

CORPORATE GOVERNANCE REPORT

STOCK CODE : 0117
COMPANY NAME : SMRT Holdings Berhad
FINANCIAL YEAR : December 31, 2019

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	: Applied
Explanation on application of the practice	<p>The Board of Directors ("Board") of SMRT Holdings Berhad ("SMRT" or "Company") recognises the importance of good corporate governance and continues to be committed to ensure that high standards of corporate governance are practised throughout the Company and its subsidiaries (collectively referred to as "Group") to deliver long term sustainable value to the shareholders and other stakeholders.</p> <p>Clear Functions of the Board and Management</p> <p>The Board is responsible for the oversight and stewardship of the Group. There is clear division of functions between the Board and management. In order to effectively discharge its duties, the Board has established a governance framework which provides an overview of the corporate governance processes and responsibilities within the Group.</p> <p>The Board has delegated specific responsibilities to three (3) main committees namely the Audit and Risk Management Committee ("ARMC"), Remuneration Committee and Nomination Committee, which are guided by the respective terms of reference approved by the Board. The ultimate responsibility for the final decisions on all matters lies with the Board.</p> <p>The Board seeks to ensure that the members of the senior management team are qualified, professional and have sufficient calibre to collectively lead the operations of the Group. The Board takes cognisance that the orderly succession of senior management is important to ensure readiness of internal candidates to fill potential positions. In this respect, the Group recognises talent development programmes should be put in place to provide opportunities for employees to improve their</p>

capabilities and leadership skills.

During the financial year ended 31 December 2019, the Chief Executive Officer (“CEO”), Dr Amat Taap @ Amat Jais Bin Manshor who is not a Director of the Company is responsible for the day-to-day management of the business and operations of the Group. The CEO is supported by a management team and other committees established under the Group’s management framework. The management’s performance under the leadership of the CEO is monitored by the Board through a status report which is tabled to the Board and includes a comprehensive summary of the Group’s operating drivers and financial performance during each reporting period. The Board is also kept informed of key strategic initiatives, significant operational issues and the Group’s performance. The relevant members of the management were in attendance at Board meetings to support the CEO in presenting the updates on the progress of key initiatives, business targets and achievements to date, and to provide clarification on the queries and issues raised by the Board. However, Dr Amat Taap @ Amat Jais Bin Manshor had resigned as CEO of the Company on 25 February 2020 to pursue his other career opportunities. In the interim period, the Executive Directors have taken over the responsibilities of the CEO until a suitable candidate is found.

Board Duties and Responsibilities

The duties and responsibilities of the Board are clearly spelt out in the Board Charter. In summary, the Board had assumed the following duties and responsibilities during the financial year ended 31 December 2019 :

- (a) Evaluated the conduct of the Group’s business based on the monthly and quarterly financial and other reports prepared by management and concluded that the business is being managed sustainably;
- (b) Identified principal risks and ensured that appropriate systems were implemented to manage these risks as far as possible;
- (c) Reviewed the Sustainability Report and was satisfied that the report reflects the sustainability of its business and the environment it operates in;
- (d) Ensured that the investor relations programme and shareholder communications policy for the Company were implemented effectively;
- (e) Reviewed the efficiency and quality of the Group’s financial reporting process and the adequacy and integrity of the Group’s internal control and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines and was satisfied that the

internal control systems and information systems were adequate in all material aspects and that the Group complied with applicable laws and regulations;

(f) Reviewed the interim financial statements and the annual report and was satisfied that the financial statements and the contents of the annual report reflected the true and fair view of the financial position and results of the Group and presented its activities accurately.

(g) Ensured continuing education or training for the Directors to keep abreast of relevant changes in laws and regulations and the development of the industry. During the financial year ended 31 December 2019, the Directors have attended the following training :

Name of Directors	Courses
Tan Sri Dato' Dr R Palan	<ul style="list-style-type: none"> • The Asia HRD Congress International Conference 2019 • Masterclass Workshop: The Solution is in the Dialogue
Mr Leow Nan Chye	<ul style="list-style-type: none"> • The Asia HRD Congress International Conference 2019 • Masterclass Workshop: The Solution is in the Dialogue
Dato' (Dr) Asariah Binti Mior Shahrudin	<ul style="list-style-type: none"> • Perkembangan Sistem Pendidikan Malaysia. Dulu, Kini dan Masa Hadapan • Effective Leadership • National Healthcare Reform • Building Corporate Longevity Leadership Greatness in Turbulent Times • Uberisation of Healthcare • Managing Change: The case for Teacher Education Institutes Malaysia • Asia HRD Congress 2019 • Higher Order Thinking Skills in Education

			<ul style="list-style-type: none"> • Sustainability Inspired Innovations • Future of Higher Education in Malaysia
		Mr Maha Ramanathan Palan	<ul style="list-style-type: none"> • NPL Distressed Debt Summit 2019 • Fintech World Forum 2019 • Open Banking World Congress 2019 • Alternative Credit Council Global Summit 2019 • International Petroleum Week 2019
		Ms Soh Eng Hooi	<ul style="list-style-type: none"> • Blockchain for Accountants- Awareness Workshop • MIA's Engagement Session with Audit Committee Members on Integrated Reporting • Introduction to Cloud Accounting for Professional Firms • SAP Business One • Demystifying The Diversity Conundrum: The Road to Business Excellence • Board Effective Assessment • The Malaysia Code of Corporate Governance 2017 • Biological Assets - MFRS 141/MPERS S34 • Valuation in Practice for Transactions and Reporting : Part 2 - Valuation for Business Combination • Evaluating effective Internal Audit Function - Audit Committee's Guide on How to • CAANZ - MICPA Audit Forum 2019: The Future Of Audit • ISQM: Another Tsunami Of Change For Auditors? • UNCTAD

			<p>Entrepreneurship Training Workshop</p> <ul style="list-style-type: none"> • UNCTAD Training of Trainers workshop on Empretec for Participants with Low Literacy
		Mr Malayandi @ Kalaiarasu	<ul style="list-style-type: none"> • Becoming a Good and Successful Student • Healthcare Reform in Malaysia: A Way Forward • Cultivating A Successful Research Culture: The USM Experience • Uberisation of Healthcare • SPARK (Sharing Positivity Aspiration, Resources and Knowledge) • The Future of Higher Education in Malaysia • Sales Force Training for Marketing Leader
		Datuk Mohd Radzif Bin Mohd Yunus <i>(Appointed as Director on 12 September 2019)</i>	<ul style="list-style-type: none"> • Training on Halal Pharmaceuticals "Malaysia Halal Initiatives" • PNB Leadership Forum 2019 • Knowledge Sharing Session on Biosimilar & Vaccines • To Social or Not to Social - Social Media Primer and Practice Playbook for DuoPharma • Addressing Corruption Risk to Safeguard Directors and Management Against Corporate Liability • ICDM International Directors Summit 2019 • Qualified Risk Director Program - Governance and ERM, MCG 2017
		Mr Chu Kheh Wee <i>(Appointed as Director on 31 December 2019)</i>	<ul style="list-style-type: none"> • Advance Merger & Acquisition • CIMA Train The Trainer Workshop • MFRS 16 – Lease

Code of Ethics for Directors, Whistle Blowing Policy and Anti-Bribery and Anti-Corruption Policy

The Group's Code of Ethics for Directors continues to govern the standards of ethics and good conduct expected of Directors.

The Group's Whistle Blowing Policy seeks to foster an environment of integrity and ethical behaviour and to expose any illegal or improper action in the Group. In the financial year ended 31 December 2019, no complain was received.

The Malaysian Anti-Corruption Commission Act 2009 was amended in 2018 to incorporate Section 17A on corporate liability for corruption which took effect on 1 June 2020. The said laws prohibit acts of bribery and corruption and mandate that companies establish and maintain adequate procedures to prevent bribery and corruption. In this regard, the Company had on 29 May 2020 put in place an Anti-Bribery and Anti-Corruption Policy which governs all forms of bribery and corruption in the Group and is posted on the Company's website at www.smrt.holdings.

Sustainability of Business

The Board has formalised and adopted a Sustainability Policy which is posted on the Company's website at www.smrt.holdings. The Sustainability Policy sets out the manner in which the Group carries on its business which is undertaken in a socially responsible, trustworthy and ethical manner while accepting accountability for impact on environment, social and governance fronts. Key aspects of the policy focus on social awareness and betterment, environmental preservation and effective corporate governance.

Access to Information and Advice

All the Directors are supplied with all information within the Company and the Group in a timely manner. The Company Secretary, upon the instruction of the Chairman, will prepare the agenda and organise the information relating thereto in the board papers to be dealt with at the Board Meetings. The board papers are sent out to all Directors not less than seven (7) days before the Board Meetings.

The proceedings of all Board and Board Committees meetings are minuted by the Company Secretary for confirmation at the next Board and Board Committees meetings.

All Directors have access to the services and the advice of the Company Secretary. The non-executive Directors have access to information from the management. The Board has access to professional advice from third parties in furtherance of the Directors' duties in accordance with the Company's established procedures.

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

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman leads the Board based on his entrepreneurial leadership coupled with his many years of extensive experience in the operations of the Group. As one of the pioneer members of the Group, the Chairman is able to provide effective leadership to the Board and guide the vision, strategic direction and business development of the Group and at the same time be guided by independent advice and views from the independent Directors, who offer the necessary checks and balances in the decision making process of the Board. In turn, the Board monitors the functions of the Board Committees in accordance with their respective terms of reference to ensure its own effectiveness.</p> <p>The Chairman with the assistance of the Company Secretary sets the board agenda for each meeting and the same is circulated to the Board members accordingly.</p> <p>During Board meetings, the Chairman leads the discussions, allowing sufficient time for deliberations on key issues and complex matters. He also encourages active participation and allows views including dissent to be freely expressed.</p> <p>The Chairman plays a key role in the conduct of the general meetings. Besides ensuring the proper flow of resolutions tabled at the meeting, he manages the communication on the floor, encourages active participation from shareholders and allows sufficient amount of time during the questions and answers session.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The position of the Chairman and CEO are held by two different individuals. The Chairman, Tan Sri Dato' Dr Palaniappan A/L Ramanathan Chettiar ("Tan Sri Dato' Dr R Palan") leads and manages the Board by focusing on governance, strategy and compliance whereas the CEO, Dr Amat Taap @ Amat Jais Bin Manshor who was appointed on 1 August 2018 manages the business and operations of the Group and implements the decisions of the Board. However, Dr Amat Taap @ Amat Jais Bin Manshor had resigned as CEO of the Company on 25 February 2020 to pursue his other career opportunities. In the interim period, the Executive Directors have taken over the responsibilities of the CEO until a suitable candidate is found.</p> <p>The separation of position of the Chairman and CEO seeks to facilitate appropriate balance of power and authority, such that no one individual has unfettered decision making powers.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is supported by joint qualified and competent Company Secretaries who provide advice and regularly update the Board on good governance, board policies and procedures, administrative matters and corporate compliances.</p> <p>Both Company Secretaries of the Company are qualified to act as company secretary under Section 235(2) of the Companies Act 2016. Both of them are members of the Malaysian Institute of Chartered Secretaries and Administrators (“MAICSA”).</p> <p>The Company Secretaries ensure that the Board is kept well informed on any regulatory requirements and update on the developments in the area of corporate governance that affect the duties and responsibilities of the Directors as well as the Company. In this respect, the Company Secretaries have also attended the relevant continuous professional development programmes as required by MAICSA and the Companies Commission of Malaysia (“CCM”) for practising company secretaries.</p> <p>The Company Secretaries attended all the Board and Board Committees meetings held in the financial year ended 31 December 2019.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company Secretaries ensure that all meeting materials are sent to the Board members at least seven (7) days before the meeting to ensure that they have sufficient time to go through the board papers.</p> <p>Meetings are properly convened and accurate and proper records of the proceedings and resolutions are minuted and subsequently distributed to the members of the Board and Board Committees, and where relevant, the decisions made at the Board meetings are communicated to the management in a timely manner to ensure appropriate execution.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board Charter which documents the policies adopted by the Board in relation to its roles, responsibilities, governance and leadership is published on the Company's website at www.smrt.holdings.</p> <p>The Board Charter, which serves as a strategic guidance and effective oversight of management, is also intended to provide a concise overview of :</p> <ol style="list-style-type: none">1. the roles and responsibilities of the Board, the Chairman, individual Directors, the CEO and the management;2. the delegation of authority by the Board to various Board Committees established in assisting the Board to execute its duties and responsibilities; and3. the Board's operating procedures and practices pertaining to meetings, training and development, code of conduct and declarations on conflict of interest. <p>The Board Charter is reviewed periodically and updated in accordance with the needs of the Company to ensure its effectiveness and consistency with the Board's objectives and corporate vision. The Board Charter serves as a primary reference point on governance matters for Directors as well as newly-appointed Directors.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Code of Ethics for Directors is formulated to enhance the standard of corporate governance and corporate behaviour with the intention of achieving the following aims :</p> <ol style="list-style-type: none">1. To establish a standard of ethical behaviour for Directors based on trustworthiness and values that can be accepted are held or upheld by any one person.2. To uphold the spirit of responsibility and social responsibility in line with the legislation, regulations and guidelines for administering a company. <p>The Board reviews the Code of Ethics for Directors periodically or as and when the need arises to ensure it is kept contemporaneous.</p> <p>The Malaysian Anti-Corruption Commission Act 2009 was amended in 2018 to incorporate Section 17A on corporate liability for corruption which took effect on 1 June 2020. The said laws prohibit acts of bribery and corruption and mandate that companies establish and maintain adequate procedures to prevent bribery and corruption. In this regard, the Company had on 29 May 2020 put in place an Anti-Bribery and Anti-Corruption Policy which governs all forms of bribery and corruption in the Group.</p> <p>The Code of Ethics for Directors and Anti-Bribery and Anti-Corruption Policy are published on the Company's website at www.smrt holdings.</p>
Explanation for departure	:	

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

Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has formalised a Whistle Blowing Policy to provide a safe mechanism for whomever to come forward and raise any concern about the actual or potential fraud or breach of trust involving employees, management and the Directors of the Group.</p> <p>It allows the whistleblower the opportunity to raise concerns outside the management line. The identity of the whistleblower will be kept confidential and protection is accorded to the whistleblower against any form of reprisal or retribution.</p> <p>The Board together with the management review the Whistle Blowing Policy periodically or as and when the need arises to ensure it is kept contemporaneous.</p> <p>The Whistle Blowing Policy is published on the Company's website at www.smrt.holdings.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.1

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

Application	:	Applied	
Explanation on application of the practice	:	At the end of the financial year ended 31 December 2019, the Board comprises of eight (8) Directors, of which four (4) are Independent Directors. They constitute 50% of the Board.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.2

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

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

Application	:	Applied - Two Tier Voting
Explanation on application of the practice	:	<p>Mr Leow Nan Chye has served the Board for sixteen (16) years since his appointment as Independent Director of the Company on 29 March 2004. Since 2013, the Company has sought annual shareholders' approval at the Annual General Meeting ("AGM") for him to continue to serve as Independent Director on the Board. The last shareholders' approval was obtained at the last AGM held on 28 June 2019.</p> <p>If the Board continues to retain independent directors after twelve (12) years pursuant to Practice 4.2 of the Malaysian Code on Corporate Governance, the Board should provide justification and seek annual shareholders' approval through a two-tier voting process.</p> <p>The Nomination Committee had assessed the independence of Mr Leow Nan Chye and recommended to the Board that he be retained as Independent Director of the Company based on his ability to maintain independent judgement and to express unbiased views without any influence. He is familiar with the Group's business operations, has devoted time and commitment and has exercised due care in discharging his duties and responsibilities as Independent Director. He has fulfilled the criteria under the definition of Independent Director as defined in the ACE Market Listing Requirements ("AMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

Practice 4.3 - Step Up

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

Application	:	Not Adopted	
Explanation on adoption of the practice	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.4

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

Application	: Applied
Explanation on application of the practice	<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. Having a range of diversity dimensions brings different perspectives to the boardroom and to various levels of the management within the Group.</p> <p>The Chairman and the Executive Director are responsible for the identification and development of the key senior management as well as to review the succession planning for key management team from time to time. Potential candidates are identified from within and outside the Group and groomed to shoulder heavier responsibilities in due course.</p> <p>The Nomination Committee is responsible to lead the process for the nomination of new Board appointments and making the necessary recommendations. In this respect, the Nomination Committee considers and assess the suitability of a new appointment based on objective criteria including:</p> <ul style="list-style-type: none">• Qualification;• Required competencies, skills, expertise and experience;• Specialist knowledge or technical skills;• Professionalism and integrity; and• Time commitment to the Company. <p>During the financial year ended 31 December 2019, Datuk Mohd Radzif Bin Mohd Yunus ("Datuk Radzif") was proposed to the Nomination Committee as a potential candidate for directorship by an Executive Director of the Company. The Nomination Committee met, and upon deliberation agreed to recommend to the Board on the appointment of the new candidate, Datuk Radzif, based on the set of criteria mentioned above. The appointment of Datuk Radzif as Independent Non-Executive Director of the Company took effect on 12 September 2019. Datuk Radzif had attended the Mandatory Accreditation Programme ("MAP") on 19 April 2012, 16 May 2012 and 14 June 2012.</p> <p>Besides Datuk Radzif, Mr Chu Kheh Wee ("Mr Chu") was appointed as Executive Director of the Company on 31 December 2019. Mr Chu was also proposed to the Nomination Committee as a potential candidate for directorship by an</p>

	<p>Executive Director of the Company. The Nomination Committee met, and upon deliberation agreed to recommend to the Board on the appointment of the new candidate, Mr Chu, based on the set of criteria mentioned above. Mr Chu had attended the MAP on 7 April 2020, 8 April 2020 and 9 April 2020.</p> <p>There was no new appointment of senior management in the Company.</p>	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 4.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>There were six (6) male Directors and two (2) female Directors on Board in the financial year ended 31 December 2019, which represents 25% women Directors.</p> <p>Although the Company does not have a formalised policy on gender diversity, the issue of diversity is discussed and given prominence during deliberations by the Nomination Committee and the Board. The Board had on 10 March 2020 appointed an additional woman Director on Board, Ms Lim Kwee Yong, resulting in the Board currently having 33% women Directors on Board as of to-date. The Board is mindful that any gender representation should be in the best interest of the Company.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>Appointment of new Directors is undertaken by the Board as a whole after considering the recommendations of the Nomination Committee.</p> <p>In searching for suitable candidates, the Nomination Committee may receive suggestions from existing Board Members, the management and/or major shareholders. The Nomination Committee is also opened to referrals from external sources such as industry and professional associations as well as independent search firms.</p> <p>During the financial year ended 31 December 2019, the referral of Datuk Radzif and Mr Chu as potential candidates for directorship was by an Executive Director of the Company.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.7

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

Application	:	Applied	
Explanation on application of the practice	:	The Nomination Committee is being chaired by the Senior Independent Director, Mr Leow Nan Chye.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination Committee is responsible for the Board evaluation process covering the Board, the Board Committees and individual Directors.</p> <p>The evaluation for the financial year ended 31 December 2019 was conducted internally by the Nomination Committee on 26 February 2020 by using questionnaires and rating assessment. Each Director completed the Performance Evaluation Sheet for Individual Director (Self/Peer Evaluation) which covered matters relevant to the Directors' performance, among other things, contribution to interaction, quality of input, understanding of their roles and Board Chairman's roles. An evaluation of the Board and Board Committees was done by assessing the Board structure, Board operations, Board roles and responsibilities, Board Chairman's roles as well as the performance of the Board Committees against their respective terms of reference. The assessment was internally facilitated, whereby results of the assessments have been compiled, documented and reported to the Board accordingly, as part of the Company's ongoing corporate governance practices.</p> <p>The Nomination Committee, upon conclusion of the evaluation exercise, was satisfied that the Board and its Board Committees composition had fulfilled the criteria required, possess a right blend of knowledge, experience and the appropriate mix of skills. In addition, there was mutual respect amongst individual Directors which contributed to a healthy environment for constructive deliberations and robust decision-making process. Independent Directors were assessed to be objective in exercising their judgment.</p>
Explanation for departure	:	

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

Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 6.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has put in place a formalised remuneration policies and procedures for Directors and senior management with a view to ensure the Company offers fair compensation and is able to attract and retain talent who can add value to the Company.</p> <p>The fees of the Non-Executive Directors and any benefits payable to Non-Executive Directors shall from time to time be reviewed by the Remuneration Committee and recommended to the Board before tabling at the Company's AGM for shareholders' approval.</p> <p>The annual review for the financial year ended 31 December 2019 was conducted by the Remuneration Committee on 26 February 2019.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 6.2

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

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

Application	:	Applied
Explanation on application of the practice	:	The Board has put in a place a Remuneration Committee consists of three (3) members, wholly Non-Executive Directors. The roles and responsibilities of the Remuneration Committee are stated in its terms of reference which is published on the Company's website at www.smrt.holdings .
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 7.1

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

Application	: Applied																																																										
Explanation on application of the practice	<p>The details of the Directors' remuneration for the financial year ended 31 December 2019 for Company and Group level are as follows :</p> <p><u>COMPANY :</u></p> <p>(a) Non-Executive Directors (RM'000)</p> <table border="1"> <thead> <tr> <th>No.</th> <th>Name</th> <th>Director's Fee</th> <th>Meeting Allowance</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Mr Leow Nan Chye</td> <td>48</td> <td>13</td> <td>61</td> </tr> <tr> <td>2.</td> <td>Dato' (Dr) Asariah Binti Mior Shahrudin</td> <td>48</td> <td>9.5</td> <td>57.5</td> </tr> <tr> <td>3.</td> <td>Ms Soh Eng Hooi</td> <td>36</td> <td>9</td> <td>45</td> </tr> <tr> <td>4.</td> <td>Mr Malayandi @ Kalaiarasu</td> <td>48</td> <td>3.5</td> <td>51.5</td> </tr> <tr> <td>5.</td> <td>Mr Maha Ramanathan Palan</td> <td>36</td> <td>3.5</td> <td>39.5</td> </tr> <tr> <td>6.</td> <td>Datuk Mohd Radzif Bin Mohd Yunus (Appointed as Director on 12 September 2019)</td> <td>11</td> <td>0.5</td> <td>11.5</td> </tr> <tr> <td>7.</td> <td>Ms Lim Kwee Yong (Appointed as Director on 10 March 2020)</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> </tr> </tbody> </table> <p>(b) Executive Chairman/Executive Director (RM'000)</p> <table border="1"> <thead> <tr> <th>No.</th> <th>Name</th> <th>Salary and Allowance</th> <th>Employee Provident Fund and Socso</th> <th>Meeting Allowance</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Tan Sri Dato' Dr R Palan</td> <td>1,240.9</td> <td>50.3</td> <td>12.5</td> <td>1,303.7</td> </tr> <tr> <td>2.</td> <td>Mr Chu Kheh Wee (Appointed as Director on 31 December 2019)</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> </tr> </tbody> </table>	No.	Name	Director's Fee	Meeting Allowance	Total	1.	Mr Leow Nan Chye	48	13	61	2.	Dato' (Dr) Asariah Binti Mior Shahrudin	48	9.5	57.5	3.	Ms Soh Eng Hooi	36	9	45	4.	Mr Malayandi @ Kalaiarasu	48	3.5	51.5	5.	Mr Maha Ramanathan Palan	36	3.5	39.5	6.	Datuk Mohd Radzif Bin Mohd Yunus (Appointed as Director on 12 September 2019)	11	0.5	11.5	7.	Ms Lim Kwee Yong (Appointed as Director on 10 March 2020)	N/A	N/A	N/A	No.	Name	Salary and Allowance	Employee Provident Fund and Socso	Meeting Allowance	Total	1.	Tan Sri Dato' Dr R Palan	1,240.9	50.3	12.5	1,303.7	2.	Mr Chu Kheh Wee (Appointed as Director on 31 December 2019)	N/A	N/A	N/A	N/A
No.	Name	Director's Fee	Meeting Allowance	Total																																																							
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GROUP :**(a) Non-Executive Directors (RM'000)**

No.	Name	Salary and Allowance	Employee Provident Fund and Socso	Director's Fee	Meeting Allowance	Total
1.	Mr Leow Nan Chye	-	-	48	13	61
2.	Dato' (Dr) Asariah Binti Mior Shaharuddin	-	-	48	9.5	57.5
3.	Ms Soh Eng Hooi	-	-	36	9	45
4.	Mr Malayandi @ Kalaiarasu	172	21.6	48	3.5	245.1
5.	Mr Maha Ramanathan Palan	-	-	84	6	90
6.	Datuk Mohd Radzif Bin Mohd Yunus (Appointed as Director on 12 September 2019)	-	-	11	0.5	11.5
7.	Ms Lim Kwee Yong (Appointed as Director on 10 March 2020)	N/A	N/A	N/A	N/A	N/A

(b) Executive Chairman/Executive Director (RM'000)

No.	Name	Salary and Allowance	Employee Provident Fund and Socso	Meeting Allowance	Total
1.	Tan Sri Dato' Dr R Palan	2,171.6	162.4	12.5	2,346.5
2.	Mr Chu Kheh Wee (Appointed as Director on 31 December 2019)	N/A	N/A	N/A	N/A

Explanation :
for departure

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

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 7.2

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board is of the opinion that the disclosure of the senior management on a named basis and the various remuneration components (salary, bonus, benefits in-kind, other emoluments) in bands of RM50,000 would not be in the best interest of the Group due to confidentiality, including reasons pertaining to human relations.</p> <p>The Executive Directors ensure that the remuneration of senior management is commensurate with the performance of the Company, with due consideration to attracting, retaining and motivating senior management to lead and run the Company successfully. Excessive remuneration has not been paid to senior management personnel in any instance.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied	
Explanation on application of the practice	:	The ARMC is being chaired by the Senior Independent Non-Executive Director, Mr Leow Nan Chye. Meanwhile the Chairman of the Board is Tan Sri Dato' Dr R Palan who is an Executive Director.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.2

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

Application	:	Applied
Explanation on application of the practice	:	At present, none of the ARMC members are former key audit partners of the Company. As a measure to safeguard the independence and objectivity of the audit process, the ARMC has incorporated a policy specification that governs the appointment of a former key audit partner to the ARMC. The policy, which is codified in the ARMC’s terms of reference requires a former key audit partner to observe a cooling-off period of at least two (2) years before he can be considered for appointment as a member of the ARMC.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The ARMC is responsible for assessing the capabilities, suitability and independence of the external auditors on an annual basis and the assessment is based on private discussions, quality of issues raised in the audit reports and their level of participation on issues discussed during the meetings. The ARMC was satisfied with the suitability of the external auditors based on the quality of services and sufficiency of resources provided by them to the Group in terms of the firm and the professional staff assigned to the audit.</p> <p>In support of the assessment on independence, the external auditors provided the ARMC with a written assurance confirming their independence throughout the conduct of the audit for the financial year ended 31 December 2019.</p> <p>During the financial year ended 31 December 2019, the ARMC met with the external auditors, Messrs Baker Tilly Monteiro Heng PLT twice in the absence of the Executive Directors and the management on 26 February 2019 and 27 November 2019.</p> <p>In view of the above, the ARMC recommends to the Board the re-appointment of the external auditors which is subject to the approval of shareholders at the AGM whilst their remuneration is determined by the Board.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	The ARMC comprises wholly of Independent Non-Executive Directors who satisfied the independence test under the AMLR of Bursa Securities.

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application :	Applied
Explanation on application of the practice :	<p>The Board assesses the performance of the ARMC members through an annual Board Committee effectiveness evaluation. The qualification and experience of the individual ARMC members are disclosed in the Board of Directors' Profile in the 2019 Annual Report.</p> <p>The ARMC members have the relevant accounting or related experience and expertise in financial service or other industry to effectively perform their duties. The ARMC Chairman is a member of the Malaysian Institute of Accountants ("MIA") and thus, fulfilling Rule 15.09(1)(c) of the AMLR of Bursa Securities, which calls for one (1) member of the audit committee to be a member of a professional accountancy body. The ARMC Chairman and members are financially literate and have carried out their duties in accordance with the terms of reference of the ARMC. The terms of reference of the ARMC is published on the Company's website at www.smrt holdings.</p> <p>The ARMC members are expected to devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes so as to enable them to sustain their active participation during deliberations. During the financial year ended 31 December 2019, the Chairman and members of the ARMC had attended various training programmes to keep abreast of relevant industry developments including accounting and auditing standards and business practices.</p> <p>Based on the outcome of the ARMC effectiveness evaluation 2019, the Board is satisfied with the ARMC's performance as its Chairman and members possess the necessary knowledge, experience, expertise and skills which contributed to the overall effectiveness of the ARMC.</p>
Explanation for :	

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

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is responsible for maintaining a sound and effective system of risk management and internal control to safeguard shareholders' investment and the Group's assets, as well as reviewing the adequacy and effectiveness of these systems to support the Group's strategy and operations to achieve its business objectives.</p> <p>To discharge these responsibilities, the Board is assisted by the ARMC in fulfilling the oversight responsibilities of reviewing the control systems in general and assessing the adequacy and effectiveness of the risk management and internal control practices conducted by the management.</p> <p>The Board is supported by the management in developing, implementing and monitoring sound practices for identifying and managing strategic, financial and operational risks and for providing assurance that the risk management and internal control practices with respect to the conduct of business are implemented and adhered to within the Group.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is responsible to ensure that appropriate risk management and internal control systems are in place throughout the Group. The risk management process is executed by the Executive Directors and the senior management.</p> <p>The Group had outsourced its internal audit functions to an independent consulting company as part of its strategy to assure the Board on the adequacy and effectiveness of the internal control system of the Group. The professional company will carry out internal audits to review the adequacy and effectiveness of the internal control system and to identify area of risks and report their findings and recommendations to the management and subsequently to the ARMC.</p> <p>The Statement on Risk Management and Internal Control is disclosed in the Company's 2019 Annual Report.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.3 - Step Up

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

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The Board had on 11 April 2017 resolved to have the risk management of the Company to be under the purview of the Audit Committee in view of the Company's current risk exposure. The Audit Committee was then renamed Audit and Risk Management Committee.</p> <p>The ARMC assumes the role in overseeing the risk management functions and internal controls of the Group in addition to overseeing the integrity of the financial statements and compliance with relevant accounting standards.</p> <p>The ARMC comprises wholly of Independent Non-Executive Directors.</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.

Application	:	Applied
Explanation on application of the practice	:	<p>During the financial year ended 31 December 2019, the Group had outsourced its internal audit function to an independent consulting company to assist the ARMC in discharging its duties and responsibilities.</p> <p>The internal auditors report directly to the ARMC and assist the Board in monitoring and reviewing the effectiveness of the risk management, internal control and governance processes within the Group. The internal auditors adopt a risk-based approach in planning and conducting of audit.</p> <p>The scope and plan of internal audit activities are identified annually and approved by the ARMC. The ARMC receives reports of the findings of the internal audit with comments from the management and recommendations from the internal auditors. The ARMC reviews the findings with the management to ensure that the necessary corrective actions are implemented and reports to the Board.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 10.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group’s internal audit function is currently outsourced to Messrs Sterling Business Alignment Consulting Sdn Bhd (“Sterling”), an independent consulting company to take charge of the Group’s internal audit function during the financial year ended 31 December 2019. Sterling remains independent and has no direct operational responsibility or authority over any of the activities audited and is free from any relationship or conflict of interest which could impair their objectivity and independence.</p> <p>The internal auditors assign different audit teams for each audit review in order to maintain an independent view and approach to the internal audit review. The number of audit staff deployed for each internal audit review ranges from 3 to 4 internal auditors per visit.</p> <p>Sterling is a corporate member of The Institute of Internal Auditors Malaysia (“IIAM”). Different lead internal auditor is assigned to conduct each internal audit review, depending on the scope of the review.</p> <p>The internal auditors use the Committee of Sponsoring Organisations of the Treadway Commission (“COSO”) Internal Control – Integrated Framework as a basis for evaluating the effectiveness of the internal control systems.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Directors are accountable to shareholders as well as other stakeholders of the Company for the performance and operations of the Group. As such, the Board endeavours to ensure that communication with stakeholders is conducted in a regular and forthcoming manner.</p> <p>The Board aims to promote and demonstrate a high standard of integrity and transparency through timely, accurate and full disclosure and to enhance the stakeholders' understanding of the Group, its core business and operations, thereby, enabling investors to make informed decisions in valuing the Company's shares.</p> <p>The Group leverages on a number of formal channels for effective dissemination of information to shareholders and other stakeholders, particularly through the annual report, announcements to Bursa Securities, media releases, quarterly results, AGM and the Company's website.</p> <p>The Company is also of the view that the AGM is an important opportunity to meet shareholders and address their concerns. At the AGM, the Chairman will have a question and answer session during which the Chairman encourages shareholders' active participation, including clarifying and questioning the Group's strategic direction, business operations, performance and proposed resolutions. All the Board members, the Chairman of all Board Committees, the Company Secretary, the senior management and the external auditors are also present to respond to questions from the shareholders.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 11.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	SMRT is not a large company.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.1

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

Application	:	Applied	
Explanation on application of the practice	:	The forthcoming AGM for the year 2020 has been scheduled for 30 July 2020 and the notice for the upcoming AGM will be sent to the shareholders on 30 June 2020, at least 28 days before the meeting.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board acknowledges its responsibility to engage shareholders and provides meaningful responses to their questions at the AGM. In demonstrating this commitment to shareholders, all Directors have attended the 15th AGM held on 28 June 2019.</p> <p>The Chairman and all members of the Board, the Chairman of all Board Committees, the Company Secretary, the senior management and the external auditors were present to respond to questions from the shareholders at the 15th AGM held on 28 June 2019.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.3

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

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Company does not hold meetings in a remote location and does not have a large number of shareholders for it to leverage on technology to facilitate shareholders voting in absentia or having remote shareholders' participation at general meetings. It is not cost effective for the Company to do so.</p> <p>The AGM of the Company has always been held at CUCMS Campus in Cyberjaya, Selangor Darul Ehsan. This venue is easily accessible as it is familiar to most shareholders of the Company since several past AGMs were held at the same venue.</p> <p>A shareholder of the Company can vote in person or appoint a proxy to attend and vote on his/her behalf. Voting at the 15th AGM was conducted by poll and the polling process was conducted by way of manual polling.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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

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

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