



POWER ROOT BERHAD

Registration No.: 200601013517 (733268-U)

FRAUD POLICY

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A. INTRODUCTION

Power Root Berhad and its Group of Companies (“the PRB Group”) is committed to the highest standard of integrity and ethical standards by its Board of Directors, management, employees, and other stakeholders of the PRB Group. The PRB Group views cases of fraud seriously and maintains a zero-tolerance approach towards suspected, detected or identified instances of fraud and seeks to avoid any impropriety and fraud in the actions of its management, employees and relevant stakeholders. In line with this, the PRB Group shall ensure it has in place effective internal controls, ethics and compliance programmes for preventing and detecting fraud.

B. PURPOSE

The purpose of this policy is to raise awareness among directors, management, employees, business partners and stakeholders about the PRB Group’s policy on fraud and how to recognise fraud, as well as behaviours and circumstances known to be associated with it. It also provides clear guidance on actions to take when encountering or suspecting fraud incidences. This policy applies to any fraud, or suspected fraud, involving employees as well as vendors, contractors, consultants, external agencies doing business with the PRB Group, and/or any other parties with a business relationship with the PRB Group.

C. DEFINITIONS

Fraud is defined as an act or omission intended to gain dishonest or unlawful advantage for the party committing the fraud or for other related parties. Therefore, for a case to be considered fraud, all the following elements must be present:

- a) intentional act or intentional omission; and
- b) where the perpetrator obtains a dishonest gain and / or unlawful advantage.

Actions constituting fraud include, but are not limited to:

- Any dishonest or fraudulent act (deceit/deception);
- Forgery or alteration of any document belonging to the PRB Group;
- Misappropriation or misuse of the PRB Group’s assets, equipment, materials, information or records;
- Impropriety in the handling or reporting of any transactions;
- Profiteering as a result of the disclosure of inside information to external/ related parties on the PRB Group’s activities;
- Disclosing confidential and proprietary information belonging to the PRB Group by employees or stakeholders to unauthorised related/ outside parties for personal gain;

- Bribery behaviour and corrupt practices, accepting, seeking or offering anything of material value (whether monetary or otherwise), including making of facilitation payments, improper donations and sponsorships and any other acts in contrary with the PRB Group's Anti-Bribery and Corruption Policy. Exceptions are provided in the PRB Group's Gifts Policy;
- Falsifying advance claims, travel reimbursement and other claim expenses or utilising the PRB Group's funds for personal and / or unauthorised expenses including illegal purposes;
- Price fixing when competing vendors collude among themselves to set a minimum price or price range;
- Financial statement fraud including deliberate misstatement of financial information/ use of confidential insider information not available publicly for personal and/or financial gain;
- Hacking of the PRB Group's information system;
- Conduct which is an offence or breach of law in relations to fraud;
- Any similar or related inappropriate conduct not in accordance with PRB Group's rules and regulations.

Fraud within the scope of this Policy covers internal and external fraud.

External fraud involves any theft (of assets or information), hacking or forgery executed intentionally by a third party (e.g. customers, suppliers or external service providers) without the assistance of an internal party.

D. SCOPE

The policy applies to all fraud and corruption incidents, whether suspected, alleged or proven, that are either:

- committed against the PRB Group by a person (legal or natural); or
- committed by PRB Group employees including directors and management, and as appropriate, business partners (whether in an official or private capacity) against any third party. Employees include former employees and people seconded to the PRB Group.

E. RESPONSIBILITIES

Management and Key Personnel

Managers are responsible to monitor business activities of employees and be aware of and alert to potential signs of fraud. The management is accountable to “set the tone at the top”, point out the risks to which the operations and the systems are exposed, establish an effective system of Internal Controls, Governance and Risk Management process, and follow up systematically on the implementation of the Company’s procedures and policies. Management also shall take proactive steps to minimize the incidences of and impact of fraud by promoting and establishing an anti-fraud awareness training and enhancing internal controls and the risk management framework.

Employees

Employees are responsible to act at all times with the highest degree of honesty, integrity, accountability, and propriety. All employees shall comply with the Company’s Code of Conduct. If fraud, violation, unethical conduct or dishonest practice is suspected and/or verifiable, it should be reported through the process outlined in the PRB Group’s “Whistleblowing Policy” and provide any required information during the investigation process.

In-house Internal Audit Department

“The Internal Auditor should have sufficient knowledge to identify the indicators of fraud but is not expected to have the capacity of a person whose primary responsibility is detecting and mitigating fraud.”

The in-house Internal Audit Department is responsible to evaluate the adequacy of the internal control system and risk management framework, prioritize auditing activities in accordance with the fraud risk assessment and other function’s risk assessment conducted annually and provide recommendations, through consulting, compliance and assurance activities.

F. RELATED POLICIES AND MANUALS

The following policies and manuals are related to this policy:

- Anti-Bribery & Corruption Policy
- Whistle-blowing Policy
- Code of Conduct
- Grievance Procedures

*Note: These policies are available on Company’s website at <https://powerroot.com.my/investor-relations/corporate-governance/>

G. REPORTING PROCEDURES

Management and staff shall report any suspicions of fraud or detected fraud that may have occurred or is occurring either to their Superior (Head of Department), Internal Audit Department or Audit Committee Chairman, preferable in writing via email or letter. If fraud is reported to the Superior, then the Superior must immediately convey it to the Internal Audit Department or the Audit Committee Chairman (whose contacts are listed below). The PRB Group treats all information received confidential. Investigation results will not be disclosed or discussed with any other parties other than the relevant parties authorised by the Chief Executive Officer ("CEO") or Audit Committee Chairman as and when required by the applicable law.

All instances of fraud, alleged, suspected or proven, reported under this policy will be thoroughly assessed by the Internal Audit Department and if deemed necessary, further investigation will be carried out.

The investigation team shall:

- a) be given timely access to all relevant records and information from within the entity that is deemed necessary and required for the investigation;
- b) carry out any investigation diligently and report fraud investigations findings and recommendations on a timely basis to the CEO and the Audit Committee.

Any employee who is found to have violated this policy will be subjected to disciplinary action, including termination of employment and reporting to the authority for criminal breach of trust.

Contact Persons:

- Head of Internal Audit
Email: internalaudit@powerroot.com.my

- Ms Tan Lay Beng
Audit Committee Chairman
Email: whistleblowing@powerroot.com.my

H. REVIEW OF POLICY

This Policy shall be reviewed and updated at least once every three (3) years or more frequently as necessary in accordance with the prevailing law and regulatory requirements.