatient primary healthcare services ever closer to communities.</p>
<p><b>S5</b></p> <p><b>HUMAN RESOURCE</b></p>	<p><b>Build a Culture of High Performance</b></p> <p><b>Achieved</b> Communication of anti-corruption policy/ABMS to all employees with 91% of employees taking up the e-pledge.</p> <p><b>Achieved</b> Invested RM3.93 million in training and development programmes for employees.</p> <p><b>Achieved</b> Identified top talent via the Talent Validation Programme (TVP) and Talent Development Programme (TDP).</p>	<p><b>Re-Skilling Talents</b></p> <p><b>Achieved and Continuous Improvement</b> Improve staffing efficiency via manpower audits, job evaluation analysis, career pathing, talent development programmes, as well as undertake reviews of HR and HR-related policies and other initiatives.</p>

## OUR STRATEGIC PROGRESS

STRATEGIC THRUST	STRATEGIC FOCUS 2022	STRATEGIC FOCUS 2023-2026
<p><b>S6</b></p> <p><b>BUSINESS PROCESS IMPROVEMENT</b></p>	<p><b>Improved Sustainability Impact</b></p> <p><b>Achieved</b> Waste: The amount of clinical waste generated per patient was 0.48kg which was below our target of 0.5kg per patient.</p> <p><b>Achieved</b> Water: The water consumption per employee was 99m<sup>3</sup> which was below our target of not more than 111m<sup>3</sup> per employee.</p> <p><b>Achieved</b> Energy: Maintained our average consumption within the target of not more than 27.69kWh per square foot for four consecutive years.</p>	<p><b>Re-Emphasising ESG</b></p> <p><b>Target</b> Improve the lives of community members across Malaysia by 2025.</p> <p>Develop a healthy and competent workforce by 2023.</p> <p>Reduce our environmental impact by managing KPJ's waste, resources, and climate risk by 2025.</p> <p>Be an ESG-accountable and future-ready organisation by 2025.</p>
<p><b>S7</b></p> <p><b>SUSTAINABLE VALUE FOR STAKEHOLDERS</b></p>	<p><b>Creating Sustainable Value for Communities We Serve</b></p> <p><b>Achieved</b> 11 KWAN clinics and 8 mobile clinics served 53,925 patients from underprivileged communities nationwide.</p> <p><b>Achieved</b> An investment of RM9.2 million was made in the Outreach Programme for the local community.</p> <p><b>Achieved</b> Dividend payout of 52% (RM86.9 million) of our profit after tax and minority interest (PATAMI).</p> <p><b>Achieved</b> Collaboration with the Government to assist in flattening the COVID-19 curve.</p>	<p><b>Re-imagining Experience</b></p> <p><b>Continuous Improvement</b> Strengthen KWAN mobile clinics by identifying potential partners such as banks or other corporate entities within the Klang Valley.</p> <p><b>Continuous Improvement</b> Designing a Strategic CSR Programme with measurable impact for the local community.</p> <p>Continued to protect shareholders' interests with sustainable dividend pay-out.</p> <p><b>Continuous Improvement</b> Collaboration with the Government to cater to the increased demand for healthcare services and a shortage in the provision of certain healthcare services.</p>

# STATEMENT FROM OUR CHAIRMAN

## CLEAR MANIFESTATION OF OUR 'CARE FOR LIFE'

### Dear Valued Stakeholders,

On behalf of the Board, I am pleased to present KPJ Healthcare Berhad's Integrated Annual Report for the financial year ended 31 December 2022.

#### THE RETURN TO NORMAL

The year 2022 stood out in stark but with positive contrast to prior years as Malaysia and indeed most of the world moved beyond COVID-19, embraced endemicity and exhibited resilience in getting back on track. Although global economic growth faltered slightly due to inflationary pressures and the wider effects of the ongoing Russian-Ukraine conflict, here in Malaysia, we saw the economy growing by 8.7%. This reflected the confidence that the public had in getting on with their lives on the back of the largely successful vaccination campaign carried out by the government.

With economic and social activities returning to almost pre-pandemic levels, industries that were affected during the pandemic have started to rebound. The healthcare industry has seen



**DATUK MD ARIF BIN MAHMOOD**

Chairman

KPJ Healthcare Berhad

#### PERFORMANCE HIGHLIGHTS

We administered **over a million doses of vaccines** for 2021 and 2022, with each dose helping to make people feel safer

The KPJ Group has **more than 1,400 consultants and 5,000 nurses**

## STATEMENT FROM OUR CHAIRMAN



encouraging growth in 2022. For the KPJ Group specifically, I note that patients have returned in droves to our hospitals. Both inpatient and outpatient visits have improved to almost pre-pandemic levels.

While this has definitely helped us deliver a strong financial performance this year, the more pertinent observation is the swiftness with which patients chose to return to our care. The return was definitely encouraging for us and we believe it is a clear manifestation of our 'Care for Life'. Our dedication and commitment to care over the last 42 years have yielded intangible amount of goodwill, value and trust among the communities we serve, translating into their continued patronage of our hospitals. Thank you for your loyalty and trust in KPJ.

### CARING FOR LIFE

KPJ Group has played an important role in getting the country to where it is today, underpinned by our purpose - 'Care for Life.' At the peak of the pandemic, we stepped up our efforts and assisted the government in the distribution of vaccines, adding our vast network of hospitals, doctors and nurses to the nation's arsenal. We administered over a million doses of vaccines for 2021 and 2022, with each dose helping to make people feel safer. We also collaborated with the Ministry of Health (MOH) to reduce the strain on the public healthcare system by taking in non-covid patients through a decanting arrangement that continues to be in place until today.

Through the combined efforts of all stakeholders involved, we were able to bring the country to a point where people felt safe and comfortable to return to normalcy.



### 19 clinics nationwide

via our flagship Klinik Waqaf An-Nur (KWAN) initiative, that provides care and medicines to patients at affordable fees

## STATEMENT FROM OUR CHAIRMAN

We continued to do more day in and day out to ensure we deliver our level best to meet our customer's expectation. Through the efforts of our team, we opened our 29<sup>th</sup> hospital, Damansara Specialist Hospital 2, increased our bed capacity and optimised our operations. With that, we have been able to meet the strong demand for our healthcare services in 2022. Beyond the investment in the physical infrastructure, the KPJ Group has also invested in our human capital to better serve the needs of our patients and customers. With the collective knowledge and experience of more than 1,400 consultants and 5,000 nurses, we were able to deliver the best outcomes and experience for our patients and customers.

With all the above and our obsession to 'Care for Life', we believe has built a strong bond and trust of all our stakeholders especially with our patients and customers. Trust is our key currency and is what I believe to be the most important outcome of our 'Care for Life'. It has helped pave the way for our sustained growth, enabling us to do even more for our patients and customers. We also know that trust is hard to earn but can easily be lost and this drives us even more to protect it at all costs.

### SUSTAINING THE TRUST

We are dedicated to continuously improve our efforts around sustainability, guided by our Sustainability Roadmap. To drive the commitment, the Board of Directors and Management had incorporated the sustainability measures as part of their own key performance indicators. We have also strengthened our sustainability governance, with the Risk, Sustainability, and Governance

Committee (RSGC) now overseeing the risks and opportunities related to sustainability.

From the lessons learned during the pandemic, we have updated our sustainability framework accordingly. We now have five pillars addressing EESG (Economic, Environmental, Social and Governance) with a fresh perspective that allows us to not only adapt to economic changes and protect the environment but also grow and nurture our potential while maintaining good governance. Our goal is to make sustainability a core aspect of our company culture, as with health and safety. Our commitment to sustainability goes beyond regulatory compliance, as we aim to generate positive impacts and contribute to a sustainable future for all.

In terms of the sustainability of human resources for the healthcare industry, as a pioneer, our healthcare and

nursing schools have been producing specialists and nurses who trained in our hospitals, to serve not just the nation, but the world. There will also be focus and growth in this area including strengthening our research areas to assist in strengthening the country's healthcare ecosystem by injecting new talent and research discovery in delivering care to patients.

We have the largest network of private specialist hospitals to complement the public healthcare system. Extending from our hospitals, for those who cannot directly access our hospitals, they can do so via our mobile clinics and ambulatory care centres. Also, in order to address the wider communities, our 19 flagship Klinik Waqaf An-Nur (KWAN) provide care and medicines to patients at very affordable fees.

We will continue our 'Care for Life' commitment and strive to deliver an even higher level of care and





## STATEMENT FROM OUR CHAIRMAN

accessibility for our patients and customers. We are investing in our digital transformation programme and upgrading our older hospitals in order to be more efficient and extending the reach of our services. Again, we never take the trust you have in us for granted.

### DIVESTING TO ENSURE CONTINUED GROWTH

As part of active business portfolio management, we announced in 2022 our plans to divest our businesses in Indonesia and Australia. We believe this strategic move will further improve the value of KPJ and at the same time, allow us to focus our resources more on our core business, both in driving operational excellence and growth.

### THE FUTURE OF KPJ

Looking ahead, we are optimistic on the future for KPJ with many pathways. Our 'Care for Life' and superior returns to all our stakeholders will guide our investments and growth.

For example, given the number of hospitals we operate, we have access to vast datasets which we can draw insights that will completely change how healthcare is administered. These insights would allow us to know more about our patients, their health status and other relevant information which will enable us to be far more effective and tailored in delivering care. We would be able to diagnose more accurately, and impart more effective treatment and care.

We shall be investing in upgrading and strengthening our hospital information system, digital capabilities and equipment. We will also be

investing in our people for them to be better equipped, as well as ensuring more beds and resources are made available in order to elevate our ability to care for our patients and customers. Furthermore, we are currently in the midst of constructing another hospital to be added to the group in 2024, and shall explore the ability for us to serve beyond our network of hospitals.

Moreover, we will be further strengthening our partnership with the government, to assist in alleviating the backlog of cases that government hospitals are currently facing. We shall also explore opportunities to serve as a testbed for concepts that the MOH may have.

Partnering with general practitioners is also key and aligned with our efforts to make them as part of our extensive networks in referring patients who need further care to us.

We believe that more can be done to address access to affordable private healthcare. That being said, we plan to work closer with the Association of Private Hospitals of Malaysia, insurance companies and the government on the matter.

### ACKNOWLEDGEMENT

On behalf of the Board, I thank our shareholders for their trust and confidence in our focus to create long-term value creation. To our customers and patients, especially those who have been loyal to us, we thank you for your encouraging support that drives us to perform and serve you better.

We also express our sincere gratitude to the Federal and State Governments,

the MOH and other health regulators and accreditation bodies whose commitment to the healthcare industry eased our ability to serve seamlessly. Our vendors and suppliers, thank you for providing us with the needed support in our journey to contribute to the healthcare system with innovative solutions. We appreciate our collaborative relationships.

We are indeed fortunate to have the KPJ Family consisting of consultants, medical officers, nurses and all other medical and non-medical professionals who continue to selflessly commit to our patients and customers' needs. Thank you for tirelessly dedicating yourselves to the nation's well-being and upholding our reputation as one of Malaysia's leading healthcare providers. I express my appreciation to the KPJ leadership team for their outstanding work in 2022 and I am confident that the team will continue to steer the organisation in our next level of growth.

The path forward is both challenging yet exciting, and we will do our best to 'Care for Life'.

Thank you.



**DATUK MD ARIF BIN MAHMOOD**

Chairman  
KPJ Healthcare Berhad

# REVIEW OF THE OFFICER IN CHARGE

Dear valued stakeholders,

I am honoured to present the KPJ Group's Annual Report 2022 which details our financial, strategic and operational performance for the year. Collectively, we have made significant headway in realising our strategies while stepping up our commitments to meet the healthcare needs of Malaysians, underpinned by our 'Care for Life' philosophy.

## OVERVIEW

Overall, the year 2022 was an encouraging one for the healthcare industry and by extension, the KPJ Group, as economic activities resumed, and pandemic-related restrictions were permanently removed. With these barriers falling, largely due to the government's sustained and successful vaccination programme, patients were confident enough to return to our hospitals. Many were finally able to go through with elective procedures that they had decided to put on hold ever since the pandemic first struck. In addition, the reopening of international borders spurred our health tourism business that saw a strong increase in revenue and visits.

## DRIVE EFFICIENCY AND EXCELLENCE



### PERFORMANCE HIGHLIGHTS (RM)

Revenue (RM billion)

2022



2021



PBT (RM million)

2022



2021



## REVIEW OF THE OFFICER IN CHARGE



**NORHAIZAM BINTI MOHAMMAD**  
Officer In Charge/Chief Financial Officer

Our ambulatory care centres (ACC) and Wellness business also experienced strong growth as outpatient visits increased and the occupancy rates for senior living care and post-rehabilitation care improved. The non-hospital businesses experienced double-digit growth in tandem with the increase of patient volumes although the demand for our laboratory services declined in line with the greater usage of COVID-19 self-test kits.

These positive developments saw our Bed Occupancy Rate (BOR) at the Group level covering Malaysia and Bangladesh, increasing to 58% from the 43% recorded in 2021 driven by a 33% year on year increase in inpatient visits. Outpatient visits increased to 2,958,781 in 2022 from the 2,747,436 recorded in 2021, an improvement of about 8%. These stronger numbers were also largely reflected in our Malaysia operations which is the largest operation of the two.

In anticipation of the significant increase in patient visits, the Group was well-prepared with a range of initiatives to ensure that we could continue to deliver excellent standards of healthcare. This came in the form of expanding our team of consultants and healthcare services, increasing overall bed capacity and welcoming our 29<sup>th</sup> and newest hospital, the Damansara Specialist Hospital 2 (DSH2) to the Group. DSH2 also represents the precursor to the Group's future, and we are very excited about this development which unites digital technology with our 'Care for Life' philosophy.

PAT (RM million)

**2022**



2021



## REVIEW OF THE OFFICER IN CHARGE



Notwithstanding our solid performance in 2022, the Group did face some challenges related to the pandemic as the highly transmissible Omicron variant impacted our operations in the first quarter of the year. Many healthcare professionals were infected and had to be quarantined which affected our operations. During this time, we put in place a contingency plan and worked together with Human Resources and our KPJ University College to meet the shortfall in nurses. We also maintained our commitment to our COVID policy and standard operating procedures to safeguard our employees, patients and minimise the impact to our operations.

In demonstrating the Group's ability to care for the nation, we continued to work closely with the Ministry of Health (MOH) under a private public partnership arrangement to resolve the backlog of cases it faces at its facilities, as well as directing resources to treat decanted non-COVID patients from MOH hospitals. In 2022, our hospitals treated more than 5,000 non-COVID patients throughout the country and also continued to treat COVID patients which numbered more than 1,700.

### FINANCIAL PERFORMANCE

Despite the challenges in 2022, the Group delivered a stellar financial performance with profits more than doubling compared to 2021. We were aided by our strong operational fundamentals, as well as the transition into endemicity and re-opening of international borders which led to a resurgence in overall healthcare activity throughout our network of hospitals. While our current performance has exceeded even what we achieved in the pre-pandemic years, we remain cognisant that more can be done to build on this momentum and we will continue to adapt in line with the evolving market landscape.

#### Revenue

**up by 13%**

reached **RM2.9 billion in 2022**  
vs. RM2.6 billion in 2021

#### PBT

**>100% increase**

reaching **RM263.5 million in 2022** vs.  
RM121.2 million in 2021

#### PAT

**>100% increase**

amounting to **RM190.3 million**  
vs. RM72.4 million in 2021

In 2022, KPJ was able to capture the opportunities that were presented as the economy recovered and a return to normalcy prevailed. Driven by Phase Two of our transformation strategy, we have started to see results in the four strategic areas of Accelerate Growth, Digital Transformation, Drive Efficiency and Excellence and Organisation, People and Culture. The strategic pillars have enabled us to boost our consultant strength and brought greater focus to leveraging digitalisation and innovation to improve processes and reimagine customer journeys. We have also strengthened organisational culture along the lines of greater diversity, inclusion and equity as we seek to advance service excellence that is rooted in our 'Care for Life' philosophy.

## REVIEW OF THE OFFICER IN CHARGE

### Accelerate Growth

As a Group, we continue to prioritise sustainable growth and therefore the needs, expectations and welfare of our patients remains our key consideration before we embark on new growth initiatives. We also look at wider market demographics and trends to understand how we can fill the gaps now as well as fulfil future needs.

It is in this context that we have spent this year strengthening our ability to serve our patients, adding over 200 consultants to the Group which has not only boosted our capacity but also expanded the range of ailments and conditions that we can treat. The injection of talent, which equates to an almost 20% increase in consultant strength, has also enabled us to create centres of excellence across the nation. The KPJ Johor Specialist Hospital is now the cancer, IVF and cardiac centre for the Southern region while the KPJ Damansara Specialist Hospital is the Neuro Stroke Centre for the Central region. In addition, KPJ Ampang Puteri Specialist Hospital in Kuala Lumpur is now our new Clinical Haematology & Oncology hub while KPJ Ipoh is closer towards becoming the Neuro centre for the Northern area.

These are all exciting developments that have advanced us beyond tertiary care and into the realm of quaternary care where we are now delivering care that is highly specialised and, in some instances, unique only to the KPJ Group. We believe that in reimagining the customer journey, it will bring us even closer to our communities and patients as we seek to firmly establish in their hearts and minds that we are always by their side.

In tandem with enhancing our human capacity, we have also increased our physical capabilities to ensure that we continue to provide the standards of care that we are known for. In 2022, we successfully

completed expansions of KPJ Puteri Specialist Hospital and KPJ Penang Specialist Hospital, adding more than 300 beds in total.

We also operationalised DSH2, our newest flagship hospital located in Sungai Penchala, Kuala Lumpur. As our first smart hospital, it is currently equipped with 60 beds with a capacity for 300 beds and is focused on becoming a centre of excellence for cardiac, orthopaedic, neurological and minimally invasive surgery.

Beyond our presence in urban centres, we continue to extend our world-class healthcare services to more suburban communities through our Ambulatory Care Centres (ACC). Priced more affordably, the ACCs also offer wellness services, brings specialist care closer to home and aims to reduce the burden on government hospitals. From a broader perspective, the ACCs are an important component of our hub and spoke model as it serves as the first point of contact for patients. They will only be referred to larger hospitals if necessary, after which they can return to the ACCs which are equipped with post-hospitalisation care services. With four ACCs now and another two to be ready in 2023, the plan is to establish another 25 centres across Malaysia within the next five years.

The Group has also worked tirelessly to engage with a range of other stakeholders including corporate customers and insurance companies to improve our visibility and create a better understanding of what the KPJ Group can offer patients. As part of this marketing drive, we offered value-added services such as webinars, teleconsultations and weekend/evening clinics.

### Digital Transformation

The DSH2 is the first significant step in realising our digital transformation journey and a gamechanger in our 'Care for Life' approach. As the first smart hospital, it brings together our four digital goals of being data-driven, integrated, more clinically intelligent and patient-centric. To support our goals further, we have begun implementing a fully integrated hospital information system across KPJ hospitals that utilises machine learning to provide analytics and insights. We have also enhanced the care experience, by reducing waiting times and ensuring a seamless flow for the patient from entry to exit.

As we advance our digital journey, there is also a need to ensure our information and digital technology infrastructure remains robust and resilient. As such, we have conducted a range of foundational activities in 2022 such as improving cybersecurity awareness, implementation of ISO27001 and strengthening network access and security. Our end-goal is to assist in improving accessibility to medical care and not just from the angle of primary care but also through e-prescriptions, teleradiology, online laboratory test ordering and patient self-management, which will all require the development of an integrated digital ecosystem.

### Drive Efficiency and Excellence

In the year under review, we have seen inflationary pressures affecting our material and operational costs and this has prompted us to take a much more concerted effort to optimise our costs. While cost containment exercises and the optimisation of manpower and resource utilisation is business as usual, this year we paid more attention to mitigating the direct cost escalation and its impact on overall product margins.

One of the more significant steps taken was the centralisation of procurement activities which is now parked directly under the office

of the Officer In Charge. Centralising the selection and performance management of our vendors and suppliers will enable us to undertake a more strategic approach to procurement and help obtain cost efficiencies through the consolidation of major outsourcing contracts.

In addition, we consolidated some of our support services under one division to optimise operations and improve efficiency, especially as we look to offer these services to external clients. The companies that were put under one umbrella include HTS, Fabricare, Pride Outlet, Sterile Services and TMS.

## REVIEW OF THE OFFICER IN CHARGE

### Organisation, People and Culture

At KPJ, we are firm advocates of Diversity, Inclusivity and Equity, or DEI. KPJ balances our strategy in maintaining the equilibrium between equity and equality, so our employees have access to the same rewards, opportunities and resources but according to their needs and pace of progress. We recognise that equality and equity are not interchangeable and need not be mutually exclusive hence KPJ's goal is to always create and enforce a performing culture of inclusion and respect.

We also continue to uphold our advocacy of women empowerment and leadership. We ensure that we invest our time and effort into understanding the needs of women in the workplace. As a result, we form policies to promote and support them in as many aspects of their lives from education, a safe working environment as well as health and well-being. Our establishment consists of 78.2% or 16,271 women staff nationwide and 11 capable individuals are in the KPJ's Senior Leadership positions ranking from General Manager to the C-Suite. We believe that our employment statistics stand as a testament of our assistance towards the female gender's

advancement in the workforce and healthcare industry, which also places us on the right progress track towards gender equity.

In 2022, we have continued to amplify our 'Care for Life' philosophy by elevating our customer service. Through our dedicated team of Service Quality Coaches, who are responsible for conducting training that is aimed at upholding service quality levels throughout all our hospitals, we have conducted refresher courses for our Standard People Practice training module. More recently, we rolled out the Premier Customer Service training programme which seeks to enhance the level of service deliveries and to position our brand as excellent service experience.

In the year under review, 18,774 of staff attended the SPP training include the refresher session meanwhile, 61% or 12,749 employees attended the Premier Customer Service training programme.

We initiated and piloted the 7-Star Hospitality Culture programme at the KPJ Tawakkal KL Hospital and KPJ Ampang Puteri Specialist Hospital.



### ADVANCING OUR SUSTAINABILITY JOURNEY

While we have accomplished plenty in growing the business and ensuring we are meeting patient expectations, we recognise that we can do even more in building a sustainable organisation by taking positive steps in the Environmental, Social and Governance (ESG) space.

In 2023, we took a significant step forward in sustainable financing with the launch of our inaugural RM3 billion sustainability sukuk. We are the first healthcare provider in Malaysia and the Asean region to issue such a sukuk and we are pleased with the incredible response to the first RM555 million tranche that saw overwhelming interest from investors, signaling their confidence in our strategies.

For the environment, we are striving to reduce our impact through the management of energy and water usage, and by addressing climate risks. We have made significant commitments in the areas of waste management, utilising renewable energy through solar and the green electricity tariff programme, and seeking out ways to be more energy efficient.

In the social sphere, we uplift our patients and communities while ensuring that our employees are healthy, engaged and are able to progress their careers effectively at KPJ. We are proud of our Diversity, Equity and Inclusion policy that safeguards our employees as well as the range of training and development opportunities that we have to offer. The Group will continue to prioritise community-based health awareness campaigns, providing affordable access to private care as well as outreach activities to those who are less fortunate.

We also cultivate a culture of good governance and integrity throughout the organisation. We are pleased to have completed the Anti-Bribery Management System surveillance audit with SIRIM in 2022. Efforts to create greater awareness regarding ABMS and integrity is also ongoing with 100% of employees attending training in 2022. The Group extends our integrity practices to external stakeholders and as such all 100% of new suppliers and vendors were notified of the implementation of the Anti-Bribery/Corruption Policy, in addition to complying with our Supplier Code of Conduct.

## REVIEW OF THE OFFICER IN CHARGE

### → OUTLOOK

As we move forward into 2023, we certainly recognise that the market landscape is evolving rapidly, largely driven by the significant improvements in technology. These advancements have made it far more feasible to consider other ways of delivering healthcare beyond the traditional confines of a hospital. In this context, KPJ will continue to innovate and implement our digital transformation unrelentingly to ensure that we remain relevant and competitive.

Thus, guided by our 'Care for Life' philosophy, we will continue developing an integrated digital ecosystem to create innovations that are patient-centred. To do this, we strive to be a data driven organisation that leverages on data assets to provide insights and facilitate decision-making as well as the improvement of the customer experience. In this context, we will be launching the KPJ mobile app which will allow for closer engagement between physicians and patients through patient-centred therapy, tailored experiences and information exchange. As an extension of the

virtual care approach, the app complements telemedicine and is an important innovation in delivering improved patient care and journey management.

Looking ahead, most indicators show a positive growth trend for the healthcare industry in 2023 and a return to pre-pandemic levels in terms of BOR. As such, our focus will be on ensuring that we are well prepared to meet patient expectations and provide excellent healthcare by strategically applying all our resources to advance our 'Care for Life' philosophy. We believe that we are well-positioned to do better in 2023 as we have made significant progress in strengthening our subspecialty portfolio, improving digital capabilities, increasing bed capacity and expanding our touchpoints via ACCs and new hospitals.

In 2023, we are pushing ahead further with these strategies which will definitely help us touch even more patients with our 'Care for Life' philosophy:

We plan to recruit more consultants with subspecialties and surgeons

Operationalise the additional 300 bed capacity that we had added in 2022

Expand niche services such as neurology & stroke, oncology, cardiac, orthopaedic and women & child services

Planned opening of KPJ Kuala Selangor in 2024

Expand our hub and spoke model via ACCs and add more services to existing and new ACCs such as eye care, dental, rehabilitation and pre- and post-care

Attain University status for KPJUC which will enable us to contribute even greater numbers of medical specialists to the healthcare industry

Implement a customer loyalty programme that will include express admission and discharge service and complimentary medication delivery, among others

In other areas of the business, we are clearly very positive about the Health Tourism business in 2023 given its strong rebound in 2022 where revenue increased by 63% year on year. The Group will continue to aggressively promote our services to international markets which include our target markets such as Indonesia, Indo-China, Singapore and the Middle East and North Africa.

### ACKNOWLEDGEMENTS

In closing, I would like to extend my thanks to our stakeholders for their continued support. To our customers who have continued to return to us, I express my utmost gratitude for entrusting your well-being to us. Your belief in us is what inspires us.

I would also like to appreciate the efforts of KPJ's Board of Directors in helping the Group to navigate the challenges we have faced, supported by the Management team which continues to relentlessly execute our transformation journey.

To the KPJ family consisting of our dedicated employees and our passionate consultants across the region including Malaysia, Indonesia and Bangladesh, thank you for your continuous commitment and dedication. We are also grateful to our investors and shareholders who have stood by us through thick and thin. To the authorities and the healthcare regulators, our partners, suppliers, NGOs and members of the media, I am truly appreciative of all your efforts in building a better healthcare system.

As we welcome another year, we look forward to achieving more milestones by embracing changes, capitalising on opportunities and overcoming challenges.



**NORHAIZAM BINTI MOHAMMAD**  
Officer In Charge

# FINANCIAL REVIEW

## DELIVER EXCELLENT PATIENT CARE

### Dear Valued Stakeholders,

The Group delivered a sterling performance for the financial year ended 31 December 2022 as the transition into endemicity revived the healthcare services industry. With an increase seen in patient visits for both outpatient and inpatient categories, the Group has seen a resurgence in overall healthcare services throughout its network of hospitals contributing to a solid improvement in revenues and profits. We are also pleased with the opening of our latest hospital, the KPJ Damansara Specialist Hospital 2 in September 2022, which also marks a significant step forward in our commitment to deliver excellent patient care and better customer experience.

#### PERFORMANCE HIGHLIGHTS (RM mil)

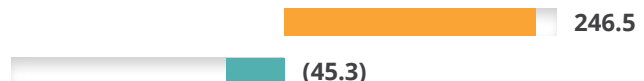
Malaysia

Others

#### Revenue



#### Profit/(Loss) After Tax



2022

As outlined in our strategic plans, the Group will be divesting its Indonesian businesses as part of our asset rationalisation exercise. This exercise marks the Group's exit out of the Indonesian market as hospital owners and operators. As the exercise was expected to be completed within the next 12 months, the carrying value of the Indonesian businesses was disclosed as part of Assets Held for Sale in the 2022 financial statements whilst its performance has been reclassified as discontinued operations.



## FINANCIAL REVIEW

On the fundraising front, the Group successfully made its first issuance under the Sukuk Wakalah Programme amounting to RM650.0 million in March 2022. The proceeds were utilised for the repayment of its maturing Sukuk Murabahah of RM400.0 million during the year and for the purpose of working capital requirements.

## REVENUE

The Group closed its financial year with total revenue of RM2.92 billion in revenue, an increase of 13% from RM2.59 billion reported in prior year at the back of growing hospital activities.

The increase in revenue was primarily attributable to the following:

Increase in patient visits to **3,263,832** in 2022 compared to 2,976,018

**12%** increase in surgery cases to **95,600** cases as compared to 2021

**15%** decrease in delivery cases to **13,234** as compared to 2021

Increase in Bed Occupancy Rate (BOR) to **58%** in 2022 compared to 43% in 2021

Highest contributions on the increase in revenue coming from KPJ Penang, KPJ Johor and KPJ Ipoh with total aggregate increase of **RM108.9 million** in total

Increase in contributions related to pharmaceutical activities, laboratory tests and medical supplies aggregated to increment of **RM115.3 million**

Revenue from health tourism increased to **RM134.1 million** compared to RM82.0 million in 2021

**Malaysia**

The Malaysia segment recorded total revenue of RM2,825.3 million in 2022, 13% better in comparison to RM2,494.3 million in preceding year, largely due to higher patient visits in hospital operations from 2,840,022 patients in year 2021 to 3,096,989 patients in year 2022. The transition into endemicity and the re-opening of international borders have given a positive impact towards the incoming patients, both locally as well as from the health tourists.

**Others**

The segment recorded total revenue of RM109.8 million in 2022, slightly increased by 1% than revenue reported in prior year of RM108.3 million, primarily contributed by KPJUC with increase of RM4.0 million partially offset with the decrease in contribution from KPJ Dhaka, Malaysian College of Hospitality and Management and Jeta Garden aggregated to RM2.5 million. The results from Indonesian hospitals had been reported separately as a discontinued operations subsequent to management's plan for its divestment.

**Other income**

Other income for the Group was lower at RM28.6 million in 2022 as compared to RM38.0 million in 2021, due to lower gain on fair value of investment properties relating to Menara KPJ and certain properties within Klang Valley amounting to RM3.3 million, as compared to previous year of RM13.4 million.

## FINANCIAL REVIEW

### Administrative expenses

Administrative expenses recorded in 2022 was higher by RM88.1 million or 12% as compared to the year 2021. These expenses comprised the following elements:

We invested in our human capital through our staff cost amounting **RM269.3 million** which was **9%** higher against staff costs of RM246.8 million in 2021 largely due to the increase in business activities;

Depreciation and amortisation costs amounting RM180.6 million which rose by **8%** or **RM14.0 million** due to additions in property, plant and equipment and right-of-use assets, representing 16% of the net total change in administrative costs;

Repair and maintenance costs totalling **RM54.2 million**, which was **32%** or RM13.0 million increase in comparison to RM41.2 million in 2021

### EBITDA AND PROFIT BEFORE TAX

The Group's EBITDA for 2022 was 34% higher at RM708.8 million as compared to RM528.3 million for 2021. The EBITDA margin also improved to 24% in comparison to 15% in the previous year. The increase in revenue and the continuous discipline in monitoring of cost management has enabled the Group to improve the declining margins which was impacted due to the difficult conditions during the pandemic. The easing of strict COVID-19 SOPs as the economy moved into endemicity has to a certain extent alleviated the effect of increase in material costs.

The profit before tax stood higher at RM263.5 million as compared to 2021 of

RM121.2 million. The higher profits are in tandem with the increase in revenue and improvement in margins. Current year's profit was also improved due to improvement in the share of profit from associates, as well as impact of reversal of expected credit losses and reversal of impairment losses.

### Malaysia

This segment recorded an increase in EBITDA by 36% to RM735.1 million from RM541.5 million for 2021. Simultaneously, PBT increased by 88% at RM318.7 million as compared to RM169.1 million recorded in preceding year. In the previous years during the pandemic, the Group experienced incremental costs related to SOP compliance and the inflationary pressures, but this enabled the Group to be disciplined in our cost management measures. Coupled with the improved hospital activities in the current year has enabled the Group to deliver higher revenue and improved margins as compared to previous year. Hospitals which are in gestation period had managed to deliver positive EBITDA margins or reduced its losses as it approaches its maturity. This, however is offset by the losses made by our new hospital in Damansara Specialist Hospital 2 as it began its operations in September 2022.

### Others

The segment reported negative EBITDA and loss before tax of RM13.0 million and RM44.3 million respectively, in comparison with negative EBITDA of RM1.1 million and loss before tax of RM37.8 million in 2021, largely affected from the losses in Jeta Gardens and KPJ Dhaka operations (including RM4.8 million of foreign exchange losses) during the year.

### NET FINANCE COSTS

#### Finance Costs

On 7 March 2022, the Group made its first issuance of RM650.0 million from the RM3.0 billion Sukuk Wakalah

Programme. The tenure of the issuance consists of five-year, seven-year and ten-year Sukuk Wakalah being priced at a profit rate of 4.29%, 4.58% and 4.66%. Aside, the Group has also made a repayment of RM400.0 million for its Sukuk Murabahah programme. The higher borrowings from these Islamic Medium-Term Notes have contributed to a slight increase in the finance costs during the year.

#### Finance Costs from Lease Liabilities

Interest on lease liabilities increased to RM103.6 million in 2022 as compared to RM76.7 million in 2021. This was mainly derived from the new recognition of lease liability for Damansara Specialist Hospital 2 during the year.

#### Taxation

The Group's effective tax rate for the year was 28% (2021: 40%). The lower tax rate as compared to the previous year was mainly due to the recognition of tax credits arising from the investment tax allowances upon approval obtained from the authorities.

### FINANCIAL POSITION AS AT 31 DECEMBER 2022

#### Total assets

The Group closed the year 2022 with total assets of RM7.0 billion in contrast to RM6.2 billion in prior year. During the year, the Group completed its sale and leaseback arrangements with Al-'Aqar Healthcare REIT which resulted in the right-of-use assets to increase by RM553.2 million. Additionally, the growing hospital activities led to increase in the trade and other receivables balances and deposit, cash and bank balances as at 31 December 2022. These factors coupled with additions to the property, plant and equipment at DSH2, as well as in existing hospitals such KPJ Ipoh, KPJ Puteri and KPJ Penang, have contributed to a 13% increase in the Group's total assets as at 31 December 2022.

## FINANCIAL REVIEW

### Total liabilities

The Group's total liabilities as at 31 December 2022 was RM4.6 billion, 18% higher than RM3.9 billion as at 31 December 2021, resulted from the drawdown of Sukuk Wakalah during the year, coupled with the increase in lease liabilities balance from the new lease arrangements involving 4 hospitals. As at 31 December 2022, the net current liabilities stood at RM202.1 million lower as compared to net current liabilities of RM361.4 million as at 31 December 2021 mainly due to the repayment of RM400.0 million of Sukuk Murabahah during the financial year.

### Liquidity and Cash Flows

The Group recorded net cash from operating activities of RM459.8 million, an increase of 12% from RM412.2 million generated in the prior year.

The cash outflows used in investing activities were mainly for additions of property, plant, and equipment totaling RM234.2 million following to the opening of the new hospital, DSH2 and expansion of hospital business such as in KPJ Ipoh, KPJ Penang, KPJ Puteri, KPJ Selangor, KPJ Seremban and KPJ Ampang Puteri, offset with proceeds received from the disposal of assets held for sales to Al-'Aqar Healthcare REIT amounting to RM192.0 million.

The cash inflows used in financing activities were mainly for interest and principal payment of borrowings including its Sukuk Murabahah Programme, payment of lease liabilities and dividends paid to shareholders. This was offset with the new issuance of Sukuk Wakalah Programme.

All the above, resulted in net change of cash and cash equivalents of RM147.4 million in 2022 – a more than twofold increase from RM56.1 million as reported in 2021.

### Capital Management

The Group continues to remain prudent in its capital management to ensure

sufficient working capital to meet our debt obligations and closely monitor critical financial ratios such as accounts receivable/ payable, gearing and current ratio for the early detection of red flags.

The Group maintained a debt equity ratio of 0.8 as at the end of 2022, similar to the previous year. There was repayment of RM400.0 million worth of sukuk and other borrowings amounting to RM417.4 million. This was mitigated by the new issuance of sukuk wakalah of RM650.0 million and drawdowns of other borrowings amounting to RM190.8 million during the year.

### RETURNS TO SHAREHOLDERS

In respect of the financial year ended 31 December 2022, the Group has issued a total of four interim dividends according to the schedule below:

First interim dividend of 0.20 sen per share on 4,342,734,981 shares valued at RM8.7 million. The dividend was declared on 18 February 2022 and paid on 22 April 2022.

Second interim dividend of 0.25 sen per share on 4,343,203,561 shares valued at RM10.9 million. The dividend was declared on 26 May 2022 and paid on 29 July 2022.

Third interim dividend of 0.55 sen per share on 4,343,221,161 shares valued at RM23.9 million. The dividend was declared on 29 August 2022 and paid on 21 October 2022.

Fourth interim dividend of 1.00 sen per share on 4,343,221,161 shares valued at RM43.4 million. The dividend was declared on 23 November 2022 and paid on 28 December 2022.

In total, the dividends amounted to RM86.9 million in 2022 (2021: RM23.7 million). The Directors did not recommend the payment of a final dividend in respect of the financial year ended 31 December 2022.

### GOING FORWARD

The Group is optimistic on the outlook of the healthcare industry as it moves beyond the pandemic phase in 2023. The global economic recession and inflationary pressures may pose some downside risks to demand and costs. However, the Group remains focused on improving its operational efficiency and expanding its existing capacities as it strives to deliver excellent patient care, contributing to a better customer experience. The turnaround in the health tourism sector presents an upside which the Group is well-positioned to leverage on as Malaysia remains a top medical tourism destination in Asia.

The Group will continue its efforts to improve the customer experience via digitalisation efforts, ensuring that our team continues delivering excellent patient care by re-skilling its qualified physicians. We will continue with our disciplined management of costs and operational cash flows. The Group is also on track to finalise its disposal of the Indonesian hospital operations in 2023, thus enabling the Group to re-align its strategy to focus in managing its specialist healthcare facilities in Malaysia.

# GROUP QUARTERLY PERFORMANCE

2022 (RM'000)	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER	YEAR END 2022
Revenue	641,639	699,335	798,748	780,936	2,920,658
Gross profit	242,174	273,064	325,696	328,574	1,169,508
Operating profit	76,990	81,431	119,655	121,112	399,188
Finance income	2,920	4,224	2,237	2,793	12,174
Finance costs					
- Borrowings	(23,833)	(25,762)	(21,824)	(20,593)	(92,012)
- Lease liabilities	(25,367)	(25,913)	(25,378)	(26,924)	(103,582)
Finance costs - net	(46,280)	(47,451)	(44,965)	(44,724)	(183,420)
Share of results of associates, net of tax	7,694	12,212	13,760	14,098	47,764
Profit before tax	38,404	46,192	88,450	90,486	263,532
Tax	(11,628)	(15,709)	(31,654)	(14,217)	(73,208)
Profit for the financial year from continuing operations	26,776	30,483	56,796	76,269	190,324
Loss for the financial year from discontinued operations	(401)	(556)	3,560	(10,274)	(7,671)
<b>Net profit for the financial year</b>	<b>26,375</b>	<b>29,927</b>	<b>60,356</b>	<b>65,995</b>	<b>182,653</b>
Profit for the financial year attributable to:					
Owners of the Company from					
- continuing operations	22,136	27,081	50,687	72,088	171,992
- discontinued operations	53	18	3,593	(8,675)	(5,011)
Non-controlling interests from					
- continuing operations	4,640	3,402	6,109	4,181	18,332
- discontinued operations	(454)	(574)	(33)	(1,599)	(2,660)
	26,375	29,927	60,356	65,995	182,653
Basic EPS (sen)					
- continuing operations	0.51	0.62	1.17	1.66	3.96
- discontinued operations	0.00	0.00	0.08	(0.20)	(0.12)

## GROUP QUARTERLY PERFORMANCE

2021 (RM'000)	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER	YEAR END 2021
Revenue	596,782	623,173	689,120	680,776	2,589,851
Gross profit	216,534	222,185	242,123	245,069	925,911
Operating profit	56,680	43,874	82,663	70,354	253,571
Finance income	2,707	2,441	1,630	1,774	8,552
Finance costs					
- Borrowings	(23,786)	(22,263)	(20,919)	(23,023)	(89,991)
- Lease liabilities	(18,350)	(17,681)	(21,844)	(18,870)	(76,745)
Finance costs - net	(39,429)	(37,503)	(41,133)	(40,119)	(158,184)
Share of results of associates, net of tax	4,748	6,332	3,488	11,288	25,856
Profit before tax	21,999	12,703	45,018	41,523	121,243
Tax	(4,649)	(5,212)	(25,177)	(13,830)	(48,868)
Profit for the financial year from continuing operations	17,350	7,491	19,841	27,693	72,375
Loss for the financial year from discontinued operations	(2,113)	1,263	(1,914)	(3,960)	(6,724)
<b>Net profit for the financial year</b>	<b>15,237</b>	<b>8,754</b>	<b>17,927</b>	<b>23,733</b>	<b>65,651</b>
Profit for the financial year attributable to:					
Owners of the Company from					
- continuing operations	14,445	5,475	14,540	20,325	54,785
- discontinued operations	(1,470)	1,484	(1,902)	(1,864)	(3,752)
Non-controlling interests from					
- continuing operations	2,905	2,016	5,301	7,368	17,590
- discontinued operations	(643)	(221)	(12)	(2,096)	(2,972)
	15,237	8,754	17,927	23,733	65,651
Basic EPS (sen)					
- continuing operations	0.34	0.13	0.34	0.47	1.28
- discontinued operations	(0.03)	0.03	(0.04)	(0.05)	(0.09)

# 5-YEARS FINANCIAL PERFORMANCE

## STATEMENTS OF COMPREHENSIVE INCOME

GROUP (RM'000)	2018*	2019*	2020*	2021*	2022
Revenue	2,513,531	2,691,657	2,374,868	2,589,851	<b>2,920,658</b>
<b>Gross profit</b>	1,023,018	1,089,545	891,757	925,911	<b>1,169,508</b>
Operating profit	299,782	370,736	296,481	253,571	<b>399,188</b>
Finance income	9,356	13,795	13,808	8,552	<b>12,174</b>
Finance cost					
- Borrowings	(88,873)	(87,566)	(93,136)	(89,991)	<b>(92,012)</b>
- Lease Liabilities	-	(69,631)	(69,224)	(76,745)	<b>(103,582)</b>
Share of results of associates net of tax	41,670	43,879	16,946	25,856	<b>47,764</b>
Profit before tax	261,935	271,213	164,875	121,243	<b>263,532</b>
Taxation	(72,738)	(48,077)	(38,973)	(48,868)	<b>(73,208)</b>
<b>Profit for the financial year from continuing operations</b>	189,197	223,136	125,902	72,375	<b>190,324</b>
(Loss)/profit for the financial year from discontinued operations	(3,013)	3,561	(15,090)	(6,724)	<b>(7,671)</b>
<b>Profit for the financial year</b>	186,184	226,697	110,812	65,651	<b>182,653</b>
Profit attributable to:					
Owners of the Company					
- continuing operations	181,104	205,886	120,715	54,785	<b>171,992</b>
- discontinued operations	(1,661)	5,481	(10,272)	(3,752)	<b>(5,011)</b>
Non-controlling interest					
- continuing operations	8,093	17,249	5,189	17,590	<b>18,332</b>
- discontinued operations	(1,352)	(1,919)	(4,820)	(2,972)	<b>(2,660)</b>
	186,184	226,697	110,812	65,651	<b>182,653</b>

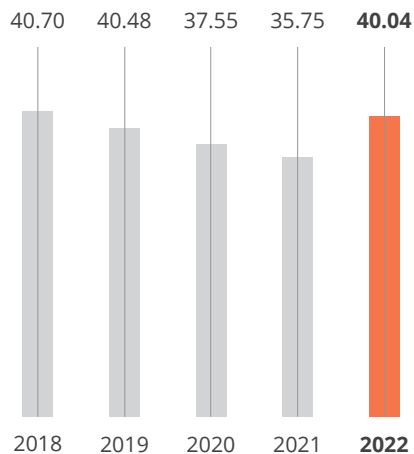
\* Restated performance due to discontinued operations

## STATEMENTS OF FINANCIAL POSITION

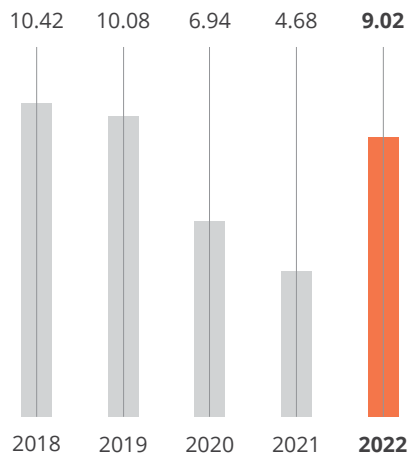
GROUP (RM'000)	2018	2019	2020	2021	2022
Non-current assets	3,473,895	4,806,348	5,081,714	4,968,903	<b>5,522,669</b>
Current assets	1,142,446	1,179,499	1,059,717	968,575	<b>1,313,942</b>
Assets held for sale	176,528	-	-	250,163	<b>157,455</b>
Current liabilities	(887,385)	(1,197,933)	(1,231,978)	(1,580,146)	<b>(1,660,321)</b>
Liabilities associated with assets held for sale	(179,995)	-	-	-	<b>(13,163)</b>
Non-current liabilities	(1,588,786)	(2,738,650)	(2,707,241)	(2,356,987)	<b>(2,966,364)</b>
<b>TOTAL</b>	2,136,703	2,049,264	2,202,212	2,250,508	<b>2,354,218</b>
Share capital	860,295	906,743	909,504	959,521	<b>976,329</b>
Less: Treasury shares	(111,319)	(155,310)	(155,310)	(155,310)	<b>(155,310)</b>
Reserve	1,234,924	1,141,392	1,295,890	1,331,219	<b>1,406,241</b>
Shareholders' funds	1,983,900	1,892,825	2,050,084	2,135,430	<b>2,227,260</b>
Non-controlling interests	152,803	156,439	152,128	115,078	<b>126,958</b>
<b>TOTAL</b>	2,136,703	2,049,264	2,202,212	2,250,508	<b>2,354,218</b>

## 5-YEARS FINANCIAL PERFORMANCE

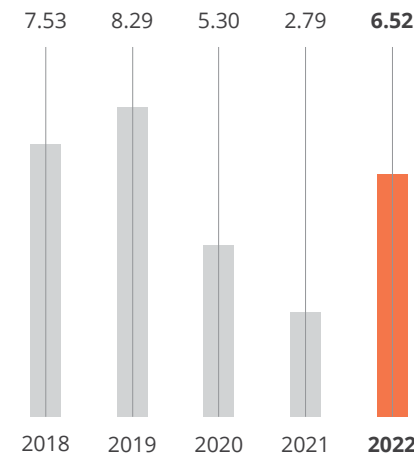
### GROSS PROFIT MARGIN (%)



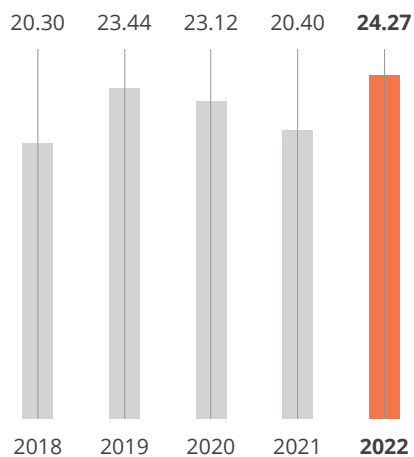
### PROFIT BEFORE TAX MARGIN (%)



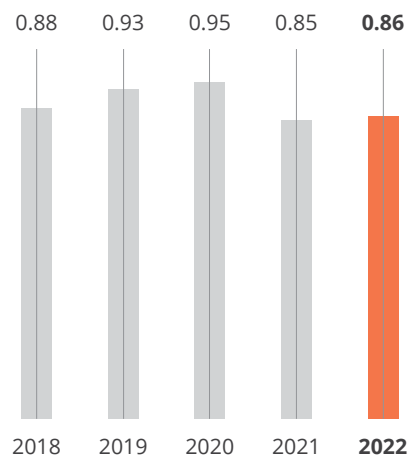
### NET PROFIT MARGIN (%)



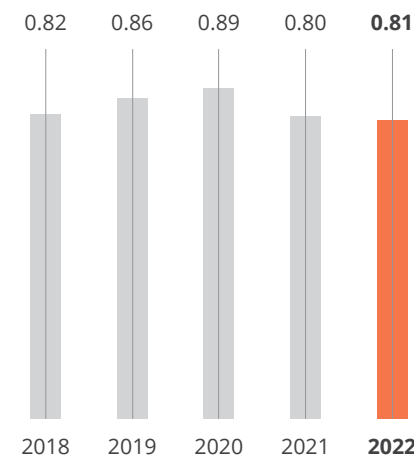
### EBITDA MARGIN (%)



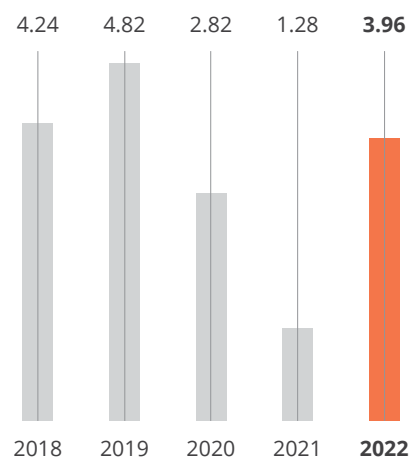
### DEBT RATIO



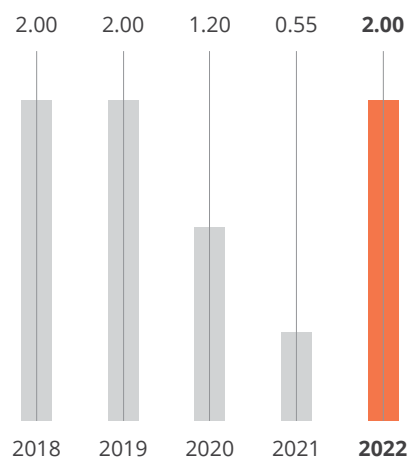
### GEARING RATIO



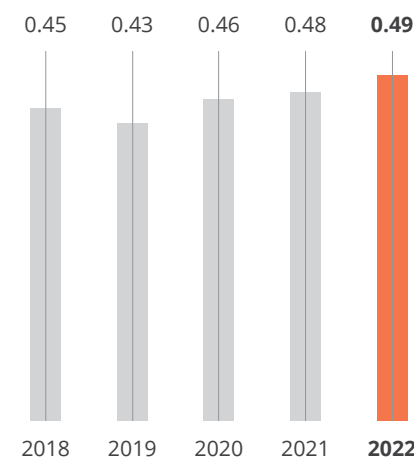
### EARNINGS PER SHARE (sen)



### DIVIDEND PER SHARE (sen)



### NET ASSETS PER SHARE (sen)



# STATEMENT OF VALUE ADDED

## VALUE DISTRIBUTION

The value that KPJ Healthcare Berhad creates for its stakeholders can either be in the form of financial return or in non financial or intangible forms.

The Statement of Value Added illustrates how KPJ Healthcare Berhad's performance supports the Group's ability to deliver financial value to its stakeholders.

The financial value in the statement is based on the profit before finance costs, community investment expenses, zakat and tax, depreciation, impairment & amortisation and staff costs.

	2022 RM'000	2021 RM'000
Revenue	2,920,658	2,589,851
Purchase of goods and services	(1,352,421)	(1,285,306)
Value added by the Group	1,568,237	1,304,545
Other income	28,604	37,978
Finance income	12,174	8,552
Finance costs		
- Borrowings	(92,012)	(89,991)
- Lease Liabilities	(103,582)	(76,745)
Share of results of associates, net of tax	47,764	25,856
<b>Value added available for distribution</b>	<b>1,461,185</b>	<b>1,210,195</b>
<b>Distribution</b>		
To Employees:	941,582	824,445
To Government/Approved agencies:	73,208	48,868
To Shareholders:		
Dividend	86,863	23,727
Non-controlling interest	18,332	17,590
Community investment	1,040	817
Corporate responsibility	9,778	9,206
Retained for re-investment	256,071	264,507
Retained for future growth	74,311	21,035
<b>Total distribution</b>	<b>1,461,185</b>	<b>1,210,195</b>
No of employees at the year end	16,127	15,247
Value added per employee (RM'000)	97	86
Wealth created per employee (RM'000)	91	79
No of shares at year end ('000 units)	4,505,528	4,489,159
Value added per share (RM)	0.35	0.29
Wealth created per share (RM)	0.32	0.27



# OUR RESPONSE TO THE MARKET LANDSCAPE

The year 2022 was one that began with optimism as most countries ended the use of disruptive approaches to dealing with the pandemic, such as lockdowns and movement restrictions, and firmly stepped into the endemic phase. With vaccination rates rising, economic, business and social activities returned in full force. International borders that had been shut for more than two years in many countries were reopened, leading to the resumption of tourism as well as higher trade and investment activities.



The momentum was certainly positive although inflation rates accelerated as the return to normalcy drove consumer demand up at a faster pace than the speed of the recovery in supply chains. Manufacturing activities too were not able to catch up as quickly due to tight labour markets. As a result, prices of goods and energy remained elevated and this was exacerbated further by the onset of the Russian-Ukraine conflict in February 2022 that sent the prices of food, commodities and energy to multi-year highs.

Although prices returned to more normal levels later in the year, the volatility was certainly felt by the world and was largely reflected through food shortages and further inflation. To slow inflation, central banks all over the world tightened monetary policy, which therefore dampened growth prospects. Thus, global gross domestic product growth was recorded at a slower-than-expected 3.4% in 2022 compared to 5.9% in 2021, according to the International Monetary Fund.

Domestically, there was some divergence from the global scenario as it was the first full year that Malaysia experienced without lockdowns, following two consecutive years of multiple lockdowns. The outcome from the lifting of these restraints was clear as the nation recorded GDP growth of 8.7% in 2022, its highest in 20 years, following the 3.1% recorded in 2021. The encouraging performance came on the back of pent-up consumer demand driven by higher levels of confidence due to the highly successful National Immunisation Programme.

## OUR RESPONSE TO THE MARKET LANDSCAPE

### A REVIVED HEALTHCARE INDUSTRY

The healthcare industry, which suffered during the pandemic as patients postponed elective procedures and stayed away from hospitals for fear of contracting the virus, has seen a strong rebound. Overall, bed occupancy rates have trended upwards and is expected to return to pre-pandemic rates by 2023. With our borders reopened, tourism and by extension, health tourism has also bounced back to robust levels. In 2022, the KPJ Group also continued to assist the government to treat non-COVID-19 patients under the decanting programme aimed at relieving the public healthcare system of the high patient volumes it faces.

However, despite the country being in the endemic phase, the COVID-19 pandemic still posed a threat, due to the highly transmissible Omicron variant. A total of 7,715 healthcare professionals were infected with the virus in 2022, where 99% contracted it from an external source. This created complications with delivering healthcare services, especially in the first quarter of 2022, as nurses and consultants had to be quarantined.

### OUTLOOK

Looking ahead, the outlook is positive for the healthcare industry in 2023 as patients return to private healthcare facilities to perform non-elective procedures. In addition, the re-opening of international borders is likely to trigger a boom in business for the health tourism market. However, the potential of a global economic recession and inflationary pressures may pose some downside risks to demand and costs. Global economic growth is expected to moderate further to 2.9% in 2023. In Malaysia, economic growth is also expected to moderate to 4-5% in 2023, following the strong print recorded in 2022. Further to this, how quickly China is able to fully exit from its zero-COVID policy will have some impact on global growth and also affect our healthcare tourism business. As at the end of 2022, China has announced the lifting of many of its restrictions and is set to reopen its international borders in January 2023. Some healthcare megatrends that are having a profound impact and are converging to shape the future of the healthcare industry are discussed below.

### HEALTHCARE MEGATRENDS

#### Demographic Shift

Malaysia's population continues to age. According to the Department of Statistics Malaysia, the number of live births fell to 439,744 in 2021 from 470,195 in 2020, a decrease of about 6.5%. Life expectancy, meanwhile, continues to track higher to an expected 73.4 years in 2022, significantly higher than the 63.6 years in 1970. This rise in life expectancy, coupled with the falling birth rate indicates that Malaysia will be an ageing population by 2030 where people aged 60 years and above will comprise more than 15% of our total population.

This demographic shift will not only be a dominant trend but also a highly sustainable one and positive for the healthcare industry given that healthcare consumption generally rises sharply with age.

#### Empowered Patients

Patient empowerment is growing in the healthcare industry mainly as a result of the rise in digitalisation, cost constraints and the shift in attitudes regarding what defines a patient-healthcare provider relationship. The patient-centric healthcare system is one where patients are active partners in their relationships with healthcare providers and will lead to better clinical outcomes and patient satisfaction. Healthcare providers, too, will stand to benefit from this paradigm shift as it helps to lower costs.

## OUR RESPONSE TO THE MARKET LANDSCAPE

### Healthcare Digitalisation & Innovation

The pandemic fuelled an urgent need to implement digital health practices that include virtual care, telehealth, telemedicine, remote patient monitoring, and omnichannel-enabled member care. The benefits of adopting virtual healthcare is that it puts the power of choice back into the hands of the patients, provides more direct access to healthcare professionals, personalises patient engagement and elevates the data-driven aspect of patient healthcare.

### Pricing Transparency

Pricing has long been a pain point that directly impacts the patient experience. Transparent pricing strategies and proactive cost disclosures for bundled healthcare services put patients first by tailoring the cost and quality of care to individual situations, attitudes and behaviours. Transparent pricing will give patients more control over their healthcare choices and will also level the playing field for healthcare providers.

### Privacy and Security Risks

Healthcare providers face a variety of privacy and security risks due to the sensitive nature of the data they handle. Healthcare providers store large amounts of sensitive data, including medical records, insurance information, and personal information. A data breach could result in this information being accessed or stolen leading to identity theft or medical fraud. Healthcare providers are also frequently targeted by cybercriminals seeking to exploit vulnerabilities in their networks or software.

To mitigate these risks, healthcare providers must implement strong data security and privacy protocols, train their employees on best practices, and stay up-to-date on evolving threats and regulations. This includes measures like encrypting sensitive data, conducting regular security audits, and implementing incident response plans in case of a data breach or cyberattack.



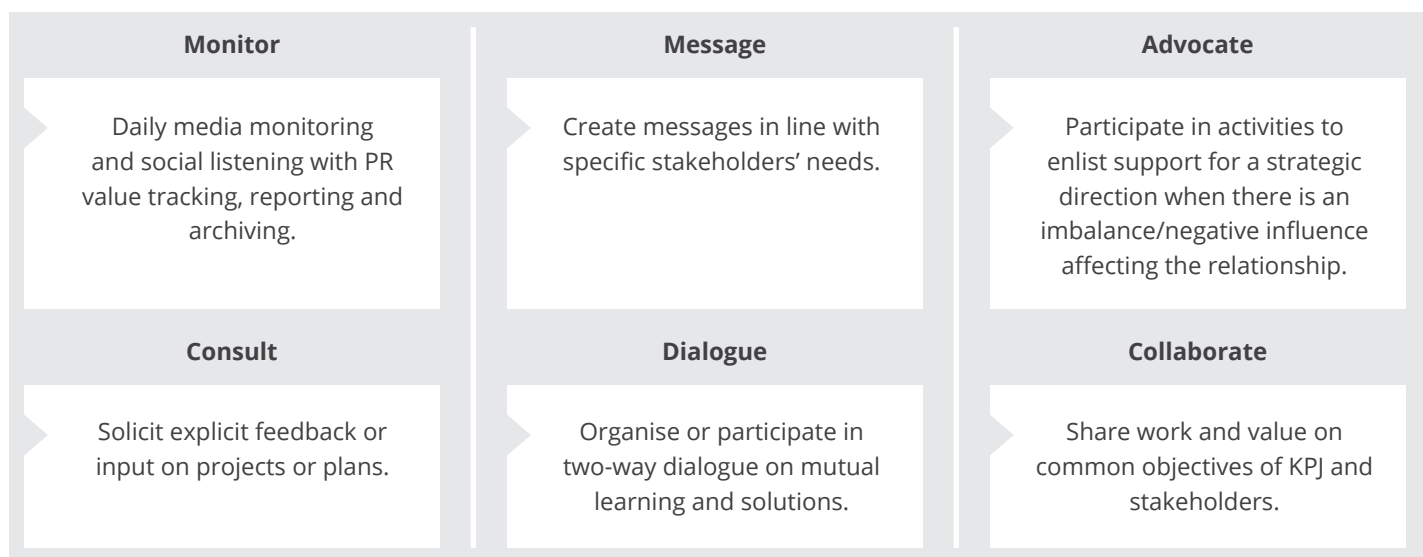
# STAKEHOLDER MANAGEMENT

KPJ's intricate stakeholder ecosystem serves as the foundation for our synergistic relationships with our stakeholder groups. Given their diversity in terms of capacities and functions, each stakeholder group is critical to the Group's operations. We are committed to exceeding the expectations of the various stakeholder groups to which we cater. In order to create long-term value, we are constantly evolving our processes and operations to ensure that we continue to provide excellent patient-centric medical services.

We seek to establish relationships built on trust, respect and mutual commitment and build trust with our internal and external stakeholders by communicating consistently, openly and transparently. Our aim is for stakeholders to have no surprises in their dealings with us. In all activities and projects, KPJ will actively identify stakeholders, seek to understand the issues that are important to them and keep them informed in a timely and accurate manner of our activities relating to these issues.

Whenever possible, the interests of stakeholders will be considered in our decision-making. A successful stakeholder engagement activity connects the appropriate engagement format to the right stakeholder group.

## STAKEHOLDER ENGAGEMENT CONTINUUM



KPJ'S STAKEHOLDER	STAKEHOLDER ENGAGEMENT CONTINUUM	LINK TO STRATEGIC THRUST
Patients	Message, Collaborate	S3 S7
Employees	Message, Advocate, Dialogue, Collaborate	S2 S5 S6
Consultants	Message, Advocate, Consult, Dialogue, Collaborate	S2 S5 S6
Investors and Shareholders	Message, Dialogue, Collaborate	S1 S7
Government and Regulators	Advocate, Consult, Dialogue, Collaborate	S1 S2 S3 S4 S6
Business Partners	Message, Advocate, Consult, Dialogue, Collaborate	S1 S2 S4 S6 S7

# STAKEHOLDER MANAGEMENT

KPJ'S STAKEHOLDER	STAKEHOLDER ENGAGEMENT CONTINUUM	LINK TO STRATEGIC THRUST
Accreditation Bodies and Industry Associations	Advocate, Consult, Dialogue, Collaborate	S1 S2 S3 S6
Suppliers and Vendors	Message, Dialogue, Collaborate	S1 S4 S7
Local Communities	Message, Advocate, Dialogue, Collaborate	S2 S7

In 2022, our stakeholder management efforts revolved around our post-COVID-19 recovery measures as well as our Re-energising our agenda. These measures are detailed in the following individual stakeholder sections.

### SUSTAINABILITY THEMES

- A Adapting to Economic Shift
- P Protecting Our Environment
- U Uplifting Our Patients and Communities
- F Fostering Our People
- U Upholding Good Governance

### FREQUENCY OF ENGAGEMENT

- O Ongoing
- AS As Required
- R Regular Meetings
- M Monthly
- W Weekly
- A Annually
- B Biannually
- Q Quarterly

STAKEHOLDER GROUP	ENGAGEMENT PLATFORM	KEY CONCERNS	RESPONSE														
<p><b>PATIENTS</b></p> <p>Our patients play a central role in KPJ's business growth. Our role is to enhance the quality of life of our patients by providing comprehensive, high-quality healthcare services as we endeavour to be the most trusted provider of healthcare services in Malaysia.</p>	<table border="1"> <thead> <tr> <th>Method of Engagement</th> <th>Frequency</th> </tr> </thead> <tbody> <tr> <td>Customer Satisfaction Survey</td> <td style="text-align: center;"><span style="color: #4F81BD;">M</span></td> </tr> <tr> <td>Corporate and hospital websites</td> <td style="text-align: center;"><span style="color: #4F81BD;">O</span></td> </tr> <tr> <td>Comprehensive integrated social media presence</td> <td style="text-align: center;"><span style="color: #4F81BD;">O</span></td> </tr> <tr> <td>Health-related information magazines</td> <td style="text-align: center;"><span style="color: #4F81BD;">Q</span></td> </tr> <tr> <td>Health awareness days</td> <td style="text-align: center;"><span style="color: #4F81BD;">O</span></td> </tr> <tr> <td>Service brochures with hospital information</td> <td style="text-align: center;"><span style="color: #4F81BD;">O</span></td> </tr> </tbody> </table>	Method of Engagement	Frequency	Customer Satisfaction Survey	<span style="color: #4F81BD;">M</span>	Corporate and hospital websites	<span style="color: #4F81BD;">O</span>	Comprehensive integrated social media presence	<span style="color: #4F81BD;">O</span>	Health-related information magazines	<span style="color: #4F81BD;">Q</span>	Health awareness days	<span style="color: #4F81BD;">O</span>	Service brochures with hospital information	<span style="color: #4F81BD;">O</span>	<ul style="list-style-type: none"> <li>Cost of healthcare services</li> <li>Quality of service standards</li> <li>World-class health facilities and technology</li> </ul>	<ul style="list-style-type: none"> <li style="margin-bottom: 10px;"><span style="color: #4F81BD;">U</span> Monitoring customer satisfaction, increasing access to quality and affordable healthcare, offering Group-wide packages and promoting niche markets</li> <li style="margin-bottom: 10px;"><span style="color: #4F81BD;">F</span> Patient-centric, qualified and experienced healthcare professionals</li> <li><span style="color: #4F81BD;">U</span> Investment in technology and data privacy for patients' information</li> </ul>
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<b>IMPACT ON STRATEGY</b>																	
<p>Concerns raised can create new revenue streams by offering the right healthcare services to patients from diverse backgrounds and communities.</p>																	

# STAKEHOLDER MANAGEMENT

## STAKEHOLDER GROUP

### EMPLOYEES

With over 16,000 employees, our business relies on our committed workforce to support and drive our healthcare operations and execute our business goals. In turn, we are committed to investing in the welfare of our employees and consultants and to building a strong and mutually beneficial working relationship with them.

### CONSULTANTS

Our medical consultants are the key drivers in contributing to successful patient outcomes, which lead to the Group's revenue growth. They are also involved in decision-making across our facilities, providing inputs and insights on many aspects and issues.

### INVESTORS AND SHAREHOLDERS

Investors and Shareholders provide us with the financial capital for our growth. Hence, we strive to create value in order to maintain their confidence in our ability to generate strong financial returns.

### GOVERNMENT AND REGULATORS

Healthcare is one of the most regulated industries, compared to other industries. Therefore, maintaining a strong relationship with government bodies and regulators is critical for us to support the government's agenda in promoting innovation and sustainable growth in the healthcare industry.

## ENGAGEMENT PLATFORM

Method of Engagement	Frequency
Town halls	A B
Employee performance review programmes	A
Employee engagement survey	A
Staff wellness, engagement and recognition programmes	O
Intranet portal	O

Method of Engagement	Frequency
Town halls	A B
Clinical Governance Meetings	A B Q
Annual Medical Conference	A
Collaboration in educating the public	O
Meetings of the clinical committees	Q

Method of Engagement	Frequency
Investor and analyst briefings	Q
Financial results and non-financial reports	Q
Corporate website	O
General meetings (Annual General Meeting/Extraordinary General Meeting)	A
Investor meetings	A B

Method of Engagement	Frequency
Licence applications	A B AS
Facilities inspection	AS
Healthcare conference	A
Private-Partnership Programme	O

## STAKEHOLDER MANAGEMENT

### KEY CONCERNS

### RESPONSE

### IMPACT ON STRATEGY

- Career progression
- Health, safety and human rights
- Competitive remuneration packages and benefits

- F** Listening to and understanding employees' needs and developing strategies to attract, develop and retain staff
- F** Revised salary and benefits as per EA2022
- U** Ensuring compliance with the Company's policies

Although our employees were affected by the pandemic, they continued to assist us in maintaining our position in the healthcare industry until the third year of the pandemic. We conducted more programmes, particularly in mental health and career advancement, as they directly contributed to our mission of achieving business success. Therefore, KPJ strives to provide them with a safe, motivating and rewarding work environment at all times as part of our investment efforts.

- Service quality and safety
- Top-notch equipment and facilities
- A safe, motivating and rewarding workplace

- U** Ensuring compliance with the Company's policies
- F** Enabling well-trained clinical and support staff and offering attractive new packages and services for new consultants
- A** Providing state-of-the-art equipment, updated systems and convenient facilities

Being in the healthcare industry, consultants are essential partners and an integral component of our business. With this in mind, we are always committed to supporting the needs of our consultants by creating the right ecosystem for them to provide the highest level of care to patients.

- Shareholder returns
- Corporate governance
- Business sustainability
- Clear and transparent reporting

- A** **U** Consistent financial and non-financial performance, transparent EESG disclosures of corporate responsibility, integrity and accountability as enshrined in the MCCG

Our investors and shareholders are linked to our shareholder wealth creation agenda.

- Regulatory compliance
- Fair and ethical business practices
- Crisis management and business continuity programme

- U** Strengthening governance policies, standards and frameworks and adhering to regulatory requirements
- P** We developed the KPJ Business Continuity Management (BCM) Framework to help strengthen the existing management plan for disasters and emergency situations
- U** Supporting the Public-Private Partnership or PPP programme

We incorporate relevant government policies and requirements into all its internal policies and procedures, strategic plans and decision-making processes to maintain our operating licence.

# STAKEHOLDER MANAGEMENT

## STAKEHOLDER GROUP

### BUSINESS PARTNERS

We have business partners from various industries such as funding agencies, banks, insurance, media agencies and many others. Their function is to provide mutually beneficial support for the growth of our business.

### ACCREDITATION BODIES AND INDUSTRY ASSOCIATIONS

KPJ has 19 hospitals and three KWAN Clinics with MSQH accreditation and four hospitals accredited by Joint Commission International (JCI). KPJ is also a member of the Association of Private Hospitals, Malaysia or APHM, which plays an important role in achieving the objective of raising the standards of medical care in the country. Other key industry associations are the National Specialist Register (NSR), Malaysia Medical Association (MMA), Malaysian Medical Council (which registers and governs doctors practising medicine in Malaysia) and Malaysia Healthcare Travel Council (MHTC). It is also important that we maintain the status of our accreditations and continue to have a voice within the industry through our associations.

### SUPPLIERS AND VENDORS

Our suppliers deliver high-quality products and services that help us in value creation in line with internal, regulatory and accreditation agency standards. At the same time, we provide suppliers with ongoing support and income to thrive in the market.

### LOCAL COMMUNITIES

Communities may be directly or indirectly impacted by our operations and it is important to understand their concerns. At KPJ, we are committed to maintaining long-term engagements with communities through numerous initiatives to foster goodwill and enduring relationships.

## ENGAGEMENT PLATFORM

### Method of Engagement

### Frequency

Regular meetings

Contract negotiations and renewals

Media releases/media announcements

Quarterly briefing sessions

Media relationship programmes



### Method of Engagement

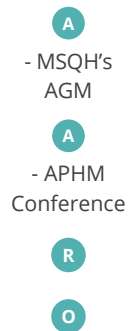
### Frequency

KPJ's Management serves in various roles, including as President and Treasurer of the MSQH and Vice President of the APHM

KPJ's Medical Director and Senior Management serve as board members of the APHM

KPJ's Chief Nursing Officer serves as the Chairman of the Nursing Committee of the APHM

Participation in conferences



### Method of Engagement

### Frequency

Regular meetings with medical and non-medical suppliers

Tenders, bidding, quotations and contract negotiations

Product demonstrations and evaluations

Training and collaboration sessions



### Method of Engagement

### Frequency

Community outreach programmes, e.g. KWAN

Educating the public

Other ad hoc CSR programmes





## STAKEHOLDER MANAGEMENT

### KEY CONCERNS

### RESPONSE

### IMPACT ON STRATEGY

- Quality clinical and healthcare delivery improvements are offered at reasonable prices
- Competitive pricing offered via promotional packages
- Revising contracts and agreements and arranging panels for new KPJ hospitals with major corporate clients
- News updates on print/broadcast/digital platforms to increase brand prominence and promote services

- U Participation in our business partner's activities and performance.
- U Collaborating with the mass media and the public in order to improve stakeholders' confidence and protect KPJ's reputation via crisis and reputation management.
- U Service quality and safety

Forging a strong relationship with a partner in another industry enables us to offer a broader range of healthcare packages and services to influence customer demand and to reach out to wider communities.

- KPJ's policy emphasis on accreditation based on industry standards is communicated through the APHM and MSQH vis-à-vis the MOH, MOF, etc.
- Participation in the PPP via the APHM

- U KPJ has complied with the MSQH's 6<sup>th</sup> Edition Accreditation Standard in relation to the hospital industry to reach out to our nation
- U KPJ is involved via its hospitals in supporting initiatives conducted by the APHM

The management and operations of industry-certified and accredited hospitals affect our ability to generate sustainable and long-term growth of our network of hospitals within the healthcare industry to reach out to our nation.

- Compliance with regulatory requirements and quality standards to protect the environment and society and uphold good governance
- Availability of products and services and ability to provide continuous support
- Fair and transparent negotiations
- Active communication with suppliers

- U Streamlining and centralising our procurement processes to improve efficiency and cost-effectiveness
- U Contracted vendors and suppliers for medical and non-medical products are required to adhere to KPJ's Corporate Integrity Agreement (CIA), the KPJ Environment, Safety and Health Policy and Supplier Code of Conduct.

Our suppliers and vendors are key enablers in achieving our objective of offering quality healthcare services.

- Affordable and accessible healthcare
- Development of communities, prioritising solidarity, social welfare, education, health and safety

- U Continuous investment in identified community engagement programmes, in line with the WHO's promotions and initiatives
- U Expanding the reach of social healthcare services, targeting the urban poor and rural areas
- U KPJUC education sponsorship for the B40 income group

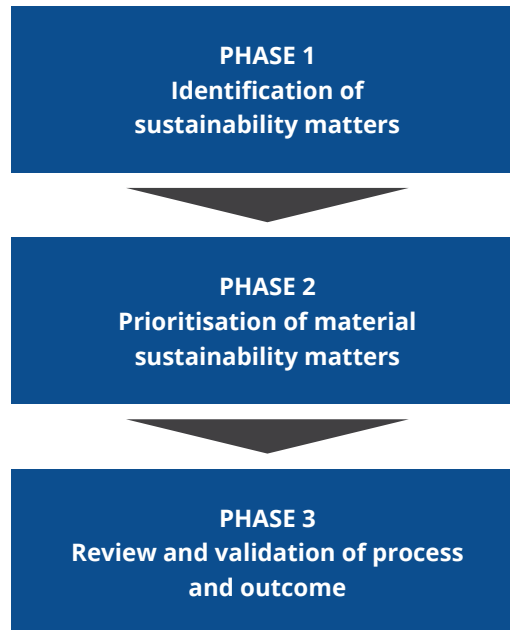
Our engagements with local communities provide us with a platform to showcase our good corporate citizenship practices. KPJ's value is reflected in the community's quality of health and well-being.

# SUSTAINABILITY MATERIALITY

**Materiality assessments form a vital part of our value creation. The processes and findings guide us in developing our sustainability strategies and our sustainability performance management and reporting. In 2022, we conducted a materiality assessment to identify the key material issues that are significant to us and to our stakeholders.**

The process involved conducting focus group discussions among internal stakeholders to identify, prioritise, review and validate the material matters. The purpose of the materiality assessment was to align with stakeholders' expectations, especially investors, and the rapidly evolving economic, environment social and governance (EESG) landscape. It is critical for us to review our material matters on a regular basis to ensure that they remain relevant to emerging trends that could potentially impact our stakeholder groups.

## THE MATERIALITY ASSESSMENT PROCESS



Our material matters have helped shape our KPJ Sustainability Framework and three-year Roadmap apart from transforming our sustainability reporting this year. This ensures that our approach remains relevant and current with global trends, allowing us to meet changing stakeholder demands and to cover a wider scope of those already explored, which should include climate change, water security, labour standards and environmental and social impact in the supply chain.

Following the comprehensive assessment in 2022, the material matters were grouped into five themes with corresponding ambitions under the EESG pillars:

### PRIORITISED MATERIAL SUSTAINABILITY ISSUES (MATERIAL MATTERS)

The assessment results, along with the KPJ Sustainability Framework and three-year Roadmap were validated by the KPJ Group Management Committee and endorsed by our Risk, Sustainability and Governance Committee before they were presented to the Board of Directors.

#### Priority 1

- Business Model Resilience
- Customer Welfare and Satisfaction
- Service Quality and Safety
- Employee Engagement and Development
- Waste Management
- Technology, Innovation and Collaboration
- Data Privacy and Security



# SUSTAINABILITY MATERIALITY



Priority 2	Priority 3
<ul style="list-style-type: none"> <li>• Community Outreach</li> <li>• Access and Affordability to Quality Healthcare</li> <li>• Diversity and Inclusion</li> <li>• Labour and Human Rights</li> <li>• Resource Management</li> <li>• Ethics and Integrity</li> <li>• Supply Chain Management</li> </ul>	<ul style="list-style-type: none"> <li>• GHG Emissions</li> <li>• Climate Change Resilience</li> <li>• Health and Safety</li> <li>• Leadership and Governance</li> </ul>

## SUSTAINABILITY MATERIALITY

Our findings revealed that the results remained largely focused on the social impact to our patients, communities and our people. These impacts are covered under two themes, Uplifting Our Patients and Communities and Fostering Our People. KPJ Sustainability Sukuk Issuance and investment in green assets and technology integrate sustainability into our business model, reflecting our commitment to push for sustainability. One strong Material Matter under the Economic impact, which is Business Model Resilience, reflects our Sustainability Sukuk and investment in green assets and technology. Environmental-related issues, such as GHG Emissions and Climate Change Resilience were still rated relatively lower compared to other Material Matters. We recognise the importance of managing GHG emissions and climate change risk and we will strive to achieve net zero by 2050.

The 18 material matters were presented to the Board on October 2022, together with the KPJ Sustainability Framework and Roadmap. We included Health and Safety as the fourth material matter under “Fostering Our People” to align with the common material matters identified in the Bursa Malaysia’s Enhanced Sustainability Reporting Framework, which was announced on September 26, 2022. Our 18 Material Matters are defined as follows:

MATERIAL MATTER	DEFINITION
<b>Business Model Resilience</b>	Safeguarding KPJ’s business model from any risks due to changes in market trends and local business ecosystems. This can involve integrating social, environmental, and political transitions into long-term business strategies, to manage our response to evolving business standards and expectations over time, jurisdiction, and culture.
<b>Customer Welfare and Satisfaction</b>	Protecting the safety of patients during treatment, as well as upholding patient satisfaction with the overall healthcare delivery experience. This covers the delivery and provision of products and services to customers in a fair and safe manner, and improving this according to customer feedback.
<b>Service Quality and Safety</b>	Upholding high quality clinical services that are safe and in line with local and global healthcare standards and regulations. This issue addresses KPJ’s ability to manage any characteristics of the services provided that may malfunction and create health and safety risks. This may involve product testing, managing chemicals and ingredients, as well as managing market recalls.
<b>Community Outreach</b>	Improving quality of life and fostering socio-economic well-being in communities by conducting and/or participating in philanthropic activities aimed at community development and social welfare. This can involve activities beyond providing healthcare services, such as raising awareness on personal hygiene, donating equipment, and providing healthcare-related training and literacy.
<b>Access and affordability to Quality Healthcare</b>	Aligning with UN SDG 3: Good Health and Well-being by providing the underserved and underprivileged communities with access to affordable and high-quality healthcare. This includes enhancing access to KPJ’s services as well as promoting a healthy lifestyle, regardless of age and demographic.
<b>Employee Engagement and Development</b>	Attracting and retaining talent by supporting KPJ employees in their professional and personal aspirations, and equipping them with relevant skills and competencies to enable continuous value creation and sustainable business growth amid changing market trends and ecosystems.
<b>Diversity and Inclusions</b>	Promoting a workplace culture that provides employees with equal opportunities. This involves practising non-discrimination towards race, gender, sexuality, religion, ethnicity, age, disability, nationality, culture, and marital and parental status in hiring, promotion, and day-to-day practices.
<b>Labour and Human Rights</b>	Establishing zero tolerance towards violations against human and labour rights (e.g. forced labour, child labour) and protecting the safety and health of employees by securing a workplace free from injuries, fatalities and illnesses (both acute and chronic). This may include upholding international and local health and safety standards as well as human rights and labour standards such as the International Labour Organization (ILO) or United Nations Global Compact principles.

## SUSTAINABILITY MATERIALITY

MATERIAL MATTER	DEFINITION
Health and Safety	Protecting our people and the communities in which we operate by aligning the safety of our operations and facilities with the relevant authorities' requirements. We remain steadfast in benchmarking against industry standards of excellence.
Waste Management	Managing solid waste material and airborne pollutants generated from KPJ's operations by reducing, recycling and reusing hazardous and non-hazardous waste. This includes implementing appropriate treatment, handling, storage and disposal practices, while meeting regulatory requirements.
GHG Emissions	Establishing efforts to reduce and offset Scope 1, 2, and 3 greenhouse gas (GHG) emissions across the hospital network, where possible. Scope 1 GHG emissions include direct emissions controlled by KPJ (e.g. company facilities and vehicles). Scope 2 involves indirect emissions from purchased energy consumed, while Scope 3 involves all other indirect emissions across the value chain (e.g. purchased goods, employee commuting). Efforts may include resource management and installation of green solutions.
Resource Management	Managing the use of water and energy resources, as well as minimising the relevant environmental impacts. Water management may include adopting water-saving technologies, reducing water consumption and wastewater discharge, and reusing water where applicable (without endangering patient safety). Energy management may involve using energy efficient technology, reducing energy consumption, and shifting towards renewable energy sources. This issue does not cover resource consumption related to solid waste.
Climate Change Resilience	Recognising and managing the operational risks associated with physical and transitional climate change impacts, and incorporating climate-related opportunities into KPJ's operations. This also includes increasing the awareness on climate change mitigation, adaptation and impact reduction.
Technology, Innovation and Collaboration	Leveraging technology and innovation, as well as collaborative opportunities with industry peers to streamline operations and continuously provide world class healthcare and customer service to a wide range of customers. This includes forming partnerships to fund and promote research and development in medical equipment.
Ethics and Integrity	Upholding the highest standards of ethics, integrity, honesty, and professionalism by managing the relevant risks within KPJ's business conduct (e.g. fraud, corruption, bribery). It also addresses KPJ's ability to protect employees from bias, conflicts of interest, and other business misconduct. This can be in the form of adequate training and adherence to KPJ's Policy on Work Ethics and Code of Conduct.
Leadership and Governance	Promoting accountability and transparency across KPJ's governance structure to protect stakeholder interests. This includes taking into consideration independence, responsibilities, diversity, and effectiveness of Board and Board Committees when making decisions related to their appointment and remuneration. This issue also covers shareholder rights to vote.
Data Privacy and Security	Managing risks related to the collection, retention and use of sensitive and confidential organisational and patient information. This can be done by enhancing cybersecurity amidst increasing use of digital platforms and databases (e.g. from data breaches exploiting proprietary and customer personal information). This issue also addresses policies and practices to enhance KPJ's IT infrastructure, training, record keeping, and compliance to Personal Data Protection Act 2010.
Supply Chain Management	Managing sustainability risks within KPJ's supply chain due to potential externalities from suppliers' operational activities. This may involve selecting, screening, monitoring, and engaging suppliers on their environmental and social impacts to promote transparent and ethical sourcing of materials and protect long-term shareholder value.

# MANAGING KEY RISKS & OPPORTUNITIES

## ENSURING THE AVAILABILITY OF KEY MEDICAL STAFF AND CONSULTANTS

### Risk Definition

The growing demand for private healthcare services could potentially lead to a shortage of suitably qualified and experienced staff to provide patient-centric care to our customers.

### Impact of Risk on KPJ

To ensure profitable growth in line with KPJ's long-term strategies, the expansion of KPJ's network of hospitals and the upgrading of existing hospitals require qualified staff to cater to growing needs. Our senior consultants who are going into retirement may also impact the continuity of the talent pool in certain sub-specialties.

### How We Manage or Mitigate the Risk

- KPJ focuses on staff retention and pursues various training and productive strategies to widen staff career opportunities within the Group.
- To ensure a strong talent pipeline, KPJ leverages on its educational platform, KPJUC, which conducts various medical and healthcare courses from certificate to PhD level.
- Equipping KPJ's network of hospitals with international standard facilities and technology will attract specialist consultants to the Group.
- KPJ's robust Clinical Governance Framework which promotes clinical safety and excellence provides a strong safety net for healthcare professionals.
- Continued investment in appropriate skills development and establishing a succession plan and incentives will help to retain our talents and health professionals.

### Outcome

- In 2022, post-basic programmes offered in KPJUC Nilai are post basic certificates in renal nursing, paediatric nursing, perioperative nursing, critical care nursing and advanced diploma in midwifery nursing.
- As for KPJUC Johor, the programmes offered were post basic certificates in renal nursing and orthopaedic nursing.
- On top of this, KPJUC has also upgraded a few programmes that are currently offered on a conventional basis (face to face), which will be converted to Open Distance Learning (ODL). It combines innovative learning and teaching techniques as well as online interactions with the lecturer and students from various parts of the world. Thus, it offers students the flexibility and convenience of studying at any time, from any location. These are the programmes offered:
  - MBA in Healthcare Management
  - Bachelor of Nursing
  - Bachelor of Medical Imaging
  - Bachelor of Psychology
  - Bachelor of Pharmaceutical Sciences
  - Diploma in Healthcare Management
- As at 31 December 2022, a total of 71 new resident consultants from various disciplines joined the Group.

### Link to Sustainability Theme and Our Seven Strategic Thrusts

#### Sustainability Themes

- Fostering Our People

#### Strategic Thrusts



### Increase/Decrease in Importance/or Same

Same

## MANAGING KEY RISKS & OPPORTUNITIES

### CLINICAL CARE

#### Risk Definition

Delivering high quality, customer focused healthcare services to fulfil market needs and expectations.

#### Impact of Risk on KPJ

Our inability to provide high quality patient-centric care may lead to patients' dissatisfaction and damage KPJ's reputation.

#### How We Manage or Mitigate the Risk

- The Medical Advisory Committee (MAC) is the clinical committee which oversees KPJ's Clinical Governance Framework and the guidelines for sound and ethical medical practices. The MAC has various subcommittees within its purview, namely the Central Credentialing and Privileging Committee (CCPC), Clinical Governance Policy Committee (CGPC), Clinical Governance Action Committee (CGAC), Clinical Risk Management Committee (CRMC), Research and Quality Innovation Committee (RQIC) and Clinical and Research Ethics Review Committee (CRERC).
- The Clinical Risk Management Committee (CRMC) is responsible for reviewing and overseeing the effectiveness of the clinical ERM framework, including major clinical risks and incidents related to the safety of patients and staff which will be presented to the CRMC.
- KPJ Patient Safety Goals under the purview of the MAC are designed to ensure that all KPJ hospitals are offering patients the best care possible.
- The analysis of trends of clinical outcomes are monitored and provide guidelines for risk mitigation in relation to clinical and infectious diseases.
- Continuous training and awareness programmes among healthcare professionals help KPJ to keep abreast with the latest protocols and guidelines.

#### Outcome

- In 2022, there were no new policies introduced. However, three (3) new guidelines were approved for use, while six (6) policies were updated.
- The new guidelines are:
  - Guidelines on Advance Care Planning
  - Guidelines in Managing Patients with Mental Health Problems within KPJ Hospitals
  - Management of Pregnancies Less than 24 Weeks
- In 2022, clinical surveys were conducted on the services and overall performance of 28 hospitals covering 16 service areas, which obtained an average result of 93.6%.
- In 2022, we recorded a higher number of prescription interventions, compared to 2021.

#### Link to Sustainability Themes and Our Seven Strategic Thrusts

##### Sustainability Themes

- Uplifting Our Patients and Communities

##### Strategic Thrusts



#### Increase/Decrease in Importance/or Same

Increase

## MANAGING KEY RISKS & OPPORTUNITIES

### GOVERNMENT POLICY AND COMPLIANCE

#### Risk Definition

KPJ operates in a highly regulated environment which includes laws passed by the Malaysian Government pertaining to private healthcare facilities such as the Private Healthcare Facilities and Services Act 1998 (Act 586) and Occupational Safety and Health 1994 (Act 514).

#### Impact of Risk on KPJ

Failure to comply with laws and regulations could result in KPJ being subjected to patient claims, fines, penalties, damage to reputation, suspension from the treatment of patients, loss of operating license or accreditation. This would result in the Group's inability to operate one or more of its hospitals which in turn, reduces earnings.

#### How We Manage or Mitigate the Risk

- KPJ continues to strengthen its ERM framework and associated policies and procedures to ensure risks are mitigated as much as possible.
- KPJ has in place significant Clinical Care processes and policies that are overseen by the MAC and CRMC to ensure continuous compliance with existing laws, rules and regulations.
- KPJ continuously engages with the Ministry of Health (MOH) Malaysia to remain up to date on any potential changes in Government policies.

#### Outcome

- Hospital and other key operating licenses are renewed in a timely manner to ensure service continuity and a safe work environment. The monitoring of hospital and operating licenses are undertaken centrally by Group Operation and Asset & Facilities Management Services.
- Effective stakeholder management strategies are in place to manage the expectations of the relevant authorities.
- KPJ has embarked on the implementation of ISO 45001 (Occupational Health & Safety Management System). As at 31 December 2022, a total of 19 hospitals were already ISO 45001:2018 Occupational Health and Safety Management System certified.

#### Link to Sustainability Themes and Our Seven Strategic Thrusts

##### Sustainability Themes

- Upholding Good Governance

##### Strategic Thrusts



#### Increase/Decrease in Importance/or Same

Same



## MANAGING KEY RISKS &amp; OPPORTUNITIES

## INTEGRITY AND ETHICS

## Risk Definition

Employees are expected to adhere to the highest standards of ethical conduct and values, as well as avoiding any conflicts of interest in any ongoing or potential business dealings in the Group with various suppliers and service providers.

## Impact of Risk on KPJ

Non-compliance to policies and regulations could affect KPJ's reputation in the marketplace, diminishing its brand value and market appeal.

## How We Manage or Mitigate the Risk

- KPJ has been a signatory to the Malaysian Corporate Integrity Pledge since 2011.
- The No Gifts and Entertainment Policy and the Assets Declaration Policy were introduced in 2014 and 2017 respectively and are applicable to all employees.
- In 2019, the Anti-Bribery Management System (ABMS) Steering Committee was established.
- In February 2020, the Integrity Unit was established, and a Chief Integrity Officer was appointed.
- In January 2021, the ABMS Policy was adopted throughout the Group's subsidiary companies.
- An Integrity Ambassador was appointed at all subsidiary companies and the ABMS Compliance Checklist Reporting (CCR) was introduced in June 2021 for Group reporting.
- On 1 April 2022, the Anti-Bribery/Corruption Policy was signed by the new Chairman of KPJ.
- All employees are to execute the Declaration of Conflict of Interest upon joining KPJ.
- In 2020, KPJ engaged a qualified and independent party to obtain the assurance that KPJ is operating in compliance with its policies and procedures related to integrity and corruption.
- There is continuous communication and awareness of the KPJ ABMS Policy and its relevant procedures to all levels of employees via the KPJ Portal, a series of online, physical and hybrid training.
- The Tender Evaluation Committee is responsible for evaluating all tenders for purchases, awarding of contracts and the appointment of project development consultants/advisors, and makes recommendations to the Tender Committee.
- Organising collaborations with enforcement agencies such as Malaysian Anti-Corruption Commission (MACC) and Royal Malaysian Police to promote integrity and combat bribery and corruption.
- KPJ's Whistle-Blowing Policy (WBP) has been in effect since 2013 and was revised in accordance with the ABMS Policy in 2020. Further revision of the WBP and establishment of the Terms of Reference of the Whistleblowing Committee was approved on 23 November 2022. All employees, members of the public, vendors/suppliers, or stakeholders can make a whistle-blowing report via [integrity@kpjhealth.com.my](mailto:integrity@kpjhealth.com.my).
- The Integrity Pact implementation guidelines established in 2020 are included in our Anti-Bribery/Corruption policies. The Integrity Pact is a tool for preventing corruption in procurement processes. It comprises a set of declaration processes by KPJ employees, the procurement committees involved in procurement activities, as well as our suppliers.
- All new vendors/suppliers were notified of the implementation of the Anti-Bribery/Corruption Policy (i.e., the Integrity Pact and the whistle-blowing reporting channel).
- An annual review of the Bribery Risk Assessment is undertaken to ensure that continually evolving circumstances are assessed for their risks and are controlled, where necessary.
- Ensuring compliance by reporting to the Agency Integrity Management Division, coordinating with MACC and monitoring the functions of the Integrity Unit.

## MANAGING KEY RISKS & OPPORTUNITIES

### INTEGRITY AND ETHICS

#### Outcome

- Continuously ensuring that all employees reaffirm their commitment through the employee E-Integrity Pledge via the Employee Self-Service (ESS) system.
- Execution of the Asset Declaration by all employees.
- The Integrity Ambassador is tasked with presenting four (4) quarterly submissions of the ABMS CCR to the Integrity Unit to ensure ABMS SOP Compliance.
- All employees have signed the Conflict of Interest Declaration.
- KPJ completed the 2nd year ABMS Surveillance Audit by SIRIM which was performed on 29 and 30 November 2022 with the issuance of a "No Non-Conformity Report".
- A series of online Integrity and ABMS SOP Awareness training sessions were conducted by the Integrity Unit and Integrity Ambassador for all employees of the Group in 2022.
- A total of 14,547 (97% of the total employee groupwide) employees attended the hybrid Integrity and ABMS SOP Awareness training programme in 2022, while the remaining 3% attended virtually on 16 February 2023. Continuous awareness and refresher training sessions will be conducted in 2023 to update employees on the relevant changes in the new SOP-related policy and procedure.
- Awareness training was provided for the newly appointed employees during the "On Boarding" programme throughout 2022.
- A total of four (4) refresher training sessions were held in 2022 for all Integrity Ambassadors.
- Two (2) awareness training sessions were conducted for the Focus Group, namely the Head of Purchasing and Head of Nursing in September and December 2022 respectively.
- An Integrity Talk entitled "Apabila Hadiah Menjadi Rasuah" by the MACC was held in a hybrid mode in September 2022.
- The whistleblowing channel was revised to the following:
  - i) Email to: [integrity@kpjhealth.com.my](mailto:integrity@kpjhealth.com.my)
  - ii) In writing to:  
The Chairman of the Whistleblowing Committee
- A total of eleven (11) reports were received from the whistleblowing reporting channel since its inception in 2020, which were investigated in accordance with the Whistleblowing Policy.
- The Integrity Pact declaration was undertaken by vendors/suppliers throughout the Group. A total of 496 new vendors in the KPJ Group have executed the declaration and the exercise is ongoing.
- Briefings and engagements on the Bribery Risk Assessment were held in June and September 2022.
- KPJ's semi-annual report was submitted to the Agency Integrity Management Division, MACC on 29 July 2022 and 30 January 2023 respectively.
- In 2022, the Tender Evaluation Committee conducted 13 meetings, evaluating all tenders for purchases, awarding of contracts and appointment of project development consultants/advisors, thereafter making its recommendations to the Tender Committee.

#### Link to Sustainability Themes and Our Seven Strategic Thrusts

##### Sustainability Themes

- Upholding Good Governance

##### Strategic Thrusts



#### Increase/Decrease in Importance/or Same

Same

## MANAGING KEY RISKS & OPPORTUNITIES

### COMPLIANCE WITH ACCREDITATION REQUIREMENTS

#### Risk Definition

KPJ obtains its hospital accreditation from internationally recognised bodies, namely the Malaysian Society for Quality in Health (MSQH) and the Joint Commission International (JCI). These accreditations put the Group's hospitals on par with international hospital accreditation standards.

#### Impact of Risk on KPJ

The healthcare system is dynamic in nature and adapts rapidly to social and economic changes. Market trends like medical tourism, corporate growth and increasing competition requires KPJ to constantly expand its healthcare services to be the best in the hospital industry. To ensure quality healthcare, we have a quality assurance mechanism and the strong support of national and international bodies.

#### How We Manage or Mitigate the Risk

The accreditation programme enables KPJ in maintaining compliance with healthcare regulations and keeps us updated with industry standards, which allows us to provide high-quality patient care at an affordable price.

The accreditation process allows the experts to evaluate compliance to standards that have been aligned to relevant regulations and its impact on the deliverables. In the accreditation process, all KPJ hospitals' existing compliances are compared with the pre-established performance standards that have been defined accordingly.

The self-assessment and external peer assessment process is utilised to check our level of performance and service deliverables to the target consumer. This process helps increase the level of trust and assurance of patients who visit the healthcare facility for treatment.

The accreditation process is based on the standard practices of quality assurance, medical ethics and the prevention of medical errors. The certification cycle is every three to four years.

#### Outcome

- 19 hospitals are MSQH-accredited, while four are JCI-accredited.
- Three of our Klinik Waqaf An-Nur (KWAN) were MSQH-accredited clinics.
- 19 of hospitals were certified with integrated management systems that include ISO 9001:2015 (Quality Management System), ISO 14001:2015 (Environmental Management System) and ISO 45001:2018 (Occupational Health & Safety Management System – OHSAS).
- KPJ Damansara Specialist Hospital was certified with an International Planetree Certification (Person-Centered Care Excellence).
- 17 KPJ hospitals were Baby Friendly Hospitals' Initiatives (BFHI) certified by the MOH.
- KPJ drives and embeds integrity as a key factor in governance and ensures all the policies and procedures are implemented. These policies and procedures have been incorporated in KPJ Group's Anti-Bribery Management System, which has been established according to the provisions of ISO 37001:2016 Anti-Bribery Management system and certified by SIRIM.
- 9 KPJ hospitals have been recognised by SIRIM to receive Customer Services Management Recognition (CSM) and all of them will be surveyed annually.
- Our KPJ University College (KPJUC) was certified with ISO 21001:2018 (Educational Management System) and has also been awarded Malaysian Education Blueprint 2015-2025 for Higher Education, SETARA.
- Lablink (M) Sdn Bhd the subsidiary of KPJ was certified with ISO 15189:2014 (Medical Laboratories Management System) certification by the Malaysia Standard.
- 7 KPJ hospitals were certified with the QE/5S certification by MPC and another seven (7) hospitals were Malaysian Quit Smoking hospitals.

#### Link to Sustainability Themes and Our Seven Strategic Thrusts

##### Sustainability Themes

- Uplifting our Patients and Communities

##### Strategic Thrusts



#### Increase/Decrease in Importance/or Same

Same

## MANAGING KEY RISKS & OPPORTUNITIES

### INSURANCE MANAGEMENT

#### Risk Definition

KPJ, as per other healthcare companies, is sometimes subjected to legal actions alleging negligence, malpractice and other claims.

#### Impact of Risk on KPJ

Any legal action could potentially lead to the payment of damages and significant legal costs.

#### How We Manage or Mitigate the Risk

- KPJ has adequate insurance coverage in place for its major assets and to protect against potential liability arising from its operations.
- All specialists, medical officers and other healthcare professionals of KPJ Group are covered by Medical Malpractice Insurance to mitigate against medico-legal risks in the course of performing their duties.

#### Outcome

- Renewal of Groupwide insurance policies with the competitive premium rates for optimum coverage for the period 1 January 2022 until 31 December 2022.
- Prior to the renewal, we undertook a comprehensive risk review of the Group's insurance needs, taking into account changes in the operating environment as well as assets and liabilities.

#### Link to Sustainability Themes and Our Seven Strategic Thrusts

##### Sustainability Themes

- Uplifting our Patients and Communities

##### Strategic Thrusts

S6

#### Increase/Decrease in Importance/or Same

Same

## MANAGING KEY RISKS & OPPORTUNITIES

### CYBERSECURITY

#### Risk Definition

KPJ's IT platform supports a number of management, administrative and clinical processes which contribute towards the operational excellence of the Group.

#### Impact of Risk on KPJ

Any breaches, cyberattacks or system failure to KPJ's database or information system would disrupt KPJ's business and result in financial crime, theft of sensitive data like medical records. This would damage our reputation and reduce consumers' trust.

#### How We Manage or Mitigate the Risk

- KPJ Group Technology Services (GTS) has put in place the following teams, implementations, policies and procedures for the purpose of risk mitigation:
  - A dedicated team of IT Security professionals and outsourced Security Operation Centre to protect KPJ's IT Infrastructure and Systems;
  - An Annual Disaster Recovery drill is conducted as part of the Business Continuity Management (BCM) to ensure the IT Systems availability and recovery during a disaster;
  - Tighter enforcement of access privilege controls, remote access controls and USB controls;
  - Cybersecurity user awareness and phishing simulation exercise;
  - An external IT consultant has been appointed to conduct an IT Security Resilience review for KPJ.
- GTS Security Roadmap has been established to enhance the overall internal security controls.

#### Outcome

- Constant 24/7 monitoring of security infrastructure by the Security Operation Centre (SOC).
- In 2022, disaster recovery drills were performed in all the 20 hospitals hosted in KPJ MPC (Managed Private Cloud).
- Security enforcement for Users' and Administrator's Access & Privilege Control, Remote Access (VPN with multifactor authentication), Connection control, KPJ Domain Control for all Desktops, Notebooks and USB Devices.
- Regular IT Security Bulletins issued on a monthly basis. IT Security awareness programmes were conducted on a quarterly basis for all staff to create awareness and enhance cybersecurity vigilance.  
In addition, GTS Security team conducted a phishing test three (3) times in 2022, as part of the staff awareness programme on phishing email.
- An IT security surveillance survey conducted an IT Security resilience review for KPJ and the exercise was completed in October 2022.
- GTS Security Roadmap was presented during the 22nd RSGC on 31<sup>st</sup> January 2023.

#### Link to Sustainability Themes and Our Seven Strategic Thrusts

##### Sustainability Themes

- Uplifting our Patients and Communities

##### Strategic Thrusts



#### Increase/Decrease in Importance/or Same

Same

## MANAGING KEY RISKS & OPPORTUNITIES

### READINESS TO RESPOND TO MAJOR INTERNAL OR EXTERNAL INCIDENTS

#### Risk Definition

During an emergency or an internal or external disaster, KPJ has to respond in a timely manner to critical incidents.

#### Impact of Risk on KPJ

Failure to respond in a measured manner and ensure smooth hospital operations despite the emergency or internal or external disaster would lead to the disruption of hospital operations. This could cascade down to impact the Group's reputation in the marketplace, and may affect its future profitability

#### How We Manage or Mitigate the Risk

- In order to strengthen the existing management plan under disaster and emergency situation, KPJ has developed the KPJ Business Continuity Management (BCM) Framework which serves as a guide for the Group in drafting BCM system plans, policies and procedures.
- The framework facilitates a structured and scalable approach for designing and executing the Business Continuity Plan (BCP) as well as provides a one-stop reference for the BCM concepts, expectations and deliverables from all stakeholders within the Group.
- KPJ has adopted the requirements of the Private Healthcare Facilities and Services Act 1998 (Act 586), Occupational Safety and Health 1994 (Act 514), Environmental Quality Act 1974, JCI and MSQH in formulating the BCM.
- Incident Response Plan was also developed to support responses to incidents that may potentially occur at KPJ Head Office and business units that require Group/KPJ Head Office support in addendum to the established various Business Continuity Plans

#### Outcome

- KPJ hospitals have Business Continuity Plan (BCP) in place to ensure that critical business processes and activities can be restored in a timely manner in the event of an incident or disaster.
- The majority of hospitals and key support services companies have performed two or more simulation exercises as per the BCM Framework in 2022 and the majority of KPJ's hospitals have appointed qualified Safety Officers (SOs).
- BCM implementation at KPJ Head Office is currently being augmented and the exercise will be completed in 2023, including BCP drills.

#### Link to Sustainability Themes and Our Seven Strategic Thrusts

##### Sustainability Themes

- Upholding Good Governance
- Uplifting our Patients and Communities
- Protecting Our Environment

##### Strategic Thrusts



#### Increase/Decrease in Importance/or Same

Same

## MANAGING KEY RISKS & OPPORTUNITIES

### COVID-19 PANDEMIC/POST COVID-19 RECOVERY

#### Risk Definition

The COVID-19 pandemic has caused disruption and uncertainty among companies across the globe including those in various sectors or industries in Malaysia, including KPJ. As a result, economic and business activities have been impacted negatively.

#### Impact of Risk on KPJ

Pandemic-related risks may lead to a major disruption of medical services and result in financial losses.

#### How We Manage or Mitigate the Risk

- The Group has implemented surveillance strategies and control programmes to prevent the spread of infectious disease within our premises.
- The Group has undertaken measures to support the Government/national efforts by enabling testing, driving the national vaccination programmes and providing hospital beds for the treatment of recovering COVID-19 patients.
- The Group has established strategies for growth including promoting health tourism, decanting of non-COVID-19 patients from public healthcare facilities, group-wide special medical packages, increase in recruitment of Consultants and relationship with insurance and Third-Party Administrator (TPA) partners.
- Financially, the Group has been proactive in facilitating prudent cash management and forecasting, the tightening of credit risk, capex deferrals, as well as cost containment and reduction. The Group has also developed strategies to sustain its cash flow and performance.

#### Outcome

- The COVID-19 Task Force was established to address pandemic-related matters and guidelines.
- KPJ business units are undertaking stringent measures and vigilantly observing the same from the point of entry of each hospital and throughout each premise. These measures include:
  - The appointment of Medical Officers at each KPJ business unit to closely monitor the exposure of healthcare professionals to positive contacts;
  - Allowing only fully-vaccinated personnel, save for patients, to enter KPJ premises;
  - The implementation of self-test screening and mass self-kit screening across the Group; and
  - Continuous engagement by the Management of the Group to ensure adherence to the SOPs in place.
- The number of outpatients and inpatients for 2022 has shown an increase in comparison to 2021.
- The total number of surgeries and deliveries for the Group as at 31 December 2022 has increased in comparison to the year before.
- The decanting on non-COVID-19 patients from MOH hospitals in 2022 has achieved 76% of the total contract value with more than 5,000 cases having been received.
- The Health Tourism revenue exceeds the target revenue and the patients came mainly from Indonesia, India, China, Bangladesh and Singapore.
- A total of more than 1,300 Consultants are with KPJ in 2022

#### Link to Sustainability Themes and Our Seven Strategic Thrusts

##### Sustainability Themes

- Adapting to Economic Shift

##### Strategic Thrusts

S7

#### Increase/Decrease in Importance/or Same

Decrease

# OUR VALUE OUTCOMES



## FINANCIAL CAPITAL

Our Financial Capital is the pool of funds available to KPJ, sustained by other capitals. The components of our Financial Capital are the revenue generated from our operations, market capitalisation, Government grants, the income we derive from fund raising activities such as Sukuk, as well as loans obtained.

### TRADE-OFFS

We use our Financial Capital to expand our hospital network as well as to invest in medical equipment and new technologies, which in turn increase our Manufactured and Intellectual Capitals. While this results in the reduction of our Financial Capital in the short-term, in the longer term it adds to the overall competitive strength of our business and therefore our Financial Capital.

### LINK TO STRATEGIC THRUSTS



### LINK TO SUSTAINABILITY THEMES

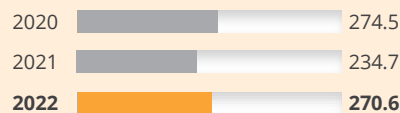
- Adapting to Economic Shift
- Protecting Our Environment
- Uplifting our Patients and Communities
- Fostering Our People
- Upholding Good Governance

### KEY INPUT

#### MARKET CAPITALISATION (RM Bil)



#### CAPITAL EXPENDITURE (RM Mil)



#### CASH GENERATED FROM/ (USED IN) INVESTING ACTIVITIES (RM Mil)



#### DEBT/EQUITY RATIO



#### TOTAL BORROWINGS (RM Bil)

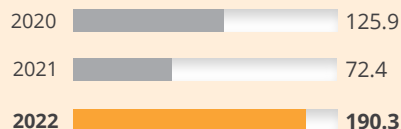


### ACTIVITIES AND PROCESSES

- Funding the development of new hospitals and ACCs to expand our network
- Funding the expansion of existing hospitals to meet increased market demand
- Funding for new or upgraded equipment
- Funding for research and development (R&D) as well as innovation activities
- Cost optimisation programme to reduce operational and maintenance costs
- Appropriate management of debt and equity
- Effectively and efficiently manage the Group's liquidity to ensure a strong balance sheet

### KEY OUTPUT

#### NET PROFIT (RM Mil)



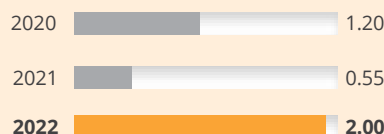
#### REVENUE GROWTH (%)



#### EBITDA GROWTH (%)



#### DIVIDEND PAYOUT PER SHARE (Sen)



#### CASH GENERATED FROM OPERATIONS (RM Mil)





# OUR VALUE OUTCOMES



## MANUFACTURED CAPITAL

KPJ's Manufactured Capital includes all infrastructure created and utilised within our integrated healthcare business model. These include our network of hospitals, aged care facilities and the ambulatory care centres within the regional footprint of our operations, as well as the medical and healthcare equipment, pharmacies, and hospital facilities we employ in the provision of healthcare services.

### TRADE-OFFS

Investment in Manufactured Capital reduces our Financial Capital in the short-term. However, it adds to our ability to generate long-term growth, thus expanding our Financial Capital in the longer term.

### LINK TO STRATEGIC THRUSTS

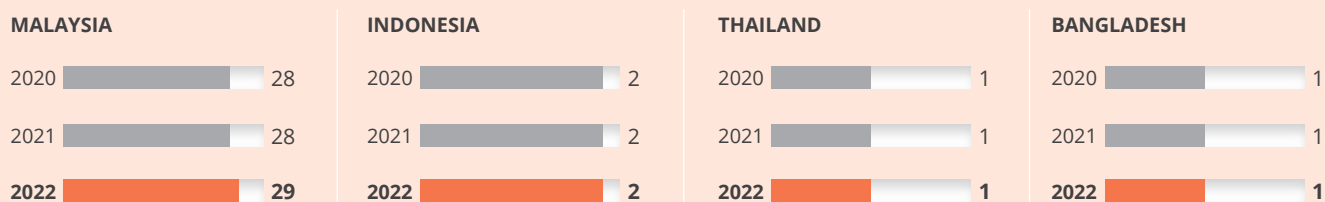


### LINK TO SUSTAINABILITY THEMES

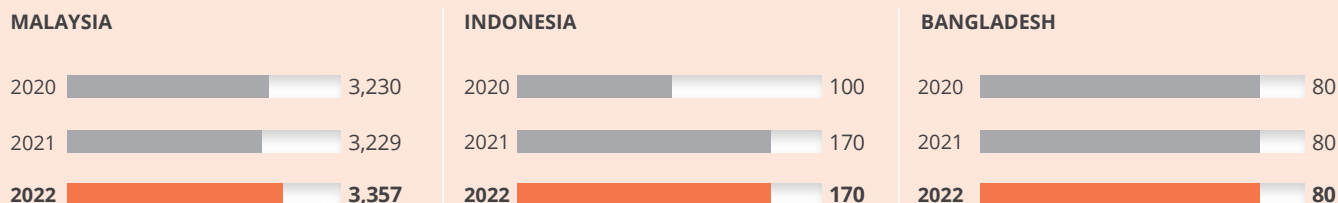
- Upholding Good Governance

### KEY INPUT

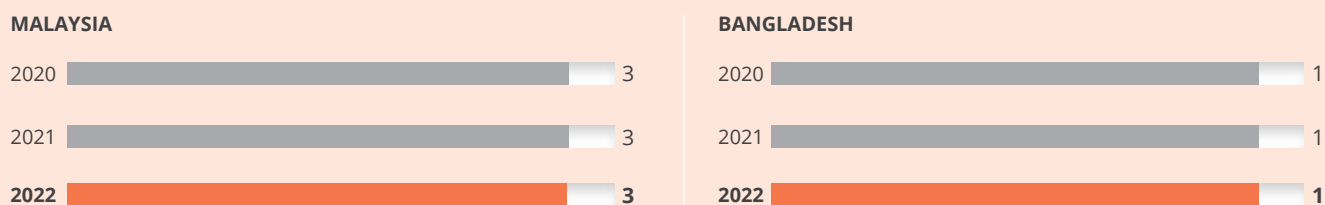
#### Hospital



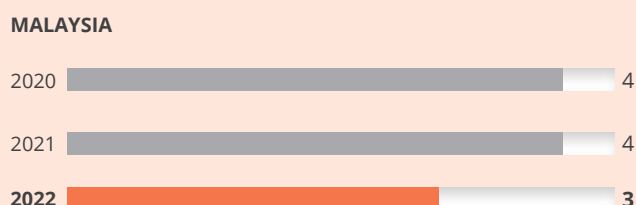
#### Operating Beds



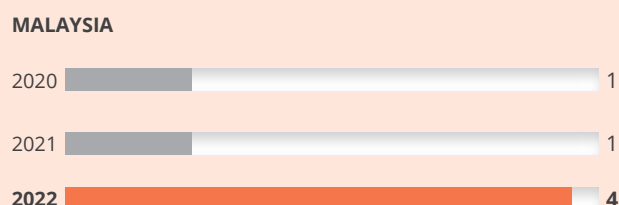
#### Education



#### Senior And Assisted Living Care Centres



#### Ambulatory Care Centres



## OUR VALUE OUTCOMES



### MANUFACTURED CAPITAL

#### KEY INPUT

##### High Tech System for Diagnostic Imaging

- MRI – for soft tissue and advance imaging such as Brain, Cardiac, Abdomen and Extremities
- CT scan – fast imaging for 3D Imaging, Cardiac Imaging
- CT Simulator – for radiotherapy treatment planning
- Angiography – for Cardiac treatment

##### High Tech System for Cancer Treatment

- PET CT – combination of advance technology for better cancer detection
- Linear Accelerator (LINAC)

##### Basic Imaging with Advance Technology

- General X-Ray – using Digital Radiography and Computed Radiography
- C-Arm
- Mammography – with 3D (Tomosynthesis)
- Ultrasound
- Lithotripter and ESWL – with Ultrasound and C-Arm
- Fluoroscopy – using digital system
- Bone Densitometer

##### Special Diagnostic Services

- Heart Lung Machine
- Laser Eye Surgery

#### ACTIVITIES AND PROCESSES

- Completed the transition from Private Owned Cloud to Managed Private Owned Cloud (MPC), involving a range of IT infrastructure on Enterprise model.
- Continuous enhancements on the MPC to accommodate new initiatives for transformation.
- The MPC Core System is made ready for Industry 4.0 initiatives such as Data Integration and Big Data.
- Upgrading of operational efficiency
- Focused investments in expanding the capacity of existing hospitals
- Expanded our retail pharmacy business sustaining a retail pharmacy business through KPJ Healthshoppe outlets located inside KPJ Hospitals, and JX Pharmacy outlets situated at commercial shop lots. An e-commerce platform is also accessible via [www.kpjshoppe.com](http://www.kpjshoppe.com)
- The increase of bed capacity in existing hospitals came from the Southern region (85 beds), Northern region (54 beds) and 7 beds from Central region.
- A total of 33 new resident consultants recruited comprises 16 specialists in surgical disciplines and 17 specialists in internal medicine.
- The Group carried out more than 500,000 drive-through COVID-19 PCR screening tests and treated >2,500 COVID-19 patients.
- Re-energise the Indonesia market as our primary health tourism business for KPJ, and penetrate new markets within ASEAN and Middle East & Northern Africa (MENA) for fertility treatments.

#### KEY OUTPUT

##### HOSPITAL STATISTICS

###### Malaysia

##### OUTPATIENTS



##### INPATIENTS

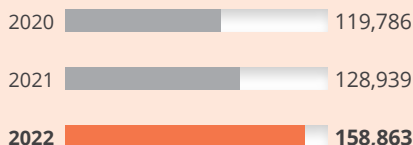


##### AVERAGE BED OCCUPANCY RATE (%)

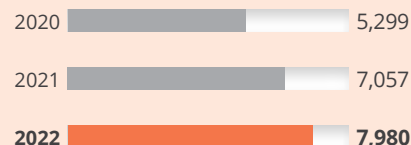


###### Bangladesh

##### OUTPATIENTS



##### INPATIENTS



##### AVERAGE BED OCCUPANCY RATE (%)

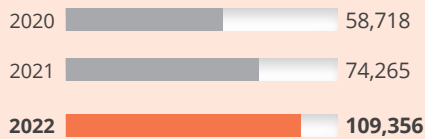


## OUR VALUE OUTCOMES

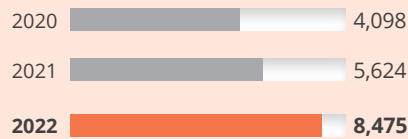
### KEY OUTPUT

#### Indonesia

##### OUTPATIENTS



##### INPATIENTS

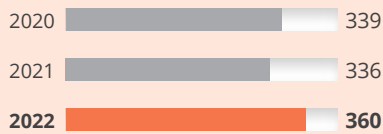


##### AVERAGE BED OCCUPANCY RATE (%)

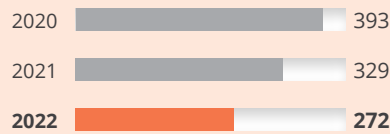


#### Residents at Senior and Assisted Living Care Centres

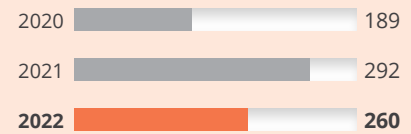
##### SIBU GERIATRIC HEALTH AND NURSING CENTRE



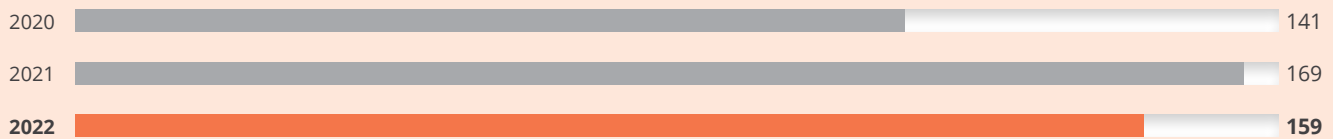
##### TAWAKKAL HEALTH CENTRE



##### KUANTAN CARE WELLNESS CENTRE




#### JETA GARDENS, AUSTRALIA



#### KPJ Healthshoppe and Jx Pharmacy Outlets



 For more information, please refer to Our Performance Review on pages 77 to 102 of this Integrated Annual Report.

## OUR VALUE OUTCOMES



### NATURAL CAPITAL

Our Natural Capital refers to the renewable and non-renewable natural resources we use in delivering our services.

#### TRADE-OFFS

Expansion of our Manufactured Capital impacts negatively on Natural Capital. However, by ensuring that we responsibly manage our environmental footprint, we are able to mitigate our business' impact on our Natural Capital, and add to the value of our Social and Relationship Capital.

#### LINK TO STRATEGIC THRUSTS



#### LINK TO SUSTAINABILITY THEMES

- Protecting Our Environment
- Uplifting our Patients and Communities

#### KEY INPUT

##### DIESEL CONSUMPTION PER SQUARE METER (l)



##### WATER CONSUMED PER SQUARE METER (m<sup>3</sup>)



##### RECYCLED WASTE GENERATED PER SQUARE METER (kg)



##### ELECTRICITY CONSUMPTION PER SQUARE METER (kWh)



##### CLINICAL WASTE GENERATED PER SQUARE METER (kg)



#### ACTIVITIES AND PROCESSES

- The nature of KPJ's healthcare services is energy and water-intensive. As our business has increased and expanded its operations, this has led to an increase in water and energy consumption, as well as waste generated. To mitigate this, we have measures in place and collect data to monitor our progress
- Conducting water saving initiatives include:
  - Monitoring and tracking water leakages
  - Rainwater harvesting
- Conducting Waste Management Practices which focus on:
  - Regular training of hospital staff on proper clinical waste disposal
  - Appointing a clinical waste disposal contractor whose operations are in compliance with Ministry of Health (MOH) and Department of Environment (DOE) regulations
- Recycling non-clinical waste such as paper and other material
- Conducting waste disposal activities according to environmental regulations such as Environmental Quality Act 1974 and subsequent legislation
- Removing daily waste using designated vehicles at special collection areas which are kept clean and locked
- Promoting paperless offices
- Utilising sophisticated heating, ventilation and air-conditioning (HVAC) systems to optimise energy consumption
- Upgrading chiller systems to conserve energy
- Replacement of light bulbs with LEDs at our hospitals
- Installation of electricity timers within certain hospital areas
- Green building initiatives
- Zero Single – Use Plastic initiative



For more information on our environmental initiatives, please refer to Protecting Our Environment of our Sustainability Report.

## OUR VALUE OUTCOMES

### KEY OUTPUT

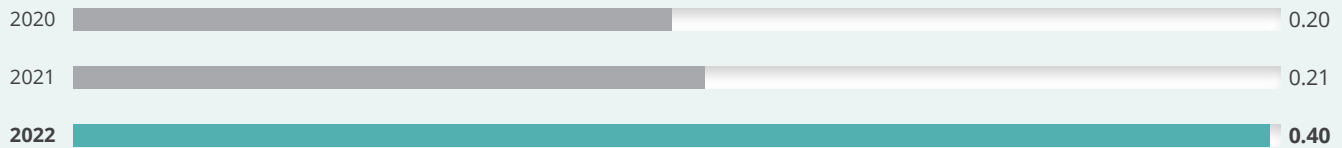
#### GHG EMISSION PER SQUARE METER (kgCO<sub>2</sub>e) - RECYCLED DIESEL CONSUMPTION



#### GHG EMISSION - PER SQUARE METER (kgCO<sub>2</sub>e) - WATER CONSUMPTION



#### GHG EMISSION PER SQUARE METER (kgCO<sub>2</sub>e) - RECYCLED WASTE



#### GHG EMISSION PER - SQUARE METER (kgCO<sub>2</sub>e) - ELECTRICITY CONSUMPTION



#### GHG EMISSION PER SQUARE METER (kgCO<sub>2</sub>e) - CLINICAL WASTE



## OUR VALUE OUTCOMES



### HUMAN CAPITAL

Our Human Capital refers to the skills and experience of our employees that enable KPJ to implement its strategies and deliver healthcare services that create value for all our stakeholders. Human Capital value created by KPJ's medical consultants is safeguarded through the closed system model where the Group's consultants practice only in KPJ Hospitals.

#### TRADE-OFFS

Our investment in Human Capital reduces our Financial Capital in the short-term. However in the long-term, it adds to our Human, Financial, and Social and Relationship Capital.

#### LINK TO STRATEGIC THRUSTS



#### LINK TO SUSTAINABILITY THEMES

- Fostering Our People

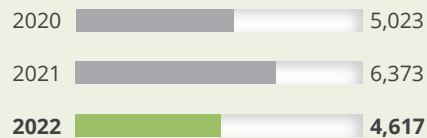
#### KEY INPUT

##### Diverse Workforce

###### TOTAL STAFF IN GROUP



###### NO. OF TRAINED NURSES



###### TOTAL STAFF IN MALAYSIA



###### TOTAL STAFF IN BANGLADESH



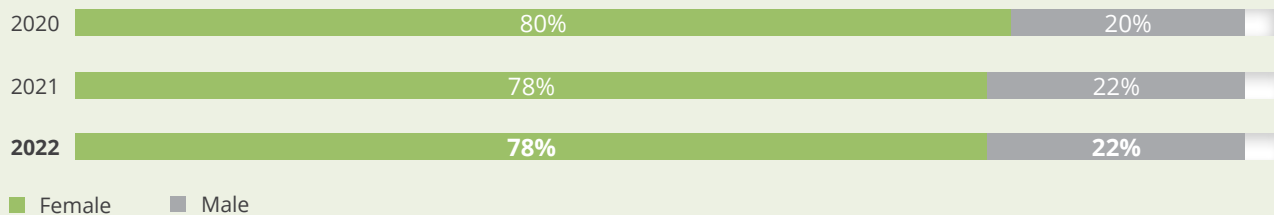
###### TOTAL STAFF IN INDONESIA



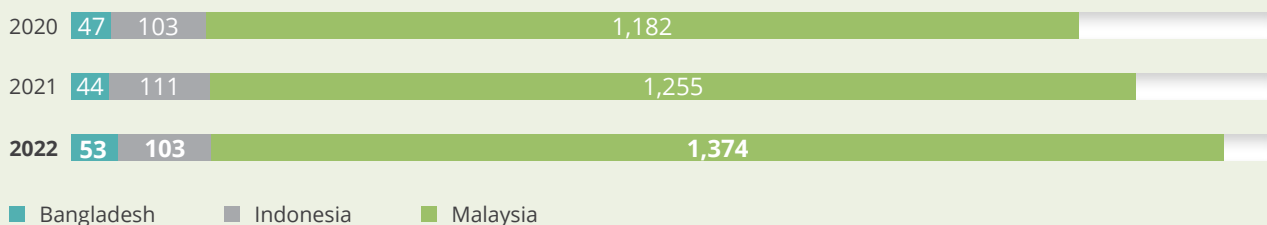
###### INVESTMENT IN TRAINING AND DEVELOPMENT (RM Mil)



##### MALE:FEMALE GENDER DIVERSITY RATIO



##### MEDICAL CONSULTANTS



# OUR VALUE OUTCOMES

## ACTIVITIES AND PROCESSES

- Competitive and fair remuneration packages
- Fair employment practices
- Investing in employees' career development, including skillset training and leadership development initiatives
- Succession planning to identify and guide internal talent as future leaders in the organisation
- Continuing Education opportunities for all qualified employees
- Organise annual healthcare conferences/workshops at both national and industry levels such as KPJ Healthcare Conference

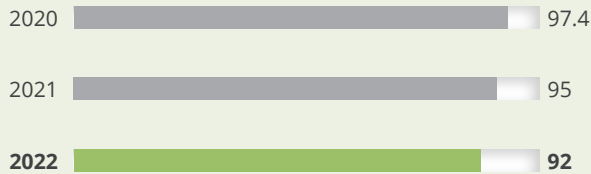
- Occupational health and safety management systems
- Employee engagement initiatives such as:
  - Activities conducted by the Sports and Recreational Clubs
  - Annual events such as Family Day, Talent Management Day and Sports Carnivals
  - Employee participation in CSR initiatives

## KEY OUTPUT

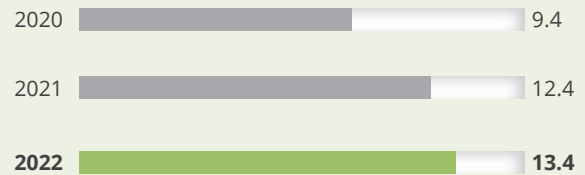
### EMPLOYEE COMPENSATION & BENEFIT COSTS (RM Mil)



### STAFF RETENTION RATE (%)




### STAFF ATTRITION RATE (%)



### AVERAGE TRAINING HOURS PER EMPLOYEE (hours)



 For more information on our employees, please refer *Fostering Our People* of our Sustainability Report.

## OUR VALUE OUTCOMES



### INTELLECTUAL CAPITAL

Our Intellectual Capital comprises intangibles such as our health service offerings, as well as health quality standards, accreditations and certifications that define the Group's competitive advantage. It also includes information technology (IT) and medical technology (MedTech) innovations that we adopt to enhance our efficiencies and clinical outcomes.

#### TRADE-OFFS

In the short-term, our investment in Intellectual Capital reduces Financial Capital. However it grows our Human, Financial, and Social and Relationship Capitals in the longer term.

#### LINK TO STRATEGIC THRUSTS



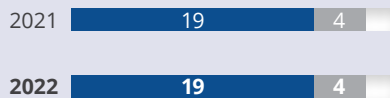
#### LINK TO SUSTAINABILITY THEMES

- Upholding Good Governance

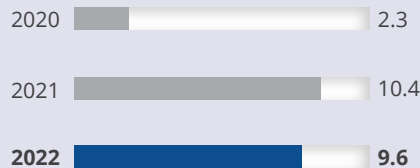
#### KEY INPUT

##### HOSPITAL ACCREDITATION

■ MSQH  
■ JCI



##### IT INVESTMENT (RM Mil)



##### NO. OF HOSPITALS INTEGRATED WITH KPJ ONLINE BOOKING SYSTEM



#### ACTIVITIES AND PROCESSES

- An acute stroke centre commenced services in KPJ Damansara to provide rapid care via our multi-disciplinary team approach
- Continued with digitisation initiatives via Health Information System (HIS) migration, to third generation Cloud Computing
- Implementation of integrated systems that increase effectiveness, improve monitoring and tracking of treatment outcomes with an emphasis on information security
- Continuous improvement on the completed Data Centre in line for any new transformation initiatives to support the hospital network
- Cyber security and IT Risk Assessment actions were undertaken to prepare for ISO 27001
- KPJ group of hospitals and companies continued implementing and reassessing their quality services through the accreditation and certification programs including:
  - Joint Commission International (JCI) hospital accreditation
  - Malaysian Society for Quality in Health (MSQH) hospital accreditation
  - The Integrated Management System (IMS) combines or merges the Quality Management System (QMS) with the Environmental Management System (EMS) and the Occupational Health & Safety Management System (OHSAS) certifications
    - QMS (ISO 9001:2015)
    - EMS (ISO 14001:2015)
    - OHSAS (ISO 45001:2018)
  - Customer Services Management (CSM) recognition by SIRIM
- Continuous review of KPJ's in-house nursing and healthcare dashboard which encompasses medication safety, prevention of patient falls, prevention of IV phlebitis, correct identification of a cardiac arrest, and accelerated time to treatment.
- Comprehensive Clinical Governance policies, structure and management in place
- The biennial KPJ Quality Convention has been the platform for employees to showcase innovative projects that can effectively improve operations
- KPJ drives and embeds integrity as a key factor in governance and ensures all the policies and procedures are in place. These have been incorporated in KPJ Group Anti-Bribery Management System which has been established according to the provisions of ISO 37001:2016 Anti-Bribery Management system



## OUR VALUE OUTCOMES

## KEY OUTPUT

## NUMBER OF DOCTORS CURRENTLY UNDERGOING MEDICAL SPECIALIST PROGRAMMES

(as at December 2022)

Programme	Total
Otorhinolaryngology – Head and Neck Surgery	10
Radiology	6
Orthopedic	2
General Surgery	4
Postgraduate Training In Internal Medicine	2
Postgraduate Training In Paediatric	1
<b>Total</b>	<b>25</b>

## NUMBER OF STUDENTS CURRENTLY UNDERGOING OTHER POSTGRADUATE PROGRAMMES

(as at December 2022)

Programme	Total
PhD in Nursing	9
Master in Nursing	10
Master in Pharmaceutical Science	11
Master in Physiotherapy	4
Master in Business in Healthcare Management	29
<b>Total</b>	<b>63</b>

## TOTAL NUMBER OF KPJ ONLINE APPOINTMENTS



## CERTIFICATIONS BY NUMBER OF HOSPITALS

Certification	Number of Hospitals in 2022
Accreditation by Joint Commission International (JCI)	4
Accreditation by Malaysian Society for Quality in Health (MSQH) – Hospital	19
Accreditation by Malaysian Society for Quality in Health (MSQH) – KWAN	3
Baby Friendly Hospital Initiative (BFHI)	17
Planetree	1
Integrated Management System (IMS) - ISO 9001:2015, ISO 14001:2015, ISO 45001:2018	19
Quality Management System - ISO 9001:2015	3
Anti Bribery Management System - ISO 37001:2016	1
Food Safety Management System - ISO 22000:2018	1
Energy Management System - ISO 50001:2018	1
Educational Organizational Management System - ISO 21001:2018	1
Medical Laboratories Management System - ISO 15189:2014	1
Malaysian Education Blueprint 2015-2025 for Higher Education, SETARA	1
Hazard Analysis Critical Control Point (HACCP)	2
Quality Environment/5S	7
Malaysian Quit Smoking - MQuit	7
Recognition of Customer Service Management - SIRIM 6:2016	9
Good Distribution Practice for Medical Device (GDPMD)	1

## OUR VALUE OUTCOMES



### SOCIAL AND RELATIONSHIP CAPITAL

Our Social and Relationship Capital refers to the long-term relationships we have cultivated with our stakeholders, including patients, suppliers, business partners and the Government. This also plays a large role in the Group's long-term reputation management.

#### TRADE-OFFS

In the short-term, investment in Social and Relationship Capital reduces our Financial Capital. However through our wide spectrum of initiatives which create value for our stakeholders, we are able to grow our Social and Relationship, Human, Intellectual and Financial Capitals in the longer term.

#### LINK TO STRATEGIC THRUSTS

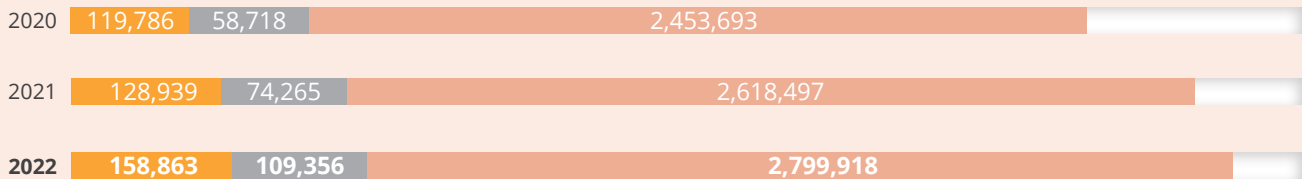


#### LINK TO SUSTAINABILITY THEMES

- Uplifting our Patients and Communities
- Upholding Good Governance

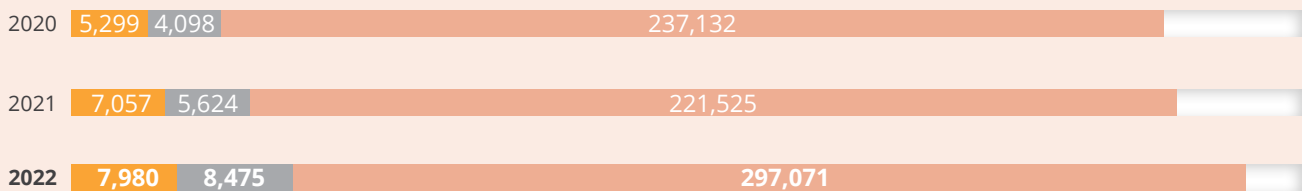
#### KEY INPUT

##### OUTPATIENTS

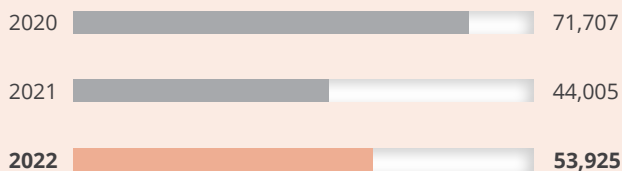


■ Bangladesh ■ Indonesia ■ Malaysia

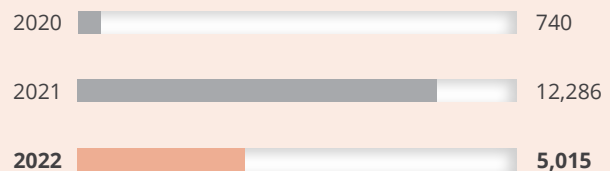
##### INPATIENTS



##### TOTAL NO. OF KWAN CLINICS' PATIENTS



##### TOTAL NO. OF MOBILE CLINICS' PATIENTS



## OUR VALUE OUTCOMES

### ACTIVITIES AND PROCESSES

#### For our Patients

- Increased focus on KPJ Brand through specially designed onground and online initiatives
- KPJ's Customer Service Tools include:
  - KPJ Service Quality Coach
  - Customer Service Workshops
  - SQM Mentoring Programme
  - Standard People Practice (SPP)
  - Planetree project focusing on person-centred care
  - Premier Customer Service Programme
  - Customer Service Management Recognition by SIRIM
  - KPJ Care Card Loyalty Programme
- Integrated SQM Portal comprising the following elements:
  - Patient Communication Management System (PCMS)
  - SQM External Survey
  - Online Training Module
  - FAQ on SQM Application Portal
  - KPJ Dashboard
- Planned Preventive Maintenance (PPM)
- Ongoing commitment to reduce admission and discharge waiting times

#### For the Government

- Active engagement with the Government on healthcare issues and legislation
- Contribute in kind to efforts by MOH during health emergencies, e.g. efforts to flatten the curve of pandemic COVID-19
- Representation on Government bodies such as the Malaysian Nursing Board

#### For our Intermediaries

- Embarking on an online portal for outpatient specialist guarantee letters (GL) and e-billing, with the objective of increasing the efficiency of admission workflow process

#### For our Vendors and Suppliers

- Efficient, streamlined and fair procurement processes and policies
- Regular interaction with suppliers
- Fair contract negotiations with suppliers and vendors
- Assessment process with regards to suppliers and vendors
- All suppliers, vendors and other related third parties are required to sign the Corporate Integrity Agreement (CIA), to ensure transparency in building mutually beneficial working relationships

#### For Accreditation and Industry Bodies

- Representation in accreditation and industry bodies such as the Association of Private Hospitals Malaysia (APHM) and MSQH.
- All our consultants are duly registered on the National Specialist Register

#### For the Community

- Community outreach programmes such as:
  - Klinik Waqaf An-Nur (KWAN), including Mobile Clinics and Dialysis Centres
- Baby Hatches that provide safety for babies left behind by their parents
- Public health education programmes
- Community grievance platforms and channels

#### For our Investors and Shareholders

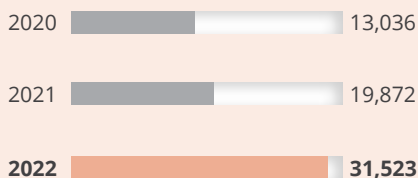
- Investor relations information via uploaded presentations
- Corporate website that provides relevant information on hospitals
- Updating of investor-related information via meetings/briefing with analysts
- General Meetings – AGM and EGM
- Participation in investment roadshows and conferences

### KEY OUTPUT

#### CUSTOMER SATISFACTION INDEX (%)



#### TOTAL NO. OF STAFF TRAINED IN CUSTOMER SERVICE



#### TOTAL NO. OF SERVICE QUALITY COACHES

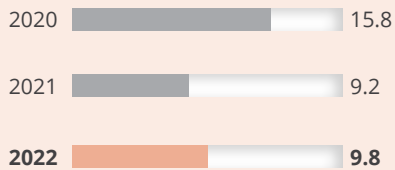
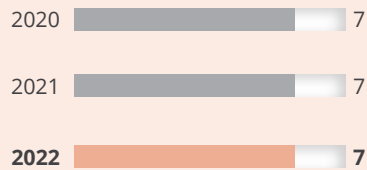
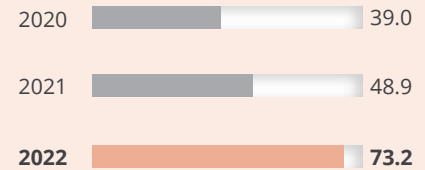


## OUR VALUE OUTCOMES



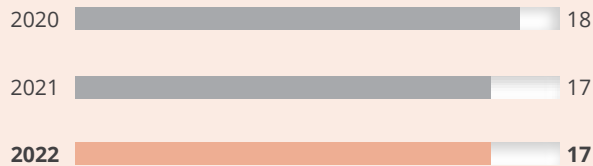
## SOCIAL AND RELATIONSHIP CAPITAL

## KEY OUTPUT

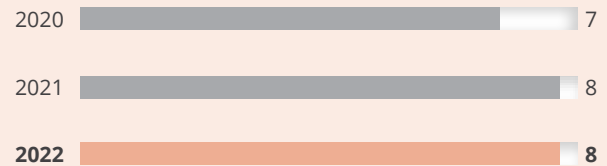
TOTAL INVESTMENT IN  
COMMUNITY OUTREACH  
PROGRAMMES (RM Mil)NO. OF HOSPITALS WITH  
BABY HATCHESTAX DISTRIBUTION TO  
GOVERNMENT/APPROVED AGENCIES  
(RM Mil)

## Klinik Waqaf An-Nur

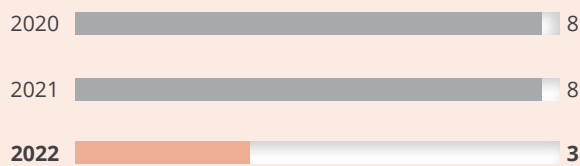
## CLINICS



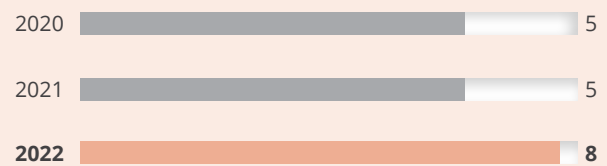
## CLINICS WITH DIALYSIS CENTRES



## CLINICS WITH MSQH CERTIFICATION



## MOBILE CLINICS



For more information on our customer service and intermediary initiatives, please refer to Uplifting Our Patients and Communities of our Sustainability Report. Full disclosures on our investor and shareholder activities can be found within our standalone Corporate Governance Overview section of our Integrated Report

# PATIENT-CENTRIC CARE

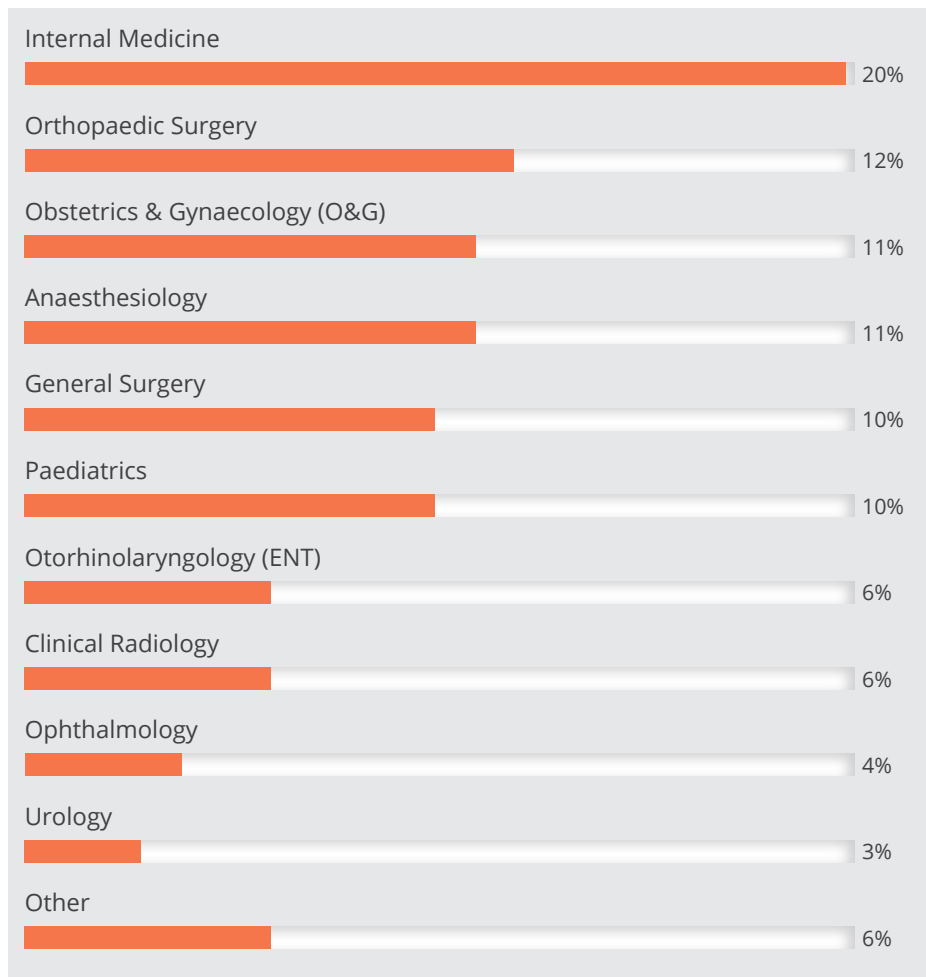
## PRIORITISING CUSTOMERS THROUGH PATIENT-CENTRIC HEALTHCARE

At the heart of KPJ’s operations is our value proposition in providing effective and patient-centric healthcare. This is conducted through managing our specialist hospitals network in a professional, efficient and responsible manner. In pursuit of this, we have established a comprehensive range of patient-centric frameworks, metrics, processes, and protocols that prioritises patient well-being which allows us to deliver outstanding clinical and service quality.



With our Top 10 Disciplines, we are known to deliver best in Internal Medicine, Orthopaedic Surgery, Obstetrics & Gynaecology (O&G), Anaesthesiology, General Surgery, Paediatrics, Otorhinolaryngology (ENT), Clinical Radiology, Others, Ophthalmology and Urology.

From these disciplines, KPJ is most sought-after for five major specialities including Internal Medicine, Orthopaedic Surgery, Obstetrics & Gynaecology, Anaesthesiology and General Surgery.



### Shaping Patient Care as a Team

We have formed a team-based model of care that competently fulfils the requirements and preferences of our patients. KPJ proactively interacts with our patients and simultaneously motivates all healthcare professionals to realise their full extent of their expertise and skills as well as qualifications.

### Offering round-the-clock services

Our team at the Accident and Emergency (A&E) attends to our outpatient services and care for minor as well as major illnesses, injuries and trauma at any time of the day. With round-the-clock duty calls, our highly responsive A&E team services also include a doctor available on site 24 hours a day to serve and manage emergencies.

### Serving patients at our one-stop International Patient Centre (IPC)

KPJ’s IPC is dedicated to maintaining exceptional levels of patient care by providing specialised expertise, tailored patient attention, and cutting-edge technology all in a one-stop centre. The IPC team strives to deliver outstanding care and comfort to patients throughout their entire journey, from pre-visit preparations to their stay at the centre, and even post-visits.

## PATIENT-CENTRIC CARE



### **Selecting KPJ as the preferred medical institution for surgical operations**

We receive high patient traffic from those who choose KPJ as their preferred hospital for surgeries. Our patients are at ease as they trust our highly expert and efficient surgeons to ensure smooth operations, from simple and minimally invasive procedures to more complex and exacting operations.

### **Incorporating technological advancements in our patient-centric care**

We are committed to our mandate to 'Care for Life' and in dedication to providing a secure and pleasant patient experience, we utilise suitable technological solutions to offer patient-focused and conscientious care.

### **Injecting innovation for sustainable healthcare solutions**

We have in place a roadmap to guide us in capitalising on new technological advancements and digital innovation which assists us to progress in our operations, clinical efficiencies and expedite sustainable patient experiences.

### **Providing a host of outpatient services at our Ambulatory Care Centre (ACC)**

KPJ's ACC located in the busy area of Bandar Kinrara, Puchong, provides extensive and uninterrupted primary healthcare services through a team of committed family medicine specialists, ophthalmologists, ENT physicians, and dental surgeons, all backed by certified medical officers. With our approach, KPJ is steadily advancing towards its goal of becoming the preferred specialist outpatient healthcare provider for communities in the long term.

### **Positioning KPJ as the preferred healthcare provider**

The collaboration between our experienced consultants, well-trained medical and non-medical employees enables us to offer the best diagnosis and treatment plans in our centres of which we further enhance with technological advancement, making us the preferred healthcare provider.

### **Ensuring efficiency in our ambulance services**

We ensure that our fleet of well-equipped ambulances are maintained and managed by trained personnel, so our patients can have immediate medical care whenever an emergency takes place.

# CLINICAL AND HOSPITAL OPERATIONS

→ Clinical and Hospital Operations



Ambulatory Care and Wellness

In the year under review, KPJ stepped up to serve its customers in a variety of ways, which included adding more capacity both in terms of consultants and beds, rolling out new services across the nation and strengthening our service delivery. This was despite the challenges created by the surge of COVID-19 cases in the early part of 2022 as a result of the highly transmissible Omicron variant. Following that wave, however, we have seen encouraging growth and a strong return to business as the country returned to normalcy. The resumption of full economic activities and the reopening of international borders also benefitted KPJ in the context of greater health tourism activities.

Ancillary Services

Throughout the year, we have also been aggressively implementing marketing and promotional activities at the Group level for packages for services like mental health, gastroscopy, colonoscopy and other cancer-related services. For greater visibility, we also ensured that awareness campaigns coincided with the World Health Organization's global health days, such as World Health Day, and many others.

Education

On the cost management front, the Group was not excluded from the effects of higher inflationary pressures that had a direct impact on manpower and materials cost. We initiated steps at the hospital level to revisit our pricing and cost structure and optimised our manpower and resource utilisation to contain our costs.

### Managing COVID-19 in 2022

Digitisation

Our hospital activities were impacted in the first quarter of 2022 due to the Omicron variant resulting in consultants and nurses who had to be quarantined. In some instances, some facilities had to be temporarily closed. The number of confirmed COVID-19 positive cases was 7,715 in 2022.

Nevertheless, with careful implementation of our COVID-19 standard operating procedures and aggressive recruitment efforts we were able to overcome this challenge. KPJ continued strengthening our COVID management approach to provide safe, high-quality healthcare to our patients. In adapting our service-delivery, we continued providing home nursing & physiotherapy services, and medication delivery services for our patients.

Health Tourism

In 2022, we delivered care to more than 1,700 patients with COVID-19 and provided more than 78,000 vaccine doses to help keep the community safe. Through our decanting arrangement with the Ministry of Health (MOH), we helped to reduce the backlog of non-COVID-19 cases from government hospitals by attending to 5,724 referrals across the country.

## CLINICAL AND HOSPITAL OPERATIONS

### ADDRESSING CUSTOMER NEEDS

Throughout the year, KPJ has bolstered its ability to serve customers, adding new services or enhancing existing ones and in some cases, bringing in the latest medical and diagnostics technologies to obtain better outcomes for our patients. Below is a snapshot of the advancements we have made in 2022 across our hospitals nationwide.

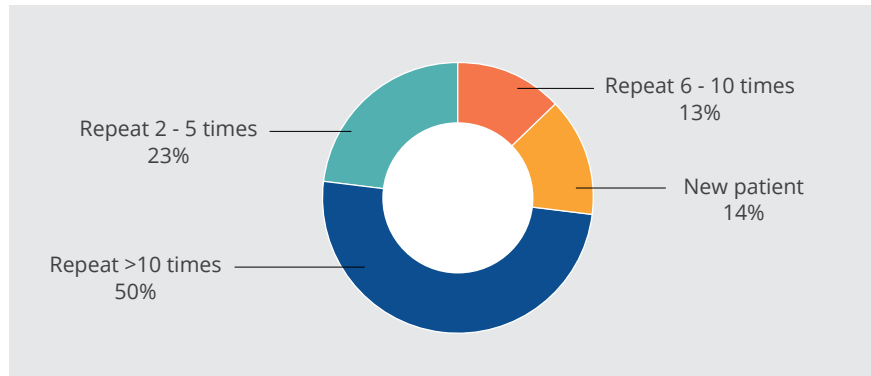
HOSPITALS	NEW SERVICES OR ENHANCEMENTS
<b>Central</b>	
Ampang Puteri	Oncology, Haematology (Cancer Centre), Cardiology services
Kajang	Increased outpatient offerings for dermatology and psychiatric services
Tawakkal	Fluoroscopy services (Interventional Radiology )
Damansara	Centre for Stroke, In-vitro Fertilisation (IVF) and Oncology services
Sentosa	Pain Management Centre
<b>Southern</b>	
Johor	IVF Centre in collaboration with Monash IVF  Nuclear Medicine services backed by a new consultant specialising in this area
Puteri	MRI 3T machine that can perform advanced diagnostics for Nerve, Brain, Prostate and Full Spine-related issues, as well as Scoliosis  CathLab services
Kluang	Occupational Health services
Maharani	Cardiology services
<b>Northern</b>	
Kedah	Orthopaedic, Cardiology, Radiology services which includes Malaysia's first installation of the MRI Amira Biomatrix machine, and upgrades to Diagnostic  Imaging capabilities by acquiring the Bone DEXA scan and Digital Mammogram
Penang	Cardiology, Dental & Maxillofacial and Ophthalmologist services
<b>East Coast &amp; East Malaysia</b>	
Pahang	Orthopedic and Neurosurgery services
Sabah	Oncology services. Also offered rehabilitation services for the Return to Work programme facilitated by SOCSO

The KPJ Group has been able to grow a strong and loyal customer base precisely because of our efforts to deliver patient-centric care and in rolling out new and enhanced services to meet the evolving needs of our customers. In 2022, 50% of the patients we received were customers that have received care and treatment in KPJ hospitals more than 10 times. Our customers have also recognised our high standards of care as we recorded a Customer Satisfaction Index of 94% and a Net Promoter Score of 91% in 2022.



# CLINICAL AND HOSPITAL OPERATIONS

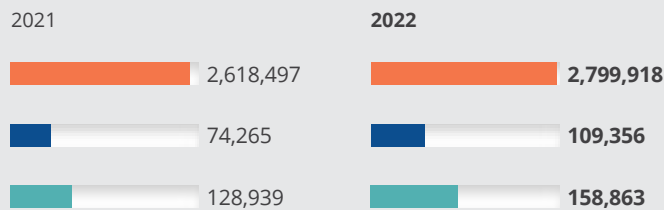
## No. of New & Repeat Patients



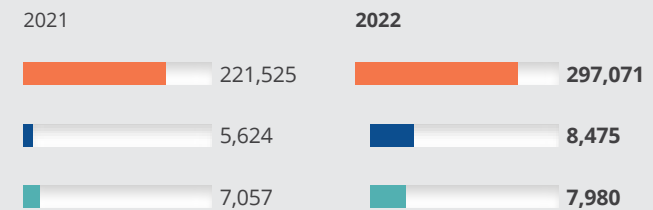
In recognition of this strong following, we have introduced a new customer loyalty programme, KPJ Platinum Plus, in December 2022 to boost loyalty and to strengthen our brand further. We also rebranded the KPJ CARES loyalty programme and conducted membership drives, in addition to offering a 10% discount on all health screening packages until December 2022 as part of our Year End Sales initiative.

## OVERALL HOSPITAL OPERATIONAL PERFORMANCE IN 2022

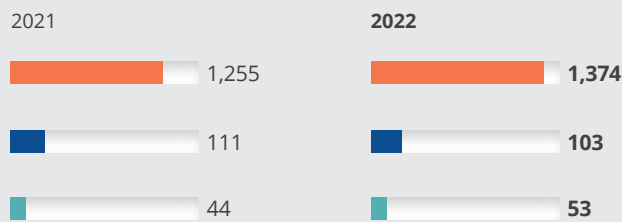
### Outpatient



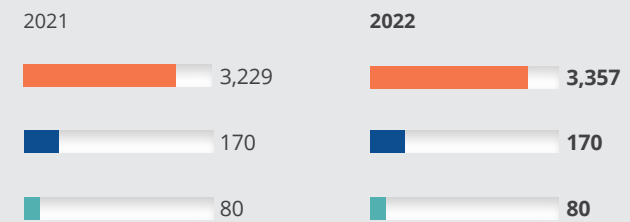
### Inpatient



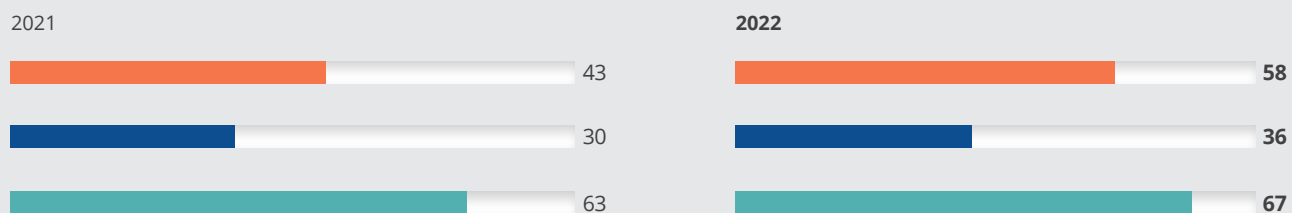
### Consultants



### No. of Licensed Ward Beds



### Bed Occupancy Rate (%)



■ Malaysia   
 ■ Indonesia   
 ■ Bangladesh

## CLINICAL AND HOSPITAL OPERATIONS

### PERFORMANCE OVERVIEW

#### Malaysia

In terms of operational numbers, there was a significant improvement compared to the preceding year as a result of the lockdown measures being dropped. Our Malaysia operations saw the number of outpatients increase by 7% from 2,618,497 in 2021 to 2,799,918 in 2022. The number of inpatients improved by 34% from 221,525 in 2021 to 297,071 in 2022, as patients returned to our hospitals after delaying non-elective procedures during the pandemic. As a result, the Bed Occupancy Rate (BOR) improved to 58% in 2022 compared to 43% in 2021. Of the total number of patients, 14% or 456,594 were new patients which contributed 19% of total revenue.

#### Increasing our Capacity & Capabilities

In 2022, our Malaysia operations added 137 new ward beds following the opening of Damansara Specialist Hospital 2 and the expansion of bed capacity in the Bandar Dato' Onn, Puteri, Batu Pahat, and Sabah hospitals. As at end 2022, we have 3,716 licensed beds which includes 3,357 operating ward beds and 359 critical beds comprising intensive care and critical care unit beds. While expanding the bed capacity, we continue to upgrade existing wards and facilities to enhance the environment for better patient care and comfort. This year, 15 beds were closed in a few matured hospitals for renovation and upgrading works.

HOSPITAL	ADDITIONAL/ NEW OPERATING WARD BED	REMARKS
Bandar Dato Onn	15	New ward open in Jan 2022
Puteri	15	New block-started operation in July 2022
Batu Pahat	17	New ward opened in Aug 2022
Sabah	30	New ward opened in Jan 2022
Damansara 2	60	Opened on 1/9/2022 with 3 ICU beds and 60 ward beds

In line with the expansion of bed capacity, we also recruited new consultants to widen the accessibility and availability of healthcare services. A total of 71 new residents and 152 sessional/visiting consultants were added to our roster of which 44 have surgical expertise and 27 are specialists in internal medicine.

### OUTLOOK & PROSPECTS

Looking ahead, we expect the positive recovery trend in the healthcare industry to continue and the KPJ Group will strive to return to pre-pandemic levels through sustained efforts in delivering excellent standards of care. In addition, we will continue to recruit more consultants with subspecialties and optimise the current composition of consultants in surgical and medical disciplines. Through this, we can expand the niche services we are able to provide with a focus on Neurology & Stroke, Oncology, Cardiology, Orthopaedic and Paediatric & Neonatology services as the catalysts for growth. The greater number of services we can provide will also mean adding more operational beds, which we plan to increase by 400 in 2023.

We are also cognisant that service levels will need to continuously be monitored and improved. Here, we will leverage on digitalisation to enhance our day-to-day operations to reimagine the patient journey and provide seamless and hassle-free experiences. Above all, our focus will be our patients and providing patient-centric care in line with our 'Care for Life' philosophy and to ensure that KPJ is always the preferred healthcare provider. With these efforts combined, we are predicting a BOR of about 62% in 2023, which will bring us back to pre-pandemic levels of business and activity.

## CLINICAL AND HOSPITAL OPERATIONS

### PATHOLOGY – LABLINK (M) SDN BHD



#### BUSINESS OVERVIEW

Lablink is a network of private laboratories that provides pathology services through its Kuala Lumpur headquarters and 31 hospital-based laboratories throughout Malaysia. Our headquarters concentrates in high-end, speciality testing and is equipped with advanced facilities including Malaysia's first private Bio-Safety Level 3 (BSL3) laboratory. We also conduct significant amounts of high-end speciality testing such as comprehensive tuberculosis diagnostics and autoimmune disease testing, as a major B2B service provider. We were able to experience positive growth in routine testing revenue by the second half of 2022 as the global pandemic began to recede and demand increased at KPJ hospitals and other healthcare facilities.

#### OPERATIONAL HIGHLIGHTS

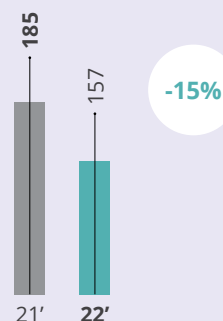
In contrast to the limitations experienced by healthcare service providers during the pandemic, the government relaxed movement restrictions, restored international travel borders and omitted the compulsory procedures through the MySejahtera tracing app by the second half of the year 2022. With the economy reopening, our monthly organic revenue in the routine testing business grew in tandem with a downward trend in PCR COVID-19 testing. Even as COVID-19 testing revenues fell, surging routine testing sales were insufficient to offset the loss of COVID-19 revenues. COVID-19 tests will still play a critical role for surveillance testing which is required to manage and control the spread of the virus. We have also focused on specialised tests with the introduction of new tests, panels and solutions to obtain third-party revenue and to cater to the increased patient traffic seen by KPJ hospitals.

#### MOVING FORWARD

The recovery in routine testing business is a welcome development given sagging COVID-19 test demand. Lablink will continue to strive and provide the best services and support all hospitals activities.

#### 2022 HIGHLIGHTS

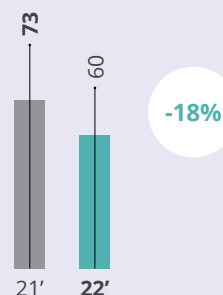
##### REVENUE (RM MIL)



##### EBITDA



##### PBT



# AMBULATORY CARE AND WELLNESS

Clinical and Hospital Operations

Ambulatory Care and Wellness



Ancillary Services

The demand for ambulatory care and wellness services has increased significantly in line with evolving consumer behaviour which sees a segment of the market preferring to visit smaller medical outposts as compared to hospitals due to time and budgetary constraints. KPJ's Ambulatory Care Centres (ACCs), which are strategically placed in semi-urban areas is able to cater to these needs by providing a range of outpatient medical services, including observation, diagnosis, consultation, treatment, intervention, and preventive healthcare.

Currently, KPJ provides the following services under the Ambulatory Care and Wellness Division:

Education

Digitalisation

Health Tourism

CENTRE	SERVICES AVAILABLE	LOCATION	
Tawakkal Health Centre	<ul style="list-style-type: none"> <li>Dental Specialist</li> <li>Haemodialysis</li> <li>Rehabilitation</li> </ul>	<ul style="list-style-type: none"> <li>Radiology</li> <li>Senior Living Care (SLC)</li> <li>Specialist Clinics,</li> </ul>	Kuala Lumpur
Ambulatory Care Centre Kinrara	<ul style="list-style-type: none"> <li>Dental Specialist</li> <li>Endoscopy</li> <li>Specialist Clinics</li> </ul>	<ul style="list-style-type: none"> <li>Radiology</li> <li>Operation Theatre</li> </ul>	Bandar Kinrara
Kuantan Care & Wellness Centre	<ul style="list-style-type: none"> <li>Assisted Living Care (ALC)</li> <li>Confinement</li> <li>Haemodialysis</li> </ul>	<ul style="list-style-type: none"> <li>Home Nursing</li> <li>Rehabilitation</li> <li>SweatSpa</li> </ul>	Kuantan
Centre for Sight (CFS)	<ul style="list-style-type: none"> <li>Eye Specialist</li> </ul>		Kuala Lumpur, Petaling Jaya, Rawang, Bandar Kinrara
Loving Care Centre	<ul style="list-style-type: none"> <li>Senior Living Care</li> </ul>		Sibu

## SERVING PATIENTS WITH CARE

In 2022, ACC Kinrara has served more than 4,400 patients and 30 referral cases to other KPJ Hospitals. These cases include primary outpatient care, dental cases and day surgeries from varieties of disciplines such as Family Medicine, Ophthalmology, Gastroenterology, Ear, Nose & Throat (ENT), Laparoscopy and Colorectal Surgery, Dental and Orthopaedic.

## AMBULATORY CARE AND WELLNESS

Our increased patient traffic proves that the community is ready and prefers a simplified healthcare setup that provides them with convenience, comfort, cost-saving measures and most importantly quality healthcare services.

### MOVING FORWARD






With the rise of insurance awareness and high-premium health plans, consumers are increasingly cost-conscious with their medical choices and prefer lower fees, improved access, better experience, and are choosing out-of-hospital medical care.

Advances in clinical approaches and technology, including new developments in medical treatment plan, as well as minimally invasive surgical procedures, have enabled numerous procedures (for example, knee replacements, tonsillectomies, etc) to migrate into the ambulatory setting.

On top of that, the rapid usage of technology such as the smart phone, its apps and accessory devices has propelled ACC facilities to become an important platform for the integration of digital interfaces in the patient journey, especially for our younger patients. In particular, our younger target audience prefer to interact with digital interfaces at healthcare providers.

As part of our effort to deliver the right care in the right place at the right time, the Ambulatory Care and Wellness division extended our reach to less-acute care sites, which is likely to multiply in the future. We are targeting to have these services all around Malaysia within the next five years.

Other than relieving the burden of hospitals in serving outpatients and day-care patients, we will also enhance KPJ's brand presence and position the institution as the centre for the community's surrounding. This will be an added advantage for the Group as we can be a platform for patient referral centres of KPJ hospitals nationwide. This five-year strategic planning involves separating the business as below with the targeted number of centres:

TYPE OF CENTRE	SERVICES AVAILABLE	TARGETED NUMBER OF CENTRE
<b>HUB</b> Integrated Centre	<ul style="list-style-type: none"> <li>• KPJ Centre For Sight</li> <li>• Rehab</li> <li>• KPJ Health &amp; Wellness</li> <li>• Dental</li> <li>• KPJ Imaging and Radiology</li> <li>• <b>Assisted Living Care</b></li> <li>• <b>Dialysis</b></li> </ul>	 <b>5</b>
<b>SATELLITE</b> Multidiscipline Centre	<ul style="list-style-type: none"> <li>• KPJ Centre For Sight</li> <li>• Rehab</li> <li>• KPJ Health &amp; Wellness</li> <li>• Dental</li> <li>• KPJ Imaging and Radiology</li> <li>• <b>Assisted Living Care</b></li> <li>• <b>Ear, Nose &amp; Throat</b></li> </ul>	 <b>5</b>
<b>STANDALONE</b> One Specialty Centre	<ul style="list-style-type: none"> <li>• KPJ Centre for Sight</li> <li>• Rehab</li> <li>• KPJ Health &amp; Wellness</li> <li>• Dental</li> <li>• KPJ Imaging and Radiology</li> <li>• <b>Oncology</b></li> </ul>	 <b>10</b>

## AMBULATORY CARE AND WELLNESS

Clinical and Hospital Operations

Ambulatory Care and Wellness

### CONFINEMENT CENTRES



#### BUSINESS OVERVIEW

KPJ's Confinement Centres in Kuantan, Pahang provides a wide range of services designed to alleviate the concerns of new mothers while catering to the needs of a diverse set of customers who require multi-disciplinary care. The centres employ a team of experienced registered nurses and midwives who are certified by the Ministry of Health (MOH). Mothers can choose from 7, 14, or 28-day service packages that offer various features such as:

- A combination of modern and traditional confinement experts;
- Special discounts at KPJ Hospitals for jaundice tests and treatment;
- Onsite blood taking for babies which eliminates the hassle of visiting the hospital;
- Flexible and compassionate pricing as we offer full refunds in the event of a miscarriage

#### 2022 HIGHLIGHTS

Mom and Baby Care Centre @ KPJ Kuantan Care and Wellness Centre

- A total of 46 mothers were served in 2022, an increase from the 36 mothers served in the preceding year;
- A breastfeeding webinar was held in conjunction with World's Breastfeeding Week. It was hosted by a Lactation Consultant and attracted more than 100 registered participants.

#### MOVING FORWARD



The Group is expecting to expand the confinement service to other cities around Malaysia to complement our chain of hospitals.

Ancillary Services

Education

Digitalisation

Health Tourism

## AMBULATORY CARE AND WELLNESS

## EYE CENTRES



## BUSINESS OVERVIEW

KPJ Pusat Pakar Mata Centre for Sight (KPJCFS) is one of the foremost eye specialist centres in the country which provides top-quality, multidisciplinary, and reasonably-priced eye care and treatment. Our team of ophthalmologists specialises in various areas such as refractive surgery (LASIK), cataracts, retinal diseases, oculoplastic surgery, as well as diagnosing and treating corneal diseases and conditions.

We possess a team of ophthalmologists which enable patients to receive higher quality care as compared to a single doctor or ophthalmologist treating the eye from front to back in a hospital setting. KPJCFS prioritises patient-centred and comprehensive care, which enables us to provide personalised treatment to patients at an affordable price.

Currently, 10% of the nation's population consists of over 65-year-olds and this is expected to increase to 14% by year 2045. Therefore, we foresee patients opting for earlier cataract surgery to maintain an active and healthy lifestyle. In addition, the increasing income levels among Malaysians have resulted in a rise of demand for intraocular lenses. With technological advancements such as multifocal lenses or regular lenses, patients now can choose lenses that are aligned with their preferences and lifestyle. KPJCFS is prepared to cater to the ongoing trends in eye health in Malaysia.

KPJCFS's competitive advantages include:

- The most affordable ReLEX SMILE;
- The full range of LASIK treatment from the high-end technology, ReLEX SMILE to the cheaper Femto LASIK alternative, the Advance Surface Ablation and value-for-money Microkeratome LASIK;
- The most senior and experienced refractive surgeons in the field;
- Reputable and experienced ophthalmologists; and
- A full range of sub-specialities

## 2022 HIGHLIGHTS

A total of 30,574 customers visited KPJCFS' eye centres in 2022, marking a 25% increase from the 24,377 customers in 2021. In 2022, KPJCFS registered net revenue of RM15.5 million; an increase of 19% as compared to the previous year. Other financial indicators also reflected an increase with EBITDA, and PBT rising by 22% and 31% respectively.

Over the course of 2022, KPJCFS undertook the following activities:

- Continued to engage in monthly social media LASIK/cataract campaigns and webinars. These included proactive online promotional campaigns and continuous education webinars to attain new customers;
- Participated in eleven roadshows and helped secure LASIK deals amounting to an estimated RM3.4 million in revenue; and
- Opened a new branch at the KPJ ACC in Bandar Kinrara, Puchong with the aim of becoming the leading eye centre in the township.

## MOVING FORWARD

With artificial intelligence (AI) on its way to replacing many medical services, KPJCFS will be using the AI grading software to improve patients' eye diagnosis and the severity of the disease. AI will improve diagnosis especially for diabetic patients, glaucoma patients, or age-related macular degeneration patients. Apart from that, technology allows the procedures performed to be minimally invasive and allows doctors to be more precise and focused.

KPJCFS also will aim to expand the network to other bigger cities throughout the country by opening more branches. This will then enable us to capture more international patients especially after our southern and northern branches are complete. Moreover, KPJCFS targets to reach out to more high calibre consultants to strengthen the sub-speciality and skills among the doctors in the group.

# AMBULATORY CARE AND WELLNESS

## SPECIALIST DENTAL SERVICES

### BUSINESS OVERVIEW

KPJ Dental Specialist Centre provides a comprehensive range of specialist dental services suitable for all family units. Our team of dental specialists consists of orthodontists, cosmetic dentists, endodontists, periodontists, maxillofacial surgeons, and children's dentists. The centre possesses modern equipment, a welcoming atmosphere, and helpful staff. Additionally, we have facilities such as an operating theatre and day ward for surgical procedures. In case of any emergency cases or significant surgical operations, we are supported by KPJ Tawakkal KL Specialist Hospital.

### MOVING FORWARD

The commitment of KPJ Dental Specialist Centre is to maintain the trust and confidence of our customers by delivering exceptional services. To achieve this goal, the centre will continually enhance its quality and professionalism through the following initiatives:

#### Short-term Focus:

- Create awareness on Cerec-CadCam Crown technology for dental services;
- Review and create dental packages;
- Penetrate new marketplaces: Bentong, Raub and Karak

#### Mid-term Focus:

- Explore new technology devices or AI products;
- Recruit specialists; and
- Expand Health Tourism activities to Indonesia and Australia

#### Long-term Focus:

- Explore new tech or AI for treatments;
- Recruit specialists; and
- Explore the possibility of relocation for expansion and better services

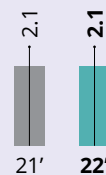
### 2022 HIGHLIGHTS

In 2022 the centre served a total of 5,149 customers as compared to 5,338 customers in 2021.

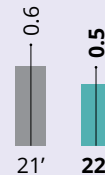
#### CUSTOMERS SERVED IN 2022

Local		Foreign	
2022	2021	2022	2021
4,737	4,929	412	409

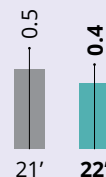
#### REVENUE (RM MIL)



#### GROSS PROFIT (RM MIL)



#### EBITDA (RM MIL)



#### PBT (RM MIL)



During the year, the Centre undertook the following activities:

- Developed dental packages and promotions on the new Cerec-CadCam Crown technology;
- Expansion to include one new dental chair;
- Collaborated with corporations and hospitals for promotions and activities; and
- Renovated a portion of the Centre to improve the ambience and environment.

KPJ Dental Specialist Centre also leveraged digital platforms to engage with stakeholders such as insurance companies, corporations, general practitioners and customers. This helped spread awareness of the centre and its services as well as ensured stakeholders kept close contact.

The centre also conducted several webinars and Facebook livestreaming sessions to create awareness of its services and well as to educate the public. These included infection control SOPs for the safety of the public who came in for treatment.



# AMBULATORY CARE AND WELLNESS

## REHABILITATION CENTRES



### BUSINESS OVERVIEW

KPJ's Rehabilitation Business operates centres situated in Kuantan, Pahang, and Kuala Lumpur. These centres provide a multidisciplinary environment for the prevention and treatment of various conditions, including musculoskeletal, neurological, paediatric, geriatric, obstetric, gynaecological, and sports injuries.

Additionally, the centres provide pre- and post-operative care and are equipped with advanced medical equipment and staffed by highly qualified personnel to effectively treat patients. The centres are also appointed as vendors of SOCSO or PERKESO's panel to treat members referred to them for work-related injuries.

We also offer a comprehensive range of rehabilitation services, including rehabilitation for neurological, amputee, paediatric and orthopaedic, speech impairment therapy, swallowing disorder autism treatment, and palliative care. We ensure that we practice a high level of professionalism and quality care towards patients. Our centres leverage innovative technology and are staffed by experienced doctors and well-trained personnel who places a touch of personalised care plans to ensure patients receive the best possible treatment.

### 2022 HIGHLIGHTS

Customers served in 2022:

	2022	2021
KPJ Damai Care and Wellness Centre (DWC)	*	3,600
KPJ Kuantan Care and Wellness Centre	4,962	4,738
KL Rehabilitation Centre	15,049	12,892

\* ceased business operations on 31 March 2022

In 2022, the Kuantan and KL centres have reached a new height whereby the Kuantan branch started its occupational and speech therapy programme while the KL branch saw a 17% increase in patient visits.

While the number of speech therapy and psychology treatments increased in 2022 at the KL Rehabilitation Centre, there was a reduction in physical rehabilitation as the work-from-home model and reduced activities in manufacturing, sports and schools resulted in a decline in cases of injuries and work-related illnesses.

	2022	2021
Rehabilitative Therapy	11,640	9,370
Speech Therapy	1,752	2,162
Psychology	7,025	6,915

## MOVING FORWARD



KPJ's rehabilitation centres will continue to provide one-on-one therapy as we believe in giving personalised experience to patients so they can overcome their physical or cognitive disabilities. All therapists are trained to help patients find the best possible way to overcome any issues with regard to physical, mental and cognitive impairment.

Moving forward, the Commercial division is targeting to open more centres throughout the nation while leveraging the hospital outpatient rehab. This will allow the hospital to be more focus on in-patient activities and the stand-alone rehab can do more on retail services especially on follow-ups, walk-ins, SOCSO cases and others.

The Centres shall continue to improve on quality and professionalism via the following initiatives:

### Short-term Focus:

- Renovation for Rehab Centre to add on three therapy cubicles;
- Review and create rehabilitation packages;
- Create a New Sensory Room
- Upgrade the facilities to improve the ambiance and environment.

### Mid-term Focus:

- Explore new technology devices;
- Include high-power laser treatment; and
- Introduce robotic treatment where applicable

### Long-term Focus:

- Explore new tech/AI for treatment;
- Commence exoskeleton NR treatment; and
- Explore the possibility of relocation for expansion and better service

# AMBULATORY CARE AND WELLNESS

## HAEMODIALYSIS CENTRES

### BUSINESS OVERVIEW

Our haemodialysis centres in Kuantan and Kuala Lumpur consists of a team of well-trained and experienced staff dedicated to meeting the needs of patients undergoing dialysis treatment. The centres hold regular patient-consultant nephrologists' assessments to determine the best approach to improve our patients' quality of life. We utilise modern haemodialysis and hemodiafiltration services, in hygienic, spacious and conducive environments. In addition, the centres also serves food and have isolation rooms for patients with Hepatitis B and Hepatitis C.

### MOVING FORWARD

Moving into 2023, the dialysis centres will focus on achieving the following objectives:

#### KPJ Kuantan Care & Wellness Centre

##### Short-term Focus:

- Focus on patients from Insurance and TPAs as well as leverage the KPJ brand and rapport with insurance companies; and
- Create more public awareness about the safe and comfortable environment that the centre offers;
- Increase panel ship & referrals;
- Strengthen relationship by implementing clients' appreciation programmes (e.g.: bouquet on birthdays)

##### Long-term Focus:

- Add more chairs to cater for the increase in demand as the current slots are almost at full capacity; and
- Extend the treatment shifts to three shifts to cater for working patients who require night dialysis;
- Attain more referrals from government hospitals and other Associations in Kuantan

#### Tawakkal Health Centre

##### Short-term Focus:

- Embark on MSQH certification to achieve clinical excellence with the objective to enhance customer service and promote excellent clinical outcome; and
- Increase awareness on social media or printing of leaflets about the centre's services

##### Mid to Long-term Focus:

- Add more chairs upon patient load reaching 90% in accordance with the facilities that are available

### 2022 HIGHLIGHTS

#### KPJ Kuantan Care and Wellness Centre (KCWC)

In 2022, a total of 9,843 patients were treated as compared to 10,145 patients in 2021. KPJ KCWC actively engages patients via digital platforms such as Facebook and Instagram Live with its specialist nurses on hand during the sessions. The centre also worked with other hospitals to obtain referrals as the facility has been recognised as one of the biggest in Kuantan, thus giving patients a better experience and comfort throughout their dialysis session.

In line with social distancing norms, the centre imposed stringent SOPs including limiting visitations. A team was on standby for COVID-19 dialysis patients who are unable to be treated during regular hours while all dialysis patients who were asymptomatic or with mild symptoms were gathered and treated at the same time. Full sanitisation was done at the end of each session.

Despite facing several setbacks, KCWC managed to maintain its income due to the resilience of its dedicated team of specialist nurses, state registered nurses and care assistants. The centre plans to add five more chairs to cater to increasing patient demand.

#### Tawakkal Health Centre

In 2022, a total of 8,239 treatments conducted as compared to 7,392 treatments in 2021.

Tawakkal Health Centre embarked on the Malaysian Safety and Quality Accreditation activities as part of the Centre's objectives to ensure safety and high-quality care are rendered to all patients. Internal auditors from Clinical Service of KPJHQ perform several audits to ensure compliance of the standards given.

The Haemodialysis Unit purchased six new Dialysis machines and upgraded five machines. The number of machines has increased from 18 to 21. A new Portable RO was purchased to improve the unit services.

Our dialysis centres also continued to equip their staff by sending them for post-basic courses to enhance their skills and knowledge with the aim of delivering on the promise of excellent customer service.

## AMBULATORY CARE AND WELLNESS

### SENIOR AND ASSISTED LIVING CARE (ALC)

#### BUSINESS OVERVIEW

We extend our Senior and Assisted Living Care services to elderly individuals who require daily support and assistance where care is provided based on positive values and delivered efficiently as well as safely in a home-like setting.

The Group operates four centres in Malaysia that are specifically designed and staffed with registered nurses as well as care assistants who are trained in aged care and these services are available 24 hours, seven days a week. Our competitive advantages lie in our centres being supported by the Group's network of 29 full-fledged hospitals, each with a wide range of specialties.

#### 2022 HIGHLIGHTS

##### Customers served in 2022:

	2022	2021
<b>JETA GARDENS - AUSTRALIA</b>		
Total no. of residents	159	169
Occupancy	89%	95%
<b>Tawakkal Health Centre</b>		
Total no. of residents	272	329
Occupancy	55%	65%
<b>Sibu Geriatric</b>		
Total no. of residents	360	320
Occupancy	100%	95%
<b>Kuantan Wellness Centre</b>		
Total no. of residents	260	258
Occupancy	100%	100%
<b>Damai Wellness Centre</b>		
Total no. of residents	-	137
Occupancy	-	34%

While we recorded a decline in occupancy rates, the respective centres continued to champion excellence in 2022 via the following activities:

- **Tawakkal Health Centre:**
  - Digital marketing which included e-advertisement. FB, IG, Mail Chimp and Google business;
  - Developed Senior Rehab packages;
  - Online talks to create awareness;
  - Collaborated with hospitals for promotions and activities; and
  - Continued to make improvements in quality and professionalism through clinical audits
- **Sibu Geriatric Centre**
  - Increased its room rates by 10% and made upward revisions to its nursing procedural fees; and
  - Produced a documentary about the centre and the services it provides in a bid to create awareness and attract more customers.
- **Kuantan Wellness Centre**
  - Laid the foundation to introduce a new ALC ward at Level 1 comprising 14 beds to accommodate demand from the public;
  - Laid the foundations to offer new attractive packages for ALC, Confinement and Rehab to the public; and
  - Improved rapport with consultants at all public and private hospital in Kuantan and surrounding area such as Kemaman and Temerloh for more referrals, physiotherapy and occupational therapy (e.g.: weekly chairobic, colouring activities, cupcakes decoration) for ALC activities as a routine

#### MOVING FORWARD

There will be greater demand for aged care facilities in the country as Malaysia is forecasted to become an ageing population by 2030 where people aged 60 years and above will comprise more than 15% of our total population. As such, more insights and new ideas will be needed to improve palliative, elderly, and dementia care delivery in Malaysia with high-quality care for the elderly.

Moving forward, the centres will embark on various initiatives to ensure that KPJ continues to deliver excellence to its customers within this health segment:

##### Tawakkal Health Centre

- Continue to uphold its commitment to constantly upgrade its staff by sending them for post-basic courses to enhance their skills and knowledge. These courses will encompass professional services including gerontology certificates for registered nurses;
- Focus its efforts on implementing the following initiatives to enhance its clinical services and to ensure the patient experience remains pleasant;
  - In the short term, the centre will offer special packages for residents and promote services through digital marketing. At the same time, it will explore innovative products and services for residents to obtain superior patient outcomes; and

- Over the mid to long term, the centre will add more beds when the resident load is full in accordance with the facilities that it has and will also consider relocation

##### Sibu Geriatric Centre

- Focus on delivering quality nursing care to the residents of the centre;
- Constant communication and updates to the family members of the centre's residents
- To run meaningful engaging activities as value-added, in order to improve the residents' quality of life;
- Implement more cost savings and cost control initiatives;
- Organise more staff training and retention incentives; and
- Organise for the relocation to a new site

##### Kuantan Wellness Centre

- Focus more on step down care and stroke cases;
- Create more awareness among consultants and doctors in private and public hospitals that their patients are better off being cared for at the centre rather than if they were to stay at home. This is especially true for cases that require further attention after being discharged from the hospital.

# ANCILLARY SERVICE

Clinical and Hospital Operations

Ambulatory Care and Wellness


**Ancillary Services**

Education

Digitalisation

Health Tourism



**The Group's Ancillary Services division comprises a diverse array of businesses that caters to the requirements of the Group's hospitals. Apart from complementing KPJ's network of hospitals, the Ancillary Services arm also provides a way to diversify from a single source of revenue and enables us to widen our offerings to our patients.**

## RECOVERING FROM THE PANDEMIC

As the pandemic subsided and patients physically returned to our care in hospitals, we witnessed a surge in the need for our ancillary services which in turn, spurred positive performance. Our central procurement and retail pharmacies were able to get back on track due to steady demand for supplies. Our retail pharmacies are also more present in the marketplace as we raised our visibility on online promotional platforms via digital marketing campaigns. The consultancy business was able to complete projects with the removal of movement restrictions while the catering arm expanded to 13 outlets. However, our laundry business continued to experience a setback due to the Russia-Ukraine conflict that increased operating costs and caused fluctuating oil prices. Overall, the improvement in business activity in the majority of our business units contributed to an increase in our revenue, EBITDA and PBT in year 2022.

## ANCILLARY SERVICE

## TECHNICAL CONSULTANCY

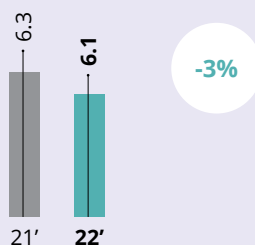
## BUSINESS OVERVIEW

Healthcare Technical Services Sdn Bhd (HTS) is a consultancy specialising in business solutions to hospitals with areas of expertise including hospital planning and design, project management, asset management, and energy management which are provided on a project basis. HTS is backed by a team of highly skilled professionals who possess certified technical backgrounds in various fields, such as architecture, mechanical, electrical, civil, and structural engineering, quantity surveying, and biomedical fronts. Additionally, the HTS team includes energy managers and green building facilitators.

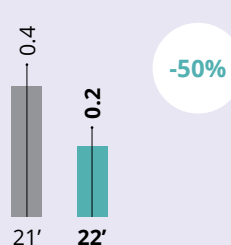
HTS' extensive experience, in-depth knowledge of regulatory requirements and up-to-date quality standards enable us to cater to the healthcare needs of hospitals, including major teaching establishments. With its rapid growth and leading position in healthcare consultancy services in Malaysia, the company has successfully completed projects locally and internationally including Thailand, Indonesia, Laos, Bangladesh, Papua New Guinea, Saudi Arabia, and Poland.

## 2022 HIGHLIGHTS

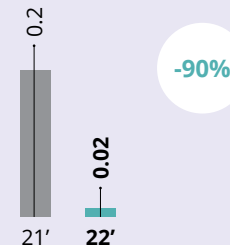
## REVENUE (RM MIL)



## EBITDA (RM MIL)



## PBT (RM MIL)



HTS's key achievements in 2022 included:

- Successfully completed several projects including KPJ DSH 2, KPJ Puteri New Building, KPJ Penang New Building, KPJ Perdana, and KPJ Eye Centre Rawang renovation;
- Implemented energy-saving initiatives which contributed to reducing 1,596,200 kg of CO<sub>2</sub> for KPJ hospitals;
- Effectively managed operational costs by reducing travel and medical expenses

These were among the major challenges HTS faced in 2022:

- Identification of a credible contractor to perform hospital construction (complex building);
- Consolidation of the technical consultancy under JCorp may lead to a potential loss of revenue;
- Slow demand for Green Building certification from developers;
- Manpower shortage issue in the construction industry which affect the progress of construction works; and
- Deferments of project execution by external clients

## MOVING FORWARD

Moving forward, HTS aims to increase the efficiency of its operations by undertaking the following:

- Acquire new and efficient equipment;
- Embark on Building Information Modeling to minimise construction issues;
- Roll out more standardised processes;
- Centralise data storage;
- Upskill staff via training activities; and
- Reorganise the existing staff to help grow the business in other departments while increasing operational efficiency

# ANCILLARY SERVICE

Clinical and Hospital Operations

Ambulatory Care and Wellness

Ancillary Services

Education

Digitalisation

Health Tourism

## HOSPITAL CATERING

### BUSINESS OVERVIEW

Total Meal Solutions (TMS) was established in 2016 to be the preferred meal provider of comprehensive in-patient meal services to hospitals primarily in the private sector. As the food services arm of the Group, we specialise in producing meals using the cook chill and cook freeze technology which ensures sustainable supplies of nutritious meals to patients at all times without affecting food taste and flavours.

Our menus are carefully curated by a team of experienced chefs and qualified dietitians, complies with statutory acts and stringent food safety requirements as well as meeting the needs of our patients' diets. We are halal certified and adhere to all certification related to the healthcare sector including Malaysian Society for Quality in Health (MSQH), Joint Commission International (JCI), and various other audits. We are also on track to complete our HACCP certification process by 2023.

In 2022, we have grown our business capacity to 13 outlets from our original three outlets.

### 2022 HIGHLIGHTS

In the year under review, TMS recorded:

- Revenue of RM13.9 mil, a 64% improvement in revenue in comparison to year 2021 and 100% improvement in EBITDA, which is the direct result of the substantial increase in inpatient volume activities due to the organic growth in the majority of outlets and additional two new outlets and one cafeteria;
- The EBITDA margin for TMS in the year 2022 is 11% which is relatively good for the industry;
- PBT increased by 1,291% in comparison to the year 2021;
- Effectively and efficiently monitored material management as well as manpower arrangement;
- Implementation of enhancement to improve margins via inpatient price package revision;
- Despite rigorous efforts in material cost management, the material cost margin experienced a slight increase from 36% to 39%. This is mainly due to inflation which causes the upward movement in the average prices of general goods and commodities

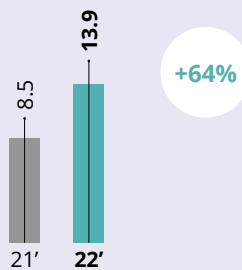
**Recognition: SME Awards 2022 – Malaysia's Fast-Moving Companies.**



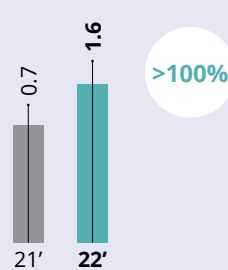
TMS innovates to overcome challenges in in-patient meal services and keeps the momentum forward by understanding and analysing customer pain points by providing continual improvement in its processes.

TMS strongly believes that determination, continual improvement efforts, and achievements qualified the company to be a winner of the SME Awards 2022 - Malaysia's Fast-Moving Companies

#### REVENUE (RM MIL)



#### EBITDA (RM MIL)



### MOVING FORWARD

With our expansion of 13 outlets, we will continue to concentrate on managing escalating cost expenses, especially with the global events that are impacting materials costs. While we tighten our control mechanisms, we will periodically review our staff costs and pricing strategy. We are also continuing our long-term focus of expanding our retail business through OEM relationships with other industry players and look forward to collaborations with businesses as a supplier or producer.

# ANCILLARY SERVICE

## HOSPITAL LAUNDRY



### BUSINESS OVERVIEW

As a one-stop laundry centre, Fabricare Laundry Sdn Bhd (FLSB) offers wet washing, dry cleaning, and linen rental services exclusively to KPJ hospitals located in southern Malaysia. In addition, FLSB also extends its laundry services to non-KPJ clients, such as other private hospitals and fine-dining restaurants around Johor Bahru. FLSB is dedicated to delivering high-quality services and adheres to the MSQH Hospital Accreditation standards. Furthermore, the company has recently adopted the World Health Organization's (WHO) guidelines on linen handling for COVID-19 patients to ensure the safety and health of its clients.

### MOVING FORWARD



FLSB will focus on these objectives:

#### Short-term Focus:

- To increase factory capacity and also the utilisation rate to 80%
- To secure all KPJ hospitals customers in the Southern Region through linen rental services
- Offer laundry services to hotels and 'Non-Customers' segment i.e. household and factory workers

#### Mid-term Focus:

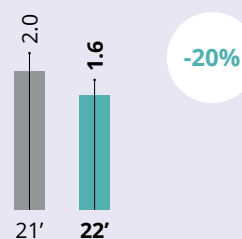
- To strengthen the Human Resource supply by recruiting qualified and experienced candidates to expand its wings to the central, northern and east coast regions of peninsular Malaysia to offer linen rental services to KPJ Hospitals
- Establish strategic alliance with industry players on the synergy of offering the services to other customers

#### Long-term Focus:

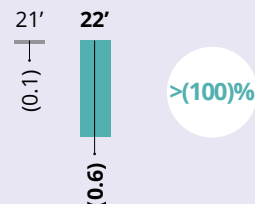
- Establishment of mid-term strategy is crucial as the company plan to venture into government segment by offering Linen and Laundry Services (LLS) to southern region government hospitals

### 2022 HIGHLIGHTS

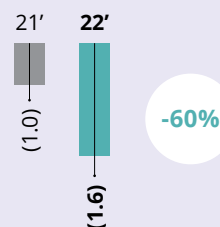
#### REVENUE (RM MIL)



#### EBITDA (RM MIL)



#### PBT (RM MIL)



2022 is the first year FLSB operated in a new factory in Kempas, Johor Bahru. Restoration work has been carried out to ensure production capacity reaches the target of ten tons per day and a total of RM900,000 was spent for this purpose. The Russia-Ukraine conflict had a big impact on the company where the increase in oil prices rose by almost 120% from pre-pandemic levels. This has a direct impact on the company's operating costs including costs related to oil such as diesel for boiler, plastics and others.

The Malaysia-Singapore border has been reopened resulting in the migration of Malaysian workers to Singapore which offers job opportunities with attractive salaries resulting in difficulties in finding operational workers in Johor. The Government's actions in implementing an increase in the minimum wage to RM1,500 in May and at the same time restricting the entry of foreign workers further exacerbated the labour supply issue.

## ANCILLARY SERVICE

Clinical and Hospital Operations

Ambulatory Care and Wellness

Ancillary Services

Education

Digitalisation

Health Tourism

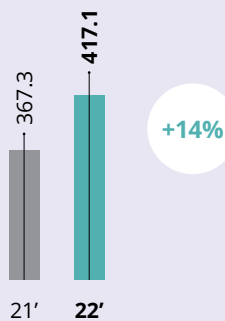
### WHOLESALE AND DISTRIBUTION OF PHARMACEUTICAL AND MEDICAL PRODUCTS

#### BUSINESS OVERVIEW

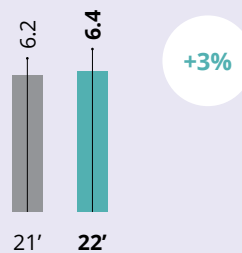
Pharmaserv Alliances Sdn Bhd (PASB) is the central procurement arm for the KPJ Group of Hospitals and Companies, located in the Subang Hi-Tech Industrial Park in Shah Alam, Selangor and Johor Bahru. The primary objective of PASB is to provide pharmaceuticals and medical devices to the KPJ Group at the most competitive prices and with the most efficient delivery possible. PASB offers various facilities and services, such as cold chain supplies, logistics, and warehouses, to meet the demands of the Group. We are strategically within close proximity of major infrastructures, including third-party logistics, major highways, and main suppliers which allows for the efficient delivery of orders. This allows PASB's order fulfillment goals to exceed 98% for hospitals in Klang Valley and outside the Klang Valley within 24 hours and 48 hours, respectively.

#### 2022 HIGHLIGHTS

##### REVENUE (RM MIL)



##### EBITDA (RM MIL)



##### PBT (RM MIL)



In 2022, PASB recorded RM417.1 million in revenue, an increase of 14% compared to 2021, attributed to the increase in hospital activities. The PBT was RM5.9 million, up by 7% as the company continued to optimise resources, lower operational costs from cost-savings initiatives, and a lower finance cost.

PASB recorded more than RM35.0 million in cost savings through its tenders and contract pricing with key suppliers in 2022. Through its centralised logistics and inventory management framework, PASB has successfully reduced the inventory of the KPJ Group which is a huge savings in terms of inventory costs and space.

We are committed to comply with the requirements of the ISO standards and continues to improve and review its policy and process flow. Apart from that, the Good Distribution Practice Section, the Center for Compliance and Quality Control, of National Pharmaceutical Regulatory Agency (NPRA), has listed PASB in its "Cold Chain Facilities List" that had obtained compliance status on October 28, 2021.

In year 2022, the company had installed new servers and migrated to the KPJ Managed Private Cloud (MPC) to further strengthen its IT infrastructure and system efficiency.

#### MOVING FORWARD

PASB shall continue to support KPJ Group's demand and ensuring stable supplies even when global demand and supplies are unpredictable and inconsistent. PASB will also expand its business by focusing on non-KPJ trade with a target of RM9 million in additional revenue for 2023.

The company will continue to focus on improving operational efficiency by upgrading its IT infrastructure, implementing cost-saving initiatives, and strengthening the customer-supplier relationship for a positive impact on its service enabling PASB to deliver high-quality and cost-effective products to its customers.



## ANCILLARY SERVICE

### RETAIL PHARMACIES

#### BUSINESS OVERVIEW

The Group's subsidiary, KPJ Healthshoppe Sdn Bhd operates as our retail healthcare business, carrying the KPJ Healthshoppe brand in KPJ Hospitals and the Jx Pharmacy brand in the community setting. In having access to the KPJ Group's resources and synergies, we benefit in terms of product referrals from specialists, collaboration on marketing activities, and better pricing through the Group's central procurement arm which in turn, gives us a competitive edge in the market.

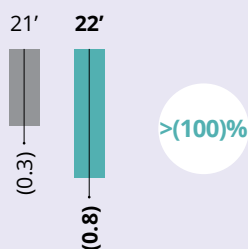
Apart from leveraging on the Group's strong brand and financial support, the healthcare outlets also collaborate closely with KPJ Hospital professionals and management. They engage in a series of meetings and collaborative efforts to ensure the delivery of high-quality healthcare services to their customers.

#### 2022 HIGHLIGHTS

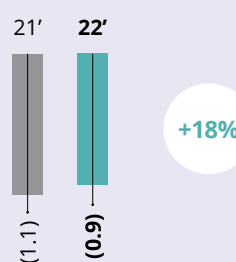
##### REVENUE (RM MIL)



##### EBITDA (RM MIL)



##### PBT (RM MIL)



In 2022, our outlets expanded its reach to consumers via multiple marketplace ventures such as Foodpanda, GrabMart & Shopee as well as online platforms like RxClick for medication-based products. Besides that, we enhanced our delivery services by engaging with DHL & Grab Express for same day deliveries to our clients.

We also executed aggressive digital marketing campaigns all year long via multiple inhouse digital mediums as well as social media platforms such as Facebook and Instagram. We conducted health talks via Facebook Live & IG Live with vendors. Our notable collaboration of the year was with Christy Ng where we produced three exclusive Limited-Edition Bags namely weekender, overnighter & crossbody which was officially launch as the Maternity Gift for KPJ's Merdeka Maternity Campaign.

All these concerted efforts brought in the highest revenue to date for the company of RM4.9 million, of which 15.3% came from online and marketplace sales. The increase in the year's sales was also attributed to numerous field activities and health screening events conducted by our pharmacists.

As testament to the value that our healthcare outlets offer, transactions increased by 20.3% in 2022 versus 2021. This increase occurred despite customers' sensitivities about pricing and value which remain significant factors as consumers become more frugal with their spending.

Finally, we look forward to expanding our horizons and to expand our physical presence in multiple locations which includes the soon-to-be launched store at the KPJ Damansara Specialist Hospital 2.

#### MOVING FORWARD

Demographics and consumer preferences are rapidly changing and poses a significant challenge in keeping up with customer demands. As consumers are increasingly demanding personalisation, creative collaboration across the supply chain is inevitable. To this end, the Group's retail healthcare business is looking to broaden their product offerings, product collaborations and private label. They will also place emphasis on a concerted membership drive as well as email marketing tools.

## ANCILLARY SERVICE

Clinical and Hospital Operations

Ambulatory Care and Wellness

Ancillary Services

Education

Digitalisation

Health Tourism

### CENTRALISED STERILISATION SERVICE



#### BUSINESS OVERVIEW

Sterile Services Sdn Bhd (SSSB) is the only provider in Malaysia offering centralised sterilisation services for surgical instruments to public and private hospitals in the Klang Valley. Located in Rawang, SSSB's efficient and consistent sterilisation services is in compliance with the international quality standards.

SSSB's outsourced services assists in eliminating costs for hospitals in operating their own sterialisation facilities, giving them the peace of mind to focus on their core competencies. SSSB is also able to supply supplementary, single use instrument and loaner sets from vendors.

#### 2022 HIGHLIGHTS

##### Profit and Loss Analysis as at 31<sup>st</sup> December 2022

##### Financial Performance

	DEC 2022 (RM MIL)	DEC 2021 (RM MIL)	VAR (%)
Revenue	4.2	4.0	4%
Gross Profit	2.6	2.3	11%
EBITDA	1.8	1.5	20%
EBIT	1.1	0.8	37%
PBT	0.4	0.02	1,820%
GP Margin	62%	58%	4%
EBITDA Margin	42%	36%	6%
EBIT Margin	26%	20%	6%
PBT Margin	10%	1%	9%

## ANCILLARY SERVICE

## 2022 HIGHLIGHTS

## Progress Report - No. of Sterilised Sets by Hospitals

HOSPITAL	YTD DEC 2022	YTD DEC 2021	VARIANCE %
KPJ Damansara	10,632	10,273	3%
KPJ Rawang	7,770	7,726	1%
KPJ Kajang	6,051	4,222	43%
KPJ Tawakkal KL	5,721	5,737	0%
KPJ Selangor	4,565	3,659	25%
KPJ Klang	4,052	4,182	(3%)
KPJ Ampang	741	716	3%
KPJ Sentosa	95	0	0%
KPJ ACC	38	15	153%
KPJ Damansara 2	12	0	0%
<b>Sub-Total KPJ</b>	<b>39,677</b>	<b>36,530</b>	<b>9%</b>
<b>UiTM Sg Buloh</b>	<b>1,226</b>	<b>1,840</b>	<b>(33%)</b>
<b>Others</b>	<b>545</b>	<b>289</b>	<b>89%</b>
<b>Sub-Total Non-KPJ</b>	<b>1,771</b>	<b>2,129</b>	<b>(17%)</b>
<b>Total</b>	<b>41,448</b>	<b>38,659</b>	<b>7%</b>

We put in place stringent sterilisation practices by ensuring that our operators competently adhere to proper processes. These processes covers cleaning and wrapping of instruments, loading and operating the steriliser and monitoring the entirely process accurately.

With the returning patient traffic into hospitals and the endemic stage, we continue to strictly implement our operating procedures for disease controls. Therefore, we have experienced zero surgical site infections as reported by respective hospitals.

SSSB upholds the quality of our services by efficiently delivering products and maintaing the standards despite the increasing costs of production.

## MOVING FORWARD



We will be focusing on the following strategies to increase operational efficiencies:

- Short-term**  
 Invest in employee training courses; employee-centered programmes that emphasise self-awareness, effective communication, clear alignment to company objectives and quantifiable business outcomes.
- Mid-term**  
 Increase the total income of the company by 10% over the next two years. Reduce production expenses by 5% over the next three years. Increase overall brand awareness.
- Long-term**  
 Move towards our goal of positioning the organisation as the leader and expert in decontamination and sterilisation processes in Malaysia. We will incorporate technology and digital advancements in our operations and emphasise on our people to achieve higher profitability and return on investments.

# EDUCATION

## EDUCATION – KPJ HEALTHCARE UNIVERSITY COLLEGE



### BUSINESS OVERVIEW

Since its inception 32 years ago, KPJ Healthcare University College or KPJUC has grown from strength to strength and today offers a variety of home-grown programmes from Bachelor degrees to Master and PhD programmes. In 2013, KPJUC began enrolling postgraduate students into its PhD, Master of Nursing, Master of Pharmacy, Master of Pharmaceutical Technology and Master of Physiotherapy courses. In 2019, KPJUC produced its first batch of PhD in Nursing graduates. Today, KPJUC offers a total of 40 academic programmes.

KPJUC is the only private higher education institution in Malaysia that has been given the privilege of offering Postgraduate Medical Specialist programmes. Apart from the Master of Otorhinolaryngology - Head and Neck Surgery (ORL), the KPJUC Graduate School of Medicine (GSOM) also offers programmes such as the Master of Radiology, Master of General Surgery and Master of Orthopaedic programmes. The first batch of ORL graduates was produced in 2017 followed by graduates of the Master of Radiology in 2019. The GSOM also has also acquired full accreditation of two more specialist programmes in 2022 - the Master in Ortopaedic and Master in General Surgery.

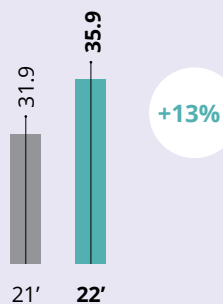
In providing clinical training for its students, KPJUC has the support of diverse KPJ consultants and healthcare professionals from the Group's 29 specialist hospitals. This enables KPJUC to produce high-quality healthcare professionals for the country. Besides KPJUC, the Group owns KPJ International College (KPJIC) Johor Baru and KPJ International College Penang. It also owns another company – KPJ Education (M) Sdn Bhd – which in turn owns a hospitality college in Johor Bahru.

In 2022, there were 1,883 students enrolled in KPJUC Nilai, 582 students in KPJIC JB and 242 students in KPJIC Penang. This marked an overall increase of 3% in the student population compared to 2021.

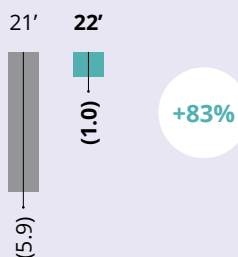
## EDUCATION

### 2022 HIGHLIGHTS

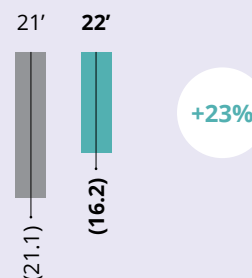
#### REVENUE (RM MIL)



#### EBITDA (RM MIL)



#### PBT (RM MIL)



#### KEY MILESTONES

- Achieved full accreditation of five programmes comprising the Master in Orthopaedic, Master in General Surgery, Master in Business Administration (MBA in Healthcare Management), Bachelor in Healthcare Management and a Diploma in Healthcare Management
- KPJUC participated in the Malaysia Research Assessment Instrument (e-MyRA) for the first time and received a 1-star rating (out of 6 stars)
- Allocated a total of RM1.72 million for scholarships
- Sponsored 79 staff and students to pursue the Post-Basic Nursing Programme.
- Published 48 research papers and presented 31 of these papers at conferences and workshops
- Forged new collaborations with both local and international institutions to expand our contributions to research

### MOVING FORWARD

As an institution of higher learning, KPJUC is committed to ensuring long-term, sustainable business growth. As such, it has set a series of objectives that are aimed at securing and strengthening the viability of the school for both the short and long term. We are also looking forward to receiving approval to becoming a full-fledged university by 2023.

In the short term, KPJUC has rolled out two programmes - Micro Credentialing and Online Distance Learning (ODL) as part of its programme diversification to cater to the needs of adult learning. The micro credentialing courses will enable working healthcare professionals to enrol in selected modules as part of their annual Continued Professional Development training. They will be able to accumulate credit hours from the training if they opt later to pursue degree programmes offered by KPJUC or other institutions. The ODL programme will give flexibility to healthcare professionals to cater to their busy schedule. A total of six courses are planned to be offered in 2023.

As part of its long term strategy, KPJUC will be introducing a host of new programmes in 2023. Among the programmes in the pipeline include Master in Health Sciences, Bachelor in Business Administration, Foundation in Management and Post Basic in Trauma /Emergency Nursing. One of our recently approved courses, the Master in Anaesthesiology will commence its first intake in June 2023.

# DIGITALISATION

Clinical and Hospital Operations

Ambulatory Care and Wellness

Ancillary Services

Education


**Digitalisation**

Health Tourism

## DIGITALISATION



In order to keep pace with the accelerated adoption of digital technology, the KPJ Group has developed a Digital Transformation Plan. Our plan prioritises the reimagining of the customer journey by providing accessible, seamless, end-to-end solutions and services through technological innovation. Through the implementation of digital advancements, we aim to enhance operational efficiency, offer state-of-the-art healthcare services and facilities, and deliver better patient experiences. This approach reinforces our position as a next-generation healthcare provider and ensures that the Group's capabilities and offerings are future-proofed.

Some the things we must do to make our plan work includes becoming a data-driven organisation, with a focus on improving the overall patient experience. We recognise that there is a need to improve data quality and synchronisation across all our hospitals to enhance informed decision-making. Thus, we will set out to implement a Clinical Intelligence system that will integrate knowledge sharing for up-to-date diagnostics and medical advice from doctors, further enhancing patient engagement with healthcare services providers.

To make the patient experience more seamless, we will continue emphasising our patient-centric approach and leverage omnichannel and IoT devices that also reduces administrative burdens. This would enable the collection and analysis of connected health metrics and patient information, leading to improved patient care. Additionally, we will focus on integrating core hospital operations to create connected hospitals, with complete and accessible patient information across all hospitals.

Through this transformative journey, the KPJ Group will be reinforcing its commitment to delivering exceptional patient experiences while also ensuring that our hospitals are fully equipped to handle the demands of the future.

### Progress In 2022

In the year under review, we have successfully implemented the new Hospital Information System (nHIS) at our newly launched Damansara Specialist Hospital 2. This system encapsulates our data-driven approach, utilising analytics and insights driven by a machine learning engine to help deliver better patient outcomes.

## DIGITALISATION



## MOVING FORWARD



As we remain focused on the overall digital transformation plan, in 2023 we also plan to launch the KPJ Mobile app and enhance our IT and security infrastructure. The KPJ Mobile app will provide patient-centered therapy, tailored experiences, and information exchange, improving engagement between physicians and patients without the need to visit hospitals. Patients can access and monitor their medical data and medication information, leading to upselling and cross-selling opportunities for KPJ Group. The expansion of the virtual health approach will be further bolstered by the use of omnichannel and IoT devices to streamline the patient journey.

In preparation for the future, we have also set out to establish a resilient IT infrastructure and become cyber ready. The focus in 2023 will centre on foundational activities such as cyber awareness and better security and recovery infrastructure. To this end, we plan to implement ISO 27001 and network access control (NAC) measures to ensure that our systems and data remain secure. We also plan to replace our firewalls with the SDWAN-NGF system to provide better protection against cyber threats.

In addition, to enhance project management and collaboration, the organisation plans to use Asana, which would provide project dashboard visibility and enable better coordination among team members. Additionally, the implementation of Device as a Service (DaaS), would ensure that all devices used by employees are up-to-date and compliant with the organisation's IT policies. Finally, KPJ recognises the importance of having a robust backup and disaster recovery system in place, which is why we will be adopting the Backup and Disaster Recovery as a Service (BaaS).

# HEALTH TOURISM

Clinical and Hospital Operations

The year 2022 marked the start of the health tourism industry’s recovery, with all borders reopening to foreign tourists on 1st April 2022, following a two-year border closure due to COVID-19. As a first step towards reopening the border in April, the Malaysian government developed a minimum SOP for all health travellers, including a shorter quarantine period and the requirement of a COVID-19 test for all travellers prior to arrival.

In May, Malaysia followed in the footsteps of several neighbouring countries, such as Singapore and Thailand, by abolishing quarantine and COVID-19 tests, in addition to an increase in international flights, which indirectly contributed to demand for health tourism in Malaysia.

As a result, KPJ’s health tourism revenue grew by 63% to RM134 million (2021: RM82 million), with patient visits increasing by 14% to 137,926 (2021: 121,084 visits). Several measures have been implemented to ensure the sustained flow of health tourists throughout the year, including the re-appointment of referral agents, strategic partnerships, physical activities in several countries, and support from digital marketing.

KPJ also maintained its focus on the foreign expatriate market in 2022 by approaching additional embassies, chambers, expatriate clubs/associations, and international students. By focusing on this market, we continue to generate positive revenue growth of 17% to RM79.8 million (2021: RM68.4 million).

This fiscal year has seen an increase in health tourism from some of our neighbouring and target countries, including Indonesia, Indo-China, Singapore, Indian Subcontinent, the Middle East and North Africa (MENA). This is because the number of international flights from other countries to Malaysia has increased.

Ambulatory Care and Wellness

Ancillary Services

Education

Digitalisation

Health Tourism

## OUTLOOK



Looking ahead, we remain optimistic about the health tourism sector, with the opening of Damansara Specialist Hospital 2 as one of the health tourism attractions. In addition to focusing on the existing market, developed countries such as Australia and New Zealand which has demand for cosmetic surgery such as bariatric, dental, and aesthetic services, have the potential to be explored in 2023. In addition, our ability to provide fertility services is also a main draw for countries such as Singapore, China, and Japan.

The following initiatives have taken place to ensure that our services are competitive with those of other international healthcare providers:

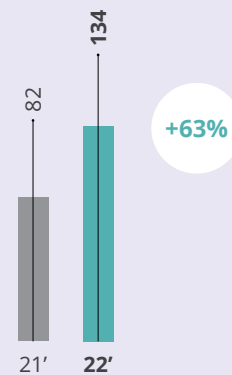
- Improving our International Patient Experience Infrastructure;
- Exploring and developing potential international strategic partners for company sustainability;
- Improving cashless service through increased collaboration with international insurance and TPAs.

Revenue growth of

**63%**

**RM134 million**

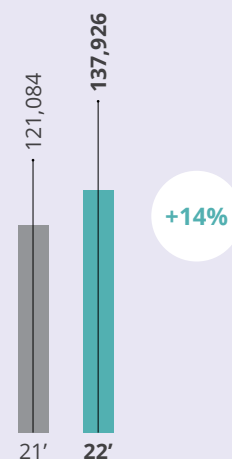
(2021: RM82 million)



**14%** increase

in patients to **137,926**

(2021: 121,084 visits).





# CORPORATE INFORMATION

## REGISTERED OFFICE

### KPJ Healthcare Berhad

Registration No. 199201015575  
(247079-M)  
Level 13, Menara KPJ  
238, Jalan Tun Razak  
50400 Kuala Lumpur  
Wilayah Persekutuan, Malaysia

T (603) 2681 6222  
F (603) 2681 6888

## CORPORATE OFFICE

### KPJ Healthcare Berhad

Level 12, Menara KPJ  
238, Jalan Tun Razak  
50400 Kuala Lumpur  
Wilayah Persekutuan, Malaysia

T (603) 2681 6222  
F (603) 2681 6888  
E kpj@kpjhealth.com.my

## PRINCIPAL BANKERS

### Maybank Islamic Berhad

Menara Maybank  
100, Jalan Tun Perak  
50050 Kuala Lumpur, Malaysia

### HSBC Amanah Malaysia Berhad

No. 2, Leboh Ampang  
50100 Kuala Lumpur, Malaysia

## REGISTRAR

### Larkin Sentral Property Berhad

Lot S8, Podium 1, Menara Ansar  
65, Jalan Trus  
80000 Johor Bahru, Johor  
Malaysia

T (607) 297 2521  
F (607) 223 3275

## AUDITOR

### Ernst & Young PLT

Level 23A, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
50490 Kuala Lumpur, Malaysia

## STOCK EXCHANGE LISTING

Listed on the Main Market of  
Bursa Malaysia Securities Berhad  
Listing Date : 29 November 1994  
Stock Name : KPJ  
Stock Code : 5878

## COMPANY SECRETARY

Hana Binti Ab Rahim @ Ali  
(MAICSA 7064336)  
(SSM Practising Certificate  
202008003378)

# COMPANY SECRETARY



## HANA BINTI AB RAHIM @ ALI

Company Secretary



**NATIONALITY**  
Malaysian



**AGE**  
56



**GENDER**  
Female



**DATE OF APPOINTMENT**  
1 February 2013

## ACADEMIC/PROFESSIONAL QUALIFICATIONS/MEMBERSHIP(S):

- Chartered Secretary of The Institute of Chartered Secretaries and Administrators (ICSA), now known as The Chartered Governance Institute, UK
- Associate of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA)
- Bachelor of Science in Economics, Oregon State University, USA
- Associate of General Studies, Mara Institute of Technology/Midwest University Consortium of International Activities, Shah Alam, Selangor in collaboration with Indiana University, USA

## PRESENT APPOINTMENT(S)/ DIRECTORSHIP(S):

### LISTED ENTITY:

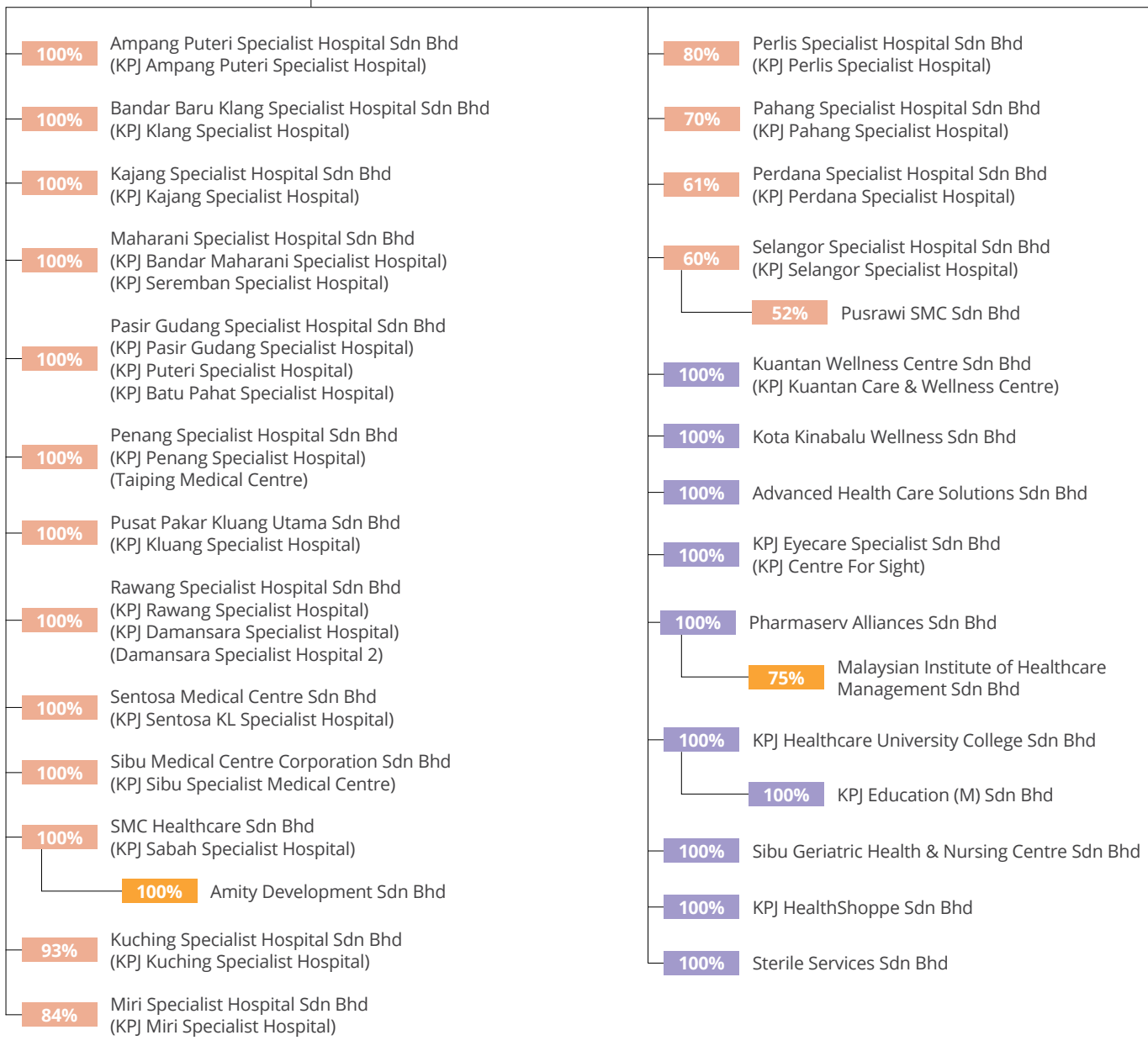
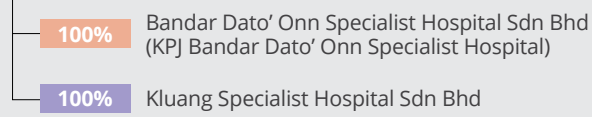
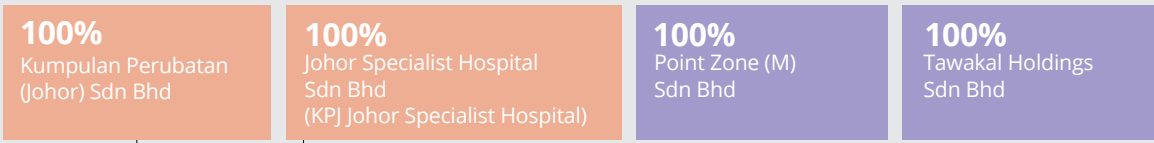
- KPJ Healthcare Berhad**
- Manager, Company Secretarial Services

## PAST DIRECTORSHIP(S) AND/OR APPOINTMENT(S):

### Johor Corporation

- Manager, Company Secretarial Services
- Bank Kerjasama Rakyat (Malaysia) Berhad**
- Executive

# CORPORATE STRUCTURE



# CORPORATE STRUCTURE

<b>100%</b> Ipoh Specialist Hospital Sdn Bhd (KPJ Ipoh Specialist Hospital)	<b>100%</b> Pusat Pakar Tawakkal Sdn Bhd (KPJ Tawakkal KL Specialist Hospital)	<b>100%</b> Puteri Specialist Hospital (Johor) Sdn Bhd	<b>40%</b> Al-Aqar Healthcare REIT
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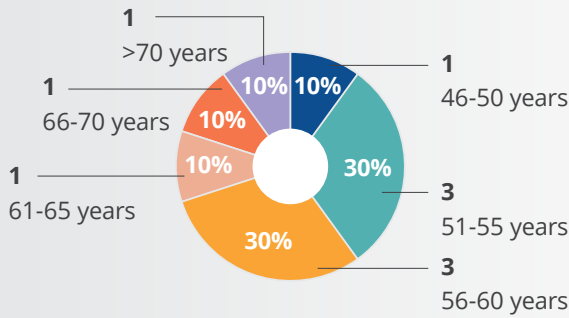
**100%** Sri Manjung Specialist Centre Sdn Bhd  
 (KPJ Sri Manjung Specialist Hospital)

<b>100%</b>	Healthcare IT Solutions Sdn Bhd	<b>100%</b>	Damansara Specialist Hospital Sdn Bhd
<b>100%</b>	PharmaCARE Sdn Bhd	<b>100%</b>	Seremban Specialist Hospital Sdn Bhd
<b>100%</b>	BDC Specialist Hospital Sdn Bhd	<b>100%</b>	Taiping Medical Centre Sdn Bhd
<b>100%</b>	KPJ Ambulatory Care Centre Sdn Bhd	<b>100%</b>	Massive Hybrid Sdn Bhd
<b>100%</b>	Total Meal Solution Sdn Bhd	<b>100%</b>	UTM KPJ Specialist Hospital Sdn Bhd
<b>98%</b>	Fabricare Laundry Sdn Bhd	<b>100%</b>	Bayan Baru Specialist Hospital Sdn Bhd
<b>94%</b>	DTI Resources Sdn Bhd	<b>100%</b>	Crossborder Aim (M) Sdn Bhd
<b>75%</b>	Pride Outlet Sdn Bhd	<b>100%</b>	Crossborder Hall (M) Sdn Bhd
<b>51%</b>	Lablink (M) Sdn Bhd	<b>100%</b>	PT Al-Aqar Bumi Serpong Damai
<b>51%</b>	Healthcare Technical Services Sdn Bhd	<b>100%</b>	PT Al-Aqar Permata Hijau
<b>100%</b>	KPJ Dhaka (Pte) Ltd (Sheikh Fazilatunnessa Mujib Memorial KPJ Specialized Hospital & Nursing College)	<b>100%</b>	Skop Yakin (M) Sdn Bhd
<b>80%</b>	PT Khidmat Perawatan Jasa Medika (RS Medika Permata Hijau, Jakarta)	<b>100%</b>	Energy Excellent Sdn Bhd
<b>75%</b>	PT Khasanah Putera Jakarta Medica (RS Medika Bumi Serpong Damai, Jakarta)	<b>100%</b>	KPJ Education Services Sdn Bhd
<b>57%</b>	Jeta Gardens (Qld) Pty Ltd (Jeta Gardens Retirement and Aged Care Resort, Brisbane, Australia)	<b>100%</b>	KPJ MedikTV Sdn Bhd
<b>100%</b>	Jeta Gardens Aged Care (Qld) Pty Ltd	<b>100%</b>	Pharmacare Surgical Technologies (M) Sdn Bhd
<b>100%</b>	Jeta Gardens Management (Qld) Pty Ltd	<b>80%</b>	Freewell Sdn Bhd
		<b>46%</b>	Kedah Medical Centre Sdn Bhd (Kedah Medical Centre)
		<b>23%</b>	Vejthani Public Company Limited (Vejthani Hospital, Thailand)

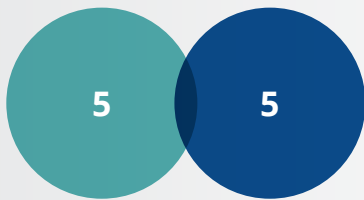
# WHO GOVERNS US

- 1 Datuk Md Arif Bin Mahmood**  
*Chairman, Non-Independent Non-Executive Director*
- 2 Dato' Mohd Redza Shah Bin Abdul Wahid**  
*Senior Independent Non-Executive Director*
- 3 Mohamed Ridza Bin Mohamed Abdulla**  
*Independent Non-Executive Director*
- 4 Khairuddin Bin Jaflus**  
*Independent Non-Executive Director*
- 5 Hisham Bin Zainal Mokhtar**  
*Independent Non-Executive Director*

### AGE



### BOARD COMPOSITION



■ Non-Independent Non-Executive Director      ■ Independent Non-Executive Director

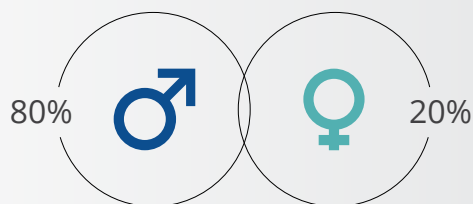


# WHO GOVERNS US



- 6 Lee Lai Fan**  
*Independent Non-Executive Director*
- 7 Shamsul Anuar Bin Abdul Majid**  
*Non-Independent Non-Executive Director*
- 8 Rozaini Bin Mohd Sani**  
*Non-Independent Non-Executive Director*
- 9 Prof Dato' Dr Azizi bin Haji Omar**  
*Non-Independent Non-Executive Director*
- 10 Annie Binti Rosle**  
*Non-Independent Non-Executive Director*

## GENDER



## COMMITTEE MEMBERSHIP KEY

- |   |  |
|---|--|
| <b>AC</b> Audit Committee                               | <b>TC</b> Tender Committee                                   |
| <b>NRC</b> Nomination and Remuneration Committee        | <b>IC</b> Investment Committee                               |
| <b>RSGC</b> Risk, Sustainability & Governance Committee | <b>MACG</b> Medical Advisory & Clinical Governance Committee |
| <b>●</b> Chairman                                       | <b>○</b> Member  |

## WHO GOVERNS US

**DATUK MD ARIF BIN MAHMOOD**

Chairman,  
Non-Independent Non-Executive Director

**DATE OF APPOINTMENT**

1 April 2022

**BOARD MEETING ATTENDANCE IN 2022****ACADEMIC/PROFESSIONAL QUALIFICATIONS/MEMBERSHIP(S):**

- Masters of Business Administration, Massachusetts Institute of Technology, USA
- Bachelor of Science in Electrical Engineering (summa cum laude), Boston University, USA

**PRESENT DIRECTORSHIP(S):****LISTED ENTITY:****KPJ Healthcare Berhad**

- Chairman, Board of Directors

**OTHER PUBLIC COMPANIES:**

Nil

**PRESENT APPOINTMENT(S):**

Nil

**NATIONALITY**

Malaysian

**AGE**

60

**GENDER**

Male

**PAST DIRECTORSHIP(S) AND/OR APPOINTMENT(S):****PETRONAS Group**

- Executive Vice President & Chief Executive Officer, Downstream (2015 – 2021)
- Senior Vice President, Corporate Strategy & Risk (2010 – 2015)
- Vice President, Oil Business (2009 – 2010)

**ASEAN Bintulu Fertilizer Sdn Bhd (ABF)**

- Chief Executive Officer (2007 – 2009)

**PETRONAS Dagangan Berhad**

- Chairman (2015 – 2022)
- Senior General Manager, Retail Business (2006 – 2007)

**PETRONAS Chemicals Group Berhad**

- Chairman (2015 – 2022)

**BASF PETRONAS Chemicals Sdn Bhd**

- Chairman (2015 – 2022)

**Pengerang Refining Company Sdn Bhd**

- Chairman (2018 – 2022)

**Pengerang Petrochemical Company Sdn Bhd**

- Chairman (2018 – 2022)

**PETRONAS Marketing International Sdn Bhd**

- Chairman (2016 – 2022)

**PETRONAS Carigali Sdn Bhd**

- Director (2016 – 2021)

**PETRONAS International Corporation Limited**

- Director (2015 – 2022)

**PETRONAS Refinery & Petrochemical Corporation Sdn Bhd**

- Director (2017 – 2022)

**PETRONAS Gas Berhad**

- General Manager of Gas Processing Plant, Complex B (2004 – 2006)

**PETRONAS Lubricants International Sdn Bhd**

- Chairman (2015 – 2018)

**ENGEN Limited, South Africa**

- Chairman (2015 – 2018)
- Head of Projects and Head of Strategy (1999 – 2002)

## WHO GOVERNS US

**DATO' MOHD REDZA  
SHAH BIN ABDUL WAHID**

Senior Independent  
Non-Executive Director

**DATE OF APPOINTMENT**

7 May 2020

**BOARD MEETING ATTENDANCE IN 2022****NATIONALITY**

Malaysian

**AGE**

60

**GENDER**

Male

**ACADEMIC/PROFESSIONAL  
QUALIFICATIONS/MEMBERSHIP(S):**

- Master of Science of Economics (International Banking and Finance), University of Wales, Cardiff, United Kingdom
- Bachelor of Science in Economic (Industry and Trade), London School of Economics, University of London, England
- Associate Chartered Accountant (ACA)
- Chartered Bankers (Asian Institute of Chartered Bankers)
- Member, Institute of Chartered Accountants in England and Wales (ICAEW)
- Chairman, Association of Seniors in Islamic Finance
- Member, The Islamic Finance Committee of the Malaysian Institute of Accountants
- Sustainability Leadership in Business Sustainability Management, University of Cambridge United Kingdom (online course)

**PRESENT DIRECTORSHIP(S):****LISTED ENTITY:****KPJ Healthcare Berhad**

- Chairman, Audit Committee
- Chairman, Nomination and Remuneration Committee
- Member, Investment Committee
- Member, Tender Committee

**E.A Technique (M) Berhad**

Independent Non-Executive Director

- Chairman, Board of Directors

**Al-'Aqar Healthcare REIT**

Independent Non-Executive Director

- Chairman

**Al-Salām Real Estate Investment Trust**

Independent Non-Executive Director

- Chairman

**OTHER PUBLIC COMPANIES:****Waqaf An-Nur Corporation Berhad**

Independent Non-Executive Director

- Chairman, Investment Committee

**PRESENT APPOINTMENT(S):**

Nil

**PAST DIRECTORSHIP(S) AND/OR  
APPOINTMENT(S):****Yayasan Pembangunan Ekonomi Islam  
Malaysia (YaPEIM)**

- Chairman (July 2020 – August 2022)

**Bank Muamalat Malaysia Berhad**

- Chief Executive Officer (2008 – 2019)

**DRB-HICOM Berhad**

- Group Chief Operating Officer (2005 – 2008)

**Tradewinds (M) Berhad**

- Acting Chief Executive Officer (2004 – 2005)

**Tradewinds Corporation Berhad**

- Group Chief Executive Officer (2002 – 2005)

**Silterra Malaysia Berhad**

- Chief Financial Officer (2000 – 2002)

**Khazanah Nasional Berhad**

- Senior Manager (1994 – 2000)

## WHO GOVERNS US

**MOHAMED RIDZA BIN MOHAMED ABDULLA**

*Independent  
Non-Executive Director*

**DATE OF APPOINTMENT**

1 April 2020

**BOARD MEETING ATTENDANCE IN 2022****NATIONALITY**

Malaysian

**AGE**

54

**GENDER**

Male

**ACADEMIC/PROFESSIONAL QUALIFICATIONS/MEMBERSHIP(S):**

- Bachelor of Laws, International Islamic University, Malaysia
- Fellow Member of Institute of Chartered Secretaries and Administrators, London, United Kingdom
- Advocate and Solicitor of the High Court of Malaya
- Associate Member of the Chartered Institute of Arbitrators, Chartered Institute of Arbitrators
- Fellow of Malaysian Society of Adjudicators, The Malaysian Institute of Arbitrators

**PRESENT DIRECTORSHIP(S):****LISTED ENTITY:****KPJ Healthcare Berhad**

- Chairman, Risk, Sustainability & Governance Committee
- Member, Nomination and Remuneration Committee
- Member, Investment Committee

**Sime Darby Property Berhad**

Independent Non-Executive Director

- Chairman, Risk Management Committee
- Member, Board Tender Committee

**OTHER PUBLIC COMPANIES:**

Nil

**PRESENT APPOINTMENT(S):****OIC Arbitration Center, Istanbul, Turkey**

- Director

**Mohamed Ridza and Co.**

- Managing Partner

**PAST DIRECTORSHIP(S) AND/OR APPOINTMENT(S):****Yayasan Pembangunan Ekonomi Islam Malaysia (YaPEIM)**

- Director

**Bank Islam Malaysia Berhad**

- Director (2010 – 2021)

**BIMB Investment Management Berhad**

- Chairman (2019 – 2021)

**Theta Edge Berhad**

- Director (2007 – 2021)

**Zaid Ibrahim and Co.**

- Partner

**Technip Asia Pacific, Kuala Lumpur**

- General Legal Counsel

**Arab Malaysian Corporation Berhad (AMCB)**

- Group Legal Advisor

**Rashid and Lee**

- Advocate and Solicitor



WHO GOVERNS US

**KHAIRUDDIN  
BIN JAFUS**

*Independent Non-Executive  
Director*



**DATE OF APPOINTMENT**

7 May 2020

**BOARD MEETING ATTENDANCE IN 2022**



**NATIONALITY**

Malaysian



**AGE**

67



**GENDER**

Male

**ACADEMIC/PROFESSIONAL  
QUALIFICATION(S)/MEMBERSHIP(S):**

- Bachelor of Economics (Hons), University of Malaya, Malaysia

**PRESENT DIRECTORSHIP(S):**

**LISTED ENTITY:**

**KPJ Healthcare Berhad**

- Chairman, Tender Committee
- Member, Audit Committee
- Member, Risk, Sustainability & Governance Committee

**OTHER PUBLIC COMPANIES:**

Nil

**PRESENT APPOINTMENT(S):**

Nil

**PAST DIRECTORSHIP(S) AND/OR  
APPOINTMENT(S):**

**Johor Land Berhad**

Independent Non-Executive Director

## WHO GOVERNS US

**HISHAM BIN ZAINAL MOKHTAR**

Independent  
Non-Executive Director

**DATE OF APPOINTMENT**

23 June 2021

**BOARD MEETING ATTENDANCE IN 2022****NATIONALITY**

Malaysian

**AGE**

61

**GENDER**

Male

**ACADEMIC/PROFESSIONAL QUALIFICATIONS/MEMBERSHIP(S):**

- Master in Business Administration, Massachusetts Institute of Technology, Massachusetts, USA
- Master of Science (Mathematics), Illinois State University, Normal, Illinois, USA
- Bachelor of Science (Mathematics), Illinois State University, Normal, Illinois, USA
- Chartered Financial Analyst (CFA) Charterholder, CFA Institute

**PRESENT DIRECTORSHIP(S):****LISTED ENTITY:****KPJ Healthcare Berhad**

- Chairman, Investment Committee
- Member, Audit Committee
- Member, Risk, Sustainability & Governance Committee

**Telekom Malaysia Berhad**

- Independent Non-Executive Director
- Chairman, Audit Committee

**AEON Co. (M) Bhd**

- Independent Non-Executive Director
- Chairman, Audit and Risk Management Committee

**OTHER PUBLIC COMPANIES:**

Nil

**PRESENT APPOINTMENT(S):****Lembaga Tabung Haji**

- Member, Investment Panel

**PAST DIRECTORSHIP(S) AND/OR APPOINTMENT(S):****Principal Asset Management Berhad**

- Director (2015 – 2022)

**VADS Berhad**

- Director (2019 – 2022)

**Malaysian Industrial Development Finance Berhad**

- Director in the Group Managing Director's Office (2018-2019)

**Astro Overseas Ltd**

- Chief Operating Officer (2014 – 2018)

**Khazanah Nasional Berhad**

- VP, SVP, Director of Investments (2005 – 2014)

**Tricubes Berhad**

- VP, CFO, Executive Director (2001 – 2005)

**Britac Capital Sdn Bhd**

- Head Analyst (2001)

**K.E. Malaysian Capital Partners Sdn Bhd**

- Executive Director (2000)

**Santander Investment Research (Malaysia) Sdn Bhd**

- Financial Consultant (1999 – 2000)

**Site Pacific LLC**

- Financial Consultant (1998 – 1999)

**CIMB Securities Sdn Bhd**

- Remisier (1998)

**UBS Research (Malaysia) Sdn Bhd**

- Senior Research Analyst (1996 – 1998)

**Crosby Research (Malaysia) Sdn Bhd**

- Investment Analyst (1995 – 1996)

**Baring Research (Malaysia) Sdn Bhd**

- Investment Analyst (1994 – 1995)

**Keluangsa Sdn Bhd**

- Head of Research (1994)

**Crosby Research (Malaysia) Sdn Bhd**

- Research Executive (1991 – 1994)

**William M. Mercer Zainal Fraser Sdn Bhd**

- Analyst (1988 – 1991)

**Aetna Universal Insurance Sdn Bhd**

- Manpower Development Assistant (1987 – 1988)

WHO GOVERNS US

**LEE LAI FAN**

*Independent  
Non-Executive Director*



**DATE OF APPOINTMENT**

7 July 2022

**BOARD MEETING ATTENDANCE IN 2022**



**NATIONALITY**

Malaysian



**AGE**

59



**GENDER**

Female

**ACADEMIC/PROFESSIONAL QUALIFICATIONS/MEMBERSHIP(S):**

- Master of Business Administration, University of Edinburgh, United Kingdom
- BA (Hons) Administrative Management, University of Lincoln, United Kingdom

**PRESENT DIRECTORSHIP(S); LISTED ENTITY:**

- KPJ Healthcare Berhad**
- Member, Tender Committee
  - Member, Nomination and Remuneration Committee

**OTHER PUBLIC COMPANIES:**

Nil

**PRESENT APPOINTMENT(S):**

Nil

**PAST DIRECTORSHIP(S) AND/OR APPOINTMENT(S):**

- QSR Brands (M) Holdings Berhad**  
Independent Non-Executive Director (2018 – 2022)
- Ogilvy & Mather Malaysia**
- Chief Operating Officer (2015 – 2018)
- Ogilvy Public Relations Sdn Bhd**
- Managing Director (2010 – 2018)
  - General Manager (2009 – 2010)
  - Client Services Director (2007 – 2008)
  - Head of Consumer Practice (2006 – 2007)
- Limahsoon Berhad**
- Marketing & Sales Manager (2004 – 2005)
- Malaysian Timber Council**
- Senior Executive, Trade Promotion (1997 – 2004)
  - Executive, Trade Promotion (1993 – 1996)

## WHO GOVERNS US

SHAMSUL ANUAR BIN  
ABDUL MAJID

Non-Independent  
Non-Executive Director



## DATE OF APPOINTMENT

7 May 2020

## BOARD MEETING ATTENDANCE IN 2022



## NATIONALITY

Malaysian



## AGE

52



## GENDER

Male

ACADEMIC/PROFESSIONAL  
QUALIFICATIONS/MEMBERSHIP(S):

- Master of Business Administration (Finance), International Islamic University, Kuala Lumpur
- Bachelor of Science (Hons) in Chemistry, Imperial College, London, England
- Chartered Financial Analyst (CFA), CFA Institute, Charlottesville, Virginia, USA

## PRESENT DIRECTORSHIP(S):

## LISTED ENTITY:

## KPJ Healthcare Berhad

- Member, Nomination and Remuneration Committee
- Member, Investment Committee

## Damansara Holdings Berhad

- Non-Independent Non-Executive Director
- Member, Audit Committee

## Al-Aqar Healthcare REIT

- Non-Independent Non-Executive Director
- Member, Board Investment Committee

## Al-Salām Real Estate Investment Trust

- Non-Independent Non-Executive Director
- Member, Board Investment Committee

## OTHER PUBLIC COMPANIES:

## QSR Brands (M) Holdings Berhad

- Non-Independent Non-Executive Director
- Chairman, Tender Committee

## Kulim (Malaysia) Berhad

- Non-Independent Non-Executive Director
- Member, Investment Committee

## PRESENT APPOINTMENT(S):

## Johor Corporation

- Chief Investment Officer

PAST DIRECTORSHIP(S) AND/OR  
APPOINTMENT(S):

## Johor Land Berhad

- Independent Non-Executive Director
- Chairman, Investment Committee

## Kara Holdings Sdn Bhd

- Chairman & Director (2020-2021)

## Business Chronicles Sdn Bhd

- Director (2020)

## TPM Technopark Sdn Bhd

- Director (2020)

## Langsat Marine Base Sdn Bhd

- Director (2019-2020)

## Langsat Marine Terminal Sdn Bhd

- Director (2019-2020)

## Kulim Energy Sdn Bhd

- Director (2020)

## Axiata Digital Innovation Fund Sdn Bhd

- Director (2020)

## Langsat OSC Sdn Bhd

- Director (2019-2020)

## Johor Corporation

- General Manager (2017)

## Fikiran Sepakat Sdn Bhd

- Director and Partner (September 2014 – June 2017)

## Iskandar Waterfront Holdings

- Special Officer to the Managing Director (March 2011 – June 2014)

## Iskandar Investment Berhad

- Executive Vice President, Strategy & Feasibility (December 2007 – February 2011)

## Grenland Malaysia

- Vice President, Finance and Special Projects (February 2004 – September 2007)

## The Boston Consulting Group

- Energy Sector Specialist (April 1999 – August 2001)

## Shell Malaysia

- Planning Analyst, Downstream Economics Planning Department (August 1994 – February 1999)

WHO GOVERNS US

**ROZAINI BIN MOHD SANI**

Non-Independent  
Non-Executive Director



**DATE OF APPOINTMENT**

7 May 2020

**BOARD MEETING ATTENDANCE IN 2022**



**NATIONALITY**

Malaysian



**AGE**

50



**GENDER**

Male

**ACADEMIC/PROFESSIONAL QUALIFICATIONS/MEMBERSHIP(S):**

- Bachelor of Commerce (Accounting and Finance) with Merit, University of New South Wales, Sydney, Australia
- Fellow of Chartered Accountants Australia and New Zealand (CAANZ)
- Member of The Malaysian Institute of Certified Public Accountants (MICPA)
- Member of The Malaysian Institute of Accountants (MIA)

**PRESENT DIRECTORSHIP(S):**

**LISTED ENTITY:**

**KPJ Healthcare Berhad**

- Member, Audit Committee
- Member, Tender Committee
- Member, Risk, Sustainability & Governance Committee

**OTHER PUBLIC COMPANIES:**

Nil

**PRESENT APPOINTMENT(S):**

**Yayasan Johor Corporation**

- Chairman, Board of Trustees

**Johor Corporation**

- Chief Financial Officer

**PAST DIRECTORSHIP(S) AND/OR APPOINTMENT(S):**

**Johor Land Berhad**

Independent Non-Executive Director

- Member, Audit & Risk Committee
- Member, Tender Committee

**Johor Corporation**

- Senior Vice President, Finance & Corporate Services (2015 – 2016)
- Vice President, Finance (2014 – 2015)

**Iskandar Waterfront Holdings**

- Non-Executive Director (2017 – 2018)

**E.A. Technique (M) Berhad**

- Chief Operating Officer (2016 – 2017)

**Kulim (Malaysia) Berhad**

- Non-Executive Director (2014 – 2016)

**Astro Malaysia Holdings Berhad**

- Chief Financial Officer (2013 – 2014)

**PETRONAS Dagangan Berhad**

- Chief Financial Officer (2010 – 2013)

**PETRONAS Group Of Companies**

- Various Managerial Roles (2001 – 2010)

**KPMG, Sydney, Australia**

- Assistant Manager (1995 – 2001)

## WHO GOVERNS US

**PROF. DATO' DR AZIZI BIN HAJI OMAR**

Non-Independent  
Non-Executive Director

**DATE OF APPOINTMENT**

1 February 2016 (as an Independent Non-Executive Director)

1 December 2020 (Re-designated as a Non-Independent Non-Executive Director)

**BOARD MEETING ATTENDANCE IN 2022**

11/11

**NATIONALITY**

Malaysian

**AGE**

74

**GENDER**

Male

**ACADEMIC/PROFESSIONAL QUALIFICATIONS/MEMBERSHIP(S):**

- Bachelor of Medicine and Bachelor of Surgery (MBBS), University of Tasmania, Australia
- Postgraduate training in Paediatrics and Paediatric Respiratory Medicine - Hospital Kuala Lumpur/Universiti Kebangsaan Malaysia - Hospital for Sick Children, Great Ormond Street, London - Birmingham Children Hospital - Dudley Road Hospital, Birmingham
- Trained in paediatric flexible bronchoscopy - University of North Carolina (Chapel Hill, USA)
- Membership of the Royal Colleges of Physicians of the United Kingdom
- MMedSc (Clinical Epidemiology) from Newcastle University, NSW
- Fellow of Royal College of Physicians (FRCP) of Edinburgh and Glasgow
- Fellow of Academy of Medicine Malaysia (FAMM) and Fellow of College of Chest Physicians (USA) (FCCP)
- Harvard Medical School Certificate - SEA Healthcare Leadership (1-Year Programme)

**PRESENT DIRECTORSHIP(S):****LISTED ENTITY:****KPJ Healthcare Berhad**

- Group Medical Advisor and Chairman of Medical Advisory & Clinical Governance Committee
- Member, Nomination and Remuneration Committee
- Member, Risk, Sustainability and Governance Committee

**OTHER PUBLIC COMPANIES:**

Nil

**PRESENT APPOINTMENT(S):****KPJ Healthcare Berhad**

- Head of KPJ Research and Quality Innovation Committee and Editor of KPJ Medical Journal
- Consultant Paediatrician and Paediatric Respiratory Physician, KPJ Damansara Specialist Hospital

**PAST DIRECTORSHIP(S) AND/OR APPOINTMENT(S):**

- Medical Director/PIC KPJ Damansara Specialist Hospital (1997 – 2016)
- Chairman, Educational Advisory Council, Puteri Nursing College (1997 – 2012)
- Adjunct Professor of Paediatrics at Faculty of Medicine, Universiti Tunku Abdul Rahman (2013)
- Adjunct Professor of Paediatrics at Faculty of Medicine, Universiti Teknologi MARA (2009 – 2010)
- Chairman, Subspecialty Committee for Accreditation, Paediatric Respiratory Medicine, National Specialist Register (2000 – 2016)
- Member, Malaysian Medical Council (1995 – 1997)
- President, Malaysian Paediatric Association (1997 – 1998)
- Board Member, APHM and Association of Private Hospital (2000 – 2004)
- Member, Conjoint Board for Postgraduate Training in Medical Specialties (1995 – 1997)
- Member, Paediatric Conjoint Board (1995 – 2000)
- Chairman, Clinical Practice Guidelines on Paediatric Asthma (1996 – present)
- Chairman, Clinical Practice Guidelines on Paediatric Respiratory Infections (2000)
- Member, Clinical Practice Guidelines on Tuberculosis (1996)
- Member, Committee of Malaysian Thoracic Society of Malaysia (1997 – 1998)
- Universiti Kebangsaan Malaysia (UKM)
  - Deputy Dean (1995 – 1997)
  - Head of Department of Paediatrics (1994 – 1995)
  - Professor of Paediatrics (Respiratory Paediatrics and Clinical Epidemiology) (1993 – 1997)

WHO GOVERNS US

**ANNIE BINTI ROSLE**

Non-Independent  
Non-Executive Director



**DATE OF APPOINTMENT**

23 June 2021

**BOARD MEETING ATTENDANCE IN 2022**



**NATIONALITY**

Malaysian



**AGE**

55



**GENDER**

Female

**ACADEMIC/PROFESSIONAL QUALIFICATIONS/MEMBERSHIP(S):**

- Degree in Finance and Economics, London Guildhall University
- Graduate of Association of Chartered Certified Accountants, (ACCA)

**PAST DIRECTORSHIP(S) AND/OR APPOINTMENT(S):**

- KWASA Invest Ltd**
  - Principal Officer
- Etiga Insurance**
- CIMB Private Equity**

**PRESENT DIRECTORSHIP(S);**

**LISTED ENTITY:**

**KPJ Healthcare Berhad**

- Member, Tender Committee
- Member, Investment Committee

**OTHER PUBLIC COMPANIES:**

**QSR Brands (M) Holdings Berhad**

- Director

**Iskandar Investment Berhad**

- Chairman, Audit and Risk Committee

**PRESENT APPOINTMENT(S):**

**Battersea Power Station Development Company Limited**

- Director

**Employee Provident Fund (EPF)**

- Head of Private Equity and Infrastructure Department

*Note:*

None of the above Directors have any conflict of interest with the Company, family relationship with any Director and/or Major Shareholder, or have any convictions for offences (other than traffic offences) within the past five years or any public or penalty imposed by the relevant regulatory bodies during the financial year.

# KPJ SENIOR MANAGEMENT TEAM

## NORHAIZAM BINTI MOHAMMAD (ACMA, CGMA)

Officer-in-Charge & Chief Financial Officer



Female 50 Malaysian 8 September 2022

### ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIP(S):

- Associate of The Chartered Institute of Management Accountants (CIMA) UK
- Fellow of Malaysian Institute of Accountants (MIA)
- Master of Business Administration, International Business with Merit from University of East London, London, UK (Twinning Programme with Women's Institute of Management)
- Bachelor of Accountancy (Hons) from Manchester Metropolitan University, Manchester, UK
- President of Malaysian Society for Quality in Health (MSQH), a national accreditation body for public and private healthcare in Malaysia
- Member of Governing Committee for Private Healthcare Productivity Nexus (PHPN) by Malaysia Productivity Corporation (MPC) and Leader for sub-group Technology and Innovation
- Participated in Executive Coaching Programme with INSEAD Business School, Singapore

### PRESENT DIRECTORSHIP(S):

#### LISTED ENTITY

- Nil

#### OTHER COMPANIES

- Nil

### WORKING EXPERIENCE:

Norhaizam started her career in Utusan Melayu (M) Berhad in 1996 and subsequently as a Manager of Audit and Business Assurance at PricewaterhouseCoopers from 1997 to 2007. She then joined KPJ in 2008, holding various positions in companies and hospitals within the KPJ Group until her appointment as Chief Financial Officer in 2017. In recognition of her efforts while she was CFO, she was named Malaysia's Best Emerging Woman CFO in Healthcare at the International Finance Awards 2022. She was then appointed as the Officer In Charge of KPJ on 8 September 2022 after the departure of the President and Managing Director. As OIC, she played a vital role in bringing KPJ's inaugural Sustainability Sukuk offering amounting to RM555 million to fruition, a significant milestone as it is the first such issuance by a private healthcare provider in the Malaysian and Asian region.

## DATO' MOHAMAD FARID BIN SALIM

Group's Covering Chief Operating Officer



Male 58 Malaysian 8 July 2022

### ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIP(S):

- Fellowship of Chartered Association of Certified Accountants (FCCA), United Kingdom
- Master in Business Administration (MBA) in International Business with Distinction from University of East London, UK
- Member of Malaysian Institute of Accountants (MIA)
- Post Graduate Diploma in Healthcare Management from South Bank University, London UK
- Leadership Development Programme at Henley Business School, University of Reading UK
- Certified in Advanced JCorp Leadership Programme
- Certified in INSEAD JCorp Executive Coaching Programme
- Treasurer of Malaysian Society for Quality in Health (MSQH), a national accreditation body for public and private healthcare in Malaysia

### PRESENT DIRECTORSHIP(S):

#### LISTED ENTITY

- Nil

#### OTHER COMPANIES

- Nil

### WORKING EXPERIENCE:

Dato' Mohamad Farid Bin Salim began his career as a trainee auditor in England between 1988 and 1992. In 1993, he returned to Malaysia and joined offshore oil and gas fabricator, Sembawang Engineering Sdn Bhd, as its Project Accountant in Pasir Gudang, Johor. He then joined KPJ Healthcare Berhad in early 1994 and was involved in the Company's IPO and listing on the Main Board of Bursa Malaysia.

His overall contributions to KPJ in Malaysia as well as its markets abroad namely Indonesia, Saudi Arabia and Australia span across areas including hospital operations, finance, strategic planning, investments and KPJ's IPO. He also brings to the table his vast experience in managing an aged care and retirement village business in Australia.

He took up the role of Group's Covering Chief Operating Officer since 8 July 2022 and is also a Board member of several support companies within the Group. Prior to that, Dato' Mohamad Farid Bin Salim was the Regional CEO (Central Region I) of five hospitals.



## KPJ SENIOR MANAGEMENT TEAM

### NANTHA KUMAR SUBRAMANIAN

Chief Digital Officer



Male 48 Malaysian 8 July 2022

#### ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIP(S):

- Wharton Business School – Certificate in Connected Strategy (Digital Tx)
- Questrom, Boston University – Certificate in Digital Transformation Strategy
- UI PATH – Diploma in Robotic Process Engineering
- UI PATH – Diploma in Business Analysis Training
- LinkedIn – Certificate in Cloud Computing & Cyber Security
- INCEIF - Certificate in Islamic Banking
- Oxford University, Said Business School – High-Performance Management & Leadership
- Earth Watch (WWF & HSBC Partnership) Certified Sustainability Leader (UK)
- Liverpool John Moores University - B.Eng. (Hons) Manufacturing Systems Engineering
- Liverpool John Moores University - HND Mechatronics

#### PRESENT DIRECTORSHIP(S):

##### LISTED ENTITY

- Nil

##### OTHER COMPANIES

- Nil

#### WORKING EXPERIENCE:

Nantha Subramanian has over 23 years of international experience in Healthcare, Fintech, Financial Services, and High-Tech Manufacturing.

Nantha has a diverse range of experiences and expertise across various industries in running large-scale Operations and implementing Digital Transformation. His accomplishments include advisory and consulting financial institutions, Insurance and Fintechs on digital strategy and transformation, streamlining and transforming businesses to achieve cost savings, and implementing innovative frameworks to improve employee productivity and participation.

Prior to joining KPJ, Nantha built, managed, and scaled up the South Asian Business for a leading Asian Fintech company, focusing on Banking/Digital Banking, Insurance, Telcos and NBFCs.

Before that, he was the COO and the Head of Transformation for Standard Chartered Bank, Malaysia. Over the course of his career, he has held various senior leadership roles in the UK, such as Global Head of Process Excellence with HSBC, Transformation Programme Director for UBS Bank, Senior Lean Leader for Barclays, and Director of Lean Operations for Pentair International in Europe.

Nantha is a Lean Sigma coach and has a Master Black Belt (MBB) in Lean Sigma.

### DR NIK FAWAZ BIN NIK ABDUL AZIZ

Chief Commercial Officer



Male 45 Malaysian 15 Aug 2022

#### ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIP(S):

- MSc in International Health Management - Imperial College Business School, London
- MBChB (Bachelor of Medicine and Bachelor of Surgery) - University of Manchester, UK
- BSc in Medical Science - University of St. Andrews, Scotland
- Malaysian Medical Association (MMA)
- Member, The Chartered Management Institute, United Kingdom

#### PRESENT DIRECTORSHIP(S):

##### LISTED ENTITY

- Nil

##### OTHER COMPANIES

- Nil

#### WORKING EXPERIENCE:

Dr Nik Fawaz had more than 15 years of experience in healthcare, transformation and hospital services, both locally and internationally; expertise in the digital solutions segment. Led the transformation of notable hospitals and integrated operations, where he played an instrumental role in scaling up operations and advancing digital healthcare.

Prior to joining KPJ, he was the Head of Edgenta Healthcare Solutions and the Managing Director of Edgenta Mediserve Sdn Bhd, a subsidiary of UEM Group. During his tenure, he has led the integration of commercial and concession hospital operations and embarked on digital healthcare initiatives whilst playing a key role in the exploration of business in the Kingdom of Saudi Arabia.

Before that, he was the founding CEO for Cardiac Vascular Sentral Kuala Lumpur (CVSKL); a specialised cardiac and vascular hospital under the umbrella of TE Asia Healthcare. Over the course of his career, he has held numerous leadership roles, including Head of Medical Affairs and Quality, Parkway Pantai Malaysia Operations (subsidiary of IHH Healthcare Bhd); Chief Operating Officer of Pantai Hospital Batu Pahat; Head of Business Development Unit, Imaging and Facilities and Maintenance, Pantai Hospital Kuala Lumpur; and Head of Business Development, Prince Court Medical Centre Sdn Bhd.

He also served as a clinician with National Health Services (NHS), United Kingdom for 5 years before pursuing a management role.

## KPJ SENIOR MANAGEMENT TEAM

### DR MUNIRAH BINTI KHUDRI

Head of KPJ Group Clinical Service



Female 55 Malaysian 1 November 2022

#### ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIP(S):

- Master of Business Administration, Henley Management College, UK
- Bachelor of Medicine and Bachelor of Surgery, Universiti Malaya (UM)
- Certified Transformational Manager by IPMA UK

#### PRESENT DIRECTORSHIP(S):

##### LISTED ENTITY

- Nil

##### OTHER COMPANIES

- Nil

#### WORKING EXPERIENCE:

Dr Munirah joined KPJ in 1997 and has held various positions in hospitals within the KPJ Group. Prior to joining KPJ, she was with Hospital Tengku Ampuan Rahimah, Hospital Mentakab and Hospital Kuala Lumpur. She was the Regional CEO (East Coast and East Malaysia Region) of six hospitals within KPJ.

Currently, she holds the position of Head of KPJ Group Clinical Service.

### ROSLAN BIN AHMAD

Regional CEO

Group Operations Services (Northern & East Coast Region)



Male 59 Malaysian 1 February 2021

#### ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIP(S):

- Master in Business Administration, Miami University, USA
- Bachelor of Accounting, University of Minnesota, USA
- Post Graduate Diploma in Hospital Management, South Bank University London, UK

#### PRESENT DIRECTORSHIP(S):

##### LISTED ENTITY

- Nil

##### OTHER COMPANIES

- Nil

#### WORKING EXPERIENCE:

Prior to joining KPJ in 1996, Roslan was with the Malaysian Pineapple Industry Board from 1988 where he served its London office until 1995. Currently, he is the Regional CEO (Northern and East Coast Region) of eight hospitals.

## KPJ SENIOR MANAGEMENT TEAM

### ASMADI BIN MOHD BAKRI

Regional CEO

Group Operations Services (East Malaysia Region)



Male 55 Malaysian 1 November 2022

#### ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIP(S):

- Leadership Development for Corporate Excellence - Kellogg School of Management, Northwestern University, Chicago (2014)
- Master of Business Administration (Healthcare Management) - Universiti Teknologi Malaysia (2011)
- Bachelor of Arts (Accounting and Finance) - Southbank University, London, England (1992)

#### PRESENT DIRECTORSHIP(S):

##### LISTED ENTITY

- Nil

##### OTHER COMPANIES

- Nil

#### WORKING EXPERIENCE:

Asmadi joined the KPJ Group in 1997 as an accountant at KPJ Johor Specialist Hospital. He held various positions in several companies before his appointment as the Executive Director for Rumah Sakit Selasih, Padang, Indonesia in 2005. In 2009, he joined KPJ Perdana Specialist Hospital as its Chief Executive Officer before assuming a similar position at KPJ Ipoh Specialist Hospital in 2013. In 2018, he was appointed as the Chief Executive Officer of KPJ Johor Specialist Hospital before he went on to KPJ Bandar Dato' Onn from 2019 until 2020. Since 2018, he has served as the Executive Director for KPJ Johor, KPJ Kluang and KPJ Bandar Dato' Onn. Currently, he is the Regional CEO (East Malaysia Region) of four KPJ hospitals in Sabah and Sarawak.

### MOHD AZHAR BIN ABDULLAH

Regional CEO

Group Operations Services (Southern Region)



Male 61 Malaysian 1 November 2022

#### ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIP(S):

- Master of Business Administration (Medical Group Management & Practice) - University of St Thomas, Minnesota Rochester, USA

#### PRESENT DIRECTORSHIP(S):

##### LISTED ENTITY

- Nil

##### OTHER COMPANIES

- Nil

#### WORKING EXPERIENCE:

Azhar started his career with the Group as the General Manager of KPJ Perdana Specialist Hospital in 2005. He then gained international exposure as he was appointed as the Chief Executive Officer of the United Hospital Limited in Dhaka, Bangladesh. Moving back to Malaysia, he continued to serve KPJ as Chief Executive Officer in the various specialist hospitals including Sabah, Pasir Gudang and Johor.

He is now the Regional Chief Executive Officer overseeing KPJ's Southern Region Hospitals.

## KPJ SENIOR MANAGEMENT TEAM

### MAISARAH BINTI OMAR

Regional CEO

Group Operation Services (Central Region I)



Female 54 Malaysian 1 February 2021

#### ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIP(S):

- Bachelor in Accountancy, Universiti Putra Malaysia (UPM)
- Master in Healthcare Management, Universiti Teknologi Malaysia (UTM)
- Member, Malaysian Institute of Accountants (MIA)
- Certified Transformational Manager by IPMA UK

#### PRESENT DIRECTORSHIP(S):

##### LISTED ENTITY

- Nil

##### OTHER COMPANIES

- Nil

#### WORKING EXPERIENCE:

Maisarah Binti Omar served Ernst and Young before she joined KPJ in 1996. She has held various positions in companies and hospitals within the KPJ Group and is currently the Regional CEO (Central Region I) of five hospitals.

### DR AHMAD SYUKRI BIN JAMALUDIN

Regional CEO

Group Operation Services (Central Region 2)



Male 40 Malaysian 8 July 2022

#### ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIP(S):

- Bachelor of Medicine & Bachelor Of Surgery & Bachelor of Obstetrics (National University of Ireland) (2008)
- Bachelor of Medical Science (National University of Ireland) (2008)

#### PRESENT DIRECTORSHIP(S):

##### LISTED ENTITY

- Nil

##### OTHER COMPANIES

- Nil

#### WORKING EXPERIENCE:

Dr Ahmad Syukri joined KPJ in 2019 and has held various positions in hospitals within the KPJ Group. Prior to joining KPJ, he has been managing private hospital and clinic group. Currently, he is the Covering Regional CEO (Central Region II) of five hospitals.

## KPJ SENIOR MANAGEMENT TEAM

### SHARIZUL HASNIFA BIN BASERI

Head of Group Risk and Compliance



Male 42 Malaysian 15 August 2022

#### ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIP(S):

- BA (Hons) Accounting & Finance, University of the West of England, Bristol, United Kingdom
- Fellow, CPA Australia (FCPA)
- Member of the Malaysian Institute of Accountants (MIA)

#### PRESENT DIRECTORSHIP(S):

##### LISTED ENTITY

- Nil

##### OTHER COMPANIES

- Nil

#### WORKING EXPERIENCE:

Sharizul is a chartered accountant and a Fellow of CPA Australia with extensive experience in risk management, risk advisory, corporate restructuring, transaction advisory and corporate advisory.

He has served in various senior and leadership positions in the area of risk management and advisory with one of the Big 4 Accounting Firms, a super major oil and gas company and multinational companies.

During his time with one of the Big 4, he has led and delivered many risk management and advisory engagements to companies ranging from Public Listed Companies to Multinational Companies spanning across industries. He was also seconded to a multi-national company as the Interim Regional (Asia) Head of Risk and Assurance during his time with the firm.

Prior to joining KPJ, he was with one of the leading global premium integrated healthcare group, where he was responsible to provide risk oversight and drive risk management operational excellence to its Malaysia Operating Division as well as India Operating Division.

He joined KPJ Healthcare Berhad in 2021 to assume his present position where he is responsible for the Group's risk management operations.

### ELENA BINTI SHAMSUDDIN

Head of Group Marketing & Strategic Communication



Female 52 Malaysian 1 February 2023

#### ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIP(S):

- Bachelor of Laws (LLB) Honours, University Malaya

#### PRESENT DIRECTORSHIP(S):

##### LISTED ENTITY

- Nil

##### OTHER COMPANIES

- Nil

#### WORKING EXPERIENCE:

Elena Shamsuddin began her career chambering at Isharidah, Ho, Chong & Menon from 1995 to 1996 and subsequently joined the Business Times Malaysia as a journalist in 1996. During the Asian Financial Crisis, she was assigned as a communication officer to the Communication Team of the National Economic Action Council (NEAC), Prime Minister's Department before moving to another role as a researcher for its Special Consultancy Team on Globalisation.

In October 2002, she joined the Malaysian Venture Capital Association as the Executive Secretary before she assumed the role of Special Officer (Communication) in the Office of the Prime Minister from November 2003 to February 2008, after which she was the Chief of Staff at the Office of a Member of Parliament. Five years later, Elena co-founded a PR agency – The Orange Tree Consultancy as its Managing Partner. In March 2021, she returned to the public sector during the COVID-19 pandemic to be the Communication Lead of the COVID-19 Immunisation Task Force (CITF). After CITF ceased operations, Elena joined the Ministry of Health (MOH) as the Programme Management Advisor to the Minister. Currently, she serves in KPJ as Head, Group Marketing and Strategic Communication.

## KPJ SENIOR MANAGEMENT TEAM

### KHAIRUL ANNUAR BIN AZIZI

Head of Sustainability Services



Male 59 Malaysian 15 December 2021

#### ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIP(S):

- BA (Hons) Accounting Studies from University of West London, England
- Qualified Risk Director – Institute of Enterprise Risk Practitioners
- Member of Harvard Business School Alumni Club of Malaysia – 8<sup>th</sup> ASEAN Senior Management Development Programme

#### PRESENT DIRECTORSHIP(S):

##### LISTED ENTITY

- Nil

##### OTHER COMPANIES

- Nil

#### WORKING EXPERIENCE:

Khairul joined KPJ in 2014 as a General Manager and has held various positions in risk, compliance and investor relations, before assuming his present position. An auditor by training, he has held senior governance positions primarily in the financial services sector, including as a securities market regulator and internal audit lead in a merchant bank and a large investment holding company.

### MOHD FIRDAUS BIN MOHAMED DIN

Head of Group Internal Audit Services



Male 58 Malaysian 9 March 2020

#### ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIP(S):

- Bachelor of Commerce (Accounting) – Australian National University
- Associate Member, CPA Australia (1315279)
- Certified Credit Professional - Asian Institute of Chartered Bankers, Malaysia
- Certified Credit Professional (Islamic) - Islamic Banking and Finance Institute Malaysia
- Certification in Internal Auditing for Financial Institutions - Asian Institute of Chartered Bankers, Malaysia
- Executive Development Programme - Wharton Business School (University of Pennsylvania)
- Management and Leadership Programme- Islamic Banking and Finance Institute Malaysia

#### PRESENT DIRECTORSHIP(S):

##### LISTED ENTITY

- Nil

##### OTHER COMPANIES

- Nil

#### WORKING EXPERIENCE:

An Associate Member of CPA Australia, Firdaus has a Bachelor's degree in Accounting with vast experience in internal auditing.

His first step into auditing was when he served at Arthur Andersen & Co. from 1989 to 1991, where he gained knowledge, skills and experience on the functions and responsibilities of an auditor.

Firdaus then advanced his career in internal auditing at Affin Bank for 13 years since 1991. In 2004, Firdaus made another step up in his career path in Bank Kerjasama Rakyat Malaysia where he served for 16 years and his last position was Chief Internal Auditor.

Firdaus joined KPJ Healthcare Berhad in 2020, where he is currently the General Manager of Group Internal Audit Services.

## KPJ SENIOR MANAGEMENT TEAM

### ABDUL RASHID BIN ABDUL JALIL

Head of Group Human Resources Management



Male 45 Malaysian 15 December 2021

#### ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIP(S):

- BSc (Hons) Information System Management, University of Technology MARA, Kuala Lumpur
- Certification for Cisco Certified Network Associate (CCNA), Cisco System
- Certification in MCP, MSCSE & MCDBA, Microsoft Corporation
- Professional Certificate in Human Resource Management, Malaysian Employer's Federation
- Prosci Certified Change Practitioner, Prosci USA

#### PRESENT DIRECTORSHIP(S):

##### LISTED ENTITY

- Nil

##### OTHER COMPANIES

- Nil

#### WORKING EXPERIENCE:

Abdul Rashid is a qualified Prosci Change Management Practitioner with a Bachelor of Science in Information System Management, with 15 years of experience in human capital development and organisational design in various sectors. In the past, he has provided project-based HR consultancy services to Andorra Hospital and the Citizen Entrepreneurial Development Agency (CEDA), Botswana.

His first foray into Human Resources was in January 2007, when he served as a HR Executive in Sime Darby Plantation, Kuala Lumpur for almost three years, reporting directly to the HR Manager and implementing recruitment and development plans for employees.

In 2011 and 2012, Abdul Rashid served in Pernec Corporation Berhad, Kuala Lumpur where he was the Senior Executive of Organisational Development in 2011, and then promoted in 2012 to Assistant Manager of HRBP, providing guidance on a wide spectrum of HR matters including performance management and manpower planning.

He assumed the position of Assistant Manager of Organisational Development in Prasarana Negara Berhad, Kuala Lumpur for two years until 2014, improving the organisation's structure and job management, establishing a talent management framework and developing competency-based incentives. Subsequently, he moved up the corporate ladder as the Manager of Organisational Development in the Malaysian Biotechnology Corporation, Kuala Lumpur following his stint in Prasarana Negara Berhad.

In 2016, Abdul Rashid was the Head of Human Capital Development of Small Medium Enterprise (SME) Bank, Kuala Lumpur where he strived to make pivotal changes in the organisation's functions and talent management. This was followed by serving at the Malaysia Airports Holdings Berhad, Kuala Lumpur as the Head of Organisational Design & Manpower Planning in 2019, where he developed short- and long-term manpower plans and provided advice on the organisation design. During his time there, he developed a dual career ladder framework, re-aligned HR policies and implemented cost-saving strategies during the pandemic.

He joined KPJ Healthcare Berhad in December 2021, where he is presently the General Manager of Human Capital Development, tasked with optimising organisation design, improving their performance strategy, talent management and enhancing HR standards and policies.

### SYED ISKANDAR SHAH BIN SYED ABU BAKAR

Head of Legal and Secretarial Services



Male 55 Malaysian 13 February 2023

#### ACADEMIC/PROFESSIONAL QUALIFICATION/MEMBERSHIP(S):

- Bachelor of Law (LLB) Honours, John Moores University of Liverpool

#### PRESENT DIRECTORSHIP(S):

##### LISTED ENTITY

- Nil

##### OTHER COMPANIES

- Nil

#### WORKING EXPERIENCE:

Syed Iskandar started his career in the financial industry, with stints as a legal officer in banks and fund management companies. He later joined the media industry, also in the area of legal and compliance. In 2009, he joined Bank Pembangunan Malaysia, as its Company Secretary and Head of Legal & Secretarial Department where he implemented a range of initiatives that improved the documentation processes and governance of the bank. In 2012, he then joined PR1MA Corporation Malaysia, a newly set-up government agency under the Prime Minister's Office where he played a key role in developing the standard legal documents and other standard contracts ad templates. He was also involved in developing the policies and standard procedures for the agency. In 2019, he started his own company, Novus Ideas Sdn Bhd, which was involved in providing property and business consulting services, where he presided as Chairman. In February 2023, he joined KPJ as Head of Legal and Secretarial Services.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

**The Board of Directors of KPJ Healthcare Berhad (Board) believes that good corporate governance adds value to the business of the Group and will ensure that this practice continues. The Board plays an active role in guiding Management through its oversight role while at the same time steering the Group's business direction and strategy.**



In line with this commitment, the Board is continuously reviewing and has taken, where appropriate, the necessary steps to comply with the Malaysian Code on Corporate Governance (MCCG). The MCCG is made up of 3 Principles and 48 Practices, out of which 5 are Step-Ups. The Board is pleased to elaborate on the Group's application and the extent of compliance with the MCCG during the financial year ended 31 December 2022 in this Corporate Governance Overview Statement (CG Overview).

This statement is supplemented with a Corporate Governance Report (CG Report) pursuant to paragraph 15.25 of the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Malaysia).

*The CG Report is available on the Company's website at [https://kpi.listedcompany.com/corporate\\_governance.html](https://kpi.listedcompany.com/corporate_governance.html) as well as on the website of Bursa Malaysia.*

This statement should be read in conjunction with the Statement on Risk Management and Internal Control (SORMIC), and Audit Committee Report (AC) as well as Medical Advisory and Clinical Governance Committee Report (MACGC). The Corporate Governance Framework is developed based on the following statutory requirements, best practices and guidelines:

**Companies Act 2016 (CA 2016)**

**Main Market Listing Requirements of Bursa Malaysia**

**Malaysian Code on Corporate Governance**

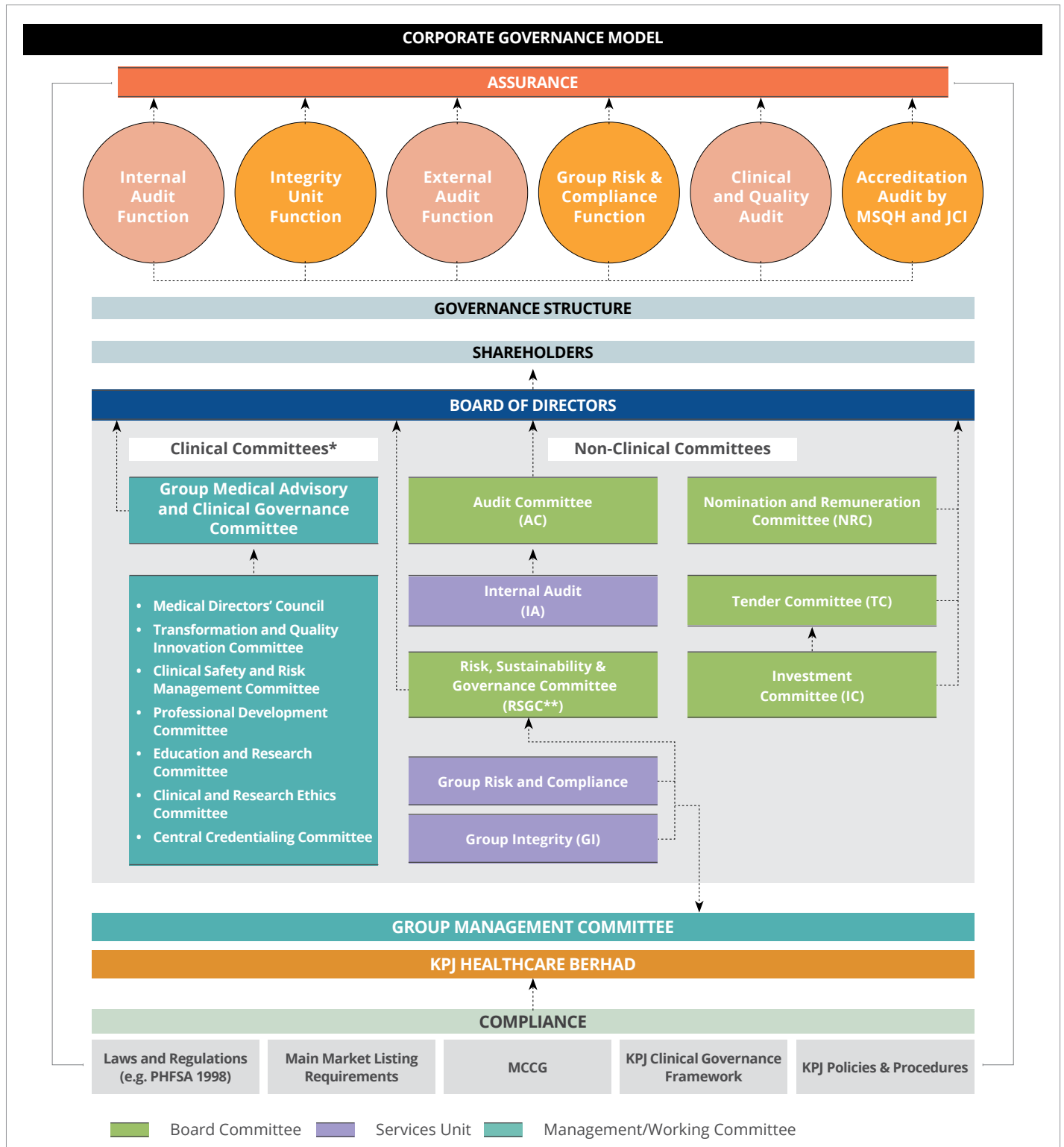
**Corporate Governance Guide (4th Edition)**

→ The Board has considered and takes guidance from the key CG Principles as set out in the MCCG. A gap analysis was undertaken and the findings were tabled to the Risk, Sustainability and Governance Committee (RSGC). As at 31 March 2023, we have applied all the Practices in the MCCG save for that which has been disclosed in the CG Report.

The explanation for the departures from the Practices and the measures to be taken are provided in the CG Report which is available at [https://kpi.listedcompany.com/corporate\\_governance.html](https://kpi.listedcompany.com/corporate_governance.html)



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

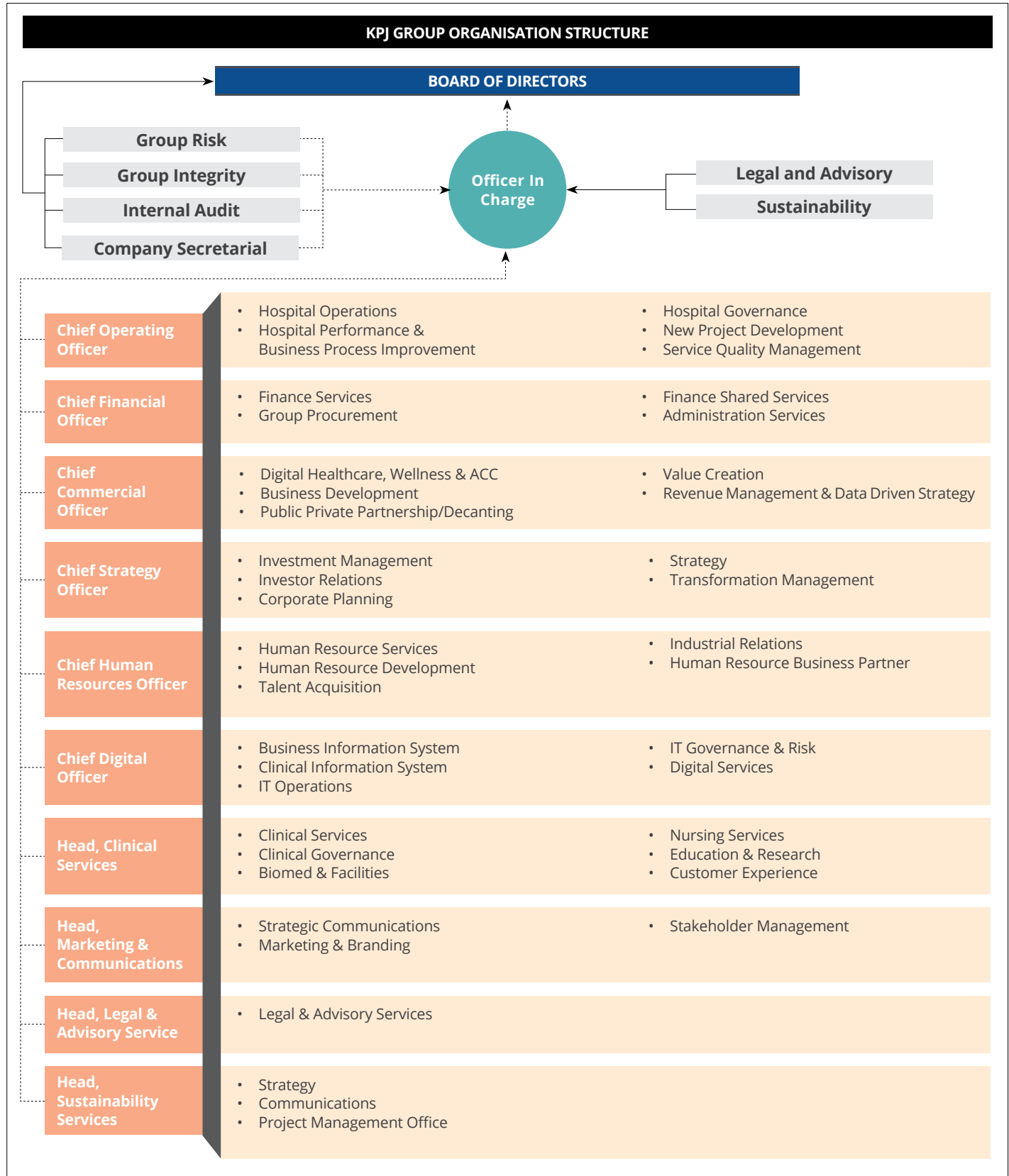


Note:

\* Change of name and TOR; w.e.f. 1 January 2023

\*\* Change of name and TOR; w.e.f. 23 November 2022

# CORPORATE GOVERNANCE OVERVIEW STATEMENT



CORPORATE GOVERNANCE  
OVERVIEW STATEMENT

## PRINCIPLE A | Board Leadership &amp; Effectiveness

## STRUCTURAL CHANGES TO THE BOARD COMPOSITION

NAME OF DIRECTORS	DESIGNATION (INCLUDING RE-DESIGNATION)	DATE OF APPOINTMENT/ RE-DESIGNATION	DATE OF RESIGNATION/ RETIREMENT
Tan Sri Dr. Ali Bin Hamsa	Non-Independent Non-Executive Chairman	-	31 March 2022
Datuk Md Arif Bin Mahmood	Non-Independent Non-Executive Chairman	1 April 2022	-
Dato' Mohd Redza Shah Bin Abdul Wahid	Re-designation: Independent Non-Executive Director to Senior Independent Non-Executive Director	1 April 2022	-
Lydia Anne Abraham	Independent Non-Executive Director	-	28 June 2022
Dato' Mohd Shukrie Bin Mohd Salleh	President & Managing Director	1 April 2022	7 September 2022
Lee Lai Fan	Independent Non-Executive Director	7 July 2022	-
Dato' Yusli Bin Mohamed Yusoff	Senior Independent Non-Executive Director	-	Demised on 10 March 2022
Ahmad Shahizam Bin Mohd Shariff	President & Managing Director	-	31 March 2022

The Officer in Charge of the Company is responsible for leading the Management in the execution of broad policies, strategies and action plans approved by the Board. She regularly engages the Board to report and discuss the Group's business performance and developments, including all strategic matters affecting the Group. The Officer in Charge is supported by the KPJ Group Management Committee (KGMC) and other committees established under the Group's governance framework.

The Board had also developed and approved the Corporate Objectives for 2022. With the objective in place, the Officer in Charge played a key role in leading and ensuring the senior management team executes strategic plans to achieve them. Successful attainment of these goals becomes the basis of KPJ management's performance evaluation.

All members of the Board contributed meaningfully to the areas of formulation of strategic objectives and policies, governance, performance monitoring, allocation of resources and compliance. Each Director brought with him/her vast experience and astute insights to enable the Board to function effectively in discharging its duties and responsibilities in accordance with the Terms of Reference of the respective committees.

The roles of the Chairman of the Board, Officer in Charge and four (4) Non-Executive Directors (NEDs) are kept separate with a clear division of responsibilities in line with best practices. The functions of the Chairman as well as those of the Officer in Charge are clearly segregated to ensure that there is a balance of power and authority.

The Company Secretary plays an advisory role to the Board in relation to the Company's Constitution, the Board's policies, procedures and compliance with the relevant regulatory requirements, including codes or guidance and legislation. The Company Secretary supports the Board in managing the Group's Governance Model, ensuring it is effective and relevant. Each Board member has unrestricted access to the advice and services of the Company Secretary.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A | Board Leadership & Effectiveness

### BOARD OF DIRECTORS

#### Roles and Responsibilities

The Board is committed to delivering sustainable value and determining long-term goals through its leadership, with support from a dedicated Management Team. The Board is responsible for overseeing how Management best serves the interests of shareholders and other stakeholders on the environmental, social, and governance fronts, as well as in the areas relating to risk management, regulatory and governmental changes, plus global trends. The Board also promotes a Group culture based on KPJ's core values and defines its role in the society.

#### ACTIVITIES IN 2022

- Deliberated on, challenged and approved the Group's Strategic Plan for 2023, the Budget and the Balanced Scorecard for the year 2023;
- Supervised and guided Management in navigating the Group's business operations, and performance amidst the challenges posed by the COVID-19 pandemic;
- Reviewed and approved the Group's quarterly and year-end results for the financial year 2022 for public release;
- Reviewed and provided views on the Group's Operational Report for hospital and non-hospital businesses;
- Deliberated on and approved the Group's Key Performance Indicators (KPIs) achieved for the year 2022 and set the Group's KPIs for the year 2023;
- Discussed and approved the Proposed Ex-Gratia Payout (Malaysian Operations) and the Performance Incentive Payment for the year 2021; and
- Considered and approved the purchase of assets and equipment, as well as hospital renovation, upgrading and expansion to maintain and enhance the service quality of KPJ hospitals.

### PRIORITIES IN 2023

- Focus on the Transformation Plan Phase 2:
  - Integrate the digital ecosystem of the hospitals in the Group;
  - Raise the standard of clinical and nursing excellences, and hospital culture; and
  - Champion sustainability in healthcare as well as strengthen the sustainability structures and governance of the Group.

### MATTERS RESERVED FOR THE BOARD

1. Approval of corporate plans and programmes;
2. Approval of annual budgets, including major capital commitments;
3. Approval of new ventures;
4. Approval of material acquisitions and disposals of undertakings and properties; and
5. Changes to Management and the control structure within the Company and its subsidiaries, including key policies and delegated authority limits.

### BOARD CHARTER

The Group has documented clear policies for identifying and separating the functions and responsibilities between the Board and Management, as well as between the Chairman and the President & Managing Director in ensuring the smooth running of the Group's business and operations.

*These are enshrined in the Board Charter, which is available on the Company's website at [https://kpj.listedcompany.com/misc/board\\_charter.pdf](https://kpj.listedcompany.com/misc/board_charter.pdf)*

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A | Board Leadership & Effectiveness

### CONTINUING EDUCATION PROGRAMMES

As an integral element of the process of appointing new Directors, the Board ensures that there is an orientation and education programme for new Board Members.

The Directors also receive further training from time to time through Continuous Education Programme (CEP). During the year 2022, the Board members attended training sessions/programmes organised by various parties as disclosed under Practice 2.1 of the CG Report.

2022 DIRECTORS' TRAINING FOCUS AREAS					
<b>Corporate Governance</b>	<b>Healthcare</b>	<b>Leadership, Legal and Business Management</b>	<b>Technology</b>	<b>Financial Capital Markets and Economy</b>	<b>Sustainability</b>
<b>6</b> (16%)	<b>2</b> (6%)	<b>7</b> (19%)	<b>3</b> (8%)	<b>10</b> (27%)	<b>9</b> (24%)

### BOARD COMPOSITION

#### BOARD DIVERSITY

The analyses on the composition of the Board of Directors is as follows:

#### Gender Diversity

8 Male  
2 Female  
80%  
20%

#### Tenure of Directorship (Years)

9 0-3 years  
1 6-9 years  
90%  
10%

#### Board Skill & Experience

- Accounting/Finance/Audit/  
Banking/Investment: **50%** (5 persons)
- Sustainability: **10%** (1 person)
- Mathematics/Statistics/Economics: **40%** (4 persons)
- Business Administration/Human  
Resource/Transformation: **40%** (4 persons)
- Legal/Regulatory/Risk/  
Corporate Governance: **40%** (4 persons)
- Specialist Medicine: **10%** (1 person)
- Corporate CEO/Managing  
Director/Executive Director/  
Chief Financial Officer: **80%** (8 persons)
- Education/Research & Development/  
Technology/Science: **20%** (2 persons)

#### Racial Diversity

9 Malay  
1 Chinese  
90%  
10%

#### Age Profile

1 >70 years  
1 66-70 years  
1 61-65 years  
3 51-55 years  
3 56-60 years  
1 46-50 years  
10%  
10%  
10%  
30%  
30%

#### Board Composition

<b>50%</b> 5 Non-Independent Non-Executive Directors	<b>50%</b> 5 Independent Non-Executive Directors
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# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A | Board Leadership & Effectiveness

The present size and composition of the Board remain well-balanced. The Board is made up of professionals with a wide range of knowledge and experience in business and operations as well as medical, legal, finance and investment analysis acumen all relevant to the direction of a large, expanding Group, as well as sustainability matters, including material matters on environmental, social and governance (ESG) as outlined in the Fit and Proper Policy for the Board of Directors. These are available in the Fit and Proper Policy for the Board of Directors, which is available on the Company's website at [https://kpj.listedcompany.com/misc/KPJ\\_Fit\\_&\\_Proper\\_Policy\\_\(For\\_website\)\\_29.06.2022.pdf](https://kpj.listedcompany.com/misc/KPJ_Fit_&_Proper_Policy_(For_website)_29.06.2022.pdf).

The profiles of all Board members are disclosed on pages 108 to 117 of this Integrated Annual Report.

The Board, through the Nomination and Remuneration Committee (NRC), undertakes a rigorous evaluation each year in order to assess how well the Board, its Committees, the Directors and the Chairman are performing as per Fit and Proper Policy for the Board. This includes assessing the independence of Independent Directors, taking into account the individual Director's capability to exercise independent judgement at all times as well for recommendation to the shareholders for re-election at the AGM. The current composition of the Board members has the appropriate mix of diversity, skills, experience and capabilities.

The Board is also guided by KPJ's Diversity & Anti-Discrimination Policy, which was introduced on 1 September 2022.

The Policy is applied in overall people practices at work for all levels inclusive of Board and senior management, including but not limited to career opportunities, training and development, recruitment, compensation and benefits, talent identification, retention, performance management, promotions, job assignments, succession planning and engagement activities.

### MEETING CALENDAR 2022

The Board members' attendance at meetings throughout the year are indicated below:

NO	DIRECTOR	BOD	AC	TC	RSGC*	NRC	IC
<b>Non-Independent Non-Executive Directors</b>							
1	<b>Datuk Md Arif Bin Mahmood - Chairman</b> <sup>(a)</sup>	7/7					
2	<b>Prof Dato' Dr Azizi Bin Haji Omar</b>	11/11			6/6	11/11	
3	<b>Rozaini Bin Mohd Sani</b> <sup>(b)</sup>	11/11	8/8	9/9	2/2		
4	<b>Shamsul Anuar Bin Abdul Majid</b>	11/11				11/11	5/5
5	<b>Annie Binti Rosle</b>	9/11		8/9			3/5
	<b>Tan Sri Dr. Ali Bin Hamsa - Chairman</b> <sup>(c)</sup>	0/4					
<b>Independent Non-Executive Directors</b>							
6	<b>Mohamed Ridza Bin Mohamed Abdulla</b>	11/11			6/6	11/11	5/5
7	<b>Dato' Mohd Redza Shah Bin Abdul Wahid</b> <sup>(d)</sup>	11/11	8/8	8/9		8/8	5/5
8	<b>Khairuddin Bin Jaflus</b>	11/11	8/8	9/9	6/6		
9	<b>Hisham Bin Zainal Mokhtar</b> <sup>(e)</sup>	9/11	8/8		2/2	8/8	5/5
10	<b>Lee Lai Fan</b> <sup>(f)</sup>	6/6		3/3		3/3	
	<b>Dato' Yusli Bin Mohamed Yusoff</b> <sup>(g)</sup>	2/2				1/1	
	<b>Lydia Anne Abraham</b> <sup>(h)</sup>	5/5	3/3	4/4	2/2		
<b>Executive Director</b>							
	<b>Dato' Mohd Shukrie Bin Mohd Salleh</b> <sup>(i)</sup>	3/3					
	<b>Ahmad Shahizam Bin Mohd Shariff</b> <sup>(j)</sup>	4/4					
<b>TOTAL NUMBER OF MEETINGS</b>		<b>11</b>	<b>8</b>	<b>9</b>	<b>6</b>	<b>11</b>	<b>5</b>

Chairman

#### Notes:

<sup>(a)</sup> Appointed as Chairman, Non-Independent Non-Executive Director (NINED) with effect from w.e.f. 1 April 2022

<sup>(b)</sup> Appointed as RGC member w.e.f. 8 September 2022

<sup>(c)</sup> Resigned as Chairman, NINED, w.e.f. 31 March 2022

<sup>(d)</sup> Re-designated as Senior Independent Non-Executive Director w.e.f. 1 April 2022; and appointed as member and Chairman of the NRC w.e.f. 1 April 2022

<sup>(e)</sup> Appointed as RGC member and resigned as NRC member w.e.f. 8 September 2022

<sup>(f)</sup> Appointed as an Independent Non-Executive Director (INED) w.e.f. 7 July 2022; and appointed as member of the TC and NRC w.e.f. 8 September 2022

<sup>(g)</sup> Appointment as NRC Chairman ceased with his demise on 10 March 2022

<sup>(h)</sup> Retired as INED at the conclusion of the 29<sup>th</sup> AGM held on 28 June 2022; and retired as member of the AC, TC and RGC on the same date

<sup>(i)</sup> Appointed as Managing Director w.e.f. 1 April 2022. Resigned as Managing Director w.e.f. 7 September 2022

<sup>(j)</sup> Resigned as Managing Director w.e.f. 31 March 2022

\* Now known as Risk, Sustainability and Governance Committee w.e.f. 23 November 2022

CORPORATE GOVERNANCE  
OVERVIEW STATEMENT

## PRINCIPLE A | Board Leadership &amp; Effectiveness

## BOARD REMUNERATION 2022

The Board has in place a Board Remuneration Policy governing the remuneration of Directors and believes that the levels of remuneration offered by the Group are sufficient to attract Directors of calibre with sufficient experience and talent to contribute to the performance of the Group. The Non-Executive Directors are remunerated based on fixed annual fees and fixed meeting allowances.

NO	NAME	POSITION	FEE (RM)	ALLOWANCE (RM)	SALARY (RM)	BONUS (RM)	BENEFITS-IN-KIND (RM)	OTHER EMOLUMENTS	TOTAL (RM)
1	<b>Datuk Md Arif Bin Mahmood</b> <sup>(a)</sup>	Chairman, Non-Independent Non-Executive Director	165,000	28,000	-	-	23,138	-	216,138
2	<b>Dato' Mohd Redza Shah bin Abdul Wahid</b> <sup>(b)</sup>	Senior Independent Non-Executive Director	120,000	193,000	-	-	-	-	313,000
3	<b>Mohamed Ridza Bin Mohamed Abdulla</b>	Independent Non-Executive Director	120,000	159,500	-	-	-	-	279,500
4	<b>Khairuddin Bin Jaflus</b>	Independent Non-Executive Director	120,000	179,500	-	-	-	-	299,500
5	<b>Hisham bin Zainal Mokhtar</b>	Independent Non-Executive Director	120,000	193,700	-	-	-	-	313,700
6	<b>Lee Lai Fan</b> <sup>(c)</sup>	Independent Non-Executive Director	58,043	39,374	-	-	-	-	97,417
7	<b>Shamsul Anuar Bin Abdul Majid</b>	Non-Independent Non-Executive Director	120,000*	164,300	-	-	-	-	284,300
8	<b>Rozaini Bin Mohd Sani</b>	Non-Independent Non-Executive Director	120,000*	117,000	-	-	-	-	237,000
9	<b>Prof Dato' Dr Azizi Bin Hj Omar</b>	Non-Independent Non-Executive Director	120,000	171,700	-	-	-	-	291,700
10	<b>Annie Binti Rosle</b>	Non-Independent Non-Executive Director	120,000**	77,000	-	-	-	-	197,000
11	<b>Tan Sri Dr Ali Bin Hamsa</b> <sup>(d)</sup>	Non-Independent Non-Executive Director	55,000	-	-	-	-	-	55,000
12	<b>Dato' Yusli Bin Mohamed Yusoff</b> <sup>(e)</sup>	Senior Independent Non-Executive Director	23,000	12,833	-	-	5,832	-	41,665
13	<b>Lydia Anne Abraham</b> <sup>(f)</sup>	Independent Non-Executive Director	59,341	61,199	-	-	-	-	120,540
14	<b>Dato' Mohd Shukrie bin Mohd Salleh</b> <sup>(g)</sup>	Executive Director	-	251,665	618,000	-	32,280	779,520	1,681,465
15	<b>Ahmad Shahizam Mohd Shariff</b> <sup>(h)</sup>	Executive Director	-	186,000	642,000	-	12,300	425,850	1,266,150

\* The payment of the Director's Fees for nominee Directors representing and are employees of Johor Corporation will be paid to Johor Corporation as Corporate Fees

\*\* Included are the Director's Fees and Committee Fees paid to EPF as per EPF's instructions

## Notes:

<sup>(a)</sup> Appointed as Chairman, Non-Independent Non-Executive Director on 1 April 2022

<sup>(b)</sup> Re-designated as Senior Independent Non-Executive Director on 1 April 2022

<sup>(c)</sup> Appointed as Independent Non-Executive Director on 7 July 2022

<sup>(d)</sup> Resigned on 31 March 2022

<sup>(e)</sup> Demised in 10 March 2022

<sup>(f)</sup> Retired on 28 June 2022

<sup>(g)</sup> Appointed on 1 April 2022, resigned on 7 Sept 2022

<sup>(h)</sup> Resigned on 31 March 2022

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A | Board Leadership & Effectiveness

### SENIOR MANAGEMENT

The Company underwent a change in its Senior Management Team (SMT) where several members relinquished their roles, i.e.

- President & Managing Director (PMD)
- Chief Corporate Officer (CCO)
- Chief Technology Officer (CTO)
- Chief Commercial Officer (CComO)
- Chief Operating Officer (COO)
- Chief Human Resources Officer (CHRO)

Following that five new appointments were made, namely the :

- Officer in Charge (OIC)
- Chief Digital Officer (CDO)
- Chief Commercial Officer (CComO)
- Chief Operating Officer (Covering)
- Chief Human Resources Officer (Covering)

The Company is committed to providing competitive total compensation opportunities to attract, retain, motivate and reward its employees. Performance is measured based on the relative performance of the Company and individual employees' attainment of business needs and objectives.

The range of remuneration of the top five Senior Management (including salary, bonus, benefits in kind and other emoluments) for the financial year ended 31 December 2022 is as follows :

NAME	DESIGNATION	SALARY (RM)	ALLOWANCE (RM)	BONUS (RM)	BENEFITS (RM)	OTHER EMOLUMENTS	TOTAL (RM)
<b>Norhaizam Binti Mohammad</b>	Chief Financial Officer	450,001 - 500,000	100,001 - 150,000	0 - 50,000	50,001 - 100,000	-	700,001 - 750,000
<b>Ariesza Noor</b> <sup>(1)</sup>	Chief Corporate Officer	450,001 - 500,000	100,001 - 150,000	0 - 50,000	50,001 - 100,000	-	700,001 - 750,000
<b>Nantha Kumar Subramaniam</b> <sup>(2)</sup>	Chief Digital Officer	350,001 - 400,000	0 - 50,000	-	50,001 - 100,000	-	450,001 - 500,000
<b>Dr Nik Fawaz Nik Abdul Aziz</b> <sup>(3)</sup>	Chief Commercial Officer	200,001 - 250,000	0 - 50,000	-	0 - 50,000	-	300,001 - 350,000
<b>Dato' Mohamad Farid Bin Mohd Salim</b> <sup>(4)</sup>	Covering Chief Operating Officer	150,000 - 200,000	0 - 50,000	0 - 50,000	0 - 50,000	-	350,000 - 400,001
<b>Abdul Rashid Bin Abdul Jalil</b> <sup>(5)</sup>	Covering Chief Human Resources Officer	100,000 - 150,000	0 - 50,000	-	0 - 50,000	-	250,000 - 300,000

Notes:

<sup>(1)</sup> Resigned on 28/2/2023

<sup>(2)</sup> Joined on 1/7/2022

<sup>(3)</sup> Joined on 15/8/2022

<sup>(4)</sup> Appointed on 9/7/2022

<sup>(5)</sup> Appointed on 1/10/2022

### BOARD COMMITTEES

The Board, as part of its leadership role, coordinates and delegates specific responsibilities to several Committees to facilitate the operations of the Group at the Board and Management level. Each Committee has written terms of reference defining its scope, powers and responsibilities.

These Committees have the authority to examine particular issues and report to the Board with their findings and recommendations. The ultimate responsibility for the final decisions and recommendations on all matters emanating from these Committees, however, lies with the entire Board.



CORPORATE GOVERNANCE  
OVERVIEW STATEMENT

## PRINCIPLE A | Board Leadership &amp; Effectiveness

## NOMINATION AND REMUNERATION COMMITTEE

<b>Dato' Mohd Redza Shah Bin Abdul Wahid</b> <sup>(1)</sup>	Chairman	Senior Independent Non-Executive Director
<b>Mohamed Ridza Bin Mohamed Abdulla</b>	Member	Independent Non-Executive Director
<b>Hisham Bin Zainal Mokhtar</b> <sup>(3)</sup>	Member	Independent Non-Executive Director
<b>Lee Lai Fan</b> <sup>(2)</sup>	Member	Independent Non-Executive Director
<b>Prof Dato' Dr. Azizi Bin Haji Omar</b>	Member	Non-Independent Non-Executive Director
<b>Shamsul Anuar Bin Abdul Majid</b>	Member	Non-Independent Non-Executive Director
<b>Dato' Yusli Bin Mohamed Yusoff</b> <sup>(4)</sup>	Chairman	Senior Independent Non-Executive Director

## Notes:

<sup>(1)</sup> Appointed as member and Chairman on 1 April 2022

<sup>(2)</sup> Appointed as a member on 8 September 2022

<sup>(3)</sup> Resigned as a member on 8 September 2022

<sup>(4)</sup> Demised on 10 March 2022

## ROLES AND RESPONSIBILITIES

KPJ remuneration matters are governed by the Board of Directors through its Nomination and Remuneration Committee (NRC) which meets periodically to consider the remuneration of its Directors, senior executives and all employees in general. The management ensures that all rewards and remuneration programmes comply with the relevant rules and regulations. The programmes respond to commercial needs yet minimise fiscal risks and are implemented through check and balance and internal control in place.

The Officer in Charge and Group Human Resources Management provide strategic and operational support to the Board and NRC through remuneration policies and procedures for senior executives and all employees. The total rewards are determined by the delivery of annual and longer-term objectives and are consistent with KPJ's strategies to ensure sustainable long-term performance.

## ACTIVITIES IN 2022

- Assessed candidates for appointment as new Board members;
- Recommended the appointment of Board members, Board Committees members, Senior Management as well as proposed other changes for the Board and Senior Management;
- Reviewed the Group's KPI achieved for the year 2021 and made recommendations pertaining to the Group's 2022 KPIs for Board approval;
- Reviewed and recommended the performance bonus for the financial year 2021 for KPJ Group of Hospitals and Companies;
- Reviewed the appointment of key Senior Management positions;
- Reviewed the remuneration packages and contract terms of key Senior Management;
- Reviewed and approved the Talent Validation Programme rolled out by Management;
- Promoted sustainability as a strategic priority throughout the organisation, pursuant to the revised Main Market Listing Requirements (MMLR);
- Supported the development of the KPJ Sustainability Framework, outlining risks and opportunities, including climate change-related risks, in line with Phase 2 (2023 - 2025) of KPJ's Strategic Transformation Plan; and
- Approved the formation of Group Sustainability Services (GSS) as a dedicated unit to drive stakeholder awareness, guide resource allocation and report on environment, social and governance (ESG) initiatives.

## PRIORITIES IN 2023

- Oversee the implementation of employees' remuneration philosophy and a revised remuneration structure;
- Oversee the implementation of performance standards and performance management process;
- Oversee the implementation of a talent management framework and the further development of talent bench strength;
- Continue to build long-term resilience through the adoption and implementation of Sustainability-driven policies and practices; and
- Endorse, via the Risk, Sustainability, and Governance Committee (RSGC), relevant frameworks and policies. In January 2023, the Board endorsed the adoption of the KPJ Sustainability Framework and the proposed sustainability initiatives for 2023 - 2025.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A | Board Leadership & Effectiveness

### INVESTMENT COMMITTEE

<b>Hisham Bin Zainal Mokhtar</b>	Chairman	Independent Non-Executive Director
<b>Dato' Mohd Redza Shah Bin Abdul Wahid</b>	Member	Senior Independent Non-Executive Director
<b>Mohamed Ridza Bin Mohamed Abdulla</b>	Member	Independent Non-Executive Director
<b>Shamsul Anuar Bin Abdul Majid</b>	Member	Non-Independent Non-Executive Director
<b>Annie Binti Rosle</b>	Member	Non-Independent Non-Executive Director

#### ROLES AND RESPONSIBILITIES

To review and recommend to the Board on matters pertaining to the business, potential investments, acquisitions, divestments, disposals, termination, joint ventures and/or other forms of corporate exercises. The approvals/recommendations to the Board are as per the authority limits of the Terms of Reference.

#### ACTIVITIES IN 2022

- Reviewed and approved KPJ Group's hospitals expansion and future development proposals within its authority limits and recommended to the Board for its approval those above its authority limits
- Deliberated on and recommended to the Board for its approval the disposal of assets within KPJ Group
- Deliberated and discussed on the KPJ Group of Companies' Business Plan which includes Investment Requirement & Returns
- Deliberated on and recommended for Board approval several corporate exercises for the KPJ Group of Companies

#### PRIORITIES IN 2023

The KPJ Investment Committee will continue to deliberate on proposals for new business opportunities, existing assets expansion, disposal of assets and closure of business as recommended by KPJ's Management by ensuring the following for each exercise:

- To exploit new investment opportunities targeting expected returns.
- Will stimulate a sustainable business growth for the Company.
- Will preserve initial capital, avoid excessive risks and prevent losses in the investment portfolio.
- Takes into account a review the industry trends that may impact the company's strategy, investments and growth.

CORPORATE GOVERNANCE  
OVERVIEW STATEMENT

## PRINCIPLE A | Board Leadership &amp; Effectiveness

## TENDER COMMITTEE

<b>Khairuddin Bin Jaflus</b>	Chairman	Independent Non-Executive Director
<b>Dato' Mohd Redza Shah Bin Abdul Wahid</b>	Member	Senior Independent Non-Executive Director
<b>Lee Lai Fan <sup>(1)</sup></b>	Member	Independent Non-Executive Director
<b>Rozaini Bin Mohd Sani</b>	Member	Non-Independent Non-Executive Director
<b>Annie Binti Rosle</b>	Member	Non-Independent Non-Executive Director
<b>Lydia Anne Abraham <sup>(2)</sup></b>	Member	Non-Independent Non-Executive Director

## Notes:

<sup>(1)</sup> Appointed as a member on 8 September 2022<sup>(2)</sup> Retired as a member on 28 June 2022

## ROLES AND RESPONSIBILITIES

The TC evaluates, deliberates and approves recommendations made by Management for the award of tenders to approved tenderers within its approving authority, and recommends for approval to the Board any tenders that are beyond the TC's approving limit.

The TC oversees the timeline and cost of each project undertaken by the Group and addresses any issues relating to these projects.

## ACTIVITIES IN 2022

- Oversaw significant matters related to procurement of the Group;
- Reviewed, deliberated on and made recommendations to the Board pertaining the strategic matters surrounding new projects, sick projects with mitigation plans, and the project update dashboard report;
- Held Nine (9) meetings in 2022 to undertake its responsibilities; and
- Conducted site visits to check on and evaluate the progress of hospital renovation projects.

## PRIORITIES IN 2023

- Primarily focus on enhancing and strengthening the procurement process and methodology for all KPJ expenditure, which includes all hospital projects (new, extension and renovation), bio-medical equipment purchases, pharmaceutical and all facilities and maintenance contracts of KPJ hospitals;
- Ensure the timely completion of all projects within the projected completion date and budget allocated;
- Assess and evaluate all vendors, contractors and suppliers conducting business with KPJ with the primary aim of enhancing and improving their deliverables and service level agreements; and
- Mentor and guide personnel to raise the competency levels of all those involved in the different aspects of the procurement process.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE B | Effective Audit & Risk Management

### AUDIT COMMITTEE

The AC currently comprises three (3) INED and one (1) NINED who are financially literate.

Company Secretary (CoSec) will arrange the meetings' schedule in advance to coincide with the dates within the financial reporting cycle.

<b>Dato' Mohd Redza Shah Bin Abdul Wahid</b> <sup>(a)</sup>	Chairman	Senior Independent Non-Executive Director
<b>Khairuddin Bin Jaflus</b>	Member	Independent Non-Executive Director
<b>Hisham Bin Zainal Mokhtar</b>	Member	Independent Non-Executive Director
<b>Rozaini Bin Mohd Sani</b>	Member	Non-Independent Non-Executive Director

Note:

<sup>(a)</sup> Redesignation to Senior Independent Non-Executive Director w.e.f 1 April 2022

### ROLES AND RESPONSIBILITIES

The Audit Committee (AC) ensures transparency, integrity and accountability in the Group's activities to safeguard the rights and interests of the shareholders. At the same time assist the Board in fulfilling its fiduciary responsibilities relating to corporate accounting and reporting practices.

The AC is also responsible to improve the Group's business efficiency, the quality of the accounting and audit function as well as strengthening public confidence in the Group's reported financial results. AC also ensures the independence of the External and Internal Audit functions within the Group.

### ACTIVITIES IN 2022

- Reviewed the quarterly financial results before recommending the same to Board for approval.
- Reviewed the Financial Result for the year ended 2022 and issues raised by the External Auditor on their review of KPJ operations and internal control system.
- Reviewed the External Audit Plan on the scope and focus area of the External Auditor
- Reviewed the related party transactions and recurrent related party transactions.
- Assessed the impact of the COVID-19 endemic situation and the consequential effects on the operations and financials of the KPJ Group.
- Assessed the effectiveness of the mitigation action taken for the assessment on the technological risks identified in KPJ's computing environment to support the Hospital's Operation.
- Assessed the effectiveness of the process and adherence to SOP by the Management and staff at all Hospitals/Subsidiaries in order to ensure efficient and sound control systems. The reviews of the internal controls system were focused on procurement (tender), credit management, stock management and asset facilities management as part of the monitoring of the hospital licensing.
- Reviewed the performance of the Head of Internal Audit Services (IAS) and the department against the Consolidated Strategic Internal Audit Plan for 2022.
- Reviewed the Consolidated Strategic Internal Audit Plan for 2023 in order to assure that high-risk auditable areas are being covered in the audit scope.
- Reviewed and approved Audit Charter in line with the International Standards for Professional Practice of Internal Auditing by the Institute of Internal Auditors (IIA).
- Reviewed and recommended to the Board the revised Terms of Reference for the Audit Committee to align with the Malaysian Code on Corporate Governance (MCCG) 2021 by the Securities Commission Malaysia (SC).

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE B | Effective Audit & Risk Management

#### AUDIT COMMITTEE

##### PRIORITIES IN 2023

- In line with the Internal Audit Theme: To Inculcate Good Compliance Culture through Risk and Internal Controls Awareness, the Internal Audit Services would be conducting sharing sessions with the Executives and the Clerical staff to create awareness of the risks associated with the day-to-day operations. Internal Audit Services would also emphasize the internal controls that had been put in place via the policies, SOPs and work instructions as well as the implications of not adhering to them.
- Introduce Self-Audit/ Control Self-Assessment to get more coverage of the auditable areas where the Management of KPJ Group of Hospitals will be identifying, managing areas of risk exposures and subsequently, self-assessing the adequacy of the controls as well as the compliance with the existing policies and procedures. This exercise would be performed with assistance from Internal Audit Services.
- Leverage KPJ Group staff's knowledge of their operational processes with the Secondment Program for the year 2023 where transfer of knowledge is expected between the entities in KPJ Group and Internal Audit in order to create the Subject Matter Expert (SME) amongst the IAS staff. Reciprocally, the seconded staff will be able to improve their performance as they would be trained to better understand their work processes' risk and the mitigation controls that are essential to be put in place.
- Assess the third parties/ suppliers' cyber risk as the cyber threats by the third parties are an emerging risk that may lead to data leakages and security breaches.
- Sustaining the auditors' knowledge of new auditable areas and emerging risks by identifying the required training based on the auditors' Training Need Analysis; i.e. Environmental, Social and Governance (ESG) Reporting Audit, Forensic Audit etc.

##### REVIEW OF THE PERFORMANCE OF AC

The annual review of the composition and performance of the AC, including members' tenure, performance and effectiveness as well as their accountability and responsibilities, was duly assessed via the Board Effectiveness Evaluation.

##### RELATIONSHIP WITH EXTERNAL AUDITORS

A dialogue was held between Audit Committee, Internal Audit, Finance and the external auditors to discuss the External Auditor's audit plan, report, internal controls issues and procedures. The performance of external auditors was assessed and the AC recommended their appointment and remuneration to the Board.

In the year 2022, the External Auditors attended three (3) out of eight (8) meetings which were held on 17 February 2022, 26 August 2022 and 22 November 2022 respectively.

Separate private sessions were conducted without Management's presence at two (2) out of three (3) of the meetings.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE B | Effective Audit & Risk Management

### RISK, SUSTAINABILITY AND GOVERNANCE COMMITTEE\*

<b>Mohamed Ridza Bin Mohamed Abdulla</b>	Chairman	Independent Non-Executive Director
<b>Khairuddin Bin Jaflus</b>	Member	Independent Non-Executive Director
<b>Hisham Bin Zainal Mokhtar</b> <sup>(1)</sup>	Member	Independent Non-Executive Director
<b>Prof Dato' Dr. Azizi Bin Haji Omar</b>	Member	Non-Independent Non-Executive Director
<b>Rozaini Bin Mohd Sani</b> <sup>(2)</sup>	Member	Non-Independent Non-Executive Director
<b>Lydia Anne Abraham</b> <sup>(3)</sup>	Member	Non-Independent Non-Executive Director

#### Notes:

<sup>(1)</sup> Appointed as a member on 8 September 2022

<sup>(2)</sup> Appointed as a member on 8 September 2022

<sup>(3)</sup> Retired as a member on 28 June 2022

\* Now known as Risk, Sustainability and Governance Committee w.e.f. 23 November 2022

#### ROLES AND RESPONSIBILITIES

The RSGC oversees the overall risk exposure and risk management matters relating to any material clinical and non-clinical risks identified as well as governance processes within the Group. The RSGC will recommend to the Board any changes in the policy, framework, standards and procedures where applicable.

The RSGC also monitors the appropriateness of KPJ's strategies in addressing material stakeholder sustainability concerns and ensures their compliance with sustainability policy, practices and reporting requirements.

#### ACTIVITIES IN 2022

- Reviewed the Group's Enterprise Risk Management (ERM) reports – which covered the ERM reporting status, risk profile, key risk highlights, risk priorities, mitigation plans and mitigation performance – to ensure that the Group's business activities as well as risk management methodologies were aligned and supplemented on an ongoing basis. This is to proactively manage the key risk areas that arise with the developments in the external operating environment;
- Monitored the status of business recovery during COVID-19 pandemic and pre-endemic phase through strategies to increase earnings and optimise costs;
- Deliberated on and made recommendations relating to the implementation of the new Hospital Information System and operational readiness of new hospital from risk perspectives;
- Monitored the status of implementation of the Business Continuity Management (BCM) based on the established Business Continuity Framework;
- Reviewed the reports of clinical and non-clinical incidents including action plans and initiatives undertaken;
- Oversaw the development and implementation progress of Governance, Risk and Compliance (GRC) solutions software to better manage the risk governance activities as well as better data quality management;
- Reviewed the Anti-Bribery Management System (ABMS) framework and implementation plan and ensured its compliance with applicable laws, standards and regulatory requirements;

- Oversaw the development and implementation of the Integrity plans with the objective to enhance the integrity culture (internally and externally) throughout the KPJ Group;
- Reviewed the reports on Medical and Clinical incidents reporting updates including action plans and initiatives undertaken to drive quality improvement activities. Matters in respect of the Group's medico-legal litigation cases, as well as trends of serious reportable events which highlighted problem areas in clinical performance and opportunities for improvement, were also reviewed;
- Reviewed and recommended that the Board approves the RSGC Report and the Statement on Risk Management and Internal Control in the Integrated Annual Report 2022;
- Reviewed and endorsed the KPJ Sustainability Framework with the inclusions of a common set of prescribed sustainability matters that are deemed material for all PLCs (common sustainability matters) as per revised MMLR. The indicators are links to multiple leading standards such as the GRI, SASB, and the FTSE Russell FTSE4Good Criteria; and
- Oversaw the implementation of initiatives in the area of cybersecurity, information management, data security and Security Roadmap.

#### PRIORITIES IN 2023

- Augment KPJ's risk strategy and appetite in alignment with KPJ's business objectives and strategy;
- Promote and improve the integration of risk thinking and risk culture within KPJ through necessary steps in alignment with KPJ's corporate strategy;
- Integrate efforts with other lines of defence for a better view and focus of risks and seamless reporting and monitoring;
- Monitor the completion of the customisation of Governance, Risk and Compliance (GRC) Solutions software for continuous improvement purposes;
- Monitor the enhancement of BCM implementation at KPJ Head Office, including BCP drills;
- Augment KPJ's risk strategy and appetite in line with the Framework with the focus of climate change; and
- The Committee, together with the management, to manage ESG risks and opportunities through its strong sustainability governance structure.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE B | Effective Audit & Risk Management

#### GROUP MEDICAL ADVISORY & CLINICAL GOVERNANCE COMMITTEE

##### CHAIRMAN

**Professor Dato' Dr Azizi Hj Omar**, Chairman, Group Medical Advisory & Clinical Governance Committee  
Chairman, Credentialing And Privileging Committee

**Dato' Dr. Zaki Morad bin Mohamed Zahir** <sup>(a)</sup>, Chairman, Medical Advisory Committee

##### MEMBERS

**Pn Norhaizam Mohamad**, Officer In Charge

**Dato' Mohamad Farid bin Mohd Salim**, covering Chief Operating Officer

**Dr Mohd Hafetz Ahmad**, Chairman, Group Medical Directors Council

**Dato' Dr. Sivamohan a/I S. Namasivayam**, Chairman, Professional Development Committee

**Dato' Dr. Fadzli Cheah Abdullah**, Chairman, Clinical and Research Ethic Committee

**Dr. Abdul Razak Samsudin**, Chairman, Clinical Safety and Risk Management Committee

**Prof. Emeritus Dato' Dr Lokman Saim**, Chairman, Education and Research Committee

**Dr. Noor Hisham Mansor**, Chairman, Transformation and Quality Innovation Committee

**Dr. Rusli Arshad**, Medical Director, KPJ Johor Specialist Hospital

**Dr. David Ling**, Medical Director, KPJ Kuching Specialist Hospital

**Dr. Munirah Khudri**, Head, KPJ Group Clinical Services

**Dr. Mohamed Ahsan Mohamed Ismail**, Head, Medical Affairs

**Dr. Aliza Jamaluddin**, Head, Clinical Governance

**Mdm Jayanthi a/p Marimuthu**, Group Chief Nursing Officer

**Pn. Zarihasyum Md Zain**, Head, Allied Health Services

**Dr. Rafiza Mohamed Nazir**, Manager, KPJ Group

##### Notes:

<sup>(a)</sup> Resigned as the Chairman on 31 December 2022

#### MAC MEETING ATTENDANCE 2022

Details of the attendance of MAC members can be found in the Medical Advisory Committee Report on pages 162 to 166 of this Integrated Annual Report.

#### ROLES AND RESPONSIBILITIES

The MAC develops and monitors clinical governance activities and guidelines of the KPJ Group of Hospitals. The MAC ensures that the best clinical governance activities and guidelines are adopted and practised by the Group in order to strengthen existing systems for quality control, based on clinical standards, evidence-based practice and lessons learnt from past cases. The MAC is also tasked with monitoring Patient Safety, Quality of Care and Enhancing Clinical Performance.

#### ACTIVITIES IN 2022

- Developed new policies and guidelines as well as reviewed and updated all existing policies/guidelines to ensure evidence-based processes are in place. One (1) new policy and one (1) guideline were approved and four (4) policies were updated;
- Reviewed clinical governance and reporting clinical outcomes by consultants;
- Reviewed the activities for clinical compliance including accreditation standards and clinical survey results of twenty-eight (28) hospitals surveyed in fourteen (14) areas;
- Monitored performance and patient outcomes such as clinical indicators and quality indicators;

- Established KPJ's second Ambulatory Care Centre in Bandar Kinrara, Puchong and launched the Centre for Stroke in KPJ Damansara;
- Updated the KPJ Guidelines on managing COVID-19 patients and ensured ongoing training for all healthcare personnel as well as dissemination of up-to-date clinical information and global clinical best practices in the treatment and management of COVID-19; and
- Ensured involvement in the National Immunisation Programme, with 22 of our KPJ hospitals serving as vaccination centres, as well as Mega PPV Centres at the Kuala Lumpur Convention Centre and at Mid Valley South Key, Johor Bahru.

#### PRIORITIES IN 2023

- Focus on transformation and increased innovation, in order to be more forward-looking and future-ready
- Enhancing Clinical Governance in KPJ through restructured Group Clinical Governance Committees, with enhanced roles and responsibilities
- Introducing larger scope of improvement initiatives across all aspects of clinical services, including nursing and allied health services
- Increase emphasis on safety and risk management
- Encourage more professional growth and personal development among clinical practitioners
- Continued incentive for research and professional ethics

More details of the activities undertaken by the MAC in 2022 can be found in the Medical Advisory Committee Report on page 158.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE C | Integrity in Corporate Reporting & Meaningful Relationships with Stakeholders

The Group understands that one of its major responsibilities is to provide sufficient and timely information as and when necessary to its shareholders and investors, as this reflects good corporate governance practice. It is imperative to maintain transparency, build trust and understanding in the relationship through active dialogue and communication with shareholders and investors. As part of the Group's commitment to promote a high level of communication and transparency with the investment community, experienced and senior level management personnel are directly involved in the Group's investor relations (IR) function.

The Officer in Charge and Senior Management hold discussions with analysts, investors and shareholders from time to time on the Group's results and performance.

The Senior Management personnel involved in Investor Relations activities during the period under review were:

- Dato' Mohd Shukrie Bin Mohd Salleh – President & Managing Director (until 7 September 2022)
- Norhaizam Binti Mohammad – Chief Financial Officer
- Ariesza Noor – Chief Corporate Officer (until 31 December 2022)

Presentations are made, where appropriate, to explain the Group's strategies, performance and major developments. However, any information that may be regarded as privileged material information about the Group will be safeguarded until such time that such information has been announced to Bursa Malaysia as required by the MMLR.

Another integral component of KPJ's unyielding emphasis on ethical and high integrity reporting is the Group's Whistle Blowing Policy. This policy enables employees and other stakeholders (i.e., shareholders/suppliers/customers), or any other parties to report genuine concerns about unethical behaviour, malpractice, illegal acts, or failure to comply with regulatory requirements without fear of reprisal should they act in good faith when reporting such concerns.

A dedicated whistleblowing channel at [integrity@kpjhealth.com.my](mailto:integrity@kpjhealth.com.my) is available for reporting. To encourage a conducive environment for effective whistle-blowing, the policy also provides assurances on the preservation of identity, the confidentiality of information, and protection of whistle-blowers from possible retaliation.

*The address and contact details of the above are stated in the policy at <https://kpj.listedcompany.com/whistleblowing.html>*

All shareholders have equal access to information. The Group has established formal channels to engage with shareholders and stakeholders as follows:

#### Communication and Engagement with Shareholders

- Integrated Annual Report, Sustainability Report, Corporate Brochures, Notice of AGM;
- Announcements to Bursa Malaysia; and
- Website updates on corporate matters and the Annual General Meeting.

#### Annual General Meeting (AGM)

- The 29<sup>th</sup> AGM was held on a fully virtual basis on 28 June 2022 in accordance with the Securities Commission Malaysia's Guidance Note on the Conduct of General Meetings for Listed Issuers (SC Guidance Note);
- Pursuant to the SC Guidance Note and Section 327(2) of the Companies Act 2016, the Chairman was present at the main venue of the AGM to chair the AGM. The AGM was conducted via the TIH online meeting platform in Malaysia at <https://tiih.online>;
- All shareholders were required to register their attendance at the AGM remotely by using the Remote Participation and Voting (RPV) facilities at <https://tiih.online>;
- The Administrative Guide of the AGM was circulated to the shareholders more than 28 days prior to the AGM together with the Notice of the AGM;
- The business presentation was made by the President & Managing Director;
- The Chairman encouraged shareholders to post questions and these were answered during the Q&A session, with the independent moderator from KPMG Management & Risk Consulting Sdn Bhd presenting the questions received for the AGM;
- Electronic poll voting was conducted on all resolutions and announcements of the voting results were made during the AGM as well as via Bursa LINK on the same day after the AGM;
- The minutes of the AGM were uploaded on the Company's website; and
- In line with KPJ's EES (economic, environmental and social) initiatives, which encourage a sustainable environment, shareholders were able to access our Integrated Annual Report, Sustainability Report and Financial Report online instead of via hard copy distribution. The reports and proxy form too were downloadable at <https://kpj.listedcompany.com/newsroom.html/cat/9862>

#### Communication via Mass Media

- Media interview on corporate developments;
- Press releases on key issues; and
- Social media established on the most popular social media platforms at the Group and subsidiary levels.

#### Engagement with Equity Analysts and Investors

- Analyst/Investor Meetings;
- Quarterly Briefing on Results and Audited Annual Financial Statements with analysts;
- President & Managing Director's semi-annual updates; and
- 13 equity research houses covering KPJ Healthcare.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## INVESTOR RELATIONS ACTIVITIES

KPJ conducts an analyst briefing after the announcement of our quarterly results which is well attended by all research houses covering KPJ. Analysts' queries have focused on how KPJ has been adapting to the tough operating environment and the key strategic initiatives being undertaken to transform the Group moving into the endemic phase of the pandemic.

SHARE QUOTE		STOCK	SHARE PRICE		
<b>MARKET</b> Main	<b>SECTOR</b> Healthcare	<b>5878</b>	<b>HIGH</b> RM1.21	<b>LOW</b> RM0.92	<b>CLOSE</b> RM1.11

## GENERAL MEETING

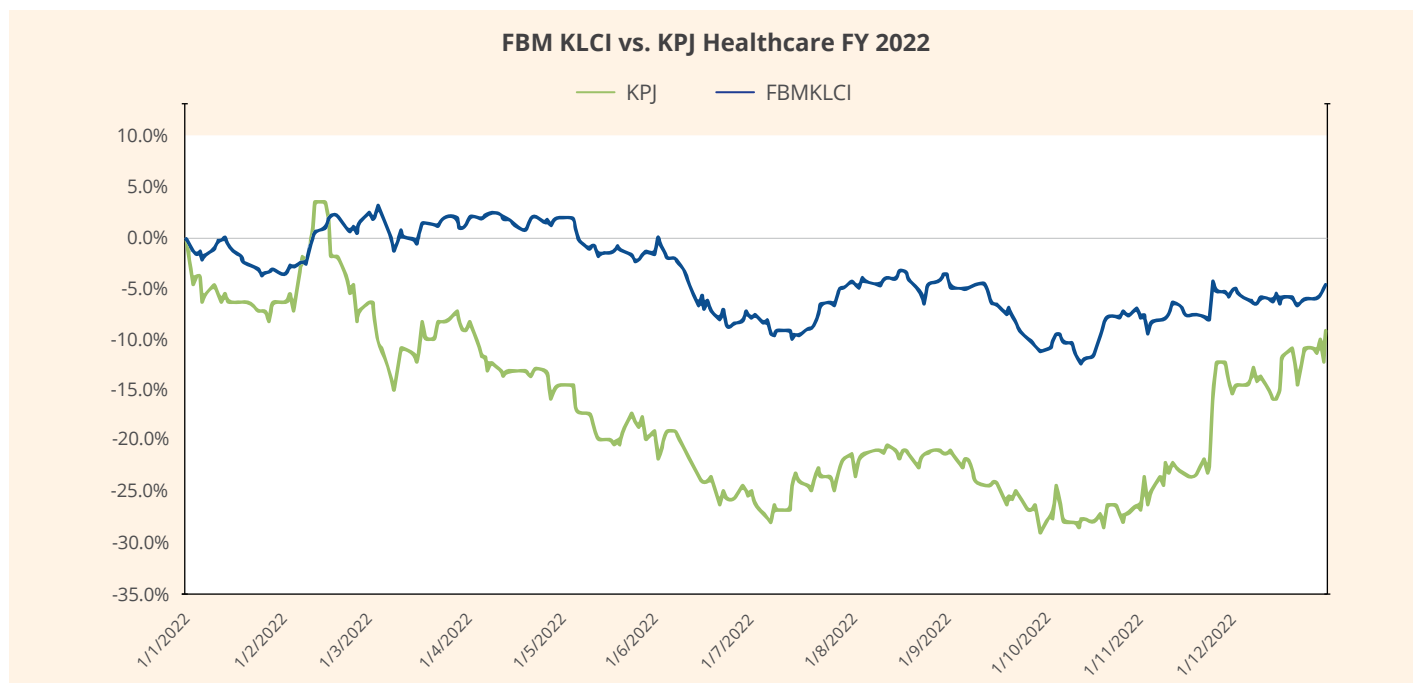
DATE	MEETINGS	VENUE	AGENDA
28 June 2022	29 <sup>th</sup> Annual General Meeting	Fully virtual online meeting platform at <a href="https://tjih.online">https://tjih.online</a>	<ul style="list-style-type: none"> <li>AGM Ordinary Business</li> <li>Authority to Issue and Allot Shares Pursuant to Sections 75 and 76 of the Companies Act 2016</li> <li>Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of Revenue or Trading Nature</li> </ul>
12 December 2022	Extraordinary General Meeting	Fully virtual online meeting platform at <a href="https://tjih.online">https://tjih.online</a>	<ul style="list-style-type: none"> <li>Proposed Sale of Properties by The Subsidiaries of KPJ to Amanahraya Trustees Berhad</li> </ul>



FTSE4Good

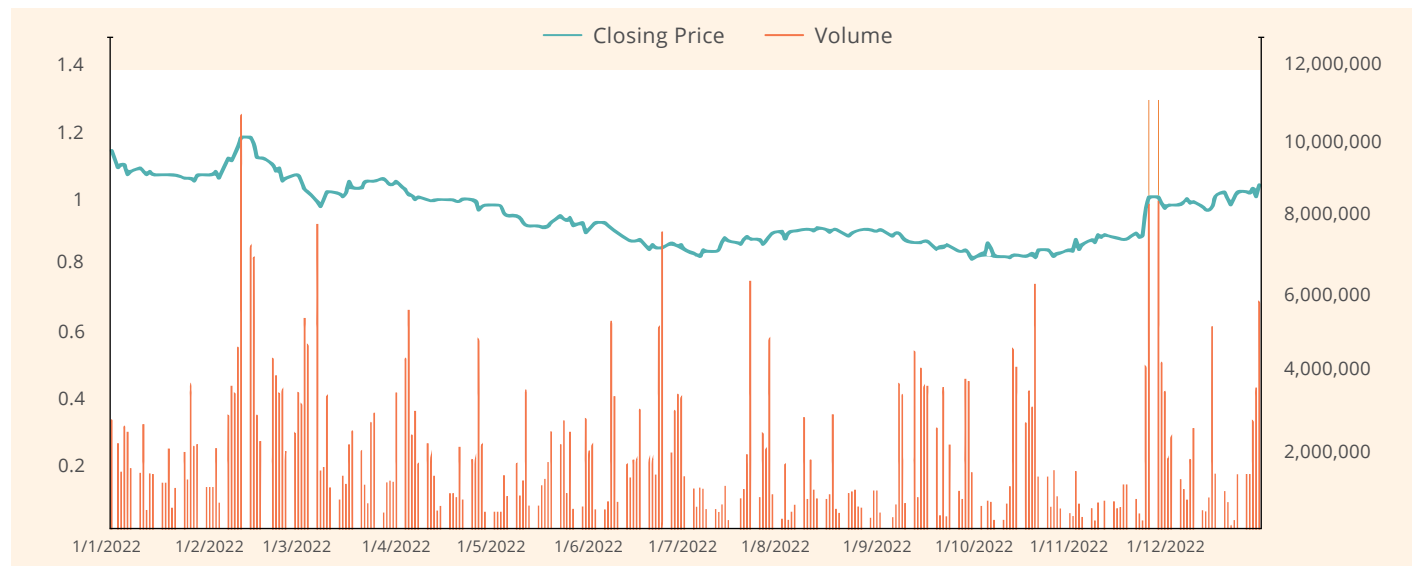
**KPJ Healthcare Berhad is a constituent of the FTSE4Good Index since 20 June 2016**

## KPJ SHARE PERFORMANCE



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### KPJ SHARE PRICE AND VOLUME TRADED



### KPJ QUARTERLY VOLUME & TRADING

	4Q 2022	3Q 2022	2Q 2022	1Q 2022
Total Volume	116,746,919	96,997,872	127,863,409	157,029,682
Daily Average Volume	1,796,106	1,469,665	127,863,409	157,029,682
Closing Price	1.01	0.79	0.84	1.01
High	1.01	0.89	1.02	1.15
Low	0.80	0.79	0.82	0.95
Trading	0.22	0.10	0.20	0.21

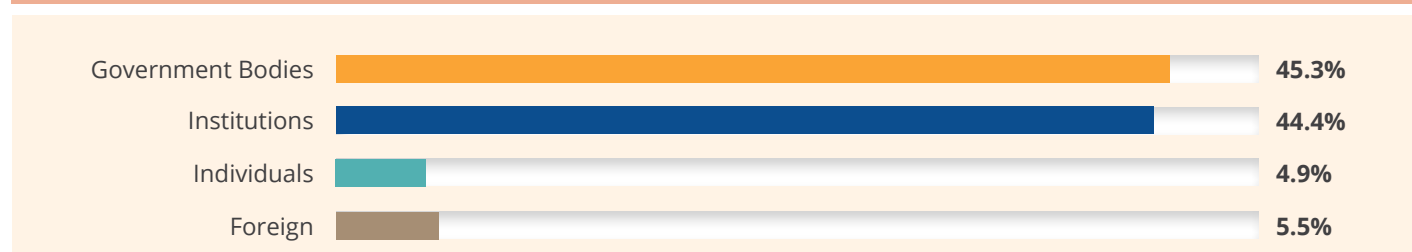
### KPJ SHARE PRICE 5 YEARS

YEAR END	2022	2021	2020	2019	2018
Market Cap (RM Billion)	4.55	5.00	4.40	4.20	4.60
Closing Price	1.01	1.11	1.00	0.95	1.04
High	1.15	1.21	1.04	1.10	1.15
Low	0.79	0.92	0.72	0.87	0.84
Foreign Shareholding	0.36	6.81	5.94	6.29	6.67

### SHAREHOLDERS' COMPOSITION 2022

As at 31 December 2022, there were 7,664 securities account holders with 4,343,221,161 shares issued (excluding treasury shares).

### SHAREHOLDERS' COMPOSITION 2022



# AUDIT COMMITTEE REPORT

## COMPOSITION AND ATTENDANCE

### Composition Of Members

The Audit Committee (AC) comprises four (4) members, with three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director, who are also members of the Board of KPJ Healthcare Berhad. This satisfies the requirements of Paragraph 15.09 (1)(a) and (b) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements (MMLR).

The composition of the AC and the record of their attendance at AC meetings held during the financial year 2022 are as follows:

NAME OF MEMBER	STATUS OF DIRECTORSHIP	NO. OF MEETING ATTENDED
<b>Dato' Mohd Redza Shah Bin Abdul Wahid<sup>(a)</sup></b> <i>Chairman</i>	Senior Independent Non-Executive Director	8/8
<b>Khairuddin Bin Jaflus</b> <i>Member</i>	Independent Non-Executive Director	8/8
<b>Hisham Bin Zainal Mokhtar</b> <i>Member</i>	Independent Non-Executive Director	8/8
<b>Rozaini Bin Mohd Sani</b> <i>Member</i>	Non-Independent Non-Executive Director	8/8
<b>Lydia Anne Abraham<sup>(b)</sup></b> <i>Former Member</i>	Independent Non-Executive Director	3/3

#### Notes:

(a) Redesignation to Senior Independent Non-Executive Director w.e.f 1 April 2022

(b) Retired from the Board and AC w.e.f 28 June 2022

The Chairman of the AC, Dato' Mohd Redza Shah Bin Abdul Wahid, is an Associate Chartered Accountant and a member of the Institute of Chartered Accountants in England and Wales. This meets the requirement of Paragraph 15.09 (1)(c) of the MMLR which stipulates at least one of the AC members fulfils the financial expertise requisite.

Collectively, the AC members are qualified individuals having the essential skills and expertise to discharge the functions and duties of the AC. The financial literacy and ability of the AC members to understand the financial reporting process have contributed to the AC's discussions as well as upheld the integrity of the Company's financial reporting process and financial statements.

The annual review of the composition and performance of the AC, including its members' tenure, performance and effectiveness, as well as their accountability and responsibilities, was duly assessed via the Board Effectiveness Evaluation.

### ATTENDANCE

- AC meetings for 2022 were pre-arranged in December 2021 and communicated to the members early to ensure their time commitment. A minimum of four (4) meetings a year were planned, although additional meetings were called as and when required at the Chairman's discretion.
- During the financial year, the quorum for all eight (8) meetings held during the financial year 2022 was fulfilled. The meetings were held on 13 January 2022, 17 February 2022, 24 May 2022, 2 July 2022, 26 August 2022, 12 October 2022, 22 November 2022 and 14 December 2022 respectively.
- The Company Secretaries act as the AC's Secretary in all AC meetings. The President & Managing Director, Senior Management together with the Head of Internal Audit, and External Auditors normally attend the meetings. Other Directors, Regional Chief Executive Officers of the hospitals and employees of the company and/or Group may attend any particular meeting upon invitation where appropriate.
- Minutes of the AC meetings are circulated to all members and extracts of the decisions made are escalated to relevant process owners for action. The Chairman of the AC provides a summary report and highlights significant points on the decisions and recommendations from the AC meetings to the KPJ Board.

## AUDIT COMMITTEE REPORT

### Meetings With External Auditors

- In the year 2022, the External Auditors attended three (3) out of eight (8) AC meetings, namely those which were held on 17 February 2022, 26 August 2022 and 22 November 2022 respectively.
- Separate private sessions were conducted without Management's presence at two (2) out of three (3) of the AC meetings.

### TERMS OF REFERENCE

The duties and responsibilities of the AC are outlined in its Terms of Reference (TOR) which is available online in the Corporate Governance section at [https://kpj.listedcompany.com/audit\\_committee.html](https://kpj.listedcompany.com/audit_committee.html)

### FOCUS AND ACTION PLAN

The AC received updates on key governance matters and issues across the Group at each AC meeting. During the financial year, the AC focused on the following areas, among others:

- a) The impact of the COVID-19 endemic and its consequential effects on the operations and financials of the KPJ Group;
- b) Financial statements compliant with the Malaysia Financial Reporting Standards (MFRS) Framework. Management's adoption and the impact arising from implementation of the new and amended accounting standards such as MFRS 16 Leases, MFRS 116 Property, Plant and Equipment and MFRS 137 Provisions, Contingent Liabilities and Contingent Assets;
- c) A review of the effectiveness and adequacy of the procurement/tender process which is aligned with the Group's strategic direction in the establishment of the Group Procurement and the Procurement Framework; and
- d) Recent developments in tax laws and regulations.

### SUMMARY OF WORK

During the year 2022, the AC carried out the following principal activities in discharging its responsibilities:

AREA OF FOCUS	MATTERS CONSIDERED
<b>Financial Results</b>	<ul style="list-style-type: none"> <li>• Reviewed the quarterly unaudited financial result announcements before recommending the same to the Board for approval;</li> <li>• Reviewed the Company's compliance, in particular the quarterly and year-end financial statements, with Malaysian Financial Reporting Standards, applicable disclosure provisions in the MMLR, and other relevant legal and regulatory requirements; and</li> <li>• Reviewed the impact of changes in accounting policies and adoption of new accounting standards together with significant matters highlighted in the financial statements.</li> </ul>
<b>Internal Audit</b>	<ul style="list-style-type: none"> <li>• Reviewed and approved the annual audit plan for the year 2023 to ensure adequate resources, competencies as well as comprehensive audit scope and coverage over the significant and high-risk audit activities;</li> <li>• Deliberated on the Internal Audit Reports that were tabled and appraised the adequacy of Management's responsiveness to the audit findings and recommendations;</li> <li>• Evaluated the results of scheduled follow-ups, investigations and special audits performed and confirmed that appropriate actions were taken to correct the weaknesses;</li> <li>• Assessed the status of audit activities as compared to the approved annual audit plan; and</li> <li>• Approved the annual revision of the Audit Charter and recommended to the Board for approval on the annual revision of the AC's TOR.</li> </ul>

## AUDIT COMMITTEE REPORT

AREA OF FOCUS	MATTERS CONSIDERED
<b>External Audit</b>	<ul style="list-style-type: none"> <li>Reviewed the audit plan, audit strategy and scope of work for the year;</li> <li>Reviewed the results of the interim and annual audit, audit reports, Management Letter together with Management's response to their findings;</li> <li>Assessed the independence and objectivity of the External Auditors during the year. The AC also received from the External Auditors their policies and written confirmation regarding their independence and the measures used to control the quality of their work;</li> <li>Deliberated on the developments relating to financial reporting and the regulatory environment;</li> <li>Assessed the performance of the External Auditors and recommended their appointment and remuneration to the Board of Directors; and</li> <li>Met with the External Auditors without the presence of Management on 17 February 2022 and 26 August 2022.</li> </ul>
<b>Related Party Transactions</b>	<ul style="list-style-type: none"> <li>Reviewed the related party transactions and recurrent related party transactions entered into by the Group as well as any conflict-of-interest situations that arose within the Group.</li> </ul>
<b>Annual Reporting</b>	<ul style="list-style-type: none"> <li>Reviewed and recommended the Audit Committee Report for inclusion in the Integrated Annual Report to ensure compliance with the relevant regulatory reporting requirements, prior to Board approval.</li> </ul>
<b>Other Matters</b>	<ul style="list-style-type: none"> <li>Reviewed the write-off for bad debts exercise prior to recommending this to the Board for approval;</li> <li>Deliberated on the progress and status on IT-related strategic issues;</li> <li>Reviewed and deliberated on the subsidiaries' performance; and</li> <li>Deliberated on the status and updates on credit and inventory management of the Group.</li> </ul>
<b>Continuous Professional Development</b>	<ul style="list-style-type: none"> <li>For the year under review, the relevant AC members have attended various conferences, seminars and training. Details of all training sessions attended are reported under the Corporate Governance Report, Practice 2.1 published on KPJ's website.</li> </ul>

## INTERNAL AUDIT SERVICES

- The Groups' in-house Internal Audit Services (IAS) team carries out KPJ's internal audit function in assisting the Board to oversee that Management has in place sound risk management, internal control and governance systems.
- IAS is headed by a Chief Internal Auditor, En. Mohd Firdaus Mohamed Din, who joined KPJ on 9 March 2020. He is a Certified Credit Professional (Business), Certified Credit Professional – Islamic (Business), Chartered Member of the Chartered Institute of Islamic Finance Professionals Malaysia, and an associate member of CPA Australia. He holds a Bachelor of Commerce (Accounting) from the Australian National University, Canberra.
- There are a total of 18 internal auditors who performed audits across the KPJ Group including the Group's Overseas Operations. The auditors are segregated into two (2) teams comprising Financial and Operational auditors, as well as IT auditors.
- Various physical and virtual in-house training programmes and external courses were provided to staff members in the areas of auditing skills, technical skills, leadership, data analytic, business acumen, strategic management and personal development to enhance their skills and align them with the desired competency levels.

## Roles and Functions

- IAS, as the third line of defence, reviews the effectiveness of the internal control structures over the Group's activities by focusing on high-risk areas that are determined using a risk-based approach.
- All high-risk activities in each auditable area are audited annually in accordance with the approved Audit Plan. This is to provide reasonable assurance that such systems continue to operate satisfactorily and effectively within the Group.
- IAS reports functionally to the AC and administratively to the President & Managing Director.

## AUDIT COMMITTEE REPORT

### Summary of Work by IAS

- The IAS within its terms and reference, undertook the following scope-of-work for the financial year 2022:-
  - i) Reviewed and appraised the adequacy and integrity of the internal financial controls and information system controls so as to ensure that these provide a reasonable but not absolute assurance that KPJ's assets are properly safeguarded;
  - ii) Collaborated with other internal or external assurance providers, or consulting services to determine the scope-of-work to ensure proper audit coverage and to minimise duplication efforts; i.e., External Auditors, Compliance Services, etc;
  - iii) Ascertained the level of compliance with the Group's plans, policies, procedures and adherence to laws and regulations;
  - iv) Appraised the effectiveness of the administrative and financial controls applied and the reliability and integrity of data that is produced within the Group;
  - v) Performed follow-up reviews of outstanding audit findings to ensure that the necessary actions have been taken/are being taken to remedy any significant gaps identified on the governance, risk management and internal control;
  - vi) Carried out special reviews/investigations requested by the AC and/or Management;
  - vii) Witnessed the tender opening and validated the evaluation process for procurement of goods and services to ensure the activities in the tendering process are conducted in a fair, transparent and consistent manner;
  - viii) Validated the final tender papers prior to tabling by the respective department/ services at the Tender Committee Meeting for the first half of 2022 to ensure the accuracy of tender information;
  - ix) Prepared and tabled the annual audit plan including its financial budget and required resources to the AC for their review and approval; and
  - x) Prepared the Audit Committee Report for the Company's Integrated Annual Report for financial year ended 31 December 2022.
- During the financial year ended 31 December 2022, IAS accomplished a total of 100 audits comprising scheduled financial and operational audits as well as IT audits at the hospitals, support companies and headquarters. These audits included special audits and ad hoc assignments. Reviews on compliance with established procedures, guidelines and statutory obligations were also performed.
- The audit reports which provide the results of the audit conducted are submitted to the AC for review and deliberation. Key control issues, significant risks and recommendations are highlighted, along with Management's responses and action plans for improvement and/or rectification, where applicable. This enables the AC to execute its oversight function by reviewing and deliberating on the audit issues, audit recommendations as well as Management's responses to these recommendations.
- Where appropriate and applicable, the AC directs Management to take cognisance of the issues raised and to establish the necessary steps to strengthen the system of internal control based on IAS' recommendations.
- All findings resulting from the audits were reported to the AC, Senior Management and relevant Management of the operating hospitals and support companies. Management of the operating hospitals and support companies were accountable for ensuring proper rectification of the audit findings and for implementing action plans within the timeframe specified.
- Follow-up by IAS on the actions taken is updated in the subsequent audits. In addition, the IAS plays an advisory role in the course of performing its audit activities.
- As the world moves closer to an endemic condition, IAS had adjusted its audit technique, using a hybrid approach to carry out the audit. Physical site audits and virtual or desktop audits were both carried out. The safety precautions are still being observed by the auditors to reduce the danger of contracting an infection.

### Independence of IAS

- IAS functions independently of the activities or operations of other operating units. IAS' authority, scope and responsibilities are governed by its revised Audit Charter which was approved by the AC on 22 November 2022 in alignment with the International Professional Practices Framework (IPPF) of the Institute of Internal Auditors (IIA).
- All Internal Audit personnel are to sign an Independence Statement as well as a declaration on compliance with the Code of Ethics of the IIA in carrying out their duties.

### Quality Assurance and Improvement Programme

- IAS shall maintain a quality assurance and improvement programme to uphold the conformance of internal audit activities with the International Standards for Professional Practice of Internal Auditing (Standards) issued by the IIA.
- The said programme includes the IAS function's self-assessment process and assessment by a qualified independent assessor once in five years.
- The Strategic, Quality and Development (SQD) Unit which has been operational since Q2 2021, has begun the implementation of the Audit Management System (AMS). The SQD Unit continues to monitor the auditors' utilization of the AMS and assists them by providing feedback and relevant training.
- IAS also concentrated its efforts on reviewing the auditors' competencies and professionalism by continuing the Certified Internal Auditor (CIA) programme. All auditors are encouraged to enrol in the CIA training and certification programme which forms part of the auditor's Key Performance Indicators (KPIs).

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(Pursuant to Paragraph 15.26 (b) of the Bursa Malaysia Listing Requirements)

**The Board of Directors of KPJ Healthcare Berhad (KPJ) is pleased to provide the following statement on the state of risk management and internal controls of the Group which has been prepared in accordance with the Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers endorsed by Bursa Malaysia Securities Berhad.**

## BOARD RESPONSIBILITY

The Board affirms its overall responsibility for establishing the Group's system of internal controls and risk management framework as well as for reviewing its adequacy and effectiveness. The Board has put in place a sound governance structure, risk management framework and internal control system pursuant to Principle B (II) of the Malaysian Code on Corporate Governance 2021 to ensure effective oversight of the Group's controls and risks.

The Audit Committee (AC) reviews the effectiveness of the internal control structure over the Group's activities focusing on high-risk areas which are determined using a risk-based internal audit approach. The Risk, Sustainability, And Governance Committee (RSGC) evaluates and reviews the assessment of identified risks, the effectiveness of the Enterprise Risk Management (ERM) Framework, as well as the process for accessing and managing the Group's principal risks. Issues raised and actions taken by Management to address these issues are deliberated on at the RSGC and AC meetings.

## MANAGEMENT RESPONSIBILITY

KPJ's Management has overall responsibility for implementing the Board's policies on risks and controls. Management facilitates this by allocating resources towards the design and implementation of policies and procedures on the risk management framework and internal control system so that significant risks faced by the Group can be identified and evaluated. Management also formulates adequate controls to manage these risks, according to the risk appetite set by the Board.

The principal objective of the risk management framework and internal control system is to identify and manage business risks effectively as well as to safeguard assets.

As the internal controls system is designed to manage and reduce risks rather than eliminate them, the system can only provide reasonable assurance to the Board regarding the achievement of company objectives through:

- The effectiveness and efficiency of operations;
- The reliability of financial reporting; and
- Compliance with applicable laws and regulations.

The likelihood of achievement of the Group's objectives is affected by limitations inherent in any internal control system. The management therefore has to consider the cost of implementation of internal controls against the expected benefits to be derived.

## RISK MANAGEMENT AND INTERNAL CONTROL STRUCTURE

### Integrity and Ethical Values

The Group is committed to upholding the highest standards of ethics and integrity by demonstrating honesty, fairness, transparency and accountability in the conduct of its business and operations. Performing duties with integrity is one of the core values embraced by KPJ Group.

Our values represent our organisation's philosophy and guide all our decision-making and actions. We strive to maintain a patient-centred environment, focused on compassionate care, based on our intrinsic commitment to 'Care for Life' in every aspect of our operations.

In line with the implementation of the KPJ Group's Anti-Bribery Management System (ABMS), employees are required to annually affirm their commitment to uphold high integrity and ethical values via the Staff Integrity Pledge in the Employee Self Service Portal.

KPJ also has in place a comprehensive Whistle-Blowing Policy that outlines the Group's commitment to promoting the highest standards of governance, ethics and integrity in all aspects of the Group's business dealings. A dedicated whistle-blowing channel at [integrity@kpjhealth.com.my](mailto:integrity@kpjhealth.com.my) is made available should employees or any other stakeholders wish to report any unethical practices or perceived wrongdoings. In order to encourage a conducive environment for effective whistle-blowing, this policy also provides assurances on the preservation of the identity of whistle-blowers, the confidentiality of information and protection for whistle-blowers from any possible retaliation. This policy provides an avenue for employees and all stakeholders to raise genuine concerns internally or to report any breach or suspected breach of any law or regulation. The revision of the Whistle-Blowing Policy in November 2022 portrays our strong staunchness in upholding continuous improvement for governance and transparency.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(Pursuant to Paragraph 15.26 (b) of the Bursa Malaysia Listing Requirements)

Since 2011, the Group has also been a signatory to the Malaysian Corporate Integrity Pledge, introduced by the Malaysian Institute of Integrity (MII) in support of the Government's efforts to combat corruption and unethical practices.

The Group's No Gifts and Entertainment Policy has been in place since 2014, whilst the Asset Declaration Policy which applies to all employees has been in effect since 2017. The purpose of these policies is to uphold ethical and responsible behaviour by all KPJ's employees and to avoid conflict of interest situations in any ongoing or potential business dealings that the Group has with various suppliers and service providers.

The Group has adopted Integrity Pact implementation guidelines as a tool to prevent corruption in the procurement processes. It comprises a set of declaration processes by KPJ employees, the procurement committees involved in procurement activities as well as suppliers. The Group requires its Vendors/Suppliers/Agents/Contractors to adhere to the laws, rules and regulations in all of their activities. The Group expects the Vendors/ Suppliers/ Agents/ Contractors to abide by the integrity agreement when conducting business with or for the Group.

### KPJ's Anti-Bribery Management System (ABMS)

In line with the National Anti-Corruption Plan 2019-2023 launched by the Government in January 2019, two (2) officers from KPJ were certified as Certified Integrity Officers (CeIO) from Malaysia Anti-Corruption Academy (MACA).

In February 2020, KPJ went on to form its Integrity Unit (IU) as part of its preparation to meet the requirements of Section 17A of the Malaysian Anti-Corruption Commission Act 2009. The IU's primary role is to drive and embed integrity as a key factor in governance and ensure all the ABMS policies and procedures are in place.

On 23 October 2020, KPJ attained ISO 37001:2016 ABMS certification for three years. This helps the Group to manage the corporate liability risks that it may face in business and to meet the requirements of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018) which was enforced on 1 June 2020. KPJ's subsidiary companies commenced adopting the practices under the same Act in January 2021.

KPJ completed the second year of ABMS Surveillance Audit by SIRIM with a "No Non-Conformity Report" achievement in November 2022. KPJ's journey in implementing ABMS is a testament to our commitment to combating bribery and corruption of which recognition was given by SIRIM during the "Majlis Industri SIRIM 2022," held on 3 December 2022.

The Group upholds good business value ethics by preventing and eliminating all forms of bribery/corruption to achieve the Company's vision and mission to safeguard the interests of its stakeholders.

The ABMS objectives are as follows:

- To inculcate and practice ethical virtues;
- To hinder any possibilities that could lead to unethical or untruthful practices;
- To comply with the Malaysian Anti-Corruption Commission Act 2009, regulations and Anti-Bribery Management System (ISO 37001:2016);
- To take the necessary action against employees and other interested parties contravening the law, regulations, ABMS Policy and other requirements;
- To cooperate with the relevant agencies to combat threats of bribery and fraud;
- To leverage the ABMS Committee and IU to monitor and ensure the ABMS is implemented and to report their findings to the RSGC for continuous improvement;
- To comply with the Policy on Work Ethics and Code of Conduct and practice good values based on moral principles whilst performing our duties as well as making continuous improvements; and
- To provide a channel of reporting as per the Whistle-Blowing Policy for any forms of bribery/corruption risks.

In addition, Integrity Ambassadors were appointed at all the Group's companies to assist the IU in inculcating and promoting ethical values among the Group's employees and stakeholders.

To instil a zero-tolerance for bribery and corruption, IU and the Integrity Ambassadors conducted a series of awareness and refresher training sessions on ABMS and the related standard operating procedures (SOPs) coupled with integrity talk collaboration with MACC throughout the year 2022. Collaboration with the MACC was initiated in 2021 and a series of ongoing engagements are planned for 2023.



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(Pursuant to Paragraph 15.26 (b) of the Bursa Malaysia Listing Requirements)

Quarterly meetings with the Integrity Ambassadors were scheduled to monitor the progress of the ABMS SOP implementation Groupwide. Aside from that, the identification of bribery risk for hospitals and subsidiary companies was developed, reviewed, and monitored on yearly basis.

The Guidance on Good Practice and Checklist for Adequate Procedures as well as Employers' Handbook (For Small & Medium Enterprises) on Corporate Liability Provision, Section 17A of MACC Act 2009 and the Ministerial Guidelines on Adequate Procedures were communicated and distributed to all internal stakeholders. Both documents were published by Transparency International Malaysia (TI-M) in February and March 2022 respectively and used as a reference and part of the training materials for the ABMS awareness and refresher programmes.

The application of the Guidance on Good Practice and Checklist for Adequate Procedures is to benchmark against the existing Compliance Checklist Reporting for further improvement towards integrity governance.

The ABMS Compliance Checklist Reporting was introduced in 2021 as a control mechanism to monitor the ABMS SOP Group implementation and level of compliance in meeting the requirements of Section 17A of the Malaysian Anti-Corruption Commission Act 2009. The existing governance framework coupled with ABMS is robust, adequate and effective to address bribery and corruption activities.

As the largest Malaysia's private hospital network, the regional groupings were reviewed whereby only the following remains; Northern & East Coast Region, Central Region I, Central Region II, Southern Region and East Malaysia Region. The Chief Executive Officer (CEO)/ General Manager (GM) of each hospital reports to the Regional Chief Executive Officer (RCEO) and the position of Deputy RCEO and Chief Operation Officer were introduced for selected cluster of hospitals within Central Region II and Southern Region. The role of Medical Directors remains to oversee the clinical operations and governance at the hospitals.

At the Corporate level, the Group exercises its governance oversight via the Medical Advisory Committee (MAC) on clinical matters and the KPJ Group Management Committee (KGMC) on all hospital operations matters and strategic matters.

### ASSIGNMENT OF AUTHORITY AND RESPONSIBILITY

The Board has delegated certain responsibilities to Board Committees and Management Committees with clearly defined terms of reference. The functions and activities carried out by the Board Committees are set out in the Corporate Governance Overview Section on pages 129 to 141.

The Board also assigns authority and responsibility to the Officer-In-Charge. The KGMC that is chaired by the Officer-In-Charge who oversees all business operations and executes all strategic initiatives approved by the Board.

Several committees have been formed to identify, evaluate, monitor and manage the significant risks affecting the Group operations.

#### 1. Risk, Sustainability And Governance Committee (RSGC)

The RSGC is a Board Committee chaired by an Independent Non-Executive Director of the Board. The RSGC is entrusted with evaluating and reviewing the assessment of identified risks, the effectiveness of the ERM Framework, as well as the process of assessing and managing the Group's principal risks. In addition, the committee reviews and evaluates the Group-level risk exposures and manages significant identified clinical and non-clinical risks. The committee also oversees the overall effectiveness of the Group's strategies, targets, policies and roadmap pertaining to sustainability recommended by the Sustainability Working Committee.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(Pursuant to Paragraph 15.26 (b) of the Bursa Malaysia Listing Requirements)

### 2. Group Medical Advisory Committee (MAC)

The MAC is chaired by a Senior Medical Professional. The appointment of the MAC Chairman is deliberated at NRC and approved by the Board. The MAC is the apex clinical committee that is responsible for the Group's clinical governance framework and the guidelines for sound and ethical medical practices. There are various sub-committees under the MAC, namely the Central Credentialing and Privileging Committee (CCPC), Clinical Governance Policy Committee (CGPC), Clinical Governance Action Committee (CGAC), Clinical Risk Management Committee (CRMC), Research and Quality Innovation Committee (RQIC) and Clinical and Research Ethics Review Committee (CRERC).

The MAC reviews the Group's clinical governance practices including policies, guidelines, SOPs and clinical compliance framework for the approval of the Board to inculcate a safe, healing, ethical environment as well as to promulgate good clinical governance practices that are consistent with the Board's business direction and risk tolerance.

### 3. Tender Committee (TC)

The TC is a Board Committee chaired by an Independent Non-Executive Director of the Board. The TC oversees the timeline and costing of each project undertaken by the Group and addresses any issues relating to these projects. The TC evaluates, deliberates and approves all major procurement contracts within the authority limits set by the Board. The TC also approves the recommendations made by the Management on selected contractors within the authority limit set by the Board.

### 4. Clinical Risk Management Committee (CRMC)

The Chairman of the Group CRMC is a Senior Medical Professional who is appointed jointly by the Management and the MAC of KPJ. The CRMC is entrusted with reviewing and overseeing the effectiveness of the Group's clinical governance framework. All major clinical risk incidents related to patient and staff safety are presented to the CRMC. All strategic corrective and preventive measures discussed and decided by the CRMC are escalated to the MAC for its notation and endorsement.

### 5. Tender Evaluation Committee (TEC)

The TEC is a management committee chaired by a member of the KGMC. The TEC is responsible for deliberating tenders for more than RM1million for all acquisitions of assets, awards of contracts and appointments of project development consultants/advisors to the Group. The TEC makes the appropriate recommendations to the TC.



*The Terms of Reference (TOR) for all the aforementioned committees are available at [www.kpjhealth.com.my](http://www.kpjhealth.com.my).*

### COMMITMENT TO CONTINUOUS LEARNING

Being in a service-oriented industry, the KPJ Group recognises the importance of continuous investment in improving the skills and competencies of its employees. In 2022, the Group spent RM6.4 million (2021: RM3.7 million) to implement its employees' training and development plan.

In supporting employee skills and capabilities enhancement, Group Human Resources Management, in collaboration with KPJ Healthcare University College's (KPJUC) teaching professionals as well as external trainers have facilitated and conducted an average of 39.5 training hours/staff per year in 2022 (target 30 training hours/staff per year). The programmes, which were centred on functional and leadership-related disciplines such as customer service, clinical safety, and leadership, were mostly conducted via online learning (virtual), given the COVID-19 pandemic.

In supporting employees' career advancement, Group Human Resources Management offers educational sponsorship assistance in the following areas:

1. To qualified employees to further their studies in various post-graduate programmes with local and overseas institutions (priority is given to hospital management and clinical disciplines); and
2. To all diploma holder Nurses, representing almost half of the Group's total workforce, to further their studies either for the Degree in Nursing or post-basic courses in Operation Theatre (OT), Intensive Care Unit (ICU), Cardiac Intensive Care Unit (CICU), renal, midwifery, and paediatric nursing at KPJUC or at any reputable institutions.

Since the programme's initiation in 2005, a total of 113 staff have benefited from this programme.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(Pursuant to Paragraph 15.26 (b) of the Bursa Malaysia Listing Requirements)

### RISK MANAGEMENT FRAMEWORK

#### Enterprise Risk Management

The Enterprise-wide Risk Management or ERM Framework remains an integral part of the Group's governance process in ensuring all inherent and emerging risks are assessed, mitigated and monitored to safeguard the Group's interests.

The Group issued the KPJ Risk Management Guidelines in 2019 to all hospitals. This was formulated based on the ISO 31000:2018 Risk Management standard and serves as a guide for identifying, evaluating, managing and monitoring significant risks by the Group as it aligns its ERM process with industry best practices. The objective of the KPJ Risk Management Guideline is to provide structured and consistent approach to risk management across the Group for informed decision making.

The Group has put in place an ERM Framework for managing risks associated with its business and operations and robust ERM practice have been implemented throughout KPJ to support our organisational business and strategic objectives. Group Risk is structured to provide adequate support to business units and subsidiaries in relation to risk management practices and implementation as well as to guide the priorities and direction of group risk management activities.

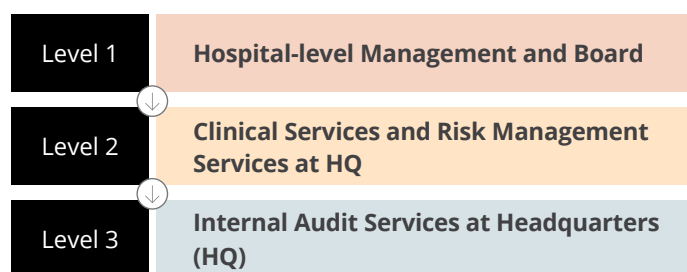
A reporting format by risk category has been enhanced in which risks have been categorised and prioritised based on their rating and impact, namely Strategic Risk, Financial Risk, Operational Risk and Compliance Risk. KPJ's RSGC and Management continue to provide oversight and appraise the adequacy and the effectiveness of the ERM practices in view of the increasingly challenging operating environment.

In April 2021, KPJ developed the KPJ Business Continuity Management (BCM) Framework which facilitates a structured and scalable approach for designing and executing a Business Continuity Plan (BCP). It also provides a one-stop reference for BCM concepts, expectations and deliverables to be adopted across the Group. The Framework was formulated based on ISO 22301 - Business Continuity Management standard.

As part of its strategy to improve data quality management and streamline risk governance practices and reporting across the companies and subsidiaries, KPJ embarked on a Governance, Risk Management and Compliance (GRC) software for a systematic and structured monitoring and reporting of risks within KPJ. On 30 June 2022, KPJ CURA system went live with initiation of updates of risk registers and profiles to the system.

#### KPJ's ERM Framework for Risk Governance

The ERM governance structure adopted by KPJ comprises three levels of defence as follows:



KPJ's ERM structure spans the entire organisation, from the Board, right down to the operational level. Material risks are consolidated from all Business Units to the Group Management, escalated up to the RSGC and finally to the Board. Risk Officers have been appointed at all hospitals to co-ordinate and monitor the implementation of risk management activities across all operations. All hospitals and subsidiaries are required to identify and mitigate relevant risks that may affect the achievement of the Group's objectives and report all significant risks arising from operations to Group Risk.

The Group coordinates its risk management activities through a risk reporting and escalation framework called the Incident Reporting and Root Cause Analysis framework. This is to ensure that all risk incidents are documented, investigated and root causes are identified to prevent future recurrence and ensure patient safety is given top priority. Our Incident Reporting and Root Cause Analysis are conducted via the Q-Radar online risk reporting system was rolled-out to all hospitals in June 2017. Today, all hospitals have access to report incidents (clinical and non-clinical) via this online risk reporting system.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(Pursuant to Paragraph 15.26 (b) of the Bursa Malaysia Listing Requirements)

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

Both clinical and non-clinical risk matters are also reported to the RSGC which has oversight authority on all risk management and internal control issues of the Group.

### CONTROL ACTIVITIES

#### Policies and Procedures

Policies and procedures are documented accordingly with the objective to ensure that appropriate authority limits are in place, that business activities are carried out according to set standards, and that the necessary actions are taken to address and minimise risks and ensure the orderliness and continuity of business functions.

#### Segregation of Duties

The delegation of responsibilities by the Board to the Management and Operating Units are clearly defined and authority limits are strictly enforced and reviewed regularly. The Authority Limit was last approved by the Board on 26 August 2020. Different authority limits are set for different areas of procurements such as capital expenditure and operational expenditure. Similarly, cheque signatories and authority limits are clearly defined and enforced.

#### Key Performance Indicators (KPIs)

KPIs with detailed balance scorecards are monitored and tracked to ensure the Group achieves the financial, strategic, operational and customer perspective targets that were set at the beginning of the financial year. The KPIs are cascaded down to all the operating subsidiaries in the Group.

### INFORMATION AND COMMUNICATION

#### Information Communication Technology (ICT)

Information Communication Technology (ICT) continues to evolve at a tremendous pace even as businesses embrace the Industry 4.0 Revolution by leveraging artificial intelligence, digital production, the Internet of Things, Cloud technology, Robotic Process Automation and Big Data, among other innovations. KPJ's Group Technology Services (GTS) has aligned its ICT strategies with KPJ's vision and business objectives for the next five years and is ensuring that KPJ is leveraging the latest technological advancements to achieve its goal of becoming a Smart Healthcare Provider (the hybrid business model for both physical and virtual care). As part of the strategy, KPJ will be replacing its long serving Hospital Information System (HIS) with the next generation futureproof HIS which will be able to deliver Industry 4.0 technologies and the integration necessary to meet KPJ's vision and goals. The nHIS project was deployed at KPJ Damansara Specialist Hospital 2 (DSH2) in 2022 as the pilot site and is currently under evaluation for the feasibility of a full rollout for KPJ.

#### Communication and Information Sharing

The Group promotes a culture of effective communication and information sharing amongst its hospitals and key subsidiaries through organising functional group meetings and conferences. The objective behind these meetings and conferences are to share and reinforce key business strategies, review performance, discuss current issues and communicate new policies and procedures.

Such meetings and conferences, which are held either on a monthly, quarterly or annual basis, comprise diverse functional groups such as hospital management, chief nursing officers, finance managers, pharmacists and risk officers.

On 12<sup>th</sup> July 2022, the Group conducted a townhall meeting whereby management shared the new changes in policies and group structure, reported on financial and operational performance, as well as unveiled the new strategic direction, balance scorecard and business targets for the new financial year.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(Pursuant to Paragraph 15.26 (b) of the Bursa Malaysia Listing Requirements)

On 1<sup>st</sup> December 2022, with the Group's growing community of employees, we are also adding Telegram called Team KPJ *#JoywithKPJ* as one of the communication channels for all KPJ employees and stay connected. Moreover, it is also for better communication, building a strong network, and for more opportunities and updates.

### Insurance Coverage

The Group is working closely with the insurance broker to ensure optimum coverage with competitive premium rates to protect its major assets against any mishaps that could result in material loss.

The coverage is reviewed yearly taking into account the changes in risk profiles (acquisitions and claims, among other things). All the staff in Group are covered by the Group Personal Accident Policy for injuries resulting from incidents or accidents.

All directors, medical officers and professionals of the KPJ Group have been covered by the Liability Insurance (Medical Malpractice Policy and Directors and Officers Policy) in respect of their potential exposure to any personal liability which may arise in the course of performing their duties.

Directors, Senior Management and Staff of KPJ Group are also covered by the Business Travel Protector Insurance for all their business travels.

### CONTINUOUS MONITORING AND ASSURANCE

#### Ongoing Monitoring

Consequent to the risk assessment process, all risks identified are registered and monitored. Registered risks are reviewed by their respective risk owners with quarterly reporting to Group Risk. Risk updates are consolidated and analysed for monitoring and reporting to the RSGC on a quarterly basis.

The effectiveness of the ERM Framework in relation to clinical domains is provided primarily by Clinical Services through off-site reviews. In 2022, a total of 28 hospitals were surveyed in 15 service areas by the clinical team assisted by Chief Nursing Officers, pharmacists, dieticians and physiotherapists.

The assurance activities of the Group are primarily undertaken by the Level 3 line of defence function. The effectiveness of internal control systems implemented throughout the Group is assessed primarily by Internal Audit Services through the conduct of regular audits on KPJ's hospitals and key subsidiaries.

Reports generated by Level 2 and Level 3 lines of defence are presented to the CRMC, RSGC and AC respectively for deliberation.

The Group's risk management framework and internal control systems do not apply to the associate companies where we do not exercise management control over their operations. The Group's interests are served through representation on the Board of Directors of these associate companies as well as through regular review of management accounts that they provide to the Group. The Board is satisfied with the information provided to assess the associates' performance for informed and timely decision-making on the Group's investments in these associates.

#### Independent Evaluation

All hospitals certified with the Malaysian Society for Quality in Health (MSQH) and Joint-Commission International (JCI) accreditation have to undergo stringent surveillance surveys by the respective surveyors to ensure compliance with accreditation standards and requirements before accreditation certification can be renewed. This is usually done every three (3) years for JCI accreditation and every four years for MSQH accreditation.

Currently, 19 hospitals in the Group have received their accreditation certifications from the MSQH, out of which four hospitals, namely KPJ Johor Specialist Hospital, KPJ Seremban Specialist Hospital, KPJ Ampang Puteri Specialist Hospital and KPJ Penang Specialist Hospital, have also been certified by the JCI with the internationally-recognised "JCI Accreditation". It is the Group's aspiration that all hospitals in its network receive this accreditation upon reaching operational maturity. KPJ Perlis has undergone surveillance surveys in November 2022 to obtain their first accreditation certifications from the MSQH and the reports will be released in 2023.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(Pursuant to Paragraph 15.26 (b) of the Bursa Malaysia Listing Requirements)

### Review of this Statement by the External Auditors

This Statement on Risk Management and Internal Control has been reviewed by the External Auditors as required by Paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad for the inclusion in the Annual Report for the year ended 31 December 2022. The limited assurance review was performed in accordance with Recommended Practice Guide (RPG) 5 (Revised) issued by the Malaysian Institute of Accountants. RPG 5 (Revised) does not require the External Auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control of the Group.

The External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of risk management and internal controls systems of the Group.

### ASSURANCE

The Board has received assurance from the Officer-In-Charge and Chief Financial Officer, that the Group's risk management framework and internal control system are operating adequately and effectively, in all material aspects, during the financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report, based on the risk management and internal control system adopted by the Group.

The Board is of the view that the system of internal controls instituted throughout the Group is sound and effective and provides a level of confidence on which the Board relies for assurance. In the year under review and up to the date of this report, there was no significant control failure or weakness that would result in any material separate disclosure in the Annual Report. The Board ensures that the internal control system and the risk management practices of the Group are reviewed regularly to meet the changing and challenging operating environment.

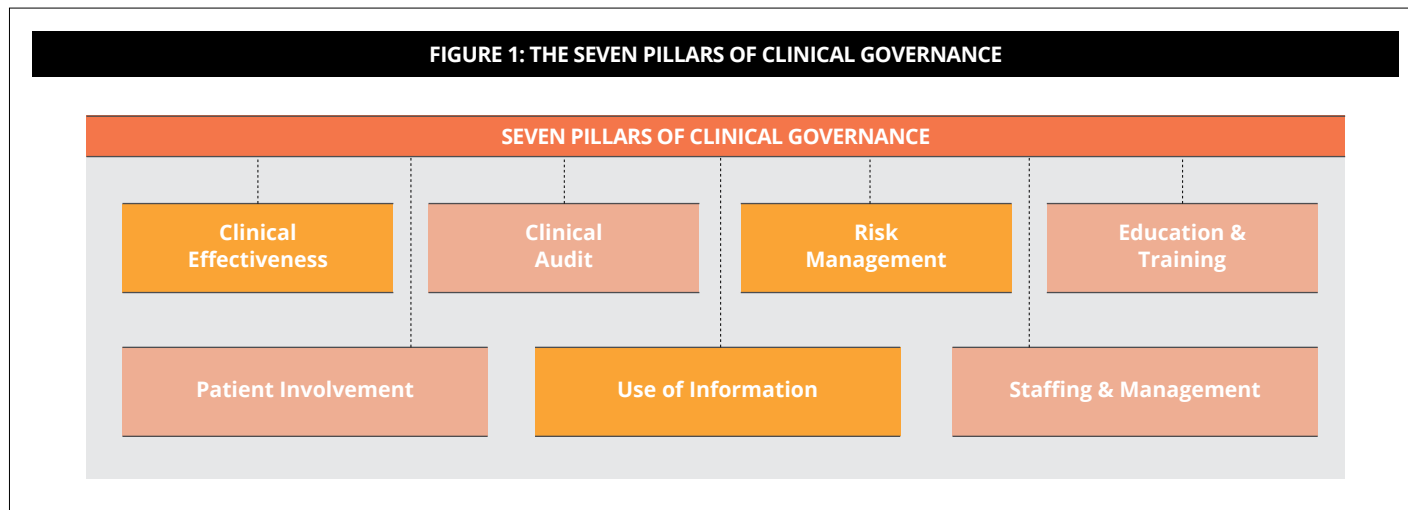
The Board is therefore pleased to disclose that the system of internal control and risk management of the Group is sufficient, appropriate, effective and in line with the Malaysian Code of Corporate Governance and the Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuer.

# MEDICAL ADVISORY COMMITTEE REPORT

**Clinical governance is an integral component of corporate governance within a health service organisation. It ensures that all those responsible – from frontline clinicians to managers and members of governing bodies, such as boards – are accountable to patients and the community for the delivery of health services that are safe, effective, integrated, of a high quality and are continuously being improved upon.**

In short, it is about **the right person** (be it an appropriately trained and resourced individual or team), **doing the right thing, at the right time** via the application of the best evidence to a patient’s problem, in the way the patient wishes. The individual or team must also work within an organisation that is accountable for the actions of its staff, values its staff (appraises and develops them), minimises risks, and learns from good practice as well as any mistakes made.

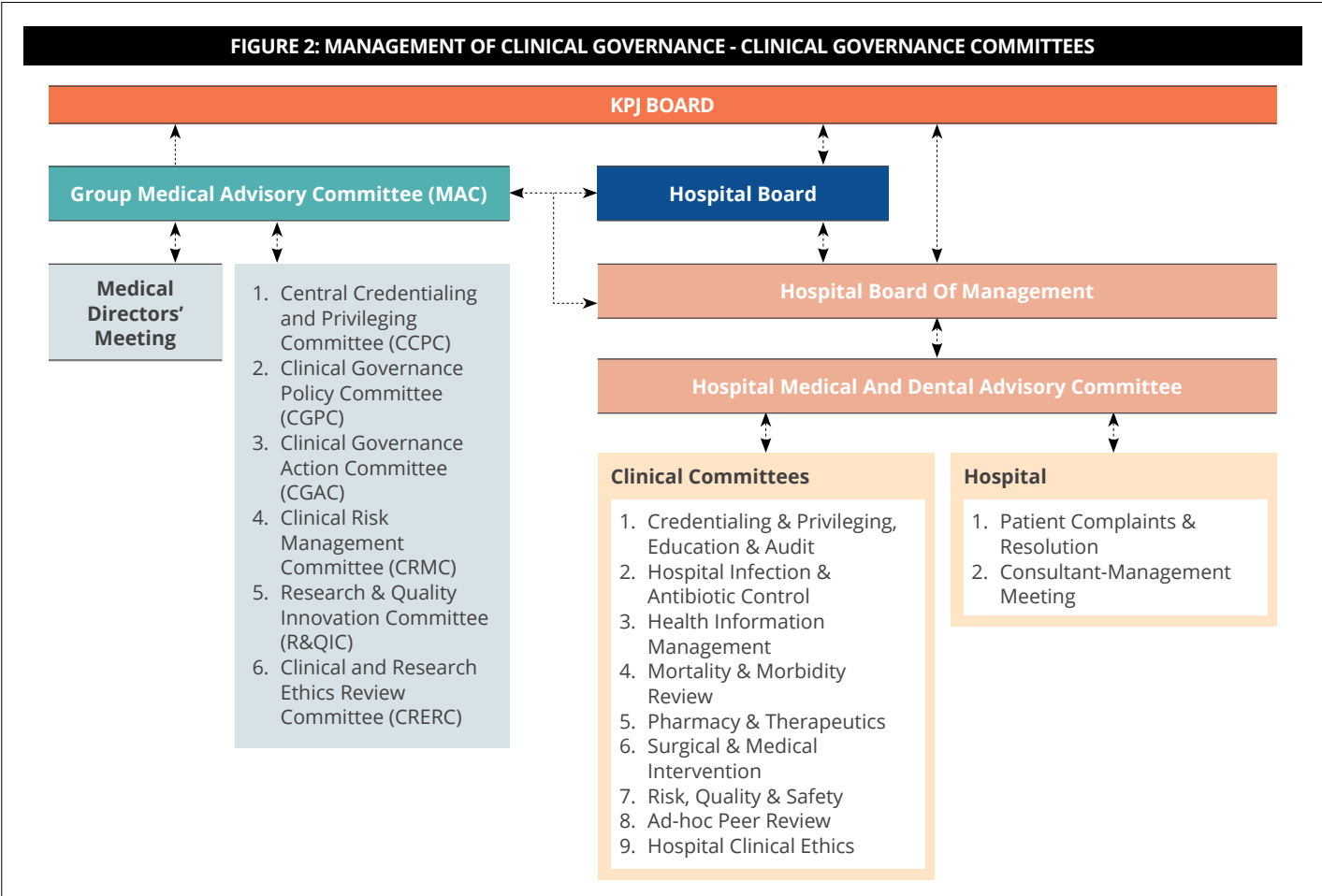
Here at KPJ, we bring our clinical governance framework, namely our **Seven Pillars of Clinical Governance** (Figure 1) into play to ensure our hospitals are accountable for continually improving the quality of their services and according patients high standards of care by creating an environment in which excellence in clinical care will flourish. KPJ’s framework embodies three key attributes: recognisable high standards of care, responsibility and accountability for those standards in a transparent manner, and constant, dynamic improvement.



While KPJ’s Board of Directors has overall oversight for Clinical Governance, at the Group level this is the responsibility of the Group Medical Advisory Committee (MAC). The MAC together with several Central Governance Committees are responsible for developing the policies and guidelines to improve safety, outcomes and the monitoring of clinical governance activities at our hospitals (Figure 2).

All our hospitals conduct Hospital Clinical Committee meetings as stipulated in the KPJ Medical Professional By-laws. The reports from the Hospital Clinical Committee meetings are collected, compiled and discussed during various hospital meetings and presented to the Hospital Board of Directors.

# MEDICAL ADVISORY COMMITTEE REPORT



## ACTIVITIES OF THE GROUP MEDICAL ADVISORY COMMITTEE AND ITS COMMITTEES IN 2022

### Development and Review of Policies and Guidelines

The clinical governance committees are tasked with developing new policies and guidelines as well as reviewing and updating all existing policies/guidelines to ensure evidence-based processes are in place.

In 2022, there were no new policies introduced. Three (3) new guidelines were approved for use, while six (6) policies were updated.

New Guidelines	Reviewed policies
Guidelines on Advance Care Planning	Privileging process for Consultants/Medical Officers
Guidelines in Managing Patients with Mental Health Problems within KPJ Hospitals	Policy on First Review "After Office Hours"
Management of Pregnancy Less than 24 Weeks	Dantrolene Injection
	COVID-19 policies and procedures
	Audiology policies and procedures
	Physiotherapy Services Laser guidelines



## MEDICAL ADVISORY COMMITTEE REPORT

### Strengthening Clinical Governance

Meetings with doctors encourage doctors to be more involved in clinical governance activities and motivate them to expand their reporting on clinical outcomes. During these meetings, suggestions for new products or services as well as the difficulty in executing certain policies or guidelines are also discussed.

#### Specialty Meetings

One specialty meeting (for Group Emergency Physicians) was held on 15 November 2022.

#### Group Medical Directors' Meetings

One meeting was held on 5 September 2022.

#### Regional Medical Directors' Meeting

There were no Regional Medical Directors' meetings in 2022.

### Ensuring Clinical Compliance

Today, many people are concerned about whether their healthcare needs are being met by hospitals in the best manner possible. Accreditation means that all KPJ's hospitals have been assessed against internationally recognised standards and operate at the highest levels of quality and service. Accreditation is the process by which the validity of our competency, authority, and credibility is proven and certified.

The measurement of quality requires a reference standard. Here at KPJ, the Malaysian Society for Quality in Health (MSQH) and Joint Commission International (JCI) standards are used to benchmark our services, thereby reassuring our patients of the outstanding care provided by our doctors, nurses and clinical support teams.

- **Accreditation by the Malaysian Society for Quality in Health (MSQH)**

A total of 13 KPJ hospitals have undergone MSQH recertification in the year 2022 (KPJ Kajang, KPJ Sentosa KL, KPJ Tawakkal KL, KPJ Damansara, KPJ Selangor, KPJ Klang, KPJ Ipoh, Kedah Medical Centre, KPJ Penang, KPJ Bandar Maharani, KPJ Sabah, KPJ Pahang and KPJ Perdana).

- **Joint Commission International (JCI) Accreditation**

In 2022, none of the hospitals underwent JCI recertification.

- **Clinical Survey 2022**

This survey evaluates the Group's compliance with Ministry of Health (MOH) standards/guidelines, MSQH and JCI standards, Malaysian Medical Council (MMC) Guidelines and KPJ Governing Policies. This is a cross-hospital internal survey conducted by KPJ Clinical Services as well as hospital nursing and allied health managers.

In 2022, a total of 28 KPJ hospitals went for the clinical survey and there was a total of 16 services surveyed.

**Table1: Clinical Survey 2022 - Service Areas**

SERVICE AREAS SURVEYED	
1	Prevention and Control of Infection (PCI)
2	Haemodialysis Service (HD)
3	Central Sterilising Supply Service (CSSS)
4	Accident and Emergency Service (A&E)
5	Endoscopy Service
6	Intensive Care/Neonatal/Cardiac Intensive Care Service (ICU/NICU/CICU)
7	Labour Room/Maternity Service
8	Hospital Wide
9	General Ward Service
10	Operating Theatre Service (OT)
11	Pharmacy Service
12	Food and Dietetics Service
13	Physiotherapy Services
14	Medical Records (Case Notes)
15	Paediatric Services
16	A medication survey in the ward is done by the pharmacy
<b>Average Percentage = 93.6 %</b>	

## MEDICAL ADVISORY COMMITTEE REPORT

### PERFORMANCE AND PATIENT OUTCOMES

The measurement of the outcomes of disease course and progression, the quality of clinical care being provided, the success of the procedure/interventions carried out, and the actual benefit perceived by patients can be used to strongly showcase patients' progress and the success of treatments. The continuous monitoring of outcomes also provides an opportunity to both assess and improve the quality of patients' health and care.

#### Performance Outcomes

The following performance indicators were monitored in the year 2022.

1. Rate of white appendix
2. Mortality rate for a Glasgow Coma Scale of more than nine (GCS >9) coming in with a head injury
3. Rate of lower segment caesarean section (LSCS)
4. Percentage of complications related to LSCS; bladder injury
5. Percentage of complications related to LSCS; ureteric Injury
6. Percentage of complications related to LSCS; uterine atony with hysterectomy
7. Percentage of complications related to LSCS; uterine atony without hysterectomy
8. Percentage of complications related to LSCS; severe haemorrhage
9. Percentage of complications related to LSCS; foetal injury
10. Percentage of complications related to LSCS; bowel injury
11. Rate of maternal mortality
12. Rate of vaginal tear (grade 3 and 4) for normal (including instrumental delivery) deliveries
13. Percentage of death for cases related to catheterization laboratory (cath lab) procedure
14. Percentage of myocardial infarction for cases related to cath lab procedure
15. Percentage of stroke for cases related to cath lab procedure
16. Percentage of vascular complications related to cath lab procedure
17. Percentage of myocardial infarction patients receiving thrombolytic therapy within 30 minutes of their presentation at A&E
18. Percentage of myocardial infarction patients receiving primary percutaneous coronary intervention (PCI) treatment within 90 minutes of presentation at A&E
19. The occurrence of adverse events during the recovery period from the operation theatre
20. Unplanned admission to the ICU from the OT
21. Number of returns to ICU within 24 hours of ICU discharge
22. Post-operative cataract surgery cases with a best corrected visual acuity (BCVA) of 6/12 or better three months after surgery (OR at the last visit if less than three months post-op)
23. Percentage of ischaemic stroke patients receiving thrombolytic treatment within 4.5 hours of symptoms upon arrival at A&E
24. Dengue fever fatality rate
25. Rate of laparoscopic cholecystectomy discharged more than 48 hours
26. Rate of laparoscopic cholecystectomy deaths

#### Clinical Indicators

In 2022, the clinical indicators monitored are similar as above.

## MEDICAL ADVISORY COMMITTEE REPORT

### CLINICAL GOVERNANCE ACTIVITIES IN 2022

The following is a summary of the clinical governance activities for 2022:

1. Guideline on Advance Care Planning was developed
2. Updated the COVID – 19 policies and procedures. Changes are in the:
  - a. Return to work for Health care providers who are tested positive.
  - b. Visitors to the ward – 2 visitors per day and depending on the ward's capacity.
  - c. Duration of visit (Visitors) is maximum 20 minutes.
3. Met with CKAPS following queries by Medical Directors on the following issues:
  - a. Elective surgery by sessional or visiting doctors.
  - b. Position of Person in Charge and Chairman of Medical (Dental) Advisory Committee (HM(D)AC)
  - c. Issues pertaining to Specialists from General Hospital doing locum at General Practitioners Clinics.
  - d. Nursing Issues.
4. The Audiology Services procedures and policies have been revised and standardised based on the MSQH standards.
5. Physiotherapy Service Laser Guideline was standardized for the Group.
6. The Malaysian Patient Safety Goals 2.0 were approved to be adopted for all KPJ Hospitals.
7. To continue keeping stocks of Dantrolene injection at the identified hospitals and to have a formal MOU with the nearby hospitals (Private or MOH) to loan stock in case of emergency. The cost of expired drugs to be shared with the group of hospitals as this can reduce the burden of cost by the respective hospitals.
8. KPJ List of Medical Abbreviations 2022 were reviewed following requests by a hospital after their JCI accreditation survey.
9. Guideline in Managing Patients with Mental Health Problems Within KPJ Hospitals was developed by a KPJ Resident Psychiatrist to handle patients with mental health issues as KPJ group of hospitals are not equipped to manage patients of medium to significant psychiatric risk.
10. Policy on First Review "After Office Hours" by the Consultant was reviewed and agreed to remove "After Office Hours" as it shall include cases to be seen during office hours as well.
11. Management of Pregnancy Less than 24 Weeks: it was agreed that the Consultant Obstetrician and Gynaecologist shall see the pregnant patient even though it is an unbooked case because it is the responsibility of the Consultant.
12. Privileging process for Consultants/Medical Officers were reviewed to include that privileges shall be requested by the Consultant/Medical Officers. This includes application for new privileges.
13. Appointments, duties, and responsibilities of the Chairman of Hospital Medical (Dental) Advisory Committee were discussed and approved. Including duties and responsibilities of the Person-in-Charge/ Medical Director.

### MOVING FORWARD

Several initiatives are underway to strengthen KPJ's capacity and capabilities. These include the following:

Four (4) projects have been identified for transformation of processes through lean management. Via Gemba walk, the team will observe the actual process functions, identify wasteful activities and data collection. Value stream is mapped to analyse the value-added or non-value added steps, and apply lean tools (Ishikawa, kaizen burst, Heijunka etc) to implement changes. The following indicators have been selected and for an initial phase the processes will be reviewed in KPJ Ampang, KPJ Rawang and KPJ Selangor.

- a) Number of cases for Door to Balloon time successfully achieved within 90 minutes.
- b) Number of first ECG for AMI-STEMI cases done within the first 10 minutes of A&E admission (A&E Triage).
- c) Number of outpatient plain X-rays reported within 1 hour of procedure during office hours.
- d) Number of outpatient ultrasound reported within 1 hour of procedure during office hours.

## MEDICAL ADVISORY COMMITTEE REPORT

Transformation of patient experience and patient outcome will be studied in three (3) projects as below;

- Readmission after 30 days post-PCI for AMI-STEMI.
- 60 days' post non-surgical intervention lower back pain.
- 90 days' post-total knee replacement.

A set of questionnaires is developed to study patient experience; appropriate corrective action and improvement activities will be implemented to obtain positive patient outcome.

### ADDITIONAL DETAILS ON KPJ'S CLINICAL GOVERNANCE COMMITTEES

#### GROUP MEDICAL ADVISORY COMMITTEE (GMAC)

The GMAC was formed in 2002, to initiate and oversee the Group's clinical governance activities. The Chairman of the GMAC is an Independent Non-Executive Director as well as the KPJ Medical Advisor, Dato' Dr. Zaki Morad Mohamad Zaher who is the Consultant Nephrologist at KPJ Ampang Puteri Specialist Hospital.

The GMAC met four (4) times in 2022

NO	GROUP MEDICAL ADVISORY COMMITTEE	POSITION IN COMMITTEE	ATTENDANCE FOR THE YEAR 2022			
			14.2.2022	23.5.2022	1.8.2022	7.11.2022
1	<b>Dato' Dr. Zaki Morad Mohamad Zaher</b>	Chairman	√	√	√	√
2	<b>Tn. Ahmad Shahizam Mohd Shariff</b>	President and Managing Director	√	Tenure ended	Tenure ended	Tenure ended
3	<b>Dato' Mohd Shukrie Mohd Salleh</b>	President and Managing Director	-	√	√	Tenure ended
4	<b>Dato' Dr. Sivamohan N</b>	Chairman, Clinical Governance Policy Committee	√	√	√	√
5	<b>Assoc. Prof. (Clinical) Dr. Ab Razak Samsudin</b>	Chairman, Clinical Governance Action Committee	√	√	√	√
6	<b>Dato' Dr. Ngun Kok Weng</b>	Chairman, Clinical Risk Management Committee	√	√	√	√
7	<b>Prof. (Clinical) Dato' Dr. Fadzli Cheah</b>	Chairman, Clinical & Research Ethics Review Committee	√	√	√	√
8	<b>Prof. Dato' Dr. Azizi Hj Omar</b>	Chairman, Research and Quality Innovation Committee	√	√	√	√
9	<b>Dato' Dr. Bajit Kor @ Baljit Kaur</b>	Consultant Ophthalmologist, KPJ Ampang Puteri	Tenure ended	Tenure ended	Tenure ended	Tenure ended
10	<b>Dr. Mohd Hafetz Ahmad</b>	Medical Director, KPJ Bandar Dato Onn	√	√	√	√
11	<b>Dr. Kok Chin Leong</b>	Consultant Paediatrician, KPJ Puteri	√	√	√	√
12	<b>Dr. S. Balakrishnan</b>	Consultant O&G, KPJ Kajang	Tenure ended	Tenure ended	Tenure ended	Tenure ended
13	<b>Pn. Nik Zainon Yussoff</b>	Vice President, Business Operations and Clinical	√	Tenure ended	Tenure ended	Tenure ended
14	<b>En. Suriaghandi Suppiah</b>	Chief Operating Officer	-	√	Tenure ended	Tenure ended
15	<b>Dato' Mohamad Farid Salim</b>	Chief Operating Officer	-	-	√	√

## MEDICAL ADVISORY COMMITTEE REPORT

The GMAC encompasses various sub-committees that carry out a variety of roles. The details of these sub-committees are as follows:

### CLINICAL GOVERNANCE POLICY COMMITTEE (CGPC)

The CGPC was formed in 2002 to develop policies relating to clinical practice, patient care, safety and quality improvement. Its roles and responsibilities include the following:

- Establishment of evidence-based practices;
- Assessment of new innovative and emerging technologies; and
- Ensuring compliance with national regulatory requirements and the adoption of national/international practice guidelines.

The committee also reviews and advises the GMAC on incident reports, clinical indicators and complaints as well as deals with requests for clarification from medical directors, consultants, hospital management, and staff.

The CGPC met four (4) times in 2022.

NO	CLINICAL GOVERNANCE POLICY COMMITTEE	POSITION IN COMMITTEE	ATTENDANCE FOR THE YEAR 2022			
			25.1.2022	26.4.2022	28.7.2022	19.10.2022
1	<b>Dato' Dr. Sivamohan N.</b>	Chairman	✓	✓	✓	✓
2	<b>Dato' Dr. Abdul Wahab Ghani</b>	Member	✓	✓	✓	✓
3	<b>Dato' Dr. Kamaruzaman Ali</b>	Member - new appointment (2021)	✓	✓	✓	✓
4	<b>Datuk Dr. Mohammad Iqbal Mohammad Sarwar</b>	Member - new appointment (2021)	X	X	X	X
5	<b>Prof. (Clinical) Dr. Wan Hazmy Che Hon</b>	Member	Tenure ended	Tenure ended	Tenure ended	Tenure ended
6	<b>Dr. Mahayidin Muhamad</b>	Member	Tenure ended	Tenure ended	Tenure ended	Tenure ended
7	<b>Dr. Mohamed Namazie Ibrahim</b>	Member	✓	✓	✓	✓
8	<b>Dr. Chan Kheng Khim</b>	Member	✓	✓	✓	✓
9	<b>Dr. Luis Chen Shian Liang</b>	Member	✓	X	X	✓
10	<b>Dato' Mohamad Farid Salim</b>	Member	X	X	✓	✓
11	<b>Dr. Rozman Md Idrus</b>	Member - new appointment (2021)	✓	✓	X	X
12	<b>Dr. R. Padmanathan</b>	Member - new appointment (2021)	✓	✓	✓	✓
13	<b>Dr. Mohd Hafetz Ahmad</b>	Member - new appointment (2021)	✓	✓	✓	✓

## MEDICAL ADVISORY COMMITTEE REPORT

### CLINICAL GOVERNANCE ACTION COMMITTEE (CGAC)

The CGAC, which was formed in 2002, is the committee that is responsible for monitoring the progress of policies or programmes approved by the GMAC. The committee also identifies problems that are hindering the implementation of these policies or programmes. All the agreed policies or programmes are analysed, evaluated and monitored in order to ensure quality in clinical care.

The committee also oversees the implementation and monitoring of the annual clinical surveys, highlighting to the Group the lessons learnt from hospital mortality and morbidity reviews. The committee also monitors clinical performance indicators among others and makes recommendations pertaining to the training and development of hospital clinical staff.

The CGAC met four (4) times in 2022.

NO	CLINICAL GOVERNANCE ACTION COMMITTEE	POSITION IN COMMITTEE	ATTENDANCE FOR THE YEAR 2022			
			27.1.2022	28.4.2022	21.7.2022	12.10.2022
1	<b>Assoc. Prof. Dr. Ab Razak Samsudin</b>	Chairman	√	√	√	√
2	<b>Dato' Dr. Ismail Yaacob</b>	Member	Tenure ended	Tenure ended	Tenure ended	Tenure ended
3	<b>Dato' Dr. Khaled Mat Hassan</b>	Member	√	√	√	√
4	<b>Prof. (Clinical) Dr. Primuharsa Putra Sabir Husin Athar</b>	Member	Tenure ended	Tenure Ended	Tenure Ended	Tenure Ended
5	<b>Dr. Rusli Arshad</b>	Member	√	√	√	√
6	<b>Dr. Noor Hisham Mansor</b>	Member	Tenure ended	Tenure ended	Tenure ended	Tenure ended
7	<b>Dr. S. Balakrishnan</b>	Member	Tenure ended	Tenure ended	Tenure ended	Tenure ended
8	<b>Dato' Dr. Mahmood Awang Kechik</b>	Member	Tenure ended	Tenure ended	Tenure ended	Tenure ended
9	<b>Dr. Mohd Harris Lu</b>	Member	Tenure ended	Tenure ended	Tenure ended	Tenure ended
10	<b>Dr. Munirah Khudri</b>	Member	√	X	√	√
11	<b>Dr. Nur Abdul Karim</b>	Member - new appointment (2021)	√	√	X	√
12	<b>Dr. Wilson Pau Shu Cheng</b>	Member - new appointment (2021)	X	X	√	X
13	<b>Dr. Onn Akbar Ali</b>	Member - new appointment (2021)	√	√	√	√
14	<b>Dr. Saharudin Abdul Jalal</b>	Member - new appointment (2021)	√	√	√	√
15	<b>Dr. Mahadhir Alhady Sulaiman</b>	Member - new appointment (2021)	√	√	√	√
16	<b>Dr. Shamsuddin Abdul Aziz</b>	Member - new appointment (2021)	√	√	√	√
17	<b>Dr. David Ling Sheng Tee</b>	Member - new appointment (2021)	√	√	√	√

## MEDICAL ADVISORY COMMITTEE REPORT

### CLINICAL RISK MANAGEMENT COMMITTEE (CRMC)

The overall objective of CRMC (established in 2003), is to promote safety and excellence in patient care. It is tasked with undertaking the following responsibilities:

- To identify, prioritise and manage risk arising from clinical care;
- To ensure effective and efficient use of resources through evidence-based clinical practices; and
- To protect the health and safety of the patients, healthcare providers and visitors.

The committee aims to reduce clinical risk to a minimum by improving the quality of care received by patients and ensuring the maintenance of a safe environment for KPJ's patients, healthcare providers and visitors.

The CRMC met four (4) times in 2022.

NO	CLINICAL RISK MANAGEMENT COMMITTEE	POSITION IN COMMITTEE	ATTENDANCE FOR THE YEAR 2022			
			26.1.2022	27.4.2022	27.7.2022	20.10.2022
1	<b>Dato' Dr. Ngun Kok Weng</b>	Chairman	✓	✓	✓	✓
2	<b>Dato' Dr. Kamaruzaman Ali</b>	Member	Tenure ended	Tenure ended	Tenure ended	Tenure ended
3	<b>Datuk Dr. Ajaz Ahmad Nabijan</b>	Member	✓	✓	✓	✓
4	<b>Dr. Padmanathan Rajoo</b>	Member	Tenure ended	Tenure ended	Tenure ended	Tenure ended
5	<b>Dr. Muhammad Nazri Aziz</b>	Member	✓	✓	✓	✓
6	<b>Dr. Ong Boon Teik</b>	Member	Tenure ended	Tenure ended	Tenure ended	Tenure ended
7	<b>Dr. Zarin Ikmal Zan Mohd Zain</b>	Member	✓	✓	✓	✓
8	<b>Dr. Rozman Md Idrus</b>	Member	Tenure ended	Tenure ended	Tenure ended	Tenure ended
9	<b>Dr. Mohd Ali Salleh</b>	Member	✓	✓	X	✓
10	<b>Tn. Khairul Annuar Azizi</b>	Member	Replaced by En. Sharizul	Replaced by En. Sharizul	Replaced by En. Sharizul	Replaced by En. Sharizul
11	<b>Mr. Eric Sim</b>	Member	✓	✓	X	✓
12	<b>Pn. Maisarah Omar</b>	Member	✓	X	X	✓
13	<b>Dr. Ong Tze Zen</b>	Member - new appointment (2021)	✓	X	✓	✓
14	<b>Dr. Wong Chya Wei</b>	Member - new appointment (2021)	NA	X	✓	✓
15	<b>Dr. Hishamudin Masdar</b>	Member - new appointment (2021)	✓	✓	✓	✓
16	<b>Dr. Mohamad Hamzah</b>	Member - new appointment (2021)	X	✓	X	✓
17	<b>Dr. Zainal Abidin Mohd Yusof</b>	Member - new appointment (2021)	X	X	X	X
18	<b>Dr. Norita Ahmad</b>	Member - new appointment (2021)	Tenure ended	Tenure ended	Tenure ended	Tenure ended
19	<b>En. Sharizul Hasnifa Baseri</b>	Member - new appointment (2021)	✓	X	✓	✓

## MEDICAL ADVISORY COMMITTEE REPORT

### CLINICAL AND RESEARCH ETHICS REVIEW COMMITTEE (CRERC)

The Clinical Ethics Committee was formed in 2011 with the objective of assisting consultants, patients and families as well as hospital staff to resolve clinically-related ethical issues such as the refusal of treatment, and end-of-life requests. In 2019, to ensure more efficient processes, the roles of this committee and that of the Research Ethics Review Committee were merged resulting in the formation of the Clinical and Research Ethics Review Committee (CRERC).

Aside from having discussions on Clinical Ethics issues, the committee also reviews all research proposals within the KPJ Group of Hospitals for scientific merit and considers the suitability of research proposals from an ethics perspective. The committee is also responsible for safeguarding the rights, safety and well-being of the research subjects.

The CRERC met four (4) times in 2022.

NO	CLINICAL AND RESEARCH ETHICS REVIEW COMMITTEE	POSITION IN COMMITTEE	ATTENDANCE FOR THE YEAR 2022			
			27.1.2022	28.4.2022	19.7.2022	19.10.2022
1	<b>Dato' Dr. Fadzli Cheah Abdullah</b>	Chairman	√	√	Postponed	√
2	<b>Dato' Dr. Wan Nik Ahmad Mustafa Ali</b>	Member	Tenure ended	Tenure ended	Tenure ended	Tenure ended
3	<b>Datin Dr. Vasantha Mathews</b>	Member	Tenure ended	Tenure ended	Tenure ended	Tenure ended
4	<b>Dr. S. P. Singgaram</b>	Member	Tenure ended	Tenure ended	Tenure ended	Tenure ended
5	<b>Dr. Gunasegaran P.T Rajan</b>	Member	X	√	Postponed	√
6	<b>Prof. Emeritus Dato' Dr. Lokman Saim</b>	Member	√	√	Postponed	√
7	<b>Dato' Dr. Ashar Abdullah</b>	Member	Tenure ended	Tenure ended	Tenure ended	Tenure ended
8	<b>Dr. Tengku Saifudin Tengku Ismail</b>	Member	X	√	Postponed	√
9	<b>Tn. Hj. Mohd Nasir Mohamed</b>	Member	Retired	Retired	Retired	Retired
10	<b>Dr. Naharuddin Mohamad Saifi</b>	Member	Tenure ended	Tenure ended	Tenure ended	Tenure ended
11	<b>Dr. Ong Boon Teik</b>	Member - new appointment (2021)	√	√	Postponed	√
12	<b>Dr. Ismail Harun</b>	Member - new appointment (2021)	√	X	Postponed	√
13	<b>Dr. Lee Min Chuang</b>	Member - new appointment (2021)	√	√	Postponed	√
14	<b>Dr. Hari Ram Ramayya</b>	Member - new appointment (2021)	√	√	Postponed	√
15	<b>Dr. Noor Hisham Mansor</b>	Member - new appointment (2021)	√	√	Postponed	√
16	<b>Dr. Yap Yoke Yeow</b>	Member - new appointment (2021)	√	X	Postponed	√



## MEDICAL ADVISORY COMMITTEE REPORT

### RESEARCH & QUALITY INNOVATION COMMITTEE (RQIC)

The RQIC was established in 2010 to facilitate research within the KPJ Group for clinicians and KPJ staff who seek to conduct research involving clinical, quality, safety and/or healthcare related matters. The committee is also tasked with promoting the establishment of quality assurance and improvement programmes at KPJ's hospitals.

The committee meets (physically or by circulation of papers) only whenever there is a need to review research proposals.

NO	RESEARCH AND QUALITY INNOVATION COMMITTEE	POSITION IN COMMITTEE
1	<b>Prof. Dato' Dr. Azizi Hj. Omar</b>	Chairman
2	<b>Dr. Hue Teck Lee</b>	Member
3	<b>Dr. Aminuddin Saim</b>	Member
4	<b>Dr. Mohd Harris Lu</b>	Member
5	<b>Dr. Mohd Shazli Draman@Yusof</b>	Member
6	<b>Prof. (Clinical) Dr. Wan Hazmy Che Hon</b>	Member
7	<b>Assoc. Prof. Dr. Syah Irwan Shamsul Bahari</b>	Member
8	<b>Dr. Kok Chin Leong</b>	Member
9	<b>Prof. (Clinical) Dr. Primuharsa Putra Sabir Husin Athar</b>	Member
10	<b>Dato' Dr. Ismail Yaacob</b>	Member

In 2022, nine (9) papers were approved by the MAC as shown below:

DATE	REG. NUMBER	TITLE	PIC
<b>13<sup>th</sup> January 2022</b>	KPJ_001/2022	Knowledge, attitude and practices on preventing patient fall among registered nurses of a private hospital	Keetha Amaro, Nursing KPJ Ipoh
<b>1<sup>st</sup> March 2022</b>	KPJ_002/2022	Investigation of airborne transmission of SAR-COV-2 virus at Ampang Puteri COVID-19 hospital ward	Prof. Dr Aminuddin Saim, UKM and Innoset
<b>28<sup>th</sup> April 2022</b>	KPJ_003/2022	Factors influencing fatigue among patients undergoing dialysis in Taiping Medical Centre	Assoc. Prof Aini Ahmad KPJUC, Ruziana Abd Rahman
<b>3<sup>rd</sup> June 2022</b>	KPJ_004/2022	Living well with colorectal cancer	Assoc. Prof Nirmala Bhoo Pathy, Dr Nur Nadiatul Asyikin binti Bujang, Dr Wan Zamaniah binti Wan Ishak
<b>3<sup>rd</sup> June 2022</b>	KPJ_005/2022	Factors affecting nurses employment retention in a Malaysian private hospital	Assoc. Prof. Dr Zarin Ikmal Zan bin Mohd Zain
<b>26<sup>th</sup> September 2022</b>	KPJ_006/2022	Immunogenicity, efficacy and safety of inhaled (IH) viral vectored vaccine as second booster dose against emerging variants of concern (VOC) of SARS-Cov-2 to prevent breakthrough infections among suboptimal responders to first booster vaccination	Dr Yudishtra KPJ Johor, Dr Sharon Ng Shi Min, NIH MOH.
<b>26<sup>th</sup> September 2022</b>	KPJ_007/2022	A Cross-sectional and multilevel study of critical thinking and clinical decision-making skills among registered nurses in Malaysia	Dr Nur Hidayah Kamal, KPJ Perdana
<b>30<sup>th</sup> December 2022</b>	KPJ_008/2022	Retrospective study of real world outcomes for brolocizumab in wet age related macular degeneration (AMD) in Malaysia	Dr Mushawiathi, Ophthalmologist ACC
<b>26<sup>th</sup> December 2022</b>	KPJ_009/2022	Prevalence and contributing factors of needle stick injuries among state registered nurses in KPJ Tawakkal KL Specialist Hospital	Dr Annamma Kunjukunju, KPJUC

# COMPLIANCE INFORMATION

In conformance with the Bursa Malaysia Securities Berhad Listing Requirements, the following information is provided:

## 1. UTILISATION OF SUKUK PROGRAMME

KPJ Healthcare Berhad (KPJ, the Group or the Company) via Point Zone (M) Sdn Bhd (PZSB) had in 2015 established a 10 year Islamic Medium Term Note programme with a size of RM1.5 billion based on the Shariah Principle of Murabahah (via Tawarruq Arrangement) (referred to as the “Sukuk Murabahah”) for the purpose of refinancing the previous Islamic Commercial Papers/an Islamic Medium-Term Notes Programme of up to RM500.0 million and finance the expansion and working capital requirements of the Group’s healthcare-related businesses.

As of 1 January 2022, the Group had RM1.05 billion of Sukuk Murabahah outstanding. The initial tranche of RM400.0 million was due in the year 2022 which KPJ had refinanced via the establishment of the new Sukuk Wakalah (as defined herein). The balance of the Sukuk Murabahah as at 31 December 2022 is as follows:

SUKUK MURABAHAH	AMOUNT UP TO (RM MILLION)
As at 1 January 2022	1,050.0
Payment made during the financial year	(400.0)
As at 31 December 2022	<b>650.0</b>

On 12 January 2022, PZSB established a new Islamic Medium-Term Notes Programme amounting to RM3.0 billion in nominal value based on the Shariah principle of Wakalah Bi Al-Istithmar that also provides flexibility for the Group to issue Sustainability Sukuk (“Sukuk Wakalah”). The Sukuk Wakalah Programme has been assigned a final rating of AAIS(CG) (stable) by Malaysian Rating Corporation Berhad (“MARC”). The proceeds from Sukuk Wakalah Programme shall be utilised by the Group for, amongst others, Shariah-compliant financing purposes, comprising expansion, working capital requirement and general corporate purposes of the Group’s healthcare and healthcare-related businesses.

On 7 March 2022, the first tranche of the Sukuk Wakalah Programme amounting to RM650.0 million in nominal value was issued.

SUKUK WAKALAH	AMOUNT UP TO (RM MILLION)
As at 1 January 2022	-
Issued during the financial year	650.0
As at 31 December 2022	<b>650.0</b>

On 17 October 2022 MARC had assigned a “Gold” Sustainability Sukuk Assessment to PZSB’s Sustainability Sukuk Framework.

On 13 March 2023, the Group issued the second tranche of the Sukuk Wakalah Programme amounting to RM555.0 million via a sustainability issuance. This is KPJ’s maiden Sustainability Sukuk offering and the proceeds shall be utilised by the Group in accordance with the criteria set out in the Sustainability Sukuk Framework.

## 2. TREASURY SHARES

On 9 July 2020, at the 27<sup>th</sup> Annual General Meeting of KPJ, the shareholders of the Company renewed their approval for the Company to buy back its own shares of up to ten percent (10%) of the issued and paid-up share capital of the Company. The authority to buy back its own shares then lapsed on 22 June 2021 as the Company did not seek any authority renewal at the 28<sup>th</sup> Annual General Meeting of KPJ. The Company did not purchase any ordinary shares from the open market on Bursa Malaysia Securities Berhad (Bursa Malaysia) during the financial year.

As at 31 December 2022, the Company held a total of 162,306,700 of its 4,505,527,861 issued ordinary shares as treasury shares. Such treasury shares are held at a carrying amount of RM155,310,152 at an average price of RM0.96 per share. The repurchase transactions were financed by internally generated funds. The shares repurchased are held as treasury shares and accounted for in accordance with the requirement of Section 127 of the Companies Act 2016.

## 3. OPTIONS, SHARE-BASED PAYMENTS OR CONVERTIBLE SECURITIES

### i. Share-Based Payments

An Employees’ Share Option Scheme (ESOS) was implemented on 27 February 2015 for the benefit of senior executives and certain employees of the Company. The ESOS was initially meant to be in force for a period of five (5) years. Upon approval from KPJ’s Board of Directors on 3 December 2019, it was resolved that the tenure of the ESOS would be extended for another three (3) years, whereby no additional options would be granted. The options have now expired on 27 February 2023.

## COMPLIANCE INFORMATION

The fair value of each share option on the grant date is RM0.25. The options are to be settled only by the issuance and allocation of new ordinary shares of the Company. There are no cash settlement alternatives. The exercise price of the share options granted under the ESOS is RM0.91 each. The options granted remained dividable into five (5) equal tranches which vest on 14 April 2015, 27 February 2016, 27 February 2017, 27 February 2018 and 27 February 2019 respectively. The vesting condition is that the offeree must be an employee or Director, as the case may be, of the Company or its subsidiaries on the respective vesting and exercise dates.

#### 4. AMERICAN DEPOSITORY RECEIPT (ADR) OR GLOBAL DEPOSITORY RECEIPT (GDR) PROGRAMME

During the financial year, the Company did not issue any ADR or GDR under the respective programmes.

#### 5. IMPOSITIONS OF SANCTIONS/PENALTIES

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies.

#### 6. AUDIT AND NON-AUDIT FEES

During the financial year, the amount of audit and non-audit fees for services rendered to the Group amounted to RM2,345,000 and RM5,608,000 respectively.

#### 7. PROFIT ESTIMATE, FORECAST OR PROJECTIONS

The Company did not make any release on the profit estimate, forecast or projections for the financial year.

#### 8. PROFIT GUARANTEE

There was no profit guarantee given by the Company in respect of the financial year in review.

#### 9. MATERIAL CONTRACTS

There was no material contract by the Company and its subsidiaries, involving Directors and major shareholders' substitute interests at the end of the financial year.

#### 10. RECURRENT RELATED PARTY TRANSACTIONS STATEMENT

At KPJ's AGM held on 28 June 2022, the Company obtained a mandate from shareholders to allow the Group to enter into recurrent related party transactions of a revenue or trading nature with the following parties:

PARTY TRANACTED WITH	NATURE OF TRANSACTIONS	ACTUAL AGGREGATE VALUE FROM 1 JANUARY 2022 TO 31 DECEMBER 2022 RM'000	FREQUENCY OF TRANSACTIONS
Johor Corporation (JCorp) and its subsidiaries and associated companies (except for Al-'Aqar Healthcare REIT and Al-Salām REIT)	Secretarial fees and registrar fees	149	Monthly
	Building management service fees payable for Menara KPJ in Kuala Lumpur	1,272	Monthly
	Insurance coverage payable	434	Contract basis
	Security services fees payable	438	Monthly
Al-'Aqar Healthcare REIT/Al-'Aqar Australia	Rental payable for renting of retirement village building and aged care facility in Australia and lease of hospital together with the land	10,495	Monthly
Al-Salām Real Estate Investment Trust (Al-Salām REIT)	Rental payable for renting of premises for the operations of Puteri Nursing College and Malaysian College of Hospitality and Management	2,235	Monthly
Damansara Holdings Berhad (DBhd) and its subsidiaries and associated companies (DBhd Group)	Rental Income for renting of land for car park	2,393	Monthly
	Housekeeping contract fees payable	15,054	Monthly
		<b>32,470</b>	