

CORPORATE GOVERNANCE REPORT

STOCK CODE : 0168
COMPANY NAME : Boilermech Holdings Berhad
FINANCIAL YEAR : March 31, 2022

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 Boilermech Holdings Berhad ("Boilermech" or "Company") recognises the key role it plays in charting the strategic direction of the Company and its subsidiaries ("Group"). To achieve this, the Board has carried out the following activities during the financial year under review and up to the date of this Corporate Governance Report:</p> <ol style="list-style-type: none">1) Conduct pre-scheduled meetings to deliberate on matters relating to the strategic direction and objectives setting, annual budgets, major capital expenditures, new ventures, material acquisitions and disposals;2) Monitor the implementation of the strategic business plans (include economic, environmental and social initiatives) to ensure the Management meets the objectives to achieve sustainable growth and optimization returns for the Group ;3) Recognise the importance of business sustainability and tasked the Executive Committee and Risk Management Unit to formulate sustainability strategies, policies, goal setting or Key Performance Indicators ("KPI") and oversee the implementation process and the overall sustainability performance of the Group;4) Review the adequacy and the integrity of the management in internal control system of the Group.5) Develop an effective succession plan for Executive Directors and key managers of the Group through the help of Nomination Committee ("NC") and Remuneration Committee. Factors considered by the NC include the suitability of the candidates based on their profiles, professional achievements and personality assessments.;

	<p>6) Set specific KPI for Executive Management in order to align Management’s strategies with the Group’s objectives. Performance incentive scheme is also provided to Executive Directors and Management to reward those who achieved these KPI. This would ensure that the business was conducted effectively towards meeting the strategic objectives of the Group;</p> <p>7) Review quarterly results of the Company and the Group with representatives from Management where Management reported on the performance and results of the business of the Company and the Group which are benchmarked against the relevant corresponding period.;</p> <p>8) Fulfil its responsibilities with regard to risk governance and risk management with the assistance of Risk Management Unit in order to manage the overall risk exposure of the Group. The Risk Management Unit (consisting of Executive Committee members) advises the Audit Committee and the Board on areas of high risk and the adequacy of compliance and control procedures (including financial and non-financial) throughout the Group;</p> <p>9) Maintain an effective communications policy that enables both the Board and Management to communicate effectively with shareholders and other stakeholders;</p> <p>10) Ensure that all general meetings are conducted in an efficient manner and serve as crucial mechanisms in shareholder communications. The Company provides comprehensive and timely information to shareholders. During general meetings, the Chairman of the meetings invites shareholders to participate in the question and answer session; and</p> <p>11) Maintain a corporate website (https://www.boilermech.com) as a platform for shareholders and other stakeholders to stay abreast of the Group’s information including but not limited to the Group’s background and products, financial performance and updates, sustainability statement and announcements made to Bursa Malaysia Securities Berhad (“Bursa Securities”).</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

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>Dr. Chia Song Kun, the Non-Independent Non-Executive Chairman provides strong leadership quality to objectively steward the Board in meeting the Company's strategic objectives. Duties of the Board Chairman, amongst others, include the following:</p> <ul style="list-style-type: none"> • ensuring the adequacy, effectiveness and integrity of the governance process within the Group; • functioning as a facilitator at meetings of the Board to ensure that no member, whether Executive or Non-Executive, dominates discussion; constructive discussions take place; and that relevant opinions amongst members are forthcoming; • ensuring that all Directors are encouraged to actively participate at Board meetings and allow dissenting views to be freely expressed. • ensuring every Board resolution is put to vote with the will of majority to prevail; • ensuring that Executive Directors look beyond their executive functions and accept their full share of the responsibilities of governance; • guiding and mediating the Board's actions with respect to organizational priorities and governance concerns; and • undertaking the primary responsibility for organizing the information necessary for the Board to deal with items on the agenda. <p>Role and responsibilities of the Chairman are outlined in the Board Charter which is accessible on the Group's website at https://www.boilermech.com.</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

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 Board recognizes the importance of having a clearly accepted division of power and responsibilities at the head of the Group to promote accountability and facilitate the division of responsibility. Accordingly, the Board Charter specifies that the position of Chairman shall be held by a Non-Executive Director while the Joint Managing Directors collectively, represent Management to the Board.</p> <p>The positions of the Chairman and the Joint Managing Directors are held by different individuals which provide clear distinction and separation of the said roles and ensure organisational check and balance for better governance.</p> <p>The Group's Board Charter clearly delineates the roles of the Chairman and the Managing Director. The Chairman (Dr. Chia Song Kun) focuses on ensuring effectiveness of the Board whilst the Joint Managing Directors (Mr Leong Yew Cheong and Mr Chia Lik Khai) focus on ensuring efficiency and effectiveness of the Group's operations, including implementation of the Group's strategic plans and policies established by the Board.</p> <p>The roles of the Chairman and Managing Director are separated and clearly defined in the Board Charter which is available on the Group's website at https://www.boilermech.com.</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 Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee.

<p><i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i></p>	
Application	: Departure
Explanation on application of the practice	:
Explanation for departure	: <p>The Chairman, Dr Chia Song Kun ("Dr Chia") is a member of the Audit Committee ("AC"), Nomination Committee ("NC") and the Remuneration Committee ("RC").</p> <p>The decision-making processes of the respective Committees are collectively made in accordance with the Terms of Reference of each Committee as well as all other applicable policies, procedures and laws. No single person can influence Boilermach's decision making as decisions must be made by consensus and in the best interests of the Company.</p> <p>The Company believes that the inclusion of the Chairman in the relevant committees is justified given his strong background and vast experience. The Chairman's role in the respective Committees is evidenced by his constructive counsel, insights and contributes to the deliberations in a similar manner to his fellow Committee members.</p> <p>With his wealth of experience, the AC, NC and RC are often able to leverage on the implicit knowledge, accumulated experience and insights of the Chairman in making key Committee decisions, that are made in the best interests of the Company.</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
Measure	: In line with the best practices guided by MCCG, the exclusion of the Chairman as a member of the Committees will be considered as the Company's commitment to Practice 1.4 in a mid-term.
Timeframe	: Within 3 years

Intended Outcome

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

Practice 1.5

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

Application	: Applied
Explanation on application of the practice	<p>Boilermech Holdings Berhad is jointly supported by three (3) Company Secretaries, namely Ms Foong Shat Lee (in-house), Ms Tan Bee Hwee (co-outsourced) and Ms Wong Wai Foong (co-outsourced).</p> <p>All the above three (3) Company Secretaries are members of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and are qualified to act as company secretaries under Section 235(2) of the Companies Act 2016.</p> <p>The Board Charter provides for the Company Secretary's accountability to the Board on all governance matters, including compliance with laws, rules, procedures and regulations affecting the Company.</p> <p>The Company Secretaries organise and attend all Board and Board Committee meetings. All pertinent issues discussed at Board and Board Committee meetings in arriving at the decisions and conclusions are properly recorded as minutes of meeting by the Company Secretaries, concurred by participated Directors and signed by the Chairman of the meeting. The Company Secretary is also responsible to ensure timely communication of Board-level decisions to the Management.</p> <p>The Company Secretary further ensure that outstanding action items are properly tracked and monitored until such items are finally addressed by the Management and reported to the Board accordingly.</p> <p>The Company Secretaries continuously keep themselves abreast on the latest changes/update in the corporate governance, statutory and regulatory requirements by attending workshops, conferences and training programmes organised by MAICSA, Bursa Securities Malaysia Berhad, Securities Commission Malaysia, Companies Commission of Malaysia, and others. Thereafter, the Company Secretaries update the same to the Board either in writing or briefing at Board meetings. All Directors, whether as a whole or individually have unrestricted access to the professional advice and services of the Company Secretaries as well as information within the Group to assist them in the furtherance of their duties.</p>

	<p>The Company Secretaries play important roles for the Annual General Meeting (“AGM”) in ensuring due process and proceedings are in place and properly managed. During the AGM, the Company Secretaries assisted the Chairman and the Board on conduct of the AGM and ensure the minutes are properly recorded, particularly question raised by the Shareholder.</p> <p>The Board assesses the performance of the Company Secretaries on a yearly basis. The criteria used for the assessment are, amongst others, technical knowledge, experience, personal attributes and ability to fulfil their roles and responsibilities in order to discharge their duties effectively.</p> <p>Based on the outcome of the assessment conducted on 25 November 2021, the Board was satisfied with the performance and support rendered by the Company Secretaries in discharging their functions.</p>	
<p>Explanation for departure</p>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	:	
<p>Timeframe</p>	:	

Intended Outcome

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

Practice 1.6

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Company Secretaries in consultation with all Directors, prepare an annual meeting calendar at the beginning of each new calendar year. The annual meeting calendar includes the scheduled dates for meetings of the Board, Board Committees and Annual General Meeting.</p> <p>The agenda and meeting papers for consideration are circulated at least five (5) business days prior to each meeting (or shorter period where unavoidable, as specified in the Board Charter) to ensure Directors and respective Committee members have sufficient time to review them and prepared for discussion and decision-making during the meetings.</p> <p>The deliberations and decisions at the Board and Board Committee meetings are accurately documented in the minutes, including matters where Interested Directors abstained from voting or deliberation. Minutes of all Board and Board Committees meetings are circulated to each of Directors / Committee members for their perusal before confirmation and signing by the respective Chairman at the subsequent meetings.</p> <p>The Company Secretary will follow up with Management on status of actions taken with reference to the minutes of the previous meetings and recorded the updates in matters arising paper tabled at the subsequent Board and/or Board Committees Meetings.</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 Group had established a Board Charter which clearly defines the respective roles and responsibilities of the Board, Board Committee, individual Director and the Managing Director, as well as matters and decisions reserved for the Board.</p> <p>Their roles and responsibilities are summarised as follows:</p> <ul style="list-style-type: none">• the Board Chairman who is responsible for leadership of the Board, also ensures an effective conduct of the Board and effective communication with shareholders and stakeholders;• the Managing Director, who holds ultimate executive power, is responsible, amongst others, in ensuring the efficiency and effectiveness of the operations for the Group, implementing policies, strategies and decisions adopted by the Board and highlighting material and relevant matters to the attention of the Board in an accurate and timely manner;• the Executive Directors are responsible and involved in the day-to-day management of the Group, including as a delegate assisting the Managing Director in carrying out certain duties;• the Non-Executive Directors provide checks and balances, focusing on shareholders' and other stakeholders' interests and ensuring high standards of corporate governance;• the Independent Directors emphasise on value brought by their independent judgement, and also provide check and balance to the Board;• the following Board Committees have been established by the Board and guided by their respective terms of reference:<ul style="list-style-type: none">○ Audit Committee;○ Nomination Committee;○ Remuneration Committee; and○ Executive Committee.

	<p>The Board Charter also outlines a formal schedule of matters reserved for the Board’s decision.</p> <p>The Board Charter and the Terms of Reference of the Board Committees were last reviewed, revised and approved on 24 May 2022. They are accessible on the Group’s website at https://www.boilermech.com.</p> <p>The Board will periodically review and update the Charter in accordance with needs of the Company and any new regulation that may have impact on the discharge of the Board’s responsibilities.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

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 Group has established a Code of Ethics ("Code") for its Directors, employees, suppliers and business associates and is committed to maintaining the highest standards of ethics and integrity.</p> <p>The scope of the Code includes compliance with relevant provisions of law, professional integrity, accurate and complete business records, business gifts and entertainment, conflicts of interests, confidentiality, protection of company's property, prohibition against insider trading, anti-money laundry and anti-corruption.</p> <p>The Group may require the provision of an integrity and background declaration by the Directors and Employees from time to time as a measure to protect the integrity of the business and professional relationship with the Group.</p> <p>The details of the Code of Ethics is available in the Company's website at https://www.boilermech.com.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

The 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 Group had implemented policies and procedures on Whistleblowing. It is a channel for whistleblowers (employees and external partners) to raise their concerns confidentially about any wrongdoing, inappropriate behaviour or misconduct relating to fraud, corrupt practices in good faith and on timely basis.</p> <p>In accordance to the Whistleblower Policy, the Audit Committee will be updated on the number and type of whistleblower cases reported, its progress and the outcome of the investigation (if any).</p> <p>The Whistleblower Policy can be found on the corporate website at https://www.boilermech.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.1

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

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>Boilermech reviews the strategic business plan half-yearly with the presence of the Board and senior management, to ensure its business is sustained long term. This measure is used as its first step for the long-term strategy and priorities set for business plans. Strategic and significant risk is periodically reviewed through its risk management framework to ensure the short, mid and long terms risk are mitigated, managed and measured adequately.</p> <p>Key issues in relation to material sustainability matters (MSM) are raised and deliberated at Board level. Whilst Board raised questions on their own, the mixed experience and expertise carried by its members contributed valuable views and decisions.</p> <p>The Senior Management through regular meetings reviews certain key parameters of MSM that reports key measurement of operations such as product pricing, project timeliness, ethical business practices and financial performance etc.</p> <p>Whilst sustainability is embedded in the corporate culture and business practices, the Board and Senior Management work hand-in-hand to manage sustainability risks and opportunities of the Group.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company develops its strategic plans, that covers the sustainability strategies, priorities and goals, and the performance against its goals for internal key management at a high level. These were tabled to the Board for review and cascaded to key senior management which are used as references for operational plannings.	
		The Company is now working to gather data and establishing benchmarking, as ongoing initiatives to further enhance these processes to set out clear measurables, priorities and goals; both to its internal and external stakeholders.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.3

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

Application	:	Applied	
Explanation on application of the practice	:	<p>Board keep themselves abreast with sustainability issues relevant to the Company and its businesses in the evolving operating environment through trainings and self-learnings.</p> <p>The Company addresses sustainability, especially climate related, business opportunities during bi-annual strategic planning and business review. In quarterly Board Meetings, Management also provide update on sustainability matters and progress.</p> <p>Going forward, the Company plans to introduce more trainings and reviews to address material sustainability matters pertaining to social and governance.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.4

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board takes cognizant the importance of embedding ESG considerations and sustainability measure into the board and senior management’s performance to ensure accountability against the sustainability targets.	
		The Board has commenced sustainability performance evaluation in annual Board performance review and will further enhance the goals setting and performance evaluation of the board and senior management in addressing the company’s material sustainability risks and opportunities.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.5- Step Up

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

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

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

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

Practice 5.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination Committee (“NC”) reviews the structure, size and composition of the Board and other Board Committee periodically.</p> <p>The tenure of each Director and annual re-election of Directors are also reviewed by the NC. The NC’s recommendation on the re-election of Directors has taken into consideration the contribution and performance of Directors to the effectiveness of the Board and Board Committees for the financial year under review.</p> <p>The annual re-election of retiring Directors has been contingent on satisfactory evaluation of the retiring Directors’ performance and contribution to 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

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

Practice 5.2

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

Application	:	Applied							
Explanation on application of the practice	:	<p>The Board recognizes the significance of Independent Director’s role in safeguarding the interest of shareholders, in particular the minority shareholders, and making significant contributions to the Board’s decision making processes by bringing in quality of detached impartiality.</p> <p>The Board consists of a total of eight members with four Independent Directors and four Non-Independent Directors (excluding the Alternate Directors).</p> <table border="1"> <thead> <tr> <th>Independence</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Independent</td> <td>50%</td> </tr> <tr> <td>Non-Independent</td> <td>50%</td> </tr> </tbody> </table>		Independence	%	Independent	50%	Non-Independent	50%
Independence	%								
Independent	50%								
Non-Independent	50%								
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

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

Practice 5.3

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

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

Application	:	Applied	
Explanation on application of the practice	:	During FY2022, none of the Independent Directors in the company have exceeded a cumulative term limit of nine years.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.4 - Step Up

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

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

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

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

Practice 5.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination Committee (“NC”) is tasked to identify and recommend to the Board, candidates for Directorship or Senior Management of the Group based on, among others, their diversity in skills, knowledge and experience, character, professionalism, integrity, age and gender. In the case of Independent Director, the NC shall also evaluate the candidate’s ability to discharge such responsibilities as expected from an Independent Director.</p> <p>The Board acknowledges that diversity in skills and experience is fundamental towards good governance and in enhancing the effectiveness of Board deliberation. The Board consists of qualified individuals with diverse experience, backgrounds and perspectives and who have demonstrated commitment to the Group from the attendance at meetings and deliberations at the same. The composition and size of the Board gives the advantages to the Board by adding vary perspectives when deliberating and making decision.</p> <p>There was no new appointment to the Board during the financial year 2022. In accordance with the provisions of the Main Market Listing Requirements, none of the Directors hold more than five directorships in listed entities during the financial year ended 31 March 2022.</p> <p>The appointment of Senior Management was also consistently done with due regard for diversity in skills, experience, age, cultural background and gender.</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

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

Practice 5.6

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination Committee is guided by its terms of reference in carrying out its responsibilities in respect of the nomination, selection and appointment process in the Company.</p> <p>The Board also seeks external independent sources to identify suitable qualified candidates. Potential candidates [either being recommended by existing Board members, Management and Major Shareholders or independent sources such as Institute of Corporate Directors Malaysia (“ICDM”)] will be identified and assessed by the Nomination Committee, before recommending the same to the Board for approval.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.7

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

Application	:	Applied
Explanation on application of the practice	:	<p>The profile of directors are published in the Annual Report and on the Company's website. These include their age, gender, tenure of service, directorships in other companies, working experience and any conflict of interests as well as their shareholdings in the Company, if any.</p> <p>Details of interest, position and relationship that may influence independent judgement upon appointment or re-appointment of director(s) will also be disclosed for discussion and deliberation by the Nomination Committee ("NC").</p> <p>Upon satisfactory assessment and with the recommendation of appointment or re-appointment of director(s) by the NC, the Board shall then proceed with consideration and approval on appointment or reappointment of director(s).</p> <p>The directors who are retiring by rotation in accordance with Clause 76(3) of the Company's Constitution at the forthcoming AGM are Mr Adrian Chair Yong Huang, Mr Ho Cheek Yuen and Mr Gan Chih Soon ("retiring Directors").</p> <p>Based on the retiring Directors' offers for re-election at the 12th AGM, the Board had deliberated and recommended their re-election for shareholders' approval.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.8

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The membership profile of the Nomination Committee (“NC”) is set out in its Terms of Reference, where the NC shall comprise exclusively Non-Executive Directors, the majority of whom are Independent Non-Executive Directors, and chaired by an Independent Director. The NC’s Terms of Reference is accessible on the Group’s website at https://www.boilermech.com.</p> <p>The NC comprises five (5) Non-Executive Directors and is chaired by Mr Adrian Chair Yong Huang who is an Independent Director.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board takes cognizance of the importance of diversity in the board composition including representation of female directors. The Board supports gender diversity at all levels which include the Board, Senior Management and general workforce. The Company appoints its directors based on merits of skills, knowledge, experience, professionalism and integrity.	
		Our Company's Board Charter includes a gender diversity policy of at least one Board member shall be of a female gender.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.10

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The gender diversity policy for the Board is set out in the Board Charter of the Company. The Board is supportive of gender diversity in the Board as recommended by the MCCG and will take into consideration suitably qualified female candidates for any vacant Board position in future.	
		The Board currently does not have a formal policy on gender diversity for its senior management. Nonetheless, the Board is supportive of gender diversity in the senior management and will endeavour to consider suitable and qualified female candidates for appointment to the senior management.	
<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 6.1

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

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

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
Application	: Applied
Explanation on application of the practice	: <p>The Nomination Committee (“NC”) facilitates and organises the annual Board effectiveness assessment for the Board, Board Committees, individual Directors and Independent Directors.</p> <p>The Board engaged the Company’s external secretarial firm, Tricor Corporate Services Sdn Bhd to facilitate the board evaluation via evaluation forms, including assisting the preparation of documents for self and peer evaluations. The external secretarial firm compiled the report on the results of the assessment of each individual Director and Board Committee to the NC for review before tabling the same to the Board for deliberation and approval.</p> <p>Based on the report on the assessment results, the Board was satisfied with the performance of each individual director and the Board Committees. Overall, the Board is effective and provides effective governance as well as strategic execution monitoring. The Board has taken note of the evaluation results and would address the areas for enhancement in the appropriate manner.</p> <p>The NC has also assessed the Directors who are subject to retirement at the Company’s upcoming 12th Annual General Meeting (“AGM”) and recommended their re-election at the said AGM. Clause 76(3) of the Company’s Constitution provides that one-third (1/3) of the Board members shall retire at every AGM and shall be subjected to re-election by shareholders and further provides that all Directors shall retire once every three (3) years.</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 7.1

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

Application	:	Applied
Explanation on application of the practice	:	The Board had adopted a Remuneration Policy for Directors and Senior Management and it shall be reviewed by the Remuneration Committee ("RC") on a periodic basis to ensure it remains relevant and appropriate and shall be subject to the Board's approval. The said policy is published and available on the corporate website at https://www.boilermech.com .
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 7.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established a Remuneration Committee ("RC") to implement its policies and procedures on remuneration including reviewing and recommending a remuneration framework and terms of employment for all Executive Directors and Senior Management personnel of the Group for the Board's approval.</p> <p>It is the ultimate responsibility of the entire Board to approve the remuneration of the Executive Directors and to recommend the remuneration of the Non-Executive Directors (with individual Directors abstaining from discussion in respect of their remuneration) to the shareholders for approval.</p> <p>During the RC meeting held on 24 May 2022, the RC had reviewed the fees and benefits of the Board and Senior Management before recommending the same to the Board for consideration.</p> <p>Section 230(1) of the Companies Act 2016 provides amongst others, that "the fees" and "benefits" payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board will seek shareholders' approval at the upcoming 12th Annual General Meeting ("AGM") on the payment of Non- Executive Directors' fees and benefits to the Directors for the period commencing from the date immediately after the 12th AGM up to the date of the next AGM of the Company to be held in 2023.</p> <p>The Terms of Reference of the RC is accessible on the Group's website at https://www.boilermech.com.</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

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

Practice 8.1

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

Application	:	Applied
Explanation on application of the practice	:	The detailed disclosure of the remuneration breakdown of individual Directors includes fees, salary, bonuses, benefits-in-kind and other emoluments received from the Company and Group for the financial year ended 31 March 2022 are disclosed in the table on the next page.

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Chia Song Kun	Non-Executive Non-Independent Director	108,000	-	-	-	-	16,000	124,000	108,000	-	-	-	-	16,000	124,000
2	Ng Swee Weng	Independent Director	96,000	-	-	-	-	16,000	112,000	96,000	-	-	-	-	16,000	112,000
3	Ho Cheok Yuen	Independent Director	106,022	-	-	-	-	45,094	151,116	106,022	-	-	-	-	45,094	151,116
4	Adrian Chair Yong Huang	Independent Director	84,000	-	-	-	-	16,000	100,000	84,000	-	-	-	-	16,000	100,000
5	Rina Meileene Binti Adam	Independent Director	84,000	-	-	-	-	16,000	100,000	84,000	-	-	-	-	16,000	100,000
6	Leong Yew Cheong	Executive Director	-	-	-	-	-	-	-	-	-	540,000	110,396	15,500	85,145	751,041
7	Chia Lik Khai	Executive Director	-	-	-	-	-	-	-	-	-	424,200	84,809	-	67,095	576,104
8	Gan Chih Soon	Executive Director	-	-	-	-	-	-	-	-	-	503,949	113,117	17,400	117,607	752,073
9	Tee Seng Chun	Executive Director	-	-	-	-	-	-	-	-	-	495,831	111,315	11,775	80,553	699,474
10	Chia Seong Fatt	Executive Director	-	-	-	-	-	-	-	36,000	-	-	-	-	-	36,000

Intended Outcome

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

Practice 8.2

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

Application	:	Applied – the company discloses the remuneration of members senior management who are not members of the board	
Explanation on application of the practice	:	Details of the top five (5) Senior Management's remuneration for the financial year ended 31 March 2022 are disclosed in the table on the next page.	
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	:		

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Leong Yew Cheong	Joint Managing Director of Boilermach Holdings Berhad	500,001-550,000	0-50,000	100,001-150,000	0-50,000	50,001-100,000	750,001-800,000
2	Chia Lik Khai	Joint Managing Director of Boilermach Holdings Berhad	400,001-450,000	0-50,000	50,001-100,000	0-50,000	50,001-100,000	550,001-600,000
3	Gan Chih Soon	Executive Director of Boilermach Holdings Berhad	500,001-550,000	0-50,000	100,001-150,000	0-50,000	100,001-150,000	750,001-800,000
4	Tee Seng Chun	Executive Director of Boilermach Sdn Bhd	450,001-500,000	0-50,000	100,001-150,000	0-50,000	50,001-100,000	650,001-700,000
5	Yong Hua Kong	Managing Director of Teknologi Enviro-Kimia (M) Sdn Bhd	350,001-400,000	0-50,000	50,001-100,000	0-50,000	50,001-100,000	550,001-600,000

Intended Outcome

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

Practice 8.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit Committee is chaired by Mr Ng Swee Weng while the Board is chaired by Dr Chia Song Kun.</p> <p>The Audit Committee ("AC") comprises of five (5) members (including the AC Chairman), four (4) of whom, including the AC Chairman, are Independent Directors and one (1) member who is a Non-Independent Non-Executive Director. The requirement for the composition of AC is at least three (3) members, all of whom must be non-executive, with a majority of them being independent directors including the AC Chairman. The Terms of Reference of the AC is accessible on the Group's website at https://www.boilermech.com.</p> <p>The AC Chairman, Mr Ng Swee Weng is a member of the Malaysian Institute of Accountants, Certified Practising Accountant of Australia and Malaysian Institute of Certified Public Accountants.</p> <p>The Board Chairman focuses on providing overall leadership to the Board in steering the strategic direction of the Group, ensuring effective conduct of Board meetings and encourages participation and deliberation by all Board members. The Independent AC Chairmanship held by a separate individual, provides strong independence, check and balance in leading the AC to independently scrutinise financial matters (such as quarterly reports and audited financial statements), related party transactions and system of internal controls.</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 9.2

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

Application	:	Applied
Explanation on application of the practice	:	In line with the recommendation of the MCCG, the terms of reference of the Audit Committee (“AC”) has been revised to include a cooling-off period of at least three (3) years before a former audit partner could be appointed as a member of the AC. None of the members of the AC are former audit partners of the external audit firm of the Company within the cooling-off period of three (3) years.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group has established policies for the Audit Committee ("AC"), through its Terms of Reference, to assess the suitability, objectivity and independence of the External Auditors (including reviewing of non-audit services provided by the External Auditors).</p> <p>As set out in the Terms of Reference of the AC, the responsibilities of the AC include, amongst others, the following:</p> <ul style="list-style-type: none"> a) To review any matters concerning the appointment and reappointment, audit fee and any questions of resignation or dismissal of the External Auditors and Internal Auditors. b) To review with the External Auditors the nature and scope of their audit plan, their evaluation of the system of internal controls and report. c) To review the External Auditors' audit plan for the financial year which comprised their scope of audit, audit methodology and timetable, areas of focus and fraud risk assessment prior to the commencement of their annual audit. <p>In addition, AC evaluates the External Auditors' quality in audit processes and performance, sufficiency of resources, technical competency and reasonableness of non-audit fees.</p> <p>AC also considered the information in an Annual Transparency Report presented by the External Auditors, in line with the guidance of MCCG.</p> <p>The AC's Terms of Reference is posted in the Group's website at https://www.boilermech.com.</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 an effective and independent Audit Committee.

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

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	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 9.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit Committee ("AC") and its members are evaluated annually by the Nomination Committee ("NC"), the criteria of which include its size and composition, and the required mix of skills and experience to discharge their responsibilities effectively and efficiently.</p> <p>The AC members are aware of the need to devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes, so as to enable them to sustain active participation during deliberations.</p> <p>The AC Chairman, Mr Ng Swee Weng is a member of the Malaysian Institute of Accountants, Certified Practising Accountant of Australia and Malaysian Institute of Certified Public Accountants. Dr. Chia Song Kun, a member of the AC, holds a Bachelor of Science (Honours) degree major in Mathematics and a Master's Degree in Business Administration. Mr Ho Cheek Yuen, a member of the AC, holds three (3) Master's Degree, i.e. Masters of Science in Industrial Engineering, Master of Science in Mechanical Engineering and Master of Business Administration. Mr Adrian Chair Yong Huang, a member of the AC, holds a Bachelor of Law (Honours) and was called to Bar of England and Wales and subsequently the Malaysian Bar as an Advocate and Solicitor.</p> <p>Ms Rina Meileene Binti Adam, a member of the AC, holds Bachelor of Engineering (Honours) in Electronic and Electrical Engineering and Master of Business and Administration (Strategic Management).</p> <p>The NC has, at its meeting in November 2021, evaluated the performance and effectiveness of the AC for the calendar year 2021, including contribution by each individual member. The NC acknowledged that the AC has discharged its responsibilities and functions as required, its members are financially literate and comprises a diverse team with good experience which is vital for strong governance and clear understanding of financial reporting.</p>

	The AC members keep abreast of relevant industry developments including accounting and auditing standards, business practices and rules and market issue through appropriate continuing evaluation programmes and constantly update themselves on new statutory and regulatory requirements.	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges that it is ultimately responsible for the adequacy and effectiveness of the Group's risk management and internal control framework to safeguard all its stakeholders' interests and the Group's assets. The framework is consistent with the Group's overall objectives to maintain an operating environment where losses and liabilities arising from risks, uncertainty and random events may be minimized, protected against and even avoided altogether. However, such a system is designed to manage and minimise the Group's key areas of risk within an acceptable level, rather than eliminate the risk of failure to achieve the policies and business objectives of the Group. Accordingly, due to inherent limitation in any system, the risk management and internal control framework can only provide reasonable but not absolute assurance against material misstatement of financial information and records or against financial losses or fraud.</p> <p>The Group has established a Risk Management Unit ("RMU"), which is entrusted to ensure the implementation of an effective risk management and reviewing the adequacy and integrity of the Group's internal control and management information system. The Risk Management Unit consists of all Executive Committee ("EXCO") members and has appointed a Risk Coordinator to assist in discharging its duties. The RMU reports matters pertaining to risk management to the Audit Committee, which then reports the same to the Board of Directors.</p> <p>The Group has established an ongoing process to identify, evaluate, and manage significant risks faced and has put in place a structured risk management framework which was based on the <i>ISO31000:2018 Risk Management – Guidelines</i> Framework.</p> <p>The level of risk tolerance of Boilermach is expressed through the use of a risk impact and likelihood matrix with an established risk tolerance boundary demarcating those risks that are deemed to have "exceeded risk tolerance". There is also a risk treatment guidance in place which stipulates appropriate actions in managing those identified risks.</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 10.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board through the Audit Committee ("AC") oversees the risk management matters of the Group, which include identifying, managing, monitoring, treating and mitigating significant risk across the Group. The AC also assists the Board in fulfilling its responsibilities with regard to risk governance and risk management in order to manage the overall risk exposure of the Group.</p> <p>The AC's duties, amongst others, include:</p> <ul style="list-style-type: none">• review the principal risks identified by Management and the methodology employed in identifying, analysing, assessing, monitoring and communicating the risks in a regular and timely manner;• ensure that the system of internal control is sound, effectively adopted and regularly monitored; and• recommend to the Board steps to improve the system of internal control based on the findings of the Internal Auditors and External Auditors. <p>The Group has established a structured process for the identification, assessment, communication, monitoring as well as continual review of risks and effectiveness of risk mitigation strategies and controls at the divisional and enterprise levels. The analysis and evaluation of risks are guided by approved risk criteria.</p> <p>The Group adopts a decentralized approach to risk management, whereby all employees take ownership and accountability for risks at their respective levels. The process of risk management and treatment is the responsibilities of the Heads of Department.</p> <p><u>Risk management</u></p> <p>The risk management methodology and approach applied are described as below:</p> <ul style="list-style-type: none">• The Risk Register is compiled and reviewed on a quarterly basis. Any emerging new risks are identified and followed up with the implementation of the control action plans;

	<ul style="list-style-type: none"> • The Group’s risk appetite defines the amount and types of risk that the Group is able and willing to accept in pursuit of the Group’s business objectives. It also sets out the level of risk tolerance and limits to govern, manage and control the Group’s risk-taking activities. <p><u>Internal control</u></p> <p>The internal control and monitoring procedures include:</p> <ul style="list-style-type: none"> • clearly defined systems and procedures for key operational and financial departments, which include maintaining up to-date operational and financial records and controls, and accurate and timely management information; • detailed reporting of financial results, statements of financial position and cash flows, with regular review by Management; • regular independent internal audit activities to monitor compliance with procedures and assess the integrity of operational and financial information provided; and • regular information provided to the Management, covering financial performance and key indicators and cash flow performance <p>The key elements of the Group’s internal control system that are considered as an integral part of the assurance framework are as follows:</p> <ul style="list-style-type: none"> • Organizational structure; • Audit Committee; • Internal audit; • Policies and procedures; • Business plan and budgeting process; • Reporting system; and • Appraisal system. <p>Further details on the management and reporting of the risks, and the controls to mitigate and manage those risks are provided in the Statement on Internal Control and Risk Management set out in the Company’s Annual Report 2022.</p>
Explanation for departure :	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
Measure :	
Timeframe :	

Intended Outcome

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

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

Practice 10.3 - Step Up

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

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has through the Audit Committee, appointed Deloitte Business Advisory Sdn Bhd (“Deloitte”) to perform internal audit (“IA”) for the Group (covering Boilermech and its subsidiaries). Deloitte reports the Group’s IA results directly to the Audit Committee (“AC”).</p> <p>The IA service is guided by the Engagement Letter signed between Boilermech and Deloitte. The primary role of Deloitte, based on the Engagement Letter, is to provide independent assessment of the system of internal controls established, the adequacy and operating effectiveness of such system vis-à-vis the objectives served and to make appropriate recommendations thereof. The IA is guided by the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.</p> <p>To ensure that the responsibilities of IA are fully discharged, the AC is responsible for the following:</p> <ul style="list-style-type: none">• reviewing nature and scope of IA plans;• reviewing internal audit reports, major findings and the management’s responses thereto and ensure that appropriate actions is taken by Management in respect of the IA observations;• reviewing adequacy of the scope, functions, competency and resources of the IA functions and whether it has the necessary authority to carry out its work;• reviewing the performance of the IA function; and• approving appointment or termination of the IA service provider. <p>For the financial year under review, internal auditing activities of the Group were carried out based on the IA plan 2022 (stated in the Engagement Letter) as approved by the AC. The results of these internal auditing activities, including the findings and action plans were documented and reported/recommended to the AC. The expenses incurred for internal audit amounted to RM40,000 for the financial year ended 2022.</p> <p>Further details on the elements of the internal control system are provided in the Statement on Risk Management and Internal Control set out in the Company’s Annual Report 2022.</p>
Explanation for departure	:	

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

Intended Outcome

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

Practice 11.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Internal Audit (“IA”) Engagement Letter specifies that the IA function should be independent of the activities they audit to ensure that impartial views, unbiased judgements and recommendations are presented to the Management and the Board.</p> <p>For this reason, the IA function, including all its staff, is not involved in performing routine non-auditing works or have direct responsibility over any activities, functions or tasks they are reviewing. To ensure its independence, the IA reports directly to the Audit Committee (“AC”).</p> <p>The AC has through the AC Report, reviewed the adequacy of the scope, functions, competency and resources of the IA function to meet the requirement of the Group’s current operations structure and size.</p> <p>The IA team, for each cycle of internal audit, usually consists of four (4) personnel, i.e., an Engagement Director, an Engagement Partner, an Engagement Manager, a Quality Assurance Reviewer and a Core Engagement Team with 2 – 3 Member(s). The Engagement Partner (i.e., En. Muzafar Kamal Mahmood) is a Member of the Malaysian Institute of Accountants (“MIA”), a Chartered Member of the Malaysian Institute of Internal Auditors Malaysia (“CMIIA”) and a Fellow Certified Practicing Accountant (“FCPA”).</p> <p>The IA function adheres to the Institute of Internal Auditors’ mandatory guidelines, i.e., the International Professional Practices Framework.</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 12.1

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

Application :	Applied
Explanation on application of the practice :	<p>Boilermech ensures that its communication with the shareholders and various stakeholders is transparent, timely and with quality disclosure. The Group actively engages all its stakeholders through various platforms, including via Boilermech's website and its investor relations ("IR") function.</p> <p>Boilermech has maintained an "Investors" section on its Group website as a platform to provide the relevant information of the Group, including share price information, quarterly financial reports, corporate announcements and Annual Reports etc.</p> <p>The Company will continue to leverage on technology to enhance the quality of engagement with the shareholders through the appropriate channels for disclosure of information.</p> <p>The Board maintains an effective communications policy that enables both the Board and Management to communicate effectively with shareholders and other stakeholders.</p> <p>The Board ensures that all general meetings are conducted in an efficient manner and serves as crucial mechanisms in shareholders' communication. During general meetings, the Chairman of the meetings invites shareholders to participate in the question-and-answer session.</p> <p>The IR function is established to enable continuous communication between the Group and its shareholders and the investment community. The shareholders and investors are encouraged to channel their concerns via telephone call (03-80239137) or e-mail to invest@boilermech.com, as provided in the Investor Relation section of the Group's website.</p> <p>The IR section is available at the Group's website at https://www.boilermech.com/investor-relations.html.</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

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

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

Practice 12.2

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

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

Intended Outcome

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

Practice 13.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The notice for the 11th AGM in 2021 was issued on 16 August 2021 whilst the AGM was held on 14 September 2021, provided a notice period of 28 clear days prior to the Company's 11th AGM held on 14 September 2021.</p> <p>For the Company's upcoming 12th AGM to be held on 26 August 2022, the Company will be issuing notice of AGM to shareholders on 25 July 2022, providing a notice period of more than 28 clear days prior to the date of the 12th AGM.</p> <p>The Notice of 12th AGM, Proxy Form and Administrative Guide are available on the Company's website at https://www.boilermech.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>All the Directors attended the Company's 11th Annual General Meeting ("AGM") on 14 September 2021.</p> <p>The Chairmen of all the Board Committees (i.e. Audit Committee, Nomination Committee and Remuneration Committee) were present to assist the Board Chairman in responding to shareholders' questions raised.</p> <p>Shareholders were encouraged to ask questions both about the resolutions being proposed, as well as matters relating to the Company's operations in general.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.3

Listed companies should leverage technology to facilitate–

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>In view of the guidelines issued by Securities Commission Malaysia based on the requirements under the prevailing and applicable SOPs to contain the Covid-19 pandemic, the Company had decided to conduct its first fully virtual AGM on 14 September 2021.</p> <p>Boilermech had successfully convened a fully virtual Annual General Meeting through live streaming and online voting using remote participation and voting facilities (“RPV”) provided by Tricor Investor & Issuing House Services Sdn. Bhd. (“TIIH”), via its TIIH Online Website at https://tiih.online. The RPV facilities provided by TIIH enabled voting in absentia and remote participation by shareholders.</p> <p>An Administrative Guide set out administrative details for the AGM such as steps for registration for remote participation and electronic voting, electronic lodgement of proxy form, website links and contact details for questions/ clarifications, in line with the Guidance and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers released by the Securities Commission. The Administrative Guide was made available on Boilermech’s website.</p> <p>Shareholders were encouraged to submit questions via TIIH Online Website at https://tiih.online. by selecting “e-Services” to login, pose questions and submit electronically prior to the general meeting within the stipulated time (12 September 2021). Questions and remarks raised by shareholders as well as questions submitted by shareholders prior to the general meeting were also shared during the AGM. The Board will endeavour to answer all questions received before and during the AGM.</p> <p>Shareholders who were unable to attend the meetings were encouraged to appoint any person or the Chairman of the meeting as his/her proxy by indicating the voting instructions in the Proxy Form.</p> <p>As the AGM was held fully virtual, the Company’s internal Information Technology (“IT”) team worked remotely with TIIH to ensure that good cyber hygiene practices were in place.</p>

	<p>On the cyber hygiene front, TIIH had confirmed that it had implemented an Information Technology and Information Security policy. TIIH Online is hosted on a secure cloud platform and the data centre is ISO27001 certified.</p> <p>The scrutineer, Coopers Professional Scrutineers Sdn Bhd verified and announced the poll results for each resolution, which included votes in favour and against, on all the resolutions that were carried. The poll results were also announced to Bursa Malaysia on the same day for the benefit of all shareholders.</p> <p>Minutes of the AGM held on 14 September 2021 was made available on the Company's corporate website.</p>	
<p>Explanation for departure</p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	<p>:</p>	
<p>Timeframe</p>	<p>:</p>	

Intended Outcome

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

Practice 13.4

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman has always been apprised of the importance in ensuring the AGM supports meaningful engagement between the Board, Management and shareholders.</p> <p>At the 11th AGM, the Joint Managing Director presented the Company's financial and operational performance for 2021, accompanied by a video presentation. Shareholders who participated remotely are also able to view the Company's presentation or slides via the live streaming.</p> <p>A video clip on the demonstration of the online voting via TIH Online Website at https://tjih.online was shared with the shareholders. The voting session had commenced from the start of the meeting at 10.00 a.m. until announcement of the closure of the voting session by the Chairman.</p> <p>Shareholders or proxies may submit questions in advance prior to the meeting via Tricor's TIH Online website at https://tjih.online or they may use the Query Box to transmit questions via RPV facilities during live streaming of the AGM.</p> <p>The Chairman replied to the questions submitted in advance of the general meeting. The Joint Managing Director responded to questions posed by the shareholders and proxies at the meeting.</p> <p>The Board would endeavour to answer all questions received before and during the AGM. For those questions that were unable to be addressed during the allocated time, the Chairman informed that responses to these questions would be made accordingly, after the AGM.</p>
Explanation for departure	:	

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

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.5

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

Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.

Application	:	Applied
Explanation on application of the practice	:	<p>TIIH was engaged to provide the live streaming and online voting using remote participation and voting facilities (“RPV”) for shareholders with approved registration for the RPV at the 11th AGM.</p> <p>A total of 92 shareholders, proxies and corporate representatives were logged in for the fully virtual 11th AGM held on 14 September 2021 using the RPV platform. Shareholders who were in attendance in the proceedings of the 11th AGM could cast his/her votes from the start of the meeting at 10.00 a.m. till the closure of voting as announced by the Chairman.</p> <p>To encourage engagement between the Directors and shareholders, shareholders are able to pose question once they were logged into the virtual meeting portal and during the meeting itself.</p> <p>Shareholders were provided sufficient time and opportunity to raise questions on the day of the AGM via the virtual meeting portal. Whilst questions received prior to AGM were replied by the Chairman, questions raised during the Meeting were responded by Joint Managing Director. For those unanswered questions, a written reply has been forwarded to the respective shareholder after the AGM.</p> <p>TIIH was also able to collaborate well with our internal IT team on the IT infrastructure to ensure the smooth AGM proceedings.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.6

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
Application	: Applied
Explanation on application of the practice	: Minutes of the previous Annual General Meeting was uploaded to the website within 30 business days after the general 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	:

**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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