



REMUNERATION POLICY FOR DIRECTORS AND KEY SENIOR MANAGEMENT

INTRODUCTION

Lingkar Trans Kota Holdings Berhad (“LITRAK” or “Company”) has established a remuneration policy for the Executive Directors (“EDs”), Non-Executive Directors (including Independent Directors) (“Non-EDs”) and Key Senior Management of the Company and the Group to support and drive business strategy and long term objectives of the Company and its subsidiaries (“Group”) in line with the recommendation of the Malaysian Code on Corporate Governance (“CG Code”).

REMUNERATION GUIDELINES

1. The objective of this Remuneration Policy of LITRAK is to: -
 - determine the level of remuneration packages of the EDs, Non-EDs and Key Senior Management;
 - attract and retain experienced, qualified, high calibre and the right credentials as well as astute insights EDs and Key Senior Management with a competitive remuneration package to drive the business, strategy, objectives, values and long-term interests of LITRAK;
 - provide a remuneration such that the EDs, Non-EDs and Key Senior Management are paid a remuneration which commensurate with, and reflects their level of responsibilities, accountability, risks and, experiences; and
 - encourage value creation for LITRAK and its stakeholders.
2. In this regards, LITRAK’s Remuneration Policy is approved by its Board of Directors (“Board”) on the recommendation by the Remuneration Committee.
3. On a yearly basis, the Remuneration Committee shall review and recommends to the Board the remuneration packages of EDs and Key Senior Management and it is the responsibility of the Board as a whole to approve the remuneration packages.
4. For Non-EDs, the Remuneration Committee shall review the remuneration packages of the Non-EDs at least once in every three years and thereafter makes its recommendation to the Board for endorsement prior to tabling to the Company shareholders for their approval at general meetings.
5. No Director shall participate or vote on the deliberations and decisions concerning his or her own remuneration.

REMUNERATION POLICY AND PROCEDURES

The responsibilities for developing and implementing the Remuneration Policy and in reviewing the remuneration of EDs, Non-EDs and Key Senior Management lie with the Remuneration Committee. Nevertheless, it is the ultimate responsibility of the Board to approve the remuneration of the EDs, Non-EDs and Key Senior Management.

Remuneration Procedures

1. Executive Directors

The remuneration of the EDs is made up of basic salaries, allowances, annual bonus & etc. and are set according to: -

- the demands, complexities of activities and performance of the LITRAK group of companies (“Group”);
- the nature of job;
- the level of skills, expertise, experience and scope of responsibilities of individual EDs;
- the individual ED’s performance indicators (“KPI”) in the job;
- the individual ED’s overall contribution to Group’s strategy and operation; and
- industry benchmarks against companies of similar size and industry; and
- the risk environment so as to ensure the remuneration does not encourage excessive risk-taking.

In formulating the remuneration levels, the Remuneration Committee must consider the assessment on the performance of the EDs against such targets as well as benchmarking to market rate for benefits-in-kind, annual increment and bonus.

The performance measures are derived from a mixture of financial and strategic measures, as follows:

- Financial measures may include profitability of the Company;
- Strategic measures may include but not limited to competitive performance metrics such as enhancement of shareholder value/market share.

Remuneration of the EDs shall be structured to link rewards to corporate and individual performance and shall take into consideration remuneration paid to directors of other similar companies, whether in size and/or industry, the individual’s performance and responsibility, market competitiveness as well as LITRAK’s overall performance.

2. Non-Executive Directors (includes Independent Directors)

The remuneration of the Non-EDs consists of fixed annual directors' fees and meeting allowances. In addition, Non-EDs may also receive other benefits-in-kind including but not limited to telecommunication facilities, car parking and other reimbursable/claimable benefits-in-kind as may be determined from time to time, for the purposes of carrying out their duties as Non-EDs.

In relation to the remuneration of Non-EDs, the Remuneration Committee is further guided by the following:

- a suitable balance of fees between annual Board and Board Committee(s) fees and meeting allowances. The principle is to ensure recognition of workload and responsibilities for the Non-EDs who sit on various Board Committees, ensuring a balance is struck between compensating for time spent, frequency of meetings and also as a reflection of the continued responsibilities for all Non-EDs;
- the remuneration should not conflict with the Non-EDs' obligation to bring objectivity and independent judgment;
- provisions of Articles 89 and 90 of the Constitution of the Company;
- the remuneration must not place an inappropriate burden on LITRAK's finances;
- the Remuneration Committee undertakes a robust review of the remuneration packages of the Non-EDs at least once in every three (3) years and thereafter makes its recommendation to the Board. In conducting the review and if necessary, the Committee may engage the services of an independent professional advisor; and
- all remuneration to be paid/payable to the Non-EDs must be tabled to the shareholders of LITRAK for approval pursuant to the provision of the Companies Act 2016.

3. Key Senior Management

The remuneration of the Key Senior Management is made up of basic salaries, annual bonus & etc. and are set according to:-

- the nature of job;
- the level of skills, experience and scope of responsibilities of individual;
- the individual's performance indicators ("KPI") in the job;
- the individual's overall contribution to Company's strategy and operation; and
- market and industry's rate.

Remuneration of the Key Senior Management shall be structured to link rewards to corporate and individual performance and shall take into consideration remuneration paid to them of other similar companies, whether in size and/or industry, the individual's performance and responsibility, market competitiveness as well as LITRAK's overall performance.

Remuneration Approval Process

The ED who report to the Board of Directors is evaluated annually by the Remuneration Committee premised on annual measurements and target set. Recommendations on his remuneration level is then put forward to the Board for approval.

The Key Senior Management who report to the ED and Board of Directors are evaluated annually by the ED premised on annual measurements and targets set. Thereafter, the ED recommend the remuneration levels for the Key Senior Management to the Remuneration Committee for review before the same is put forward to the Board for approval.

The Remuneration Committee operates under the delegation of the Board to provide an oversight of LITRAK's remuneration and compensation plans on behalf of the Board.

The Remuneration Committee reviews the remunerations strategy and plans of LITRAK, compares the strategy and plans with community and industry standards and, where possible, verifies the appropriateness of the strategy and plans by reference to external available information and advice.

Review of Policy

The Remuneration Policy is to be regularly reviewed by the Board as and when required.