



POWER ROOT BERHAD

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

BOARD REMUNERATION POLICY

CONTENTS	PAGE
1. INTRODUCTION	1
2. OBJECTIVES	1
3. PRINCIPAL COMPONENTS OF REMUNERATION FOR EXECUTIVE DIRECTORS	1
4. PRINCIPAL COMPONENTS OF REMUNERATION FOR NON-EXECUTIVE DIRECTORS	3
5. FEE FOR ALTERNATE DIRECTORS	4
6. REVIEW OF THE POLICY	4

1. INTRODUCTION

The Board of Director (“the Board”) of Power Root Berhad (“the Company”) assumes the overall responsibility to establish and implement an effective remuneration policy (“Board Remuneration Policy”) for Directors and Key Senior Management which is aligned to the achievement of the Group’s strategic objectives, contribution to the long-term growth and success and management of material sustainability risk and opportunities of the Company and its subsidiaries (“the Group”). The duty for the implementation of the Board Remuneration Policy is delegated to the Remuneration Committee and for Employees’ Share Option Schemes (“ESOS”), to the Option Committee (“Option Committee”), which are governed by their respective terms of reference approved by the Board.

This Board Remuneration Policy outlines the guiding principles for the remuneration of the Group for its directors and key senior management.

2. OBJECTIVES

The objectives of the Board Remuneration Policy are as follows:

- to enable the Company to attract, retain and motivate highly qualified members to enable the Company to provide a well-balanced and competitive directors remuneration package.
- to ensure that the interests of Executive Directors are aligned with the business strategy, risk appetite, and medium to long-term objectives of the Group and is consistent with the "pay-for-performance" principle.
- to promote strong teamwork culture among the Executive Directors.
- to instill transparency and openness in the review and approval of remuneration package of the Board’s members.

3. PRINCIPAL COMPONENTS OF REMUNERATION FOR EXECUTIVE DIRECTORS

The principal elements of the Executive Directors remuneration program consist of fixed and variable remuneration, equity-based remuneration, benefits and other remuneration arrangements.

3.1 Fixed Salary

- For each Executive Director, the Remuneration Committee will determine the amount of Fixed Salary as part of total remuneration.
- Fixed salary for each Executive Directors is determined based on his/her knowledge, skills, experience and responsibilities assigned.
- Fixed Salary shall be reviewed by Remuneration Committee at least once annually or for any proposed change(s) to the fixed salary and to report the

results of the review to the Board for deliberation and approval. The Remuneration Committee will take into consideration, including but not limited to, the performance of respective Executive Directors, responsibilities, country of assignment, country specific annual inflation rate and market rate of salary, amongst other factors.

- An Executive Director shall abstain from any deliberation and approval of his/her own fixed salary.

3.2 Variable Remuneration

- Variable remuneration will be used to strengthen the Executive Directors' commitment and performance in achieving the Group's business objectives, and the company's performance in managing material sustainability risks and opportunities.
- The Group's Annual Incentive Plan such as performance bonus/ incentive is designed to reward Executive Directors for the achievement of annual financial goals determined annually based on Group Budget.
- Variable remuneration shall not include any form of commission or percentage-based payments on sales.
- Variable remuneration shall be reviewed by the Remuneration Committee upon the variable remuneration proposed by the Group Chief Executive Officer and to report the results of the review to the Board for deliberation and approval.
- An Executive Director shall abstain from all deliberation and approval of his/her own variable remuneration.

3.3 Equity-based Remuneration

The ESOS is the company's long-term incentive program for Executive Directors to align their interests with the medium to long term interests of the Group.

- The offering, granting and vesting of ESOS to Executive Directors shall be reviewed and proposed by the Remuneration Committee to the Board based on the responsibilities, knowledge, skills and competency of the individual Executive Director and his/her past and expected contribution to the Group in the future in accordance with the by-laws of the ESOS scheme in compliance with Main Market Listing Requirement ("MMLR"). The Board shall deliberate and propose the granting of ESOS to Executive Directors for shareholders' approval at the general meeting.

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- An Executive Director shall abstain from all deliberation of proposed offering, granting and vesting of ESOS to him/her.

3.4 Benefits and Other Arrangements including Fees

Executive Directors may receive benefits and fees based on their contractual agreements, local customs and comparable arrangements for comparable senior executive in the industry.

- Benefits, including compensation for loss of employment of a director or former director, and fees shall be reviewed by the Remuneration Committee and to report the results of the review to the Board for approval and shall require the annual approval by shareholders at the general meeting.
- An Executive Director shall abstain from all deliberation and approval of his/her own benefits-in-kind.
- Fees payable for executive directors shall be reviewed by the Remuneration Committee and recommended to the Board for approval and subsequently tabling to the shareholders for approval at a General Meeting.

4. PRINCIPAL COMPONENTS OF REMUNERATION FOR NON-EXECUTIVE DIRECTORS

The Company's Non-Executive Directors shall be remunerated in the following manner:

4.1 Annual Director's Fee

The annual director's fee for Non-Executive Directors is determined for all non-executive directors based on his/her knowledge, skills, competency, responsibilities assigned to such director and his/her contributions to the Board and the Board Committees.

- Fees payable to non-executive directors shall be by a fixed sum, and not by any form of commission or percentage-based payments on profits or turnover.
- The director fees for non-executive directors shall be reviewed by the Remuneration Committee and recommended to the Board for approval and subsequently tabling to the shareholders for approval at a General Meeting.

4.2 Allowances

- Allowances are granted to non-executive director for the purpose to defray cost/expenses incurred by him/her in carrying out the responsibilities assigned in respect of the Board and the Board Committees in which he/she is a member.

Such allowances shall be subject to review and approval by the Board as a whole annually.

The remuneration for non-executive director shall not be subject to financial performance of the Group and shall not include cash bonus schemes or ESOS, to avoid potential conflict with their primary role as an independent representative of stakeholders.

A non-executive director shall abstain from all deliberation and approval of his/her own remuneration.

Non-executive Directors who are shareholders should abstain from voting at a general meeting to approve their own fees.

5. FEE FOR ALTERNATE DIRECTORS

Any fee paid to an Alternate Director shall be agreed between him/her self and the director nominating him/her and shall be paid out of the remuneration of the latter.

6. REVIEW OF THE POLICY

The Board Remuneration Policy shall be reviewed by the Board through the Remuneration Committee at least once every three (3) years or as frequently as necessary to ensure it remains relevant and appropriate.