

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

**Directors' Assessment Policy**

**1. Introduction**

The Board and Chief Executive Officer (“CEO”) of SMIS Corporation Berhad (“SMIS” or the “Company”) provide strategic leadership that influences the financial position and future direction of the Group. As such, persons in these positions should have the necessary qualities, integrity, credibility, competencies and experience that will allow them to perform the duties and carry out the responsibilities required of the position in the most effective manner.

This policy set out the criteria to be used in the assessment of Directors and CEO.

**2. Objectives**

2.1. This policy is designed to:

- 2.1.1. Review the pre-determined roles of the Board and individual Directors as set out in the Board Charter;
- 2.1.2. Assess the Board’s effectiveness;
- 2.1.3. Annually assess the Directors in the discharge of their responsibilities;
- 2.1.4. Individually assess the quality of a Director’s contribution to general discussions, business proposals, strategic planning and governance responsibilities; and
- 2.1.5. Evaluate the effectiveness and efficiency of CEO in executing the Group’s strategies to achieve business objectives.

**3. Criteria**

3.1. The Nomination Committee has developed the following criteria to be used in the assessment of Board and Board Committees:

- 3.1.1. Board structure;
  - Should have appropriate composition and committees;
  - Should have right mix of skills and experience
  - Should work constructively as a team;
  - Should enhance the quality of management decision-making and engage constructively with management to stimulate its thinking and performance;
  - Should give continuing programmes to keep all Directors up to date with the latest developments in the market industry and regulatory environment;
  - Should consist of a good balance of Independent Director; and
  - Should resolve the potential areas of conflicts that may impair the independence of the Independent Directors.

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3.1.2. Board operations;

- Should hold board meeting with appropriate frequency;
- The information on the agenda items is provided well in advance of board meetings;
- The information is adequately provided to help Directors understand the important issues and trends in the business prior to board meetings;
- The information is adequately and sufficiently supplied for good decision-making;
- Should have adequate time allocated between board discussions and management presentations;
- The board meetings should carry out in an open communication environment with meaningful participation and timely and constructive resolution of issues; and
- The Directors should have sufficient access to management and/or the Chairman.

3.1.3. Board roles and responsibilities;

- Should understand its role, authority and priorities;
- Should understand the Company's values, mission, strategic and business plans
- Should effectively reviewing the Company's strategic plan;
- Should identify the relevant tools to monitor management's performance;
- Should identify and manage risks;
- Should establish a succession plan for CEO and senior management;
- Should consider its role in protecting shareholders' interests; and
- Should review the adequacy and integrity of the Company's system of internal controls.

3.1.4. Board chairman's role and responsibilities

- Should build healthy boardroom dynamics and dealing effectively with dissent and working constructively towards consensus;
- Should oversee an effective decision-making process and ensure crucial alternatives are considered; and
- Should aim to ensure the Board's workload is properly managed and, where appropriate, allocated to delegated committees with specific terms of reference approved by the Board.

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3.1.5. Board Committees

- Should have right composition;
- Should provide useful recommendations in assisting the Board for better decision-making;
- The members of the committees should have sufficient, recent and relevant expertise in fulfilling their roles;
- The Chairman of the committees should properly discharge their responsibilities, deploy resources and expertise, and provide appropriate reporting and recommendations to the Board;
- The appointment of Board and Board Committees Chairman should consider the ability, experience and expected performance of the candidate;
- The quality of the Board Committee's communications to the Board;
- Should assess the quality of the minutes of the Board Committee's meetings; and
- The Board should be informed on a sufficiently timely basis regarding the Board Committee's deliberations

3.2. The Nomination Committee has developed the following criteria to be used in the assessment of Directors:

3.2.1. Strategic

- Should understand the critical issues affecting the Group;
- Should understand the Group's strategic direction;
- Should promptly provide input to Board discussion on strategic issues; and
- Should actively participate in Board deliberations.

3.2.2. Ethical and Value-Driven

- Should understand and commit to the Group's values, ethics and code of conduct;
- Should manage the conflicts of interest in the best interests of the Group;
- Should maintain confidentiality, where required; and
- Should take shareholders and stakeholders into account in decision making.

3.2.3. Competence and Capability

- Should understand their role, duties and responsibilities as a Director; and
- Should have appropriate qualification, skills, practical experience to effectively fulfil the role, duties and responsibilities.

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3.2.4. Commitment

- Should devote sufficient time to carry out their responsibilities;
- Should commit to the Board on the time that will be spent as the Group's Director;
- Should devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes; and
- Should attend meetings regularly.

3.2.5. Any other criteria contained in the Board Charter, Board Committee Terms of Reference, Letter of Appointment and position description.

3.3. The Independent Director is subjected to the following criteria:

3.3.1. Independence

- Should comply with the definition of Independent Director under Paragraph 1.01 of the Listing Requirements of Bursa Malaysia Securities Berhad and any other criteria determined by the Nomination Committee;
- Should bring independent and objective judgement to the Board;
- Should mitigate or avoid any conflict of interest or undue influence decisions-making; and
- Should act independently.

3.3.2. Tenure

- The tenure of an Independent Director should not exceed a cumulative service of nine (9) years;
- Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director; and
- In exceptional cases and subject to the annual assessment of the Nomination Committee, the shareholders may decide that an Independent Director can remain as an Independent Director after serving a cumulative term of nine (9) years. The Board must make a recommendation and provide strong justification to the shareholders in a general meeting on annually.

**4. Procedure for Board Performance Assessment**

4.1. The Nomination Committee seeks input from each Director separately in relation to:

- 4.1.1. the performance of the Board;
- 4.1.2. the performance of the other Director;
- 4.1.3. the performance of each Board Committee;
- 4.1.4. the performance of the Chairman of Board;
- 4.1.5. the performance of the CEO;

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- 4.1.6. the performance of the Chief Financial Officer; and
- 4.1.7. their own performance.
- 4.2. The performance should be assessed on a quantitative and qualitative basis against criteria set in this policy;
- 4.3. The Chairman of Board and Nomination Committee should collect, collate and compound the inputs and provide an overview report for discussion by the Board;
- 4.4. The Board should undertake a formal annual assessment of its own performance including suggestion for change or improvement, as well as any skills, training needs or development required over the forthcoming year;
- 4.5. The Board performance assessment should be conducted on an annual basis and the results of the performance assessment should be documented.

**5. Procedure for CEO Performance Assessment**

- 5.1. The Board should assess the CEO performance in relation to:
  - 5.1.1. Execution of the Group's strategies through efficient and effective implementation;
  - 5.1.2. Achievement of the Group's pre-set performance objectives based on qualitative and quantitative measures, these objectives form part of the Key Performance Indicators (KPIs) for the CEO;
- 5.2. The Board should suggest the change or improvement, as well as any skills, training needs or development required by the CEO over the forthcoming year; and
- 5.3. The CEO performance assessment should be conducted on an annual basis and the results of the performance assessment should be documented.

**6. Continuing Training Programme**

- 6.1. The Board or individual Directors should attend the relevant training programmes, seminars and forums to enhance their skills and knowledge on relevant new laws and regulations, changing commercial risk to keep abreast with the development in the economy, industry, technology and business environment within which the Group operates.
- 6.2. The Board should analyse the training needs of each individual Director on an annual basis. The Directors should devote sufficient time for the continuing training programme.

**7. Periodic Review and Disclosure**

- 7.1. The Nomination Committee should conduct a periodic review of the criteria to be used in the assessment of Directors. The Nomination Committee should promptly communicate the new changes or amendments of the criteria to the Board and individual Directors.

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- 7.2. The Board should disclose how it has conducted Board performance assessment in the annual report.

This policy is dated 6 April 2018.