

**SERN KOU RESOURCES BERHAD**  
**[Registration No. 200001016496 (519103X)]**  
**(Incorporated in Malaysia)**

**BOARD CHARTER**

**1. INTRODUCTION**

- 1.1 The Board of Directors ("the Board") is responsible for the stewardship of Sern Kou Resources Berhad's ("SKRB" or "the Company") business and affairs on behalf of SKRB's shareholders with a view to enhance long term shareholders value as well as investors' interest while taking into account the interests of other stakeholders and maintaining high standards of transparency, accountability and integrity and effective performance for the Company and its subsidiaries ("the Group" or SKRB Group").
- 1.2 The Board regards the enhancement of good corporate governance is vital toward the achievement of the objectives of transparency, accountability and effective performance of the Group. The Board remains highly committed to enshrine the concepts of good governance as promulgated in Malaysian Code of Corporate Governance 2017 ("MCCG") and to ensure certain aspects of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR") and relevant provision of the Companies Act 2016 ("the Act") are practiced in all of in all business dealings in respect of its shareholders and relevant stakeholders :
- The Board is expected to act in a professional manner, thereby upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.
  - All Board Members are responsible to ensure the Group achieves a high level of good governance.
  - The Board Charter shall constitute, and form, an integral part of each Director's duties and responsibilities.

**2. OBJECTIVES**

- 2.1 The objectives of this Board Charter are to ensure that all Board members acting on behalf of the Company are aware of their roles, duties and responsibilities as Board members and the various legislations and regulations affecting their conduct and that the principles and practices of good Corporate Governance are applied in all their dealings in respect, and on behalf of, the Company.

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- 2.2 In pursuit of the ideals in this Board Charter, the intention is to exceed “minimum legal requirements” with due consideration to recognise standards of best practices locally and internationally. This Board Charter is not an “all inclusive” document and shall be read as a broad expression of principles.
- 2.3 The Board will regularly review this charter and the term of reference of the Board Committees to ensure that they remain consistent with the Board's objectives and responsibilities, and relevant laws, regulations, guidelines and standards of corporate governance.

**3. BOARD STRUCTURE**

3.1 Board Size and Composition

- 3.1.1 The Board should comprise of qualified individuals with character, diverse experience, backgrounds, integrity, competence skills and perspectives and time to effectively discharge their role as company director. The composition and size of the Board is such that it facilitates the making of informed and critical decisions. The Board acknowledges the importance to promote board diversity but not limited to gender, age cultural and education background.
- 3.1.2 As set out in the Company's Constitution, unless otherwise determined by the Company at the general meeting, the number of Directors shall not be less than two (2) and not more than twelve (12). The appointment of Directors shall be recommended by the Nomination and Remuneration Committee (“NRC”) and approved by the Board.
- 3.1.3 At least two or one-third (1/3), whichever is higher, of the Board members are Independent Directors.
- 3.1.4 In the event of any vacancy in the Board, resulting in non-compliance with regulations on the board composition, the Board must ensure that such vacancy is filled within three (3) months.
- 3.1.5 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 Managing Director (“MD”) have failed to resolve them. The Board shall appoint the Independent Director or as the Chairman of the NRC.
- 3.1.6 The positions of Chairman of the Board and MD should be held by different individuals, and the Chairman must be an independent non-executive member of the Board.

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- 3.1.7 The Board recognises the importance of ensuring a balance of power and authority between the Chairman and the MD with a clear division of responsibility between the running of the Board and the Company's business respectively. The positions of Chairman and MD are separated and clearly defined.
- 3.1.8 Profiles of the Board members are included in the annual report of the Company.
- 3.1.9 The Board acknowledges the importance of boardroom diversity and the recommendation of the Malaysian Code on Corporate Governance 2017 pertaining to the establishment of a gender diversity policy.
- 3.1.10 In reviewing the Board composition, the Board with the assistance from the NRC, will take into consideration all aspects of diversity including age, gender, ethnicity, skills, experience, independence and background of the Board members.
- 3.1.11 Any Director must not hold more than five (5) directorships in listed issuers.

**3.2 Roles of Individual Directors**

- 3.2.1 Directors are expected to comply with their legal, statutory and equitable duties and obligations when discharging their responsibilities as Directors. Broadly these include: -
- a. acting in good faith and in the best interests of the Company as a whole;
  - b. acting with care and diligence and for proper purposes;
  - c. avoiding conflict of interest with the Company in a personal or professional capacity;
  - d. refraining from making improper use of information gained through the position of director and from taking improper advantage of the position of director;
  - e. keeping abreast of changes and trends in the business and in the Group's business environment and markets and changes and trends in the economic, political, social, legal and regulatory climate that could affect the business of the Group; and
  - f. devoting sufficient time to prepare for and attend Board and Board Committee meetings, attend Directors' continuous training programme and briefings.
- 3.2.2 Directors will keep all Board information, discussions, deliberations and decisions that are not publicly known confidential and not use information gained through the Board for their interest, or their employers' interest.

### 3.3 Non-Executive Director (“NED”)

- 3.3.1 The roles of NED largely encompass the monitoring of Company performance and contributing to development of Company strategy, clarified as follows:-
- a. Constructively challenge and contribute to the development of Company strategy;
  - b. Scrutinises the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance; and
  - c. Satisfy themselves that the financial information presented is accurate and that financial controls as well as systems of risk management are robust and defensible.
- 3.3.2 The NED acts as link between Management, Shareholders and other stakeholders. They should provide the relevant checks and balances and ensuring that high standards of corporate governance are applied whilst taking into consideration the interests of the Shareholders and other stakeholders.

### 3.4 Independent Director

- 3.4.1 An Independent Director is independent of management and free of any business or other relationships that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement, and who otherwise meet the criteria for independence.
- 3.4.2 The Independent Directors must give effect to the spirit, intention and purpose of the definition of an Independent Director which enumerated out in Paragraph 1.01 of Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("the Main Market Listing Requirements").
- 3.4.3 The Independent Directors provide independent judgement, experience and objectivity without being subordinated to operational considerations to mitigate any possible conflict of interest between the policy-making process and the day- to-day management of the Company.
- 3.4.4 The Independent Directors shall constructively challenge and contribute to the development of business strategy and direction of the Company to ensure that the interests of all shareholders, and not only the interests of a particular fraction or group, are indeed taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration by the Board.
- 3.4.5 The Independent Directors should ensure effective checks and balances on the Board, and carry significant weight in the Board’s decision-making process.

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- 3.4.6 The Board undertakes to assess the independence of the Independent Directors on an annual basis upon re-appointment or when any new interest or relationship develops.

3.5 Chairman

- 3.5.1 The Chairman leads the Board and is responsible for the effective performance of the Board.
- 3.5.2 The Chairman of the Board shall be an Independent Non-Executive Member of the Board.
- 3.5.3 The Chairman is responsible for leadership of the Board in ensuring the effectiveness of all aspects of its role. The Chairman is responsible for:
- a. leading the Board in setting the values and standards of the Company;
  - b. maintaining a relationship of trust with and between the Executive and Non-Executive Directors;
  - c. ensuring the provision of accurate, timely and clear information to Directors;
  - d. ensuring effective communication with shareholders and relevant stakeholders;
  - e. arranging regular evaluation of the performance of the Board, its Committees and individual Directors;
  - f. facilitating the effective contribution of Non-Executive Directors and ensuring constructive relations be maintained between Executive and Non-Executive Directors; and
  - g. facilitating the ongoing development of all Directors.
- 3.5.4 The Chairman, in consultation with the MD and the Company Secretary, sets the agenda for Board meetings and ensures that all relevant issues are on the agenda.
- 3.5.5 The Chairman ensures orderly conduct and proceedings of the Board and general meetings and is responsible for managing the business of the Board to ensure that:
- a. all Directors are properly briefed on issues arising at Board meetings;
  - b. sufficient time is allowed for discussion of complex or contentious issues and, where appropriate, arranging for informal meetings beforehand to enable thorough preparation for the Board discussion; and
  - c. the issues discussed are forward looking and concentrates on strategy.
- 3.5.6 The Chairman ensures that every Board resolution is put to vote.
- 3.5.7 The Chairman ensures that Executive Directors look beyond their executive functions and accept their full share of responsibilities on governance.

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- 3.5.8 Should the Chairman be absent from a meeting, the members of the Board present at the meeting, may choose one of their number to chair the said meeting.

3.6 Managing Director

- 3.6.1 The MD is primarily accountable for overseeing the day-to-day operations to ensure the smooth and effective running of the Group.
- 3.6.2 The MD is responsible for the development and implementation of the long-term and short-term strategies for the Group and setting the overall strategic policy and direction of the Group's business operations based on effective risk management controls.
- 3.6.3 The MD ensures that the financial management practice is performed at the highest level of integrity and transparency and that the business and affairs of the Group are carried out in an ethical manner and in compliance with the relevant laws and regulations.
- 3.6.4 The MD shall exercise professional skill, due care and diligence when performing his functions, exercising their powers or discharging his duties as well as devote full attention and time to their duties and responsibilities and be able to direct and supervise the Company effectively and responsibly.
- 3.6.5 The MD provides effective leadership to the Group and is responsible for ensuring high management competency and that an effective management succession plan is in place to sustain continuity of operations.
- 3.6.6 The MD is the conduit between the Board and the Management in ensuring the success of the Company's governance and management functions.
- 3.6.7 The MD implements the policies, strategies and decisions adopted by the Board. All Board authorities conferred on Management is delegated through the MD and this will be considered as the MD's authority and accountability as far as the Board is concerned.
- 3.6.8 Keeping the Board fully informed of all important aspects of the Company's operations and ensuring sufficient information is distributed to the Board members.

In the absence of the MD, the Senior Executive Director who is fully acquainted with the Company's affairs, is the person who will be directly responsible for the overall running of the Company.

3.7 Principal roles of the Board

- 3.7.1 The Board's role is to provide leadership of the Group within a framework of prudent and effective controls which enables risk to be assessed and managed and to make decisions on reserved matters as set out in Appendix 1.
- 3.7.2 The Board has delegated certain responsibilities to committees which operate in accordance with this Charter and delegated the day to day management of the Business to Management with an agreed authority limit. The principal roles and responsibilities of the Board including those from MCGG are:-
- a. Reviewing the code of conduct of the Group's business which including managing conflicts of interest, preventing the abuse of power, fraud, bribe and corruption, insider trading and money laundering as well as build sustainable value for the shareholders and implementing appropriate internal systems to support, promote and ensure its compliance;
  - b. Reviewing and adopting a sustainable strategic business development plan for the Company;
  - c. Regularly evaluating economic, environmental, social and governance issues and any other relevant external matters that may influence or affect the development of the business or the interests of the shareholders in ensuring that the Company's strategies promote sustainability;
  - d. Development of the business or the interests of the shareholders in ensuring that the Company's strategies promote sustainability;
  - e. Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed;
  - f. Reviewing, ratifying and monitoring systems of risk management and internal control and ethical and legal compliance. This includes establishing sound risk management framework, reviewing procedures to identify the main risks associated with the Company's businesses and the implementation of appropriate systems to manage these risks;
  - g. Together with Senior Management, promote good corporate governance culture within the Company which reinforces ethical, prudent and professional behaviour;
  - h. Reviewing, constructively challenging and making decision on Management's proposals for the Company and monitoring the implementation;
  - i. Selecting, appointing and evaluating from time to time the performance of, and planning succession of the MD under the guidance of the NC;
  - j. Reviewing the procedures for appointment of senior management and ensuring that succession planning of the senior management is in place;
  - k. Establishing an internal audit function which reports directly to the Audit Committee promoting effective communication and proactive engagements within shareholders and other stakeholders;
  - l. Ensuring there is a sound framework of reporting on internal controls and regulatory compliance;
  - m. Ensuring its members have access to information, advice and appropriate continuing education programmes;

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- n. Reviewing and approving formal and transparent remuneration policies and procedures to attract and retain directors;
- o. Ensuring there is appropriate corporate disclosure policies procedures;
- p. Encouraging the usage of information technology in communicating with stakeholders;
- q. Taking reasonable steps in encouraging the shareholders' participation and voting by poll at general meetings of the Company;
- r. Promoting effective communication and proactive engagements with shareholders;
- s. Undertaking an assessment of the independent directors annually; and
- t. Ensuring the integrity of the Company's financial and non-financial reporting.

**3.8 Nomination and Appointment**

- 3.8.1 The appointment of a new Director is a matter for consideration and decision by the full Board upon appropriate recommendation from the NRC.
- 3.8.2 In making the recommendation to the Board, the NRC will consider the required mix of skills, experience, character, integrity, competence, time commitment and diversity, where appropriate, which the person nominated can bring to the Board.
- 3.8.3 The qualifications for Board membership are, amongst others the following: -
  - a. Age limit is In accordance with the Malaysian Companies Act 2016;
  - b. Relevant experience in regional and/or international markets;
  - c. Education and experience that provides knowledge of business, financial, governmental or legal matters that are relevant to the Company's business or to its status as a publicly owned company;
  - d. An entrepreneurial talent for contributing to the creation of shareholder value;
  - e. The ability to make informed business decisions and recommendations;
  - f. Ability to ask probing operational related questions and exhibits high ethical standards and sound practical sense;
  - g. Sufficient available time to be able to fulfill his/her responsibilities as a member of the Board and any of the Committees to which he/she may be appointed; and
  - h. Total commitment to furthering the interests of shareholders and the achievement of the Company's goals.
- 3.8.4 The appointment of Board and senior management are based on objective criteria, merits and with due regard for diversity in skills, experience, age cultural background and gender.
- 3.8.5 The Company Secretary has the responsibility of ensuring that relevant procedures relating to the appointments of new Directors are properly executed.

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- 3.8.6 Upon the appointment of a new Director, the Company Secretary shall guide the Director of his/her principal duties and responsibilities and explain the restrictions to which he or she is subject to in relation to price-sensitive information and dealings in the Company's securities. Thereafter, all Directors are provided with appropriate briefings on the Company's affairs and up-to-date Corporate Governance materials published by the relevant bodies.
- 3.8.7 The Company should ensure an induction programme for newly appointed Directors. The induction programme aims at communicating to the newly appointed Directors, the Company's vision and mission, its philosophy and nature of business, current issues within the Company, the corporate strategy and the expectations of the Company concerning input from Directors.
- 3.8.8 The Company should ensure educational / training programmes to update the Board in relation to new developments pertaining to the laws and regulations and changing commercial risks which may affect the Board and/or the Company.

3.9 Re-election

- 3.9.1 An election of directors shall take place each year.
- 3.9.2 All directors are subject to retirement by rotation at least once in every three (3) years and is eligible for re-election.
- 3.9.3 New Board members will only hold office until the next annual general meeting, and will then be eligible for re-election.

3.10 Retention/ Re-designation of an independent director with cumulative term of more than nine (9) years

- 3.10.1 The tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. However, upon completion of the nine (9) years, the Independent Director may continue to serve the Board subject to the Directors' re-designation as a Non-Independent Director.
- 3.10.2 The Board, upon recommendation of the NRC, shall justify and seek shareholders' approval in the event that it desires to retain a person who has served in that capacity for more than nine (9) years as an Independent Director.
- 3.10.3 Further, the long serving director is required to declare to the Company annually that he complies the criteria of independent as stated in item **3.4**.
- 3.10.4 If the Board continues to retain the Independent Director after twelfth (12) year, the Board shall provide justification and seek annual shareholders' approval via a normal poll voting process.

**Note:** The Board is of the opinion that the two-tier voting outlined in the MCCG is not compatible with the provisions in the Companies Act 2016 and the Company's Constitution, as the right of the shareholders, including the right to vote, shall rank pari passu. An ordinary resolution which is passed by a majority of shareholders must be regarded as having been validly passed as a matter of law irrespective of whether a majority of both the Large Shareholders and other shareholders had voted in favour of such a resolution as required under the MCCG.

### 3.11 Assessment and Development

#### 3.11.1 Directors' Assessment / Board Evaluation

- a. The Board recognises the importance of assessing the effectiveness of individual Directors, the Board as a whole and its Committees. The Board reviews and evaluates its own performance and the performance of its Committees on an annual basis.

#### 3.11.2 Directors' Training and Development

- a. In addition to the Mandatory Accreditation Program ("MAP") as required by the Bursa Malaysia Securities Berhad ("Bursa Securities"), Board members are encouraged to attend training programmes conducted by highly competent professionals and which are relevant to the Company's operation and business.
- b. The Board will assess the training needs of the Directors and ensure Directors have access to continuing education programme. The Board shall disclose in the annual report the trainings attended by the Directors.

### 3.12 Board/Management Authorities

- a) The Board shall have the authority to approve transactions or activities which are beyond the individual discretionary powers of senior officers or management committees delegated by the Board as per the Approving Authority limits stipulated in the relevant policy manuals of respective operating units subject to the provision of the Constitution of the Company.

### 3.13 Board Committees

- 3.13.1 The Board should establish and delegate certain duties to specialised Board Committees to oversee critical or major functional areas and to address matters, which require detailed review or in-depth consideration before tabling its recommendation to the Board

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3.13.2 The Board has established the following Board Committees which operate within their specific terms of reference: -

a. Nomination and Remuneration Committee (NRC")

The NRC 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 contribution of each individual Director as well as identify candidates to fill board vacancies, and nominating them for approval by the Board.

The NRC is also responsible for recommending to the Board the remuneration of Executive Directors and NED and management who are in C-Suite Category in all its form, drawing from outside advice if necessary.

b. Audit Committee

The Audit Committee assists and supports the Board primarily in the area of governance structure, financial reporting process by liaising with the external auditors, reviewing and monitoring the Group's system of risk management and internal control by liaising with the internal auditors.

c. Risk Management and Sustainability Committee ("RMSC")

The RMSC oversees the identification, monitoring and control of all risks faced by the businesses within the Group. It is responsible for reviewing and recommending risk management policies and strategies for the Group and thus, assists the Board in fulfilling its oversight responsibility in risk management. The RMSC advise on the Group's sustainability report and provide assurance to the Board that risk control measures and mitigation actions and the effectiveness of the Group's Sustainability Policy are existence and are being continually reviewed.

3.13.3 Duties and functions of the above-mentioned committees are provided in their respective terms of reference, which are available at the Company's website at [www.sernkou.com](http://www.sernkou.com)

#### **4. BOARD MEETINGS AND PROCEDURES**

##### 4.1 General

- 4.1.1 The conduct of directors will be consistent with their duties and responsibilities to the Company and, indirectly, to the shareholders. The Board shall act within any limitations imposed by the provisions of relevant laws and guidelines on its activities.
- 4.1.2 Directors will use their best endeavours to attend Board meetings. Directors are expected to participate fully, and constructively in Board discussions and other activities and to bring the benefit of their particular knowledge, skills and abilities to the Board.
- 4.1.3 Directors who are not able to attend a meeting will advise the Chairman at an earlier date as possible and confirm in writing to the Secretary.
- 4.1.4 Board discussions will be open and constructive, recognising that genuinely held differences of opinion could bring greater clarity and lead to better decisions. The Chairman will, nevertheless, seek a consensus of the Board but may, where considered necessary, call for a vote.
- 4.1.5 All discussions and their record will remain confidential unless there is a specific direction from the Board to the contrary, or disclosure is required by law. Subject to legal and regulatory requirements, the Board will decide the manner and timing of the publication of its decisions.
- 4.1.6 Directors are expected to strictly observe confidentiality of the Company's information.
- 4.1.7 Directors are required to inform the Board of conflicts or potential conflict of interest that may have in relation to particular items of business or transaction. Subject to provisions of relevant laws and guidelines, these Directors shall abstain from deliberation and determination of those matters.

##### 4.2 Board Meetings

- 4.2.1 Subject to relevant laws and guidelines, the Board shall meet on a quarterly basis, Special Board meetings should be held in addition to the quarterly meetings as and when required. Prior notice of meetings will be given to all who are required to attend the meetings.
- 4.2.2 Individual directors must attend at least 50% of the Board meetings held in each financial year or such other percentage as may be prescribed by the Main Market Listing Requirements.

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- 4.2.3 The attendance of each individual director in the meeting held in a financial year is required to be disclosed in the Annual Report. Other senior officers / Management who can provide additional insight into matters under discussion or appear to be persons with potential who should be given exposure to the Board may be invited to attend for particular items within their responsibility. The may also invite external parties such as the auditors, solicitors and consultants as and when the need arises.
- 4.2.4 The quorum of the meetings is two (2) members.
- 4.2.5 Any issues which arise between meetings can be resolved through circular resolutions subsequent to the Board being apprised of the issues. These circular resolutions shall be valid and effective if approved by majority Directors any written form-letter, telex, email. Such discussion, including any concerns raised and the rationale for the decision shall be tabled at the following Board meeting for formal record keeping.
- 4.2.6 The participation of the directors can be facilitated by means of conference telephone, conference videophone or any similar or other communications equipment by means of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting.
- 4.2.7 The Chairman of the Board, or his/her absence, a Director from amongst Board members present shall be appointed to preside at all meeting.
- 4.2.8 All decisions at such meeting shall be decided on a show of hands on a majority of votes. The Chairman shall have a casting vote.
- 4.2.9 The Secretary or his/her nominee shall minute the proceedings and resolutions, including the names of all attendees. Draft minutes of meetings of the Board shall be circulated promptly to all members of the Board.

4.3 Agenda

- 4.3.1 Meetings of the Board shall be called by the Secretary of the Board at the request of the Chairman of the Board based on planned calendar dates. Notice of each meeting confirming the venue, time and date, together with an agenda of items and its supporting papers to be discussed, shall be forwarded to each member of the Board, no later than seven (7) days before the date of the meeting.
- 4.3.2 Except in the case of an emergency, reasonable notice of every meeting shall be given in writing and the notice of each meeting shall be served to the Board either personally or e-mail, electronic means of communication or by post or by courier to his/her registered address as appearing in the Register of Directors or to the address provided by the Board, as the case may be.
- 4.3.3 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 and the Company Secretary, shall undertake the primary responsibility for preparing the Board's agenda. The agenda shall include, amongst other, matters

specifically reserved for the Board's decision. Due consideration should be given to items for inclusion, sequence of items, estimated time required for each item as well as the necessary board papers needed to be provided to the Board including items to be sent in advance. In the case of sensitive, and confidential information, these board papers may be circulated just prior to the Board meeting. The Board shall record its deliberation, in term of the issues discussed, and the conclusions thereof in discharging its duties and responsibilities.

#### 4.4 Meeting Papers and Minutes

- 4.4.1 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 are to be circulated at least seven (7) days prior to the meeting or a shorter period when unavoidable. It is recommended that where there is a need to table a report, a brief listing of findings and/or recommendations is prepared.
- 4.4.2 The minutes of Board meetings shall be prepared within fourteen (14) days following a Board meeting and shall be circulated in draft form. The draft minute shall be re-circulated together with the Board papers at the following Board meeting in readiness for approval. The practice is for minutes to record processes and decisions rather than a historical narrative of the discussion. If one or more Directors request their opinion to be noted, the Company Secretary shall comply with the request.

#### 4.5 Declaration of Interest/Conflict of Interest

- 4.5.1 The Constitution of the Company stipulates 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/her interest in accordance with the provisions of the Companies Act 2016. The Director concerned shall not participate in deliberations and shall abstain from voting on any matter arising therefrom.
- 4.5.2 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 as a spouse or other family members, the Director involved shall make full disclosure and act honestly in the best interests of the Company.
- 4.5.3 If a conflict or potential conflict situation exists, it is required that the conflicted Director shall be absent from the meeting whilst the Board discusses the matter and not vote on the matter, unless the other directors who do not have a material personal interest in the matter have passed a resolution that states that those directors are satisfied that the interest should not disqualify the director from being present.

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- 4.5.4 Directors are expected to advise the Company Secretary of any proposed Board or executive appointment to other companies as soon as practicable.
- 4.5.5 The Company Secretary shall aid the annual independence and conflict of interest self-declaration by the Directors.

4.6 Access to Information and Independent Advice

- 4.6.1 The Directors shall have access to Management for relevant and additional information or seek explanations, as and when required. At the request of the Board, Management is obliged to supply in a timely manner, all relevant information to enable director to make sound business judgments and discharge their duties more effectively.
- 4.6.2 A director of the Company is entitled to seek independent professional advice at the Company's expense on any matter connected with the discharge of their responsibilities. Individual Directors may also obtain independent professional or other advice in furtherance of their duties, subject to approval by the Chairman or the Board, provided the cost or fee is reasonable.
- 4.6.3 A record of submissions, papers and materials presented to board, is maintained and held by the Company Secretary together with minutes of meetings, and is accessible to Directors.
- 4.6.4 All Directors should have access to the advice and services of the Company Secretary. The Board should recognize that the Chairman is entitled to the strong and positive support of the Company Secretary in ensuring the effective functioning of the Board.

**5. REMUNERATION OF DIRECTORS**

- 5.1 The Company aims to set remuneration at levels which are sufficient to attract and retain the Directors needed to run the Company successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved, but without paying more than is necessary to achieve this goal.
- 5.2 The level of remuneration for the Executive Directors is recommended by the Remuneration Committee and is awarded based on the Company's performance and also individual performance.
- 5.3 Non-executive directors are entitled to participate in the Company's Employee Share Scheme subject to approval at a general meeting. Non-executive directors who participated in the Share Issuance Scheme are prohibited to sell, transfer or assign the shares obtained through the options offered to him within one (1) year from the date of offer of such options.

- 5.4 A formal independent review of the Directors' remuneration is undertaken on yearly basis.
- 5.5 There is adequate disclosure in the Annual Report with a note on the remuneration of Directors.
- 5.6 Fees payable to Non-Executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover. Salaries payable to executive directors may not include a commission on or percentage of turnover.
- 5.7 The fees of Directors, and any benefits payable to Directors shall be subject to annual shareholder approval at a general meeting.

## **6. GENERAL MEETING**

- **ANNUAL GENERAL MEETING (“AGM”)**
- **EXTRAORDINARY GENERAL MEETING (“EGM”)**

- 6.1 The Board regards the general meeting as an important event in the corporate calendar of which all Directors and key senior executives should attend.
- 6.2 The Company regards the general meeting as the principal forum for dialogue with shareholders and aims to ensure that the general meeting provides an important opportunity for effective communication with, and constructive feedback from, the Company's shareholders.
- 6.3 The Chairman encourages active participation by the shareholders during the general meeting. To encourage poll voting during the general meeting, the Chairman shall inform shareholders of their right to demand for a poll at the commencement of the meeting.
- 6.4 The Chairman and, where appropriate, the MD responds to the shareholders' queries during the meeting. Where necessary, the Chairman will undertake to provide a written answer to any significant question that cannot be readily answered at the meeting.

## **7. FINANCIAL REPORTING**

### 7.1 Transparency

- 7.1.1 The Company aims to present a clear and balanced assessment of the Company's financial position and future prospects that extends to the interim and price-sensitive information and other relevant reports submitted to regulators.
- 7.1.2 The Directors ensure that the financial statements are prepared so as to give a true and fair view of the current financial status of the Company in accordance with the approved accounting standards.

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7.1.3 The Company's practice is to announce to Bursa Securities its quarterly financial results as early as possible within two (2) months after the end of each quarterly financial period.

7.1.4 The Auditors Report shall contain a statement from the External Auditors explaining their responsibility in forming an independent opinion, based on their audit, of the financial statements.

#### 7.2 Auditors

7.2.1 The Board has established formal and transparent arrangements for considering how financial reporting and internal control principles will be applied and for maintaining an appropriate relationship with the Company Auditors through its Audit Committee.

7.2.2 The Audit 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 Company ensures that the Company Auditors do not supply a substantial volume of non-audit services to the Company.

7.2.3 Appointment of the Company Auditors is subject to approval of shareholders at General Meetings. The Company Auditors have to retire during the AGM every year and be re-appointed by shareholders for the ensuing year.

### **8. STAKEHOLDERS OF THE COMPANY**

#### 8.1 Shareholder

8.1.1 The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Company and as such adopts an open and transparent policy in respect of its relationship with its shareholders and investors.

8.1.2 The Board ensures the timely release of financial results on a quarterly basis to provide shareholders with an overview of the Company's performance and operations in addition to the various announcements made during the year.

8.1.3 The Company leverages on information technology for effective dissemination of information. The Company's website provides easy access to corporate information pertaining to the Company and its activities and is continuously updated.

#### 8.2 Other Stakeholders

8.2.1 In the course of pursuing the vision and mission of the Company, the Board recognises that no Company can exist by maximising shareholders value alone. In this regards, the needs and interests of other stakeholders are also taken into consideration.

### 8.3 Employees

- 8.3.1 The Board acknowledges that the employees are invaluable assets of the Company and play a vital role in achieving the vision and mission of the Company.
- 8.3.2 The Company has made effort to provide high quality work, health and safety environment to our employees as well as the Group's stakeholders. The Group continues to adhere the industry and healthy policy in order to ensure that a safe and healthy working environment is provided to the employees of the Group at all times.
- 8.3.3 Opportunities were also given to the Group's employees for attending external and on-the-job training to enhance their skills, knowledge and personality.

### 8.4 Environment

- 8.4.1 The Board acknowledges the need to safeguard and minimises the impact to the environment in the course of achieving the Company's vision and mission.
- 8.4.2 The Company continues promoting environmentally-conscious work practices in order to reduce environmental impact, enhance energy efficiency and to promote recycling wherever possible. The Group complies with the environmental laws and regulations.

### 8.5 Social Responsibility

- 8.5.1 The Board acknowledges that the Company should play a vital role in contributing towards the welfare of the community in which it operates.
- 8.5.2 The Company maintains its commitment to its policy of satisfying customers by conducting its business with integrity and providing them with quality products. In addition, its subsidiary companies, namely Sern Kou Furniture Industries Sdn. Bhd. and S.K. Furniture Sdn. Bhd. were certified with the ISO9001:2008 quality standard.

## **9. COMPANY SECRETARY**

- 9.1 The Board appoints the Company Secretary, who plays an important advisory role, and ensures that the Company Secretary fulfils the functions for which he/she has been appointed.
- 9.2 The Company Secretary is accountable to the Board through the Chairman of the Board and Committees on all governance matters.
- 9.3 The Company Secretary is a central source of information and advice to the Board and its Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company.

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- 9.4 The Company Secretary should guide Directors of their obligations to adhere to matters relating to: -
- 9.4.1 disclosure of interest in securities
  - 9.4.2 disclosure of any conflict of interest in a transaction involving the Company
  - iii. prohibition on dealing in securities
  - 9.4.3 restrictions on disclosure of price-sensitive information.
- 9.5 The Company Secretary must keep abreast of, and inform, the Board of current governance practices.
- 9.6 The Board members have unlimited access to the professional advice and services of the Company Secretary.

**10. DIVERSITY POLICY**

- 10.1 The Board acknowledges the importance of boardroom diversity and the recommendation of the Malaysian Code on Corporate Governance 2017 pertaining to the establishment of a gender diversity policy.
- 10.2 The Company adopts a policy of non-discrimination on the basis of race, age, religion and gender. Thus, the Board encourages a dynamic and diverse composition by nurturing suitable and potential candidates equipped with competency, skills, experience, character, time commitment, integrity and other qualities in meeting the future needs of the Company.

**11. REVIEW OF THE BOARD CHARTER**

- 11.1 The Board will review this Charter from time to time and make any necessary amendments when there are changes to the Malaysian Code on Corporate Governance 2017 and the Main Market Listing Requirements that may have an effect on the Board's responsibilities.
- 11.2 Any updates to the principles and practices set out in this Charter will be made available on the Company's website.