

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 6645  
**COMPANY NAME** : LINGKARAN TRANS KOTA HOLDINGS BERHAD  
**FINANCIAL YEAR** : March 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 PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

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

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

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

### Intended Outcome

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

### Practice 1.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has the overall responsibility for good corporate governance, strategic direction and investments of the Company and the Group. It plays a primary role in the conduct and control of the Group's affairs. The Board recognises the key roles in setting the strategic direction and policy regarding the business and affairs of the Company and the Group for the benefit of shareholders and other stakeholders of the Company.</p> <p>In ensuring the effective discharge of its duties and responsibilities, the Board has established the following Board Committees which discharge their duties within their respective terms of references (TOR) as approved by the Board:</p> <ol style="list-style-type: none"><li>1. Audit and Risk Management Committee (The Audit Committee was renamed as Audit and Risk Management Committee effective 25 November 2020)</li><li>2. Nomination Committee</li><li>3. Remuneration Committee</li><li>4. Executive Committee</li><li>5. ESOS Committee</li></ol> <p>The Board Committees make recommendations, if any, to the Board for approval in accordance with their respective TOR or if matters under consideration are beyond their authority limits set out in the Authority Chart.</p> <p>The Board Committees are assisted by competent and dedicated management team in discharging their duties and responsibilities. The Executive Director and the Management deal with the day to day operations of the Group in accordance with the directives of the Board and the Board Committees, and discharged their duties within the authority limits approved by the Board. They will make recommendations to the Board Committees or the Board for approval if matters are beyond their authority limits spelt out in the Authority Chart.</p> <p>The Authority Chart was adopted since inception and has since went through a few revisions with the latest being carried out in 2018. The Chart set out the authority limits of the Executive</p>

Committee, the Executive Director and the Management and matters reserved for the Board's decision.

Together with its Board Committees and Senior Management, the Board is committed to promoting good corporate governance (CG) culture within the Group which reinforces ethical, prudent and professional behavior and is always mindful of the impact of its operations on the surrounding communities in its endeavors to strike a balance in its strategies on economic, environmental and social considerations underpinning sustainability.

The Board plays an active role in monitoring the development and implementation of the Company's strategies including the performance thereafter.

During the financial year, the Board reviewed and deliberated on the following with the Management on their views and assumptions made:

1. The Company strategies, budgets, plans and policies. Annually, the Board has a dedicated strategy session, whereby the Management presents to the Board its recommended strategies and proposed business plan and financial budget for the ensuing year;
2. Assessing performance against strategies to monitor both the performance of the Management as well as the continuing suitability of strategies;
3. Reviewing operational information to understand at all times the performance of the Company;
4. Ensuring that the Company operates an appropriate CG structure, in particular ensuring that the Company acts legally and responsibly on all matters and that the highest ethical standards are maintained;
5. The Group's risk management framework and policy and monitoring their effectiveness;
6. Monitoring internal governance including delegated authorities and monitoring resources available to senior executives;
7. Ensuring the Company's corporate and financial disclosures are factual, timely and appropriate;
8. Considering the social, ethical and environmental impact of the Company's activities on the surrounding communities and monitoring compliance with the Company's standards to ensure sustainability of business;
9. The prioritisation of the material matters identified for a balanced sustainability focus. Reassessment of material matters was conducted during the year. The previously identified material matters remained largely relevant and was reaffirmed by the Board as disclosed in the Sustainability Statement on page 25 of the Annual Report 2021.

The Board challenged the Management on their views and assumptions made where deemed necessary to satisfy themselves that the matters before them are in the best interest of the Company, its shareholders and stakeholders before arriving at their decision.

The Board recognises the importance of risk management and internal controls as part of an integral part of the overall management process and had taken measures to establish the

Risk Management Policy and Procedures (RMPP) which provides reasonable assessment of effective and efficient operations, internal financial control procedures and guidelines and compliance with laws and regulations as well as with internal policies and procedures to safeguard the interests of the shareholders and stakeholders. On this note, the RMPP was revised and updated on 25 November 2020 to reflect the current practices of the Group.

Risk management function of the Group has been undertaken by the Audit Committee with the assistance of the internal auditors. Pursuant to Practice 9.3 of the Malaysian Code on Corporate Governance (the Code) recommendation for the Board to establish a Risk Management Committee comprising a majority of independent directors, to oversee the Company's risk management framework and policies, the Board had on 25 November 2020 formally integrated risk management function into the Terms of Reference of the Audit Committee and renamed it as "Audit and Risk Management Committee".

The Board in arriving at the decision took into consideration the following-

- the Company has a relatively small Board with three Independent Directors, one Non-Independent Non-Executive Director and one Executive Director;
- the Company is a single type localised business in Klang Valley; and
- that the Audit Committee has been overseeing the risk assessment of the Group.

As such, the Board decided that instead of maintaining 2 separate committees with the same committee members, to oversee the internal audit and risk management functions of the Group, it would be best to integrate the risk management function into the existing Audit Committee and rename it as "Audit and Risk Management Committee".

The Board regularly reviewed the effectiveness of the internal control system through the Audit and Risk Management Committee with the assistance of its dedicated team of internal auditors which carried out ongoing risk assessments and auditing of the different areas of the business covering financial, operational and compliance throughout the year.

The Audit and Risk Management Committee with the assistance of the internal auditors also reviewed the effectiveness of internal control systems, risk management systems and compliance with laws and regulations. It also reviewed policies and procedures to continuously enhance the effectiveness of internal control systems.

The Statement on Risk Management and Internal Control furnished on pages 42 to 43 of the Annual Report 2021 provides an overview of the state of risk management and internal control within the Group.

The Board is committed to provide a balanced, clear and meaningful assessment of the Group's financial positions and

prospects in all its reports to the shareholders, investors and regulatory authorities. In its endeavour to prepare a financial statement which gives a true and fair view of the state of affairs of the Company and the Group, the Board was assisted by the Audit and Risk Management Committee which reviewed and scrutinised information for disclosure to ensure accuracy, adequacy and completeness.

The Chairman of the Audit and Risk Management Committee would update the Board at its Board Meetings, salient matters discussed at the Audit and Risk Management Committee Meetings and highlight matters of concerns to the Board for its attention or direction.

The Audit and Risk Management Committee with the assistance of the Management will ensure that the financial statements of the Company comply with all the regulatory bodies' requirements, accounting standards and policies before recommending the same to the Board for approval.

The Board with the assistance of the Nomination Committee is responsible to review the succession planning in the Company. The Nomination Committee is primarily responsible for the review on an annual basis the appropriate balance, size, the required mix of skills and experiences, qualities and effectiveness of the Board and makes recommendation on nomination or changes to the Board in ensuring the appropriate Board balance and size of executive and non-executive participation. It is also responsible for making recommendations to the Board on all new Board Committees' appointments.

Also assisting the Board is the Remuneration Committee which main responsibility is to review the framework of remuneration packages for the Executive Director, the Non-Executive Directors and the Key Senior Management and make appropriate recommendation to the Board for approval.

In determining the level of remuneration packages of the Executive Director, Non-Executive Directors and Key Senior Management, the Remuneration Committee recognises the importance of a competitive remuneration package. This must commensurate with and reflects the level of responsibilities, accountability, risks and experiences, in order to attract and retain experienced Executive Director, Non-Executive Directors and Key Senior Management who are qualified and of high calibre. The right credentials and astute insights will drive the business strategies, objectives, values and long-term interests of the Company.

The Company has in place a Shareholders Communication & Investors Relation Policy to enable effective communication with stakeholders which includes general meetings, annual reports, website and public announcements and disclosures made to the relevant authorities. Information about the Group is also being disseminate via the Company's website. The shareholders, stakeholders, investors and the general public could communicate with the Company via the Group's website at [www.litrak.com.my](http://www.litrak.com.my).

The details of the Group's sustainability efforts are set out in its

	Sustainability Statement on pages 22 to 35 of the Annual Report 2021.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

### Practice 1.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The functions and duties of the Chairman are clearly specified in the Terms of Reference of the Chairman in the Directors' Manual. The Chairman, Tan Sri Dato' Setia Haji Ambrin bin Buang, being a former Auditor General of Malaysia, is very mindful in leading the Board of Directors and the Management in upholding good corporate governance practices in the Company and the Group. He ensures that the Board is effective by providing leadership to the Board in formulating the strategic direction of the Group.</p> <p>The Chairman with the assistance of the Company Secretaries, set the board agendas for each meeting based on the scheduled Board Meetings and ensure that sufficient time is set aside for deliberation of each agenda at meetings. The agendas for Board Meetings together with the detailed management reports and proposition papers together with the relevant supporting documents to be tabled at the meetings were circulated in advance to all Directors for their perusal and consideration to enable them to make well-informed decisions.</p> <p>The Chairman in leading Board Meetings and discussions, ensures that all relevant issues on the agenda for Board of Directors' meetings are dealt with comprehensively. He encourages active participation which may include obtaining the opinions of each Board member and allows dissenting views to be freely expressed. This is aimed at promoting a healthy debate on relevant issues to bring about broad-based deliberations and independence during Board meetings.</p> <p>As the Board's role is to monitor and question, seek clarification, offer insight and share its knowledge and experience, the Chairman ensures the Board and the Management work together cohesively as a team with trust, respect, open and honest with the objective to foster and maintain a constructive and effective culture between the Board and the Management for optimal performance in the best interest of the Company's stakeholders.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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## Intended Outcome

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

### Practice 1.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The roles of the Chairman and the Executive Director are distinct and separate.</p> <p>The Chairman, Tan Sri Dato' Setia Haji Ambrin bin Buang is an Independent Non-Executive Director whose primary role is to-</p> <ul style="list-style-type: none"><li>• ensure that the Board is effective by providing board leadership in deliberation and decision making at Board Meetings without limiting the collective responsibility of the Board.</li><li>• preserve the distinction between the role of Board and role of management by leading the Board in determining the strategic direction of the Group.</li><li>• ensure that there is adequate monitoring function for the purpose of reviewing and overseeing the decision making of the Board of Directors.</li><li>• ensure that there is a balance of power and authority with respect to decision making by Board of Directors.</li></ul> <p>On the other hand, the Executive Director, Ir Haji Yusoff bin Daud with the assistance of the Group's Chief Executive Officer (CEO) and Chief Financial Officer (CFO), oversees the management and day to day operations of the Group in line with the policies and procedures adopted by the Board and the Company. The Executive Director also chairs the Executive Committee Meetings and where need be, he would highlight matters of concern to the Board for its attention.</p> <p>The Group's CEO is charged with the responsibilities to oversee the Operational Division whilst the CFO oversees the Corporate and Support Division.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

### Practice 1.4

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Both the Company Secretaries of the Company are qualified to act as company secretary under Section 235(2) of the Companies Act 2016. Ms Lim Soo Lye is a lawyer licensed by the Companies Commission of Malaysia whilst Ms Chiew Teng Juan is an Associate Member of The Malaysian Institute of Chartered Secretaries and Administrators (MAICSA).</p> <p>Amongst others, the Company Secretaries provide support to the Chairman, Board of Directors, Board Committees and the Management in the following areas:</p> <ol style="list-style-type: none"><li>1. Manage the logistics of all meetings of Board, Board Committees, general meetings and Management. The Company Secretaries attend and record minutes of all the aforesaid meetings and ensure that deliberations at meetings are well documented and communicated to the relevant personnel for appropriate actions. All records of attendance, minutes and meeting papers are properly kept.</li><li>2. Advisory role in supporting the Board particularly with regards to compliance with Bursa Malaysia Listing Requirements (Listing Requirements), the Companies Act 2016, best practices of corporate governance (CG), the Company's Constitution, terms of references of Board Committees and other policies set out in the Directors' Manual.</li><li>3. The Company Secretaries facilitated the Board in organising and arranging suitable trainings and seminars (collectively "trainings") for the Directors. All Directors have attended at least one training during the financial year ended 31 March 2021.</li><li>4. Coordination and management of Annual General Meetings (AGM). The Company Secretaries play an important role in ensuring that the due processes and proceedings are in place and properly managed for the effective conduct of the AGM. The AGM of the Company are normally held at the end of August annually but for year 2020, it was deferred to September 2020 due to the disruption caused by the Covid-19 pandemic and was conducted fully virtual. Despite the disruption, the notice of the Company's 25<sup>th</sup> AGM together with the Annual Report were sent more than 28 days in advance to the shareholders of the Company in line with the Code's recommendation.</li></ol> <p>The Company Secretaries with the assistance of Tricor Investor &amp; Issuing House Services Sdn Bhd, the service provider for Remote Participation and Voting Facilities, assisted the Chairman and the Board in the conduct of the</p>

	<p>virtual AGM at the Broadcast Venue to ensure smooth conduct of the meeting. The Company Secretaries also ensure the minutes are properly recorded including the questions raised by shareholders during the meeting.</p> <p>5. The Company Secretaries continually keep themselves abreast of the latest development in regulatory and statutory changes and the evolving CG through reading the latest updates published and attending various relevant conferences, training programmes and workshops relating to the Code, Companies Act 2016, Corporate Liability and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, etc.</p> <p>6. The Company Secretaries will monitor the developments of the Code and assist the Board in applying the best practices to meeting the Board's needs and stakeholders' expectations. In addition, the Company Secretaries will also be monitoring the changes in the Listing Requirements and other regulatory and statutory requirements and will update the Board accordingly whilst ensuring compliance.</p> <p>7. The Company Secretaries play an important role in advising the Board on principles and best practices in the CG and ultimately serving as the focal point for stakeholders' communication and engagement on CG issues affecting the Company.</p>
<p><b>Explanation for departure</b></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><b>Measure</b></p>	<p>:</p>
<p><b>Timeframe</b></p>	<p>:</p>

## Intended Outcome

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

### Practice 1.5

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Schedule of meetings for Board and Board Committees for the ensuing year is given to the Board of Directors, Board Committees members and the Management before the end of every calendar year to allow them to plan in advance. Based on the schedule of meetings, the Company Secretaries will then organise and reconfirm the date of each meeting at least one month before the meeting and issue the notice of meeting accordingly.</p> <p>The Board is supplied with relevant information and reports to review financial, operational and business performances of the Company and the Group including that of its associate company, Sistem Penyuraian Trafik KL Barat Holdings Sdn Bhd and its subsidiary. The agendas for Board Meetings together with the detailed management reports and proposition papers together with the relevant supporting documents to be tabled at the meetings were circulated in advance via electronic means and hardcopy, to all Directors for their perusal and consideration to enable them to make well-informed decisions.</p> <p>Senior Management attends Board Meetings to enlighten the Board on matters tabled to the Board for consideration and to provide clarification on matters of concern raised by the Board. This enables the Board to make well informed decisions on matters under consideration.</p> <p>All rationales of proposals, issues discussed and decisions made at Board of Directors' Meetings and Board Committees' meetings were properly recorded to provide a historical record and insight into those decisions. The minutes of various Board Committees' meetings and resolutions of the various subsidiaries were also tabled to the Board for their information whilst the minutes of Management Meetings were tabled to the Executive Committee to keep the Executive Committee updated of operational matters and therefore enable them in discharging their duties and make decisions accordingly.</p> <p>The Company Secretaries will communicate to the Management the decisions of the Board or Board Committees for appropriate actions to be taken. The Company Secretaries will follow up with the Management on status of actions taken with reference to the previous minutes for updating to the Board or Board Committees. All items requiring actions to be taken would stay as matters arising in the minutes of meeting until resolved.</p>

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

## Intended Outcome

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

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

### Practice 2.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is being guided by the Directors' Manual. The Manual sets out amongst others, the Board composition, the major duties and responsibilities of Directors, schedules of matters reserved for the Board's decision, terms of references of the Chairman, the Executive Director, the Senior Independent Non-Executive Director, the Executive Committee, the Audit and Risk Management Committee, the Nomination Committee, the Remuneration Committee and the ESOS Committee, the Code of Conduct of Directors, Corporate Disclosure Policy, Diversity and Inclusion Policy, External Auditors Policy, Remuneration Policy for Directors and Key Senior Management, Whistleblowing Policy and Procedure, the Risk Management Policy and Procedures, Shareholders Communication &amp; Investor Relation Policy, principles and best practices of CG, statutory and regulatory requirements.</p> <p>The Board with the assistance of the Company Secretaries continually review and update the Directors' Manual in its efforts to ensure compliance with the recommendation of the Code. The Board had during the financial year, reviewed, revised and updated the External Auditors Policy, the Whistleblowing Policy and Procedure and the Risk Management Policy and Procedures to be in line with the established/revised procedures, laws and regulatory guidelines as well as the current practices of the Group.</p> <p>As explained under Practice 1.1, following the decision to rename the Audit Committee as Audit and Risk Management Committee, the terms of reference of the Committee was also revised accordingly to include risk management function.</p> <p>The Board was cognizant of the implication of Section 17A of Malaysian Anti-Corruption Commission Act 2009 (MACC Act 2009) which came into effect on 1 June 2020. It recognises that the establishment of Anti-Corruption Policy by the Company is an important defence under the MACC Act 2009 to deter persons associated with it from undertaking such conduct. Hence, the Board had on 27 August 2020, adopted the Anti-Bribery and Corruption Policy (AB&amp;C Policy) to deter any such practices in the Group. The adoption of the AB&amp;C Policy was also cascaded down to all level of employees to ensure full awareness of the Company's stand on corruption.</p>

	<p>The Board is of the view that the Directors' Manual, the Company's Constitution together with the provisions of the laws and the Listing Requirements have collectively captured the essence of the contents of a Board Charter as recommended under the Code.</p> <p>The abovementioned new and revised policies are available on the Company's website at <a href="http://www.litrak.com.my">www.litrak.com.my</a></p>	
<b>Explanation for departure</b>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>		
<b>Timeframe</b>		

### Intended Outcome

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

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

### Practice 3.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has also in place separate codes of conduct for its Directors and employees. The Directors are guided by the Code of Conduct of Directors whilst the employees are guided by the Code of Practice to ensure all its business activities operate with the highest standards of business ethics and integrity.</p> <p>The Code of Conduct of Directors serves to remind the Directors that in the performance of his/her duties, a Director should at all times observe the standards and guidelines relating to –</p> <ul style="list-style-type: none"><li>• Corporate Governance</li><li>• Relationship with Shareholders, Employees, Creditors and Customers</li><li>• Social Responsibilities and the Environment</li></ul> <p>The Code of Conduct of Directors is available on the Company's website at <a href="http://www.litrak.com.my">www.litrak.com.my</a></p> <p>The Board is committed to ensure the Group operates its business professionally, fairly and with integrity in all its dealings with stakeholders in compliance with the applicable laws and regulations. It takes cognizance of the coming into effect of Corporate Liability Provision under Section 17A of Malaysia Anti-Corruption Commission (MACC) Act 2009 on 1 June 2020 and the importance of having in place adequate procedures to prevent associated persons from committing an offence of gratification.</p> <p>The Board had on 27 August 2020, adopted the AB&amp;C Policy. Besides the AB&amp;C Policy, the Directors and employees are further guided by the Group's updated Whistleblowing Policy and Procedure.</p> <p>In addition to the above, officers from the Malaysian Anti-Corruption Commission were invited to facilitate talks on anti-corruption and the provision on corporate liability to the Directors and employees annually to continually create awareness and instil the Company's stand against corruption.</p>
<b>Explanation for departure</b>	:	

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

### Intended Outcome

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

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

### Practice 3.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group's Whistleblowing Policy and Procedure was established in 2007 to encourage employees to disclose genuine concerns of any malpractice or misconduct in their work place and to provide protection for employees who report allegations of such malpractice or misconduct. It provides guidelines for the reporting and investigation of any malpractice or misconduct.</p> <p>The policy applies to all employees, including full-time, part-time and temporaries and agents, contractors, suppliers and customers of the Company and its subsidiaries and associates. Employees who believe they are being penalised in any way for whistleblowing or who believe that there has been cover up of the action disclosed should write to the Chairman of the Audit Committee.</p> <p>The Board had in August 2020 further revised and updated the policy to be in line with the established/revised procedures, laws and regulations.</p> <p>A copy of the Whistleblowing Policy and Procedure is available for reference in the Company's website at <a href="http://www.litrak.com.my">www.litrak.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 4.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board, led by an Independent Non-Executive Chairman, comprises five members with a majority of them being Independent Non-Executive Directors, two of whom are women Directors.</p> <p>In line with the recommendation of the Code that a majority of the members of the Board of large companies should comprise Independent Directors with at least 30% women directors, the Board on the recommendation of the Nomination Committee, had restructured the composition of the Board in February 2018 to be in line with the recommendation of the Code.</p> <p>The Board now comprises three Independent Non-Executive Directors, one Non-Independent Non-Executive Director and one Non-Independent Executive Director with women Directors making up 40% of the Board members.</p> <p>The Board believes that with the current Board composition, all matters tabled to the Board for consideration could be objectively reviewed and independently deliberated before decision making.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

## Practice 4.2

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

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

<b>Application</b>	:	Not applicable - No independent director(s) serving beyond 9 years									
<b>Explanation on application of the practice</b>	:	<p>The Board is mindful of the Code's recommendation that the tenure of an independent director does not exceed a cumulative term limit of nine years. Currently, None of the Independent Directors' tenure has exceeded a cumulative term of nine years as illustrated below:</p> <table border="1" data-bbox="587 871 1380 1003"> <thead> <tr> <th colspan="2">Tenure of Independent Directors</th> </tr> </thead> <tbody> <tr> <td>1 - 3 years</td> <td>2</td> </tr> <tr> <td>4 - 6 years</td> <td>1</td> </tr> <tr> <td>7 - 9 years</td> <td>Nil</td> </tr> </tbody> </table> <p>The Board has established and adopted a policy that the mandatory retirement age of Independent Directors shall be 75 years in May 2014. Nevertheless, if the Board intends to retain any of the Company's Independent Director who has served beyond nine years and still within the mandatory retirement age of 75, the Board shall seek annual shareholders' approval as practiced in the past years in accordance with the recommendation of the Code.</p>		Tenure of Independent Directors		1 - 3 years	2	4 - 6 years	1	7 - 9 years	Nil
Tenure of Independent Directors											
1 - 3 years	2										
4 - 6 years	1										
7 - 9 years	Nil										
<b>Explanation for departure</b>	:										
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>											
<b>Measure</b>	:										
<b>Timeframe</b>	:										

**Intended Outcome**

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

**Practice 4.3 - Step Up**

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

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	The Board has established and adopted a policy that the mandatory retirement age of Independent Directors shall be 75 years. Nevertheless, if the Board intends to retain any of the Company's Independent Director who has served beyond nine years and still within the mandatory retirement age of 75, the Board shall seek annual shareholders' approval in accordance with the recommendation of the Code.

## Intended Outcome

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

## Practice 4.4

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

<b>Application</b> :	Applied																																																																																														
<b>Explanation on application of the practice</b> :	<p>The Board acknowledges the importance of diversity in terms of skills, experience, age, gender, cultural background and ethnicity and recognises the benefits of diversity at leadership and employee level. The Board via the Nomination Committee ensures that the Directors of the Board comprise members which provide a required mix of responsibilities, skills and experience needed to direct and control the Company towards achieving its intended goals and objectives. The Nomination Committee in assessing the suitability of any candidate for directorship, with the Company's Diversity and Inclusion Policy in mind, will take into consideration the candidate's reputation, educational background, experience, skills, knowledge, expertise and competence.</p> <p>The current Board members are from different background and specialisation with a wide range of experience and expertise in areas as illustrated below:</p> <table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="5">Background/Specialisation</th> <th colspan="2">Age</th> <th colspan="2">Gender</th> </tr> <tr> <th>Engineering/Construction</th> <th>Accounting/Auditing</th> <th>Investment/Finance/Commercial/Corporate Affairs</th> <th>Operations</th> <th>Infrastructure/Concession/Government's Requirements</th> <th>Public Services/</th> <th>60 to 69 Years</th> <th>70 to 79 Years</th> <th>Male</th> <th>Female</th> </tr> </thead> <tbody> <tr> <td>Directors</td> <td></td> </tr> <tr> <td>Tan Sri Dato' Setia Haji Ambrin bin Buang</td> <td></td> <td>/</td> <td></td> <td></td> <td>/</td> <td></td> <td>/</td> <td>/</td> <td>/</td> <td></td> </tr> <tr> <td>Ir Haji Yusoff bin Daud</td> <td>/</td> <td></td> <td></td> <td>/</td> <td>/</td> <td></td> <td>/</td> <td>/</td> <td>/</td> <td></td> </tr> <tr> <td>Dato' Haji Azmi bin Mat Nor</td> <td>/</td> <td></td> <td></td> <td>/</td> <td>/</td> <td>/</td> <td>/</td> <td>/</td> <td>/</td> <td></td> </tr> <tr> <td>Datin Lee Choi Chew</td> <td></td> <td>/</td> <td>/</td> <td>/</td> <td>/</td> <td>/</td> <td>/</td> <td></td> <td></td> <td>/</td> </tr> <tr> <td>Puan Nazli binti Mohd Khir Johari</td> <td>/</td> <td>/</td> <td>/</td> <td>/</td> <td></td> <td>/</td> <td></td> <td></td> <td></td> <td>/</td> </tr> </tbody> </table> <p>As for Senior Management, the Board is committed to provide fair and equal opportunities and nurturing diversity in the Group. In this respect, all persons, regardless of age, gender, ethnicity, cultural background or other personal factors, with the appropriate experience and qualifications will be considered during recruitment and promotion. En Sazally bin Saidi joined the Group as an Engineer in 1996 and rose the rank to become the Group's Chief Executive Officer in 2005 whilst Mr Stephen Low joined the Group as Finance Manager in 2007 and he too rose the rank to become the Group's Chief Financial Officer in 2018.</p> <p>The were no changes to the Board of Directors or Senior Management during the financial year 2021.</p> <p>The profiles of the Board of Directors and Senior Management are set out on pages 3 to 9 of Annual Report 2021.</p>										Background/Specialisation					Age		Gender		Engineering/Construction	Accounting/Auditing	Investment/Finance/Commercial/Corporate Affairs	Operations	Infrastructure/Concession/Government's Requirements	Public Services/	60 to 69 Years	70 to 79 Years	Male	Female	Directors											Tan Sri Dato' Setia Haji Ambrin bin Buang		/			/		/	/	/		Ir Haji Yusoff bin Daud	/			/	/		/	/	/		Dato' Haji Azmi bin Mat Nor	/			/	/	/	/	/	/		Datin Lee Choi Chew		/	/	/	/	/	/			/	Puan Nazli binti Mohd Khir Johari	/	/	/	/		/				/
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<b>Explanation :</b> <b>for</b> <b>departure</b>		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure :</b>		
<b>Timeframe :</b>		

**Intended Outcome**

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

**Practice 4.5**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognises the Code's call for gender diversity with 30% women Directors on the Board of Directors and has in place a Diversity and Inclusion Policy which applies to all employees and Directors of the Group. The Policy promotes diversity and an inclusive culture in workplace with diverse workforce from different backgrounds and expertise that is premised on mutual trust and respect.</p> <p>The Company avoid practices and policies that discriminate one's gender, marital status, race, religion, nationality, ethnicity or age. The overall guiding principles are to promulgate basic human and labour rights and values to achieve organisational goals and maintain sustainable growth through a healthy, harmonious and professional workplace.</p> <p>The Board does not have a set target for women workforce as it is of the view that the capability, competency and performance of a candidate are the most important criteria in selecting a candidate. Nevertheless, beside the Flexi-Wellness Benefits and Flexi-Hours working arrangement, the Company has in place women-centric benefits such as childcare subsidies, childcare and familycare leaves, 90 days maternity leaves, pre-natal and post-natal support for the women employees. With these benefits, the Company hope to attract more women candidates into its workforce.</p> <p>The Board is pleased to disclose that to date, women represent 40% of the Board of Directors and 53% of the workforce. The Group's gender diversity is illustrated on page 34 of the Annual Report 2021.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 4.6**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Nomination Committee is responsible to ensure that the Directors of the Board comprise members which provide a required mix of responsibilities, skills and experience needed to direct the Company towards achieving its intended goals and objectives. When a vacancy exists or when it is considered that the Board would benefit from the services of a new Director with particular skills, the Nomination Committee will source and shortlist candidates with the appropriate expertise and experience and make recommendation to the Board for consideration and approval. In sourcing for suitable candidates, the Nomination Committee is open to referrals from internal and external sources.</p> <p>The Nomination Committee is satisfied with the current size of the Board and with the mix of qualifications, skills and experiences of its Board members. Part of the evaluation criteria is the commitment displayed, the depth of contribution, ability to communicate and undertake assignments on behalf of the Board.</p> <p>The Terms of Reference of the Nomination Committee is available on the Company's website at <a href="http://www.litrak.com.my">www.litrak.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 4.7**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Nomination Committee is chaired by Tan Sri Dato' Setia Haji Ambrin bin Buang, an Independent Non-Executive Director and comprises a majority of Independent Non-Executive Directors as follows:</p> <ol style="list-style-type: none"> <li>1. Tan Sri Dato' Setia Haji Ambrin bin Buang (Chairman - Independent Non-Executive Director)</li> <li>2. Puan Nazli binti Mohd Khir Johari (Independent Non-Executive Director)</li> <li>3. Dato' Haji Azmi bin Mat Nor (Non-Independent Non-Executive Director)</li> </ol> <p>The Chairman of the Nomination Committee led the discussions on annual review of the effectiveness of the Board and Board Committees with assistance of the Company Secretaries.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

### Practice 5.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>An annual evaluation by each Director of the effectiveness of the Board as a whole and its Board Committees was conducted for the financial year 2021. The evaluation process was led by the Nomination Committee and supported by the Company Secretaries. The Nomination Committee through the annual evaluation, reviewed and assessed the effectiveness of the Board as a whole including the independence of the independent directors, the composition, size and mix of skills, qualifications, qualities and experiences of the existing Board of Directors, the attendance of the Directors, the effectiveness of the Board Committees in fulfilling their functions and identify suitable trainings for Directors. The evaluation results are considered by the Nomination Committee, which then make recommendations to the Board.</p> <p>The Audit and Risk Management Committee was also required to conduct self-assessment which was designed to help its members to gain an insight into how well the Committee has been meeting its objectives and how well they had applied good practices recommended by the Code whilst the Independent Directors' self-assessment on the other hand was designed to help Independent Directors to identify whether they are independent under the guidelines of Bursa Malaysia Listing Requirements.</p> <p>The Board via the Nomination Committee has undertaken the following reviews and assessments for the financial year 2021:</p> <ol style="list-style-type: none"><li>1. Review the composition and size of the Board, the required mix of skills, knowledge, experiences and its effectiveness;</li><li>2. Assess and make recommendation to the Board the re-election of Directors who retire at the forthcoming Annual General Meeting;</li><li>3. Review the attendance of the Directors at Board Meetings;</li><li>4. Oversee Annual Board Assessment, Board Committees Assessment, Audit and Risk Management Committee Self-Assessment and Independent Directors' Self-Assessment; and</li><li>5. Identification of suitable trainings for the Directors.</li></ol> <p>Based on the reviews and evaluations of the assessment conducted, the Board concluded amongst others that:</p>

	<ul style="list-style-type: none"> <li>▪ The Board as a whole and its committees had been effective and performed well. The Board and its committees collectively had all the necessary skills, experiences and qualities to lead the Company. The Directors and members of Board Committees possessed the requisite knowledge, competence and skills to effectively discharge their respective roles and to add value to the Company;</li> <li>▪ The Board believes that with the current Board composition, the Board is able to discharge its duties and responsibilities adequately and all matters tabled to the Board for consideration could be objectively reviewed and independently deliberated before decision making.</li> <li>▪ The Board is satisfied that the Directors, who are subject to retirement by rotation under the Constitution of the Company and required to stand for re-election at the forthcoming Annual General Meeting, continue to demonstrate the necessary commitment to be fully effective members of the Board;</li> <li>▪ The Board is satisfied with the level of independence demonstrated by all the Independent Directors;</li> </ul> <p>Based on the recommendation of the Nomination Committee, the Board has recommended that the following Directors retiring pursuant to Clause 100 of the Constitution of the Company and standing for re-election at the forthcoming Annual General Meeting to continue to serve and add value to the Company and the Group:</p> <ul style="list-style-type: none"> <li>▪ Ir Haji Yusoff bin Daud;</li> <li>▪ Datin Lee Choi Chew.</li> </ul> <p>The Nomination Committee met once during the financial year ended 31 March 2021. All committee members attended the meeting.</p>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

### Intended Outcome

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

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

### Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has in place a Remuneration Policy for Directors and Key Senior Management to support and drive the business strategy and long-term objectives of the Company and the Group.</p> <p>In this regard, the Remuneration Committee is tasked with the responsibility to formulate and review the remuneration policies for the Directors and Key Senior Management of the Company and the Group to ensure that their respective remuneration packages commensurate with, and reflect their level of responsibilities, accountability, risks and experiences whilst remain competitive, appropriate and in alignment with the relevant market practices. The Policy is available for reference at the Company's website at <a href="http://www.litrak.com.my">www.litrak.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

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

## Practice 6.2

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

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board has in place a Remuneration Committee comprises solely of Non-Executive Directors majority whom are Independent Non-Executive Directors:</p> <ol style="list-style-type: none"><li>1. Tan Sri Dato' Setia Haji Ambrin bin Buang (Chairman - Independent Non-Executive Director)</li><li>2. Puan Nazli binti Mohd Khir Johari (Independent Non-Executive Director)</li><li>3. Dato' Haji Azmi bin Mat Nor (Non-Independent Non-Executive Director)</li></ol> <p>The Remuneration Committee is responsible to set the policy framework and to make recommendation to the Board on the remuneration packages for the Executive Director and Key Senior Management to ensure their remuneration packages are competitive, motivates good performance and loyalty in supporting sustainability and shareholders' value.</p> <p>The Remuneration Committee met once during the financial year under review on 25 February 2021, with full attendance of its members to assess and review the remuneration packages of the Independent Non-Executive Directors and Executive Director based on market data compiled by the Human Resource Department.</p> <p>After due consideration on market trends and the impact of Covid-19 pandemic on the Company's performance and given the market uncertainties, the Board on the recommendations of the Remuneration Committee has decided that:</p> <ul style="list-style-type: none"><li>▪ No salary increment for the Executive Director for calendar year 2021.</li><li>▪ No increment in fees for Independent Non-Executive Directors for financial year ending 31 March 2022.</li></ul> <p>In addition to the above, in view of the adverse impact of Covid-19 pandemic on the Company's performance following the outbreak of Covid-19 in March 2020, the Board had on the</p>

	<p>recommendation of the Remuneration Committee on 29 May 2020, approved a 10% reduction in the salary of the Executive Director for one-year effective 1 June 2020.</p> <p>The Independent Non-Executive Directors of the Company had also unanimously decided to stand in solidarity with the Executive Director, voluntarily took a 10% cut in directors' fees for financial year 2021.</p> <p>A copy of the Terms of Reference of the Remuneration Committee is available at the Company's website at <a href="http://www.litrak.com.my">www.litrak.com.my</a>.</p>	
<b>Explanation for departure</b>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 7.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The remunerations of the Executive Director and Independent Non-Executive Directors for financial year ended 31 March 2021 are disclosed in detailed on a named basis on page 84 of the Annual Report 2021.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 7.2

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Remuneration Committee and the Board are of the opinion that the disclosure of the senior management's remunerations which include the top 2 key management personnel i.e. the Chief Executive Officer and the Chief Financial Officer of the Group in the Audited Financial Statements are adequate as it complies with the requirements of Paragraph 17 of MFRS 124 "Related Party Disclosures". LITRAK Group endeavour its best to hire and maintain the best talents and relies on its robust systems and processes and oversights to ensure remunerations are competitive and managed strategically and strongly linked to performance and potential. Disclosing the bands of RM50,000 would affect the competitiveness of the Group.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Will not be disclosing	
<b>Timeframe</b>	:	Not disclosing	Not disclosing

**Intended Outcome**

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

**Practice 7.3 - Step Up**

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

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	For the same reasons described in Practice 7.2

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Audit and Risk Management Committee comprises solely of Independent Non-Executive Directors. The Chairman of the Audit and Risk Committee is not the Chairman of the Board. It has always been the practice of the Company that the positions of the Chairman of the Board and Audit and Risk Management Committee are held by different individuals to ensure overall effectiveness and independence of the Audit and Risk Management Committee.</p> <p>The composition of the Audit and Risk Management Committee is as follows:</p> <ol style="list-style-type: none"> <li>1. Datin Lee Choi Chew (Chairperson – Independent Non-Executive Director)</li> <li>2. Tan Sri Dato' Setia Haji Ambrin bin Buang (Independent Non-Executive Director)</li> <li>3. Puan Nazli binti Mohd Khir Johari (Independent Non-Executive Director)</li> </ol> <p>Datin Lee holds a Bachelor Degree in Accounting (Honours) from the University of Malaya and she is a member of the Malaysian Institute of Accountants. She started her career in the field of audit and tax. Her qualification and experiences acquired throughout her career equip her to lead the Audit and Risk Management Committee in discharging its duties effectively.</p> <p>The full profile of the members of the Audit and Risk Management Committee can be viewed on pages 3 to 7 of the Annual Report 2021.</p> <p>The Terms of Reference of the Audit and Risk Management Committee outlining the duties and responsibility of the Committee is available at the Company's website at <a href="http://www.litrak.com.my">www.litrak.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>It is specified in the Company's External Auditor Policy that a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit and Risk Management Committee.</p> <p>The External Auditor Policy is available at the Company's website at <a href="http://www.litrak.com.my">www.litrak.com.my</a></p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has formalised the External Auditor Policy where the Audit and Risk Management Committee is responsible for making recommendations to the Board regarding the appointment and removal of the external auditor. In making those recommendations, the Committee is authorised to conduct periodic reviews of the suitability, objectivity and independence of the external auditor.</p> <p>The Audit and Risk Management Committee, the Management and the internal auditors separately conducted an annual evaluation of the performance of the external auditors in terms of quality of services, sufficiency of resources, communication and interaction, and their independence, objectivity and professional scepticism.</p> <p>The Audit and Risk Management Committee has received a written assurance from the external auditors, Ernst &amp; Young PLT (EY), confirming their independence in accordance with the By-laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (MIA By-laws). The Audit and Risk Management Committee has on 24 February 2021 and 27 May 2021, reviewed the suitability and independence of the external auditors and was satisfied that they have met the relevant criteria prescribed under Para 15.21 of Bursa Malaysia Listing Requirements. Hence, the Audit and Risk Management Committee recommended their re-appointment for the financial year ending 31 March 2022.</p> <p>The Board on the recommendation of the Audit and Risk Management Committee, is of the view that the written declaration of independence made by the external auditors would suffice to serve as a written assurance from the external auditors on their independence and integrity throughout the conduct of the audit engagement in accordance with MIA By-laws</p> <p>During the financial year, the external auditors attended two out of the four Audit and Risk Management Committee Meetings held to discuss their audit plan and audit findings on the Company's financial statements.</p> <p>The external auditors also met the Audit and Risk Management Committee twice without the presence of the Executive Director and the Management. The session allowed them to freely</p>

	<p>exchange views and opinions on matters of concern relating to their audit of the Company and the Group.</p> <p>The External Auditor Policy was revised on 29 June 2020 in accordance with the provision of the MIA By-laws where the audit partner responsible for the external audit of the Group is subject to rotation at least every seven financial years.</p> <p>The External Auditor Policy is available at the Company's website at <a href="http://www.litrak.com.my">www.litrak.com.my</a></p>	
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>In line with the Code's step-up recommendation, the Audit and Risk Management Committee comprises solely of Independent Non-Executive Directors:</p> <ol style="list-style-type: none"><li>1. Datin Lee Choi Chew (Chairperson – Independent Non-Executive Director)</li><li>2. Tan Sri Dato' Setia Haji Ambrin bin Buang (Independent Non-Executive Director)</li><li>3. Puan Nazli binti Mohd Khir Johari (Independent Non-Executive Director)</li></ol>

## Intended Outcome

There is an effective and independent Audit Committee.

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

## Practice 8.5

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>All the Audit and Risk Management Committee members are financially literate. Collectively, they possess the necessary skills and experiences to discharge their duties and responsibilities in accordance with the Audit and Risk Management Committee's Terms of Reference.</p> <p>The Chairperson of the Audit and Risk Management Committee, Datin Lee Choi Chew holds a Bachelor Degree in Accounting (Honours) from the University of Malaya. She is a member of the Malaysian Institute of Accountants (MIA). She was the Director of Finance of the Malaysian Highway Authority before she joined the Company on 27 November 2014.</p> <p>Datin Lee being a member of the MIA, fulfils the requirement set out under paragraph 15.09(1)(c) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad which calls for at least one member of the Audit Committee to be a member of the MIA.</p> <p>Tan Sri Dato' Setia Haji Ambrin bin Buang has a Degree in Economics from University of Malaya and Master in International Business from University of South Carolina, USA. He was the Auditor-General of Malaysia before he joined the Company on 6 September 2017.</p> <p>Puan Nazli holds a Bachelor of Science in Business Administration from The George Washington University, Washington D.C. USA and a Master of Business Administration from Syracuse University, Syracuse, New York, USA.</p> <p>Together the Audit and Risk Management Committee members are able to continuously apply a critical and probing view on the Company's financial reporting process, transactions and other financial information and effectively challenge the Management's assertions on the Company's financials.</p> <p>The full profile of the Audit and Risk Management Committee members can be viewed on pages 3 to 7 of the Annual Report 2021.</p>

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

## Intended Outcome

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

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

### Practice 9.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has in place a Risk Management Policy and Procedures which provide a risk management framework to ensure a sound system of risk management and safeguard the interest of stakeholders. The Policy clearly set out the responsibilities of the Board, the Audit and Risk Management Committee, the Internal Audit Department and the Management and employees of the Company including the procedures on risk identification, risk evaluation and control activities in managing risk.</p> <p>The Board affirms its overall responsibility for the Group's system of internal control and risk management, and for reviewing the adequacy and integrity of the system. The system of internal control covers risk management, financial, organisational, operational, regulatory and compliance control matters. The Board recognises that this system is designed to manage, rather than eliminate, the risks of not adhering to the Group's policies and achieving goals and objectives within the risk tolerance established by the Board and the Management. Therefore, the system provides reasonable but not absolute, assurance against the occurrence of any material misstatement, loss or fraud.</p> <p>On this note, the Board had on 25 November 2020 further reviewed and revised the Risk Management Policy and Procedures to reflect the current practices in the Group.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

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

**Practice 9.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	Disclosed in the Statement of Risk Management and Internal Control on page 42 of the Annual Report 2021.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

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

### Practice 9.3 - Step Up

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

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	<p>In line with the Code calling for the Board to establish a Risk Management Committee which comprises a majority of independent directors, to oversee the Company's risk management framework and policies, the Board had on 25 November 2020 renamed the Audit Committee as "Audit and Risk Management Committee". The Board in arriving at the decision had taken into consideration the following:</p> <ul style="list-style-type: none"><li>▪ the Company has a relatively small Board with three Independent Directors, one Non-Executive Director and one Executive Director.</li><li>▪ the Company is a single type localised business in Klang Valley.</li><li>▪ the Audit Committee has been overseeing the risk assessment of the Group since inception.</li></ul> <p>As such, the Board had decided that instead of maintaining 2 separate committees with the same committee members, to oversee the internal audit and risk management functions of the Group, it would be best to integrate the risk management function into the existing Audit Committee and resolved to rename it as "Audit and Risk Management Committee".</p>

**Intended Outcome**

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

**Practice 10.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board has established an in-house internal audit function which is led by a competent Internal Audit Senior Manager who reports directly to the Audit and Risk Management Committee.</p> <p>The Audit and Risk Management Committee reviews annually the internal auditors' Annual Audit Plan before approving it for implementation. All audit findings, recommendations and management's responses are reported to the Audit and Risk Management Committee quarterly. The details of the Internal Audit Function are disclosed in the Audit and Risk Management Committee Report on page 44 of the Annual Report 2021.</p> <p>A copy of the Terms of Reference of the Audit and Risk Management Committee is available at the Company's website at <a href="http://www.litrak.com.my">www.litrak.com.my</a>.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

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

### Practice 10.2

The board should disclose–

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The internal audit personnel are free from any relationships or conflict of interest which could impair their objectivity and independence. The internal audit function is carried out in accordance with the recognised framework. The number of resources, the name and qualification of the person responsible for the internal audit are disclosed in the Audit and Risk Management Committee Report on page 44 of the Annual Report 2021.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 11.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company believes in maintaining an open and constructive channel of communication with its shareholders, stakeholders and investors. It has in place a Shareholders Communication &amp; Investors Relation Policy with the objective to enable both the Board and the Management to communicate effectively with its shareholders and to effectively interpret the operations of the Company to the shareholders and accommodate feedback from shareholders which is to be factored into the Company's business decision.</p> <p>Information about the Group is disseminated via its website, annual reports, shareholders' circulars, quarterly financial results and other announcements made to Bursa Malaysia from time to time. Copies of the Company's annual report and shareholders' circular are also made available to the interested institutional investors, fund managers and public upon request.</p> <p>Besides general meetings, the shareholders, stakeholders, investors and the general public could communicate with the Company via the Group's website at <a href="http://www.litrak.com.my">www.litrak.com.my</a>. The Communications Department also make press releases from time to time to keep the public informed of the Group's latest activities and the public are also welcomed to visit the Company personally for more information. However, due to the Covid-19 pandemic, public are not encouraged to visit the Company and were instead advised to send their enquiries via the Group's website.</p> <p>The Company also has in place LDP's and SPRINT Highway's Twitter accounts with the aim to disseminate real-time traffic updates of events happening along LDP and SPRINT Highway to help users plan their journeys.</p> <p>The Group's Chief Financial Officer meets institutional investors, fund managers and analysts from time to time to directly address issues that investors may have and to explain or clarify aspects of the business or operations of the Group and at the same time, enlighten them with the Group's performance and business activities. In accordance with the Group's directive to curb the spread of Covid-19, meetings with institutional investors were conducted online or via conference call since the outbreak of Covid-19 pandemic in March 2020.</p> <p>The Senior Independent Non-Executive Director, Datin Lee Choi</p>

	<p>Chew is the channel for conveyance of matters of concern regarding the Company and the Group to the Board.</p> <p>Datin Lee may be contacted at <a href="mailto:datinleechoichew@litrak.com.my">datinleechoichew@litrak.com.my</a>.</p>	
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 11.2

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Company's Annual Report provides stakeholders with a fairly comprehensive overview of the Company's financial and non-financial information including strategic performance. Components such as Management Discussion &amp; Analysis, Corporate Governance Overview Statement together with CG Report, Sustainability Statement and Statement on Risk Management and Internal Control form an integral part of the non-financial information.</p> <p>Nevertheless, the Company will work towards adopting the International Integrated Reporting Framework issued by the International Integrated Reporting (IR) Council in December 2013.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	The Board is currently assessing the IR Framework for implementation and will continue to improve the quality of the Company's annual reporting.
<b>Timeframe</b>	:	The Board will endeavour to implement IR in 3 years' time

**Intended Outcome**

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

**Practice 12.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	In accordance with the recommendation of the Code, the Company gave its shareholders at least 28 days prior notice of its 2020 AGM and will continue to ensure that 28 days prior notice is given for its forthcoming AGM. Explanatory notes on notice of AGM were provided to enable shareholders to make informed decision in exercising their voting rights.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 12.2**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The general meetings of the Company remain the main forum of direct communication with its shareholders. In the light of the Covid-19 pandemic, the Company's 2020 AGM was held fully virtual via live streaming from the Broadcast Venue. The whole Board of Directors attended the Company's AGM in person at the Broadcast Venue in accordance with the Securities Commission's guidelines on conduct of general meetings during the period under movement control orders i.e. Guidance and FAQs on the Conduct of General Meetings for Listed Issuers dated 15 July 2020.</p> <p>During the AGM, the Chairman encouraged shareholders to pose any questions they may have about the Company. The Chairmen and members of Board Committees were also available to respond to questions shareholders may have for them. The responses to the Minority Shareholder Watch Group (MSWG)'s questions were read out to the shareholders at AGM as requested by MSWG.</p> <p>The Group's Chief Executive Officer, Chief Financial Officer, members of the Management (via remote participation), and the Company Secretaries were in attendance to deal with questions from the shareholders. Questions not addressed during the AGM were dealt with after the meeting and posted on the Company's website.</p> <p>The external auditors were also invited to attend the Company's AGM via remote participation to answer any queries from the shareholders pertaining to their audit of the Company and the Group in compliance with Section 285 of the Companies Act 2016.</p> <p>In view of the Covid-19 pandemic, there was no press conference with the journalists after the AGM.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



## Intended Outcome

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

### Practice 12.3

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company's 25<sup>th</sup> Annual General Meeting (AGM) held on 30 September 2020 was conducted fully virtual via live streaming from a Broadcast Venue facilitated by the Remote Participation and Voting (RPV) facilities provided by Tricor Investor &amp; Issuing House Services Sdn Bhd (Tricor) in accordance with Section 327 (1) and (2) of the Companies Act 2016 and Clause 78 of the Company's Constitution.</p> <p>Tricor was appointed as the Poll Administrator to facilitate both the remote shareholders' participation at the AGM and online or electronic voting (e-voting) by poll on all resolutions tabled via the RPV facilities which facilitates shareholders to register, participate and vote remotely.</p> <p>The fully virtual AGM commenced at 11.00 a.m. as scheduled and was conducted smoothly without much technical issue before it ended at 12.15 p.m. A total of 129 participants comprising shareholders, proxies, corporate representatives, the Board of Directors and Companies Secretaries participated in the AGM.</p> <p>The shareholders, proxies and corporate representatives were able to exercise their rights to participate including to pose questions to the Board of Directors at the AGM. Pre-submitted questions by The Minority Shareholders Watch Group and shareholders were read out by the Group's Chief Executive Officer and Chief Financial Officer before the commencement of the questions and answers (Q&amp;A) session.</p> <p>Voting session commenced from the start of the AGM. After all the resolutions were tabled and Q&amp;A session ended, the participants were given 10 minutes to cast their votes. Thereafter, the AGM was adjourned for 20 minutes for the Poll Administrator to count the votes and the Scrutineers, Coopers Professional Scrutineers Sdn Bhd, to validate the poll results. The Chairman announced the poll results from the Broadcast Venue immediately after the results were made available by the Scrutineers.</p>
<b>Explanation for departure</b>	:	

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

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

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

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

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