

FIT AND PROPER POLICY
(REVISION: MAY 2024)

OF

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

Duly approved by the Board of Directors of Power Root Berhad via Board of
Directors' Circular Resolution dated 8 May 2024

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1. INTRODUCTION

The Board of Directors (“the Board”) of Power Root Berhad (“the Company”) believes that it is imperative for the Company, its subsidiaries and its stakeholders that its directors possess the required character, experience, integrity, competence and time to effectively and diligently discharge their responsibilities and duties and contribute to the proper governance of the Company and its subsidiaries (“the Group”).

The scope of the Fit and Proper Policy applies to the existing directors of the Company and its subsidiaries seeking for re-appointment or candidates for nomination or appointment as a director, or Chief Executive Officer (“CEO”) or Chief Financial Officer (“CFO”), as the case maybe, of the Company and its subsidiaries.

In formulating this Policy, the Board has taken into account Rule 15.10A of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) which requires all listed issuers to:

- (a) have a fit and proper policy for the appointment and re-election of directors of the listed issuer and its subsidiaries;
- (b) ensure the policy addresses board quality and integrity and will aid the listed corporation to comply with Rule 2.20A of the MMLR; and
- (c) make available the policy on its website.

This Policy was adopted after taking into consideration of the guidance contained in Bursa Securities Corporate Governance Guide 4th edition and is to be read together with the Terms of Reference of Nominating Committee (“NC”) and the Board’s Procedures for Appointment of Directors adopted by the Company.

To ensure that the Board’s quality and integrity is maintained and up to expectations, the Board with the assistance of the NC has adopted this Fit and Proper Policy (“this Policy”) to serve as guidance for the re-appointment or candidates for nomination or appointment as a director or CEO and CFO as the case maybe, who performs a senior management function whose primary or significant responsibility is for the management and performance of significant activities of the Company and its subsidiaries, to carry out their responsibilities with full competence, character, diligence, integrity and judgement.

This Fit and Proper Policy forms part of the “**POLICY AND PROCEDURES ON NOMINATION AND SELECTION OF DIRECTOR**” last reviewed by the Board on 8 May 2024

2. DUTIES AND RESPONSIBILITIES

2.1 The Board

In this regard, the Board is ultimately responsible for ensuring that all existing directors of the Company and its subsidiaries seeking for re-appointment or candidates for nomination or appointment as a director or CEO or CFO, as the case maybe, of the Company and its subsidiaries fulfils the fit and proper requirements and for conducting assessments of the fitness and propriety of directors or CEO or CFO (as the case maybe) of the Company and its subsidiaries.

The Board shall include the results of the review and assessment and provide a statement as to whether it supports the appointment of the candidate as director or CEO or CFO, as the case maybe, of the Company and its subsidiaries or re-appointment of the existing director of the Company and the reasons thereof.

2.2 Nominating Committee (“NC”)

The Board delegates the duty to perform the fit and proper assessments on existing directors of the Company and its subsidiaries seeking for re-appointment or candidates for nomination or appointment as a director or CEO or CFO , as the case maybe, of the Company and its subsidiaries to the NC based on the fit and proper criteria as tabulated in **Section 4 – Fit and Proper Criteria** and make recommendations to the Board on these matters for its review and decision.

3. TIMING OF REVIEW AND ASSESSMENT

A properly constituted and duly minuted meeting of the NC and the Board shall be held, in compliance with the applicable rules, regulations and policies and on a timely basis, for the purpose of fit and proper assessment of the existing director for re-appointment as a director, or for new appointment as a director or CEO or CFO, as the case maybe, of the Company and its Subsidiaries

4. FIT AND PROPER CRITERIA

For the purpose of assessing if a person met the criteria under this Policy, the NC and the Board shall consider factors which include but not limited to the following:

- i. **Probity, Personal Integrity and Reputation** - person must have the personal qualities such as honesty, integrity, diligence, independence of mind and fairness.
- ii. **Financial Integrity** - person must manage his/her debts or financial affairs prudently.

- iii. **Experience and Competence** - person must have the necessary skills, experience, ability, competence and commitment to carry out the role and to understand the requirements of the Group's businesses, the requirements of relevant laws and regulations of the Company or its subsidiaries (as applicable), the requirements of auditing, accounting and corporate governance and responsibilities as directors in relevant jurisdictions, the internal control systems and risks relevant to the industry and businesses of the Company or its subsidiaries (as applicable).
- iv. **Time and Commitment** – person must devote sufficient time and commitment to discharge his/her roles and responsibilities as a member of the Board or Board Committee (as the case may be) and must participate actively and contribute constructively during Board proceedings, Board Committee proceedings and meetings of senior management (as the case may be).

4.1 Probity, Personal Integrity and Reputation

In assessing a person's level of probity, integrity and reputation to hold the office of director, CEO or CFO, as the case maybe, in the Company or its subsidiaries, the NC and the Board shall consider matters including, but not limited, to the following that whether:

- (a) the person is compliant with legal obligations, regulatory requirements and professional standards;
- (b) the person has not been obstructive, misleading or untruthful in dealings with regulatory bodies or a court of law;
- (c) the person has not been dismissed, asked to resign or has resigned from employment or from a position of trust, fiduciary appointment or similar position because of questions about his/her honesty and integrity;
- (d) the person has not been associated, in ownership or management capacity, with a company, partnership or other business association that has been refused registration, authorisation, membership or a licence to conduct any trade, business or profession, or has had that registration, authorisation, membership or licence revoked, withdrawn or terminated;
- (e) the person, in the past, has not acted unfairly or dishonestly in his/her dealings with his/her customers, employer, auditors and regulatory authorities;
- (f) the person has not perpetrated or participated in any business practices which are deceitful, oppressive, improper (whether unlawful or not), or which otherwise reflect a discredit on his/her professional conduct;
- (g) the person has not had his/her service contract (i.e. in the capacity of management or director) terminated in the past due to concerns on personal integrity;

- (h) the person has not abused other positions (i.e. political appointment) to facilitate government relations for the company in a manner that contravenes the principles of good governance;
- (i) the person is of good repute in the financial and business community;
- (j) the person has not been the subject of civil or criminal proceedings or enforcement action, in managing or governing an entity for the past 10 years;
- (k) the person has not been substantially involved in the management of a business or company which has failed, where that failure has been occasioned in part by deficiencies in that management.

4.2 Financial Integrity

In assessing a person's financial integrity, the NC and the Board shall consider relevant factors, including but not limited to the following:

- (a) manages personal debts or financial affairs satisfactorily;
- (b) demonstrate ability to fulfil personal financial obligations, as and when they fall due; and
- (c) whether the person is or has been the subject of any proceedings by a court of law for any sum or debt owed by him which is unsatisfied or has been the subject of a judgement debt which is unsatisfied, either in whole or in part.

4.3 Experience and Competence

In assessing a person's experience, competence and capability, the NC and the Board shall consider matters including, but not limited to the following:

- (a) whether the person has the appropriate and relevant qualification, training, skills, practical and experience to effectively fulfil the role and responsibilities as a director of the Company or its subsidiaries (as applicable), by virtue of his/her expected specific contribution/subject expert, his/her role and responsibilities as a member of the Board of Directors, member of the board committees or member of the senior management of the Company and its subsidiaries (as applicable); and
- (b) whether the person has a satisfactory past performance record.

In this regard, the person must possess the following: -

- (a) relevant **skills and experience** with due consideration given to past nature, role and responsibilities, level of position held and length of service and possesses sufficient understanding on the workings of a corporation as well as corporate governance, risk management and internal controls and sustainability issues.

- (b) relevant **qualification and functional/technical expertise** for the skill sets that are required of a director of a listed corporation.
- (c) relevant training to keep abreast of the industry, market and businesses news and developments and continuous professional development.
- (d) relevant knowledge and skill to understand financial reports prepared for the Group, the Company and its subsidiaries (as the case maybe) and be able to relate the information in relation to the accounting policies adopted, business operations, business performance, financial conditions, changes in risk profile, internal and/or external business context to the information presented in such financial reports.

5. TIME AND COMMITMENT

In order for the director of the Company and its subsidiaries to effectively and diligently discharge his/her roles and responsibilities, it is critical that such person be able to devote sufficient time and effort to meet the demands and expectations of such roles and responsibilities and is not “over-stretch”.

The NC and the Board shall take into consideration for a person to be appointed or re-appointed as director or CEO or CFO, as the case maybe, of the Company or its subsidiaries, the involvement of the said director or CEO or CFO in other public listed Directorships, level of involvement in the management of other companies and businesses not part of the Group companies and in other organisation and institutions including not for profit organisations.

For any re-appointment as a director, the NC and the Board shall take into consideration the results of the performance assessment of such director seeking for re-appointment on his/her participation (including his/her attendance at the meetings of the Board and Board Committee since the appointment or last re-appointment) and contribution during the board and board committee (where applicable) proceedings.

6. REVIEW AND APPROVAL OF THIS POLICY

This Policy shall be reviewed and updated at least once every three (3) years or more frequently in accordance with the needs of the Group, Malaysian Code on Corporate Governance, Main Market Listing Requirements of Bursa Malaysia Securities Berhad or any other regulatory requirement.