



## **SIME DARBY PROPERTY BERHAD**

### **BOARD SUSTAINABILITY COMMITTEE TERMS OF REFERENCE**

**( Adopted on 1 January 2023 )**

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**1. PURPOSE**

1.1 The Board Sustainability Committee (“BSC”) is established to support the Board of Directors (“Board”) of Sime Darby Property Berhad (“Sime Property”) in fulfilling its oversight responsibilities in relation to the Environmental, Social and Corporate Governance (“ESG”) strategy and framework for the Sime Property Group of Companies and regularly assess the adequacy and effectiveness of such strategy and framework. The objectives of the BSC are as follows:

1.1.1 To review and recommend Sime Property’s ESG strategy and goals to the Board towards integration of sustainability considerations into the Group’s corporate strategies, priorities and targets, governance and decision-making, in line with Sime Property’s purpose, vision, mission and values.

1.1.2 To ensure oversight of the implementation of the Sime Property’s Sustainability Policy and material issues pertaining to ESG.

1.1.3 To oversee monitoring, reporting and verification of sustainability Key Performance Indicators (“KPIs”) of the Group.

1.1.4 To guide the Management Sustainability Committee (“MSC”) in recommendations on ESG strategy and plans for Sime Property Group.

**2. COMPOSITION AND APPOINTMENT**

2.1 The BSC members shall be appointed by the Board from amongst their number and shall consist of not less than four (4) members. All members of the BSC shall be Non-Executive Directors.

2.2 No alternate Director shall be appointed as a member of the BSC.

2.3 The BSC members shall have a mixture of expertise and experience, including sufficient understanding and knowledge of sustainability issues relating to the Group’s business to be able to challenge and facilitate robust discussions on the management of the Group’s sustainability related matters as well as addressing the material risk and opportunities.

2.4 The Chairman of the BSC shall be an Independent Non-Executive Director appointed by the Board. The Chairman of the Board shall not be a Chairman or member of the BSC.

2.5 The BSC members may relinquish their membership in the BSC with prior written notice to the Group Company Secretary. If a member resigns, the Board shall as soon as possible but no later than three (3) months from such event, appoint a new member.

2.6 The Nomination and Remuneration Committee ("NRC") in consultation with the BSC shall recommend the appointment of the BSC members to the Board.

### **3. AUTHORITY**

3.1 The BSC is authorised by the Board and at the expense of the Group to perform the following:

3.1.1 Secure the adequate 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 Senior Management including without limitation, its information, records, reports, properties and personnel.

3.1.3 Instruct the MSC and General Manager, Safety & Sustainability to perform duties as necessary to support the BSC in discharging its functions and duties.

3.1.4 Obtain external legal or other independent professional advice as necessary.

3.1.5 Investigate any matters within its Terms of Reference.

3.1.6 Recommend or organise trainings for the Board on sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

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

#### 4. FUNCTIONS AND DUTIES

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

- 4.1 Review the effectiveness of the Sime Property Sustainability Policy and Sustainability Strategy which includes:
  - 4.1.1 Guiding the execution of the Sustainability strategy; and
  - 4.1.2 Monitoring Sime Property's ESG performance and Sime Property Sustainability Goals.
- 4.2 Review and recommend to Board on ESG related matters including Sime Property net zero ambition, material issues on ESG inclusion of Sime Property in any ESG Sustainability indices and positioning on relevant emerging sustainability issues, risks (including risk appetites and tolerance) or opportunities.
- 4.3 Review and recommend to the Board on policy decisions in alignment to international frameworks such as UN Sustainable Development Goals, Global Reporting Initiative, Science Based Target initiatives, Task Force on Climate-Related Financial Disclosures, International Labour Organisation and United Nations Principles on Human Rights, among others.
- 4.4 Oversee and advise stakeholder engagement and ensure the Group's strategies, targets and performance are communicated to internal and external stakeholders through appropriate means. Such engagement includes on matters that may affect the Group's reputation which may include media, Annual Report and Sustainability Report. This shall include key concerns / allegations that are raised by stakeholders, evolving public sentiments and government regulations.
- 4.5 Review issues relating to sustainability arising from independent audits and assurance reports as well as any matters pertaining to sustainability highlighted by regulators or consultants.
- 4.6 Review and recommend to the Board for approval both the sustainability report for annual report and other public documents related to the Group's reporting on sustainability.
- 4.7 Receive quarterly update from Management on the progress towards achieving the Group's sustainability targets.

**5. MEETINGS****5.1 Frequency**

- 5.1.1 The BSC shall meet at least quarterly in a financial year. Additional meetings shall be scheduled as considered necessary by the Chairman of the BSC.
- 5.1.2 The General Manager, Safety & Sustainability shall attend meetings of the BSC as a permanent invitee. Other members of Management or consultants may attend the meetings by invitation of the BSC.

**5.2 Notice and Agenda**

- 5.2.1 The Secretary shall issue and circulate the notice of the BSC meetings confirming the venue, time and date and the agenda of the meeting at least five (5) days before each meeting to the BSC committee 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 BSC shall be circulated at least five (5) working days before each meeting to the BSC members and all those who are required to attend the meeting.
- 5.2.3 The BSC meeting agendas shall be the responsibility of the Chairman with input from the BSC members and Group Sustainability. 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 BSC 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 BSC shall normally be conducted face-to-face to enable effective discussion; however, meetings may also be conducted via telephone or video conferencing or other appropriate means as determined by the BSC.

5.4.2 Minutes of all BSC meetings shall be confirmed by the BSC Chairman or Chairman of the meeting and circulated to all members. The minutes of such a meeting signed by the BSC Chairman or Chairman of the meeting shall be conclusive of any meeting conducted as aforesaid.

5.4.3 The BSC 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 BSC duly convened. Approval of BSC obtained by an BSC Circular Resolution must be signed or approved by all BSC members subject to 5.5.2.

## 5.5 **Voting**

5.5.1 All resolutions of the BSC shall be adopted by a simple majority vote, each member having one vote. In case of equality of votes, the Chairman of the BSC shall have a second or casting vote.

5.5.2 An BSC 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 BSC. Minutes shall include compiled Board instructions as Matters Arising for discussion at each BSC meeting to ensure proper follow through.

5.6.2 Minutes shall be distributed to BSC 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 BSC, through its Chairman, shall update the Board on the activities undertaken by the BSC at each Board meeting.

5.6.5 The reports and minutes of each BSC meeting shall be tabled and presented to the Board during the subsequent Board meeting to keep them informed and updated on the key issues deliberated by the BSC, clearly demonstrating the BSC's decisions which necessitate Board's approval or ratification.

- 5.6.6 Management shall be provided with the relevant minutes and Matters Arising for follow up on key actions required.

**5.7 Secretary**

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

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

- Ensure meetings are arranged and held accordingly;
- Assist the Chairman in planning the BSC's activities;
- Draw up meeting agendas in consultation with the BSC Chairman and maintain the minutes and draft its scheduled activities for the financial year;
- Ensure structured communication channels between the Board and the BSC;
- Ascertain at the beginning of each meeting, the existence of any conflicts of interest, if any and minute them accordingly;
- Ensure proceedings of meetings are recorded and the minutes circulated in a timely manner, and reviewed by the BSC before disseminating them to the Board; and
- Ensure BSC recommendations presented to the Board are supported by papers that explain the rationale for the BSC's recommendations.

**6. ANNUAL PERFORMANCE ASSESSMENT**

- 6.1 The BSC shall perform a self-assessment annually to assess its effectiveness in carrying out the duties as set out in these terms of reference and report the results to the Board.
- 6.2 The Board shall review the composition, performance and effectiveness of the BSC 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 oversight roles relating to sustainability.
- 6.3 All such assessments shall be properly documented.



## **7. REVIEW OF THE TERMS OF REFERENCE**

- 7.1 The BSC shall recommend any changes to its terms of reference in such manner as the BSC 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 BSC's role.