

FIAMMA HOLDINGS BERHAD
(Company No. 88716-W)

Diversity Policy

1. Purpose

This policy is intended to address Fiamma Holdings Berhad (“FHB”) and all subsidiary companies within the FHB Group, hereinafter referred to as the Group.

The purpose of this policy is to set out the approach to diversity on the Board of Directors ("Board") and workforce of FHB Group.

The Board is guided by the Principles and Practices as promulgated by the Malaysian Code on Corporate Governance (“MCCG”) and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia Listing Requirements”).

Bursa Malaysia Securities Berhad had vide its letter dated 22 July 2014 ("Letter") clarified that a listed issuer is required to disclose in the annual reports issued on or after 2 January 2015, its diversity policy for its Board and workforce in terms of gender, age and ethnicity as part of the enhanced disclosure requirements to Paragraph 15.08A of the Bursa Malaysia Listing Requirements as clarified in the Letter. This serves to complement the various initiatives launched to inculcate diversity in the boardroom and workplace.

Practice 4.4 of the MCCG recommends that 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. This entails the Board through its Nomination Committee (“NC”) to take the necessary steps to ensure that female candidates are sought as part of its recruitment exercise. The Board should explicitly disclose in the annual report its gender diversity policies and targets and the measures taken to meet those targets.

Boardroom Diversity Policy

2. Principles

2.1. The Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity as an essential element in maintaining a competitive advantage.

2.2. A truly diverse Board will include and make good use of differences in the skills, regional and industry experience, background, age, race, gender and other qualities of Directors. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately.

2.3. All Board appointments are made on merit, in the context of the skills and experience the Board as a whole requires in order for the Board to be effective.

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- 2.4. The NC reviews and assesses Board composition on behalf of the Board and recommends the appointment of new directors. It also oversees the conduct of the annual assessment of Board effectiveness.
- 2.5. In reviewing Board composition, NC will consider the benefits of all aspects of diversity in order to maintain an appropriate range and balance of skills, experience and background on the Board. In identifying suitable candidates for appointment to the Board, NC will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board.
- 2.6. As part of the annual performance evaluation of the effectiveness of the Board, Board Committees and individual directors, NC will consider the balance of skills, experience, independence and knowledge on the Board and the diversity representation of the Board.

3. Measures

- 3.1. The Board is of the view that, while it is important to promote boardroom diversity in terms of gender, age and ethnicity, the normal selection criteria based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board should remain a priority. The Board would take into consideration the following measures:

Gender diversity

- (a) The Company appreciates the benefits of having gender diversity in the boardroom as a mix-gendered board would offer different viewpoints, ideas and market insights which enable better problem solving to gain competitive advantage in serving an increasingly diverse customer base than the boardroom that dominated by one gender.
- (b) The Company does not set any specific target for female directors in the Board but will actively work towards having more female directors on the Board.
- (c) The Company shall provide a suitable working environment that is free from harassment and discrimination in order to attract and retain women participation on the Board.

Age diversity

- (a) The Board acknowledges the benefits of having diversity in the boardroom in terms of age demographics, which would create professional environments that are rich with experience and maturity as well as youthful exuberance. The Board with a wide range of age has the advantage of creating a dynamic, multi-generational workforce with a diverse range of skill sets that are beneficial to the Company.
- (b) The Company does not set any specific target for the boardroom age diversity but will actively work towards having appropriate age diversity in the Board.

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- (c) The Company does not fix age limit for its Directors given that such Directors are normally reputable and experienced in their competitive fields and could continue to contribute to the Board in steering the Company.

Ethnic diversity

- (a) The Board recognises that as today's world becomes increasingly global in its outlook and as the marketplace becomes increasingly global in nature, ethnic diversity in the boardroom would be encouraged as it provides advantages that can help a company prosper including but not limited to sharing of knowledge in different markets where the Group is operating to enhance the Group's global presence as well as sharing of viewpoints by Directors from different ethnic background as when a variety of viewpoints are thrown into the problem-solving mix, new and innovative solutions can be reached.
- (b) The Company does not set any specific target for ethnic diversity in the boardroom but will actively work towards having appropriate ethnic diversity in the Board.
- (c) The NC is responsible for ensuring that boardroom diversity objectives are adopted in board recruitment, board performance evaluation and succession planning processes.

4. Monitoring

- 4.1. The Board will review the measures set to achieve appropriate boardroom diversity from time to time.

Workforce Diversity Policy

5. Principles

- 5.1. The Group is committed to providing an inclusive workplace that embraces and promotes diversity.
- 5.2. We value, respect and leverage the unique contributions of people with diverse backgrounds, experiences and perspectives to provide exceptional service to an equally diverse community. We recognise that team members will assume changing responsibilities throughout their careers.
- 5.3. The Group recognises the benefits arising from employee diversity, including a broader pool of high quality employees, improving employee retention, accessing different perspectives and ideas and benefiting from all available talent. Diversity includes, but is not limited to, gender, age, ethnicity and cultural background.
- 5.4. This Diversity Policy does not form part of an employee's contract of employment with the Company or its subsidiaries, nor does it give rise to contractual obligations.

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6. Measures

- 6.1. The Management will establish diversity-related measurable objectives for the Group. Assessment of these objectives and review of progress will be carried out on an annual basis by the Human Resources and Admin Manager, who will report her assessment to the Group Managing Director/Chief Executive Officer and make recommendations as appropriate.
- 6.2. The Group is of the view that, while it is important to promote diversity in terms of gender, age and ethnicity, the Group would take into consideration the following diversity strategies but not limited to:
- recruiting from a diverse pool of candidates for all positions, including senior management
 - reviewing succession plans to ensure an appropriate focus on diversity;
 - identifying specific factors for the recruitment and selection processes to encourage diversity;
 - developing programmes to develop a broader pool of skilled and experienced senior management, including workplace development programs, mentoring programs and targeted training and development; and
 - any other strategies the Board develops from time to time.
- 6.3. The Group will not set any fixed targets around age, gender and ethnicity, but will actively work towards having the appropriate diversity based on the strategies outlined above subject to Minimum Retirement Age Act 2012 and any other laws and regulations, as amended from time to time.

7. Monitoring

- 7.1. The Board, through NC, will monitor the scope and applicability of this policy, from time to time.
- 7.2. The Management is responsible for implementing, monitoring and reporting on the progress of achieving the objectives stated above.

8. Periodic Review

This Diversity Policy was reviewed and approved by the Board of Directors on 20 August 2018 and will be reviewed once every two years or as and when necessary by the Board. The Policy shall be made available on the Company's website.