

SERN KOU RESOURCES BERHAD

DIRECTORS' CODE OF CONDUCT

Board Members are required to observe the Directors' Code of Conduct as follows:-

- a) Compliance at all times with this Code of Conduct and the Board Charter.
- b) Observe high standards of corporate governance at all times.
- c) Adhere to the principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership.
- d) Act in good faith and in the best interests of the Company and Group, and exercise reasonable care, skill and diligence according to the knowledge, skill and experience.
- e) limit his/her directorship of companies to a number in which he can best devote his time and effectiveness.
- f) Not misuse information gained in the course of duties for personal gain or for political purpose, nor seek to use the opportunity of the service as directors to promote their private interests or those of connected persons, firms, businesses or other organisations.
- g) Uphold accountability at all time. This includes ensuring that the Company's resources are properly safeguarded and the Company conducts its operations as economically, efficiently and effectively as possible at all time.
- h) at all times act with utmost good faith towards the Company in any transactions and act honestly and responsibly in the exercise of his/her powers in discharging his/her duties.
- i) Board Members should not accept positions on Board Committees or working groups where a conflict of interest is likely to arise, without first declaring that interest.
- j) Declaration of any personal, professional or business interests that may conflict with directors' responsibilities. Guidance on declaration and registration of interest is given in the section entitled "Declaration of Interests" below.
- k) Follow the guidance on acceptance of gifts and hospitality as stated in the section entitled "Guidelines on Acceptance of Gifts" below.
- l) be conscious of the interest of shareholders, employees, creditors and customers of the Company.
- m) at all times promote professionalism and improve the competency of management and employees.
- n) ensure adequate safety measures and provide proper protection to workers and employees at the workplace.
- o) ensure the effective use of natural resources, and improve quality of life by promoting corporate social responsibilities;
- p) Should be more proactive to the needs of the community and to assist in society-related programmes.
- q) ensure that the activities and the operations of the company do not harm the interest and well-being of society at large and assist in the fight against inflation.

Declaration of Interests

Subject to the requirements of any acts, rules or regulations that are in force from time to time and in addition to such mandatory requirements, members of the Board are required to notify the Company Secretary changes in the following:-

- Shareholding in the Company or its related corporations, whether direct or indirect; and

- Directorships or interests in any other corporations.

In addition to the above, member of the Board who has a material interest, either directly or indirectly through a partner, spouse, children, parents, siblings, close relative and a body corporate which is associated to the directors, in matters being considered by, or likely to be considered by the Board should declare that interest at the Board Meeting. Such declarations should describe the interest clearly and state whether it carries direct or indirect financial benefits. This requirement also applies to members of senior management.

Relevant interests in this context are as follows:-

- Executive and non-executive directorships of, significant shareholdings in, or employment by, public or private companies likely or possibly seeking to do business with the Company.
- Ownership or part-ownership of, or employment by, business or consultancies likely or possibly seeking to do business with the Company.
- Directorship or ownership in public or private companies which are already dealing with the Company.

Register of Interests

The Code requires that a formal register of interests be established. The register should include details of all directorships and other relevant interests declared by Board Members and members of senior management.

Conduct in Meetings

Any Board Member who has a clear and substantial interest in a matter under consideration by the board should declare that interest at any meeting where the matter is to be discussed, whether or not that interest is already recorded in the register. The Board Member concerned should withdraw from the meeting during the relevant discussion or decision.

Membership of Committees

Board Members should not accept positions on Board Committees or working groups where a conflict of interest is likely to arise, without first declaring that interest.

Guidance on Acceptance of Gifts

The following set out the guidelines on acceptance of gifts:-

- The conduct of individuals must not create suspicion of any conflict between their position as a member of the Board and any private interest;
- Board Members acting as such must not give the impression that they have been influenced by a benefit to show favour or disfavour to any person or organisation having dealings with the Company.
- Board Members must not accept any benefit as an inducement or reward for taking any action (or specifically not taking any action) in their official capacity as a Board Member; and
- Gifts other than of token value should generally be refused.