

CORPORATE GOVERNANCE REPORT

STOCK CODE : 7090 AHEALTH
COMPANY NAME : APEX HEALTHCARE BERHAD
FINANCIAL YEAR : December 31, 2021

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Directors ('Board') is elected by the shareholders and is the highest decision-making body of the Apex Healthcare Berhad ('Company') other than a general meeting of the shareholders themselves. The Board of Directors is responsible for providing stewardship and oversight of management and operations of the Company. As enshrined in the Board Charter, the roles of the Chairman include ensuring that the Board and its Committees are fully supplied with the information and resources necessary to discharge its duties effectively. The key roles of the Board are set out in the Board Charter, which is available at www.apexhealthcare.com.my.</p> <p>The Board is responsible for providing leadership and setting the strategic aims of the Company that will ensure long-term sustainability. The Board considers, reviews, challenges and approves the strategic multi-year plan proposed by Management. Specifically, the Board reviews and challenges Management's proposal on strategic business plans for each business unit annually or more frequently should the need arise. In 2021, the Board and management conducted a review of the Apex Healthcare Berhad Group ('Group')'s strategy in the context of the operating environment and industry dynamics with particular emphasis on the reconfiguration initiatives amid the COVID-19 pandemic, the Group's Budget 2022 and its long-term plan. A Board Strategy Forum was held in August 2021 for the Board to review, challenge and approve Management's proposal on the strategic plans for the businesses for 2022 and beyond.</p> <p>The Board meets quarterly and tracks targets in the furtherance of</p>

	<p>strategic and other plans to ensure that they align with the long-term objectives of the Company. During the financial year ended 31st December 2021, in addition to the Board Strategy Forum which was dedicated exclusively for review of Management’s strategic plans for the Company, the Board met on 25th February, 20th May, 19th August and 17th November to review quarterly performance to ensure that the strategic direction of the Company continues to support long term value creation and interests of its shareholders and other stakeholders. For the perusal of Board members, Monthly Management Reports are made available upon request.</p> <p>The Board ensures that the Senior Management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of the Board and Senior Management. In 2016, the Board of Directors approved a Board Succession Planning Policy which addresses various pertinent matters including board size, number of Independent Directors and their tenure and terms of appointment, diversity policy. An update to the Board Succession Planning Policy was approved by the Board in 2018. At the recent Nomination Committee in February 2022, the Board Succession Planning Policy was reviewed.</p> <p>For the Senior Management, the Group Succession Plan for the Chief Executive Officer (‘CEO’) and members of the Executive Committee (‘EXCO’) has been instituted. In 2021, the Nomination Committee was updated on the structured Leadership Management Programs for CEO, Senior Management and Business Heads comprising talent development and succession planning conducted in the previous year. Management succession plans are drawn up in all the Group’s operating subsidiaries and are reviewed periodically to enhance leadership and effectiveness of the Board and Management. At the recent Nomination Committee in February 2022, the updated Group Succession Plan for Senior Management encompassing the CEO and members of the EXCO was reviewed.</p> <p>The Core Tenets of the Group namely “Service, Quality and Integrity” form the bedrock upon which the Group functions. These Core Tenets were instituted by the Founder of the Company and remain true to this day. The Board sets the “tone from the top” and together with Senior Management, promotes a culture of corporate governance that reinforces ethical and professional behaviour premised on the Company’s Core Tenets. The Board ensures that the Core Tenets are upheld at all times by the Company in its business dealings and in its relationship with shareholders and other stakeholders.</p>
<p>Explanation for departure :</p>	

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

Intended Outcome

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

Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

Application	:	Applied
Explanation on application of the practice	:	<p>The roles of the Chairman as enshrined in the Board Charter include the following:</p> <ul style="list-style-type: none">a) Provide leadership for the Board so that the Board can perform its responsibilities effectively;b) Chair general meetings of shareholders;c) Represent the Board to shareholders and communicates the Board's position and ensures appropriate steps are taken to provide effective communication with shareholders and other stakeholders;d) Lead the Board and facilitates and encourages constructive discussion and debate during Board meetings;e) Promote constructive and respectful relations and manages the interface between the Board and management;f) Determine, in consultation with management, the agenda for the Board's deliberations;g) Ensure that the Board and its committees are fully supplied with the information and resources necessary to discharge its duties effectively; andh) Lead the Board in the adoption and implementation of good corporate governance practices in the Company. <p>As the Chairman is also the Chief Executive Officer, the Non-Executive Directors are encouraged to discuss among themselves at least annually the relevant strategic, governance and operational issues. To facilitate this discussion, the Board structures a time to provide for deliberation exclusively among Non-Executive Directors on matters relating to strategic, governance and operational issues without the participation of CEO and other members of Management. Only Non-Executive Directors attend.</p> <p>The review of Board responsibilities and effectiveness is conducted by the Board periodically. The Board Charter is also subjected to a close review to ensure that it is line with the provisions of all applicable laws and regulations. With the release of the revised Malaysian Code on Corporate Governance 2021, the Board has reviewed its content and adopted the Practice of restricting the</p>

	Chairman of the Board from being a member of the Audit Committee, Nomination Committee or Remuneration Committee. The Board Charter is found on the Company's website: www.apexhealthcare.com.my .	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 1.3

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board acknowledges that the CEO, being also the representative of the largest shareholder, confers the advantage of shareholder leadership and enjoys the support and cooperation of the Directors. The Independent Directors are of the opinion that he is well qualified and best positioned to align all interests to create a high functioning Board in the additional capacity as Chairman of the Board.</p> <p>Although the functions of Chairman and CEO are currently combined, the Board is of the opinion that no single person has excessive powers of decision as:</p> <ul style="list-style-type: none">• the Board is collectively responsible and accountable for meeting the objectives and goals of the Company;• Board decisions are dependent on the consensus of the Directors, who take an active interest in all major and strategic decisions of the Group;• five of the eight Board members are independent, and supply a strong independent element to the decision-making process;• the Senior Independent Director avails himself to address shareholders' concerns and is a useful counterbalance in decision-making; and• no single shareholder controls an absolute majority of the voting shares, and while Non-Independent Directors enjoy a good degree of consensus as to the best interests of the Company, agreement is not regarded as a foregone conclusion. <p><u>Alternative Practice:</u></p> <p>For the reasons stated above, the Board is satisfied that the alternative practice of combining the functions of Chairman and CEO meets the Intended Outcome as the Board assumes responsibility for the Company's leadership and is collectively responsible and accountable for meeting the objectives and goals of the company. Further, at all meetings of the Board of Directors, the Board elects one of its members, other than the Chairman, to be the Chairman of</p>

	the meeting, thus avoiding any unfettered power of decision-making in any one individual.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
Application :	Departure
Explanation on application of the practice :	
Explanation for departure :	<p>The Chairman of the Board is not a member of the Audit Committee, Nomination Committee or Remuneration Committee. The Board upholds the Practice of restricting the Chairman of the Board from being a member of the Audit Committee, Nomination Committee or Remuneration Committee.</p> <p>The Chairman of the Board by virtue of his concurrent appointment as Chief Executive Officer ('CEO'), may attend the meetings of the Board Committees in his capacity as the CEO by way of invitation from the Chairman of the respective Board Committees.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 1.5

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

Application	:	Applied
Explanation on application of the practice	:	It is the Board’s responsibility to appoint and retain the services of a suitably qualified and competent Company Secretary to advise and support the Board in carrying out its roles and responsibilities. In addition to the internal Company Secretary, currently the Group’s Financial Controller, the Board has also appointed an external Joint Company Secretary in order to deepen availability of resources and experience. The Company Secretaries are qualified by virtue of Section 235(2) of Companies Act 2016 and information of their membership with relevant professional bodies can be found in Corporate Information of the Annual Report. The Company Secretaries advise and support the Board on governance matters and ensure that there is an effective system of corporate governance in place. The Company Secretaries also assure compliance with filing and administrative requirements and assume an important role in guiding the Board on statutory compliance. On a regular basis, they attend training and seminars conducted by the Companies Commission of Malaysia, the Malaysian Institute of Chartered Secretaries and Administrators and Bursa Malaysia Securities Berhad and other relevant regulatory bodies to keep abreast with the relevant updates on statutory and regulatory requirements.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>Directors have comprehensive and timely access to information concerning the Company and the Group. Notice of Board meetings and Board papers with supporting documents, presentations and materials detailing Group performance and operational, financial and corporate matters are circulated to Directors at least five business days in advance of Board meetings to ensure that Directors have sufficient time to study them and be prepared for discussion. Comprehensive minutes of Board meetings which accurately reflect the deliberations and decisions of the Board are maintained and circulated to the Directors in a timely manner. Formal channels are usefully augmented and supplemented by regular informal dialogue between non- executive members of the Board and Management on matters relating to the Company's business. Directors are entitled to request and receive supplementary information in order to be fully briefed before the meeting.</p> <p>Directors have access to the advice and services of the Company Secretaries and the Senior Management staff in the Group and are entitled to seek independent professional advice at the Company's expense through an agreed procedure in the proper discharge of their duties as spelt out in the Board Charter.</p> <p>To enable objective and independent discussions, Board Committee meetings are not combined with the Board meeting.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established a Board Charter, which is designed to provide guidance and clarity for Directors and Management with regards to the role of the Board, Chairman, Senior Independent Director, CEO and Board Committees. The requirements of Directors in carrying out their stewardship role and in discharging their duties towards the Company as well as the Board's operating practices are set out. The Board Charter serves as a reference point for Board activities and promotes high standards of corporate governance, and is published at www.apexhealthcare.com.my.</p> <p>Among the matters set out in the Board Charter are the role and responsibilities of the Board and CEO, setting of corporate objectives, establishment of performance targets and long-term goals of the Company to be met by the CEO. The Board Charter explicitly specifies that the Board's role includes oversight and appraisal of the Company's strategies and policies and monitoring Management's implementation of them. The Board Charter also specifies matters reserved exclusively for Board's approval including limitation of management's authority to relevant responsibilities.</p> <p>The Board reviews its Board Charter periodically and updates the Board Charter in line with the changes in regulations and best practices of the Group that may impact the Board in the discharge of its responsibilities. With the release of the revised Malaysian Code on Corporate Governance 2021, the Board has reviewed its content and adopted the Practice of restricting the Chairman of the Board from being a member of the Audit Committee, Nomination Committee or Remuneration Committee with an update to the Board Charter in this regard.</p>
Explanation for departure	:	

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

Intended Outcome

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

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

Practice 3.1

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

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

Application :	Applied
Explanation on application of the practice :	<p>The Core Tenets of the Apex Healthcare Group namely "Service, Quality and Integrity" have been enshrined in the Group's Code of Conduct. Individual operating subsidiaries have more detailed Employee Handbooks which specify detailed obligations of employees. These are contractual obligations and are drawn up to meet the specific needs of the businesses and the legal requirements of the countries in which the businesses are based. The Code of Conduct is available on the Company's website : www.apexhealthcare.com.my.</p> <p>The Group values integrity in its dealings and observes zero tolerance towards malpractice, impropriety, statutory non-compliance or wrongdoing by its staff in the course of their work. Employees and external stakeholders such as suppliers, customers and contractors may use the procedures set out in Apex Healthcare Group's Whistleblowing Policy & Procedure to report any concern or complaint regarding questionable accounting or auditing matters, internal controls, disclosure matters, conflict of interest, insider trading, collusion with competitors, serious breaches of the Group's policy, unsafe work practices or any other matters involving fraud, corruption and employee misconduct. The Whistleblowing Policy & Procedure of the Company is available on the Company's website: www.apexhealthcare.com.my.</p> <p>Pursuant to Section 9 of the Capital Markets and Services Act 2007, Bursa Malaysia Securities Berhad ("Bursa Malaysia") has made Anti-Corruption Amendments to the Main Market Listing Requirements in relation to anti-corruption measures which will take effect from 1st June 2020. In this regard, Apex Healthcare Berhad has enhanced its anti-corruption framework taking into account the nature of the Group's businesses, size, organizational structure and risks. These</p>

	<p>efforts support the priorities of the Malaysian government in eradicating corruption and improving governance and integrity, particularly in relation to Section 17A of MACC Act 2009 on corporate liability. The policies and procedures on anti-corruption which are guided by the Guidelines on Adequate Procedures issued pursuant to Section 17A(5) of MACC Act 2009 have been established and the policy on anti-corruption is published on the Company's website : www.apexhealthcare.com.my. The existing Whistleblowing Policy & Procedure of the Group which has been reviewed is also available on the same website. The effectiveness of these policies and procedures is reviewed periodically, and in any event, at least once every 3 years. Corruption risks are included in the annual risk assessment of the Group.</p>	
<p>Explanation for departure</p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	<p>:</p>	
<p>Timeframe</p>	<p>:</p>	

Intended Outcome

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

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

Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

Application	:	Applied	
Explanation on application of the practice	:	The Whistleblowing Policy & Procedure of the Company provides the framework to promote responsible and secure whistleblowing. As part of the whistleblowing reporting mechanism, the Audit Committee assumes the position of Receiving Officer. The Whistleblowing Policy & Procedure has been further reviewed taking into consideration the provision of Section 17A of MACC Act 2009. The Whistleblowing Policy & Procedure of the Company is available on the Company's website: www.apexhealthcare.com.my .	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.1

The board together with management takes responsibility for the governance of sustainability in the company including setting the company’s sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

Application	: Applied
Explanation on application of the practice	<p>As there is no “one size fits all” approach, the Board adopts a sustainability governance approach that is fit for the Group’s purpose considering amongst others, its culture, needs, sustainability-related risks and opportunities and level of maturity of its sustainability thinking and readiness.</p> <p>The Board is responsible for embedding sustainability into the Group to complement its business strategy. The Board reviews and approves the Group’s sustainability strategies and ensures that adequate resources, systems and processes are in place for managing sustainability matters. The Board sets the tone from the top and assumes the highest governance body in setting the Group’s purpose, values and strategies which incorporate sustainability considerations. Ultimately, the Board is accountable for managing sustainability matters of the Group.</p> <p>For the purpose of strengthening risk oversight including sustainability risks, the Board has established a dedicated Board Committee, namely the Risk and Sustainability Committee with effect from 1st January 2022. The role of the Risk and Sustainability Committee is critical in integrating sustainability risks and opportunities into the Group’s risk management framework for effectiveness. The Risk and Sustainability Committee comprises exclusively of Non-Executive Directors, the majority of whom are independent with its duties specified in its Terms of Reference which are reviewed from time to time. The Terms of Reference of the Risk and Sustainability Committee are available on the Company’s website at www.apexhealthcare.com.my. The key duties and</p>

functions of the Risk and Sustainability Committee pertaining to oversight of sustainability matters are as follows:

- Ensure that the Group’s sustainability efforts are aligned with long-term business strategy, taking into account the business environment within which AHB operates and the interests of its stakeholders.
- Oversee, review and make recommendations to the Board regarding AHB’s material economic, environmental and social matters impacting its principal businesses
- Annually review and present to the Board for approval of AHB’s Sustainability Statement for inclusion in its Annual Report.
- Undertake any other duties as may be assigned by the Board from time to time in relation to sustainability matters.

The ultimate responsibility for decisions and recommendations taken by the Risks and Sustainability Committee rests with the Board as a whole.

Since 2018, a Sustainability Committee comprising the Chief Executive Officer (“CEO”) as Chairman of the Sustainability Committee and members of the Executive Committee, namely the Chief Operating Officers and Financial Controller, has been established by the Company for purpose of supporting the Board in implementation of sustainability-related strategies. The Sustainability Committee has been charged with the responsibility of implementing and monitoring sustainability-related strategies, measures and actions in achieving AHB’s sustainability goals as approved by the Board.

With the establishment of the Risk and Sustainability Committee, the Sustainability Committee is now renamed the Sustainability Management Committee and continues to discharge its duties and functions under the oversight of the Risk and Sustainability Committee. The Sustainability Management Committee is responsible and accountable to the Risk and Sustainability Committee in identifying, evaluating, monitoring and managing Economic, Environmental and Social risks and opportunities and ensuring all material sustainability matters are being considered and managed by the Group through its business operations including stakeholder engagement and materiality assessment. The preparation of sustainability disclosures as required by the laws and regulations including the Sustainability Statement is undertaken by the Sustainability Management Committee. The Sustainability Statement of the Company is reviewed by the Risk and Sustainability Committee for recommendation to the Board for approval for inclusion in the Annual Report of AHB.

For the day-to-day management of sustainability issues and to support the Sustainability Management Committee in implementing

	sustainability initiatives as approved by the Board are key personnel from the subsidiaries of the Group who report to the Sustainability Management Committee. These personnel serve as touchpoints to gather input from the relevant departments or functions, execute sustainability plans and support the Sustainability Management Committee in ensuring robust processes are in place.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.2

The board ensures that the company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

Application	:	Applied
Explanation on application of the practice	:	<p>For the day-to-day management of sustainability issues and to render support in implementing sustainability initiatives as approved by the Board are key employees from the subsidiaries of the Group who report to the Sustainability Management Committee. Hence, these internal stakeholders serve as conduit of communication and touchpoints to gather input from the relevant departments or functions, execute sustainability plans as determined by the Sustainability Management Committee and support the Sustainability Management Committee in ensuring robust processes are in place.</p> <p>In the overall objective of identifying and prioritizing material sustainability matters, the Company engages with different stakeholder groups as such interactions are crucial to identify, prioritize and address material sustainability matters. Engagements are carried out on a regular basis with various stakeholders as they are integral to the business development and commitment of the Group to sustainability. For effective engagement with stakeholders, various platforms of engagement are employed.</p> <p>The Board is cognizant of the fact that engaging with all issues and concerns expressed by all stakeholder groups are resource-intensive and inefficient. Based on the concerns as well as key discussion points expressed by the various stakeholder groups during the engagement sessions, the Group identifies and prioritizes issues which are most relevant to each of its stakeholder groups. The input solicited from the stakeholder groups adds value to assessing the materiality of various sustainability matters.</p> <p>The Sustainability Statement in the Annual Report of the Company provides information on stakeholder engagement and management of material sustainability matters including their policies, measures or actions and indicators.</p>
Explanation for departure	:	

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

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.3

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

Application	:	Applied
Explanation on application of the practice	:	The long-term corporate strategic plan of the Group has been initiated with iterations as needed in response to the evolving circumstances. This strategic plan is not limited to sustainable financial growth but considers a holistic sustainability framework where economic, environmental and social considerations underpinned by Governance principles are integrated into the business plans. This makes it exigent for the Board to have sufficient understanding and knowledge of sustainability issues to deliberate and make informed decisions on the matter. The emphasis on professional development concerning sustainability is underscored by the Board. Relevant training and development programs on sustainability issues particularly those which are material to the Group are accorded priority.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.4

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company’s material sustainability risks and opportunities.

Application	:	Applied
Explanation on application of the practice	:	<p>To assess how well the Board and Senior Management are performing with respect to their roles in addressing the Company’s material sustainability issues, their performance evaluations include a review of their progress in this regard.</p> <p>For the Board, the relevant questions on their performance with respect to sustainability are included in their annual performance evaluations to assess whether the Board ensures that the strategic plan of the Company supports long-term value creation including strategies on economic, environmental and social considerations guided by governance principles. The performance evaluation also aims to assess whether the Board oversees the integration of sustainability considerations in the day-to-day operations of the Company and ensuring the effective implementation of the Company’s sustainability strategies and plans.</p> <p>Meanwhile for the Senior Management comprising the Chief Executive Officer, Chief Operating Officers and Financial Controller who are members of the Sustainability Management Committee, they are responsible for supporting the Board and the newly established Risk and Sustainability Committee in management of sustainability matters. The Senior Management is assessed by their progress in driving strategic management of material sustainability matters and by what the business groups under their charge have done to support the management of material sustainability. The sustainability key performance indicators of the Senior Management have been mapped out and included as part of their annual performance evaluation.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

Measure	:		
Timeframe	:		

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.5- Step Up

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 5.1

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination Committee of the Company is tasked with the duties and functions of ensuring that the composition of the Board is refreshed periodically. It also assesses annually the effectiveness of the Board as a whole, the Committees of the Board, individual Directors including Independent Non-Executive Directors, as well as the Chief Executive Officer and Chief Financial Officer through a process implemented by the Board. All assessments and evaluations carried out by the Nomination Committee in the discharge of all its functions should be properly documented. The annual assessment takes the form of self-assessment questionnaires and the results are circulated and deliberated at meeting(s) of the Nomination Committee and the outcome duly recorded in the minutes of the meeting(s) of the Nomination Committee. The comments, recommendations and/or action plans for enhancements based on the evaluation results are tabled to the Board.</p> <p>The Board's required mix of skills and experience and other qualities, including core competencies which the Non-Executive Directors bring to the Board are reviewed annually by the Nomination Committee. The Nomination Committee considers and recommends the Directors for annual re-election and retention of each Independent Director who has served in that capacity for more than nine years at each Annual General Meeting taking into consideration the Director's performance and contributions to the Board.</p> <p>For the purpose of strengthening risk oversight including sustainability risks, a dedicated Risk and Sustainability Committee was established with effect from 1st January 2022, comprising Non-Executive Directors, the majority of whom shall be independent. Similar with other Board Committees, the annual assessment of the effectiveness and performance of Risk and Sustainability Committee are reviewed by the Nomination Committee.</p> <p>With the establishment of the Risk and Sustainability Committee, and the appointment of Mr Leong Khai Cheong as an Independent Non-Executive Director with effect from 2nd August 2021, the Board has refreshed the composition of certain Board Committees to</p>

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

Intended Outcome

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

Practice 5.2

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

Application :	Applied
Explanation on application of the practice :	<p>The Board comprises the CEO/Chairman, two Non-Independent Non-Executive Directors and five Independent Directors; where 62.5% of the Board comprises Independent Directors. This goes beyond the requirement prescribed in Paragraph 15.02 of Main Market Listing Requirements ('MMLR') of Bursa Malaysia Securities Berhad ('Bursa Malaysia') which requires inter alia at least two Directors or one third of the Board, whichever is higher, to consist of Independent Directors. The higher proportion of Independent Directors engenders Board independence which provides the necessary check and balance to alleviate boardroom dominance, stereotype discussions and complacency. Furthermore, the higher percentage of Independent Directors facilitates their rotation across Board Committees. The Board Committees will be able to benefit from greater checks and balances and deliberations will be enhanced from the contributions of Independent Directors with diverse backgrounds.</p> <p>Pursuant to the amendments to the MMLR announced by Bursa Malaysia on 19th January 2022 limiting the tenure of an Independent Director to not more than a cumulative 12 years from the date of his first appointment as an Independent Director in the listed company or any one or more of its related corporations with effect from 1st June 2023, the Company will be in compliance by the implementation date of this requirement to uphold Board independence.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	

Timeframe	:		
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Intended Outcome

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

Practice 5.3

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

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

Application	:	Applied
Explanation on application of the practice	:	All Independent Directors who have served the Company beyond nine years will submit themselves for annual shareholders' approval through a two-tier voting process at the Annual General Meeting to be retained as Independent Directors. The justifications for retention are provided in the Notes to the Notice of Annual General Meeting for shareholders' consideration. The recommendation by the Board for retaining such Independent Directors is based on their independence, incumbent knowledge and contributions to the strategic objectives and stewardship of the Company. The two-tier voting process to retain any Independent Director beyond nine years, as prescribed in the Malaysian Code on Corporate Governance 2021 will be employed at the Annual General Meeting of the Company whenever such a situation arises.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.4 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

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

Practice 5.5

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board embraces diversity amongst its members and has ensured a good representation of the relevant skills and experience for the discharge of its duties. Its policy towards boardroom diversity is above all, to be non-discriminatory with regards to gender, race or religion, and only considering relevant qualifications, ability and commitment when proposing candidates for shareholders' approval.</p> <p>The Board desires that each of its Directors, Chief Executive Officer, Chief Operating Officers and Financial Controller be of appropriate character, experience, integrity and competence so as to carry out their duties in the best interest of the Company. In addition, each of the Non-Executive Directors must be able to devote time to discharge their responsibilities in their respective roles and Board Committees.</p> <p>Pursuant to the amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad which were announced on 19th January 2022, a Directors' Fit and Proper Policy that addresses board quality and integrity for the appointment and re-election of Directors of the Company and its subsidiaries has been put in place. The Nomination Committee takes guidance from the Directors' Fit and Proper Policy published on the Company's website at www.apexpharmacy.com.my in its review and assessment of candidates that are to be appointed onto the Board of the Company and its subsidiaries as well as Directors who are seeking for re-election.</p> <p>The Nomination Committee was established in 2001 and comprises Non-Executive Directors, a majority of whom are Independent Directors. The Terms of Reference of the Nomination Committee which is published on the Company's website at www.apexhealthcare.com.my is as follows :</p>

Terms of Reference of Nomination Committee

1. Constitution

The Board has established a Committee of the Board to be known as the Nomination Committee (hereinafter referred to as the "NC") with authority and duties as specified in these Terms of Reference.

2. Membership of the Committee

2.1 The NC shall be appointed by the Board from amongst themselves, comprising exclusively of Non-Executive Directors, the majority of whom shall be independent. The appointment of a Committee member terminates when the member ceases to be a Director, or as determined by the Board.

2.2 The Chairman of the NC shall be a Senior Independent Non-Executive Director appointed by the Board. In the absence of the Chairman, the members present shall elect a Chairman from among themselves.

2.3 The Company Secretary shall be the Secretary of the NC.

3. Meetings

3.1 The Committee shall meet at least once a year. More meetings may be conducted if the need arises. The quorum for a meeting of the NC shall be two (2) members, present in person, a majority of whom must be Independent Directors.

3.2 A resolution in writing, signed by all the members of the Committee, shall be as effectual as if it has been passed at a meeting of the Committee duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more Committee members. Any such documents may be accepted as sufficiently signed by a member if transmitted to the Company by telegram, telex, facsimile or other electrical written message purporting to include a signature of the member.

3.3 The Company Secretary or his/her representative or other appropriate senior officer shall act as secretary of the Committee and shall be responsible in conjunction with the Chairman, for drawing up the agenda and circulating it, supported by explanatory documentation to Committee members prior to each meeting.

4. Principles

- 4.1 The ultimate decision on the appointment of Directors to the Board is the responsibility of the Board of Directors after due consideration of the recommendations of the NC.
- 4.2 The Board embraces diversity amongst its members and has ensured a good representation of the relevant skills and experience for the discharge of its duties. Its policy towards boardroom diversity is above all, to be non-discriminatory with regards to gender, race or religion, and only considering relevant qualifications, ability and commitment when proposing candidates for shareholders' approval. This emphasis on diversity extends to the Senior Management.
- 4.3 The Board desires that each of its Directors, Chief Executive Officer, Chief Operating Officers and Financial Controller be of appropriate character, experience, integrity and competence so as to carry out their duties in the best interest of the Company. In addition, each of the Non-Executive Directors must be able to devote time to discharge their responsibilities in their respective roles and Board Committees.
- 4.4 The NC shall take into cognizance in its deliberations the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the principles of the Malaysia Code on Corporate Governance, and any other pertinent regulations and laws, as well as revisions which may come into force thereafter.

5. Duties and Functions of the Committee

The NC shall:

- 5.1 Assess and recommend to the Board, suitably qualified candidates for all directorships to be filled including new Directors and Directors to be re-elected or re-appointed or retained, taking into consideration candidates'
- skills, knowledge, expertise and experience;
 - commitment (including time commitment) to effectively discharge his/her role as a Director;
 - professionalism;
 - gender, age and ethnicity and their pertinence to boardroom diversity;
 - character, integrity and competence; and
 - in the case of candidates for Independent Directors, ability to discharge the responsibilities and functions expected of Independent Non-Executive Directors.

	<p>The NC takes guidance from the Directors' Fit and Proper Policy published on the Company's website in its review and assessment of candidates that are to be appointed onto the Board of the Company and its subsidiaries as well as Directors who are seeking for re-election.</p> <p>5.2 Seek, evaluate and recommend candidates for directorship as and when required. The NC should seek recommendations and referrals from shareholders, Directors, Senior Management and external independent sources where practicable in identifying appropriate candidates. Evaluation of candidates include the review of resumes, reference checks and interviews based on criteria established in the Directors' Fit and Proper Policy for compliance with Para 2.20A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The NC will then recommend chosen candidates to the Board for consideration.</p> <p>5.3 Assess annually the effectiveness of the Board as a whole, the Committees of the Board, individual Directors including Independent Non-Executive Directors, as well as the Chief Executive Officer and Chief Financial Officer through a process implemented by the Board. All assessments and evaluations carried out by the NC in the discharge of all its functions should be properly documented. The annual assessment takes the form of self-assessment questionnaires and the results are circulated and deliberated at meeting(s) of the NC and the outcome duly recorded in the minutes of the meeting(s) of the NC. The comments, recommendations and/or action plans for enhancements based on the evaluation results are tabled to the Board.</p> <p>5.4 Assess the independence of the Independent Directors upon admission, annually and when any new interest or relationship develops and confirm the conduct of this assessment in the annual report of the Company and in any notice convening a general meeting seeking approval for the appointment and re-appointment of Independent Directors.</p> <p>5.5 Recommend to the Board, Directors to fill the seats on other Board Committees.</p> <p>5.6 Review annually the Board's required mix of skills and experience and other qualities, including core competencies which Non-Executive Directors bring to the Board.</p> <p>5.7 Determine appropriate training for Directors, review the fulfilment of such training, and disclose details in the annual</p>
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	<p>report as appropriate, in accordance with Bursa Malaysia Securities Berhad's guidelines on Directors' Training.</p> <p>5.8 Consider and recommend the Directors for re-election at each Annual General Meeting.</p> <p>5.9 Consider and recommend the retention of each Independent Director who has served in that capacity for more than nine years at each Annual General Meeting.</p> <p>5.10 Review the term of office and performance of the Audit Committee and each of its members annually to determine whether the Audit Committee and its members have carried out their duties in accordance with its Terms of Reference.</p> <p>5.11 Consider the succession planning of members of the Board and Senior Management through a formalized Succession Planning policy to ensure sustainable and effective performance of the Board and Senior Management through planned succession and compliance with good governance practices.</p> <p>5.12 Ensure that the composition of the Board is refreshed periodically.</p> <p>5.13 Undertake any other duties as may be assigned by the Board of Directors from time to time.</p> <p>A review of the Board Committees including the NC was conducted by the Board in August 2021 and the composition of the NC was assessed to be effective in discharging its responsibilities. The members of NC were appointed by the Board amongst themselves comprising exclusively Non-Executive Directors with a majority of Independent Directors. The members of NC are as follows:</p> <ol style="list-style-type: none"> 1. Datuk Noharuddin Bin Nordin @ Harun, Chairman (Senior Independent Non-Executive Director) 2. Mr Robert Dobson Millner, Member (Non-Independent Non-Executive Director) 3. Ms Heng Su-Ling Mae, Member (Independent Non-Executive Director)
<p>Explanation for departure :</p>	

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

Measure :		
Timeframe :		

Intended Outcome

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

Practice 5.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

Application	:	Applied
Explanation on application of the practice	:	The Board appreciates the importance of using a variety of approaches and sources to ensure that it is able to identify the most suitable candidates. In this regard, the Nomination Committee is charged with the responsibility of identifying, selecting and recommending to the Board suitable candidates taking into account factors such as personal attributes, skills, experience, competence, capability and time and commitment to effectively discharge the fiduciary duties and functions with due consideration of diversity required of Directors. As there is no “one size fits all” and taking into account the business environment that the Company operates in, the Board authorises the Nomination Committee the option of using external independent sources, if required, in the recruitment of candidates for directorship above and beyond referrals from shareholders, Directors and Senior Management. Evaluation of candidates include the review of resumes, reference checks and interviews based on criteria established in Paragraph 2.20A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Nomination Committee will then recommend chosen candidates to the Board for consideration. This Practice is specified in the Terms of Reference of the Nomination Committee which can be found on the Company’s website www.apexhealthcare.com.my .
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

Practice 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

Application	:	Applied
Explanation on application of the practice	:	Details of any individual standing for election as a Director as outlined in Paragraph 1, Appendix 8A of Bursa Securities Main Market Listing are disclosed by the Company so that shareholders have the information they require to make an informed decision on such matters. The disclosure include the name, age, gender, nationality, qualification, and whether the position is an Executive or Non-Executive and whether such Director is an Independent Director; working experience and occupation; any other directorships in public companies and listed issuers; details of any interest in the securities of the listed issuer and its subsidiaries; family relationship with any Director and/or major shareholder of the listed issuer; and any conflict of interest that they have with the listed issuer.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.8

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

Application :	Applied
Explanation on application of the practice :	<p>The Nomination Committee ('NC') is appointed by the Board from amongst themselves, comprising exclusively of Non-Executive Directors, the majority of whom are independent. The appointment of a Committee member terminates when the member ceases to be a Director, or as determined by the Board.</p> <p>The Chairman of the NC shall be a Senior Independent Non-Executive Director appointed by the Board. In the absence of the Chairman, the members present will elect a Chairman from among themselves. The Company Secretary is the Secretary of the NC.</p> <p>Since August 2015, the Senior Independent Director has assumed the chairmanship of the NC thus providing effective leadership to the NC in the discharge of its duties. On 23rd May 2019, a new Senior Independent Director, Datuk Noharuddin Bin Nordin @ Harun was appointed to assume the chairmanship of the NC with a refreshment of its composition. A review of the Board Committees including the NC was conducted by the Board in August 2021 and the composition of the NC was assessed to be effective in discharging its responsibilities. The members of NC were appointed by the Board amongst themselves comprising exclusively Non-Executive Directors with a majority of Independent Directors. The members of NC are as follows :</p> <ol style="list-style-type: none">1. Datuk Noharuddin Bin Nordin @ Harun, Chairman (Senior Independent Non-Executive Director)2. Mr Robert Dobson Millner, Member (Non-Independent Non-Executive Director)3. Ms Heng Su-Ling Mae, Member (Independent Non-Executive Director) <p>The Terms of Reference of the Nomination Committee can be found on the Company's website www.apexhealthcare.com.my.</p>
Explanation for departure :	

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

Intended Outcome

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

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board is composed of a combination of Directors with a mix of skills appropriate to providing the necessary breadth and depth of knowledge and experience to serve the Company's best interests. The Board embraces diversity amongst its members and has ensured a good representation of the relevant skills and experience for the discharge of its duties. Its policy towards boardroom diversity is above all, to be non-discriminatory with regards to gender, race or religion, and only considering relevant qualifications, ability and commitment when proposing candidates for shareholders' approval.</p> <p>While boardroom diversity remains a main criterion for Board composition, no regard shall be paid to gender, race or religion when considering specific candidates for appointment to the Board. Suitability of qualifications, experience and synergy with the overall composition of the Board are factors which the Company values and will take into account.</p> <p>The Board considers its current size and composition as ideal. Further changes to the gender ratio of the Directors will be guided by the policy stated above.</p> <p>In its measure towards meeting its gender diversity policy, the Board takes cognizance of the importance of considering candidates for appointment from a wider pool.</p> <p>The Board acknowledges the benefits of having participation of women on the Board in terms of providing different perspectives and insights for effective decision making and targets to ensure that there is women representation on the Board at any one time. This policy is in line with the amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad which mandates a listed company to have at least one woman director on its board with effect from 1st June 2023 for listed companies with market capitalization of less than RM 2 billion as at 31st December 2021. The Company is in compliance with this requirement.</p>

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

Intended Outcome

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

Practice 5.10

The board discloses in its annual report the company's policy on gender diversity for the board and senior management.

Application	:	Applied
Explanation on application of the practice	:	<p>The activities of the Nomination Committee during the financial year are disclosed in the Report of the Nomination Committee in the Annual Report. Its activities include the review of the composition of the Board and Board Committees with regards to the mix of skills, independence and diversity and the annual assessment of effectiveness of the Board as a whole, the Committees of the Board, individual Directors including Independent Non-Executive Directors, as well as the Chief Executive Officer and Chief Financial Officer through a process implemented by the Board. The Terms of Reference of the Nomination Committee available on the Company's website www.apexhealthcare.com.my.</p> <p>The Board embraces diversity amongst its members and has ensured a good representation of the relevant skills and experience for the discharge of its duties. Its policy towards boardroom diversity is above all, to be non-discriminatory with regards to gender, race or religion, and only considering relevant qualifications, ability and commitment when proposing candidates for shareholders' approval. This emphasis on diversity extends to the Senior Management.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 6.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination Committee assesses annually the effectiveness of the Board as a whole, the Committees of the Board, individual Directors including Independent Non-Executive Directors, as well as the Chief Executive Officer and Chief Financial Officer through a process implemented by the Board. All assessments and evaluations carried out by the Nomination Committee in the discharge of all its functions are properly documented. The annual assessment takes the form of self-assessment questionnaires and the results are circulated and deliberated at meeting(s) of the Nomination Committee and the outcome duly recorded in the minutes of the meeting(s) of the Nomination Committee. The comments, recommendations and/or action plans for enhancements based on the evaluation results are tabled to the Board. The disclosure of this process is made in the Terms of Reference of the Nomination Committee (which is published on the Company's website at www.apexhealthcare.com.my) and Report of the Nomination Committee of the Company (which is found in the Annual Report of the Company).</p> <p>The NC ensures that the composition of the Board is refreshed periodically. A review of the Board Committees including the NC was conducted by the Board in August 2021 and the composition of the NC was assessed to be effective in discharging its responsibilities. A new Board Committee, namely the Risk and Sustainability Committee was instituted to strengthen risk oversight including sustainability risks with effect from 1st January 2022.</p>

	<p>The Nomination Committee reviews annually the Board's required mix of skills and experience and other qualities, including core competencies which Non-Executive Directors bring to the Board. It also considers the succession planning of the Board and Senior Management through a formalised succession planning policy to ensure sustainable and effective performance of the Board and Senior Management through planned succession and compliance with good governance practices. In this regard, at the recent NC Meeting in February 2022, the Board Succession Planning Policy and the Group Succession Plan for Senior Management comprising the Chief Executive Officer and members of the Executive Committee ('EXCO') were reviewed by the NC.</p>	
<p>Explanation for departure</p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	<p>:</p>	
<p>Timeframe</p>	<p>:</p>	

Intended Outcome

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

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

Practice 7.1

The board has remuneration policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The policies and procedures to determine the remuneration of Directors and Senior Management, namely the scope of coverage of the policy and the criteria for determining remuneration are prescribed in the Terms of Reference of the Remuneration Committee which is published on the Company's website at www.apexhealthcare.com.my.</p> <p>The Terms of Reference of the Remuneration Committee is as follows:</p> <p>1. Constitution</p> <p>The Board has established a Committee of the Board to be known as the Remuneration Committee (hereinafter referred to as the "RC") with authority and duties as specified in these Terms of Reference.</p> <p>2. Membership of the Committee</p> <p>2.1 The RC shall be appointed by the Board from amongst themselves and shall comprise exclusively of Non-Executive Directors, the majority of whom shall be independent. The appointment of a Committee member terminates when the member ceases to be a Director, or as determined by the Board.</p> <p>2.2 The members of the RC shall elect a Chairman from among their members.</p>

2.3 The Company Secretary shall be the Secretary of the RC.

3. Meetings

3.1 The Committee shall meet at least once a year. More meetings may be conducted if the need arises. The quorum for a meeting of the RC shall be two (2) members.

3.2 A resolution in writing, signed by all the members of the Committee, shall be as valid and effectual as if it has been passed at a meeting of the members duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more members. Any such documents may be accepted as sufficiently signed by a member if transmitted to the Company by telegram, telex, facsimile or other electrical written message purporting to include a signature of the member.

3.3 The Company Secretary or his/her representative or other appropriate senior officer shall act as secretary of the Committee and shall be responsible in conjunction with the Chairman, for drawing up the agenda and circulating it, supported by explanatory documentation to Committee members prior to each meeting.

4. Guiding Principles

4.1 The levels of remuneration should be sufficient to attract and retain the Directors and Senior Management needed to run the company successfully. The component parts of remuneration should be structured so as to link rewards to corporate and individual performance, in the case of Executive Directors and Senior Management. In the case of Non-Executive Directors, the level of remuneration should reflect the experience and level of responsibilities undertaken by the particular non-executive concerned, taking into account any additional responsibilities undertaken such as chairmanship of a Board Committee or as the Senior Independent Director. The fees payable to Non-Executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or revenue.

There should be a formal and transparent procedure for developing remuneration policy on remuneration and for fixing the remuneration packages of individual Directors. The remuneration policy, which is applicable to Executive Director and Non-Executive Directors and Senior Management of the Group, is adopted by the Board based on the recommendations of the RC.

	<p>4.2 The Committee shall take into cognizance in its deliberations the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the principles in the Malaysia Code on Corporate Governance, and any other pertinent regulations and laws, as well as revisions which may come into force thereafter.</p> <p>5. Duties and Functions of the Remuneration Committee</p> <p>As provided in the remuneration policy, the RC is authorised by the Board to:</p> <p>5.1 Review and determine, at least once annually, adjustments to the remuneration package, including benefits in kind, of each Executive Director and Senior Management of the Group, taking into account the corporate and individual performance, level of responsibility and complexity of the role, the inflation price index, and where necessary, information from independent sources on remuneration packages for equivalent jobs in the industry.</p> <p>5.2 Review and determine the quantum of performance-related bonuses, benefits-in kind and Employee Share Options (or Executive Share Options), if available, to be given to the Executive Directors are linked to corporate and individual performance.</p> <p>5.3 Review annually and recommend to the Board the level of fees paid to Non-Executive Directors, taking into consideration the fee levels and trends for similar positions in the market, time commitment required from the Director (estimated number of days per year). The review also takes into consideration any additional responsibilities undertaken by the Director acting as Chairman of a Board Committee or as Senior Independent Director.</p> <p>5.4 Consider and execute the renewal of the service contracts of Senior Management of the Group, as and when due, as well as the service contracts and remuneration package for newly appointed Executive Director(s) prior to their appointment.</p> <p>5.5 Execute any other duties as may be assigned by the Board of Directors from time to time.</p>
<p>Explanation for departure :</p>	

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

Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 7.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Remuneration Committee of the Company comprises exclusively of Non-Executive Directors, the majority of whom shall be independent. The Terms of Reference of the Remuneration Committee is published on the Company's website at www.apexhealthcare.com.my. The details are as follows:</p> <p>1. Constitution</p> <p>The Board has established a Committee of the Board to be known as the Remuneration Committee (hereinafter referred to as the "RC") with authority and duties as specified in these Terms of Reference.</p> <p>2. Membership of the Committee</p> <p>2.1 The RC shall be appointed by the Board from amongst themselves and shall comprise exclusively of Non-Executive Directors, the majority of whom shall be independent. The appointment of a Committee member terminates when the member ceases to be a Director, or as determined by the Board.</p> <p>2.2 The members of the RC shall elect a Chairman from among their members.</p> <p>2.3 The Company Secretary shall be the Secretary of the RC.</p> <p>3. Meetings</p>

3.1 The Committee shall meet at least once a year. More meetings may be conducted if the need arises. The quorum for a meeting of the RC shall be two (2) members.

3.2 A resolution in writing, signed by all the members of the Committee, shall be as valid and effectual as if it has been passed at a meeting of the members duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more members. Any such documents may be accepted as sufficiently signed by a member if transmitted to the Company by telegram, telex, facsimile or other electrical written message purporting to include a signature of the member.

3.3 The Company Secretary or his/her representative or other appropriate senior officer shall act as secretary of the Committee and shall be responsible in conjunction with the Chairman, for drawing up the agenda and circulating it, supported by explanatory documentation to Committee members prior to each meeting.

4. Guiding Principles

4.1 The levels of remuneration should be sufficient to attract and retain the Directors and Senior Management needed to run the company successfully. The component parts of remuneration should be structured so as to link rewards to corporate and individual performance, in the case of Executive Directors and Senior Management. In the case of Non-Executive Directors, the level of remuneration should reflect the experience and level of responsibilities undertaken by the particular non-executive concerned, taking into account any additional responsibilities undertaken such as chairmanship of a Board Committee or as the Senior Independent Director. The fees payable to Non-Executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or revenue.

There should be a formal and transparent procedure for developing remuneration policy on remuneration and for fixing the remuneration packages of individual Directors. The remuneration policy, which is applicable to Executive Director and Non-Executive Directors and Senior Management of the Group, is adopted by the Board based on the recommendations of the RC.

4.2 The Committee shall take into cognizance in its deliberations the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the principles in the Malaysia Code on

	<p>Corporate Governance, and any other pertinent regulations and laws, as well as revisions which may come into force thereafter.</p> <p>5. Duties and Functions of the Remuneration Committee</p> <p>As provided in the remuneration policy, the RC is authorised by the Board to:</p> <p>5.1 Review and determine, at least once annually, adjustments to the remuneration package, including benefits in kind, of each Executive Director and Senior Management of the Group, taking into account the corporate and individual performance, level of responsibility and complexity of the role, the inflation price index, and where necessary, information from independent sources on remuneration packages for equivalent jobs in the industry.</p> <p>5.2 Review and determine the quantum of performance-related bonuses, benefits-in kind and Employee Share Options (or Executive Share Options), if available, to be given to the Executive Directors are linked to corporate and individual performance.</p> <p>5.3 Review annually and recommend to the Board the level of fees paid to Non-Executive Directors, taking into consideration the fee levels and trends for similar positions in the market, time commitment required from the Director (estimated number of days per year). The review also takes into consideration any additional responsibilities undertaken by the Director acting as Chairman of a Board Committee or as Senior Independent Director.</p> <p>5.4 Consider and execute the renewal of the service contracts of Senior Management of the Group, as and when due, as well as the service contracts and remuneration package for newly appointed Executive Director(s) prior to their appointment.</p> <p>5.5 Execute any other duties as may be assigned by the Board of Directors from time to time.</p>
<p>Explanation for departure :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	The disclosure on named basis for the remuneration of individual Directors is set out in the following table.

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Pension cost and Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Pension cost and Other emoluments	Total
1	Dr Kee Kirk Chin	Executive Director	66800		57097	39719	107682	17953	289251	66800		837557	2345792	107682	84850	3442681
2	Robert Dobson Millner	Non-Executive Non-Independent Director	Input info here													
3	Datuk Noharuddin Bin Nordin @ Harun	Independent Director	102900						102900	102900						102900
4	Heng Su-Ling Mae	Independent Director	111900						111900	111900						111900
5	Datuk Phang Ah Tong	Independent Director	112800						112800	112800						112800
6	Jackson Chevalier Yap-Kit-Siong	Independent Director	79600						79600	79600						79600
7	Leong Khai Cheong	Independent Director	35564						35564	35564						35564
8	Kee Kirk Chuen	Non-Executive Non-Independent Director	56800						56800	56800						56800
9	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
10	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

Intended Outcome

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

Practice 8.2

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

Application	:	Departure																								
Explanation on application of the practice	:																									
Explanation for departure	:	<p>This Practice will not be fully adopted due to reasons of confidentiality and risk of talent attrition attributed to the highly competitive environment for scarce human resources in the pharmaceutical industry. Senior Management jobs differ, depending on job scope, geographical location and business activity. In this regard, disclosure purely on a named basis will not equitably establish a clear linkage between Group performance and individual remuneration, without further detailed disclosure and discussion on the individual's job scope within the Group, annual performance appraisal findings and attainment of key performance indicators.</p> <p>Alternative Disclosure</p> <table border="1"> <thead> <tr> <th>Senior Management Remuneration</th> <th>Salaries & other emoluments</th> <th>Bonus</th> <th>Pension Costs</th> <th>Non-Monetary Benefits</th> <th>Directors Fees</th> <th>Others</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Remuneration in RM</td> <td>1,015,092</td> <td>1,527,062</td> <td>492,196</td> <td>246,069</td> <td>-</td> <td>22,763</td> <td>3,303,182</td> </tr> <tr> <td>Remuneration as a %</td> <td>30.73%</td> <td>46.23%</td> <td>14.90%</td> <td>7.45%</td> <td>0.00%</td> <td>0.69%</td> <td>100%</td> </tr> </tbody> </table> <p>Senior Management is defined as the four members of the Executive Committee ("EXCO") of the Company, comprising the Chief Executive Officer ("CEO"), Chief Operating Officers ("COOs"), and Financial Controller ("FC"). As the CEO's remuneration is already furnished with the disclosure for Directors, Senior Management remuneration is disclosed as an aggregate of the other three members of the EXCO. Instead of bands, actual remuneration data is provided in the specified categories. This alternative practice affords a degree of confidentiality, yet provides shareholders relevant information to assess the linkage of Senior Management remuneration as a group to performance.</p>	Senior Management Remuneration	Salaries & other emoluments	Bonus	Pension Costs	Non-Monetary Benefits	Directors Fees	Others	Total	Remuneration in RM	1,015,092	1,527,062	492,196	246,069	-	22,763	3,303,182	Remuneration as a %	30.73%	46.23%	14.90%	7.45%	0.00%	0.69%	100%
Senior Management Remuneration	Salaries & other emoluments	Bonus	Pension Costs	Non-Monetary Benefits	Directors Fees	Others	Total																			
Remuneration in RM	1,015,092	1,527,062	492,196	246,069	-	22,763	3,303,182																			
Remuneration as a %	30.73%	46.23%	14.90%	7.45%	0.00%	0.69%	100%																			

	<p>The Board by virtue of Section 211(2) of Companies Act 2016 has all the powers necessary for managing, directing and supervising the management of the business and affairs of the company and will at all times exercise its powers in the best interest of the company. This includes being accountable for the appointment of the Senior Management team, their performance and remuneration. The remuneration of all Senior Management of the Group is performance linked, closely reviewed and carefully determined by the Remuneration Committee annually and reported to the Board.</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure :</p>		
<p>Timeframe :</p>		

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
2	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
3	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
4	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
5	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.

Intended Outcome

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

Practice 8.3 - Step Up

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

Application :	Not Adopted
Explanation on adoption of the practice :	

No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	This Practice has been in force by the Company as the Board is of the view that having the same Director to assume the position of Chairman of the Audit Committee and Chairman of the Board may impair objectivity and potentially lead to concentration of power in a single Director. This Practice which has always been adopted by the Company is now formalised by incorporating the policy in the Terms of Reference of the Audit Committee available on the Company's website at www.apexhealthcare.com.my .	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.2

The Audit Committee has a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee.

Application	:	Applied	
Explanation on application of the practice	:	This policy which aids in safeguarding the auditors' independence and objectivity specifically stating that no former partner of the external audit firm of the Company shall be appointed as a member of the Audit Committee unless a cooling-off period of at least three years have lapsed has been adopted by the Audit Committee and included in its Terms of Reference available on the Company's website at www.apexhealthcare.com.my .	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit Committee ('AC') is delegated the task of assessing whether the External Auditors are suitable for reappointment, of which competence and independence are key considerations. This is spelt out in the Terms of Reference of the AC which is also published on the Company's website at www.apexhealthcare.com.my.</p> <p>The Terms of Reference of the AC are as follows :</p> <p>1. Constitution</p> <p>The Board has established a Committee of the Board to be known as the Audit Committee (hereinafter known as the "AC") with authority and duties as specified in these Terms of Reference.</p> <p>2. Membership of the Committee</p> <p>2.1 The AC shall be appointed by the Board from amongst the Directors of the Company and shall consist of at least 3 members, comprising exclusively of Non-Executive Directors, a majority of whom shall be Independent Non-Executive Directors. A quorum requires the majority of members present to be Independent Directors.</p> <p>2.2 At least one member of the AC must be a member of the Malaysian Institute of Accountants. If there is none, one member must either have at least 3 years' working experience and (a) have passed the examinations specified in Part 1 of the First Schedule of the Accountants Act, 1967, or (b) be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or have the following qualifications: -</p>

- i. a degree/masters/doctorate in accounting or finance and at least 3 years' post qualification experience in accounting or finance; or
- ii. at least 7 years' experience being a chief financial officer of a corporation or having function of being primarily responsible for the management of the financial affairs of a corporation.

2.3 No alternate Director shall be appointed as a member of the AC.

2.4 The Board of Directors must via the Nomination Committee review the composition, term of office and performance of the AC and its members annually to determine whether the AC and its members have carried out their duties in accordance with its Terms of Reference.

2.5 The members of the AC shall elect a Chairman from among their number who shall be an Independent Non-Executive Director. The Chairman of the AC shall not be the Chairman of the Board.

2.6 If a member of the AC resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced below 3, the Board of Directors shall, within 3 months of that event, appoint such number of new members as may be required to make up the minimum number of 3 members.

2.7 The Company Secretary shall be the Secretary of the AC.

2.8 No former partner of the external audit firm of the Company shall be appointed as a member of the AC unless a cooling-off period of at least three years have lapsed.

3. Rights of the Audit Committee

3.1 The AC shall, wherever necessary and reasonable for the performance of its duties, in accordance with procedures stipulated by the Board of Directors and at the cost of the Company;

- i have authority to investigate any matter within its Terms of Reference;
- ii have the resources that are required to perform its duties;

	<ul style="list-style-type: none"> iii have full and unrestricted access to any information pertaining to the Company and the Group; iv have direct communication channels with the External Auditors and person(s) carrying out the internal audit function or activity; v be able to obtain independent professional or other advice and to invite outsiders to attend AC meetings where necessary; vi be able to convene meetings with the External Auditors and Internal Auditors, without the presence of any employees, at least twice a year and whenever deemed necessary; vii have authority to assign and adequately resource a function (which may be external to the organisation) to be responsible for the Group's anti-corruption framework as well as anti-corruption compliance matters, including provision of advice and guidance to personnel and business associates in relation to the corruption programme; viii have authority to direct efforts to improve upon the effectiveness of its corruption risks management framework; and ix have authority to investigate matter related to anti-corruption and other matters within its terms of reference. <p>3.2 The AC shall take into cognizance in its deliberations the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Malaysian Code on Corporate Governance, Malaysian Anti-Corruption Commission Act 2009 (Act 694) and any other pertinent regulations and laws, as well as revisions which may come into force thereafter.</p> <p>3.3 Where the AC is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the AC shall report such matter to Bursa Malaysia Securities Berhad.</p> <p>4. Duties and Functions of the Audit Committee</p> <p>4.1 The AC shall review the following and report the same to the Board of Directors: -</p> <ul style="list-style-type: none"> i. with the External Auditors, the nature and scope of the audit before commencement; ii. with the internal audit function or external consultants,
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	<p>their evaluation of the system of risk management, including business risk management, corruption risk management and internal controls assisted and supported by the Risk and Sustainability Committee;</p> <ol style="list-style-type: none"> iii. with the External Auditors, the audit reports, management letters and management response; iv. the assistance given by the Company's employees and officers to the External Auditors; v. the adequacy of the scope, competency and resources of the internal audit function and that it has the necessary authority to carry out its work; vi. the internal audit plan, processes, the results of the internal audit assessments, investigation undertaken and whether or not appropriate action is taken on the recommendations; vii. any appraisal or assessment of the performance of members of the internal audit function; viii. the financial reports at the end of each quarter and year end, prior to approval by the Board of Directors, focusing particularly on: - <ul style="list-style-type: none"> • changes in or implementation of major accounting policy changes; • significant matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transactions and how these matters are being addressed; and • compliance with accounting standards and other legal requirements; ix. any related party transaction and conflict of interests situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity; x. any letter of resignation from the External Auditors; xi. whether there is reason (supported by grounds) to believe that the External Auditors is not suitable for re-appointment; xii. the Group's exposure to corruption risk and to make recommendations on anti-corruption management and corruption risk mitigation; xiii. the design and effectiveness of the Group's anti-corruption framework; xiv. the implementation of the Group's anti-corruption monitoring program in relation to the Group's exposure to corruption risks; xv. the implementation of the Group anti-corruption
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	<p>compliance programmes and to review its effectiveness thereof;</p> <ul style="list-style-type: none"> xvi. the resources and effectiveness of the Anti-Corruption Function of the Group and to determine the adequacy of corruption risk reporting; xvii. the knowledge sharing on anti-corruption initiatives throughout the Group; xviii. the awareness of employees, contractors, agents and suppliers regarding the Group's anti-corruption policies and stand; xix. the Company's website contains information that is up-to-date and coherently reflective of the Group's anti-corruption approaches, policies, procedures, systems and activities, which is updated on a periodic basis; xx. any corruption related matters within its terms of reference (and shall have the resources which it needs to do so) and to seek any information it requires from any officers or employee of the Group and such officers or employees shall respond to such enquiries on a timely manner and to co-operate with the Committee; xxi. engagement of independent professional advice (including legal advice), where necessary, and to secure the attendance of outsiders with relevant expertise or experience as it considers necessary to assist in any anti-corruption matters; and xxii. Statement of Risk Management and Internal Control with support by the Risk and Sustainability Committee for approval by the Board for inclusion in the Annual Report of the Company. <p>4.2 The AC shall review any matters concerning the appointment/re-appointment and dismissal of both the Internal and External Auditors, their audit fees and render its recommendations accordingly to the Board of Directors. In considering the appointment/re-appointment and dismissal of the External Auditors, to consider among others: -</p> <ul style="list-style-type: none"> i. the adequacy of the experience and resources of the accounting firm; ii. the persons assigned to the audit; iii. the accounting firm's audit engagements; iv. the size and complexity of the listed issuer's group being audited; and v. the number and experience of supervisory and professional staff assigned to the particular audit. <p>4.3 The AC shall evaluate and assess the performance of External</p>
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	<p>Auditors, in terms of the following: -</p> <ul style="list-style-type: none"> i the suitability, objectivity and independence of the External Auditors; ii the External Auditors' ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan; iii the nature of the non-audit services provided by the External Auditors and fees paid for such services relative to the audit fee; and iv whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit arising from the provision of non-audit services or tenure of the External Auditors. <p>4.4 The AC shall discuss the contracts and nature for the provision of non-audit services which can be entered into by the Group with the External Auditors or its affiliates and procedures that must be followed. The contracts to be entered into shall not include: -</p> <ul style="list-style-type: none"> i. Management consulting; ii. Strategic decision; iii. Internal audit; and iv. Policy and standard operating procedures documentation. <p>In the event that the non-audit fees paid to the Company's External Auditors, or a firm or corporation affiliated to the External Auditors' firm are significant (e.g. constitute 50% of the total amount of audit fees paid to the Company's External Auditors) the Company is required to state the details on the nature of non-audit services rendered in the Report of the Audit Committee.</p> <p>The AC shall approve any appointment or termination of senior staff members of the internal audit function; take cognizance of resignations of internal audit staff and provide resigning staff member an opportunity to submit reasons for resigning or if the internal audit function is outsourced, then the AC shall evaluate and assess the performance of outsourced Internal Auditors, including their independence, competency, experience and resources to carry out the function effectively. The AC shall consider the major findings of internal investigations and management's response.</p> <p>4.5 The AC shall verify that the allocation of options pursuant to the Apex Healthcare Berhad Employee Share Option Scheme, where any such Scheme is in operation, is in compliance with criteria that have been disclosed to</p>
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employees as required under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

4.6 The AC is assisted and supported by the Risk and Sustainability Committee to oversee the company's risk management framework and policies. The head of Internal Audit reports directly to the AC. The head of Internal Audit should have the relevant qualifications and responsibilities for providing assurance to the AC that the internal controls are operating effectively. For administrative and operational matters, the Internal Auditors will liaise with either the Chief Executive Officer ("CEO") or Financial Controller ("FC").

4.7 The AC shall function as the Anti-Corruption Oversight Committee as well. Therefore, the head of Anti-Corruption Function of the Group reports directly to the AC. The head of Anti-Corruption Function is responsible for the anti-corruption compliances of the Group and for ensuring that the anti-corruption monitoring programme are being implemented on a timely basis. The Anti-Corruption Function is also responsible to assist the AC in any investigation and also to ensure that the Group's anti-corruption policies and procedures are being complied with. For administrative and operational matters, the Anti-Corruption Function will liaise with either the Chief Executive Officer ("CEO") or Financial Controller ("FC") on a day to day basis.

4.8 The Chairman of the AC should engage on a continuous basis with Senior Management in order to be kept informed of matters affecting the Company or Group.

4.9 The AC shall conduct meetings independently and separately from time to time with Internal and External Auditors; and

4.10 The AC shall conduct any other duties as may be assigned by the Board of Directors from time to time.

5. Attendance at Meetings

5.1 The CEO, FC, the key representatives of the External and Internal Auditors shall normally attend meetings.

5.2 The Board members and employees may also attend AC meetings only at the AC's invitation, specific to the relevant meeting.

6. Procedure of Audit Committee

6.1 The AC shall regulate its own procedure, in particular:

- i. the calling of meetings;
- ii. the notice to be given of such meetings;
- iii. the voting and proceedings of such meetings;
- iv. the keeping of minutes; and
- v. the custody, production and inspection of such minutes.

6.2 The AC shall meet at least 4 times a year. The AC shall meet with the External Auditors and Internal Auditors, without the presence of any employee, at least twice a year. The External Auditors may request a meeting if they consider that one is necessary.

6.3 The Secretary shall circulate the minutes of meetings of the AC to all members of the Board of Directors.

6.4 The AC shall prepare a report to the Board that provides details of the activities of the AC, number of AC meetings held in a year, details of attendance of Directors at such meetings and details of relevant training attended by each Director for inclusion in the Company's Annual Report.

6.5 A resolution in writing signed by all of the members of the AC shall be as valid and effectual as if it had been passed at a meeting of the members duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more members. Any such documents may be accepted as sufficiently signed by a member if transmitted to the Company by telegram, telex, facsimile or other electrical written message purporting to include a signature of the member.

All current members of the AC are Independent Non-Executive Directors. Pursuant to the review of the composition of Board Committees conducted by the Board in August 2021, the AC was refreshed taking effect from 1st January 2022 with the composition as follows:

1. Ms Heng Su-Ling Mae, Chairperson (Independent Non-Executive Director)
2. Datuk Phang Ah Tong, Member (Independent Non-Executive Director)
3. Leong Khai Cheong, Member (Independent Non-Executive Director)

The appointment of External Auditors is made upon satisfactory

evaluation by the AC on their suitability and independence in respect of quality control, adequacy of resources, involvement of the audit partner and exercise of professional skepticism throughout the conduct of the audit engagement. On an annual basis, the AC will evaluate the performance and quality of work conducted by the External Auditors as part of good Corporate Governance. At the end of each presentation by the External Auditors, the AC undertakes a private session to assess the quality of work performed by the External Auditors and to review the assistance provided by the Management to the External Auditors. As an added measure of assurance of independence, the External Auditors are encouraged to communicate at regular intervals with the AC regarding all relationships and other matters which may reasonably be thought to bear on their independence, in line with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants.

The AC employs a questionnaire extracted from the Malaysian Corporate Governance Guide 4th Edition Appendix II: External Auditor Evaluation Form which assesses the calibre of the external audit firm, its quality processes or performance, the independence, objectivity, skills and expertise of the audit team, audit scope and planning, audit fees and audit communication. The assessment also considers information presented in the Annual Transparency Report of the current External Auditors, namely Ernst & Young PLT (“EY”). The 2021 Transparency Report of EY has been prepared in accordance with the requirements set out by the Securities Commission’s Audit Oversight Board and includes additional voluntary information about EY and its practices.

Assurance is provided by the External Auditors to the AC that, in accordance with the terms of all relevant professional and regulatory requirements, the External Auditors had been independent throughout the audit engagement for 2021.

Having regard to the governance process in upholding integrity in financial reporting, the Board after due consideration of the External Auditors’ suitability and independence upon recommendation by the AC and having been satisfied with the recommendation, puts forth for shareholders’ approval the appointment or annual reappointment of External Auditors, whichever the case may be, and the fixation of their remuneration at the Annual General Meeting of the Company.

EY has been appointed as the Company’s External Auditors since 2003. To mitigate the risk of over-familiarity and promotes objectivity while maintaining historical and institutional knowledge of the Company, rotation of audit partner of EY is practised. The last rotation of audit partner took place for the audit of financial year ended 31st December 2018. There are neither family nor business

	relationships other than audit engagements between the members of the EY engagement team and Apex Healthcare Berhad Board and Management that will place in question the independence of EY.	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	The Audit Committee as of financial year 2021 comprised solely of Independent Directors. This Step Up Practice has not been formalised as a corporate governance practice of Apex Healthcare Berhad.

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

Application :	Applied												
Explanation on application of the practice :	<p>The requirement to undertake continuing education by the Directors is built into the Board Charter and the training undertaken by the Directors are formally reviewed and assessed by the Nomination Committee annually. The Nomination Committee on behalf of the Board, assesses, evaluates and determines the training needs of each Director, reviews the fulfilment of such training, and discloses details in the Annual Report as appropriate, in accordance with Paragraph 15.08 of Main Market Listing Requirements of Bursa Malaysia Securities Berhad.</p> <p>All Directors including members of the Audit Committee participate in continuing education to keep themselves abreast of developments in their fields of interest. The training programmes/seminars attended by the Directors during the financial year ended 31st December 2021 are as follows: -</p>												
	<table border="1"><thead><tr><th>Director</th><th>Date</th><th>Subject</th></tr></thead><tbody><tr><td rowspan="3">Dr Kee Kirk Chin</td><td>25th February 2021</td><td>NUS Medicine, NUHS, NUS NIC & GOARN Present - COVID-19: Updates from Singapore (Webinar Series)</td></tr><tr><td>18th March 2021</td><td>COVID-19 Vaccinations: Public Health Scenarios & Implications for Businesses</td></tr><tr><td>26th April 2021 to 27th April 2021</td><td>Adopting Balanced Scorecard as a Strategic Framework : The Link between Strategy and Successful Execution</td></tr></tbody></table>	Director	Date	Subject	Dr Kee Kirk Chin	25 th February 2021	NUS Medicine, NUHS, NUS NIC & GOARN Present - COVID-19: Updates from Singapore (Webinar Series)	18 th March 2021	COVID-19 Vaccinations: Public Health Scenarios & Implications for Businesses	26 th April 2021 to 27 th April 2021	Adopting Balanced Scorecard as a Strategic Framework : The Link between Strategy and Successful Execution		
Director	Date	Subject											
Dr Kee Kirk Chin	25 th February 2021	NUS Medicine, NUHS, NUS NIC & GOARN Present - COVID-19: Updates from Singapore (Webinar Series)											
	18 th March 2021	COVID-19 Vaccinations: Public Health Scenarios & Implications for Businesses											
	26 th April 2021 to 27 th April 2021	Adopting Balanced Scorecard as a Strategic Framework : The Link between Strategy and Successful Execution											

		Q2 2021	The Official Blue Ocean Online Certificated Course: Create A Business Strategy That Sets You Apart
		23 rd July 2021	Competition Law: Business Strategies and Compliance
		17 th December 2021	Cybersecurity Update
	Robert Dobson Millner	23 rd July 2021	Competition Law: Business Strategies and Compliance
		17 th December 2021	Cybersecurity Update
	Datuk Noharuddin Bin Nordin @ Harun	8 th July 2021	ICDM Advocacy Dialogue - Launch of the 2020 Malaysian Board Practices Review Report
		21 st July 2021	KPMG Board Leadership Center Exclusive - The New Reality of Cyber Hygiene
		22 nd July 2021	ESG Reporting Health Check
		23 rd July 2021	Competition Law: Business Strategies and Compliance
		13 th December 2021	2022 ASEAN Board Trends: What Keeps You Awake at Night?
		14 th December 2021	Your Biggest "S" in ESG: Sustainable Human Capital Management & Workplace Transformation
		15 th December 2021	Demystifying Investors' ESG Expectations, the Do's & Don'ts
		16 th December 2021	Rethink, Reimagine & Redesign: Business Model of the Future
		17 th December 2021	Cybersecurity Update
	Heng Su-Ling Mae	21st January 2021	Navigating Data Protection Security Concerns in the WFH Economy (Webinar)
		3 rd February 2021	Moore Asia Pacific Webinar: IFRS 3

			Business Combinations
		8 th February 2021	OCBC Global Treasury Webinar: Brave New World in 2021
		23 rd February 2021	CCS - MS Singapore Budget Webinar 2021
		9 th March 2021	Singapore Budget 2021 – Main Webcast
		10 th March 2021	An Analysis of Recent Tax Cases in Singapore and Their Ramifications on Business
		11 th March 2021	Driving Transformation Through Upskilling and Reskilling
		11 th March 2021	Updates and Developments on Employment Tax and Employee Remuneration reporting Requirements
		12 th March 2021	Transfer Pricing: Understanding COVID-19 Positions of OECD and the IRAS and their Impact on Business
		12 th March 2021	The evolution of Digital Services Tax and Its Impact on Business in Singapore and ASEAN
		7 th May 2021	SGX Regulatory Symposium 2020: Market Needs in a Changing Landscape
		8 th July 2021	ICDM Advocacy Dialogue - Launch of the 2020 Malaysian Board Practices Review Report
		23 rd July 2021	Competition Law: Business Strategies and Compliance
		14 th October 2021	Q3 2021 Real Estate Market Updates
		27 th October 2021	Moore APAC Webinar IFRS 9 Practical Application – Expected Credit Loss
		30 th November 2021	Board Governance of SPACs
		13 th December 2021	2022 ASEAN Board Trends: What Keeps You Awake at Night?

		14 th December 2021	Your Biggest “S” in ESG: Sustainable Human Capital Management & Workplace Transformation
		15 th December 2021	Demystifying Investors’ ESG Expectations, the Do’s & Don’ts
		16 th December 2021	Rethink, Reimagine & Redesign: Business Model of the Future
		17 th December 2021	Cybersecurity Update
	Datuk Phang Ah Tong	14 th January 2021	Implementing Amendments in the Malaysian Code on Corporate Governance
		24 th May 2021	Sustainability Reporting Workshop for Practitioners
		9 th June 2021	BNM – FIDE Forum Dialogue on the Future of Malaysian’s Financial Sector
		23 rd June 2021	JC 3 Flagship Conference 2021 – Finance for Change
		22 nd July 2021	Cyber Security Awareness
		22 nd July 2021	AML – Heightened Regulatory Expectations on the Roles of the BODs
		23 rd July 2021	Competition Law: Business Strategies and Compliance
		17 th December 2021	Cybersecurity Update
	Jackson Chevalier Yap-Kit-Siong	23 rd July 2021	Competition Law: Business Strategies and Compliance
		17 th December 2021	Cybersecurity
	Kee Kirk Chuen	21 st July 2021	KPMG Board Leadership Center Exclusive - The New Reality of Cyber Hygiene

		23 rd July 2021	Competition Law: Business Strategies and Compliance
		17 th December 2021	Cybersecurity Update
	Leong Khai Cheong*	17 th December 2021	Cybersecurity Update
<p><i>*Mr Leong Khai Cheong was appointed an Independent Non-Executive Director of the Company on 2nd August 2021.</i></p> <p>Specifically with regards to the Audit Committee, all the members have an understanding of the implications of financial and accounting decisions and are able to ask pertinent questions of Management and auditors and meet the financial expertise requisite of Paragraph 15.09 of Main Market Listing Requirements of Bursa Malaysia Securities Berhad.</p>			
Explanation for departure :			
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>			
Measure :			
Timeframe :			

Intended Outcome

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

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	The Board acknowledges the importance of establishing an effective risk management and internal control framework. This provides reasonable assurance in ensuring the effectiveness and efficiency of operations and safeguards the assets and interests in compliance with laws and regulations as well as with internal financial administrative procedures and guidelines. The internal control framework comprising financial, organisational, operational and compliance controls are devised to safeguard shareholders' investment and the Group's assets. The Board recognises that such systems can provide only a reasonable level of, rather than absolute assurance against misstatement or loss within the practical constraints of operating a going concern. Improvement and refinement of the risk management and internal control framework, and their adaptation to changing requirements, is an ongoing process. Pursuant to the Bursa Malaysia's Anti-Corruption Amendments, corruption risks are included in the annual risk assessment of the Group as part of the Group's initiative to enhance its anti-corruption framework with effect from 1 st June 2020. To strengthen risk oversight including sustainability risks, the Board has established the Risk and Sustainability Committee from 1 st January 2022. Further information may be found in the Statement on Risk Management and Internal Control published annually in the Group's Annual Report.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

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

Practice 10.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The monitoring of risks is carried out by Management at their respective monthly management meetings. Any variation and developments are reported to the Chief Executive Officer and Financial Controller and subsequently to the Audit Committee on a periodic basis.</p> <p>On an annual basis, risk assessment is carried out by the Senior Management in consultation with the Internal Auditors to identify key risks and devise measures to address these risks. Pursuant to the Bursa Malaysia's Anti-Corruption Amendments, corruption risks are included in the annual risk assessment of the Group as part of the Group's initiative to enhance its anti-corruption framework with effect from 1st June 2020.</p> <p>Prior to 1st January 2022, the Risk Assessment report was reviewed by the Risk Management Committee, the functions of which were assumed by the Audit Committee to assess the risk management framework and processes to ensure that they remain relevant for use and the monitoring of the effectiveness of risk treatment and their corresponding mitigation action plans for the management and control of the key risks. With effect from 1st January 2022, a dedicated Board Committee, namely the Risk and Sustainability Management Committee has been established for the purpose of strengthening risk oversight including sustainability risks. The Terms of Reference of the Risk and Sustainability Committee is available on the Company's website at www.apexhealthcare.com.my. The Board is ultimately responsible for the Group's risk management, and for reviewing the adequacy and integrity of the Group's risk management framework which encompasses all subsidiaries of the Group before adoption.</p> <p>The risk management framework adopted by the Group is guided by internationally recognised risk management framework. The risk management framework and process, the key anticipated and</p>

	<p>known risks that the Group is exposed to which may have a material effect on the Group’s operations, performance, financial condition and liquidity and the internal control systems of the Group are found in the Statement on Risk Management and Internal Control (‘SORMIC’). The Risk and Sustainability Committee assists and supports the Audit Committee in the preparation of the SORMIC for inclusion in the Company’s Annual Report.</p> <p>In respect of internal control, the Group has an established internal audit program. Details of the internal audit program can be found in the Report of the Audit Committee as well as Practice 11.1 of this Corporate Governance Report.</p>	
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 10.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	<p>For the purpose of strengthening risk oversight including sustainability risks, the Board has established a dedicated Board Committee, namely the Risk and Sustainability Committee with effect from 1st January 2022. The Terms of Reference of the Risk and Sustainability Committee is published on the Company's website at www.apexhealthcare.com.my.</p> <p>The Terms of Reference of the Risk and Sustainability Committee is as follows:</p> <p>1. Constitution</p> <p>The Board has established a Committee of the Board to be known as the Risk and Sustainability Committee (hereinafter known as the "RSC" or "Committee") with authority and duties as specified in these Terms of Reference.</p> <p>2. Membership of the Committee</p> <p>2.1 The RSC shall be appointed by the Board from amongst themselves, comprising exclusively of Non-Executive Directors, the majority of whom shall be independent. The appointment of a Committee member terminates when the member ceases to be a Director, or as determined by the Board.</p> <p>2.2 The Chairman of the RSC shall be an Independent Non-Executive Director appointed by the Board. In the absence of the Chairman, the members present shall elect a Chairman from among themselves.</p> <p>2.3 The Company Secretary shall be the Secretary of the RSC.</p>

2.4 A current member of the Audit Committee shall be a member of the RSC at any one time.

3. Meetings

3.1 The Committee shall meet at least once a year, or as often as required for the RSC to effectively discharge its role and responsibilities. The quorum for a meeting of the RSC shall be two (2) members

3.2 A resolution in writing, signed by all the members of the Committee, shall be as valid and effectual as if it has been passed at a meeting of the members duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more members. Any such documents may be accepted as sufficiently signed by a member if transmitted to the Company by telegram, telex, facsimile or other electrical written message purporting to include a signature of the member.

3.3 The Company Secretary or his/her representative or other appropriate senior officer shall act as secretary of the Committee and shall be responsible in conjunction with the Chairman, for drawing up the agenda and circulating it, supported by explanatory documentation to Committee members prior to each meeting.

3.4 The Chairman of the Audit Committee shall be invited to all RSC meetings.

4. Principles

4.1 The RSC is mandated by the Board to oversee the Company's Risk Management and Sustainability framework and policies and to be responsible for the Company's overall implementation of sustainability strategies.

4.2 The Committee shall make recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

4.3 The Board as a whole is ultimately responsible for all the actions of the Committee with regard to the execution of the delegated role and this includes the outcome of the review and disclosure on key risks and internal control in the Statement on Risk Management and Internal Control and sustainability report in the Sustainability Statement of the Company's Annual Report.

4.4 The RSC shall take into cognizance in its deliberations the Listing Requirements of Bursa Malaysia Securities Berhad and the principles of the Malaysia Code on Corporate Governance, and any other pertinent regulations and laws, as well as revisions which may come into force thereafter

5. Duties and Functions of the Risk and Sustainability Committee

5.1 Risk Management

- i. Ensure that the strategic context of the risk management strategy is aligned with the long-term business strategy taking into account the business environment within which the Company operates and the interests of its stakeholders.
- ii. Oversee, review and make recommendations to the Board regarding the Company's risk management framework and assess its adequacy and effectiveness.
- iii. Profile the risks of the Company including analysing the Company's business units and the various categories of risks faced by the Company and oversee management's recommended action plans for managing risk.
- iv. Review with the internal auditors the Company's annual Risk Assessment Report relating to material risks of the Company.
- v. Review annually the adequacy of the Group's insurance coverage.
- vi. Assess the structure and adequacy of the Company's Business Continuity Plans.
- vii. Assist and support the Audit Committee in the preparation of the Statement on Risk Management and Internal Control for inclusion in the Company's Annual Report.
- viii. Undertake any other duties as may be assigned by the Board of Directors from time to time in relation to risk management matters.

5.2 Sustainability

- i. Ensure that the Group's sustainability efforts are aligned with the long-term business strategy taking into account the business environment within which the Company operates and the interests of its stakeholders.

	<ul style="list-style-type: none">ii. Oversee, review and make recommendations to the Board regarding the Company's material economic, environmental and social matters impacting the principal businesses of the Company.iii. Annually review and present to the Board for approval of the Company's Sustainability Statement for inclusion in the Company's Annual Report.iv. Undertake any other duties as may be assigned by the Board of Directors from time to time in relation to sustainability matters.
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Intended Outcome

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company outsources the internal audit function as being currently the most cost-effective means of implementing an internal audit function. The duties and functions of the Audit Committee in relation to the governance of internal audit function of the Company are specified in the Terms and Reference of the Audit Committee. The Audit Committee assumes a pivotal role in the oversight of internal audit function, and in this regard reviews and reports to the Board the adequacy of the scope, competency and resources of the internal audit function and that it has the necessary authority to carry out its work. The Audit Committee also reviews the internal audit plan processes, the results of the internal audit assessments, investigation undertaken and whether or not appropriate action is taken on the recommendations. The head of Internal Audit reports directly to the Audit Committee and therefore is accountable to the Audit Committee on the quality and effectiveness of internal audit and its role in the overall context of the Company's risk management system.</p> <p>For financial year ended 31st December 2021, the Internal Auditors attended and reported to the Audit Committee at four Audit Committee meetings. The Internal and External Auditors are unrelated parties. Further information is found in the Statement on Risk Management and Internal Control published annually in the Company's Annual Report.</p> <p>The rotation of internal auditors is practised by the Group to mitigate the risk of over familiarity and promotes objectivity of the internal audit functions. In this regard, with effect from 1st January 2021, Resolve IR Sdn Bhd ('Resolve') was appointed as the provider of the outsourced Internal Audit function. As a response to border restrictions arising from the COVID-19 pandemic, the Group has appointed BDO Advisory Pte Ltd ('BDO'), a Singapore-based outsourced internal auditor to conduct physical audit for the Group's key subsidiary in Singapore namely Apex Pharma Marketing Pte Ltd ('APS'), with effect from 1st January 2021. BDO complements Resolve in the discharge of their professional functions as outsourced internal auditors of the Group.</p>

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

Intended Outcome

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

Practice 11.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>Prior to the appointment of the outsourced Internal Auditors, the Audit Committee reviews the relevant matters in connection with their appointment before rendering its recommendation to the Board, to ensure the Internal Auditors are free from any relationships or conflicts of interest, which could impair their objectivity and independence. The engagement letter, constituting the entire agreement between the Company and the outsourced Internal Auditors, duly specifying the appointment and termination, the scope of audit coverage, scope of services, Management's responsibilities, access of working papers and reports, confidentiality, release and indemnification, deliverables of internal audit outcome, fees and other services, is entered into between the parties concerned. The adequacy of the scope, competency and resources of the internal audit function and that it has the necessary authority to carry out its work are reviewed by the Board through the Audit Committee.</p> <p>The Group's independent internal audit function is outsourced to professional service firms to assist the Board and the Audit Committee in providing an independent assessment of the adequacy, efficiency and effectiveness of the Group's system of internal control.</p> <p>With effect from 1st January 2021, Resolve IR Sdn Bhd ("Resolve") was engaged as the provider of outsourced Internal Audit function . The rotation of internal auditors is practised by the Group to mitigate the risk of over familiarity and promotes objectivity of the internal audit functions. Resolve is a member of the Institute of Internal Auditors, Malaysia ('IIAM') (Membership Number: C0477) and its personnel are individual members of IIAM or Malaysian Institute of Accountants or both. Resolve is headed by Mr Choo Seng</p>

	<p>Choon, a Fellow of the Association of Chartered Certified Accountants of UK (ACCA), Chartered Accountant of Malaysian Institute of Accountants (MIA) and Chartered Member of The Institute of Internal Auditors Malaysia. Mr Choo has over 25 years of professional experience in internal audit, risk management, corporate governance, performance & business management, IPOs, taxation, due diligence and corporate finance. Resolve is staffed by 18 team members comprising directors, managers and consultants with adequate resources in the internal audit function.</p> <p>As a response to border restrictions arising from the COVID-19 pandemic, the Group has appointed BDO Advisory Pte Ltd ('BDO'), a Singapore-based outsourced internal auditor to conduct physical audit for the Group's key subsidiary in Singapore namely Apex Pharma Marketing Pte Ltd ('APS') with effect from 1st January 2021. The risk advisory service of BDO is headed by Mr Willy Leow, who has more than 17 years of internal audit experience and manages a portfolio of outsourced internal audits of over 50 listed companies and government bodies. Mr Leow is a Chartered Accountant (Singapore), Certified Internal Auditor and Certified Information System Auditor. He is also a Practising Management Consultant and has a certification in Risk Management Assurance. The engagement team is led by Ms Khong Choon Meng, associate director and assisted by Ms Yang XinRu, Senior Manager with adequate resources in the internal audit function. BDO is supported by a complement of 28 staff comprising partners, managers and associates. BDO complements Resolve in the discharge of their professional functions as outsourced internal auditors of the Group.</p> <p>Internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence. The internal audit function has adopted the International Professional Practices Framework set by the Institute of Internal Auditors ('IIA') and ensures that staff are professionally guided and trained to develop the appropriate competencies to perform their duties during the internal audit review.</p>
<p>Explanation for departure :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>	

Timeframe	:		
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Intended Outcome

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

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

Practice 12.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board values dialogue with both institutional and individual shareholders, and has made it a Company policy to recognise that timely and equal dissemination of relevant information should be made to all shareholders and stakeholders without favouring one group over another. The Senior Management liaises with investment analysts, fund managers and shareholders every financial quarter and the media from time to time to explain the Group's strategy, performance and major developments, and to receive feedback. In all the communications with stakeholders, the Board ensures that the Company complies with all applicable corporate disclosure laws and regulations. Shareholders' concerns may be directed to the Senior Independent Non-Executive Director, via the Company Secretaries.</p> <p>The Board welcomes shareholders' participation at the Annual General Meeting, which is the principal forum for dialogue with the shareholders, and is an opportunity for the Board to respond directly to shareholders queries and to undertake to provide sufficient clarification on issues and concerns raised by shareholders.</p> <p>The Board supports the use of information technology for the effective dissemination of information. The Company makes use of its website (www.apexhealthcare.com.my) as a communication channel to disseminate information regarding the Company. The website contains contact details for shareholders' enquiries and/or comments, which are reviewed by the CEO. The website also serves as a useful reference source of information to many shareholders, investment analysts, business partners and other stakeholders. In addition to publishing financial results, annual reports and business information, the website has dedicated sections pertaining to governance which include the Board Charter, Code of Conduct, Whistleblowing Policy & Procedure, Anti-Corruption Policy and Corporate Governance Report.</p>

	<p>Pursuant to Paragraph 9.21(2)(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Summary of Key Matters Discussed at the Annual General Meeting is published on the Company's website, as soon as practicable after the conclusion of every Annual General Meeting. In this regard, the Company publishes the Summary of Key Matters Discussed at its Annual General Meeting on its website at www.apexhealthcare.com.my accordingly and for the Annual General Meeting in 2021, minutes of the meeting incorporating the key matters discussed was published on the Company's website not later than 30 days after the Annual General Meeting.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

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

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

Practice 12.2

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

Application	:	Not applicable – Not a Large Company	
Explanation on application of the practice	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises the significance of the Annual General Meeting as a platform for direct and meaningful communication between the Board and the Company’s shareholders. As such, the Board strives to ensure that shareholders are accorded with sufficient time to consider the resolutions that will be discussed and decided upon at the Annual General Meeting.</p> <p>In this regard, the Company applied the practice of providing the Notice to the Annual General Meeting at least 28 days prior to the Annual General Meeting in 2021 going above and beyond Section 316(2) of Companies Act 2016 and Paragraph 7.15 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad which call for a 21 days’ notice period.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>Datuk Noharuddin Bin Nordin @ Harun, the Senior Independent Non-Executive Director and also the Chairman of the Nomination Committee was unable to attend the Annual General Meeting ('AGM') in 2021. This is caused by a COVID-19 pandemic related flight rescheduling with his long-haul flight coinciding with the time of the AGM.</p> <p>Barring any unforeseen circumstances, the Board ensures that the full complement of Directors attend every General Meeting and all Chairmen of Board Committees are required to be prepared to answer all questions addressed to them. The Board including the Chairmen of the Board Committees are pleased to address questions received remotely from shareholders.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.3

Listed companies should leverage technology to facilitate–

- voting including voting in absentia; and
- remote shareholders' participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

Application	:	Applied
Explanation on application of the practice	:	<p>The Annual General Meeting ('AGM') in 2021 was conducted entirely on a virtual basis to ensure safe-distancing requirements were complied with in the wake of COVID-19 pandemic. The Company leverages technology to facilitate communication and engagements with shareholders while enabling voting in absentia and shareholders' participation.</p> <p>Boardroom Share Registrars Sdn Bhd ('Boardroom') was appointed as the service provider for the conduct of the AGM including registration and electronic polling services. Boardroom has been in the business of providing corporate services for over 50 years with a diversified portfolio of clients including multinationals from the United States of America, Japan and the Asia Pacific as well as public companies listed on Bursa Malaysia Securities Berhad and small and medium-sized businesses in a wide spectrum of industries. Boardroom has furnished confirmation to the Company that Boardroom is in compliance with good cyber hygiene practices including data privacy and security to prevent cyber threats. In addition, prior to the AGM, rehearsal was held to test the technology to be employed with involvement of the Directors at the broadcast venue to ascertain that the system and facilities function satisfactorily. The salient information on Personal Data Policy is provided in the Administrative Guide for the AGM for shareholders' reference.</p>
Explanation for departure	:	

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

Measure :		
Timeframe :		

Intended Outcome

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

Practice 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.

Application :	Applied
Explanation on application of the practice :	<p>The Annual General Meeting ('AGM') in 2021 was conducted entirely on a virtual basis at Broadcast Venue at Meeting Room TR12-R02, 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 20th May 2021 at 10:00 a.m. using technology or method that allows remote participation of Directors and shareholders and their appointed proxies. The virtual AGM engenders greater shareholder participation as it facilitates electronic voting and remote shareholders' participation including the right to pose questions to the Board of Directors and/or Management of the Company and vote at the AGM. Boardroom Share Registrars Sdn Bhd ('Boardroom') was appointed as the service provider for the conduct of the AGM including registration and electronic polling services.</p> <p>As set out in the Board Charter of the Company, the Chairman of the Board chairs general meeting of shareholders, represents the Board to shareholders and communicates the Board's position and ensures appropriate steps are taken to provide effective communication with shareholders and other stakeholders. Due to travel restrictions, the Chairman of the Board (Dr Kee Kirk Chin) was unable to be physically present at the Broadcast Venue to chair the AGM in 2021. The Board elected Datuk Phang Ah Tong (Independent Non-Executive Director) as the Chairman of the AGM pursuant to Clause 75 of the Company's Constitution.</p> <p>The Chairman of the AGM provided a summary of the financial and non-financial performance of the Company at the outset of the AGM. As spelt out in the Administrative Guide for the AGM available on the Company's website at www.apexhealthcare.com.my, the Chairman and the Board of Directors endeavour to respond to the questions submitted by the shareholders which are related to the resolutions to be tabled at the AGM. Shareholders were encouraged</p>

	<p>to submit questions not later than 48 hours before the commencement of the AGM in order to enhance the efficiency of the proceedings of the meeting. Priority was given to questions submitted before the AGM as stated in the Administrative Guide. Shareholders may also select the messaging icon in Boardroom Smart Investor Portal to transmit questions via remote participation and electronic voting facilities during the live streaming of the AGM.</p> <p>All questions received by the Company prior to the AGM were addressed by the Chairman of the Board at the AGM. Questions which were received during the AGM were also addressed by the Chairman of the Board at the AGM within the time allotted for the Questions and Answers session. Any questions that were received during the AGM and not taken up during the AGM were addressed by the Company via email correspondence to the shareholders concerned. Answers to questions received are published as part of the Minutes or Summary of Key Matters Discussed at the AGM on the Company's website at www.apexhealthcare.com.my.</p>	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
Application :	Departure
Explanation on application of the practice :	
Explanation for departure :	<p>The Annual General Meeting ('AGM') in 2021 was conducted entirely on a virtual basis at Broadcast Venue at Meeting Room TR12-R02, 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 20th May 2021 at 10:00 a.m. using technology or method that allows remote participation of Directors and shareholders and their appointed proxies. The conduct of a virtual AGM supports meaningful engagement between the Board, Senior Management and shareholders while ensuring safe-distancing requirements are complied with in wake of COVID-19 pandemic.</p> <p>Boardroom Share Registrars Sdn Bhd ('Boardroom') was appointed as the service provider for the conduct of the AGM including registration and electronic polling services The information on the meeting platform employed namely https://web.lumiagm.com/ was included in the Administrative Guide for the AGM published on the Company's website at www.apexhealthcare.com.my. Details are also provided in the Administrative Guide to delineate the procedure for remote participation and e-voting.</p> <p>In order to enhance the efficiency of the proceedings of the AGM, the shareholders were encouraged to submit questions not later than 48 hours before the commencement of the AGM. Priority was given to questions submitted before the AGM as stated in the Administrative Guide. Shareholders may also select the messaging</p>

	<p>icon in Boardroom Smart Investor Portal to transmit questions via remote participation and electronic voting facilities during the live streaming of the AGM. Due to the high volume of questions, a good number of which are similar and require moderation, the Company has elected not to publish questions as and when they are received during the virtual AGM.</p> <p>All questions received by the Company prior to the AGM were addressed by the Chairman of the Board at the AGM. Questions which were received during the AGM were moderated and also addressed by the Chairman of the Board at the AGM within the time allotted for the Questions and Answers session. Any questions that were received during the live streaming of the AGM and not taken up during the AGM were addressed by the Company via email correspondence to the shareholders concerned. Answers to questions received are published as part of the Minutes or Summary of Key Matters Discussed at the AGM on the Company’s website at www.apexhealthcare.com.my no later than 30 days after the AGM. This allows all shareholders of the Company to be apprised of the questions posed by shareholders and the corresponding responses by the Company.</p> <p>Transparency of the AGM is assured through the publication of all questions and answers received before and during the AGM as part of the Minutes or Summary of Key Matters Discussed at the AGM on the Company’s website at www.apexhealthcare.com.my no later than 30 days after the AGM.</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure :</p>		
<p>Timeframe :</p>		

Intended Outcome

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

Practice 13.6

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
Application	: Applied
Explanation on application of the practice	: As clarified in the Frequently Asked Questions on the Malaysian Code on Corporate Governance (Revised 30 April 2021) pursuant to the release of the revised Malaysian Code on Corporate Governance 2021 in April 2021, a company is deemed to have circulated the minutes of the general meeting to its shareholders if the company publishes the minutes of meeting on its website. In this regard, the Company has published the minutes of the Annual General Meeting in 2021 on its website at www.apexhealthcare.com.my no later than 30 business days after the said Annual General Meeting. Questions received by the Company before and during the Annual General Meeting in 2021 and the responses by the Company are also published on the Company's website.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

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

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

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