

Sime Darby Lockton Insurance Brokers Sdn. Bhd.
[Registration No.: 197601000420 (26364-U)]
Board Charter

1. INTRODUCTION

The Board of Directors (“the Board”) of Sime Darby Lockton Insurance Brokers Sdn Bhd (“the Company”) is responsible for ensuring that the highest standards of Corporate Governance throughout the Company are practiced in all of the Company’s business dealings with its shareholders and relevant stakeholders.

This Board of Directors’ Charter (“Board Charter”) sets out the standard and principles governing the Board’s processes and outlines the roles, functions and responsibilities of the Board in accordance with the Financial Services Act 2013 (“FSA”), the Policy on Prudent and Professional Conduct of Insurance and Takaful Brokers by Bank Negara Malaysia (“BNM Policy”) and the Companies Act 2016.

This Board Charter shall be reviewed periodically by the Board and made available on the Company’s website.

2. THE BOARD OF DIRECTORS

2.1 Composition and Balance

The size and composition of the Board shall be appropriate and well-balanced to cater to the interests of the shareholders as well as the business of the Company.

The Board shall comprise members who are of high caliber, credibility and integrity with diverse professional backgrounds, skills, experience and knowledge required to bring an independent judgment. The Board shall have sufficient competence, confidence and objectivity to challenge Senior Management and hold them accountable on the issues of strategy, performance and resources, including key appointments and standards of conduct.

The Board shall determine whether an individual to be appointed as an independent director is independent in character and judgment, and free from association or circumstances that may impair the exercise of his independent judgment. An individual shall not be considered to be an independent director if he/she or any person, including spouse, children, parent or sibling linked to him:-

- (a) has held an executive position in the approved broker within the last two (2) years;
- (b) is a substantial shareholder of the approved broker or any of its affiliates; or
- (c) has had a significant business or other contractual relationship with the approved broker or any of its affiliates within the last two years.

2.2 Number of Directors

- a) The Board shall be of a size that is commensurate with the size and risk of the Company, with a minimum of three (3) Directors.
- b) The Board shall have at least one (1) independent director at all times.

2.3 Board Meeting

The Board shall meet at least four (4) times a year. Additional meetings may be convened as required.

A quorum shall consist with at least one Lockton Overseas Limited ("LOL") Director and one Sime Darby Allied Products Berhad ("SDAPB") Director or by their duly appointed alternates.

A director shall attend at least 75% of the board meetings held in each financial year and shall not appoint another person to attend or participate in a board meeting on his/her behalf.

Board decisions shall be made by majority vote; the Chairman shall not have a second or casting vote.

The Company Secretary shall record minutes and circulate them to all directors.

2.4 Appointments and Re-Appointments of the Board

Directors are appointed by the Board of Directors upon the recommendation of the shareholder(s). In discharging this duty, the Board assesses the suitability of any individual to be appointed by taking into account the individual's skills, knowledge, expertise and experiences, professionalism and integrity.

The appointment of a director will be in accordance with the BNM Policy. A director shall not be disqualified from being a director under Section 59(1) of the Financial Services Act 2013 or Section 68(1) of the Islamic Financial Services Act 2013 and the BNM Document on Fit and Proper Criteria for Approved Person.

The Company shall notify BNM in writing within seven (7) days after the date of the appointment.

A Director appointed shall acknowledge the terms of his appointment, which shall include:

- (a) the roles and responsibilities of the Director;
- (b) the tenure of the appointment; and
- (c) provisions for the Director's removal in the event he no longer meets the minimum requirements set out in the BNM Policy, or has been assessed to be ineffective, errant or otherwise unsuited to carry out his responsibilities.

All Directors shall make an annual declaration that they fulfil the minimum criteria of "fit and proper" as prescribed in Section 59 (1) of the Financial Services Act. In addition to the annual declaration, under all circumstances, the Director shall immediately disclose to the Board any changes in his circumstances that may affect his ability to meet the minimum requirements.

Unless the written approval of BNM has been obtained:

- (a) the Company must not publicly announce the proposed appointment of a Director; and
- (b) a Director whose tenure has expired and is being proposed for reappointment must immediately cease holding office and act in such capacity, including by participating in Board meetings or holding himself out as a Director.

3. DUTIES AND RESPONSIBILITIES OF THE BOARD

3.1 Principal Duties and Responsibilities

The Board assumes overall responsibility to promote the sustainable growth and financial soundness of the Company, and to ensure reasonable standards of fair dealing, without undue influence from any party.

This includes a consideration of the long-term implications of the Board's decisions on the Company and its customers, officers and the general public.

In fulfilling this role, the Board shall:

- (a) approve the business plans, risk appetite and other initiatives which singularly or cumulatively have a material impact on the Company's risk profile;
- (b) oversee the selection, performance, remuneration and succession plans of the Chief Executive Officer ("CEO"), control function heads and other members of Senior Management.
- (c) oversee the implementation of the Company's governance framework and internal control framework, and periodically review these to ensure that they remain appropriate in light of material changes to the size, nature and complexity of the Company's operations. This includes ensuring the Company's objectives, operations and activities comply with Shariah (for takaful operations) and regulatory requirements.
- (d) promote together with Senior Management, a sound corporate culture within the Company which reinforces ethical, prudent and professional behaviour;
- (e) promote sustainability through appropriate environmental, social and governance considerations of the Company's business strategies;
- (f) oversee and approve the recovery and resolution as well as business continuity plans for the Company to restore its financial strength, and maintain or preserve critical operations and critical services when it comes under stress; and
- (g) promote timely and effective communication between the Company and BNM and other authorities on matters affecting or that may affect the safety and soundness of the Company.

- (h) ensure that at least one of its members possesses an understanding of relevant Shariah concepts and principles.

Apart from the specific responsibilities, the Board also takes full, independent responsibility and accountability for the smooth functioning of core processes, involving board governance, business values and ethical oversight.

All Directors shall act in good faith, with due care and diligence, avoid conflict of interest, maintain confidentiality of company information, comply with the Company's Code of Conduct, Anti-Bribery Policy and Whistleblowing Policy and uphold the principles of integrity, transparency and accountability.

3.2 Key Matters Reserved for the Board

The Board maintains a schedule of matters reserved for its collective decision. The purpose of this is to ensure that the Board and Management are clearly aware of where the limits of responsibility lie and that due consideration is given to issues at the appropriate level.

Key matters reserved for the collective decision of the Board include, but is not limited to the following:

- annual business plans and budgets;
- strategic plans;
- material acquisitions and disposals of assets not in the ordinary course of business;
- investment in projects requiring major capital investment;
- financial results and financial statements;
- dividend recommendations;
- changes to the composition of the Board members;
- appointment of external auditors and their fees;
- banking facilities; and
- other key matters which require Board attention.

3.3 Chairman, CEO, Executive Directors and Non-Executive Directors

The positions of Chairman and CEO are separated. A clear segregation of roles and responsibilities between the Chairman and the CEO to ensure a balance of power and authority is defined.

Chairman

The Chairman of the Board shall not have served as CEO of the Company for the past five (5) years. The Chairman of the Board shall not chair other Board Committees, if any.

The Chairman, in leading the Board, is responsible for the effective overall functioning of the Board and conducts Board and shareholder meetings. The Chairman ensures that all Directors are properly briefed during Board discussions and that the shareholder is informed of the subject matters requiring their approval.

In fulfilling this role, the Chairman must:

- (a) ensure that appropriate procedures are in place to govern the Board's operation;
- (b) ensure that decisions are taken on a sound and well-informed basis, including by ensuring that all strategic and critical issues are considered by the Board, and that Directors receive the relevant information on a timely basis;
- (c) encourage healthy discussion and ensure that dissenting views can be freely expressed and discussed; and
- (d) lead efforts to address the Board's developmental needs.

Chief Executive Officer

The CEO is responsible for the overall management of the Company, ensuring that strategies, policies and matters set by the Board are effectively implemented. The CEO regularly reviews the performance of the heads of divisions and departments who are responsible for all functions contributing to the success of the Company.

Executive Director

The Executive Director makes and implements operational decisions, runs the Company's business and supports the CEO to ensure the effective management of the Company's day-to-day operations.

Non-Executive Directors

The Non-Executive Director ensures that business and investment proposals presented by Management are fully deliberated and examined. They provide unbiased and independent views, advice and judgment, which take into account the interests of the Company and all its stakeholders, including shareholders, employees, customers, business associates and the community as a whole.

3.4 Role of the Company Secretary

The Board appoints a Company Secretary who reports directly to the Board to facilitate an effective flow of information between the Board and Senior Management. The Company Secretary guides and advises the Directors on areas of corporate governance, relevant legislation, regulations and policies.

The Company Secretary shall keep confidential the affairs of the Company and its officers at all times.

The Company Secretary attends Board meetings and is responsible for the accuracy and adequacy of records of the proceedings of the Boards' meetings.

The appointment and removal of the Company Secretary must be approved by the Board.

4. BOARD MEETINGS AND PROCEDURES

Board meetings are scheduled in advance at the end of the prior calendar year to enable the Board members to plan their schedules accordingly.

A minimum of four (4) Board meetings a year are planned and additional meetings may be called at any time, as and when required.

The notice containing the agenda of the meeting shall be circulated by the Company Secretary to every member of the Board prior to the meeting.

All Board meetings shall be chaired by the Chairman. Where the Chairman is absent, the Directors present shall elect one (1) of their members as Chairman of the meeting.

In respect of the quorum for Board meetings, with at least one LOL Director and one SDAPB Director or by their duly appointed alternates.

In the absence of a meeting and with the Chairman's permission, issues shall be resolved by way of circular resolutions, signed by a majority of Directors (which majority shall comprise at least the votes of one LOL Director and one SDAPB Director).

The head of finance, internal audit and any other relevant departments are responsible for gathering and supplying the requisite copies of reports containing all necessary and essential information for the purpose of the meeting for the compilation and circulation by the Company Secretary prior to the meeting.

The appropriate key Senior Management personnel of the Company shall attend such meeting by invitation, where their presence is considered appropriate by the Chairman.

Minutes of all proceedings of the Board meetings signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting shall be evidence of the proceedings to which they relate.

4.1 Conflict of Interest & Related Party Transaction

In ensuring that the decision-making process is transparent and in the best interest of the Company, all Directors and staff, including the Chief Executive Officer, shall declare their interest in other entities on an annual basis. In addition, they shall disclose to the Company, any circumstances that may give rise to a conflict-of-interest situation during the course of carrying out their duties.

The Directors shall make a declaration at the Board meeting, in the event that they or their Relative¹ (whether directly or indirectly):

¹ "Relative" shall have the same meaning provided in the FSA.

- (a) have an interest, hold offices, or possess properties in the proposals or subject matters being considered by the Board and Board Committees, including where such interest arises through close family members, in line with various statutory requirements on the disclosure of Directors' interests;
- (b) is a director, officer, or shareholder of the Company or is in a position to influence or control the Company or affect the decisions of the Company.

A Director who has a direct or deemed interest in a proposal or subject matter presented to the Board meeting shall declare his / her interest and abstain from the deliberation and voting on the said proposal or subject matter. The minutes must indicate whether any Director abstained from voting or excused himself from deliberating on a particular matter.

4.2 Accessibility of Information and Advice

Management provides the Board with information within an acceptable timeframe and quality that enables the Board to discharge its duties and responsibilities. Board members have unrestricted access to all information and documents relevant to the business and affairs of the Company, including the Company's auditors and consultants.

The Board shall be informed or updated on important issues and/or major developments of matters discussed in the Board meetings. Briefings are arranged to discuss important issues. For the Board to discharge its responsibilities effectively, each member of the Board may seek independent professional advice, at the Company's expense, on any matter connected with the discharge of its responsibilities as a Director.

5. BOARD EVALUATION AND PERFORMANCE

The Board, in executing good governance practices, may voluntarily conduct an annual board assessment exercise to evaluate the performance and effectiveness of Board Members and individual Directors.

The Board is to develop a set of criteria with target areas of focus in evaluating the performance and effectiveness of the Board and individual Directors.

As part of the assessment process, all Independent Non-Executive Directors of the Company are required to provide to the Board a yearly declaration and confirmation of their independence to facilitate the annual assessment of the Independent Non-Executive Directors by the Board.

6. DIRECTORS TRAINING AND DEVELOPMENT

6.1 Evaluation of Training Needs

The Board evaluates training needs on a continuous basis and determines areas that would further their understanding of the issues facing the Company. Training programmes on specific subjects such as anti-money laundering and the latest developments related to the insurance and takaful industry, including Environmental, Social, Governance and Shariah shall be arranged in order to facilitate their effective discharge of duties.

6.2 Succession Planning

The Board shall ensure that candidates appointed to Senior Management positions are of sufficient calibre. The Board continually evaluates programmes which are in place to provide for the orderly succession of Senior Management to ensure that it is satisfied with the same.

7. INDEMNIFICATION AND DIRECTORS' AND OFFICERS' INSURANCE

The Company shall not indemnify a Director against liability arising from:

- (a) Willful misconduct or breach of trust by the Director;
- (b) The Director acting without necessary authority;
- (c) Reckless trading; or
- (d) Fraudulent acts of the Director.

Other than the specific instances above, the Company shall purchase insurance to protect a Director against any liability in respect of which the Company is permitted to indemnify a Director under the permitted circumstances of the law and the Constitution.

8. DELEGATION OF AUTHORITY

The Board is responsible for overseeing the overall affairs of the Company. To ensure effective discharging of its functions and responsibilities, distinctions shall be maintained between Management's functions and the overall responsibility of the Board.

The Board has established authority limit guidelines detailing matters specifically reserved for its decisions, those delegated to the CEO, and the parameters in relation thereto.

Under the authority limit guidelines, the CEO may, in turn, sub-delegate certain thresholds of the Board-delegated authority, where relevant, within stipulated limits, to his immediate subordinates and management committees, where applicable. This serves to ensure efficiency whilst maintaining effective control checks and balances. Any proposed updates and revisions to the authority limit guidelines shall be re-tabled to the Board for approval.

9. APPLICATION

The principles set out in this Board Charter shall be kept under review and updated as practices on corporate governance develop and further guidelines on corporate governance are issued by the relevant regulatory authorities.

The Board shall endeavor to comply at all times with the principles and practices as set out in this Board Charter.

This Board Charter is subject to review by the Board from time to time to ensure the Company remains at the forefront of best practices in corporate governance.

10. EFFECTIVE DATE

This Board Charter takes effect on 1 January 2026 with the exception of paragraph 2.2(b), which shall come into effect on 1 January 2027.

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