

DIRECTORS' FIT AND PROPER POLICY AND PROCEDURES

1. Introduction

For the purposes of this document, "Company" refers to Farlim Group (Malaysia) Bhd. and "Group" refers to Farlim Group (Malaysia) Bhd. and its subsidiaries.

2. Objective

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

Towards this end, this Policy aims to define and formalise the criteria and approach for evaluating potential candidates for appointment as Directors and their subsequent performance against the fit and proper criteria articulated in this Policy.

3. Responsibilities

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

4. Fit and Proper Criteria

To be a Director of the Group, an individual shall satisfy the following principal criteria:

Integrity

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

Competency and Capability

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

Commitment

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

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

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5. Assessment

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

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

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

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

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

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

6. Review of Policy

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