

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5306
COMPANY NAME : FARM FRESH BERHAD
FINANCIAL YEAR : March 31, 2022

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has deliberated on major decisions affecting the Group's overall direction, ensuring the delivery of sustainable value to our stakeholders while protecting the interests of the Group and its subsidiaries. In doing so, the Board champions good governance and ethical practices, provides leadership in guiding the creation of corporate strategies, and works to ensure the effective execution of these strategies.</p> <p>The statement of values will be formalised by Board, ensuring the Company's values are in line with the Company's commitment to produce dairy "just as nature intended".</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The roles and responsibilities of the Chairman of the Board have been clearly specified in the Board Charter, which is available on Farm Fresh's website at https://www.farmfresh.com.my/investor-relations/</p> <p>The chairman of the Board is a non-executive director who presides over meetings of directors and is responsible for the orderly conduct and functioning of the Board, instilling good corporate governance practices, leadership and ensure the effectiveness of the Board.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The positions of Chairman and CEO are held by two different individuals. The Chairman, Tan Sri Dato' Seri Haji Megat Najmuddin Bin Datuk Seri Dr Haji Megat Khas, leads and manages the Board by ensuring effective contribution from the Directors and exercise control over quality, quantity and timeliness of information between Board and Management whereas the CEO, Loi Tuan Ee manages the business and operations of the Company and implements the Board's decisions.</p> <p>The distinct and separate roles of the Chairman and CEO, with their clear division of responsibilities, ensure a balance of power and authority, such that no one individual has unfettered decision-making powers.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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>	
Application :	Applied
Explanation on application of the practice :	The Chairman of the board is Tan Sri Dato' Seri Haji Megat Najmuddin Bin Datuk Seri Dr Haji Megat Khas, he is not a member of the Audit & Risk Committee ("ARMC") and the Nomination and Remuneration Committee ("NRC").
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is supported by a qualified Company Secretary ("COSEC") who is a member of a professional body.</p> <p>The Board is regularly updated and advised by the COSEC who is qualified, experienced and competent on statutory and regulatory requirements, and the resultant implications of any changes therein to the Group and Directors in relation to their duties and responsibilities.</p> <p>The COSEC is responsible and entrusted to record the Board's deliberations and discussion during Board or committee meeting. All pertinent issues discussed at Board meetings in arriving at decisions and conclusions are properly recorded by the COSEC by way of minutes of meetings. The conclusions and the minutes of the previous Board meeting are distributed to the Board and Committee members prior to the Board meeting for their perusal before confirmation of the minutes at the commencement of the following Board meeting. The Directors may comment or request clarification before the minutes are tabled for confirmation and signed by the Chairman of the meeting as a correct record of the proceedings of the meeting.</p> <p>Directors have unrestricted access to the advice and services of the COSEC to enable them to discharge their duties effectively. The appointment and removal of the Company Secretary is a matter for the Board as a whole to decide.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied
Explanation on application of the practice	:	<p>Board members have full and unrestricted access to all information pertaining to the Group's businesses and affairs. Directors are supplied with relevant information and reports on financial, operational, corporate, regulatory, business development and audit matters for decisions to be made on an informed basis and effective discharge of the Board's responsibilities.</p> <p>Board papers are prepared by Management, provide the relevant facts and analysis for the convenience of Directors. The notices and the meeting papers are sent to all members of the Board and Board Committees one week ahead of scheduled meetings, ensuring sufficient time to peruse issues to be deliberated.</p> <p>Full minutes of each Board meeting are kept by the COSEC and are made available for inspection by any Director during office hours.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The role and function of the Board, Board Committees, which includes the differing roles of the Executive Director and Non-Executive Directors as well as the schedule of issues and decisions reserved for the Board, are clearly delineated in the Board Charter. The Board Charter is reviewed when it is deemed necessary, in order to ensure the practices of the Group is in line with latest changes in MCCG.</p> <p>The Board Charter is available on Farm Fresh's website at https://www.farmfresh.com.my/investor-relations/</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Group is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.</p> <p>The Code of Conduct and Business Ethics has been established to ensure that working environments and conditions are safe and healthy, conflicts of interest are avoided, workers are treated with respect and dignity, confidentiality is observed, good personal behaviour is exhibited and business operation are conducted ethically.</p> <p>The Code of Conduct and Business Ethics is available on Farm Fresh's website at https://www.farmfresh.com.my/investor-relations/</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied	
Explanation on application of the practice	:	<p>All stakeholders are encouraged to raise genuine concerns about possible improprieties in matters of financial reporting, compliance and other malpractices in the Group at the earliest opportunity, and in an appropriate way.</p> <p>The Whistle Blowing policy is available on Farm Fresh’s website at https://www.farmfresh.com.my/investor-relations/</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board reviews and oversees the implementation of the strategic business plan of the Group to ensure that it supports long-term value creation and promotes sustainability, taking into consideration the economic, environmental and social considerations.</p> <p>Operating sustainably has been core to our purpose at Farm Fresh Berhad and this is the high standard set by our Board of Directors.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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.

Application	:	Applied	
Explanation on application of the practice	:	The Group is committed to upholding good Environmental, Social and Governance (ESG) practices and works towards embedding sustainability into its business processes. A full disclosure of our sustainability initiatives and practices can be found in the Sustainability Statement within this Integrated Annual Report, containing analysis of our sustainability performance in relation to ESG matters material to the Group and its stakeholders, as well as our support of the United Nations Sustainable Development Goals.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board takes into account sustainability considerations when exercising its duties to ensure our farming and processing practices have minimal impact on the environment.</p> <p>At the same time, we aspire to generate shared value between our business and local communities, providing long-term employment and career advancement opportunities to locals, upskilling our partner-farmers and supporting micro-entrepreneurs in rural and economically disadvantaged areas.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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.

Application	:	Applied	
Explanation on application of the practice	:	Performance evaluations of the board and senior management will be assessed annually. The Board effectiveness assessment for FY2022 was conducted.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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.

Application	:	Applied
Explanation on adoption of the practice	:	Farm Fresh's Group MD and Group CEO, Mr. Loi Tuan Ee, takes responsibility to take care of the interest of all the stakeholders and ensure that it supports long-term value creation and promotes sustainability, taking into consideration the economic, environmental and social considerations

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.

Application	:	Applied
Explanation on application of the practice	:	The following Directors are retiring by rotation in accordance with Clause 76(3) and Clause 78 of the Company's Constitution and being eligible, has offered himself/ herself for re-election at forthcoming 11 th AGM: - (i) Mr. Loi Tuan Ee (ii) Tan Sri Dato' Seri Haji Megat Najmuddin Bin Datuk Seri Dr. Haji Megat Khas (iii) Ms. Loi Foon Kion (iv) Mr. Sukanta Kumar Dutt (v) Dato' Dr Quaza Nizamuddin Bin A. Hassan Nizam (vi) Ms. Jocelyn Ng Lai Leng (vii) Encik Effizal Faiz Bin Zulkifly
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application :	Applied	
Explanation on application of the practice	The current Board of Farm Fresh Berhad consist of seven (7) experienced and competent members with different areas of expertise, out of which four (4) members are Independent Non-Executive Directors. None of the members of the Board is a former key audit partner of the external auditors of the Company.	
	No	Name
	1	Tan Sri Dato' Seri Haji Megat Najmuddin Bin Datuk Seri Dr Haji Megat Khas
	2	Loi Tuan Ee
	3	Loi Foon Kion
	4	Sukanta Kumar Dutt
	5	Dato' Dr Quaza Nizamuddin Bin A. Hassan Nizam
	6	Jocelyn Ng Lai Leng
	7	Effizal Faiz Bin Zulkifly
Explanation for departure		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

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.

Application	:	Applied
Explanation on application of the practice	:	None of the independent directors exceeds a cumulative term of nine (9) years.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

<i>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.</i>	
Application	: Applied
Explanation on adoption of the practice	: According to Farm Fresh's Board Charter clause 3.5, the tenure of an independent non-executive director shall not exceed a cumulative term limit of nine (9) years. Upon completion of the nine (9) years, an independent non-executive director may continue to serve on the Board as a non-independent non-executive director.

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.

Application	:	Applied
Explanation on application of the practice	:	<p>NRC ensures the appointment of director and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender. The appointment of directors and senior management and their continuation of services are recommended by the NRC for Board approval.</p> <p>Terms of Reference of the NRC is available on Farm Fresh’s website at https://www.farmfresh.com.my/investor-relations/</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied	
Explanation on application of the practice	:	The nomination of directors is reviewed by the NRC and the Board. This includes non-independent directors nominated for appointment by substantial shareholders.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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.

Application	:	Applied	
Explanation on application of the practice	:	The profiles of the Directors are disclosed in the Company's Annual Report 2022. In addition, the NRC and the Board have considered and assessed the performance of retiring directors seeking re-election, before recommending them to shareholders for approval.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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.

Application	:	Applied
Explanation on application of the practice	:	The NRC is currently chaired by an Independent Director, Mr Sukanta Kumar Dutt who has extensive experience in the fields of governance, financial reporting and risk management.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	As at 31 March 2022, the Board had 42.8% women directors. However, upon the resignation of a non-independent director on 18 April 2022 and the appointment of successor, the Board currently comprises 28.5% women directors (2 out of 7 directors).
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	To identify a woman director at the next change in Board composition.
Timeframe	:	Next change in Board composition.

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.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Group acknowledges the corporate governance on such disclosure and would include the policy in the next annual report.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Board will formalise and approve the policy on gender diversity for the board and senior management.	
Timeframe	:	Within 1 year.	

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>	
Application	: Applied
Explanation on application of the practice	: <p>The Board effectiveness assessment for FY2022 was conducted.</p> <p>The Group has the procedure in place, through the NRC, to conduct annual evaluation of the effectiveness of individual Directors, the Board as a whole as well as the Committee of the Board via customized questionnaires which includes the followings:</p> <ul style="list-style-type: none"> • Self evaluation and evaluation of fellow directors • Evaluation on the effectiveness of the Board • Declaration of Independence <p>The NRC will go through all the evaluation forms and make its conclusions. All assessment and evaluations carried out by the NRC in discharging its duties will be documented in the minutes of meetings.</p> <p>The NRC will also be reviewing the composition of respective board committee of the Group to ensure its effectiveness in functioning.</p>
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Group has established a formal policy for NRC and it is made available on the Farm Fresh’s website.</p> <p>The fees for the Non-Independent Directors and any benefits payable shall from time to time be determined in the general meeting in accordance Companies Act 2016.</p> <p>As for Senior Management, the remuneration analysis and salary matrix review were prepared internally with the aim to ensure that the compensation offered is in line with the market practice, to remain competitive for talent attraction and retention. The management is responsible to review the annual salary increments and performance bonuses in respect of financial year based on KPI as determined in the beginning of the year.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied.
Explanation on application of the practice	:	<p>The NRC was established as the Board recognises the importance of the role the NRC plays not only in the selection and assessment of Directors but also in other aspects of corporate governance of which the NRC can assist the Board to discharge its fiduciary and leadership functions.</p> <p>Appointment/ Composition of the NRC</p> <ul style="list-style-type: none">• The NRC members shall be appointed by the Board.• The NRC shall consist of not less than five (5) members.• The majority of the NRC members shall be Independent Non-Executive Directors.• The Chairman of the NRC must be a Non-Executive Director and shall be appointed by the Board. <p>The Board is satisfied that the NRC has effectively and efficiently discharged its duties and responsibilities in respect to its nomination and remuneration functions.</p> <p>The terms of reference of the NRC is available at the Farm Fresh's website.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied
Explanation on application of the practice	:	The disclosure of the individual directors' remuneration on a named basis has been made in the Annual Report.

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 Haji Megat Najmuddin Bin Datuk Seri Dr Haji Megat Khas	Independent Non-Executive Director	150	6	-	-	-	-	156	150	6	-	-	-	-	156
2	Loi Tuan Ee	Non-Independent Executive Director	-	-	-	-	-	-	-	-	245	1,187	-	-	143	1,575
3	Loi Foon Kion	Non-Independent Non-Executive Director	100	6	-	-	-	-	106	100	6	-	-	-	-	106
4	Sukanta Kumar Dutt	Independent Non-Executive Director	100	8	-	-	-	-	108	100	8	-	-	-	-	108
5	Dato' Dr Quaza Nizamuddin Bin A Hassan Nizam	Independent Non-Executive Director	100	8	-	-	-	-	108	100	8	-	-	-	-	108
6	Jocelyn Ng Lai Leng	Independent Non-Executive Director	100	8	-	-	-	-	108	100	8	-	-	-	-	108
7	Tan Mei Shwen Serena	Non-Independent Non-Executive Director	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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.

Application	:	Applied
Explanation on application of the practice	:	The remuneration of top 5 key senior management is disclosed in Annual Report.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Loi Tuan Ee	Group Managing Director and Group Chief Executive Officer	1,150,000-1,200,000	200,000-250,000	Choose an item.	Choose an item.	100,000-150,000	1,550,000 - 1,600,000
2	Azmi Bin Zainal	Group Chief Operating Officer	400,000-450,000	100,000-150,000	150,000-200,000	Choose an item.	50,000-100,000	700,000 - 750,000
3	Mohd Khairul Bin Mat Hassan	Group Chief Financial Officer	700,000-750,000	100,000-150,000	150,000-200,000	Choose an item.	100,000-150,000	1,150,000 - 1,200,000
4	Loi Tuan Kin	Plant Operations Director	450,000-500,000	0-50,000	150,000-200,000	Choose an item.	50,000-100,000	800,000 - 850,000
5	Adam Graeme Pretty	Managing Director of Australian Business	550,000-600,000	Choose an item.	Choose an item.	Choose an item.	50,000-100,000	600,000 - 650,000

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.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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.

Application	:	Applied.	
Explanation on application of the practice	:	On 27 September 2021, ARMC was established comprising entirely of Independent Non-Executive Directors, namely Sukanta Kumar Dutt, Dato' Dr Quaza Nizamuddin Bin A. Hassan Nizam and Jocelyn Ng Lai Leng whereby the Chairman of the Audit Committee is not the Chairman of the Board.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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.

Application	:	Applied.	
Explanation on application of the practice	:	The AC has a policy that requires a former key partner to observe a cooling-off period of at least three (3) years before being appointed as a member of Audit Committee.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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.

Application	:	Applied.	
Explanation on application of the practice	:	<p>The ARMC will assess the performance and suitability of the external auditors and review any matters concerning the appointment and re-appointment, resignations or dismissals of external auditors.</p> <p>The ARMC has assessed the independence of KPMG PLT as the external auditor of the Company as well as reviewed the level of non-audit services rendered by KPMG PLT to the Company for the financial year under review.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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.

Application	:	Applied.
Explanation on adoption of the practice	:	The Board established the ARMC comprising wholly of Independent Non-Executive 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.

Application	:	Applied.	
Explanation on application of the practice	:	<p>ARMC members have a wide range of necessary skills, knowledge, and experience, including governance, financial reporting, risk management, marketing, business development, veterinary and corporate general management experience in discharging their duties.</p> <p>During FY2022, the ARMC members have attended various training programmes, seminar, conference and forums, the detail of which are disclosed in the annual report.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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.

Application	:	Applied.
Explanation on application of the practice	:	<p>The Board regards risk management and internal controls as an integral part of the overall management processes.</p> <p>The Board has established an organisation structure with clearly defined line of responsibility, authority limits and accountability aligned to business and operation requirements which supports the maintenance of a strong and robust control environment.</p> <p>The Board identifies the principal risk and ensure the implementation of appropriate internal controls and mitigation measures i.e. the risk appetite is set within which the Board expects the management to operate and ensure that there is a sound risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied.	
Explanation on application of the practice	:	<p>The Group has a Risk Management Framework ("framework") in place to identify the key risks faced by the Group, the potential impact and likelihood of those risks occurring, the control effectiveness and the action plans being taken to manage those risks. Risk process has been put in place throughout the Group for the year under review.</p> <p>The system of internal control covers areas on financial, operational and compliance controls. Apart from the risk management and Internal Audit Functions, the Board has established key processes to augment the risk management and internal control system which were set out in the Statement of Risk Management and Internal Control in this Annual Report.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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.

Application	:	Applied.
Explanation on adoption of the practice	:	The ARMC is established to oversee the financial risk processes, accounting policies and financial reporting practices and the risk management framework and its related policies within the Group, review the quality of the Group's internal control, accounting function and financial reporting system and the risk management framework and processes to ensure that they remain relevant for use and monitor the effectiveness of risk treatment/mitigation action plans for the management and control of key risks, in addition to other matters as instructed by the Board.

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.

Application	:	Applied.	
Explanation on application of the practice	:	Internal audit function is established within the Group, headed by the Head of Audit and Risk who was appointed on 1 April 2021, for purposes of providing independent assurance to the Board (via the ARMC) and the organisation's corporate governance, risk management and internal controls through audit to evaluate effectiveness of internal controls and assessing compliance with policies and laws and regulations and provide recommendations on improving the risk management and compliance of the Group.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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.

Application	:	Applied									
Explanation on application of the practice	:	<p>At every quarterly ARMC meeting, the Head of Internal Auditor will update the committee on the internal audit plan and its progress which includes the nature and scope of the internal audit activities. The committee reviews the plan to ensure that the internal audit plan benefits and complements the external audit work plan.</p> <p>The details of the Company's internal audit members as follow: -</p> <table border="1"> <thead> <tr> <th>No.</th> <th>Name</th> <th>Position</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Lim Peng Hun</td> <td>Head of Internal Audit</td> </tr> <tr> <td>2.</td> <td>Muqaddis Bin Ahmad Radhi</td> <td>Internal Audit Manager</td> </tr> </tbody> </table> <p>The internal audit work is conducted in accordance with internationally recognised framework and focuses on the key areas of business and operations risk.</p>	No.	Name	Position	1.	Lim Peng Hun	Head of Internal Audit	2.	Muqaddis Bin Ahmad Radhi	Internal Audit Manager
No.	Name	Position									
1.	Lim Peng Hun	Head of Internal Audit									
2.	Muqaddis Bin Ahmad Radhi	Internal Audit Manager									
Explanation for departure	:										
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>											
Measure	:										
Timeframe	:										

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.

Application	: Applied.
Explanation on application of the practice	<p>Farm Fresh ensures that its communication with the shareholders and various stakeholders is transparent, timely and with quality disclosure. Farm Fresh also actively engages all its stakeholders through various platforms including the announcements via Bursa LINK, disclosures on Farm Fresh's website and engagement through the investor relations function.</p> <p>Farm Fresh via its website, includes an Investor Relations ("IR") section which provides relevant information on the Company, and it is accessible to the public. This section enhances the IR function, including announcements made by Farm Fresh, annual reports and the corporate and governance of Farm Fresh.</p> <p>The IR function is established to enable continuous communication between the Company and its stakeholders. The stakeholders are encouraged to channel their concerns to the IR personnel whose name, contact number and e-mail address (ir@farmfreshmilk.com.my) are provided at Farm Fresh's website, IR Contact section.</p> <p>To facilitate the stakeholders' understanding of the Company with respect to the business of the company and its policies on governance, the Company has placed various documents on the company websites including the corporate overview, information on the Board of Directors and the Management team, Compass and other Company policies, the Board Charter and Board Committee Terms of Reference, financial results, announcements to Bursa, minutes of general meetings, the Company's Annual Reports, the Company's products, media releases, and other corporate news.</p> <p>The quarterly financial results are also announced via Bursa LINK immediately after the Board's approval after 5.00p.m. on the same day and analyst briefings are conducted in the subsequent working day. This is important in ensuring equal and fair access to information is provided to the investing public, so that they are able to make informed decisions.</p>

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

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.

Application	:	Applied	
Explanation on application of the practice	:	Farm Fresh's 1 st annual integrated report will be published by the end of July 2022.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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.

Application	:	Applied	
Explanation on application of the practice	:	No AGM being held as a public listed company to-date. However, Farm Fresh Berhad plans to comply with the Practice 13.1 at the forthcoming 11 th AGM on 29 August 2022. Notice of 11 th AGM will be issued on 29 th July 2022, which is at least 28 days prior to the meeting.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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.

Application	:	Applied	
Explanation on application of the practice	:	No AGM being held as a public listed company to-date. However, Farm Fresh Berhad plans to comply with the Practice 13.2 at the forthcoming 11 th AGM on 29 August 2022.	
Explanation for departure	:		
	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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.

Application	:	Applied	
Explanation on application of the practice	:	No AGM being held as a public listed company to-date. However, Farm Fresh Berhad plans to comply with the Practice 13.3 at the forthcoming 11 th AGM on 29 August 2022.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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>	
Application	: Applied
Explanation on application of the practice	: No AGM being held as a public listed company to-date. However, Farm Fresh Berhad plans to comply with the Practice 13.4 at the forthcoming 11 th AGM on 29 August 2022.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

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>	
Application	: Applied
Explanation on application of the practice	: No AGM being held as a public listed company to-date. However, Farm Fresh Berhad plans to comply with the Practice 13.5 at the forthcoming 11 th AGM on 29 August 2022.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

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>	
Application	: Applied.
Explanation on application of the practice	: The full minutes of meeting which includes answers to the shareholders' questions will be made available on the Company website within 30 business days after the general meeting.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

**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.

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