

FARLIM GROUP (MALAYSIA) BERHAD

Board Charter

This Charter provides a primary source of reference and induction literature to all Board Members. It sets out the Board's intent, authority and terms of reference and plays an important role in helping the Board to focus on matters that are pertinent to this Company. The Board has also defined in this Charter the fundamental roles and responsibilities of the Board and individual Directors as well as the decision reserved to the Board.

1. Size, Composition, Gender and Nomination

The size of the Board is stipulated in the Articles of Association of the Company. The size of the Board is determined based on the credential, knowledge and experience needed for effective functioning of the Board as well as the regulator's requirements on independent directors.

Appointment of Board and Senior Management is based on objective criteria and with due regard to diversity of skills, experience, age, cultural background and gender. In identifying candidates for appointment of Directors, the Board may rely on recommendations from existing Members, Management or Major Shareholders or utilise external sources to identify suitably qualified candidates.

The Board acknowledges the importance of gender diversity in its composition. In its selection of Board members, the Board provides equal opportunity to all candidates who meet its selection criteria.

All new Directors appointed to the Board shall undertake a formal induction program coordinated by the Nomination Committee.

2. Roles and Responsibilities of the Board

All Directors should objectively discharge their duties and responsibilities at all times in the interests of the Group and should keep abreast of their responsibilities as Directors and of the conduct, business activities and development of the Group.

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

FARLIM GROUP (MALAYSIA) BERHAD

Board Charter

- promote good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour;
- review, challenge and decide on Management's proposals for the Group, and monitor their implementation;
- ensure that the strategic plan of the Group supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
- supervise and assess Management's performance to determine whether the Group's business is being properly managed;
- ensure that there is a sound framework for internal controls and risk management;
- understand the principal risks of the Group's business and recognise that business decisions involve the taking of appropriate risks;
- assess and set the risk appetite within which Management should operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;
- ensure that Senior Management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of Board and Senior Management;
- ensure that the Group has in place procedures to enable effective communication with stakeholders; and
- ensure the integrity of the Group's financial and non-financial reporting.

3. Position Descriptions of the Board Members

3.1 Executive Chairman and Deputy Executive Chairman

The primary roles of the Executive Chairman and Deputy Executive Chairman are:

- To provide leadership to the Board;
- To set the Board meeting's agenda and ensure that Board members receive complete and accurate information in a timely manner;
- To lead Board meetings and discussions;

FARLIM GROUP (MALAYSIA) BERHAD

Board Charter

- To encourage active participation of all Board members and to allow dissenting views to be freely expressed;
- To manage the interface between Board and Management;
- To ensure that appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board; and
- To lead the Board in establishing and monitoring good corporate governance practices in the Group.

3.2 Executive Directors

The key responsibilities of the Executive Directors are:

- To develop strategic direction of the Group for Board's consideration;
- To ensure that Board decisions are implemented and responded to;
- To provide directions to Management in the implementation of short and long-term business plans;
- To provide strong leadership and effective communication of the Group's vision, philosophy and business strategy to all employees;
- To keep Board fully informed of all important aspects of the Group's operations and to ensure that sufficient information is distributed to Board members; and
- To ensure that day-to-day business affairs of the Group are effectively managed.

3.3 Independent Directors

The primary responsibility of Independent Directors is to ensure effective check and balance in the Board by:

- bringing independent and objective judgement to the Board;
- mitigating risk of any possible conflict of interest and undue influence in the Board; and
- constructively challenging and contributing to the development of business strategy and direction of the Group.

FARLIM GROUP (MALAYSIA) BERHAD

Board Charter

Independent Director of the Board must fulfil the provisions and definition of independent director of the Listing Requirements at all times and must declare their independence to the Board annually.

When Board intends to retain its Independent Director beyond nine years, it would justify and seek shareholders' approval in the AGM. However, if the Board continues to retain its Independent Director after the twelfth year, the Board would seek shareholders' approval through a two-tier voting process in the AGM.

4. Conflict of Interests

Directors are required to take all reasonable steps to avoid actual, potential or perceived conflict of interests with the Group's interest.

Should there be actual, potential or perceived conflict of interests between the Group and Board Members or person connected with the Board Members, the interested Board Member shall make full disclosure in bona fide and act honestly in the best interests of the Group. Further, the interested Board Members shall not participate in deliberations on and shall abstain from casting vote in matter arising thereof.

5. Company Secretary

The Company Secretary plays an important role in good governance by helping the Board and its Committees function effectively and in accordance with their terms of reference and best practices.

The roles and responsibilities of the Company Secretary include, but not limited to the following:

- Manage all Board's and Board Committees' meeting logistics;
- Attend and record minutes of all Board's and Board Committees' meetings and facilitate Board communications;
- Advise the Board and Board Committees on its roles and responsibilities;
- Facilitate the orientation of new directors and assist in director training and development;

FARLIM GROUP (MALAYSIA) BERHAD

Board Charter

- Advise the Board on corporate disclosures and compliance with securities regulations, listing requirements and companies act;
- Manage processes pertaining to annual shareholder meeting;
- Monitor corporate governance developments and assist the Board in applying governance practices to meet the compliance needs and stakeholders' expectations; and
- Serve as a focal point for stakeholders' communication and engagement on corporate governance issues.

In order to carry out his function effectively, Company Secretary should possess the knowledge and experience covering the knowledge in company and securities law, finance, governance, company secretaryship and listing requirements and undertake continuous professional development.

6. Issues and Decisions Reserved for the Board

In order to ensure that the direction and control of the Group is within the Board's hands firmly, the following list of matters shall be reserved to the Board for decision:

- Corporate exercise;
- Business strategy and sustainability issues;
- Contracts and transaction exceeding 5% of total assets;
- Performance review, remuneration, succession and appointment of directors and key senior executives;
- Shareholders' communication and matters;
- Governance matters; and
- Board Policies.

These matters reserved shall be communicated to all Directors, Company Secretary, Internal Auditors, External Auditors and the Senior Executives. Management shall familiarize and observe the matters reserved to the Board. Management shall not make decision within those matters and must undertake to provide adequate, timely and quality information to the Board for making its decision.

FARLIM GROUP (MALAYSIA) BERHAD

Board Charter

7. Board Committees

The Board may from time to time establish appropriate Board Committees to assist them in the discharge of their responsibilities. However, the Board will not delegate any of its decision-making authority to those Committees.

The Board shall establish the following Committees and define their respective terms of reference:

- Executive Committee;
- Audit Committee;
- Risk Management Committee;
- Nomination Committee; and
- Remuneration Committee.

The role, function, performance and membership of each Committee will be reviewed on an annual basis as part of the Board's appraisal process.

The respective Chairmen of the Board Committees shall provide meaningful response to questions addressed to them during general meetings.

8. Meetings and Minutes

Board meetings are held at least once in every three (3) months. The agenda for each meeting is dictated by the needs of the Board and would be communicated in the notice of meeting.

Additional Board meeting can be convened at the request of any Director by giving all Directors seven days' notice in writing. A meeting may, with the consent of all Directors, be convened with shorter notice.

All Board members shall attend at least 50% of the Board meetings held in each financial year or such other percentage as may be prescribed by the Listing Requirements. Heads of the respective division units and relevant Management personnel may be invited to attend the Board meetings as and when the need arises.

FARLIM GROUP (MALAYSIA) BERHAD

Board Charter

Personal attendance of Board members at meetings is preferred. But, the Board and Board Committees may hold meetings at two or more venues using technology that gives all members of the Board or the Board Committees a reasonable opportunity to participate in the meeting. On the other hand, Board may also pass its resolution by way of circular.

To facilitate robust Board discussions, the Company Secretary should ensure that Directors are provided with sufficient information and time to prepare for Board meetings. The meeting materials should be circulated at least five (5) business days in advance of the Board meeting. All Board members should ensure that the minutes of meetings accurately reflect the deliberations and decisions of the Board, including whether any Director abstained from voting or deliberating on a particular matter.

9. Access of Information and Resources

All Board members shall have access to:

- complete, adequate and timely information of the Group;
- the resources required to perform their duties; and
- subject to Board's approval, engage independent professional or obtain advices at the expense of the Group.

10. Relationship between Board and Management

Except for matter relating to operation of Board Committees or duties of the Company Secretary, the ordinary course of communications between the Independent and Non-Executive Directors and the Senior Management should be through Executive Chairman, Deputy Executive Chairman or other Executive Directors.

11. Performance Appraisal

Regular reviews of Directors' effectiveness and performance are important for Board improvement. The Board shall review and evaluate each Director's performance, its own performance and the performance of its Committees at least once a year. When

FARLIM GROUP (MALAYSIA) BERHAD

Board Charter

assessing its performance, the Board shall also evaluate its performance vis-à-vis the provisions in this Board Charter.

All Board related performance appraised shall be administered and conducted by the Nomination Committee who shall then report back to the Board. Based on the result of appraisal, the Nomination Committee should assist the Board to undertake assessment of the training needs of each Board Member.

12. Continuing Education Program and Training

All Board Members are expected to undertake continuing professional education to enable them to discharge their duties effectively. While Management, Company Secretary, Internal and External Auditors would brief the Board on changes in the legislative, regulatory or industry framework which impact the Group, Board Members shall seek continuous knowledge of the changes in the securities, listing and companies regulations by participating in appropriate training programs.

13. Remuneration

The Board is responsible to establish formal and transparent remuneration policies and procedures. In order to attract and maintain talents, the Board shall remunerate its Members and Senior Management reasonably and fairly based on the market conditions, the individual's and Group's performance, level of responsibilities and skill sets of each individual as well as the Group's long-term objectives.

The Board may through Remuneration Committee draw advice externally, if necessary to review the remuneration of the Board and Senior Management.

14. Indemnity and Insurance

The Directors and officers of the Group are entitled to be indemnified against liabilities arising from their holding of office in the Group. In this respect, the Board will be responsible to review and approve appropriate insurance policy for its Members and officers.

15. Communication with Stakeholders

Ongoing engagement and communication with stakeholders build trust and understanding between the Group and its stakeholders. It provides stakeholders a better appreciation of the Group's objectives and the quality of its Management. This in turn will assist stakeholders in evaluating the Group and facilitate shareholders to determine how their votes should be exercised. From the Group's perspective, communication with stakeholders provides an avenue for invaluable feedback that can be used to understand stakeholders' expectations and to develop business strategies.

The principles governing the Board's stakeholders communication initiatives are as follows:

- The Executive Chairman or Deputy Executive Chairman or in their absence any other Board Members authorized by Executive Chairman and Deputy Executive Chairman will be the spokesperson of the Board;
- The Board will always leverage Bursa's and its corporate website to report its financial results and material developments to the Exchange, its shareholders and other stakeholders in an open, timely and comprehensive manner;
- The Board will proactively address reports and rumors to avoid unnecessary speculation in its securities. The Board will give reasonable access to analysts and media to form their opinion about the Group, but will not seek to influence those opinions. Also, the Board will not give information to the analysts and media that is not available to the general public; and
- The Board will meet with its stakeholders through appropriate platform and channel to inform and obtain feedback from stakeholders.

FARLIM GROUP (MALAYSIA) BERHAD

Board Charter

16. Review of Board Charter

The Board shall review this Charter annually and make necessary or desirable amendments to ensure that the Charter remains consistent with the Board's objectives, current regulation requirements and governance best practice. Changes of the provisions in the Charter shall be adopted by the Board with a formal resolution.

17. Publication of Board Charter

This Charter shall be available to all Board Members and key Senior Management. A copy of this Charter shall be published on the Group's website.