

SMIS CORPORATION BERHAD
[Registration No. 199901016957 (491857-V)]

Terms of Reference of the Nomination Committee

1. Introduction

The Nomination Committee (“NC” or 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 is to assist the Board in the following areas:

- Propose new nominees for the Board of the Company and/or its subsidiaries (the “Group”) - 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;
- Ensure the policy and criteria to conduct periodic evaluation for effectiveness of the Board and Board Committees as well as individual directors by robust processes and procedures taking into consideration the needs of the Board such as mix of skills, independence, experience, industry knowledge and diversity (including gender diversity); and
- Reviewing the Board’s corporate governance principles of the Group.

2. Membership

- 2.1. The members of the Committee shall comprise exclusively of Non-Executive Directors, a majority of whom are independent and number at least three (3) members in total.
- 2.2. The Chairman of the Board should not be the member of the Committee. 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.
- 2.5. The appointment of the NC member would be terminated when the member ceases to be a Director, or as determined by the Board.

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3. Meetings and Procedures

Meetings shall be held not less than once (1) 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.

In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst themselves.

Only members of the Committee have the right to attend Committee meetings. However, other Directors and individuals such as the CEO, the head of human resources, members of Management, consultants and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.

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.

The notice of the Committee meeting should be given in writing at least seven (7) days prior to the meeting and a well-prepared agenda papers 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 at least five (5) business days prior to the meeting or such other period as deemed appropriate by the Committee.

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.

A member of the Committee shall excuse himself/herself from the meeting during discussions or deliberations of any matter which gives rise to a situation of an actual or perceived conflict of interest for the member. Where this cause insufficient directors to make up a quorum, the Committee has the right to appoint another Director, which meets the membership criteria.

The Committee shall regulate the manner of proceedings of its meetings, having regard to normal conventions on such matter.

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The Committee may deal with matter by way of circular resolutions in lieu of convening a formal meeting. A resolution in writing, signed, approved or assented by letter, electronic mail, telegram, telex, telefax or other electronic communication by all the Committee members 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 and may be transmitted to the Company by any technology purporting to include a signature and/or electronic or digital signature of the 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, knowledge, expertise, character, integrity, professionalism 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 corporations incorporated and listed outside Malaysia and other commitments or positions and the time commitment involved);

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- c) any business interests that may result in a conflict of interest that may arise within the Company or the Group;
 - d) contribution and performance;
 - e) background, character, integrity, skills, knowledge, expertise and competence;
 - f) professionalism;
 - g) 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
 - h) 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 of management.
- 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, facilitate 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. If the selection of candidates was solely based on recommendations made by the existing board members, management or major shareholders, the Committee should explain why other sources were not used;
- 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 and recommend to the Board the succession plan and policy of the Chairman of the Board, the executive and non-executive Directors, CEO and the Key Senior Management; taking into consideration the succession planning in the course of its work, the challenges and opportunities facing the Company as well as the skills and expertise needed on the Board and by the Company in future;

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- 5.8. 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;
- 5.9. 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.

Assessment of fitness and properness of each individual Director should also take into consideration the following factors:-

- (i) compatibility within the overall composition of the Board to match the profile and activities of the Company;
- (ii) willing to act or continues to act as a Director of the Company after being made aware of his/her responsibilities as a Director;
- (iii) is willing to be familiar with the Company's business activities and its operating environment;
- (iv) has the ability to attend board meetings, either physically or virtually, based on the form of participation required of the Director;
- (v) the multiple directorships of the Director do not result in a conflict of interest with the Company, puts the Director in a position where commercially sensitive information could be misused against the Company or cause the Director to be unable to provide the required time commitment to the Company; and
- (vi) is a Director or shareholder of an entity in countries that are classified as high risk under the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001.

All assessments and evaluations carried out by the Committee in the discharge of all its functions shall be properly documented. The Committee may engage a professional, experienced and independent party to facilitate the Board evaluation and ensure the Board is assessed holistically. When an independent third party is used to carry out Board evaluation, the Board should also disclose the identity of the third party;

- 5.10. assess annually the effectiveness and performance of the CEO, Chief Financial Officer/Group Financial Controller and Executive Directors;

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- 5.11. assess annually the independence of its Independent Directors;
- (i) This activity shall be disclosed in the Annual Report of the Company and in any notice of a general meeting for the appointment and re-appointment of Independent Directors.
 - (ii) The tenure of an Independent Director should not exceed a cumulative term of nine (9) years. If the Board intends to retain an Independent Director beyond 9 years, it should be subjected to the following:-
 - annual assessment by the NC, regarding the independence and contributions; and
 - annual shareholders' approval in a general meeting, where the Board provides strong justification on the recommendation in the explanatory notes to the resolution in the notice of a general meeting.
- 5.12. 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;
- 5.13. 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;
- 5.14. recommend to the Board the gender, experience, ethnicity or age diversity policies, targets and discuss measures to be taken to meet those targets (if any);
- 5.15. recommend to the Board the protocol for accepting new directorships;
- 5.16. consider and recommend the Directors for re-election/re-appointment at each Annual General Meeting; and
- 5.17. perform such other assignments as may be delegated by the Board.

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.

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- 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.

If the selection of candidates was solely based on recommendations made by the existing board members, management or major shareholders, the Committee should explain why other sources were not used.

- 6.3. The Committee will then have to review the profile of board candidates and make a decision in recommending of the Board candidate for the appointment to the Board.
- 6.4. Based on the recommendation of the NC and upon review of the profile of board candidate, the Board will then decide on the best candidate by ballot or majority decision and the approval via Board meeting or 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 procedures to be followed in the discharge of its duties and responsibilities as set out in section 5 above. The regulation and implementation of such procedures shall, as far as circumstances permit be in keeping with the principles and requirement of the latest Malaysian Code of Corporate Governance as amended from time to time.

7. Advisers

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

8. Minutes

The Minutes of meetings of the Committee shall be circulated to all members of the Committee and 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 Constitution;
- 9.5. deliberate and 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) due to appropriate reasons in accordance with the relevant laws and regulations; 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 nine (9) years.

10. General Meetings

The Chairman of the Committee should attend the General Meetings to answer any shareholder's 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 within its duties and responsibilities.

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

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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. Any revision or amendment to this Terms of Reference, as proposed by the Committee or any third party, shall first be presented to the Board for its approval.

Upon the Board's approval, the said revision or amendment shall form part of this Terms of Reference and this Terms of Reference shall be considered duly revised or amended.

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