



**SIME DARBY BERHAD**

**DIRECTORS' FIT AND PROPER POLICY**

**Approved on 16 February 2022**

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**1. PURPOSE**

- 1.1 This Policy set out the fit and proper criteria for the appointment and re-appointment of Directors on the Boards of Sime Darby Berhad and its subsidiaries.
- 1.2 To ensure that each of the Directors has the character, experience, integrity, competence and time to effectively discharge his/her role as a Director of Sime Darby Berhad and its subsidiaries.
- 1.3 Serve as a guide to the Nomination & Remuneration Committee (“NRC”) and the Board in their review and assessment of candidates that are to be appointed onto the Board as well as Directors who are seeking for election or re-election.

**2. CRITERIA**

- 2.1 The fit and proper criteria of a Director include but not limited to the following:

- 2.1.1 Character and Integrity

- (i) Probity
      - is compliant with legal obligations, regulatory requirements and professional standards
      - has not been obstructive, misleading or untruthful in dealings with regulatory bodies or a court
    - (ii) Personal integrity
      - has not perpetrated or participated in any business practices which are deceitful, oppressive, improper (whether unlawful or not), or which otherwise reflect discredit on his professional conduct
      - service contract (i.e. in the capacity of management or Director) had not been terminated in the past due to concerns on personal integrity
      - has not abused other positions (i.e. political appointment) to facilitate government relations for the company in a manner that contravenes the principles of good governance

- (iii) Financial integrity
  - manages personal debts or financial affairs satisfactorily
  - demonstrates ability to fulfil personal financial obligations as and when they fall due
  
- (iv) Reputation
  - is of good repute in the financial and business community
  - has not been the subject of civil or criminal proceedings or enforcement action, in managing or governing an entity for the past 10 years
  - has not been substantially involved in the management of a business or company which has failed, where that failure has been occasioned in part by deficiencies in that management

#### 2.1.2 Experience and competence

- (i) Qualifications, training and skills
  - possesses education qualification that is relevant to the skill set that the Director is earmarked to bring to bear onto the boardroom (i.e. a match to the board skill set matrix)
  - has a considerable understanding on the business and workings of a corporation
  - possesses general management skills as well as understanding of corporate governance and sustainability issues
  - keeps knowledge current based on continuous professional development
  - possesses leadership capabilities and a high level of emotional intelligence
  
- (ii) Relevant experience and expertise
  - possesses relevant experience and expertise with due consideration given to past length of service, nature and size of business, responsibilities held, number of subordinates as well as reporting lines and delegated authorities

- (iii) Relevant past performance or track record
  - had a career of occupying a high-level position in a comparable organisation, and was accountable for driving or leading the organisation's governance, business performance or operations
  - possesses commendable past performance record as gathered from the results of the board effectiveness evaluation

#### 2.1.3 Time and commitment

- (i) Ability to discharge role having regard to other commitments
  - able to devote time as a board member, having factored other outside obligations including concurrent board positions held by the Director across listed issuers and non-listed entities (including not-for-profit organisations)
  
- (ii) Participation and contribution in the board or track record
  - demonstrates willingness to participate actively in board activities
  - demonstrates willingness to devote time and effort to understand the businesses and exemplifies readiness to participate in events outside the boardroom
  - manifests passion in the vocation of a Director
  - exhibits ability to articulate views independently, objectively and constructively
  - exhibits open mindedness to the views of others and ability to make considered judgment after hearing the views of others

### 3. THE ASSESSMENT

- 3.1 The NRC will assess each person for a new appointment or re-appointment of Directors based on the criteria set under item 2.1 before recommending to the Board for approval. The Director's Evaluation Form is set out in **Annexure 1** (The questionnaires are based on the Corporate Governance Guide 4<sup>th</sup> Edition).
  
- 3.2 For the appointment of new Director, the person required to complete the Prospective Director's Information as set out in **Annexure 2**.
  
- 3.3 The results of the assessments are part of the Company's internal documents and shall not be disclosed or provided to any other party.

**4. REVIEW OF THE POLICY**

- 4.1 The NRC shall recommend any change to the Policy as the NRC deems appropriate to the Board for approval. The terms of the Policy shall be assessed, reviewed and updated where necessary i.e. when there are changes to the Malaysian Code on Corporate Governance, Listing Requirements of Bursa Malaysia Securities Berhad or any other regulatory requirements.



**Sime Darby Berhad**

# **Director's Evaluation Form**

The Evaluation Form provides ratings from one (1) to four (4), or 'yes' and 'no', with the indicators illustrated below, to be responded in relation to the nature of the questions:

4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
Yes, always	Yes, most of the time	Yes, but seldom	No
or			
4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>
Above average	Average	Below average	Poor
or			
Yes <input type="checkbox"/>			No <input type="checkbox"/>
Yes			No

Where a particular criterion is deemed not applicable, it shall be indicated as "Not Applicable" in the comment box.

Name of Director: \_\_\_\_\_

Assessment criteria	Comments			
	4	3	2	1
<b>Section A : Fit and Proper</b>				
1. Has not been questioned, of his/her honesty, integrity, professional conduct or business ethics/practices which are deceitful, oppressive or improper and investigated on complaints lodged.	<input type="checkbox"/> Yes			<input type="checkbox"/> No
2. Has shown willingness to maintain effective internal control systems and risk management practices.	<input type="checkbox"/> Yes			<input type="checkbox"/> No
3. Possesses relevant qualification, knowledge, experience and ability to understand the technical requirements, risk and management of the company's business.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Section B : Contribution and performance</b>				
4. Probes management to ensure management has taken, and suggests management to take into consideration the varying opportunities and risks whilst developing strategic plan (this plan may or may not be in writing as long as minutes of meeting provide a discussion of such strategy).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Probes management when there are red flags/concerns which could, amongst others, indicate possible non-compliance of regulatory requirements.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Provides logical honest opinions on issues presented and is not afraid of expressing disagreement on matters during the meeting, if any.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Receives feedback from board and/or committee and incorporates feedback obtained into decision-making process in an objective manner.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Defends own stand through constructive deliberations at board and/or committee meetings, where necessary.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Tackles conflicts and takes part in proposing solutions.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Offers practical and realistic advice to board and/or committee discussions.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Takes initiative to demand for additional information, where necessary.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Tests quality of information and assumptions.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Reviews and relates short-term concerns to long-term strategy.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. Contributes to risk management initiatives.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Assessment criteria	Comments			
	4	3	2	1
15. Contributes personal knowledge and experience into the consideration and development of strategy.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16. Facilitates objective-oriented decision-making process.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. Prioritises context of issues to be in line with objectives.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. Effectively and proactively follows up on areas of concern.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19. Demonstrates willingness to devote time and effort to understand the company, its business and displays readiness to participate in events outside the boardroom such as site visits.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Section C: Calibre and personality</b>				
20. Acts in good faith and with integrity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21. Attends meetings well prepared and adds value to board and/or committee meetings.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22. Works constructively with peers, the company secretary and senior management.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
23. Offers insight to matters presented with requisite knowledge and skills, and shares information.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
24. Encourages others to get things done, is decisive and action-oriented.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
25. Articulates in a non-confrontational and comprehensible manner.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
26. Understands individual roles and responsibilities and ensures contribution is contemporary with developments.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
27. Behaviour engenders mutual trust and respect within the Board and with other key officers.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
28. Communicates effectively with shareholders.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
29. Constructively challenges and contributes to the development of strategy.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
30. Scrutinises the performance of management in meeting agreed goals and objectives and monitors reporting of performance.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
31. Satisfies himself/herself that financial information is accurate and financial controls and systems of risk management are robust and defensible.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Other comments:**



**PROSPECTIVE DIRECTOR'S INFORMATION**Name of Company: **SIME DARBY BERHAD (the “Company” or “SDB”)****Part A: Personal Details**

1.	Full Name	
2.	Date of Birth	
3.	NRIC No./Passport No.	
4.	Citizenship	
5.	Permanent Address	
6.	Correspondence Address (if different from above)	
7.	Telephone No.	
8.	Email Address	

**Part B: Education Background and Work Experience**

No.	Questions	Answer
1.	Educational Qualification (List all chronologically from the latest qualification)	
2.	Work Experience (List all chronologically from the latest experience to the last)  (please use separate paper if required)	

No.	Questions	Answer
3.	What do you consider to be your core area(s) of expertise?	

**Part C: Directorship**

1.	List of Current and Past Directorship  (please use separate paper if required)	
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**Part D: Declaration on Fit & Proper**

No.	Criteria	YES	NO
1.	Do you have any relationship with any Directors in the SDB?		
2.	Do you have any interest, both direct and indirect in SDB and/or the SDB Group?		
3.	Do you have any relatives currently working in the SDB Group?		
4.	Have you ever been committed of any commercial and/or criminal crimes including but not limited to traffic offence under the Laws of Malaysia?		
5.	Are you currently and/or the company where you are a Director/have a controlling interest or exercise significant influence, been notified of any impending disciplinary or criminal proceedings or of any investigations, which might lead to such proceedings?		
6.	Have you or the company where you are a Director/have a controlling interest or exercise significant influence, contravene any provision made by or under any written law such as the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001, the Malaysian Anti-Corruption Commission Act 2009, the Companies Act 2016, Capital Markets and Services Act 2007 and any other applicable laws?		

No.	Criteria	YES	NO
7.	Have you or the company where you are a Director/have a controlling interest or exercise significant influence, been reprimanded by the regulators namely, Securities Commission, Suruhanjaya Syarikat Malaysia or Bursa Malaysia Securities Berhad?		
8.	Have you been engaged in any business practices which are deceitful, oppressive or otherwise improper (whether unlawful or not), or which otherwise reflect discredit on your professional conduct?		
9.	Have you been dismissed, asked to resign or have resigned from employment or from a position of trust, fiduciary appointment or similar position because of questions on your honesty and integrity?		
10.	Have you been associated, in ownership or management capacity, with a company, partnership or other business association that has been refused registration, authorisation, membership or a licence to conduct any trade, business or profession, or has had that registration, authorisation, membership or licence revoked, withdrawn or terminated?		
11.	Have you held a position of responsibility in the management of a business that has gone into receivership, insolvency, or involuntary liquidation while you were connected with that business?		
12.	Have you been a director of, or have been directly concerned in the management of, any corporation which is being or has been wound up by a court or other authority competent to do so within or outside Malaysia, or of any licensed institution, the licence of which has been revoked under any written law?		
13.	In the past, have you acted unfairly or dishonestly in your dealings with your customers, employer, auditors and regulatory authorities?		
14.	Have you at any time shown a strong objection or lack of willingness to co-operate with regulatory authorities and failure to comply with legal, regulatory and professional requirements and standards, including compliance with tax requirements and obligations?		
15.	Have you contributed significantly to the failure of an organisation or a business unit?		
16.	Have you at any time shown strong objection or a lack of willingness to maintain effective internal control systems and risk management practices?		
17.	Have you involved in any business or relationship which could materially pose a conflict of interest or interfere with your judgment when acting as a director of SDB which is disadvantageous to the Company?		
18.	Are you able to fulfil your financial obligations, whether in Malaysia or elsewhere, as and when they fall due?		
19.	To your knowledge, have you been the subject of a judgement debt which is unsatisfied, either in whole or in part, whether in Malaysia or elsewhere?		
20.	Have you made arrangements with creditors, filed for bankruptcy or been adjudicated a bankrupt or had assets sequestered in any jurisdiction?		
21.	Do you hold a post in any political party?		

\* Where you have ticked 'YES', please explain and/or provide the relevant documents

Explanation for items ticked 'YES'	
No.	Explanation

**Part E: Others**

No.	Questions	Your Answer
1.	What kind of time commitments do you now have for your current activities?	
2.	What would your expectations be for the time necessary for SDB Board?	

I, ..... (NRIC/Passport No: ..... ) hereby declare that the above responses are true and correct, as to the best of my knowledge. I further authorise the Company to conduct background check, if necessary, which may consist of prior employment verification, professional reference checks, education confirmation and/or criminal record and credit checks for the purpose of my appointment as Director of SDB.

.....(signature).....  
 (.....Name.....)  
 Date: .....