

**POWER ROOT BERHAD** [Company Registration No.: 200601013517 (733268-U)]

**TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE**

i. **Composition**

The Remuneration Committee shall be headed by a non-executive Chairman and its members shall only comprise of non-executive directors and a majority of them must be Independent Directors.

ii. **Quorum of Meetings**

A minimum of two (2) Remuneration Committee Members present in person shall constitute the quorum.

iii. **Majority Decision**

All decisions of the Remuneration Committee shall be decided on the votes of the simple majority of those Members present.

However, no Executive Director shall participate in the discussion of his own remuneration.

Any decision or recommendation made at the Remuneration Committee shall be subject to the review and ultimate approval of the Company's Board of Directors.

Directors who are shareholders should abstain from voting at general meetings to approve their fees.

iv. **Casting Vote**

In the event there be an equality of votes, then the Chairman of the meeting shall have a casting vote.

v. **Frequency of Meetings**

The Committee shall meet at least annual or at such other frequency as the Chairman may determine.

vi. **Notice of Meetings**

Minimum seven (7) days or such shorter notice as the Remuneration Committee may deem fit depending on the nature and prevailing circumstances at hand.

vii. **Secretary**

The Company's Company Secretary(s) shall be the Secretary(s) for the Remuneration Committee. In the event any of the Company Secretary(s) is unable to attend, an assistant or deputy Secretary(s) may be appointed for that specific meeting.

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viii. **Minutes of Meeting**

The Secretary (which expression shall include the assistant or deputy Secretary appointed under item (viii)) shall table the minutes of each Remuneration Committee Meeting and shall circulate the same for each Member's record. The Chairman's confirmation of the Minutes shall be taken as a correct proceeding thereat.

The Chairman shall report on each meeting to the Board.

ix. **Circular Resolutions**

A resolution in writing signed or approved by letter, electronic mail or facsimile by the majority of the members and constituting a quorum, shall be valid and effectual as if it had been passed at a meeting of the Remuneration Committee. All such resolutions shall be forwarded or otherwise delivered to the Secretary and shall be recorded by the Secretary in the Company's minute book. Any such resolution may consist of several documents in like form, each signed by one (1) or more members.

x. **Functions of the Remuneration Committee**

Without prejudice to the generality of the foregoing, the Remuneration Committee shall:-

- a. Review, recommend and advise on all forms of directors' remuneration e.g.
  - Basic Salary
  - Profit-Sharing Schemes (if any)
  - Share Options
  - Any other benefits;
- b. Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of individual directors;
- c. To structure the component parts of the Executive Directors' remuneration so as to link rewards to corporate and individual performance; whereas, in the case of Non-Executive Directors, the level of remuneration should reflect the experience and level of responsibilities undertaken by the particular Non-Executive Director concerned;
- d. Conduct continued assessment of individual Executive Directors to ensure that remuneration is directly related to performance over time.

In this regard, the review of Non-Executive Directors' fees may take place at a different time of the year from the review of Executive Directors' salaries;

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x. **Functions of the Remuneration Committee (*cont'd*)**

- e. To monitor and assess, if any, the suitability of such proposed performance related formula (e.g. whether the formula is based on individual performance, company profit performance, earnings per share, etc.) and to see that awards under the Company's share option schemes to the Directors are consistent with the Company's overall performance and provide an additional incentive to management;
- f. To provide an objective and independent assessment of the benefits granted to Executive Directors;
- h. To review details of Executive Directors' remuneration to be reported in addition to the existing legal requirements;
- i. Implement any policies and procedures which would enable the smooth administration and effective discharge of the Committee's duties and responsibilities;
- j. To furnish a report to the Board of any findings of the Committee;
- k. Shall have the resources that it requires to perform its duties. The Committee can obtain, at the expense of the Company, outside legal or other independent professional advice it considers necessary; and
- l. Generally, to decide and implement such other matters as may be delegated by the Company's Board of Directors from time to time.

x. **Variation**

The above Terms and Reference may be determined and/or varied by the Company's Board of Directors from time to time. It shall be reviewed annually by the Committee.