

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

**Terms of Reference of the Nomination Committee**

**1. Introduction**

The Nomination Committee (the “Committee”) of SMIS Corporation Berhad (“SMIS” or the “Company”) was formed by the Board of Directors of the Company (the “Board”). Its primary function, in line with the Malaysian Code on Corporate Governance 2017 (“MCCG”), is to assist the Board in the following areas:

- Propose new nominees for the Board of the Company - The actual decision as to who shall be appointed shall be the responsibility of the full Board after considering the recommendations of the Committee;
- Assess the effectiveness of Directors of the Company on an ongoing basis;
- Review the effectiveness of the Chief Executive Officer (“CEO”) and other Senior Management;
- Assess the size and composition of the Board of Directors; and
- Reviewing the Board’s corporate governance principles of the Group.

**2. Membership**

- 2.1. The members of the Nomination Committee shall comprise exclusively of Non-Executive Directors, a majority of whom are independent and number at least three (3) in total.
- 2.2. The Chairman of the Committee shall be an Independent Director or Senior Independent Director appointed by the Board.
- 2.3. The quorum of the Committee shall be at least two (2) members.
- 2.4. The members will be appointed by the Board and will remain members until there is a change.

**3. Meetings**

Meetings shall be held not less than once a year. Additional meetings shall be held as and when the Committee or the Chairman of the Committee shall decide. The Committee meetings shall be governed by the provisions of the Company’s Constitution relating to Board meetings unless otherwise provided for in this Terms of Reference. The Committee may establish procedures from time to time to govern its meetings, keeping of minutes and its administration.

A member of Committee may participate in a meeting by means of a telephone conference or video conference or any other means of audio-visual communications and the person shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly.

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The notice and agenda for each Committee meeting shall be sent to all members of the Committee and any other persons who may be required to attend the meeting within a reasonable period prior to the meeting.

The Chairman of the Committee shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities as well as on any other matter that should be brought to the Board's attention and provide recommendations of the Committee that require the Board's approval at the Board meeting.

The Committee shall regulate the manner of proceedings of its meetings, having regard to normal conventions on such matter. A resolution in writing, signed by all the members of the Committee, shall be as effectual as if it has been passed at a meeting of the Committee duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more committee members.

#### **4. Secretary**

The Secretary of the Company shall be secretary (the "Secretary") of the Committee.

#### **5. Duties**

The duties of the Committee shall be to:

5.1. having evaluated the balance of skills, knowledge and experience on the Board, and hence defined the role and capabilities required for a particular appointment, be responsible for identifying and nominating, for the approval of the Board, candidates to fill Board vacancies as and when they arise.

5.1.1. In making the recommendations, the Committee will also consider candidates proposed by the CEO, and within the bounds of practicability, by any other senior executive, director or shareholder. The Committee shall also utilise independent services to identify suitably qualified candidates, as and when it considers necessary. In making its recommendations, the Committee shall assess and consider the following attributes or factors:-

- a) merit and against objective criteria with due regard for the benefits of boardroom diversity including gender, age and ethnicity, experience, cultural background, skill, character, integrity and competence;
- b) commitment (including time commitment) to effectively discharge his/her role as a Director including, amongst others, attendance at Board or Committee meetings, major company events, briefings or site visitations, participation in continuing training programmes; after consideration of the candidate's directorships in other listed issuers, public companies and

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- corporations incorporated and listed outside Malaysia and other commitments or positions and the time commitment involved;
- c) contribution and performance;
  - d) background, character, integrity, and competence;
  - e) in the case of candidates for the position of Independent Non-Executive Directors, the Committee shall also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from Independent Non-Executive Directors; and
  - f) in considering its independency, it is necessary to focus not only a Director's background and current activities qualifying him or her as independent but also whether the Director can act independently.
- 5.2. make recommendations to the Board for the appointment of the Chairman, CEO and Senior Independent Director, including an assessment of the time commitment expected and recognising the need for availability in the event of crises;
  - 5.3. review and define orientation and induction plans for new directors with respect to the business, structure and management of the Group;
  - 5.4. develop, maintain and review the criteria to be used in the recruitment process and annual assessment of Directors. The nomination and the election process as well as the criteria used in the selection process and the assessment undertaken in respect of its Board, committees and individual Director should be disclosed in the Annual Report;
  - 5.5. recommend to the Board, Directors to fill the seats on Board Committees;
  - 5.6. assess the training needs of each Director, review the fulfilment of such training, and disclose details in the Annual Report as appropriate;
  - 5.7. review the Board and Senior Management's succession plans;
  - 5.8. review and make recommendations to the Board on Succession Planning Policy for management;
  - 5.9. review annually the structure, size and composition (including required mix of skills, knowledge, diversity of the Board, experience and core competencies which Non-Executive Directors should bring to the Board). This activity shall be disclosed in the Annual Report of the Company;
  - 5.10. assess annually the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director including his time commitment, character, experience and integrity vide a formal and objective assessment. All assessments and evaluations carried out by the Committee in the discharge of all its functions shall be properly documented;
  - 5.11. assess annually the effectiveness and performance of the CEO, Chief Financial Officer and Executive Directors;
  - 5.12. assess annually the independence of its independent directors. This activity shall be disclosed in the Annual Report of the Company.

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- 5.13. review the term of office and performance of the Audit and Risk Committee and each of its member annually to determine whether the Audit and Risk Committee and member have carried out their duties in accordance with their terms of reference;
- 5.14. consider the size and balance of the Board with a view to determine the impact of the number upon the Board's effectiveness and recommend it to the Board;
- 5.15. recommend to Board the Company's gender, ethnicity or age diversity policies, targets and discuss measures to be taken to meet those targets (if any);
- 5.16. recommend to Board protocol for accepting new directorships; and
- 5.17. consider and recommend the Independent Directors beyond nine (9) years for continuation in office, having due regard to their performance and ability to continue to contribute to the Board in the light of knowledge, skills and experience required, subjected to the following:
  - (a) assessment by the Committee, regarding the independence and contributions;
  - (b) shareholders' approval in a general meeting, where the Board provides strong justification on the recommendation.

## **6. Procedures**

The Board follows formal and transparent procedures when appointing directors as follows:-

- 6.1. The Committee shall prepare descriptions of the director characteristics the Board is looking for in a new appointment.
- 6.2. The Committee will seek professional advice from independent search firms as and when it considers necessary to identify a short-list of suitable candidates and a list of nominations for candidates proposed by the CEO, and within the bounds of practicability, by any other senior executive, director or shareholder for considerations.

The Company should disclose in its annual report how candidates for Non-Executive Director positions were sourced including whether such candidates were recommended by the existing board members, management or major shareholders.

- 6.3. The Committee will then have to make a decision in recommending the appointment to the Board.
- 6.4. The Board will then decide on the best candidate by ballot or majority decision and a Board resolution will be passed to appoint the candidate.
- 6.5. The written consent of the nominees to act if elected shall be secured.

The Committee shall regulate its own procedure to be followed in the discharge of its duties and responsibilities set out in section 5 above. The regulation and implementation of such procedure shall, as far as circumstances permit be in keeping with the principles and requirement of the MCCG.

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**7. Advisers**

The Committee is authorised by the Board to seek appropriate professional advice inside and outside the Group as and when it considers this necessary at the expense of the Company.

**8. Minutes**

The Minutes of meetings of the Committee shall be circulated to all members of the Board. The minutes shall be kept at the registered office of the Company under the custody of the Secretary of the Company and shall be open for inspection by the Board. Any request by Management or other person to inspect the minutes shall be subject to the approval of the Committee.

**9. Succession Planning for Board and Senior Management**

The Committee shall:

- 9.1. keep under review the leadership needs of the Company, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace;
- 9.2. give full consideration to succession planning in the course of its work, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board in future;
- 9.3. make recommendations to the Board concerning the succession plans for Executive Directors and in particular for the CEO and Senior Management (if any);
- 9.4. make recommendations to the Board concerning the re-appointment of any non-executive director at the conclusion of his or her specified term of office (if any) and re-election of any director under the retirement by rotation provisions in the Company's Articles of Association;
- 9.5. make any necessary recommendations to the Board concerning the continuation in office, suspension or termination of service of any director (subject, in the case of Company employees to the provisions of their service contracts, if any); and
- 9.6. make recommendations to the Board concerning the continuation (or not) in service of any Independent Director who has served consecutively or cumulatively more than 9 years.

**10. General Meetings**

The Chairman of the Committee should attend the General Meetings to answer any shareholder questions on the Committee's activities.

**11. Reporting Responsibilities**

The Chairman of the Committee shall report to the Board on its proceedings after each meeting on all matters with its duties and responsibilities.

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The Committee shall make whatever recommendation to the Board it deems appropriate or any area within its remit where action or improvement is needed.

The Committee shall produce a report to be included in the Company's Annual Report about its activities in the discharge of its duties and the process used to make appointments and explain if external advice or open advertising has not been used.

**12. Written Terms of Reference**

Written terms of reference of the Committee shall be maintained, on its authority and duties which shall include the selection and assessment of Directors and the terms of reference shall be made available on the Company's website.

**13. Periodic Review**

This Terms of Reference shall be reviewed whenever necessary by the Committee.

This Terms of Reference is dated 6 April 2018.