

**POWER ROOT BERHAD**  
**Registration No.: 200601013517 (733268-U)**

**BOARD REMUNERATION POLICY**

The Board of Director (“the Board”) of Power Root Berhad (“the Company”) assumes the overall responsibility to establish and implement effective remuneration policy for the members of the Board (“Board Remuneration Policy”) in pursue of the medium to long term objectives of the Company and its subsidiaries (“the Group”). The duty of the implementation of this Board Remuneration Policy is delegated to Remuneration Committee and Employees’ Share Option Scheme (“ESOS”) Committee (“Option Committee”), which is governed by the terms of reference approved by the Board.

This Board Remuneration Policy outlines the guiding principles for the remuneration of the Company. When necessary, the Policy will be reviewed by the Remuneration Committee and report to the Board from time to time. If and when required, the Remuneration Committee will submit recommendations for changes to the Policy to the Board for deliberation and approval.

**A. Objectives**

The objectives of the Board Remuneration Policy are as follows:

- to enable the Company to attract and retain highly qualified members to enable the Company to provide a well-balanced and competitive directors compensation package.
- to ensure that the interests of Executive Directors are aligned with the business strategy, risk tolerance, values and medium to long-term interests 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 compensation package of the Board’s members.

**B. Principal Components of Compensation for Executive Directors**

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

***i. Fixed Salary***

- For each Executive Director, the Remuneration Committee will determine the amount of Fixed Salary as part of total compensation.
- 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 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, country of assignment, country specific annual inflation rate, market rate of pay and etc.

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- Executive Directors shall abstain from any deliberations and approval of his/her own fixed salary.

***ii. Variable Compensation***

Variable Compensation will be used to strengthen Executive Directors' commitment to the Group's business strategy, risk tolerance, value and medium and long-term performance.

- The Group's Annual Incentive Plan such as performance bonus is designed to reward Executive Directors for the achievement of annual financial goals determined annually based on Group Budget.
- Variable Compensation shall not include commission on or percentage of sales.
- Variable Compensation shall be reviewed by the Remuneration Committee upon the Variable Compensation proposed by the Group Chief Executive Officer and to report the results of the review to the Board for deliberation and approval.
- Executive Directors shall abstain from all deliberations and approval of his/her own Variable Compensation.

***iii. Equity-based Remuneration***

Employees' Share Option Scheme(s) is the company long-term incentive program for Executive Directors to align their interests with medium to long term interests of the Group.

- The offering, granting and vesting of ESOS to Executive Directors shall be reviewed and proposed by Option Committee to the Board based on the knowledge, skills and competency of 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 approval of shareholders in general meeting.
- Executive Directors shall abstain from all deliberations of proposed offering, granting and vesting of ESOS to him/her.

***iv. Benefits and Other Arrangements***

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

- Executive Directors shall abstain from all deliberation and approval of his/her own benefits-in-kind.

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**C. Principal Components of Compensation for Non-Executive Director**

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

***i. Annual Director's Fees***

- 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.
- Annual director fees for non-executive directors shall be reviewed by the Board as a whole annually and proposed to shareholders for approval in a general meeting.

***ii. Allowance***

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

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

Non-executive director shall abstain from all deliberations and approval of his/her own compensation.

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