

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 7237  
**COMPANY NAME** : Power Root Berhad  
**FINANCIAL YEAR** : March 31, 2020

## OUTLINE:

### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

*Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.*

### **SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

## SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

*Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.*

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board of Directors of the Company ("the Board") is responsible for the long term sustainability of the Group by providing entrepreneur leadership and direction as well as management oversight.</p> <p><b>1. Reviewing and adopting strategic business plan for the Group</b></p> <p>The vision of the Group forms the foundation of the business strategies of the Group. The Board of Directors of the Company ("the Board") put in place a strategic planning and review process, whereby the Executive Directors present to the Board the recommended business strategies during the financial year for the Board's deliberation and decision with any concern on the strategies and actions proposed are discussed during the Board's meetings to ensure the optimal outcome. During the financial year under review, the strategic planning and review process included the changes in business operations, sales and marketing strategies and investments options proposed by the Executive Directors to the Board for deliberation and decision. This is to ensure that such business strategies are adequately planned and viable for execution and such strategies are in line with the risk appetite of the Board and take into consideration of sustainable business practices.</p> <p><b>2. Overseeing the conduct of the business of the Group and to evaluate whether the business is being properly managed</b></p> <p>The Managing Director<sup>@</sup> is accountable to the Board (as the oversight function of the governance structure) for the implementation of the business strategies and the achievement of the corporate objectives. The Managing Director<sup>@</sup> leads the Management of the Group and is answerable to the Board in that manner.</p>

The Managing Director<sup>®</sup> is assisted by fellow Executive Directors who are tasked with the responsibility of overseeing the day-to-day management of the business and operations of the Group. In addition, the Executive Directors attend weekly meetings with the management team to discuss and monitor the progress of issues encountered in production, operations, sales, finance and human resource. Further, the management's performance, under the leadership of Managing Director<sup>®</sup> is assessed by the Board through the financial performance and financial/non-financial information presented by the Management on a quarterly basis.

On a quarterly basis, the financial results, including comparison of actual financial performance of key business units against budgeted financial performance, are presented by the Management to the Audit Committee and the Board for review. In addition, key performance indicators, such as key customers' (local and export) ageing analysis, inventory ageing analysis and advertising & promotional expenses, are tabled to the Audit Committee for their review and subsequently reported to the Board. In order to facilitate the oversight of the Board on the performance of associated companies, Executive Director reports on the financial performance of the associated companies to the Board during quarterly meeting.

### **3. Tone from the Top**

The Board acknowledges that, as one of its fiduciary duty to the shareholders, high standards of integrity and accountability are required in the conduct of the Group's business and are embedded across the Group.

To set the tone from the Top, the Board had established the Company's *Code of Conduct* to govern the ethical standards and good conduct expected of the directors, employees and stakeholders and to act as the foundation for ethical rules within the Group. At operational level, integrity and ethical value expected from the employees are incorporated in the *Ethical Framework* by the Management based on the value promoted in the Company's *Code of Conduct*. In addition, *Anti-Bribery and Corruption Policy* (as guided by the key principles of Adequate Procedures per Guidelines on Adequate Procedures Pursuant to Section 17A(5) under Malaysian Anti-Corruption Commission Act) was established by the Management and approved by the Board on 28 May 2020.

In order to promote the integrity and ethical value, formal *Whistle-Blowing Policy* is established by the Board to create an environment where affected stakeholders can whistle blow on improper behaviour without being victimised for doing so.

Please refer to Practice 3.1 and 3.2 for detailed disclosure on *Code of Conduct* and *Whistle-Blowing Policy* respectively.

**4. Identifying principal risks faced by the Group and ensuring the implementation of appropriate controls and systems to monitor and manage these risks**

The Board had put in place a formal *Group Risk Management Framework* for the structured management of the business risks faced by the Group. Based on the *Group Risk Management Framework* established, the Board is kept informed on the emergence and changes of the key risks faced by the Group, alongside the steps taken to manage these risks by the Management at predetermined intervals or as the need arises. Risk assessment by the Risk Management Committee and operational management, at gross and residual level, are guided by the likelihood rating and impact rating established by the Board based on the risk appetite acceptable by the Board.

Further explanation on such processes are disclosed in the Statement on Risk Management and Internal Control in the annual report.

**5. Succession planning and performance appraisal of the Board and the Senior Management**

The Board is committed to putting in place the succession planning of the Board and the Senior Management. The Board had established a formal *Succession Planning Policy* to govern the identification and development of talent pools and to align resources with business strategies and objectives, while a plan of action is in place to ensure the least possible disruption to the departure any key positions. The Board is responsible for the succession planning of the Managing Director®, while the Managing Director® is responsible for the succession planning of key positions within the Group with the assistance from the senior management team and key employees.

In line with the *Succession Planning Policy*, competent and suitably qualified second-in-line staff are identified by the Managing Director® with the assistance from Executive Directors for the key positions within the Group. The development of the second-in-line staff is managed through on-the-job training and guidance as well as external trainings to close the competency gap. The Senior Management of the Group is subject to semi-annual performance appraisal based on the formal human resource policy established.

On an annual basis, the Nominating Committee is tasked with the duty of appointment, assessing the performance of the individual directors, including the Group Financial Controller, and identifying training requirements of the directors to ensure all directors possess essential skills and knowledge to discharge their responsibilities as directors of the Group. In addition, the Remuneration Committee meets on an annual basis to review the

remuneration package and fees of the Executive Directors to ensure that they are commensurate with the performance and contribution of the Executive Directors. The results of the review by both the Nominating and Remuneration Committee are tabled to the Board for deliberation and approval.

**6. Overseeing the development and implementation of a shareholders' communication policy for the Company**

The Board ensures that the stakeholders are kept informed on material events through the announcement made through Bursa Malaysia Securities Berhad. A formal *Corporate Disclosure Policy* is established and adopted by the Board and the Management to ensure communication is made on time in a factual, accurate and complete manner.

The principles adopted by the Board on corporate disclosure comprise transparency and accountability, compliance with relevant laws and regulations, confidentiality and timely disclosure as well as fair and equitable access to information. Proper governance structure and processes are established within the *Corporate Disclosure Policy* to guide the proper disclosure of material information with confidentiality preservation within the requirements of the Board.

**7. Reviewing the adequacy and the integrity of internal control systems and management information systems (including the integrity of the financial and non-financial reporting), including systems for ensuring compliance with applicable laws, regulations, rules, directives and guidelines.**

The Internal Audit Function of the Group is made up of an in-house internal audit function with the primary responsibility to review the system of internal control (including the integrity of the financial and non-financial reporting, if applicable) within the Group, and an outsourced internal audit function with the primary responsibility to review the system of internal control in relation to the distributorship management system implemented by the Group. Such reviews of system of internal control are carried out based on approved internal audit plan with findings reported to the Audit Committee.

The integrity of the financial reporting is also subjected to audits performed by the External Auditors during their audits on the financial statements of the Company and its subsidiaries.

During the quarterly Audit Committee meetings, draft quarterly financial reports are reviewed by the Audit Committee with the Management focusing on accounting policies used, analysis of major changes in components, major judgmental and risk areas, significant adjustments, the going concern assumption, compliance

with accounting standards, compliance with Main Market Listing Requirements (“MMLR”) and other legal requirements. For the annual audited financial statements, the Audit Committee reviews the annual statutory accounts, the Audit Report, issues and reservations arising from audits, with the External Auditors and the Management.

Further detail on the Internal Audit Function is disclosed in the *Statement on Risk Management and Internal Control* and works performed by the Audit Committee on the financial reporting in *Audit Committee Report* of the Annual Report.

#### **8. Reviewing Corporate Governance Compliance**

The Board, being the highest governance body within the Group, is aware of its duty and responsibility toward good corporate governance practices. During the financial year under review, the Board reviewed and approved updates of the Whistle-Blowing Policy, Code of Conduct and Terms of References of Audit Committee, Nominating Committee and Remuneration Committee, which are in line with MCCG so that good corporate governance culture and practices are embedded throughout the Group.

The Audit Committee reviewed the draft Corporate Governance Report and Corporate Governance Overview Statement and assessed the current standings of the corporate governance practices. The Board formulates action plans from time to time to enhance and promote good and recommended corporate governance practices.

#### **9. Sustainability Management**

A formal *Sustainability Framework* was established by the Board, detailing the governance structure and process to be employed by the Management for the identification, prioritisation, monitoring and reporting of material sustainability matters and stakeholder groups pursuant to MMLR in compliance with Sustainability Reporting Guide issued by Bursa Malaysia Securities Berhad, in material aspects.

The Management had identified the internal and external stakeholders in the context of the Group with such stakeholders prioritised based on criteria and rating system approved by the Board. In addition, the Management had identified sustainability matters for which they were assessed on their significance from the Group perspective and their degree of significance to influence the assessment and decision by internal and external stakeholders based on agreed upon criteria and rating system approved by the Board.

	<p>Please refer to the <i>Sustainability Statement</i> on the management of material economic, environmental and social risks and opportunities.</p> <p><i>@ Re-designated as Chief Executive Officer on 1 July 2020</i></p>	
<b>Explanation for departure</b> :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b> :		
<b>Timeframe</b> :		

## Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>As provided in the <i>Board Charter</i>, the Chairmen are responsible for the governance, orderly conduct and effectiveness of the Board. In addition, the Chairmen represent the Board at general meetings and ensure an effective two-way communication with the shareholders. The Chairmen act as facilitators at the meetings of the Board to ensure that no board member dominates the discussion, and that appropriate discussion takes place and relevant opinion among Board members are forthcoming. The Chairmen of the Board shall be independent non-executive director.</p> <p>The roles and responsibilities of the Chairmen are clearly specified in the Paragraph 9 of the Board Charter, which is available at the company's website at <a href="http://www.powerroot.com/malaysia/profile_investor_relations.html">http://www.powerroot.com/malaysia/profile_investor_relations.html</a>.</p> <p>The responsibilities of the Chairman of the Board as established in the Board Charter are as follow:</p> <ul style="list-style-type: none"> <li>• To provide governance in matters requiring corporate justice and integrity;</li> <li>• To oversee the Board in the effective discharge of its responsibilities;</li> <li>• To ensure the efficient organisation and conduct of the Board's meetings;</li> <li>• To ensure that quality information is delivered to Board members on a timely basis to facilitate decision-making;</li> <li>• To facilitate the effective contribution of all Directors at Board meetings;</li> <li>• To promote constructive and respectful relations within the Board, and between the Board and Management; and</li> <li>• To promote effective communication among the Board members, shareholders and relevant stakeholders.</li> </ul>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		



<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.3

The positions of Chairman and CEO are held by different individuals.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The position of the Chairmen and the Managing Director<sup>@</sup> is separated and there is a clear division of responsibility between the Chairmen (Co-Chairmen of the Board are Dato' Afifuddin bin Abdul Kadir and Y.A.D. Tengku Dato' Setia Putra Alhaj bin Tengku Azman Shah Alhaj) who are Independent Non-Executive Directors and the Managing Director<sup>@</sup> (Mr Wong Tak Keong) who is an Executive Director.</p> <p>The Chairmen are responsible for the governance, orderly conduct and effectiveness of the Board while the Managing Director<sup>@</sup> is the head of the Management and is responsible for managing the Group's business operations and implementation of policies and strategies approved by the Board.</p> <p>The responsibilities of Managing Director<sup>@</sup> are stipulated below but are not limited to the following:</p> <ul style="list-style-type: none"><li>• To develop corporate strategies for the Group and to implement such corporate strategies;</li><li>• To implement other Board's decisions effectively and efficiently;</li><li>• To provide leadership in order to achieve the vision, management philosophy and business strategies;</li><li>• To ensure the efficiency and effectiveness of the day-to-day operations of the Group in accordance with authorities and delegations authorised by the Board;</li><li>• To assess business opportunities which are of potential benefit to the Group and to recommend major business opportunities for the Board's consideration;</li><li>• To communicate material and relevant matters to the attention of the Board on a timely and accurate manner for decision making; and</li><li>• To discharge the responsibilities delegated by the Board and to execute authorities delegated by the Board, effectively and efficiently.</li></ul> <p>The separate roles and responsibilities of the Chairmen and Managing Director<sup>@</sup> are clearly set out in the <i>Board Charter</i> which is available on company's website at <a href="http://www.powerroot.com/malaysia/profile_investor_relations.html">http://www.powerroot.com/malaysia/profile_investor_relations.html</a>.</p> <p><sup>@</sup> Re-designated as Chief Executive Officer on 1 July 2020</p>

<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

## Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.4

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board is assisted by professional qualified and competent Company Secretaries (who are members of the Malaysian Association of the Institute of Chartered Secretaries and Administrators or Licensed Company Secretary) in the discharge of its functions with her attendance on all Board and Board's Committee meetings and to:</p> <ul style="list-style-type: none"><li>• Manage all Board and committee meetings and facilitate board communications;</li><li>• Advise the Board on its roles and responsibilities;</li><li>• Advise the Board on corporate disclosures and compliance with company, securities and listing laws;</li><li>• Ensure proper upkeep of statutory registers and records;</li><li>• Manage shareholder meetings; and</li><li>• Keep abreast with corporate governance development and to assist the Board in applying them.</li></ul> <p>The Company Secretary also ensures that there is good information flow within the Board and between the Board, Board Committees and Senior Management. The Company Secretary is also entrusted to record the Board's deliberations, in terms of issues discussed, and the conclusions and the minutes of the previous Board meeting are distributed to the Directors prior to the Board's meeting for their perusal before confirmation of the minutes at the commencement of the following Board's meeting.</p> <p>During general meetings, the Company Secretary provides guidance to and coordinates with the Board and other professionals to ensure that the proceedings of the upcoming general meeting is held in compliance with relevant laws, regulations and guidelines. The Company Secretary also acts as the reference point by the Board to provide guidance on the compliance of the relevant corporate governance rules and guidelines and to provide professional advice on the level of corporate governance compliance within the Group.</p> <p>All directors have direct access to the advice and services of the Company Secretary in discharging their duties effectively. The prerogative to appoint and remove Company Secretary lies with the Board.</p>

	<p>The Company Secretaries observe and undertake continuous professional education (CPE) as part of the professional body and licensing condition for Company Secretary in order to keep updated with the latest developments in the relevant regulatory requirements, codes, guidance and legislations in order to ensure timely compliance with relevant laws and regulations.</p> <p>Further details on the roles of the Company Secretary is stated in Paragraph 10 of the <i>Board Charter</i> which is available on the company's website at <a href="http://www.powerroot.com/malaysia/profile_investor_relations.html">http://www.powerroot.com/malaysia/profile_investor_relations.html</a>.</p>	
<b>Explanation for departure</b> :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b> :		
<b>Timeframe</b> :		

## Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.5

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>All the Directors were notified of the respective dates of scheduled Board meetings for the next financial year in November of every calendar year and the date of next board meeting was confirmed prior to the conclusion of the current meeting.</p> <p>Prior to each Board meeting, all Board members are furnished with the Board Paper, which is made up of the minutes of the previous Board and Board Committees' meetings, operational and financial performance report, professionals' reports, financial and non-financial reports, proposed changes to the terms of reference and board policy, results of the performance appraisals and other relevant documents normally at least seven (7) days before the meeting, to allow the members of the Board to have sufficient time to obtain a comprehensive understanding of the issues to be deliberated upon in order to arrive at an informed decision. In order for the Board to discharge its oversight roles, the directors are also provided with key performance indicators and updates on market developments, industry trend, business strategy and risk management.</p> <p>The Company Secretary records the Board's and Board Committees' deliberations on issues discussed and the conclusions arrived in the minutes of meetings. Upon the completion of the meetings, the draft copy of the minutes is circulated by the Company Secretary on a timely manner to relevant Board members for review and the minutes are tabled for confirmation as correct records of the deliberations and decisions made during subsequent meeting and formally acknowledged by the Chairman of the Board and Board Committees.</p> <p>The Board members have unrestricted access to complete information pertaining to the Group on a timely basis in the form and quality necessary for the discharge of their duties and responsibilities.</p> <p>Besides direct access to management staff by the Board, external independent professional advisers are also made available to render their independent views and advice to the Board, whenever deemed necessary and in appropriate circumstances, at the Company's expense.</p>

<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

## Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

### Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The <i>Board Charter</i> was first adopted by the Board of Director on 27 January 2014, and was last updated and approved on 25 February 2019 to take into account the changes in the Main Market Listing Requirements (“MMLR”) and the Malaysian Code of Corporate Governance (“MCCG”). The <i>Board Charter</i> is subject to review and update from time to time to ensure that they remain consistent with the Board’s objective, current law and practices. The Board Charter is available on the company’s website at <a href="http://www.powerroot.com/malaysia/profile_investor_relations.html">http://www.powerroot.com/malaysia/profile_investor_relations.html</a>.</p> <p>The <i>Board Charter</i> sets out the purpose, the Board’s strategic intent, authorities and terms of reference of the Board and Board Committees as well as the composition, roles, responsibilities and processes of the Board.</p> <p>The roles and responsibilities of the Board, Chairmen of the Board, Managing Director<sup>@</sup> and matters reserved for the Board are stated in the <i>Board Charter</i>.</p> <p><sup>@</sup> Re-designated as Chief Executive Officer on 1 July 2020</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

### Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The <i>Code of Conduct</i> ("The Code") of the Company was formally approved for adoption on 27 January 2014 and last updated on 27 February 2020 and is made available on the company's website at <a href="http://www.powerroot.com/malaysia/profile_investor_relations.html">http://www.powerroot.com/malaysia/profile_investor_relations.html</a>.</p> <p>The Board established the Code to govern the standards of ethics and good conduct applicable to all the Group's employees, customers and vendors so as to ensure that the working environment and conditions are safe and healthy, that workers are treated with respect and dignity, and that business operations are conducted ethically.</p> <p>The fundamental spirit in adopting the Code is to ensure that all business activities are in full compliance with the laws, rules and regulations of the country in which it is operating. If a law of the country conflicts with a rule or policy set out in this Code, the affected personnel should comply with the law.</p> <p>The Code sets out the values upheld by the Group to maintain highest standards of integrity, transparency and accountability in the conduct of the Group's business and operations to ensure business sustainability and to conduct business in an ethical, responsible and transparent manner.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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### Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

### Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The <i>Whistle-Blowing Policy</i> was first adopted by the Company on 27 January 2014 and was last updated on 28 May 2020. The Whistle-blowing Policy is subjected to review by the Audit Committee and the Board from time to time.</p> <p>The Board encourages employees and other stakeholders to disclose concerns about illegal, unethical or improper business conduct within the Company. The <i>Whistle-Blowing Policy</i> provides and facilitates a mechanism for any employee and other stakeholders to confidentially report to independent party (the Internal Audit Function and the Audit Committee) on any concerns related to matters covered by the Group's Code of Conduct, legal issues and accounting or audit matters. The identity of the whistle-blower will be kept confidential and such whistle-blower will also be protected against reprisal for disclosing any improper conduct committed or to be committed.</p> <p>The <i>Whistle-blowing Policy</i> is administered by the Group's Internal Audit Department and overseen by the Audit Committee. The email address of the Internal Audit Manager (nicholas@powerroot.com.my) and Audit Committee Chairman (whistleblower@powerroot.com.my) is provided for reporting of malpractices.</p> <p>The <i>Whistle-Blowing Policy</i> is available for download from the company's website at <a href="http://www.powerroot.com/malaysia/profile_investor_relations.html">http://www.powerroot.com/malaysia/profile_investor_relations.html</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 4.1

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>As at the date of this Report, the Board consists of ten (10) members of which five (5) members are Executive Directors and five (5) members are Independent Non-Executive Directors. With the present composition of the Board, the Company complies with the requirement where at least half of the board is independent directors and requirement of MMLR 15.02(1) that at least 2 directors or 1/3 of the Board of a listed issuer, whichever is the higher, are independent Non-Executive directors.</p> <p>The Board consists of qualified individuals with diverse experience, backgrounds and knowledge to enable them to discharge their duties and responsibilities effectively.</p> <p>The Independent Non-Executive Directors are made up of individuals well-versed in the field of auditing, taxation, accounting, finance and legal affairs. The independence and objectivity of the Independent and Non-Executive Co-Chairman appointed and Independent Non-Executive Director re-designated from Alternate Director to the Chairman during the financial year under review were assessed by Nominating Committee prior to the appointment and re-designation based on the <i>Policy on Independence Assessment of Independent Directors</i> and the <i>Policy and Procedure on Nomination and Selection of Director</i> and assessed based on criteria established in the <i>Independent Directors' Self-Assessment Form</i> and reported of the same to the Board for consideration and decision. When assessing independence, the Nominating Committee focused beyond the candidate's background, economic and family relationships and considered whether such candidate can bring independent and objective judgment to board deliberations.</p> <p>Furthermore, all Independent Non-Executive Directors are required to submit an annual self-assessment via duly completed <i>Independent Directors' Self-Assessment Form</i> on his independence to the Nominating Committee for its review and reporting to the Board in order for the Board to assess and form an opinion on the independency of the Independent Non-Executive Directors based on prescribed criteria as recommended by the Corporate Governance Guide issued by Bursa Malaysia Berhad. On the other hand, the Audit Committee (made up of exclusively of Independent Non-Executive Directors) and its members are subjected to assessment by the Nominating Committee</p>

	<p>on annual basis to ensure that the Committee and its members have carried out their duties in accordance with the approved terms of reference.</p> <p>The Independent Non-Executive Directors had demonstrated their independence and objectivity during the Board and Board committees' proceedings whereby their genuine concerns were expressed during the meetings, and actions/transactions proposed or taken by the Management and the Board were subjected to the scrutiny and challenged by the Audit Committee and Independent Non-Executive Directors to assert their roles as independent element within the Board.</p> <p>Based on the annual Board's performance evaluation performed for the financial year under review, the independence assessment of Independent Non-Executive Directors was carried out through the review by the Nominating Committee of the duly completed <i>Independent Directors' Self-Assessment Checklist</i> submitted by Independent Non-Executive Directors and reported to the Board for the results of its review. The Board is of the opinion that all Independent Non-Executive Directors remain objective and independent in participating in the deliberations and decision making of the Board and Board Committees.</p> <p>The independent element within the Board is reinforced by the fact that the Chairmen of the Board are Independent Non-Executive Directors who are responsible for the governance and orderly conduct and effectiveness of the Board and position of the Chairmen and the Managing Director<sup>@</sup> is separated.</p> <p>Furthermore, the Board had adopted Step-Up Practice 8.4 whereby the Audit Committee is made up exclusively of Independent Non- Executive Directors to enhance independence and objectivity within the Board.</p> <p><sup>@</sup> Re-designated as Chief Executive Officer on 1 July 2020</p>
<p><b>Explanation for departure</b></p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b></p>	<p>:</p>
<p><b>Timeframe</b></p>	<p>:</p>

## Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

## Practice 4.2

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

<b>Application</b>	:	Applied - Two Tier Voting
<b>Explanation on application of the practice</b>	:	<p>Based on the Paragraph 5 of the <i>Board Charter</i> and the <i>Policy on Independence Assessment of Independent Directors</i>, the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may either retire or continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director. In the event such Director is to remain as Independent Director for a cumulative term of more than nine (9) years, the Board must satisfy itself with strong justification through rigorous review that the independency and objectivity of such Independent Director is not compromised by the passage of time and must obtain annual shareholders' approval. In line with the promoted practice under MCCG, shall the Board is to retain an independent director after the twelfth (12th) year, such director shall be subjected to annual shareholders' approval through a two-tier voting process, whereby the decision for the resolution is determined based on a simple majority of Tier 1 and a simple majority of Tier 2.</p> <p>As at the date of this Report, Mr. Ong Kheng Swee, the Audit Committee Chairman and Independent Non-Executive Director, had served on the Board for more than twelve (12) years and will be subject to two-tier voting process.</p> <p>As part of independence assessment performed in year 2020, the Nominating Committee and the Board (with Mr. Ong abstained from the deliberation and decision), based on the independence assessment conducted via <i>Independent Directors' Self-Assessment Checklist</i> submitted, are unanimous in its opinion that Mr. Ong's independence has not been compromised or impaired in any way and has met the definition of independence based on the independence guidelines set out in MMLR, notwithstanding his long tenure in office. The length of Mr. Ong's service on the Board will not interfere with his independent judgement and he remains objective and independent in participating in the Board and Board Committees' deliberation and decision making. The Board therefore recommends that the approval of the shareholders</p>

	be sought to retain Mr. Ong as an Independent Non-Executive Director at the forthcoming 14 <sup>th</sup> Annual General Meeting.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 4.3 - Step Up**

The board has a policy which limits the tenure of its independent directors to nine years.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

## Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

## Practice 4.4

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>Appointment of new Director to the Board or Board Committee is recommended to the Nominating Committee for consideration and approved by the Board in accordance to the <i>Policy and Procedures on Nomination and Selection of Directors</i> developed by Nominating Committee which was last updated and approved by the Board on 25 February 2019.</p> <p>As part of the appointment process specified in the <i>Policy and Procedures on Nomination and Selection of Directors</i>, the Nominating Committee shall identify and assess candidates to ensure that the new director appointed possesses:</p> <ul style="list-style-type: none"><li>• achievements in fast moving consumer goods industry, business venture, professional practices, education or public service;</li><li>• the requisite intelligence, education and experience to make a significant contribution to the Board and bring a range of knowledge, skills, diverse perspectives and backgrounds to its deliberations;</li><li>• knowledge, skills and experience to complement and strengthen the knowledge, skills and experience possessed by existing members of the Board to discharge its duties and responsibilities effectively and efficiently; and</li><li>• highest ethical standards, a strong sense of professionalism and dedication to serving the interests of the stakeholders.</li></ul> <p>The criteria as specified in the <i>Policy and Procedures on Nomination and Selection of Directors</i> includes:</p> <ul style="list-style-type: none"><li>• Leadership experience;</li><li>• Skilled and diverse background;</li><li>• Boardroom Diversity - in term of the knowledge, skills and experience as well as race and gender diversity;</li><li>• Integrity and professionalism; and</li><li>• Independence of Independent Non-Executive Director.</li></ul> <p>The Nominating Committee is responsible for assessing and considering suitable candidates for the appointment of member of the Board after taking into consideration of their capabilities, professionalism, integrity, expertise and experience. In this respect, the roles of the Nominating Committee are detailed in its Terms of References, which is accessible for reference on the company's website at <a href="http://www.powerroot.com/malaysia/profile_investor_relations.html">http://www.powerroot.com/malaysia/profile_investor_relations.html</a>.</p>

	<p>During the financial year ended 31 March 2020, re-designation of Alternate Director to the Chairman as Independent Non-Executive Director of the Company and appointment of Independent and Non-Executive Co-Chairman of the Company were recommended to the Nominating Committee for review and consideration in accordance to the <i>Policy and Procedures on Nomination and Selection of Directors</i> (supported by duly completed <i>Director Recommendation Form</i> and <i>Independent Directors' Self-Assessment Checklist</i>) prior to its recommendation to the Board for deliberation and decision on their re-designation and appointment.</p>	
<b>Explanation for departure</b> :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b> :		
<b>Timeframe</b> :		

## Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

## Practice 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	<p>Appointment of new Director to the Board is guided by the <i>Policy and Procedures on Nomination and Selection of Directors</i> developed by Nominating Committee and approved by the Board.</p> <p>As per <i>Policy and Procedures on Nomination and Selection of Directors</i>, one of the criteria for the nomination and selection of the director calls for the race and gender diversity so that it can effectively discharge its responsibilities and duties as the Board as a whole. While it is no clear target of women representation at the Board and at the senior management established in the <i>Policy and Procedures on Nomination and Selection of Directors</i>, the Board through the Nominating Committee will consider the gender diversity as part of its future selection and will endeavour to appoint a suitably qualified woman director.</p> <p>At present, there was no representation of women at the Board and at the Senior Management level within the Group nor clear target timeline established by the Board to have at least one female representative at the Board level and at the Senior Management level.</p> <p>Whilst the Board supports the gender diversity, the Board firmly believes in recruiting and retaining the right talent for every position, regardless of gender, and taking into account the requisite knowledge, skill sets, and experiences required.</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

## Practice 4.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>Pursuant to <i>Policy and Procedure on Nomination and Selection of Director</i>, the Nominating Committee shall develop a pool of potential candidates for casual vacancy and such candidates may be proposed by existing board members, management, major shareholder or independent sources.</p> <p>In appointing an appropriate individual to the Board, the Nominating Committee shall first consider and recommend to the Board the suitable candidate for directorship taking into consideration and upon the possess the qualification, leadership skills, knowledge, skills, competency and integrity required to manage, direct and oversee the Group in the best interests of its shareholders, customers, employees, communities it serves and other affected parties. The Nominating Committee would assess their suitability based on a prescribed set of criteria as set out in the <i>Policy and Procedure on Nomination and Selection of Director</i>.</p> <p>During the financial under review, the re-designation of Alternate Director to the Chairman as Independent Non-Executive Director of the Company and appointment of Independent and Non-Executive Co-Chairman of the Company were recommended by the existing members of the Board.</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

## Practice 4.7

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Nominating Committee is chaired by an Independent Non-Executive Director, Dato' Afifuddin bin Abdul Kadir, who is also the Chairman of the Board, per the <i>Terms of Reference of Nominating Committee</i> whereby the Chairman of Nominating Committee shall be an Independent Non-Executive Director.</p> <p>The duties and responsibilities of Nominating Committee, led by the Chairman, are as follows:</p> <ul style="list-style-type: none"><li>• Determine the core competencies and skills required of board members to best serve the business and operations of the Group as a whole and the optimum size of the Board to reflect the desired skills and competencies;</li><li>• Review the size of Non-Executive participation, Board balance and determine if additional Board members are required and also to ensure that at least 1/3 of the Board is independent;</li><li>• Recommend to the Board on the appropriate number of Directors to compose the Board which should fairly reflect the investments of the minority shareholders in the Company, and whether the current Board representation satisfies this requirement;</li><li>• Recommend to the Board, candidates for directorships to be filled by the shareholders or the Board;</li><li>• Consider in making its recommendations, candidates for directorships proposed by the Chief Executive Officer and, within the bounds of practicability, by any other senior executive or any Director or shareholder;</li><li>• Recommend to the Board, Directors to fill the seats on Board Committees;</li><li>• Undertake an annual review of the required mix of skills and experience and other qualities of Directors, including core competencies which Non-Executive Directors should bring to the Board and to disclose this forthwith in every Annual Report;</li><li>• Assist the Board to introduce a criteria and to formulate and implement a procedure to be carried out by the Nominating Committee annually for assessing the effectiveness of the Board as a whole, the Board Committees and for assessing the contributions of each individual Director;</li><li>• Introduce any regulation which would enable the smooth administration and effective discharge of the Committee's duties and responsibilities;</li></ul>

	<ul style="list-style-type: none"> <li>• To furnish a report to the Board of any findings of the Committee;</li> <li>• To recommend to the Board for continuation or discontinuation in service of directors as an Executive Director or Non-Executive Director;</li> <li>• To recommend Directors who are retiring by rotation to be put forward for re-election;</li> <li>• To recommend to the Board the employment of the services of such advisers as it deems necessary to fulfil the Board's responsibilities;</li> <li>• To assess on an annual basis, the independence of the Independent Directors of the Board;</li> <li>• To assess on an annual basis, the tenure of an independent director should not exceed a cumulative term of nine years. Upon completion of the nine (9) years, an independent director may continue to serve on the Board subject to the director's re-designation as a non-independent director. To retain as independent directors, the board should provide justification and seek shareholders' approval for a person who has served in that capacity for more than nine (9) years;</li> <li>• To review the terms of office and performance of the Audit Committee and each of its members annually to determine whether the Audit Committee and members have carried out their duties in accordance with their terms of reference; and</li> <li>• Generally, to decide and implement such other matters as may be delegated by the Company's Board of Directors from time to time.</li> </ul> <p>A copy of the Terms of Reference of the Nominating Committee is available for download from the company's website at <a href="http://www.powerroot.com/malaysia/profile_investor_relations.html">http://www.powerroot.com/malaysia/profile_investor_relations.html</a>.</p>
<b>Explanation for departure</b> :	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<b>Measure</b> :	
<b>Timeframe</b> :	

## Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

### Practice 5.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In line with the <i>Board Charter</i> of the Company and <i>Terms of Reference of Nominating Committee</i>, a detailed assessment is undertaken annually (which is facilitated by the Company Secretary) to review the effectiveness of the Board, Board Committee, the Audit Committee, the contribution of each individual Director and independence assessment of independent directors.</p> <p>Formal evaluations through prescribed evaluation forms and criteria established for the financial year under review are as below:</p> <ol style="list-style-type: none"><li>1. The Board's performance evaluation was conducted via <i>Board and Board Committee Evaluation Form</i> with recommended evaluation criteria per Corporate Governance Guide issued by Bursa Malaysia Berhad, which includes board mix and composition; quality of information and decision making; boardroom activities; and Board's relationship with the Management.</li><li>2. Individual directors' self-evaluation via <i>Directors'/Key Officers' Evaluation Form</i> based on recommended evaluation criteria per Corporate Governance Guide issued by Bursa Malaysia Berhad, whereby the criteria on fit and proper conduct; contribution and performance; and calibre and personality were evaluated.</li><li>3. Self and peer evaluation of the performance, knowledge, competency and skills of fellow directors was performed by individual directors via the <i>Board Skill Matrix Form</i> based on the recommended evaluation criteria per Corporate Governance Guide issued by Bursa Malaysia Berhad, whereby the composition; strategy and entrepreneurship; legal and regulatory requirements; corporate governance, risk management and internal controls; audit, accounting financial reporting and taxation; human capital; sales and marketing; information technology; and production and quality control were evaluated.</li><li>4. The performance evaluation of the Audit Committee, Nominating Committee, Remuneration Committee and Options Committee were conducted via <i>Board and Board Committee Evaluation Form</i></li></ol>



based on the recommended evaluation criteria adopted from Corporate Governance Guide issued by Bursa Malaysia Berhad, which includes committees' composition, contribution to the Board's decision making, expertise, contribution of Chairman of Board Committees, appointment as well as timeliness and quality of communication and minutes.

5. The terms of office and performance of Audit Committee and its members were evaluated through self and peer evaluation by its members via *Audit Committee Member's Self and Peer Evaluation Form* (which concentrated on participation and contribution, skill and experience, risk management and understanding of the compliance requirements of the Company) and *Audit Committee Evaluation Form* (which concentrated on quality and composition; skills and competencies and meeting administration and conduct) based on the recommended evaluation criteria adopted from Corporate Governance Guide issued by Bursa Malaysia Berhad.
6. Evaluation of the performance of the Group Financial Controller based on the results of his performance evaluation was carried out by the Managing Director<sup>@</sup>.
7. Independent Non-Executive Directors undertook self-assessment on their independence and objectivity via *Independent Directors' Self-Assessment Form* based on the criteria adopted from Corporate Governance Guide issued by Bursa Malaysia Berhad concentrating on independency and objectivity criteria.

The Company Secretary circulated to each director with the relevant evaluation forms/questionnaires in relation to the aforementioned evaluations/assessments with sufficient time for the relevant directors to complete in advance of the meeting of the Nominating Committee and the Board in order for the Company Secretary to collate the evaluation results for the Nominating Committee to review and report to the Board.

With the above evaluations, the Board, through the Nominating Committee, reviewed and evaluated its required mix of skills and experience and other qualities, including core competencies which directors should bring to the Board, and the size and composition of the Board to ensure that it has the appropriate mix of skills and competencies to lead the Group effectively.

The above evaluations were conducted without engaging the services of independent third party.

Based on the above evaluations, the Board was satisfied with the composition, performance and effectiveness of the Board, Board Committees as well as the contribution of individual Directors (including the Group Financial Controller). Other than that, the Board was of the opinion that its present size and composition is optimal based on the

	<p>Group's operations and that it reflects a fair mix of financial, technical and business experiences that are important to the stewardship of the Group.</p> <p>In addition, based on the above evaluations performed on Audit Committee and its members, the Board, on the recommendation of the Nominating Committee, was of the opinion that the Audit Committee and its members had carried out their duties in accordance with their terms of reference.</p> <p><i>@ Re-designated as Chief Executive Officer on 1 July 2020</i></p>	
<p><b>Explanation for departure</b></p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>		
<p><b>Timeframe</b></p>		

## Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

### Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>Based on the <i>Terms of Reference of the Remuneration Committee</i> approved by the Board, the Remuneration Committee is tasked to develop a formal and transparent policy and procedure on remuneration of executive and non-executive directors and to review and recommend to the Board the remuneration package of the Executive Directors and the proposed fees of the Non-Executive Directors. <i>Board Remuneration Policy</i> was first established by the Board on 27 January 2014 and subsequently updated on 25 February 2019 and is administered by the Remuneration Committee.</p> <p>The Remuneration Committee is chaired by the Independent Non-Executive Director, Dato' Afifuddin bin Abdul Kadir, who is also the Chairman of the Board. The <i>Terms of Reference of the Remuneration Committee</i> is available for download from the company's website at <a href="http://www.powerroot.com/malaysia/profile_investor_relations.html">http://www.powerroot.com/malaysia/profile_investor_relations.html</a>.</p> <p>The <i>Board Remuneration Policy</i> outlines the guiding principles for the remuneration of the Company. When necessary, the Policy will be reviewed by the Remuneration Committee and report to the Board from time to time. If and when required, the Remuneration Committee will submit recommendations for changes to the Policy to the Board for deliberation and approval.</p> <p>The objectives of the <i>Board Remuneration Policy</i> are as follows:</p> <ul style="list-style-type: none"><li>• To attract and retain highly qualified members to enable the Company to provide a well-balanced and competitive directors compensation package.</li><li>• To ensure that the interests of Executive Directors are aligned with the business strategy, risk tolerance, values and medium to long-term interests of the Group and is consistent with the "pay-for-performance" principle.</li><li>• To promote strong teamwork culture among the Executive Directors.</li></ul>

	<ul style="list-style-type: none"> <li>• To instil transparency and openness in the review and approval of compensation package of the Board’s members.</li> </ul> <p>The Remuneration Committee assesses the Executive Directors’ remuneration packages so as to recommend the Executive Directors’ remuneration packages to the Board for approval. The Executive Directors shall abstain from participating in the discussion with respect to their remuneration packages. The remuneration package and fees of the directors shall be reviewed by Remuneration Committee at least once annually and to report the results of the review to the Board for deliberation and approval.</p> <p>The <i>Board Remuneration Policy</i> is available for download from the company’s website at <a href="http://www.powerroot.com/malaysia/profile_investor_relations.html">http://www.powerroot.com/malaysia/profile_investor_relations.html</a>.</p>
<b>Explanation for departure</b> :	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<b>Measure</b> :	
<b>Timeframe</b> :	

### Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

### Practice 6.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Remuneration Committee was formed to assist the Board in their responsibilities in assessing the remuneration packages of the directors, Senior Management and the implementation of the <i>Board Remuneration Policy</i>.</p> <p>The Remuneration Committee is governed by formal <i>Terms of Reference</i> approved by the Board which states the composition requirement, authorities, roles and responsibility of the committee. The <i>Terms of Reference of the Remuneration Committee</i> is available for download from the company's website at <a href="http://www.powerroot.com/malaysia/profile_investor_relations.html">http://www.powerroot.com/malaysia/profile_investor_relations.html</a>.</p> <p>The Remuneration Committee is led by an Independent Non-Executive Director and comprises of three (3) Independent Non-Executive Directors, which is in compliance with the requirement of MCCG whereby the Remuneration Committee should only consist of non-executive directors and a majority of them must be Independent Directors.</p> <p>It is the ultimate responsibility of the entire Board to approve the remuneration of the Executive Directors. The Executive Director concerned would abstain from discussion and decision on his own remuneration. The Board as a whole determines the remuneration package of Non-Executive Directors based on their experience and level of responsibilities undertaken. All Non-Executive Directors are paid a fixed fee which is subjected to the approval of shareholders at general meeting and Directors who are shareholders will abstain from voting at general meeting to approve their fees.</p>
<b>Explanation for departure</b>	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

## Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

## Practice 7.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

<b>Application</b>	:	Departure																																																																									
<b>Explanation on application of the practice</b>	:																																																																										
<b>Explanation for departure</b>	:	<p>The Board is of the view that the detailed disclosure on named basis of the remuneration of individual directors may jeopardize the personal security of the individual directors.</p> <p>A summary of remuneration packages of the Directors of the Company who served during the Financial Year Ended 31 March 2020 in each successive band of RM50,000 distinguishing between executive and non-executive directors is as follows:</p> <table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="3">Company</th> <th colspan="3">Group</th> </tr> <tr> <th>Basic Salary, Bonus, Incentives, Allowance, EPF, SOCSO</th> <th>Fees</th> <th>Others</th> <th>Basic Salary, Bonus, Incentives, Allowance, EPF, SOCSO</th> <th>Fees</th> <th>Others</th> </tr> <tr> <th></th> <th>RM '000</th> <th>RM '000</th> <th>RM '000</th> <th>RM '000</th> <th>RM '000</th> <th>RM '000</th> </tr> </thead> <tbody> <tr> <td><b>Executive Directors</b></td> <td>-</td> <td>-</td> <td>-</td> <td>11,604</td> <td>-</td> <td>136</td> </tr> <tr> <td><b>Non-Executive Directors</b></td> <td>43</td> <td>226</td> <td>-</td> <td>43</td> <td>226</td> <td>-</td> </tr> </tbody> </table> <p>The number of Directors whose remuneration fall into the following bands are as follows:</p> <table border="1"> <thead> <tr> <th rowspan="2">Remuneration bands per annum</th> <th colspan="2">Company</th> <th colspan="2">Group</th> </tr> <tr> <th>Executive</th> <th>Non-Executive</th> <th>Executive</th> <th>Non-Executive</th> </tr> </thead> <tbody> <tr> <td>&lt; RM 50,000</td> <td>-</td> <td>2</td> <td>-</td> <td>2</td> </tr> <tr> <td>RM50,001 to RM100,000</td> <td>-</td> <td>3</td> <td>-</td> <td>3</td> </tr> <tr> <td>RM1,050,001 to RM1,100,000</td> <td>-</td> <td>-</td> <td>1</td> <td>-</td> </tr> <tr> <td>RM2,250,001 to RM2,300,000</td> <td>-</td> <td>-</td> <td>1</td> <td>-</td> </tr> <tr> <td>RM2,550,001 to RM2,600,000</td> <td>-</td> <td>-</td> <td>2</td> <td>-</td> </tr> <tr> <td>RM3,150,001 to RM3,200,000</td> <td>-</td> <td>-</td> <td>1</td> <td>-</td> </tr> </tbody> </table> <p>Careful assessment of the impact of the detailed disclosure on named basis for the remuneration of individual directors shall be performed by the Board in future to ensure that such disclosure will not pose significant risk to the personal security of the individual members of the Board before compliance with the requirement.</p>		Company			Group			Basic Salary, Bonus, Incentives, Allowance, EPF, SOCSO	Fees	Others	Basic Salary, Bonus, Incentives, Allowance, EPF, SOCSO	Fees	Others		RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	<b>Executive Directors</b>	-	-	-	11,604	-	136	<b>Non-Executive Directors</b>	43	226	-	43	226	-	Remuneration bands per annum	Company		Group		Executive	Non-Executive	Executive	Non-Executive	< RM 50,000	-	2	-	2	RM50,001 to RM100,000	-	3	-	3	RM1,050,001 to RM1,100,000	-	-	1	-	RM2,250,001 to RM2,300,000	-	-	1	-	RM2,550,001 to RM2,600,000	-	-	2	-	RM3,150,001 to RM3,200,000	-	-	1	-
	Company			Group																																																																							
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<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

### Practice 7.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Board is of the opinion that the disclosure of the remuneration component in bands of RM50,000 on named basis of individual members of Senior Management may jeopardize the personal security of the individual members of Senior Management and increase the risk of loss of key personnel as their remuneration packages are published.</p> <p>Careful assessment of the impact of the disclosure of the remuneration component in bands of RM50,000 on named basis of individual members of Senior Management shall be performed by the Board in the future to ensure that such disclosure will not pose significant risk to the personal security of the individual members of Senior Management and increase the risk of loss of key personnel by formulating mitigation plans before compliance with the requirement.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

**Practice 7.3 - Step Up**

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

## Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.  
The company's financial statement is a reliable source of information.

## Practice 8.1

The Chairman of the Audit Committee is not the Chairman of the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company complies with the requirement that the Chairman of the Audit Committee is not the Chairman of the Board.</p> <p>The Chairman of the Audit Committee is Mr. Ong Kheng Swee, an Independent Non-Executive Director while the Chairmen of the Board are Dato' Afifuddin bin Abdul Kadir and Y.A.D. Tengku Dato' Setia Putra Alhaj bin Tengku Azman Shah Alhaj.</p> <p>An abstract of duties and responsibilities of the Audit Committee as stated in the <i>Terms of Reference</i>, led by the Chairman includes, but not limited to, the followings:</p> <ul style="list-style-type: none"><li>• To discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved.</li><li>• To review with the external auditor his evaluation of the system of internal controls and his audit report.</li><li>• To review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work.</li><li>• To review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function.</li><li>• To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management, where necessary).</li></ul> <p>The <i>Terms of Reference of Audit Committee</i> detailing the composition, authorities, duties and responsibilities are available for download from the company's website at <a href="http://www.powerroot.com/malaysia/profile_investor_relations.html">http://www.powerroot.com/malaysia/profile_investor_relations.html</a>.</p> <p>A summary of activities of the Audit Committee are disclosed in the Annual Report's Audit Committee Report.</p>
<b>Explanation for departure</b>	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.  
The company's financial statement is a reliable source of information.

**Practice 8.2**

The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The <i>Board Charter</i>, the <i>Terms of Reference of the Audit Committee</i> and the <i>Policy and Procedure on Nomination and Selection of Director</i> approved by the Board include the requirement of former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the Audit Committee.</p> <p>None of the existing members of the Audit Committee are former key audit partners of the Company.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

### Practice 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Based on the <i>Terms of Reference of the Audit Committee</i>, the Audit Committee has direct communication channels with External Auditors and has the responsibility to review with the External Auditors on audit plan, its scope and plan, the major audit findings and the management's response (including the status of previous audit recommendations) and to discuss any problems and reservations arising from the interim and final audits and any matters the External Auditors may wish to discuss. Furthermore, it is the responsibility of the Audit Committee to consider the appointment or re-appointment of auditors, the audit fee and any questions of resignation or dismissal including recommending the nomination of person or persons as External Auditors as well as to review the independence and objectivity of the External Auditors and their services.</p> <p>The engagement of the External Auditors is governed by the engagement letter with terms of engagement which includes, amongst others, the scope of coverage, the responsibilities of the External Auditors, confidentiality, independence and the proposed fees reviewed by the Audit Committee and its recommendation to the Board. On an annual basis, prior to the commencement of the external audit engagement for the financial year, the External Auditors presented the Audit Plan to the Audit Committee whereby the engagement and reporting requirements, audit approach, significant events during the year, areas of audit emphasis, communication with management, engagement team, reporting timeline and deliverables and proposed audit fees were tabled to the Audit Committee for review.</p> <p>The assessment of the suitability of the external auditors is guided by the Policy and Procedures to Assess the Suitability and Independence of and Provision of Non-Audit Services by External Auditors established by the Audit Committee and included in the said policy are the steps to be taken on resignation and dismissal of external auditors, independent review and provision of non-audit services by the External Auditors. The criteria for assessment during the appointment and re-appointment of external auditors are qualifications, technical expertise and capability, resources, suitable size, independence, professionalism and responsiveness and overall conducts of the audit.</p>

On the other hand, the annual assessment of the suitability and performance of the External Auditors by the Audit Committee is guided by *External Auditor Performance and Independence Evaluation Checklist* per Corporate Governance Guide issued by Bursa Malaysia Berhad. For the financial year under review, the Audit Committee conducted performance evaluation and independency assessment on External Auditors based on recommended evaluation criteria stated in *External Auditor Performance and Independence Evaluation Form*, such as the calibre of the firm; quality processes and performance; knowledge and skill sets of audit team; independence and objectivity; audit scope and planning; audit fees; and audit communication.

In reviewing the independence of External Auditors, the *Policy and Procedures to Assess the Suitability and Independence of and Provision of Non-Audit Services by External Auditors* requires the Audit Committee to obtain confirmation from the External Auditors that they are and have been independent throughout the audit engagement within the meaning of relevant Acts in Malaysia. Such policy also requires the Audit Committee to ensure that the provision of non-audit services by External Auditors and their network firms/companies do not impair the objectivity and independence of the External Auditors.

Prior to the commencement of the audit and upon completion of the audit, the External Auditors confirmed to the Audit Committee on their independence and objectivity and that they were not aware of any relationship between them and the Group that may reasonably impair their independence. Furthermore, based on the Audit Committee's review of the non-audit services provided by the External Auditors, the Audit Committee was satisfied that the non-audit services provided/to be provided did not compromise the independence and objectivity required as External Auditors of the Company.

The Audit Committee met twice privately with the external auditors prior to the commencement of the audit and at the conclusion of the audit without the presence of the Executive Directors and management to encourage two-way communication of the information and views and for the external auditors to freely express their opinion without undue pressure.

Apart from the above confirmation and communication, the Audit Committee assessed the independence and objectivity of the External Auditors via *External Auditor Performance and Independence Evaluation Form* for the financial year ended 31 March 2020.

Having regarded the meetings (including the private session held) with the External Auditors and the assessment of the suitability and independence of the External Auditors performed, the Audit Committee and the Board are of the opinion that the External Auditors are suitable and are able to deliver the assurance engagement professionally and diligently with sufficient levels of independence and

	<p>objectivity under the relevant laws and regulations based on the assessment outcome on the performance, suitability and independence of the External Auditors by the Audit Committee and written confirmation on independence and objectivity and forthwith recommended to the Board for reappointment, subject to shareholders' approval during the Annual General Meeting, having considered the External Auditors had performed audit services to the Company satisfactorily in terms of quality and timeliness since it was appointed and had put in place an internal quality control processes to mitigate quality as well as independence and objectivity risks.</p>	
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.  
The company's financial statement is a reliable source of information.

**Practice 8.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	At present, the Audit Committee consists solely of Independent Non-Executive Directors. The details of the members of the Audit Committee are disclosed in the "Directors' Profile" section of the Annual Report.

## Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

## Practice 8.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

<b>Application</b>	:	Applied								
<b>Explanation on application of the practice</b>	:	<p>All members of the Audit Committee are financially literate. The details of the qualifications and experiences of the members of the Audit Committee are disclosed in "Directors' Profile" section of the Annual Report.</p> <p>Per the <i>Terms of Reference of the Audit Committee</i>, the Board shall at all times ensure that at least one (1) member of the Committee shall be:</p> <ul style="list-style-type: none"> <li>• A member of the Malaysian Institute of Accountants ("MIA"); or</li> <li>• if he or she is not a member of MIA, he must have at least three (3) years of working experience and:             <ol style="list-style-type: none"> <li>(i) he or she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or</li> <li>(ii) he or she must be a member of the associations of accountants specified in Part II of the Accountants Act 1967.</li> </ol> </li> </ul> <p>During the financial year ended 31 March 2020, members of Audit Committee undertook continuous professional development(s) by attended the following trainings in the field of accounting, auditing, taxation and regulatory developments:</p> <table border="1"> <thead> <tr> <th>Name of Directors</th> <th>Seminars and Briefing Attended</th> <th>Conducted by</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Dato' Afifuddin bin Abdul Kadir</td> <td>Corporate Liability Provision – Malaysian Anti-Corruption Commission Amendment Act 2018</td> <td>Boardroom Corporate Services Sdn. Bhd.</td> </tr> <tr> <td>Corporate Liability &amp; Directors' Personal Liability for Corrupt Practices (MACC Amendment Act 2018)</td> <td>Lion Corporation Berhad</td> </tr> </tbody> </table>	Name of Directors	Seminars and Briefing Attended	Conducted by	Dato' Afifuddin bin Abdul Kadir	Corporate Liability Provision – Malaysian Anti-Corruption Commission Amendment Act 2018	Boardroom Corporate Services Sdn. Bhd.	Corporate Liability & Directors' Personal Liability for Corrupt Practices (MACC Amendment Act 2018)	Lion Corporation Berhad
Name of Directors	Seminars and Briefing Attended	Conducted by								
Dato' Afifuddin bin Abdul Kadir	Corporate Liability Provision – Malaysian Anti-Corruption Commission Amendment Act 2018	Boardroom Corporate Services Sdn. Bhd.								
	Corporate Liability & Directors' Personal Liability for Corrupt Practices (MACC Amendment Act 2018)	Lion Corporation Berhad								

		Proposed SC Guidelines on Initial Coin Offerings (“ICO”): Monetising Loyalty Points	Lion Corporation Berhad
	<b>Ong Kheng Swee</b>	Transform to Outperform 3 Program	Applied Tech People Development Sdn. Bhd.
		Automating Excel Financial Functions for Decision Making	Malaysian Institute of Accountants
		MIA International Accountants Conference 2019	Malaysian Institute of Accountants
		Malaysia Tax Budget 2020	Crowe CPE Sdn Bhd
		Corporate Liability Provision – Malaysian Anti-Corruption Commission Amendment Act 2018	Boardroom Corporate Services Sdn. Bhd.
	<b>Azahar bin Baharudin</b>	Corporate Liability Provision – Malaysian Anti-Corruption Commission Amendment Act 2018	Boardroom Corporate Services Sdn. Bhd.
	<p>The Audit Committee, in discharging its duties, reviews the quarterly results and annual financial statements and recommends to the Board for approval before releasing to the public. The Audit Committee also reviews the appropriateness of the Company’s and Group’s accounting policies and the changes to these policies as well as ensures the financial statements are drawn up in accordance with the provisions of the Companies Act and applicable accounting standards.</p> <p>For detailed disclosure of the activities undertaken by the Audit Committee, please refer to the Audit Committee Report of the Annual Report.</p>		
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

## Practice 9.1

The board should establish an effective risk management and internal control framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges its responsibility for maintaining a sound system of risk management and internal controls and internal audit mechanism to safeguard shareholders' investment and the Company's assets.</p> <p>The Board put in place formal and structured <i>Risk Management Framework</i> as the governance structure and processes for the enterprise-wide risk management in order to embed the risk management practice into all levels of the Group and to manage key business risks faced by the Group adequately and effectively. The Internal Audit function is established to review the adequacy and effectiveness of the risk management and internal control system. The Board assumes the ultimate responsibility for risk management and internal controls and establishes the risk appetite of the Group. The duties for the identification, evaluation and management of the key business risk are delegated to the Risk Owners and Risk Management Committee, led by the Managing Director<sup>@</sup> while the Audit Committee is delegated with the oversight role.</p> <p>The details of the risk management and internal control system within the Group, including the process of identification, assessment, evaluation, monitoring and management of key business risks is disclosed in the Statement on Risk Management and Internal Control of the Annual Report.</p> <p><sup>@</sup> Re-designated as Chief Executive Officer on 1 July 2020</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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## Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

## Practice 9.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The <i>Risk Management Framework</i> established lays down the risk management's objectives and processes established by the Board with formalised governance structure for the risk management activities of the Group.</p> <p>The principles, practices and process of the <i>Risk Management Framework</i> established by the Board are, in material aspects guided by the ISO 31000:2018 – Risk Management Guidelines.</p> <p>A structured risk management process is stipulated in the <i>Risk Management Framework</i> approved by the Board, whereby each step of the risk identification, risk assessment and risk treatment as well as control activities are laid down for application by the Risk Management Committee and the Risk Owners, i.e. respective Managers and Heads of Department. Risk assessment, at gross and residual level, are guided by the likelihood rating and impact rating established by the Board based on the risk appetite acceptable by the Board that are stipulated in the Framework. Risk Registers were compiled by Risk Management Committee and Risk Owners with the relevant key risks identified rated based on the agreed upon risk rating. Risks Register are used for the identification of high residual risks which are above the risk appetite of the Group that requires the Risk Management Committee and the Board's immediate attention and risk response(s) as well as for future risk monitoring.</p> <p>Please refer to the Statement on Risk Management and Internal Control of the Annual Report for the further disclosures on the features of <i>Risk Management Framework</i> and internal control system as well as the opinion of the Board on the state of the risk management and internal control system within the Group.</p>
<b>Explanation for departure</b>	:	

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b> :		
<b>Timeframe</b> :		

**Intended Outcome**

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

**Practice 9.3 - Step Up**

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

<b>Application</b> :	Not Adopted
<b>Explanation on adoption of the practice</b> :	



## Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

### Practice 10.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In ensuring the internal audit functions are effective and able to function independently, the Audit Committee has direct communication channel with the Internal Audit Functions under its Terms of Reference while the Internal Audit Functions are reporting directly to the Audit Committee. The purpose and scope of works, accountability, independence, the responsibilities and the authority accorded to the Internal Audit Functions are governed by the Internal Audit Charter (in-house internal audit function) and the engagement letter (outsourced internal audit function) reviewed by the Audit Committee and approved by the Board.</p> <p>In addition, the <i>Terms of Reference</i> of the Audit Committee codifies the oversight role of the Audit Committee over Internal Audit Functions which include the following:</p> <ul style="list-style-type: none"><li>• To review the adequacy of the scope and plan, functions and resources and to ensure that the Internal Audit Function has the necessary authority to carry out its works;</li><li>• To review the adequacy of the internal audit plan and its processes as well as the results of the internal audit process and where necessary, whether appropriate action(s) is taken on the recommendations of the Internal Audit Function;</li><li>• To review major audit findings and management's response with Internal Audit Function, including status of previous audit recommendations; and</li><li>• To review the adequacy and integrity of the internal control system, including enterprise risk management and management information system of the Group and the Internal Audit Function's evaluation of the said systems.</li></ul> <p>The oversight roles of the Audit Committee and the activities taken by the Audit Committee on the Internal Audit Function during the financial year are disclosed in Audit Committee Report and Statement on Risk Management and Internal Control of the Annual Report.</p>
<b>Explanation for departure</b>	:	

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b> :		
<b>Timeframe</b> :		

## Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

### Practice 10.2

The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Internal Audit Functions of the Group are made up of an in-house internal audit function with the primary responsibility of internal control review of key internal processes within the Group and an outsourced internal audit function with the primary responsibility of internal control review of the distributorship management system implemented by the Group. The in-house Internal Audit Function and the outsourced Internal Audit Function report directly to the Audit Committee with unrestricted access to the Group’s employees and documents in the performance of their engagement. The details of the Internal Audit Functions and oversight role of the Audit Committee on the functions are disclosed in the Statement on Risk Management and Internal Control of the Annual Report.</p> <p>The internal audit personnel are free from any relationships or conflict of interest that could impair their objectivity and independence in conducting their internal audit function.</p> <p>The Head of Internal Audit of the in-house internal audit function and the engagement director of the outsourced Internal Audit Function are both Certified Internal Auditors accredited by the Institute of Internal Auditors Global. The in-house internal audit function is manned by one (1) Head of Internal Audit and four (4) Internal Audit Executives.</p> <p>The internal audit is carried out by both the in-house internal audit function and the outsourced internal audit function, in all material aspects, in accordance to the International Professional Practices Framework established by the Institute of Internal Auditors Global.</p> <p>Please refer to the Statement on Risk Management and Internal Control of the Annual Report for detailed disclosure on both Internal Audit Function.</p>
<b>Explanation for departure</b>	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

### Practice 11.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>One of the core responsibilities of the Board as stated in the <i>Board Charter</i> is to approve the policies relating to investor relations and shareholder communication programmes of the Company.</p> <p>To ensure that communication of information to the public is timely, factual, accurate and complete, the Board has adopted a <i>Corporate Disclosure Policy</i> which sets out the policies and procedures for the disclosure of material information of the Group. It also includes an internal control practice to ensure that confidential information is handled properly by relevant parties to avoid leakage and improper use of such information. This policy is applicable to all employees (including full time, probationary, contract and temporary staff) and Directors of the Group.</p> <p>The principles of the <i>Corporate Disclosure Policy</i> adopted are as follow:</p> <ul style="list-style-type: none"><li>• Transparency and accountability</li><li>• Compliance with legal regulatory requirements on disclosure</li><li>• Confidentiality and timely disclosure</li><li>• Fair and equitable access to information</li></ul> <p>In order to promote transparency and thoroughness in public dissemination of material information, the Company's website incorporates an "Investor Relations" section which provides all relevant information on the Company and is accessible by the public via <a href="http://www.powerroot.com/malaysia/profile_investor_relations.html">http://www.powerroot.com/malaysia/profile_investor_relations.html</a>.</p> <p>The "Investor Relations" section enhances the Investor Relations function by including all announcements made by the Company, annual reports of the Company, <i>Board Charter</i>, relevant Board policies and <i>Terms of Reference</i> of the Board Committees. Furthermore, contact details of the personnel in-charge of investor relations are provided in "Investor Relations" section of the Company's website to which concern or request of any investor can be forwarded.</p> <p>The core communication channel with the stakeholders employed by the Company is the announcements made through Bursa Securities and it is the Company's internal procedure that all material announcements</p>

	<p>to be made through Bursa Securities are to be approved by the Board, prior to its release. The Board observes all disclosure requirements as laid down by MMLR and Capital Markets and Services Act 2007 so that all material events and information are disseminated publicly and transparently on timely basis to ensure fair and equitable access by all stakeholders without selective disclosure of such information to specific individuals or groups. The corporate disclosure by the Company is further enhanced by way of the Chairmen of the Board, Managing Director<sup>@</sup> and Executive Director (Corporate Affairs) assuming the role of authorized speaker for the Company during press conferences and analyst briefings to ensure factual accurate and consistent disclosure.</p> <p>The annual report and quarterly interim financial report, the core communication tools with stakeholders, contains all the necessary disclosures in addition to facts and figures about the Group. In addition, efforts have been made to ensure that the reports are user friendly so that shareholders have a good understanding about the Group and its operations.</p> <p>The General Meetings are the principal forum for dialogue with shareholders. The shareholders are given the opportunity and are encouraged to participate in general meetings of the Company.</p> <p>During the general meeting, the Executive Director provides updates on the performance of the Group and the future plan of the existing businesses of the Group to the shareholders. The shareholders are given the opportunity and are encouraged to participate in general meetings of the Company. Adequate time is given during General Meetings to allow the shareholders to seek clarification or ask questions on pertinent and relevant matters. The External Auditors are also present at Annual General Meeting to provide professional and independent clarification on issues and concerns raised by the shareholders during the meeting.</p> <p>In addition to the above, the Company also welcomes requests for meetings and interviews with professionals from the investment community and is always willing to meet up with institutional investors when required, to elaborate or further clarify on information already disclosed to the other shareholders.</p> <p><i>@ Re-designated as Chief Executive Officer on 1 July 2020</i></p>
<p><b>Explanation for departure</b></p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	

<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

### Practice 11.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Company is not a "Large Company" as defined under the Malaysian Code on Corporate Governance 2017 as it is not company on the FTSE Bursa Malaysia Top 100 Index and its market capitalisation is less than RM2 billion as at the start of the Company's financial year.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 12.1**

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Notice of the 13<sup>th</sup> Annual General Meeting (“AGM”) was issued and dated on 31 July 2019 whilst the AGM was held on 27 August 2019.</p> <p>The Company complied with the 21 days of Notice for AGM in accordance with Section 316 of the Companies Act 2016 and Paragraph 7.15 of the MMLR in relation to the AGM held on 27 August 2019.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	<p>The Company intends to comply with Practice 12.1 of MCCG by issue the Notice of the 14<sup>th</sup> AGM at least 28 days prior to the meeting.</p> <p>The notice of the forthcoming 14<sup>th</sup> AGM will be disseminated through both electronic format (made available on Bursa Securities’ website and company’s website) and hardcopy. Additionally, the notice will be advertised in the “The Star” newspaper.</p>
<b>Timeframe</b>	:	

**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 12.2**

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	Not all directors attended the general meetings held during the financial year under review due to such directors' unavoidable work commitments. The Directors in attendance, Group Financial Controller and the Company's External Auditors (for annual general meeting) attended the general meetings held during the financial year to provide meaningful responses on questions raised by the shareholders.	
		Adequate time is given during General Meetings to encourage and allow the shareholders to seek clarification or ask questions on pertinent and relevant matters. Directors who attended the general meetings were able to attend and respond to the questions raised by the shareholders during the general meetings held during the financial year under review.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>There are approximately 3,000 shareholders in the Company.</p> <p>To promote participation of shareholders in remote locations through proxy(ies), the Company's Constitution includes explicit right of proxy (ies) to speak at general meetings, to allow a member who is an exempt authorized nominee to appoint multiple proxies for each omnibus account it holds and imposes no restriction on proxy's qualification.</p> <p>During the financial year under review, the Company did not conduct its general meetings by using electronic voting and webcast (i.e. virtual general meeting) for remote shareholder participation because the Company held its general meetings in Johor Bahru and the venue of the general meetings in Johor Bahru could be easily accessed. The Board is of the opinion that it was not cost effective to utilise electronic voting and webcast for general meeting due to insignificant remote shareholder participation and physical general meetings provided a transparent platform for shareholder communication and encouraged free flow of exchange of information and view between the Board (the agent) and the shareholders (the principal).</p> <p>In relation to the general meeting to be conducted during the financial year ending 31 March 2021, the Company is to abide with relevant laws and regulations in relation to the COVID-19 pandemic imposed by government and requirements per Guidance and FAQs on the Conduct of General Meetings for Listed Issuers issued by Securities Commission on the number of participants, social distancing requirements and other safety and health requirements in relation to prevention of COVID-19.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

<b>Measure</b>	:		
<b>Timeframe</b>	:		

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT  
CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

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