

CORPORATE GOVERNANCE OVERVIEW STATEMENT

In the wake of a global health and economic crisis,

Keeping Dreams Alive, Bouncing Back

describes CGC's efforts to reinvent dreams. In a challenging year filled with uncertainties, the way forward was in realigning strategies for MSMEs to bounce back, better. Following through on themes from previous years, 2018's *Changing Lives* and 2019's *Fulfilling Ambitions*, CGC in 2020 strived to serve its customers, to efficiently and effectively coordinate initiatives with all stakeholders. At the same time, it sought to embody corporate governance principles across the board without stifling entrepreneurship to respond to the current, fast-evolving business environment.

The Board of CGC is pleased to present this statement with an overview of the Corporate Governance (CG) practices of the Company. The Board views CG as an essential contribution towards achieving the long-term interests of our valued stakeholders. The Board and Management of CGC are committed to applying best practices and principles, which are vital in maintaining integrity and professionalism across the Company.

As governance requirements continually evolve and present new challenges, the Board is committed to ensuring that CGC complies with the Companies Act, 2016 and CGC's Constitution (the Constitution), whilst adopting the best CG practices as outlined in the following policy and guideline:

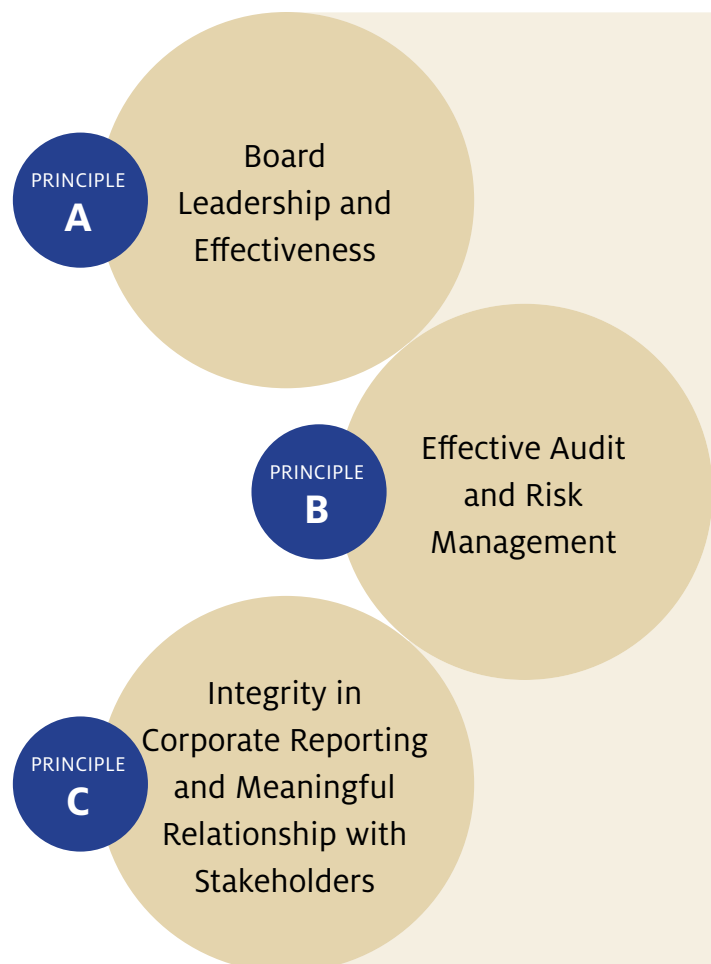
- Policy on Corporate Governance issued by Bank Negara Malaysia (BNM CG Policy)
- Malaysian Code on Corporate Governance 2017 issued by Securities Commission Malaysia (the Code)

MALAYSIAN CODE ON CORPORATE GOVERNANCE 2017

In strongly advocating and supporting good CG principles, the Board ensures that the Code's principles and best practices are well understood, adopted and reported, further enhancing and strengthening CGC's governance system and processes.

The following pages of this CG Overview Statement set out CGC's approach in applying CG best practices, including the Board and Board Oversight Committees' (BOCs) administration, together with their conduct based on the Code.

This Statement on CG emphasises three (3) key principles, as set out in the Code:



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PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS

I. ROLES AND 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 with regard to their fiduciary duties and responsibilities.

As the principal decision-making body for all significant matters affecting CGC, the Board 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 CG.
- 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.

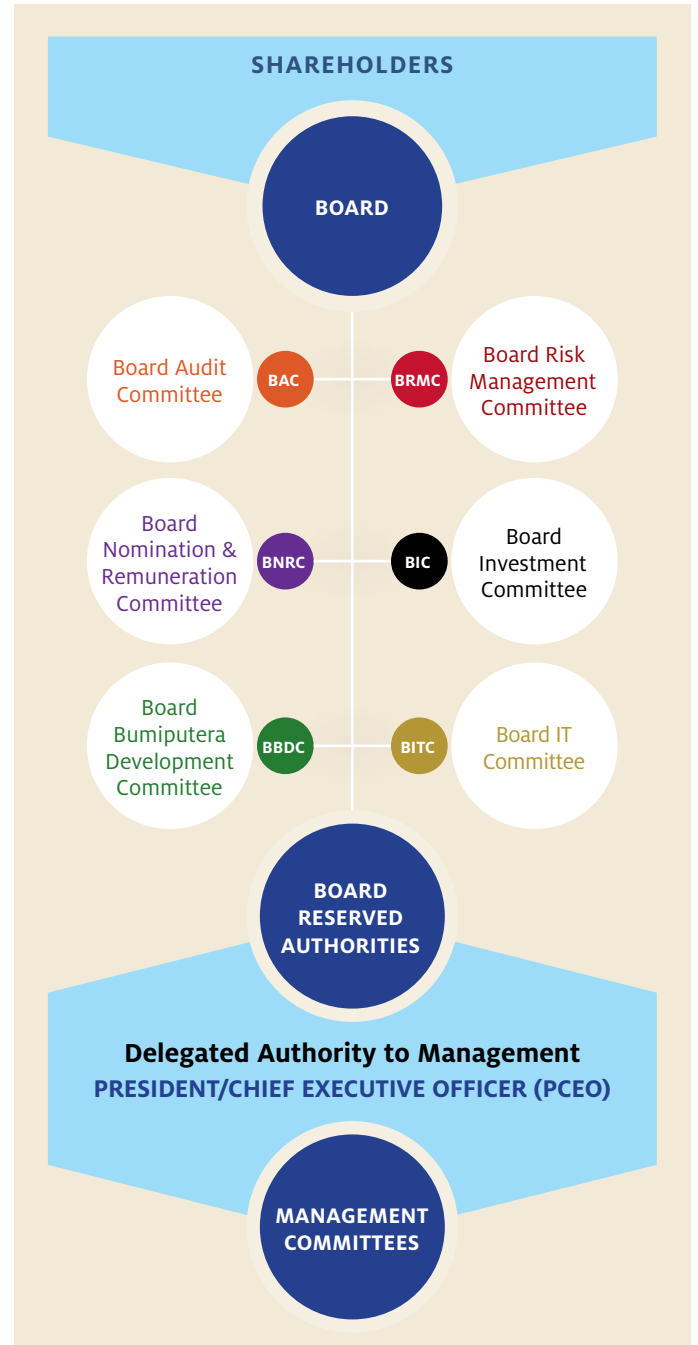
The Board also has a formal schedule of matters specifically reserved for its decision, details of which can be found in the Board Charter.

The Board acknowledges the importance of a clear division of responsibility between the Chairman and the President/Chief Executive Officer (PCEO). The roles of Chairman and PCEO are exercised by separate individuals to ensure optimal balance, resulting in increased accountability and enhanced decision-making. The Chairman is responsible for leading and managing the work of the Board while the responsibility for CGC's executive leadership and day-to-day business management is delegated to the PCEO. The Management Committees provide continuous support to the PCEO in this role.

II. BOARD GOVERNANCE FRAMEWORK

To ensure orderly and effective discharge of its functions and responsibilities, the Board has in place a Board Governance Framework (the Framework) where the Board delegates specific roles and responsibilities to its six (6) BOCs:

BOARD GOVERNANCE FRAMEWORK



The Framework aims to allow strategic alignment and efficient decision-making in CGC. The Framework is supported by the Board Charter and Terms of Reference (TOR), which are agreed by the Board and available for viewing on CGC's website at www.cgc.com.my.

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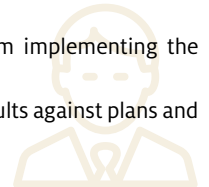
III. KEY RESPONSIBILITIES

Chairman

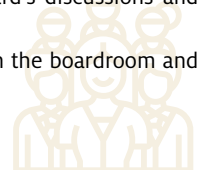
- Responsible for the leadership and management of the Board and ensuring its overall effectiveness.
- Encourages all Directors to maximise their contributions to the Board by drawing on their skills, experience, knowledge and, where appropriate, independence.
- Promotes a culture of openness, challenge 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 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.

President/
Chief Executive
Officer

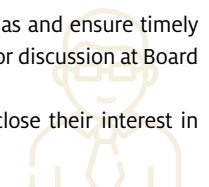
- Responsible for CGC's executive leadership and day-to-day management of its business, within the authority delegated by the Board.
- Executes strategic direction of CGC as set out by the Board.
- Ensures that CGC's businesses are properly and efficiently managed with the executive team implementing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

Non-Executive
Director

- Contributes sound judgment 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.

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.



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IV. ATTENDANCE AT BOARD MEETINGS

During the year, nine (9) Board meetings were held to deliberate and consider a variety of significant matters that required the Board's guidance and approval. The dates of these meetings were determined in advance to enable the Directors to plan their schedule. Senior Management members were also invited to attend these meetings to provide updates on specific developments or proposals. Their attendance also provided an additional opportunity for Non-Executive Directors to discuss directly with the Management. Furthermore, they spurred Management thinking on matters under discussion, particularly strategic investment reviews, product development, risk management and new technologies. The Board also had separate sessions with the Management to discuss CGC's strategies.

Board members have discharged their roles and responsibilities through their attendance at the Board meetings held during FY2020, as set out in the table below:

NAME OF DIRECTORS		ATTENDANCE	NAME OF DIRECTORS		ATTENDANCE
1	Dato' Mohammed Hussein¹ Independent Non-Executive Director (Chairman)	6/6	7	Dato' Ong Eng Bin Independent Non-Executive Director	9/9
2	Dato' Agil Natt² Independent Non-Executive Director (Chairman)	4/4	8	Choong Tuck Oon Independent Non-Executive Director	8/9
3	Datuk David Chua Kok Tee Independent Non-Executive Director	9/9	9	Adnan Zaylani Mohamad Zahid Non-Independent Non-Executive Director	9/9
4	Dato' Haji Syed Moheeb Syed Kamarulzaman Independent Non-Executive Director	9/9	10	Faisal Ismail Independent Non-Executive Director	9/9
5	Teoh Kok Lin Independent Non-Executive Director	9/9	11	Saleha M. Ramly Independent Non-Executive Director	9/9
6	Suresh Menon Independent Non-Executive Director	9/9	12	Nadzirah Abd. Rashid³ Independent Non-Executive Director	1/1

¹ Appointed as Director w.e.f. 1 May 2020 and re-designated as Chairman w.e.f. 1 July 2020.

² Resigned as Director and Chairman w.e.f. 1 July 2020.

³ Resigned as Director w.e.f. 1 February 2020.

All Directors met the minimum attendance requirement of at least 75% of Board Meetings held during the financial period, complying with the TOR for Board meetings. The Board also agreed to the 75% minimum attendance requirement for the BOC. Due to the Covid-19 pandemic outbreak, Board meetings in 2020 were held via hybrid and virtual meetings. CGC has fully observed relevant Standard Operating Procedures (SOPs) issued by the Malaysian National Security Council (MKN) whenever hybrid meetings were conducted, e.g., temperature check before entering Bangunan CGC, arrangement of meeting venue with social distancing and hand sanitiser placed at the meeting room entrance.

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ATTENDANCE AT BOC MEETINGS

The table below summarises the Directors' attendance at BOC meetings during FY2020:

	Date of Appointment	Date of Resignation	BAC (quarterly)	BIC (quarterly)	BRMC (quarterly)	BBDC (quarterly)	BNRC (quarterly)	BITC (quarterly)
Name of Directors	Attendance							
Dato' Mohammed Hussein ¹	01.05.2020	-	-	-	-	-	3/3	-
Dato' Agil Natt ²	18.06.2013	01.07.2020	-	-	-	-	2/2	-
Datuk David Chua Kok Tee	15.02.2013	-	-	4/4	10/10	4/4	-	5/5
Dato' Haji Syed Moheeb Syed Kamarulzaman	15.01.2014	-	-	-	10/10	4/4	5/5	5/5
Teoh Kok Lin	27.06.2014	-	-	4/4	10/10	-	-	5/5
Suresh Menon	17.07.2014	-	6/6	4/4	10/10	-	-	-
Dato' Ong Eng Bin	14.10.2014	-	6/6	-	-	4/4	5/5	-
Choong Tuck Oon	20.01.2017	-	6/6	-	-	-	-	5/5
Adnan Zaylani Mohamad Zahid	18.10.2018	-	5/6	-	10/10	-	5/5	-
Faisal Ismail	01.12.2019	-	6/6	4/4	-	4/4	-	-
Saleha M. Ramly	01.12.2019	-	-	-	-	4/4	5/5	5/5
Nadzirah Abd. Rashid ³	22.10.2015	01.02.2020	1/1	-	-	-	-	-
Number of Meetings held in FY2020			6	4	10	4	5	5

¹ Appointed as Member of BNRC w.e.f. 1 May 2020 and redesignated as Chairman of BNRC w.e.f. 1 July 2020.

² Resigned as Chairman of BNRC w.e.f. 1 July 2020.

³ Resigned as Chairman of BAC, Member of BIC, BBDC and BNRC w.e.f. 1 February 2020.

● Member ● Chairman

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V. BOARD ACTIVITIES AND DISCUSSIONS

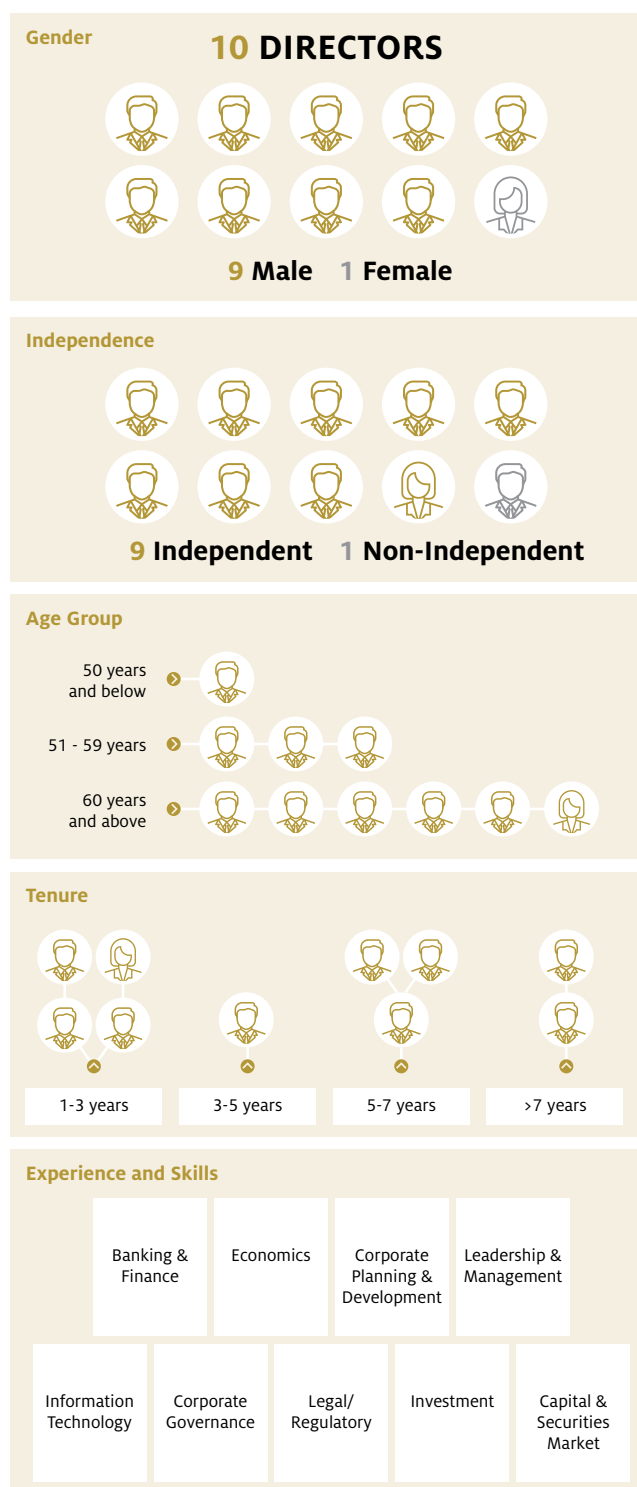
During FY2020, the Board deliberated on the following topics:

<p>Strategy </p> <ul style="list-style-type: none"> 5-Year Strategic Plan (2021-2025) Participation in BNM's Special Relief Facility (SRF) SME Revival Guarantee Scheme Launch Participation in PENJANA Tourism Guarantee Scheme Participation in BNM's Targeted Relief & Recovery Facility (TRRF), High Tech Facility (HTF) and Micro Enterprise Facility (MEF) BizMikro-i Progress Update 	<p>Governance </p> <ul style="list-style-type: none"> Corporate Governance Disclosures prior to Publication of Annual Report 2019 Board Evaluation Exercise for Year 2019 Appointment of New Director Revision on Appointment of Board of Directors Guideline and Board Evaluation Form Appointment of External Auditor for FY2020 	<p>Risk Management/ Compliance </p> <ul style="list-style-type: none"> CGC Readiness towards Anti-bribery and Corruption Compliance Credit Risk Management Framework Revision of Guarantee Reserve Ratio (GRR) and Capital Adequacy Ratio (CAR) Market Risk Policy Revision of Credit Risk Policy Revision of Write-Off Policy for Guarantee and Financing Revision of Approving Authority Matrix Rescheduling and Restructuring (R&R) of Staging Treatment under Assistance Programme Risk Management Dashboard
<p>Technology </p> <ul style="list-style-type: none"> Technology Strategy 2020-2021 Digital CGC Strategy 2021 IT Strategic Initiatives & Budget 2021 Digital Strategy, Governance and Operating Model imSME Performance Update Update of CGC Technology Experimental Framework 	<p>Finance </p> <ul style="list-style-type: none"> Audited Financial Statements FY2019 High-level Budget Strategy Review of Micro-economic Variables (MEV) and Expected Credit Loss (ECL) Impact Financial Performance Update 	<p>People & Culture </p> <ul style="list-style-type: none"> 2019 Employee Engagement Survey Revision of Performance Management Framework for Implementation in FY2020 Talent Management and Succession Planning SME Apprentice Scheme Enhancement Revision of Reprimanding Guideline Work-from-Home Guideline

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VI. BOARD COMPOSITION

The Board currently comprises ten (10) Directors, nine (9) male and one (1) female, of whom nine (9) are Independent and one (1) is Non-Independent. The Non-Independent Director represents Bank Negara Malaysia, which is the major shareholder of CGC.



(a) Board Diversity

The composition of the Board and BOCs is based on 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 as well as asset management. The Directors are experts in their respective fields and have contributed significantly to the Board's decision-making process.

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 skillsets, 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 aspires to increase the number of its female directors on the Board, based on pre-determined skillsets and competencies.

(b) Board Independence

During the financial year 2020, 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.

VII. TERMS OF APPOINTMENT OF NON-EXECUTIVE DIRECTORS

CGC is committed to a high level of CG 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.

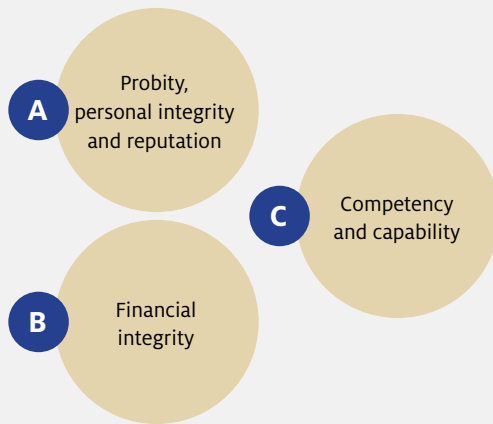
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Qualification criteria for appointment of a Director are governed by:

- The Companies Act, 2016
- The Constitution
- Criteria set under CGC's Guideline 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 consider a wider talent pool by using independent resources to identify suitably qualified candidates.

BNRC is responsible for first assessing candidates for directorship and BOC 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:



VIII. RETIREMENT AND 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 to their re-election. In assessing the retiring candidates, the BNRC considers their fitness and propriety based on BNM's Fit & Proper criteria, contribution, competencies, commitment, personality and performance. 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 the Constitution, one-third (1/3) of the Directors or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3), 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.

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 had recommended their re-election and all three (3) Directors have given their consent to be re-elected:



IX. TIME COMMITMENT

In order to effectively discharge their responsibilities, Non-Executive Directors must commit sufficient time to their role. The Chairman viewed that the Non-Executive Directors had sufficiently demonstrated commitment to their role during year 2020.

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.

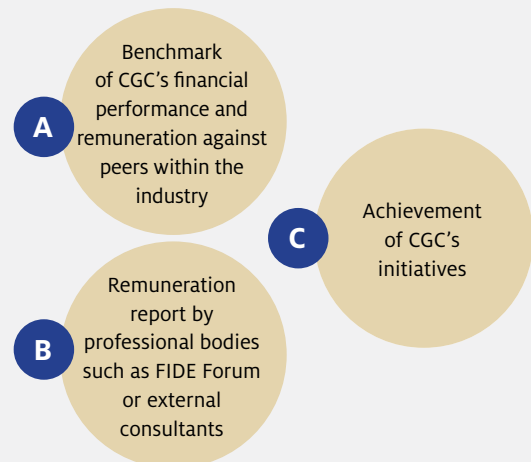
In addition to time spent preparing for and attending Board and BOC meetings, the Chairman and Non-Executive Directors allocated sufficient time during the year to further their understanding of CGC. This included briefing meetings with Senior Management, as well as virtual training sessions to ensure ongoing business awareness.

X. DIRECTORS' REMUNERATION

Fees and benefits payable to the Non-Executive Directors will be approved by shareholders at CGC's AGM. Any revision to Directors' remuneration will be assessed by CGC Board based on benchmarking among peers in the industry prior to obtaining shareholders' approval.

DIRECTORS' REMUNERATION FRAMEWORK

CGC has in place a Remuneration Framework which considers the following factors before proposing a revision:



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Details of the remuneration received by the Directors from CGC during FY2020 are as follows:

	Directors' Fees (RM'000)	Meeting Allowance (RM'000)	Benefit-in-kind (RM'000)	Total (RM'000)
Non-Executive Directors				
Dato' Mohammed Hussein ¹	102	67	56	225
Dato' Agil Natt ²	90	35	55	180
Datuk David Chua Kok Tee	72	145	6	223
Dato' Haji Syed Moheeb Syed Kamarulzaman	72	139	6	217
Teoh Kok Lin	72	122	6	200
Suresh Menon	72	119	6	197
Dato' Ong Eng Bin	72	105	6	183
Choong Tuck Oon	72	88	6	166
Adnan Zaylani Mohamad Zahid	60	64	-	124
Faisal Ismail	72	111	6	189
Saleha M. Ramly	72	98	6	176
Nadzirah Abd. Rashid ³	6	9	1	16
Total	834	1,102	160	2,096

¹ Appointed as Director w.e.f. 1 May 2020 and re-designated as Chairman w.e.f. 1 July 2020.

² Resigned as Director and Chairman w.e.f. 1 July 2020.

³ Resigned as Director w.e.f. 1 February 2020.

XI. PERFORMANCE EVALUATION

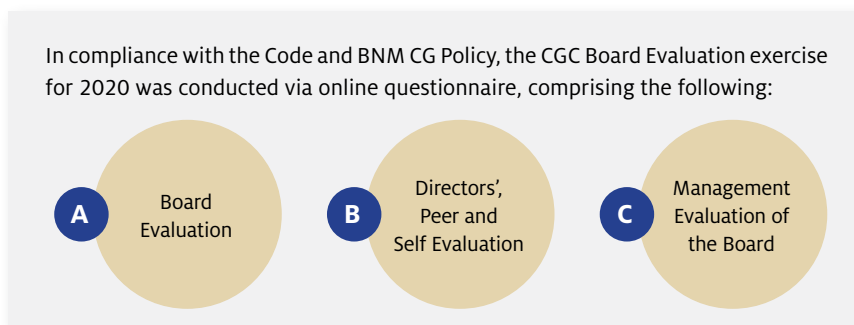
An annual evaluation of the Board, BOCs and individual Directors is required to be conducted in accordance with Practice 5.1 of the Code and Paragraph 13.1 of BNM CG Policy.

The Board, through the BNRC, conducts an annual performance evaluation of the Board, BOC and individual Directors, facilitated by the GC&CS.

Periodic evaluation by professional, experienced and independent party will provide greater objectivity to the assessment exercise. CGC's last Board Evaluation Exercise was conducted by Malaysian Directors' Academy (MINDA) [now known as Institute of Corporate Directors Malaysia (ICDM)] in 2016.

In view of the Covid-19 pandemic, the Board Evaluation exercise for 2020 was conducted internally without engaging an independent party. This was to observe and exercise all necessary precautions to protect the well-being of all stakeholders, whilst complying with Government's regulatory obligations.

CGC is considering to engage an independent party in performing future Board evaluation exercise.



The overall assessment results of the Board, BOCs and individual Directors for year 2020 has achieved 'Exceeds Expectation' level. The Directors have been effectively discharging their roles and responsibilities.

XII. 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 via virtual programmes despite the Covid-19 pandemic which had restricted physical training/development programmes. Some of them are panel speakers on several programmes and also provide lecture series at public universities.

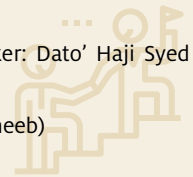
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The Directors attended the following training during FY2020 to further enhance their skills and knowledge:

TRAINING COURSES ATTENDED

A. LEADERSHIP

- ICDM – Building War Time Leaders
- Cornell University – Psychology of Leadership
- FIDE FORUM – 4th Distinguished Board Leadership Series – Risks: A Fresh Look from the Board’s Perspective
- FIDE FORUM – Post-Covid-19: Challenging Times: What Role Must the Board Play?
- FIDE FORUM – Focus Group Discussion: Board Effectiveness Evaluation
- FIDE FORUM – Climate Action: The Board’s Leadership in Greening the Financial Sector
- Malaysian Global Innovation & Creativity Centre (MaGIC) – Resilient Leadership in the Face of Crisis (Speaker: Dato’ Haji Syed Moheeb)
- 47th ARTDO International World Conference on Leadership & Talent Development (Speaker: Dato’ Haji Syed Moheeb)
- How can I lead myself & others through uncertainty and crisis



B. TECHNOLOGY

- Tech Node – Tech Insights: A bigger playground for digital entertainment and education
- Tech Node – Fast Changing Face of Fintech
- Tech Node – Scaling in South-East Asia
- Plug & Play – Asia – Pacific (APAC) Cross Border Showcase Fintech and Insurtech
- Plug & Play – Covid-19 Digital Banking Response from Asia & Europe
- 2020 Hong Kong Fintech Week
- 2020 Singapore Fintech Festival
- FIDE FORUM – Digital FI Series: A European Perspective – Fidor Bank’s Digital Banking Experience
- FIDE FORUM – Digital Banking: Why Does it Matter?
- PricewaterhouseCoopers (PwC) – Covid-19 Recovery and Resilience – Cyber and Economic Crime: Fraudsters and Cyber Criminals, Too, Can Work from Home
- RHB Asset Management – Technology and Artificial Intelligence – Investing in the New Norm or into the Future?
- Lee Hishammuddin Allen & Gledhill (LHAG) – Data Privacy in the Time of a Pandemic
- Securities Commission Malaysia – SC x SC Fintech Week 2020
- Draper Groen Holm – LA Blockchain Summit
- MY – Blockchain for Business Professionals
- Bank of America Malaysia Berhad (BAMB) – Global Information Security (GIS)



C. RISK MANAGEMENT

- RHB Asset Management – Investing in REITs - Risk or Opportunity?
- MY – Cybersecurity Training and Crisis Simulation Exercise Cyber and Information Risk Awareness
- BAMB – Management of Climate-Related Risk
- Danajamin Nasional Berhad – Unexpired Risk Reserve (URR)/Unearned Premium Reserve (UPR) Briefing
- PwC – Covid-19 – Recovery and Resilience. Governance and Risk: An Uncertain World, a Riskier Landscape
- RHB Asset Management – Investing in REITs – Risk or Opportunity?



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TRAINING COURSES ATTENDED

D. LEGAL/COMPLIANCE 

- > MY – Combined module of Anti-Bribery/Slavery/Tax Evasion
- > BDO Malaysia Webinar – Restructuring Options & Legal Updates
- > Anti-Money Laundering and Anti-Terrorism Financing
- > Section 17A of Malaysian Anti-Corruption Commission Act AML/CFT 2018
- > LHAG – Corporate Liability for Corruption Offences: The Time Has Come: Are You Ready?
- > Skrine and Allen & Overy – Dispute Resolution: Inception to Enforcement (Practical Issues)
- > BDO – Restructuring and Corporate Rescue: Flattening the Insolvency Curve

E. STRATEGY/ECONOMIC OUTLOOK 

- > ICDM – Post-budget Power talk
- > Economic Outlook for End 2020-2021
- > FIDE FORUM – Covid-19 & Current Economic Reality: Implications for Financial Stability
- > RHB Asset Management – Investing in Volatile Times: Stocks, Fixed Income or Multi Assets
- > World Chinese Economic Summit – Property Development, Smart Cities & Tourism Development: What Next? (Panelist Speaker: Datuk David Chua)
- > LHAG Looking Ahead – Trends and Policies in the 4th Industrial Revolution
- > BNPP/The Economist Corporate Network, Dr Simon Baptist: 2021 APAC Economic Outlook and What to Expect from the US Elections
- > Ernst & Young – Malaysia Budget 2021
- > AECOM – Future of Infrastructure: The Role of Infrastructure in Economic Recovery
- > Institute of Strategic & International Studies (ISIS) – Southeast Asia in the Shadow of a Rising China

F. FINANCIAL INDUSTRY 

- > Engagement session for a financial industry engagement (Commercial Banks) in preparation for the upcoming Financial Sector Blueprint
- > INTI Leadership Series talk – The Impact of Global Pandemic on Futures of Banking
- > BAMB – Lines of Business [Fixed Income, Currencies, Commodities (FICC)]
- > FIDE FORUM – Asia School of Business – FIDE Core Bank Programme (Modules A & B)
- > FIDE FORUM – Annual Dialogue with the Governor of Bank Negara Malaysia
- > FIDE FORUM – 3rd PIDM Annual Dialogue with the CEO of PIDM
- > BNM Webinar – R & R: Plan & Act Early, for SMEs and Individuals
- > Asia School of Business/ICLIF Executive Education Center – Banking on Governance, Insuring Sustainability
- > MY – Virtual Banking: A Perfect Shariah Banking
- > MIT Sloan – Conversations on Central Banking: Bloated Central Bank Balance Sheets
- > SMEs Survival Kit – Finance & You (Panelist: Dato' Ong Eng Bin)
- > MY – BNM's Recovery Planning Exposure Draft
- > ICDM – Shareholder Capitalism: A Vital Pandemic Agenda?
- > Maybank Invest Malaysia
- > Nomura Investment Forum 2020



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TRAINING COURSES ATTENDED

G. SUSTAINABILITY 

- > FIDE Webinar – Banking on Governance, Insuring Sustainability
- > Tony Schwartz – Managing Your Energy for Sustainable High Performance
- > MIA – Corporate Leadership Symposium 2020 Board case: How do Companies Drive and Implement Sustainability? (Speaker: Dato’ Mohammed Hussein)
- > FIDE FORUM – Green Fintech: Webinar – Ping An’s Use of Technology to Support Green Finance Objectives
- > MICPA – ICAEW – Driving a Sustainable Business Future
- > RHB Asset Management – ESG & Sustainable Investing – The Way Forward

H. OTHERS 

- > ICDM – In times of Crisis, Stakeholders take Centre Stage
- > SG Tech Go International – Entering China Series #2
- > KPMG/Income – Conduct and Culture
- > Help University Symposium – The Construct of a Nation as I See It
- > MY – APEX Performance Conversations for Managers
- > FMM – OCBC Power Talk 2020 (Moderator: Dato’ Ong Eng Bin)
- > Duke – UK Inheritance Tax Planning & How to Protect Your Assets as a UK Property Investor
- > Bursa M&A virtual program
- > Asia School of Business – Board and Executive Pay During and Post Covid-19
- > US Foreign Policy and the Next Administration: What Does it Mean for Malaysia and the South East Asia Region?
- > PwC – Covid-19 Recovery and Resilience. Resource Planning: Taking Care of Your People amid Challenging Business Conditions
- > Institute of Chartered Accountants in England & Wales (ICAEW) – Stories on Succession Planning by Johari Low (Chairman of Rockwills International Berhad)
- > Bank of China International (BOCI) Conference



CORPORATE GOVERNANCE OVERVIEW STATEMENT

XIII. BOARD OVERSIGHT COMMITTEES

Under the Board Charter, the Board delegates certain responsibilities to its respective 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 BOC. The Board currently has six (6) 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:

Board Audit Committee (BAC)

- Establish cost-effective controls
- Assess risks
- Review CGC's financial condition, its internal controls, information systems, performance and findings of internal and external auditors
- Recommend appropriate remedial action

Board Risk Management Committee (BRMC)

- Assist the Board to deliberate on CGC's risk management practices
- Ensure effectiveness of identification, measurement, monitoring and control of risks
- Ensure compliance with applicable laws, regulations and guidelines for good CG

Board IT Committee (BITC)

- Provide direction in overall IT strategy and governance
- Monitor progress of strategic IT project implementation, future technology, IT industry trends and developments, as well as progress of digital competency

Board Nomination & Remuneration Committee (BNRC)

Assist the Board on the following:

- Appointment and remuneration of Directors and Chief Executive Officer and/or Executive Director (if any)
- Assessment of effectiveness of the Board, BOCs and individual Directors
- Assessment of performance of Chief Executive Officers and/or Executive Directors (if any) and Senior Management Officers
- CGC's human resources strategies, policies, performance and reward systems
- Ethical business conduct of employees

Board Investment Committee (BIC)

- Review investment policies, strategies, policies and guidelines
- Provide strategic direction governing CGC investment activities

Board Bumiputera Development Committee (BBDC)

Provide strategic guidance and direction with regard to overall development of Bumiputera SMEs under CGC's various programmes

XIV. 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 to ensure the Directors are able to make independent and informed decisions.

XV. DIRECTORS' CONFLICT OF INTEREST

The Board has procedures in place for 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 conflicts with CGC, in accordance with the Companies Act, 2016 and Board Charter.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

XVI. 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 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.

PRINCIPLE B EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

The Board has in place a BAC, which comprises five (5) 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 (1) 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 entity within CGC or any matters within its TOR.

Further information on the BAC, including internal audit functions, can be found under the BAC report on pages 150 to 151 of this Annual Report.

II. RISK MANAGEMENT & INTERNAL CONTROL FRAMEWORK

The Board takes heed of the importance of 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 enable it to function effectively such as by:

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

To further enhance the CG and risk management structure at CGC, the Board has approved the updated ERM Framework, which aligns with best practice standard namely the Code, BNM CG Policy and the ISO 31000:2018. The four (4) key policies in the ERM Framework which will further strengthen the risk management controls of CGC are the adoption of the 3 lines-of-defence model, the integration of risk management processes into the key activities of CGC, the escalation of risk and compliance issues to the governing authorities, and providing supporting resources to facilitate the management of risks at CGC.

The Board is also responsible to regularly review the effectiveness of CGC's risk management and internal control system. 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.

The Board's monitoring scope covers all areas of controls including financial, operational, compliance and 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 indicate a need for more extensive monitoring. The BAC assists the Board in discharging its review responsibilities.

In addition, with a comprehensive financial reporting system in place, the Board receives a number of reports to enable it to carry out its functions in the most efficient manner. These procedures include the 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.

Throughout the reporting period, a formal material risk assessment exercise had been carried out and resulted in the formulation of CGC's risk profile. This summarises its key material risks, their potential impact and mitigation plans.

More on our Risk Management and Internal Control Framework can be found in our Risk Management and Internal Control Statement on pages 154 to 159.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

During the course of reviewing its 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.

PRINCIPLE C INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. RELATIONSHIP WITH EMPLOYEES

2020 marked a unique year where social distancing disrupt the conventionality of employee engagement. In a time of crisis, CGC quickly established a Work From Home (WFH) policy and set up a formal communication channel by expanding laptop distribution, even including interns. Human Capital & Administration (HCA) also set up secure access to shared folders and rolled out Microsoft Teams® as a secure communication channel. This ensured that management decisions, important information-sharing and critical employee feedback flow smoothly in all directions.

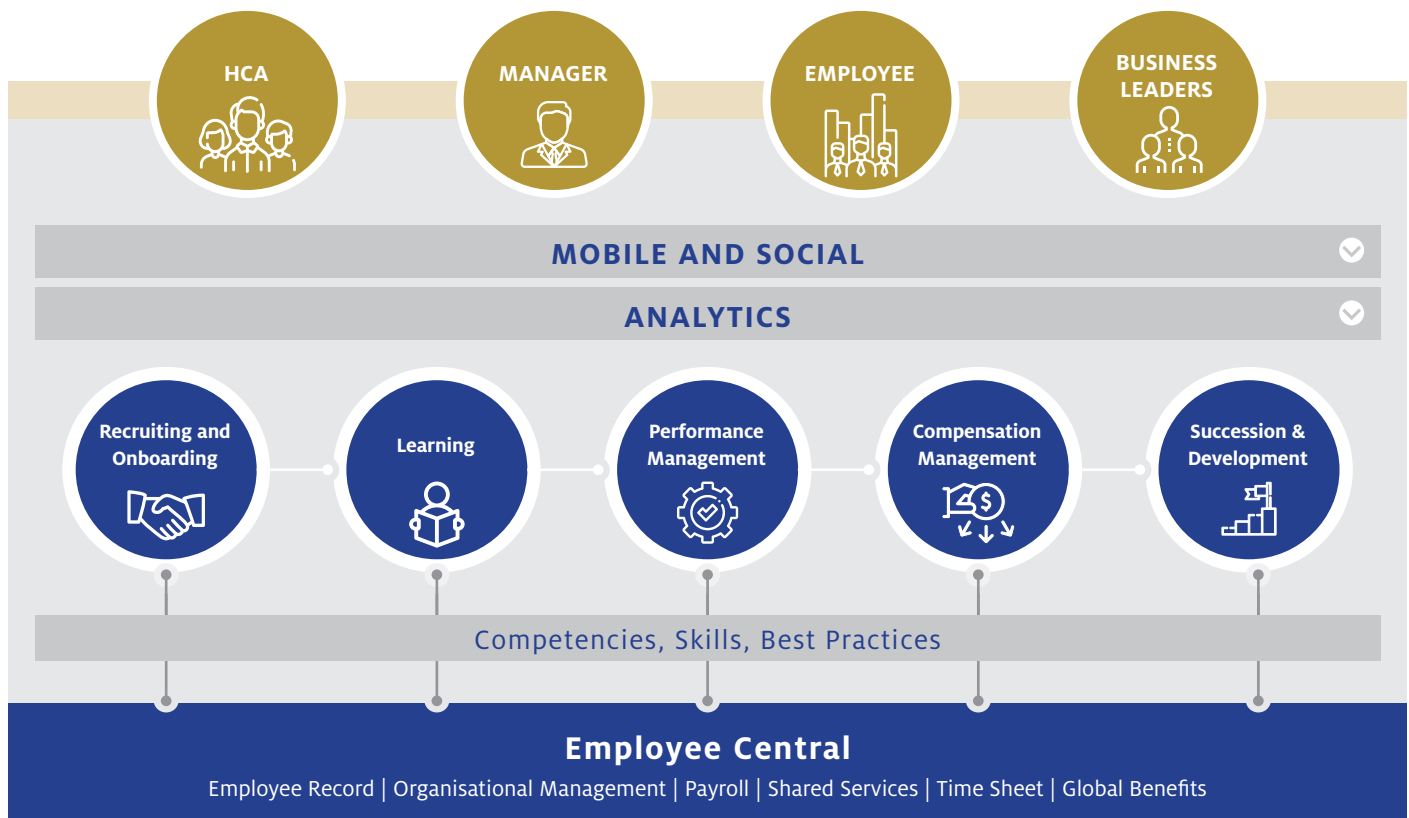
Having equipped employees with the necessary WFH infrastructure, CGC leveraged Microsoft Team Town Hall sessions to provide employees with two-way communication channels to interact and obtain latest information on CGC’s performance, important announcements and initiatives. The Quarterly Town Halls have been organised on the same platform. Besides this, Heads of Divisions

and other managers were encouraged to constantly engage their team members. This was intended to keep motivation levels high, especially for those directly involved with government initiatives such as the Special Relief Fund to aid MSMEs.

At the time of writing, the Board has endorsed a revision to the Human Capital (HC) Policy with 67 new sub-policies added to the previous Policy document. This brings the total of approved sub-policies to 118. In addition, to ensure consistency across the employee life-cycle, HC Policy revision and realignment were initiated to achieve the following:

- Align with CGC 5-Year Strategic Plan (5SP), its digital and operational transformation
- Align with the new way of working (e.g., addressing current pandemic situation)
- Address the culture change that drives employee motivation and performance, and rewards transformation
- Complement the new HRMS (SAP Success Factor) as the platform for employee management

Getting itself on board the transformation train, HCA is experiencing the Agile concept first-hand, as it began embarking on HRMS in the latter part of 2H2020. Besides enabling enhancement of employee experience through technology, this project promises better input for future decision-making as it unlocks employee analytics.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

Foreseeing that training in its traditional sense will be interrupted, HCA introduced e-Learning to leverage ready-to-go learning stills and videos. The content was selected, based on the mapping of the approved Core Competencies. With this launch, CGC truly facilitated and promoted continuous learning anywhere, any time, nationwide.

II. RELATIONSHIP WITH CUSTOMERS

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

- As the owner of the Chatbot, CSC launched the new look of Chatbot Avatar to attract more customers to chat with the Chatbot in imSME. Overall, the Chatbot attended to 28,265 users, with 105,279 interactions.
- Served 17,522 in-bound calls, where 97% of enquiries were resolved within Charter.
- Continued to serve MSMEs by providing advisory for unsecured financing inquiries under MyKNP@CGC.
- Continued to serve imSME clients by performing 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 our existing customers and to attain potential leads. Branches also participated in external conferences, expos, carnivals, pocket talks and seminars as part of their involvement in building networks with various stakeholders via setting up booths and dealing with potential customers' queries with regard to CGC's products and services. Their initiatives include maintaining good rapport with customers and stakeholders, by organising events such as Chinese New Year Open House.

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



III. RELATIONSHIP WITH SUPPLIERS

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

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

IV. RELATIONSHIP WITH SHAREHOLDERS

The AGM is a primary platform of interaction between shareholders and the Board with the support of its Senior Management. The Board regards the AGM as an opportunity to communicate directly with shareholders and encourages attendance and participation. 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 the 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 on CGC's website 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.

V. ANNUAL GENERAL MEETING

In light of the Covid-19 pandemic and subsequent government directive to refrain from holding large gatherings, CGC conducted its first (1st) virtual AGM in 2020. The 47th AGM was held by leveraging technology in accordance with Section 327(1) of the Companies Act, 2016. This is also aligned with the Securities Commission Malaysia's directives (adopted by CGC based on best practice) for Companies to consider the use of relevant technology to provide ease for shareholder participation and improve the conduct of general meetings.

Shareholders are notified of the AGM and provided with a copy of CGC's Annual Report before the meeting. In line with CG's best practice, the Notice of the 47th AGM was circulated twenty-eight (28) days before the date of the meeting to ensure shareholders had 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 save for unforeseeable reasons that are beyond their control.