

**SMIS Corporation Berhad**  
**(Company No. 491857-V)**

**Remuneration Policy for Directors and Senior Management**

**1. Introduction**

This policy sets out the criteria to be used in recommending the remuneration package of Directors, Chief Executive Officer (“CEO”) and Senior Management of SMIS Corporation Berhad (“SMIS” or the “Company”) and is in line with the best practice provisions of the Malaysian Code on Corporate Governance 2017 (“MCCG”).

**2. Objectives**

2.1. This policy is designed to:

- 2.1.1. Determine the level of remuneration package of Directors, CEO and Senior Management;
- 2.1.2. Attract, develop and retain high performing and motivated Directors, CEO and Senior Management with a competitive remuneration package;
- 2.1.3. Provide a remuneration such that the Directors, CEO and Senior Management are paid a remuneration commensurate with the responsibilities of their position; and
- 2.1.4. The remuneration shall be based on conditions that are market competitive and at the same time aligned with shareholders’ interest. Hence, encourage value creation for the Company and its Stakeholders.

**3. Remuneration Components**

3.1. Fixed Remuneration for CEO, Executive Directors and Senior Management.

3.1.1. The fixed salary is determined according to:

- The scope of the duty and responsibilities;
- The conditions and experiences required;
- The ethical values, internal balances and strategic targets of the Company;
- The corporate and individual performance; and
- Current market rate within the industry and in comparable companies.

3.2. Bonus

The bonus in the case of CEO, Executives Directors and Senior Management is designed to reward outstanding performance. The bonus is granted to reflect the CEO, Executive Directors and Senior Management’s performance as well as Group results. A discretionary assessment is made to ensure that all factors which include measurable and not directly measurable are considered.

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3.3. Fixed Fee for Members of Board of Directors

3.3.1. The fixed fee is determined according to:

- On par with the rest of the market;
- Reflect the qualifications and contribution required in view of the Group's complexity;
- The extent of the duty and responsibilities;
- The number of Board meetings; and
- The corporate and individual performance

3.4. Other Benefits and Allowances

The benefits and allowances which should be decided by the Board as a whole include:

- 3.4.1. Chairman's allowance;
- 3.4.2. Meeting allowance;
- 3.4.3. Expenses incurred in the course of their duties as Directors; and
- 3.4.4. Benefit in kind such as motor vehicle, petrol, driver and accommodation.

**4. Remuneration Procedures**

**Directors**

- 4.1. The Remuneration Committee reviews and approves the annual salaries, incentive arrangements, service arrangements and other employment conditions for the Executive Directors.
- 4.2. The Remuneration Committee keeps abreast of the terms and conditions of service of the Executive Directors, their total remuneration package for market comparability.
- 4.3. The determination of the remuneration for Non-Executive Directors is a matter for the Board as a whole. The Executive Directors are not present when matters affecting their own remuneration arrangements are considered.

**Senior Management**

- 4.4. The remuneration of Senior Management shall be structured to link rewards to the corporate and individual performance and shall take into consideration on the remuneration paid to them of other similar companies, whether in size and/or industry, the individual performance and responsibility, market competitiveness as well as the Group's overall performance which are closely aligned to the objectives of the Company.

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- 4.5. The performance incentive given to the Senior Management shall be based on internally developed detailed performance related matrix which is prepared and verified by the Human Resource Department of the Group.
- 4.6. The Senior Management who report to the Chairman are evaluated annually by the Chairman premised on annual measurements and targets set. Thereafter, the Chairman recommends the remuneration levels for the Senior Management to the Remuneration Committee for approval.

The Remuneration Policy for Directors and Senior Management is in line with the Group's overall practice on compensation and benefits, which is to reward employees competitively, taking into account performance, market comparisons and competitive pressures in the industry. Whilst not seeking to maintain a strict market position, it takes into account comparable roles in similar organisations.

The Remuneration Committee should conduct a periodic review of the criteria to be used in the recommending the remuneration package of Directors and CEO. The Remuneration Committee should promptly communicate the new changes or amendments of the criteria to the Board and individual Directors.

The Remuneration Committee ensures that the Remuneration Policy supports the Company's objectives and shareholder value and is consistent with the Company's culture and strategy.

## **5. Periodic Review and Disclosure**

- 5.1. This policy shall be reviewed by the Remuneration Committee as and whenever necessary. The Board should disclose this policy in the annual report and published on the Company's website.

This policy is dated 6 April 2018.