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# COMPLIANCE CHARTER

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### 1. OVERVIEW

#### 1.1 Introduction

The Board of Directors (“Board”) is accountable and responsible for the performance and affairs of Credit Guarantee Corporation Malaysia Berhad (“Corporation”).

The Corporation’s corporate culture emphasizes standards of honesty and integrity to which the Senior Management will lead by example and shall ensure the effective management of compliance of the Corporation. Within the Corporation, compliance starts at the top and forms an integral part of the Corporation’s business activities.

It is the responsibility of every employee of the Corporation to conduct the business in full observance of all applicable laws, rules, regulations and guidelines governing the Corporation’s business.

#### 1.2 Objective

The objective of this Compliance Charter is to establish the roles and functions of the Compliance Department.

#### 1.3 Compliance Department

The Compliance Department was established in 2013 primarily as a supervisory role for every management level within the Corporation to ensure that the Corporation complies with all applicable laws, rules, regulations and guidelines governing the Corporation’s business.



In this respect, the Compliance Department keeps a constant communication with all the Senior Management and Head of Departments within the Corporation’s structure with a view to supplementing the existing supervisory reviews and ensuring that the necessary policies and procedures are in place to effect proper supervision of the respective Departments.

The Compliance Department reports to the Board Risk Management Committee (“BRMC”) on the Corporation’s Compliance Risk Management status and updates particularly the Statutory Compliance and Regulatory Compliance (collectively referred to “Compliance Risks”) confronted by the Corporation.

**2. COMPLIANCE RISKS MANAGEMENT STRUCTURE**

2.1 The Compliance Department identifies, assesses, implements and monitors the conformity of the Statutory Compliance and Regulatory Compliance by the employees of the Corporation.

| CATEGORY             | SCOPE  |
|----------------------|--|
| Statutory Compliance | <ul style="list-style-type: none"><li>Identify, assess and implement the compliance requirements under the applicable Acts governing the Corporation.</li></ul> <p>E.g Applicable Acts issued by Government of Malaysia – Companies Act 2016, Employment Act 1955, Personal Data Protection Act 2010, Anti-Money Laundering, Anti-Terrorism and Proceed of Unlawful Activities Act 2001, Competition Act 2010, Occupational Safety and Health Act 1994 and others.</p> |



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|-----------------------|--|
| Regulatory Compliance | <ul style="list-style-type: none"> <li>Identify, assess and implement the compliance requirements under the applicable rules and regulation issued by the Regulators</li> </ul> <p>E.g Guidelines, Regulations, Orders, Directives and others issued by Bank Negara Malaysia, Ministry, Local Authority or Enforcement Agency.</p> |
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2.2 An overall approach to Compliance Risks Management encompasses:-

| CATEGORY       | DESCRIPTION   |
|----------------|---|
| Identification | <ul style="list-style-type: none"> <li>Identifying Compliance Risks within the Corporation</li> </ul>   |
| Assessment     | <ul style="list-style-type: none"> <li>Identifying Compliance Risks in terms of its likelihood and the severity of the consequences of a compliance breach (financial, regulatory, operational, reputational, etc.)</li> </ul>  |
| Management     | <ul style="list-style-type: none"> <li>Identifying the Compliance Risks and conceptualising the appropriate controls</li> <li>Implementing, performing and overseeing Compliance Risks controls</li> <li>Evaluating and testing the effectiveness of the controls.</li> </ul> |
| Reporting      | <ul style="list-style-type: none"> <li>Regular monitoring and reporting of the activities of the respective Departments to ensure its compliance of the relevant governing statutory, regulatory and ethical framework under the laws.</li> </ul>                             |



### 3. ROLES AND RESPONSIBILITIES

3.1 The Compliance Department's roles and responsibilities include:

- i) reporting to BRMC on Corporation's Compliance Risks status and updates particularly the non-compliance issues confronted by the Corporation;
- ii) monitoring the statutory and regulatory developments and assessing its impact on the Corporation;
- iii) advising and monitoring the operational impact analysis with the Departments on the new statutory and regulatory compliance requirements;
- iv) identifying, assessing and monitoring the conformity, remedial or corrective measures of the Compliance Risks by the Departments;
- v) interface with the Ministries, Government Agencies, Governing Authorities and Enforcement Agencies (collectively referred to as "Regulators") on any Compliance Risks issues;
- vi) establishing Compliance Framework and further developing the compliance roles and functions; and
- vii) providing training to the Departments on new Statutory and Regulatory Compliance requirements and promoting the adoption of compliance culture within the Corporation.



### 4. **INDEPENDENCE**

- 4.1 The Compliance Department carries out the functions independently and objectively ensure impartial and unbiased judgments essential to the prudent Compliance Risks management.

### 5. **AUTHORITY AND ACCOUNTABILITY**

- 5.1 The Compliance Department shall have unfettered and direct access to all activities in its area of responsibility including but not limited to all documentation, systems (e.g. complaints register, whistleblower reports and files) and access to the employees of the Corporation which the Compliance Department's reasonably believe are necessary to execute its responsibility effectively.
- 5.2 Specific tasks of the compliance function may be outsourced, but it shall remain subject to appropriate oversight by the Compliance Department.

### 6. **QUALITY ASSURANCE**

- 6.1 The Compliance Department will comply with all relevant standards, guidelines policies, procedures and directives issued by internal and external authority.

### 7. **COMPLIANCE FRAMEWORK**

- 7.1 Based on this Compliance Charter, a Compliance Framework is implemented as the key tool for the Compliance Department, Senior Management, Head of Departments and the employees of the Corporation to respectively supervise, manage and conduct the business in full observance of all applicable laws, rules, regulations and guidelines governing the Corporation.