

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 6041  
**COMPANY NAME** : FARLIM GROUP (MALAYSIA) BHD.  
**FINANCIAL YEAR** : December 31, 2025

## 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 PERSUANT 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 of Directors of the Company ("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 discharge of its duties and responsibilities in relation thereto.</p> <p>The roles and responsibilities of the Board are set out in the Board Charter while the Board Committees' roles and responsibilities in discharging its functions are set out in the respective Board Committees' Terms of Reference. Both Board Charter and respective Board Committees' Terms of Reference are accessible on the Company's website at <a href="http://www.farlim.com.my">www.farlim.com.my</a>.</p> <p>The responsibility for monitoring the effectiveness of Farlim Group (Malaysia) Bhd. and its subsidiaries ("the Group")'s risk management and internal control systems has been delegated to both Audit and Sustainability and Risk Management Committees of the Company, and the Board is ultimately responsible for determining the Group's risk appetite and on a quarterly basis receives and considers a report in relation to the monitoring, controlling and reporting of identified risks.</p> <p>Although specific powers are delegated to the Board Committees, the Board continues to keep itself abreast of the actions and decisions taken by each Board Committee. In order to ensure that the direction and control of the Group are firmly within the Board's hands, the following list of matters shall be reserved for the Board's decision:</p> <ul style="list-style-type: none"> <li>• Corporate exercises;</li> <li>• Business strategy and sustainability issues;</li> <li>• Contract, transaction, investment and divestment exceeding 5% of the Group's total net assets;</li> </ul>

	<ul style="list-style-type: none"> <li>• Performance review, remuneration, succession and appointment of directors and senior management;</li> <li>• Shareholders' communication and matters;</li> <li>• Related party transactions;</li> <li>• Declaration of dividend; and</li> <li>• Board policies and governance matters.</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 1.2

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 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 to effectively communicate 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 to ensure that effective means of working, reporting and communication are present;</li><li>• To develop and recommend to the Board the long-term strategy and vision of the Group as well as the Group's 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>• Ensure that the Group has an effective management team and structure, a management development program and a succession plan;</li><li>• To set the Board meeting's agenda and ensure that the Board members receive complete and accurate information promptly;</li><li>• To lead Board meetings and discussions;</li><li>• To encourage active participation of all the Board members and to allow dissenting views to be freely expressed;</li><li>• To liaise with the Company Secretaries on the agenda for Board meetings;</li><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></ul>

	<ul style="list-style-type: none"> <li>• To chair general meetings of shareholders and serve as a focal point for stakeholders' communication and engagement on the Group's performance issues; and</li> <li>• To ensure that Board Committee 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 Board is mindful of the dual role of the Chairman, Managing Director and Chief Executive and in order to alleviate the risk associated from the combined roles of Chairman, Managing Director and Chief Executive, adequate number of Independent Directors have been appointed to the Board to provide sufficient check and balance.  The Board currently 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 and allows for effective oversight of the management as well as support objective and independent deliberation, review and decision making.	
<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 of the Company.
<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 Board 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 director training and development;</li><li>• Advise the Board on corporate disclosures and compliance with securities regulations, Main Market Listing Requirements of Bursa Malaysia Securities Berhad, 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 Board Meetings to ensure adherence of 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 providing accurate and complete information on finance, operation, corporate matters or other issues, requiring attention and/or decisions at Board Meetings are circulated at least 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 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 sets out the Board's intent, authority, fundamental roles and responsibilities of the Board, Chairman and Executive Directors, Independent Directors, Board Committees and the matters reserved to the Board, which has been in place and reviewed annually and/or as and when the need arises, as well as published on the Company's website at <a href="http://www.farlim.com.my">www.farlim.com.my</a>.</p> <p>The roles of the Board Committees are further detailed in the respective Committees' Term of Reference, which are 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

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 Company has put in place the Corporate Code of Conduct and Ethics ("the Code") which 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 with 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>The Company also adopted Anti-Bribery Guidelines, Corruption Prevention Policy and Framework as well as well Conflicts of Interest Policy (collectively known as "Policies") in line with the amendments of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.</p> <p>The Code and Policies are subject to review by the Board annually and/or as and when required. A copy of the Code and Policies are available on 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 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>The Group is 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 has implemented control measures, including the Whistleblowing Policy and Procedure (“Policy”).</p> <p>The Policy is meant to guide all employees and stakeholders to report concerns about any wrongdoing and improper conduct concerning the Group. In addition, the 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 Policy conforms to the guidance set out in the Malaysian Code on Corporate Governance and the Whistleblower Protection Act 2010 (“WPA 2010”) which, among other things, encourages companies to offer stakeholders an avenue to raise concerns, in confidence, about possible irregularities in the companies.</p> <p>The Policy is subject to review by the Board annually and/or as and when required. The details pertaining to the Policy can be found in the Company's website at <a href="http://www.farlim.com.my">www.farlim.com.my</a>.</p>
<b>Explanation for departure</b>	:	

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<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 in which it operates. Accordingly, the Board is committed to integrating sustainability principles in managing the Group's core business in property development activities.</p> <p>The Board empowered the Sustainability and Risk Management Committee to oversee the Group's sustainability management ("SRMC"). The Sustainability Policy had been adopted by the Company which 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 Management Committee ("MC") 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 Board shall review, update and approve the Sustainability Policy periodically to reflect changes in market practices, regulations, and stakeholders' expectations.</p> <p>SRMC with its Terms of Reference and is supported by the adoption of a Sustainability Policy where Sustainability Policy is available on the Company's website at <a href="http://www.farlim.com.my">www.farlim.com.my</a>.</p> <p>The Group is currently strengthening its data collection processes prior to establishing formal sustainability targets.</p>

	Please refer to the Sustainability Statement of the Group within the Annual Report for further information.	
<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, customers, regulators, suppliers and local communities. Due to the wide-ranging sustainability matters 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. The engagement can occur during general engagement sessions, which serve broader business objectives and dedicated stakeholder engagement sessions solely for a materiality assessment exercise.</p> <p>Details pertaining to the stakeholders’ engagement are set out in the Sustainability Statement in the Annual Report 2025 of the Company.</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>	:	<p>The Board is committed to stay abreast with the latest development in sustainability issues relevant to the Group. The Board receives updates on the sustainability issues through various channels, including news, publications and Directors' training programmes conducted by relevant agencies to achieve sustainable long-term value.</p> <p>The key training programmes attended by each Director are set out in the Corporate Governance Overview Statement of the Annual Report 2025.</p> <p>The Company's Consultant, IA Essential Sdn. Bhd. provides updates to the Sustainability and Risk Management Committee and reports to the Board on the sustainability matters which include any amendments to the Main Market Listing Requirements and/or other regulatory requirements on corporate disclosure obligations and compliance matters.</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 4.4

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 of the Company and the Board had evaluated the assessment on Management Committee (“MC”) of the Company in relation to their performance and effectiveness assessment on sustainability, amongst others:-</p> <ol style="list-style-type: none"> <li>1. Managing the sustainability performance of the Group and recommended areas of improvement and how timely and effective the MC implements and executes the various sustainability strategies for common sustainability matters;</li> <li>2. Identifying and evaluating material topics and impact on climate-related risks and opportunities and stakeholder concerns;</li> <li>3. Integrating sustainability considerations in management decision-making and operations;</li> <li>4. Establishing systems and procedures to collect, verify, monitor, and report information required for sustainability disclosure with Heads of Department (“HOD”); and</li> <li>5. Keeping abreast with the relevant sustainability issues and development, and at the same time communicate, share and develop the HODs’ sustainability performance competency.</li> </ol> <p>The Board’s observations and MC’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>	:	
<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**

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") of the Company had reviewed and assessed the Board, Board Committees comprising the Audit Committee, Executive Committee, Remuneration Committee, Sustainability and Risk Management Committee and individual Directors by furnishing the criteria used for such assessment, while 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, the respective Committees of the Board, and individual Directors are satisfactory and had conveyed to the Board accordingly.</p> <p>NC also conducted its review, taking into consideration of Directors' Fit and Proper Policy and had received the completed and signed Fit and Proper Declaration Forms from the Directors who retired pursuant to Clause 106 of the Company's Constitution respectively at the forthcoming Annual General Meeting ("AGM") of the Company.</p> <p>Upon completion of the assessments and due deliberation, NC was satisfied with the performance and contribution of the retiring Directors who had 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 retiring Directors at the forthcoming 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

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>	:	Applied
<b>Explanation on application of the practice</b>	:	Currently, three (3) out of six (6) members of the Board are Independent Directors. Therefore, the current Board composition is in line with the Malaysian Code on Corporate Governance to have at least half of the Board to comprise Independent Directors. Additionally, 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.
<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 5.3

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 was appointed as an Independent Non-Executive Director on 23 April 2015. The justification in relation thereto is disclosed under explanatory notes to the notice of Forty-Fourth Annual General Meeting of the Company.</p> <p>In view that the said Independent Director is a member of the NC, she had abstained from the discussion and the said matter had been deliberated and discussed with the Board. She also confirmed her independence upon completing the independent director's self-checklist.</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 acknowledges the importance of Board diversity for effective functioning of the Board. The Board has adopted a Board Diversity Policy, which is available on the Company's website at <a href="http://www.farlim.com.my">www.farlim.com.my</a>.</p> <p>The Board, assisted by the Nomination Committee of the Company to ensure that the Board are sufficiently diverse and appropriately balanced. In making recommendations to the Board on suitable candidature of Directors, the NC shall assess and consider the following attributes or factors:-</p> <ul style="list-style-type: none"><li>• Skills, knowledge, expertise and experience;</li><li>• Probity;</li><li>• Integrity;</li><li>• Competency and capability; and</li><li>• Commitment.</li></ul> <p>The screening and evaluation process for potential candidates to be nominated as Directors are supported by the Directors' Fit and Proper Policy and Board Diversity Policy of the Company to ensure it achieves a diverse Board which is able to unearth a breadth of perspectives.</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 5.6

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. In cases where candidates are nominated based on recommendations from existing board members, the Executive Committee, or major shareholders, Nomination Committee of the Company will conduct a thorough assessment and provide justification, before recommending them to the Board for an appointment.</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 declaration forms of Director's Fit and Proper and Conflict of Interest, the Nomination Committee ("NC") of the Company has assessed the Directors' eligibility for re-election or 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 considered endorsing the recommendation from the NC for Directors standing for re-election or appointment and the Directors concerned abstained themselves from deliberation and decisions by the Board regarding their re-appointments.</p> <p>The retiring directors who are standing for re-election are set out in the explanatory notes to the notice of the Forty-Fourth 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 Berhad.</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, ethnicity and gender diversities of the board members who are well-equipped with relevant knowledge and/or experience for contribution 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 (“NC”) of the Company to determine the effectiveness of the Board at a whole.</p> <p>Assessment by the NC 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. The results of the annual assessment indicated that the performance of the Board, the Board Committees and the individual Directors during the financial year had been satisfactory and effective in the overall discharge of their functions and duties.</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>Directors’ effectiveness and performance assessments are essential for 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 NC in accordance with its Terms of Reference. Based on the results of the</p>

	assessments, the NC shall recommend the training needs of the directors to the Board, if necessary.	
<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. The Board has a Remuneration Committee ("RC") to implement its Remuneration Policy, including reviewing and recommending matters relating to the remuneration of the Board and senior management.</p> <p>The Terms of Reference of the RC also outlines its authority and duties and periodically review the remuneration policy and procedures.</p> <p>A copy of the Board Remuneration Policy and Terms of Reference of the RC are available in 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 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 was established by the Board 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>(a) Determining, developing and recommending to the Board a fair and transparent remuneration policy and procedures for the Board and senior management;</li><li>(b) Recommending to the Board for remuneration and benefit in kind of executive directors and senior management in all its forms, drawing from external professional advice as necessary;</li><li>(c) Assessing the remunerations of executive directors and 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>(d) Reviewing the disclosure of remuneration of the Board and 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>(e) 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 contribution, expertise, commitment and responsibilities undertaken without conflicting with their objectivity and independent judgement on matters discussed; and</li><li>(f) Recommending the engagement of external professionals to assist and/or advise the Committee and the Board, on remuneration matters, where necessary.</li></ul>

	<p>Each Director shall abstain from deliberation and voting on matters pertaining to his/her own remuneration.</p> <p>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>.</p>	
<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**

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, 2025 are set out in the table 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	28	0	553
3	Lim Chu Dick	Executive Director	0	0	180	0	0	0	180	0	0	360	0	0	0	360
4	Adlina Hasni Binti Zainol Abidin	Independent Director	45.6	0	0	0	0	0	45.6	45.6	0	0	0	0	0	45.6
5	Amran Bin Ahmad	Independent Director	45.6	0	0	0	0	0	45.6	45.6	0	0	0	0	0	45.6
6	Koay Hooi Lynn	Independent Director	45.6	0	0	0	0	0	45.6	45.6	0	0	0	0	0	45.6
7	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
8	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
9	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
10	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
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 approved Terms of Reference of the Audit Committee had incorporated 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 and the Policy set out the following criteria in relation to assessing the suitability, objectivity and independence of the external auditor when evaluating the external auditor's performance:-</p> <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 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, the 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> <p>As part of the assessment, the Audit Committee ("AC") of the Company also considered 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 AC obtained 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</p>

	engagement, including any non-audit services provided to the Company and the Group, and that they have maintained their independence under the relevant legislation and professional standards.	
<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>All members of the Audit Committee ("AC") of the Company possess 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 profiles of the AC members are set out in the Annual Report 2025.</p> <p>The External Auditors of the Company also briefed the AC on any changes to the Financial Reporting development and/or Malaysian Financial Reporting Standards that would affect the Group's financial statements and the implication therefrom.</p> <p>The AC members will undertake continuous professional development trainings and seminars to keep themselves abreast of relevant developments in standards and practices in accounting and auditing, listing requirements, practices and rules.</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 a Group Risk Management Policy and with the assistance from Sustainability and Risk Management Committee ("SRMC") of the Company, to oversee the risk management processes, proactive identification and management of risks in order to continuously strengthen the Group's risk management competency.</p> <p>The findings arising from the risk evaluation process and continuous review processes conducted by the Company's management are presented to the SRMC on a quarterly basis.</p> <p>The Board, as a whole will continue to monitor and review the effectiveness and adequacy of the Group's risk management and risk appetite to ensure they continue to be resilient and reliable.</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 10.2

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>	:	<p>The Board recognises that identification, evaluation, and management of significant risks faced by the Group is an ongoing process. Continuous reviews are carried out by the management to identify, evaluate, monitor, and manage significant risks affecting the business and ensure that adequate and effective controls are in place.</p> <p>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 2025.</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 10.3 - 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 duties, responsibilities and functions of the SRMC are set out in the Terms of Reference which is available on the Company's website at <a href="http://www.farlim.com.my">www.farlim.com.my</a>.</p>

### 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 (“AC”) of the Company 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 AC. 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 which highlights significant findings or deficiency requiring the 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, IA Essential Sdn. Bhd. ("IAESB"), which conduct regular reviews and assessments of 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 of the Company for consideration.</p> <p>The internal audit engagement is led by Mr. Chong Kian Soon, who is a member of Chartered Accountants Australia and New Zealand (CAANZ), a Certified Public Accountant of the Malaysian Institute of Certified Public Accountants (MICPA), a Chartered Member of the Institute of Internal Auditors Malaysia (CMIIA), and a Certified QAR Assessor of IIA. The audit work is carried out by a project team leader, supported by an associate audit executive, both of whom are accounting graduates.</p> <p>All IAESB personnel involved in the engagement are independent and free from any relationships or conflicts of interest that could impair their objectivity. The Audit Committee reviews the performance and conducts of the internal auditors to ensure that the internal audit function is carried out effectively.</p> <p>The Internal Auditors perform their duties in accordance with the principles of the International Professional Practices Framework (IPPF) issued by the Institute of Internal Auditors. This framework guides the audit process, including audit planning, execution, documentation, communication of findings, and consultation with key stakeholders.</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 recognises the importance of being transparent and accountable to the Company's stakeholders and acknowledges that continuous communication between the Company and its stakeholders would facilitate mutual understanding of each other's objectives and expectations. Hence, the Board consistently ensures the supply of clear, comprehensive, and timely information to their stakeholders with the following initiative:-</p> <ol style="list-style-type: none"> <li>1. Conducting general meetings at a physical venue in Malaysia;</li> <li>2. Annual Report, which contains information including but not limited to Management Discussion and Analysis, financial statements, and information on the Board Committee, Corporate Governance, Risk Management and Internal Control; and</li> <li>3. The Company's website features a dedicated Investor Relations section that provides shareholders' information with access to various disclosures, including corporate policies, annual reports, quarterly report announcements, minutes of general meetings and other corporate information, to ensure investors have up-to-date financial information of the Group.</li> </ol>
<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 twenty-eight (28) days prior to the AGM, which is in advance of the twenty-one (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 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**

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>	:	<p>All Directors of the Company attended the Extraordinary General Meeting and Annual General Meeting of the Company held on 15 January 2025 and 26 June 2025 respectively.</p> <p>During the AGM, the Chairman also invited the Shareholders present to raise any questions pertaining to the Company's financial statements and offered meaningful responses to all questions addressed to them.</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 13.3

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>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Extraordinary General Meeting ("EGM") and 43<sup>rd</sup> Annual General Meeting ("AGM") of the Company did not leverage technology to facilitate remote shareholders' participation as both Meetings were held physically at Dorsett Grand Subang, Jalan SS 12/1, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia on 15 January 2025 and 26 June 2025 respectively. However, the Board and Management always ensure that the Meetings be convened at a venue which is easily accessible.</p> <p>Shareholders who were unable to attend the EGM or 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 EGM or AGM.</p> <p>In addition, the Company has adopted electronic poll voting on all resolutions to facilitate the polling process and to provide a more efficient and accurate outcome of the results.</p> <p>The poll administrators were also responsible for ensuring the security and protection of meeting attendees' personal data, while maintaining a compliant and consistent approach to data protection for general meetings.</p>
<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>The Chairman of the physical general meetings held on 15 January 2025 and 26 June 2025 had briefed the shareholders, corporate representatives and proxies present at the Meetings of their rights to pose questions and vote on the resolutions set out in the notice of the meetings. The Chairman always encourages participants of the meetings to engage in the questions and answers session, offering them the opportunity to raise questions or request further information during the meetings.</p> <p>The shareholders were given sufficient time to present their questions and all their questions have been responded by the Board and management timely as well.</p> <p>All Board members, Company Secretaries and External Auditors will be present at the forthcoming meetings to enable the meaningful interaction between the Company and shareholders be facilitated.</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 both Extraordinary General Meeting and 43 <sup>rd</sup> Annual General Meeting and of the Company were made available on Farlim's website at <a href="http://farlim.com.my/general-meetings/">http://farlim.com.my/general-meetings/</a> within 30 business days after the said meetings.
<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
----------------