

**SERN KOU RESOURCES BERHAD  
(COMPANY NO. 519103-X)**

**TERMS OF REFERENCE OF NOMINATION COMMITTEE**

**1. Members**

Chairman

- i) Datuk Tay Puay Chuan (Independent Non-Executive Director)

Member

- ii) Dr Tan Chee Huat (Independent Non-Executive Director)
- iii) YBhg Datuk Dr Haris Bin Haji Salleh (Senior Independent Non-Executive Director)
- iv) Leou Thiam Lai (Independent Non-Executive Director)

**2. Composition and Membership**

- i) The Nomination Committee ("NC") shall be appointed from amongst the Board.
- ii) The NC shall consist of not less than two (2) members.
- iii) The NC shall comprise exclusively of Non-Executive Directors, a majority of whom must be independent.
- iv) The office of a NC member shall automatically be vacated when he ceased to be a Director of the Company.
- v) In the event of any vacancy in the Committee resulting in the non-compliance of the above, the Company must fill the vacancy within three (3) months.
- vi) No alternate director shall be appointed as a member of the NC.

**3. Chairman**

The Chairman shall be elected by the Committee from amongst their members who is an Independent Director as identified by the Board.

The Chairman's role is to:

- i) Independently lead the succession planning and appointment of board members, including the chairman and the Managing Director ("MD") whilst maintaining contact with the principal shareholders; and
- ii) Lead governance issues, particularly the annual review of board effectiveness, ensuring that the performance of each individual directors is independently assessed.

If the Chairman is not present at a meeting within fifteen (15) minutes after the time appointed for holding the meeting, the members of the Committee may elect one (1) of their numbers to be the chairman of the meeting.

**4. Secretary**

The Company Secretary or her nominee shall act as Secretary of the Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it prior to each meeting.

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The Secretary or her nominee shall be in attendance at each Committee meeting and record the proceedings of the meeting thereat and minute the resolutions.

The Secretary shall also be responsible for keeping the minutes of meetings of the Committee and circulating them to the Committee Members. The Committee Members may inspect the minutes of the Committee at the Registered Office of the Company.

**5. Meetings**

- i) The Committee shall meet at least once a year and hold additional meetings as and when necessary depending on the level of responsibility and complexity of the Group.
- ii) The Members may participate in a meeting 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.
- iii) The quorum for a meeting shall be two (2) members with a majority of the Independent Directors present at the meeting. The Committee at which a quorum is present is considered to be competent for the exercise of its authorities, powers and discretions vested upon it.
- iv) 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.
- v) Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Chairman of the Committee 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 Committee, no later than seven (7) days before the date of the meeting.
- vi) The Committee shall have the right to invite other Directors, Management and consultants as applicable to participate in the Committee meetings, as and when necessary, to carry out its responsibilities.
- vii) The Secretary or his/her nominee shall minute the proceedings and resolutions, including the names of all attendees. Draft minutes of meetings of the Committee shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all other directors, unless a conflict of interest exists.
- viii) The Committee may establish procedures from time to time to govern its meetings, keeping of minutes and its administration.
- ix) The Chairman shall report to the Board on its proceedings after each meeting on matters within its duties and responsibilities. The NC shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

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- x) 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 NC member either personally or by fax or e-mail, fax, 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 NC member, as the case may be.

**6. NC RESOLUTIONS IN WRITING**

In the event the NC require matters to be approved by way of a written resolution, a resolution in writing signed or approved by letter or telefax or other electronic means by all members of the NC, shall be as valid and effectual as if it had been passed at a meeting of the NC duly called and constituted.

Any such resolution may be executed in any number of counterparts, each signed by one or more members of the NC all of which taken together and when delivered to the Secretary shall constitute one and the same resolution.

**7. Purpose**

The NC shall assist the Board to:-

- i) Ensure structured oversight process in recruiting, retaining, training and developing to ensure the best composition of the Board.
- ii) Keep an eye on the need for succession in the boardroom, identify suitability of candidates against considerations such as competencies, commitment, contribution and performance, including the current composition of Board and Board committees, mix of skills and experiences of Directors whilst taking into account the current and future needs of the Company, Boardroom diversity (including gender diversity) and other soft attributes required as Company Directors for Board's consideration and approval.

**8. Duties and Functions**

The main functions and duties of the Committee shall include, but are not limited to the following:-

**New Appointments**

- i) Consider and recommend to the Board candidates for directorships, proposed by Management, Director, shareholder or outsourced service providers, taking into consideration the candidates' skills, knowledge, expertise and experience, time commitment, character, competence, professionalism and integrity. For the position of independent Non-Executive Directors, the Committee should also evaluate the candidates' ability to discharge such responsibilities as expected from Independent Non-Executive Directors.
- ii) Before any appointment by the Board, evaluate the balance of skills, knowledge, experience and diversity on the Board, and the current and future needs and size of the Company in identifying suitable candidates.

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Accordingly, the Committee may:-

- Use the services of external advisors to facilitate the search from diverse pools;
  - Consider candidates from a wide range of backgrounds;
  - Consider candidates on merit and against objective criteria with due regard for diversity including gender, ethnicity and age, and appointees time commitment, skill and experience; and
  - Request to consider the disclosure of any business interests that may result in a conflict of interest.
- iii) Recommend to the Board, candidates to fill the seats on Board committees, in consultation with the Chairman of those committees. In the event that the Chairman's position (regardless of board/committee) is to be filled, to consult with the Board.
- iv) Consider and recommend to the Board the candidates for MD and Chief Financial Officer ("CFO"), taking into consideration the candidates' skills, knowledge, expertise and experience, time, commitment, character, professionalism, integrity and diversity on senior Management.

**Re-election, Re-appointment and Resignation/ Termination**

- i) Recommend to the Board, candidates for re-election of Directors by shareholders under the annual re-election provisions or retirement, with due consideration to the extent to which the interplay of the Directors' expertise, skills, knowledge and experience with those of other Board Members, as well as their roles as Committee Members.
- ii) Attention should be paid to Independent Directors who are retained beyond nine (9) years as the Board has to provide strong justification in exceptional circumstances and seek shareholders' approval.

In obtaining the shareholders' approval, the Committee should conduct an assessment of the Independent Directors(s) and recommend to the Board whether the Independent Director(s) should remain independent or be re-designated.

- iii) Deal with the matters relating to the continuation in office of any director at any time, including the suspension or termination of service of an executive director as an employee of the Company, subject to the provisions of the law and their service contract.
- iv) Review the re-appointment of any non-executive director at the conclusion of his term of office having given due regard to his performance and ability to continue to contribute to the Board in terms of knowledge, skills and experience required.

**Specific Nominations and Succession Planning**

- i) Understand the current performance, competencies and potential of those in key positions in senior Management in order to identify and develop plans for those key talents.

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- ii) Recommend to the Board, the succession plans for Board Chairman, directors and key Management personnel, particularly for both Executive and Non-Executive Directors and the re-appointment of any Non-Executive Director at the conclusion of his or her specified term of office.
- iii) Recommend suitable candidates for the role of Senior Independent Director, as applicable.
- iv) Establish a clear succession plan for Board Chairman, Directors and senior Management, giving 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 and by the Company in future.

In terms of senior Management, the Committee may request from time to time detailed views (either in the form of a report or otherwise) and work together with the MD and/or senior Management of the Company to:-

- identify expected critical position vacancies and determine any future critical positions; and
- identify gaps in current employees and develop individual development plans, coaching and monitoring programmes.

The Board should work with the Committee to evaluate potential successors, taking into account the challenges and opportunities facing by the Company, and the skills and expertise, including diversity, needed on the Board in the future.

**Annual Performance Assessment of Board, Committees and Individual Directors**

- i) Annually review the required mix of skills, experience, diversity and other qualities, including core competencies and effectiveness of the Board, as a whole, the Board Committees and the contribution of each individual Directors. All evaluations carried out by the Committee in the discharge of its functions should be properly documents.

This process should be coordinated by the Committee, with the assistance of the Secretary, and thus, reporting to the Board at the end of each financial year with an assessment of the Board's performance and areas in which the Board, Board Committees or individual Director could improve.

- ii) Annually review the time required of Non-Executive and Independent Directors. Performance assessments should be undertaken to assess whether the directors are spending enough time to fulfill their duties.
- iii) Evaluate and appraise the performance of the Board Chairman.
- iv) Annually review the independence of the Independent Director and recommend to the Board whether the Independent Director(s) who has (have) exceeding the cumulative term of nine (9) years should remain independent or be re-designated.
- v) Annually review the performance of the MD and the CFO.

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- vi) Annually review the term of office of the Audit Committee (“AC”) and each of its members to determine whether the AC has carried out their duties in accordance with their terms of reference.

**Size of Board of Directors and Independent Directors**

- i) Assess the desirable balance in Board membership by reviewing the size, structure and composition of the Board, taking into consideration the number of directorships.
- ii) Assess desirable number of Independent Directors.
- iii) Consider the representation of interest groups as part of boardroom diversity. Factors to consider may include gender, race, religion, nationality, professional background and culture.

In developing its procedures and making recommendations to the Board, the Committee will take into account of:-

- The provisions of the Company’s Constitution, the Companies Act 2016, Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and other laws and regulations, if any, in respect of the appointment, removal, etc of directors;
- The need for the Board to operate an open and transparent appointment process. This may include public advertisement or direct approaches being made to individuals who may be suitable or organisations that may be able to advise;
- The overall composition and balance of the Board.

**Continuous Education / Development**

- i) To identify suitable orientation, educational and training programmes for continuous development of Directors.
- ii) To ensure all Directors receive appropriate continuous training programmes in order to keep abreast with developments in the industry and with changes in the relevant statutory and regulatory requirements.
- iii) To assess the AC members’ knowledge on financial literacy.

**Shareholders’ Meeting**

The Chairman of the Committee should attend the Shareholders’ Meeting to answer any shareholder’s questions on the Committee’s activities, in particular on areas pertaining to proposed resolutions for shareholders to consider on the appointment of re-appointment of directors or the retention of an independent director who has served the Company for more than a cumulative term of nine (9) years.

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**Reporting Responsibilities**

The Chairman of the Committee shall report to the Board on its proceedings after each meeting of the Committee. The Committee shall make recommendations to the Board as appropriate on any area within its responsibility or as delegated by the Board, where action or improvement is needed. The Committee shall produce a report to be included in the Company's annual report about its activities and the process used to identify and make appointments.

**Access to Advice**

In furtherance to their duties as the Committee's members of the Company, there should be an agreed procedure for the Members, whether as a full Committee or in their individual capacity, access to resources and information as deemed appropriate for the discharge of its responsibilities to the Company, including obtaining independent professional advice at the Company's expense and period review of its terms of reference against its performance.

**9. Rights and Authority**

The Committee shall:-

- i) have the resources which are required to perform its duties;
- ii) have full and unrestricted access to all information and documents as deemed appropriate for the discharge of its responsibilities to the Company;
- iii) have the right to obtain independent professional or other advice at the Company's expense;
- iv) be entitled to the services of the Company Secretary to ensure that all appointments are properly made, that all necessary information is obtained from Board, both the Company's own records and for the purposes of meeting statutory requirements, as well as obligations arising from the Listing Requirements of Bursa Malaysia Securities Berhad and/or other regulatory authorities.
- v) have the right to invite any employees of the Group to attend NC meetings and to brief the NC Members on matters being deliberated;
- vi) meet as and when required on a reasonable notice and have the right to regulate its own procedure on the calling of meeting; and
- vii) have the right to provide recommendations to the Board for consideration and approval.

**10. Terms of Reference**

The Committee should recommend any change to the terms of reference in such manner as the NC deems appropriate to the Board for approval.

The terms of reference shall be assessed, reviewed and updated where necessary i.e. when there are changes to the Malaysian Code of Corporate Governance, Listing Requirements of Bursa Malaysia Securities Berhad or any other regulatory requirement that may have an effect on the Committee's responsibilities.

It shall also be reviewed and updated when there are changes to the direction or strategies of the Group that may affect the NC's roles and responsibilities.