

SMIS CORPORATION BERHAD
(Company No. 491857-V)

Succession Planning Policy

1. Introduction

This policy is intended to address SMIS Corporation Berhad (“SMIS” or “the Company”) and all subsidiary companies within the SMIS Group, hereinafter refer to as the Group.

Succession planning is a process designed to ensure that the Group identifies and develops a talent pool of employees through mentoring, training and job rotation to replace key business leaders within the Group as those key business leaders leave their positions.

2. Objectives

- 2.1. To ensure the Group is prepared with a plan to support operation and service continuity when the Chief Executive Officer (“CEO”), senior management or key business leader leave their positions;
- 2.2. To continue supply of qualified, motivated employees who are prepared for higher roles and responsibilities;
- 2.3. To align between the Group’s vision and human resources function that demonstrates an understanding of the requirements to have appropriate employees to achieve strategic plans;
- 2.4. To develop career paths for employees which will facilitate the Group’s ability to recruit and retain top-performing or high talent employees;
- 2.5. To create an external reputation as an employer which invests in its people, provides opportunities and support for advancement;
- 2.6. To deliver a message to the Group’s employees that they are valuable; and
- 2.7. To develop reliable assessment procedures and ensure that these procedures are applied systematically across the Group.

3. Roles and Responsibilities

- 3.1. Both the Board and the CEO have pivotal roles to play in succession planning;
- 3.2. The Board is responsible for succession planning for the CEO position. The Board should hire or internally promote the new CEO, when the existing CEO leaves, and ensure the new CEO has the required skills to implement the Group’s mission and vision;
- 3.3. The Board should have prepared themselves with an interim solution when CEO leaves; and
- 3.4. The CEO is responsible for ensuring a succession plan is in place for other key positions in the Group with the assistance from the senior management team and implicated employees.

4. Development and Succession Planning Process

A primary responsibility of the Board is planning for CEO succession and overseeing the identification and development of executive talent.

- 4.1. The Board, with the assistance of the Nomination Committee and working with the CEO and Human Resources department, oversees executive officer development and corporate succession plans for the CEO and other executive officers to provide for continuity in senior management.
- 4.2. The Board works with the CEO to plan for CEO succession. The succession plan covers identification of internal candidates, development plans for internal candidates, and appropriate identification of external candidates.
- 4.3. The Board annually reviews the CEO succession plan. The criteria used to assess potential CEO candidates are formulated based on the Company's business strategies, and include strategic vision, leadership, and operational execution.
- 4.4. The Board maintains an emergency succession contingency plan should an unforeseen event such as death or disability occurs that prevents the CEO from continuing to serve. The plan identifies the individuals who would act in an emergency and their responsibilities. The contingency plan is reviewed by the Board annually and revised as appropriate.
- 4.5. The Board may review development and succession planning more frequently as it deems necessary.

5. Key Success Factors

- 5.1. The Board, the CEO and senior management support for the succession planning process. This will give all employees an understanding and emphasis on the importance of succession planning to the Company;
- 5.2. Succession is linked to the Company's strategic planning and future investment;
- 5.3. Adequate time should be provided to the selected employees for development and mentoring;
- 5.4. Review and update the succession plan regularly to ensure the Company has reassessed the hiring needs and determine whether the development progress of the selected candidates.

Dated: 30 May 2013