



SIME DARBY BERHAD

**INVESTMENT COMMITTEE
TERMS OF REFERENCE**

Approved on 23 February 2023

Contents

1.	PURPOSE	3
2.	COMPOSITION AND APPOINTMENT	3
3.	AUTHORITY	4
4.	FUNCTIONS AND DUTIES	5
5.	MEETINGS.....	6
6.	ANNUAL PERFORMANCE ASSESSMENT	8
7.	REVIEW OF THE TERMS OF REFERENCE.....	9

1. PURPOSE

- 1.1 The Investment Committee (“IC”) is established as a committee of the Sime Darby Berhad (“SDB”) Board of Directors (“the Board”). The IC supports the Board by reviewing all significant investments to be made by the Group and to ensure they are aligned with the Group’s strategic direction.
- 1.2 The IC’s objectives are as follows:
 - 1.2.1 Review major business proposals which include mergers and acquisitions, new partnerships, disposals, capital expenditure and Management’s assessment of its key associated risks and the mitigation strategies prior to the Board’s approval;
 - 1.2.2 Monitor the implementation of the Group’s strategic blueprints as approved by the Board and ensure that they remain robust and relevant;
 - 1.2.3 Evaluate and assess strategic matters and key areas of focus for the Group as well as industry trends and market developments (e.g. electric vehicles, online sales, agency model, renewable energy, etc.) which may affect the Group’s long-term profitability and sustainability; and
 - 1.2.4 Track the development and progress of the major business proposals approved by the Board.

2. COMPOSITION AND APPOINTMENT

- 2.1 The IC members shall be appointed by the Board from amongst their number and shall consist of not less than three (3) members.
- 2.2 No alternate Director shall be appointed as a member of the IC.
- 2.3 The IC members shall have a mixture of technical knowledge and experience, including sufficient understanding of the industries in which the Group operates, objectivity, commercial experience and breadth of judgment in order to guide, advise, challenge and facilitate robust discussions on the Group’s investment decisions.

-
- 2.4 The Chairman of the IC shall be a Non-Executive Director appointed by the Board and acts as the key contact between the committee members and Board members as well as Senior Management. The responsibilities of the IC Chairman, among others, are as follows:
- 2.4.1 Planning and conducting meetings;
 - 2.4.2 Overseeing the reporting to the Board;
 - 2.4.3 Encouraging open discussion during meetings; and
 - 2.4.4 Developing and maintaining active on-going dialogue with Management.
- 2.5 The Chairman shall invite Management, independent advisors and/or external parties (e.g. consultants, experts, entrepreneurs, business leaders, venture capitalists etc.) as required to provide clarification/detailed explanations on key strategic areas that fall within the scope of functions and responsibility of the IC.
- 2.6 The IC members may relinquish their membership in the IC with prior written notice to the Group Secretary. In the event of any vacancies arising in the IC resulting in the number of members of the IC falling below three (3), the vacancy shall be filled as soon as possible, but not later than three (3) months from any arising vacancies.

3. AUTHORITY

- 3.1 The IC is authorised by the Board and at the expense of the Group to perform the following:
- 3.1.1 Secure the resources in order to perform its duties as set out in its terms of reference;
 - 3.1.2 Have direct communication channels with and unrestricted access to Management including without limitation, its information, records, reports, properties and personnel;
 - 3.1.3 Instruct Management to perform duties as necessary to support the IC in discharging its functions and duties; and
 - 3.1.4 Obtain external legal or other independent professional advice as necessary.

- 3.2 The IC is not authorised to implement its recommendations on behalf of the Board but shall make recommendations to the Board on investment related matters for its consideration and implementation.

4. FUNCTIONS AND DUTIES

The main functions and duties of the IC shall include but are not limited to the following:

- 4.1 Review all major business proposals which include acquisitions, disposals, capital expenditure and sales tenders in accordance with established thresholds in the approved Group Limits of Authority, focusing on the following:
- 4.1.1 Evaluate the opportunities and risks associated with the strategic, operational, commercial, regulatory and financial (including funding options and costs, and investment returns) aspects of the business proposal and making its recommendation to the Board for approval;
 - 4.1.2 Advise the Board on potential risk response strategies that need to be adopted in relation to a decision to proceed with the business proposal; and
 - 4.1.3 Review actual financial and operational performance of investments or projects against projected returns (i.e., return on investment, implementation timelines), and reporting the same to the Board.
- 4.2 Review the Group's Strategic Plan developed by Management in its efforts to enhance long-term shareholder value, focusing on the following:
- 4.2.1 Continuously evaluate the Group's Strategic Plan to ensure it remains robust and relevant in the context of a changing market environment; and
 - 4.2.2 Monitor the implementation of the Group's Strategic Plan comprising strategy implementation, progress tracking and performance evaluation against the approved Group's Strategic Plan.
- 4.3 Evaluate emerging risks and opportunities, market outlook (i.e. market study and market analysis), economic indicators, currency market, industry/regulatory developments as well as key business developments, which may affect the Group's long-term profitability and sustainability. Any required change to the Group's investment strategy shall be tabled to the Board for approval.

5. MEETINGS

5.1 Frequency

5.1.1 The IC shall meet at least quarterly in a financial year. Additional meetings shall be scheduled as considered necessary by the Chairman of the IC.

5.1.2 Other members of Management may attend the meetings by invitation of the IC.

5.2 Notice and Agenda

5.2.1 The Group Secretary shall issue and circulate the notice of the IC meetings confirming the venue, time and date at least five (5) working days before each meeting to the IC members and all those who are required to attend the meeting.

5.2.2 The agenda for each meeting including relevant documents and information requested by the IC shall be circulated at least five (5) working days before each meeting to the IC members and all those who are required to attend the meeting.

5.2.3 The IC meeting agendas shall be the responsibility of the Chairman with input from the IC members. The Chairman may also invite other members of Management and other persons to participate in this process, if necessary.

5.3 Quorum

5.3.1 The quorum for a meeting of the IC shall be three (3) members. In the absence of the Chairman, the members present shall elect a Chairman from amongst them to Chair the meeting.

5.4 Meeting Mode

5.4.1 A meeting of the IC shall normally be conducted face-to-face to enable effective discussion; however, meetings may also be conducted via telephone conferencing, video conferencing or other appropriate means as determined by the IC.

- 5.4.2 The IC may from time to time and if deemed appropriate, consider and approve and/or recommend relevant matters via a Circular Resolution in writing, in lieu of formally convening a meeting. The Circular Resolution shall be as valid and effectual as if it has been passed by a meeting of the IC duly convened. Approval of IC obtained by an IC Circular Resolution must be signed or approved by all IC members subject to 5.5.2.

5.5 Voting

- 5.5.1 All resolutions of the IC shall be adopted by a simple majority vote, each member having one vote. In case of equality of votes, the Chairman of the IC shall have a second or casting vote.
- 5.5.2 An IC member is required to abstain from deliberations and voting in respect of any matter which may give rise to an actual or perceived conflict of interest situation.

5.6 Meeting Minutes

- 5.6.1 The minutes of the meeting shall be action oriented, and record the deliberations and decisions of the IC. Minutes shall include compiled Board instructions as Matters Arising for discussion at each IC meeting to ensure proper follow through.
- 5.6.2 Minutes shall be distributed to IC members and shall be approved by the Chairman of the meeting at which the proceedings are held or by the Chairman of the next succeeding meeting.
- 5.6.3 Copies of minutes of each meeting shall be distributed to all members of the Board.
- 5.6.4 The IC, through its Chairman, shall update the Board on the activities undertaken by the IC at each Board meeting.
- 5.6.5 Group Strategy shall be provided with the minutes and matters arising for follow up on key actions required.

5.7 Secretary

5.7.1 The Secretary to the IC shall be the Group Secretary or a person recommended by the Group Secretary and approved by the Board.

5.7.2 The Secretary shall organise and provide assistance at IC meetings and have the following key responsibilities:

5.7.2.1 ensure meetings are arranged and held accordingly;

5.7.2.2 assist the Chairman in planning the IC's activities;

5.7.2.3 draw up meeting agendas in consultation with the IC Chairman and maintain the minutes and draft its scheduled activities for the financial year;

5.7.2.4 ensure structured communication channels between the Board and the IC;

5.7.2.5 ensure proceedings of meetings are recorded and the minutes circulated in a timely manner, and reviewed by the IC before disseminating them to the Board; and

5.7.2.6 ensure IC recommendations presented to the Board are supported by papers that explain the rationale for the IC's recommendations.

6. ANNUAL PERFORMANCE ASSESSMENT

6.1 The IC shall perform a self-assessment annually to assess its effectiveness in carrying out the duties as set out in this terms of reference and report the results to the Board.

6.2 The Board shall review the composition, performance and effectiveness of the IC and each of its members annually to ensure that the Committee has the right composition, and sufficient, recent and relevant skills and expertise to effectively fulfil their roles.

6.3 All such assessments shall be properly documented.

7. REVIEW OF THE TERMS OF REFERENCE

- 7.1 The IC shall recommend any changes to its terms of reference in such manner as the IC deems appropriate to the Board for approval. The terms of reference shall be assessed, reviewed and updated where necessary i.e. when there are changes to the Malaysian Code on Corporate Governance, MMLR or any other regulatory requirements. It should also be reviewed and updated when there are changes to the direction or strategies of the Group that may affect the IC's role.