

**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 financial 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 content of 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:

- (a) 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 MCCG 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.”*

**GDEX BERHAD**

**[Registration No. 200301028159 (630579-A)]**

**DIRECTORS' AND SENIOR MANAGEMENT ASSESSMENT AND REMUNERATION POLICY**

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’ Assessment and Remuneration Policy (“**Policy**”) are to:

- (a) Regulate the procedure for the appointment of new Director ensures that the Board of Directors (“**Board**”) comprises of the 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 to be reviewed during the process;
- (c) Establish mechanisms to highlight poor performance areas and establish procedures for corrective action;
- (d) Ensure that all independent Directors are free from any relationship that could materially interfere with their judgement and decision;
- (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 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 it requires shareholders’ approval;
- (h) Attract, develop and retain high-performing and motivated 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 a remuneration such that the Managing Director/Group Chief Executive Director, Executive Directors and Senior Management\* are paid a remuneration commensurate with the responsibilities of their position; and
- (k) The remuneration shall be based on conditions that are market-competitive and at the same time aligned with shareholders’ interests. Hence, encourages the value creation for the Company and its Stakeholders.

**GDEX BERHAD**

[Registration No. 200301028159 (630579-A)]

**DIRECTORS' AND SENIOR MANAGEMENT ASSESSMENT AND REMUNERATION POLICY**

**3. Application**

This policy shall apply to all the Directors and Senior Management\* of GDEX Berhad (“GDEX”) only. It is not applicable to the Directors and senior management of GDEX’s subsidiaries or associated companies.

**4. Goal**

To motivate executive, non-executive Directors and Senior Management\* by linking their compensation to performance with reference to corporate and operating Group’s objectives.

**5. Objectives**

- (1) Promote performance and facilitate performance measurement;
- (2) Attract and retain talented executives while safeguarding the Group’s interests through long-term targets; and
- (3) Identify areas of concern and gaps for improvement.

**6. Principles Underlying Performance Assessment**

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

- (a) Relevant obligations:  
The Board operates in accordance with all relevant obligations.
- (b) Purpose and frequency:  
The purpose of performance assessment is to enable performance areas that require improvement to be identified and addressed. Assessment (collective, individual, and chair) occurs at least annually.
- (c) Public interest:  
The Board acts in the public interest at all times, collectively and individually. It is in the public interest for performance assessment to be accurate and constructive.
- (d) Collective accountability:  
The Board is collectively accountable to the Minister for its decisions. Each Board member participates actively in each decision.
- (e) Respect, courtesy, and balance:  
Board members treat one another with respect and courtesy. They participate in board discussions in an active and constructive manner. There is a balanced opportunity for each board member to ask questions, express ideas, and offer opinions.
- (f) Attendance:  
Board members are expected to attend all board meetings. A minimum attendance of 50% of meetings is required unless good reason exists otherwise.

**GDEX BERHAD**

[Registration No. 200301028159 (630579-A)]

**DIRECTORS' AND SENIOR MANAGEMENT ASSESSMENT AND REMUNERATION POLICY**

(g) Effectiveness:

The Board is responsible for its own effectiveness. Each Board member makes a significant contribution to raise questions, express ideas, and offer opinions.

**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 term 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 the matters discussed at the meeting and are not allowed to disclose relevant information without permission.

**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 bring to the Board.

In the assessment and selection of Director candidate, consideration has to be taken on the need to meet the regulatory requirements such as the Companies Act 2016 and Main Market Listing Requirements, the achievement in the candidate's personal career, integrity, wisdom, independence of the candidate, ability to make independent and analytical inquiries, ability to work as team to support the Board, possession of the required skill, qualification and expertise that would add value to the Board, understanding of the business environment and the willingness to devote adequate time and commitment to attend to the duties/functions of the Board.

The CNRC is responsible for identifying, evaluating, selecting and recommending a candidate to the Board to fill a vacancy that arises from resignation, retirement or any other reasons or if there is a need to appoint an additional Director with the required skill or

## **GDEX BERHAD**

**[Registration No. 200301028159 (630579-A)]**

### **DIRECTORS' AND SENIOR MANAGEMENT ASSESSMENT AND REMUNERATION POLICY**

profession to the Board in order to close the competency gap in the Board 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 at the CNRC's discretion. The CNRC would also assess the candidate's integrity, wisdom, independence, ability to make independent and analytical inquiries, ability to work as a team to support the Board, understanding of the business environment and the 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 will make its recommendation to the Board. Based on the recommendation of the CNRC, the Board would evaluate and decide on the appointment of the proposed candidate.

The Chairman of the Board would then make an invitation or offer to the proposed/potential candidate to join the Board as a Director. With the acceptance of the offer/invitation, the candidate would be appointed as Director of the Company.

## **9. Criteria**

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

### Board structure

- Should have appropriate composition and committees;
- Should have the right mix of skills and experience;
- Should work constructively as a team;
- Should enhance the quality of management decision-making and engage constructively with management to stimulate its thinking and performance;
- Should provide continuing training programmes to keep all Directors up to date with the latest developments in the market industry and regulatory environment;
- Should consist of a good balance of Independent Director; and
- Should resolve the potential areas of conflicts that may impair the independence of the Independent Directors.

### Board operations

- Should hold board meetings with appropriate frequency;
- The information on the agenda items is provided well in advance of board meetings;
- The information is adequately provided to help Directors understand the important issues and trends in the business prior to board meetings;

## **GDEX BERHAD**

**[Registration No. 200301028159 (630579-A)]**

### **DIRECTORS' AND SENIOR MANAGEMENT ASSESSMENT AND REMUNERATION POLICY**

- The information is adequately and sufficiently supplied for good decision-making;
- Should have adequate time allocated between board discussions and management presentations;
- The board meetings should be carried out in an open communication environment with meaningful participation and timely and constructive resolution of issues;
- The Directors should have sufficient access to management and/or the Chairman; and
- The Directors should have access to the advice and services of the Company Secretary who is responsible for ensuring that all appointments are in order and all necessary information is obtained from Directors, both for the Company's own records and for the purposes of meeting the requirements of the Companies Act 2016, Listing Requirements and other regulatory requirements.

#### Board roles and responsibilities

- Should understand its role, authority and priorities;
- Should understand the Company's values, mission, strategic and business plans;
- Should effectively review the Company's strategic plan;
- Should identify the relevant tools to monitor management's performance;
- Should identify and manage risks;
- Should establish a succession plan for Managing Director/Group Chief Executive Officer and senior management;
- Should consider its role in protecting shareholders' interests; and
- Should review the adequacy and integrity of the Company's system of internal controls.

#### Board Chairman's role and responsibilities

- 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;
- Should provide useful recommendations in assisting the Board with better decision-making;
- The members of the committees should have sufficient, recent and relevant expertise in fulfilling their roles;
- The Chairman of the committees should properly discharge their responsibilities, deploy resources and expertise, and provide appropriate reporting and recommendations to the Board;
- The appointment of Board and Board Committees Chairman should consider the ability, experience and expected performance of the candidate;

## **GDEX BERHAD**

**[Registration No. 200301028159 (630579-A)]**

### **DIRECTORS' AND SENIOR MANAGEMENT ASSESSMENT AND REMUNERATION POLICY**

- The quality of the Board Committee's communications to the Board;
- Should assess the quality of the minutes of the Board Committee's meetings; and
- The Board should be informed on a sufficiently timely basis regarding the Board Committee's deliberations.

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

#### Strategic

- 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 into account in decision-making.

#### Competence 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)

- Should devote sufficient time to carry out their responsibilities;
- Should commit to the Board on the time that will be spent as the Group's Director;
- Should devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes; and
- Should attend meetings regularly.

Any other criteria contained in the Board Charter, Board Committee Terms of Reference, Letter of Appointment and position description.

The Independent Director is subjected to the following criteria:

#### Independence

- 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 judgement to the Board;
- Should mitigate or avoid any conflict of interest or undue influence decisions-making; and
- Should act independently.

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 the 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.

**10. Annual Assessment of Existing Directors and Board Committees**

After the 4th quarter announcement of every financial year, 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") listed below:

- (1) Achieve budgeted results in terms of Earnings Before Interest, Taxes, Depreciation, And Amortization, Profit Before Tax and Profit After Tax;
- (2) Return on Assets and Return on Equity;
- (3) Percentage of turnover growth; and
- (4) Improvement expected based on the budget plan.

The target for each KPI listed above shall be established and agreed upon at the beginning of each financial year.

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 authorised to make a recommendation to the Board for the removal of the Director.



## **11. Directors' Training**

The Board is committed to ensure that all the Directors are kept abreast with 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 Managing Director/Group Chief Executive Officer is entrusted with the responsibility of assessing the training needs of the Executive Directors as part of the half-yearly performance appraisal. Based on the gap identified, training will be arranged accordingly. The Executive Directors will update the CNRC on the training attended.

## **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 prestigious consultancy firms specialising in remuneration; and
- Ensure transparency in its remuneration policy.

**GDEX BERHAD**

**[Registration No. 200301028159 (630579-A)]**

**DIRECTORS' AND SENIOR MANAGEMENT ASSESSMENT AND 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**

14.3.1 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
- The corporate and individual performance

**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 talented Directors.

The proposed package should include the following elements:

- 1) Fixed remuneration.  
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 discretionary bonuses and sales incentives.  
This element will be linked to the achievement of actual operating results benchmark against previously 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' benefit as 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.

**GDEX BERHAD****[Registration No. 200301028159 (630579-A)]****DIRECTORS' AND SENIOR MANAGEMENT ASSESSMENT AND REMUNERATION POLICY**

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	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.

**GDEX BERHAD**

**[Registration No. 200301028159 (630579-A)]**

**DIRECTORS' AND SENIOR MANAGEMENT ASSESSMENT AND REMUNERATION POLICY**

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 made available on the Company's website.

The CNRC should conduct a review on an annual basis of the criteria to be used in recommending the remuneration package of Directors, Managing Director/Group Chief Executive Officer, Executive Directors and Senior Management\*. The CNRC should promptly communicate the new changes or amendments of the criteria to the Board and individual Directors.

This Policy can be extended and revised by virtue of new legislation and rules issued by the relevant regulatory authorities.

*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, Chief Information Officer and others who carry the title and senior position of "C" position, if any.*