

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Despite expectations of an economic recovery in 2022, the global economy remained unpredictable, resulting in a slowdown that impacted countries worldwide. However, Malaysia's economy grew by 8.7%, exceeding its forecast performance. The challenges faced included rising living costs, labour shortages, currency fluctuations, stricter financial regulations, supply chain issues, and the emergence of Covid-19 variants. In response, CGC remained committed to Building Resilience and Enhancing Sustainability for our MSMEs. We aimed to improve their knowledge and encourage innovative collaboration while promoting ESG principles, particularly with regard to climate change, biodiversity, and natural resource limitations. Our dedication to providing exceptional value to our customers, partners, and stakeholders remained unwavering.

CGC's Board and Management remain committed to maintaining its high corporate governance standards by dedicating significant effort to identify and formalise the best corporate governance practices. CGC always considers the environmental, sustainability and governance aspects during the decision-making process in developing and implementing CGC's strategies, business plans and risk management. CGC believes that upholding sound and effective practices is fundamental to operations, as well as maintaining integrity and professionalism across CGC.

As governance requirements evolve amid the challenging environment, the Board strives to ensure that CGC complies with the Companies Act 2016 and CGC's Constitution whilst conforming to best corporate governance practices. This statement will provide an overview of the corporate governance practices adopted by CGC for FY2022 based on the following policy and guideline:

- Policy on Corporate Governance issued by Bank Negara Malaysia (BNM CG Policy)

- Malaysian Code on Corporate Governance 2021 issued by Securities Commission Malaysia (Code)

The Board and Management of CGC strive to ensure that the principles and best practices of the Code are well understood and adopted to strengthen CGC's governance system, processes, business conduct and ethics.

This Statement on Corporate Governance emphasises, and provides an overview of, CGC's application of the three (3) key principles set out in the Code, which are:

PRINCIPLE A

**Board Leadership and
Effectiveness**

PRINCIPLE B

**Effective Audit and
Risk Management**

PRINCIPLE C

**Integrity in Corporate
Reporting and
Meaningful Relationship
with Stakeholders**

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS**I. BOARD ROLES AND RESPONSIBILITIES**

The Board is accountable and responsible for the direction, performance and affairs of CGC. The CGC Board is accountable for the long-term performance of CGC, overseeing its business strategy and monitoring CGC's operations through its effective leadership and management of CGC's business. The Board is dedicated to good stewardship and acting in a professional manner, as well as upholding CGC's core values with due regard to their fiduciary duties and responsibilities.

The Board is the principal decision-making body for all significant matters affecting CGC. It is accountable to shareholders for creating and delivering sustainable value. These matters include deliberating and agreeing on CGC's corporate strategy, key policies, long-term business objectives and risk appetite, as well as approving its annual budget and financial statements. The Board is also responsible for:

- Championing the highest standards of corporate governance
- Upholding a strong corporate performance management approach
- Supporting CGC's human capital development
- Ensuring CGC has the necessary resources, processes, controls and culture established to deliver its strategy and promote long-term growth

The formal schedule for reserved matters specifically for the Board's decision is specified in the Board Charter.

The Board appreciates and acknowledges the importance of clear division of responsibility between the Chairman and the President & Chief Executive Officer ("PCEO"). The separation of roles and responsibilities of the Chairman and PCEO is clearly defined and exercised by separate individuals to ensure optimal balance and thus resulting in increased accountability and enhanced decision-making. The Chairman is responsible for leading and ensuring smooth functioning of the Board.

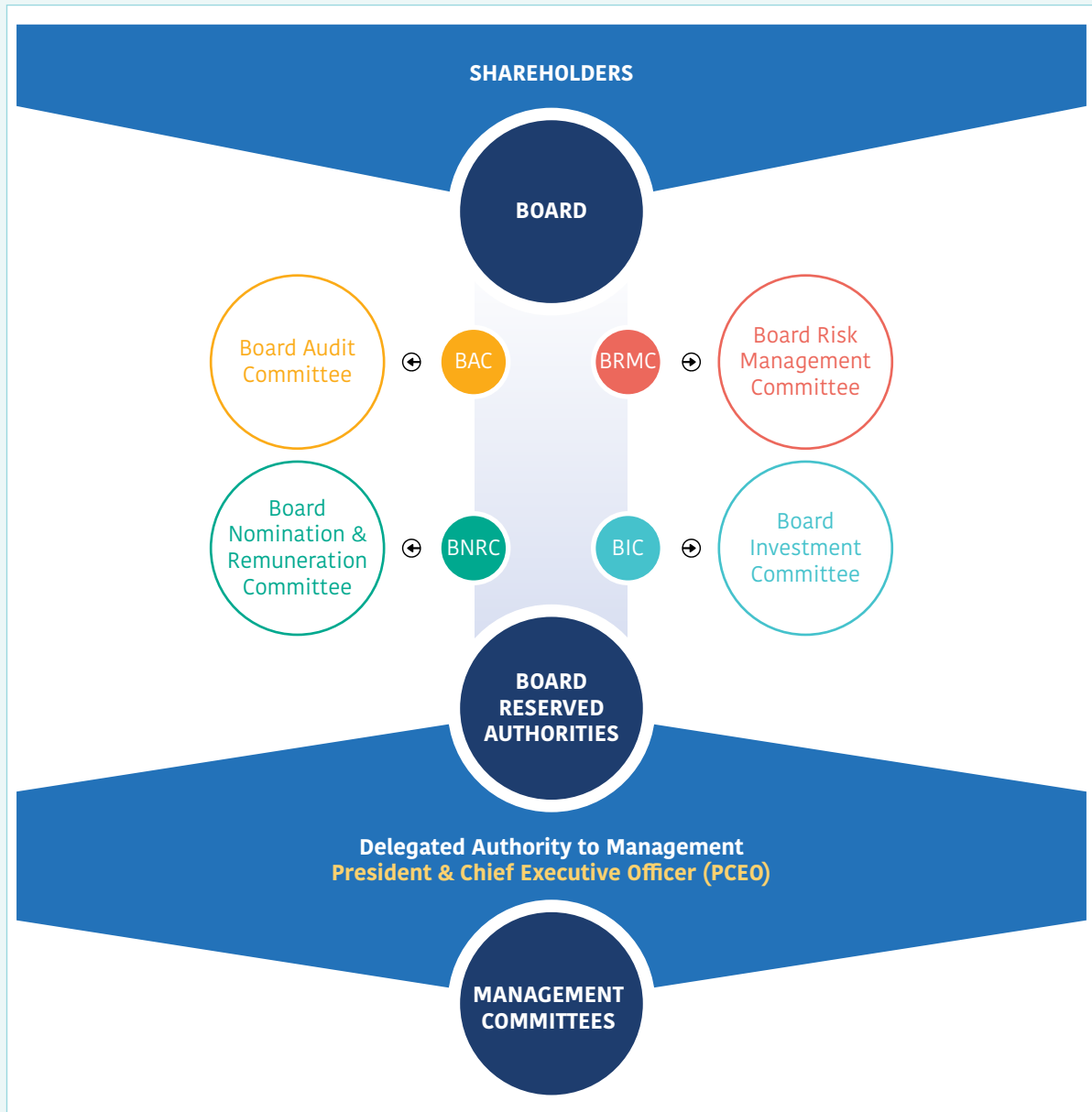
The Board is helmed by Dato' Mohammed Hussein, an Independent Non-Executive Director, who plays a key role providing leadership and guidance to the Board in achieving corporate goals, along with managing the processes in ensuring the Board fully discharges its legal and regulatory responsibilities. As the Chairman, he also leads the Board in inculcating the right culture, values and behaviours, throughout the entire organisation.

Datuk Mohd Zamree Mohd Ishak, CGC's PCEO, is responsible for overall day-to-day management of the Group's business, operations and implementation of Board strategies, policies and decisions. He is responsible for ensuring the execution of strategic goals, effective CGC operations, and to explain to, clarify to and inform the Board on key matters pertaining to CGC. As CGC's PCEO, he also acts as the intermediary between the Board and Management. The Management Committees support the PCEO in such role.

II. BOARD GOVERNANCE FRAMEWORK

The Board delegates authority to various Board Committees to enable them to oversee certain specific responsibilities based on their Terms of Reference (“TOR”).

The Board Governance Framework (“the Framework”) is established to ensure orderly and effective discharge of the functions and responsibilities of the Board wherein the Board delegates specific roles and responsibilities to its four (4) principal Board Oversight Committees (“BOCs”):



The Framework allows strategic alignment and efficient decision-making in CGC and is supported by the Board Charter and TOR, which are available at CGC’s website, www.cgc.com.my.

III. KEY RESPONSIBILITIES**Chairman**

- Is responsible for the leadership and management of the Board and ensuring its overall effectiveness.
- Encourages all Directors to maximise their contributions to the Board by drawing on their skills, experience, knowledge and, where appropriate, independence.
- Promotes a culture of openness, challenge and debate, especially for complex and critical issues.
- Engages and consults with major shareholders and principal stakeholders.
- Leads the Board in establishing and monitoring good CG practices in CGC.
- Promotes constructive and respectful relationships among Directors and between the Board and Management.
- Sets the Board agenda and ensures that Directors receive complete and accurate information in a timely manner.

Non-Executive Director

- Contributes sound judgement and objectivity and provides constructive challenge to the Board's discussions and decision-making.
- Supports the Chairman and Senior Management by instilling appropriate culture and values in the boardroom and throughout CGC.
- Scrutinises performance of Management.

President & Chief Executive Officer

- Is responsible for CGC's executive leadership and day-to-day management of its business, within the authority delegated by the Board.
- Executes strategic direction of CGC as set out by the Board.
- Ensures that CGC's businesses are properly and efficiently managed with the executive team implementing the policies and strategies adopted by the Board and BOCs.
- Ensures that operational planning and control systems are in place, monitoring performance results against plans and, where necessary, taking remedial action.

Company Secretary

- The General Counsel & Company Secretary (GC&CS) is responsible for ensuring that the Board procedures and applicable rules are observed. The GC&CS, together with the Company Secretarial Section, is responsible for providing sound governance advice, full support and appropriate guidance and compliance to the Board, policies and procedures, rules and regulations as well as advocating the adoption of CG best practices.
- The GC&CS works closely with the Chairman, Chairs of the BOC and PCEO to set meeting agendas and ensure timely presentation of high-quality information to the Board. All Directors have power to propose items for discussion at Board meetings and regularly did so during the year.
- The GC&CS is also responsible for advising the Directors of their obligations and duties to disclose their interest in securities and disclosure of any conflict of interest in transactions involving CGC.

IV. ATTENDANCE AT BOARD MEETINGS

Throughout FY2022, ten (10) Board meetings were held to deliberate on and/or review a variety of significant matters that required the Board's guidance and approval. To ensure all Directors are able to attend the Board and BOC Meetings, the corporate calendar for the Board and BOC Meetings is determined well in advance in the last quarter of the preceding financial year to allow the Directors to plan their schedules. The Board is mindful of the significance of allocating sufficient time and effort to carry out their responsibilities. Special meetings may be convened as and when urgent issues and important decisions are required to be taken between the scheduled Board Meetings.

Senior Management members have also been invited to attend Board meetings to assist the Board on the matters being deliberated on, such as providing updates on specific developments or proposals. Their participation provides an additional opportunity for the Board to engage directly with the management team.

All Directors attended more than 75% of all Board Meetings in FY2022. The Board is satisfied with the level of commitment given by the Directors in discharging their responsibilities via the full attendance record of the Directors set out in the table below:

ATTENDANCE					
1	Dato' Mohammed Hussein Independent Non-Executive Director (Chairman)	10/10	7	Saleha M. Ramly Independent Non-Executive Director	10/10
2	Teoh Kok Lin Independent Non-Executive Director	10/10	8	Anthony Lim Choon Eng¹ Independent Non-Executive Director	7/7
3	Suresh Menon Independent Non-Executive Director	9/10	9	Suhaimi Ali² Non-Independent Non-Executive Director	3/6
4	Dato' Ong Eng Bin Independent Non-Executive Director	10/10	10	Datuk David Chua Kok Tee³ Independent Non-Executive Director	1/1
5	Choong Tuck Oon Independent Non-Executive Director	10/10	11	Adnan Zaylani Mohamad Zahid⁴ Non-Independent Non-Executive Director	4/4
6	Faisal Ismail Independent Non-Executive Director	10/10	12	Dato' Haji Syed Moheeb Syed Kamarulzaman⁵ Independent Non-Executive Director	10/10

¹ Appointed as Director on 1 April 2022.

² Appointed as Director on 28 April 2022.

³ Retired as Director on 14 February 2022.

⁴ Resigned as Director on 19 April 2022.

⁵ Retired as Director on 14 January 2023.

CORPORATE GOVERNANCE OVERVIEW STATEMENT



CREDIT
GUARANTEE
CORPORATION
MALAYSIA
BERHAD

CORPORATE
GOVERNANCE

The Board and its BOCs continued to use interactive technology for Board meetings in 2022, although Malaysia had shifted to the endemic phase for Covid-19. The meetings were either fully virtual or hybrid, whilst observing the relevant Standard Operating Procedures (SOP). The Board encourages the wearing of face masks for those attending meetings who have symptoms such as fever, flu or cough, and arrangement of meeting venue with social distancing in the absence of wearing face masks.

The table below summarises the Directors' attendance at BOC Meetings for FY2022:

Directors	Date of Appointment	Date of Resignation	BAC (Quarterly)	BIC (Quarterly)	BRMC (Quarterly)	BNRC (Quarterly)	Board Digital Committee (Bimonthly) (Formerly known as Board imSME Committee) (Disbanded on 31 January 2023)
Dato' Mohammed Hussein	01.05.2020	-	-	-	-	6/6 (Chairman)	-
Teoh Kok Lin	27.06.2014	-	-	4/4 (Chairman)	-	-	-
Suresh Menon	17.07.2014	-	-	4/4	-	-	-
Dato' Ong Eng Bin	14.10.2014	-	7/7	-	-	6/6	-
Choong Tuck Oon	20.01.2017	-	-	-	6/6	-	7/7 (Chairman)
Faisal Ismail	01.12.2019	-	7/7 (Chairman)	-	-	-	-
Saleha M. Ramly	01.12.2019	-	7/7	-	-	-	-
Anthony Lim Choon Eng ⁽¹⁾	01.04.2022	-	-	-	5/5 (Chairman)	-	4/4
Suhaimi Ali ⁽²⁾	28.04.2022	-	-	-	-	2/3	2/4
Adnan Zaylani Mohamad Zahid ⁽³⁾	18.10.2018	19.04.2022	-	-	-	3/3	3/3
Dato' Haji Syed Moheeb Syed Kamarulzaman ⁽⁴⁾	15.01.2014	14.01.2023	-	3/4	6/6	-	7/7
Number of Meetings held in FY2022			7	4	6	6	7

Chairman Member

¹ Appointed as Chairman of BRMC on 1 April 2022 and appointed as BDC member on 20 June 2022.

² Appointed as BNRC and BDC member on 28 April 2022.

³ Ceased as BNRC and BDC member on 19 April 2022.

⁴ Ceased as BIC, BRMC and BDC member on 14 January 2023.

V. BOARD ACTIVITIES AND DISCUSSIONS

The topics or activities conducted and/or deliberated by the Board during FY2022 were as follows:

**Finance**

- Financial Performance Update
- Audited Financial Statements FY2021
- FY2022 Mid-Year Review
- Revision to MFRS 9 Classification & Impairment Accounting Policy
- Proposal for Management Overlay (MO) Methodology for FY2022 Expected Credit Loss
- Seed Capital for CGC Digital Sdn Bhd

**Strategy**

- Participation in BNM's Disaster Relief Facility 2022
- Participation in BNM's Low Carbon Transition Facility (LCTF)
- Proposal to Participate in BNM's Business Recapitalisation Facility (BRF)
- Upsizing of BizBina-i, BizMula-i and BizWanita-i
- Allocation of Investment Income for Beyond Guarantee Initiatives
- Product Profitability Analysis
- Corporate Scorecard for Financial Year 2022
- Corporate KPIs for FY2021
- Divestment of the Bank of Nova Scotia Berhad Shareholding in CGC
- Medium Term Strategy 2022-2025
- Going Forward Strategy for Tabung Usahawan Bumiputera-i Scheme
- Portfolio Guarantee (PG) Pricing Initiative

**Governance**

- Board Evaluation Exercise for Year 2021
- Appointment of New Directors
- Re-election of Directors Retiring Pursuant to Articles 76A and 76B of CGC's Constitution
- Review of Board Charter
- Establishment of Advisory Council
- Digital CGC Entity Setup
- Reappointment of External Auditor for Financial Year Ending 2022



Risk Management/Compliance

- Risk Management & Compliance Report
- Corporation Level Risk Appetite Statement for FY 2022
- Approving/Enhancement of the Authority Matrix (“AAM”)
- Annual Review of Investment Policy Statement and Tactical Asset Allocation for Year 2022
- CGC Connected Party Policy
- Credit Risk Management Framework
- Credit Concentration Limit (“CCL”)
- CGC Risk Maturity Survey
- Revision of Stress Testing Framework
- Establishment/Revision of Credit-Related Policies:
 - a) Credit Underwriting Policy for Guarantee and Financing
 - b) Credit Risk Monitoring Policy for Guarantee and Financing
 - c) Credit Risk Management Policy for Guarantee and Financing
 - d) Rescheduling and Restructuring (R&R) Policy for Guarantee and Financing
 - e) Write-Off Policy for Guarantee and Financing



Technology

- imSME Performance Update
- 5SP Rationalisation & Reprioritisation
- Cybersecurity Assessment Report for BNM



People & Culture

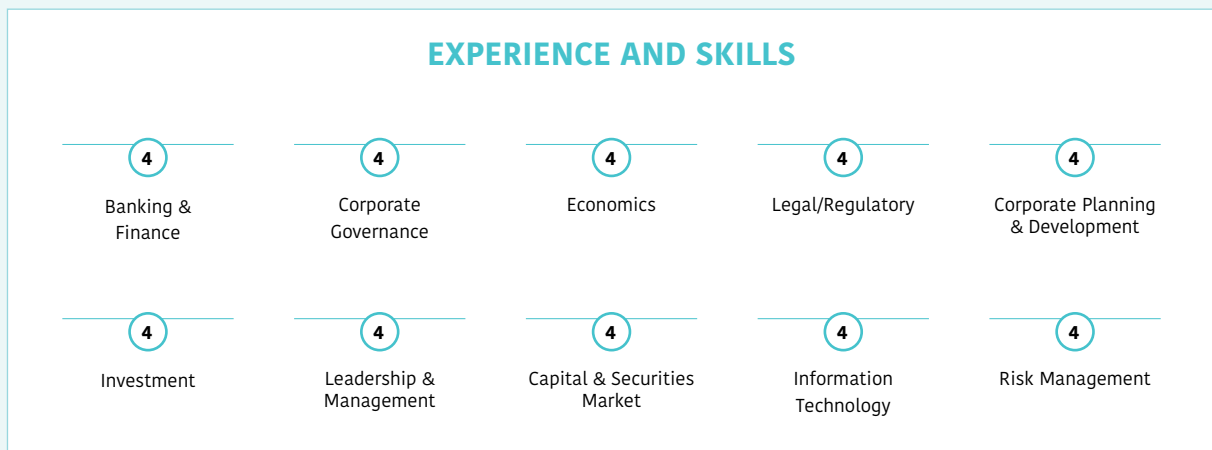
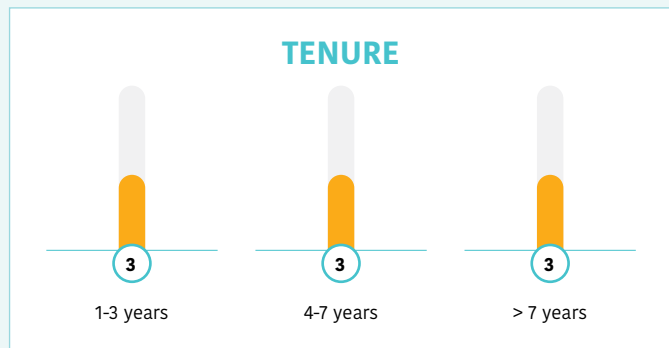
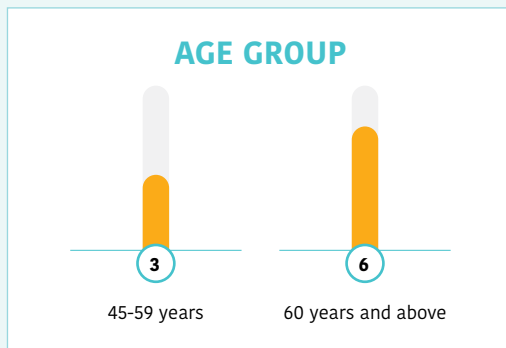
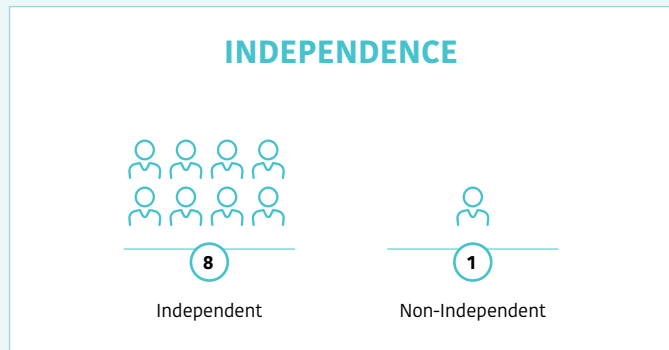
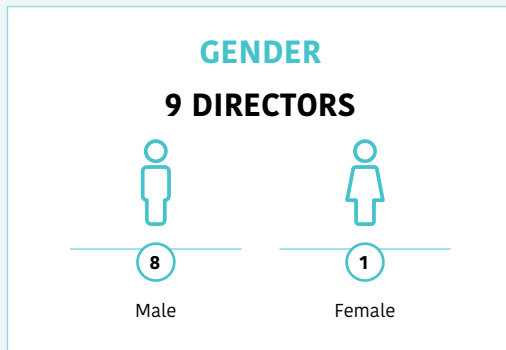
- CGC Corporate Social Responsibility (“CSR”) FY2022
- 2022 Employee Engagement Survey
- CGC – Macrostructure Realignment – Phase 1

VI. BOARD COMPOSITION

The current Board comprises a strong combination of experienced individuals, with the majority of Board members being Independent Non-Executive Directors. They offer external perspectives on the business and constructively challenge the Management, particularly in developing CGC's business strategies.

The Board currently comprises (9) Directors, eight (8) male and one (1) female, of whom eight (8) are Independent and one (1) Non-Independent. The Non-Independent Director represents Bank Negara Malaysia, who is the major shareholder of CGC.

Dato' Haji Syed Moheeb Syed Kamarulzaman retired on 14 January 2023 as an Independent Non-Executive Director due to his completion of nine (9) years tenure on the Board. This is in line with Practice 5.4 of the Code, which limits the tenure of its Independent directors to nine (9) years without further extension.



(a) Board Diversity

The composition of the Board is essential to its success in providing strong and effective leadership. The composition of the Board and its BOCs is reviewed from time to time to ensure they comprise experienced and dynamic individuals to ensure sufficient diversity, efficiency and independence in the decision-making process.

In 2021, the Board reviewed the composition of BOCs and agreed to limit most BOCs' membership to three (3) members only. The membership of BOCs will be rotated among Directors from time to time as recommended by the Board Nomination Remuneration Committee ("BNRC") and approved by the Board. The new composition of BOCs is expected to bring new skills and perspectives to the boardroom.

The current Board consists of individuals with diverse age, gender and backgrounds. They are recognised for their mix of skills, education, knowledge, expertise, professional experience and business acumen relating to investment and banking, credit analysis and rating, business management, insurance, legal and secretarial, finance, accounting, information technology and corporate governance, as well as asset management. Most Board members are Independent Non-Executive Directors who offer external perspectives on the business and constructively challenge the Management, particularly in developing CGC's business strategies.

The current Board reflects a well-balanced group, appropriate in size to facilitate diversity of views, constructive deliberation and decision-making to achieve effective stewardship and management.

The Board is certain that the existing appointment process and requirements for selecting new Board members are adequate in promoting diversity, gender equity and opportunities, as the diversified Board embraces positive, value-relevant impact to CGC.

The Board recognises that its diversity improves the decision-making capability and quality of its performance. The Board is also aware of the need to re-balance its composition to allow 30% representation of women Directors. Nevertheless, appointments to the Board will be based first on the objective, criteria and merits.

(b) Board Independence

The Board on 15 August 2022 approved the revision to the Board Charter, where the maximum tenure of directorship of the independent directors had been reduced from three (3) terms (nine (9) years in total) to two (2) terms (six (6) years in total).

In the event that the service of an Independent Director is extended further, beyond nine (9) years, such a term shall be subject to the Board's recommendation and shareholders' approval respectively. Based on Clause 2.2(ix) of CGC's Board Charter, if the Board intends to retain an Independent Director beyond nine (9) years, the Board shall seek annual shareholders' approval through a two-tier voting process.

VII. TERMS OF APPOINTMENT OF NON-EXECUTIVE DIRECTORS

In the spirit of effective corporate governance, nurturing a culture of ethical behaviour and promoting integrity and respect, CGC developed a formal, transparent procedure for new appointment and re-appointment of a Director to the CGC Board.

Appointment and qualification criteria of a Director are governed by:

- The Companies Act 2016

- CGC's Constitution

- Criteria set under CGC's Guidelines on Appointment of the Board of Directors

BNRC is entrusted with the task of identifying, assessing and nominating potential candidates to fill the Board's vacancies and for succession planning. Currently, BNRC leverages the Directors' wide network of professional and business contacts, as well as numerous channels to identify suitable and qualified candidates. These candidates will be recommended based on BNRC's assessment of the expertise, skills and attributes of the current Board members and the needs of the Board. For future director recruitment, CGC will use independent resources to identify suitably qualified candidates from a wider talent pool.

As part of the initial screening and selection process, BNRC is responsible for considering the following criteria with respect to assessment of a director candidate's fitness and propriety:

A

Probity, personal integrity
and reputation

B

Financial integrity

C

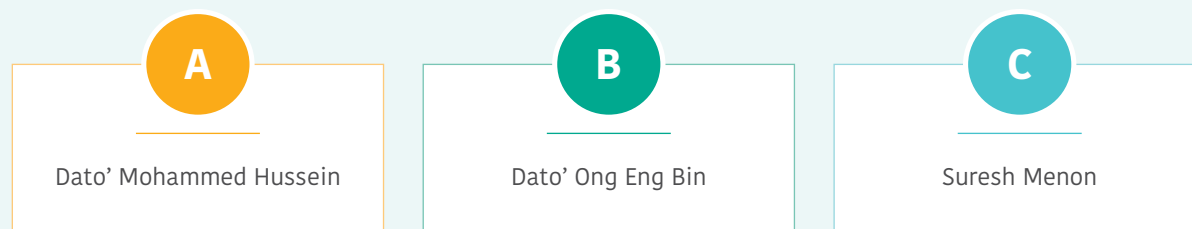
Competency and capability

VIII. RETIREMENT AND RE-ELECTION OF DIRECTORS

BNRC is responsible for assessing the Directors recommended to be re-elected at the Annual General Meeting (“AGM”) and the retiring Directors are required to give their consent on their re-election. The assessment conducted by BNRC shall include the retiring Director’s contribution, competencies, commitment, personality and performance based on BNM’s Fit and Proper Criteria. In addition, the assessment includes background screening and verification by an independent agent and the Company Secretary. Upon conclusion of the assessment, BNRC shall submit its recommendations to the Board for endorsement and, thereafter, to shareholders for approval.

At each AGM, one-third of the Directors or if their number is not three or a multiple of three the number nearest to one-third shall retire from office by rotation pursuant to Article 76A of CGC’s Constitution. The retiring Directors shall be the Directors who have been longest in office since the Directors’ last election, as set out in Article 76B of the Constitution. A retiring Director shall be eligible for re-election based on Article 76C of the Constitution.

The following three (3) Directors have served the longest in office since their last election and shall retire by rotation at the forthcoming AGM:



However, Suresh Menon does not wish to seek re-election. Having served on the CGC Board for almost nine (9) years, he will be due for retirement on 16 July 2023. Hence, he shall retain office until the close of the 50th AGM and retire in accordance with Article 76A and 76B of the Company’s Constitution.

BNRC and the Board therefore recommended for shareholders’ approval on the re-election of Dato’ Mohammed Hussein and Dato’ Ong Eng Bin, who have given their consent to be re-elected at the 50th AGM.

IX. TIME COMMITMENT

In order to effectively discharge their responsibilities, Non-Executive Directors must commit sufficient time to their role. Directors’ commitment, resources and time allocated to the Group are evident from the attendance record, with full participation in Board activities and meetings throughout 2022.

The Chairman maintains commitment of considerable time to fulfilling his duties and responsibilities at CGC, which takes priority over other business commitments.

During the FY2022, the Chairman and Non-Executive Directors also spent sufficient time to enhance their knowledge of CGC. The Board also continues to keep abreast of CGC’s dynamic business environment. This includes briefing meetings with Senior Management, as well as regular training sessions to ensure continuing business awareness.

X. DIRECTORS' REMUNERATION

The fees and benefits payable to Non-Executive Directors are subject to shareholders' approval at the AGM of CGC. CGC's Board shall assess any revision to Directors' remuneration based on benchmarking among organisations similar in industry and size prior to shareholders' approval.

Directors' Remuneration Framework

The Remuneration Framework sets out the following factors before proposing a revision to the Directors' remuneration:



Details of the remuneration received by the Directors from CGC during FY2022 are as follows:

Non-Executive Directors	Directors' Fees (RM'000)	Meeting Allowance (RM'000)	Benefit-in-kind (RM'000)	Total (RM'000)
Dato' Mohammed Hussein	180	95	109	384
Teoh Kok Lin	72	66	6	144
Suresh Menon	72	53	6	131
Dato' Ong Eng Bin	72	88	6	166
Choong Tuck Oon	72	98	6	176
Faisal Ismail	72	77	6	155
Saleha M. Ramly	72	70	6	148
Anthony Lim Choon Eng ¹	54	74	5	133
Suhaimi Ali ²	41	14	-	55
Datuk David Chua Kok Tee ³	9	4	1	14
Adnan Zaylani Mohamad Zahid ⁴	18	20	-	38
Dato' Haji Syed Moheeb Syed Kamarulzaman ⁵	72	103	6	181
Total	806	762	157	1,725

¹ Appointed as Director w.e.f. 1 April 2022

⁴ Resigned as Director w.e.f. 19 April 2022

² Appointed as Director w.e.f. 28 April 2022

⁵ Retired as Director w.e.f. 14 January 2023

³ Retired as Director w.e.f. 14 February 2022

XI. PERFORMANCE EVALUATION

In 2016, CGC engaged an independent consultant, Malaysian Directors Academy (MINDA), to conduct a Directors' Evaluation Exercise for the Board and BOCs.

During the Covid-19 endemic period in 2022, CGC continued to take precautions to avoid any risk to relevant parties. Therefore, the Board Evaluation exercise for the year 2022 was conducted internally without engaging an independent party. The performance evaluation of the Board, BOCs and individual Directors was conducted through BNRC with the assistance of the Company Secretary.

In compliance with the Code and BNM's Policy on Corporate Governance, the CGC Board Evaluation exercise for year 2022 was conducted via online questionnaire. It comprises the following:



Overall, the assessment results of the Board, BOCs and individual Directors were 'Exceed Expectations', reflecting effective discharge of Directors' roles and responsibilities.


XII. BOARD INDUCTION AND TRAINING

All new Directors are provided with comprehensive and tailored induction following their appointment to the Board. The combination of office visits and technical briefings, along with introductory meetings through the CGC Board Induction Programme is intended to assist new Directors to understand CGC, the business environment in which it operates, its people and their role in making the organisation a success.

The CGC Board also continuously observes the frequency and quality of training sessions attended by its members. It ensures that all Directors receive ongoing training and development and fully participate to enhance their roles as Board members. Some of them even became panel speakers on several programmes.

In FY2022, our Board members attended various training programmes in leadership, technology, risk management, strategy and economic outlook, governance, financial industry and sustainability.

The Directors attended the following training to further enhance their skills and knowledge:

	TRAINING COURSES ATTENDED (A) LEADERSHIP
	<ul style="list-style-type: none"> FIDE FORUM – Leadership Perspectives Forum on Board Effectiveness in Conjunction with the Launch of FIDE FORUM Board Effectiveness Evaluation Guidebook
	<ul style="list-style-type: none"> FIDE FORUM – Board Effectiveness Evaluation
	<ul style="list-style-type: none"> Standard Chartered Bank – Directors' Duties and Conflicts Management

**TRAINING COURSES ATTENDED
(B) TECHNOLOGY**

- Bank of America – Bank of America Malaysia Berhad & MLMA Training on Global Information Security (“GIS”)
- BNM – Session with Industry on How Banks Manage Online Fraud/Scam Matters
- BNM – Getting It Right: Securing Results from Digital Transformation; Web 3.0 and The Future of Finance; Deep Dive into Decentralised Finance (“DeFi”)
- BNM and the Financial Association of Malaysia – The Future is Now: Digitalising the Motor Claims Ecosystem Workshop
- BNM – Launch of National Scam Awareness Campaign
- Monetary Authority of Singapore (“MAS”) and the Bank for International Settlements Innovation Hub (“BIS”) – IMF-MAS-BIS Peer-Learning Series on Digital Technologies and Digital Money in Asia: Cross Border Digital Payment Systems, the case of Singapore, Thailand, Malaysia and Beyond
- OCBC – Cyber and Information Risk Awareness
- OCBC – Annual Cyber Security Training and Drill Exercise 2022
- OCBC – MYCybersecurity Training and Crisis Simulation Exercise
- Standard Chartered Bank – Cybersecurity

**TRAINING COURSES ATTENDED
(C) RISK MANAGEMENT**

- Asian Institute of Chartered Bankers (“AICB”) – International Financial Crime and Terrorism Financing Conference – The Plenary Session 2: Digital Banks and the Banking Sector
- BNP Paribas (“BNPP”) – Anti Money Laundering and Counter Terrorism Financing
- CLIF – Market Risk Management for Banking Sector
- FIDE FORUM – Climate Risk Management and Scenario Analysis
- FIDE FORUM – The Emerging Trends, Threats and Risks to the Financial Services Industry – Managing Global Risk, Investment and Payment System
- OCBC – Combined Module of Anti-Bribery/Slavery/Tax Evasion
- OCBC Group Financial Crime Compliance (“GFCC”) to Senior Management
- OCBC – Anti-Money Laundering for Board of Directors and Management Community 2022
- Standard Chartered Bank – ASA Directors’ Training on ASEAN Sustainability Taxonomy, Introduction to Climate Scenario Analysis and Climate Risk Stress Testing. Directors’ Training
- Standard Chartered Bank – Walkthrough of the Directors and Officers (“D&O”) Liability Insurance
- Standard Chartered Bank – Model Risk Annual Refresher
- Standard Chartered Bank – Briefing on Climate Risk and ESG Initiatives



TRAINING COURSES ATTENDED (D) STRATEGY/ECONOMIC OUTLOOK

- Association of Malaysian Economics Undergraduates (“AMEU”) – Malaysia Disrupted: Inclusivity in the Digital Economy
- ASIA School of Business (“ASB”) – Inflation, Looming Recession & Climate Change: A Tricky Balancing Act?
- BNPP – The Economist Corporate Network – Malaysia Moving Forward – A 2022 Mid – Year Review
- FIDE FORUM – MetaFinance: The Next Frontier of the Global Economy
- FIDE FORUM – Masterclasses on Fostering Market Dynamism
- FIDE FORUM – MetaFinance: The Next Frontier of the Global economy
- FIDE FORUM – Recovery and Resolution Planning Sharing Session
- OCBC – Reimagining Business Models & Strategies
- OCBC – Mid-Year Market Outlook



TRAINING COURSES ATTENDED (E) GOVERNANCE

- BNM – Policymaking: Mindset and Behavior in Action for Digital License and Digital Banking
- Institute of Corporate Directors Malaysia (“ICDM”) and Climate Governance Malaysia–Conversation with Chairmen on Climate Governance – A Standing Item in Board Agendas
- Standard Chartered Bank – ASA Directors’ Training on Data Governance and Geo-political updates



TRAINING COURSES ATTENDED (F) FINANCIAL INDUSTRY

- Association of Islamic Banking and Financial Institutions Malaysia (“AIBIM”) – Global Islamic Finance Forum
- AICB & BNM – The 12th International Conference on Financial Crime and Terrorism Financing (“IFCTF”) 2022
- AICB & ABM – Malaysian Banking Conference 2022
- BNPP – The Time Value of Money; An Islamic Perspective
- BNM – MyFintech Week 2022 (MyFW 2022)
- Centre for Research and Training (“CERT”) – 17th Kuala Lumpur Islamic Finance Forum (KLIFF)
- CERT – 15th Muzakarah for Shariah Advisors of Islamic Financial Institutions
- CGC – Islamic Finance Training for CGC Board and Senior Management 2022
- Credit Lyonnais Securities Asia (“CLSA”) – CITIC CLSA Flagship Investors’ Forum
- FIDE FORUM – Engagement Session with Board Members of General Insurers and Takaful Operators on Motor Claims Reforms
- FIDE FORUM – Licensing Framework for Digital Insurers and Takaful Operators
- IIUM Consultancy – Certificate in Shariah for Takaful Practitioners (“CSTP”)
- KPMG & Hap Seng – Insights into Task Force on Climate-Related Financial Disclosures (“TCFD”)
- MIDA & Hap Seng – Malaysia’s Corporate Taxes and Incentives Updates
- Nomura Investment Forum Asia
- OCBC – E-Assessment Foreign Exchange Notices (“FE Notices”) – Senior Management
- OCBC Global Treasury Forum 2022
- Perbadanan Insurans Deposit Malaysia (“PIDM”) – PIDM Industry Forum 2022
- Syarikat Takaful Keluarga Malaysia Berhad – MFRS17 Refresher Course
- STMB – Shariah Audit in Islamic Finance
- Singapore Fintech Festival: Building Cross-Border Payments for an Interconnected World
- The Monetary Authority of Singapore and the Swiss National Bank – Point Zero Forum

**TRAINING COURSES ATTENDED
(G) SUSTAINABILITY**

- BNM – Fostering Market Dynamism: Advance the Development of Open Data Ecosystem and Potential Shared Data Infrastructures
- Chartered Accountants Australia New Zealand – Board Benchmarking for Sustainability
- Gamuda Excellence Team (“GET”) – Inside the World’s Largest Tidal Energy Project
- International Financial Services Board (“IFSB”) and Qatari Financial Authorities (Qatar Central Bank and Qatar Financial Centre) – 4th IFSB Innovation Forum: Innovation for Sustainability and Regulation of Financial Services
- Islamic Banking and Finance Institute Malaysia (“IBFIM”) and the University of Cambridge Institute for Sustainability Leadership (“CISL”) – The Sustainability Leadership Programme for Financial Institutions
- Standard Chartered Bank and Malaysia International Halal Showcase (“MIHAS”) – Standard Chartered Sustainability Conference

**TRAINING COURSES ATTENDED
(H) OTHERS**

- BNM – JLPB’s Engagement Session with Banking Institutions (“Bis”)
- CGC – 2022 Branch Managers Session with Chairman & PCEO
- Institute of Chartered Accountants in England and Wales (“ICAEW”) – Coffee with Tan Sri Dato’ Hanafiah Hussain
- ICAEW – Coffee with Dato’ Abdul Rahman Ahmad – Organisational Transformation and Change: A Personal Perspective
- Khazanah Megatrends – Development and Its Complexities – Steering Our Way Through a Perfect Storm
- Korea Credit Guarantee Fund (“KODIT”) – 34th Asian Credit Supplementation Institution Confederation (“ACSIC”) Conference
- OCBC – OCBC Compulsory Training Refresher for Malaysia Staff
- Standard Chartered Saadiq Bank – Shariah Committee Dialogue

XIII. BOARD OVERSIGHT COMMITTEES

In an effort to focus and spend additional time deliberating on pertinent issues, the Board has delegated authority to its respective BOCs to support and assist in discharging its fiduciary duties and responsibilities whilst ensuring independent oversight.

Each BOC's TOR set out its responsibilities and the conduct of meetings including quorum, voting requirements and Board Committee membership. BOCs operate under the approved TORs set by the Board, which are reviewed and updated from time to time. The deliberations and recommendation of BOCs are reported to the Board, where the ultimate decision lies, except for matters which specifically confer powers and authorisation on a committee.

As part of the Board's initiative to encourage its subsidiary, CGC Digital Sdn Bhd, to step up and take the lead on digital transformation initiatives/projects, the Board agreed to disband the Board Digital Committee (BDC) (formerly known as Board iMSME Committee (BimSMEC)) effective 31 January 2023.

The Board currently has a total of four (4) BOCs. A description of each BOC is established by the Board as follows:

Board Audit Committee (BAC)

- To establish cost-effective controls; assess risks; review the financial condition of CGC, its internal controls, information system, performance and findings of the internal and external auditors, and to recommend appropriate remedial action.
- To provide oversight to CGC Digital Sdn Bhd on audit-related matters.

Board Risk Management Committee (BRMC)

- To assist the Board to deliberate on CGC's risk management practices.
- To ensure effectiveness of identification, measurement, monitoring and control of risks, as well as compliance with applicable laws, regulations and guidelines for good corporate governance.
- To provide oversight on any matters related to the management of risks and compliance associated with the operations of CGC Digital Sdn Bhd as and when required by the Board of CGC Digital Sdn Bhd.

Board Nomination & Remuneration Committee (BNRC)

- To assist the Board on the following:
 - (i) Appointment and remuneration of Directors and President & Chief Executive Officer and/or Executive Director (if any), as well as assessment of effectiveness of individual Directors, Board, BOCs and assessment of the performance of PCEO and/or Executive Directors (if any) and Senior Management Officers.
 - (ii) CGC's human resource strategies, policies, performance and reward systems, as well as ethical business conduct of employees.
- To provide oversight on the appointment, removal and fixing of remuneration of directors and CEO of CGC Digital Sdn Bhd, as and when required by the Board of CGC Digital Sdn Bhd.

Board Investment Committee (BIC)

- To review investment policies, strategies, policies and guidelines.
- To provide strategic direction governing CGC investment activities.

XIV. EXTERNAL ADVICE

In discharging Director's duties, each Director may seek independent professional advice in respect of their duties to the Board and its BOCs, at the cost of CGC, to assist and enable the Directors to make independent and informed decisions. However, no Directors sought external advice during the year under review.

XV. DIRECTORS' CONFLICT OF INTEREST

The Directors acknowledge their responsibility for avoiding an actual or potential conflict of interest. Any Director shall immediately disclose and declare to the Board any interest (actual, potential or perceived) which is in conflict with CGC, based on the procedure set out in the Board Charter, as well as the Companies Act 2016.

XVI. SUPPLY OF AND ACCESS TO INFORMATION

The Board has full and timely access to information pertaining to CGC's business and affairs to enable them to make informed decisions and to discharge their duties effectively.

To ensure Board members are well informed and have sufficient information prior to meetings, the Board materials including the agenda and reports are circulated in advance of the meeting date. Such practice enables Directors to seek explanation and clarification on Board matters, if required, to effectively expedite the decision-making process.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT**I. AUDIT COMMITTEE**

The Board has in place a Board Audit Committee (BAC), which comprises three (3) members. All three BAC members are Independent Non-Executive Directors. The BAC is chaired by Faisal Ismail. The Board is satisfied that at least one (1) BAC member has the relevant financial experience and that all members bring extensive expertise to the Committee. The BAC as a whole is deemed to be competent in the sectors in which CGC operates.

The BAC is responsible for oversight of financial reporting, including the adequacy of financial disclosures and the effectiveness of the Internal Audit function. The Internal Audit function was established to undertake independent review and assessment of the adequacy, efficiency and effectiveness of risk management, control and governance processes implemented by the Management.

The BAC has the authority to request an audit or investigation into any entity within CGC, or any matters within its Terms of Reference (TOR). Further information on the BAC, including Internal Audit function, can be found in the BAC report on pages 202 to 204 of this Annual Report.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board takes heed of the importance of Corporate Governance (CG). It strives to instil an effective structure through risk management processes with the establishment of the Enterprise Risk Management (ERM) Framework to meet its obligations towards customers, shareholders and other stakeholders. As risk is evolving and present in all our activities, owing to the changing dynamic business landscape, the Board continuously reviews CGC's policies, procedures and processes to ensure that it remains relevant and effective by:

- Identifying, assessing, evaluating and managing material risks faced by CGC.
- Determining CGC's overall risk appetite and level of risk tolerance to achieve its strategic objectives, while adopting a long-term view on its ability to meet its obligations.

The above is demonstrated by the Board through:

- Regularly reviewing the effectiveness of CGC's risk management and internal control system. It is pertinent to note that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, and not absolute, assurance against material mis- statement or loss.
- Reviewing reports from Management and assessing if significant risks are identified, managed and mitigated. This includes financial reports where the Board's oversight includes forecast variance analysis and authority limits.
- Ensuring that significant weaknesses are promptly addressed, remedied and, where relevant and required, impose a need for more extensive monitoring.

As in the previous year, throughout the reporting period, the Board has not identified, nor been advised of, any failings or weaknesses which it has determined to be significant.

Further details on our Risk Management and Internal Control Framework can be found in our Risk Management and Internal Control Statement on pages 207 to 212.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIPS WITH STAKEHOLDERS**I. RELATIONSHIP WITH STAKEHOLDERS**

CGC recognises the importance of maintaining a satisfactory and fulfilling relationship with its various stakeholders and is committed to promoting transparency, disclosure and accountability with them.

II. RELATIONSHIP WITH EMPLOYEES

The year 2022 marked itself as unique when physical distancing disrupted conventional employee interaction. As we transition from pandemic to endemic phase, CGC continues to enforce Work From Home (WFH) policy and Split Workforce arrangements. Effective 7 February 2022, Work In Office (WIO) attendance was introduced, gradually increasing from 20% to 50% by July 2022.

In August 2022, the revised WIO/WFH Arrangement began, by which staff are allowed to WFH once a week with approval from the Head of Division. Flexible working hours were also introduced where staff can clock in anytime between 8:30am and 9:30am, and complete the 9 working hours, including lunch break.

Microsoft Office 365 remains a secure communication channel, ensuring that information-sharing, communication flow and collaboration continue, albeit virtually.

Quarterly townhall sessions were conducted hybrid – physical and virtual - via Microsoft Teams. These sessions continue to serve as a two-way communication platform for employees to obtain the latest information on CGC's performance and important corporate announcements.

- Align with CGC 5-Year Strategic Plan (5SP), and its digital and operational transformation.
- Align with the new way of working transition from pandemic to endemic phase.
- Address the culture change that drives employee motivation and performance, and rewards transformation.
- Complement the new Human Resource Management System (HRMS) (SMART People) as the platform for employee management.

As part of CGC's transformation journey, the new HR Management System known as SMART People, enables enhanced employee experience through automation of HR-related tasks.

HC continues leveraging e-Learning to facilitate learning any time, anywhere. The content was selected, based on the mapping of approved core competencies.

III. RELATIONSHIP WITH CUSTOMERS

The Client Service Centre (CSC) assists CGC in providing excellent customer service experience via its omnichannel such as call, email, letter, chatbot, walk-in and social media with timely response to received inquiries. Alternatives and solutions to customer issues are also made available in a timely way to heighten the customer's experience and expectations.

- CSC continued to serve the customer via its omnichannel and support the chain of customer experience for imSME. This helps them complete their journey on the platform, as well as providing advisory for MyKNP@CGC through inbound and outbound calls.
- CSC attended to 13,836 inquiries and resolved them accordingly within our Client Charter. CSC also recorded 86.39% rate of First Call Resolution (FCR) which exceeded the Target of 80.00%.

- Facing the unpredictable nature of the pandemic, CSC is to set up a Call Centre System that helps continuously serve customers, even during a pandemic. It could also increase productivity and efficiency.

- As an additional, virtual communication channel, CSC continuously leads the Chatbot project, also known as imSME Digital Assistant (iDA) under the imSME Portal. This provides virtual assistance to customers in reaching CGC. It also helps customers with their enquiries related to CGC and imSME.

- Overall, the Chatbot attended to 28,884 users with 97,796 interactions.

- CSC intends to add communication channels for more outreach. At the same time, this will increase productivity and efficiency to improve customer experience and satisfaction.

IV. RELATIONSHIP WITH SUPPLIERS

The role of Facilities and Administration Services (FAS) is to ensure efficiency and effectiveness in managing building facilities, general administration and the Corporation's office security and safety. FAS engaged with suppliers in providing office/building facilities, maintenance services and general office administration services.

A summary of the FAS operational manual when engaging external vendors is as below:

1. Request for Information (RFI)

2. Request for Quotation (RFQ) in line with Company's standard guidelines following the procurement process

3. Tendering Process, where necessary

4. Preparation of business case paper for approval (based on Approving Authority Matrix)

5. Issuance of Purchase Order

Our responsibilities are to carry out administration duties pertaining to general administration, renovation and security of the office. It is essential to maintain good relations with suppliers. This is to ensure that they meet and sustain the quality of both the service they render and the products they supply to us.

V. RELATIONSHIP WITH SHAREHOLDERS

The Board recognises the importance of being transparent and accountable to the Group's stakeholders and acknowledges the need for shareholders to be informed of all material business matters affecting the Group.

The General Meetings are an important platform for direct two-way interactions between the shareholders, the Board and CGC's Senior Management. Attendance, active participation and dialogue by shareholders are encouraged in the Question and Answer (Q&A) session of General Meetings on the proposed resolutions or CGC's operations in general. Directors, Senior Management or External Auditors of CGC will respond accordingly during the meeting.

Other communication modes or channels through publication of the Annual Report and CGC's website, www.cgc.com.my, have been made available to shareholders to conveniently access the key information or any updates on CGC's financial performance and major initiatives for the year.

While CGC strives to provide sufficient information to its shareholders and stakeholders, CGC is also wary of the legal and regulatory framework governing the release of material and price-sensitive information to the public.

VI. ANNUAL GENERAL MEETING

Although Malaysia had shifted to the endemic phase, the 49th AGM was held virtually by leveraging technology in accordance with Section 327(1) of the Companies Act 2016 and the Securities Commission Malaysia's directives for companies to consider the use of relevant technology to facilitate shareholders' participation and improve the conduct of general meetings (adopted by CGC as best practice). A virtual AGM platform benefits shareholders by enabling them to participate remotely, from any location.

The CGC Board ensure that shareholders are given sufficient notice and time to deliberate on the resolutions that will be discussed and decided at the AGM. The AGM Notice includes details of the resolutions proposed, along with any relevant information and reports. In line with CG's best practice, the shareholders are notified of the AGM vide the Notice of 50th AGM and a copy of CGC's Annual Report, circulated twenty-eight (28) days before the date of the meeting to provide shareholders sufficient time to read the Annual Report and resolutions proposed.

The Directors are committed to attend the scheduled AGM, approved in advance by the Board, save for unforeseeable circumstances beyond their control.

