



POWER ROOT BERHAD

Registration No.: 200601013517 (733268-U)

SUCCESSION PLANNING POLICY

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1. INTRODUCTION

The Board of Directors (“The Board”) adopts a strategic approach to Succession Planning for the POWER ROOT BERHAD (“**PRB**” or “**The Company**”) and its subsidiary companies’ (“**The Group**”). The Succession Planning Policy is intended to ensure that the Group is prepared for leadership continuity and certainty for all key positions to ensure business success and sustainability.

Succession planning is an ongoing process designed to ensure that the Group identifies key management positions within the Group and develops a diverse leadership pipeline and talent pool of employees to ensure leadership continuity.

This succession planning policy outlines the Group’s approach to identifying, developing, and appointing successors for key roles within the organization. It provides a structured process for identifying potential successors, assessing their readiness, and providing development opportunities to prepare them for future leadership roles.

Succession planning for key senior management includes the implementation of appropriate systems for recruiting, training, determining the appropriate compensation benefits and where necessary, replacing any member of the senior management and contingency plans for vacancies;

2. OBJECTIVES

- a) To ensure the Group is prepared with a formal succession plan to support operational and service continuity in the event Key Management positions within the Group becomes vacant;
- b) To ensure that the Group has a talent pipeline and ready pool of qualified, skilled and motivated employees who are being prepared for higher roles and responsibilities;
- c) To align the Group’s vision and strategies and the human resource function that demonstrate an understanding of the requirements to have appropriate and competent employees to achieve the Group’s strategic plans;
- d) To develop career progression paths for employees that will facilitate the Group’s ability to recruit and retain top-performing or high talent employees;
- e) To create an external reputation as an employer that invests in its people, provides opportunities and support for career and personal advancement and provides attractive compensation benefits and work-life balance;
- f) To deliver a message to the Group’s employees that they are valued; and
- g) To develop talent acquisition and development process and timely and reliable talent assessment procedures and ensure that these processes and procedures are applied systematically across the Group.

3. ROLES AND RESPONSIBILITIES

- a) Both the Board of Directors (“Board”) and the Chief Executive Officer (“CEO”) have pivotal roles to play in succession planning;
- b) The Board is responsible for succession planning for the CEO position. The Board with the assistance of the Nominating Committee shall evaluate and hire or internally promote a new CEO when the position becomes vacant, and ensure that the new CEO has the required skills to implement the Group’s mission, vision and corporate strategies;
- c) The Board should prepare themselves with an interim solution should the CEO position becomes vacant unexpectedly; and
- d) The CEO is responsible for ensuring a succession plan is in place for other key positions in the Group with assistance from the senior management team and key employees.

4. DEVELOPMENT AND SUCCESSION PLANNING PROCESS

STEP 1. Identify Key Positions

Key positions are those that are critical to the Group's operational activities and strategic objectives:

- Identify which positions, if left vacant, would make it very difficult to achieve current and future business goals;
- Where necessary, a risk assessment may also be conducted and compared to current and future vacancies to identify critical positions within the Group.

STEP 2. Identify Competencies required for Key Positions

Establish competency criteria to determine the capabilities required for the key positions identified, including the qualifications, behavioral and technical competencies required and setting clear performance expectations and consistent methodology for assessing performance:

- Identify the relevant knowledge, skills (including language, hard and soft skills), abilities, and competencies needed to achieve business goals.
- Define performance expectation for key positions and methodology for the assessment of successful performance.

STEP 3. Identify Competency Gaps

Assess individuals against the competencies required for key positions to identify gaps between what the individual currently possesses and what is required for future success.

STEP 4. Identify Succession Management Strategies

- Determine human resource strategies, including developing internal talent pools, onboarding and recruitment to address succession planning. For internal talent, assess employees with potential for higher responsibilities.
- Discuss career plans and interests with employees.
- Identify the key areas and positions and those employees who are ready to advance or whose skills and competencies could be developed to close the competency gap within the required time frame.

STEP 5. Develop and Implement Succession and Knowledge Transfer Plans

Incorporate strategies for learning, training, development, and the sharing of knowledge and experience into succession planning and management action plans:

- Develop plans for learning, training, and development experiences required for leadership positions and other key positions.
- Link learning plans to the knowledge, skills (including language, hard and soft skills), and capabilities required for current and future roles.
- Implement regular personal development plans for individuals identified for higher roles and responsibilities to address their competency gaps.
- Determine timelines to establishing talent pool and implementation of personal development plans.

STEP 6. Evaluate Effectiveness

Evaluate and monitor succession planning and management efforts to ensure the following:

- Succession plans for all key positions are developed;
- Key positions are filled in a timely manner with the most qualified candidate;
- The new employees in key positions are able to perform effectively.

Where necessary, make adjustments to the strategies and action plans.

5. KEY SUCCESS FACTORS

- a) The support from the Board, the CEO and senior management for the succession planning process is key to the success of the policy. This will give all employees a clear

understanding and emphasizes the importance of succession planning to the Group.

- b) Succession is linked to the company's strategic planning and future investments.
- c) Adequate time, effort and support should be provided to employees being groomed for higher office via employee development plans, training, coaching and mentoring.
- d) Review and update the succession plan and status regularly to ensure that the identified talents are performing as planned and on track for higher responsibilities and roles, according to the employee development plan.

6. REVIEW

The Succession Planning Policy shall be reviewed by the Board as and when the need arises to keep it current and relevant at all times and in line with prevailing listing requirements and guidelines.