

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.

This Policy was reviewed and approved by the Board on 25 February 2026.

THE DETAILED FIT AND PROPER CRITERIA FOR DIRECTORS

Following are the specific fit and proper assessment criteria for the Directors. These criteria are not exhaustive and based on the evolving circumstances and needs for building an effective Board for the Group, the NC may recommend and propose changes to these criteria to the Board for adoption.

A. INTEGRITY

(i) Probity

- comply with legal obligations, regulatory requirements and professional standards.
- have not been obstructive, misleading, or untruthful in dealings with regulatory bodies or courts.
- have not been reprimanded, disqualified, or removed by a professional or regulatory body.

(ii) Solvency

- manage personal financial affairs prudently.
- demonstrate the ability to fulfill personal financial obligations.
- have not been subjected to an unsatisfied judgment debt.

(iii) Personal Character, Honesty and Ethical Behaviour

- have not perpetrated or participated in any business practices which are deceitful, oppressive, improper or reflect discredit on their professional conduct.
- service contracts in the capacity of management or Director have not been terminated due to personal integrity issues.
- have no concurrent responsibilities or interests which would contribute to a conflict-of-interest situation or otherwise impair the ability to discharge duties and responsibilities as Director of the Group.
- have not abused their positions in a manner that contravenes governance and professional ethics.

(iv) Reputation

- have a good reputation in the business communities.
- have not been the subject of civil or criminal proceedings or enforcement action in managing or governing an entity for the past.
- have not been reprimanded by local and overseas regulatory authorities.
- have not been substantially involved in managing a business or company that has failed due to management deficiencies.

B. COMPETENCY AND CAPABILITY

(i) Qualifications and Skillsets

- possess qualifications relevant to the Board's requirements.
- have a considerable understanding of the business and workings of a public corporation.
- have adequate knowledge of Environment, Social & Governance ("ESG") issues.
- possess general management skills and an understanding of governance practices.
- able to read and understand financial statements.
- keep abreast of current knowledge about the industry

THE DETAILED FIT AND PROPER CRITERIA FOR DIRECTORS

(ii) Experience and Performance

- possess relevant experience and expertise regarding the length of service, nature and size of business, responsibilities held, number of subordinates, reporting lines and delegated authorities.
- had careers of occupying a high-level position in a comparable organisation and were accountable for governance, business performance or operations.
- Possess a commendable past performance record in the board evaluation.

C. COMMITMENT

- able to devote time as Board members, besides other concurrent Board positions.
- demonstrate a willingness to participate actively in Board activities.
- devote time and effort to understanding the businesses.

FIT AND PROPER DECLARATION FORM

	Yes	No
i Have you been the subject of any proceeding of a disciplinary or criminal nature, or have you been notified of any impending proceedings or investigations that might lead to such proceeding?		
ii Have you caused damage to others or society due to your dishonesty, incompetence or malpractice?		
iii Have you contravened any requirements and standards of a regulatory body, professional body, government, or agency?		
iv Have your companies in which you have a controlling interest or significant influence subjected to investigation, disciplinary action, suspension, or reprimand by a regulatory or professional body, a court or a tribunal, whether publicly or privately?		
v Have you been dismissed, asked to resign, or resigned from an employment or trust or fiduciary appointment or position because of honesty and integrity issues?		
vi Have you been associated, in ownership or management capacity, with a company, partnership or other business association that has been refused registration, approval, membership or a license to conduct any trade, business or profession or has had that registration, approval, membership or license revoked, withdrawn or terminated?		
vii Have you held a management position in a business that went into receivership, insolvency or involuntary liquidation while connected with that business?		
viii Have you been a director of, or directly concerned in the management of, any corporation that has been wound up by a court or other authority or by any licensed institution, or the license of which has been revoked?		
ix Have you acted dishonestly in dealings with customers, employers, auditors and regulatory authorities?		
x Have you been subjected to complaints about refusing to cooperate with regulatory authorities and failing to comply with legal, regulatory and professional requirements and standards, including tax requirements and obligations?		

FIT AND PROPER DECLARATION FORM

	Yes	No
xi Have you been subjected to complaints about objecting or lack of willingness to maintain effective governance, sustainability (i.e. ESG) matters, internal control systems and risk management practices?		
xii Do you have a business or other relationship that could pose a conflict of interest or interfere with the exercise of your judgment when action in the capacity of a key responsible person would be disadvantageous to the Company?		
xiii Have you not been and will not be able to fulfill your financial obligation?		
xiv Have you been the subject of a judgment debt, convicted as bankrupt, or involved in a bankruptcy proceeding?		

I make this solemn declaration conscientiously, believing the same to be accurate and by the provisions of the Statutory Declaration Act, 1960. I further authorise the Company to conduct checks with the relevant authorities and other publicly available sources, including but not limited to searches with the Companies Commission of Malaysia, Securities Commission Malaysia and Department of Insolvency.

Signature of Director

Name:

Position:

Date: