

CORPORATE GOVERNANCE OVERVIEW STATEMENT

At CGC, operating in a rapidly evolving world, **Fulfilling Ambitions** is about attaining people's goals, both internally and externally. In aiming for that goal, we inculcate a culture of upholding strong corporate governance principles across the organisation. Upheld by a distinguished Board, this strong corporate governance framework, incorporated with the highest standards, is key to delivering sustainable business performance and creating continued shareholder value.

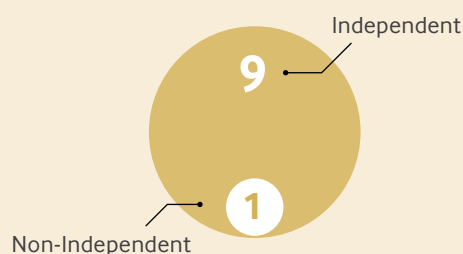
The CGC Board, Management and People are committed to applying best practices and principles. This is vital in maintaining integrity and professionalism in the long-term interest of our valued stakeholders. So, across the Corporation, guided by the principles of the Malaysian Code of Corporate Governance 2017, CGC continuously strengthens its governance processes to enhance accountability and transparency.

In the following pages, please note CGC's:

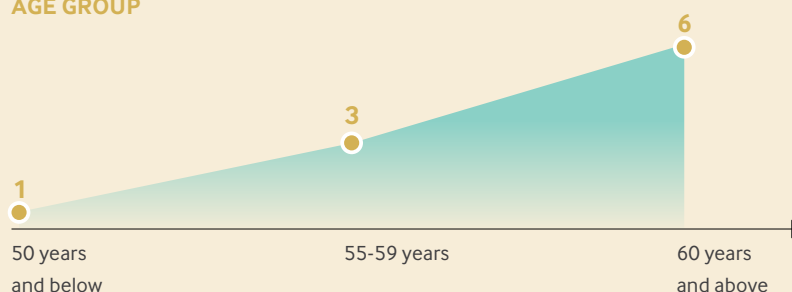
- approach to Corporate Governance, including the Board and its Committees administration
- conduct based on the Malaysian Code of Corporate Governance 2017 ("the Code")



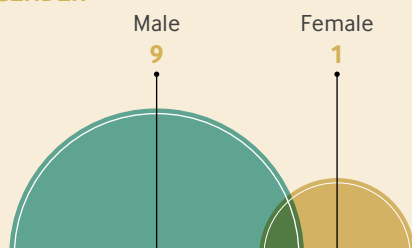
INDEPENDENCE



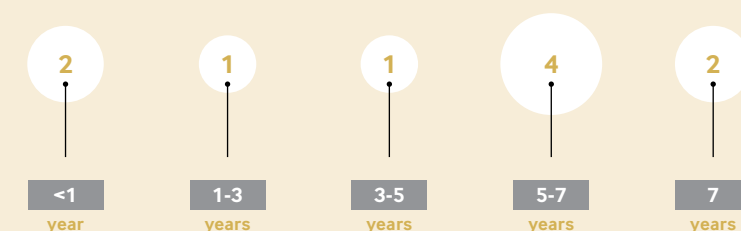
AGE GROUP



GENDER



TENURE



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MALAYSIAN CODE ON CORPORATE GOVERNANCE 2017

In strongly advocating and supporting these good corporate governance principles, the Board follows the Code's recommendations and complies with the Companies Act, 2016. Moreover, ensuring that the Code's principles and best practices are understood, adopted and reported further enhances and strengthens CGC's governance system and processes.

This Statement on Corporate Governance emphasises the three (3) key principles outlined in the Code, which are:

Principle A

Board Leadership and Effectiveness

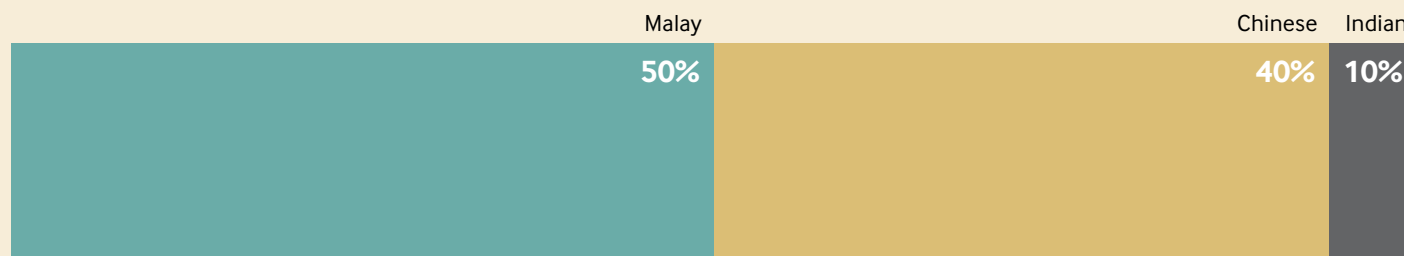
Principle B

Effective Audit & Risk Management

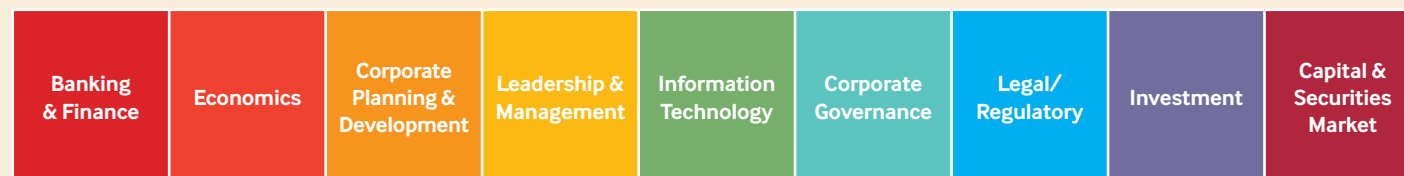
Principle C

Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

RACE/ETHNICITY



EXPERIENCE AND SKILLS



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ROLES & RESPONSIBILITIES

The Board is accountable and responsible for the performance and affairs of CGC. The Board is expected to show good stewardship and act in a professional manner, as well as uphold the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.

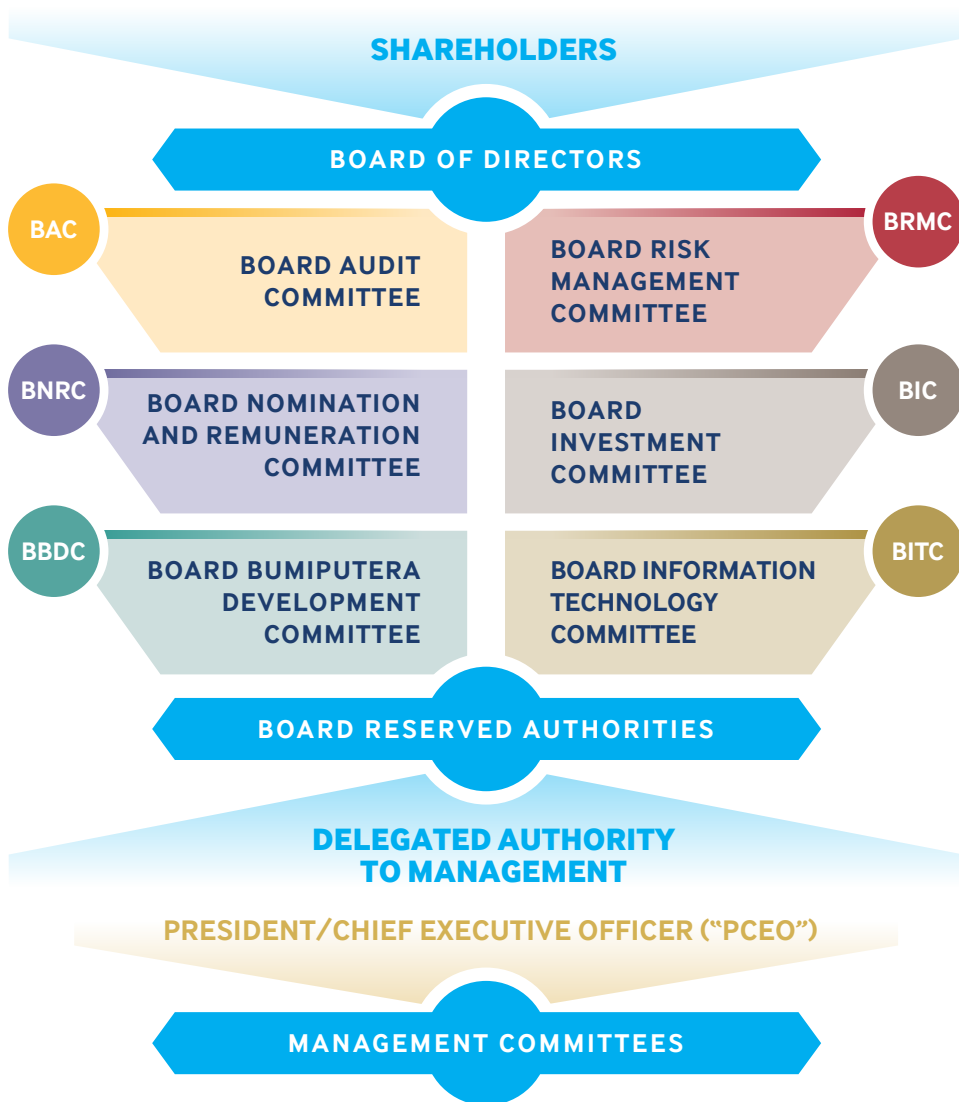
The Board is the principal decision-making body for all significant matters affecting CGC, and is accountable to shareholders for creating and delivering sustainable value. These matters include debating and agreeing on CGC's corporate strategy, long-term business objectives and risk appetite, as well 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
- overseeing CGC's human capital development
- ensuring CGC has the necessary resources, processes, controls and culture in place to deliver its strategy and promote long-term growth.

A clear division of responsibilities is maintained between the roles of the Chairman and the President/Chief Executive Officer (PCEO). It is the Chairman's responsibility to lead and manage the work of the Board. Responsibility for CGC's executive leadership and day-to-day business management is delegated to the PCEO. The Management Committees support the PCEO in this role.

BOARD GOVERNANCE FRAMEWORK

As part of discharging its duties, ensuring an appropriate level of oversight, the Board delegates specific roles and responsibilities to its six principal committees:



The Oversight Committee Members primarily consist of Non-Executive Directors.

This system establishes that:

- Each committee's Chair reports to the Board.
- The previous committee meeting's minutes are tabled at the next Board meeting.
- Each committee's Terms of Reference ("TOR") are documented, agreed by the Board and available for viewing on CGC's website (www.cgc.com.my).

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KEY RESPONSIBILITIES



CHAIRMAN

- 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 corporate governance practices in CGC.
- Promotes constructive and respectful relationships among Directors and between the Board and the Management.
- Sets the Board agenda and ensures that Directors receive complete and accurate information in a timely manner.



NON-EXECUTIVE DIRECTOR

- Contributes sound judgment and objectivity and provide constructive challenge to board 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.



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 on policies and procedures, rules and regulations as well as advocating adoption of corporate governance best practices.

The GC&CS works closely with the Chairman, Chairs of the Board Oversight Committees and PCEO to set meeting agendas and ensure timely presentation of high-quality information to the Board. All Directors have the 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.



PRESIDENT/CHIEF EXECUTIVE OFFICER

- 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 Board Oversight Committees.
- Ensures that operational planning and control systems are in place, monitoring performance results against plans and where necessary, taking remedial action.

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ATTENDANCE AT BOARD MEETINGS

During the year, eight scheduled Board meetings were held. Upon the Board's request, Senior Management members attended these meetings to provide updates on specific developments or proposals. Their attendance provided an additional opportunity for Non-Executive Directors to discuss directly with the executive team. Furthermore, they spurred Management thinking on matters under discussion, particularly strategic investment reviews, product development, risk management and new technologies.

The table below sets out the scheduled Board meeting attendance of the Directors who served on the Board in 2019.

No.	Name of Directors	Attendance
1.	Dato' Agil Natt Independent Non-Executive Director (Chairman)	8/8
2.	Datuk David Chua Kok Tee Independent Non-Executive Director	8/8
3.	Dato' Haji Syed Moheeb Syed Kamarulzaman Independent Non-Executive Director	8/8
4.	Teoh Kok Lin Independent Non-Executive Director	8/8
5.	Suresh Menon Independent Non-Executive Director	8/8
6.	Dato' Ong Eng Bin Independent Non-Executive Director	5/8
7.	Choong Tuck Oon Independent Non-Executive Director	8/8
8.	Adnan Zaylani Mohamad Zahid Non-Independent Non-Executive Director	6/8
9.	Faisal Ismail¹ Independent Non-Executive Director	1/1
10.	Saleha M. Ramly¹ Independent Non-Executive Director	1/1
11.	Nadzirah Abd. Rashid² Independent Non-Executive Director	8/8

¹ Appointed as Director w.e.f. 1 December 2019

² Resigned as Director w.e.f. 1 February 2020

Majority of Directors met the minimum attendance requirement of at least 75% at Board Meetings held during the financial period, complying with the Terms of Reference for Board of Directors meeting. The Board also agreed for the 75% minimum attendance requirement to be adopted for the Board Oversight Committee.

The table below summarises the Directors' attendance at Board Oversight Committee meetings during the year:

Name of Directors

Dato' Agil Natt

Datuk David Chua Kok Tee

Dato' Haji Syed Moheeb Syed Kamarulzaman

Teoh Kok Lin

Suresh Menon

Dato' Ong Eng Bin

Choong Tuck Oon

Adnan Zaylani Mohamad Zahid

Faisal Ismail³

Saleha M. Ramly⁴

Nadzirah Abd. Rashid⁵

Number of Meetings held in FY2019

³ Appointed as a Director w.e.f. 1 December 2019. He was also appointed as a Member of BAC, BIC and BBDC w.e.f. 1 December 2019. He was re-designated as Chairman of BAC w.e.f. 1 February 2020.

BOARD ACTIVITIES AND DISCUSSIONS

Throughout the year, the Board considered the following:

STRATEGY

Proposal to Guarantee Non-Resident Controlled Company ("NRCC") SMEs

New Direct Financing Product – "BizMikro"

Establishment of Khidmat Nasihat Pembiayaan

Review of Investment Policy Statement (IPS) – 2019

Memorandum of Understanding (MoU) between CGC and Malaysia Rail Link Sdn. Bhd for East Coast Rail Link (ECRL) Project

Business Plan and Budget FY2020

Enhancement of CGC Competency Framework

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Chairman Member

Date of Appointment	Date of Resignation	BAC (quarterly)	BIC (quarterly)	BRMC (quarterly)	BBDC (quarterly)	BNRC (quarterly)	BITC (quarterly)
Attendance							
18.06.2013	-	-	-	-	-	4/4	-
15.02.2013	-	-	4/4	5/5	4/4	-	7/7
15.01.2014	-	-	-	5/5	4/4	4/4	7/7
27.06.2014	-	-	4/4	5/5	-	-	7/7
17.07.2014	-	5/5	4/4	4/5	-	-	-
14.10.2014	-	4/5	-	-	3/4	4/4	-
20.01.2017	-	4/5	-	-	-	-	7/7
18.10.2018	-	5/5	-	3/5	-	4/4	-
1.12.2019	-	-	-	-	-	-	-
1.12.2019	-	-	-	-	-	-	1/1
22.10.2015	1.2.2020	5/5	4/4	-	3/4	4/4	-
		5	4	5	4	4	7

⁴ Appointed as a Director w.e.f 1 December 2019. She was also appointed as a Member of BBDC and BITC w.e.f. 1 December 2019 and as a Member of BNRC w.e.f 1 February 2020.

⁵ Resigned as a Director w.e.f. 1 February 2020. She also ceased to be the Chairman of BAC, Member of BIC, BBDC and BNRC w.e.f.1 February 2020.

GOVERNANCE

Board Evaluation Exercise Result for year 2018

Revision to CGC's Constitution pursuant to Redemption of Preference Shares

Revised Terms of Reference of Board Oversight Committees

Mapping Exercise: Corporate Governance Monitor 2019 vs CGC's Corporate Governance Practice

Update on ISO 9001: 2015 Quality Management System (QMS) Implementation for Claims Processing

Appointment of External Auditor FYE 2019

Re-Election of Directors Retiring Pursuant to Articles 76A, 76B and 77 of CGC's Constitution

RISK MANAGEMENT/COMPLIANCE

Cyber Security Policy

Compliance Policy

Anti-Bribery and Corruption Policy

Establishment of Business Continuity Management Framework and Revision of BCM Policy

Enhancement of Anti-Money Laundering & Counter-Financing of Terrorism (AML/CFT) Policy

Risk Management Dashboard

Interim Review of Red Business Rules Capping FY2019

TECHNOLOGY

imSME Performance Update

Digital & Technology Innovations 2020 and Beyond

Guarantee and Financing Operating System: PG Origination Migration

Update on iTransform Projects

Data Centre Migration Project

Biz-Mikro Digital Implementation

Cyber Security Plan 2020

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BOARD COMPOSITION

The composition of the Board and its Oversight Committees is regularly reviewed to ensure the right mix of skills, experience and knowledge of CGC to enable Board members to perform their roles effectively. This is crucial to ensure sufficient diversity and independence in the decision-making process.

The Directors are selected based on their individual merits and experience. The current Board consists of individuals of diverse backgrounds with skills, knowledge, experience and expertise in 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.

The current Board is considered to be a well-balanced group and of an appropriate size. This is essential to ensure diversity of views, constructive deliberation and decision-making to achieve effective stewardship and management.

The Board is certain that the existing appointment process for selecting new Board members is adequate. It considers the required skill-set, industry experience, competency and knowledge of the individual candidate, in addition to the candidate's age and gender.

Whilst the policy of having a 30% representation of women Directors has yet to be formally adopted, the Board has agreed initiatives to increase the number of female directors on the Board, based on pre-determined skill-sets and competencies.

TERMS OF APPOINTMENT OF NON-EXECUTIVE DIRECTORS

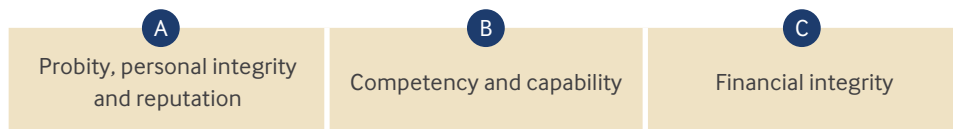
CGC is committed to a high level of corporate governance and fostering a culture that values ethical behaviour, integrity and respect. Based on this spirit, CGC developed a formal, transparent procedure for new appointment and re-appointment of a Director to the CGC Board.

Qualification criteria for appointment 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

The current sourcing method for a new Director is via professional network or referrals from existing Directors. For future director recruitment, CGC will use independent resources to identify suitably qualified candidates from a wider talent pool.

BNRC is responsible for first assessing candidates for directorship and Board Oversight Committee membership before they are recommended to the Board for approval. As part of the initial screening and selection process, BNRC will consider the following criteria with respect to assessment of a candidate's fitness and propriety:



During the financial year 2019, none of the Independent Directors had served on the Board for a cumulative term of more than nine (9) years from the date of his/her first appointment. This is in line with CGC's Board Charter, which limits an Independent Director's tenure of service to a maximum of three (3) terms of three (3) years each term or nine (9) years in total.

In the event that the service of an Independent Director is to be further extended, the same shall be subject to the Board's recommendation and shareholders' approval respectively. If the Board continues to retain the Independent Director after the twelfth year, the Board should seek annual Shareholders' approval through a two-tier voting process.

RE-ELECTION OF DIRECTORS

The Directors recommended to be re-elected at the Annual General Meeting ("AGM") are subject to prior assessment by the BNRC and retiring Directors are required to give their consent on their re-election. In assessing the retiring candidates, the BNRC considers their contribution, competencies, commitment, personality and performance based on BNM's Fit and Proper Criteria. These include background screening and verification by an independent agent and the GC&CS. BNRC's recommendations are thereafter submitted to the Board for endorsement and to shareholders for approval.

In accordance with Article 76A of CGC's Constitution, one-third of the Directors or if their number is not three or a multiple of three, then the number nearest to one-third, shall retire from office by rotation at each AGM. Article 76B of the Constitution provides that retiring Directors shall be the Directors who have been longest in office since the Directors' last election. A retiring Director shall be eligible for re-election based on Article 76C of the Constitution.

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The following are the three (3) Directors who have served the longest in office since their last election and who shall retire by rotation at the forthcoming AGM. The BNRC and Board recommended their re-election and all three (3) Directors have given their consent to be re-elected:

A Datuk David Chua Kok Tee	B Suresh Menon	C Dato' Ong Eng Bin
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Article 77 of CGC's Constitution states that the Directors shall have power to appoint any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors. Any Director(s) so appointed shall hold office until the next AGM. Faisal Ismail and Saleha M. Ramly were appointed as Directors on 1 December 2019, after the 46th AGM, which was held on 20 June 2019. Therefore, they will retire but are eligible for re-election at the forthcoming AGM pursuant to the aforementioned Article. They are recommended for re-election by the BNRC and Board, and have given their consent to be re-elected as Directors.

TIME COMMITMENT

In order to effectively discharge their responsibilities, Non-Executive Directors must commit sufficient time to their role. The Chairman has confirmed that, in his view, each Non-Executive Director continued to demonstrate commitment to their role during the year.

The Chairman continues to commit as much time as necessary to fulfil his duties, with his responsibilities at CGC taking priority over other business commitments.

In addition to time spent preparing for and attending Board and Board Oversight Committee meetings, the Chairman and Non-Executive Directors allocated sufficient time during the year to further their understanding of CGC. This included briefing meetings with Senior Management, as well as regular training sessions to ensure ongoing business awareness. Receptions were also held at venues where the Board met so that all staff had an opportunity to meet Board members.

DIRECTORS' REMUNERATION FRAMEWORK

CGC's remuneration framework considers the following factors before proposing a revision:

- Benchmark of CGC's financial performance and remuneration against peers within the industry;
- Achievement of CGC's initiatives; and
- Remuneration report by professional bodies such as FIDE Forum or external consultants.

DIRECTORS' REMUNERATION

	Directors' Fees (RM'000)	Meeting Allowance (RM'000)	Benefit in-kind (RM'000)	Total (RM'000)
Non-Executive Directors				
Dato' Agil Natt	180	85	110	375
Datuk David Chua Kok Tee	72	120	6	198
Dato' Haji Syed Moheeb Syed Kamarulzaman	72	122	6	200
Teoh Kok Lin	72	104	6	182
Suresh Menon	72	88	6	166
Dato' Ong Eng Bin	72	63	6	141
Choong Tuck Oon	72	94	6	172
Adnan Zaylani Mohamad Zahid	60	38	-	98
Faisal Ismail ⁶	6	3	-	9
Saleha M. Ramly ⁶	6	7	-	13
Nadzirah Abd. Rashid ⁷	72	109	6	187
Total	756	833	152	1,741

⁶ Appointed as a Director w.e.f 1 December 2019

⁷ Resigned as a Director w.e.f 1 February 2020

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PERFORMANCE EVALUATIONS

Practice 5.1 of MCCG 2019 and Standard 13.1 of BNM Policy on Corporate Governance provide the need to conduct an annual evaluation of the Board, Board Committees and individual Directors. A Board evaluation which is periodically facilitated by a professional, experienced and independent party will provide greater objectivity to the assessment exercise.

CGC in December 2016 engaged the Malaysian Directors Academy ("MINDA") to conduct Directors' Evaluation Exercise for Board and Board Oversight Committees. This includes Board Effectiveness Assessment and Individual Director Evaluation. The result of MINDA's evaluation exercise was presented to the Board on 17 March 2017.

In compliance with MCCG and BNM's Policy on Corporate Governance, the CGC Board Evaluation exercise for year 2019 comprises the following:

- i. Board Evaluation
- ii. Directors' Peer & Self (optional) Evaluation
- iii. Management Evaluation of Board

The Board Evaluation was conducted to measure the effectiveness of the Board's structure, operations, interactions, roles and responsibilities. Directors' Peer & Self Evaluations were focused on two (2) sections:

- i. Contribution & performance
- ii. Calibre & personality

Meanwhile, Management Evaluation of Board emphasised strategic thinking, effectiveness in discharging oversight role, industry/technical knowledge, practising good corporate governance and quality of deliberation and decision-making process.

Overall, the assessment results revealed that the Board had carried out its duties well and amicably it was rated as 'Satisfactory' in all three (3) types of Evaluations.

BOARD INDUCTION AND TRAINING

All new Directors are entitled to receive a comprehensive and tailored induction following their appointment to the Board. Through a combination of office visits, technical briefings and introductory meetings, the CGC Board Induction Programme is aimed at helping the new Directors to understand CGC, the environment in which it operates, its people and their role in making the organisation a success.

The Board is responsible for ensuring that all Directors receive ongoing training and development to enhance their roles as Board members. The Non-Executive Directors have engaged fully in this process. Some of them even became panel speakers on several programmes and also provided lecture series at public varsities.

Listed below are the seminars and training events attended by CGC Directors to keep abreast of latest developments:

LIST OF TRAINING COURSES ATTENDED

FINANCIAL INDUSTRY

- ▶ CIIF Chartered & Fellowship Masterclass (CFM) 2019
- ▶ FIDE Banking Core Programme (Banking) Module A
- ▶ Panel Speaker at the Association of Insurance Supervision for Portuguese-Speaking Countries (ASEL) Conference @ Dili, Timor-Leste
- ▶ Guest Speaker at the Certificate of Shariah for Takaful Practitioners (CSTP) Programme

RISK MANAGEMENT

Anti-Bribery and Corruption Awareness Programme:

- ▶ National Anti-Corruption Plan (NACP) 2019-2023
- ▶ Guidelines on Adequate Procedures Pursuant to Subsection (5) of Section 17A under the MACC Act 2009

GOVERNANCE

- ▶ Accelerate Workshop Series ("AWS") Resolving Conflict in the Boardroom conducted by The ICLIF Leadership and Governance Centre (ICLIF)
- ▶ Presentation by Lee Hishammuddin Allen & Gledhill on IT Contract Management

TECHNOLOGY

- ▶ MyFintech Week 2019
- ▶ BNM-FIDE FORUM: Key Aspects of Fintech and Regulation
- ▶ BNM-FIDE FORUM: Digital to the Core
- ▶ BNM-FIDE FORUM: Innovation and Fintech in the Financial Services Industry
- ▶ BNM-FIDE FORUM: Leadership in a Disruptive World: The Changing Role of Boards

CGC 2019 TECHNOLOGY DAY

- ▶ Innovation within Financial Services and Regulatory Impact
- ▶ Digitalisation of the Malaysian Capital Market
- ▶ Digital Transformation and Emerging Technologies
- ▶ Artificial Intelligence

OTHERS

- ▶ Asia Global Dialogue 2019: Building a Sustainable Framework for a Globalised Economy
- ▶ Presentation by United Nations (UN) Resident Coordinator for Malaysia on UN Sustainable Development Goals
- ▶ Presentation by SME Corp on Challenges in Embracing Technological Disruption and Ways to Mitigate Lending Risks to SMEs

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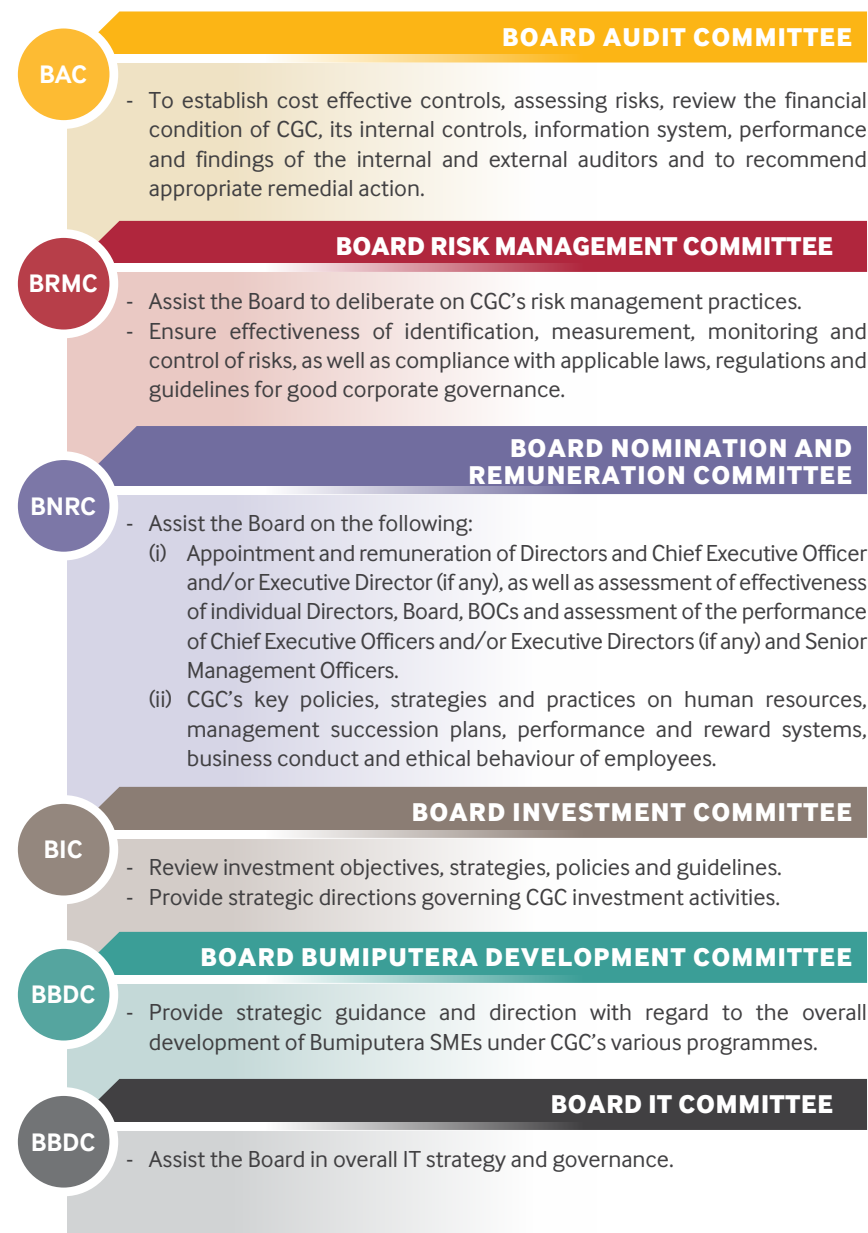
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BOARD OVERSIGHT COMMITTEES

Under the Board Charter, the Board delegates certain responsibilities to its respective Board Oversight Committees (BOCs) to assist in carrying out its function of ensuring independent oversight. This allows the Board to spend additional and focused time deliberating on specific and pertinent issues.

The BOCs operate principally in a review or advisory capacity, except in cases where the Board specifically confers powers and authorisation on a Committee. The Board currently has six (6) principal BOCs, each of which is governed by a clearly defined TOR. These TORs are reviewed from time to time, as the need arises to ensure they remain relevant and up-to-date. Brief descriptions of the BOCs established by the Board are as follows:



EXTERNAL ADVICE

Where appropriate, the Directors may seek independent professional advice, at CGC's expense, in respect of their duties to the Board and its BOCs, so as to ensure the Directors are able to make independent and informed decisions. However, no Directors sought external advice during the year under review.

DIRECTOR'S CONFLICT OF INTEREST

The Board has procedures in place for the disclosure of conflicts of interest. The Directors are aware of their responsibility for avoiding an actual or potential conflict of interest and shall immediately disclose and declare to the Board any other interest (actual, potential or perceived) which is in conflict with CGC, in accordance with the Companies Act 2016 and Board Charter.

SUPPLY OF AND ACCESS TO INFORMATION

The Board is supplied with, and has full and unrestricted access to, information pertaining to CGC's business and affairs to enable them to discharge their duties effectively.

Prior to meetings, appropriate document, which include the agenda and reports relevant to the issues of the meetings, are circulated to the Board Members. All Directors have full and timely access to information, with Board papers distributed in advance of meetings. This ensures that Board Members have sufficient time to appreciate issues deliberated at meetings, which in turn enhances the decision-making process.

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EFFECTIVE AUDIT AND RISK MANAGEMENT


AUDIT COMMITTEE

The Board has in place the Board Audit Committee (BAC), which comprises five members; the majority of whom are Independent Non-Executive Directors. The BAC is chaired by Faisal Ismail, an Independent Non- Executive Director.

The Board is satisfied that at least one BAC member has 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 adequacy of financial disclosures and the effectiveness of internal audit functions. The Internal Audit function is 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 organisational entity within CGC; as well as those mandated under contract or any matters within its Terms of Reference (TOR), available on CGC's corporate website.

 Further information on the BAC, including internal audit functions, can be found under the BAC report on pages 149 to 151 of this Annual Report.

RISK MANAGEMENT & INTERNAL CONTROL FRAMEWORK

The Board of Directors takes heed of the importance of corporate governance. It strives to instil an effective structure through risk management processes to meet its obligations towards customers, shareholders and other stakeholders. As risk is evolving and present in all our activities, the Board continuously reviews CGC's policies, procedures and processes to enable it to function effectively.

The Board determines CGC's overall risk appetite and level of risk tolerance to achieve its strategic objectives, while taking a longer-term view on its ability to meet its obligations.


A comprehensive financial reporting system is in place. In addition, the Board receives a number of reports to enable it to carry out its functions in the most efficient manner. These procedures include preparation of management accounts, forecast variance analysis and other ad-hoc reports. Clearly defined authority limits are set out throughout CGC, including those matters reserved specifically for the Board. The Board has established a continuous process for:

- Identifying, assessing, evaluating and managing material risks that CGC faces.
- Determining the nature and extent of material risks it is willing to take in achieving its strategic objectives.

The Board regularly reviews the process, which has been in place from the start of the year to the date of approval of this report. This is in accordance with guidance on internal control. The Board is also responsible for CGC's system of internal control and for reviewing its effectiveness. Such a system is 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 misstatement or loss. The Board regularly reviews effectiveness of CGC's risk management and internal control systems.

The Board's monitoring covers all controls, including financial, operational and compliance controls, along with risk management. It is based principally on reviewing reports from Management to consider whether significant risks are identified, managed and controlled properly. The Board also ensures that significant weaknesses are promptly remedied and indicates a need for more extensive monitoring. The BAC assists the Board in discharging its review responsibilities.

A formal material risk assessment exercise has been carried out, resulting in CGC's risk profile which summarises the key material risks, their potential impact and mitigation plans.

 More on our Risk Management and Frameworks can be found in our Risk Management and Internal Control Statement on pages 152 to 157.

During the course of its review of risk management and internal control systems, the Board has not identified, nor been advised of any, failings or weaknesses which it has determined to be significant, consistent with the prior year.

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

RELATIONSHIP WITH STAKEHOLDERS

In fulfilling our role and objectives as a development finance institution, CGC deals with a wide range of stakeholders. CGC recognises the importance of maintaining transparency and accountability, while managing an effective relationship with CGC stakeholders.

RELATIONSHIP WITH EMPLOYEES

CGC continues to engage and appreciate employees through its various employee engagement activities. CGC's Core Values, T.H.I.N.K. i.e. Teamwork – Hardworking – Integrity – Nurturing – Knowledgeable continue to play a role in shaping the employee engagement activities organised in 2019.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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Amongst others, the activities organised were:

- Town Halls
- Launch of SME Apprentice Scheme Programme (Cohort 2)
- Mega Career and Study Fair
- JobStreet Career Fair
- Corporate Responsibility Initiatives and employee-led Engagement programmes (most of the programmes were organised by cross-departmental teams as part of CGC's effort to promote interdepartmental collaboration).
- People's Day
- Family Day @Head Office and CGC Branches Nationwide
- Annual Dinner

The employees were also provided with a 2-way communication channel for them to interact and obtain latest information on CGC's performance, important initiatives etc. via the Quarterly Town Hall sessions and Breakfast/Luncheon Sessions with the PCEO. CGC continues to encourage the employees to share their thoughts and feedback through these platforms.

Human Capital reviews its policies and procedures periodically to ensure that the policies and procedures remain relevant. These policies and procedures are also easily accessible by all employees via CGC intranet portal for employees to refer to at their convenience.

In addition, Learning & Development continues with CGC's agenda to develop employees' potential through various training and development programmes. One of the Human Capital Key Strategic initiatives for 2019 is Asian Institute of Chartered Bankers' (AICB) Professional Credit Certification (PCC) program for employees in the Credit job family. This initiative supports the industry-wide commitment to professionalise the Development Financial Institution (DFI), where an industry commitment was signed by members of Banks of Association of Banks in Malaysia (ABM) to create a workforce, characterised by high standards of professional conduct, knowledge and competence. With this, CGC is committed to provide employees with the required skills and knowledge. Aligning with our SO#5, Embark on Digitisation, in 2019 Learning & Development successfully rolled out five (5) e-Learning modules to employees and top management to promote continuous learning anywhere, anytime. On top of that, in August 2019, Learning & Development rolled out Digital Transformation – Facilitating User Adoption training. Members of senior and middle management were awarded with the Certified Change Champion. Meanwhile, the certification for another 40 employees is still in progress. Participants are furnished with the knowledge and skills to adapt with the Digital Transformation agenda as well as to drive the change across CGC.

Further to that, in line with CGC's SO#3 which is to Enhance Human Capital, the Emerging Managers Development Programme was rolled out targeting more than 70 first-line managers to provide sound foundation of managerial and leadership competencies towards achieving CGC's Vision, Mission and Aspiration.

RELATIONSHIP WITH CUSTOMERS

The Client Service Centre (CSC) assisted CGC to provide excellent customer service experience by providing timely and accurate response to their inquiries, as well as providing alternatives and solutions to customers' issues.

- As the owner of the Chatbot, CSC launched the Bahasa Malaysia version for use in imSME. Overall, the Chatbot attended to 26,261 users, with 83,396 interactions.
- Served 17,833 in-bound calls, whose inquiries were resolved within charter.
- Carried out expanded scope of work to include providing advisory role for unsecured financing inquiries under MyKNP@CGC.
- Continued to serve imSME clients by making outbound calls to imSME customers to help them complete their journey on the imSME platform.

In addition, CGC branches organised networking activities such as workshops and briefings, both to consistently engage with CGC's existing customers and to attain potential leads. Branches also participated in external conferences, expos, carnivals, pocket talks and seminars whereby it is part of their involvement in building network with various stakeholders via setting up of booths and to entertain potential customers' queries with regard to CGC, its products and services.



Interested customers can reach out to CSC officers via Hotline 03-7880 0088, email csc@cgc.com.my or write to:

Client Service Centre
Credit Guarantee Corporation Malaysia Berhad
Level 2, Bangunan CGC
Kelana Business Centre
97, Jalan SS 7/2
47301 Petaling Jaya
Selangor

CORPORATE GOVERNANCE OVERVIEW STATEMENT



RELATIONSHIP WITH SHAREHOLDERS

The AGM is the principal forum for dialogue with all shareholders. At each AGM, the Board takes pleasure in presenting the progress and performance of CGC's business. The Board values dialogue with shareholders and appreciates keen interest of shareholders in CGC's performance. Shareholders are encouraged to participate in the Question and Answer (Q&A) session of the AGM on the proposed resolutions or CGC's operations in general. Directors as well as External Auditors of CGC, are present to respond to shareholders' enquiries raised during the meeting.

The publication of the Annual Report and CGC's website, www.cgc.com.my represent other channels of communication made available to shareholders to ensure that they have convenient and easy access to key information on CGC's financial performance and major initiatives for the year.

RELATIONSHIP WITH SUPPLIERS

Summary of Facilities and Administration Services' (FAS) practice and policy when engaging an external vendor:

1. Request for Information (RFI)
2. Request for Quotation (RFQ) in line with Company's standard guideline following procurement process
3. Preparation of business case paper for approval (based on Approving Authority Matrix)
4. PO issuance

CONTACT WITH OUR SHAREHOLDERS

Annual General Meeting

Shareholders are notified of the AGM and provided with a copy of CGC's Annual Report before the meeting. The Notice of the AGM is circulated at least twenty-eight (28) days before the date of the meeting to ensure shareholders have sufficient time to read the Annual Report and papers supporting the resolutions proposed.

Once the meeting date has been fixed, Directors commit themselves to attending the AGM as scheduled and approved in advance by the Board, save for unforeseeable reasons that are beyond their control.