

CORPORATE GOVERNANCE OVERVIEW STATEMENT

THE BOARD AND MANAGEMENT OF CGC ARE COMMITTED TO UPHOLDING STRONG CORPORATE GOVERNANCE BY CONSISTENTLY ADOPTING AND MAINTAINING HIGH STANDARDS ACROSS THE ORGANISATION. THIS COMMITMENT IS KEY TO IMPLEMENTING EFFECTIVE PRACTICES WHILE MAINTAINING PROFESSIONALISM, INTEGRITY AND ACCOUNTABILITY IN DAY-TO-DAY OPERATIONS. THESE STANDARDS ARE EMBEDDED INTO CGC'S BUSINESS PLANS, STRATEGIES, AND RISK MANAGEMENT PROCESSES, WITH CONTINUOUS REVIEWS UNDERTAKEN TO INTEGRATE BEST PRACTICES IN GOVERNANCE, SUSTAINABILITY, AND ENVIRONMENTAL STEWARDSHIP.

At the fundamental level, the Board ensures compliance with the Companies Act 2016 and CGC's Constitution, and upholds high corporate governance standards through adherence to the best practices in the following regulatory policies and guidelines:

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 collectively and diligently oversee the implementation of the principles and practices outlined in the Code, ensuring they are well understood and consistently applied to enhance CGC's governance framework, ethical standards, and the integrity of its business conduct and practices.

This Corporate Governance Overview Statement provides shareholders and investors with comprehensive insights into CGC's corporate governance practices during FY2024, structured around the following three (3) key principles of the Code:

PRINCIPLE A

BOARD LEADERSHIP AND EFFECTIVENESS

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PRINCIPLE B

EFFECTIVE AUDIT AND RISK MANAGEMENT

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PRINCIPLE C

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIPS WITH STAKEHOLDERS

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CORPORATE GOVERNANCE OVERVIEW STATEMENT

Principle
A

BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD ROLES AND RESPONSIBILITIES

CGC is guided by a diverse and experienced Board that provides strategic oversight and effective leadership in steering the organisation's direction and operations. The Board is committed to upholding sound governance, professional conduct, and CGC's core values while discharging its fiduciary duties with diligence and integrity.

As the highest governing body, the Board assumes ultimate responsibility for CGC's performance, strategic direction, and overall affairs. It plays a central role in decision-making on significant matters, including endorsing CGC's corporate strategy, approving key policies, setting long-term business goals, and defining the organisation's risk appetite. The Board also reviews and approves the annual budget and financial statements, ensuring the delivery of sustainable value to shareholders.

In discharging its duties, the Board is also responsible for the following:

➤ Championing the highest standards of corporate governance

➤ Upholding robust management of corporate performance

➤ Supporting the development of CGC's human capital

➤ Ensuring CGC is equipped with the necessary resources, processes, controls and culture to deliver its strategic objectives and promote long-term growth

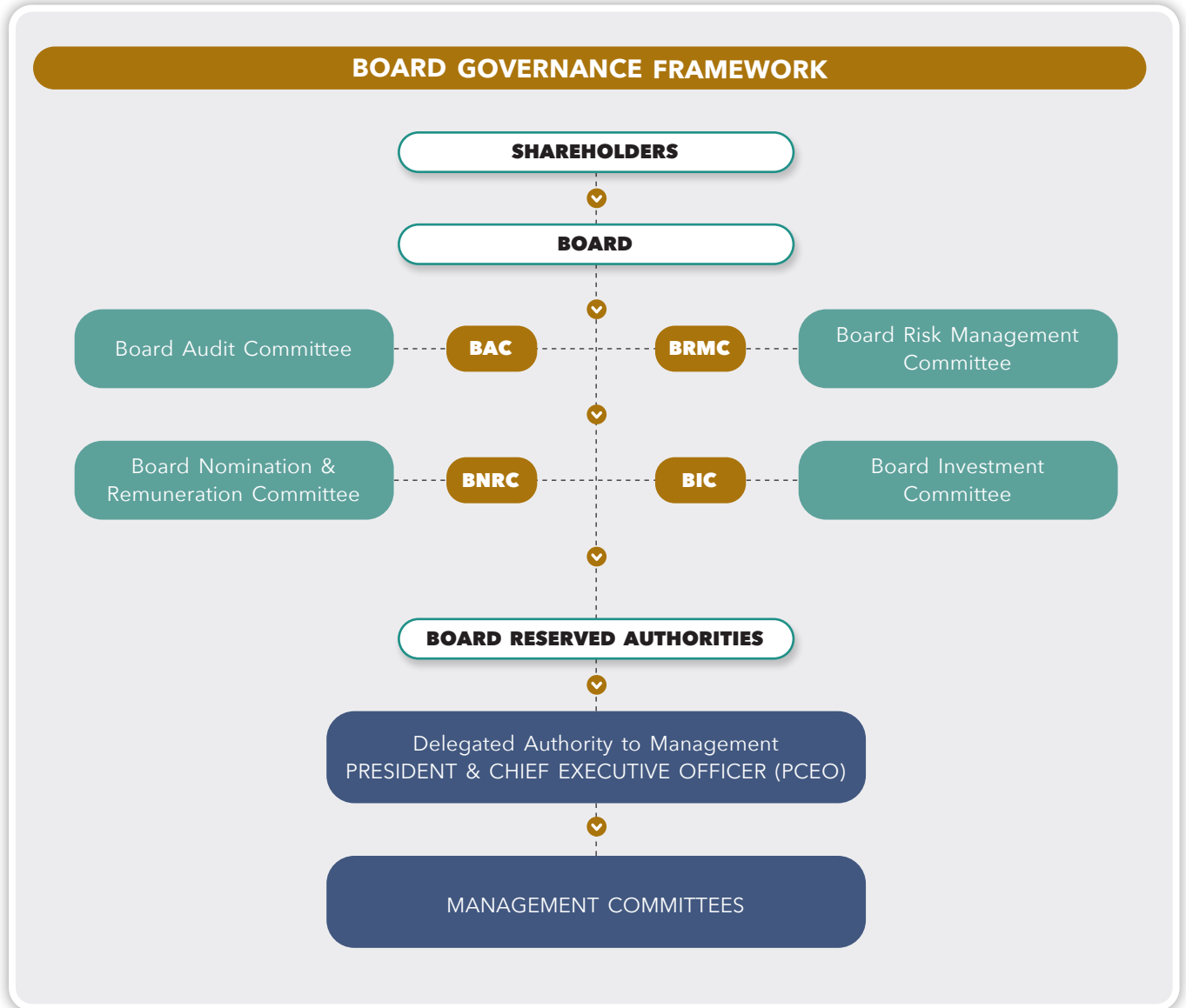
The formal schedule of matters reserved for the Board's decision is clearly defined in the Board Charter. A clear separation of duties and responsibilities between the Chairman and the President & Chief Executive Officer (PCEO) has also been explicitly outlined in the Board Charter, with distinct roles and responsibilities carried out by separate individuals fostering an optimal balance, enhancing accountability and improving decision-making.

The Board is chaired by Dato' Mohammed Hussein, an Independent Non-Executive Director. He plays a vital role in steering the Board towards achieving corporate goals and overseeing processes to ensure full compliance with legal and regulatory responsibilities. As Chairman, he also cultivates the right culture, values, and behaviours throughout CGC, while providing robust leadership to ensure the Board operates effectively.

Datuk Mohd Zamree Mohd Ishak, CGC's PCEO, is responsible for managing the day-to-day operations of the CGC Group. He is responsible for executing the strategies, policies, and decisions set by the Board, ensuring operational excellence and the realisation of CGC's strategic goals. In his role as PCEO, he serves as an essential link between the Board and Management, and is supported by the Management Committees in fulfilling his responsibilities.

II. BOARD GOVERNANCE FRAMEWORK

The Board Governance Framework is structured to support the orderly and effective discharge of the Board's functions and responsibilities. To facilitate this, the Board delegates specific roles and oversight responsibilities to four (4) principal Board Committees, each governed by clearly defined Terms of Reference (TOR).



The Framework facilitates strategic alignment and efficient decision-making across CGC. It is supported by the Board Charter and TORs, which are accessible on CGC's website at www.cgc.com.my.

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III. KEY RESPONSIBILITIES

CGC maintains a well-defined governance structure that promotes clarity in roles and responsibilities, fostering accountability. The clear delineation of duties supports efficient operations and strengthens independent governance across the organisation.

CHAIRMAN

- Responsible for leadership and management of the Board, 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, constructive 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 strong corporate governance practices across CGC.
- Promotes respectful and collaborative 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 judgment to Board deliberations, offering constructive challenge to Board discussions and decision-making.
- Supports the Chairman and Senior Management in instilling the appropriate culture and values within the Board and throughout CGC.
- Scrutinises the performance of Management to ensure accountability and alignment with strategic objectives.

COMPANY SECRETARY

- The General Counsel & Company Secretary (GC&CS) is responsible for ensuring Board procedures and all applicable rules are observed.
- Together with the Company Secretarial team, the GC&CS provides sound governance advice, comprehensive support, and appropriate guidance to ensure compliance with Board policies, procedures, and regulatory requirements, while promoting best practices in corporate governance.
- The GC&CS works closely with the Chairman, Chairs of the Board Committees, and the 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 Board discussions and regularly did so during the year.
- The GC&CS also advises Directors on their statutory obligations, including the disclosure of interests in securities and any potential conflicts of interest in transactions involving CGC.

PRESIDENT & CHIEF EXECUTIVE OFFICER

- Provides executive leadership and oversees the day-to-day management of CGC's business, within the authority delegated by the Board.
- Implements the strategic direction and priorities as determined by the Board.
- Ensures that CGC's businesses are properly and efficiently managed, with the executive team effectively implementing policies and strategies approved by the Board and Board Oversight Committees.
- Oversees the implementation of operational planning and control systems, monitors performance against targets, and initiates corrective actions when required.

IV. ATTENDANCE AT BOARD MEETINGS

The Board remains committed to dedicating ample time and effort to fulfil its responsibilities effectively and convened a total of six (6) meetings during FY2024 to deliberate and/or review a wide range of significant matters requiring the Board's guidance and approval. To ensure optimal attendance and active participation, the corporate calendar for Board and Board Committee meetings was scheduled in advance during the final quarter of the preceding financial year. Special meetings may also be convened as necessary when urgent decisions are required outside of the scheduled sessions.

Senior Management was regularly invited to attend Board meetings to provide briefings on specific developments or proposals related to the matters under discussion. This practice promotes direct and transparent engagement between the Board and Management, resulting in constructive and meaningful discussions.

The Board is pleased with the level of commitment demonstrated by Directors in discharging their responsibilities throughout the year. The table below provides a summary of each Director's attendance at Board meetings during FY2024:

ATTENDANCE		
1	Dato' Mohammed Hussein Independent Non-Executive Director (Chairman)	6/6
5	Anthony Lim Choon Eng Independent Non-Executive Director	6/6
2	Choong Tuck Oon Independent Non-Executive Director	6/6
6	Suhaimi Ali Non-Independent Non-Executive Director	3/6
3	Faisal Ismail Independent Non-Executive Director	6/6
7	Kellee Kam Chee Khiong Independent Non-Executive Director	6/6
4	Saleha M. Ramly Independent Non-Executive Director	6/6

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The table below summarises Directors' attendance at Board Committee Meetings during FY2024:

No.	Name of Directors	Date of Appointment	BNRC	BAC	BRMC	BIC
1	Dato' Muhammed Hussein	01.05.2020	4/4 (Chairman)	-	-	-
2	Choong Tuck Oon	20.01.2017	-	-	8/8	-
3	Faisal Ismail	01.12.2019	-	6/6 (Chairman)	8/8	5/5
4	Saleha M. Ramly	01.12.2019	4/4	6/6	-	-
5	Anthony Lim Choon Eng	01.04.2022	-	-	8/8 (Chairman)	4/5
6	Suhaimi Ali	28.04.2022	-	-	-	-
7	Kellee Kam Chee Khiong	16.10.2023	3/4	6/6	-	5/5 (Chairman)
Number of Meetings held in FY2024			4	6	8	5

BOARD FOCUS AREAS 2024

The main focus areas deliberated by the Board during FY2024 were as follows:

1

High-Level Development Plan of CGC Group 5-Year Strategic Plan 2026-2030

Key emphasis was placed on CGC Group's future strategy based around four (4) Key Focus Areas and nine (9) Strategic Priorities, which focused on expanding targeted segments, expanding beyond MSME life stages, expanding partners beyond Financial Institutions and expanding non-financial support to MSME.

2

Group Profit Mandate

The Board, with the assistance of Board Risk Management Committee, had revisited CGC Group's pricing strategy through the introduction of a dynamic pricing structure. New Product Grouping was introduced to more effectively serve CGC Group customer segments – namely Commercial, Targeted and Developmental segments – and price them accordingly. This strategy enables us to align our financial sustainability objectives with our commitment to developmental goals.

3

Technology Risk Management

Aligned with the Board's emphasis on technology risk management, a Cybersecurity Maturity Assessment (CMA) was undertaken to enhance CGC's cyber security posture. The Technology and Cyber Risk Management Framework and Policy were updated to include Risk Management in Technology (RMiT) standards, ensuring a more robust approach to overseeing cybersecurity and digital risks.

V. BOARD ACTIVITIES AND DISCUSSIONS

Other key areas/matters reviewed, deliberated and approved by the Board during FY2024 were as follows:



FINANCE

- Audited Financial Statements for the Year Ended 31 December 2023
- Non-Distribution of Dividend for Financial Year Ended 31 December 2023
- FY2024 Mid-Year Review
- CGC Digital Funding
- Re-appointment of External Auditor for FY2024
- Revision of Expected Credit Losses (ECL) Methodologies – Probability of Default (PD), Macroeconomic Variables (MEV) and Management Overlay (MO)
- Enhancement of Terms and Conditions of CGC Digital's Non-Cumulative Redeemable Convertible Preference Shares (RCPS)



STRATEGY

- CGC Corporation Scorecard for Financial Year FY 2023
- High-Level Plan of CGC Group 5-Year Strategic Plan 2026-2030
- CGC Group Strategic Plan for the Sharing Economy
- Group Profit Mandate
- New Contract Financing Facility

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GOVERNANCE

- Board Evaluation Exercise for Year 2023
- 51st Annual General Meeting/Annual Report 2023
- Re-election of Directors Retiring pursuant to Articles 76A, 76B and 77 of CGC's Constitution
- Proposed Appointment of Attorneys under Power of Attorney
- Amendments of CGC Digital's Constitution pursuant to the Refinement of Terms and Conditions of Non-Cumulative RCPS
- Declaration of Compliance to the CCRIS Participation Agreement



RISK MANAGEMENT/COMPLIANCE

- Revision of Rescheduling and Restructuring Policy for Guarantee and Financing
- Revision to the Whistleblowing Policy and Grievance Policy
- Independent Credit Review on PG/WG
- Revision of Credit Underwriting Policy for Guarantee and Financing
- Increase of Single Counterparty Exposure Limit (SCEL) and Group Exposure Limit (GEL)
- Revision of Approving Authority Matrix (AAM) 2024
- Revision to the Shariah Governance Framework
- Revision of Write-off Policy for Guarantee and Financing
- Revision of Compliance and Integrity Policy
- Revision to the Anti-Bribery and Anti-Corruption (ABAC) Policy Statement
- Revision of Credit Risk Related Policies
- Corporation Risk Appetite Statement and Threshold for FY2025
- Credit Concentration Limits (CCL) for FY2025
- MFRS 9 Macroeconomic Variable (MEV) and Scalars Review for 2H 2024
- Revision of Fraud Management Framework
- Corporate Stress Testing 2024
- Annual Review of Investment Policy Statement and Tactical Asset Allocation for Year 2024
- Gap Analysis on Global Internal Audit Standards 2024



TECHNOLOGY

- Technology and Cyber Risk Management Framework and Policy
- Bots Development Plan 2024-2025
- Revision of IT Information Security (IS) Policy
- Technology Modernisation 2017-2030



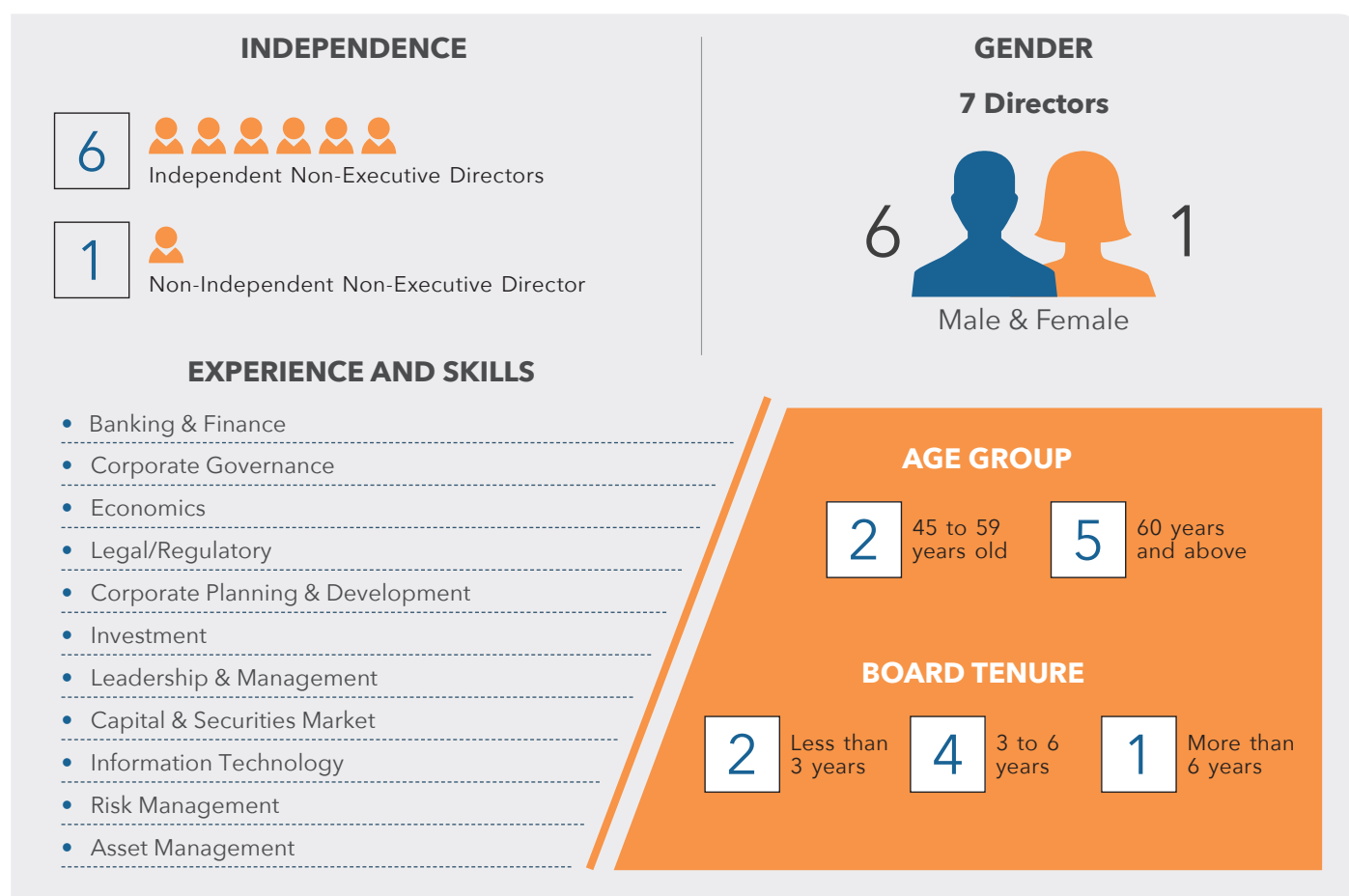
PEOPLE & CULTURE

- Revision of Records Management Policy
- Proposed Exceptions to the No Gift Policy
- Revision of Non-Executive Directors' Remuneration
- 2023 Bonus and 2024 Salary Increment
- Preliminary Evaluation of Identified Talent for Succession Planning C-1 & C-2
- Proposed Renewal of Group Hospitalisation & Surgical (GHS) Insurance and Re-appointment of Outpatient Third Party Administrator
- Enhancement of Performance Management Framework
- Revisions to Human Resources Management (HRM) Policy
- Revision to Grievance Policy
- Strategic Workforce Planning
- Alignment of Future Skills Framework with CGC Core Competencies

VI. BOARD COMPOSITION

As at 31 December 2024, the Board consists of seven (7) Directors, six (6) male and one (1) female, of whom six (6) are Independent Non-Executive Directors and one (1) being a Non-Independent Non-Executive Director. The Non-Independent Non-Executive Director represents Bank Negara Malaysia, CGC's major shareholder.

The effectiveness of the Board is pivotal to CGC's strategic direction and long-term sustainability, underpinned by strong working relationships among its members. The current Board comprises a balanced mix of experienced individuals, with a majority serving as Independent Non-Executive Directors. These Directors contribute valuable external perspectives and play a critical role in constructively challenging Management, particularly in shaping and refining CGC's business strategies.



(a) Board Diversity

The composition of the Board and its Board Committees is fundamental to ensuring access to diverse perspectives, independence in decision-making, and strong, effective leadership. The Board recognises that diversity enhances its decision-making capability and the overall quality of its performance. A diversified Board brings positive and valuable impact to CGC, supporting its ability to remain relevant and sustainable in an ever-evolving business landscape.

To maintain diversity, the composition of the Board and its BCs is periodically reviewed to ensure a balanced mix of dynamic and experienced members. Memberships are rotated among Directors based on the recommendations of the Board Nomination & Remuneration Committee (BNRC) and subject to Board approval. This approach is intended to bring fresh perspectives and relevant skills into the boardroom, enhancing the Board's overall effectiveness.

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The current Board is composed of individuals with diverse backgrounds in age, gender, and professional experience. Collectively, they possess a robust mix of skills, education, knowledge, expertise, and business acumen. Their broad range of expertise spans investment and banking, credit analysis and rating, business management, legal and corporate governance, insurance, accounting and finance, information technology and asset management. This well-balanced composition promotes effective dialogue, supports constructive deliberation, and facilitates sound decision-making, ensuring robust stewardship and management.

The Board is confident that the existing appointment process and selection criteria are adequate to promote diversity, gender equality, and inclusive opportunities. While the Board acknowledges the importance of achieving 30% representation of women directors, all appointments are ultimately guided by merit, suitability, and alignment with CGC's strategic needs.

(b) Board Independence

Pursuant to CGC's Board Charter, the tenure of an independent director shall not exceed two (2) terms or six (6) years in total.

Notwithstanding that, the Board shall exercise its discretion to extend for another one (1) term or such period not exceeding three (3) years, subject to the endorsement of the BNRC, based on the result of the Independent Director's Board Annual Assessment.

In the event that the service of an Independent Director is to be further extended, beyond nine (9) years, the Board should justify and seek annual shareholders' approval. If the Board continues to retain an Independent Director after the twelfth years, the Board should seek annual shareholders' approval through a two-tier voting process.

VII. TERMS OF APPOINTMENT OF NON-EXECUTIVE DIRECTORS

CGC is dedicated to upholding a high standard of effective corporate governance, fostering a culture of ethical behaviour and promoting integrity and respect. Consistent with these values, CGC maintains a formal and transparent procedure for the appointment and re-appointment of Directors to the Board.

The criteria for Director appointments and qualifications are governed by the Companies Act 2016, CGC's Constitution, and CGC's Guidelines on Appointment of the Board of Directors. The BNRC is tasked with identifying, assessing, and nominating potential candidates to fill Board vacancies and manage succession planning. In doing so, the BNRC takes into account the current composition of the Board members and CGC's evolving needs.

To source qualified candidates, the BNRC utilises a range of channels and conducts a thorough assessment of their skills, experience, and suitability. Candidates are evaluated for fitness and propriety based on the following criteria during the initial screening and selection process:

Probity, personal integrity
and reputation

A

Financial integrity

B

Competency and capability

C

VIII. RETIREMENT AND RE-ELECTION OF DIRECTORS

In assessing Directors' eligibility for re-election and re-appointment, the BNRC assesses each retiring Director's competencies, contributions, commitment, performance, and personality in accordance with Bank Negara Malaysia's Fit & Proper Criteria and the results of the Board Evaluation Exercise. This assessment is further supported by background screenings and verifications conducted by an independent agent and the Company Secretary. The list of retiring Directors is submitted to the BNRC for recommendation, followed by Board endorsement and subsequent shareholders' approval. Retiring Directors are required to provide their consent on their re-election prior to BNRC's deliberation and Board's endorsement.

Pursuant to Article 76A of CGC's Constitution, one-third of the directors for the time being, 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 Annual General Meeting (AGM).

Article 76B of CGC's Constitution states that Directors to retire shall be the Directors who have been longest in office since the Directors' last election. Additionally, Article 76C of CGC's Constitution stipulates that a retiring director shall be eligible for re-election.

The following three (3) Directors, having served the longest since their last election, will retire by rotation at the forthcoming 52nd AGM. Upon recommendation by the BNRC and endorsement by the Board, all three (3) Directors have given their consent to be re-elected:

1

Choong Tuck Oon

2

Faisal Ismail

3

Saleha M. Ramly

All the above Directors have abstained from deliberations and decisions on their eligibility to stand for re-election at the Board Meeting.

IX. TIME COMMITMENT

Non-Executive Directors are required to commit sufficient time to effectively fulfil their responsibilities. The attendance record of the Directors demonstrates their strong dedication to the Group, with consistent and active participation in Board activities and meetings throughout the year.

The Chairman devotes significant time to fulfilling his responsibilities, placing CGC's interests as a priority above other business commitments. Beyond formal meetings, the Chairman and Non-Executive Directors invest additional time in gaining deeper insights into CGC's operations and the evolving business environment. This includes attending briefing sessions with Senior Management and participating in regular training to remain well-informed and equipped to lead the business.

X. DIRECTORS' REMUNERATION

Fees and benefits payable to Non-Executive Directors (NEDs) are subject to shareholders' approval at CGC's AGM. Any proposed revision to Directors' remuneration is assessed by the Board, taking into account benchmarking against industry peers of comparable size and reference to remuneration reports provided by professional bodies, before being presented for shareholders' approval.

Directors' Remuneration Framework

Benchmarking CGC's financial performance and remuneration against industry peers

A

Consideration of the achievement of CGC's initiatives

B

Referenced against remuneration reports by professional bodies such as FIDE Forum or external consultants

C

Given the significant responsibilities shouldered by the current composition of seven (7) Directors, a comprehensive review of Directors' remuneration was undertaken in 2024. As a result, the revised remuneration and benefits for NED and Board Committees, including the introduction of Board Committees Fees, were approved at CGC's 51st AGM held on 20 June 2024.

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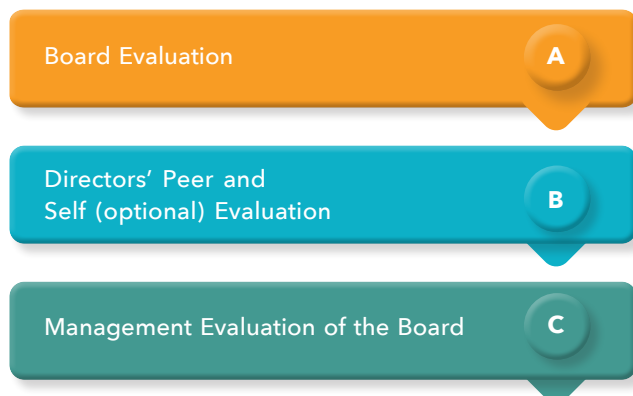
Details of the remuneration received by the Directors during FY2024 are as follows:

The Company 2024	Salary and bonus (RM'000)	Fees (RM'000)	Meeting Allowance (RM'000)	Benefit-in-kind (RM'000)	Total (RM'000)
Non-Executive Directors:					
Dato' Mohammed bin Haji Che Hussein	-	193	65	147	405
Encik Choong Tuck Oon	-	85	56	55	196
Encik Faisal bin Ismail	-	85	97	87	269
Puan Saleha binti M. Ramly	-	85	63	32	180
Encik Lim Choon Eng	-	85	74	38	197
Encik Suhaimi bin Ali	-	79	8	8	95
Encik Kellee Kam Chee Khiong	-	85	85	35	205
Total Directors' remuneration	-	697	448	402	1,547

XI. PERFORMANCE EVALUATION

The Board Evaluation Exercise is conducted annually to review the performance of the Board, its BCs and individual directors. This process is facilitated by the BNRC with the assistance of the Company Secretary.

In line with the Code and BNM's Policy on Corporate Governance, the CGC Board Evaluation exercise for 2024 was conducted via an online questionnaire. This exercise covered the following areas:



The results of the 2024 evaluation showed that the overall performance of the Board, its Committees, and individual Directors – including Management's assessment of the Board – was rated as 'Exceed Expectations', reflecting the effective discharge of their roles and responsibilities.

XII. BOARD INDUCTION AND TRAINING

The CGC Board Induction Programme is designed to equip new Directors with a thorough understanding of CGC's operations, the business environment in which it operates, its strategic direction, talent pool and corporate culture, and the expectations of their role in contributing to the organisation's success. This program comprises a blend of technical briefings on key operational areas, office visits and introductory meetings, ensuring that each new director receives a customised, extensive, and comprehensive induction upon their appointment to the Board.

The Board acknowledges the vital role that Directors play in driving CGC's continued success and fulfilling their fiduciary duties. To support this, continuous professional development is encouraged to ensure Directors remain informed of industry developments, regulatory changes, and emerging trends. Participation in relevant training opportunities is promoted to equip Directors with the knowledge and insights necessary to carry out their responsibilities effectively.

In FY2024, CGC's Board members attended various training programmes focused on leadership, technology, risk management, strategy and economic outlook, governance, the financial industry and sustainability. The details of these training programmes are presented below:

List of Training Programmes Attended by Directors in 2024



LEADERSHIP

- 1 Stewardship as the Guiding Principle for your Board and People Agenda
- 2 Senior Management Crisis Workshop
- 3 FIDE FORUM - Preventing Fraud: The Board's Roles and Responsibilities



TECHNOLOGY

- 1 ALLIANCE - Information Risk Management & Cyber Security
- 2 CGC Malaysia - Executive Guide to AI Work Companion - Co Pilot MS365
- 3 KWAP - Block Chain Tech-in Session
- 4 CGC Malaysia - Cyber Security and Data Privacy: The fight against financial crime
- 5 BNPP - Cyber Security Awareness Briefing
- 6 Reserve Bank of India - Global Conference on "Digital Public Infrastructure (DPI) and Emerging Technologies", Bengaluru India
- 7 FIDE FORUM - Governance-of-Generative-AI



RISK MANAGEMENT

- 1 ALLIANCE - Anti-Bribery and Corruption
- 2 ALLIANCE - Banking Secrecy and Management of Customer Information and Permitted Disclosures (MCIPD)
- 3 ALLIANCE - Operational Risk Management
- 4 ALLIANCE - Anti-Money Laundering, Counter-Financing of Terrorism, Countering Proliferation Financing & Targeted Financial Sanctions (AML/CFT, CPF, TFS)
- 5 ASB ICLIF - FIDE Elective - Banking Sector - Market Risk Management



STRATEGY/ECONOMIC OUTLOOK

- 1 GFIEF Global Forum on Islamic Economics and Finance - Shaping a Resilient Global Islamic Economy Through Values-based Reforms
- 2 Bank Negara Malaysia - Global Forum on Islamic Economics and Finance (GFIEF), Kuala Lumpur
- 3 FIDE FORUM - Engagement Session with FIDE FORUM Members on BNM Annual Report 2023, Economic and Monetary Review 2023 and Financial Stability Review 2H 2023
- 4 FIDE FORUM - Economic Outlook & Post-Budget 2025 Forum
- 5 Asia School of Business - Beyond Box Ticking: Essentials for Effectiveness of Nominating Committees



FINANCIAL INDUSTRY

- 1 BIS - The Singapore Fintech Festival
- 2 Asian Institute Chartered Bankers (AICB) and The Association of Banks in Malaysia - 3rd Malaysian Banking Conference 2024: "Banking in the Era of GenAI - Reshaping Banking, Innovating for the New Economy & Accelerating Sustainability"
- 3 Asia School of Business - Central Banking in an Evolving International Financial System
- 4 FIDE FORUM - Data Innovation to Drive Financial Inclusion - Pushing New Frontiers
- 5 Insurance Core A - Financial Institution Directors Education
- 6 CGC Malaysia - Discussion with CGC's Finance team on accounting for investment assets, focusing on FVOCI
- 7 BNM-FIDE FORUM Engagement: Responsibility Mapping Engagement with Directors of Financial Institutions
- 8 Reserve Bank of India - Global Fintech Fest 2024 (GFF-24), Mumbai, India



SUSTAINABILITY

- 1 ALLIANCE - Sustainability
- 2 Net Zero and Internal Carbon Pricing (ICP)
- 3 EY - Sustainable Finance
- 4 FIDE FORUM - Directors Masterclass Series - What Directors Must Know: Boardroom Dynamics in Climate Talks
- 5 FIDE FORUM - Masterclass 1 Boardroom Climate Essentials
- 6 Asia School of Business/FIDE FORUM - Kuala Lumpur International Sustainability Forum
- 7 BNPP - APAC Director's Training on ESG
- 8 Institute of Internal Auditors Malaysia National Conference (IIAM NC) 2024



OTHERS

- 1 ALLIANCE - Data Management
- 2 ALLIANCE - Personal Data Protection Act 2010 (PDPA)
- 3 FIDE FORUM - Directors' Remuneration Report Launch
- 4 PIDM - National Resolution Symposium
- 5 BNPP - Application of Hajah and Darurah in Islamic Finance
- 6 Elevandi (Monetary Authority of Singapore) - Point Zero Forum, Zurich, Switzerland
- 7 Bank Negara Malaysia - Sasana Symposium 2024 (SS2024), Kuala Lumpur

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XIII. BOARD COMMITTEES (BCs)

The Board delegates specific authorities to its respective BCs to support the effective discharge of its fiduciary duties and responsibilities, while preserving independent oversight. This delegation allows the Board to devote greater focus to strategic and high-priority matters.

Each BC operates under a Board-approved Terms of Reference (TOR), which are periodically reviewed and updated, that clearly defines its roles and responsibilities, including procedural matters such as quorum requirements, voting protocols, and membership composition.

BCs primarily function in a review or advisory capacity. Their deliberations are reported to the Board, which retains ultimate decision-making authority, except in matters where specific powers have been delegated to a committee.

Currently, the Board has a total of four (4) BCs. A description of each BC is 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 the same oversight on CGC Digital Sdn Bhd.

➔ 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, BCs 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's investment activities.

Note: CGC Digital Sdn Bhd was established In July 2022 as CGC's subsidiary tasked with leading digital transformation initiatives and projects.

XIV. EXTERNAL ADVICE

Directors are entitled to seek independent professional advice, at CGC's expense, to assist them in fulfilling their duties to the Board and its BCs, where necessary. This provision empowers Directors to make independent and informed decisions. During the year under review, no Directors exercised this entitlement.

XV. DIRECTORS' CONFLICT OF INTEREST

The Directors acknowledge their responsibility to avoid any actual or potential conflicts of interest. All Directors shall promptly disclose any actual, potential, or perceived personal interest that may conflict with CGC's interests, in accordance with the Companies Act 2016 and the Board Charter.

XVI. SUPPLY OF AND ACCESS TO INFORMATION

The Board receives timely updates and has full, unrestricted access to information on the Group's business and affairs, enabling them to discharge their responsibilities effectively. Board materials, including meeting agendas and supporting reports, are uploaded in advance to a secure digital platform. This ensures all Directors have sufficient time to review the materials, seek clarification where necessary, and prepare for informed and constructive discussions. This practice supports efficient decision-making and reinforces good governance.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Principle B

EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

The Board Audit Committee (BAC) plays a crucial role in enhancing the governance and oversight mechanisms within the CGC Group, focusing on integrity of financial reporting, corporate governance, risk management and internal control systems and processes. It accomplishes this through assessments conducted by the Internal Audit Division (IAD), maintaining oversight over the IAD's independence, scope and resources, and periodically reviewing audit reports to ensure that CGC Group governance standards are upheld.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board plays a crucial role in Corporate Governance (CG). It strives to instil an effective risk governance structure through the Enterprise Risk Management (ERM) Framework in meeting its obligations to benefit customers, shareholders and other stakeholders. As risk evolves and is present in all CGC activities, owing to the dynamic business landscape, the Board continuously reviews CGC's policies, procedures and processes to ensure that they remain relevant and effective by:

➤ Determining CGC's overall risk appetite based on risk capacity and risk tolerance level with alignment to CGC's vision and mission, strategic, business and operational objectives.

➤ Risk Policy and procedures to be updated on a regular basis to incorporate latest regulatory policy, management of emerging risk and based on industry best practices.

➤ Deciding on the right risk management strategy to manage the material risk, taking into account CGC's Risk Appetite Statement (RAS), cost and benefit analysis.

➤ Risk identification, measurement, assessment and mapping of all risks faced by CGC at the enterprise level to determine its materiality and acceptance level based on the Board approved RAS.

The above is demonstrated by the Board through:

1

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 misstatement or loss.

2

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.

Principle C

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. RELATIONSHIP WITH STAKEHOLDERS

CGC recognises the importance of fostering strong and meaningful relationships with its stakeholders and remains committed to promoting transparency, accountability, and open communication in all stakeholder engagements.

II. RELATIONSHIP WITH EMPLOYEES

Significant efforts are made to nurture a productive, engaged, and welcoming workplace, directly contributing to the organisation's mission and objectives. The relationship with employees is central, involving the development of a supportive organisational structure, enhancing skills and capabilities for future growth, and addressing the current challenges they face.



Regular communication keeps employees engaged with updates via HComms, HR Teams Channel, Quarterly Town Hall, leadership sessions, and HR suggestion box.



Enhancing staff benefits and welfare, supporting the employee's well-being, and reinforcing a nurturing, supportive work environment.



Leadership excellence is fostered through inter- and intra-divisional sessions and direct engagement activities, such as the Management Walkabout during Merdeka Month, which aims to inspire the spirit of independence and strengthen leadership connections within the organisation.



Several occasions are held every year to acknowledge employees' contributions, i.e., the CGC Group Annual Dinner, Long Service Awards, birthday wishes, and farewell celebrations for retirees.



Various training programmes (internal & external training) were offered to address several aspects of core & technical competencies.



Employees are engaged in a more informal setting through Kelab Rekreasi CGC (KRCGC) activities, such as Treasure Hunts, Sports Activities, Solat Hajat, and recreational activities.

1 Competencies Alignment with Future Skills Framework (FSF)

The organisation has taken proactive steps to align employee competencies with the Future Skills Framework (FSF), ensuring readiness for emerging roles and evolving industry demands. Through structured upskilling and reskilling initiatives, employees are equipped with critical capabilities such as digital fluency, adaptability, and systems thinking. This alignment fosters a future-ready workforce that can thrive in a dynamic work environment while supporting the company's strategic transformation goals.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

2 Performance and Rewards

A robust performance and rewards framework is in place to recognise and reinforce high performance across all levels. The system is designed to be transparent, fair, and aligned with both individual and organisational goals. By linking performance outcomes to tangible rewards and career progression, the framework fosters a culture of excellence, accountability, and continuous improvement, ultimately enhancing overall employee satisfaction and retention.

3 Energise employees

Continuous engagement initiatives are deployed at both corporate and divisional levels to energise employees, ensuring the team remains motivated and unified. These efforts include frequent touchpoints, pulse surveys, well-being programmes, and informal gatherings that cultivate a sense of belonging and shared purpose. Such initiatives not only boost morale but also strengthen cross-functional collaboration and organisational resilience.

III. RELATIONSHIP WITH CUSTOMERS

In 2024, Client Service Centre (CSC) handled a total of 5,640 enquiries—62.39% via calls (3,519), 37.41% via emails (2,110), 0.18% through letters (10), and 0.02% through walk-ins (1). CSC maintained an exceptional First Call Resolution (FCR) rate of 96%, well above the 80% target. The abandoned call rate remained impressively low at 0.06%, significantly outperforming the 5% threshold. All abandoned calls were promptly returned to ensure timely assistance where needed.

CSC also achieved a 99% call response rate within 20 seconds, surpassing the target of 80%. As CGC's designated Complaint Centre, CSC resolved customer cases efficiently within the 10-working-day Client Charter, averaging just four working days per case. All customer emails were addressed within the 24-working-hour charter.

In CGC's Customer Satisfaction Survey, 99% of respondents rated CSC's overall performance as excellent or good, exceeding the 80% benchmark.

To strengthen digital engagement, CSC partnered with CGC Digital Sdn Bhd in 2024 to introduce the imSME Digital Assistant (iDA), a chatbot feature within the imSME platform. Since launch, iDA has provided real-time virtual assistance to 7,066 users, facilitating 18,631 interactions and further enhancing accessibility and responsiveness.

IV. RELATIONSHIP WITH SUPPLIERS

CGC is committed to fostering strong mutually beneficial relationships with suppliers, grounded in the following principles and practices:



FAIR TREATMENT

CGC is committed to treating all vendors with fairness and impartiality, promoting a culture of trust and mutual respect in all dealings.



LONG TERM PARTNERSHIP

Cultivating long-term, value-driven relationships with our vendors is prioritised, focused on mutual benefit through cost optimisation, supply chain resilience, and the exchange of best practices.



VENDOR CODE OF CONDUCT

CGC has established a Vendor Code of Conduct that sets out clear expectations for ethical behaviour, sustainability commitments, anti-bribery and anti-money laundering practices, conflict of interest management, and compliance with all applicable legal and regulatory standards.



WHISTLEBLOWING CHANNELS

Vendors are provided with multiple channels to report any misconduct, unethical practices, or legal violations involving CGC employees or management.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

We promote ESG adoption among our vendors and seek to collaborate on sustainability initiatives aligned with CGC's corporate values and broader sustainability agenda.

V. RELATIONSHIP WITH SHAREHOLDERS

The Board acknowledges the critical importance of transparency and accountability to CGC's stakeholders and recognises the need to keep shareholders promptly informed of significant matters affecting the Group.

General Meetings provide a key platform for meaningful, two-way engagement between shareholders, the Board, and Management. Shareholders are encouraged to attend, participate, and raise questions during the Question and Answer (Q&A) sessions relating to proposed resolutions or CGC's operations. Responses to shareholders' queries are provided by the Directors, Management, or External Auditors during the meeting.

Shareholders may also access important updates and information on CGC's financial performance and strategic initiatives through CGC's Annual Report and official website at www.cgc.com.my.

While CGC strives to ensure the timely and comprehensive disclosure of information, it remains guided by the relevant legal and regulatory requirements governing the release of materials to the public.

VI. ANNUAL GENERAL MEETING (AGM)

The 51st Annual General Meeting (AGM) was conducted virtually, leveraging technology in compliance with Section 327 of the Companies Act 2016 and directives issued by the Securities Commission Malaysia. The adoption of a virtual platform facilitated greater shareholder attendance through remote participation and enhanced the overall conduct of the proceedings.

The Board ensures that shareholders are provided with sufficient notice and time to consider the resolutions tabled at the AGM. The Notice of Meeting includes detailed information on each proposed resolution, along with supporting documents and reports. In line with corporate governance best practices, the Notice of the 52nd AGM and a copy of CGC's Annual Report were circulated 28 days prior to the meeting. This allows shareholders ample time to review the contents and make informed decisions.

Directors are committed to attending the AGM, which is scheduled and approved in advance by the Board, except in cases of unforeseen circumstances beyond their control.

BOARD AUDIT COMMITTEE REPORT

COMMITTEE MEMBERSHIP

The following table outlines the committee members for the year:

1	Faisal bin Ismail	Chairperson/Independent Non-Executive Director
2	Saleha binti M. Ramly	Independent Non-Executive Director
3	Kellee Kam Chee Khiong	Independent Non-Executive Director

The three (3) above were members of the Board Audit Committee (BAC) at the beginning and the end of 2024. All three BAC members are Independent Non-Executive Directors.

The Board is satisfied that at least one member of the BAC has the relevant financial experience and that all members bring extensive expertise to the Committee across key areas relevant to CGC’s operations.

The table on page 236 provides details of their meeting attendance throughout the year.

The BAC is equipped with the resources required to discharge its oversight functions effectively, which includes the authority to obtain advice from independent professional advisors. The BAC also has the authority to direct the Internal Audit Division (IAD) to conduct audits and investigations on any entity within the CGC Group on any matters indicated within its Terms of Reference.

ROLES AND RESPONSIBILITIES

The BAC assists the Board by providing oversight on CGC Group’s financial reporting, corporate governance, risk management, and internal control systems and processes. Additionally, the BAC is responsible for overseeing whistleblowing matters within the remit of the Board. The BAC’s roles and responsibilities are defined in its Terms of Reference.

PRINCIPAL ACTIVITIES

The BAC's principal activities during the year were performing oversight responsibilities pertaining to the above, including as outlined below:

➔ INTERNAL AUDIT

- Approved the 2024 Internal Audit Plan and the Internal Audit Budget on 8th December 2023. In approving the Audit Plan, the BAC reviewed the risk-based methodology and staffing adequacy to ensure effective implementation of the Audit Plan. A half-year review of the 2024 audit plan was conducted and approved on 15th July 2024.
- Approved the 2024 Key Performance Indicators (KPIs) and evaluated the performance of the Chief Internal Auditor (CIA) and Internal Audit Division (IAD).
- Developed the new CGC 3-Year Internal Audit Strategic Plan (2025-2027), which was deliberated and approved by the BAC on 10th December 2024. IAD developed the Internal Audit Strategic Plan by, inter alia, understanding organisational objectives, applying lessons learnt from previous strategic plan, analysing global risks, reviewing core competencies and defining key initiatives.
- Deliberated the audit reports, the audit recommendations and the Management's responses. The BAC met six (6) times in 2024 to deliberate audit reports and financial reporting matters.
- The Audit Compliance Committee (ACC) is a BAC-delegated committee. The ACC was established to monitor the progress of Management's actions in addressing corporate governance, risk management and internal control issues highlighted in internal audit reports and other internal control reports issued by external parties, such as External Auditors and Bank Negara Malaysia Auditors. The ACC met twelve (12) times in 2024, with the BAC reviewing the ACC's status updates during every meeting.

➔ EXTERNAL AUDIT

- Completed the annual assessment of the External Auditor in respect of the FY 2023 audit. This encompassed performance, independence, objectivity and effectiveness of the auditor and the audit process, prior to recommending to the Board to re-appoint the Auditor. The assessment included an assessment of audit quality, the External Auditor's handling of key judgement issues, and the External Auditor's responses to questions from the BAC in respect of the FY 2023 audit.
- Met with the External Auditor on 10th April 2024, without the presence of Management, discussed matters privately and obtained open and transparent feedback for further improvements.
- Reviewed and approved the External Auditor's Financial Year (FY) 2024 Audit Plan and scope of work on 10th October 2024. The Audit Plan, inter alia, highlighted areas which would receive special consideration and the resources for executing the Audit Plan. The BAC also evaluated the objectivity and independence of the External Auditor.
- Reviewed and recommended to the Board the approval of audit fees (including SST) and provisions for expenses for the audit services to be provided by the External Auditor, in accordance with established procedures.

BOARD AUDIT COMMITTEE REPORT

FINANCIAL REPORTING

Received and reviewed comprehensive reports from the External Auditor, which included the audited financial statements, accounting policies, judgements and disclosure requirements.

INTERNAL AUDIT (IAD)

The IAD supports the attainment of CGC Group's goals by bringing an objective and disciplined approach to evaluating and improving the effectiveness of its corporate governance, risk management and control processes. IAD plays a key advisory role for the BAC in these three areas.

The CIA reports directly to the BAC to ensure that the Internal Audit function is independent of the Management and is thus able to perform its activities objectively.

IAD has established a risk-based Annual Internal Audit Plan, which takes into account CGC Group's strategic, financial, and business development objectives, as well as current and emerging risks that could impact their achievement. The Audit Plan was approved by the BAC.

IAD leveraged technology to enhance the effectiveness and efficiency of its audits. Specifically, data analytics has enabled IAD to review larger numbers of transactions than it previously could with sampling, increased efficiency through automation and derive greater insights from its audits.

As of 31st December 2024, the number of audit staff was twenty-two (22) against the total approved twenty-four (24).

IAD's work involves assessing the adequacy and effectiveness of CGC Group's corporate governance, risk management and internal control processes in meeting its strategic objectives. In effectively assessing these matters, IAD adopted the Committee of Sponsoring Organisation of the Treadway Commission (COSO) Integrated Internal Control Framework and the Control Objectives for Information and Related Technologies (COBIT) Framework. COSO and COBIT are internationally recognised frameworks, providing thought leadership and guidance on internal controls, enterprise risk management and fraud deterrence.

IAD's activities were carried out in accordance with the International Standards for the Professional Practice of Internal Auditing issued by The Institute of Internal Auditors, as well as with relevant regulatory guidelines issued by Bank Negara Malaysia.

IAD has unrestricted access to information and is provided sufficient resources to complete all required audits.

IAD presented internal audit reports to the BAC six (6) times in 2024. The reports highlighted gaps in corporate governance, risk management, and controls practices, while providing recommendations for improvement.

SUMMARY OF AUDIT ACTIVITIES DURING THE YEAR

- Carried out IAD's activities according to the approved Audit Plan. A total of thirty (30) audit assignments were completed in 2024.
- In 2024, IAD successfully created thirty-seven (37) new audit bots through the use of Robotic Process Automation software. IAD also initiated Continuous Auditing by re-running forty-seven (47) previously developed Audit Bots. The bots assisted IAD in performing audits effectively and efficiently.
- Monitored and followed up on the implementation of the audit recommendations and reported the status of outstanding audit findings at all BAC and ACC meetings.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

OUR APPROACH

THE BOARD IS COMMITTED TO MAINTAINING SOUND RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS WITHIN CGC, AND CONDUCTS ONGOING REVIEWS TO ASSESS THEIR ADEQUACY AND EFFECTIVENESS. MANAGEMENT SUPPORTS THE BOARD BY IMPLEMENTING THE NECESSARY POLICIES, PROCEDURES, GOVERNANCE STRUCTURES, AND PROCESSES TO IDENTIFY, EVALUATE, MONITOR, MANAGE, AND REPORT SIGNIFICANT RISKS, AS WELL AS TO ENSURE THE ROBUSTNESS OF INTERNAL CONTROLS IN ACHIEVING CGC'S STRATEGIC OBJECTIVES.

With an Enterprise Risk Management (ERM) framework in place, CGC is well positioned to manage its key risks. These include strategic, business, credit, market, liquidity, financial, operational (including cyber, legal and business continuity), compliance and reputational risks. The framework articulates our risk appetite and capital management approach, supported by clearly articulated risk tolerances and limits for various risk categories. CGC's risk governance structure ensures effective oversight and accountability, with continuous vulnerability mapping and integrated risk evaluations forming the foundation for proactive and informed risk management.

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

With the enhanced ERM Framework in place, CGC has shifted its focus towards the effective implementation of key policies outlined within the framework. During the year under review, we observed encouraging progress in the adoption of these policies across the organisation, further reinforcing CGC's risk governance and strengthening overall risk management capabilities. As the application of ERM continues to deepen, CGC is advancing towards a more mature and integrated risk culture.

Risk management and internal control systems are embedded across all levels of the Corporation, including strategic planning, project management, change management, and decision-making processes. Internal controls are applied consistently through established guidelines, which are reviewed periodically to ensure their relevance and effectiveness. Business Lines play a key role in assessing the effectiveness of these controls and in managing identified risks within their respective areas.

The Board is supported by various sub-Board and Management Committees as part of the governance structure. The Risk Management function provides independent oversight and integrated risk assessments across various business lines. Additionally, the Internal Audit and Compliance functions are responsible for:

- Independently evaluating the adequacy and effectiveness of internal controls; and
- Ensuring that Business Lines operate in reasonable adherence to internal processes and procedures, as well as regulatory and legal requirements.

> Risk Strategy

Our risk management strategy addresses:

- The scope of risk management activities, including the methods and tools used for risk assessment, analysis, mitigation, monitoring, and the communication of risk-related information.
- The establishment of risk appetite and tolerance parameters, supported by a risk matrix with defined thresholds to guide appropriate mitigation techniques based on identified risks.

> Risk Governance

We maintain a well-established risk governance structure anchored by an active and engaged Board and management committees, supported by an enterprise-wide Three Lines Of Defence model. Robust governance ensures the necessary direction, oversight and structure required to make well-informed decisions aligned with our strategic objectives.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

> Risk Culture

The risk culture at CGC is shaped by a strong 'Tone from the Top', with clear and consistent communication from the Board regarding risk behaviour expectations. This culture is embedded throughout the organisation and continuously reinforced through mandatory and customised training for all employees.

> Risk Management Policies and Procedures

Our risk management framework is supported by comprehensive policies, procedures, and processes that enable CGC to respond effectively in a dynamic environment. It involves:

- Identifying and assessing risks that may impact the achievement of strategic objectives
- Determining appropriate risk response strategies and controls, and implementing them through structured frameworks, policies, guidelines, and processes aligned with established risk appetites

ADHERENCE TO COMPLIANCE STANDARDS

CGC upholds strict adherence to internal and external compliance standards, enabling the organisation to operate in line with strategic objectives and fulfil stakeholder expectations.

CGC RISK MANAGEMENT FRAMEWORK

The primary goals of CGC's risk management framework are to ensure that:

1. The outcomes of risk-taking activities are consistent with our strategies and risk appetite.
2. We strike an appropriate balance between risk and reward in order to maximise value for MSMEs and shareholders.

The risk management framework comprises the following key components for effective risk management across CGC:

RISK APPETITE

CGC's risk appetite is determined by the Board and is guided by a top-down approach that incorporates both quantitative and qualitative measures. It defines the level of risk CGC is prepared to accept in pursuit of its strategic goals while upholding responsibilities to MSMEs, shareholders, and stakeholders. This risk appetite is articulated through a formal and enforceable risk statement that serves as a critical input for both business planning and capital allocation, ensuring alignment between risk strategy and business strategy.

1

Capital

- Guarantee Reserve Ratio
- Capital Adequacy Ratio

2

Liquidity

- Liquidity Gap

3

Financial Risk

- Credit
- Market

4

Non-Financial Risk

- Operational
- People
- Business Continuity Plan

5

Compliance

- Anti-Money Laundering/Combating Financing of Terrorism
- Regulatory
- Shariah Non-Compliance Risk

6

Business Related Risk

- Reputation
- Investment
- Strategy

7

Integrity and Governance

- Corruption and Bribery Risk

Capital Management

Capital Management is integrated into our governance processes, involving continuous reviews of our position to maintain a strong capital base that supports long-term stability and planned business growth while ensuring resilience to risks inherent across our various businesses. CGC adopts a sound Capital Management Framework to monitor capital adequacy and allocate sufficient capital to support operational requirements and meet regulatory mandates. We are committed to maintaining a strong capital positions that equips CGC to withstand potential business and operational losses or shocks.

Material Risk Assessment

We have enhanced our current risk assessment practices to incorporate a broader range of risk categories, with an emphasis on business, strategic and financial risks. The Material Risk Assessment (MRA) Framework has been established to identify all risks material to CGC, alongside their corresponding mitigation measures and controls. This approach provides CGC with a holistic view of the potential threats or risks we may face, and enables an informed assessment of whether we are sufficiently capitalised to absorb financial losses arising from unexpected events.

Stress Tests and Reverse Stress Tests

Stress Testing is a forward-looking element of capital adequacy management and an integral tool in the risk management framework, empowering cognisance of our risk exposure under exceptional but plausible and worst-case scenarios. Reverse Stress Testing is used to identify a range of adverse scenarios which could threaten the viability of CGC, with outcomes utilised to develop or select appropriate strategies for mitigating such risks. The results of stress tests are assessed against our internal risk appetite for capital adequacy and periodically reported to the Board and Management.

Business Continuity Management (BCM)

BCM is embedded within CGC's strategic planning to ensure alignment with business priorities. The BCM Framework is designed to strengthen organisational preparedness and resilience during crises or disruptive events, enabling CGC to effectively prepare for, respond to, and recover from such incidents.

In the post-COVID-19 environment, CGC has reinforced its focus on operational resilience – across people, processes, and infrastructure – through established crisis management

and business continuity policies and procedures. Several of these processes have since become part of the organisation's operating norm, with ongoing assessments conducted to ensure continuity and recovery strategies remain effective, tested, and ready for activation.

Crisis Management

The objective of Crisis Management at CGC is to build organisational capability to anticipate, prepare for, respond to, and recover from crises. CGC is committed to protecting the interests of its key stakeholders and the environment, as well as our reputation, brand, and value creation during emergencies or disruptions. To support this, CGC has implemented a comprehensive Crisis Management and Business Continuity Programme designed to protect employees, safeguard critical assets, and ensure the continuous delivery of products and services.

Authority Limit

CGC's Approving Authority Limit (AAM) defines clear lines of accountability and responsibility across all levels of management, including matters requiring Board approval. It serves as a reference guide to identify the appropriate approving authority for various decisions. The AAM is reviewed at least annually, with realignments made as needed to reflect changes in the organisational structure and to uphold effective decision-making based on proper governance.

Compliance Risk Management

Board-approved compliance policies provide the foundation for CGC's compliance risk management processes and tools, which are applied across the organisation. The Compliance team supports both the Board and Management by overseeing existing and emerging compliance risks and offering advisory support to various business lines and stakeholders.

CGC Shariah Governance Framework (SGF)

The SGF serves as a blueprint for managing Shariah governance within CGC. It provides a holistic, integrated and coherent approach to managing Shariah compliance risk, specifically in Islamic Guarantee Schemes and Direct Financing Schemes. Consequently, the SGF has been embedded as an integral part of organisational and individual decision-making processes rather than a stand-alone activity. The SGF is applied during strategy implementation as well as at operational, business, or project levels for all Shariah-compliant products and services offered by CGC.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Anti-Bribery and Anti-Corruption Policy

CGC is committed to conducting business in accordance with high ethical standards, integrity and accountability. We have adopted a zero-tolerance approach against all forms of bribery and corruption by the Board, our employees, or any persons or companies acting for CGC or on its behalf. In recognition of this commitment, the Board and Management have implemented and enforced a comprehensive anti-bribery and anti-corruption programme to prevent, deter and monitor bribery and corruption risk within our business activities. Our approach is guided by the Malaysian Anti-Corruption Commission Act 2009, procedures and guidelines issued by the Prime Minister's Department, our own internal ABAC Policy, as well as best practices recommended by ISO 37001:2016 Anti-Bribery Management System.

Anti-Money Laundering and Countering Financing of Terrorism

As a non-prescribed DFI, CGC remains fully committed to combating money laundering and terrorism financing activities. We recognise our responsibility to help safeguard the integrity of Malaysia's financial ecosystem by ensuring that illicit funds are prevented from entering the system. Our approach is guided by the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001, applicable policy documents and guidelines issued by Bank Negara Malaysia, as well as our own AML/CFT policies and procedures. These efforts are aligned with best practices recommended by the Financial Action Task Force.

Personal Data Protection (Amendment) Act 2024

As a data controller, CGC bears a statutory duty to comply with the principles set forth in the Personal Data Protection (Amendment) Act 2024 (PDPA) and any relevant guidelines issued from time to time. In fulfilling this duty, CGC is guided by the PDPA, applicable regulatory guidelines, and our own internal policies and processes developed in alignment with the Act to ensure that all personal data under our care or possession is protected accordingly.

Technology and Cybersecurity Risk Management

CGC systematically manages technology and cybersecurity risks in line with relevant regulatory requirements and industry best practices, to ensure the effective protection of its IT ecosystem. A dedicated Technology and Cybersecurity Risk Framework and Policy serves as a guiding document for all staff, outlining the principles and processes for managing technology-related risks. This includes the identification, assessment, treatment, monitoring, reporting, and communication of risks inherent in CGC's operations and digital activities.

RISK MANAGEMENT PROCESSES

Risk Management at CGC involves effectively identifying and addressing all potential risks that may impact the achievement of business objectives or result in financial or reputational damage. Our policy on risk management is drafted and periodically reviewed to ensure ongoing alignment with strategic business goals. The risk management process is applied at strategic, operational and project levels. An effective risk management process supports CGC in achieving its performance and strategic objectives by providing timely and relevant risk information to enable better decision-making.

> Risk Identification

Identify risks that may affect business operations or objectives.

> Risk Assessment

Analyse the root causes of each risk and determine the likelihood and impact of risk exposure (either quantitatively or qualitatively).

> Risk Mitigation

Determine appropriate risk mitigation strategies that address the underlying causes of risk.

> Risk Monitoring

Establish an accountability structure for implementing risk mitigation actions and continuously monitoring risks.

> Risk Reporting

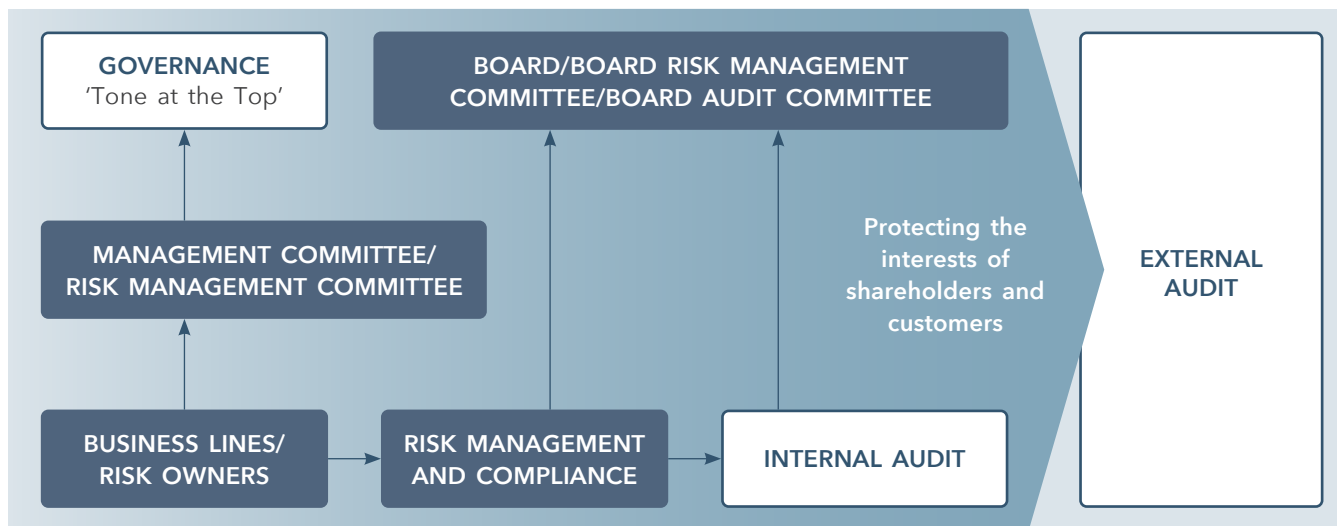
Develop a reporting process that supports risk monitoring and risk-informed decision making.

> Risk Communication

Facilitate ongoing sharing of risk-related insights and 'lessons learnt' across all business areas.

CGC THREE-LINES-OF-DEFENCE

CGC adopts the Three-Lines-of-Defence model, where business lines and independent risk and compliance functions collaborate to ensure that strategies and activities align with internal policies and risk limits. This model promotes clear accountability, strong internal controls, and effective risk management practices, reinforcing CGC's risk and compliance culture across all divisions.



The responsibilities of each line of defence lines are as follows:

> 1st Line of Defence

Business lines/risk owners are accountable for the day-to-day management of risks within their operations. This includes identifying, assessing, mitigating, monitoring, and reporting risks, as well as implementing effective internal controls to ensure that activities operate within CGC's risk appetite and policy guidelines.

> 2nd Line of Defence

Independent risk management and compliance functions establish and maintain robust frameworks to support enterprise-wide risk and compliance oversight.

- The Risk Management function is responsible for providing reasonable assurance to the Board and Management that key risks are being identified, managed, and communicated effectively.
- The Compliance function acts as a consultant on regulatory compliance, internal policies and procedures. It bears responsibility for conducting ongoing enterprise-wide risk-based assessments, monitoring, testing and other activities to gain reasonable assurance as to the adequacy and effectiveness of CGC's Compliance Programme in ensuring regulatory adherence.

> 3rd Line of Defence

The Internal Audit function provides independent assurance on the design and operating effectiveness of CGC's governance, risk management, and internal control systems. It also offers recommendations for improvements and enhancements where necessary.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Governing and Oversight Functions

The Board exercises oversight both directly and through its committees to ensure that decision-making remains aligned with CGC's strategies and risk appetite. The Board receives regular updates on risk information, and periodically reviews and approves the risk management framework, policies, and limits. At the management level, committees comprising senior managers support the Board in implementing and maintaining an effective, organisation-wide risk management framework.

SIGNIFICANT MATERIAL RISKS OF CGC

> Default Risk

CGC is inherently exposed to default risk due to the nature of our business. This is considered a material risk, primarily because CGC provides credit guarantees and financing to the relatively higher-risk MSME segment as part of our developmental and countercyclical role. To manage this risk, portfolio-specific risk appetites and thresholds have been established. In addition, credit risk-related policies and procedures governing end-to-end credit processes are in place to ensure that CGC operates within its defined risk parameters.

> Operational Risk

This refers to the risk of loss arising from inadequate or failed internal processes, systems, or human factors, as well as external events. CGC continues to implement initiatives to mitigate operational risk, including those related to technology, as part of ongoing risk management enhancements.

> Opportunity Cost Risk

CGC is exposed to opportunity cost risk due to its large investment portfolio, which, while generating significant revenue, includes a high proportion of securities held to maturity. Capital tied up in existing investment positions may limit our ability to pursue investments with potentially higher returns.

> Credit Concentration Risk

Given CGC's focus on the MSME segment, our business is exposed to the variability in performance often exhibited by micro, small, and medium-sized enterprises. This creates potential credit concentration risk at the portfolio level across different segments. To manage this risk, exposures are grouped based on similar risk characteristics. In addition, statistically derived thresholds—based on financial institutions, sectors, business constitutions, and other relevant dimensions – are applied to guide decision-making and ensure effective management of concentration risk.