

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

Terms of Reference for Remuneration Committee

1. Introduction

The Remuneration Committee (“**RC**” or the “**Committee**”) of SMIS Corporation Berhad (“**SMIS**” or the “**Company**”) was formed by the Board of Directors (the “**Board**”) of the Company. Its primary function is to recommend to the Board the remuneration package of Executive Directors, Non-Executive Directors and Senior Management of the Company and its subsidiaries (the “**Group**”) to attract, retain and motivate Directors and Senior Management to drive long term objectives of the Company.

2. Membership

- 2.1. The members of the Committee shall comprise wholly Non-Executive Directors and a majority of them must be Independent Directors and number at least three (3) in total. The appointment of a Committee member terminates when the member ceases to be a Director, or as determined by the Board.
- 2.2. The Chairman of the Committee shall be a Non-Executive Director appointed by the Board.
- 2.3. The Chairman of the Board should not be a member of Committee.

3. Attendance

Only members of the Committee have the right to attend Committee meetings. However, the Chief Executive, the Head of Human Resources or Senior Management may be invited to attend all or part of any meetings, as and when appropriate and necessary.

The Committee may appoint external consultants to aid the Committee in the discharge of its duties.

4. Secretary

The Secretary of the Company shall be secretary (the “**Secretary**”) of the Committee.

5. Duties

The duties of the Committee shall be:-

- (a) Review and recommend to the Board for approval, the entire individual remuneration packages for each of the Executive Directors, Non-Executive Directors and Senior Management to ensure the levels of remuneration be

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sufficiently attractive and be able to retain high calibre Directors to run the Company successfully.

The determination of remuneration packages of Executive Directors and Non-Executive Directors should be a matter for the Board as a whole where the individual concerned shall abstain from discussion of their own remuneration.

- (b) Assist the Board in developing and administering a fair and transparent procedure for setting policy on remuneration of Directors and Senior Management.
- (c) Ensure that the remuneration packages are determined on the basis of the Directors' and Senior Management's merit, qualification and competence, having regard to the Company's long term strategic goals, sustainability risks and opportunities, operating results, individual performance and comparable market statistics.

Remuneration of the Board shall be aligned with the business strategy and long-term objectives of the Company, and to reflect the Board's responsibilities, expertise and complexity of the Company's activities.

- (d) Consider and review Executive Directors' scope of service contracts, if any.
- (e) Review and recommend to the Board and thereafter the shareholders at the Annual General Meeting, the fees of the directors and any benefits payable to the directors including any compensation for loss of employment of a director or former director of the Company.
- (f) Review the performance of the Executive Directors and Senior Management against the Key Performance Indicators and recommend to the Board specific adjustments in remuneration and/or reward payments if any, reflecting their contributions for the year.
- (g) To review any major changes in remuneration policy and employee benefit structures throughout the Company or Group, and if thought fit, recommend them to the Board for adoption.
- (h) Consider all other related matters as may be requested by the Board from time to time.

Directors who are shareholders should abstain from voting at general meetings to approve their fees.

6. Advisers

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

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7. Quorum and Meetings

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.

The quorum of the Committee shall be at least two (2) members and no business shall be transacted at any meeting of the Committee unless a quorum is present. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst themselves.

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 RC 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 RC 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.

The Committee may deal with matters by way of circular reports and resolutions in lieu of convening a formal meeting. A resolution in writing, signed, approved or assented by letter, electronic mail, telegram, telex or telefax or other electronic communication 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 (1) or more committee members as may be transmitted to the Company by any technology purporting to include a signature and/or electronic or digital signature of the members of the Committee.

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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. The minutes shall be open for inspection by the Board. Any request by Management or other persons to inspect the minutes shall be subjected to the approval of the Committee for inspection if required.

9. 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.

10. General Meetings

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

11. Written Terms of Reference

The Committee must have written terms of reference which deal with its authority and duties and these terms shall be disclosed on the Company's website.

12. 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.