

Board Charter

1. Introduction

In achieving the objectives of transparency, accountability and effective performance for SMIS Corporation Berhad (“**SMIS**” or “**the Company**”) and its subsidiaries (“**the Group**”), the enhancement of corporate governance standards is vital and it is with the aim of enshrining the concepts of good governance as promulgated in the new Malaysian Code on Corporate Governance (“**MCCG**”) that this Board Charter (“**Charter**”) is established.

The Board Charter serves as a reference point for Board of Directors (the “**Board**”) activities and should not be construed as a blueprint for Board operations. Just as each organisation has its own corporate culture, the dynamics of each Board is unique. The dynamics shift as the composition of the Board changes, and the Directors of the Company should always be open to new opportunities and ready to confront new challenges brought about by change.

This Board Charter is established to promote high standards of corporate governance and is designed to provide guidance and clarity for Directors and Management with regard to the role of the Board and its Committees, the requirements of Directors in carrying out their stewardship role and in discharging their duties towards the Company as well as the Board’s operating practices. This Board Charter does not overrule or pre-empt the statutory requirements of Directors enshrined in the Companies Act 2016 (“**CA 2016**”) and other relevant statutes, including the conduct of the Board as stipulated in the Constitution of the Company. To the extent of any conflict between the terms of this Board Charter and the Company’s Constitution, the Constitution prevails.

2. Interpretation

2.1. In this Board Charter:

“Board” means the board of directors of the Company.

“Bursa Securities” means Bursa Malaysia Securities Berhad.

“Business” means the business of the Group.

“CA 2016” means Companies Act 2016, as amended from time to time and any re-enactment thereof.

“Chairman” means the chairman of the Board and is used in a gender neutral sense.

“Company Secretary” means the Board secretary (ies) or the person(s) normally exercising the functions of a Board secretary.

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“MCCG” means the Malaysian Code of Corporate Governance 2021, as amended from time to time and any re-enactment thereof.

“MMLR means the Main Market Listing Requirements of Bursa Securities, as amended from time to time and any re-enactment thereof.

“Independent Director” is defined in accordance to Paragraph 1.01 of the MMLR of Bursa Securities.

“Management” means the management personnel of the Company.

“CEO” means the Chief Executive Officer of the Company.

“Shareholders” means the shareholders of the Company.

3. Objectives of the Board

The Board is accountable to Shareholders and is responsible for the stewardship of the Group’s Business and affairs. Significantly, the Board shall seek to ensure that the Business objectives of the Group is aligned with the expectations of Shareholders with a view to enhancing long-term Shareholders’ value whilst taking into account the interests of other stakeholders.

Additionally, the Board has to warrant that the operations of the Group are being effectively managed in a manner that is properly focussed on those Business objectives, conforming to regulatory and ethical requirements as well as maintaining high standards of transparency, accountability and governance.

4. Role and Responsibilities of the Board

4.1. Shareholders elect the Board to oversee Management and to ensure that Shareholder long-term interests are served. Through oversight, review and counsel, the Board establishes and promotes SMIS’s business and organizational objectives, provides leadership to SMIS, oversees business affairs and integrity, works with Management to determine the Company’s mission and long-term strategy.

Each Director has a legal duty to act in good faith, to use reasonable care, skill and diligence and to act in the best interest of the Company.

4.2. The Board has delegated certain responsibilities to its Committees which operate in accordance with this Board Charter approved by the Board and delegated the day to day management of the Business of the Group to Management and CEO.

The Board is responsible for overseeing risk management of the Group. The Board exercises direct oversight of strategic risks to the Group and other risk areas are delegated to one of its Committees.

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The Audit and Risk Committee reviews and assesses the reliability of financial statements and oversees operational risks including business continuity, security, privacy and competition law related risks. It also reviews and assesses any substantial investments (including major acquisitions/disposals of capital expenditure), projects and divestments to be undertaken by the Group. In each case, Management periodically reports to the Board or relevant committee(s), which provides guidance on risk appetite, assessment and mitigation and a company changed with risk oversight reports to the Board on those matters. The Board shall ensure that Management/Committees has in place appropriate processes for risk assessment, management and internal controls and monitoring performance against agreed benchmarks.

The Board shall reserve a formal schedule of matters for its decision to ensure that the direction and control of the Group is firmly in its hands. This includes the following:

- (i) strategic issues and planning;
- (ii) material acquisition and disposal of assets;
- (iii) capital expenditure;
- (iv) risk management policies;
- (v) appointment of auditors and review of the financial statements encompassing annual audited financial statements and quarterly reports;
- (vi) reviewing and approving new investments, divestments, mergers and acquisitions, establishment of subsidiaries or joint ventures, and any other corporate exercise which requires the shareholders' approval;
- (vii) financing and borrowing activities;
- (viii) ensuring regulatory compliance;
- (ix) reviewing the adequacy and integrity of internal controls;
- (x) declaration of dividends;
- (xi) business plans and budget;
- (xii) appointment of Directors, CEO, Chief Financial Officer/Group Financial Controller and other key responsible persons;
- (xiii) limits of authority;
- (xiv) conflict of interest issue relation to a substantial shareholder or a Director including approving related party transactions;
- (xv) whistle blower policy; and
- (xvi) anti-bribery and anti-corruption policy.

4.3. The Board should, among others undertake the following:

- (i) Strategic planning - to review and approve strategies, business plans and key policies for the Group and monitor Management's performance in implementing them to determine whether the business is being properly managed;
- (ii) Corporate goal - to set corporate values and clear lines of responsibility and accountability, including governance systems and processes that are communicated throughout the Group;

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- (iii) Compliance to regulation - to ensure full compliance and to carry out the duties of the Board in accordance with the relevant provisions of the MMLR, the Capital Markets and Services Act 2007, the CA 2016, the MCCG and all applicable laws, regulations and guidelines;
- (iv) Independent and transparent - to ensure that there shall be unrestricted access to independent advice or expert advice at the Company's expense in furtherance of the Board's duties;
- (v) Remuneration of Non-Executive Directors - determining the remuneration of non-executive Directors, with the individuals concerned abstaining from discussions of their own remuneration;
- (vi) Code of conduct - to formalise the ethical standards through a code of conduct which will be applicable throughout the Group and ensure compliance to this code of conduct;
- (vii) Succession planning - to ensure that Management has the necessary skills and experience, has and there is a proper and robust succession plan for its Management and Executive Directors in place. Succession planning refers to the process of selecting, training, appointing, monitoring, evaluating and if warranted, replacing any management to ensure succession;
- (viii) Management proposals - to review, challenge and decide on Management's proposals for the Group, and monitor its implementation by Management;
- (ix) Judgmental timing - to ensure that the Board has adequate procedures in place to receive reports from Management periodically and / or on a timely manner, so that the Board has reasonable grounds to make proper judgement on financial matters and business prospects of the Group on an ongoing basis;
- (x) Financial and non-financial reporting - to ensure all its directors are able to understand financial statements and form a view of the information presented, and to ensure the integrity of the Group's financial and non-financial reporting. Each director shall read the financial statement of the Group and carefully consider whether what they disclose is consistent with the director's own knowledge of the Group's affairs;
- (xi) Related party management - to establish procedures to assess any related party transactions or conflict of interest situations that may arise within the Company or Group, including any transaction, procedure or course of conduct that raises questions of management integrity;

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- (xii) Board Committees - to establish and ensure the effective functioning and monitoring of the Board Committees then to delegate appropriate authority and terms of reference to such committees established by the Board;
- (xiii) Board balance - to strive to achieve an optimum balance and dynamic mix of competent and diverse skillsets amongst the members of the Board;
- (xiv) Governance culture - together with Management, promote good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour; and
- (xv) Stakeholder communication - to ensure that the Group has in place procedures to enable effective communication with stakeholders.

4.4. The Board will direct and supervise the Management, the business and affairs of the Group including, in particular:-

- (i) Sustainability management - to review and adopt a strategic plan for the long-term value creation and includes strategies on economic, environment and social considerations;
- (ii) Performance management - to establish policies for strengthening the performance of the Group including ensuring that the Management is proactively seeking to build the business through innovation, initiative, technology, new products and the development of its business capital;
- (iii) Risk management - to identify principal risks, set the risk appetite within which the Board expects the Management to operate and ensure the implementation of appropriate systems to manage the significant financial and non-financial risks and to ensure there is a sound framework for internal controls and risk management;
- (iv) Internal audit - to establish an internal audit function to obtain assurance of regular review and / or appraisal of the effectiveness of the system of internal controls within the Company and Group. The Board should explain in summary the means that exist for obtaining such assurance of regular review and / or appraisal;
- (v) Internal control - to review the adequacy and integrity of the Group's internal control system and management information systems, including systems for complying with applicable laws, regulations, rules, directives and guidelines;
- (vi) Debt repayment capacity - to decide on whatever steps necessary to protect the Company's and Group's financial position and the ability generate cash flow to meet its debts and other obligations when they fall due, and ensuring that such steps are taken; and

- (vii) Law and regulations - to ensure that the operations of the Company are conducted prudently and within the framework of relevant laws and regulations.

5. Board Structure

5.1. Board Balance and Composition

- 5.1.1. The Board shall be of a size and composition with the benefit of diversity in extensive experience, cultural backgrounds, age, gender, perspectives, competencies, knowledge and skills that is conducive to effective decision making and effective discharge of its roles and responsibilities for the benefit of the Group and its Business. The Board acknowledged the importance to promote gender diversity and does not set a restriction on having female directors(s) on the Board.

The number of directors shall not be less than two (2) and not more than twenty (20) as set out in the Company's Constitution.

In accordance with Paragraph 15.02 of MMLR of Bursa Securities, the number of Independent Directors should make up of at least two (2) or one-third (1/3), whichever is higher, of the Board. If the number of directors of the Company is not three (3) or a multiple of three (3), then the number nearest one-third (1/3) must be used. The Independent Directors provide independent judgement, experience and objectivity without being subordinated to operational considerations.

- 5.1.2. In the event of any vacancy in the Board, resulting in non-compliance with clause 5.1.1. above, the Company must fill the vacancy within three (3) months.
- 5.1.3. The appointment of a new member to the Board is only made after consultation with the Nomination Committee and it is of essence of the Board to ensure high levels of professional skills and appropriate personal qualities are pre-requisites for such nominee. Further, in identifying candidates for appointment of directors, the Board does not solely rely on recommendations from existing Board members, Management or major Shareholders. The Board utilises variety of independent sources to identify suitably qualified candidates, as and when it considers necessary.

Without limiting the generality of the foregoing, the qualifications for Board membership are the ability to make informed business decisions and recommendations, an entrepreneurial talent for contributing to the creation of shareholder value, relevant experience, the ability to appreciate the wider picture, ability to ask probing operational related questions, high ethical standards, sound practical sense and total commitment (including time commitment) to further

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the interests of Shareholders and the achievement of the goals of the Group.

No person shall be appointed, elected or re-elected as a Director on the Board or continue to serve as a Director if the person is or becomes an active politician. A person is considered an “active politician” if he is a Member of Parliament, State Assemblyman or holds position as the Supreme Council or division level in a political party.

- 5.1.4. The Board does not set any specific target for female directors in the Board but will actively work towards having more female directors on the Board. The Board through its Nomination Committee should take steps to ensure that woman candidates are sought as part of the recruitment exercise.
- 5.1.5. In accordance with the Company’s Constitution, one-third (1/3) or the number nearest to one-third (1/3) shall retire from office at each Annual General Meeting (“AGM”). A retiring Director is eligible for re-election. Directors shall retire from office at least once every three (3) years but shall be eligible for re-election at the AGM. Any new or additional Director appointed by the Board during the year to fill a casual vacancy or as an addition shall hold office only until the next AGM and shall then be eligible for re-election. The election of each Director is voted separately.
- 5.1.6. The Board shall provide a statement as to whether it supports the appointment or reappointment of the director and the reasons.
- 5.1.7. The criteria for the recruitment or appointment (including re-election/re-appointment) of Director is guided by fit and proper assessment by the Nomination Committee.
- 5.1.8. The Board also recognises the importance of having a clearly accepted division of power and responsibilities at the head of the Company to ensure a balance of power and authority..
- 5.1.9. The Board recognises the significant representation by Directors who are capable and willing to make Business decisions and judgement in the best interest of the Group and free from influences which would give rise to conflict of interest with that duty and are also independent of Management. The Board decision making process should be independent and objective.

The Board will review annually the independence of each non-executive Director in light of information relevant to the assessment as disclosed by the Director to the Board.

The Board only considers Directors to be independent where they are independent of management and free from any business or other relationship that could materially interfere with – or could reasonably be perceived to interfere with – the exercise of their unfettered and independent judgement.

The Board must give effect to the spirit, intention and purpose of the above definition. The Director concerned as well as the Board must still apply the test of whether the said Director is able to exercise independent judgment and act in the best interests of the Company.

- 5.1.10. The Board recognises the need for an appropriate balance between executive Directors who possess extensive direct experience and expertise in the core Business activities and day-to-day operations of the Group, and non-executive Directors who have outstanding track records and reputation, and who are able to bring to the Board a broad range of general commercial expertise and experience.
- 5.1.11. A Director should inform the Board's Chairman before he/she accepts any new directorships in public listed companies or other companies, which may give rise to potential conflict of interest. Each Board member must not hold directorships at more than five (5) listed issuers.
- 5.1.12. Annual assessment on the effectiveness of the Board, Board Committees and Individual Directors will be carried out with the objective to draw attention of the Board key areas that need to be improved.

5.2. Role of the Chairman

- 5.2.1. The Chairman is responsible for instilling good corporate governance practices as well as carries out an effective leadership role in the conduct of the Board and its relations with the Shareholders and other stakeholders. The Chairman is primarily responsible for:
- leading the Board in the oversight of Management and so that the Board can perform its responsibility effectively;
 - representing the Board to Shareholders and to chair and to ensure the efficient organisation and conduct of the Board and/or Meeting of the Shareholders;
 - setting the board agenda and ensuring the provision of accurate, timely, complete and clear information to Directors;
 - leading and chairing board meetings and discussions;
 - encouraging active participation and allowing dissenting views to be freely expressed;
 - managing the interface between Board and Management;

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- ensuring appropriate steps are taken to provide effective communication with Shareholders and relevant stakeholders and their view are communicated to the Board as a whole;
- leading the board in adoption and implementation of good corporate governance practices in the Company;
- maintaining regular dialogue with the CEO over all operational matters and consulting with the remainder of the Board promptly over any matters that gives him/her cause for major concern;
- functioning as a facilitator at meetings of the Board to ensure that no member dominates discussion, that appropriate discussions takes place and that relevant opinions among members is forthcoming;
- ensure that general meetings support meaningful engagement between the Board, Management and Shareholders. The engagement should be interactive and include robust discussion on among others the Company's financial and non-financial performance as well as the Company's long-term strategies;
- ensuring that executive Directors look beyond their executive function and accept their share of responsibilities in governance;
- guiding and mediating Board actions with respect to organisational priorities and governance concerns; and
- performing other responsibilities assigned by the Board from time to time.

5.3. Role of the CEO

- 5.3.1. The position of the CEO in essence is to ensure the effective implementation of the Group's Business Plan and policies established by the Board as well as to manage the daily conduct of the business and affairs to ensure its smooth operation.
- 5.3.2. The CEO, in association with the Chairman, is accountable to the Board for the achievement of the Group's mission, goals and objectives and the CEO is accountable to the Board for the observance of management limitations.
- 5.3.3. The CEO is responsible to the Board for the following:
- executive management of the Group's Business covering, inter alia, the development of a strategic plan; an annual operating plan and budget; performance benchmarks to gauge the Management's performance and the analysis of the Management's reports;
 - developing long-term strategic and short-term profit plans, designed to ensure that the Group's requirements for growth, profitability and return on capital are achieved;
 - directing and controlling all aspects of the business operations in a cost effective manner;

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- effectively oversee the human resources of the Group with respect to key positions in the Group's hierarchy and recruitment of senior management staff, determination of remuneration as well as terms and conditions of employment for senior management and issues pertaining to discipline;
- ensures that the Group's Financial Reports present a true and fair view of the Group's financial condition and operational results and are in accordance with the relevant accounting standards;
- assures the Group's corporate identity, products and services are of high standards and are reflective of the market environment;
- ensures compliance with governmental procedures and regulations;
- coordinates business plans with the businesses heads, coordinates management issues through the Board, and oversees divisional function groups and cost containment process in consultation with the Financial Controller;
- maintains and facilitates a positive working environment and good employee relations;
- be one (1) of the official spokespersons for the Group and responsible for regulatory, governmental and business relationships;
- assists the Chairman in organising information necessary for the Board to deal with the agenda and for providing this information to Directors on a timely basis; and
- manage and monitor the Group sustainability strategies, priorities and targets, including the integration of sustainability considerations in the operations of the Group.

In discharging the above responsibilities, the CEO can delegate appropriate functions to the Senior Management, who shall report to the CEO.

5.4. Roles of the Independent Director

5.4.1. Independent Directors are those who have no direct or indirect pecuniary interest in the Company other than the remuneration for their services as members of the Board of Directors and Board committees of the Company and the Group as defined under Paragraph 1.01 of the MMLR;

5.4.2. The roles of Independent Directors are to constructively challenge and help develop proposals on strategy include, inter alia:

- to make independent assessment of the information, reports or statements, having regard to the Directors' knowledge, experience and competence, to provide independent view and demonstrate objectivity in reviewing and challenging Management's proposals at meetings;

- to bring impartiality and scrutiny to Board's deliberations and decision-making and also serve to stimulate and constructively challenge the Management in an objective manner;
- to devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes, so as to keep abreast of industry issues, market development and trend, and enable them to sustain their active participation in Board deliberations;
- act as a channel of communication between Management, Shareholders and other stakeholders, and provide the relevant checks and balances, focusing on Shareholders' and other stakeholders' interests and ensuring that high standards of corporate governance are applied; and
- ensure that there are adequate systems, controls and check and balance to safeguard the interests of the Company and all stakeholders.

5.5. Roles of the Senior Independent Director

- 5.5.1. The Board may appoint a Senior Independent Director to whom Shareholders' concerns can be conveyed if there are reasons that contact through the normal channels of the Chairman or the CEO have failed to resolve them.

The roles of the Senior Independent Director include, amongst others:

- act as a sound board for the Chairman;
- ensure all Independent Directors have opportunity express their input on the agenda, and advise the Chairman on the quality, quantity and timeliness of the information submitted by the Management that is necessary or appropriate for the independent directors to perform their duties effectively;
- consult the Chairman regarding board meeting schedules to ensure the Independent Directors can perform their duties responsibly and with sufficient time for discussion of all agenda items;
- mitigate any possible conflict of interest between the decision-making process and daily management of the Company;
- serve as the principal conduit between the Independent Directors and the Chairman on sensitive issues;
- lead the succession planning and appointment of directors, and oversee the development of a diverse pipeline for board and management succession, including the future Chairman, Executive Directors, and CEO;
- lead the annual review of board effectiveness, ensuring that the performance of each individual director and Chairman of the Board are independently assessed; and

- serve as a designated contact for consultation and direct communication with Shareholders on areas that cannot be resolved through the normal channels of contact with the Chairman or the CEO.

5.6. Tenure of Directors

- 5.6.1. The tenure of Executive Directors is tied to their executive office.
- 5.6.2. The Board shall undertake an assessment of its Independent Directors annually. In line with the MCCG, the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9)-year period, an Independent Director may continue to serve on the Board subject to the Director's re-designation as Non-Independent Director. The Board may, in exceptional cases and subject to the assessment of the Nomination Committee on an annual basis, recommend for an Independent Director who has served a cumulative term of nine (9) years to remain as an Independent Director subject to valid justification and seek annual Shareholders' approval.

5.7. Company Secretary

- 5.7.1. The appointment and removal of the Company Secretary is a matter for the Board as a whole. The Board recognises the fact that the Company Secretary should be suitably qualified, competent and capable of carrying out the duties required of the post.
- 5.7.2. The key role of the Company Secretary is to provide unhindered advice and services for the Directors, as and when the need arises, to enhance the effective functioning of the Board and to ensure regulatory compliance.
- 5.7.3. Other primary responsibilities of the Company Secretary shall include:
- preparing agendas and coordinating the preparation of the Board papers in a timely and effective manner;
 - ensure that Board procedures and applicable rules are observed;
 - maintaining records of the Board and ensure effective management of organisation's records;
 - preparing comprehensive minutes to document Board proceedings and ensure conclusions are accurately recorded;
 - assisting the communications between the Board and Management;
 - advise the Board on its roles and responsibilities;
 - facilitate the orientation of new directors and assist in director training and development;

- ensure availability of information required by new directors for the proper discharge of their duties;
- advise the Board on corporate disclosures and compliance with company and securities regulations and MMLR;
- manage processes pertaining to the annual Shareholder meeting;
- monitor corporate governance developments and assist the Board in applying governance practices to meet the Board's needs and stakeholders' expectations;
- serve as a focal point for stakeholders' communication and engagement on corporate governance issues; and
- providing full access and services to the Board and carrying out other functions deemed appropriate by the Board from time to time.

5.8. Board Committees

5.8.1. The Board reserves the right to establish Committees from time to time in the discharge of its duties and responsibilities. The existence of the Board Committees does not diminish the Board's responsibilities for the affairs of the Group where the delegation of power shall be subjected to the approved terms of references and are in accordance with this Board Charter.

5.8.2. The Board shall establish the policy of Board Committees to assist the Board on carrying out its duties:

a) Audit and Risk Committee

Audit and Risk Committee assists in fulfilling the Board's stewardship accountability to its Shareholders and financial stakeholders. The Audit and Risk Committee shall provide assurance to the Board with quality and reliable financial information and are responsible for the accuracy and integrity of the Group's financial reporting.

The Audit and Risk Committee reviews the adequacy and effectiveness of the risk management and internal control systems and governance processes implemented in the Group.

The Audit and Risk Committee also reviews audit report and related party transactions that arise between the Company and its related parties.

To consider other topics or subject matters as defined by the Board.

b) Nomination Committee

The Nomination Committee oversees matters relating to the nomination of new Directors, annually reviews the required mix of skills, experience and other requisite qualities of Directors as well as the annual assessment of the effectiveness of the Board as a whole, its Committees and the contribution of each individual Director as well as identify candidates to fill board vacancies, and nominating them for approval by the Board. The tenure of each director would be reviewed by the Nomination Committee and annual re-election of a director would be contingent on satisfactory evaluation of the director's performance and contribution to the Board.

It also ensures that all Directors receive suitable continuous training programmes to broaden their perspectives and to keep abreast with developments in the market, statutory and regulatory requirements.

c) Remuneration Committee

The Remuneration Committee is primarily responsible for recommending to the Board the remuneration of Executive Directors, Non-Executive Directors and Senior Management in all its forms, drawing from outside advice if necessary. The remuneration of Executive Directors shall be recommended by the Remuneration Committee with the individual Director concerned abstaining from discussing his/her individual remuneration. The amount of remuneration payable shall be determined with reference to corporate and individual performance of Executive Directors.

5.9. Investor Relations and Shareholders' Communication

- 5.9.1. The Board shall maintain an effective communications policy that enables both the Board and Management to communicate effectively with its Shareholders, stakeholders and the general public.

It is the role of the Board to ensure that the General Meeting of the Company are conducted in an efficient manner and serves as a crucial mechanism in Shareholder communications. All the Directors shall attend the General Meeting. Key ingredients behind this include the supply of comprehensive and timely information to Shareholders and the encouragement of active participation at the General Meeting.

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- 5.9.2. The Board will focus its efforts on the following best practices to enhance the effectiveness of the General Meeting:
- ensure that each item of special business included in the notice to be accompanied by a full explanation of the effects of the proposed resolution;
 - inform Shareholders of their rights to demand for a poll vote at the commencement of General Meeting subject to the Company's Constitution;
 - for election of Directors, ensures that the notice of meeting state which Directors are standing for election with a brief description to include matters such as age, gender, working experience and any conflict of interest as well as directorship in other companies as pursuant to the MMLR;
 - ensure that the Chairman provides reasonable time for discussion at the meeting. Where appropriate and if required, the Chairman will also undertake to provide written answer to any significant question which cannot be answered immediately;
 - conduct a business presentation with a question and answer session, where appropriate and if required; and
 - ensure that the conduct of a virtual general meeting (virtual or hybrid) support meaningful engagement between the Board, Senior Management and Shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders.
- 5.9.3. The CEO shall take responsibility for addressing queries from Shareholders, stakeholders and analysts. In the performance of this responsibility, the CEO shall be mindful of the regulatory requirements pertaining to price sensitive information.
- 5.9.4. The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Group and adopts an open and transparent policy in respect of its relationship with its Shareholders and investors.
- 5.9.5. The Board ensures the timely release of financial results on a quarterly basis to provide shareholders and analysts with an overview of the Group's performance and operations in addition to the various announcements made during the year.
- 5.9.6. The Group's website, <http://www.smis.com.my/>, provides easy access to corporate information pertaining to the Group and its activities and is continuously updated.

6. Accountability and Audit

6.1. Financial Reporting

- 6.1.1. The Board aims to present a clear and balanced assessment of the Group's financial position and future prospects that extends to the annual and quarterly reports.
- 6.1.2. The Board ensures that the annual and interim financial statements are prepared so as to give a true and fair view of the current financial status of the Group in accordance with the approved accounting standards.

6.2. Company Auditors

- 6.2.1. The Board has established formal and transparent arrangement for considering how financial reporting and internal control principles will be applied and for maintaining an appropriate relationship with the Company auditors through the Audit and Risk Committee.
- 6.2.2. The Audit and Risk Committee also keeps under review the scope and results of the audit and its cost effectiveness and the independence and objectivity of the Company auditors. The Audit and Risk Committee ensures that the Company auditors do not supply a substantial volume of non-audit services to the Company and any practice that departs from this has to be disclosed in the Audit and Risk Committee Report.

6.3. Internal Controls and Risk Management

- 6.3.1. The Board has overall responsibility maintaining a system of internal controls, which provides reasonable assurance of effective and efficient operations and compliance with laws and regulations as well as with internal policies and procedures.
- 6.3.2. The Company has a well-resourced internal audit function, which critically reviews all aspects of the Company's activities and its internal controls. Comprehensive audits of the practices, procedures, expenditure and internal controls of all business and support units and subsidiaries are undertaken on a regular basis. The outsourced internal auditors has direct access to the Board through the Chairman of the Audit and Risk Committee.
- 6.3.3. The Board ensures the system of internal controls is reviewed on a regular basis by the Audit and Risk Committee.
- 6.3.4. The Audit and Risk Committee receives reports regarding the outcome of such reviews on a regular basis.

7. Board Processes/Procedures

Board Meetings shall be conducted in a business-like manner where all Directors are encouraged to share their views and partake in discussions. No one person should dominate the discussion. The Chairman, assisted by the Company Secretary, shall play a mediator's role to maintain the order of the proceedings in a constructive, productive and effective manner.

7.1. Frequency

- 7.1.1. The Board should meet regularly, at least on a quarterly basis. Prior notice of meetings will be given to all who are required to attend the meetings.

To facilitate productive deliberations, the proceedings of the Board Meetings are conducted in accordance with a structured agenda. Special Board Meetings may be convened as and when necessary to consider urgent proposals or matters that require the Board's further review.

7.2. Quorum and Meeting Procedures

- 7.2.1. The quorum necessary for the transaction of business of the Directors shall be fixed by the Directors from time to time and unless so fixed, the quorum shall comprise two (2) Directors.

- 7.2.2. Any Director may participate at a Board meeting or Committee meeting by way of telephone and video conferencing or by means of other communication equipment in which event such Director shall be deemed to be physically present at the meeting and shall be taken into account in ascertaining the presence of a quorum at the meeting. All resolutions, attendance, transactions, quorums and votes obtained through electronic means shall be deemed valid and effective unless it contravenes the requirements of relevant statutes and regulations.

- 7.2.3. Questions arising at any Board meeting shall be decided by a majority of votes, each Director having one (1) vote and in case of an equality of votes, the Chairman shall have a second or casting vote except when only two (2) Directors are present and form a quorum or only two (2) are competent to vote on the question at issue, the Chairman shall not have a casting vote.

- 7.2.4. Board Members are required to attend the Board Meetings and attendance of each individual Director in the meetings held in a financial year is required to be disclosed in the Annual Report. Other senior officers may be invited to attend for particular items within their responsibility. The Board may also invite external parties such as the auditors, solicitors and consultants as and when the need arises.

- 7.2.5. All Meetings of the Board will be conducted in accordance with the Constitution of the Company and applicable laws.

7.3. Agenda & Meeting Papers

- 7.3.1. The notice of a Directors' Meeting should be given in writing at least seven (7) days prior to the meeting.

- 7.3.2. A well-prepared board agenda will enhance the Board's productivity and strengthen its strategic and supervisory role. The Chairman, in conjunction with the executive Director(s) and the Company Secretary, shall undertake the primary responsibility for preparing the Board's agenda. The agenda shall include, amongst others, matters specifically reserved for the Board's decision. The Board shall record its deliberation, in terms of the issues discussed, and the conclusions thereof in discharging its duties and responsibilities.

- 7.3.3. As a matter of best practice and to allow ample time for Directors to consider the relevant information, Board papers and agenda items are to be circulated at least five (5) business days prior to the meeting or such other period as deemed appropriate by the Board. It is recommended that where there is a need to table a report, a brief listing of findings and/or recommendations is prepared.

7.4. Minutes

- 7.4.1. The minutes of Board Meetings shall be prepared within one (1) month following a Board Meeting. The draft minutes shall be circulated together with the Board papers at the following Board Meeting.

- 7.4.2. The Board shall record its deliberation, in terms of the issues discussed, and the conclusions thereof in discharging its duties and responsibilities. The minutes shall state the Director's abstention from participating in dealing with issues or objection to any particular issue, where relevant.

7.5. Access to Information and Independent Professional Advice

- 7.5.1. All Directors (executive and non-executive) have the same right of access to all information within the Group whether as a full board or in their individual capacity, in furtherance of their duties and responsibilities as Directors of the Company, subject to a formal written request to the Chairman furnishing satisfactory and explicit justification for such request.

- 7.5.2. A record of submissions, papers and materials presented to the Board, is maintained and held by the Company Secretary together with minutes of meetings, and is accessible to Directors.

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- 7.5.3. All information and documentation received by the Board from the Company shall be treated as confidential, unless otherwise expressly decided by the Board and in accordance with the relevant laws, requirements and MMLR.
- 7.5.4. All Directors should have access to the advice and services of the Company Secretary. The Board should recognise that the Chairman is entitled to the strong and positive support of the Company Secretary in ensuring the effective functioning of the Board.
- 7.5.5. The Board or in their individual capacity, in furtherance of their duties, shall be able to obtain an independent professional advice at the Company's expenses through an agreed procedure laid down formally.
- 7.5.6. Subject to prior approval of the Chairman, the cost of the advice will be reimbursed by the Company but the Director will ensure, so far as is practicable, that the cost is reasonable.

7.6. Induction Process and Training

- 7.6.1. The objective of the induction process is to provide Directors with a rapid and clear insight into the Group as well as keeping them abreast with development in the marketplace pertaining to the oversight function of Directors. This will enable the Directors to discharge their duties and responsibilities effectively.
- 7.6.2. All new Directors appointed to the Board shall participate in the Mandatory Accreditation Programme pursuant to the MMLR, if he/she has not attended before, and undertake an induction program facilitated by the Management to assist them in fulfilling their duties and responsibilities.
- 7.6.3. Directors are expected to undertake any necessary professional education or training program to enhance their skills and knowledge on relevant new laws and regulations and to keep abreast with the changing business environment within which the Group operates so as to enable them to discharge their duties.
- 7.6.4. The Board assisted by the Nomination Committee, shall on continuous basis assess, evaluate and determine the training needs of the Directors and disclose in the annual report the trainings attended by the Directors. In special circumstances, valid justifications for non-attendance at any training by Directors for the financial year shall also be disclosed.

7.7. Directors' External Commitments and Conflict of Interest

7.7.1. The Company's Constitution stipulate that a Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall declare his interest in accordance with the provisions of the CA 2016. The Director concerned shall not participate in deliberations and shall abstain himself from casting his votes in any matter arising thereof.

7.7.2. Should there be an actual, potential or perceived conflict of interest between the Company or a related corporation and a Director, or an associate of a Director such as a spouse or other family members, or a related company (as defined under Section 197(1) of the CA 2016), the Director involved shall make full disclosure and act honestly in the best interest of the Company:

- (a) Director shall immediately inform the Audit and Risk Committee in respect of their direct and indirect interests in any businesses or corporations which carry on similar trade as that of the Group; and
- (b) Every Director shall comply with the provisions of Sections 219 and 221 of the CA 2016 in connection with the disclosure of his shareholding and interests in the Company and his interest in any contract or proposed contract with the Company and in connection with the disclosure, every Director shall state the fact and the nature, character and extent of any office or possession of any property whereby whether directly or indirectly duties or interests might be created in conflict with his duty or interest as a Director of the Company.

And the interested Directors shall abstain from deliberation and voting on the resolutions relating to those matters or transactions.

8. Whistle Blower Policy

To enhance corporate governance practices across the Group, a Whistle Blower Policy was adopted by the Company to strive to conduct its business relationships and dealings with the highest level of integrity and accountability and adopt zero-tolerance approach towards any misconduct that would jeopardise its good standing and reputation. This policy is intended to encourage and enable the directors, employees and Stakeholders of the Group to raise concerns about suspected and/or known malpractices, misconduct or wrongdoings.

9. Anti-Bribery and Anti-Corruption Policy

The Board has adopted an Anti-Bribery and Anti-Corruption Policy. The Group is committed to acting professionally, fairly and with integrity in all our business dealings and relationships. This Anti-Bribery and Anti-Corruption Policy is applicable to anyone who is employed by or work at the Group (whether in Malaysia or outside Malaysia and whether permanent, fixed-term or temporary basis), directors, (executive and non-executive), company secretaries and committee members of SMIS (together, “Personnel”). It is also applicable to suppliers, customers, bankers, contractors, sub-contractors, consultants, agents, representatives and service providers of any kind performing work or services, for or on behalf of SMIS (together, “Business Partners”). This policy covers the gift, entertainment and corporate hospitality, charitable or educational donations, political contributions, sponsorships, facilitation payments, conflict of interest, dealing with business partners and suppliers, dealing with public officials.

10. Review and Approval

This Board Charter is to be regularly reviewed by the Board as and when required and published on the Company’s website. This Board Charter may be amended by the Board as it deems appropriate to ensure its relevance and effectiveness.

This Board Charter is reviewed and approved by the Board of Directors on 28 April 2022.