

## **PROCEDURE FOR THE APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT STAFF FOR THE APPROVAL OF THE BOARD OF DIRECTORS**

### **1. INTRODUCTION**

To develop a formal set of terms of appointment for Directors and MD

### **2. OBJECTIVE**

To have clear terms of appointment for Directors and MD which defines scope of responsibility and accountability, tenure, retirement age, performance goals, misconduct and termination clause among others.

### **3. PROCEDURE FOR APPOINTMENT FOR THE BOARD AND CEO/GROUP MD**

#### **1. Recruitment**

- (a) Recruitment of the Board and MD can be sourced out from internally or externally.
- (b) Internal sources:
  - Internal nomination from Succession Planning
  - Nomination from Internal Talent Pool
- (c) External sources:
  - Head Hunting
  - Referral

#### **2. Procedures for Nomination**

- All nominations of candidates including for the positions of Chief Financial Officer or Chief Operating Officer, must be submitted to the NC for consideration.
- Chairman of the NC to recommend to the Board, based on the established “Fit and Proper” standards.
- Board of Directors deliberate on the recommendation and approve the appointment of MD/ Directors, subject to the provisions in the Constitution, Main Market Listing Requirements and Companies Act 2016.

#### **3. Re-election**

- All directors are required to submit themselves for re-election at regular intervals, subject to the provisions in the Constitution, Main Market Listing Requirements and Companies Act 2016.

**SERN KOU RESOUACES BERHAD (COMPANY NO. 519103-X)**  
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**MANAGEMENT STAFF FOR THE APPROVAL OF THE BOARD OF DIRECTORS**

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4. Negative List

- Practicing accountant may be appointed as directors provided they are not employed/partners in an accounting firm, which has been engaged to conduct audit or consultancy work at the Company.
- Practicing lawyers who are partners in a legal firm, which is on the panel of lawyers of the Company (and not receiving remuneration on a regular basis), may be appointed to the board. The lawyers are required to disclose the relationship with the Company on the onset to avoid potential issues of conflict of interest.
- Individuals who are active in politics cannot be appointed as directors in order to avoid the risk of politicians encountering conflicts of interest situations in serving their constituencies. A person is considered to be politically active if he is a Member of Parliament, State Assemblyman, Supreme Council Member of a political party or member who holds a position at divisional level in a political party.

5. Disqualification of Directors and MD

- NC is responsible for assessing on an annual basis, that the directors and key senior management officers are not disqualified under the Companies Act 2016 and other regulations and continue to comply with the “Fit & Proper” standards and recommend to the Board the removal of Director/Senior Management if they are ineffective, errant or negligent in discharging their responsibilities.

6. Others

- Before any appointment by the Board, the NC shall evaluate the balance of skills, knowledge, experience and diversity in the Board, and the current and future needs and size of the Company.