

# STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors (“the Board”) of Cagamas Holdings Berhad (“Cagamas Holdings” or “the Company”) is committed to ensuring that the Company and its subsidiaries (“the Group”), practise the highest standards of corporate governance so that the Group’s affairs are conducted with integrity and professionalism to safeguard the financial performance of the Group and enhance long term shareholder value.

This Statement on Corporate Governance provides an overview of the Company’s corporate governance practices during the financial year 2024 under the three (3) key principles, which are:



## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

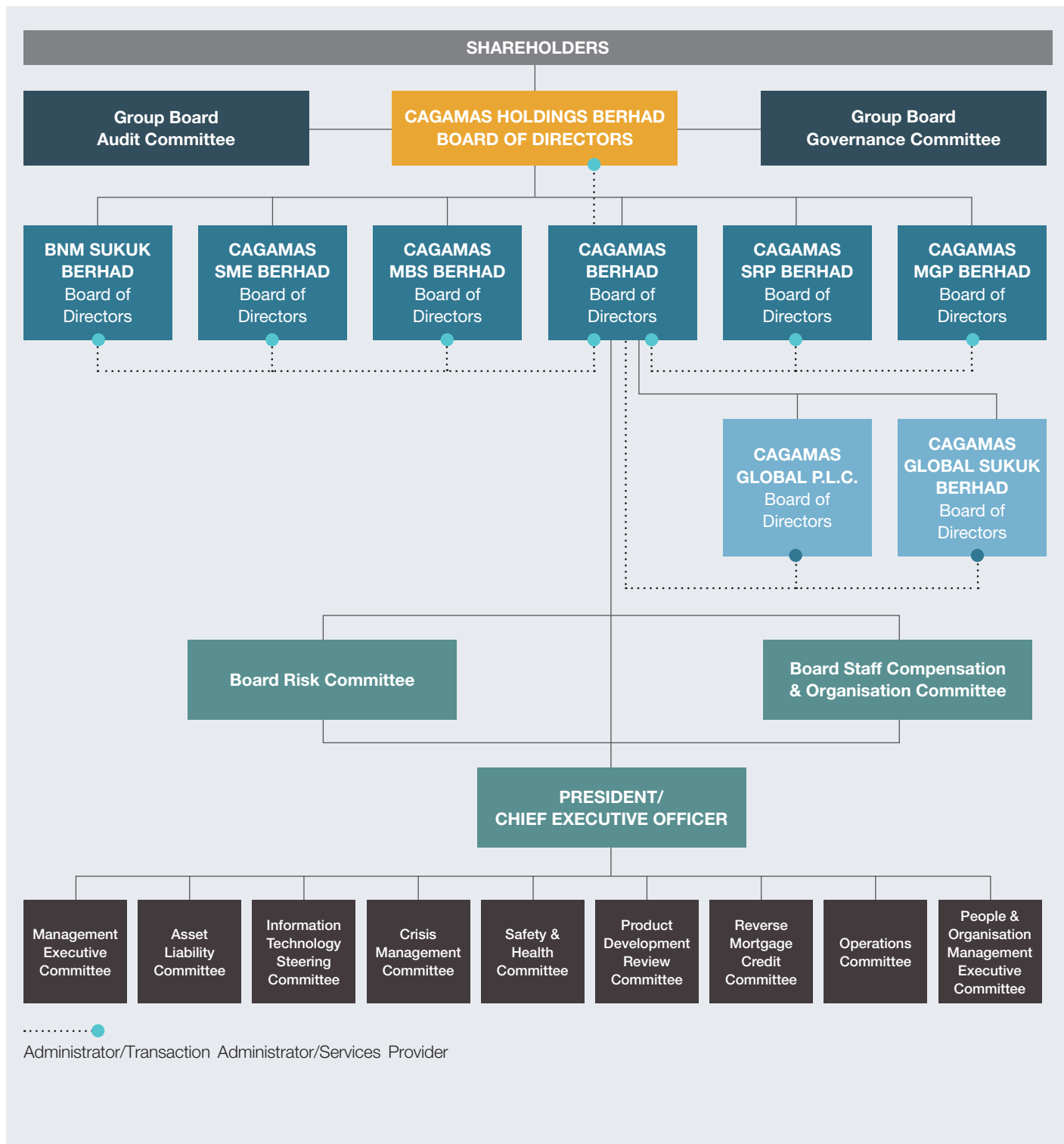
### I. Board Governance Framework

In 2024, the Board continued its efforts to enhance the Group’s corporate governance standards and has adopted a revised and refined questionnaires for evaluation of the effectiveness of the board, board committees’ and directors’ effectiveness which were benchmarked against the Financial Institutions Directors’ Education (FIDE) Forum Board Effectiveness Evaluation (BEE) Framework.

The Board Governance Framework is established to ensure orderly and effective discharge of the functions and responsibilities of the Board. To discharge its oversight roles and responsibilities more effectively, the Board delegates specific roles and responsibilities to its Board Committees (“BOCs”) with respective terms of reference for each BOC. Although the Board delegates some of its authority to the BOCs, the ultimate responsibility and final decision still rest with the Board.

STATEMENT ON CORPORATE GOVERNANCE *(continued)*

## GOVERNANCE FRAMEWORK



## STATEMENT ON CORPORATE GOVERNANCE *(continued)*

### II. Board Roles and Responsibilities

#### **Cagamas Holdings Berhad/Cagamas Berhad/Cagamas SRP Berhad**

The boards of the above companies have each adopted a Board Charter which sets out the authorities, roles, functions, composition and responsibilities of each board to assist the directors in carrying out their roles and responsibilities and to effectively discharge their fiduciary duties as directors of the respective companies. The Board Charters are reviewed periodically to ensure consistency with each board's strategic intent and relevant standards of corporate governance.

#### **a) Cagamas Holdings Berhad (Cagamas Holdings or the Company)**

The Board oversees the conduct and performance of the Group's business by reviewing the Group's strategic business plan and annual budget. Updates on the key operations of the Group are provided to the Board for review at every Board meeting. In addition, significant matters presented to the boards of the subsidiaries are forwarded to the Board for information or endorsement.

The Board's responsibilities are as follows:

- Provide oversight on the Group's strategic business plan and approval on new direction or significant policies
- Oversee the conduct of the Group's business, promoting sound corporate culture and ensuring proper management of the Group
- Oversee decisions pertaining to risk reviews and other relevant risk-related matters
- Provide oversight on the adequacy and integrity of the Group's internal control systems and management information systems, including the system for compliance with applicable laws, regulations, rules, directives and guidelines
- Review and endorse the recommendation of the Group Board Governance Committee (GBGC) on the overall Board's effectiveness, as well as appointment, assessment, succession, review of remuneration and removal of the CEO of Cagamas Berhad
- Approving the Group's consolidated audited financial statements, disclosures and capital management policy
- Provide oversight on sustainability matters through appropriate environmental, social and governance (ESG) considerations in the Group's business strategies

The Chairman leads the Board and ensures it performs and functions effectively in meeting its obligations and responsibilities. Being an investment holding company, Cagamas Holdings does not have a President/Chief Executive Officer ("CEO") or any employees.

The day-to-day operations of the Group are being undertaken by the main operating entity, Cagamas Berhad.

#### **b) Cagamas Berhad (Cagamas)**

In Cagamas' Board Charter, there is a clear segregation of roles and responsibilities between the Chairman and the CEO. The Chairman provides leadership, leading discussions on overall strategies, policies, risk appetite and oversight of the conduct of the business and ensuring that the board functions effectively. All the Directors are Independent Non-Executive Directors except for the CEO who is an Executive Director.

The CEO of Cagamas leads the management team and is responsible for the implementation of strategies and policies as well as the day-to-day running of the Group's business. Annual Key Performance Indicators for the CEO and management of Cagamas are reviewed and set by the board.

#### **c) Cagamas SRP Berhad (Cagamas SRP)**

Cagamas SRP a subsidiary of Cagamas Holdings was incorporated to undertake the guarantee of residential mortgages under the *Skim Rumah Pertamaku* ("My First Home Scheme, SRP") and later the *Skim Perumahan Belia* ("Youth Housing Scheme, SPB") as announced by the Government in 2011 and 2015 respectively.

The Chairman of Cagamas SRP provides leadership to the board and ensures that the board functions effectively whereas the Head of Cagamas SRP leads the management team and is responsible for the implementation of strategies and policies as well as the day-to-day running of the business of Cagamas SRP. The execution of the business activities are guided and supported by Cagamas Berhad's Management Executive Committee.

STATEMENT ON CORPORATE GOVERNANCE *(continued)***III. Board Composition**

The Board consists of nine (9) Non-Executive Directors, comprising chief executives and representatives of selected substantial shareholders as well as experienced professionals. Collectively, the Directors bring to the Board a broad and diverse range of knowledge in banking and finance, capital markets, accounting, law, economics and risk management.

In line with the Bank Negara Malaysia Corporate Governance 2016 policy document (BNMCG) criteria, a majority of the Company's Directors are independent as they are independent in character and judgment, and free from associations or circumstances that may impair the exercise of their independent judgment. The Directors provide objective and independent views for the Board's deliberations and do not participate in the day-to-day running of the Company's business.

All new independent directors of the Company, will be appointed for a three (3) year term, which is renewable upon the approval of the Board, subject to a cumulative tenure of nine (9) years, a limit which is strictly observed by the Board.

**IV. Group Board Committees**

The Board is assisted by the Group Board Audit Committee ("GBAC") and Group Board Governance Committee ("GBGC") which operate within their specified terms of reference as approved by the Board. Other committees, namely the Board Staff Compensation and Organisation Committee and the Board Risk Committee (BRC) remain at Cagamas Berhad.

- **Group Board Audit Committee**

Details of the GBAC are set out in the Report of the Group Board Audit Committee in the Annual Report.

- **Group Board Governance Committee**

The GBGC comprises three Non-Executive Directors, namely:

Tan Sri Dr. Nik Norzrul Thani N. Hassan Thani (Chairman)  
Tan Sri Dato' Sri Dr. Tay Ah Lek  
Dato' Bakarudin Ishak

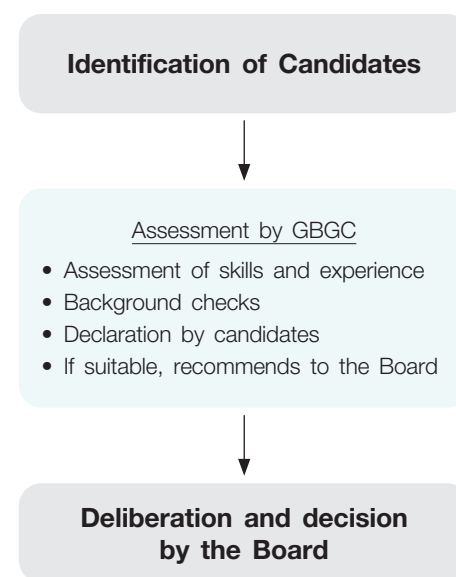
The GBGC is responsible for the review and alignment of the Group's corporate governance practices with best practices. The GBGC is also responsible to annually assess the effectiveness of the boards as a whole, the board committees and the contributions of individual directors of both Cagamas Holdings Berhad and Cagamas Berhad, and to propose appointments to the respective boards and board committees.

The Company has in place a standard of practice as a guide for the following:

- (a) Appointment of new directors and board committee members; and
- (b) Re-election of directors.

- (a) **Appointment of Directors**

The nomination, assessment and approval process for the new appointment is as follows:



Candidates who are nominated to be appointed as Directors are reviewed by the GBGC, which then presents its recommendations to the Board for approval. In assessing the candidates for appointments, the GBGC takes into account the candidates qualification, skills and experience to achieve a desired composition for board diversity and mix of experience. Background check on personal integrity, financial integrity and reputation will be conducted in addition to the Fit & Proper declaration by the candidates.

## STATEMENT ON CORPORATE GOVERNANCE *(continued)*

### (b) Re-election of Director

The assessment and approval process for re-election of director is as follows:



In accordance with the Company's Constitution, at least one-third of the Directors retire from office at each Annual General Meeting (AGM) and if eligible, may offer themselves for re-election. In the AGM notice, the Board provides an explanatory note on the reasons why it supports the re-election of such retiring Directors. The Constitution also states that any Director appointed by the Board during a particular year shall hold office only until the next following AGM and shall then be eligible to offer for re-election.

A formal evaluation process has been put in place for GBGC to assess the effectiveness of the board and board committees, Directors' Self and Peer evaluation and skill set assessment on an annual basis.

The GBGC meets at least once in each financial year and additional meetings may be called as and when required. Recommendations and decisions may also be taken by way of circular resolutions.

The GBGC met twice during the financial year 2024 where all the members attended.

At the annual assessment conducted for financial year 2024, the GBGC has evaluated and satisfied with the performance of the board, board committees and each Director.

## V. Directors' Remuneration

The Company's policy on directors' remuneration endeavours to attract directors of the calibre and experience required to provide sound and effective oversight of the Group's activities. The GBGC reviews the remuneration of the non-executive directors every three (3) years to ensure that directors' remuneration commensurate with their time commitment and expertise, as well as the risk and complexity of the business of the Group and the responsibilities undertaken.

The remuneration paid to the Company's Directors as disclosed in the financial statements is as follows:

Non-Executive Directors	Directors' Fees (RM)	Meeting Allowance (RM)	Total (RM)
Dato' Bakarudin Ishak (Chairman of the Board)	100,000	32,000	132,000
Tan Sri Dato' Sri Dr. Tay Ah Lek	70,000	17,500	87,500
Dato' Lee Kok Kwan	70,000	35,000	105,000
Wan Hanisah Wan Ibrahim	70,000	35,000	105,000
Tan Sri Dr. Nik Norzrul Thani N. Hassan Thani	70,000	27,500	97,500
Datuk Siti Zauyah Md Desa	70,000	14,000	84,000
Chong Kin Leong	70,000	42,500	112,500
Dato' Khairussaleh Ramli	23,142	7,000	30,142
Dato' Muzaffar Hisham	46,858	7,000	53,858

STATEMENT ON CORPORATE GOVERNANCE *(continued)*

## VI. Board Meetings

During the financial year ended 31 December 2024, the Board met five (5) times to deliberate on a wide range of matters, including the Group's business performance, risk profile, business plans and strategic issues that affect the Group's business. Board meetings are scheduled a year ahead as a guide to ensure maximum attendance at Board meetings.

Directors are supplied with adequate and timely board papers prior to the Board meetings. The Company has moved towards an electronic dissemination of information to encourage a paperless environment whereby board papers providing updates on operations, financials, risk profile, regulatory issues and corporate developments are circulated electronically prior to the Board meetings.

All Directors have direct access to the management of Cagamas. The Directors also have access to the advice and services of the internal and external auditors. In furtherance of their duties, the Board is entitled to seek independent professional advice at the Company's expense, as and when deemed necessary.

The Directors also have ready and unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duties effectively. The Company Secretary attends and ensures that all Board meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are recorded in the statutory books maintained at the registered office of the Company. Any Director who has an interest in the subject matter to be deliberated is required to declare such interest and abstain from deliberation and voting on the same during meetings.

The Directors' attendance at Board and Board Committees meetings during the financial year ended 31 December 2024 is set out below:

Director	Independence	Board Meetings Attendance	Board Committees Meetings Attendance	
			GBGC	GBAC
Dato' Bakarudin Ishak (Chairman of the Board)	Independent	5/5	2/2	–
Tan Sri Dato' Sri Dr. Tay Ah Lek	Non-Independent	3/5	2/2	–
Dato' Lee Kok Kwan	Non-Independent	5/5	–	5/5
Wan Hanisah Wan Ibrahim	Independent	5/5	–	5/5
Tan Sri Dr. Nik Norzrul Thani N. Hassan Thani (Chairman of Group Board Governance Committee)	Independent	5/5	2/2	–
Datuk Siti Zauyah Md Desa	Independent	4/5	–	–
Chong Kin Leong (Chairman of Group Board Audit Committee)	Independent	5/5	–	5/5
Dato' Khairussaleh Ramli (Resigned w.e.f. 1 May 2024)	Non-Independent	2/2	–	–
Dato' Muzaffar Hisham (Appointed w.e.f. 1 May 2024)	Non-Independent	2/3	–	–

## STATEMENT ON CORPORATE GOVERNANCE *(continued)*

### VII. Induction and Directors' Training

Newly appointed Directors attend an induction programme which is tailored to meet their individual needs. This includes meeting with Key Senior Management to enable them to build up a detailed understanding of the Group's operation and business. The induction programme is supplemented by ongoing training and development programmes. During the induction programme, the newly appointed Directors will be briefed by the relevant Chiefs of Divisions on the functions and areas of responsibility of their respective divisions. This serves to familiarise the Directors with the operations and organisational structure of the Group as well as to provide them with a platform in establishing effective channels of communication and interaction with Management.

In addition, the ongoing Directors' training programme focuses on the continued enhancement of the Directors' skill sets and updates on recent developments in the financial services sector, including relevant laws and regulations and on areas related to governance and risk management. Some of the Directors are also directors of public listed companies and have attended the Mandatory Accreditation Programme required by the Bursa Malaysia Listing Requirements while some Directors of the Group have attended the FIDE Core Programme.

For 2024, the training programmes attended by the Directors are detailed below:

Training Programmes	Duration in Day(s)
<b>Financial Institutions Directors' Education (FIDE) FORUM:</b>	
Fireside Chat with Former Central Bank Governors on "Central Banking in an Evolving International Financial System	1
BNM – FIDE FORUM Engagement Session with Board of Directors of Islamic Financial Institutions: Hajah and Darurah Policy Document	1
BNM-FIDE FORUM: Responsibility Mapping Engagement with Directors of Financial Institutions	1
FIDE Forum – CGM Directors Masterclass Series: What Directors Must Know: Recent Developments in Climate Science	1
FIDE FORUM-CGM: Masterclass: Latest Developments in Climate-Aligned Executive Compensation	1
Directors Masterclass Series: Boardroom Dynamics in Climate Talks by Mr Nick Chia	1
Engagement Session with FIDE FORUM Members on BNM Annual Report 2023, Economic and Monetary Review 2023 and Financial Stability Review 2H 2023	1
Info Sharing & Engagement Session on Board Culture	1
Data Innovation to Drive Financial Inclusion – Pushing New Frontiers	1
Breakfast Talk: Leveraging AI in the Fight Against Financial Crime	1
Preventing Fraud: The Board's Roles and Responsibilities	1
Distinguished Board Leadership Series 2024: Digital Transformation in the World's Best Bank	1
Leading the Way: Developing Credible Transition Plans for Financial Institutions	1
Economic Outlook & Post-Budget 2025 Forum, organised by the British Malaysian Chamber of Commerce (BMCC)	1
<b>Asian School of Business (ASB)</b>	
ASB: Managing Culture to Prevent Misconduct	1
ASB: FIDE elective: Understanding the Roles and Responsibilities of Asset-Liability Committees (ALCO) and Asset-Liability Management	1
ASB: FIDE elective: Market Risk Programme	1
<b>AICB (The Asian Institute of Chartered Bankers)</b>	
14th International Conference on Financial Crime & Terrorism Financing (IFCTF) 2024: Special Masterclass Series for Board Members	1



STATEMENT ON CORPORATE GOVERNANCE *(continued)***VIII. Management Committees**

At Cagamas, management committees have been established to support the CEO in overseeing various activities and operations throughout the Group. The management committees established are as follows:

Management Executive Committee  
 Asset Liability Committee  
 Information Technology Steering Committee  
 Crisis Management Committee  
 Safety & Health Committee  
 Product Development Review Committee  
 Reverse Mortgage Credit Committee  
 Operations Committee  
 People & Organisation Management Executive Committee

**IX. Strengthening Corporate Governance Culture**

- **Whistleblowing Policy**

A policy on whistleblowing has been established by Cagamas to provide an avenue for stakeholders who has knowledge or is aware of any improper conduct committed or about to commit within the Group to disclose such improper conduct openly and honestly.

A whistleblowing may be made either orally or in writing to any of the authorised officers and the policy is published on Cagamas' website.

- **Anti-Bribery and Corruption Policy**

An Anti-Bribery and Corruption ("ABC") Policy has been established by Cagamas to provide guidance to Directors and Employees of the Group and business associates on how to recognise and deal with bribery and corruption activities and issues that may arise in the course of business.

The ABC Policy which applies to all employees, Directors and business associates, is published on Cagamas' website.

**PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT**

The Board assumes the overall responsibility for corporate governance, strategic direction, risk appetite, formulation of policies and oversight of the operations of the Group. The Board ensures that an appropriate system is in place to identify the Group's material risks and that appropriate internal controls and mitigation measures are implemented to manage these risks. The Board is also entrusted to ensure the adequacy and integrity of the Group's internal control systems and management information systems, including compliance with applicable laws, regulations, rules, directives and guidelines.

**I. Group Board Audit Committee**

The financial reporting and internal control system of the Group is overseen by the GBAC.

The Group has established an Internal Audit Division ("IAD"), which reports directly to the GBAC and assists the Board in discharging its responsibilities to ensure that the Group maintains a sound and effective system of internal controls. IAD is independent from the activities or operations of other units. This enables IAD to provide the GBAC with independent and reasonable assurance on the state of internal controls, risk management and comments on the governance process within the Group.

IAD undertakes the internal audit functions of the Group in accordance with the approved Audit Charter and the annual audit plan ("AAP") approved by the GBAC. The AAP is derived from the results of the systematic risk assessment process, whereby the risks arising from key processes and strategic initiatives of Cagamas were identified, prioritised and linked to the auditable areas. The risk assessment process also enables IAD to prioritise its resources and areas to be audited. In addition, the AAP also includes areas that must be audited annually due to regulatory requirements.

**II. Relationship with the Auditors**

The roles and responsibilities of the GBAC in relation to the internal and external auditors are described from pages 78 to 81 of this Annual Report.

Internal Auditors

The IAD reports functionally to the GBAC and has unrestricted access to the GBAC. Its function is independent of the activities or operations of other operating units as set out in the Company's Statement on Risk Management and Internal Control on pages 82 to 85 of this Annual Report.



## STATEMENT ON CORPORATE GOVERNANCE *(continued)*

### External Auditors

The external auditor, namely Messrs. Ernst & Young PLT had attended the Board and GBAC meetings in 2024 to report on matters related to the external audit and financials of the Group. They were also present during the AGM of the Company to attend to shareholders' queries on the conduct of the statutory audit as well as the content of their audit report.

Auditors' remuneration as well as non-audit fees paid are shown on page 172 of this Annual Report.

### III. Board Risk Committee (Cagamas Berhad)

The Board sets the overall risk appetite for the Group's business. The oversight of management of risks within the Group is undertaken by the Board Risk Committee of Cagamas ("BRC").

The BRC oversees the management of risks associated with the Group's business and operations. The BRC oversees the development of risk management strategies, policies, key internal processes and systems to identify, assess, measure, manage, monitor and report risk exposures within the Group. The BRC reports directly to the board of Cagamas which in turn keeps the Board informed of the decisions pertaining to risk reviews and related risk issues. The BRC is supported by the Risk Management and Compliance Division ("RMD"), which provides risk management functions and performs risk management reviews on the business and operations of Cagamas, the main operating entity, as well as for other entities within the Group. The results of the risk management, compliance reviews and other findings are reported to the Board and the boards of the respective subsidiaries. The Group's risk management principles are generally based on Bank Negara Malaysia guidelines and industry best practices.

The Board is regularly updated and apprised by the Chief Risk and Compliance Officer of the RMD on relevant new laws and directives issued by regulatory authorities and the resultant implications for the Group and the Directors in relation to their duties and responsibilities.



### PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

#### I. Investor Relations and Shareholders' Communication

The Board recognises the importance of effective and timely communication with all its shareholders and bondholders. The Group's strategic plans, financial information and new products are communicated to the shareholders and investors through letters, the Annual Report, press statements, investors' presentations, announcements and other financial information providers e.g. Bloomberg, Refinitiv, Bursa Malaysia Berhad, Labuan International Financial Exchange and Singapore Exchange Limited.

#### II. Annual General Meeting

The Annual General Meeting ("AGM") is one of the platforms for the Company's shareholders to meet and exchange views with the Board. The principal forum for dialogue with shareholders continues to be the AGM. At the AGM, the Chairman highlights the performance of the Group and provides the shareholders every opportunity to raise questions and seek clarification on the business and performance of the Group. External auditors and senior management are also present at the AGM to attend queries from the shareholders.

#### III. Dialogue with Investors

Cagamas continues to conduct non-deal roadshows to share and promote the distinct value proposition of the company's debt securities as well as build a brand recognition as the "issuer of choice" in emerging markets through proactive engagement with global investors. Cagamas also participates in investor forums and conferences organised by financial institutions.

Cagamas maintains several websites, [www.cagamas.com.my](http://www.cagamas.com.my) and [www.ssb.cagamas.com.my](http://www.ssb.cagamas.com.my) which provide comprehensive up-to-date information on the Group's products, rates and financial information.