

Farlim Group (Malaysia) Bhd

FIT AND PROPER POLICY AND PROCEDURES

1. INTRODUCTION

All Directors and MC Members must demonstrate good character, competence, and time commitment to perform their duties, conduct themselves with the highest integrity and professionalism, and comply with all relevant legal and regulatory obligations.

Towards this end, this Policy aims to define and formalise the criteria and approach for evaluating potential candidates for appointment as Directors and members of the Management Committee ("MC Members") and their subsequent performance against the fit and proper criteria articulated in this Policy.

2. RESPONSIBILITY

The Nomination Committee ("NC") are primarily responsible to the Board for reviewing and evaluating that the Directors and MC Members satisfy the fit and proper requirements. Such review and evaluation shall be conducted before the initial appointment of the Directors and the MC Members and subsequently on an annual basis. In addition, the NC shall conduct special assessments when it becomes aware of information that may compromise the Directors' and MC Members' fitness and propriety.

3. FIT AND PROPER CRITERIA

To be a Director or MC Member of the Company and its subsidiaries, an individual shall satisfy the following principal criteria:

Integrity

Maintains good personal character, ethics, honesty, independence of mind, fairness, and high morals.

Competency and Capability

Possesses the relevant knowledge, experience, qualification and understanding of the regulatory requirements, businesses, and risks.

In the case of a MC Member, the individual must have adequate knowledge of the management processes to perform their roles and responsibilities effectively and efficiently.

Commitment

Devotes adequate time to Board's and Management Committee's activities and developing, keeping abreast and acquiring the knowledge needed to discharge their duties professionally.

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Based on these principal criteria, the NC shall define the specific factors for evaluating the fitness and propriety of the Directors and MC Members based on the circumstances and requirements relevant to the Group and their importance.

4. ASSESSMENT

In addition to the existing annual performance evaluation, annually, the Directors and MC Members shall complete the Fit and Proper Declaration Form and provide their consent for verification purposes of the information provided in their updated profile. These verifications may include but are not limited to checking on the Directors' and MC Members' previous employment, professional reference, criminal record, and credit for the past seven years.

To facilitate the review of the performance, fitness and propriety of the MC Members, the Executive Committee will assess the MC Members and provide its evaluation to the NC accordingly.

When an individual Director or MC Member does not meet the fit and proper criteria fully, the NC may interview and seek further clarification and explanation from such individual before recommending to the Board for considering or rejecting their appointment or re-appointment. Director and MC Members shall vacate their office immediately if they become unfit and improper to assume their roles.

Administratively, the Company Secretary shall assist the NC during the evaluation process by:-

- (i) initiating the assessment motion and arrangement;
- (ii) providing information and highlighting matters that are relevant to the assessment process of the Directors and MC Members;
- (iii) summarising the outcomes of the deliberation and assessment of NC for the attention of the Board; and
- (iv) ensuring the confidentiality of the information and documents collected for the assessment.

Stakeholders who are aware of information causing a Director and MC Members to be unfit and improper to continue their jobs are encouraged to provide their information according to the Company's Whistleblowing Policy.

Upon receiving this information, the NC shall, within seven days, investigate and report its findings to the Board.

5 REVIEWS OF POLICY

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This Policy shall be reviewed by the NC periodically or at least annually according to the regulatory changes and the practices under the Malaysian Code on Corporate Governance. Any changes in the Policy shall be proposed by the NC to the Board for approval.