

CORPORATE GOVERNANCE REPORT

STOCK CODE : 9318
COMPANY NAME : FITTERS DIVERSIFIED 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 PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Directors ("Board") is accountable and responsible for the performance and affairs of the Company and its subsidiaries ("Group"). The Board sets the Group's strategic direction ensuring that the necessary financial and human resources are in place for the Group to meet its objectives and ensure that its obligations to its shareholders and other stakeholders are met and understood. The Board delegates the implementation and monitoring of the set directions and control systems to the Management.</p> <p>The Board is also responsible for ensuring that the Management maintains an effective system of governance and internal controls, which should provide assurance of effective and efficient operations, internal controls and compliance with the relevant laws and regulations.</p> <p>In discharging its fiduciary duties and leadership functions, the Board is guided by the Board Charter which was last reviewed, revised and approved by the Board on 30 May 2022 to incorporate the anti-corruption measures and the relevant practices recommended under the Malaysian Code of Corporate Governance ("MCCG").</p> <p>In order to ensure the effective discharge of its fiduciary duties, the Board has also delegated certain responsibilities to the following Board Committees to assist in the execution of its responsibilities within their respective Terms of Reference ("TOR"):</p> <ul style="list-style-type: none">(a) Audit and Risk Management Committee ("ARMC");(b) Nomination and Remuneration Committee ("NRC"); <p>In order to inculcate good values and ethical standards, the Board has also established a Code of Conduct and Ethics which serves as an internal frame of reference for the Directors and employees of the Group in the conduct of their daily activities.</p>

	The Board Charter and TOR of the respective committees are available on the Company's website at www.fittersgroup.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

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 Group was led by the former Chairman, Dato' IR Low Keng Kok ("Dato' IR Low") for the financial period ended 31 March 2022. Dato' IR Low had on 30 April 2022 resigned as the Independent and Non Executive Chairman of the Company.</p> <p>Following the resignation of Dato' IR Low, the Company had on 1 May 2022 appointed Dato' Sok One A/L Esen as the Independent Non-Executive Chairman of the Company.</p> <p>The Chairman of the Board is responsible for the leadership, effectiveness, conduct and governance of the Board. The Chairman is committed to good corporate governance practices and has been leading the Board towards high performing culture.</p> <p>The roles and responsibilities of the Chairman of the Board have been clearly specified in the Board Charter which is available on the Company's website at www.fittersgroup.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 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group was led by the former Chairman, Dato' IR Low for the financial period ended 31 March 2022. Dato' IR Low had on 30 April 2022 resigned as the Independent and Non Executive Chairman of the Company. Following the resignation of Dato' IR Low, the Company had on 1 May 2022 appointed Dato' Sok One A/L Esen as the Independent Non-Executive Chairman of the Company.</p> <p>Dato' Wong Swee Yee ("Dato' Wong") was the Managing Director of the Company. Following Dato' Wong's demise on 20 August 2021, Datin Goh Hooi Yin ("Datin Goh") was redesignated as the Managing Director of the Company on 20 August 2021.</p> <p>The Company does not have a Managing Director/CEO since the resignation of Datin Goh on 15 December 2021. The responsibilities of the Managing Director are carried out by the Executive Directors of the Company namely Mr. Hoo Swee Guan and Dato' Sr Gan Chow Tee.</p> <p>There is a clear division of responsibilities between the Chairman and Executive Directors as well as specific parameters in which decisions are made in order to ensure independence. The role of the Chairman and the Executive Directors are separated with a clear division of responsibilities to ensure a balance of control, power and authority. The Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board while the Executive Directors, have overall responsibility for the day-to-day management of the business and implementation of the Board's policies and decisions.</p> <p>The respective duties and responsibilities of the Chairman and Executive Directors are set out in the Board Charter.</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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
Application	: Departure
Explanation on application of the practice	:
Explanation for departure	: The former Chairman, Dato' IR Low was the member of Audit Committee, Nomination Committee and Remuneration Committee. The Audit Committee and Risk Management have been merged as a single committee known as ARMC; and Nomination Committee and Remuneration Committee have been merged as a single committee known as NRC with effect from 30 May 2022 which aimed to improve the efficiency and effectiveness of its members in discharging their duties. The current Chairman of the Board, Dato' Sok One A/L Esen is not a member of the ARMC and NRC.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	: Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	: Choose an item.

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>The Group is currently outsourcing the corporate secretarial function to Cospec Management Services Sdn. Bhd. ("CMS").</p> <p>The Board is supported by a qualified and competent Company Secretary who is a member of the Malaysian Association of Companies Secretaries and she is holding a professional certificate as a qualified Company Secretary under the Malaysian Companies Act 2016 ("Act"). She possesses over 29 years of experience in corporate secretarial practices.</p> <p>The Company Secretary plays an important role in facilitating the overall compliance with the Act, Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and other relevant laws and regulations. The Company Secretary and her team also assist the Board and Board Committees to function effectively and in accordance with their TOR and best practices and ensure adherence to the existing Board policies and procedures. In order to discharge the roles effectively, the Company Secretary has been continuously attending the necessary training programmes, conferences, seminars and/or forums so as to keep herself abreast with the latest developments in the corporate governance realm and changes in regulatory requirements that are relevant to her profession and enable her to provide the necessary advisory role to the Board.</p> <p>The Board has direct access to the professional advice and services of the Company Secretary when performing their duties and discharging their responsibilities.</p> <p>The Company Secretary had on 30 May 2022 organised a briefing for the Board on the updated MCGG to keep the Board abreast of the latest development on the governance matters.</p> <p>During the financial year under review, all Board and Board Committees meetings were properly convened and accurate and proper records of the proceedings and resolutions passed were taken and maintained in the statutory records of the Company.</p>

	Overall, the Board is satisfied with the service and support rendered by the Company Secretary and her team to the Board in the discharge of her functions.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>To facilitate the Directors' time planning, an annual meeting calendar is prepared in advance of each new year by the Company Secretary. The calendar provides the Directors with scheduled dates for meetings of the Board and Board Committees as well as the annual general meeting ("AGM"). The closed periods for dealings in securities by Directors and principal officers based on the scheduled dates of meetings for making announcements of the Group's quarterly results were also provided therein.</p> <p>The notices of Board and Board Committees meetings together with the meeting papers are generally furnished to the Board members within five (5) working days prior to the dates of meetings. This is to ensure that the Directors have sufficient preparation time and information to make an informed decision at each meeting.</p> <p>The deliberations and conclusions of matters discussed in the Board or Board Committees meetings are duly recorded in the minutes of meetings. The draft minutes are circulated for the Board or Committee Chairman's review within a reasonable timeframe after the meetings. The minutes of meetings accurately captured the deliberations and decisions of the Board and/or the Board Committees, including whether any Director abstains from voting or deliberating on a particular matter.</p> <p>All the records of proceedings and resolutions passed are kept at the registered office of the Company.</p> <p>For matters which require the Board's decision on an urgent basis outside of Board Meetings, relevant supporting documents along with the Directors' Written Resolution will be circulated for the Board's consideration. All written resolutions approved by the Board will be tabled for notation at the next Board Meeting.</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 demarcation of responsibilities between the board, board committees and management.

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has formalised and adopted a Board Charter. The Board Charter was adopted on 30 March 2018 and it was last reviewed, revised and approved by the Board on 30 May 2022 made pursuant to the MCCG.</p> <p>The Board Charter is intended to identify the role, structure and processes related to key governance activities of the Board. It also serves as a reference point for Board activities. It is designed to provide guidance and clarity for Directors and Management with regard to the roles of the Board and its Committees, the role of the Executive Director, the requirements of Directors in carrying out their roles and in discharging their duties towards the Company as well as the Board's operating practices.</p> <p>The Board Charter would be reviewed as and when necessary to ensure it remains consistent with the Board's objectives and responsibilities and reflect the latest compliance requirements as a result of changes in the regulatory framework.</p> <p>The Board Charter is available on the Company's website, www.fittersgroup.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 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 Conduct and Ethics is observed by all Directors, management and employees of the Group is available at www.fittersgroup.com</p> <p>The Board has adopted a Code of Conduct and Ethics of the Company.</p> <p>All Directors and employees of the Group must endeavour to observe the Code of Conduct and Ethics which provides guidance as to the ethical conduct to be complied to uphold the principles of honesty and integrity as well as to ensure a high standard of ethical and professional conduct is upheld in the performance of their duties and responsibilities.</p> <p>The Code of Conduct and Ethics sets the corporate standards of conduct and to promote the corporate culture which engenders ethical conduct that permeates throughout the Company as well as specific guidance for handling issues like sexual harassment, conflict of interest, entertainment & gifts, insider trading, bribes and corruption, money laundering.</p> <p>The Board will review the Code of Conduct and Ethics from time to time to ensure that it continues to remain relevant and appropriate.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
------------------	---	--	--

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board had adopted a Whistle Blowing Policy to provide a defined avenue and accessible reporting channels for all Directors, employees, shareholders and any third parties associated with the Group to raise concerns or disclose any improper conduct within the Group.</p> <p>The Board will review and update the Whistle Blowing Policy as and when necessary to ensure that it remains relevant to the Group’s changing business circumstances and/or comply with the applicable laws and regulations.</p> <p>The Whistle Blowing Policy is available on the Company’s website at www.fittersgroup.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>The Board acknowledged the importance of incorporating sustainability considerations into the Company's business and corporate activities, and how sustainability is essential to successful business strategies that could deliver sustainable value to all stakeholders and ultimately boosts the business performance of the Company.</p> <p>The Board together with the Management takes responsibility for the governance of sustainability in the Company, including setting the Company's sustainability strategies, priorities and targets. Performance against these clearly set out targets are communicated to the Company's internal and external stakeholders.</p> <p>As part of the efforts in promoting and building sustainability momentum within the Group, the Group had undertaken the following measures:</p> <ul style="list-style-type: none">a) Environmental – ensure the operations are environmentally responsible and that adequate steps are taken to protect and effectively manage risks that may adversely impact the surrounding environment.b) Economic – committed in maintaining the highest standard of integrity and corporate governance in order to maintain excellence across the businesses.c) Social – be responsible corporate citizen through constantly re-assessing the Group's activities and businesses model to ensure positive impact at the workplace and in the community.
Explanation for departure	:	

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

Intended Outcome

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

Practice 4.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is cognisant of the fact that the Company's internal and external stakeholders should receive an unfiltered and complete view of the Company's sustainability strategies, priorities, targets and overall performance. This information should be comprehensive and include information on which stakeholders would be able to assess the Company's sustainability risks and opportunities.</p> <p>The Company has engaged with stakeholders in a variety of ways which had been done at both the business units and group levels through formal and informal activities. The collective opinions and insights from the stakeholders help the Board make an informed decision while aligning the stakeholders' expectations with the Company's sustainability priorities and business approach.</p> <p>Details pertaining to the stakeholders' engagement are available in the Sustainability Statement in the Annual Report 2022 for financial period ended 31 March 2022 ("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

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>The Board through the NRC assessed the training programmes attended by each Director during the financial period to ensure they stay abreast with the latest developments in the industry as well as the sustainability issues relevant to the Group, including factors that are driving climate change, sustainable finance and achieving a sustainable business model.</p> <p>The key training programmes attended by each Director in the FPE 2022 are set out in the Corporate Governance Overview Statement of Annual Report 2022.</p> <p>The Company Secretary regularly updates the Board on the changes of the Listing Requirements and/or other regulatory requirements upon receiving the circulars from Bursa Securities and/or other regulators, which are relevant to the Company and provides advice on corporate disclosures and compliances issues.</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	:	Applied	
Explanation on application of the practice	:	<p>The Board and the Senior Management have performed their respective roles in addressing material sustainability risks and opportunities.</p> <p>The performance evaluation of the Board in addressing the Group’s strategic and business plans which promote sustainability materials matters was evaluated through the annual Board’s effectiveness evaluation for the FPE 2022.</p> <p>Whereas for the Senior Management team, it is part of their key performance indicators which are reviewed annually.</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 4.5- 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 NRC oversees the overall composition of the Board in terms of size, mix of skills, experience and core competencies, as well as the balance between Executive Directors and Independent Non-Executive Directors.</p> <p>The effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board and the contribution of the Board's various committees will be assessed on an annual basis.</p> <p>The Board is fully aware that the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years as recommended by the MCCG. However, if the Board intends to retain a Director who has served as an Independent Director of the Company for a cumulative term of more than nine (9) years, the Board must justify its decision and seek the shareholders' approval through a two-tier voting process at a general meeting.</p> <p>During the FPE 2022, none of our Directors has served the Board as an Independent Director of the Company for a cumulative term of more than nine (9) years.</p> <p>The annual re-election of retiring Directors has been contingent on a 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 present composition of the Board complies with Paragraph 15.02 of the Main Market Listing Requirements of Bursa Securities and Practice 5.2 of the MCGG as half (50%) of the Board comprises Independent Directors. All the Independent Directors are satisfied with the independence test under the Main Market Listing Requirements of Bursa Securities.</p> <p>The Board of the Company currently consists of six (6) Directors comprising one (1) Independent Non-Executive Chairman, two (2) Executive Directors, two (2) Independent Non-Executive Directors ("INEDs") and one (1) Non-Independent Non-Executive Director, as set out in the table below:</p> <table border="1"><thead><tr><th>Name</th><th>Designation</th></tr></thead><tbody><tr><td>Dato' Sok One A/L Esen</td><td>Independent Non-Executive Chairman</td></tr><tr><td>Hoo Swee Guan</td><td>Executive Director</td></tr><tr><td>Dato' Sri Gan Chow Tee</td><td>Executive Director</td></tr><tr><td>Wong Kok Seong</td><td>INED</td></tr><tr><td>Kho See Yiing</td><td>INED</td></tr><tr><td>Tan Li Sin</td><td>Non-Independent Non-Executive Director</td></tr></tbody></table> <p>The Board operates in a manner that ensures the Directors exercise independent judgement and the interests of shareholders are always at the forefront when important decisions are made by the Board.</p> <p>The assessment of the independence of INEDs was conducted annually by the NRC via the Annual Evaluation of Independence of Director to ensure that the INEDs were independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement or the ability to act in the best interests of the Company.</p>	Name	Designation	Dato' Sok One A/L Esen	Independent Non-Executive Chairman	Hoo Swee Guan	Executive Director	Dato' Sri Gan Chow Tee	Executive Director	Wong Kok Seong	INED	Kho See Yiing	INED	Tan Li Sin	Non-Independent Non-Executive Director
Name	Designation															
Dato' Sok One A/L Esen	Independent Non-Executive Chairman															
Hoo Swee Guan	Executive Director															
Dato' Sri Gan Chow Tee	Executive Director															
Wong Kok Seong	INED															
Kho See Yiing	INED															
Tan Li Sin	Non-Independent Non-Executive Director															
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

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	:	There are no Independent Directors are serving the Board beyond 9 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.

<i>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.</i>	
Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

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

Practice 5.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is of the view that it is important to recruit and retain the best available talent regardless of gender, ethnicity and age to maximise the effectiveness of the Board.</p> <p>In any appointment, a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge have been considered to maintain a diversified Board and Senior Management team, which will help to grow and contribute to better governance within the Group.</p> <p>The NRC is responsible to lead the process for the nomination of new Board appointments and making the necessary recommendations to the Board. In this respect, the role of the NRC is detailed in its Terms of Reference, which is accessible on the Company's website at www.fittersgroup.com</p> <p>In making its recommendations to the Board, the NRC considers and assesses 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 based on the number of directorships held <p>Likewise, the Directors are also required to notify the Chairman of the Board before accepting any new directorship and to indicate the time expected to be spent on the new appointment. The Directors must not hold more than five (5) directorships in listed companies to enable Directors to have sufficient time to focus and fulfil their roles and responsibilities effectively.</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 5.6

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 primary responsibility of screening, evaluating and nominating new Board member(s) for the appointment is delegated to the NRC.</p> <p>The members of the Board are to be appointed in a formal and transparent practice as endorsed by the MCCG. The NRC will scrutinise the candidates and recommend the same for the Board’s approval. In discharging this duty, the NRC will assess the suitability of an individual by taking into account the individual’s mix of skill, functional knowledge, expertise, experience, professionalism, integrity and/or other commitments that the candidate can bring to complement the Board.</p> <p>In searching for suitable candidates, the NRC may receive suggestions from existing board members, management and/or major shareholders. The NRC is also open to referrals from external sources available, such as industry and professional associations, as well as independent search firms.</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 performance of retiring Directors recommended for re-election at the Thirty-Fifth AGM ("35th AGM") have been assessed through the NRC annual evaluation (including the independence of the Independent Non-Executive Director) and recommended to the Board for approval.</p> <p>The profiles of the Directors who were due for retirement and offered themselves for re-election, which included the nature of interest with the Company, whichever applicable, were set out in the Annual Report 2022 of the Company.</p> <p>Whilst for the retiring Directors for the forthcoming Thirty-Sixth AGM ("36th AGM"), a statement by the Board and NRC being satisfied with the performance and effectiveness of the retiring Directors who offered themselves for re-election at the forthcoming 36th AGM was stated in the notes accompanying the Notice of 36th AGM.</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 NRC is chaired by Ms. Kho See Yiing who is an Independent Non-Executive Director of the Company.</p> <p>The details/profile of the NRC Chairperson is disclosed in the 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

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	:	Applied	
Explanation on application of the practice	:	<p>The Board currently has two (2) female Directors namely Ms. Kho See Yiing and Ms. Tan Li Sin which represents 33.33% of the Board composition.</p> <p>The Board is of the view that it is important to recruit and retain the best available talent regardless of gender, ethnicity and age to maximize the effectiveness of the Board.</p> <p>Women's representation on the Board and in senior management will be taken into consideration when vacancies arise and suitable candidates are identified, underpinned by the overriding primary aim of selecting the best candidate to support the achievement of the Company's strategic objectives.</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 5.10

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

Application	:	Applied	
Explanation on application of the practice	:	The Company had adopted a Gender Diversity Policy on 30 May 2022 which provides a framework for the Company to improve its gender diversity at the Board and Senior Management levels. The Gender Diversity Policy is available on the Company's website at www.fittersgroup.com . The Board is supportive of gender diversity in the Board composition and Senior Management as recommended by the MCCG and will endeavour to continuously identify and assess suitably qualified female candidates for nomination.	
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 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 Company has in place a formal process for assessment of the effectiveness of the Board and the Board Committees as a whole and the contribution by each Director, including the independence of the Independent Non-Executive Director to the effectiveness of the Board and Committees, making reference to the guides available and the good corporate governance compliance.</p> <p>The assessment of the Board and Board Committees is performed on a Board review whilst assessment of the individual Directors is performed on a peer review basis. Each Director is provided with the assessment forms for their completion prior to the meeting. The results of all assessments and comments by the Directors are summarised and deliberated at the NRC meeting and thereafter the NRC's Chairperson will report the results and deliberation to the Board.</p> <p>The annual assessment criteria of the Board and Board Committees and individual Directors were last reviewed and updated on 19 May 2022 which to stay aligned with the MCCG practices. The areas covered in the aforesaid annual assessment criteria are as follows:-</p> <table border="1" data-bbox="555 1630 1401 1960"> <thead> <tr> <th>Evaluation</th> <th>Assessment of Criteria</th> </tr> </thead> <tbody> <tr> <td>Board and Board Committees as a whole</td> <td> <ul style="list-style-type: none"> ● Role of the Chairman and Executive Deputy Chairman ● Board balance, size and composition ● Board structures and procedures ● Relationship of the Board to Management ● Quality and supply of information to the Board / Board's Committees ● Access to information and advice </td> </tr> </tbody> </table>	Evaluation	Assessment of Criteria	Board and Board Committees as a whole	<ul style="list-style-type: none"> ● Role of the Chairman and Executive Deputy Chairman ● Board balance, size and composition ● Board structures and procedures ● Relationship of the Board to Management ● Quality and supply of information to the Board / Board's Committees ● Access to information and advice
Evaluation	Assessment of Criteria				
Board and Board Committees as a whole	<ul style="list-style-type: none"> ● Role of the Chairman and Executive Deputy Chairman ● Board balance, size and composition ● Board structures and procedures ● Relationship of the Board to Management ● Quality and supply of information to the Board / Board's Committees ● Access to information and advice 				

	<ul style="list-style-type: none"> • Accountability for financial reporting, internal control, sustainability risk and opportunities • Relationship with Auditors / Shareholders / Investors • Use of Board Committees • Directors' training
ARMC	<ul style="list-style-type: none"> • Composition and Quality • Oversight of the financial reporting process, including internal controls • Understanding the business, including risks • Access to information and advice • Oversight of audit functions • Compliance with corporate governance • External Auditors • Staying abreast on issues • Reports and recommendations
Executive Director	<ul style="list-style-type: none"> • Financial • Strategic and Sustainability • Conformance and Compliance • Business Acumen / Increasing Shareholders' Wealth • Succession Planning • Personal input to the role
Non-Executive Director	<ul style="list-style-type: none"> • Attendance at Board and Board Committees' meetings • Adequate preparation for Board and/or Board Committees' meetings • Regular contribution to Board / Board Committee meetings • Personal input to the role
<p>In respect of the annual performance evaluation for the FPE 2022, it was concluded that :-</p> <p>(a) the Board and Board Committees discharged their duties and responsibilities effectively; and</p> <p>(b) each Director continued to perform effectively and demonstrated commitment to his/her role.</p> <p>The Board is satisfied with the current evaluation process. The Board will continue to review the Board's evaluation process as and when necessary to ensure it remains a valuable feedback mechanism for improving the Board effectiveness.</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 7.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company had established a formal and transparent Remuneration Policy which sets out the principles and guidelines for the Board and NRC to determine the remuneration of Directors and/or Senior Management of the Company. The Remuneration Policy is available on the Company's website at www.fittersgroup.com</p> <p>The Board, assisted by the NRC, implements the policy and procedures on remuneration, which includes reviewing and recommending the proposed remuneration packages of the Directors of the Company. The RC is responsible to ensure that the remuneration packages are benchmarked with industry standards in light of the Group's performance in the industry as well as commensurate with the expected responsibility and contribution by the Directors and link to the strategic objectives of the Group.</p> <p>Non-Executive Directors will be paid a basic fee as ordinary remuneration and will be paid a sum based on their responsibilities in committees and the Board, their attendance and/or special skills and expertise they bring to the Board. The fee shall be fixed in sum and not by a commission on or percentage of profits or turnover.</p> <p>Each Director shall abstain from the deliberation and voting on matters pertaining to their own remuneration.</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 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 NRC consists wholly of Independent Non-Executive Directors and is governed by its TOR, which is available on the Company's website, www.fittersgroup.com</p> <p>In the FPE 2022, the NRC carried out an annual review of the Directors' remuneration, whereupon recommendations were submitted to the Board for approval. Such annual review is to ensure that the remuneration package of the Directors remains sufficiently attractive to retain the Directors of such calibre to provide the necessary skills and experience and commensurate with their responsibilities to ensure the effective management and operations of the Group to achieve the Group's long-term objectives.</p> <p>The level of remuneration for Non-Executive Directors generally reflects the effort, time spent and level of responsibilities undertaken. They are paid a basic fee as ordinary remuneration, a sum based on their respective responsibilities in Board Committees, meeting allowance and reimbursement for reasonable expenses incurred in the course of their duties to ensure the remuneration and incentives for Independent Directors are not in conflict with their obligations to deliver objectivity and independent judgement on matters discussed at Board and Board Committees meetings.</p> <p>Each Director shall abstain from the deliberation and voting on matters pertaining to his own remuneration.</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 on a named basis for the remuneration of individual Directors for the FPE 2022 is set out below and also in the Corporate Governance Overview Statement of the Annual Report 2022.

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	Hoo Swee Guan <i>(Appointed on 26 November 2021)</i>	Executive Director	-	-	200	-	-	41	241	-	-	200	-	-	41	241
2	Dato' Sri Gan Chow Tee <i>(Appointed on 26 November 2021)</i>	Executive Director	-	-	200	-	-	40	240	-	-	200	-	-	40	240
3	Dato' Sri Sok One A/L Esen <i>(Appointed on 1 May 2022)</i>	Independent Director	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Wong Kok Seong <i>(Appointed on 29 November 2021)</i>	Independent Director	12	-	-	-	-	-	12	12	-	-	-	-	-	12
5	Tan Li Sin <i>(Appointed on 1 January 2022)</i>	Non-Executive Non-Independent Director	15	-	-	-	-	-	15	15	-	-	-	-	-	15
6	Kho See Yiing <i>(Appointed on 1 May 2022)</i>	Independent Director	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Dato' Ir. Low Keng Kok <i>(Resigned on 30 April 2022)</i>	Independent Director	79	-	-	-	-	-	79	145	-	-	-	-	-	145
8	Dato' Wong Swee Yee <i>(Demised on 20 August 2021)</i>	Executive Director	-	-	245	152	-	3,049	3,446	-	-	673	418	-	3,188	4,279
9	Datin Goh Hooi Yin <i>(Resigned on 15 December 2021)</i>	Executive Director	-	-	280	-	-	50	330	-	-	698	-	-	121	819

10	Chan Seng Fatt (Resigned on 1 May 2022)	Independent Director	132	-	-	-	-	132	132	-	-	-	-	-	-	132
11	Dato' Ir. Ho Shu Keong (Resigned on 1 December 2021)	Independent Director	55	-	-	-	-	55	55	-	-	-	-	-	-	55
12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

Intended Outcome

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

Practice 8.2

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

Application	:	Departure														
Explanation on application of the practice	:															
Explanation for departure	:	<p>Due to confidentiality and sensitivity of the remuneration package of senior management as well as security concerns, the Company opts not to disclose the senior management's remuneration components on a named basis in the bands of RM50,000.</p> <p>The Board is of the view that the disclosure of the senior management's remuneration components would not be in the best interest of the Company given the competitive human resources environment as such disclosure may give rise to recruitment and talent retention issues.</p> <p>As an alternate, the Board is of the view that the disclosure of senior management's aggregate remuneration on an unnamed basis in the bands of RM50,000 is adequate.</p> <table border="1"> <thead> <tr> <th>Range of Remuneration</th> <th>No. of Senior Management</th> </tr> </thead> <tbody> <tr> <td>RM150,001 to RM200,000</td> <td>1</td> </tr> <tr> <td>RM200,001 to RM250,000</td> <td>-</td> </tr> <tr> <td>RM350,001 to RM400,000</td> <td>-</td> </tr> <tr> <td>RM400,001 to RM450,000</td> <td>2</td> </tr> <tr> <td>RM450,001 to RM500,000</td> <td>-</td> </tr> <tr> <td>RM500,001 to RM550,000</td> <td>1</td> </tr> </tbody> </table>	Range of Remuneration	No. of Senior Management	RM150,001 to RM200,000	1	RM200,001 to RM250,000	-	RM350,001 to RM400,000	-	RM400,001 to RM450,000	2	RM450,001 to RM500,000	-	RM500,001 to RM550,000	1
Range of Remuneration	No. of Senior Management															
RM150,001 to RM200,000	1															
RM200,001 to RM250,000	-															
RM350,001 to RM400,000	-															
RM400,001 to RM450,000	2															
RM450,001 to RM500,000	-															
RM500,001 to RM550,000	1															
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>																
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.														
Timeframe	:	Choose an item.														

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

Intended Outcome

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

Practice 8.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of the Board is Dato' Sok One A/L Esen while the ARMC Chairman is Mr. Wong Kok Seong. This separation of positions is to ensure that the Board's review of the ARMC's findings and recommendations are not impaired.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The TOR of the ARMC was updated on 30 May 2022 which requires a former partner of the external audit firm of the Company to observe a cooling-off period of at least three (3) years before being appointed as a member of the ARMC.</p> <p>For the FPE 2022, none of the members of the ARMC of the Company were former key audit partners.</p> <p>The TOR of the ARMC which was published on the Company's website at www.fittersgroup.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 9.3

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 Board had on 19 May 2022 reviewed and established an External Auditors Assessment Policy which sets out the guidelines and procedures for the ARMC to review, assess and monitor the performance, suitability and independence of the External Auditors covering amongst others, the following:-</p> <ul style="list-style-type: none">(a) Calibre of the audit firm;(b) Quality of the audit engagement team;(c) Quality of communication and interaction with the audit team;(d) Audit scope and quality processes;(e) Audit governance and independence; and(f) Audit fee. <p>The External Auditors are precluded from providing any services that may impair their independence or conflict with their role as External Auditors.</p> <p>The ARMC shall obtain assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.</p> <p>The Board, upon the recommendation of the ARMC, had recommended the re-appointment of the External Auditors for the financial year ending 31 March 2023 for shareholders' approval at the forthcoming AGM.</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 ARMC members possess the necessary skills and knowledge to discharge their duties in accordance with the Terms of Reference of the ARMC. The ARMC Chairman and all the ARMC Members are financially literate and they are able to understand matters under the purview of the ARMC including the financial reporting process.</p> <p>They 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.</p> <p>During the FPE 2022, all members of the ARMC have undertaken continuous professional development to keep themselves abreast of relevant development in accounting and auditing standards, practices and rules. Details of their training are as set out in the Corporate Governance Overview Statement of the Annual Report 2022.</p> <p>In addition, during the ARMC meetings, the members were also briefed by the external auditors on the following key areas:-</p> <ul style="list-style-type: none">(a) Financial Reporting developments;(b) Adoption of Malaysian Financial Reporting Standards; and(c) Other changes in regulatory environment.
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 its responsibility for maintaining a sound system of internal control to safeguard shareholders' investments and the Company's assets. The system of internal control covers not only financial controls but operational and compliance controls and risk management.</p> <p>The Board has delegated the responsibility of reviewing the adequacy and effectiveness of the risk management and internal control systems to the ARMC.</p> <p>Details of the Group's risk management and internal control framework are set out in the Statement on Risk Management and Internal Control of the 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 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 acknowledges its responsibility for reviewing the adequacy and integrity of the Group’s risk management and internal control systems; identifying the principal risks in the Group; and establishing an appropriate control environment and framework to manage risks.</p> <p>Key elements of the Group’s risk management and internal control systems have been established to facilitate the proper conduct of the Group’s businesses.</p> <p>The Board is committed to maintain a strong control structure to facilitate the achievement of the Group’s business objectives. Internal controls have been designed to provide reasonable assurance that the likelihood of significant adverse impact on business objectives arising from an event is at an acceptable level to the Group. It is also designed to manage and control risks appropriately, rather than eliminate the risk of failure to achieve business objectives. Due to the inherent limitations in all control systems, these control systems can only provide reasonable and not absolute assurance.</p> <p>The information on risk management and internal control framework are set out in the Statement on Risk Management and Internal Control of the 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	:	Adopted
Explanation on adoption of the practice	:	The ARMC comprises a majority of Independent Non-Executive Directors and its scope and function are set out in the TOR which is available on the Company's website at www.fittersgroup.com

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 Group's internal audit function is undertaken by Group in-house Internal Audit Department, which is independent from the Group's business operations. It reports functionally to the ARMC.</p> <p>The Internal Audit Function was designated to provide assurance of the effectiveness of the system of internal controls within the Group.</p> <p>The ARMC obtained assurance from the Group in-house Internal Auditors confirming that they are, and have been, independent throughout the conduct of the internal audit engagement in accordance with the terms of all relevant professional and regulatory requirements.</p> <p>The ARMC shall carry out an annual performance assessment of the Internal Auditors. The annual evaluation form provides a checklist for the ARMC to carry out a formal review of the independence, effectiveness and efficiency of the Internal Auditors of the Company, among others, the following were some of the criteria reviewed by the ARMC:-</p> <ul style="list-style-type: none"> (a) Calibre of the internal audit firm; (b) Quality of the internal audit engagement team; (c) Quality of communication and interaction with the internal auditors; (d) Internal audit scope and quality processes; (e) Audit Governance and independence; and (f) Internal audit fee. <p>The internal audit functions and activities carried out during the FPE 2022 are as disclosed in the ARMC Report of the 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 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 Manager reports to the ARMC. This reporting relationship supports internal audit independence and objectivity which assures adequate consideration of audit recommendations and planned corrective actions. This relationship also gives the Internal Audit staff the authority needed for full and unrestricted access to any or all operations, records, property and personnel within the Group.</p> <p>The internal audit function is carried out in accordance with The International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The internal audit team consists of one staff, namely Ms. Adelene Pook. She is the Head of the Internal Audit Department and is a member of The Institute of Internal Auditors Malaysia (IIAM). The internal audit personnel are free from any relationships or conflicts of interest which could impair their objectivity and independence.</p> <p>The principles to having an effective internal audit function have been outlined in the Internal Audit Charter and Internal Audit Manual. The Internal Audit Charter sets out the purpose, authority, responsibilities, reporting of the Internal Audit function and maintaining independence and objectivity status.</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>The Board recognises the importance of being transparent and accountable to the Company's stakeholders and acknowledges that continuous communication between the Company and stakeholders would facilitate mutual understanding of each other's objectives and expectations. As such, the Board consistently ensures prompt and timely dissemination of information to the shareholders and the investors, for them to make informed investment decisions.</p> <p>The Company has adopted the Corporate Disclosure Policy, which is applicable to the Board and all employees of the Group, in handling and disclosing material information to our shareholders and the investing public.</p> <p>In ensuring effective, transparent and regular communication with its stakeholders, the following communication channels are primarily used by the Company to disseminate information to our shareholders and the investing public on a timely basis:</p> <ul style="list-style-type: none">• The Company's website at www.fittersgroup.com provides corporate information of the Company and is accessible to the public. The Investor Relations function enhances the communication with its stakeholders and provides a channel for the stakeholders and general public to direct their enquiries and concerns to the Company;• Press releases, general announcements, customer and investor events which provide up-to-date information about the Group and its businesses;• Quarterly announcements and material disclosures to Bursa Securities, which are available on Bursa Securities' website at www.bursamalaysia.com and on the Company's website at www.fittersgroup.com;

	<ul style="list-style-type: none"> • General meeting which serves as another key avenue of communication with its shareholders of the Company where they may raise questions and concerns or seek clarifications on the Company's business and reports from the Company Directors; and • Annual reports and circulars to shareholders to maintain an active dialogue with shareholders with the intention of giving shareholders as much as possible, a clear and complete picture of the Company's performance and position, corporate development, sustainability progress and the value created by the Group. 	
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 12.2

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 convening the 35th AGM of the Company that initially schedule to held on 28 May 2021 was issued to shareholders on 28 April 2021, which is at least 28 days before the date of AGM.</p> <p>The Company has postponed 35th AGM to 10 September 2021. Further to the postpone of 35th AGM, the notice of 35th AGM was re-issued to shareholders on 19 August 2021, which is at least 21 days before the date of postponed AGM. This has given sufficient time to shareholders to review the Annual Report and consider the resolutions for any questions they might wish to raise at the AGM.</p> <p>The notice for convening the forthcoming 36th AGM of the Company will be sent to the shareholders at least 28 days before the date of AGM this year as well.</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>Given concerns surrounding the outbreak of COVID-19, the guidance issued by the Securities Commission Malaysia and the standard operating procedure regarding physical distancing issued by the Ministry of Health, the Company has conducted its 35th AGM by way of a virtual meeting through live streaming and online remote voting using the Remote Participation and Voting Facilities.</p> <p>During the fully virtual AGM, the Chairman also invited the Shareholders present to raise any questions pertaining to the Company's financial statements and other items for adoption at the meeting.</p> <p>All Directors present at the fully virtual AGM had responded to the Shareholders' enquiries. The Key Senior Management of the Company and External Auditors had also attended the fully virtual AGM and prepared to answer Shareholders' enquiries, where relevant.</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>The 35th AGM held on 10 September 2021 and Extraordinary General Meetings (“EGM”) held on 28 January 2022 and 1 July 2022 respectively, were held on a fully virtual and entirely via remote participation and voting (“RPV”).</p> <p>This allows the shareholders to participate in the 35th AGM and EGM while at the same time, following the health guidance issued by the Government of Malaysia of not having a mass gathering and practicing social distancing to curb the spread of COVID-19. The conduct of meetings by way of fully virtual is also strongly encouraged by the Securities Commission Malaysia.</p> <p><u>Remote shareholders' participation in General Meetings</u></p> <p>Shareholders are able to attend, speak (including posing questions to the Company/Board of Directors) and vote remotely at the 35th AGM and EGM without being physically present at the meeting venue. Shareholders may also appoint proxies to participate on his/her behalf by submitting the duly executed proxy form to the Company's share registrar in hard copy or by electronic means.</p> <p><u>Voting in absentia</u></p> <p>For shareholders who are unable to attend the meetings remotely, they may exercise their voting rights by appointing the Chairman of the meeting as his/her proxy with a pre-determined form of proxy.</p> <p>Shareholders will be allowed to cast their vote via an online platform at the time of the meeting until a time when the Chairman of the meeting announces the completion of the voting 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	:	

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.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
Application :	Applied
Explanation on application of the practice :	<p>The Chairman ensures that the general meetings cater an important opportunity for effective communication with, and constructive feedback from the shareholders.</p> <p>Shareholders were encouraged to submit their questions before the 35th AGM and EGM or post the questions using the query box facility during the 35th AGM and EGM. In addition, upon commencement of the 35th AGM and EGM, the Chairman duly advised the shareholders that they were allowed and encouraged to submit their questions or queries in the query box of RPEV throughout the 35th AGM and EGM.</p> <p>The Company facilitates and encourages shareholder participation at its 35th AGM and EGM. These meetings provide an update for shareholders on their performance and offer an opportunity for shareholders to ask questions and vote. The Chairman and/or the Executive Directors read out and answered the relevant questions received.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 13.5

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
Application :	Applied
Explanation on application of the practice :	<p>For the financial period ended 31 March 2022, the Board had engaged the Company’s Share Registrar, Boardroom Share Registrar Sdn. Bhd. (“Boardroom”) for Registration and Electronic Poling Services for the 35th AGM and the EGM held on 28 January 2022.</p> <p>The detailed procedures to participate in the meeting remotely were provided to the shareholders in the Administrative Details of the 35th AGM and EGM sent through email and by ordinary post and the same was also published on the Company’s website.</p> <p>Boardroom has in place a meeting platform that allows shareholders to participate online, using a smartphone, tablet or computer as well as view a live webcast of the meeting.</p> <p>As mentioned above, real time submission of typed texts is also available to encourage interactive participation 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

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	: The minutes of the 35th AGM were not circulated to the shareholders, however, the said minutes were made available to the shareholders on the Company's website at www.fittersgroup.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	:

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

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

Click or tap here to enter text.

