



# **KENANGA INVESTMENT BANK BERHAD**

## **BOARD CHARTER**

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## GLOSSARY

Terms	Description
<b>AC</b>	The Audit Committee of Kenanga Investment Bank Berhad
<b>AGM</b>	Annual General Meeting
<b>BNM or Central Bank</b>	Bank Negara Malaysia
<b>BNM's CG Policy</b>	BNM's Policy Document on Corporate Governance issued on 3 August 2016, as amended, supplemented or modified from time to time
<b>Board</b>	Board of Directors of Kenanga Investment Bank Berhad
<b>Bursa Malaysia</b>	Bursa Malaysia Berhad
<b>Bursa Securities</b>	Bursa Malaysia Securities Berhad
<b>Bursa Securities' Rules</b>	The Rules of Bursa Malaysia Securities Berhad
<b>CEO</b>	Chief Executive Officer
<b>CMSA</b>	Capital Markets and Services Act 2007 as amended, supplemented or modified from time to time
<b>Employee(s)</b>	Person(s) employed by/on pay roll of the Group (including Salaried Dealer's Representatives), irrespective whether on temporary basis such as attachment trainees and internal secondment within the Group of companies where the tenure is more than one month.
<b>EGM</b>	Extraordinary General Meeting
<b>FSA</b>	Financial Services Act 2013 as amended, supplemented or modified from time to time
<b>GBRC</b>	The Group Board Risk Committee of Kenanga Investment Bank Berhad
<b>GIA</b>	Group Internal Audit Division in Kenanga Investment Bank Berhad
<b>GMD</b>	Group Managing Director of Kenanga Investment Bank Berhad
<b>Group</b>	Kenanga Investment Bank Berhad and its subsidiaries
<b>HOD(s)</b>	Head of Department(s)
<b>IFSA</b>	Islamic Financial Services Act 2013 as amended, supplemented or modified from time to time as amended, supplemented or modified from time to time

Terms	Description
<b>KIBB or the Company</b>	Kenanga Investment Bank Berhad (15678-H)
<b>Listing Requirements</b>	Main Market Listing Requirements of Bursa Malaysia Securities Berhad, as amended, supplemented or modified from time to time
<b>MCCG</b>	Malaysian Code of Corporate Governance issued by the Securities Commission Malaysia
<b>NRC</b>	The Group Nomination & Remuneration Committee of KIBB
<b>SC</b>	Securities Commission Malaysia
<b>TOR</b>	Terms of Reference of the Board Committees as varied from time to time

## DOCUMENT HISTORY

Version	Date Approved by Board	Effective Date of Implementation	Description
1	30 October 2013	30 October 2013	1 <sup>st</sup> version of the Board Charter
2	8 December 2016	8 December 2016	2 <sup>nd</sup> version of the Board Charter – revised in line with latest regulatory requirements and new corporate structure upon completion of Internal Reorganisation of Kenanga Group on 1 November 2016 and transfer of listing status of K & N Kenanga Holdings Berhad to KIBB

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## 1. INTRODUCTION

The Board of KIBB regards Corporate Governance as vitally important to the success of the Company's business and is unreservedly committed to applying the principles necessary to ensure that the following principles of good governance is practised in all of its business dealings in respect of its shareholder(s) and relevant stakeholders:

- The Board is the focal point of the Company's Corporate Governance system. It is ultimately accountable and responsible for the performance and affairs of the Company.
- All Board members are expected to act in a professional manner, thereby upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.
- All Board members are responsible to the Company for achieving high level of good governance.

This Board Charter sets out the functions and responsibilities of the Board with respect to the Company and its subsidiaries. The Board Charter is intended to supplement the description of the Board's roles and responsibilities as set forth in the Articles of Association of the Company. If there is any conflict, the Articles of Association will prevail.

## 2. OBJECTIVE

The objectives of this Board Charter are to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members and the various legislations and regulations affecting their conduct and that the principles and practices of good Corporate Governance are applied in all their dealings in respect, and on behalf of, the Company.

In pursuit of the ideals in this Board Charter, the intention is to exceed "minimum legal requirements" with due consideration to recognised standards of best practices locally and internationally.

### 3. THE BOARD

#### 3.1 Roles and Responsibilities

- 3.1.1 The Board is charged with leading and guiding the Company in an effective and responsible manner. Each Director has a legal duty to act in the best interest of the Company. The Directors, collectively and individually, are aware of their responsibilities to shareholder(s) and stakeholders for the manner in which the affairs of the Company are managed. The Board sets the Company's values and standards and ensures that its obligations to its shareholder(s) and stakeholders are understood and met.
- 3.1.2 The Board understands that the responsibility for good Corporate Governance rests with them and therefore strives to follow the principles and best practices of Corporate Governance.
- 3.1.3 The Board responsibilities outlined in this Board Charter should be read together with section 56 of the FSA and section 65 of the IFSA, as well as other applicable rules, regulations and guidelines issued by the relevant regulators and authorities, as well as relevant laws.
- 3.1.4 The Board has the overall responsibility for promoting the sustainable growth and financial soundness of the Company, and for ensuring reasonable standards of fair dealing, without undue influence from any party.

This includes a consideration of the long-term implications of the Board's decisions on the Company and its customers, officers and the general public.

- 3.1.5 In fulfilling its role, the Board must –
- a. approve the risk appetite, business plans and other initiatives which would, singularly or cumulatively, have a material impact on the financial institution's risk profile<sup>1</sup>;
  - b. promote, together with Senior Management, a sound corporate culture within the financial institution which reinforces ethical, prudent and professional behavior;
  - c. oversee the selection, performance, remuneration and succession plans of the CEO, control function heads and other members of Senior Management, such that the Board is satisfied with the collective

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<sup>1</sup> This will include initiatives which affect the financial soundness, reputation or key operational controls of the Company.

competence of Senior Management to effectively lead the operations of the Company;

- d. in relation to KIBB's activities carried out under its Islamic Banking Window, promote Shariah compliance in accordance with BNM's expectations set out in the policy document on *Shariah Governance Framework for Islamic Financial Institutions* and ensure its integration with KIBB's business and risk strategies;
- e. oversee the implementation of the Company's governance framework and internal control framework, and periodically review whether these remain appropriate in light of material changes to the size, nature and complexity of the Company's operations;
- f. promote timely and effective communication between the Company and relevant regulators on matters affecting or that may affect the safety and soundness of the Company;
- g. oversee and approve the recovery and resolution as well as business continuity plans for the Company to restore its financial strength, and maintain or preserve critical operations and critical services when it comes under stress;
- h. ensure that the internal auditors have full access to all records and are given an appropriate standing in the Company's hierarchy to enhance the independence of the internal auditors in achieving their audit objectives;
- i. establish policies and procedures governing related party transactions and conflicts of interest situations that prohibit activities and relationships that diminish the quality of corporate governance, such as conflicts of interest situations, corruption and bribery, and providing preferential treatment to related parties and other favoured entities;
- j. approve a set of code of conduct, stressing on the importance of accountability, professionalism and integrity that are communicated throughout the Company;
- k. promote sustainability through appropriate environmental, social and governance considerations in the Company's business strategies;



- l. establish specialized Board Committees to oversee critical or major functional areas and to address matters, which require detailed review or in-depth consideration and ensure the effective functioning of these various Board Committees.

Although the Board may delegate certain duties to the Board Committees, it remains responsible for the decisions of the Board Committees and it is furthermore the duty of the Committee members to inform and seek decision from the Board whenever necessary;

- m. ensure that the financial statements are prepared so as to give a true and fair view of the current financial status of the Company in accordance with the approved accounting standards;
- n. establish formal and transparent arrangements for maintaining an appropriate relationship with the external, as well as internal auditors;
- o. Discharge and perform its duties and responsibilities pertaining to anti-money laundering and counter terrorism financing as provided in guidelines, circulars or directives issued by the relevant regulators; and
- p. The Board must ensure that the corporate governance disclosures in the Company's Annual Report are accurate, clear and presented in a manner that is easily understood by its shareholders, customers and other relevant stakeholders.

3.1.6 The Board reserves full decision-making powers notwithstanding any delegation of authority to Board Committees, Management or Management Committees on the following matters:

- a. Conflict of interest issues relating to substantial shareholder or a Director;
- b. Material acquisitions and disposition of assets which may or may not be in the ordinary course of business;
- c. Investment in capital projects;
- d. Approving Authority levels;
- e. Establishment or revision of internal policies for Kenanga Group;
- f. Related party transactions;
- g. Credit exposure to connected parties; and
- h. Key human resource issues.

## 3.2 Composition and Board Balance

- 3.2.1 The Board comprises Directors who as a group provide a mixture of core competencies such as finance, accounting, legal, business management, information technology and investment management, that commensurate with the complexity, the size, the scope and operations of the Company.
- 3.2.2 Non-executive directors shall be persons of calibre and have necessary skills and experience to bring independent judgement to bear on the issues of strategy, performance and resources, including key appointments and standards of conduct.
- 3.2.3 The Board must have a majority of independent directors at all times.

**Note**

*KIBB will have until the following dates to comply with the specific requirements set out below:*

<b>Requirement</b>	<b>Effective date</b>
<i>Independent directors to make up at least half of the board membership</i>	<i>3 August 2019</i>
<i>Independent directors to make up a majority of the board membership</i>	<i>3 August 2021</i>

- 3.2.4 No individual or small group of individuals should be allowed or seek to dominate the Board's deliberation or decision-making.
- 3.2.5 The Chairman of the Board shall be an Independent Non-Executive Director and must not have served as a CEO of the financial institution in the past five (5) years.
- 3.2.6 Until and unless otherwise determined as per the Company's Articles of Association, the number of Directors shall be not less than two (2) and not more than fifteen (15).
- 3.2.7 The Board and the Board committees must be of a size that promotes effective deliberation, encourages the active participation of all directors and allows the work of the various Board Committees to be discharged without giving rise to an over-extension of directors that are required to serve on multiple Board Committees.
- 3.2.8 The appointment of a new Director is a matter for consideration and decision by the full Board upon appropriate recommendation from the NRC.
- 3.2.9 In the event of any vacancy in the Board resulting in non-compliance with item (3.2.2) above, the Board shall, within three (3) months fill the vacancy.

- 3.2.10 All Directors shall be subject to retirement by rotation in accordance with the Company's Articles of Association.
- 3.2.11 The Board may appoint a Senior Independent Director to whom shareholders' concerns can be conveyed if there are reasons that contact through the normal channels of the Chairman or the GMD have failed to resolve them.
- 3.2.12 Directors of the Company are not allowed to appoint alternate director except directors who are not residents of Malaysia (except Singapore), subject to BNM's approval.
- 3.2.13 A director of KIBB and/ or its subsidiaries must not be an active politician.
- 3.2.14 Management's views are represented at meetings of the Board by the presence of the GMD, as well as Key Management Responsible Persons when required.

### 3.3 Tenure of Independent Director

- 3.3.1 The tenure of an Independent Director should not exceed a cumulative term of nine (9) years.

Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board if the NRC has concurred (and the Board has approved), after assessment carried out annually, that the services of the Independent Director are still required by the Company and further that the Director concerned remains free of any business or other relationship with the Company which could reasonably be perceived to materially interfere with his/ her exercise of unfettered and independent judgement.

- 3.3.2 The Board must justify and seek BNM's prior approval and/or shareholders' approval in the event it retains as an Independent Director, a person who has served in that capacity for more than nine (9) years, for his/ her re-election upon retirement by rotation or re-appointment.

### 3.4 Board Appointments and Removals

- 3.4.1 The appointment of a new Director is a matter for consideration and decision by the full Board upon appropriate recommendation from the NRC, subject to compliance with all relevant regulatory requirements.
- 3.4.2 New Directors are expected to have such expertise so as to qualify them to make positive contribution to the Board performance of its duties and to give sufficient time and attention to the affairs of the Company.

- 3.4.3 The Company Secretary has the responsibility of ensuring that relevant procedures relating to the appointments of new Directors are properly executed. The appointment process is undertaken in compliance with the requirements of BNM's CG Policy and the Kenanga Group Fit and Proper Policy for Directors.
- 3.4.4 Upon the appointment of a new Director, the Company Secretary advises the Director of his/her principal duties and responsibilities and explains the restrictions to which he or she is subject to in relation to price-sensitive information and dealings in the Company's securities, as well as the requirements of Bursa Securities' Rules and the CMSA in relation to Director's trading. Thereafter, all new Directors are provided with appropriate briefings on the Company's affairs and with up-to-date Corporate Governance materials published by the relevant bodies. New Directors appointed to subsidiaries within the Group shall be accorded similar advice, explanations, briefings and orientation relevant to their appointments.
- 3.4.5 The directorships in listed companies held by any Board Member at any one time shall not exceed five (5).
- 3.4.6 The process of removal of directors shall be in accordance with the provisions of Companies Act, 2016, as well as other relevant regulatory requirements, as well as relevant requirements as embedded in the Board Succession Planning Framework for Kenanga Group.

### **3.5 Senior Independent Non-Executive Director**

A Senior Independent Non-Executive Director should be identified by the Board to whom shareholders and stakeholders may convey their concerns regarding the Group.

### **3.6 Board Diversity**

The Board through the NRC shall take steps to ensure that women candidates are sought as part of its recruitment exercise.

### **3.7 Board Evaluation**

The NRC is responsible for undertaking the annual assessment of the Board's performance as a whole and the performance of its Committees as well as the performance of the individual Directors. This is used as a tool to recognise the Board's strengths and to identify gaps and areas for improvement for the Board, its Committees and the individual Directors to ascertain their effectiveness and contributions.

The evaluation, facilitated by the Company Secretary's office with the involvement of external consultants if required by the NRC, will be based on pre-determined criteria covering the following key areas:

- Board Structure
- Board Operations and Interaction
- Board's Roles and Responsibilities
- Strategy and Planning
- Risk Management and Internal Control
- Measuring and Monitoring Performances
- Compensation and Succession Planning
- Shareholders Communication and Investor Relations
- Understanding the Committees' Roles

The findings of the evaluation are compiled into a report and deliberated, first, by the NRC, and subsequently, by the Board.

### 3.8 Commitment

A director must not have competing time commitments that impair his ability to discharge his duties effectively.

Directors should notify the Board before accepting any new directorship in a public company incorporated in Malaysia and all its subsidiaries incorporated in Malaysia or otherwise. The notification should include an indication of time that will be spent on the new appointment.

### 3.9 Board Meetings

#### 3.9.1 Quorum

- a. The quorum at any Board meeting, shall throughout the meeting be a minimum of three (3) Directors or 50% of total Board members (whichever is higher).
- b. No business shall be transacted unless a quorum is present either in person or by video or telephone conferencing throughout the proceedings of the meeting.

#### 3.9.2 Frequency of Meetings and Attendance

- a. The Board shall meet in person no less than once every two (2) months or as may be required by law or regulators to facilitate the discharge of their responsibilities.

Members of Management who are not Directors may be invited to attend and speak at meetings on matters relating to their sphere of responsibility.

- b. In the interim period between meetings, if the need arises, issues shall be resolved through circular resolution unless at least one (1) Director notifies the Company Secretary that the issue should be resolved at a special Board meeting. A circular resolution in writing, stating the reason(s) to arrive at a recommendation or resolution, signed by majority of the Board members, shall be valid and effective as if it had been passed at a meeting duly convened and constituted.
- c. Individual Directors must attend at least 75% of the Board meetings held in each financial year.
- d. The number of Board meetings held in the year, as well as the attendance of every Board member shall be disclosed in the Company's Annual Report.

### 3.9.3 Minutes

- a. Full Board minutes of each Board meeting are to be prepared and kept by the Company Secretary and are to be available for inspection by any Director during office hours.
- b. The Board must ensure that clear and accurate minutes of Board meetings are maintained to record the decisions of the Board, including the key deliberations, rationale for each decision made, and any significant concerns or dissenting views. The minutes must indicate whether any director abstained from voting or excused himself from deliberating on a particular matter.
- c. The Minutes of the Board meetings shall also be made available for inspection by internal and external auditor, as well as relevant regulators, for purposes of their respective audits on KIBB.

## 3.10 Rights of the Board

The Board has the right to the resources, whenever necessary and reasonable for the performance of its duties, at the cost of the Company and in accordance with a procedure to be determined by the Board, including but not limited to:

- a. Obtaining full and unrestricted access to any information pertaining to the Company;

- b. Obtaining full and unrestricted access to the advice and services of the Company Secretary; and
- c. Obtaining independent and other advice.

### 3.11 Supply of Information to the Board

3.11.1 The Company aims to provide all Directors with timely and quality information and in a form and manner appropriate for them to discharge their duties effectively. This shall include circulating Board papers at least five (5) business days prior to any Board or Board Committee meeting.

3.11.2 Management is responsible for providing the Board with the required information in an appropriate and timely manner. The Chairman, assisted by the Company Secretary, assesses the type of information required to be provided to the Board. If the information provided by Management is insufficient, the Board will make further enquiries where necessary to which the persons responsible will respond as fully and as promptly as possible.

3.11.3 The Board has a procedure for Directors (either individually or as a group) to have access to independent professional advice, at the expense of the Company as well as separate and independent access to Senior Management and Company Secretary at any point in time.

3.11.4 A full agenda and comprehensive Board papers are to be circulated to all Directors well in advance of each Board meeting.

3.11.5 Amongst others, the Board papers include the following:

- a. Monthly financial report;
- b. Minutes of meetings of all Committees of the Board;
- c. A current review of the operations of the Company and its group of companies, including but without limitation, risk and compliance reports;
- d. Reports on Related Party Transactions and Recurrent Related party Transactions;
- e. Directors' share-dealings;
- f. Annual Management Plans;
- g. Annual Budget;
- h. Notification of Director's Resolutions in Writing;

- i. Important notifications and communications from regulators or the Government; and
- j. Any other matter that the Senior Management should reasonably construe as being relevant for the Board to be informed of in view of its potential impact on the Company and its group of companies either financially, legally or in terms of reputation.

## 4. ROLES OF CHAIRMAN AND GROUP MANAGING DIRECTOR

The Company aims to ensure balance of power and authority between the Chairman and the GMD with a clear division of responsibility between the running of the Board and the Company's business respectively. The positions of Chairman and the GMD are separated and clearly defined.

### 4.1 Role of Chairman

- 4.1.1 The Chairman, in leading the board, is responsible for the effective overall functioning of the board. In fulfilling this role, the chairman must -
  - a. ensure that appropriate procedures are in place to govern the Board's operation;
  - b. ensure that decisions are taken on a sound and well-informed basis, including by ensuring that all strategic and critical issues are considered by the Board, and that directors receive the relevant information on a timely basis;
  - c. encourage healthy discussion and ensure that dissenting views can be freely expressed and discussed; and
  - d. lead efforts to address the Board's developmental needs.
- 4.1.2 The Chairman, in consultation with the GMD and the Company Secretary, sets the agenda for Board meetings and ensures that all relevant issues are on the agenda.
- 4.1.3 The Chairman is responsible for managing the business of the Board to ensure that:
  - a. All Directors are properly briefed on issues arising at Board meetings.



- b. Sufficient time is allowed for the discussion of complex or contentious issues and, where appropriate, arranging for informal meetings beforehand to enable thorough preparation for Board discussion.
  - c. The issues discussed are forward looking and concentrates on strategy.
- 4.1.4 The Chairman ensures that every Board resolution is put to vote to ensure the will of the majority prevails.
- 4.1.5 The Chairman ensures that Management look beyond their executive functions and accept their full share of responsibilities on governance.
- 4.1.6 The Chairman may be assisted in his/ her role by the Deputy Chairman as appropriate.
- 4.1.7 The Chairman of the Board must not chair any of the Board Committees.

## 4.2 Role of Group Managing Director

- 4.2.1 The GMD is the conduit between the Board and the Management in ensuring the success of the Company's governance and management functions.
- 4.2.2 The GMD has the executive responsibility for the day-to-day operation of the Company's business.
- 4.2.3 The GMD implements the policies, strategies and decisions adopted by the Board.
- In doing so, the GMD shall be assisted by the Management Key Responsible Persons<sup>2</sup> identified for Kenanga Group.
- 4.2.4 All Board authorities conferred on Management is delegated through the GMD and this will be considered as the GMD's authority and accountability as far as the Board is concerned.
- 4.2.5 The GMD shall adhere to the parameters stipulated in BNM CG Policy with regard to the holding of other directorships.

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<sup>2</sup> N-1 who are identified as Management Key Responsible Persons

## 5. RESPONSIBILITIES OF INDIVIDUAL DIRECTORS

For the Board to be effective, it is crucial for its Board Members to understand and appreciate their roles and responsibilities. This serves as an important control mechanism to ensure that the Board functions objectively, independently and effectively.

Generally, a Director's responsibilities include:

- a. to be aware of the Company's operating environment and promote safety and soundness of the Company;
- b. to be diligent in undertaking his/her duties and avoid conflict of interest situation;
- c. to be able to exercise independent judgement in decision making and provide sound and objective advice;
- d. to understand his oversight role and 'duty of loyalty' to the Company, its shareholders and other stakeholders;
- e. to objectively question Management;
- f. to devote adequate time and attention to discharge his/ her duties and responsibilities effectively; and
- g. to contribute actively to the functions of the Board and be able to provide special expertise to the Board.

## 6. BOARD COMMITTEES

The Board establishes specialised Board Committees to oversee critical or major functional areas and to address matters, which require detailed review or in-depth consideration. Although the Board delegates certain duties to the Board Committees, it remains responsible for the decisions of the Committees.

The Board appoints the following Board Committees with specific roles and responsibilities as set out in their respective TOR:

- a. Group Nomination & Remuneration Committee;
- b. Audit Committee; and
- c. Group Board Risk Committee.

The Board Committees report to the Board their deliberations and recommendations for the Board's approval.

Details of the composition and a summary of the TOR of each Committee appointed by the Board are disclosed in the Company's Annual Report as required by the relevant regulatory requirements.

## 6.1 Group Nomination & Remuneration Committee

The NRC is established to provide, in accordance with its TOR attached as per **Appendix 1** of the Board Charter, a set of formal and transparent procedures for the following:

- a. Appointments and removals of Directors, CEOs of the Company and its subsidiaries and Management Key Responsible Persons of the Group;
- b. Assessment of effectiveness of individual Directors, Board as a whole and performance of CEOs and Management Key Responsible Persons of the Group; and
- c. Development of remuneration policy for Directors, CEOs and Management Key Responsible Persons to ensure that the compensation is competitive and consistent with the Group's culture, objectives and strategy.

## 6.2 Audit Committee

The AC is established to provide independent oversight of the Company's internal and external audit function, internal controls and ensuring checks and balances within the Company as stipulated in its TOR attached as per **Appendix 2** of the Board Charter.

## 6.3 Group Board Risk Committee

The GBRC is established to oversee Senior Management's activities in managing credit, market, liquidity, operational, legal and other risk and to ensure that the risk management process is in place and functioning efficiently and effectively, as stipulated in its TOR as per **Appendix 3** of the Board Charter.

## 6.4 Main Duties and Responsibilities of Chairman of Board Committees

- 6.4.1 Provide leadership for the respective Board Committee to fulfil the goals it sets by delegating tasks, ensuring propagation of essential information, monitoring and reviewing the adequacy and timing of deliverables, facilitating discussions and the resulting decisions, and promoting good corporate governance.

- 6.4.2 Refers to the Company Secretary for guidance on what the respective Board Committee's responsibilities are under the rules and regulations to which they are subject and how those responsibilities should be discharged. Compliance advice encompass all laws and regulations pertinent to Group and also other contractual agreements with other entities and not merely the routine filing requirements and other administrative requirements of the relevant rules and regulations.
- 6.4.3 The Chairman of the AC has been identified to be responsible for the oversight of Kenanga Group's Whistleblowing Framework and shall be notified accordingly on all pertinent decisions made in the various stages involved.

## 6.5 Expectations for Board Committees Members

- 6.5.1 Provide individual external independent opinions to the fact-finding, analysis and deliberations of the respective Board Committee based on their experience and knowledge.
- 6.5.2 Consider viewpoints from the other respective Board Committee members and make decisions or recommendations for the best interest of the Board collectively.
- 6.5.3 Keep abreast of the latest corporate governance guidelines in relation to the respective Board Committee and the Board as a whole.

## 7. BOARD PROFESSIONALISM

### 7.1 Directors' Code of Ethics and Conduct

The Directors observe a Code of Ethics and Conduct for Directors of Kenanga Group.

### 7.2 Conflict of Interest

- 7.2.1 Section 58 of the FSA and section 67 of the IFSA require a director to disclose to the Board the nature and extent of his interest in a material transaction or material arrangement, and, if such material transaction or material arrangement is being deliberated during a Board meeting, to be absent from the meeting during such deliberations.
- 7.2.2 For the purpose of section 58(4) of the FSA and section 67(4) of the IFSA, BNM specifies the following:
- a. an existing or proposed transaction or arrangement will be considered "material" if it is one which a director is required to declare under

section 221 of the Companies Act, 2016, unless the director or any person linked to him cannot reasonably be expected to derive a benefit or suffer a detriment from the transaction or arrangement in a way that will place the director in a position of conflict; and

- b. an interested director must make the disclosure by way of a written notice to all members of the board and the Company Secretary –
  - i. as soon as practicable after being aware of his interest in the material transaction or arrangement; and
  - ii. if the material transaction or arrangement is being deliberated at a Board meeting, before the commencement of that deliberation.

## 8. DIRECTORS' REMUNERATION

The Company aims to set remuneration levels which are sufficient to attract and retain the Directors needed to run the Company successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved, but without paying more than is necessary to achieve this goal. The level of remuneration for the GMD and other Management Key Responsible Persons is determined by the NRC after giving due consideration to the compensation levels for comparable positions among other similar companies in Malaysia.

There is adequate disclosure in the Audited Accounts with a note on remuneration of Directors.

The Directors' fees are approved by the shareholders at the Company's AGM.

## 9. DIRECTORS' TRAINING & DEVELOPMENT

### 9.1 Induction Programme for Newly Appointed Director

The Company shall provide an induction programme for its newly appointed Directors, to familiarise them with the industry and the Company's business and operations, within **three (3) months** of the appointment.

The induction programme aims at communicating to the newly appointed Directors, the Company's vision and mission, its philosophy and nature of business, current issues within the Company, the corporate strategy and the expectations of the Company concerning input from Directors.

The programme covers at a minimum the nature of business, the corporate strategy of the Company, responsibilities and duties of the Board as a whole, an overview of the risks of the businesses, the risk management strategy of the Company, legal requirements and financial overview of the Company.

Non-Executive Directors appointed to the Boards of subsidiaries within the Group shall be provided a similar induction programme tailored to reflect the scope of their appointments.

## **9.2 Continuous Education and Development**

The Company has adopted educational/training programmes to update the Board in relation to new developments pertaining to the laws and regulations and changing commercial risks, which may affect the Board and/or the Company.

In addition to the mandatory Financial Institutions Directors' Education Programme required by BNM, Mandatory Accreditation Programme required under the Listing Requirements, and the Capital Market Director Programme required under the SC's Licensing Handbook, Board Members are also encouraged to attend training programmes conducted by highly competent professionals and which are relevant to the Company's operations and business.

## **10. FINANCIAL REPORTING**

### **10.1 Transparency**

10.1.1 The Company aims to present a clear and balanced assessment of the Company's financial position and future prospects that extend to the interim and price-sensitive information and other relevant reports submitted to regulators.

10.1.2 The Directors ensure that the financial statements are prepared so as to give a true and fair view of the current financial status of the Company in accordance with the approved accounting standards.

10.1.3 The Auditors Report shall contain a statement from the Auditors explaining their responsibility in forming an independent opinion, based on their audit of the financial statements.

## 10.2 Company Auditors

- 10.2.1 The Board has established a formal and transparent arrangement for considering how financial reporting and internal control principles will be applied and for maintaining an appropriate relationship with the Company Auditors through its AC.
- 10.2.2 The AC also keeps under review the scope and results of the audit and its cost effectiveness and the independence and objectivity of the Company Auditors. The Company ensures that the Company Auditors do not supply a substantial volume of non-audit services to the Company.
- 10.2.3 Appointment of the Company Auditors is subject to approval of the shareholder(s) at General Meetings. The Company Auditors have to retire during the AGM every year and be re-appointed by shareholder(s) for the ensuing year.

## 10.3 Internal Control and Risk Management

- 10.3.1 The Company's internal audit function which critically reviews all aspects of the Company's activities and its internal controls is managed by the Group Internal Audit. Regular audits on the system of internal controls, policies and procedures, risk management and governance practices of all business and support units and subsidiaries are undertaken to appraise its adequacy and effectiveness.
- 10.3.2 The Board ensures the system of internal controls is reviewed on a regular basis.
- 10.3.3 The AC receives reports regarding the outcome of such reviews on a regular basis.

## 11. GENERAL MEETINGS

### 11.1 Annual General Meeting

The Company regards the AGM as an important event in the corporate calendar and as the principal forum for dialogue with shareholders and aims to ensure that the AGM provides an important opportunity for effective communication with, and constructive feedback from, the Company's shareholders.

### 11.2 Extraordinary General Meeting

The Directors will consider requisitions by shareholders to convene an EGM or any other urgent matters requiring immediate attention of the Company.

## 12. INVESTOR RELATIONS

The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Company and as such adopts an open and transparent policy in respect of its relationship with its shareholders and investors.

The Board ensures the timely release of financial results on a quarterly basis to provide shareholders with an overview of the Company's performance and operations.

The Company's website provides easy access to corporate information pertaining to the Company and its activities and is continuously updated.

## 13. RELATIONSHIP WITH OTHER STAKEHOLDERS

In the course of pursuing the vision and mission of the Company, the Board recognises that no Company can exist by maximising shareholders value alone. In this regard, the needs and interests of other stakeholders are also taken into consideration.

### 13.1 Employees

13.1.1 The Board acknowledges that the employees are invaluable assets of the Company and play a vital role in achieving the vision and mission of the Company.

13.1.2 The Company adopts comprehensive and documented policies and procedures with respect to the following:

- a. Occupational safety and health with the objective of providing a safe and healthy working environment for all employees; and
- b. Industrial relations with the objective of managing employees' welfare and well-being in the work place.

### 13.2 Environment

The Board acknowledges the need to safeguard and minimise the impact to the environment in the course of achieving the Company's vision and mission. The Company supports initiatives on environmental issues.



### 13.3 Social Responsibility

The Board acknowledges that the Company should play a vital role in contributing towards the welfare of the community in which it operates. The Company supports charitable causes and initiatives on community development projects.

## 14. COMPANY SECRETARY

### 14.1 Appointment of Company Secretary

The appointment and removal of KIBB's Company Secretary must be approved by the Board.

### 14.2 Roles and Responsibilities

14.2.1 The Company Secretary is responsible for supporting the effective functioning of the Board. In discharging this role, the Company Secretary provides counsel to the Board on governance matters and facilitates effective information flows between the Board, the Board Committees and Senior Management.

14.2.2 The Company Secretary shall keep confidential the affairs of the Company and its officers at all times. Accordingly, where the Company Secretary also serves as Company Secretary for KIBB's affiliates, he/ she shall not disclose the affairs of KIBB or its officers to the affiliates except with the knowledge and consent of KIBB.

14.2.3 The Company Secretary must not have competing time commitments that may impair his/ her ability to discharge his/ her duties effectively. Unless BNM approves otherwise in writing, the Company Secretary of KIBB must devote the whole of his/ her professional time to the affairs of KIBB and its affiliates<sup>3</sup>.

14.2.4 The Company Secretary should advise Directors of their obligations to adhere to matters relating to:

- a. disclosure of interest in securities;
- b. disclosure of any conflict of interest in a transaction involving the Company;
- c. prohibition on dealing in securities; and
- d. restrictions on disclosure of price-sensitive information.

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<sup>3</sup> This does not preclude the Company Secretary from carrying out other responsibilities for KIBB or its affiliates that are also financial institutions, where these responsibilities do not conflict with his responsibilities to the Board.

14.2.5 The Company Secretary must keep abreast of, and inform, the Board of current governance practices.

14.2.6 The Board Members have unlimited access to the professional advice and services of the Company Secretary.

## **15. APPLICATION**

The principles set out in this Board Charter are:

- a. kept under review and updated as practices on Corporate Governance develop and further guidelines on Corporate Governance are issued by the relevant regulatory authorities; and
- b. applied in practice having regard to their spirit and general principles rather than to the latter alone.

The Board endeavours to comply at all times with the principles and practices set out in this Board Charter.

In this Board Charter, any reference to any provision of legislations, guidelines, circulars or directives shall include all amendments, modifications, consolidations or replacements as may be issued from time to time.

In the event of conflict between the Board Charter and any law or regulations, the latter shall take precedence over the Board Charter.

## **16. REVIEW OF THE BOARD CHARTER**

The Board Charter shall be reviewed annually by the Board to keep it up to date and consistent with the Board's objectives and responsibilities as well as relevant applicable regulatory and statutory requirements.