

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 6041  
**COMPANY NAME** : FARLIM GROUP (MALAYSIA) BHD.  
**FINANCIAL YEAR** : December 31, 2023

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is guided by its Board Charter and is primarily responsible for proper and good corporate governance of the Company and as such, leadership and effectiveness of the Board are critical and crucial in discharging its duties and responsibilities in relation thereto. The Board Charter is accessible on the Company's website at <a href="http://www.farlim.com.my">www.farlim.com.my</a>.</p> <p><b>1. Composition</b></p> <p>The Board is responsible for determining an appropriate size for its function subject to the maximum number of directors provided in the Company's Constitution and the prevailing requirements of the laws and regulations concerning the minimum number of Independent Non-Executive Directors and women directors to be appointed.</p> <p>Vacancies of independent and non-executive and women directors must be filled out within three (3) months when they fall below the minimum requirement under the law or the Listing Requirements.</p> <p>The Board Chairman shall not be the chairman or a member of the Audit Committee, Sustainability and Risk Management Committee, Nomination Committee and Remuneration Committee.</p> <p><b>2. Roles and Responsibilities of the Board</b></p> <p>The Board should objectively discharge its responsibilities at all times in the interests of the Company. It should keep abreast of its responsibilities, and the business activities, development, and sustainability issues of the Company and its subsidiaries ("the Group").</p>

	<p>To enable the Board to discharge its responsibilities in meeting the goals and objectives of the Company, the Board should, among others:</p> <ul style="list-style-type: none"> <li>• Promote sound corporate governance culture within the Group, which reinforces ethical, prudent, and professional behavior;</li> <li>• Review, challenge, and decide on the Management’s proposals for the Group, and monitor their implementation;</li> <li>• Ensure that the strategic plan of the Group supports long-term value creation and includes strategies on economic, environmental, and social considerations underpinning sustainability;</li> <li>• Supervise and assess the Management’s performance to determine whether the Group’s business is being properly managed;</li> <li>• Ensure that there is a sound framework for internal controls and risk management, including anti-corruption compliance and whistleblowing policies and frameworks;</li> <li>• Understand the principal risks of the Group’s business and recognise that business decisions involve the taking of appropriate risks;</li> <li>• Assess and set the risk appetite within which management should operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage, and monitor significant financial and non-financial risks as well as the corruption risk exposures;</li> <li>• Ensure that the Senior Management has the necessary skills and experience and that there are measures in place to provide for the orderly succession of the Board and Senior Management;</li> <li>• Ensure that the Group has in place procedures to enable effective communication with stakeholders on governance, corporate, business and sustainability strategies, performance and targets;</li> <li>• Ensure the integrity of the Group’s financial and non-financial reporting by studying the financial statement of the Group and Company and carefully considering whether the information in the financial statements is consistent with its knowledge of the Group and Company’s affairs; and</li> </ul>
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- Review the terms of office and performance of the Board Committees annually (with members of the respective Board Committees abstaining from deliberation).

**3. Access to Information and Resources**

All Board Members shall have full and unrestricted access to the following:

- Complete, adequate, and timely information about the Group;
- The resources required to perform their duties; and
- Subject to the Board’s approval, engage independent professionals or obtain advice at the expense of the Group.

The Management is responsible for providing the Board with the required information promptly. If the information provided by the Management is insufficient, the Board may make further enquiries, which the Management shall respond to accordingly.

**4. Performance Appraisal**

Directors’ effectiveness and performance assessments are essential for the Board to further improve. The Board shall review and evaluate its performance and the performance of the Board Committees and the individual director(s) at least once a year.

When assessing its performance, the Board shall also evaluate its performance vis-à-vis the provisions in the Board Charter, including the performance of the Board in addressing the Group’s material sustainability risks and opportunities.

All performance assessments of the Board, Board Committees, and individual directors should be administered and conducted by the Nomination Committee in accordance with its Terms of Reference. Based on the results of the assessments, the Nomination Committee shall recommend the training needs of the directors to the Board.

**5. Communication with Stakeholders**

Stakeholders’ engagement and communication build trust and understanding between the Group and its stakeholders and provide stakeholders with a better appreciation of the Group’s objectives and management quality. On the other hand, such communication also provides invaluable feedback to the Board for understanding the stakeholders’ expectations and developing business strategies.

	<p>The principles governing the Board's stakeholders' communication are as follows:</p> <ul style="list-style-type: none"> <li>• The Chairman and Chief Executive, Deputy Chairman or, in their absence, any other Board members authorised by the Board will be the spokesperson of the Board;</li> <li>• The Board shall leverage its corporate website to report its financial results and material developments in an open, timely, and comprehensive manner;</li> <li>• Shareholders shall be provided with the opportunity to seek clarification from the Board during the Question-and-Answer session at the general meetings;</li> <li>• Chairman of the respective Board Committees shall respond to questions on their oversight areas during the general meetings;</li> <li>• The Board shall address reports and rumours appropriately and promptly to avoid unnecessary speculations in its securities; and</li> <li>• The Board shall give reasonable access to analysts and media but will not seek to influence their opinions nor provide information that is not available to the general public.</li> </ul>	
<p><b>Explanation for departure</b></p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>		
<p><b>Timeframe</b></p>		

### Intended Outcome

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

### Practice 1.2

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>A Chairman has been appointed to the Board of Directors who will instil good corporate governance practices, leadership and effectiveness.</p> <p>The roles and responsibilities of the Chairman of the Board who is also the Chief Executive have been clearly specified in the Board Charter as follows:-</p> <p>The primary roles of the Chairman and Deputy Chairman are:</p> <ul style="list-style-type: none"><li>• To provide leadership to the Board and effective communication of the Group's vision, philosophy, and business strategy to stakeholders;</li><li>• To ensure a balanced composition of skills, knowledge, and experience within the Board and an effective working, reporting, and communication mode is present;</li><li>• To develop and recommend to the Board the long-term strategy and vision of the Group and the critical performance targets;</li><li>• To develop and recommend to the Board the annual business plans and budgets that support the Group's long-term strategy;</li><li>• To ensure that the Group has an effective Management team and structure, management development program, and succession plan;</li><li>• To set Board meeting's agenda and ensure that Board members receive complete and accurate information promptly;</li><li>• To lead Board meetings and discussions;</li><li>• To encourage active participation of all Board members and to allow dissenting views to be freely expressed;</li><li>• To liaise with Company Secretaries on the agenda for Board meetings;</li></ul>

	<ul style="list-style-type: none"> <li>• To promote constructive and respectful relations between the Board members and the Management and manage the interface between them;</li> <li>• To ensure that appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board;</li> <li>• To lead the Board in establishing and monitoring good corporate governance practices in the Group;</li> <li>• To chair general meetings of shareholders and serve as a focal point for stakeholders' communication and engagement on Group's performance issues; and</li> <li>• To ensure the Board Committees' meetings are not combined with the main Board meeting.</li> </ul>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

### 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.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Board is headed by the Chairman who is also the Managing Director and Chief Executive of Farlim Group (Malaysia) Bhd.	
		To alleviate the risk associated with combining the roles of Chairman, Managing Director and Chief Executive, adequate number of Independent Directors have been appointed to the Board. The Board comprises three (3) Independent Directors with at least two (2) directors or one third (1/3) on the Board which complies with the requirements of Bursa Malaysia Securities Berhad.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	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 1.4

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>	
<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	The Chairman of the Board, Tan Sri Dato' Seri Lim Gait Tong, is not a member of the Audit Committee, Nomination Committee or Remuneration Committee.
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is supported by a group of qualified and competent Company Secretaries who are members of the relevant professional bodies or and possess license recognised under the Companies Act 2016.</p> <p>The Company Secretaries play a vital role in good governance by helping the Board and its committees function effectively and following their Terms of Reference and corporate governance best practices.</p> <p>The roles and responsibilities of the Company Secretaries to the Board and the Board Committees include, but are not limited to the following:</p> <ul style="list-style-type: none"><li>• Manage all Board's and Board Committees' meeting logistics;</li><li>• Attend and record minutes of all Board's and Board Committees' meetings and facilitate Board communications;</li><li>• Advise the Board and Board Committees on their roles and responsibilities;</li><li>• Facilitate the orientation of new directors and assist in directors training and development;</li><li>• Advise the Board on corporate disclosures and compliance with securities regulations, Listing Requirements, and corporate laws;</li><li>• Manage processes of the general meetings; and</li><li>• Monitor corporate governance developments and assist the Board in applying governance practices to meet the compliance needs and stakeholders' expectations.</li></ul>
<b>Explanation for departure</b>	:	

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

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Directors had been furnished with complete and accurate meeting materials within a reasonable period prior to each meeting and minutes being circulated in a timely manner.</p> <p>Members of the Board have unrestricted access to the advice and services of the Company Secretaries who organise and attend the Board Meetings to ensure the proper procedures of the Board Meetings and applicable rules and regulations. The proceedings, resolutions and decisions at Board Meetings are properly minuted by the Company Secretaries for confirmation at subsequent meetings and signing by the Chairman as correct records.</p> <p>Reports containing the notices of meetings with structured pre-set agenda and relevant papers setting out accurate and complete information required, be they in relation to finance, operation, corporate issues or otherwise, requiring attention and/or decisions at Board Meetings are circulated seven (7) days in advance to ensure adequate time being accorded to members of the Board prior to deliberation and decision-making to enable the Board to discharge its duties effectively. The Chairman chairs Board Meetings and conducts such meetings with presentation and explanations by the senior management on the respective papers in the Board Reports.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>A Board Charter has been in place and is to be reviewed annually and/or as and when the need arises, and it has been published on the Company's website.</p> <p>The Board should objectively discharge its responsibilities at all times in the interests of the Company. It should keep abreast of its responsibilities, and the business activities, development, and sustainability issues of the Group.</p> <p>To enable the Board to discharge its responsibilities in meeting the goals and objectives of the Company, the Board should, among others:</p> <ul style="list-style-type: none"><li>• Promote sound corporate governance culture within the Group, which reinforces ethical, prudent, and professional behavior;</li><li>• Review, challenge, and decide on the Management's proposals for the Group, and monitor their implementation;</li><li>• Ensure that the strategic plan of the Group supports long-term value creation and includes strategies on economic, environmental, and social considerations underpinning sustainability;</li><li>• Supervise and assess the Management's performance to determine whether the Group's business is being properly managed;</li><li>• Ensure that there is a sound framework for internal controls and risk management, including anti-corruption compliance and whistleblowing policies and frameworks;</li></ul>

- Understand the principal risks of the Group’s business and recognise that business decisions involve the taking of appropriate risks;
- Assess and set the risk appetite within which the Management should operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage, and monitor significant financial and non-financial risks as well as the corruption risk exposures;
- Ensure that the Senior Management has the necessary skills and experience and that there are measures in place to provide for the orderly succession of Board and Senior Management;
- Ensure that the Group has in place procedures to enable effective communication with stakeholders on governance, corporate, business and sustainability strategies, performance and targets;
- Ensure the integrity of the Group’s financial and non-financial reporting by studying the financial statement of the Group and Company and carefully considering whether the information in the financial statements is consistent with its knowledge of the Group and Company’s affairs; and
- Review the terms of office and performance of the Board Committees annually (with members of the respective Board Committees abstaining from deliberation).

**Position Descriptions of the Board Members  
Chairman and Deputy Chairman**

The primary roles of the Chairman and Deputy Chairman are:

- To provide leadership to the Board and effective communication of the Group’s vision, philosophy, and business strategy to stakeholders;
- To ensure a balanced composition of skills, knowledge, and experience within the Board and an effective working, reporting, and communication mode is present;
- To develop and recommend to the Board the long-term strategy and vision of the Group and the critical performance targets;
- To develop and recommend to the Board the annual business plans and budgets that support the Group’s long-term strategy;

	<ul style="list-style-type: none"> <li>• Ensure that the Group has an effective Management team and structure, management development program, and succession plan;</li> <li>• To set the Board meeting's agenda and ensure that Board members receive complete and accurate information promptly;</li> <li>• To lead Board meetings and discussions;</li> <li>• To encourage active participation of all Board members and to allow dissenting views to be freely expressed;</li> <li>• To liaise with Company Secretaries on the agenda for Board meetings;</li> <li>• To promote constructive and respectful relations between Board members and the Management and manage the interface between them;</li> <li>• To ensure that appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board;</li> <li>• To lead the Board in establishing and monitoring good corporate governance practices in the Group;</li> <li>• To chair general meetings of shareholders and serve as a focal point for stakeholders' communication and engagement on Group's performance issues; and</li> <li>• To ensure the Board Committees' meetings are not combined with the main Board meeting.</li> </ul> <p><b>Chief Executive and Executive Directors</b></p> <p>The key responsibilities of the Chief Executive and Executive Directors are:</p> <ul style="list-style-type: none"> <li>• To ensure that Board decisions and strategic directions are implemented and responded to;</li> <li>• To provide directions to management in the implementation of short and long-term business plans approved by the Board;</li> <li>• To develop, maintain and recommend to the Board the risk management action plans that support the Group's long-term strategy;</li> </ul>
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	<ul style="list-style-type: none"> <li>• To keep the Board fully informed of all critical aspects of the Group’s operations and to ensure that sufficient information is distributed to Board members;</li> <li>• To ensure that the day-to-day business affairs of the Group are effectively managed; and</li> <li>• To facilitate the stakeholders’ communication and engagement on Group’s performance issues.</li> </ul> <p><b>Independent Directors</b></p> <p>The primary responsibility of Independent Directors is to ensure adequate and effective checks and balances in the Board by:</p> <ul style="list-style-type: none"> <li>• Providing independent and objective judgment and oversight to the Group;</li> <li>• Mitigating the risks of any possible conflict of interest and undue influence in the Board; and</li> <li>• Constructively challenging and contributing to the development of business strategy and direction of the Group.</li> </ul> <p>Accordingly, all Independent Directors shall ensure that they fulfill the definition and criteria of an independent director under the Listing Requirement at all times.</p> <p>The Board Charter also clearly sets out the matters and decision reserved for the Board and a copy of the Board Charter is accessible on the Company’s website at <a href="http://www.farlim.com.my">www.farlim.com.my</a>.</p>
<p><b>Explanation for departure</b> :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b> :</p>	
<p><b>Timeframe</b> :</p>	



### Intended Outcome

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

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

### Practice 3.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Corporate Code of Conduct and Ethics ("the Code") aims to articulate the Group's specific principles against insider trading, money laundering, bribery and corruption, conflicts of interest, abuse of power and anti-competition only. Therefore, all directors, officers, Senior Management, and employees shall continue to familiarise themselves and observe the provisions in the existing employee handbook, the Company's policies and regulations for other aspects of proper conduct, self-discipline and compliance.</p> <p>In addition, it shall be noted that this Code shall apply to and be observed by our contractors, sub-contractors, consultants, agents, business associates, representatives and others performing work or services for or on behalf of Farlim Group of companies.</p> <p>1. Principles</p> <p>At Farlim, all directors, officers, Senior Management, and employees shall not:</p> <ul style="list-style-type: none"><li>(a) Enter into any transaction in the securities of the Company while in possess of non-public information about that Company or recommend others to transact in the securities of the Company based on insider information;</li><li>(b) Participate and assist in money laundering activities which may include accepting an unusual amount of payment or making payments to third parties or in currencies that are not in the ordinary course of business and contract;</li><li>(c) Solicit or accept bribes;</li><li>(d) Provide or promise to offer gratifications to obtain or retain business or secure an unfair advantage in any business transaction;</li></ul>

	<p>(e) Take part in deciding transaction, contract or proposed contract or arrangement in which they are interested, directly or indirectly;</p> <p>(f) Abuse power conferred to their position for personal gain and benefits; and</p> <p>(g) Arrange or enter into an anti-competitive scheme in price-fixing, bid-rigging, sharing market, and abuse of dominant position in any market, creating unhealthy and unfair competition.</p> <p>2. Board's Responsibilities</p> <p>The Board shall ensure that the objectives of this Code are met by:</p> <ol style="list-style-type: none"> <li>a. Setting a role model in practising the provisions of the Code;</li> <li>b. Committing and ensuring the implementation of appropriate system and framework to support, promote and strengthen awareness and compliance with the Code;</li> <li>c. Implementing a whistleblowing reporting channel to facilitate communication and feedback;</li> <li>d. Integrating the philosophy of the Code into the Group's decisions, practices and procedures; and</li> <li>e. Monitoring the Management's performance against the principles of the Code.</li> </ol> <p>3. Management's Responsibilities</p> <p>The Management shall:</p> <ul style="list-style-type: none"> <li>• Observe and promote the principles of the Code;</li> <li>• Ensure that their decision, judgment, actions and interaction with all stakeholders are consistent and not conflicting with the Code;</li> <li>• Ensure that all staff reporting to them understand and comply with the Code; and</li> <li>• Communicate the Code to other stakeholders and gain their acknowledgement and compliance with it.</li> </ul> <p>4. Reporting of Non-Observance</p> <p>Stakeholders who know of or suspect a violation of the Code are encouraged to report the incident according to the Group's Whistleblowing Policy and Procedure.</p> <p>5. Publication of Corporate Code of Conduct and Ethics</p> <p>This Corporate Code of Conduct and Ethics is approved by the Board for publication on the Company's website which is accessible at <a href="http://www.farlim.com.my">www.farlim.com.my</a>.</p>
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<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Farlim Group (Malaysia) Bhd. and its subsidiaries (“the Group”) are committed to maintaining and achieving a high standard of compliance with accounting, financial reporting, internal controls, corporate governance and auditing requirements, and any legislation relating thereto to uphold the Group’s corporate integrity and to conduct its affairs responsibly and ethically.</p> <p>In order to achieve the objectives above, the Board of Directors has developed control measures, including the adoption of a whistleblowing policy and procedure.</p> <p>The whistleblowing policy and procedure is to guide all employees and stakeholders to report concerns about any wrongdoing and improper conduct concerning the Group. In addition, the whistleblowing policy aims to offer assurance to all employees and stakeholders that they will be afforded protection of confidentiality and the Group’s employees will be offered additional protection against detrimental action at the workplace for reporting concerns he/she has reasonable grounds to believe have taken place or are about to take place.</p> <p>The whistleblowing policy conforms to the guidance set out in the Malaysian Code on Corporate Governance and the Whistleblower Protection Act 2010 which, among other things, encourage companies to offer stakeholders an avenue to raise concerns, in confidence, about possible irregularities in the companies.</p> <p>Further details pertaining to the whistleblowing policy and procedure can be found at the Company’s website at <a href="http://www.farlim.com.my">www.farlim.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

<b>Measure</b> :		
<b>Timeframe</b> :		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognises the importance of minimising environmental impact, promoting social well-being, and contributing to the communities. Accordingly, the Board is committed to integrating sustainability principles in managing the Group's core business in property development activities.</p> <p>During the financial year, the Board empowered the Risk Management Committee to oversee the Group's sustainability management. In recognition of this new responsibility, the Board renamed the committee as the Sustainability and Risk Management Committee ("SRMC"). This Committee has updated its Terms of Reference and is supported by the adoption of a Sustainability Policy where both documents are available on the Company's website at <a href="http://www.farlim.com.my">www.farlim.com.my</a>.</p> <p>The Sustainability Policy outlines the Group's principles and approach to sustainability. It aims to provide the essential principles to guide and facilitate the Board, Board Committees and Group Management Committee ("GMC") in discharging their responsibilities in:-</p> <ul style="list-style-type: none"><li>• Identifying, assessing and managing the sustainability material matters;</li><li>• Overseeing the sustainability plans; and</li><li>• Addressing the regulatory requirements and market expectations in sustainability management and reporting.</li></ul> <p>The Sustainability Policy clearly outlined the sustainability responsibilities of the Board, SRMC, and GMC respectively. The Board shall review, update and approve the Sustainability Policy periodically to reflect changes in market practices, regulations, and stakeholders' expectations.</p>

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

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group's key stakeholders include shareholders, employees, business associates, the community, industrial associations, property purchasers and regulators. Due to the wide-ranging sustainability matter and stakeholder groups in the market, sustainability expectations to be addressed are mixed and granular.</p> <p>To ensure that it focuses and invests in sustainability matters that align with the key stakeholders' expectations and match the Group's business priorities, the Board and Management will identify and engage with the key stakeholders in obtaining their views, needs and expectations pertaining to sustainability-related matters and their impacts. This engagement can occur during general engagement sessions, which serve broader business objectives and dedicated stakeholder engagement sessions solely for a materiality assessment exercise.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board is committed to stay abreast with the latest development in the sustainability issues relevant to the Group. The Board gains access to the sustainability issues updates via news, publications from relevant agencies to achieve sustainable long-term value.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Nomination Committee has carried out an evaluation of the effectiveness of the Board, Board Committees and individual Directors. This includes the Role and Responsibilities of the Board; the Board composition; Information to the Board; Conduct of Board meetings, Performance Evaluation on Board and Board Committees and Directors’ self-assessments. The Nomination Committee reviewed the outcome of the evaluation exercise and the areas for continuous improvement.</p> <p>The Management’s commitment in taking into account Sustainability considerations when implementing the Company’s strategies, business plans and risk management policies/procedures are, amongst others one of the criteria in their performance assessment. The Board’s observations and the Management’s feedback had been consistent on the need for focus and attention in Sustainability whereby Environmental, Social and Governance practices will remain as one of the areas requiring ongoing attention for continuous improvement.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.*

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

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Nomination Committee ("NC") noted the provisions of Paragraph 15.08A(3)(c) of Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad requiring assessment by the NC in respect of the Board, Board Committees which comprising the Audit Committee, Executive Committee, Remuneration Committee, Sustainability and Risk Management Committee and individual Directors by furnishing the criteria used for such assessment.</p> <p>The said assessments were carried out by the NC accordingly and members of the NC have abstained from evaluating its own performance.</p> <p>Upon the completion of all the assessments, the results of the said assessments revealed that the performance of the Board of Directors, the respective Committees of the Board, and individual Directors are satisfactory and had conveyed to the Board of Directors accordingly.</p> <p>The NC also noted that pursuant to Practice 5.1 of Malaysian Code on Corporate Governance 2021 ("MCCG 2021"), NC should ensure that the composition of the Board is refreshed periodically and the tenure of each director should be reviewed by the NC and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the Board.</p> <p>The NC also noted that pursuant to Paragraph 15.01A of MMLR, a listed issuer must:–</p> <ul style="list-style-type: none"><li>(a) have a fit and proper policy for the appointment and re-election of directors of the listed issuer and its subsidiaries;</li><li>(b) ensure the policy addresses board quality and integrity and will aid the listed issuer to comply with Paragraph 2.20A of MMLR; and</li><li>(c) make available the policy on its website.</li></ul> <p>NC had conducted its review pursuant to Practice 5.1 of MCCG 2021, taking into consideration of Directors' Fit and Proper Policy and had received the completed and signed Fit and Proper Declaration Forms from the following Directors who retire pursuant to Clauses 90 and 106</p>

	<p>of the Company’s Constitution respectively at the forthcoming Annual General Meeting (“AGM”) of the Company:-</p> <p><u>Clause 90 of the Company’s Constitution</u></p> <ol style="list-style-type: none"> <li>1. Mr. Lim Chu Dick;</li> <li>2. Encik Amran Bin Ahmad; and</li> <li>3. Miss Koay Hooi Lynn.</li> </ol> <p><u>Clause 106 of the Company’s Constitution</u></p> <ol style="list-style-type: none"> <li>1. Tan Sri Dato’ Seri Lim Gait Tong.</li> </ol> <p>Upon completion of the assessments and due deliberation, NC is satisfied with the performance and contribution of the retiring Directors and have provided valuable contribution to the leadership of the Boards.</p> <p>To that, NC and the Board collectively resolved to recommend the re-election of abovenamed Directors at the forthcoming AGM.</p>	
<p><b>Explanation for departure</b></p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>	<p>:</p>	
<p><b>Timeframe</b></p>	<p>:</p>	

### 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.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	Currently, three (3) out of six (6) members of the Board are Independent Directors. The concept of independence as adopted by the Board is consistent with the definition of Independent Directors outlined in Paragraph 1.01 and Practice Note 13 of Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).	
		The Company also complied with Paragraph 15.02(1)(a) of MMLR of Bursa Securities in terms of fulfilling at least two (2) Directors or one-third (1/3) of the Board of the Company, whichever is the higher, are Independent Directors.	
		The Board is mindful that it does not comprise at least half of Independent Director and will address the matter with the objective of increasing the members of Independent Directors.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Choose an item.	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In line with the Malaysian Code on Corporate Governance 2021, the Company will be seeking shareholders' approval at the forthcoming Annual General Meeting ("AGM") via a two-tier voting process for Miss Adlina Hasni Binti Zainol Abidin, who has served as an Independent Director of the Company, for a cumulative term of more than nine (9) years since 23 April 2015. The justification in relation thereto is disclosed under explanatory notes to the notice of Forty-Second Annual General Meeting of the Company.</p> <p>In view of the said Independent Director is a member of the NC and hence, she has abstained from the discussion and the said matter had been deliberated and discussed with the Board of Directors.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 5.4 - Step Up**

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

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

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



## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board and the Nomination Committee take into account the current diversity in the skills, experience, gender, age, ethnically and cultural background of the existing Board in seeking the potential candidate(s).</p> <p><b>1. Composition</b></p> <p>The Board is responsible for determining an appropriate size for its function subject to the maximum number of directors provided in the Company's Constitution and the prevailing requirements of the laws and regulations concerning the minimum number of Independent Non-Executive Directors and women directors to be appointed.</p> <p>Vacancies of independent and non-executive and women directors must be filled out within three (3) months when they fall below the minimum requirement under the law or the Listing Requirements.</p> <p>The Board Chairman shall not be the chairman or a member of the Audit Committee, Sustainability and Risk Management Committee, Nomination Committee and Remuneration Committee.</p> <p><b>2. Appointment / Re-election of Director(s)</b></p> <p>The Board shall define a Fit and Proper Policy for its members' appointments based on objective criteria, merits, and due regard for diversity in skills, experience, gender, age, and cultural background.</p> <p>In identifying the candidates for the Board, the Board does not solely rely on recommendations from its existing members, management, or major shareholders, but also utilizes independent sources, to identify suitably qualified candidates for the appointment of directors' positions. The Nomination Committee shall evaluate the candidates for new directors before</p>

recommending them to the Board for an appointment. All new directors shall undertake a formal induction program coordinated by the Nomination Committee.

Directors retirement and re-election shall be carried out in accordance with the Company's Constitution and the prevailing law requirements. The tenure of an independent director must not exceed a cumulative term of twelve (12) years or such period provided under the Listing Requirement. Re-election of the independent director who has served for a cumulative term of nine (9) years shall be carried out through a two-tier voting process at the Annual General Meeting by ordinary resolution and supported with justification.

No director shall be appointed, re-appointed, elected or re-elected or continue to serve as a director if they become an active politician. A person is considered an "active politician" if they are a Member of Parliament, state assemblyman, local councilor, or holds a position at the supreme council or division level in any political party.

The re-election of a director should be contingent on a satisfactory evaluation of the director's performance and contribution to the Board under the Fit and Proper Policy.

### **3. Roles and Responsibilities of the Board**

The Board should objectively discharge its responsibilities at all times in the interests of the Company. It should keep abreast of its responsibilities, and the business activities, development, and sustainability issues of the Company and its subsidiaries ("the Group").

To enable the Board to discharge its responsibilities in meeting the goals and objectives of the Company, the Board should, among others:

- Promote sound corporate governance culture within the Group, which reinforces ethical, prudent, and professional behavior;
- Review, challenge, and decide on the Management's proposals for the Group, and monitor their implementation;
- Ensure that the strategic plan of the Group supports long-term value creation and includes strategies on economic, environmental, and social considerations underpinning sustainability;
- Supervise and assess the Management's performance to determine whether the Group's business is being properly managed;

	<ul style="list-style-type: none"> <li>• Ensure that there is a sound framework for internal controls and risk management, including anti-corruption compliance and whistleblowing policies and frameworks;</li> <li>• Understand the principal risks of the Group’s business and recognise that business decisions involve the taking of appropriate risks;</li> <li>• Assess and set the risk appetite within which the Management should operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage, and monitor significant financial and non-financial risks as well as the corruption risk exposures;</li> <li>• Ensure that the Senior Management has the necessary skills and experience and that there are measures in place to provide for the orderly succession of the Board and Senior Management;</li> <li>• Ensure that the Group has in place procedures to enable effective communication with stakeholders on governance, corporate, business and sustainability strategies, performance and targets;</li> <li>• Ensure the integrity of the Group’s financial and non-financial reporting by studying the financial statement of the Group and Company and carefully considering whether the information in the financial statements is consistent with its knowledge of the Group and Company’s affairs; and</li> <li>• Review the terms of office and performance of the Board Committees annually (with members of the respective Board Committees abstaining from deliberation).</li> </ul>	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board Charter, Board Diversity Policy and Directors' Fit and Proper Policy of the Company set out the criteria and approach to identify and evaluate the potential candidates for appointment as Directors.</p> <p>In identifying the candidates for the Board, the Board does not solely rely on recommendations from its existing members, the Management, or major shareholders, but also utilizes independent sources, to identify suitably qualified candidates. The Nomination Committee shall evaluate the candidates for new directors before recommending them to the Board for an appointment. All new directors shall undertake a formal induction program coordinated by the Nomination Committee.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Through the Director's Fit and Proper Declaration Form, the Nomination Committee ("NC") has assessed the Directors' eligibility for re-election and appointment by considering their competencies, commitment, contribution, and sufficient time to effectively discharge his/her responsibilities.</p> <p>Assessments were carried out by the NC accordingly and the Board has endorsed the recommendation from the NC for Directors standing for re-election or appointment and the Directors concerned will abstain themselves from deliberation and decisions by the Board regarding their re-appointment.</p> <p>The retiring directors who are standing for re-election are set out in the explanatory notes to the notice of Forty-Second Annual General Meeting of the Company. The Annual Report and the said notice are available on the Company's website at <a href="http://www.farlim.com.my">www.farlim.com.my</a>, as well as the website of Bursa Malaysia Securities.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Nomination Committee is chaired by Encik Amran Bin Ahmad who is an Independent and Non-Executive Director.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	Miss Adlina Hasni Binti Zainol Abidin and Miss Koay Hooi Lynn are the two (2) female Directors on Board comprising 33.33% of the board composition.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board composition has taken into account adequate mix of skills, experience, independence and diversity which includes the diversity of gender, ethnicity and age of the Board Members and key Senior Management who are well-equipped with relevant knowledge and/or experience for contributing towards the achievement of objectives of the Company, details of which are set out in the Board Diversity Policy which has been approved by the Board for publication on the Company's website at <a href="http://www.farlim.com.my">www.farlim.com.my</a> .	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



### 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>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: <p>The formal and objective annual evaluation of the Board, Board Committees and each individual Director has been carried out by the Nomination Committee to determine the effectiveness of the Board at a whole.</p> <p>Assessment by the Nomination Committee has been carried out in writing based on the criteria applicable and required in relation to the Board, its respective Committees and each individual Director and the findings are thus far satisfactory.</p> <p>The performance appraisal has been set out in the Board Charter of the Company as follows:-</p> <p><b>Performance Appraisal</b></p> <p>The Directors' effectiveness and performance assessments are essential for the Board improvement. The Board shall review and evaluate its performance and the performance of the Board Committees and the individual director at least once a year.</p> <p>When assessing its performance, the Board shall also evaluate its performance vis-à-vis the provisions in the Board Charter, including the performance of the Board in addressing the Group's material sustainability risks and opportunities.</p> <p>All performance assessments of the Board, Board Committees, and individual Directors should be administered and conducted by the Nomination Committee in accordance with its terms of reference. Based on the results of the assessments, the Nomination Committee shall recommend the training needs of the Directors to the Board.</p>

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

### 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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Company has adopted a Board Remuneration Policy which 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.</p> <p><b>Remuneration</b> The Remuneration Committee is delegated with the responsibility by the Board to implement its remuneration policy and procedures, including reviewing and recommending matters relating to the remuneration of the Board and Senior Management.</p> <p>The Board shall define the Terms of Reference of the Remuneration Committee, outlining its authority and duties, and periodically review the remuneration policy and procedures.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>A Remuneration Committee set up by the Company comprising three (3) Members, all of whom are Non-Executive and Independent Directors, and is responsible for:-</p> <ul style="list-style-type: none"><li>• Determining, developing, and recommending to the Board a fair and transparent Remuneration Policy and Procedures for Board and the Senior Management;</li><li>• Recommending to the Board for remuneration and benefits in kind for Executive Directors and Senior Management in all its forms, drawing from external professional advice as necessary;</li><li>• Assessing the remunerations of Executive Directors and the Senior Management and ensuring that they are reflective of the Group's demands, complexities, and performance as a whole, as well as skills and experience required in line with the strategic objectives of the Group and compensation offered by comparable companies and in the employment market;</li><li>• Reviewing the disclosure of remuneration of the Board and the Senior Management in the annual report and ensuring the disclosure is in the best interests of the Company taking into account diverse perspectives;</li><li>• Reviewing and recommending to the Board regarding the independent and non-Executive Directors' remuneration (including directors' fees and other benefits payable), based on their respective contributions, expertise, commitment, and responsibilities undertaken without conflicting with their objectivity and independent judgment on matters discussed; and</li><li>• Recommending the engagement of external professionals to assist and/or advise the Committee and the Board, on remuneration matters, where necessary.</li></ul>

	The Terms of Reference of Remuneration Committee is accessible on the Company's website at <a href="http://www.farlim.com.my">www.farlim.com.my</a> .	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The detailed disclosure on named basis for the remuneration of individual Directors for the financial year ended December 31, 2023 is set out below.

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	Tan Sri Dato' Seri Lim Gait Tong	Executive Director	0	0	525	0	15.5	0	540.5	0	0	525	0	15.5	0	540.5
2	Datuk Seri Haji Mohamed Iqbal Bin Kuppa Pitchai Rawther	Executive Director	0	0	420	105	0	0	525	0	0	420	105	21.75	0	546.75
3	Lim Chu Dick <i>(appointed on 22 June 2023)</i>	Executive Director	0	35.5	94.5	0	4.125	0	134.125	0	35.5	184.5	0	4.125	0	224.125
4	Adlina Hasni Binti Zainol Abidin	Independent Director	45.6	0	0	0	0	0	45.6	0	0	0	0	0	0	0
5	Amran Bin Ahmad <i>(appointed on 22 June 2023)</i>	Independent Director	23.94	0	0	0	0	0	23.94	0	0	0	0	0	0	0
6	Koay Hooi Lynn <i>(appointed on 24 August 2023)</i>	Independent Director	16.058	0	0	0	0	0	16.058	0	0	0	0	0	0	0
7	Wong Hon Weng <i>(resigned on 31 December 2023)</i>	Executive Director	0	0	288.387	0	0	0	288.387	0	0	288.387	0	0	0	288.387
8	Koay Say Loke Andrew <i>(resigned on 24 August 2023)</i>	Non-Executive Non-Independent Director	21.66	0	0	0	0	7.882	29.542	0	0	0	0	0	0	0
9	Khairilnuar Bin Abdul Rahman <i>(resigned on 24 August 2023)</i>	Independent Director	29.542	0	0	0	0	0	29.542	0	0	0	0	0	0	0

10	Yong Yew Wei (redesignated as Non Executive Director on 23 March 2023 and retired on 22 June 2023)	Non-Executive Non-Independent Director	0	0	120	0	0	0	120	0	0	120	0	0	0	120
11	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
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.

<b>Application</b>	:	Not applicable - all members of senior management are members of the board	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

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.

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

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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Chairperson of Audit Committee is Miss Koay Hooi Lynn who is not the Chairperson of the Board of Directors.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Board has approved amendments to the Terms of Reference of the Audit Committee to incorporate the requirement for a former partner of the external audit firm (including but not limited to those providing advisory services and tax consultancy as well as their affiliates firms) to observe a cooling-off period of at least three (3) years before being considered for appointment as a member of the Audit Committee.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>An External Auditor Evaluation Policy has been adopted by the Company as one of the Corporate Policies, details are as follows:</p> <ol style="list-style-type: none"><li><b>1. Objective</b> This policy defines the considerations and procedures to evaluate the suitability, objectivity, and independence of the external auditor in order to safeguard the quality and reliability of audited financial statements.</li><li><b>2. Assessment Criteria of External Auditors</b> Before selecting an external audit firm for the Company and the Group, or recommending the appointment of the external auditor to the Board for shareholders' approval, the Audit Committee shall evaluate the external audit firm and the audit team or by considering the following criteria:<ol style="list-style-type: none"><li>i. The registration with the Audit Oversight Board;</li><li>ii. The experience in auditing the financial statements of public listed companies in the similar industries;</li><li>iii. The network firms in supporting audits in overseas entities;</li><li>iv. The past or ongoing legal cases against the firms including reprimand records, if any by authorities and their findings on the firms;</li><li>v. The independence and confidentiality philosophy, policies and procedures of the firms;</li><li>vi. The present engagement with the Group for non-audit services, if any;</li><li>vii. The quality, resource capacity and competency of the audit team assigned to perform the audit;</li><li>viii. The reputation and integrity of the audit partner-in-charge or the new partner-in-charge under the regulatory requirement on audit partner rotation;</li><li>ix. The performance of the current audit team in meeting deadlines, their communication skills, clarity of presentations and the quality of the reports; and</li><li>x. The appropriateness of the audit fee charged and its impact on their audit work quality and independence.</li></ol></li></ol>

	<p>As part of the assessment, the Audit Committee shall also consider the information presented in the Annual Transparency Report about the firm’s governance and leadership structure and the measures undertaken by the firm to uphold audit quality and manage risks.</p> <p>In addition, the Audit Committee shall obtain a written assurance from the external auditor and the audit team members confirming that they are, and have been, independent throughout the conduct of the audit engagement, including any non-audit services provided to the Company and the Group that they have maintained its independence under the relevant legislation and professional standards.</p> <p><b>3. Appointment External Auditor for Non-Audit Work</b>  External auditors’ independence can be impaired by providing non-audit services (i.e., services not related to the statutory audit) to the Group.</p> <p>Therefore, before recommending any non-audit service engagements to the Board for approval, the Audit Committee shall evaluate potential circumstances that may erode the auditor’s objectivity and independence due to the provision of non-audit services and their fee. The Audit Committee shall also obtain confirmation from the external auditor that the provision of non-audit services will not impair their independence.</p> <p>When the non-audit fees constitute 50% or more of the total audit fees paid to the external auditors, such non-audit fees shall be disclosed in the Annual Report, stating the nature of services and the amount incurred on the Group.</p>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	



**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.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The Audit Committee comprises solely of Independent Directors.

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is satisfied that the Audit Committee ("AC") members possess the necessary skills to discharge its duties and are financially literate, competent and have the ability to understand matters under the purview of the AC including the financial reporting process. The profile of the AC members is set out in the Annual Report 2023.</p> <p>The AC members attend training programmes and seminars to keep themselves abreast of relevant developments in standards and practices in accounting and auditing, listing requirements, corporate law, risk management and changes in the business environment.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has established its Risk Management Policy and formed a dedicated Sustainability and Risk Management Committee to oversee the risk management processes in the Group.</p> <p>Details of the said Policy are set out below:-</p> <p><b>1. Objective</b></p> <p>The risk management objective of the Group is to promote greater appreciation and awareness of risks; and proactive identification and management of risks among the staff members in order to continuously strengthen the Group's risk management competency.</p> <p><b>2. Board's Responsibilities</b></p> <p>The primary responsibility of the Board in risk management is to assess and set the risk appetite within which the Management should operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks.</p> <p><b>3. Risk Appetite</b></p> <p>Risk appetite is defined as the amount of risk that the Group is willing to accept in pursuit of its value creation process. When determining the risk appetite of the Group, the Board would consider its business priority and timing as well as the financial position and resources of the Group.</p> <p><b>4. Sustainability and Risk Management Committee ("SRMC")</b></p> <p>The Board established a SRMC to assist them in assessing and overseeing the adequacy and effectiveness of risk management framework and policies in the Group. The composition of the SRMC shall comprise majority of the Independent Directors.</p> <p><b>5. Management's Responsibilities</b></p> <p>The responsibilities of the Management with respect to risk management are:</p> <p>i. To implement effective risk management framework;</p>

- ii. To monitor and manage risk in accordance with the Group's overall risk appetite;
- iii. To identify changes in material or emerging risks and promptly bring these risks to the attention of the Board;
- iv. To promote risk awareness among the employees of the Group;
- v. To educate the heads of departments and line managers of their collective assurance responsibilities to the Board;
- vi. To present and brief the Board and SRMC of the Group's risk profile and register;
- vii. To assess, update and present the risk status, Management action and result of the risk profile to the Board;
- viii. To integrate risk management process to standard operating procedures and performance appraisal; and
- ix. To assure the Board and SRMC that the Group's risk management and internal control systems are operating adequately and effectively.

**6. Risk Assurance**

Executive Directors and Group Management Committee should provide assurance to the Board that risk management processes of the Group are working effectively and all key risks are being managed to an acceptable level.

In order to supplement the consideration of the Board on the assurance provided by the Executive Directors and Group Management Committee, the Internal Auditors shall evaluate and provide its objective and independent views on the state of risk management and internal controls to the Board periodically.

**7. Disclosure**

The annual report and financial statements of the Group shall include such meaningful information necessary to assist shareholders' understanding of the main features of the Group's risk management processes and systems of internal control.

The Board shall, in its disclosure include a discussion on how key risk areas such as finance, operations, regulatory compliance, reputation, cyber security and sustainability were evaluated and the controls in place to mitigate or manage those risks. In addition, the Board shall state if the risk management framework adopted by the Group is based on an internationally recognised risk management framework.

The Board shall also disclose whether it has conducted an annual review and periodic testing of the Group's internal control and risk management framework and the insights it has gained from the review as well as changes made to its internal control and risk management framework arising from the review.

The Sustainability and Risk Management Committee was set up on 25 May 2017 and had on 29 December 2023 changed its name from Risk Management Committee to Sustainability and Risk Management

	<p>Committee. Currently the Committee comprises three (3) members who are all Non-Executive and Independent Directors.</p> <p>The duties, responsibilities and functions of the Sustainability and Risk Management Committee are as appended hereunder:-</p> <ul style="list-style-type: none"> <li>• Review the appropriateness of the risk management strategies, policies, risk appetite and tolerances in consideration of the Group’s business objectives;</li> <li>• Ensure the implementation of the risk management framework and review the adequacy and effectiveness thereof in identifying, assessing and managing risks;</li> <li>• Evaluate the effectiveness of mitigation action taken to address the identified risks;</li> <li>• Review the adequacy of the resources and competency of the risk management function of the Group;</li> <li>• Jointly with the Audit Committee, review the Statement on Risk Management and Internal Control;</li> <li>• Oversee the management of the material sustainability matters and ensure that: <ul style="list-style-type: none"> <li>a) sustainability is being considered when developing and implementing company strategies, business plans, major action plans and making risk management decisions;</li> <li>b) the strategic plan of the company supports long-term value creation and underpinning sustainability;</li> <li>c) the Group’s sustainability strategies, priorities and targets, as well as its performance against these targets, are communicated to internal and external stakeholders;</li> <li>d) resources and processes are in place to enable the organisation to achieve its sustainability commitments and targets; and</li> <li>e) the sustainability disclosure complies with the regulatory reporting requirements.</li> </ul> </li> </ul>	
<b>Explanation for departure</b>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>		
<b>Timeframe</b>		

### 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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The disclosure of the relevant features of risk management and internal control framework and its adequacy and effectiveness is set out in the Statement of Risk Management and Internal Control contained in the Annual Report 2023.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The Sustainability and Risk Management Committee ("SRMC") established by the Company comprises all Non-Executive and Independent Directors as follows:-</p> <ol style="list-style-type: none"><li>1. Miss Koay Hooi Lynn – Chairperson;</li><li>2. Miss Adlina Hasni Binti Zainol Abidin ; and</li><li>3. Encik Amran Bin Ahmad.</li></ol> <p>The composition of the SRMC of the Company shall take into consideration the following:-</p> <ol style="list-style-type: none"><li>(i) The Board shall appoint the Members with a majority of them being Independent Directors;</li><li>(ii) The period of appointment shall be concurrent with their tenure on the Board unless otherwise decided by the Board;</li><li>(iii) The composition of the Committee must not be less than three (3) Members;</li><li>(iv) Where the members for any reason are reduced to less than three (3), the Board shall within three (3) months of the event, appoint such number of new Members as may be required to make up the minimum number of three (3) Members;</li><li>(v) The Chairman of the Committee shall be an Independent Director; and</li><li>(vi) Members of the Committee may relinquish their membership in the Committee with prior written notice to the Committee and may continue to serve as Director of the Company.</li></ol> <p>The duties, responsibilities and functions of the SRMC are as appended hereunder:-</p> <ul style="list-style-type: none"><li>• Review the appropriateness of the risk management strategies, policies, risk appetite and tolerances in consideration of the Group's business objectives;</li><li>• Ensure the implementation of the risk management framework and review the adequacy and effectiveness thereof in identifying, assessing and managing risks;</li><li>• Evaluate the effectiveness of mitigation action taken to address the identified risks;</li></ul>

	<ul style="list-style-type: none"><li>• Review the adequacy of the resources and competency of the risk management function of the Group;</li><li>• Jointly with the Audit Committee, review the Statement on Risk Management and Internal Control;</li><li>• Oversee the management of the material sustainability matters and ensure that:<ul style="list-style-type: none"><li>a) sustainability is being considered when developing and implementing company strategies, business plans, major action plans and making risk management decisions;</li><li>b) the strategic plan of the company supports long-term value creation and underpinning sustainability;</li><li>c) the Group’s sustainability strategies, priorities and targets, as well as its performance against these targets, are communicated to internal and external stakeholders;</li><li>d) resources and processes are in place to enable the organisation to achieve its sustainability commitments and targets; and</li><li>e) the sustainability disclosure complies with the regulatory reporting requirements.</li></ul></li></ul>
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### 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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Company has established an internal audit function headed by qualified personnel which reports directly to the Audit Committee and carries out the internal audit reviews on the operating departments within the Group based on the annual audit plan that has been approved by the Audit Committee. The said internal audit function carries out regular reviews of the adequacy and integrity of internal control system, procedures, and implement the measures to ascertain compliance with policies and procedures in order to provide reasonable assurance on the efficiency and effectiveness of the system.</p> <p>The internal audit unit performs its function in accordance with the standards set by recognized professional bodies and conducts regular reviews and appraisals of the effectiveness of risk management and internal control processes.</p> <p>Internal audit reports are made available which highlight significant findings or deficiency requiring management’s attention and provide recommendations on areas for improvement. Follow-up reviews would subsequently be conducted to ensure that appropriate corrective action plan has been implemented to address control weaknesses highlighted.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company’s internal audit function is outsourced to an independent professional firm, namely IA Essential Sdn. Bhd. (“IAESB”) who regularly reviews and appraises the effectiveness of the governance, risk management and internal control processes within the Company’s key operations and table its findings and/or recommendations to the Audit Committee for consideration.</p> <p>IAESB has deployed a qualified personnel in the internal audit department headed by Mr Chong Kian Soon, CAANZ MICPA CMIIA to serve in the Company.</p> <p>The above qualified personnel are free from any relationship or conflict of interest which could impair its objectivity and independence.</p> <p>The internal audit function is carried out in accordance with a recognised framework.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has included in its Board Charter outlining the communication with stakeholders.</p> <p>Details of the said Policy are set out hereunder:-</p> <p><b>Communication with Stakeholders</b></p> <p>Stakeholders' engagement and communication build trust and understanding between the Group and its stakeholders and provide stakeholders with a better appreciation of the Group's objectives and management quality. On the other hand, such communication also provides invaluable feedback to the Board for understanding the stakeholders' expectations and developing business strategies.</p> <p>The principles governing the Board's stakeholders' communication are as follows:</p> <ul style="list-style-type: none"><li>• The Chairman and Chief Executive, Deputy Chairman or, in their absence, any other Board members authorised by the Board will be the spokesperson of the Board;</li><li>• The Board shall leverage its corporate website to report its financial results and material developments in an open, timely, and comprehensive manner;</li><li>• Shareholders shall be provided with the opportunity to seek clarification from the Board during the Question-and-Answer session at the general meetings;</li><li>• Chairman of the Board Committees shall respond to questions on their oversight areas during the general meetings;</li><li>• The Board shall address reports and rumours appropriately and promptly to avoid unnecessary speculation in its securities; and</li><li>• The Board shall give reasonable access to analysts and media but will not seek to influence their opinions nor provide information that is not available to the general public.</li></ul>
<b>Explanation for departure</b>	:	

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

**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.

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

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>All notices of Annual General Meetings (“AGM”) of the Company are given to the shareholders more than 28 days prior to the AGM, which is in advance of the 21-days requirement under the Companies Act 2016 and Main Market Listing Requirements of Bursa Malaysia Securities Berhad.</p> <p>There was sufficient time given to shareholders prior to convening of the AGM to enable the shareholders to consider the resolutions and make an informed decision in exercising their voting rights at the forthcoming AGM.</p> <p>The notice of Annual General Meeting is also available on the Company’s website.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	All Directors of the Company including the Chairman/Chairperson of Audit Committee, Nomination Committee, Sustainability and Risk Management Committee, Remuneration Committee and Executive Committee respectively attended the 41 <sup>st</sup> Annual General Meeting and offered meaningful responses to all questions addressed to them.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The 41<sup>st</sup> Annual General Meeting ("AGM") of the Company was held physically at Dorsett Grand Subang, Jalan SS 12/1, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia on 22 June 2023 with electronic poll voting to facilitate the polling process and to provide a more efficient and accurate outcome of the results.</p> <p>Shareholders who were unable to attend the AGM of the Company were entitled to appoint any person(s) as their proxy(ies) to attend, participate, speak and vote on their behalf at the AGM.</p> <p>The poll administrators was also responsible to maintain the security and protection of the meeting attendants' personal data, and to provide a compliant and consistent approach to data protection for the AGM.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### 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>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: <p>At the commencement of the physical 41<sup>st</sup> Annual General Meeting ("AGM"), the Chairman of the Meeting briefed the shareholders, corporate representatives and proxies present at the AGM of their right to pose questions and vote on the resolutions set out in the notice of the AGM.</p> <p>The shareholders were given sufficient time to present their questions and the Board and Management promptly addressed these inquiries.</p> <p>The Chairman always encourage participants of the AGM to engage in the questions and answers session, offering them the opportunity to raise questions or request further information during the AGM.</p> <p>All Board members, Company Secretaries and External Auditors will be present at the AGM to enable the meeting to facilitate meaningful interaction between the Company and shareholders.</p>
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:  
<b>Timeframe</b>	:  

### 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>		
<b>Application</b>	:	Not applicable – only physical general meetings were conducted in the financial year
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Minutes of 41 <sup>st</sup> Annual General Meeting held on 22 June 2023 were made available on Farlim's website at <a href="http://farlim.com.my/annual-general-meeting/">http://farlim.com.my/annual-general-meeting/</a> within 30 business days after the 41 <sup>st</sup> Annual General Meeting.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.*

Not applicable
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