

# POWER ROOT BERHAD (733268-U)

## **BOARD CHARTER**

The Charter sets out the composition, roles, responsibilities and processes of the Board and is to provide guidance and to ensure that all Board members acting on behalf of the Group are aware of their duties and responsibilities as Board members.

The Board Charter describes the following:

- a. Board Composition
- b. Directors' Remuneration
- c. Board Responsibilities
- d. Role of Chairman and Managing Director
- e. Board Committee
- f. Company Secretary(s)
- g. Board Activities and Processes
- h. Relationship of the Board with the Management
- i. Relationship with Shareholders & Investors
- j. Review of the Charter

Extract of the salient features of the Board Charter is as follow.

### **a) Board Composition**

The Board Composition provides guideline as to following:

- i. Board Size and composition  
In accordance to the Boardroom Diversity policy established, the Board should consist of qualified individuals of different range of skills experiences and background and the size of the Board is such that it facilitates the making of informed and critical decisions for the Group. The Board is responsible to determine its optimum size in order to carry out its responsibility and authority effectively and efficiently. The composition of the Board is governed by the Articles of Association of the company and in accordance to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR") where by the Board shall comprise at least two (2) directors and not more than twelve (12) directors with at least (2) Directors or one third (1/3) of the Board (whichever is higher), shall be independent directors.
- ii. Appointment and Re-election  
The board through Nominating Committee ("NC") is responsible for the nomination and selection of new director of directors with recommendation being made to the Board for decision. The evaluation criteria for the selection of new director includes the required mix of skills, racial & gender diversity, character, experience, integrity and competency.  
  
In accordance to the Article of Association of the company:
  - a) all Directors of the company including the Managing Director are subject to retirement and a retiring Director is eligible for re-appointment.
  - b) At least one third in number of the Board and who have been longest in office are subject to retirement by rotation during the annual general meeting.
  - c) A newly appointed director shall retire at the next coming annual general meeting.

iii. Time Commitment

All members of the Board are expected to devote sufficient time and effort to discharge their individual responsibilities with reasonable due care, skills and diligence. Individual members of the Board are required to inform the Chairman before accepting any new appointment of directorship in other companies and to communicate the time he/she expects to spend for the new appointment.

iv. Tenure of Independent Director

The tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, such Independent Director may continue to serve on the Board subject to the director's re-designation as a Non-Independent Director. Otherwise, the Board must justify and seek shareholders' approval in the event it retains as an Independent Director, a person who has served in that capacity for more than nine (9) years.

**b) Directors Remunerations**

The Board, in consideration of the recommendation from Remuneration Committee is responsible for the determination of the remuneration of the Directors and senior executives of the Group in such a manner as to promote and support the long term vision and strategies of the Group. The remuneration structure should be able to attract and retain directors and senior executive to achieve the above objectives. The remuneration package of the Executive Directors shall not include element of commission on or a percentage of turnover.

Non-executive directors shall be paid based on fixed fees that commensurate with their responsibilities in the Board and Board Committees and their attendance at the meetings, subject to shareholders' approval.

**c) Board Responsibilities**

The Board is responsible for the proper stewardship of the Group to provide reasonable assurance for the success of the Group in a sustainable manner. The Board is tasked with realisation of long term and sustainable shareholders' value and safeguarding the interests of stakeholders.

**C.1. Roles, Responsibilities and Authorities of the Board**

The Roles and Responsibilities of the Board is listed out in the board charter, with the following principal roles responsibilities, amongst other roles and responsibilities assumes by the Board: -

- (a) To review and approve the strategic business plans for the Group and monitoring of the implementation by the Management thereof.
- (b) to oversee the conduct and the performance of the Group businesses.
- (c) to review and manage principal risks affecting the Group through sound framework.
- (d) To review and ensure senior management team is of sufficient calibre and succession planning for senior management is put in place.
- (e) To review the adequacy and integrity of the Group internal control systems and management information system.

- (f) To approve the policies relating to corporate branding, public relations, investor relations and shareholder communication programmes.
- (g) To ensure compliance with applicable laws and regulations relevant to the Group's operations.
- (h) To set corporate values and vision as well as clear lines of responsibility and accountability.
- (i) To establish and maintain the ethical standards through a code of conduct which will be applicable throughout the Group and ensure the compliance of this code of conduct.
- (j) To review and approve proposals for the allocation of capital and other resources within the Group.
- (k) To ensure financial statements are prepared in accordance with applicable financial reporting standards.
- (l) To put in place procedures to assess any related party transactions or conflict of interest situation within the Group.
- (m) To establish relevant board committees in order to carry out specific board responsibilities effectively. Such board committees are governed by terms of reference approved by the Board and the conduct of such board committees are monitored by the Board by receiving minutes and/or reports from such board committees.
- (n) To review major/material litigation and to approve appropriate course of action beneficial to the Group.
- (o) To review and approve the Group's strategies on promoting sustainability within the aspect of environment, social and governance.

Significant matters that requires deliberation and approval from the Board is clearly defined in the Board Charter as matters reserved for the Board for consideration and approval during the Board's meeting.

The Board, individually as member or collectively as the Board, also granted unrestricted access to independent advice or expert advice at Group's expense or to employees/external/internal auditors in furtherance of the Board's duties.

**d) Role of Chairman and Managing Director**

An extract of the primary roles of the Chairman and the Managing Director are as follow:

- Role of Chairman

The Chairman of the Board is responsible for the governance, orderly conduct and effectiveness of the Board and represents the Board to the shareholders. The Chairman acts as facilitator at the meetings of the Board and ensure that no board member dominates the meetings. He is expected to provide governance in matters requiring corporate justice and integrity. He also tasked to promote constructive and respectful relations within the Board, and between the Board and Management. He shall be an independent and non-executive director.

- **Role of Managing Director**

The Managing Director is the head of the management and is responsible to ensure proper execution of strategies, achievement of the corporate objectives and effective operation of the Group. He is tasked to develop corporate strategies for the Group for the Board's approval and to implement such corporate strategies approved and other Board's decision effectively and efficiently. His responsibilities include, but not limited to, ensure the efficiency and effectiveness of the day-to-day operations of the Group in accordance with authorities and delegations authorised by the Board, safeguard the assets of the Group, ensure effective internal and external reporting of the Group and ensure compliance with applicable laws and regulations.

**e) Board Committee**

To assist the Board to discharge its duties and responsibilities, the Board has delegated certain functions to the following board committees. These board committees operate under the defined terms of reference and the chairman of these board committees will report to the Board during the board meetings on the matters that require the board attention.

- Audit Committee ("AC")
- Nominating Committee ("NC")
- Remuneration Committee ("RC")
- Employee Share Option Scheme Committee ("Option Committee")

**f) Company Secretary(s)**

The Company Secretary(s) of the Group shall be suitably qualified and competent and is responsible for the compliance of listing and related statutory obligation, recording of minutes as well as one of the sources of information and provide advice to the Board and relevant board committees on issues relating to compliance with laws, rules, procedures and regulations that may affect the Group.

The Board as a whole is responsible for the appointment and removal of Company Secretaries.

**g) Board Activities and Processes**

The Board activities and process in relation to the board meetings, agenda, board papers, access to management and independent advisers, directors' training, board and member assessments and supply of information are provided for in the Board Charter.

**G.1. Board Meetings**

The Board shall conduct meetings at least four (4) times a year or more frequently as circumstances dictate. Notice together with an agenda of items to be discussed shall be forwarded to each member of the Board no later than seven (7) days before the date of meeting. Reasonable time should be given for Board members and to other attendees as appropriate, to consider all relevant papers and materials prior to the Board meeting.

The Chairman of the Board meeting shall be the Chairman to the Board and in the absence of the Chairman the remaining members present shall elect one or more vice-chairmen to chair the meeting in accordance with the Articles of Association.

The Board may invite external parties such as the Management, auditors, solicitors or consultants as and when the need arises.

The Company Secretary(s) of the Company shall record minutes of the Board meetings for circulation and confirmed and signed by the Chairman of the meeting as correct proceedings thereat in the next scheduled Board meeting.

#### **G.2. Directors' Training**

The Board shall, through the NC, continuously assess and determine the training needs of its individual members and ensure that the members of the board received relevant updates and training.

#### **G.3. Board and Member Assessment**

The Board shall, through the NC, perform annual assessment of effectiveness of the Board as whole, individual members, its Board Committees, Managing Director and Chief Financial Officer. The NC is required to carry out the assessments, at least once per financial year, in accordance with the structured assessment process established by the Board and to report the results to the Board for review and discussion.

#### **G.4. Supply of Information**

The directors are supplied with information on a timely basis. The Board Paper and relevant information shall be given to the directors by the Management in such manner and through appropriate communication medium to allow Board members sufficient time to review such Board Paper and relevant information. Confidentiality of the information received shall be preserved by the members of the Board unless the release is authorised by the Chairman of the Board.

#### **h) Relationship of the Board with the Management**

Board members are given unrestricted access to the Group's management and to the information pertaining the Group. The Managing Director is the conduit between the Board and the management in ensuring the success of the Company's governance and management functions. Authorities granted to the management by the Board are delegated through the Managing Director and is considered to be the authority and accountability of the Managing Director.

**i) Relationship with Shareholders & Investor**

The Board shall ensure effective communication of information on operations, activities and performance of the Group to the Shareholders and other stakeholders via the annual report, announcement made to Bursa Malaysia and corporate website and social media platforms.

All corporate disclosures with the stakeholders are regulated by Corporate Disclosure Policy established by the Board.

**j) Code of Conduct**

The Board is guided by the formal Code of Conduct established to reinforce the conduct of the Group's business and operation to be of highest standards of integrity, transparency and accountability.

**k) Review of The Charter**

The Board Charter is periodically reviewed and updated in accordance with the needs of the Group and any new regulations that may have an impact on the discharge of the Board's responsibilities. Subsequent amendment to the charter can only be approved by the Board. The Charter was last reviewed and approved on 27 January 2014.