

Ethics and Compliance Statement

EMPHASIS ON CORPORATE GOVERNANCE AND INTERNAL CONTROLS

2021 was another challenging year with corporations worldwide still grappling to recover from the impact of COVID-19 pandemic. This has altered business climate and places greater emphasis on responding and adapting to the changes in the operating environment. As corporations strive to improve their operations and resilience, the significance of corporate governance and internal controls are becoming more evident than ever.

Despite the challenges brought about by the pandemic, Kenanga Investment Bank Berhad (“**KIBB**”) and its group of companies (“**Kenanga Group**” or “**the Group**”) is committed to ensure the adoption of high principles and practices of corporate governance and internal controls in managing the risks related to compliance, ethics and integrity. It is our conviction that good corporate governance contributes to the sustainability of Kenanga Group and standing strong on this belief, compliance, ethics and integrity are made central to our business activities.

In this effort, Kenanga Group remains constantly alert of the regulatory developments affecting our operations and flexible in adapting to the relevant regulatory changes while fulfilling our part in supporting the country’s road to recovery.

INTERNAL CONTROLS FOR COMPLIANCE, ETHICS AND INTEGRITY

Kenanga Group’s commitment to strong corporate governance and internal controls is translated into the adoption of robust policies, procedures and practices that seek to provide consistent understanding to ensure continuous awareness of all employees on the expectation of the Group on compliance, ethics and integrity. Towards achieving this, the Group has established our internal controls framework which is spearheaded by the Group Regulatory and Corporate Services (“**GRCS**”) Division.

GRCS consists of six (6) departments which cohesively functions to ensure the roles and functions of GRCS are executed timely:

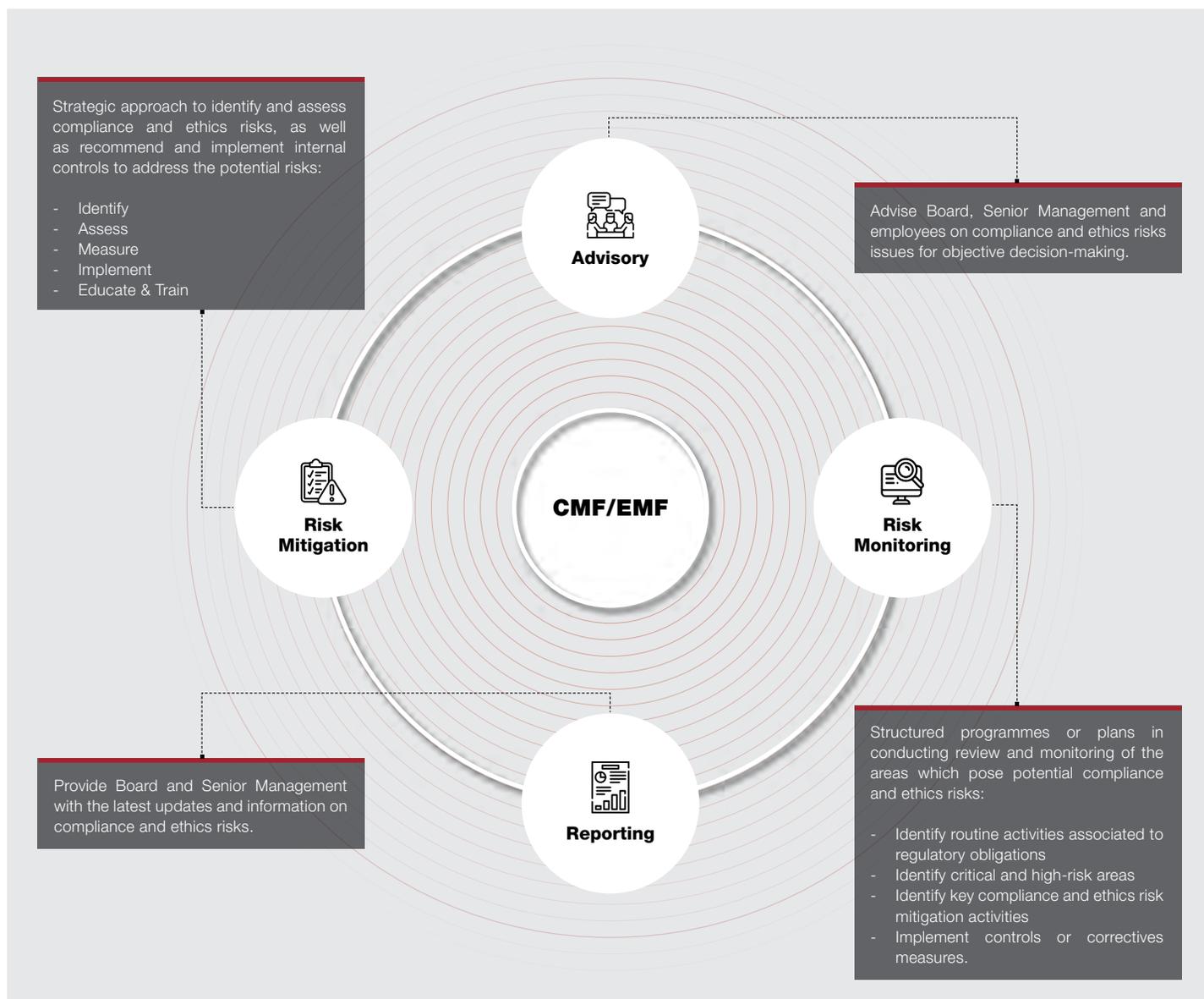
| | |
|---|---|
| Group Business Ethics and Integrity | Develops and implements the applicable framework, policies and procedures towards promoting ethics and integrity in the business and operational practices of Kenanga Group |
| Group Compliance | Manages the overall regulatory compliance risk issues in relation to the regulated activities as per the Licensing Handbook of the Securities Commission Malaysia (“ SC ”) |
| Group Financial Crime Intelligence | Facilitates compliance with the applicable requirements in relation to Anti-Money Laundering, Countering Financing of Terrorism and Targeted Financial Sanctions (“ AML/CFT/TFS ”) |
| Group Prudential Supervision and Regulatory Affairs | Manages consultations with the regulators and provides sound advice to ensure compliance with regulators requirements and expectations and standardised practice across Kenanga Group |
| Group Legal | Manages legal documentation and provides legal consultation towards mitigating legal risks |
| Group Company Secretarial | Ensures integrity of the governance framework and compliance with statutory and regulatory requirements by Board of Directors (“ Board ”) as well as facilitates the communication and implementation of the Board’s decisions |

Considering the significant nature of roles and functions of its various departments, GRCS has an unfettered access and reports directly to the Board. This ensures independence of GRCS in providing the required advice and opinion to assist the Board for objective decision-making.

MECHANICS FOR AN EFFECTIVE CONTROL FRAMEWORK

In 2021, Kenanga Group has accomplished another milestone in our effort to continuously strengthen the Group's internal controls with the successful completion of the three-year plan of the 'Ethics Blueprint'. The establishment of an 'Ethics Risk Management Framework' ("**EMF**") has complemented the existing 'Compliance Management Framework' ("**CMF**"), creating an even more comprehensive control framework for the Group.

The CMF and EMF serve as critical tools for GRCS to develop and implement the required policies, procedures and processes as well as to execute the necessary internal controls for continuous assessment, review and monitoring. All these while adapting to the business needs and simultaneously ensuring compliance with the evolving regulatory landscape.



Ultimately, an organisation could draw the best strategy but unless the employees are connected with it, the strategy will not succeed. The employees are the best shield of Kenanga Group against any potential non-compliance and misconduct. Additionally, similar to other internal control measures, the CMF and EMF tools shall be continually assessed to ensure their resilience, adequacy and relevance to sustain the potential impact from any non-compliance or misconduct.

CONTINUOUS INITIATIVES TO STRENGTHEN INTERNAL CONTROLS

Various initiatives have been initiated by GRCS in 2021 to further improve internal controls of Kenanga Group and as it was in the previous years, our Board and Senior Management remain supportive and encouraging of the undertakings. All the proposal for new and updates to the existing initiatives were properly deliberated and where necessary, were challenged, to ensure adoption and implementation of appropriate initiatives.

- **Assessment on Compliance with SC's Letter on Observations and Good Practices Relating to Compliance with the Corporate Liability Provision ("Observations Letter")**

The SC had issued the Observations Letter pursuant to their thematic review on the state of compliance of the capital market intermediaries to Section 17A of the Malaysian Anti-Corruption Commission Act 2009 ("**MACCA**"). The Observations Letter dated 16 March 2021 specifies the state of compliance as well as the good practices adopted by capital market intermediaries based on the T.R.U.S.T principles of the Guidelines on Adequate Procedures.

In this regard, GRCS had identified a total forty-one (41) recommendations in the Observations Letter and is pleased to update that Kenanga Group had achieved 90.2% compliance level to the recommendations:

| Item | T.R.U.S.T Principles | No. of SC's Recommendations | Kenanga Group | |
|--------------|---|-----------------------------|---------------|--------------|
| | | | No. Complied | % Complied |
| 1. | Top Level Commitment | 8 | 8 | 100% |
| 2. | Risk Assessment | 8 | 4 | 50% |
| 3. | Undertake Control Measures | 9 | 9 | 100% |
| 4. | Systematic Review, Monitoring and Enforcement | 5 | 5 | 100% |
| 5. | Training and Communication | 11 | 11 | 100% |
| TOTAL | | 41 | 37 | 90.2% |

The remaining four (4) outstanding items which were observed as 'Partially Compliant' were in relation to conducting Corruption Risk Assessment ("**CRA**") on the specific business activities of the Group. While GRCS had undertaken assessments on the overall activities of the Group on two (2) separate occasions, CRA on the specific business activities are currently ongoing with priority given to the activities identified as carrying a higher risk.

- **Fraud and Corruption Risk Assessment ("FCRA")**

In furtherance to the assessment conducted by GRCS pursuant to the SC's Observations Letter, GRCS has developed the FCRA Guidance which serves as a guide to conducting FCRA on the specific business activities of Kenanga Group. Development of the Guidance takes into account recommendations of the Malaysian Anti-Corruption Commission ("**MACC**") as well as other local and international standards.

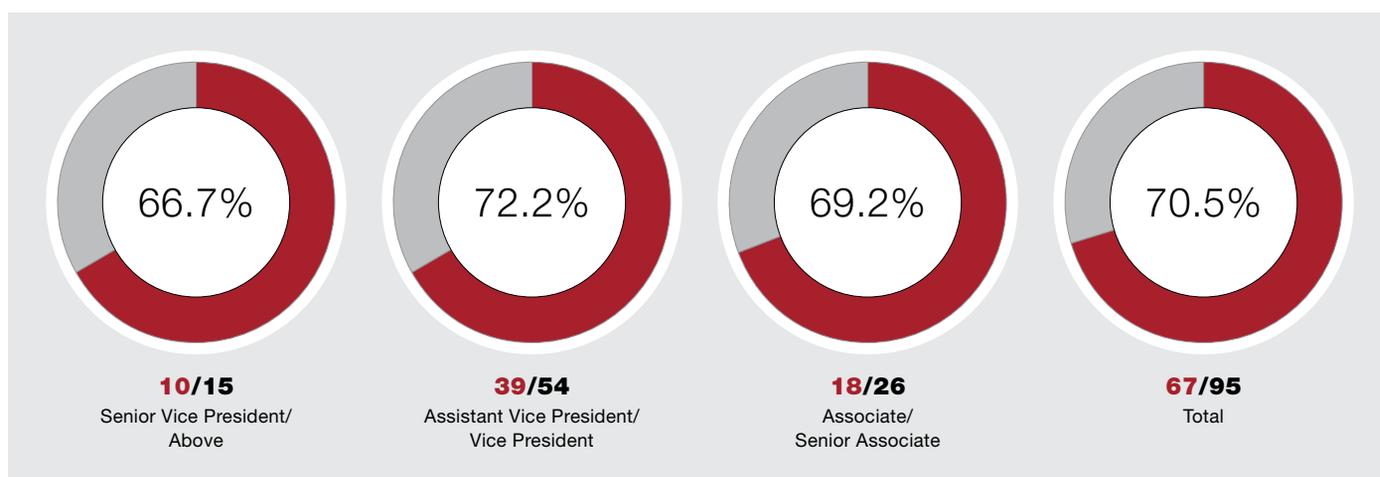
Outcome from the FCRA also serves as a tool to identify possible gaps and implement appropriate processes, systems and controls to close such gaps. This would also assist GRCS to propose or undertake the appropriate review and monitoring in relation to the identified fraud and corruption risks.

In ensuring applicability and feasibility of the FCRA Guidance, GRCS also completed the FCRA on our Group Procurement activities and the same has been endorsed by the Group Governance, Nomination & Compensation Committee ("**GNC**") and the KIBB Board at their meeting on 28 July 2021 and 29 July 2021 respectively. Moving forward, FCRA will be conducted on other business activities of the Group, prioritising the higher risk activities, with the aim of closing the gaps and achieving full compliance with the SC's recommendations.

• **Review of Responses Received Pursuant to the Survey on Ethics and Integrity Culture at Work Place 2020 ("Survey 2020 Review")**

GRCS had issued the Survey on *Ethics and Integrity Culture at Workplace* ("**Annual Survey**") for two (2) consecutive years prior to 2021 which generally indicated commendable responses in relation to the ethics and integrity culture in Kenanga Group. In 2021, GRCS conducted the Survey 2020 Review whereby a set of survey questionnaire was issued to a group of identified employees to obtain better understanding of the reason for their unfavourable or negative responses to the Annual Survey 2020.

A total 70.5% of the identified employees from three (3) different groups of employees had responded to the Survey 2020 Review questionnaire.



There were only four (4) questions in the Survey 2020 Review and these questions were deemed necessary to further understand the earlier unfavourable or negative responses to the Annual Survey 2020. The outcome is intended to help bridge any divergences in relation to Kenanga Group's efforts in promoting ethics and integrity at the workplace while allowing the identified respondents to further share their views on the matter.

The questions were segmented into three (3) different Core Values which measure either a 'Yes' (positive) or 'No' (negative) response.

| Core Values | Scope of Question | Targeted Group | Employee's Response | | | |
|--|---|----------------|---------------------|-------|-----------|----------|
| | | | Yes | No | Total Yes | Total No |
| TOP LEVEL COMMITMENT: Scope of the questionnaire obtains views of the respondents whether there were visible strategic actions by the Board and Senior Management to set and communicate policies and objectives related to ethics and integrity, and to raise awareness, motivation and involvement of the employees. | Whether the Board and Senior Management clearly and effectively communicated their commitment to ethics and governance. | SVP/Above | 80.0% | 20.0% | 91.1% | 8.9% |
| | | AVP/VP | 94.9% | 5.1% | | |
| | | A/SA | 88.9% | 11.1% | | |
| | Whether the respondents were aware of any incentives adopted by Kenanga Group to further motivate the values of ethics and integrity. | SVP/Above | 40.0% | 60.0% | 67.2% | 32.8% |
| | | AVP/VP | 66.7% | 33.3% | | |
| | | A/SA | 83.3% | 16.7% | | |

| Core Values | Scope of Question | Targeted Group | Employee's Response | | | |
|--|---|----------------|---------------------|-------|-----------|----------|
| | | | Yes | No | Total Yes | Total No |
| PROFESSIONAL ACCOUNTABILITY: Scope of the questionnaire aims at assessing respondent's reliability to deliver assignments and commitments at work, while realising and accepting responsibility to subscribe to ethics and integrity principles. | Whether the respondents agree that understanding of regulatory requirements is critical to all employees as to the Control Functions. | SVP/Above | 100.0% | 0.0% | 100.0% | 0.0% |
| | | AVP/VP | 100.0% | 0.0% | | |
| | | A/SA | 100.0% | 0.0% | | |
| | Whether Kenanga has adopted sufficient internal control measures to address the risks related to anti-fraud, bribery and corruption. | SVP/Above | 100.0% | 0.0% | 97.0% | 3.0% |
| | | AVP/VP | 94.9% | 5.1% | | |
| | | A/SA | 100.0% | 0.0% | | |
| PERSONAL INTEGRITY: Scope of the questionnaire aims at assessing the respondent's inclination for sound moral and ethical principles and values by an individual, which could translate into trustworthiness as an employee at work. | Whether the respondents would ever compromise ethics to meet business objectives and targets. | SVP/Above | 100.0% | 0.0% | 98.0% | 2.0% |
| | | AVP/VP | 97.4% | 2.6% | | |
| | Whether there were sufficient messages to encourage employees to voice out any incidents of unethical behaviour. | A/SA | 88.9% | 11.1% | 88.9% | 11.1% |

Notes

*SVP – Senior Vice President
VP – Vice President*

*AVP – Assistant Vice President
SA – Senior Associate*

A – Associate

The overall results of the Survey 2020 Review indicated a positive outcome on the 'Professional Accountability' and 'Personal Integrity' Core Values and it could be presumed that the respondents already have the necessary awareness and understanding of, and are willing to acknowledge their roles and accountability. This is further evidenced in the explanatory to the questionnaire provided by the respondents.

Nevertheless, there are still rooms for improvements on the 'Top-Level Management' Core Value in relation to the awareness of the incentives for ethics and integrity. Based on the explanation to the question by the relevant respondents, the lower percentage of positive outcome was due to the lack of awareness on the presence or nature of the incentives as well as no previous experience of being awarded with such incentives.

In this regard, for the employees' understanding, Kenanga Group will undertake appropriate measures to intensify communication on the nature of incentives that are already adopted by the Group. In addition where necessary, the Group will conduct further study and assessment should additional incentives are necessary for purpose of acknowledging the display of ethics and integrity by employees.

UPHOLD HIGH STANDARDS OF CORPORATE GOVERNANCE

Kenanga Group recognises that upholding high principles and practices of corporate governance and internal controls is key to the long-term value creation and contributes directly to a sustainable business performance. Premise on this, policies and procedures have been established in the following areas and are continuously reviewed to inculcate compliance, ethics and integrity values in the Group.

- **Anti-Fraud, Bribery and Corruption (“AFBC”)**

Kenanga Group is committed to ensure that all its businesses and operations are conducted lawfully, ethically and with integrity. The Group approaches compliance in these areas with a growth mindset and a process of continuous improvement, and invests heavily in innovative and fresh approaches. Therefore, our AFBC program has been carefully designed to prevent, detect and manage risks related to fraud, bribery and corruption. The underlying principles of the approaches adopted, serve to demonstrate Kenanga Group's steadfast stance of ensuring its businesses and operations are conducted in the highest standards of ethics and integrity; free from fraud, bribery and corruption.

As part of this commitment, the Group Anti-Fraud, Bribery and Corruption Policy (“**AFBC Policy**”) emphasises zero tolerance of all forms of fraud, bribery and corruption. The same stance applies to all the third parties dealings with and for Kenanga Group who must ensure that they do not act corruptly or involved in fraudulent activities of any kind.

Consequent to the AFBC Policy, the Group Anti-Fraud, Bribery and Corruption Reporting Procedure (“**AFBC Reporting Procedure**”) was extensively revamped in 2021 to prescribe the applicable procedural requirements for the reporting of suspected or confirmed fraud, bribery or corruption that could cause adverse impact on Kenanga Group. The AFBC Reporting Procedure further made a clear distinction between the scope of internal and external fraud, as well as bribery and corruption for the understanding of all employees.

- **Anti-Money Laundering and Countering Financing of Terrorism (“AML/CFT”)**

The increasingly interconnected global economy and explosion in new technology coupled with the rapidly growing markets and complex business structures have contributed to the changing structures of organised crime groups thus, causing rapid evolution of the AML/CFT regulatory landscape and modus operandi. Furthermore, criminals have sought to exploit the COVID-19 crisis to commit scams, fraud and cybercrime and this require fundamental reassessment of the approach to managing financial crime risks.

At the heart of any effective strategy to shield from the exposure to financial crime is the implementation of meaningful financial crime policies which act as a clear marker of an organisation's red lines and ethical standards. In this regard, Kenanga Group has in place robust policies and procedures at the Group level that define the minimum standards, governing policies, principles and controls in managing the risks of money laundering, terrorism financing and proliferation financing.

In addition to that, a risk-based approach program has been specifically designed and implemented to help detect, deter and prevent money laundering, terrorism financing and proliferation financing risks, as well as assess and mitigate the related risks in a manner consistent with the applicable laws, rules, regulations, supervisory guidance, and industry best practices. All these towards ensuring the effective and efficient management of Kenanga Group's financial crime risks so as to mitigate potential regulatory and reputational risk.

- **Managing Conflict of Interest**

Conflict of interest may occur whenever interest of an individual within Kenanga Group in a particular subject may lead to actions, activities or relationships that undermine and may place the Group at a disadvantage. This is a critical aspect and of importance to Kenanga Group as we are committed to preserve the interests of our stakeholders. As such, Kenanga Group expects all directors and employees to act towards the Group's fundamental interests. Such relationship is based on mutual trust and the expectation that ultimately, the interests of Kenanga Group, our stakeholders and that of our directors and employees are all aligned.

To address the situation, the Group Conflict Management Policy ("**Conflicts Policy**") sets forth the policies and guiding principles in managing conflicts of interest. The Conflict Policy was revamped in 2021 to introduce two (2) broad categories of personal and business-related conflicts of interest and detail out the situations that may constitute the same. This was done to make clear the importance of identifying the various potential conflicts that may arise in the execution of the responsibilities entrusted upon Kenanga Group's employees.

Supplementary to the Conflict Policy, the Guidance on Conflict of Interest ("**Conflicts Guidance**") was also introduced to provide clarity and assist the employees on management of personal and business-related conflicts of interest within Kenanga Group. The Conflicts Guidance further reinforces the primary responsibility of all parties in the Group in identifying, reporting and managing conflicts of interest.

- **Code of Conduct for Employees**

Kenanga Group places high importance not only to compliance with regulatory requirements and internal policies and procedures but also to the application of ethical principles in carrying out our business activities. In this regard, our employees are the most valuable assets in ensuring such objectives are met.

The Group Code of Ethics and Conduct for Employees ("**Employees Ethics Code**") sets out the general expected behaviour from the employees and provides guidance for the employees' conduct in regard to a given situation or circumstance. It prescribes principles and standards to be observed in Kenanga Group and reflects the ethics and values that form the underlying foundation of the business and operational activities of the Group.

The Employees Ethics Code also advocates the ideals to be observed so as to maintain the highest standards of professionalism, integrity and conscientiousness in all dealings by the employees with each other as well as with external parties. It is an integral part to demonstrate how things are done in Kenanga Group.

- **Code of Conduct for Vendors**

Kenanga Group recognises the importance of having a written code of conduct for its vendors who provide goods and services in relation to the business and operations of the Group. This is important to clearly specify responsibilities of the vendors to comply with the Group's internal policies, as well as the applicable regulatory requirements.

The Group Code of Conduct for Vendors ("**Vendors Conduct Code**") has been introduced to stipulate the general business conduct and ethical practices expected of all vendors, who engage with or undertake work for Kenanga Group. The Vendors Conduct Code has also been made fundamental clause in legal agreements signed with the vendors as well as an essential element of Kenanga Group's tender documents in order to provide potential vendors with prior notice on the principles and standards required of them.

- **Chinese Wall and Insider Trading**

Kenanga Group has an obligation to ensure that information pertaining to its business and clients, and all activities of the clients remain confidential. As such, the Group Chinese Wall Policy ("**Chinese Wall Policy**") has been put in place to establish information barrier between the divisions and departments of the Group to prevent and/or control the flow of confidential and material non-public and price sensitive information ("**MNPI**").

The Chinese Wall Policy establishes guidelines to avoid the risk of possible breach of insider trading provisions and protect client's confidentiality, and ultimately serve to prevent possible conflicts of interest issues. In managing the exposure or misuse of confidential and MNPI, the employees' trading is also monitored and supervised. This will further help avoid potential violations of insider trading law and regulations therefore, contribute to overall market integrity.

- **Gifts, Entertainment and Hospitality**

No matter how well-meaning or well-intentioned a gift is, the potential exists for impropriety or the appearance of impropriety to be present. A gift policy ensures that employees adhere to the code of conduct in giving or accepting gifts or other tokens of appreciation.

The Group Gifts, Entertainment and Hospitality Policy ("**Gifts Policy**") has been adopted to address such issues and reinforces the commitment of Kenanga Group in ensuring the highest standards of ethics and integrity amongst employees. The Gifts Policy guides the employees on the manner in which any gifts, entertainment or hospitality is to be dealt with towards ensuring that business and operations of the Group are conducted in a transparent manner.

- **Whistleblowing**

Kenanga Group acknowledges whistleblowing as an important means allowing the Group to be alerted of any actual or potential improper conduct that may compromise integrity, competence and professionalism of the Group. It provides a mechanism for employees or external parties to raise concerns through well-defined and accessible confidential disclosure channels.

As part of good corporate governance, Kenanga Group has adopted the Group Whistleblowing Policy and Guidance Notes that sets out avenues for legitimate concerns to be reported, and to be objectively investigated and addressed. Any individuals will be able to raise concerns about illegal, unethical or questionable practices in confidence and without the risk of reprisal.

- **Anti-Trust and Fair Competition Practices**

Kenanga Group is committed to acting fairly, responsibly and professionally when dealing with its clients. The Board and Senior Management set the tone from the top as the moral compass of the Group, inculcating a strong culture of fair business dealing to ensure that we operate in a transparent, ethical and sound manner.

The Group Competition Act Compliance Policy ("**Competition Policy**") specifies the principles of fair business dealing of Kenanga Group and prohibits any practices that may be construed as anti-competitive. The Competition Policy is also built on ensuring an effective and clear stand to prevent or minimise the risk of competition law infringements and to help the Group to promptly detect any infringements that do occur.

- **Common Reporting Standard ("CRS")**

In compliance with the CRS requirements, Kenanga Group had submitted the financial account information of non-resident clients to the Inland Revenue Board of Malaysia ("**IRBM**") in July and September 2021 respectively. The submission involved eighty-seven (87) entities and funds of Kenanga Group that have been registered with the IRBM for CRS purposes.

PROVISION OF TRAINING AND AWARENESS PROGRAMMES

The COVID-19 pandemic and remote work adjustments have elevated the risk in the operating activities of Kenanga Group. This has further increased the significance of training and awareness to ensure that all employees are aware of and able to manage such risks effectively.

In 2021, GRCS continued to engage the employees, providing updated relevant information, making them fully aware of the latest regulatory changes, as well as the initiatives that are rolled out, particularly on improving the ethical culture and good corporate governance. The methods that were used for the training and awareness programmes include video-sharing, quizzes, webinars and the annual e-tests.

- **Fraud Awareness Campaign**

Kenanga Group's annual Fraud Awareness Campaign kicked off in October 2021 and continued its dedication to the anti-fraud agenda by once again organising the 5th Fraud Awareness Week ("**5th FAW**") 2021. Various initiatives and activities were conducted across the five (5) weeks towards the International FAW of the Association of Certified Fraud Examiners ("**ACFE**") from 14 November 2021 until 20 November 2021.

The 5th FAW took on the theme 'Reinforcing Ethical Values Through Regulatory Dynamism' and has further expanded the internal campaign that Kenanga Group had initiated five (5) years ago, into an industry call to action to combat fraud as it is our responsibility to raise awareness on the importance of collective fight against fraud. Furthermore, the FAW 2021 has also evolved its delivery by optimising the use of digital platforms to allow greater participation from employees and external parties.

Virtual Live Opening Ceremony

The Opening Ceremony for the 5th FAW was streamed 'live' on 15 November 2021 and featured pre-recorded sessions of the honourable invitees who shared insights and updates in relation to anti-fraud as well as compliance, ethics and corporate governance. The key invitees included the Chairman of KIBB, Tan Sri Dato' Seri Syed Anwar Jamalullail; the Chief Commissioner of the Malaysian Anti-Corruption Commission, Tan Sri Azam Bin Baki; and the President of the Malaysian Association of Certified Fraud Examiners ("**MACFE**"), Dato' Sri Akhbar Satar.

There was also a sharing session by a whistleblower, Mr. Pavandeep Gill, titled 'Wirecard: One of Europe's Greatest Financial Scandals' which was moderated by the Head of Asia-Pacific Development, ACFE, Mr. Ganesh Thuraisingham. A total of 354 viewers tuned in to the live streaming event.

FAW Games

In our continuous collaborative efforts, Kenanga Group further expanded its anti-fraud network to reach a more diverse group of professionals. The signature programme for the FAW Campaign, the FAW Games, gathers all the participants in different types of exciting and challenging games with edutainment elements while disseminating the anti-fraud message.

The FAW Games which was held online, has seen a tremendous increase in the number of participants where the participants from Kenanga Group has increased from 35 teams in 2020 to 97 teams in 2021 while for external participants, the number has increased from 30 teams in 2020 to 49 teams in 2021. The external teams included representatives from 27 regulatory, enforcement and professional bodies, financial institutions, listed companies, as well as vendors of the Group.

FAW Mini Games

During the one-week period of FAW, all employees of Kenanga Group were invited to participate in the FAW Mini Games which were made out of interactive mini version of FAW Games. The questions and quizzes were specifically designed for the employees as part of learning and educational programmes on trends and practices surrounding fraud prevention and detection.

There were a total 354 employees who participated in all three (3) of the FAW Mini Games issued.

• Annual Regulatory Seminar 2021

The 6th Annual Regulatory Seminar 2021 (“**ARS**”) was conducted during the same period of the 5th FAW and adopted the same theme. There were a total nine (9) e-learning sessions for the 6th ARS and the subject matters generally provided outlooks and developments in relation to fraud, ethics, compliance, cyber security as well as the regulators’ expectations as the COVID-19 pandemic continues.

The e-learning sessions were pre-recorded and conducted by subject-matter experts within Kenanga Group and an invited speaker. The sessions were made accessible to by all employees of Kenanga Group nationwide through the Group’s Learning Management System (“**LMS**”) and employees who are a holder of the Capital Markets Services Representative’s Licence (“**CMSRL**”) were accredited 10-CPE point by the SC upon completion of all sessions. The LMS recorded views from about 1,000 employees to all the 6th ARS sessions.

• Annual E-Tests

The annual e-tests were conducted in 2021 as part of the assessment on awareness and understanding of Kenanga Group’s employees on *ethics and integrity, and AML/CFT/TFS*. There were two (2) sets of e-tests questions issued on each of the subject matters.

| E-Test Module | Category | E-Test 1 | E-Test 2 |
|-----------------------------|---------------|----------|----------|
| Ethics and Integrity | 80% and Above | 98.8% | 98.6% |
| | Below 80% | 1.2% | 1.4% |
| AML/CFT | 80% and Above | 96.8% | 97.8% |
| | Below 80% | 3.2% | 2.2% |

Generally, the results were commendable where more than 95% of the employees who had completed the e-tests achieved the score of 80% and above. This signals a positive outcome of the ongoing awareness and understanding programs which GRCS had organised for all employees.

• Regulatory Handbook for Employees and Agents/Representatives

In attaining high ethical standards and maintaining a strong governance culture, built upon corporate consciousness, Kenanga Group has revised the Regulatory Handbook to meet such objectives.

The revised edition of the Regulatory Handbook has extended the scope to also include all agents/representatives of the Group, besides its employees. The Do’s and Don’ts etiquette in the Regulatory Handbook provides concise and easy to understand references for all employees and agents/representatives in carrying out their daily work while promoting orderly and transparent business conduct.

• Enhanced AML/CFT/TFS Review

Continuous enhancement of processes and monitoring standards have been carried out to be in line with industry standards to be able to better respond to potential money laundering and terrorism financing threats. In this respect, various AML/CFT/TFS reviews have been introduced and executed to closely monitor the level of adherence of AML/CFT/TFS requirements in line with the expectations of Bank Negara Malaysia and the SC.

MAINTAINING HIGH LEVEL OF CORPORATE GOVERNANCE

Details on Kenanga Investment Bank Berhad’s corporate governance disclosure are available in the Corporate Governance Overview Statement appearing on pages 78 to 107 of this Annual Report and Corporate Governance Report which is available at KIBB’s website at www.kenanga.com.my.

FOCUS AND STRATEGIC PRIORITIES FOR 2022

As we head into 2022, the pandemic has reinforced the importance of internal controls as part of sustainability efforts which would enable organisations to be better positioned and to withstand the long-term business goals. Towards achieving such objective, GRCS will continuously review and assess for implementation of robust compliance and ethics strategies and to ensure that business activities are conducted in line with the principles of good corporate governance.

- **Ensure Cybersecurity and Data Protection**

The pandemic has accelerated digital transformations which has led to changes impacting business operations and increased more personal data and clients' information being transmitted and stored electronically. Now, essentially all business processes have to exist digitally to accommodate a combination of remote, hybrid and on-premises work. Therefore, cybersecurity is critical and Kenanga Group has to have strong capabilities at this front. For this reason, GRCS with the other departments in Kenanga Group will remain agile, innovative and up-to-date in order to ensure adequacy of the Group's cybersecurity governance.

- **Application of Technology in Managing Financial Crimes Risks**

The adoption of innovative technologies to improve the effectiveness of managing financial crimes risks is becoming more imperative with the heightened emphasis by the regulators for approaches to address cyber threats. Kenanga Group has always prioritised such risks through the implementation and management of cybersecurity measures. The established digital governance ensures business operates in an ethical manner while supporting digital development involving new and emerging areas of focus. Moving forward, GRCS will ensure to keep up-to-date with developments in technology and the threats that come with it.

- **Raise Standards of Ethics and Integrity Culture**

Further development and enhancement of governance practices as part of the Environmental, Social and Governance ("ESG") measures within Kenanga Group continues to be a primary aim towards achieving sustainable and long-term growth in all aspects of the businesses and operations.

In this regard, we believe ethical culture plays a foundational and underlying force that boosts employee motivation and productivity that could result in the delivery of greater value to all stakeholders towards fulfilling Kenanga Group's ESG goals and ambitions. Kenanga Group and GRCS acknowledge this and will work on moulding the required ethical culture across the Group in line with the developments around ESG while factoring in the impact brought about by the COVID-19 pandemic.

- **Review and Assessment of Fraud, Bribery and Corruption Risks**

The effective implementation of Section 17A of the MACCA imposes accountability on Kenanga Group to understand corruption risk specific to its business activities. With such requirement being introduced, risk assessments are required to identify corruption vulnerabilities and to devise strategies to mitigate the risks that can be caused by such vulnerabilities. Therefore, it is a main focus of GRCS in 2022 to develop the FCRA covering business activities of the Group as a means to mitigate and manage such risks.

- **Working Together to Increase Awareness**

As it was in the previous years, Kenanga Group is committed to leverage and use opportunities to assist employees to upskill and expand their knowledge on matters related to compliance, ethics and governance. Online training and awareness will continue to keep the employees abreast of the diverse regulatory and operational changes. This will be supported by constant and continuous communication, as well as periodic knowledge sharing sessions amongst team members in Kenanga Group.

FORWARD LOOKING STATEMENT

Kenanga Group takes pride in its strong corporate governance in ensuring that business is conducted in a fair and transparent manner. Since the start of COVID-19 pandemic, and as we enter into the endemic phase, Kenanga Group's strategy and operations have been constantly evolving to adapt to the changes in the business environment in order to remain resilient and significant while at the same time balance the need to maintain robust internal controls.

It is therefore Kenanga Group's aim in 2022, as part of its endeavour to meet the business goals, to continue demonstrating a strong corporate governance culture that will assure sustainability of its activities in the long run thus contributing the general market at large.