

**TERMS OF REFERENCE**

**OF**

**REMUNERATION COMMITTEE**  
(REVISION: MAY 2024)

**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. COMPOSITION**

- 1.1 The members of the Remuneration Committee (“RC”) shall be appointed by the Board of Directors from among the members of the Board. The Chairman of the Board shall not be a member of the RC.
- 1.2 The members of the RC shall comprise exclusively of Non-Executive Directors, a majority of whom shall be Independent Directors, as defined in Bursa Malaysia Securities Berhad’s Main Market Listing Requirements (“MMLR”) and shall consist of a minimum of not less than three (3) members. The appointment and position of a RC member shall automatically terminate when he/she ceases to be a member of the Board of Directors. Where the Members for any reason are reduced to less than three (3), that Board shall within six (6) months of the event, appoint such number of new members as may be required to make up the minimum number of three (3) members.
- 1.3 No Alternate Director shall be appointed as a member of the RC.
- 1.4 The chair of the RC should be an Independent Non-Executive Director identified by the board.
- 1.5 Members of the RC may relinquish their membership in the RC with prior written notice to the Company Secretary and stating the reason(s). The RC will review and recommend, to the Board for approval, another candidate to fill up such vacancy.
- 1.6 The Board, may from time to time and in its absolute discretion, revise the composition, roles and responsibilities of the RC.
- 1.7 The effectiveness of the Committee shall be assessed by the Board on an annual basis.

## **2. QUORUM OF MEETINGS**

A minimum of two (2) RC Members present in person shall constitute the quorum. In order to form a quorum for the meeting, the majority of the members present must be Independent Non-Executive Directors. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present.

A meeting may be convened using conference telephone, conference videophone or any similar or other communications by electronic means as permits all persons participating in the meeting or communicate with each other simultaneously and instantaneously. A person so participating shall be regarded for all purposes as personally attending such a meeting and shall be counted in a quorum and be entitled to vote.

**3. MAJORITY DECISION**

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

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

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

Directors who are shareholders and controlling shareholders with a nominee or connected director on the board should abstain from voting on the resolution to approve the directors' fees at the annual general meeting.

**4. CASTING VOTE**

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

**5. FREQUENCY OF MEETINGS**

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

**6. NOTICE OF MEETINGS**

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

**7. SECRETARY**

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

**8. MINUTES OF MEETING**

The Secretary (which expression shall include the assistant or deputy Secretary appointed under item (7)) shall table the minutes of each RC Meeting and shall circulate the same for each Member's record. The Chairman's confirmation of the Minutes shall be taken as a correct proceeding thereat.

The Chairman shall report on each meeting to the Board.

## 9. CIRCULAR RESOLUTIONS

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

## 10. FUNCTIONS OF THE RC

Without prejudice to the generality of the foregoing, the RC shall:-

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

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

- e. To monitor and assess, if any, the suitability of such proposed performance related formula (e.g. whether the formula is based on individual performance, company profit performance, earnings per share, etc.) and to see that awards under the Company's share option schemes to the Directors are consistent with the Company's overall performance and provide an additional incentive to management;
- f. To provide an objective and independent assessment of the benefits granted to Executive Directors;
- h. To review details of Executive Directors' remuneration to be reported in addition to the existing legal requirements;

- i. Implement any policies and procedures which would enable the smooth administration and effective discharge of the Committee's duties and responsibilities;
- j. To furnish a report to the Board of any findings of the Committee;
- k. Shall have the resources that it requires to perform its duties. The Committee can obtain, at the expense of the Company, outside legal or other independent professional advice it considers necessary; and
- l. Generally, to decide and implement such other matters as may be delegated by the Company's Board of Directors from time to time.

**11. VARIATION**

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