

SALIENT FEATURES OF THE BOARD COMPOSITION POLICY

1. Purpose

The policy sets out the approach of the Board with regard to the composition of the Board of Directors of Sime Darby Berhad (SDB).

2. Policy Statement

- The Board's overriding objective in any new appointment is to select the best candidate with a view to achieving a high-performing Board. Appointments to the Board are based on merit against objective criteria with consideration being given to the intrinsic capabilities of the individual.
- The Board aims to have an appropriate level of diversity in the Boardroom to reflect the diverse nature of the Company's operations and to support the achievement of the Company's strategic objectives.
- The Board will also continuously enhance the Board's composition in line with the evolving circumstances and needs of the Group given its size, business diversity and geography.
- The Board will maintain at least two (2) women Directors on the Board and actively work towards the minimum of 30% women as members of the Board by the end of 2019.
- The Board will work towards having a generationally-diverse Board that will create a balance between maturity and experience with an injection of energy, and greater level of flexibility and adaptability to reinvigorate the Company.
- The Board will work towards diversifying the ethnic composition of the Board as and when vacancies arise and suitable candidates are identified.
- The Board aims to have a majority of Independent Directors by 2018.
- Long tenures of Independent Directors and familiarity may erode the Board's objectivity. The tenure of Independent Directors is limited to a cumulative term limit of nine (9) years. The Independent Director may continue to serve on the Board as an Independent Director beyond nine (9) years and up to 12 years subject to annual approval of shareholders. The Board shall seek annual approval from shareholders through a two-tier voting process if it intends to retain a Director as an Independent Director beyond the twelfth year.
- In identifying, considering and recommending suitable persons for appointment as Directors, the Board shall rely on sources from existing Board members, Management, major shareholders, independent search firms and other independent sources.

3. Monitoring and Reporting

The Nomination & Remuneration Committee will review the policy annually and will recommend to the Board changes, if any, to ensure that the policy is in line with the requirements of SDB.