GDEX BERHAD
(Registration No. 200301028159 (630579-A))

DIRECTORS' AND SENIOR MANAGEMENT ASSESSMENT AND REMUNERATION POLICY

1. Background

Paragraph 15.25 of the Listing Requirements provides that a listed issuer must include in its annual report, an overview of the application of the Principles set out in the Malaysian Code on Corporate Governance ("**MCCG**").

In addition, the listed issuer must disclose the application of each Practice set out in the MCCG during the monetary year, to the Exchange in a prescribed format. The listed issuer must make available such disclosure to its shareholders together with its annual report.

Practice 6.1 of MCCG states that – "*The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual Director. The board should disclose how the assessment was carried out its outcome, actions taken and how it has or will influence board composition*."

The annual assessment of individual Directors should include an evaluation of their:

- Willingness and ability to critically challenge and ask the right questions;
- Character and integrity in dealing with potential conflict of interest situations;
- Commitment to serve the company, due diligence and integrity; and
- Confidence to stand up for a point of view.

Appendix 9C of the Listing Requirements lists down information that needs to be disclosed in the Annual report. Part A, Paragraph (11) of Appendix 9C specifies that the listed issuer needs to disclose directors' remuneration for the financial year in the following manner:

The remuneration of Directors (including the remuneration for services rendered to the listed issuer as a group) for the financial year on a named basis, stating the amount received or to be received from the listed issuer and on a group basis respectively. The disclosure must include the amount in each component of the remuneration (e.g. Directors' fees, salaries, percentages, bonuses, commission, compensation for loss of office, benefits in kind based on an estimated monetary value) for each Director.

Practice 7.1 of MCGG states that – "*the board has remuneration policies and procedures to determine the remuneration of Directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive Directors, Executive Directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website*."

Practice 7.2 of MCGG states that – "*the board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management. The Remuneration Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.*"

2. Purpose

The objectives of the Directors' and Senior Management Assessment and Remuneration Policy ("**Policy**") are to:

(a) Regulate the procedure for the appointment of new Directors to ensure that the Board of Directors ("**Board**") comprises members with the right mix of skill, expertise and experience;
(b) Formalize the procedure for the annual assessment of individual and collective performance of Directors and specify the evaluation criteria adopted in the review process;
(c) Establish mechanisms to highlight areas of poor performance and establish corrective action plan;
(d) Ensure that all independent Directors are free from any relationship with any conflict of interest (actual, potential and perceived)
(e) Establish procedures that govern the formulation of the proposed remuneration package for executive, non-executive Directors and Senior Management*;
(f) Ensure that all resolutions passed in relation to the nomination, appointment and remuneration package of the Directors shall comply with the requirements of the relevant laws, regulations and Board constitution;
(g) Determine the level of remuneration package of Managing Director/Group Chief Executive Director, Executive Directors and Senior Management* whereas, the remuneration of Non-Executive Directors also operates on the same basis, except where it requires shareholders' approval;
(h) Attract, develop and retain high-performing and motivated Directors and Senior Management* with a competitive remuneration package;
(i) To ensure the level of remuneration of Non-Executive Directors are linked to their level of responsibilities undertaken and contributions to the Board;
(j) Provide remuneration packages that commensurate with the responsibilities of the Managing Director/Group Chief Executive Director, Executive Directors and Senior Management*:
(k) The remuneration shall be based on conditions that are market-competitive and at the same time aligned with shareholders' interests. This is to ensure continuous value creation for the Company and its Stakeholders.

3. Application

This Policy shall apply to all the Directors and Senior Management* of GDEX Berhad ("**GDEX**"). It is not applicable to the Directors and Senior Management* of GDEX's subsidiaries or associated companies.

4. Goal

The purpose of this Policy is to align the compensation of Executive Directors, Non-Executive Directors and Senior Management with performance, taking into account the Group's corporate and operational objectives.

5. Objectives

(a) Promote and support effective performance management and evaluation;
(b) Attract and retain qualified and high-performing executives while safeguarding the Group's long-term interests; and
(c) Identify areas of concern and capability gaps to support continuous improvement.

6. Guiding Principles for Performance Management

The key principles that govern the performance assessment of the Directors are as follows:

(a) Relevant obligations:
The Board operates in accordance with all but not limited to: applicable laws, regulations, and internal policies (e.g. complying with listing requirements, corporate governance standards, and company policies).

(b) Purpose and frequency:
The purpose of the performance assessment is to identify and address areas requiring improvement. The assessment of the Board, individual Directors and the Chairman shall be conducted at least annually.

(c) Public interest:
The Board shall act in the public interest at all times, both collectively and individually. Accordingly, the performance assessment shall be conducted in an accurate, fair and constructive manner.

(d) Collective accountability:
The Board is collectively accountable to the shareholders for its decisions. Each Board member shall participate actively in the decision-making process.

(e) Respect, courtesy, and balance:
Board members shall treat one another with respect and courtesy and participate in Board discussions in an active and constructive manner. Each Board member shall

be given a balanced opportunity to raise questions, express views and contribute to deliberations.

(f) Attendance:
Board members are expected to attend all Board meetings. A minimum attendance rate of 50% is required unless otherwise justified by valid reasons.

(g) Effectiveness:
The Board is responsible for its overall effectiveness. Each Board member is expected to make a meaningful contribution by raising relevant questions, expressing views and providing constructive input.

7. Responsibilities

In accordance with GDEX's Board Charter, the Board delegates its duties and responsibilities relating to the nomination, assessment and remuneration of Directors and the Senior Management* to the Combined Nomination and Remuneration Committee ("**CNRC**").

The composition of the CNRC as well as its duties and responsibilities are specified in the Board Charter.

The terms of service for CNRC members is consistent with the term of service for the Board of Directors. The CNRC members can choose to be re-elected at the expiration of their term of service. If one of the CNRC members no longer serves as the Company's Director, he will be disqualified as a CNRC member automatically and the vacancy will be filled up by another Director.

The CNRC reports to the Board and all resolutions of the CNRC have to be endorsed and approved by the Board before execution.

All Board members shall keep confidential all matters discussed at Board meetings and shall not disclose any related information without prior authorisation.

8. Appointment of New Directors

A formal and transparent procedure is in place for the appointment of new Directors to the Board, the primary responsibility of which has been delegated to the CNRC. In making a recommendation to the Board, the CNRC will consider the required mix of skills, knowledge, experience and diversity, including gender, where appropriate, which the Director brings to the Board.

In the assessment and selection of a Director candidate, due consideration shall be given to the need to comply with applicable regulatory requirements, including the Companies Act 2016 and the Main Market Listing Requirements, as well as the candidate's career achievements, integrity, wisdom, independence, ability to make independent and analytical inquiries, ability to work as part of a team in support of the Board, possession of the requisite skills, qualifications and expertise that would add value to the Board, understanding of the business environment, and willingness to devote sufficient time and commitment to discharge the duties and functions of the Board.

The CNRC is responsible for identifying, evaluating, selecting and recommending candidates to the Board to fill any vacancies that arises from resignation, retirement or any other reasons including a need to appoint additional Directors with the required skill or profession to join the Board in order to close any competency gap identified by the CNRC. The potential candidate may be proposed by the existing Director, senior management staff, shareholders or third-party referrals.

Upon receipt of the proposal, the CNRC is responsible for conducting an assessment and evaluation of the proposed candidate.

The assessment/evaluation process may include, at the CNRC's discretion, reviewing the candidate's resume, curriculum vitae and other biographical information, confirming the candidate's qualifications and conducting legal and other background searches as well as formal or informal interviews. The CNRC would also assess the candidate's integrity, wisdom, independence, ability to make independent and analytical inquiries and decisions, ability to work as a team to support the Board, understanding of the business environment and willingness to devote adequate time and commitment to attend to the duties/functions of the Board.

Upon completion of the assessment and evaluation of the proposed candidate, the CNRC shall make its recommendation to the Board. Based on the CNRC's recommendation, the Board shall evaluate and decide on the appointment of the proposed candidate.

The Chairman of the Board shall then extend an invitation or offer to the proposed candidate to join the Board as a Director. Upon acceptance of the invitation or offer, the candidate shall be appointed as a Director of the Company.

9. Criteria

The CNRC has developed the following criteria to be used in the assessment of Board and Board Committees:

<u>Board Structure</u>

- Should have appropriate composition and committees;
- Should have the right mix of skills and experience;
- Should work constructively as a team;
- Enhance the quality of management decision-making and engage constructively with management to stimulate critical thinking and improve performance;

- Should provide continuing training programs to keep all Directors up to date with the latest developments in the market industry and regulatory landscape;
- Should consist of a good balance of Independent Directors; and
- Should resolve the potential areas of conflicts that may impair the independence of the Independent Directors.

<u>Board Operations</u>

- Board meetings shall be held with appropriate frequency;
- Agenda is provided well in advance of board meetings; and sufficient time is allocated for management presentations and board discussions
- Ensure that Directors have access to adequate information on important developments and trends that has impact on business of the Company for the Board to make informed decisions on such matters
- The board meetings are carried out in an open communication environment with meaningful participation and timely and constructive resolution of issues
- Ensure that Directors have sufficient access to management and/or the Chairman; and
- Directors shall have access to the advice and services of the Company Secretary, who is responsible for ensuring that all appointments are properly effected and that all necessary information is obtained from the Directors for the Company's records and for compliance with the Companies Act 2016, the Listing Requirements and other applicable regulatory requirements.

<u>Board Roles and Responsibilities</u>

- Understand its role, authority and priorities;
- Understand the Company's values, mission, strategic and business plans;
- Effectively review the Company's strategic plan;
- Identify the relevant tools to monitor management's performance;
- Ensure the establishment of appropriate control structure and processes to identify, evaluate, monitor, manage and response to significant risk faced by the Group.
- Establish a succession plan for Managing Director/Group Chief Executive Officer and Senior Management*;
- Consider its role in protecting shareholders' interests; and
- Review the adequacy and integrity of the Company's system of internal controls to ensure compliance and ethical conduct

<u>Board Chairman's Role and Responsibilities</u>

- Should build healthy boardroom dynamics and deal effectively with dissent and work constructively towards consensus;
- Should oversee an effective decision-making process and ensure crucial alternatives are considered; and
- Should aim to ensure the Board's workload is properly managed and, where appropriate, allocated to delegated committees with specific terms of reference approved by the Board.

Board Committees

- Should have the right composition;
- Provide meaningful recommendations to assist the Board in making informed decisions;
- Members of the committees shall possess sufficient, recent and relevant expertise to discharge their roles effectively;
- The Chairman of each committee shall discharge his or her responsibilities effectively, deploy appropriate resources and expertise, and provide appropriate reporting and recommendations to the Board;
- The appointment of the Chairman of the Board and the chairmen of the Board

Committees shall take into account the candidate's ability, experience and expected performance;

- The quality and effectiveness of the Board Committee's communications to the Board;
- Assess the quality of the minutes of the Board Committee meetings; and
- The Board shall be informed in a timely manner of the Board Committee's deliberations.

The CNRC has also developed the following criteria to be used in the assessment of Directors:

Strategic Thinking

- Should understand the critical issues affecting the Group;
- Should understand the Group's strategic direction;
- Should promptly provide input to Board discussions on strategic issues; and
- Should actively participate in Board deliberations.

Ethical and Value-Driven

- Should understand and commit to the Group's values, ethics and code of conduct;
- Should manage the conflicts of interest in the best interests of the Group;
- Should maintain confidentiality, where required; and
- Should take shareholders' and stakeholders' interests into account in decision-making.

Competency and Capability

- Should understand their role, duties and responsibilities as a Director; and
- Should have appropriate qualifications, skills, and practical experience to effectively fulfil the role, duties and responsibilities.

Commitment (including time commitment)

- Commitment to attend board meetings regularly
- Commitment of sufficient time to carry out their responsibilities as ordinary board members and /or board committee members

- Commitment to update knowledge and enhance skills through appropriate continuous learning programs;
- Commitment to fulfil any other criteria contained in the Board Charter, Board Committee Terms of Reference, Letter of Appointment and any other critical criteria that comes with the position of a Director.

Independent Directors

- Should comply with the definition of Independent Director under Paragraph 1.01 of the Listing Requirements of Bursa Malaysia Securities Berhad and any other criteria determined by the CNRC• Should bring independent and objective judgment to Board deliberations;
- Should mitigate and avoid any conflict of interest or undue influence in decision-making.

Tenure

- The tenure of an Independent Director should not exceed a consecutive service of nine (9) years or a cumulative service of nine (9) years with intervals;
- Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director;
- If the Board continues to retain the Independent Director after nine (9) years, the Board should seek annual approval through a two-tier voting process; and
- In exceptional cases and subject to the assessment of the CNRC, the shareholders may decide that an Independent Director can remain as an Independent Director after serving a cumulative term of nine (9) years. The Board must make a recommendation and provide strong justification to the shareholders in a general meeting.
- Newly appointed Independent Non-Executive Directors are required to enter into a Independent Non-Executive Directors' agreement with the Company, and all the terms and conditions outlined in that agreement will apply accordingly.

10. Annual Assessment of Existing Directors and Board Committees

After the financial year ended, all the Directors will fill up an assessment form.

The Managing Director/Group Chief Executive Officer, Executive Director and Senior Management* will be evaluated based on the key performance index ("**KPI**") as approved by the Board yearly.

The Company Secretary will prepare a summary of the performance assessment results and highlight improvements needed.

Where areas of poor performance are identified, board members will be given the opportunity to improve their board skills and implement corrective measures.

If poor performance is not resolved within a reasonable time frame and it poses a major risk to the effective operation of the Group, CNRC is authorized to make a recommendation to the Board for the removal of the Director.

11. Directors' Training

The Board is committed to ensuring that all the Directors are kept abreast of the latest developments and are equipped with the relevant skill and experience to discharge their responsibilities toward corporate governance, and operational and regulatory issues effectively. Board members are encouraged to participate actively in functions and events that will help to enhance their knowledge and exposure.

The CNRC is entrusted with the responsibility of assessing the training needs of the Directors as part of the half-yearly performance appraisal. Based on the gap identified, training will be arranged accordingly.

12. Retirement and Re-appointment

Every year, based on the results of the evaluation, the CNRC will make recommendations to the Board on those Directors who are subject to re-election and/or re-appointment at the next Annual General Meeting.

In accordance with the Company's Constitution, at least one-third (1/3) of the Directors or if the number is not three (3) or a multiple of three (3) then the nearest one-third (1/3) shall retire from office at each Annual General Meeting. All Directors shall retire from office once at least every three (3) years but shall be eligible for re-election. Directors who are appointed by the Board during the financial year are subject to re-election by the shareholders at the next Annual General Meeting following their appointments. This provides an opportunity for shareholders to review and approve their tenure in office.

13. Principles Underlying Directors' and Senior Management* Remuneration

GDEX's Directors' remuneration system is governed by the following principles:

- Long-term value creation;
- Remunerate achievement of results on the basis of prudent, responsible risk-bearing;
- Attract and retain the best professionals;
- Reward the level of responsibility and professional path;
- Ensure equity in the Group and competitiveness outside it;
- Benchmark performance against the market using analyses from credible consultancy firms specializing in remuneration; and
- Ensure transparency in its remuneration policy.

14. Remuneration Components

14.1 Fixed Remuneration for Managing Director/Group Chief Executive Officer, Executive Directors and Senior Management*

14.1.1 The fixed salary is determined according to:

- The scope of the duty and responsibilities;
- The conditions and experiences required;
- The ethical values, internal balances and strategic targets of the Company;
- The corporate and individual performance; and
- Current market rate within the industry and in comparable companies.

14.2 Bonus

The bonus in the case of Managing Director/Group Chief Executive Officer, Executives Directors and Senior Management* is designed to reward outstanding performance. The bonus is granted to reflect the Managing Director/Group Chief Executive Officer's, Executive Directors' and Senior Management*'s performance as well as Group results. A discretionary assessment is made to ensure that all factors which include measurable and not directly measurable are considered.

14.3 Fixed Fee for Members of the Board

The fixed fee is determined according to:

- On par with the rest of the market;
- Reflect the qualifications and contribution required in view of the Group's complexity;
- The extent of the duty and responsibilities;
- The number of Board meetings; and

14.4 Other Benefits and Allowances

The benefits and allowances which should be decided by the Board as a whole include:

14.4.1 Chairman's allowance;
14.4.2 Meeting allowance;
14.4.3 Expenses incurred in the course of their duties as Directors; and
14.4.4 Benefits in kind such as motor vehicle, petrol, driver, medical benefits, use of mobile phone and accommodation.

15. Remuneration Package of Managing Director/Group Chief Executive Officer, Executive Directors and Senior Management*

The CNRC should take into account the following factors in the formulation of the Managing Director/Group Chief Executive Officer, Executive Directors and Senior Management's* remuneration package:

1) The assignments and the responsibilities undertaken;
2) The environment in which the business operates; and
3) The results achieved.

The Board believe that a combination of fixed and performance-based pay will help the Company to attract and retain the Managing Director/Group Chief Executive Officer, Executive Directors and Senior Management*.

This element should take into account the following factors:
(a) Scope of work;
(b) Duties and responsibilities entail;
(c) The professional path and expertise of the Director;

Usually, this component is benchmarked against the average market rate in comparable companies reflecting its value to the organisation. This wage benchmark is defined by analysing its equivalence and fairness inside the Group and on the market outside with reference to surveys conducted by independent external consultants.

1) Variable annual remuneration, such as discretional bonuses and sales incentives.
   This element will be linked to the achievement of actual operating results benchmark against established targets and aim to reward value creation in the group. The quantum of this element is subject to achieving specific quantifiable targets aligned directly with shareholders' interests;
2) Work-related benefits, including travelling allowance, communication allowance, etc;
3) Group employee insurance scheme that covers personal accident, hospitalisation and surgical as well as critical illness;
4) Statutory contribution to EPF and SOCSO in compliance with regulatory requirements; and
5) Any other employees' benefits listed in the Employee Handbook.

Every year, after the performance evaluation mentioned above, the CNRC submits proposals concerning the remuneration of the Managing Director/Group Chief Executive Officer, Executive Directors and Senior Management* to the Board for deliberation and seek Board approval at the Board meeting. The approved remuneration will be subject to review every year.

If necessary, the CNRC may engage external consultants or experts at the Company's expense to assess the remuneration of the Managing Director/Group Chief Executive Officer, Executive Directors, Independent Non-Executive Directors and Senior Management*.

16. Remuneration Package of Non-Executive Directors

The remuneration of Non-Executive Directors comprises of the following elements:

(1)	Director's Fee	The Non-Executive Directors receive annual fees for occupying a seat on the Board. These fees are to be determined and recommended by the Board each year based on the group's performance and current market scenario and to be approved by shareholders at the Annual General Meeting each year.
(2)	Meeting Allowance	The Non-Executive Directors of the Company will receive a meeting allowance for attending Board Committee meetings and Board meetings. The meeting allowance is to be determined by the Board with greater weighting to be given to the Chairman.
(3)	Reimbursement	All Directors can claim reimbursement of approved expenses incurred in connection with the performance of their duties.

Non-Executive Director is not included in the performance bonus payout plan and there is no agreed gratuity, compensation or retirement benefit upon resignation, retirement or removal.

Non-Executive Directors are subject to a strict regime of independent in sitting on governing bodies of the Group. Thus, except for Executive Directors with express authorisation from the Board, Board members may not take up directorships in subsidiaries or associated undertakings, when the directorship is linked to the Group's shareholding in such a company.

17. Remuneration Procedures

The CNRC reviews and approves the annual salaries, incentive arrangements, service arrangements and other employment conditions for the Managing Director/Group Chief Executive Director, Executive Directors and Senior Management*.

The determination of the remuneration for Non-Executive Directors is a matter for the Board as a whole. The Managing Director/Group Chief Executive Director, Executive

Directors and Senior Management* are not present when matters affecting their own remuneration arrangements are considered.

The Policy is in line with the Group's overall practice on compensation and benefits, which is to reward employees competitively, taking into account performance, market comparisons and competitive pressures in the industry. Whilst not seeking to maintain a strict market position, it takes into account comparable roles in similar organisations.

18. Conflict of Interest

Interested Director shall abstain from deliberation and voting on his or her own appointment and remuneration package.

19. Policy Review

This Policy will be reviewed annually and as and when required. The Policy is available on the Company's website (please refer to https://tinyurl.com/2e3mwd3j in the Company's website www.gdexpress.com for the policy).

Note:

* *The Senior Management hereby refer to the appointment of "C" level Key Officers, i.e. Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and others who carry the title and senior position of "C" position, if any.*