



POWERING  
MALAYSIAN  
SMEs

## CREDIT GUARANTEE CORPORATION MALAYSIA BERHAD

### TERMS OF REFERENCE BOARD OF DIRECTORS MEETING

#### 1. Objective

1.1 The objective of the Board of Directors meeting ("Board Meeting") is to provide a platform for the Directors of CGC ("the Board" or "Board Members") being the ultimate decision-making body to meet, deliberate and resolve on the business of CGC.

#### 2. Composition

2.1 The Board Meeting shall comprise the Board Members.

2.2 The Management may be invited to present proposals and answer queries raised by the Board on a need basis.

2.3 The Board Meeting shall be chaired by the Chairman of CGC. In the absence of the Chairman of CGC, the Board Members present shall elect one of the Board Members to be the Chairman of the Board Meeting.

#### 3. Secretary

3.1 The General Counsel & Company Secretary or his/her nominee shall act as the Secretary of the Board Meeting ("Secretary").

#### 4. **Quorum**

4.1 The minimum quorum for Board Meeting shall be at least half of the Board Members to be present in the meeting.

#### 5. **Frequency and Attendance**

5.1 The Board shall meet sufficiently regularly to discharge its duties effectively. The regularly scheduled Board Meetings shall be held at least six (6) times in each financial year or at any such number of time(s) as the Board Members may deem necessary to fulfill the Board Members' responsibilities. Additional meetings may be convened as and when urgent issues and important decisions are required to be taken between the scheduled Board Meetings.

5.2 Board Meetings will be scheduled in advance before the end of the current financial year to enable the Board Members to plan ahead and accommodate next year's Board Meetings into their respective meeting schedules.

5.3 A Board Meeting may be summoned by any Board Members or by the Secretary on the requisition of any Board Members.

5.4 A Board Member must attend at least 75% out of the Board Meetings held in each financial year.

#### 6. **Reserved Matters**

6.1 With the exception of matters reserved for shareholders, the following Reserved Matters as stated under **Schedule A** attached herewith shall be under the sole decision of the Board Members.

6.2 Unless otherwise restricted by the Companies Act 2016 or CGC's Constitution, nothing herein shall restrict the Board Members from delegating at any time, the Reserved Matters or specific decision making responsibilities to Board Oversight Committees, individual Directors or the Management.

## **7. Proceedings**

7.1 Board Meetings shall be governed as follows:-

- (i) The time and place of the Board Meeting will be determined from time to time by the Board Members.
- (ii) A reasonable prior written Notice of Meeting shall be given to each Board Member, preferably seven (7) working days before the date of the Board Meeting. The Notice of Meeting may be waived subject to written consent by all Board Members.
- (iii) The Secretary, in consultation with the Chairman, shall draw up the Board Meeting Agenda (together with associated material) for circulation to each Board Member, preferably seven (7) working days before the date of the Board Meeting.
- (iv) The Board papers, proposal and reports shall clearly address the background, objective, key issues, rationale, impact and other relevant information to enable the Board Members to make an informed and effective decision.
- (v) The Board Members shall have full and unrestricted access to all information within CGC and may obtain the resources which it requires including but not limited to expert advice, both internal and external, to enable the Board to fulfill its objectives.

- (vi) Board Meetings may be convened by way of instantaneous telecommunication device such as telephone, video conferencing or other electronic means of audio or audio-visual communications.

Participation by a Board Member in a meeting by way of instantaneous telecommunication device shall be treated as presence in person by that Board Member at the said meeting and shall be counted towards the quorum notwithstanding the fact that he is not physically present at the meeting venue where the meeting is to be held.

- (vii) A Board Member shall declare at the Board Meeting if the Board Member or his/her family (whether directly or indirectly):-

- a) has interest in CGC's contract or proposed contract; OR
- b) holds any interests, offices or possesses properties relating to any matters deliberated in the Board Meeting which will be or is in conflict with his/her duties as a Director of CGC (conflict of interest).

*("family" shall include the Board Member's spouse, parent, child (including adopted child and stepchild), brother, sister and the spouse of his/her child, brother or sister.)*

- (viii) In the event of declared interest by the Board Member:-

- a) the Secretary shall minute the declaration;
- b) the relevant Board Member shall not participate in the discussion at the Board Meeting; and
- c) the relevant Board Member shall not vote on the interested matter (but will still be counted for quorum).

- (ix) Each Board Member is entitled to one (1) vote in deciding the matters deliberated in the Board Meeting.
- (x) The decision that gained the majority votes shall be the decision of the Board.
- (xi) In the event of an equality of votes, the Chairman of the Board Meeting shall be entitled to a second or casting vote.
- (xii) Unless otherwise decided by the Board Members, the Board Meeting session may be electronically recorded.

## **8. Minutes of Board Meetings**

- 8.1 The minutes of the Board Meeting, where required, shall incorporate the proceeding, deliberation and resolution made at the Board Meeting including dissenting view, recommendation, decision and directive.
- 8.2 The draft minutes of the Board Meeting ("Board Minutes") duly approved by the Chairman shall be circulated to the Board Members preferably within seven (7) working days from the date of the Board Meeting.
- 8.3 Upon confirmation by the Board, the fair copy of the Board Minutes shall be executed by the Chairman of the Board Meeting or the next Board Meeting.
- 8.4 The duly executed Board Minutes shall be entered in CGC's Minutes Book within fourteen (14) working days from the date of the Board Meeting.
- 8.5 Reproduction of any part of the Board Minutes can only be performed through/by the Company Secretary.

## **9. Circular Resolution**

- 9.1 In between Board Meetings, approvals on urgent or important business matters requiring the sanction of the Board Members could be sought by way of Circular Resolution enclosing all relevant information to enable the Board Members to make informed decisions.
- 9.2 The Circular Resolution in writing duly signed by all Board Members save for Board Member who is precluded or prohibited from voting on same shall be as effective for all purposes as a resolution passed at a Board Meeting duly convened, held and constituted. For avoidance of doubt, electronic signatures, whether digital or encrypted, shall have the same force and effect as original signatures.
- 9.3 The expressions "in writing" or "signed " include approval by legible confirmed transmission by facsimile, telex, cable, telegram, email or other forms of electronic communications.
- 9.4 The date of the Circular Resolution shall be the date on which the last Board Member signed the Circular Resolution.
- 9.5 All Circular Resolutions signed by the Board Members shall be tabled for notation at the next Board Meeting.

## **10. Communication to the Management**

- 10.1 Decision made by the Board shall be communicated by the Secretary to the Management in due course to ensure that decisions and directions are executed in a timely manner.
- 10.2 The Management shall take immediate action on all matters arising from the Board Meeting and updates the Board Members on the status of these matters at the next Board Meeting or if deemed urgent via circulation of memorandum.

## **11. Other Provisions**

11.1 This TOR may be amended by the Board from time to time in order to retain its usefulness.

11.2 Unless otherwise restricted under the law or CGC's Constitution, nothing herein stated shall restrict the Board Members from otherwise regulating Board Meetings, as they think fit.

## SCHEDULE A

### RESERVED MATTERS

#### Conduct of the Board

1. Appointment and recommendation for removal of Director.
2. Appointment and removal of Company Secretary.
3. Appointment of Board Oversight Committees' members.
4. Approval of terms of reference of Board Oversight Committees' and amendments to such terms.
5. Appointment of Chief Executive Officer and/or Executive Directors of the Corporation and their duties and the continuation (or not) of their service.
6. Recommendation on the appointment of external auditors and their related audit fees.

#### Remuneration

7. Approval/recommendation of the Directors' fee/remuneration arrangements for Non-Executive Directors.
8. Approval of the remuneration packages, structure and policy for Chief Executive Officer and/or Executive Directors.

#### Operational

9. Approval of business strategy and operational plan and annual budget.
10. Ongoing review of performance against business strategy and group operational plan, including monitoring of key risks and risk management policies and actions.
11. Approval of capital expenditure above the Approving Authority Limit as may be determined from time to time.
12. Approval of bad debts write-off in excess of the prescribed amount as may be determined from time to time.
13. Approval of investment or divestment in a company / business / property / undertaking;
14. Approval of investment or divestment of a capital project which represents a significant diversification from the existing business activities.
15. Approval of changes in the major activities of the Corporation or Group.
16. Approval of investment policies and bank mandate.
17. Approval of the Authorized Signatories and Approving Limits of Authority for the Corporation.
18. Review and approve the Board Oversight Committees' recommendations

#### Financial

19. Approval of interim and annual financial statements.
20. Approval for the release of financial announcements.
21. Approval of the Annual Directors' Report, Statutory Accounts and Corporate Governance Statement.
22. Approval of interim dividends, the recommendation of final dividends and the making of any other distribution.
23. Adoption of accounting policies.

#### Other Matters

24. The granting of powers of attorney and the appointment, resignation or removal of the corporate representative or proxy by the Corporation.
25. The entering into /undertaking of major debt or guarantee schemes / instruments.
26. Recommendations for the alteration of the Memorandum and/or Articles of Association of the Corporation.
27. Alteration of the accounting reference date, registered office and name of the Corporation.
28. Allotment, issuance, registration or any matters related to the shares of the Corporation.
29. Scheme of reconstruction or restructuring.
30. Approve, develop and/or implement all the presentation, report or any material shareholder communications for the Corporation.
31. Any other significant business decision.
32. Any other matter requiring the convening of a general meeting of shareholders or any class of shareholders.
33. Any other significant matters as may be required by the laws or the governing authorities.
34. Any other matters requiring the Board's approval under the Approving Limits of Authority of the Corporation.