

CORPORATE GOVERNANCE REPORT

STOCK CODE : 7273
COMPANY NAME : Power Root Berhad
FINANCIAL YEAR : March 31, 2023

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Directors ("the Board") of Power Root Berhad ("Power Root" or "the Company") (collectively with its subsidiaries, "the Group") is ultimately accountable and responsible for the long-term sustainability of the Group by providing entrepreneurial leadership and direction as well as management oversight. The Board has established the <i>Board Charter</i> for the Group whereby the Board delegates specific roles and responsibilities to its Board Committees and the Chief Executive Officer ("CEO"). The Board leads the Group towards achieving its vision, management philosophy and business strategies, which is made possible by the Board in assuming among others, the following broad categories of roles and responsibilities:</p> <p>1. Promoting good corporate governance culture and practices</p> <p>The Board, being the highest governance body within the Group, is aware of its duty and responsibility toward good corporate governance practices.</p> <p>As at the date of this report, the Board has updated the <i>Board Charter</i> and other Board and Committee policies to be in line with the latest Malaysian Code on Corporate Governance ("MCCG") 2021. The charter and policies were reviewed and approved by the Board to ensure good corporate governance culture and practices are embedded throughout the Group.</p> <p>The Board, through the review of the <i>Corporate Governance Report</i> by the Audit Committee which is reported to the Board, assesses the current standing of the corporate governance practices in comparison to the MCCG. The Board formulates action plans from time to time to address any departure(s) from MCCG's recommended practices, and to further enhance and promote good and recommended corporate governance practices.</p>

	<p>2. Overseeing the conduct of the business of the Group and evaluating whether the business is being properly managed</p> <p>The CEO is accountable to the Board (as the oversight function of the governance structure) for the implementation of business strategies and the achievement of corporate objectives. The CEO leads the Management of the Group and is answerable to the Board in that manner.</p> <p>The CEO 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 the CEO is assessed by the Board through the financial performance and financial/non-financial information presented by the Management on a quarterly basis.</p> <p>On a quarterly basis, the financial performance of the Group and its subsidiaries, including the comparison of actual financial performance 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, advertising and promotional expenses and capital commitments, are tabled to the Audit Committee for their review and subsequently reported to the Board. Explanations for the variations and fluctuations in the various financial indicators are provided to the Audit Committee and deliberated during the meeting for any possible strategic decisions required to address any issues raised. In order to facilitate the oversight of the Board on the performance of associated companies, the responsible Executive Director reports on the financial performance of the associated companies to the Board during the quarterly meeting.</p>
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	<p>3. Reviewing and adopting strategic business plan for the Group</p> <p>The vision of the Group forms the foundation of the business strategies of the Group. The Board has put in place a strategic planning and review process, whereby the Executive Directors present to the Board the recommended business strategies for the financial year for the Board's deliberation and decision, and any concerns on the strategies as well as actions proposed are discussed during the Board's meetings to ensure the optimal outcome.</p> <p>During the financial year under review, the strategic planning and review process included the proposal of material capital expenditure, changes in business operations, business expansion and investment 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 takes into consideration sustainable business practices.</p> <p>4. Tone from the Top</p> <p>The Board acknowledges that, as one of its fiduciary duties to the shareholders, high standards of integrity and accountability are required in the conduct of the Group's business and are embedded into the Group's business processes.</p> <p>To set the tone from the top, the Board has established the Company's <i>Code of Conduct</i> 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. In addition, an <i>Anti-Bribery and Corruption Policy</i> (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.</p> <p>In order to promote integrity and ethical values, a formal <i>Whistleblowing Policy</i> and <i>Grievance Procedure</i> was established by the Board to create an environment where affected stakeholders can report and blow the whistle on improper behaviour malpractices, illegal acts, or failure to comply with regulatory requirements, without fear of being victimised for doing so.</p> <p>Please refer to Practice 3.1 and 3.2 for detailed disclosure on <i>Code of Conduct</i> and <i>Whistleblowing Policy</i> respectively.</p>
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	<p>5. 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</p> <p>The internal control system of the Group is made up of five core components, i.e. Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring Activities, with principles representing the fundamental concepts associated with each component.</p> <p>The Internal Audit Function of the Group is made up of an in-house internal audit function with the primary responsibility to review the internal control system (including the integrity of the financial and non-financial reporting, where applicable) within the Group, and an outsourced internal audit function with the primary responsibility to review the internal control system in relation to the distributorship management system implemented by the Group. Such reviews of the internal control system are carried out based on approved internal audit plans with findings and recommendations reported to the Audit Committee on its adequacy and effectiveness (i.e. present and functioning).</p> <p>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 detailed presentations from 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 the 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 the audits (if any), with the External Auditors and the Management.</p> <p>Further details on the Internal Audit Functions of the Group are disclosed in the Statement on Risk Management and Internal Control, and a summary of the activities carried out by the Audit Committee for the year under review is disclosed in the Audit Committee Report of the Annual Report 2023.</p> <p>The Board also ensures that all Directors possess the required skill and knowledge to read and understand the financial statements of the Group by way of the annual board skills evaluation and via such evaluation, to identify training needs to enhance the financial and accounting capability of the Directors (where necessary).</p>
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	<p>5. 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 (Cont'd)</p> <p>As part of the oversight activities of the Board on the conduct of the business and financial performance of the Group during the financial year under review, the members of the Board reviewed the financial statements of the Group taking into account the internal and external business environment and business operations activities and performance reporting provided by the CEO and Group Financial Controller, amongst other considerations.</p> <p>6. Identifying principal risks faced by the Group and ensuring the implementation of appropriate controls and systems to monitor and manage these risks</p> <p>The Board has put in place a formal <i>Group Risk Management Framework</i> for the structured management of the business risks faced by the Group. Based on the <i>Group Risk Management Framework</i> 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 assessments by the Sustainability and Risk Management Committee (“SRMC”) and operational management, at gross and residual levels, are guided by the likelihood rating and impact rating established based on the risk appetite as determined by the Board.</p> <p>Further explanations on such processes are disclosed in the Statement on Risk Management and Internal Control in the Annual Report 2023.</p> <p>7. Succession planning and performance appraisal of the Board and the Key Senior Management</p> <p>The Board is committed to succession planning especially at the Board and Key Senior Management level. The Board has established a formal <i>Succession Planning Policy</i> 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 in the event of vacancies in key positions. The Board is responsible for the succession planning of the CEO, while the CEO is responsible for the succession planning of key positions within the Group with the assistance from the Executive Directors and Senior Management team and key employees.</p>
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	<p>7. Succession planning and performance appraisal of the Board and the Key Senior Management (Cont'd)</p> <p>In line with the <i>Succession Planning Policy</i>, competent and suitably qualified second-in-line employees are identified by the CEO with the assistance of the Executive Directors for key positions within the Group. The development of the second-in-line employee is managed through on-the-job training and guidance as well as external training to close the competency gap. The Senior Management of the Group is subject to semi-annual performance appraisals based on the formal human resource policy established.</p> <p>On an annual basis, the Nominating Committee is tasked with the responsibility of assessing the performance of the individual Directors and Key Senior Management and identifying the training needs of the Directors to ensure all Directors possess the requisite 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 of the Executive Directors and fees for Non-Executive Directors to ensure that they commensurate with the performance and contribution of the Directors. The results of the review by both the Nominating and Remuneration Committee are tabled to the Board for deliberation and approval.</p> <p>Further details on the roles and responsibilities of the Nominating Committee and Remuneration Committee are disclosed in Practice 5.8 and 7.2.</p> <p>8. Overseeing the development and implementation of a shareholders' communication policy for the Company</p> <p>The Board ensures that stakeholders are kept informed of material events through announcements made through Bursa Malaysia Securities Berhad ("Bursa Securities"). A formal <i>Corporate Disclosure Policy</i> has been established and adopted by the Board and the Management to ensure communication is made on time in a factual, accurate and complete manner.</p> <p>The principles adopted by the Board on corporate disclosure comprises 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 <i>Corporate Disclosure Policy</i> to provide guidance on the proper disclosure of material information while preserving confidentiality within the requirements of the Board.</p> <p>Further explanations on stakeholders' communication are disclosed in Practice 12.1.</p>
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	<h3>9. Sustainability Management</h3> <p>A formal <i>Sustainability Framework</i> has been 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 the MMLR in compliance with the Sustainability Reporting Guide issued by Bursa Securities, in all material aspects.</p> <p>The Management has identified the internal and external stakeholders in the context of the Group with such stakeholders prioritised based on the criteria and rating system approved by the Board. In addition, the Management has 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 the agreed-upon criteria and rating system approved by the Board.</p> <p>Further explanations on sustainability management are disclosed in Practice 4.1, 4.2, 4.3 and 4.4.</p> <p>Please refer to the Sustainability Statement of the Annual Report 2023 on the management of material economic, environmental and social risks and opportunities.</p>	
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

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.

Application	:	Applied
Explanation on application of the practice	:	<p>Dato' Afifuddin bin Abdul Kadir and Y.A.D. Tengku Dato' Setia Putra Alhaj bin Tengku Azman Shah Alhaj, who are the Independent Non-Executive Co-Chairmen of the Board carry out the leadership role in the conduct of the Board and lead the Board in the adoption and implementation of good corporate governance practices in the Company.</p> <p>As provided in the <i>Board Charter</i>, the Co-Chairmen are responsible for the governance, orderly conduct and effectiveness of the Board. In addition, the Co-Chairmen represent the Board at general meetings and ensure effective two-way communication with the shareholders. The Co-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 Co-Chairmen of the Board are Independent Non-Executive Directors.</p> <p>The roles and responsibilities of the Co-Chairmen are clearly specified in Paragraph 9 of the <i>Board Charter</i>, which is available at the company's website at https://powerroot.com.my/investor-relations/corporate-governance/#CG-01.</p> <p>The responsibilities of the Co-Chairmen of the Board as established in the Board Charter are as follows:</p> <ul style="list-style-type: none">(a) To provide governance in matters requiring corporate justice and integrity;(b) To oversee the Board in the effective discharge of its responsibilities;(c) To ensure the efficient organisation and conduct of the Board's meetings;(d) To ensure that quality information is delivered to Board members on a timely basis to facilitate decision-making;(e) To facilitate the effective contribution of all Directors at Board meetings;(f) To promote constructive and respectful relations within the Board, and between the Board and Management; and(g) To promote effective communication among the Board members, shareholders and relevant stakeholders.

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

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The positions of the Co-Chairmen and the Chief Executive Officer are separated and there is a clear division of responsibility between the Co-Chairmen (namely, 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 Chief Executive Officer (Mr Wong Tak Keong) who is an Executive Director.</p> <p>The Co-Chairmen are responsible for the governance, orderly conduct and effectiveness of the Board while the Chief Executive Officer 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 the Chief Executive Officer include but is not limited to, the following:</p> <ul style="list-style-type: none">(a) To develop corporate strategies for the Group and to implement such corporate strategies;(b) To implement other Board decisions effectively and efficiently;(c) To provide leadership in order to achieve the vision, management philosophy and business strategies;(d) 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;(e) To assess business opportunities which are of potential benefit to the Group and to recommend major business opportunities for the Board's consideration;(f) To communicate material and relevant matters to the attention of the Board in a timely and accurate manner for decision-making; and(g) To discharge the responsibilities delegated by the Board and to execute authorities delegated by the Board, effectively and efficiently. <p>The separate roles and responsibilities of the Co-Chairmen and Chief Executive Officer are clearly set out in the Board Charter which is available on the company's website at https://powerroot.com.my/investor-relations/corporate-governance/#CG-01.</p>
Explanation for departure	:	

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

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 Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>		
Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>Dato' Afifuddin bin Abdul Kadir, who is the Co-Chairman of the Board is also a member of the Audit Committee and the Chairman of the Nominating Committee and Remuneration Committee.</p> <p>Based on the Board's performance evaluation including the Director's self and peer evaluation conducted annually, the Board is of the opinion that the appointment of Dato' Afifuddin bin Abdul Kadir as the Co-Chairman of the Board and as a member of the Audit Committee and the Chairman of the Nominating Committee and Remuneration Committee, does not create a situation of self-review, nor does it impair his objectivity in the deliberations on the observations, findings and recommendations put forth by the respective Board Committees at Board meetings.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

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

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.

Application	:	Applied
Explanation on application of the practice	:	<p>During the financial year under review, the Board was assisted by three (3) qualified and competent Company Secretaries, namely Ms Zuriati binti Yaacob (F) SSM PC No. 202008003191 (LS 0009971), Ms Santhi A/P Saminathan (F) SSM PC No. 201908002933 (MAICSA No. 7069709), Ms Leong Siew Foong who resigned as the Company Secretary on 1 June 2022, and Ms Tai Yit Chan (F) SSM PC No. 202008001023 (MAICSA No. 7009143) who was appointed as the Company Secretary on 1 June 2022.</p> <p>All the Company Secretaries are either members of the Malaysian Association of the Institute of Chartered Secretaries and Administrators ("MAICSA") or Licensed Company Secretary and hold the required qualifications to act as Company Secretary under Section 235(2) of the Companies Act 2016 in the discharge of its functions and attended all Board and Board Committee meetings to:</p> <ul style="list-style-type: none">• Manage all Board and Committee meetings and facilitate Board communications;• Advise the Board on its roles and responsibilities;• Advise the Board on corporate disclosures and compliance with company, securities and listing laws;• Ensure proper upkeep of statutory registers and records;• Manage shareholder meetings; and• Keep abreast with corporate governance development and to update the Board on the latest changes. <p>The Company Secretaries also ensured that there was good information flow within the Board and between the Board, Board Committees and Senior Management. The Company Secretaries are also entrusted with responsibility for recording the Board's deliberations, in terms of matters arising, issues discussed, recommendations, conclusions and resolutions carried by the Board. The minutes of the previous Board meeting are distributed to the Directors on a timely basis, prior to the Board's meeting for their perusal before confirmation of the minutes at the commencement of the following Board meeting.</p> <p>During general meetings, the Company Secretaries provide guidance on the conduct of the meetings and coordinates with the Board and other professionals to ensure that the proceedings of the general meetings are held in compliance with relevant laws, regulations and guidelines. The Company Secretaries also act as the reference point for the Board in</p>

	<p>providing guidance and professional advice on the relevant and applicable corporate governance rules and guidelines.</p> <p>All Directors have direct access to the advice and services of the Company Secretaries in discharging their duties effectively. The prerogative to appoint and remove the Company Secretaries lie with the Board. The performance of the Company Secretaries is assessed annually by the Board based on the <i>Company Secretary Evaluation Form</i>.</p> <p>The Company Secretaries observe and undertake continuous professional education (CPE) as part of the professional body and licensing condition for Company Secretary to ensure that they are up to date on the latest developments in the relevant regulatory requirements, codes, guidance and legislation in order to ensure timely compliance with relevant laws and regulations.</p> <p>Further details on the roles of the Company Secretaries are stated in Paragraph 10 of the Board Charter which is available on the company's website at https://powerroot.com.my/investor-relations/corporate-governance/#CG-01.</p>	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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 1.6

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.

Application	:	Applied
Explanation on application of the practice	:	<p>All the Directors were notified of the respective dates of scheduled Board meetings for the next financial year prior to the end of the current financial year and the date of the next board meeting was confirmed prior to the conclusion of the current meeting.</p> <p>During the financial year under review the Co-Chairmen of the Board, on the advice of the Company Secretaries, determined the agenda of the meetings of the Board and ensured that sufficient time was allocated during the meeting proceedings so that each agenda item or issue brought up were discussed or deliberated in necessary depth before decisions were made.</p> <p>Prior to each Board meeting, all Board members are furnished with Board Papers, which consist of the minutes of the previous Board and Board Committee meetings, operational and financial performance reports, financial and non-financial reports, and where applicable, proposed changes to the terms of reference to Board Committees and board policies, results of the performance appraisals of key management, professionals' reports and other relevant documents, normally at least seven (7) days before the scheduled meeting, to allow the members of the Board 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 trends, business strategies and risk management.</p> <p>The Company Secretaries record in the minutes of meetings of the Board and Board Committees all decisions, including key deliberations, in terms of issues discussed and the rationale for each decision made, and any significant concerns or dissenting views, as well as whether any Director had abstained from voting on a particular matter. Upon the completion of the meetings, draft copies of the minutes are circulated by the Company Secretary, in a timely manner to the relevant Board members for their review and the minutes are tabled for confirmation as a correct record of the deliberations and decisions made, at the subsequent meetings, and is formally acknowledged by the Co-Chairman of the Board or the respective Chairman of the Board Committees.</p>

	<p>The Board members, in their individual capacity, have unrestricted access to complete information pertaining to the Group in the form and quality necessary for the discharge of their duties and responsibilities.</p> <p>Besides having direct access to management staff, external independent professional advisers are also available to render their independent views and advice to the Board, whenever deemed necessary and in appropriate circumstances, at the Company's expense.</p> <p>The Audit Committee meetings of the Company were not combined with the Board Meetings during the financial year under review and other Directors and employees attended a particular Audit Committee meeting only at the Audit Committee's invitation in order for the Audit Committee to discharge its delegated oversight duties by the Board. Such invitations were specific to the relevant agenda item of the meeting.</p>	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Power Root has a <i>Board Charter</i> which is subject to an annual review and update (as and when necessary) in accordance with the needs of the Group and any new regulations that may have an impact on the discharge of the Board's responsibilities to ensure that the charter remains consistent with the Board's objective, listing requirements, current law and practices. A copy of the latest <i>Board Charter</i> is available on the Company's website at https://powerroot.com.my/investor-relations/corporate-governance/#CG-01.</p> <p>The <i>Board Charter</i> was first adopted by the Board on 27 January 2014. Upon the release of the latest MCGG 2021 by the Securities Commission ("SC") on 28 April 2021, the Board reviewed and updated the <i>Board Charter</i> on 27 August 2021 with the incorporation of the various changes and updates in the practices and guidance as promulgated in the MCGG 2021.</p> <p>The <i>Board Charter</i> sets out, amongst others, the key values, principles, policies and ethos of the Company, 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 Co-Chairmen of the Board, Chief Executive Officer and Company Secretary are stated in the <i>Board Charter</i>. The <i>Board Charter</i> further defines the specific roles, responsibilities and authorities of the Board, matters reserved for the Board, commitment by the Directors, independence of Directors, tenure of Independent Directors, governance structure of the Board and Board Committee, Directors' remuneration, Board activities and processes, financial reporting responsibilities, Board members' unrestricted access to the Group's management and information, division of responsibilities and delegation of authorities, communication with stakeholders, Directors' Code of Conduct and the Board's accountability over governance and sustainability matters including economic, environmental and social practices of the Group.</p>

	The Board has not identified and appointed a Senior Independent Director from among its members whom the shareholders and other stakeholders can access fully and directly as well as convey their concerns to, as the Independent Non-Executive Co-Chairmen are already directly accessible to shareholders and other stakeholders and any concerns may be addressed to the Independent Non-Executive Co-Chairmen.	
Explanation for departure		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure		
Timeframe		

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.

Application	:	Applied
Explanation on application of the practice	:	<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 26 November 2020. The Code is made available on the company's website at https://powerroot.com.my/investor-relations/corporate-governance/#CG-08.</p> <p>The Board established the Code to set the standards of the business ethics and conduct of the Group that applies to all employees and Directors of the Group 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. The Group's suppliers, consultants, distributors, independent contractors and other stakeholders are expected to comply with all applicable policies under the Code.</p> <p>The fundamental spirit in adopting the Code is to ensure that all business activities are conducted ethically with honesty and integrity as well as in full compliance with the laws, rules and regulations of the countries in which we have business operations. 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 principles of the Code include:</p> <ul style="list-style-type: none">i) Ethical Business Practicesii) Fair Dealingiii) Conflicts of Interestiv) Confidential Information and Other Company Propertyv) Anti-Bribery and Corruptionvi) Respecting Othersvii) Serving Our Customersviii) Corporate Citizenship <p>The Code sets out the values upheld by the Group to maintain the 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>

	<p>To foster an environment where integrity and ethical behaviour are maintained and to deter any illegal or improper action and/or wrongdoing in the Group, a formal <i>Anti-Bribery & Corruption Policy</i> has been put in place by the Board to prevent the risk of bribery and corruption within the Group. Further, the Whistleblowing Policy was implemented for all stakeholders to raise genuine concerns about possible improprieties in matters of financial reporting, compliance and other malpractices at the earliest opportunity. The <i>Anti-Bribery & Corruption Policy</i> and <i>Whistleblowing Policy</i> are available at the company's website at https://powerroot.com.my/investor-relations/corporate-governance/#CG-05 and https://powerroot.com.my/investor-relations/corporate-governance/#CG-06.</p>	
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The <i>Whistleblowing Policy</i> was first adopted by the Company on 27 January 2014 and last updated on 26 August 2020. The <i>Whistleblowing Policy</i> is subject to periodic review by the Audit Committee and the Board.</p> <p>The Board encourages employees and other stakeholders to report their concerns about illegal, unethical or improper business conduct within the Group. The <i>Whistleblowing Policy</i> provides a mechanism for any employee and other stakeholders to confidentially report to an independent party (namely the Internal Audit Function and the Audit Committee) on any concerns relating 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 a whistle-blower will also be accorded protection against reprisal for disclosing any improper conduct committed or to be committed.</p> <p>The <i>Whistleblowing Policy</i> is administered by the Group's Internal Audit Department and overseen by the Audit Committee. The email address of the Group's Internal Audit Department (internalaudit@powerroot.com.my) and Audit Committee Chairman (whistleblower@powerroot.com.my) is provided for reporting of malpractices.</p> <p>The <i>Whistleblowing Policy</i> is available on the company's website at https://powerroot.com.my/investor-relations/corporate-governance/#CG-06.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.1

The board together with management takes responsibility for the governance of sustainability in the company including setting the company's sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

Application	:	Applied
Explanation on application of the practice	:	<p>Pursuant to the <i>Board Charter</i>, one of the key roles and responsibilities of the Board is to oversee the development and implementation of the <i>Sustainability Framework</i> for the Group (i.e. the Company and its subsidiaries) to manage the economic, environment and social matters in relation to the businesses of the Group and to ensure that the strategic plan of the Company and its subsidiaries supports long term sustainability.</p> <p>The sustainability management of the Group is governed by the <i>Sustainability Framework</i> established by the Board on 26 August 2020.</p> <p>The principles of each core component of sustainability, i.e. economic, environment and social, are specified clearly to act as the foundation of sustainability management of the Group.</p> <p>The formal governance structure of the sustainability management of the Group is established within the <i>Sustainability Framework</i> whereby the roles and responsibilities of the Board, the Audit Committee (as the governance oversight function), the Sustainability and Risk Management Committee ("SRMC"), Risk Owners, the Key Sustainability & Risk Officer ("KSRO") and the Internal Audit Function are specified.</p> <p>In particular, the Board assumes the ultimate responsibility and oversight role for the group-wide sustainability management (including the integration of sustainability management from strategy setting to daily business operations), while the SRMC is delegated with the responsibility to implement the <i>Sustainability Framework</i> and management of sustainability risks and opportunities of the Group (including identification, assessment and responses to sustainability risks and opportunities).</p>

	<p>The <i>Sustainability Framework</i> specifies the sustainability matters assessment and prioritisation process (including seeking the feedback from stakeholders via stakeholders' engagement methods established), criteria used in such assessment, review standings and formulation of responses. The results and responses of the sustainability assessment are incorporated into the risk management process of the Group for its continuous monitoring per the <i>Group Risk Management Framework</i>.</p> <p>In May 2023, the KSRO of the SRMC, presented to the Audit Committee and the Board of the Company the <i>Sustainability Assessment Report</i> on sustainability management and stakeholders engagement activities performed during the financial year under review.</p> <p>Please refer to the <i>Sustainability Statement</i> published in the Annual Report 2023 for the sustainability management activities, performances and responses formulated.</p>	
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.2

The board ensures that the company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

Application	:	Applied
Explanation on application of the practice	:	<p>As stated in the <i>Sustainability Framework</i>, communication is an important consideration at each step of the sustainability assessment and the reporting process involves both internal and external stakeholders such as employees and customers respectively.</p> <p>The Group communicates with interested stakeholders through various means, including:</p> <ul style="list-style-type: none">• communication channels that are available at all times for stakeholders to provide their views and feedback including complaints;• meetings and interviews with institutional investors, analysts, media and other stakeholders when necessary;• press releases on matters relevant to sustainability management; and• via the annual <i>Sustainability Statement</i> published in the Annual Report. <p>Further explanations on stakeholders' communication are disclosed in Practice 12.1.</p> <p>In particular, the <i>Sustainability Statement</i> published in the Annual Report 2023 was prepared pursuant to paragraph 29 of Part A of Chapter 9 - Appendix 9C and Part III of Practice Note 9 of the MMLR and guided by the Sustainability Reporting Guide (2nd Edition) issued by Bursa Securities Malaysia Berhad.</p> <p>The contents of the <i>Sustainability Statement</i> published include the sustainability governance structure with summary of responsibilities, sustainability principles employed, sustainability assessment process employed, stakeholders engagement activities, sustainability management activities and sustainability matters identified (including material sustainability matters), responses implemented or to be implemented for material sustainability matters and other sustainability matters, target established and actual performances of material sustainability matters and other sustainability matters.</p> <p>Please refer to the <i>Sustainability Statement</i> published in the Annual Report 2023 for the sustainability management activities, sustainability matters identified, responses formulated and actual performances.</p>

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

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.3

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

Application	:	Applied
Explanation on application of the practice	:	<p>One of the responsibilities of the Board of the Company is to develop and approve sustainability strategies and to ensure all business strategies address sustainability matters and major business operations are embedded with sustainability considerations in line with the changes in the external business environment and interests of the stakeholders. The Sustainability and Risk Management Committee (“SRMC”) led by an Executive Director is tasked with conducting periodic reviews of all sustainability matters affecting the Group, evaluating the adequacy of the response(s) formulated, and implementing and reporting to the Audit Committee at scheduled intervals or as and when required due to changes in the internal or external environment. Meanwhile, risk owners who are also the Heads of Department/Division of the Group are assigned with the duty of continuous monitoring of sustainability matters under his/her responsibilities and escalating any changes and proposed action(s) to the SRMC for decisions.</p> <p>During the financial year under review, the SRMC reported to the Audit Committee and the Board of the Company the results of the sustainability assessment, material sustainability matters identified and responses implemented (including sustainability strategies formulated). With such escalation mechanisms in place, the Audit Committee and the Board were kept informed by the SRMC of the sustainability risks and opportunities faced by the Group, and the relevant responses and monitoring mechanisms in place such that sustainability risks are minimised and opportunities optimised for the long-term sustainability of the Group.</p> <p>The members of the Board are made up of individuals and professionals in the fields of food and beverage, auditing, taxation, accounting, law, banking and finance and business consultancy and advisory, as well as possessing the required skill, knowledge and experience to ensure the success of the Group’s sustainability management programs. With such backgrounds, the members of the Board are able to contribute to the timely identification of changes in sustainability risks and opportunities or emergence of new sustainability risks or opportunities, to ensure that adequate responses are formulated to address such risks or optimise such opportunities and to continuously improve and enhance sustainability management within the Group.</p>

	The Board members' capacity and competency on sustainability management and whether the Board as a whole possess the right mix of skill, knowledge and size to proactively oversee the sustainability management and stakeholder management was assessed by the Nominating Committee and reported to the Board with recommendations on training in relation to sustainability management to strengthen the Board's sustainability oversight responsibility.	
Explanation for departure		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure		
Timeframe		

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.4

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company's material sustainability risks and opportunities.

Application	:	Applied	
Explanation on application of the practice	:	In order to ensure that the Board’s composition and size as a whole possess the right mixed of skill and knowledge to proactively oversee the sustainability management and stakeholder management of the Group, and that individual members of the Board possess the required capacity and competency on sustainability management, an assessment was carried out by the Nominating Committee via the <i>Board and Board Committee Evaluation Form</i> which included an assessment on sustainability matters in May 2023, during its annual performance evaluation exercise.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.5- Step Up

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 5.1

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

Application	:	Applied
Explanation on application of the practice	:	<p>It is one of the duties of the Nominating Committee to review and consider the appointment and re-appointment of a member of the Board based on the <i>Policy and Procedure on Nomination and Selection of Director</i> and to recommend to the Board for its consideration and decision per the <i>Terms of Reference of the Nominating Committee</i>.</p> <p>It is also the duty of the Nominating Committee to ensure that the composition of the Board is refreshed periodically based on the results of the Board evaluation and performance and the tenure of each Director. Further, the annual re-election of Directors should be based on a satisfactory evaluation of the Director's performance and contribution to the Board.</p> <p>The Nominating Committee reviews the board composition as well as assess and deliberate on the effectiveness of the Board as a whole, Board Committees and the contribution of each individual Director. The Nominating Committee also reviews the independence of the Independent Non-Executive Directors ("INEDs") including consideration of the INEDs' tenure of service. The Nominating Committee notes that the tenure of an INED should not exceed a cumulative term of nine (9) years. If the Board intends to retain an INED beyond 9 years and not more than twelve (12) years, justification should be provided by the Board and approval from shareholders shall be sought at the AGM and the Board shall provide justification on the retention and seek shareholders' approval through a two-tier voting process pursuant to Practice 5.3c of MCCG 2021. Based on the results of the assessments, the Nominating Committee is satisfied with the composition of the Board and Board Committees, the boardroom diversity as well as the mix of skills and experiences of the members of the Board.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.2

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

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>As at the date of this Report, the Board consists of eleven (11) members of which four (4) members are Executive Directors, two (2) members are Non-Independent Non-Executive Directors and five (5) members (who comprise 45.45% of the Board) are Independent Non-Executive Directors. The present composition of the Board exceeds the requirements 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, background and knowledge to enable them to discharge their duties and responsibilities effectively. The Independent Non-Executive Directors are made up of individuals well-versed in the field of auditing, taxation, accounting, law, banking and finance, and business consultancy and advisory. When assessing their independence, the Nominating Committee focused beyond the candidate's background, economic and family relationships and also considered whether such candidate could 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 the Independent Directors' Self-Assessment Checklist on his/her independence, to the Nominating Committee for its review and subsequent reporting to the Board in order for the Board to assess and form an opinion on the independence of the Independent Non-Executive Directors based on prescribed criteria as recommended by the Corporate Governance Guide issued by Bursa Malaysia Berhad.</p> <p>The Audit Committee and its members (made up exclusively of Independent Non-Executive Directors) are also assessed by the Nominating Committee and the Board as a whole, on an annual basis to ensure that the Audit 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 the Independent Non-Executive Directors had asserted their roles as the 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 the results reported to the Board for its review and concurrence. 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 Co-Chairmen of the Board are Independent Non-Executive Directors who are responsible for the governance and orderly conduct and effectiveness of the Board and the positions of the Co-Chairmen and the Chief Executive Officer are separated and there is a clear division of responsibilities between the Co-Chairmen and the Chief Executive Officer.</p> <p>Furthermore, the Board had adopted Step-Up Practice 9.4 whereby the Audit Committee is made up exclusively of Independent Non- Executive Directors to enhance independence and objectivity within the Board.</p> <p>With the above, despite the departure from the Practice 5.2, the Board strongly believes that the independence element within the Board continues to be upheld and that independence and objectivity are asserted during the deliberation and decision-making at the Board and the Board Committees' meeting.</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>Measure</p>	<p>: Please explain the measure(s) the company has taken or intend to take to adopt the practice.</p>
<p>Timeframe</p>	<p>: Choose an item.</p>

Intended Outcome

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

Practice 5.3

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 provide justification and seek annual shareholders' approval through a two-tier voting process.

Application	:	Applied
Explanation on application of the practice	:	<p>Shareholders' approval via a two-tier voting process to retain Encik Azahar Bin Baharudin as an Independent Non-Executive Director who had served on the Board for more than nine (9) years but not exceeding twelve (12) years will be sought at the forthcoming 17th AGM to be conducted on 28 August 2023.</p> <p>Prior to the Board's recommendation to the shareholders for retaining Encik Azahar Bin Baharudin as an Independent Non-Executive Director, the Nominating Committee and the Board had in May 2023 conducted an independence assessment via <i>Independent Directors' Self-Assessment Checklist</i>. The Nominating Committee and the Board were unanimous in their opinion that Encik Azahar Bin Baharudin's independence had not been compromised or impaired in any way and had met the definition of independence based on the independence guidelines set out in the MMLR, notwithstanding his long tenure in office. The length of Encik Azahar Bin Baharudin's service on the Board would not interfere with his independent judgement and he remained objective and independent in participating in the Board and Board Committees' deliberation and decision making.</p> <p>The Board therefore had recommended that the approval of the shareholders be sought to retain Encik Azahar Bin Baharudin as an Independent Non-Executive Director at the 17th AGM via the two-tier voting process.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.4 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 5.5

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.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

Application	:	Applied
Explanation on application of the practice	:	<p>Appointment of a new Director to the Board or Board Committee is by recommendation to the Nominating Committee for consideration and subsequent approval by the Board in accordance with the <i>Policy and Procedures on Nomination and Selection of Directors</i> developed by the Nominating Committee which was last updated and approved by the Board on 31 May 2022.</p> <p>The Nominating Committee is responsible for assessing and considering suitable candidates for the appointment of members of the Board after taking into consideration their capabilities, professionalism, integrity, expertise and experience. In this respect, the role of the Nominating Committee is detailed in its Terms of References, which is accessible for reference on the company's website at https://powerroot.com.my/investor-relations/corporate-governance/#CG-02.</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 any new director appointed possesses:</p> <ul style="list-style-type: none">• Achievements in the fast-moving consumer goods industry, business venture, professional practices, education or public service;• The requisite intelligence, education and experience to make a significant contribution to the Board and brings a range of knowledge, skills, diverse perspectives and background to its deliberations;• Knowledge, skills and experience to complement and strengthen the knowledge, skills and experience possessed by existing members of the Board to discharge their duties and responsibilities effectively and efficiently; and• The highest ethical standards, a strong sense of professionalism and dedication to serving the interests of the stakeholders.

	<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"> • Leadership experience; • Skilled and diverse background; • Boardroom Diversity - in terms of the knowledge, skills and experience as well as race and gender diversity; • Integrity and professionalism; and • Independence for Independent Non-Executive Directors. <p>No new Director was appointed during the year under review. Any appointment of new Directors shall be in accordance with the above nomination and appointment process (including independence assessment for the appointment of the Independent Director). In ensuring the Directors appointed are able to devote the required time to the Board effectively, pursuant to Paragraph 15.06 of the MMLR, the Nominating Committee will also review the directorship (both executive directorship and non-executive directorship) held by the potential candidates in which the total directorships in public listed companies should not exceed five (5) directorships. Upon satisfactory results of the evaluation and background check on the candidates for such directorship by the Nominating Committee, the selected candidates shall be recommended to the Board for its review and final decision on the appointment to the Board as Non-Independent Non-Executive Director and Independent Non-Executive Director.</p> <p>The recommendation of the re-appointment of directors by the shareholders at the 16th AGM held on 29 August 2022 was reviewed by the Nominating Committee in May 2021. Based upon satisfactory results of the performance evaluation and independence assessment (for Independent Directors) of such Directors, the Nominating Committee made its recommendations to the Board for its consideration and decision and recommendation to the shareholders for voting and approval. All Directors seeking re-appointment had abstained themselves from the review, assessment, discussion and decision in relation to their respective re-appointment during the meeting.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 5.6

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.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>In appointing an appropriate individual to the Board, the Nominating Committee shall first consider the suitability of the candidate for directorship taking into consideration the required character, experience, integrity, competence and time commitment in discharging his/her role and fiduciary duty as a Director and acting in the best interests of the Group's shareholders, customers, employees, communities it serves and other affected parties. The Nominating Committee will assess their suitability based on a prescribed set of criteria as set out in the <i>Policy and Procedures on Nomination and Selection of Directors</i>.</p> <p>The <i>Policy and Procedures on Nomination and Selection of Directors</i> states that the Nomination Committee shall develop a pool of potential candidates for consideration for casual vacancy and the potential candidate may be proposed by existing board members, management, major shareholder or independent sources.</p> <p>The procedure for nomination and selection of a Director for casual vacancy as defined in the policy and procedure established are as follows:</p> <ol style="list-style-type: none">1. Recommendation received through duly completed and endorsed Director Recommendation Form (with his/her written expression of interest to act) and Declaration of Interest Form for recommendation for Independent Directors;2. To evaluate and shortlist potential candidate(s) based on the "Criteria for Nomination and Selection";3. To conduct formal interview(s) and satisfactory due diligence check; and4. To recommend the potential candidate(s) to the Board for consideration and decision.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

Application	:	Applied
Explanation on application of the practice	:	<p>The Directors' Profile section of the Annual Report 2023 discloses the Directors' name, age, nationality, gender, qualification(s), working experience, directorship in other public companies, declaration that there was no history of conviction of any offences within the past five (5) years, other than traffic offence (if any) and any conflict of interest, as well as Board meeting attendance during the financial year.</p> <p>The recommendation of re-appointment of Directors at the forthcoming 17th AGM was subjected to the re-appointment process which include the Fit and Proper criteria, duly performed by the Nominating Committee. Based upon the satisfactory results of performance evaluation and independence assessment (for Independent Directors) of such Directors, the Nominating Committee made its recommendations to the Board for its consideration and decision and recommendation to the shareholders for voting and approval. All Directors seeking re-appointment had abstained from the review, assessment, discussion and decision in relation to their respective re-appointment during the meeting.</p> <p>Based on the above process and satisfactory results from the evaluations wherein the Directors are assessed as fit to serve with no interest that is in conflict with the interests of the Group or that such interest has been satisfactorily mitigated, is able to commit sufficient time to discharge his/her duties and responsibilities as a Director of the Company, is able to contribute positively to the business success and long-term sustainability of the Group and its oversight responsibilities and for Independent Directors, their independence has not been impaired through passage of time and long relationship with the Company, the Executive Directors and/or Senior Management, the Board recommends the re-appointment of Directors retiring and seeking re-election in the forthcoming 17th AGM.</p>

	In order for the shareholders to make an informed decision in relation to the re-appointment of Directors in the forthcoming 17 th AGM, details of the above process and satisfactory results of the performance evaluation will be stated in the notes accompanying the Notice of the forthcoming 17 th AGM together with the Board's recommendation to the shareholders to re-appoint such Directors.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.8

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Nominating Committee is chaired by an Independent Non-Executive Director, Dato' Afifuddin bin Abdul Kadir, who is also the Co-Chairman of the Board, per the <i>Terms of Reference of Nominating Committee</i> whereby the Chairman of the Nominating Committee shall be an Independent Non-Executive Director.</p> <p>The duties and responsibilities of the Nominating Committee, led by the Chairman, are as follows:</p> <ul style="list-style-type: none">• 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;• 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;• Recommend to the Board, 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;• Receive nominations for new directorship, evaluate and recommend to the Board, suitable candidates for directorships;• Consider candidates for directorships proposed by the Chief Executive Officer, other senior executives, Directors or shareholders;• Recommend to the Board, the Directors to fill the seats on Board Committees;• 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 in every Annual Report;• Assist the Board in introducing the evaluation criteria and to formulate and implement procedures 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 Director;• Introduce any regulation which would enable the smooth administration and effective discharge of the Committee's duties and responsibilities;• Furnish a report to the Board of any findings of the Committee;• Recommend to the Board, any continuation or discontinuation of service of directors as an Executive Director or Non-Executive Director;

	<ul style="list-style-type: none"> • Recommend for re-election, Directors who are retiring by rotation; • Recommend to the Board, the employment of the services of such advisers as it deems necessary to fulfil the Board's responsibilities; • Assess on an annual basis, the independence of the Independent Directors of the Board; • Assess on an annual basis that the tenure of an Independent Director should not exceed a cumulative term of nine (9) 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 be retained as an Independent Director, the Board should provide justification and seek shareholders' approval for a Director who has served in that capacity for more than nine (9) years; • Review the terms of office and performance of the Audit Committee and each of its members annually to determine whether the Audit Committee and its members have carried out their duties in accordance with their terms of reference; and • Generally, to decide and implement any other such matters as may be delegated by the Company's Board of Directors from time to time. <p>A copy of the <i>Terms of Reference of the Nominating Committee</i> is available on the company's website at https://powerroot.com.my/investor-relations%20/corporate-governance/#CG-02.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Presently, the Group has only one (1) woman director on the Board (comprising 9% of the Board) with the appointment of Ms Tan Lay Beng on 3 January 2022 as an Independent Non-Executive Director of the Company.	
		However, the Board is satisfied that through the annual performance assessment of the Board, the Board Committees and individual Directors by the Nominating Committee, the current Board composition possesses the right mix of knowledge, skills and experience required to discharge the Board's duties and responsibilities effectively. The Board will, at the opportune time, seek additional women candidates as Board members in line with its gender diversity policy.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 5.10

The board discloses in its annual report the company's policy on gender diversity for the board and senior management.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges the importance of boardroom diversity, including gender diversity to the effective functioning of the Board. The Board has established the <i>Board Diversity Policy</i> on 26 November 2020. In addition, the appointment of new Directors 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 the <i>Board Diversity Policy</i> and <i>Policy and Procedures on Nomination and Selection of Directors</i>, the nomination and selection of Directors will be based on a range of diverse perspectives, including but not limited to professional experiences, business experiences, skills, knowledge, gender, age, educational and cultural background without any discrimination to enable the Board as a whole to effectively discharge its responsibilities and duties.</p> <p>Whilst the Board supports gender diversity, the Board also firmly believes that it is important to recruit and retain the right talent for every position, regardless of gender, while taking into account the requisite knowledge, skill sets and experiences of the individual.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 6.1

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 its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
Application	: Applied
Explanation on application of the practice	<p>In line with the <i>Board Charter</i> of the Company and <i>Terms of Reference of the Nominating Committee</i>, a detailed assessment is undertaken annually to review the effectiveness of the Board, Board Committees, contribution of each Director, independence assessment on Independent Non-Executive Directors and performance of Key Senior Management.</p> <p>For the financial year under review, formal evaluations through prescribed evaluation forms and criteria were carried out as follows:</p> <ol style="list-style-type: none">1. The Board's performance evaluation was conducted using the <i>Board and Board Committee Evaluation Form</i> which is based on the recommended evaluation criteria per the Corporate Governance Guide issued by Bursa Malaysia Berhad and includes Board structure, mix and composition; quality of information and decision-making; boardroom activities; and the Board's relationship with the Management.2. Self and peer evaluation, knowledge, competency and skills of fellow Directors were carried out by individual Directors using the <i>Board Skill Matrix Form</i> which is based on the recommended evaluation criteria per the Corporate Governance Guide issued by Bursa Malaysia Berhad, and includes Board composition; strategy and entrepreneurship; knowledge of legal and regulatory requirements; corporate governance, risk management and internal controls; audit, accounting, financial reporting and taxation; human capital; sales and marketing; production and quality assurance; sustainability management; and stakeholder engagement among other criteria.

	<ol style="list-style-type: none"> 3. The performance evaluation of the Audit Committee, Nominating Committee, Remuneration Committee and Options Committee were conducted via the <i>Board and Board Committee Evaluation Form</i> which is based on the recommended evaluation criteria adopted from the Corporate Governance Guide issued by Bursa Malaysia Berhad, and includes Board Committees' composition, contribution to the Board's decision making, expertise, contribution of the Chairman of Board Committees, as well as timeliness and quality of communication and minutes. 4. The performance of the Audit Committee and its members as well as their term of office were evaluated through self and peer evaluation by its members via the <i>Audit Committee Member's Self and Peer Evaluation Form</i> (which concentrated on participation and contribution, skill and experience, risk management and understanding of the compliance requirements of the Company) and the <i>Audit Committee Evaluation Form</i> (which concentrated on quality and composition; skills and competencies and meeting administration and conduct) which are based on the recommended evaluation criteria adopted from the Corporate Governance Guide issued by Bursa Malaysia Berhad. 5. The performance of the Key Senior Management personnel, namely the Group Financial Controller and the General Manager (Factory Operations) were evaluated via the <i>Key Officers' Evaluation Form</i> which is based on the recommended evaluation criteria per the Corporate Governance Guide issued by Bursa Malaysia Berhad, focusing on the criteria of fit and proper conduct; contribution and performance; and calibre and personality. 6. The Independent Non-Executive Directors undertook self-assessment on their independence and objectivity via the <i>Independent Directors' Self-Assessment Checklist</i> which is based on the criteria adopted from the Corporate Governance Guide issued by Bursa Malaysia Berhad, concentrating on the independency and objectivity criteria. <p>For the financial year under review, the Company Secretary had circulated the relevant assessment and review forms/questionnaires to each Director for their completion. Each Director was given sufficient time to complete in advance the forms/questionnaires before the meeting of the Nominating Committee and the Board in order for the evaluation results to be collated for the Nominating Committee's review and report to the Board.</p> <p>With the above evaluations, the Board, through the Nominating Committee, reviewed and evaluated its required mix of skills, competencies and experience and other qualities, including core competencies that Directors should bring to the Board, and the size and composition of the Board to ensure that it had the appropriate mix of skills and competencies to lead the Group effectively.</p>
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	<p>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 and Key Senior Management. The Board further concluded that the present size and composition of the Board is optimal based on the Group's level of 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>Further, based on the above evaluations of the 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>The above Board evaluations were performed by the Nominating Committee without the facilitation of an independent professional firm for the financial year under review.</p>	
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

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 7.1

The board has remuneration 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 remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>Based on the <i>Terms of Reference of the Remuneration Committee</i> approved by the Board, the Remuneration Committee is tasked to develop formal and transparent policies and procedures on the setting of remuneration for the Executive Directors and Non-Executive Directors and to review and recommend to the Board the remuneration package of the Executive Directors and proposed fees of the Non-Executive Directors. The <i>Board Remuneration Policy</i> was first established by the Board on 27 January 2014 and last updated on 26 August 2020 and is administered by the Remuneration Committee.</p> <p>The Remuneration Committee is chaired by an Independent Non-Executive Director, Dato' Afifuddin bin Abdul Kadir, who is also the Co-Chairman of the Board. The <i>Terms of Reference of the Remuneration Committee</i> and the <i>Board Remuneration Policy</i> are available on company's website at https://powerroot.com.my/investor-relations/corporate-governance/#CG-03 and https://powerroot.com.my/investor-relations/corporate-governance/#CG-07.</p> <p>The <i>Board Remuneration Policy</i> outlines the guiding principles for the determination of Directors' remuneration. Periodically and when necessary, the Policy will be reviewed by the Remuneration Committee and any amendments/ changes/ updates will be reported to the Board for its consideration and approval.</p>

	<p>The objectives of the <i>Board Remuneration Policy</i> are as follows:</p> <ul style="list-style-type: none">• To attract and retain highly qualified members by providing a well-balanced and competitive Directors' remuneration package.• 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.• To promote a strong teamwork culture among the Executive Directors.• To instil transparency and openness in the review and approval of remuneration package of the Board’s members. <p>The remuneration package and fees of the Directors (including Executive Directors and Non-Executive Directors) shall be reviewed by the Remuneration Committee at least once annually and the results of the review and recommendations are reported to the Board for deliberation and approval. The interested Directors shall abstain from deliberation and approval of his/her own compensation by the Board.</p> <p>The Remuneration Committee met once during the financial year ended 31 March 2023 to review the proposed fees for Non-Executive Directors and the proposed remuneration package of the Executive Directors. The recommended fees and remuneration packages were submitted to the Board for deliberation and approval.</p>	
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

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 7.2

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Remuneration Committee was formed to assist the Board in assessing the remuneration packages of the Directors and the implementation of the <i>Board Remuneration Policy</i>.</p> <p>The Remuneration Committee is governed by formal Terms of Reference 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 on the company's website at https://powerroot.com.my/investor-relations/corporate-governance/#CG-03.</p> <p>The Remuneration Committee is led by an Independent Non-Executive Director and comprises three (3) Independent Non-Executive Directors and one (1) Non Independent Non-Executive Director, which is in compliance with the requirement of the MCCG which states that 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 will abstain from the discussion and decision on his/her 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 a general meeting and Directors who are shareholders will abstain from voting at the general meeting to approve their own fees.</p>
Explanation for departure	:	

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

Measure	:		
Timeframe	:		

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 8.1

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.

Application	:	Choose an item.
Explanation on application of the practice	:	

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 8.2

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.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board is of the opinion that the disclosure of the remuneration component in bands of RM50,000 on a named basis of individual members of Senior Management may jeopardise the personal security of the individual member of Senior Management and increase the risk of loss of key personnel as their remuneration packages are published publicly.	
		The Board will make a careful assessment on the impact of the detailed disclosure on a named basis of the top five Senior Management’s remuneration, including salary, bonus, benefits in-kind and other emoluments in the future to ensure that such disclosure will not pose a significant risk to the personal security of the individual members of Senior Management before compliance with the requirement.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
2	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
3	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
4	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
5	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.

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 8.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

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 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<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 during the financial year under review is Ms Tan Lay Beng, an Independent Non-Executive Director while the 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.</p> <p>Please refer to the "Directors' Profile" section of the Annual Report 2023 for further details on the qualification and experience of the Chairman of Audit Committee.</p> <p>An abstract of duties and responsibilities of the Audit Committee as stated in the Terms of Reference, led by the Chairman includes, but is not limited to, the following:</p> <ul style="list-style-type: none">• To discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure coordination where more than one audit firm is involved;• To review with the external auditor his evaluation of the system of internal controls and his audit report;• 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;• 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;• 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). <p>The <i>Terms of Reference of the Audit Committee</i> detailing the composition, authorities, duties and responsibilities are available on the Company's website at https://powerroot.com.my/investor-relations/corporate-governance/#CG-04.</p> <p>A summary of activities of the Audit Committee is disclosed in the Annual Report 2023's Audit Committee Report.</p>
Explanation for departure	:	

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

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 9.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The <i>Board Charter</i> and the <i>Terms of Reference of the Audit Committee</i> include the requirement whereby a former key audit partner shall observe a cooling-off period of at least three (3) years before being appointed as a member of the Audit Committee. Such requirement in the terms of reference had been reviewed and revised by the Audit Committee and approved by the Board in August 2021.</p> <p>None of the current members of the Audit Committee is a former key audit partner of the External Auditors of the Company.</p> <p>The <i>Board Charter</i> and <i>Terms of Reference of the Audit Committee</i> are available on the Company's website at https://powerroot.com.my/investor-relations/corporate-governance/#CG-01 and https://powerroot.com.my/investor-relations/corporate-governance/#CG-04.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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 9.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

Application	:	Applied
Explanation on application of the practice	:	<p>Based on the <i>Terms of Reference of the Audit Committee</i>, the Audit Committee has direct communication channels with the External Auditors and has the responsibility to review:</p> <ul style="list-style-type: none">• the appointment or re-appointment and performance of the external auditors, the audit fee and any question of resignation or dismissal before making recommendations to the Board;• the independence and objectivity of the external auditors and their services, including non-audit services and professional fees, to ensure a proper balance between objectivity and value for money;• the audit scope and plan, including any changes to the planned scope of the audit plan before the commencement of each audit;• major audit findings and the Management's response during the year, including the status of previous audit recommendations; and• any issues and reservations arising from the interim and/or final audits and any matters the auditor may wish to discuss (in the absence of the Management, where necessary) <p>On an annual basis, prior to the commencement of the external audit engagement for the financial year, the External Auditors present the Audit Plan to the Audit Committee for its review. The Audit Plan for the financial year ended 31 March 2023 was presented by the External Auditors in February 2023 and included the audit scope, engagement team, materiality, audit methodology and timing of audit, involvement of component auditors, other independent auditors, significant accounting policies and disclosures, audit focus areas (including potential key audit matters, other significant risks and other matters), emerging issues, key milestones, reported observations in the prior year's audit, fraud consideration, newly effective MFRS and responsibilities of the Directors and the External Auditors.</p>

	<p>Upon completion of the audit engagement for the financial year, the External Auditors presented the Audit Review Memorandum to the Audit Committee on the status update of the audit activities, summary of unadjusted differences, internal control observations, comparison of audited profit after taxation between audited statutory financial statements and final quarterly unaudited financial statements, expected audit opinion, going concern and key audit matters.</p> <p>During the financial year under review, the Audit Committee met twice privately on 31 May 2022 and 22 February 2023 with the external auditors without the presence of the Executive Directors and Management to encourage two-way communication of information and views and for the External Auditors to freely express their opinion without undue pressure.</p> <p>The assessment of the suitability of the External Auditors is guided by the <i>Policy and Procedures to Assess the Suitability and Independence of and Provision of Non-Audit Services by External Auditors</i> established by the Audit Committee and included in the said policy are the steps to be taken on the resignation and dismissal of External Auditors, independence assessment as well as the provision of non-audit services by the External Auditors. The criteria for assessment during the appointment and re-appointment of External Auditors include qualifications, technical expertise and capability, resources, suitable size, independence, professionalism and responsiveness and overall conduct of the audit.</p> <p>In reviewing the independence of the External Auditors, the <i>Policy and Procedures to Assess the Suitability and Independence of and Provision of Non-Audit Services by External Auditors</i> 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. The 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.</p> <p>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. Based on the 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.</p> <p>In May 2023, the Audit Committee conducted an evaluation of the performance, independence and objectivity of the External Auditors via the <i>External Auditor Performance and Independence Checklist</i> which is based on the Corporate Governance Guide issued by Bursa Malaysia Berhad with criteria such as calibre of the firm, quality processes and performance, knowledge and skill set of audit team, independence and objectivity, audit scope and planning, audit fees and audit communications.</p>
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	<p>The Audit Committee also considered information in the Annual Transparency Report presented by the External Auditor in February 2023 along with the presentation of the Audit Plan for the year under review.</p> <p>Following the meetings held (including the private session) with the External Auditors and the assessment of the suitability and independence of the External Auditors, the Audit Committee and the Board are of the opinion that the External Auditors are suitably qualified and are able to deliver the assurance engagement in a professional and diligent manner and with sufficient levels of independence and objectivity under the relevant laws and regulations, and recommend their reappointment to the Board for the shareholders' approval to be sought at the forthcoming 17th AGM.</p>	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	At present, the Audit Committee consists solely of Independent Non-Executive Directors. The Audit Committee comprises three (3) members and the details of the members of the Audit Committee are disclosed in the "Directors' Profile" section of the Annual Report 2023.

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 9.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent 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.

Application	:	Applied
Explanation on application of the practice	:	<p>The members of the Audit Committee have a wide range of necessary skills to discharge their duties, i.e. experiences in auditing, taxation, accounting, banking and finance, and business consulting and advisory. All members of the Audit Committee are financially literate, through their professional qualifications and education and/or working experience. The details of qualifications and experiences of the members of the Audit Committee are disclosed in the "Directors' Profile" section of the Annual Report 2023.</p> <p>In accordance with the requirement stated in 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">• A member of the Malaysian Institute of Accountants ("MIA"); or• if he or she is not a member of the MIA, he must have at least three (3) years of working experience and:<ul style="list-style-type: none">i. he or she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; orii. he or she must be a member of the associations of accountants specified in Part II of the Accountants Act 1967. <p>Ms Tan Lay Beng, who is the Audit Committee Chairman, is a member of the MIA.</p>

	<p>During the financial year ended 31 March 2023, all members of the Audit Committee undertook continuous professional development(s) by attending the following training in the field of accounting, auditing, taxation and regulatory developments:</p> <table><tr><th>Name of Directors</th><th>Seminars and Briefing Attended</th><th>Conducted by</th></tr><tr><td rowspan="7">Tan Lay Beng</td><td>MIA Webinar Series : Advanced Data Analytics for Accountants</td><td>Malaysian Institute of Accountants</td></tr><tr><td>Quarterly Tax Updates 2022</td><td>Chartered Tax Institute Of Malaysia</td></tr><tr><td>Virtual MIA International Accountants Conference 2022 – Leading ESG, Charting Sustainability</td><td>Malaysian Institute of Accountants</td></tr><tr><td>MIA Webinar Series : Amazing Microsoft Excel Time Saving Workshop</td><td>Malaysian Institute of Accountants</td></tr><tr><td>Tax Issues for SME</td><td>Malaysian Institute of Accountants</td></tr><tr><td>Board of Directors 101 Series</td><td>Boardroom Corporate Services Sdn Bhd</td></tr><tr><td>Sustainability and ESG Awareness Training</td><td>Eco Sentido Sdn Bhd</td></tr><tr><td>Dato’ Afifuddin bin Abdul Kadir</td><td>Sustainability and ESG Awareness Training</td><td>Eco Sentido Sdn Bhd</td></tr><tr><td>Azahar bin Baharudin</td><td>Sustainability and ESG Awareness Training</td><td>Eco Sentido Sdn Bhd</td></tr></table>	Name of Directors	Seminars and Briefing Attended	Conducted by	Tan Lay Beng	MIA Webinar Series : Advanced Data Analytics for Accountants	Malaysian Institute of Accountants	Quarterly Tax Updates 2022	Chartered Tax Institute Of Malaysia	Virtual MIA International Accountants Conference 2022 – Leading ESG, Charting Sustainability	Malaysian Institute of Accountants	MIA Webinar Series : Amazing Microsoft Excel Time Saving Workshop	Malaysian Institute of Accountants	Tax Issues for SME	Malaysian Institute of Accountants	Board of Directors 101 Series	Boardroom Corporate Services Sdn Bhd	Sustainability and ESG Awareness Training	Eco Sentido Sdn Bhd	Dato’ Afifuddin bin Abdul Kadir	Sustainability and ESG Awareness Training	Eco Sentido Sdn Bhd	Azahar bin Baharudin	Sustainability and ESG Awareness Training	Eco Sentido Sdn Bhd
Name of Directors	Seminars and Briefing Attended	Conducted by																							
Tan Lay Beng	MIA Webinar Series : Advanced Data Analytics for Accountants	Malaysian Institute of Accountants																							
	Quarterly Tax Updates 2022	Chartered Tax Institute Of Malaysia																							
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Azahar bin Baharudin	Sustainability and ESG Awareness Training	Eco Sentido Sdn Bhd																							
	<p>The Audit Committee, in discharging its duties, reviews the quarterly results, the annual financial statements and the Annual Report and recommends to the Board for approval before releasing them 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 that 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 2023.</p>																								
Explanation for departure	:																								

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

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 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges its responsibility for maintaining a sound system of risk management and internal controls as well as the internal audit mechanism to safeguard shareholders' interest and the Company's assets.</p> <p>The Board has put in place a formal and structured <i>Group 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 functions were established to ensure the adequacy and effectiveness of the risk management and internal control system.</p> <p>The Board assumes the ultimate responsibility for risk management and internal controls as well as the determination of the risk appetite of the Group. The duties for the identification, evaluation and management of the key business risks are delegated to the Risk Owners and Sustainability and Risk Management Committee ("SRMC"), led by the Executive Director while the Audit Committee is delegated with the oversight role.</p> <p>The Internal Audit Functions were established to review the adequacy and effectiveness of the risk management and internal control system. The Group's Internal Audit Function is 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.</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 are disclosed in the Statement on Risk Management and Internal Control of the Annual Report 2023.</p>

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

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 10.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>A structured risk management process is stipulated in the <i>Group Risk Management Framework</i> approved by the Board, whereby the risk identification, risk assessment and risk treatment as well as monitoring activities are laid down for application by the Sustainability and Risk Management Committee ("SRMC") and Risk Owners, i.e. respective Managers and Heads of Department. Risk assessments, 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 as stipulated in the said Framework.</p> <p>The Key Risk Register is updated with the relevant key risks identified and rated based on the agreed-upon risk rating by the SRMC with the assistance and feedback from the Risk Owners and through the results of the internal audit. The Key Risk Register is used for the identification of changes (increase or decrease) in identified risk events/levels and incorporation of new or emerging risks which are above the risk appetite of the Group that requires the SRMC's immediate attention and risk response(s) as well as for future risk monitoring. The Key Risk Report and Key Risk Profile are compiled and reviewed by the SRMC based on the updated Key Risk Registers. The reviewed and updated Key Risk Report and Key Risk Profile were presented to the Audit Committee for their review and approval before the results of such reviews were recommended to the Board for their deliberation and approval.</p> <p>The principles, practices and processes of the Group Risk Management Framework established by the Board are, in material aspects guided by the ISO 31000:2018 – Risk Management Guidelines.</p> <p>Please refer to the Statement on Risk Management and Internal Control of the Annual Report 2023 for further disclosures on the features of the Group Risk Management Framework 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 for the year under review.</p>
Explanation for departure	:	

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

Measure	:		
Timeframe	:		

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 10.3 - 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.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>In ensuring that the internal audit function is effective and able to function independently, the internal audit function report directly to the Audit Committee. The appointment and removal, purpose and scope of work, accountability, independence, responsibilities and the authority accorded to the internal audit function is governed by the Internal Audit Charter (for the in-house internal audit function) and the engagement letter (for the outsourced internal audit function) which are reviewed and approved by the Audit Committee and ratified by the Board.</p> <p>The appointment and resignation of the outsourced internal audit function as well as the proposed audit fees are subject to review by the Audit Committee and for its reporting to the Board for ultimate approval. In the discharge of its oversight role for the internal audit function, the Audit Committee, through the reports tabled by both the in-house and outsourced internal audit function, assesses and reviews the in-house and outsourced internal audit function in terms of the qualification, experience, continuous professional development and resources to carry out their responsibilities during the financial year under review. The performance, independence and objectivity of the internal audit function is formally evaluated by the Audit Committee through the <i>In-House Internal Audit Function Evaluation Checklist</i> and <i>External/Outsourced Internal Audit Function Evaluation Checklist</i> adopted from the Corporate Governance Guide issued by Bursa Malaysia Berhad.</p> <p>In addition, in ensuring the internal audit function is able to function effectively and independently, the Terms of Reference 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">• 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 work;• 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;• To review major audit findings and Management's response with the internal audit function, including the status of previous audit recommendations; and• 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.

	<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 the Audit Committee Report and Statement on Risk Management and Internal Control of the Annual Report 2023.</p> <p>For the financial year ended 31 March 2023, the internal audit functions have conducted reviews for:</p> <ul style="list-style-type: none"> • Costing Management of the Manufacturing division • Anti-Bribery & Corruption Management of the Manufacturing division • Demand & Supply Planning Management of the Manufacturing division • Production Beverage (BV) of the Manufacturing division • Distribution Management System for selected key dealers <p>Upon the completion of the internal audit work, the internal audit reports were presented to the Audit Committee during its quarterly meetings. During such presentations, the internal audit findings, risk/potential implication and recommendations as well as management responses and action plans were presented to and deliberated by the Audit Committee. Updates on the status of action plans identified in the previous internal audit reports were also presented to the Audit Committee for review and deliberation. The internal audit function also reported on its staff strength, qualification and experience as well as continuous professional education for the Audit Committee's review during the said meetings.</p> <p>The oversight role of the Audit Committee and the activities taken by the Audit Committee in respect of the internal audit function during the financial year are disclosed in the Annual Report 2023 - Audit Committee Report and Statement on Risk Management and Internal Control respectively, while the Terms of Reference of the Audit Committee is available on the Company's website via https://powerroot.com.my/investor-relations/corporate-governance/#CG-04.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

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 11.2

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The internal audit function of the Group is 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. Both the in-house and outsourced internal audit function report directly to the Audit Committee and has unrestricted access to the Group's employees and documents in the performance of their engagements.</p> <p>The internal audit personnel are free from any relationships or conflict of interest that could impair their objectivity and independence in the conduct their internal audit engagements.</p> <p>During the financial year under review, the in-house internal audit function comprised one (1) Internal Audit Manager, one (1) Internal Audit Assistant Manager and three (3) Internal Audit Executives. While the outsourced internal audit function operates with one (1) Assistant Manager, assisted by at least two (2) consultants per engagement with oversight performed by the Engagement Director.</p> <p>During the financial year under review, the in-house internal audit function was headed by the Internal Audit Manager, Mr. Nicholas Tan Siew Khim who holds a Certified Internal Auditors ("CIA") accreditation by the Institute of Internal Auditors Global ("IIAG") and is a Chartered Member of the Institute of Internal Auditors Malaysia ("IIAM"). The respective Internal Audit team members possess either a professional qualification from the Association of Chartered Certified Accountants or relevant Bachelor's degrees in Actual Sciences and in Finance.</p> <p>The Engagement Director of the outsourced internal audit function, Mr. Pang Nam Ming holds a CIA and Certification in Risk Management Assurance ("CRMA") accreditations by the IIAG and is also a Chartered Member of the IIAM. The Assistant Manager and Consultants of the outsourced internal audit function all have relevant certifications or</p>

	<p>professional qualifications such as Association of Chartered Certified Accountants and/or Bachelor's degree in Accounting and Finance.</p> <p>The internal audit carried out by both the in-house internal audit function and the outsourced internal audit function, are in all material aspects, in accordance with the International Professional Practices Framework ("IPPF"), i.e. Mission, Core Principles for the Professional Practice of Internal Auditing, Code of Ethics and the International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors Global.</p> <p>The oversight role of the Audit Committee and details of the Internal Audit Functions are disclosed in the Statement on Risk Management and Internal Control of the Annual Report 2023.</p>	
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

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 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>One of the core responsibilities of the Board as stated in the Board Charter is to establish 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 leakages and improper use of such information. This policy applies 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 follows:</p> <ul style="list-style-type: none">• Transparency and accountability• Compliance with legal regulatory requirements on disclosure• Confidentiality and timely disclosure• Fair and equitable access to information <p>In order to promote transparency and thoroughness in the public dissemination of material information, the Company's website at https://powerroot.com.my/investor-relations/bursa-announcements/ incorporates an "Investor Relations" section which provides all relevant information and announcements made by the Company.</p> <p>The "Investor Relations" section enhances the Investor Relations function by including all announcements made by the Company, annual reports, Board Charter, relevant Board policies and Terms of Reference of the Board Committees. Furthermore, the contact details of the personnel-in-charge of investor relations are made available to enable investors to provide their views, feedback and complaints.</p>

	<p>The core communication channel with stakeholders employed by the Company is through the announcements made through Bursa Securities. It is the Company's internal procedure that all material announcements to be made through Bursa Securities shall be approved by the Board prior to its release. The Board observes all disclosure requirements as laid down by the MMLR and Capital Markets and Services Act 2007 so that all material events and information are disseminated publicly and transparently on a timely basis to ensure fair and equitable access by all stakeholders. The corporate disclosures by the Company are further enhanced by the Co-Chairmen of the Board, Chief Executive Officer and Executive Director (Corporate Affairs) assuming the role of authorised spokespersons for the Company during press conferences and analyst briefings to ensure factual accuracy and consistent disclosure.</p> <p>The annual report and quarterly interim financial report, which are the core communication tools with stakeholders, contain all the necessary disclosures in addition to relevant 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 of the Group and its operations.</p> <p>The General Meetings are the principal forum for dialogue with shareholders. Shareholders are given the opportunity and are encouraged to participate at the General Meetings of the Company.</p> <p>Adequate time is given during General Meetings to allow shareholders to seek clarification or ask questions on pertinent and relevant matters. At the Annual General Meeting ("AGM"), the External Auditors are present to provide professional and independent clarification on any related queries that may be raised by the shareholders during the meeting.</p> <p>The minutes of the 16th AGM are available at the "Investor Relations" section of the company's website at https://powerroot.com.my/investor-relations/general-meetings/.</p> <p>In addition to the above, the Company also meets with professionals from the investment community and institutional investors to provide update briefings.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

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 12.2

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

Application	:	Not applicable – Not a Large Company	
Explanation on application of the practice	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company's 16th AGM was held on 29 August 2022 and the Notice of the AGM was issued and dated on 29 July 2022. The notice was given to shareholders 31 days prior to the meeting, well in advance of the 21 days requirement in accordance with Section 316 of the Companies Act 2016 and Paragraph 7.15 of the MMLR. This allowed the shareholders time to make the necessary arrangements to participate in person or through corporate representatives, proxies or attorneys. More importantly, it enabled the shareholders to consider the resolutions and make an informed decision in exercising their voting rights at the general meeting.</p> <p>Similarly, the Board is committed in providing the notice of the coming 17th AGM to the shareholders at least 28 days prior to the meeting. The notice of the 17th AGM will be disseminated through both electronic format (made available on Bursa Securities' website and the Company's website) and in hardcopy.</p> <p>The notice of the AGM includes the following information:</p> <ul style="list-style-type: none">• Date, time and venue or mode of the meeting.• Ordinary and special business (if any) that are tabled for approval and explanatory notes and information on the agenda items to be approved.• Notes on the voting rights and procedures for shareholders to exercise their rights to appoint proxy in relation to the general meeting.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>During the 16th AGM, all Directors, including the Chairman of the Audit, Nominating and Remuneration Committees, attended the meeting to provide replies to questions that were addressed to them.</p> <p>All participants of the meeting, including the Co-Chairmen of the Board and nine (9) Directors, attended the 16th AGM in compliance of the Guidance and FAQ on the Conduct of General Meetings for Listed Issuers issued by Securities Commission. The Company Secretary and the External Auditors also attended the meeting.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.3

Listed companies should leverage technology to facilitate—

- voting including voting in absentia; and
- remote shareholders' participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

Application	:	Departure	
Explanation on application of the practice	:	<p>During the 16th AGM, the Company did not conduct its general meetings by leveraging technology to facilitate voting in absentia and webcast for remote shareholder participation as the Company believes that physical meetings provide a unique opportunity for direct interaction and engagement between the company's management, board of directors, and shareholders. By organizing physical general meetings, shareholders have the opportunity to personally express their concerns, raise questions, and engage directly with the Directors and senior management. This level of engagement fosters transparency, trust, and a sense of involvement among shareholders.</p> <p>However, the Company will consider including voting in absentia and remote shareholders' participation at future general meetings.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>		
Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman plays a crucial role in facilitating effective communication and encouraging constructive feedback from shareholders during general meetings. These meetings serve as valuable opportunities for shareholders to engage with the company.</p> <p>At the AGM, the Executive Director at the request of the Chairman, provided shareholders with a concise overview of the Group's financial performance and its long-term strategies. This allowed shareholders to gain insight into the company's progress and future plans.</p> <p>To enhance shareholder participation, the Chairman allowed shareholders to submit their questions. These questions include the resolutions presented at the 16th AGM, the company's financial performance and prospect.</p> <p>Moreover, the Chairman ensures that sufficient time is allocated during the AGM for meaningful discussions and addressing the questions raised by shareholders. This commitment ensures that all shareholders have an opportunity to have their concerns addressed and receive the necessary information to make informed decisions.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>			
Application	:	Not applicable – only physical general meetings were conducted in the financial year	
Explanation on application of the practice	:	<p>The 16th AGM was convened as an in-person meeting and the Company did not conduct a virtual or hybrid general meeting.</p> <p>The physical meeting provides an opportunity for direct interaction and engagement between the company's management, board of directors, and shareholders. By organizing physical general meetings, shareholders have the opportunity to personally express their concerns, raise questions, and engage directly with the Directors and senior management. This level of engagement fosters transparency, trust, and a sense of involvement among shareholders.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.6

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>		
Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	Please provide an explanation for the departure.
		The Company will endeavour to upload the minutes of the general meeting to the Company's website no later than 30 business days after the general meeting.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

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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