

# FARLIM GROUP (MALAYSIA) BERHAD

## Board Remuneration Policy

### 1. Objective

Farlim Group's Remuneration Policy aims to provide a clear guide to determine the remuneration of directors and senior management, taking into account the Group's performance as well as the skills and experience required and the contribution from the directors and senior management. The Board has a Remuneration Committee to implement its remuneration policy and procedures, including reviewing and recommending matters relating to the remuneration of the Board and senior management.

### 2. Assessment Criteria and Structure

Fair remuneration is critical to attracting, retaining, and motivating directors and senior management. When evaluating the remuneration of the executive directors and senior management, the Remuneration Committee shall review the result of the performance appraisal conducted and reported by the Nomination Committee vis-à-vis the following considerations:

- the directors' and senior management's merit, qualification, and competence;
- the challenges faced by the Group;
- the business strategy and long-term objectives of the Group;
- their performance, including the performance in managing risk, including material sustainability risks and opportunities; and
- the Group's operating results and comparable remuneration from a similar industry.

The remuneration awarded to the Executive Directors and senior management consists of salary, allowance, contribution to the EPF, bonus, incentive, and other benefits such as company cars, drivers, insurance, and hospitalisation.

Non-executive Directors' remuneration shall be determined by considering their responsibilities, qualification, experience, and constructiveness of their contributions to the Board discussion. The remuneration package covering the director fees, allowances, and other benefits for Independent Directors should not impair their obligation to bring objectivity and independent judgment and oversight to the Board.

### 3. Discussion and Approval

Directors should refrain from discussions to decide on their remuneration.

Directors who are shareholders and controlling shareholders with a nominee or connected director on the Board should also abstain from voting on the resolution to approve directors' fees at the general meeting.

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The director fees and any benefits payable to the Directors, including any compensation for loss of employment of a director or former director of the Company and its subsidiaries, shall be approved at the general meeting.

#### **4. Review and Disclosure**

Directors' remuneration shall be disclosed on a named and individual basis. The remuneration breakdown shall include fees, salary, bonus, benefits, and other emoluments, as the case may be. The disclosure shall also include directors appointed or retired during the year.

The service contracts of Directors shall be made available for inspection by the substantial shareholder(s) holding at least five per centum of the total paid-up capital upon request. [Section 233(1) of Companies Act 2016]