

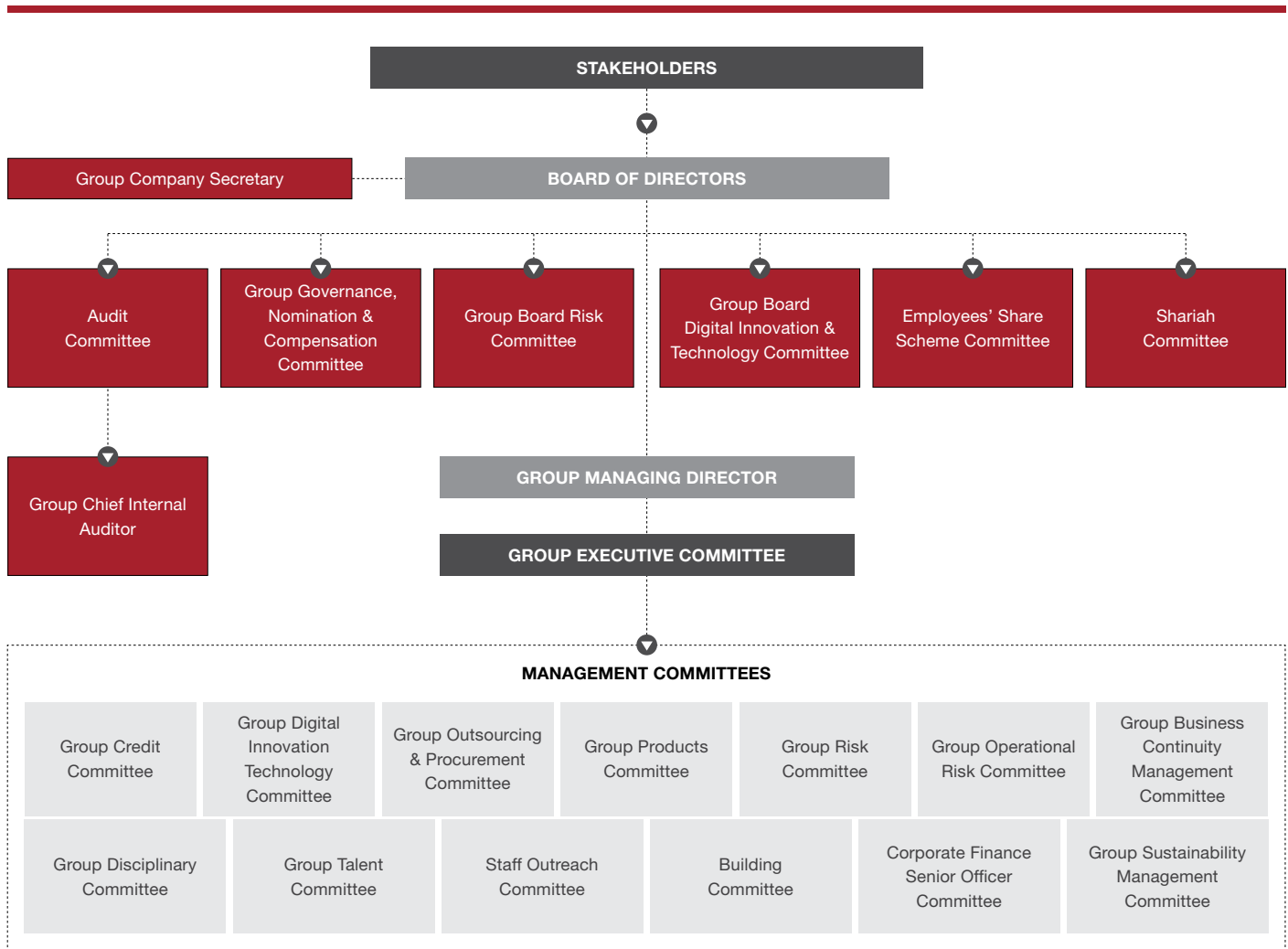
CORPORATE GOVERNANCE OVERVIEW STATEMENT

Corporate governance is regarded by the Board of Directors (“**Board**”) as vital to the success of the business of Kenanga Investment Bank Berhad (“**KIBB**” or “**the Company**”). Therefore, the Board is unreservedly committed to applying the principles necessary to ensure that the principles of good governance are practised in all of the Company’s business dealings and operations.

Understanding that the responsibility for good corporate governance rests with them, the Board strives to adopt the principles and best practices of corporate governance and ensures that KIBB and Its Subsidiaries (“**KIBB Group**” or “**Kenanga Group**”) complies with the various guidelines issued by Bank Negara Malaysia (“**BNM**”), Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and the Securities Commission Malaysia (“**SC**”).

The Board is also committed to continuously undertake the appropriate actions to embed the principles and recommendations of the revised Malaysian Code on Corporate Governance (“**MCCG**”) issued by the SC on 28 April 2021, into the Company’s existing policies and procedures.

CORPORATE GOVERNANCE FRAMEWORK



CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Board Responsibilities

The Board is collectively responsible for the long-term success of the Company and the delivery of sustainable value to its stakeholders.

Board's Key Responsibilities

Governing and setting the strategic direction of the Company while exercising oversight on Management.	Setting the appropriate tone at the top.	Providing thought leadership and championing good governance and ethical practices throughout the Company.	Ensuring that sustainability considerations are integrated in corporate strategy, governance and decision-making.
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The Board sets the Company's values and standards and ensures that its obligations to the Shareholders and other stakeholders which include the regulators, business partners, clients, employees, suppliers and vendors, are clearly understood and adhered to.

Each of the Board members of the Company is aware of his/her responsibilities to always exercise his/her powers in accordance with the Companies Act 2016, for a proper purpose and in good faith and in the best interest of the Company. They also understand that each of them is expected to exercise reasonable care, skill and diligence with the knowledge, skill and experience, which may reasonably be expected of a Director having the same responsibilities; and any additional knowledge, skills and experience which the Director in fact has.

Further, the Directors, collectively and individually, are aware of their responsibilities to the Shareholders and stakeholders for the manner in which the affairs of the Company are managed.

In discharging its duties effectively and efficiently, the Board delegates specific responsibilities to the Board Committees with clearly defined areas of authority and reporting arrangement to keep the Board informed on the key deliberations and decisions on delegated matters. To promote objectivity, robust and open deliberations, the Board Committees are chaired by an Independent Director who is not the Chairman of the Board. The roles and responsibilities of the Board Committees are set out in their respective Terms of Reference which are available on KIBB's website at <https://www.kenanga.com.my/investor-relations/corporate-governance>.

The Board, in fulfilling its oversight role and carrying out its strategic intent and mandates, will give direction and guidance through the Group Managing Director to Management or Management Committees to execute the approved corporate strategies, established goals, as well as policies.

Notwithstanding any delegation of authority to Management or Committees, the Board reserves full decision-making power on matters relating to amongst others, strategies, business plans and budget, significant policies, conflict of interest issues relating to Substantial Shareholders and/ or a Director, material acquisitions or disposals of assets not in the ordinary course of business, investment in capital projects, authority level, risk management policies, as well as, key human resource issues. The Board reserved matters are also reflected in the Board Charter.

The roles and responsibilities of the Board are clearly defined in the Board Charter which is available on KIBB's website at <https://www.kenanga.com.my/investor-relations/corporate-governance>.

CORPORATE GOVERNANCE OVERVIEW STATEMENT



Board Reserved Matters

The Board's key activities during the Financial Year Ended 31 December 2022, included amongst others, reviewing, deliberating, recommending and approving where appropriate, key matters as outlined below.

STRATEGY/ FINANCIALS

- Budget and Business Plan for KIBB Group for the Financial Year Ending 31 December 2023
- Proposals on New Investments/ Business Collaborations/ New Business Initiatives/ New Joint Venture/ Corporate Exercises and Subsequent Updates
- Monthly Management Accounts
- Quarterly Financial Results
- Waiver of Intercompany Balance for Dormant Companies
- Annual Assessment for Impairment of Assets for the Financial Year Ended 31 December 2021
- Audited Financial Statements for the Financial Year Ended 31 December 2021 and the Reports for the Directors and Auditors
- Proposed Dividend for Financial Year Ended 31 December 2021
- Representation Letter to Ernst & Young PLT in Relation to the Audit for the Financial Year Ended 31 December 2021
- Re-Appointment of External Auditors and Audit Fees for Financial Year Ended 31 December 2022
- Report on Non-Budgeted Expenditure Exceeding RM100,000
- 2022 Equity Derivatives' Business Plan and Proposed Market Risk Limits
- Reports on Associate and Joint Venture Companies
- Proposed Increase in Quantum of Share Buyback and Renewal of Solvency Statement in Relation to the Share Buyback Exercise
- Annual Revision of Contingency Funding Plan 2022
- Provision of Financial Support and Contingency Funding for Subsidiaries
- Update on Utilisation of Treasury Shares for Settlement of Employees' Share Option Scheme
- Exercise of Call Option to Redeem Tranche 1 Under the Tier 2 Subordinated Note Programme
- Call Option Placement Program – Subscriber
- Annual Impairment Assessment of Goodwill and Intangibles for the Financial Year Ended 31 December 2022

CORPORATE GOVERNANCE OVERVIEW STATEMENT

RISK, COMPLIANCE AND OVERSIGHT

- Monthly Regulatory Reports and Compliance Reports
- Regulatory Audit/ Examinations Reports
- Monthly Risk Management Reports
- Extension of Targeted Assistance Post COVID-19 Moratorium and Subsequent Updates
- Monthly Share Margin Financing Reports by Credit Equity Broking
- Business Continuity Plan and Disaster Recovery Plan Test Matrix for 2023
- MY HORIZON 2020/Vol 5: BNM's Operational Risk Report for Financial Industry
- Review of Existing and Establishment of New Policies and Frameworks
- Operational Risk Scenario Analysis Assessment Review 2022
- Recovery Time Objectives and Maximum Tolerable Downtime of Critical Business Functions for 2023
- Internal Capital Adequacy Assessment Process (ICAAP) for 2021
- Operational Risk Capital Charge Assessment for 2021
- 2022 Equity Broking Short Term Equity Proprietary Trading Portfolio, Business Plan and Proposed Market Risk Limits
- Credit Proposals Recommended/ Approved by the Group Credit Committee
- Monthly Connected Parties Exposure Reports
- Monthly Reports on Recovery Status for KIBB Corporate Loans and Impaired Equity Accounts (With Impairment Provisions)
- Recurrent Related Party Transaction Entered into by KIBB and Its Subsidiaries
- Proposals Relating to the Structured Warrants Business
- Quarterly Cyber Security Updates
- Pillar 3 Disclosure as at 31 December 2021
- Half-Yearly Review on Shariah Committee's Decisions
- Annual Attestation of Products Issued in 2021
- Renewal of Insurance Policies in Respect of Comprehensive Crime Professional Indemnity Insurance, Directors and Officers Liabilities Insurance and Cyber Security Insurance
- 2022 Group Outsourcing Plan
- KIBB's Sustainability Report and Sustainability Statement and Sustainability Targets
- KIBB's 2022 Materiality Matrix Validation, Task Force on Climate-related Financial Disclosures Roadmap 2023-2024 and Sustainability Roadmap 2023-2025
- Statement on Risk Management and Internal Control
- Report on Independent Review of Kenanga's Anti-Bribery and Corruption Compliance Program
- Kenanga Research Macroeconomic Outlook Summary
- Group Operations Report
- Proposals Relating to Quant Business
- Regulatory EDGE: Regulatory Issuances Impact Review for the First (1st) Half of 2022
- BNM Semi-Annual Stress Testing Report for Position as of 30 June 2022

GOVERNANCE

- Appointments and Re-Appointments of Directors within KIBB Group
- Review of Compositions of the Boards and Board Committees of KIBB and Its Subsidiaries
- Revision to the Terms of Reference of the Audit Committee, Group Outsourcing & Procurement Committee, Group Risk Committee and Group Executive Committee
- Reports by Board Committees on Matters Discussed at the Respective Board Committees' Meetings
- Assessment on the Fitness and Propriety and Re-Appointment of Members of Shariah Committee of KIBB and Review of Their Remuneration
- Annual Performance Evaluation for the Board, Board Committees and Individual Directors for the Financial Year Ended 31 December 2021 Together with the Annual Assessment on Independence and Fit and Proper Criteria
- Directors' Training Calendar for 2022 and Status Report on KIBB Group Directors' Training for 2021/ 2022
- Remuneration and Benefits for Directors of KIBB Group
- Notification by Directors and Principal Officers in Relation to Dealings in the Securities of KIBB
- Re-Appointment of Datuk Chay Wai Leong, the Group Managing Director ("**GMD**") of KIBB as a Member of the Sustainability and Development Committee of Bursa Malaysia Berhad ("**Bursa Malaysia**")

CORPORATE GOVERNANCE OVERVIEW STATEMENT

GOVERNANCE

- Appointment of KIBB's Representative on the Board of Directors of Its Associate Company
- Proposed Revision to the Composition of the Management Committees and Shariah Committee
- Key Human Resource Matters
 - o Employees' Share Grant Scheme
 - o Review of the List of Management Key Responsible Persons ("KRP") of KIBB Group as at 1 January 2022
 - o Review of the List of KIBB Group's Management KRPs' Employment Contracts Expiring in 2022
 - o New Appointment, Review and Renewal of Contract of Appointment of Management KRPs
 - o 2021 Performance Appraisal and Annual Assessment on Fit and Proper for GMD, Group Chief Regulatory and Compliance Officer, Management KRPs, Head of Group Compliance (only Performance Appraisal) and Group Company Secretary
 - o Renewal of Group Staff Insurance Policies for 2023
 - o 2022 Balanced Scorecards for Management KRPs
 - o Proposals in Relation to Employees' Share Option Scheme
 - o 2021 Performance Bonus and 2022 Annual Salary Increment
 - o Review of Management KRP's Succession Plan
 - o Re-Appointment of YM Tan Sri Dato' Paduka Tengku Noor Zakiah Binti Tengku Ismail as Adviser of KIBB
 - o Identification and Updating of the List of Material Risk Takers and List of Other Material Risk Takers within KIBB Group
 - o Creation of the Group Chief Sustainability Officer ("CSO") Position and Appointment of Ms. Chuah Sze Phing as Group CSO and Head of Group Marketing & Communications of KIBB
 - o Changes in Employment Act 1955 (Amendment 2022) and Proposal to Review Kenanga Group HR Policies and Terms & Conditions of Employment Impacted by the Changes, Where Applicable
 - o Appointment of New Group Executive Committee Member

Separation of the Roles of Chairman and GMD

The Company aims to ensure a 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 the Chairman and the GMD are separated and their roles and responsibilities are clearly defined and formally documented in the Board Charter.

Whilst the Chairman is responsible for leading the Board in setting the values and standards of the Company, as well as maintaining a relationship of trust with and between Management and Non-Executive Directors, the GMD, on the other hand, is entrusted with the executive responsibility for the day-to-day management of the business which includes developing the strategic direction of the Company for review and approval by the Board and ensuring that the Company's strategies and corporate policies as approved by the Board are effectively implemented with the assistance of the Management team. In fulfilling this role, the GMD is given certain powers to execute transactions, guided by the internal rules and procedures and in accordance with the threshold set in the Group Approving Authority Framework.

Board Composition

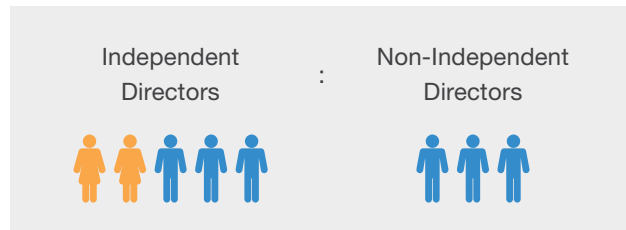
The Board of KIBB currently comprises the following eight (8) members, five (5) of whom are Independent Non-Executive Directors ("INED") and the remaining three (3) are Non-Independent Non-Executive Directors ("NINED"):

▶ YAM TAN SRI DATO' SERI SYED ANWAR JAMALULLAIL	Chairman, INED
▶ ENCIK ISMAIL HARITH MERICAN	NINED
▶ MR. LUK WAI HONG, WILLIAM	NINED
▶ ENCIK JEREMY NASRULHAQ	Senior INED
▶ PUAN NORAZIAN AHMAD TAJUDDIN	INED
▶ MR. KANAGARAJ LORENZ	INED
▶ MR. CHOY KHAI CHOON	NINED
▶ MADAM CHIN SIEW SIEW	INED

CORPORATE GOVERNANCE OVERVIEW STATEMENT

SNAPSHOT OF THE BOARD'S PROFILE

Board Balance and Composition

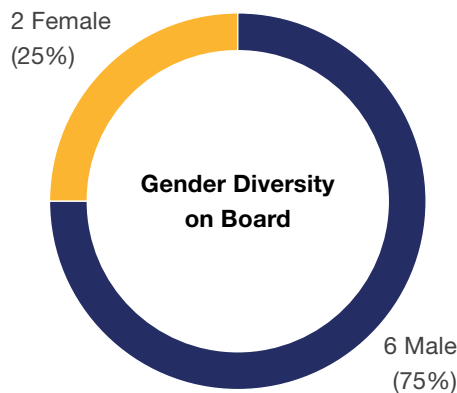
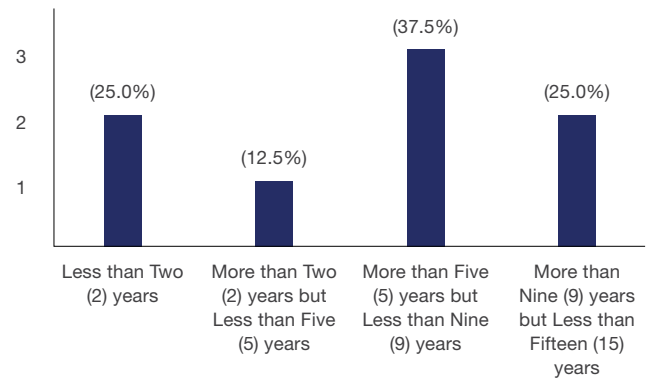


Directors' Nationality



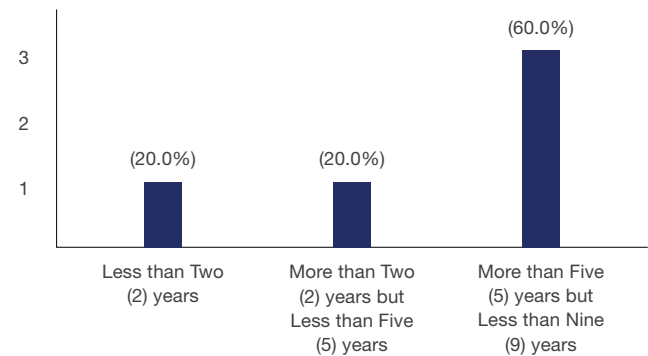
Number of Directors under Different Tenure

(as at 31 March 2023)

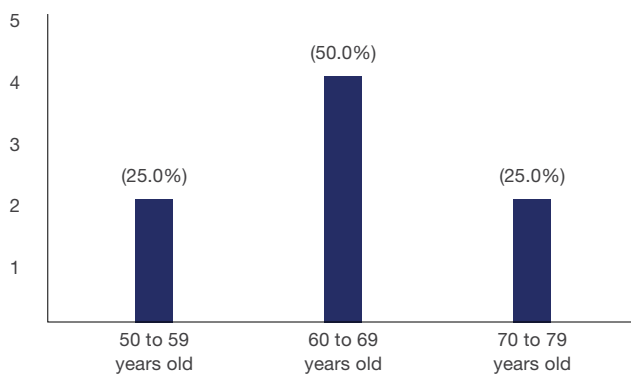


Number of Independent Directors under Different Tenure

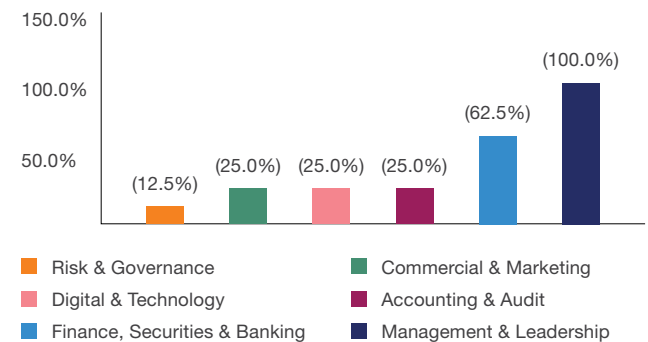
(as at 31 March 2023)



Number of Directors under Different Age Group



Skills and Experience



The Board's composition complies with the minimum one-third (1/3) requirement of Independent Directors as stipulated in the Main Market Listing Requirements ("MMLR") of Bursa Securities and the majority of Independent Directors requirement stipulated in BNM's Policy Document on Corporate Governance.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Tenure of Independent Directors

In compliance with BNM's Policy Document on Corporate Governance and as set out in KIBB's Board Charter, the tenure of an INED should not exceed a cumulative term of nine (9) years.

Upon completion of nine (9) years, an INED may continue to serve on the Board as a NINED subject to BNM's prior approval being obtained. Based on the current Board composition, none of the INED's tenure exceeds nine (9) years.

Notwithstanding the aforementioned, as deliberated by the Board of KIBB at its meeting on 29 July 2021 on the application and adoption of Practices and Step-Up Practices of the revised MCGG, moving forward and in the spirit of the MCGG, Clause 3.3 of KIBB's Board Charter which allows for extension of an INED's tenure beyond the nine (9) years, would be revised to incorporate a formal policy which limits the tenure of an INED to nine (9) years without further extension in line with the MCGG's Step Up Practice 5.4.

The profile of each Director is available on pages 48 to 55 of this Annual Report.

Board and Board Committee Meetings

In 2022, eleven (11) Board meetings were held, two (2) of which were special meetings which were convened to consider urgent proposals that required the Board's expeditious review and deliberation.

As stipulated in the Board Charter and the Constitution of the Company, a Director of the Company must attend at least 75% of the Board meetings held during the financial year, in line with the requirement of BNM's Policy Document on Corporate Governance.

During the Financial Year Ended 31 December 2022, most of the Directors of the Company attended 100% of the Board meetings convened, demonstrating a strong commitment and dedication of the Board members in fulfilling and discharging their respective roles and responsibilities as Directors of the Company.

Following Malaysia's reopening of its international borders on 1 April 2022 as it began the transition to COVID-19 endemic phase, KIBB had likewise, slowly transitioned all of its Board and Board Committees meetings to hybrid and/or physical mode.

The Directors' attendance at Board and Board Committee meetings held during the Financial Year Ended 31 December 2022 are provided below.

Board

Name of Director	Number of Meetings		Percentage (%)
	Held ⁽¹⁾	Attended	
YAM Tan Sri Dato' Seri Syed Anwar Jamalullail (Chairman)	11	11	100.0%
Mr. Luigi Fortunato Ghirardello ⁽²⁾	5	4	80.0%
Encik Ismail Harith Merican	11	11	100.0%
Mr. Luk Wai Hong, William	11	11	100.0%
Encik Jeremy Nasrulhaq	11	11	100.0%
Puan Norazian Ahmad Tajuddin	11	11	100.0%
Mr. Kanagaraj Lorenz	11	11	100.0%
Mr. Choy Khai Choon	11	11	100.0%
Madam Chin Siew Siew ⁽³⁾	6	6	100.0%

Notes:

(1) Reflects the number of meetings held during the time the Director held office.

(2) Retired from the Board of KIBB on 26 May 2022.

(3) Appointed as an INED on 1 June 2022.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Audit Committee (“AC”)

Name of Director	Number of Meetings		Percentage (%)
	Held ^{(1) (2)}	Attended	
Encik Jeremy Nasrulhaq (Chairman)	8	8	100.0%
Mr. Luk Wai Hong, William ⁽³⁾	8	8 ⁽⁴⁾	100.0%
Mr. Kanagaraj Lorenz	8	8	100.0%
Puan Norazian Ahmad Tajuddin ⁽⁵⁾	0	0	0.0%

Notes:

- (1) Reflects the number of meetings held during the time the Director held office.
- (2) Total number of meetings held was inclusive of one (1) joint meeting between AC and GBRC which was held on 30 August 2022.
- (3) Ceased to be a member of the AC on 1 November 2022.
- (4) Attended all the eight (8) meetings held up to 25 October 2022.
- (5) Appointed as a member of the AC on 1 November 2022.

Group Governance, Nomination & Compensation Committee (“GNC”)

Name of Director	Number of Meetings		Percentage (%)
	Held ⁽¹⁾	Attended	
Madam Chin Siew Siew ⁽²⁾ (Chairman)	0	0	0%
Mr. Luk Wai Hong, William ⁽³⁾	8	8 ⁽⁴⁾	100.0%
Encik Jeremy Nasrulhaq	8	8	100.0%
Mr. Luigi Fortunato Ghirardello ⁽⁵⁾	5	5 ⁽⁶⁾	100.0%
Encik Ismail Harith Merican	8	8	100.0%
Puan Norazian Ahmad Tajuddin ⁽⁷⁾	8	8	100.0%
Mr. Choy Khai Choon ⁽⁸⁾	3	3	100.0%

Notes:

- (1) Reflects the number of meetings held during the time the Director held office.
- (2) Appointed as a Chairman of the GNC on 1 November 2022.
- (3) Ceased to be a member of the GNC on 1 November 2022.
- (4) Attended all the eight (8) meetings held up to 25 October 2022.
- (5) Retired from the Board of KIBB and ceased as a member of the GNC on 26 May 2022.
- (6) Attended all the five (5) meetings held up to 28 April 2022.
- (7) Ceased to be the Chairman of the GNC on 1 November 2022 but remained as its member.
- (8) Appointed as a member of the GNC on 1 June 2022.

Group Board Risk Committee (“GBRC”)

Name of Director	Number of Meetings		Percentage (%)
	Held ^{(1) (2)}	Attended	
Puan Norazian Ahmad Tajuddin ⁽³⁾ (Chairman)	8	8	100.0%
Mr. Luigi Fortunato Ghirardello ⁽⁴⁾	2	2	100.0%
Mr. Luk Wai Hong, William ⁽⁵⁾	8	8	100.0%
Mr. Kanagaraj Lorenz	8	8	100.0%
Mr. Choy Khai Choon ⁽⁶⁾	7	7	100.0%
Madam Chin Siew Siew ⁽⁷⁾	1	1	100.0%

Notes:

- (1) Reflects the number of meetings held during the time the Director held office.
- (2) Total number of meetings held was inclusive of one (1) joint meeting between AC and GBRC which was held on 30 August 2022 except for Mr. Luigi Fortunato Ghirardello and Madam Chin Siew Siew.
- (3) Appointed as a Chairman of the GBRC on 1 November 2022.
- (4) Retired from the Board of KIBB and ceased to be a member of the GBRC on 26 May 2022.
- (5) Ceased to be the Chairman of the GBRC on 1 November 2022 but remained as its member.
- (6) Appointed as a member of the GBRC on 26 January 2022.
- (7) Appointed as a member of the GBRC on 1 November 2022.

Group Board Digital Innovation & Technology Committee (“GBDITC”)

Name of Director	Number of Meetings		Percentage (%)
	Held ⁽¹⁾	Attended	
Mr. Kanagaraj Lorenz (Chairman)	6	6	100.0%
Mr. Luk Wai Hong, William	6	6	100.0%
Mr. Luigi Fortunato Ghirardello ⁽²⁾	1	1	100.0%
Puan Norazian Ahmad Tajuddin ⁽³⁾	5	5	100.0%
Encik Jeremy Nasrulhaq	6	6	100.0%
Mr. Choy Khai Choon ⁽⁴⁾	6	6	100.0%
Madam Chin Siew Siew ⁽⁵⁾	4	4	100.0%

Notes:

- (1) Reflects the number of meetings held during the time the Director held office.
- (2) Retired from the Board of KIBB and ceased to be a member of the GBDITC on 26 May 2022.
- (3) Ceased to be a member of the GBDITC on 1 November 2022.
- (4) Appointed as a member of the GBDITC on 26 January 2022.
- (5) Appointed as a member of the GBDITC on 1 July 2022.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Employees' Share Scheme Committee ("ESS Committee")

Name of Director	Number of Meetings		
	Held ⁽¹⁾	Attended	Percentage (%)
Madam Chin Siew Siew ⁽²⁾ (Chairman)	0	0	0.0%
Mr. Luk Wai Hong, William ⁽³⁾	1	1	100.0%
Encik Jeremy Nasrulhaq	1	1	100.0%
Puan Norazian Ahmad Tajuddin ⁽⁴⁾	1	1	100.0%

Notes:

- (1) Reflects the number of meetings held during the time the Director held office.
 (2) Appointed as the Chairman of the ESS Committee on 1 November 2022.
 (3) Ceased to be a member of the ESS Committee on 1 November 2022.
 (4) Ceased to be the Chairman of the ESS Committee on 1 November 2022 but remained as its member.

Shariah Committee

Name of Director	Number of Meetings		
	Held ⁽¹⁾	Attended	Percentage (%)
Dr. Ghazali Jaapar (Chairman)	12	12	100.0%
Dr. Mohammad Firdaus Mohammad Hatta	12	12	100.0%
Dr. Fadillah Mansor	12	12	100.0%

Note:

- (1) Reflects the number of meetings held during the time the Shariah Committee member held office.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

Group Governance, Nomination & Compensation Committee

The GNC of KIBB comprises a majority of INEDs and is chaired by an INED who is not the Chairman of the Board.

Details on the GNC's composition, as well as, its members' attendance at the GNC meetings held during the Financial Year Ended 31 December 2022 are provided on page 73 of this Annual Report and in Section B of the Corporate Governance Report ("**CG Report**") which is available on KIBB's website at <https://www.kenanga.com.my/investor-relations/AGM2023>.

The functions and responsibilities of the GNC are set out in its Terms of Reference which is available on KIBB's website at <https://www.kenanga.com.my/investor-relations/corporate-governance>.

During the Financial Year Ended 31 December 2022, the GNC had deliberated, reviewed and made appropriate recommendations to the Board for approval, pertaining to key matters stated below.

- Appointments and Re-Appointments of Directors within KIBB Group
- Annual Performance Evaluation for the Board, Board Committees and Individual Directors for the Financial Year Ended 31 December 2021, Together with the Annual Assessment on Independence and Fitness and Propriety of Directors
- Review of Compositions of the Board and Board Committees of KIBB and Its Subsidiaries
- Payment of Directors' Fees for the Financial Year 2021 and Meetings Allowances and Benefits for Directors of KIBB Group for the Financial Year 2022
- Directors Training Calendar for 2022 and Status Report on KIBB Group's Directors Training for 2021/2022
- Appointment of KIBB's Representative on the Board of Directors of Its Associate Company
- Assessment on the Fitness and Propriety and Re-Appointments of Members of the Shariah Committee of KIBB and Their Remuneration
- Review of Annual Report 2021 Disclosures
- KIBB's Sustainability Report, Sustainability Statement and Sustainability Targets
- KIBB's 2022 Materiality Matrix Validation, Task Force on Climate-related Financial Disclosures Roadmap 2023-2024 and Sustainability Roadmap 2023-2025
- Re-Appointment of YM Tan Sri Dato' Paduka Tengku Noor Zakiah Binti Tengku Ismail as Adviser of KIBB
- Appointment of New Group Executive Committee Member
- List of Management KRPs of the Group as at 1 January 2022
- New Appointment, Review and Renewal of Contract of Appointment of Management KRPs
- Annual Performance Review and Assessment on the Fitness and Propriety of Management KRPs
- Review of the List of Material Risk Takers and List of Other Material Risk Takers within KIBB Group and Review of Their Compensation
- 2021 Annual Performance Bonus and 2022 Annual Salary Increment for the Group
- 2022 Annual Balanced Scorecards for GMD, Management KRPs, Group Company Secretary and Head of Group Compliance
- Proposal to Adopt Appraisal Demerit Matrix
- Changes in Employment Act 1955 (Amendment 2022) and Proposal to Review Kenanga Group HR Policies and Terms & Conditions of Employment Impacted by the Changes, Where Applicable
- Report on Employees' Share Option Scheme Effectiveness

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Board Appointment Framework

The Board, via the GNC, has put in place a formal and transparent framework governing the appointments of new Directors and Board Committee members, wherein the GNC will recommend the appointment of suitable candidate as Director and Board Committee member of the Company and its subsidiaries, to the Board for approval.

With regard to skills and experience, a skills matrix review processes had been put in place whereby the GNC will undertake a rigorous assessment of potential candidates, prior to making any recommendations to the Board for appointment of a new Director.

During the Financial Year Ended 31 December 2022, the Board composition had undergone some changes following the retirement of Mr. Luigi Fortunato Ghirardello, a NINED of KIBB on 26 May 2022, appointment of Madam Chin Siew Siew as an INED of KIBB on 1 June 2022 and re-designation of Mr. Luk Wai Hong, William from an INED to a NINED upon his tenure as an INED reaching the nine (9)-year threshold, on 1 November 2022.

With the changes, the composition of the Board still complies with the requirements for the Board to comprise a majority of Independent Directors, whereas the appointment of Madam Chin Siew Siew had brought the ratio of women Directors on the Board to 25% from 12.5% previously, closer to the target of 30%.

Employees' Share Scheme Committee

To assist the Board in the administration of KIBB Group's Employees' Share Scheme ("**ESS**" or "**Scheme**"), in accordance with the By-Laws governing the Scheme as approved by Shareholders of KIBB, the Board had established an ESS Committee comprising solely of Independent Directors.

The main objective of the ESS as approved by the Shareholders of KIBB on 25 May 2017, is to align the employees' interests with the long-term objectives of KIBB Group to create sustainable value enhancement for its Shareholders through a high performance culture.

The roles and responsibilities of the ESS Committee which are outlined in its Terms of Reference include the determination of all questions of policy and expediency that may arise in the administration of the ESS including, amongst others, the terms of eligibility of the employees of the Company and its non-dormant subsidiaries ("**Eligible Employees**" or "**Eligible Persons**"), the method or manner in which the grants are made to and exercised by Eligible Employees and any conditions imposed in relation thereto, and the termination of any options, and generally the exercise of such powers and performance of such acts as are deemed necessary or expedient to promote the best interests of the Company.

The functions and responsibilities of the ESS Committee are set out in its Terms of Reference which is available on KIBB's website at <https://www.kenanga.com.my/investor-relations/corporate-governance>.

Shariah Committee

The Shariah Committee was established to provide objective and sound advice to the Board of KIBB to ensure that the Company's aims and operations, business affairs and activities pertaining to its Islamic Banking Window (Skim Perbankan Islam) comply with Shariah rules and regulations as reflected in the fatwas, rulings and guidelines issued by Shariah Advisory Council of BNM and the SC.

The composition of the Shariah Committee is in line with Paragraphs 13.1 to 13.5 of BNM's Shariah Governance Policy Document which requires the Shariah Committee, at a minimum, to comprise at least three (3) members. All Shariah Committee members have the Shariah background.

The functions and responsibilities of the Shariah Committee are set out in its Terms of Reference which is available on KIBB's website at <https://www.kenanga.com.my/investor-relations/corporate-governance>.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Board Diversity and Gender

In recognition of the benefits of a diverse Board in terms of the ability to tap into the many talents which the Board members from their different ages, cultural backgrounds, industry exposure, expertise, competency, experience, knowledge and gender bring to the Company, as well as, their abilities to respond to business opportunities more rapidly and creatively, the Company has endeavoured and will continue to endeavour to achieve an appropriate mix of members to achieve diversification.

During the search of a suitable candidate, one of the key considerations is to ensure that the skill-set of the Board is appropriately balanced to support the strategies and long-term goals of KIBB Group. Amongst others, the considerations include whether the skill-set of the new candidate could complement the collective skill-set of the existing Directors, the integrity and the character of the candidate, the ability to contribute different perspectives to the Board, as well as the ability to commit sufficient time and attention to the affairs of the Company and whether he/ she could fit in with the Company's culture.

Following the issuance of the revised MCCG by the SC on 28 April 2021, the Board of KIBB had, at its meeting on 29 July 2021, deliberated on the status of KIBB's application of the Practices and adoption of the Step-Up Practices of the MCCG.

Arising from the gap analysis, the Board had identified certain action plans in terms of application and adoption of the Practices and Step-Up Practices, respectively.

One of the action plans identified was to adopt Practice 5.9 of the MCCG which recommended for the Board to comprise at least 30% women Directors. Being a Capital Markets Services Licence ("CMSL") Holder under the SC, KIBB is also required to comply with the requirements of Paragraph 5.06 of the SC's Guidelines on Corporate Governance for Capital Market Intermediaries ("**SC's CG Guidelines**"), for the Board of a CMSL Holder to comprise at least 30% women Directors.

Consequential to the appointment of Madam Chin Siew Siew as an INED, the Board composition had moved closer to the requirement of 30% women Directors. Even though KIBB had not fully adopted Practice 5.9 under the MCCG, it had, however, deemed as having fulfilled the requirement of Paragraph 5.06 of the SC's CG Guidelines, as the SC allowed the rounding up of the percentage up to a maximum 5%.

To fully adopt Practice 5.9 of the MCCG, the Board will endeavour to source for suitable woman candidates for future appointment as and when changes to the Board composition are required or reviewed, in line with the Company's business direction and strategy, within a timeframe of three (3) years or less from the issuance of the MCCG on 28 April 2021. Any appointment of a woman Director would be based on merit and potential contributions that she could bring to KIBB, as well as the Group.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

Board Education and Development

1. Induction Programme for Newly Appointed Director

KIBB has developed an induction programme for its newly appointed Directors to familiarise them with the industry and KIBB's business and operations, within three (3) months of their appointments.

This induction programme, which is facilitated by the Group Company Secretary's Office, is conducted by way of a briefing and discussion amongst the Senior Management with the newly appointed Director, on the Company's vision and mission, its philosophy and nature of business, current issues, the corporate strategy of the Group, responsibilities and duties of the Board as a whole, an overview of the risks of the businesses, risk management strategy of KIBB, legal requirements, compliance and regulations, as well as, financial overview of the Group and the expectations of KIBB with regard to contributions from the Directors towards the Company's achievement of its goals.

During this induction programme, the newly appointed Director will also be briefed on the Company's governance framework, the Board processes, as well as, his/ her individual roles and responsibilities as a Board member.

Non-Executive Directors appointed to the Boards of subsidiaries within the Group shall also be provided similar induction programme tailored to the scope of their appointments at the respective entities.

In relation thereof, during the Financial Year 2022, in-house Induction Programme for Newly Appointed Non-Executive Directors had been provided for the following newly appointed Directors within the Group:

Company	Name of Newly Appointed Director	Date of In-House Induction Programme
KIBB	1. Mr. Choy Khai Choon	20 January 2022
	2. Madam Chin Siew Siew	6 & 7 July 2022
Kenanga Investors Islamic Berhad	Puan Norazian Ahmad Tajuddin	14 June 2022
I-VCAP Management Sdn Bhd	Puan Norazian Ahmad Tajuddin	31 January 2023

2. Directors' Continuous Education and Development

In ensuring that the Directors are kept abreast of new developments pertaining to the laws and regulations, the changing commercial risks, as well as, technology and cyber security issues, which may affect the Board and/ or the Company and to ensure that they are fully equipped with the necessary knowledge to assist them in fulfilling their responsibilities as Directors, the Company, through the Group Company Secretary's Office, facilitates the participation and attendance of Directors at appropriate external and in-house training programmes.

In addition to completing the Mandatory Accredited Programme ("MAP") as required by Bursa Securities, the Financial Institutions Directors' Education ("FIDE") Core Programme and the Islamic Finance for Board Programme ("IF4BOD") as required by BNM, and the Capital Market Director Programme ("CMDP") as required by the SC for newly appointed Directors, the Board members are also encouraged to attend training programmes, conducted by recognised professionals/ providers, which are relevant to the Company's operations and business.

To date all the Board members of KIBB had completed the mandatory training programmes required by the respective regulators as aforementioned, including Madam Chin Siew Siew who had completed the CMDP in August 2022, and the MAP in September 2022, within the timeframe stipulated by the SC and Bursa Securities, respectively. Regarding the IF4BOD¹, Madam Chin Siew Siew and YAM Tan Sri Dato' Seri Syed Anwar Jamalullail had registered themselves for the programme and expected to complete the same within the stipulated timeframe, as well.

¹ To be completed within three (3) years of their respective appointments.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

In facilitating the Directors' education and development requirements, the Group Company Secretary's Office, in addition to monitoring the status of all mandatory training programmes to be completed by the Directors, also establishes an Annual Directors' Training Calendar encompassing external training programmes, available in the market and/ or recommended by the Board members and/ or in-house training programmes, which is tabled for endorsement by the GNC and the Board in the first (1st) quarter of each year to create awareness amongst the Directors of training programmes which are available for the year. Thereafter, the GNC and the Board will be updated on the status of Directors' participation in these training programmes on a quarterly basis.

The establishment of the Annual Directors' Training Calendar, took into consideration the feedback/ suggestions received from Directors during the annual Board evaluation process in terms of specific training needs required to enhance the Board's effectiveness and skill-set.

Based on the feedback received from the Directors during the Board Performance Evaluation conducted in 2022, the following areas were identified to be included in the Directors' training needs:

- Sustainability, Environmental, Social and Governance (“**ESG**”) Risks and Climate Change Risks;
- Fintech, Technology Innovations, Artificial Intelligence, including Information Sharing on Market Developments in Digital Products and Competitors;
- Risks in Islamic Finance;
- Cyber Security; and
- Refresher in-house programmes on product knowledge such as Equity Derivatives, Treasury, Digital Business, and Money Market, as well as Anti-Money Laundering and Counter Financing of Terrorism, Section 17A of the Malaysian Anti-Corruption Commission Act 2009, and Consequence Management Process in respect of Management KRPs, the GMD and the Board.

3. Training Programmes Attended by Directors During Financial Year 2022

Title of Programme	Attended By
Property, Insurance, Strategy, Accounting & Finance, Governance, Economy, Leadership, Business, Risk, Tax	
1. An Overview of Revenue Recognition: Property Development Activities by Ernst & Young PLT (“ EY ”) - In-House Programme Organised by S P Setia Berhad (“ S P Setia ”)	TSAJ
2. Overview on Zone AOA (Asia, Oceania and Sub-Saharan Africa) Strategic Roadmap 2022 - In-House Programme Organised by Nestle (Malaysia) Berhad (“ Nestle ”)	TSAJ
3. ASEAN Business Summit by Bloomberg	CKC
4. Management Accounting and Business Environment - University Malaysia (“ UM ”) (attended as a speaker of Faculty of Business and Economics of UM)	JN
5. Webinar on The Corporate Governance (“ CG ”) Overview Statement, CG Report, Audit Committee Report and the Statement on Risk Management & Internal Control (“ SORMIC ”)	JN
6. Nomination and Remuneration Committee (“ NRC ”) Dialogue & Networking - Session #1 by Institute of Corporate Directors Malaysia (“ ICDM ”)	NT
7. MetaFinance: The Next Frontier of the Global Economy by FIDE FORUM	NT & RL
8. Thriving in the New Normal Leading Through Geopolitical Volatility & Compressed Transformation by Bloomberg and Accenture	CKC
9. Assessing Your Organisational Culture by ICLIF Executive Education Center (“ ICLIF ”) (Asia School of Business)	CKC
10. Governance & Compliance Training – In-House Directors' Training organised by Nestle	TSAJ

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Title of Programme	Attended By
Property, Insurance, Strategy, Accounting & Finance, Governance, Economy, Leadership, Business, Risk, Tax	
11. FIDE FORUM Leadership Perspectives Forum on Board Effectiveness in Conjunction with the Launch of FIDE FORUM Board Effectiveness Evaluation Guidebook	JN & NT
12. Navigating Through the Evolution of Corporate Governance with the introduction of Tax Corporate Governance Framework by KPMG Board Leadership Centre Exclusive	CSS
13. Overview on Human Resource by Nestle	TSAJ
14. Overview on Sales & e-Commerce by Nestle	TSAJ
15. ARC International SPAC Seminar	RL
16. Engagement Session with Board Members of General Insurers and Takaful Operators on Motor Claims Reforms by FIDE FORUM	CKC & CSS
17. Alibaba Cloud Summit Kuala Lumpur 2022 by Ali Baba Cloud	JN & RL
18. International Directors Summit 2022 by ICDM	JN
19. The Emerging Trends, Threats and Risks to the Financial Services Industry - Managing Global Risk Investment and Payment System - FIDE Forum	JN & CSS
20. Sembang Nasi Lemak: Tone from the Top - Government Perspectives – In-House Programme Organised by S P Setia	TSAJ
Regulatory and Compliance, Dialogue and Discussion with Regulators, Institutions	
21. Capital Market Directors Programme (" CMDP ") - Module 1 - Directors As Gatekeepers of Market Participants by Securities Industry Development Corporation (" SIDC ")	CKC & CSS
22. CMDP - Module 2A - Business Challenges and Regulatory Expectations – What Directors Need To Know (Equities & Future Broking) by SIDC	CKC & CSS
23. CMDP - Module 3 - Risk Oversight and Compliance – Action Plan for Board of Directors by SIDC	CKC & CSS
24. CMDP - Module 4 - Emerging and Current Regulatory Issues in Capital Market by SIDC	CKC & CSS
25. Non-Compliance with Laws and Regulations by Malaysian Institute of Accountants (" MIA ") - attended as Moderator	JN
26. Mandatory Directors' Programme (" MAP ") by Bursa Securities	CSS
27. Recovery and Resolution Planning Sharing Session by PIDM (Perbadanan Insurans Deposit Malaysia) - FIDE Forum	CSS
28. Conversations with Audit Committee - Session 1 by SC	JN & NT
29. Malaysian Anti-Corruption Commission Act 2009 Section 17A: The Impact of the Technology & the Newly Enhanced Sustainability Reporting by Dr. Mark Lovatt - ICDM	TSAJ, IHM, LWH, JN, NT, RL, CKC & CSS
30. Contemporary Issues In Anti-Money Laundering by Nature of Life	TSAJ, IHM, LWH, JN, NT, RL, CKC & CSS
Information Technology, Digitalisation, Cyber Security	
31. BNM-FIDE Forum MyFintech Week Masterclasses	TSAJ, LFG, LWH, JN, NT, RL & CKC
32. Digital Transformation by ICLIF - In-House Directors' Training Organised by S P Setia	TSAJ
33. Offshore Technology Conference Asia	CKC
34. Bursa 2022 Market Intermediaries and Advocacy Programmes - Addressing and Responding to Growing and More Complex Threat of Cyber Security by Asia School of Business	LWH & CKC
35. SIDC Webinar: The Ongoing Journey of Digital Transformation: Latest Trends and Insight	JN
36. Overview/ Update on Cyber Security by Nestle	TSAJ
37. Singapore Fintech Festival 2022	IHM, LWH, JN, NT, RL, CKC & CSS

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Title of Programme	Attended By
Information Technology, Digitalisation, Cyber Security	
38. Case Study on Properties Companies by Mr. Derick Loi of ANT Group	TSAJ
39. Board of Directors Cybersecurity Awareness by EC-Council	TSAJ, IHM, LWH, JN, NT, RL, CKC & CSS
Islamic Banking and Finance, Shariah Compliance	
40. Islamic Wealth Management from Shariah Perspective by Shariah Adviser of KIBB	NT
41. INVESTASEAN2022 Business Sustainability Series - Shaping a Green Islamic Capital Market - Opportunities & Trends by Malayan Banking Berhad	TSAJ
Sustainability and Environment, Social and Governance ("ESG")	
42. Sustainability and Its Impact on Organisations: What Directors Need to Know by ICLIF	LFG
43. Task Force on Climate Related Financial Disclosure ("TCFD") - Climate Disclosure Training by Bursa Malaysia - TCFD 101	LFG, JN & NT
44. BNM-FIDE Forum Dialogue: Climate Risk Management and Scenario Analysis	JN & NT
45. TCFD - Climate Disclosure Training by Bursa Malaysia - TCFD 102	LFG, JN & NT
46. Introductory Session by UN Global Compact ("UNGC") on a. Brief Introduction on Board Leadership & Sustainability; and b. KIBB-UNGC Collaboration Plans	TSAJ, LFG, IHM, LWH, JN, NT, RL & CKC
47. Global Outlook for ESG Finance by ICLIF - In-House Directors' Training organised by S P Setia	TSAJ
48. ESG Sharing Session by Korn Ferry	TSAJ
49. PNB Knowledge Forum 22: Sustainable Investing: ESG at the Forefront by Permodalan Nasional Berhad	TSAJ
50. Overview on ESG & Update from CSV (Creating Shared Value) Council by Nestle	TSAJ
51. Briefing on ESG by EY – In-House Programme organised by Zurich Insurance Malaysia Berhad	CKC
52. Virtual MIA International Accountants Conference 2022: Leading ESG, Charting Sustainability by MIA	TSAJ & JN
53. Understanding ESG Rating Frameworks to Enable Sustainable Investing in Malaysia by FTSE Russell	CKC
54. International Sustainability Standards Board's Briefing Workshop and Q&As for Emerging Markets by United Nations Sustainable Stock Exchanges Initiative	JN & NT
55. Sustainability Training – In-House Directors' Training Organised by Nestle	TSAJ
56. Webinar on Directors' Duties and Climate Change by Malaysian Bar Council	TSAJ
57. Setting Science-Based Targets by UNGC Academy	NT
58. How to Understand and Take Action on the Global Goals by UNGC	NT
59. Climate Governance Malaysia Conversations with Chairmen: A Standing Item in Board Agendas by FIDE FORUM	CKC
60. Advocacy Dialogue on the Enhanced Sustainability Reporting Framework by Bursa Malaysia	NT & RL

Legend

- YAM Tan Sri Dato' Seri Syed Anwar Jamalullail ("TSAJ")
- Mr. Luigi Fortunato Ghirardello ("LFG")
- Encik Ismail Harith Merican ("IHM")
- Mr. Luk Wai Hong, William ("LWH")
- Encik Jeremy Nasrulhaq ("JN")
- Puan Norazian Ahmad Tajuddin ("NT")
- Mr. Kanagaraj Lorenz ("RL")
- Mr. Choy Khai Choon ("CKC")
- Madam Chin Siew Siew ("CSS")

CORPORATE GOVERNANCE OVERVIEW STATEMENT

4. Training Programmes Attended by Members of Shariah Committee During Financial Year 2022

Title of Programme	Attended By
1. Application of Islamic Treasury from Industry Practitioner's Perspective by Islamic Finance Research and Coaching Sdn Bhd ("IFRAC")	DGJ, DMF & DFM
2. Assessing Potential Sukuk Default and Case Studies by IFRAC	DGJ
3. A-Z Practical Knowledge on Sukuk Structuring by IFRAC	DGJ & DMF
4. Sukuk Fundamentals for Everyone by IFRAC	DMF
5. MFRS 17 Training by EY	DMF
6. Takaful Industry in Malaysia: Development & Challenges organised by UiTM, University of Bolton UK, Great Eastern Takaful Berhad, Hume Institute Lausanne & Chartered Institute of Insurance UK	DMF
7. Code of Ethics & Professional Conduct by Association of Shariah Advisors in Islamic Finance Malaysia	DMF
8. Knowing Your Role: Financial Planners & Financial Advisers Explained by Malaysian Financial Planning Council	DFM
9. How to Manage an Equity Portfolio Using Both Fundamental Analysis and Technical Analysis by Financial Planning Association Malaysia	DFM
10. NVRM122 Corporate Sukuk (Bonds) Financial Modelling using Microsoft Excel by Neurover (Malaysia) Sdn Bhd	DFM
11. 5th World Islamic Economics and Finance Conference, organised by Minhaj University Lahore, Pakistan	DFM
12. Webinar UBD School of Business and Economics, Islamic Finance in Australia: Data Analytics Approach by Prof Dr Ishaq Bhatti, organised by University Brunei Darussalam	DFM
13. IF360 Webinar Series: Ke Arah Pembangunan Kewangan Inovasi dan Rangkuman Kewangan Islam by International Centre for Education in Islamic Finance ("INCEIF")	DFM
14. Program Latihan Halal (Eksekutif Halal) by Majlis Profesional Halal	DFM
15. IF360 Webinar Series: Peranan Kewangan Islam dalam Pembangunan Industri Halal by INCEIF	DFM

Legend

- Dr. Ghazali Jaapar ("DGJ")
- Dr. Mohammad Firdaus Mohammad Hatta ("DMF")
- Dr. Fadillah Mansor ("DFM")

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Succession Plan

Board and Board Committee	Senior Management
<p>The Board had, in October 2015, formalised the Board Succession Planning Framework (“Framework”) which outlines the guiding principles for effective succession planning, as well as the detailed procedure in ensuring smooth transition in the Board’s process and functioning as existing Directors leave and new ones come on board. This Framework is reviewed on a regular basis to ensure its alignment with the latest development in the relevant regulatory requirements, if necessary.</p>	<p>In July 2015, the Board had, upon the GNC’s recommendation, approved the Talent and Succession Management Framework and Methodology for the Group, which aims at ensuring ready successors for leadership positions capable of driving business growth and achieving the Group’s strategic business plan, ensuring a pool of qualified and competent staff prepared and ready to fill up critical positions within the Group as and when required; and ensuring effective development, engagement and retention of high potential employees.</p>

Non-Executive Directors’ Remuneration Framework

The Company aims to set remuneration levels which are sufficient to attract and retain the Directors and Senior Management needed to operate the Company successfully, taking into consideration all relevant factors including the functions, workload and responsibilities involved, but without excessively overpaying to achieve its goal. Regarding the level of remuneration of the GMD and Senior Management personnel, it is deliberated by the GNC after giving due consideration to compensation levels of comparable positions of other similar companies in Malaysia.

The GNC carries out the annual review of the overall remuneration policy for Directors, the GMD and Senior Management whereupon recommendations are submitted to the Board for approval. The GNC also reviews annually the performance of the GMD, Chief Executive Officers of the subsidiaries of the Company, as well as Senior Management and make appropriate recommendations to the Board for approval accordingly.

The remuneration of GMD and Senior Management are made up of two (2) components i.e., fixed basic salary and a variable component comprising the annual discretionary performance bonus and share awards under the ESS. The share awards will only be vested upon the GMD and Senior Management meeting the agreed Key Performance Indicators. Details of such share awards are set out in Note 54 of the Financial Statements section of this Annual Report.

For the Financial Year Ended 31 December 2022, the Directors and Shariah Committee Members are paid the annual fees and meeting allowances for each meeting of the Board, Board Committee or Shariah Committee that they have attended, as stated below.

Financial Year Ended 31 December 2022	Fees
Chairman of the Board	RM520,000.00
Director	RM270,000.00
Chairman of AC ⁽¹⁾	RM60,000.00
Chairman of GNC/ GBRC/ GBDITC	RM40,000.00
Chairman of Shariah Committee	RM80,200.00
Member of AC/ GNC/ GBRC/ GBDITC	RM30,000.00
Member of Shariah Committee ⁽²⁾	RM55,000.00
	RM49,000.00

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Type of Meeting Allowance	Chairman	Member
	Per Meeting	
Board Meeting	RM2,000.00	RM2,000.00
General Meeting of the Company	RM2,000.00	RM2,000.00
AC/ GNC/ GBRC/ GBDITC/ ESS Committee Meeting	RM2,000.00	RM2,000.00
Shariah Committee	RM600.00	RM500.00

Notes:

- (1) The Annual Fee for the Chairman of the AC had been increased from RM40,000 to RM60,000 effective from the Financial Year 2021 as approved by the Board of KIBB on 26 January 2022, upon the GNC's recommendation.
- (2) The Annual Fee for the Financial Year Ended 31 December 2022 were based on the number of years served as a Shariah Committee member, as well as the scope of roles and responsibilities being undertaken.

The payment of Directors' fees will be made after obtaining the Shareholders' approval at the Annual General Meeting ("AGM").

The breakdown of the remuneration of individual Directors which includes fees, other emoluments and benefits-in-kind for the Financial Year Ended 31 December 2022 is set out below.

Group Level	Fees ⁽¹⁾	Salaries	Other	Bonus	Benefits-in	Total
	RM	RM	Emoluments RM	RM	Kind RM	RM
YAM Tan Sri Dato' Seri Syed Anwar Jamalullail	520,000.00	-	24,000.00	-	31,150.00 ⁽²⁾	575,150.00
Mr. Luigi Fortunato Ghirardello	193,013.70 ⁽³⁾	-	38,000.00	-	-	231,013.70
Encik Ismail Harith Merican	300,000.00	-	40,000.00	-	-	340,000.00
Mr. Luk Wai Hong, William	486,630.14	-	122,000.00	-	-	608,630.14
Encik Jeremy Nasrulhaq	390,000.00	-	70,000.00	-	-	460,000.00
Puan Norazian Ahmad Tajuddin	462,410.96	-	108,000.00	-	-	570,410.96
Mr. Kanagaraj Lorenz	370,000.00	-	66,000.00	-	-	436,000.00
Mr. Choy Khai Choon	343,479.46	-	56,000.00	-	-	399,479.46
Madam Chin Siew Siew	185,123.29 ⁽⁴⁾	-	22,000.00	-	-	207,123.29
TOTAL	3,250,657.55	-	546,000.00	-	31,150.00	3,827,807.55

Notes:

- (1) Subject to the Shareholders' approval at the forthcoming AGM.
- (2) Benefits-in-kind for the current Chairman included leave passage, driver, car and other claimable benefits.
- (3) Annual Directors' Fee was pro-rated for the period Mr. Luigi Fortunato Ghirardello was in office until his retirement from the Board of KIBB on 26 May 2022.
- (4) Annual Directors' Fee was pro-rated for the period Madam Chin Siew Siew was in office following her appointment on 1 June 2022.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Company Level	Fees ⁽¹⁾ RM	Salaries RM	Other Emoluments RM	Bonus RM	Benefits-in Kind RM	Total RM
YAM Tan Sri Dato' Seri Syed Anwar Jamalullail	520,000.00	-	24,000.00	-	31,150.00 ⁽²⁾	575,150.00
Mr. Luigi Fortunato Ghirardello	143,013.70 ⁽³⁾	-	26,000.00	-	-	169,013.70
Encik Ismail Harith Merican	300,000.00	-	40,000.00	-	-	340,000.00
Mr. Luk Wai Hong, William	388,301.37	-	84,000.00	-	-	472,301.37
Encik Jeremy Nasrulhaq	390,000.00	-	70,000.00	-	-	460,000.00
Puan Norazian Ahmad Tajuddin	370,000.00	-	68,000.00	-	-	438,000.00
Mr. Kanagaraj Lorenz	370,000.00	-	66,000.00	-	-	436,000.00
Mr. Choy Khai Choon	343,479.46	-	56,000.00	-	-	399,479.46
Madam Chin Siew Siew	185,123.29 ⁽⁴⁾	-	22,000.00	-	-	207,123.29
TOTAL	3,009,917.82	-	456,000.00	-	31,150.00	3,497,067.82

Notes:

(1) Subject to the Shareholders' approval at the forthcoming AGM.

(2) Benefits-in-kind for the current Chairman included leave passage, driver, car and other claimable benefits.

(3) Annual Directors' Fee was pro-rated for the period Mr. Luigi Fortunato Ghirardello was in office until his retirement from the Board of KIBB on 26 May 2022.

(4) Annual Directors' Fee was pro-rated for the period Madam Chin Siew Siew was in office following her appointment on 1 June 2022.

Board Performance Evaluation

In line with the requirements of the MMLR, BNM's Policy Document on Corporate Governance and the recommendations of the MCCG, the performance and contribution of the Board, Board Committees and individual Directors are assessed annually in accordance with the Board Evaluation Framework approved by the Board.

This performance evaluation aims to objectively improve the effectiveness, maximise strengths and address weaknesses of the Board, Board Committees, as well as individual Directors, if any. It enables the Board to assess how they are performing and identify how certain elements of their performance may be improved.

Individual Director's performance evaluation is also aimed at assessing whether each Director continues to contribute effectively and able to demonstrate commitment to the role, including commitment of time for the Board and Board Committee meetings and any other duties.

For the Board and Board Committees, the performance evaluation was conducted using the self-assessment method, whereas for individual Directors, a combination of self-assessment and peer assessment method was used, based on pre-determined criteria covering key areas in line with the Board Charter, as well as the Terms of Reference of the Board Committees.

The Board's effectiveness was assessed in the areas of its structure, operations and interaction, roles and responsibilities, strategy and planning, financial overview, performance management, human capital management, risk management and internal control, shareholders communication and investor relations and understanding of the Board Committees' roles.

The effectiveness of each of the Board Committee was also discussed in detail and areas for enhancements identified accordingly.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Based on the assessment conducted in 2022 and the feedback received from members of the Board, as well as Board Committees, the GNC had recommended certain identified action plans towards enhancing the governance and processes of the Board and Board Committees, which were approved by the Board for implementation, which amongst others included the action plans stated below.

1. Enhancement of the process of setting the strategic business plans and annual budget by conducting a brain storming session led by the Chairman of the Board, between Board Members and Senior Management before tabling of the same to the Board for approval.
2. Development of a longer-term strategy for the Group in respect of Sustainability/ ESG with appropriate matrices and targets.
3. Tracking and monitoring of strategic plan, longer-term digitalisation plans, including tighter review of the Group's Digitisation Plan for the next three (3) years, which should include timelines with specific deliverables, financials separately showing the Business-as-Usual and Digital Businesses, clear Key Performance Indicators for each category, and progress report on investment and/ or business partnerships/ collaborations in relation thereof.
4. Strengthening of the Board's skill set by having a Board Member with ESG/ Sustainability, Market Risk, Legal, Human Resource and Talent Management expertise and experience, as well as candidates with Board experience from other Public Listed Companies and/ or banking or technology entrepreneurial background with practical experience in building a Fintech startup, or experience as a Chief Financial Officer, when considering potential candidates for directorship to add value to the Board and the Company.
5. Address Boardroom diversity and take steps to ensure that women candidates are sought as part of Board recruitment process to facilitate the Company's achievement of 30% women Directors on its Board as recommended by the MCGG, by April 2024².
6. Conduct a review of remuneration of Directors (to be benchmarked against other Investment Banks of similar size and business) to attract and retain suitable Directors for the effective functioning of the Board.
7. Conduct a review on the composition of the Boards and Board Committees of entities within KIBB Group taking into consideration the proper allocation of Board Committee membership depending on skills set and expertise of each Board Member.
8. Identify suitable training programmes for the Directors in the areas stated below.
 - Sustainability, ESG Risks and Climate Change Risks.
 - Fintech, Technology Innovations, Artificial Intelligence, including Information Sharing on Market Developments in Digital Products and Competitors.
 - Risks in Islamic Finance.
 - Cyber Security.
 - Refresher in-house programmes on product knowledge such as Equity Derivatives, Treasury, Digital Business, and Money Market, as well as Anti-Money Laundering and Counter Financing of Terrorism, Section 17A of the Malaysian Anti-Corruption Commission Act 2009, and Consequence Management Process in respect of Management KRPs, the GMD and the Board.
9. Improvement in the Alignment of Reward Structure with ESG Goals/ Targets.
10. Closer Engagement with Group Human Resource on Talent Management.
11. Review of the Board Performance Evaluation Parameters and Matrices.
12. Establishment of a Register of Potential Directors.

Independent Professional Advice

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

Directorships in Other Companies

A Director must not have competing time commitments that may impair his/ her ability to discharge his/ her duties effectively. Directors are required to notify the Board before accepting any new directorship in a public company incorporated in Malaysia and all its subsidiaries incorporated in Malaysia or otherwise, as well as new external professional appointment. The notification should include an indication of time that will be spent on the new appointment.

² At least within three (3) years from issuance of the MCGG by the SC on 21 April 2021

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee

The AC of KIBB comprises solely of INEDs and is chaired by an INED who is not the Chairman of the Board. This is in line with the Step-Up Practice 9.4 of the revised MCCG.

Details on the AC's composition, as well as, its members' attendance at the AC meetings during the Financial Year Ended 31 December 2022 are provided on page 73 of this Annual Report and Section B of the CG Report which are available on KIBB's website at <https://www.kenanga.com.my/investor-relations/AGM2023>.

The AC is established to provide independent oversight on the Group's internal and external audit functions, internal controls and ensuring checks and balances within the Group.

The functions and responsibilities of the AC are set out in its Terms of Reference which is available on KIBB's website at <https://www.kenanga.com.my/investor-relations/corporate-governance>.

Internal Audit Function

The Group Internal Audit ("GIA") is established by the Board to provide independent and objective assurance to the Board that the established internal controls, risk management and governance processes are adequate and operating effectively and efficiently. To ensure independence and objectivity, GIA, which is headed by the Group Chief Internal Auditor ("GCIA"), reports independently to the AC and has no responsibilities or authority over any of the activities reviewed by the Division.

The internal audit function is guided by its Audit Charter which is approved by the AC. The Audit Charter outlines amongst others, GIA's objectives, mission, scope, responsibility, accountability, authority, independence and objectivity, as well as standards and ethics.

An Annual Audit Plan based on the appropriate risk-based methodology has been developed and approved by the AC. On a quarterly basis, internal audit reports and status of internal audit activities including the adequacy of GIA's resources are presented to the AC for review. Periodic follow up reviews are conducted to ensure adequate and timely implementation of audit recommendations by Management.

The GCIA is invited to attend the AC meetings to facilitate the AC's deliberations of audit reports.

The AC, pursuant to its Terms of Reference, oversees the effectiveness of the internal audit function of KIBB by -

- reviewing, approving and reporting to the Board the audit scope, procedures and frequency;
- reviewing and reporting to the Board key audit reports and ensuring that Senior Management is taking necessary corrective actions in a timely manner to address control weaknesses, non-compliance with laws, regulatory requirements, policies and other issues identified by GIA;
- taking note of significant disagreements between the GCIA and the rest of the Senior Management team, irrespective of whether these have been resolved, in order to identify any impact such disagreements may have on the audit process or findings;
- establishing a mechanism to assess the performance and effectiveness of the internal audit function;
- reviewing and reporting to the Board the adequacy of scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work; and
- appointing, setting compensation, evaluating the performance and deciding on the transfer and dismissal of the GCIA and of any staff member of the internal audit function at the request of the GCIA.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Group Board Risk Committee

The GBRC comprises a majority of INEDs and is chaired by an INED who is not the Chairman of the Board.

Details on the GBRC's composition, as well as, its members' attendance at the GBRC meetings during the Financial Year Ended 31 December 2022 are provided on page 73 of this Annual Report and in Section B of the CG Report which are available on KIBB's website at <https://www.kenanga.com.my/investor-relations/AGM2023>.

The GBRC was established to support the Board in meeting the expectations on risk management as set out in BNM's Policy Document on Risk Governance. It also assists the Board in the implementation of a sound remuneration system, by examining whether incentives provided by the remuneration system take into consideration risks, capital, liquidity and the likelihood and timing of earnings, without prejudice to the tasks of the GNC.

The functions and responsibilities of the GBRC are set out in its Terms of Reference which is available on KIBB's website at <https://www.kenanga.com.my/investor-relations/corporate-governance>.

Group Board Digital Innovation & Technology Committee

The GBDITC comprises a majority of INEDs and is chaired by an INED who is not the Chairman of the Board.

The GBDITC was established on 29 August 2019 to support the Board in providing direction and oversight over technology-related matters as set out in BNM's Policy Document on Risk Management in Technology.

In addition to providing oversight on technology-related matters, including risks, the GBDITC also reviews, evaluates and makes appropriate recommendations to the Board for approval, proposals on technology/ digital innovations put forward by Management, in line with KIBB Group's medium and long-term business strategy which includes the digitalisation strategy for the Group.

The functions and responsibilities of the GBDITC are set out in its Terms of Reference which is available on KIBB's website at <https://www.kenanga.com.my/investor-relations/corporate-governance>.

Risk Management and Internal Control

The Board is responsible for ensuring that KIBB has in place effective and comprehensive risk management policies, procedures and infrastructure to identify, measure, monitor and control the various types of risks undertaken by KIBB Group.

In discharging this responsibility, the Board approves and periodically reviews the risk management capabilities of KIBB Group to ensure their ability to support KIBB Group's business activities and any expansion thereof.

It is important to emphasise that the ultimate responsibility for ensuring a sound internal control system and reviewing the effectiveness of the system lies with the Board. The Group's inherent system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve the Group's corporate objectives, as well as, to safeguard the Shareholders' investments and the Group's assets.

The details of KIBB Group's internal control system and risk management framework are set out in the Statement on Risk Management and Internal Control appearing on pages 110 to 114 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Audit Committee to Ensure Compliance with Financial Reporting Standards

At the Board meetings, the Board reviews the Management's reports on the business performance of KIBB, as well as its major subsidiaries, associate and joint-venture companies and the analysis of the Group's performance in comparison to the positions in the preceding month and quarter, as well as year-to-date.

The Board deliberates, and in the process, assesses the viability of business propositions and corporate proposals, and the principal risks that may have significant impact on KIBB's business or on its financial position, as well as the related mitigating factors.

The Board aims to provide a clear, balanced and comprehensive assessment of the Group's financial performance and prospects through the Audited Financial Statements and quarterly financial reports, as well as, through material disclosures made in accordance with the MMLR of Bursa Securities.

The AC assists the Board in overseeing the integrity of the Group's financial reporting and part of this role involves the operation of the financial reporting processes. The processes are aimed at providing the assurance that the financial statements and related notes are completed in accordance with applicable legal requirements and accounting standards and give a true and fair view of the Group's financial positions. In fulfilling this responsibility, the AC also reviews the accuracy and adequacy of the Chairman's Statement and corporate governance disclosures in the Annual Report, the interim financial reports and preliminary announcements in relation to the preparation of financial statements.

During the year under review, two (2) sessions between the AC and the External Auditors were held in the absence of the Management, as part of the medium for greater exchange of views and opinions between both parties in relation to financial reporting.

Investor Relations and Shareholder Communications

The Board is committed to providing the Shareholders, investors and other stakeholders with comprehensive, timely and equal access to information on the Group's activities to enable them to make informed investment decisions.

To ensure continuous communication between KIBB Group and its stakeholders, as well as to facilitate mutual understanding, the Group employs a wide range of communication channels via its Kenanga Digital Channels such as Facebook, Instagram, LinkedIn, TikTok, YouTube, as well as via direct communication and publication of all relevant Group information on its website at <https://www.kenanga.com.my>. The Group utilises its corporate website and social media channels as a means of providing information to its Shareholders and the broader investment community. In 2022, the Company released its first-ever Sustainability Report which is intended to enhance the Group's ESG disclosures to stakeholders.

KIBB Group's corporate website provides comprehensive and easy access to the latest information about the Group. The Group's information made available on the corporate website includes information relating to inter alia, KIBB and its subsidiaries' corporate profiles, Board, Senior Management, corporate governance related matters such as the Board Charter, as well as the Terms of Reference of the various Board Committees, financial reports, annual reports and corporate news via public announcement, media releases and articles.

KIBB endeavours to improve communications with its stakeholders by ensuring information about the Company, products and services are up-to-date and easily accessible with the use of technology via its own Digital Channels and other forms of external media be it digital or traditional such as broadcast or print.

The Company believes it is important to communicate information to stakeholders on a regular basis. In support of this, the Company conducts quarterly results briefings with its institutional shareholders. During these sessions, the Company provides snapshots of its results and business, as well as holding Questions and Answers ("Q&A") sessions to answer inquiries from participants. Quarterly financial information is also communicated via press release and quarterly results briefing decks, as well as the Company's social media channels and corporate website.

For better coordination and control of efficiency, all investor relations events are organised and managed by Group Marketing, Communications and Sustainability of KIBB.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

In order to enhance stakeholders' experience whilst surfing the corporate website, the Company is continuously looking into ways to enhance its corporate website to ensure that the navigation is indeed user-friendly and information shared are easily accessible to all stakeholders. For this purpose, the Company had taken the effort in 2021 to enhance the searchability of its websites via Search Engine Optimisation (SEO) and Search Engine Marketing (SEM).

Information relating to the procedures of whistleblowing is also available on the corporate website.

General Meetings

In line with its digital transformation efforts, the Company has focused on the dissemination of its Annual Report via its website at <https://www.kenanga.com.my/investor-relations/AGM2023> in order to reach a wider spectrum of Shareholders who are active internet users.

Shareholders are encouraged to attend the AGM and to use these opportunities to raise questions and vote on important matters affecting the Group, including the re-election of Directors, the receipt of the Audited Financial Statements, Directors' Remuneration, Renewal of Share-Buy Back Authority, as well as, corporate proposal, if any.

As Malaysia transitions to endemic phase of COVID-19, the Company had conducted its Forty-Eighth (48th) AGM virtually on 26 May 2022 in accordance to the revised Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers issued by the SC on 18 April 2020. The AGM was held virtually via live streaming and online remote voting using the Remote Participation and Electronic Voting Facilities ("**RPEV Facilities**") operated by KIBB's Share Registrar, Boardroom Share Registrars Sdn Bhd ("**Boardroom**").

Shareholders who logged in to participate in the AGM at the Virtual AGM Portal at <https://meeting.boardroomlimited.my> were able to cast their votes online via the same portal using the same login credentials and pose their questions to the Board on a real time basis.

In addition to offering the Shareholders with the opportunities to participate in the AGM, pose questions and vote remotely via the RPEV Facilities, the Company had also offered e-Proxy lodgement via Boardroom Smart Investor Portal, a service also rendered by Boardroom. This alternative mode of submitting

the Proxy Form via electronic means was a step up to enable more Shareholders to exercise their voting rights by appointing a Proxy to attend and vote in their stead.

To assist Shareholders in manoeuvring the RPEV Facilities, an Administrative Guide with detailed steps was provided to the Shareholders to guide them through the process. In addition, Boardroom also provided a Helpdesk service to assist Shareholders who were less-IT savvy.

During the AGM, all the members of the Board together with the External Auditors, Company Secretary, the GMD and a few of the key Senior Management personnel were present virtually using the virtual platform to attend to any questions posed by the Shareholders.

To foster better engagement with the Shareholders during the Forty-Eighth (48th) AGM, the Company had also arranged for one of its Senior Management personnel to brief the Shareholders on live telecast on the Company's financial performance and operations in respect of the Financial Year Ended 31 December 2021 and Business Prospects for 2022 to keep them abreast of the Company's achievements and plans moving forward.

Following the presentation, the GMD presided over the Q&A session by reading out the questions raised by the Shareholders and the Minority Shareholder Watch Group prior to the AGM and answering them accordingly. The GMD also answered all the questions submitted on real time basis during the AGM.

Pursuant to Paragraph 9.21(2)(b) of the MMLR of Bursa Securities, KIBB had published its AGM minutes and Q&As (Key Matters Discussed) on the Company's website after the AGM.

The aforementioned virtual platform has enabled the Company to reach out to a wider spectrum of Shareholders by giving them the opportunity to exercise their rights as shareholders by participating at the AGM via real-time interaction with the Board and Senior Management, and voting from wherever location they might be, even from the comfort of their homes.

Apart from the engagement with stakeholders through the Annual Reports and general meetings, the Company also makes announcements relating to its quarterly results and other relevant announcements to Bursa Securities via Bursa LINK to provide stakeholders with material key information which could affect their decision making, thus enhancing the level of transparency.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

To strengthen its line of communication with the Shareholders, as mentioned earlier, the Board had in July 2021 designated Encik Jeremy Nasrulhaq as the Senior INED, to take heed of their concerns on matters related to corporate governance and the Group’s performance, amongst others.

Sustainability Management

Sustainability is increasingly becoming a necessity for corporations around the world to adopt and implement within their business operations to be sustainable.

In cognisance of the importance of sustainability, the Board of KIBB had on 29 July 2021 established a Management level Group Sustainability Management Committee (“**GSMC**” or “**the Committee**”) to drive the sustainability agenda for Kenanga Group.

Prior to the establishment of the GSMC, all sustainability related initiatives were under the purview of Group Marketing, Communications & Sustainability of KIBB.

The objective of the GSMC is to support the Board in the governance of sustainability in KIBB Group including setting sustainability strategies, priorities and targets, to ensure that KIBB Group addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategies and success, by integrating sustainability considerations in the day-to-day operations of the Group and ensuring the effective implementation of the Group’s sustainability strategies and plans.

In addition to the above, resources have been assigned to advance the Group’s ESG agenda through the establishment of a Sustainability Department with dedicated headcount.

A Group Chief Sustainability Officer was also appointed in 2022 to:

- Envision, drive and enhance sustainability value for all stakeholders;
- Govern and deliver sustainability teams performance;
- Inspire and drive the organisation sustainability culture;
- Secure and optimise resources for the organisation; and
- Establish networking and partnerships at organisation level.

Sustainability Plan

In embarking on its sustainability journey, on 13 September 2021, a Sustainability Plan was presented to the GSMC to outline the Group’s key sustainability priorities, which was later tabled at the GNC and approved by the Board of KIBB on 28 October 2021.

Kenanga’s ESG Framework

In addition to the above, GSMC had also recommended to the GNC for the Board’s approval, Kenanga’s ESG Framework which provided guidance on sustainability plans, setting priorities and targets, as well as managing sustainability performances throughout the Group. The Framework covers four (4) sustainability pillars below with identified six (6) key focus areas.

Sustainability Pillar	Key Focus Areas
Sustainable Economic Growth	<ul style="list-style-type: none"> • Responsible Investment • Digitalisation
Environmental Stewardship	<ul style="list-style-type: none"> • Climate Impact
Empowering People and Communities	<ul style="list-style-type: none"> • Diversity, Inclusion and Well-Being • Community Investment
Good Corporate Governance	<ul style="list-style-type: none"> • Good Business Conduct

Kenanga Group Sustainability Goals and Targets

In April 2022, guided by the Group’s ESG Framework and Sustainability Plan, a ‘Group Sustainability Goals and Targets’ was presented to the GSMC by Group Marketing, Communications & Sustainability of KIBB, outlining the sustainability goals and targets for the Group, which was approved by the Board of KIBB on 6 April 2022, upon recommendation of the GNC.

Kenanga’s Sustainability Roadmap 2023-2025

Subsequently, upon the recommendation of the GSMC and the GNC, the Board of KIBB, had on 7 December 2022, approved the Group Sustainability Roadmap 2023-2025, outlining the sustainability goals and targets for the Group for the next three (3) years.

Integration of ESG Targets and Metrics into the Employees’ Balanced Scorecards

Following the approval of the Group’s Sustainability Roadmap 2023-2025, relevant ESG Key Performance Indicators (“**KPIs**”) were developed and incorporated into the Balanced Scorecards of relevant employees to track and monitor ESG performances.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Kenanga Group's Climate Change Risk Management Framework

On 9 December 2021, the Board had approved Kenanga Group's Climate Change Risk Management Framework ("CCRM Framework") to facilitate the incorporation of climate change-related risk considerations into the governance process, business strategy and operations, reporting and disclosure, as well as risk management system of Kenanga Group.

The climate change risk to be managed by the Group shall be governed by the existing risk governance structure that involves the Board, Board Committees, Management Committees, Business Units and Group Risk Management.

The CCRM Framework supports these efforts by facilitating robust and consistent assessments of economic activities and the impact on climate and the environment. The Framework also covers the sustainability strategy, principles, initiatives and performance of Kenanga Group and focuses on the issues that the Group have determined to be of greatest importance with regard to climate change.

In driving the above goals and targets, the Group developed an implementation plan in line with the Climate Risk Management and Scenario Analysis by BNM, the SC's Task Force of Climate-Related Financial Disclosures ("TCFD") Application Guide, and Bursa Securities' Enhanced Sustainability Reporting Guide.

DIRECTORS' RESPONSIBILITY STATEMENT IN RESPECT OF THE PREPARATION OF THE AUDITED FINANCIAL STATEMENTS (Pursuant to Paragraph 15.26(a) of the MMLR)

The Board is fully accountable for ensuring that the Audited Financial Statements are prepared in accordance with the Companies Act 2016 and the applicable approved accounting standards set out by the Malaysian Accounting Standards Board so as to present a true and fair view of the state of affairs of the Group and of the profit and loss and cash flow as at the end of the accounting period.

In preparing the Audited Financial Statements, the Directors are satisfied that the applicable approved accounting standards in Malaysia have been complied with reasonable and prudent judgment and estimates have been made. The Audited Financial Statements are also prepared on a going concern basis, as the Board has a reasonable expectation, after having made enquiries that the Group has adequate resources, to continue its operational existence in the foreseeable future.

ADDITIONAL INFORMATION

Audit and Non-Audit Fees

The details of the audit and non-audit fees payable to the External Auditors, EY and its affiliates, for the Financial Year Ended 31 December 2022 are provided below.

	Group (RM)	KIBB (RM)
Statutory Audit	572,800	365,000
Audit/ Assurance Related	55,140	55,140
Non-Audit Fees – EY Assurance Team	67,000	25,000
Grand Total	694,940	445,140

Related Party Transactions ("RPTs") and Recurrent Related Party Transactions ("RRPTs")

RPTs and/ or RRPTs entered into by the Company and/ or KIBB Group are reviewed by the AC during its quarterly meetings to ensure compliance with the MMLR.

Material Contracts Involving Interests of Directors, GMD or Major Shareholders

There were no material contracts entered into by the Company or its subsidiary companies involving the interests of the Directors, the GMD or Major Shareholders which still subsisted at the end of the Financial Year Ended 31 December 2022.

Utilisation of Proceeds Raised from Corporate Proposals

There was no new fund-raising corporate exercise during the Financial Year Ended 31 December 2022.

The proceeds from the previous issuance of Subordinated Notes under the RM250 million in nominal value Tier 2 Subordinated Note Programme which was established on 27 March 2017 are being utilised by the Company for working capital requirement.

Details on the outstanding subordinated notes under the programme are set out under Note 25 of the Financial Statements section appearing on page 239 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Employees' Share Scheme

After obtaining the Shareholders' approval at an EGM held on 25 May 2017, KIBB had, on 21 September 2017, established and implemented the Scheme of up to 10% of its total issued share capital (excluding treasury shares) at any one time during the duration of the Scheme for the Eligible Employees⁴ which would be valid for a period of five (5) years from its commencement date. Following the Board of KIBB's approval on 10 June 2020, the duration of the ESS has been extended for another five (5) years from 21 September 2022 to 20 September 2027 in accordance with the provisions of the By-Laws of the ESS.

The ESS comprises the Employees' Share Option Scheme ("**ESOS**") and Employees' Share Grant Plan ("**ESGP**"). It is governed by the ESS By-Laws approved by the Shareholders at the aforesaid EGM and administered by the ESS Committee, comprising three (3) INEDs.

Since the commencement of the ESS on 21 September 2017, six (6) offers had been made under the ESOS on 2 January 2018, 31 May 2018, 2 May 2019, 17 June 2019, 1 July 2020 and 2 August 2021 respectively. As for the ESGP, the Board of KIBB had on 4 March 2021, approved the granting of the Performance Share Plan ("**PSP**") Award to Eligible Employees of the Company and its non-dormant subsidiaries on 3 May 2021 where the PSP shares were vested on 2 June 2021 ("**Vesting Date**").

In determining the total number of shares to be awarded to each Eligible Employee, the ESS Committee and the GNC had taken into consideration amongst others, the Eligible Employees' performance, seniority (denoted by corporate rank) and contribution to the growth and performance of KIBB Group. As part of the conditions attached to the PSP Award, the PSP Grantee is restricted from selling/ transferring the shares issued to him/ her for a period of one (1) year from the Vesting Date.

The details of the ESS are set out under Note 54 of the Financial Statements section appearing on pages 344 to 352 of this Annual Report.

Brief details on the number of options granted, exercised, forfeited and outstanding since the commencement of the ESS on 21 September 2017 and during the Financial Year ("**FY**") 2018, FY 2019, FY 2020, FY 2021 and FY 2022 are set out below.

For the Period from 21 September 2017 to 31 December 2018

ESOS⁽¹⁾	Total	GMD⁽²⁾	Senior Management	Other Entitled Employees
Granted	59,423,000	10,000,000 ⁽³⁾	16,580,000 ⁽³⁾	32,843,000 ⁽³⁾
Exercised	194,400	0	0	194,400
Forfeited ⁽⁴⁾	1,479,000	0	0	1,479,000
Outstanding	57,749,600	10,000,000	16,580,000	31,169,600

⁴ The Employee(s) and Executive Directors of the KIBB Group who meet(s) the criteria of eligibility for participation in the Scheme as set out in By-Law 5

CORPORATE GOVERNANCE OVERVIEW STATEMENT

FY 2019

ESOS ⁽¹⁾	Total	GMD ⁽²⁾	Senior Management	Other Entitled Employees
Granted	6,431,000	0	750,000 ⁽⁵⁾	5,681,000 ⁽⁵⁾
Exercised	0	0	0	0
Forfeited ⁽⁴⁾	1,528,000	0	0	1,528,000
Cancelled ⁽⁶⁾	265,500	0	195,000	70,500
Outstanding	62,387,100	10,000,000	17,135,000	35,252,100

FY 2020

ESOS ⁽¹⁾	Total	GMD ⁽²⁾	Senior Management	Other Entitled Employees
Granted	3,311,000	0	0	3,311,000 ⁽⁵⁾
Exercised	9,247,100	0	1,161,000	8,086,100
Forfeited	1,731,000	0	450,000 ⁽⁷⁾	1,281,000 ⁽⁴⁾
Cancelled ⁽⁶⁾	952,500	0	195,000	757,500
Outstanding	53,767,500	10,000,000	15,329,000	28,438,500

FY 2021

ESOS ⁽¹⁾	Total	GMD ⁽²⁾	Senior Management	Other Entitled Employees
Granted	4,578,000	0	0	4,578,000 ⁽⁵⁾
Adjustment ⁽⁸⁾	0	0	80,000	-80,000
Exercised	25,675,000	3,000,000	9,419,000	13,256,000
Forfeited ⁽⁴⁾	2,158,000	0	300,000	1,858,000
Cancelled ⁽⁶⁾	227,500	0	0	227,500
Reinstatement ⁽⁹⁾	450,000	0	450,000	0
Lapsed ⁽¹⁰⁾	86,000	0	0	86,000
Outstanding	30,649,000	7,000,000	6,140,000	17,509,000
ESGP ⁽¹⁾	Total	GMD ⁽²⁾	Senior Management	Other Entitled Employees
Granted	3,610,000	320,000	2,030,000	1,260,000
Vested ⁽¹¹⁾	3,610,000	320,000	2,030,000	1,260,000
Outstanding	0	0	0	0

CORPORATE GOVERNANCE OVERVIEW STATEMENT

FY 2022

ESOS ⁽¹⁾	Total	GMD ⁽²⁾	Senior Management	Other Entitled Employees
Granted	0	0	0	0
Adjustment ⁽¹²⁾	0	0	840,000	-840,000
Exercised	12,673,500	0	5,758,000	6,915,500
Forfeited	956,500	0	0	956,500
Cancelled ⁽⁶⁾	269,500	0	0	269,500
Lapsed ⁽¹⁰⁾	39,500	0	0	39,500
Outstanding	16,710,000	7,000,000	1,222,000	8,488,000

ESGP ⁽¹⁾	Total	GMD ⁽²⁾	Senior Management	Other Entitled Employees
Granted	0	0	0	0
Adjustment	0	0	50,000	-50,000
Vested ⁽¹¹⁾	0	0	0	0
Outstanding	0	0	0	0

Notes:

- (1) The ESOS and ESGP are offered to Eligible Employees.
- (2) The GMD is not a Director of KIBB. None of the Directors of KIBB is entitled to participate in the ESOS and the ESGP.
- (3) The offer to the GMD was granted on 31 May 2018 while the offer to Senior Management and Other Entitled Employees was granted on 2 January 2018 respectively.
- (4) ESOS forfeiture due to staff resignation.
- (5) The offer to Other Entitled Employees and Senior Management was granted on 2 May 2019, 17 June 2019, 1 July 2020 and 2 August 2021 respectively.
- (6) ESOS cancellation due to vesting conditions not fully met.
- (7) ESOS forfeiture in compliance with Section 92 of the Financial Services Act 2013.
- (8) Adjustment made due to an employee's appointment as the Chief Executive Officer of I-VCAP Management Sdn Bhd. Hence, the re-categorisation of the ESOS.
- (9) Reinstatement of the earlier cancelled ESOS in Note 7.
- (10) ESOS lapsed due to unexercised options within the three (3) years of the Exercisable Period.
- (11) PSP Grant vested and credited to employees' CDS account.
- (12) Adjustment made due to an employee's appointment as a Group EXCO Member of KIBB. Hence, the re-categorisation of the ESOS.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Maximum Allowable Allocation of the Scheme

The aggregate maximum number of KIBB shares that may be offered to an Eligible Person under the Scheme shall be determined at the sole and absolute discretion of the ESS Committee after taking into consideration, amongst others, the provisions of the By-Laws of the ESS, MMLR of Bursa Securities or other applicable regulatory requirements prevailing during the option period relating to employees' and/ or directors' share issuance schemes, as well as, the performance, targets, position, annual appraised performance, seniority and length of service of the Eligible Person or such other matters which the ESS Committee may in its sole and absolute discretion deem fit and subject to the following:

- a. aggregate maximum number of KIBB shares which may be made available under the Scheme shall not in aggregate exceed 10% of the issued share capital of the Company (excluding treasury shares) ("**ESS Shares**") at any point in time during the duration of the Scheme ("**Maximum ESS Shares**"); and
- b. not more than 10% of the aggregate number of KIBB shares to be issued under the Scheme shall be allocated to any individual Eligible Person who, either singly or collectively through persons connected with the Eligible Person, holds 20% or more of the issued share capital of KIBB (excluding treasury shares, if any).

The ESS granted to the GMD and Senior Management during FY 2022 and since the commencement of the ESS up to 31 December 2022 is tabulated below.

Description	1 January 2022 to 31 December 2022	Since Commencement Up to 31 December 2022
Percentage of the Aggregate Maximum Allocation over the Maximum ESS Shares	0%	0.70%
Actual Percentage of the ESOS Granted over the Maximum ESS Shares	0%	37.38%
Actual Percentage of the ESGP Vested over the Maximum ESS Shares	0%	3.32%

In respect of FY 2022, there was no allocation of the shares under the ESS made to the Eligible Employees and hence, no review was conducted.

This Corporate Governance Overview Statement is made in accordance with a resolution of the Board of Directors dated 5 April 2023.

TAN SRI DATO' SERI SYED ANWAR JAMALULLAIL

Chairman of the Board

ETHICS AND COMPLIANCE STATEMENT

OVERVIEW

Kenanga Investment Bank Berhad and its subsidiary companies (“**Kenanga**”) is committed to ensure our business and operations are conducted professionally in compliance with the applicable laws and regulations while adopting the highest standards of ethical principles and integrity. We continuously emphasise on the importance of a strong governance framework and robust operational controls in our pursuit of business opportunities with the goal of maintaining sustainable presence.

In Kenanga, we balance business performance with our motivation to preserve ethics and compliance, and this is reflected through the actions of our Board of Directors (“**Board**”), Senior Management and all other employees. We work in an environment where all are fully cognisance of the corporate culture of Kenanga and acknowledge their individual and collective accountability to meet compliance obligations that are consistent with our business risk tolerance.

OUR ETHICS AND COMPLIANCE MANAGEMENT STRUCTURE

Kenanga has established a strong ethics and compliance management structure to support the establishment of our governance framework. The structure sits within the Group Regulatory and Corporate Services (“**GRCS**”) Division providing oversight on ethics and compliance programs so that Kenanga meets the regulatory objectives and upholds the integrity in all business dealings. This would ultimately ensure the required good corporate governance for sustainability of Kenanga.

The following six (6) departments within GRCS work together to carry out the overall responsibilities under the ethics and compliance structure:

Group Compliance	Manages the overall regulatory compliance issues in relation to the regulated activities as per the Licensing Handbook of the Securities Commission Malaysia
Group Financial Crime Compliance	Facilitates compliance with the applicable laws and regulatory requirements in relation to Anti-Money Laundering, Counter Financing of Terrorism and Targeted Financial Sanctions
Group Prudential Supervision and Regulatory Affairs	Manages consultations with the regulators and provides sound advice to ensure compliance with regulatory requirements and expectations as well as standard practices across Kenanga
Group Business Ethics and Integrity	Develops and implements the applicable framework, policies and procedures towards promoting ethics and integrity in the business and operations of Kenanga
Group Legal	Manages legal documentation and provides legal consultation towards mitigating legal risks
Group Company Secretarial	Ensures integrity of the governance framework and compliance of the Board with statutory and regulatory requirements as well as facilitates communication and implementation of Board’s decision.

ETHICS AND COMPLIANCE STATEMENT

OUR APPROACH OF PRESERVING GOOD GOVERNANCE

As a measure to achieve the highest standards of corporate governance in the highly regulated environment of the capital markets, the 'Ethics Risk Management Framework' ("EMF") and 'Compliance Management Framework' ("CMF") have been established within GRCS providing the structure and guidance for systematic and consistent oversight and monitoring functions for compliance and ethics. The same frameworks work to address and manage sustainability matters of Kenanga.

The EMF and CMF are risk-based, centre-led approaches that incorporate two (2) core principles of risk mitigation and risk monitoring which complement each other:

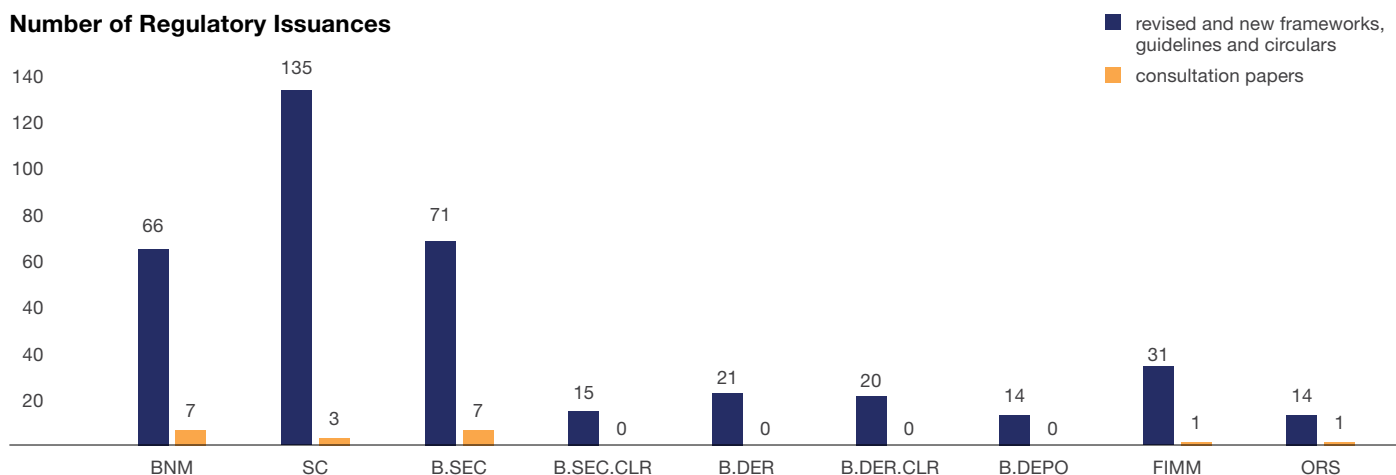
Ethics and Compliance Risk Mitigation	Ethics and Compliance Risk Monitoring
<p>Identify the risks associated with business of Kenanga</p> <hr/> <p>Measure the risks in order to assign their severity level</p> <hr/> <p>Assess for appropriate controls to address any deficiencies</p> <hr/> <p>Implement the controls involving the relevant parties in Kenanga</p> <hr/> <p>Educate and train on the controls highlighting consequences of failing to comply</p>	<p>Monitor and test if risk mitigation is working properly via various measures:</p> <ul style="list-style-type: none"> Identify critical and high-risk areas Identify key compliance risk mitigation activities Identify routine business transaction associated to compliance obligations Review and test compliance with legal and regulatory requirements Review and test implementation of policies and procedures

In essence, the EMF and CMF are vital approaches which serve as foundations in the implementation and continuous review and update of the appropriate ethics and compliance programs in Kenanga. The approaches synchronise the handling of ethics and compliance issues in order to preserve the good corporate culture of Kenanga.

OUR REGULATORY AWARENESS AND COMPLIANCE TOOLS

GRCS plays a key role in the facilitation of regulatory issuances across Kenanga as an effort to ensure awareness of the employees of revised and new requirements issued by the regulators. In 2022, there were a total of three hundred eighty-seven (387) revised and new frameworks, guidelines and circulars, and nineteen (19) consultation papers which were facilitated by GRCS effectively.

Number of Regulatory Issuances



ETHICS AND COMPLIANCE STATEMENT

Further to the dissemination of the frameworks, guidelines and circulars, GRCS follows up on actions required of the affected divisions or departments up to completion and ensures compliance with the revised or new requirements via our Regulatory Issuances Impact Review (“**EDGE**”) review exercise. In this regard, the EDGE serves as a tool to assist compliance of the divisions or departments with the requirements particularly where actions are required to be taken with regard to internal policies, procedures or controls.

ENHANCED INITIATIVES ON ETHICS AND COMPLIANCE

With the continued support of our Board and Senior Management, Kenanga had successfully undertaken numerous initiatives in 2022 to further strengthen our internal controls. All new and ongoing initiatives were carefully considered, reviewed and reasonably challenged to guarantee positive acceptance and implementation.

- **Independent Review of Kenanga’s Anti-Bribery and Corruption (“ABC”) Compliance Program**

Kenanga had appointed Baker Tilly MH Consulting Sdn Bhd (“**BTMHC**”) as an independent third party to undertake an assessment on the effectiveness of ABC framework and compliance of Kenanga with the Guidelines on Adequate Procedures under Section 17A(5) of Malaysian Anti-Corruption Commission Act 2009 (“**MACCA**”) as well as Securities Commission Malaysia’s letter dated 16 March 2021 on Observations and Good Practices Relating to Compliance with Corporate Liability Provision (“**SC’s Observations**”).

The independent review was conducted based on forty-one (41) observations criteria established pursuant to T.R.U.S.T principles of the Guidelines on Adequate Procedures and the outcome indicated that Kenanga has complied with forty (40) observations criteria (i.e. 97.6%).

Top Level Commitment	Risk Assessment	Undertake Control Measures	Systematic Review, Monitoring & Enforcement	Training and Compliance
5/5	7/8	9/9	5/5	11/11
Overall Scoring: 40/41 Compliance Percentage: 97.56%				

Generally, BTMHC’s observations and recommendations in relation to steps taken by Kenanga to address compliance with Section 17A of the MACCA as well as SC’s Observations concluded that ABC Compliance Program of Kenanga is reasonable and effective, in all material respects, in accordance with the Guidelines on Adequate Procedures. The only outstanding observation where Kenanga is rated as ‘Partially Compliant’ is in relation to group-wide corruption risk assessment which is ongoing.

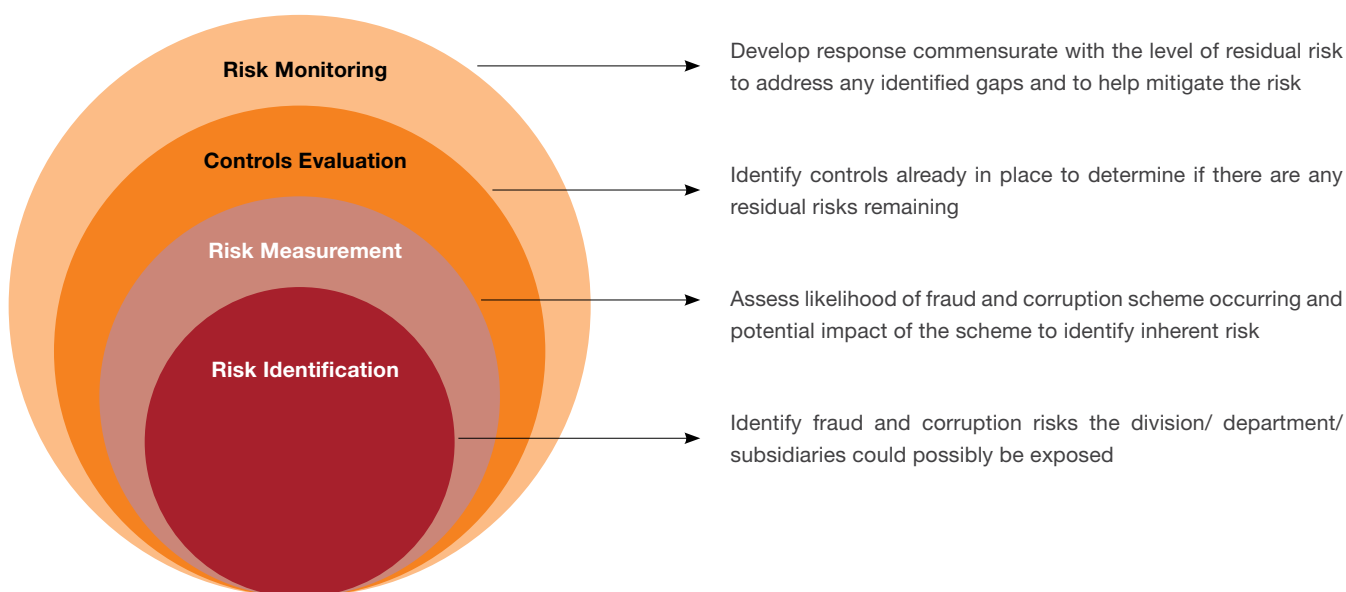
Notwithstanding the achievement by Kenanga as independently assessed by BTMHC, we recognise that best practices should always grow and evolve in tandem with and to meet the ever-changing business landscape. As such, Kenanga is committed to adapting to the business and regulation changes over time, and to remain compliant with the laws that govern our business while constantly developing and improving in accordance with the best standards of the industry.

ETHICS AND COMPLIANCE STATEMENT

• Fraud and Corruption Risk Assessments

The extensive Fraud and Corruption Risk Assessment (“**FCRA**”) exercise continued spanning across the different departments, divisions and subsidiaries of Kenanga. The FCRA is a group-wide risk assessment conducted to assess the inherent fraud and corruption risks exposures and the associated processes and controls by which these exposures are mitigated.

In carrying out the assessment by taking into consideration the propensity of fraud and corruption occurring, Kenanga assessed fraud and corruption risks against a set of ‘risk appetite’ metrics approved by the Board. The ‘Guidance on Conduct of Fraud and Corruption Risk Assessment’ is the guiding principle in conducting the FCRA which involves four (4) main core activities:



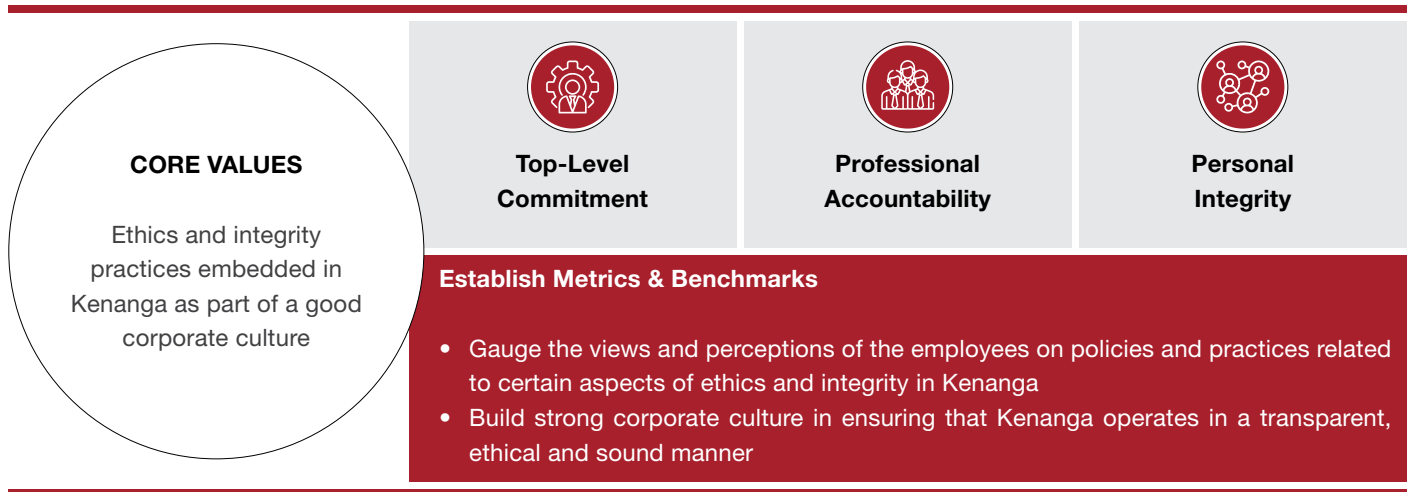
Due to the extensiveness of the FCRA exercise which covers Kenanga group-wide, research and study have been carried out by GRCS to identify critical or higher risk departments, divisions and subsidiaries for exposure of fraud and corruption. This considers various benchmarked reports and surveys issued on the subject matters. Pursuant to the research and study, the FCRA will be conducted by prioritising the departments, divisions and subsidiaries identified with higher risk indicators towards completion of the whole exercise for Kenanga.

• Survey on Effective Management of Ethics and Integrity in Kenanga

Kenanga values views and opinions of our employees. The employees are always encouraged to express views and concerns as this would assist Kenanga to identify if there is any issue in order to implement the necessary preventive or corrective measures. On this basis, the Survey on Ethics and Integrity Culture at Workplace (“**Ethics Survey**”) was introduced.

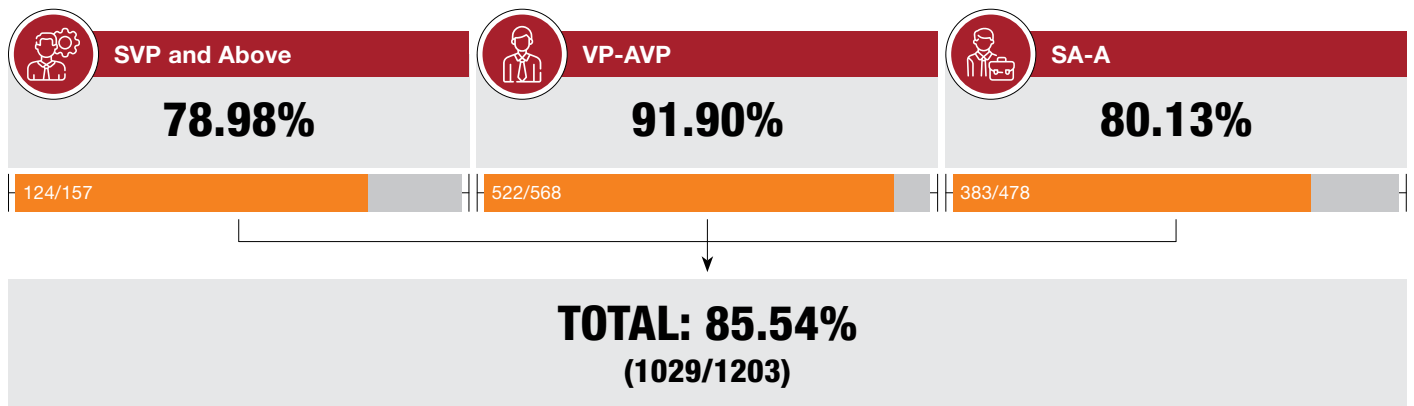
The employees were encouraged to respond to the Ethics Survey which was conducted for the third time to gauge their views and perceptions on policies and practices related to ethics and integrity in Kenanga. Similar to the previous two (2) Surveys, the Ethics Survey 2022 was also conducted by segregating the employees into three (3) different groups based on their seniority level and each group was requested to respond to a different set of questionnaires covering three (3) core values.

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However, as the responses to the previous two (2) Surveys indicated an overall commendable result, all questions for the Ethics Survey 2022 have been revamped to obtain views and feedbacks involving more intrinsic aspects of ethics and integrity being practiced in Kenanga. The respondents were requested to assign rating (i.e. 'Agree', 'Neutral' or 'Disagree') to the statements depicting ethical practices of Kenanga as well as of the employees either professionally or in their personal capacity where it can affect their job functions.

A total of 85.54% employees responded to the Survey 2022:



Note:

SVP – Senior Vice President; VP – Vice President; AVP – Assistant Vice President; SA – Senior Associate; A – Associate

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The overall responses to the Ethics Survey 2022 were positive where respondents from all the three (3) different groups generally 'Agree' that ethics and integrity are highly prioritised in business and operations of Kenanga; i.e. more than 97% of employees from the respective groups of employees responded 'Agree' to all the questions.

Core Values	Employee Group	Employees' Response		
		Agree	Neutral	Disagree
TOP LEVEL COMMITMENT: The scope of the questionnaire is to ascertain respondents' opinions on whether Board and Senior Management took visible strategic initiatives to set and communicate policies and objectives related to ethics and integrity, as well as to raise awareness, motivation and engagement.	SVP and Above	98.59%	1.41%	0.00%
	VP and AVP	97.51%	1.77%	0.72%
	SA and Associate	98.24%	1.50%	0.26%
PROFESSIONAL ACCOUNTABILITY: The scope of the questionnaire aims to understand whether the respondents acknowledge their responsibility to subscribe to ethics and integrity principles while undertaking assignments and commitments at work.	SVP and Above	100.00%	0.00%	0.00%
	VP and AVP	99.43%	0.45%	0.13%
	SA and Associate	99.39%	0.44%	0.17%
PERSONAL INTEGRITY: The scope of the questionnaire is to understand whether the respondents encompass good moral and ethical principles and values one holds themselves to gain trust, show self-respect, and display professionalism at work	SVP and Above	100.00%	0.00%	0.00%
	VP and AVP	99.49%	0.32%	0.19%
	SA and Associate	99.65%	0.17%	0.17%

In this regard, Kenanga acknowledges the feedbacks provided by the employees and will continuously engage to communicate our policies, principles and expectations of Kenanga to ensure preferable outcomes. The outcome from the Ethics Survey 2022 will form part of the factors in determining the necessary measures and actions for maintenance or enhancements of the ethical and compliance culture in Kenanga, where relevant.

ETHICS AND COMPLIANCE STATEMENT

UPHOLD HIGH STANDARDS OF CORPORATE GOVERNANCE

The Board maintains oversight of the ethics and compliance risks exposure to ensure effective implementation of the management strategies, frameworks and policies. In this regard, GRCS works closely with all stakeholders with the aim of aligning business direction with the established strategies, frameworks and policies that instil a culture where professionalism, ethics and compliance are key priorities.

• Anti-Fraud, Bribery and Corruption

Kenanga is subject to the provisions of the MACCA as well as applicable local laws, rules, and regulations on anti-fraud, bribery and corruption issued by the relevant regulatory authorities. In this regard, Kenanga takes a zero-tolerance approach against all forms of fraud, bribery and corruption and requires the same approach from our Board, Senior Management as well as our employees. Similarly, Kenanga expects the same commitment from all third parties that we deal with on any matter and in any manner.

The Group Anti-Fraud, Bribery and Corruption Policy (“**AFBC Policy**”) sets out the guiding principles for Kenanga to address and manage fraud, bribery and corruption risks in all our dealings. The AFBC Policy specifies the principles in relation to top-level commitment, group-wide risk assessment and control measures as well as monitoring and training programs of Kenanga.

In line with the AFBC Policy, the Group Anti-Fraud, Bribery and Corruption Reporting Procedure (“**AFBC Reporting Procedure**”) was updated in 2022. The AFBC Reporting Procedure further detail the requirements and procedures for the Board and employees in relation to reporting of instances of fraud, bribery and corruption and the actions required to be taken in this regard.

• Anti-Money Laundering, Countering Financing of Terrorism and Targeted Financial Sanctions (“**AML/CFT/TFS**”)

The rapid-evolving financial crime arising from ransomware, cryptocurrencies and the remaining impact of COVID-19 pandemic on money laundering have continued to be the trend of 2022. With the global effort led by Financial Action Task Force to combat money laundering, terrorism financing and proliferation financing (“**ML/TF/PF**”) and to protect the integrity and stability of the international financial system, Kenanga has continued to strengthen the AML/CFT/TFS compliance framework in line with Kenanga's zero-tolerance of financial crime.

These are demonstrated through, amongst others:

- The top-level commitment, i.e. tone from the top for good AML/CFT/TFS compliance culture and corporate governance;
- Enterprise-wide Business-based Risk Assessment to identify, assess, manage and mitigate the ML/TF/PF risks in relation to the operations and business;
- Robust AML/CFT/TFS compliance framework comprising policy and procedures that define the standards, governing policies, principles and controls in managing the risks of ML/TF/PF on a risk-based approach; and
- Internal controls to detect, deter and prevent Kenanga from being a conduit for ML/TF/PF

In addition, digital acceleration continues to be the key effort of Kenanga to upgrade the automation of systems to ensure compliance with regulatory requirements and expectation, mitigate compliance and reputational risk, and stay competitive in business.

• Code of Conduct for Employees

Good conduct is critical to delivering positive outcomes for our clients, stakeholders and capital markets at large. We empower our employees to do what is right by setting clear expectations through the Group Code of Ethics and Conduct for Employees (“**Employees Ethics Code**”), as well as by providing the support, tools and resources that employees need to act ethically, along with clear information about the various resources available to escalate concerns.

Kenanga places confidence on our employees and the Employees Ethics Code is a testament to this belief that our values are reflected through the conduct and behaviour of our employees. All employees are expected to observe high standards of professionalism, integrity

ETHICS AND COMPLIANCE STATEMENT

and conscientiousness, and must not put themselves in an obligated or compromised position in all dealings with each other as well as with external parties.

The commitment of all employees to comply with the Employees Ethics Code is procured and refreshed where all new recruits are required to acknowledge understanding on expectation in regard to the Code while similar acknowledgement is obtained from the existing employees annually.

- **Code of Conduct for Vendors**

Kenanga treats our vendors fairly through conduct of business and behaviour that are consistent with our ethical values and principles. It is also the goal of Kenanga to always collaborate with our vendors towards contributing to the sustainable development goals.

The Code of Conduct for Vendors ("**Vendors Conduct Code**") reflects the values of ethics and integrity of Kenanga and is principled on ensuring the highest standards of professional conduct from its vendors. The Vendors Conduct Code sets out the minimum standards of general business conduct and ethical practices expected of all vendors who engage with or undertake work for Kenanga. By requiring vendors to commit to the same, Kenanga takes the step towards ensuring that the parties it deals with are similarly committed to exemplary values.

- **Managing Conflict of Interest**

The Group Conflict Management Policy ("**Conflicts Policy**") sets forth the policies and guiding principles in managing conflicts of interest. The Conflicts Policy introduces 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 the employees.

In addition to the Conflicts Policy, the Guidance on Conflict of Interest ("**Conflicts Guidance**") was adopted to provide further guidance towards identifying and managing personal and business-related conflicts of interest. The Conflicts Guidance further reinforces the primary responsibility of all parties in Kenanga in identifying, reporting and managing conflicts of interest.

The employees as well as department, divisions and subsidiaries within Kenanga are required to declare any actual, potential or perceived conflicts of interest, be it personal or business-related. This requirement is premised on the basis that such conflicts could interfere with the ability to act objectively and in the best interest of Kenanga, and in order for any conflicts to be properly managed by taking the necessary steps.

- **Gifts, Entertainment and Hospitality**

The Group Gifts, Entertainment and Hospitality Policy ("**GGEH Policy**") serves as one of the control measures involving situations that could be deemed as conflict of interest or could potentially give rise to the appearance of conflict of interest in relation to any business dealings between Kenanga and external parties. The GGEH Policy clarifies the position of Kenanga in regard to giving and acceptance of gifts, entertainment and hospitality in the conduct of business while ensuring the highest standards of ethics and integrity are preserved.

In addition to prescribing specific threshold limits and approval requirements in relation to gifts, entertainment and hospitality that employees of Kenanga may offer or receive, the GGEH Policy also stipulates that employees are strictly prohibited from offering or accepting gifts, entertainment and hospitality with a view to improperly cause undue influence on any other party in exchange of any business dealings.

- **Chinese Wall and Insider Trading**

Kenanga 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**") is established to prevent and/ or control the flow of confidential and material non-public and price sensitive information ("**MNPI**") especially between the divisions and departments of Kenanga.

The Chinese Wall Policy establishes guidelines to avoid the risk of possible breach of insider trading provisions and prevent possible conflicts of interest issues. In managing the exposure or misuse of confidential and MNPI, personal trading of the employees is being monitored. This allows early detection of any sign of insider trading and assists to avoid potential violations of insider trading regulations and therefore, contribute to overall market integrity.

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

Kenanga 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, 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 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 Kenanga to promptly detect any infringements that do occur.

- **Whistleblowing**

Kenanga has established the Group Whistleblowing Policy and Guidance Notes (“**Whistleblowing Policy**”) which allows any parties to speak up of their concerns relating to any behaviours, conducts, practices or omissions that are either unlawful or irregular. The Whistleblowing Policy also assures and provides safeguards for any parties speaking up in good faith.

In our Ethics Survey 2022, more than 90% of the employees responded stating their confidence to raise concerns within Kenanga without fear of reprisal. This is a positive sign of effective communication by Kenanga on the commitment and determination to address any unlawful or irregular behaviours, conducts, practices or omissions the right way.

- **Common Reporting Standard (“CRS”)**

In compliance with the CRS requirements, Kenanga had submitted the financial account information of non-resident clients to the Inland Revenue Board of Malaysia (“**IRBM**”) in June and July 2022 respectively. The submission involved ninety (90) entities and funds of Kenanga that have been registered with the IRBM for CRS purposes.

PROVISION OF TRAINING AND AWARENESS PROGRAMS

Kenanga recognises that effective communication is key to ensure that employees understand their roles and responsibilities in order to safeguard the interests of Kenanga and our stakeholders. Therefore, in 2022, GRCS has enhanced training programs as an extended effort in building ethical and compliance culture from within.

Further, the impact of COVID-19 pandemic has accelerated the need for innovation and technology, including transformation from instructor-based to online-based training. Premised on the same, Kenanga has reformed the method of training delivery by leveraging on technology more than ever. This also allows us to reach out to a larger audience residing in various places where Kenanga is present.

- **Fraud Awareness Campaign**

Kenanga has been a Corporate Alliance Partner of the Association of Certified Fraud Examiners (“**ACFE**”) since 2015, a partnership program which denotes commitment of Kenanga to the fight against fraud through educational opportunities and setting of the tone from the top.

As part of the annual Fraud Awareness Campaign of Kenanga, the 6th Fraud Awareness Week (“**FAW**”) was again held in 2022 under the theme ‘Reaffirming Ethical and Moral Resilience for Good Governance’. The initiatives and activities for the FAW were executed across five (5) weeks, which began on 12 October 2022 towards the International FAW of the ACFE from 13 November 2022 until 19 November 2022.

Apart from promoting fraud prevention and detection, the FAW seeks to reaffirm the commitment and belief of Kenanga in the importance of ethical and moral values in shaping good governance whilst moulding the corporate culture that thrives within the current evolving and transforming regulatory landscape. This also corresponds to the United Nations Global Compact’s 10th Principle which emphasises on the need for businesses to work against corruption in all its forms.

The FAW had also illustrated the emphasis of Kenanga on the ‘Governance’ pillar in line with the drive towards ensuring environmental, social and governance (“**ESG**”) compliance. Kenanga had expanded our internal campaign that began six (6) years ago to create awareness of the importance of fighting fraud to the financial industry and in such process, remain committed to continue emphasising the importance of accountability, integrity and good governance to an even greater audience.

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FAW Virtual Opening Ceremony

The Virtual Opening Ceremony of the 6th FAW was broadcasted 'live' on 14 November 2022. The Ceremony included pre-recorded talks with distinguished invitees giving views and updates on anti-fraud and anti-corruption efforts.

The key speakers include the Chairman of Kenanga Investment Bank Berhad, Y.A.M. Tan Sri Dato' Seri Syed Zainol Anwar Ibni Syed Putra Jamalullail; the Chairman of Bursa Malaysia Berhad, Tan Sri Abdul Wahid Omar; as well as, the President and CEO for the Association of Certified Fraud Examiners, Mr. Bruce Dorris. In addition, Mr. Dan McCrum, an investigative journalist at the Financial Times also shared his experiences in revealing the financial scandal of Wirecard. He is the author of "*Money Men: A Hot Startup, A Billion Dollar Fraud, A Fight for the Truth*".

A total of 677 viewers tuned in to the live streaming of the Virtual Opening Ceremony in 2022 of which 165 viewers were from external parties. This indicated an increase of about eighty percent (80%) total viewers as compared to the Virtual Opening Ceremony in 2021.

FAW Team Photos and Feedbacks

As Kenanga emphasises our commitment to improving the corporate culture and maintaining a positive and professional environment, we continue to engage our employees by seeking feedbacks to further grow and thrive.

During the period of the FAW, all FAW Games participations from the employees of Kenanga were invited to participate in the FAW Team Photos and Feedbacks where the employees submitted a team photo with a quote on the importance of anti-fraud awareness training. Through the same channel, the participants shared their experience and expectation in regard to the FAW Games for further improvements.

FAW Games

The FAW Games in 2022 were also held online hence we were able to expand our anti-fraud network to reach a more varied range of professionals as part of our ongoing collaborative efforts. A total of 188 teams participated, i.e. 135 internal teams and 53 external teams, an increase of about thirty percent (30%) total teams participated as compared to the FAW Games in 2021. The external teams were representatives from regulators, enforcement and professional bodies, financial institutions, listed companies as well as vendors of Kenanga.

The FAW Games were divided into nine (9) different rounds, each of which consisted of friendly competitions employing a variety of fun and mind-challenging games. At the same time, the educational components encourage teamwork and critical thinking in decision-making to spread and instil the anti-fraud message.

FAW Microsite

The FAW Organising Committee had established a dedicated webpage for the sharing of milestones of Kenanga's FAW experience and promoting anti-fraud awareness and education through an online platform. The anti-fraud resources aim to keep the anti-fraud message going strong and to emphasise the serious consequences of failing to protect oneself from fraud and scams.

The Microsite will be enhanced from time-to-time as a measure to share the FAW journey of Kenanga in the effort to continuously emphasise the fraud prevention and detection message which has now widely expanded externally.

ETHICS AND COMPLIANCE STATEMENT

- **Annual Regulatory Seminar 2022**

The 7th Annual Regulatory Seminar (“**ARS**”) in 2022 was incorporated as one of the events for the 6th FAW and in aligning with the objective of addressing contemporary key issues of the FAW, the same theme was also adopted for the 7th ARS. The 7th ARS consisted of a total of 8-series of e-learning containing important subjects and messages that are relevant to the regulatory outlook and developments, fraud, ethics and integrity, governance, cyber security as well as regulators’ expectations.

The training sessions were conducted by various subject-matter experts within Kenanga and invited speakers including Mr. Dan MacCrum and Ms. Erika Cheung, Co-Founder of Ethics in Entrepreneurship who is also one of the whistleblowers in the Theranos scandal. The pre-recorded sessions were accessible online by all employees nationwide through learning portal of Kenanga and a short pre-and-post quiz was also held as a tool to evaluate the understanding of employees of the topics covered.

A total of 1,134 employees enrolled to the 7th ARS. Upon completion of the training within the stipulated timeline and achieving a minimum of eighty-percent (80%) scores in the post quiz, employees who are holders of the Capital Markets Services Representative’s Licence were also awarded ten (10) CPE points that have been accredited by Securities Industry Development Corporation.

- **Monday Must-Know Quiz (“MMKQ”)**

MMKQ is a new training and awareness initiative introduced in the form of a quiz which is mandatory for employees of Kenanga. The quiz covers a broad range of topics that are centered and focused on ethics and regulatory compliance, and served as a refresher on the policies and procedures of Kenanga on the subject matters.

There were three (3) sets of a 5 (five) multiple-choice-questions quiz issued in 2022 based on a short video on the following topics:

- Fraud Triangle
- Anti-Bribery and Anti-Corruption
- Conflict of Interest

Each MMKQ was launched on the first Monday of three (3) selected months in 2022 and was opened for attempt by employees until end of the year.

- **Explainer Video on Unusual Trading Activities**

GRCS issued an explainer video as an outreach program to all licensed dealers’ representatives (including commissioned dealers’ representatives), employees and Board in relation to the regulatory requirements for unusual trading activities.

The explainer video highlighted the various types of irregular trading activities in the equity markets that could possibly threaten a fair and orderly market. The video further explained the common red flags, the escalation process and the consequence if the licensed dealers’ representatives is found to be involved in the manipulative trading activity as well as the possible surveillance actions from the regulators.

- **Enhanced AML/CFT/TFS Review**

As part of the continuous effort to mitigate ML/TF/PF risks of Kenanga, numerous AML/CFT/TFS reviews have been extended to all subsidiaries and carried out on a group-wide basis. In this regard, the enhancement of the monitoring mechanism will facilitate close monitoring of the level of AML/CFT/TFS compliance to meet the regulators’ expectations.

Kenanga has also rolled out the Enterprise Wide Risk Assessment 2022 and the Overview on ML/TF/PF Risk Assessment 2021 to enhance awareness and understanding of the Board and Senior Management of ML/TF/PF risks associated with business strategies, delivery channels and geographical coverage of its business, products and services offered and to be offered in order to maintain accountability and oversight for the establishment of AML/CFT/TFS policies and minimum standards. This will assist in the formulation of the AML/CFT/TFS policies to ensure that they are in line with the risks profiles, institutional and business structure, delivery channels and geographical coverage.

ETHICS AND COMPLIANCE STATEMENT

MAINTAINING A 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 66 to 96 of this Annual Report and Corporate Governance Report which is available at Kenanga Investment Bank Berhad's website at <https://www.kenanga.com.my>.

OUR FOCUS AND STRATEGIC PRIORITIES FOR 2023

The importance of ESG has accelerated with the growing interest of the investors and introduction of new regulations on socially responsible investment and due to this, the advancement of the 'Governance' pillar remains a critical aspect for the business and operations of Kenanga in 2023. Kenanga seeks to ensure that our sustainability journey is one that is balanced and holistic, and that our adoption of ESG best practices is less risky and better positioned for a long-term presence.

Kenanga and GRCS will consistently implement a rigorous ESG compliance strategy and operational transparency to guarantee a quality regulatory framework and that our business and operations are carried out in accordance with good corporate governance.

• Enhance the Use of Technologies and Innovation

Kenanga has adopted a governance strategy focusing on risk-based integration of compliance requirements and best practices in line with the laws, regulations and industry standards. As more services are offered in the digital environment, we will continuously develop new and update existing compliance requirements and best practices in line with the digitalisation in order to remain significant and relevant.

At the same time, Kenanga will keep up with the development and changes in laws and regulations to achieve compliance effectiveness, and stay up-to-date by looking into innovation and being consistent with the regulators' expectations. We will strive to develop and take advantage of new technologies as these are essential processes across business and operational units while at the same time ensure effective compliance strategy in adapting to the changes.

• Strengthen Controls to Combat Financial Crimes

Kenanga takes a zero-tolerance approach with respect to financial crimes in all our business dealings, be it involving our employees, clients, suppliers, contractors or other third parties. The COVID-19 pandemic has revealed further the necessity for Kenanga in establishing a stronger foundation that will better position us to combat financial crimes and similar risks that may have corrupting effect on society and the economic system as a whole.

In addition, a more sophisticated group-wide ethics and compliance risk management program that gives a holistic perspective of hazards and improve risk monitoring, analysis, and reporting will be implemented. This would not only help to promote ethics and compliance but establish the right connection to corporate plans, processes, controls and laws, which would eventually allow Kenanga to manage financial crime risks proactively and gain a competitive edge.

• Foster a 'Speak Up' Culture

Kenanga is committed to providing a respectful and inclusive environment to work in. We will continue to emphasise on the importance of employees speaking up to highlight any wrongdoing or breach of policies at the workplace either through direct communication with the superiors or the relevant channels in Kenanga such as the whistleblowing (Speak Up) channel.

Through such emphasis, Kenanga sends a strong message to all employees as well as other stakeholders that bad organisational practice will not be tolerated. This also reassures the employees and stakeholders that their concerns are important, and encourages problems to be brought to the attention of Kenanga.

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- **Promote Cultural Change Prioritising Ethics and Integrity**

Effective ethics and compliance programs could help build a culture of integrity from the top to bottom and everyone 'walks the talk'. In Kenanga, we believe a strong ethical culture with diversity and inclusion could lead to greater efficiency, productivity and transparency. This would establish accountability of all parties on their respective areas while also helps to address any possible concerns of the employees on a constant basis.

The cultural change strategies in Kenanga encourage and reinforce the right behaviours in our daily operations, and employees at all levels are committed to doing what is right while upholding good values and standards. Kenanga will continue to promote and instil consciousness of the employees to observe the highest standards of professionalism, integrity and conscientiousness in all dealings, be it with another employee or with external parties.

- **Ensure Data Privacy in the Age of Digital Transformation**

Kenanga takes digital transformation as a necessary step in preserving our business and continuously ensure data protection and security in such process. This includes migrating business processes to automation, introduction of e-services, and the advent and usage of payments innovations. The use of new and innovative technologies will enable creativity and development of solutions both to meet regulatory requirements as well as to ensure data integrity.

In this regard, Kenanga places a high priority on protecting personal data and maintaining electronic or hard copy files for records used in all our business activities. These security measures include ensuring that the data use, storage, dissemination, protection and access are all in compliance with the policies as well as the rights of the data owners are managed in accordance with the laws and regulations.

- **Intensify Awareness and Training**

Kenanga believes that active stakeholders' engagement and ensuring that employees stay current with regulatory changes are crucial components of effective communication, as is transparency and inclusiveness of the process itself. As such, we are constantly exploring new ways to enable effective communication with the employees, including employing new digital technology in training as this would also allow involvement of a larger group of audience.

Kenanga will maintain strategy-driven learning culture by introducing new learning opportunities through creative interactive activities to engage with employees at all levels on the importance of ethics and integrity, combating financial crimes, strong governance and fair treatment of all. Our training and education initiatives will remain relevant, timely and engaging in order to truly achieve the aims and goals of improving knowledge and understanding of the employees.

FORWARD LOOKING STATEMENT

Kenanga is always prepared to embrace new business challenges and technologies towards future growth with expanded business goals while ensuring that our principles and belief on good ethics and compliance are not compromised. Our utmost commitment is premised on the strong and unwavering support from our Board and Senior Management as well as collaborative efforts of all employees.

With the growing emphasis of ESG, Kenanga will further elevate our standards in keeping up with the interest of our clients and expectations of the regulators towards supporting sustainable and responsible investments. Therefore, we will consistently enhance our policies and internal controls in ensuring effective and relevant decisions in compliance with the laws and meeting the needs of our stakeholders.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements (“**MMLR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”), a listed issuer must ensure that its Board of Directors (“**Board**”) includes in its annual report a statement about the state of its risk management and internal controls as a group. In addition, the Malaysian Code on Corporate Governance also stipulates that the Board should maintain a sound system of internal controls and review its effectiveness to safeguard Shareholders’ investments and the Group’s assets.

Set out below is the Board’s Statement on Risk Management and Internal Control in compliance with the MMLR of Bursa Securities.

BOARD RESPONSIBILITY

The Board is committed to maintaining a sound system of internal controls and has instituted a risk management framework, as well as good corporate governance measures to monitor the effectiveness of the measures and controls put in place by the Group to safeguard Shareholders’ investments and the Group’s assets.

The Board is responsible for determining key strategies and policies for significant risks and control issues, whereas Management is responsible for the effective implementation of the Board’s policies by way of identifying, monitoring and managing risks. However, as any system of internal controls will have its inherent limitations, the system has been designed to manage risks rather than provide absolute assurance against material misstatement, fraud or loss.

The Board has also received reasonable assurance from the Group Managing Director and Group Chief Financial and Operations Officer that the Group’s risk management and internal control system is operating adequately and effectively, in all material aspects.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Board and Management of the Group are committed to the implementation of an internal control system to manage those risks that could affect the Group’s continued growth and financial viability.

Measures are taken to continuously evaluate changes in the risk profile of the Group and business complexities to assist the Board and Management to anticipate and manage all potential risks and protect Shareholders’ value.

The key elements of the Group’s internal control system include the following:

Risk Management Framework

The risk governance structure in the Enterprise Risk Management Framework defines the roles and responsibilities throughout the organisation to ensure accountability and ownership. It sets out the principles of sound corporate governance to assess and manage risks to ensure that risk taking activities are aligned with the Group’s long-term viability and its capacity to absorb losses.

The risk management philosophy adopted by the Group is based on the three (3) lines of defence approach. The line management is the first (1st) line of defence and is primarily responsible for the day-to-day risk management by identifying the risks, assessing impact and taking appropriate actions to manage and mitigate risks.

The second (2nd) line of defence is the oversight functions comprising Group Risk Management and Group Regulatory & Corporate Services (“**Group Regulatory**”). They perform independent monitoring of business units as well as reporting to Management and the Board to ensure that the Group conduct its business and operations within internal guidelines and in compliance with relevant regulatory requirements.

The third (3rd) line of defence is Group Internal Audit (“**GIA**”) which provides independent assurance to the Board on the adequacy and effectiveness of system of internal controls, risk management and governance processes.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Governance

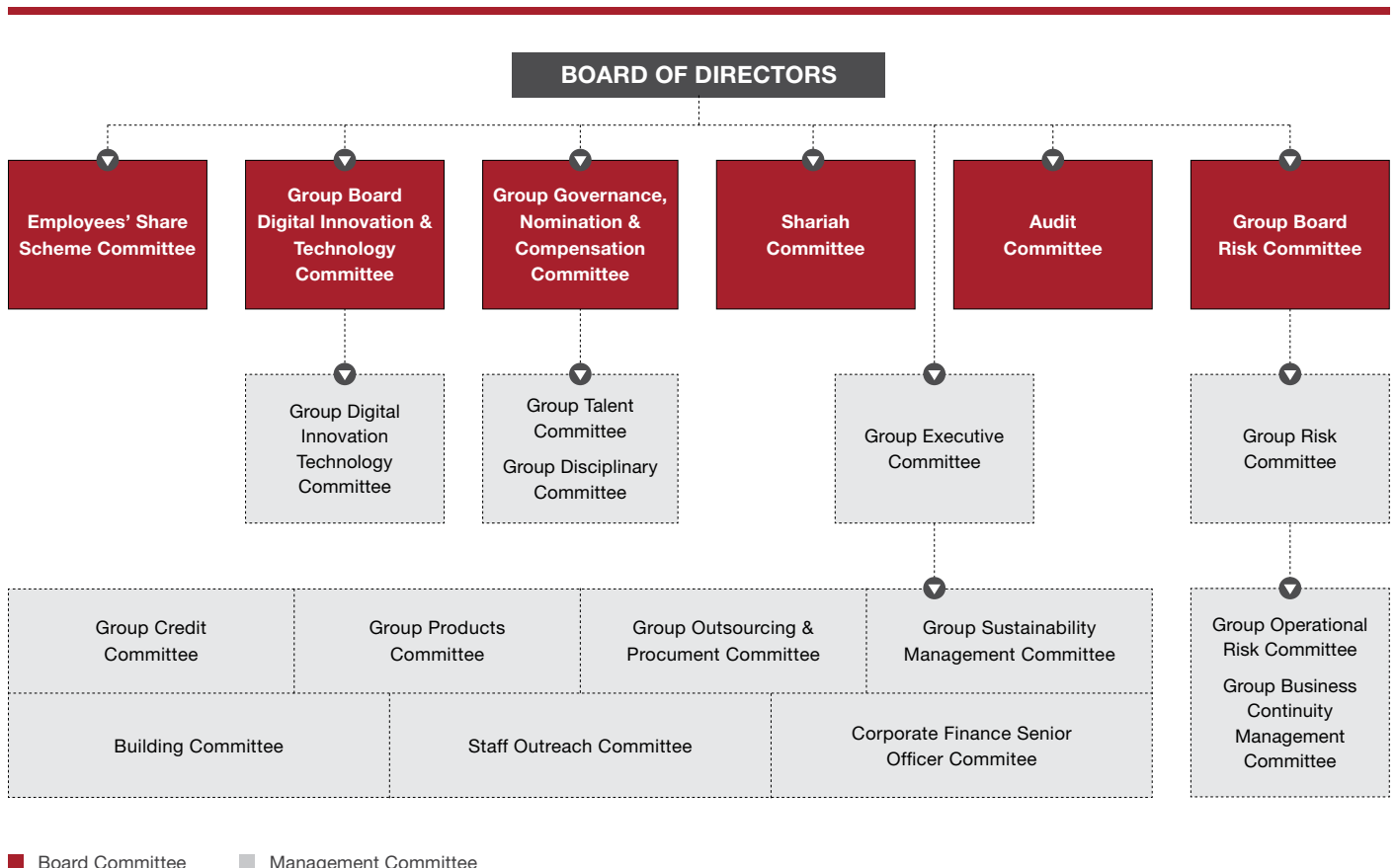
The Board, through its appointed committees such as the Group Board Risk Committee (“**GBRC**”) and Group Board Digital Innovation & Technology Committee (“**GBDITC**”), ensures that the Group’s activities are consistent with its approved risk appetite, strategies and policies.

The GBRC is supported by the Group Risk Committee (“**GRC**”) that provides a forum to address and review the management of credit, operational, market, liquidity, technology and other significant risks to enable effective oversight, accountability and responsibilities for risk taking decisions. Assisting the GRC is the Group Operational Risk Committee and the Group Business Continuity Management Committee.

The GBDITC on the other hand, focuses on technologies and IT risk of the Group at the Board level and is supported by the Group Digital Innovation Technology Committee which covers the Group’s technology plans and projects.

Quarterly meetings are held by the Audit Committee (“**AC**”) together with Management to review issues highlighted in the reports by internal and external auditors, as well as audits conducted by regulators such as Bank Negara Malaysia (“**BNM**”), the Securities Commission Malaysia (“**SC**”) and Bursa Securities; and the remedial measures or actions taken by Management in addressing the audit findings raised by the regulators.

The Group Governance, Nomination & Compensation Committee (“**GNC**”) was established with the objective, among others, to support the Board in the effectiveness and the enhancement of the Group’s governance structure, framework and policies and its compliance with the applicable statutory and regulatory requirements in relation thereof, including but not limited to, the MMLR of Bursa Securities, BNM’s Policy Document on Corporate Governance, the Malaysian Code on Corporate Governance and the Malaysian Anti-Corruption Commission Act 2009, as well as the relevant latest developments in the corporate governance area.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Management Committees (“MC”) are established to oversee specific responsibilities based on defined terms of references. MC meetings are held regularly to ensure that business operations are executed in accordance with approved strategies, policies and business directions. The MCs are responsible for, amongst others:

- reviewing the actual performance against expectations and budget;
- addressing any internal control issues with the AC, GBRC, GBDITC, GNC, Employees’ Share Scheme Committee (“ESSC”), GIA, regulators and the external auditors; and
- addressing any matters arising from the meetings of the Board, AC, GBRC, GBDITC, GNC and the ESSC; and ensuring that actions are taken in relation to these matters.

Risk Management Process and Infrastructure

The risk management process is a combination of both bottom-up and top-down approaches to facilitate decision making based on available information known at the time and creating opportunities to refine inputs when new information is available.

In addition to establishment of risk policies, tools and methodologies to identify, quantify and manage the risks, Group Risk Management is also responsible for establishing the risk measurement and monitoring process to ensure that the Group’s risk profile and portfolio concentration are reported to the various risk committees on a regular basis.

Internal Policies and Procedures

Policies and procedures which set out standard day-to-day operations and managing risks are formulated based on current regulatory requirements and industry best practices.

The adequacy and compliance with regulatory requirements of the policies and procedures are assessed by independent control functions such as risk management, compliance and audit, prior to obtaining approval from the Board or relevant MCs.

Existing policies and procedures are reviewed regularly to ensure improvements and in consideration of emerging or changing risks profile, new products or services as well as new or updated regulatory requirements.

Annual Business Plans and Budgets

The Board reviews and approves the business plans and budgets which are developed in line with the Group’s strategies and risk appetite. Actual performances against the approved budgets are escalated to the Management and Board on a monthly basis allowing responses and corrective actions to be taken.

Human Capital Management

The organisational structure, which is aligned to business and operational requirements are led by Heads of Departments with accountability in place.

Human Resources’ policies and procedures are reviewed regularly to ensure they remain relevant to manage operational and people related risks. There are regular trainings and updates for employees on requirements/ guidelines of BNM, Bursa Securities and the SC, as well as on the importance of corporate governance, risk management and internal control. Various awareness programmes on operational risks, ethics and fraud are also conducted regularly.

Extensive screenings of employees’ background are conducted on hiring, as well as annually, and appropriate actions are taken on negative findings.

Key Performance Indicators are cascaded to each employee annually in alignment to the Group and Division goals and objectives, and performance appraisals are conducted based on the achievement of the set targets. Management’s Compensation and Rewards is based on Pay for Performance principle. Compensation of Material Risk Takers and Other Material Risk Takers are reviewed annually by the GNC and Board.

Employee misconducts are managed based on established Consequence Management Framework and the disciplinary policies.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Business Continuity Management

Business Continuity Plans and Disaster Recovery Plans are established to ensure non-disruption of business or efficient business resumption. Regular testing or drills are also conducted for the purpose of staff preparedness, readiness of disaster recovery site, effectiveness of communication, escalation and recovery procedures. For effective business continuity management (“**BCM**”), awareness training is held annually for BCM coordinators and key persons.

Information Technology Security

The use of information technology (“**IT**”) is essential and central to Group’s business. In order to ensure the reliability and resiliency of the business operations to meet the expectations of customers and all stakeholders, and in line with the guidelines of regulators such as BNM’s Policy Document on Risk Management in Technology, the Group has established the corporate Cyber Security Policy and implemented the necessary security procedures to protect the confidentiality, integrity and availability of information systems and data.

With the increase in adoption of digitalisation and service delivery via cyberspace, the Group will continue to reinforce its IT security efforts and initiatives to be aligned with the Group’s current and envisaged operations, strategies and business environments. The IT security posture of the Group is also continuously reviewed and enhanced to mitigate the risks arising from new and emerging threats. In-house IT security training and security updates on the latest threats are constantly provided to all staff to ensure their awareness on the importance of IT security.

Compliance Function

The Board is unreservedly committed and always strives to adopt the principles and recommendations of the Malaysian Code on Corporate Governance issued by the SC, as well as, other relevant regulatory requirements relating to corporate governance. Compliance reviews and monitoring are undertaken by Group Regulatory using various tools and approaches based on the framework set by Group Compliance, a department of Group Regulatory. These reviews and monitoring are performed to assess the level of compliance with the relevant regulatory requirements and the respective companies’ internal policies and procedures.

Any regulatory deviation or compliance breaches will be reported to the respective Boards of operating entities within the Group and the relevant regulators. Pursuant to this, appropriate corrective actions including disciplinary actions will be taken to address the breach with a view to pre-empt and prevent the occurrence of a similar breach.

Aside from Group Compliance, the five (5) other departments of Group Regulatory undertake functions to review and monitor compliance in their respective areas. In this respect, the Group Financial Crime Intelligence, Group Prudential Supervision & Regulatory Affairs, Group Business Ethics & Integrity, Group Legal and Group Company Secretarial provide timely, structured and comprehensive advice and support to the Group in matters relating to the laws, rules and regulations applicable to the Group.

Group Regulatory has also implemented self-assessment framework to facilitate and promote regulatory compliance by the business within the Group. For this purpose, a list of identified laws, regulations and other regulatory instruments applicable to the Group are documented and maintained to facilitate compliance.

Please refer to the ‘Ethics and Compliance Statement’ for more details on functions, roles and responsibilities of Group Regulatory.

Internal Audit

GIA provides independent and objective assurance to the Board that the established internal controls, risk management and governance processes are adequate and are operating effectively and efficiently. To ensure independence and objectivity, the GIA reports independently to the AC of KIBB and has no responsibilities or authority over any of the activities it reviews. GIA’s scope of work and activities are guided by the Internal Audit Charter, mandatory elements of The Institute of Internal Auditors’ International Professional Practices Framework and relevant regulatory guidelines.

An Annual Audit Plan based on the appropriate risk-based methodology has been developed and approved by the AC. On a quarterly basis, audit reports and status of internal audit activities including the sufficiency of GIA resources are presented to the AC for review.

Periodic follow up reviews are conducted to ensure adequate and timely implementation of Management’s action plans.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Associate and Joint Venture Companies

The Board does not regularly review the internal control systems of associate and joint venture companies as the Board does not have any direct control over their operations. Notwithstanding this, the Group's interests are served through representation on the Boards of the respective companies via receipt and review of management accounts, periodical reports as well as deliberation on proposals related to these companies. Such representation also provides the Board with information for decision-making on the continuity of the Group's investments based on the performance of these associate companies and joint venture companies.

Conclusion

The Board, through the AC and GBRC, confirms it has reviewed and considered the effectiveness of the Group's risk management and internal control system as adequate during the financial year and has taken into consideration any material developments up to the date of approval of the Annual Report and Audited Financial Statements for the Financial Year Ended 31 December 2022. The main financial risk areas faced by the Group and the guidelines and policies adopted to manage them are provided in detail under Note 50 of the Audited Financial Statements of the Bank for the Financial Year Ended 31 December 2022.

The Board is satisfied that there is an effective on-going process for identification, evaluation and management of risks and there are regular reviews to ensure controls are efficient and effective.

Review of the Statement by External Auditors

As required by Paragraph 15.23 of the MMLR of Bursa Securities, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their review was performed in accordance with the Audit and Assurance Practice Guides ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants. Based on the review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process that the Board has adopted in the review of the adequacy and integrity of the internal controls of the Group. AAPG 3 does not require the external auditors to, and they did not, consider whether this Statement covers all risks and controls, or to form an opinion on the effectiveness of the Group's risk and control procedures.

This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board dated 31 January 2023.

AUDIT COMMITTEE REPORT

1. COMPOSITION

- 1.1 The Audit Committee (“**AC**”) of Kenanga Investment Bank Berhad (“**KIBB**”) presently comprises solely Independent Non-Executive Directors (“**INED**”) as follows:

<p>1</p> <p>Encik Jeremy Nasrulhaq</p> <p>Chairman, Senior INED</p>	<p>2</p> <p>Mr. Kanagaraj Lorenz</p> <p>Member, INED</p>	<p>3</p> <p>Puan Norazian Ahmad Tajuddin</p> <p>Member, INED</p>
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In maintaining the adoption of Step Up Practice 9.4 of the Malaysian Code of Corporate Governance for the AC to comprise solely of Independent Directors, the Board of Directors of KIBB, upon the recommendation of the Group Governance, Nomination & Compensation Committee (“**GNC**”) had, on 27 October 2022, approved the appointment of Puan Norazian Ahmad Tajuddin as a member of the AC, in place of Mr. Luk Wai Hong, William, who was re-designated from an INED to a Non-Independent Non-Executive Director of KIBB, effective from 1 November 2022.

- 1.2 The composition of the AC is in line with Paragraphs 15.09(1)(a) and 15.09(1)(b) of the Main Market Listing Requirements (“**MMLR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) which require the AC to comprise no fewer than three (3) members, all of whom must be Non-Executive Directors, with a majority of them being Independent Directors.

Two (2) of the AC members, namely Encik Jeremy Nasrulhaq, currently the Chairman of the AC and Mr. Kanagaraj Lorenz, are members of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants respectively, in line with the requirements of the MMLR of Bursa Securities. This strengthens the effectiveness of the AC and facilitates the AC’s succession plan in terms of its membership to ensure full compliance with the relevant regulatory requirements.

- 1.3 The effectiveness of the AC as a whole, as well as its members individually, is assessed annually in accordance with the Board Evaluation Framework based on a set of criteria covering the areas of composition, processes and procedures, interaction with Management, as well as roles and responsibilities. Based on the assessment conducted in 2022, the Board of Directors (“**Board**”) is satisfied with the performance of the AC and with the manner in which the AC has discharged its roles and responsibilities as stipulated in its Terms of Reference (“**TOR**”), which is available at the Company’s corporate website at <https://www.kenanga.com.my/investor-relations/corporate-governance>.

2. AC MEETINGS HELD DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

- 2.1 During the Financial Year Ended 31 December 2022, the AC had convened seven (7) meetings. The meetings were appropriately structured where members were given the agenda and sufficient notification. The AC meetings were of adequate length to allow the AC to accomplish its agenda with sufficient time to discuss emerging issues.

In view of the adherence to the internal Standard Operating Procedure (“**SOP**”) put in place due to the COVID-19 pandemic in the first (1st) half of year 2022, four (4) AC meetings were held fully virtual via Microsoft TEAMS Video Conferencing. In line with the revised internal SOP issued in the second (2) quarter of 2022, three (3) AC meetings were held in a hybrid format.

The AC conducted its meeting in an open and constructive communication mode and encouraged focused discussion, questioning and expressions of differing opinions.

AUDIT COMMITTEE REPORT

- 2.2 The Group Chief Internal Auditor (“**G CIA**”) attended all meetings of the AC to present the respective internal audit reports. As and when necessary, the AC would request the attendance of relevant personnel at its meetings to brief the AC on specific issues arising from the internal audit reports.

The Group Chief Financial and Operations Officer (“**G C F O O**”) and the Head of Group Finance on the other hand, attended the AC meeting to present the unaudited quarterly financial statements, audited financial statements, as well as other financial reporting related matters for the AC’s deliberation and recommendation to the Board for approval.

- 2.3 In addition, separate private discussions were also held between the Chairman of the AC and/or the AC with the G CIA and between the AC and the External Auditors, Ernst & Young PLT (“**E Y**”), without the presence of Management. During the period under review, the AC met with the External Auditors without Management’s presence twice i.e., on 24 February 2022 and 25 October 2022, after the tabling of the Update Report in respect of the Financial Year Ended 31 December 2021’s audit and the External Auditors’ 2022 Audit Plan respectively.

During these meetings, the AC sought the feedback from the External Auditors with regard to the support provided by Management in terms of providing timely and accurate information, as well as the adequacy of resources in the financial reporting functions. Based on the External Auditors’ feedback, Management was noted to have provided full cooperation to the External Auditors in the course of the External Auditors’ audit assignments. The External Auditors had also indicated that Management had been very pro-active in approaching them for any issues arising during the year, which contributed to an effective audit planning by the External Auditors.

- 2.4 In fulfilling its reporting responsibility to the Board, after each meeting, the Chairman of the AC reported the AC’s deliberations and recommendations to the Board.

The Minutes of each AC meeting were recorded and tabled for confirmation at the following AC meeting and subsequently presented to the Board for notation.

2.5 AC Members’ Attendance at Meetings

The details of the AC members’ attendance at its meetings held during the Financial Year Ended 31 December 2022 are as stated below.

Audit Committee (“AC”)

Name of Director	Number of Meetings		Percentage (%)
	Held ^{(1) (2)}	Attended	
Encik Jeremy Nasrulhaq (Chairman)	8	8	100.0%
Mr. Luk Wai Hong, William ⁽³⁾	8	8 ⁽⁴⁾	100.0%
Mr. Kanagaraj Lorenz	8	8	100.0%
Puan Norazian Ahmad Tajuddin ⁽⁵⁾	0	0	0.0%

Notes:

(1) Reflects the number of meetings held during the time the Director held office.

(2) Total number of meetings held was inclusive of one (1) joint meeting between AC and GBRC which was held on 30 August 2022.

(3) Ceased to be a member of the AC on 1 November 2022.

(4) Attended all the eight (8) meetings held up to 25 October 2022.

(5) Appointed as a member of the AC on 1 November 2022.

AUDIT COMMITTEE REPORT

3. SUMMARY OF THE AC'S ACTIVITIES DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3.1 Financial Reporting

- a. In discharging its role and responsibility pertaining to the Company's financial reporting, the AC had at its meeting held on 25 January 2022, reviewed the quarterly financial statements for the quarter ended 31 December 2021, as well as the annual audited financial statements in respect of the Financial Year Ended 31 December 2021.

In reviewing the annual audited financial statements, the AC discussed with Management and the External Auditors, the accounting principles and standards that were applied and their judgment of the items that might affect the financial statements.

The AC also deliberated on audit issues and key audit matters raised by the External Auditors and the action plans required to address those issues, based on the External Auditors' recommendations.

- b. The subsequent quarterly financial statements for the quarters ended 31 March 2022, 30 June 2022 and 30 September 2022 were tabled and reviewed by the AC at its quarterly meetings held on 28 April 2022, 21 July 2022 and 25 October 2022 respectively, upon which the AC had recommended the quarterly financial statements to the Board for approval.
- c. The AC had, at its meeting held on 25 October 2022, also reviewed the adoption of the impairment approach and the assumptions used in the annual assessment for impairment of assets of KIBB Group for the Financial Year Ended 31 December 2022 and recommended the same for the Board's approval, subject to a final assessment to be updated to the position as at 31 December 2022.
- d. At each of its quarterly meeting, the AC was also notified of the amount of non-audit fees incurred and paid by KIBB Group to the External Auditors and their affiliate to ensure compliance with the Group's Policy on Non-Audit Services by External Auditors.

3.2 External Audit

- a. The report by the External Auditors on the statutory audit of the financial statements of the Company for the Financial Year Ended 31 December 2021 was reviewed and deliberated by the AC at its meeting held on 25 January 2022.

During its deliberations, in addition to the relevant disclosures in the Audited Financial Statements, the AC had also considered the recommendations made by the External Auditors towards enhancing internal controls and procedures.

- b. The AC had also at the same meeting reviewed the list of services provided by the External Auditors during the financial year which comprised audit and regulatory-related services, issuance of a written communication to Management and the AC pertaining to the External Auditors' audit/ findings, together with the recommendations for improvements in controls and procedures.

The External Auditors' services also included the review of the Statement on Risk Management and Internal Control, as well as other regulatory submission as required under the various regulatory requirements.

AUDIT COMMITTEE REPORT

- c. At its meeting held on 24 February 2022, the AC was updated by the External Auditors, on the latest status of the statutory audits conducted on KIBB and its Group of Companies (“**KIBB Group**” or “**the Group**”) in respect of Financial Year Ended 31 December 2021. The AC had, at the same meeting, duly deliberated on the audit matters which required its attention.

The External Auditors had also reviewed the allocation of the shares of the Employees Share Options Scheme under the Employees’ Share Scheme (“**ESS**”) made to the Eligible Employees and Executive Directors of KIBB and its non-dormant subsidiaries and had reported to the AC at its meeting held on 24 February 2022, that in its opinion, the allocation of shares made under the ESS was in compliance with the criteria for allocation of shares under the ESS which had been disclosed to the Eligible Employees and Executive Directors of KIBB and its non-dormant subsidiaries. The AC had concurred with the External Auditors’ opinion.

- d. Pursuant to Section 67(1) of the Financial Services Act 2013, an auditor appointed by a licensed person shall meet the qualification criteria set out in Bank Negara Malaysia (“**BNM**”)’s Policy Document on External Auditor and shall continue to meet the criteria throughout the audit engagement.

In addition, BNM’s letter dated 3 May 2012 on “Supervisory Expectations on AC Pertaining to the Appointment/ Re-Appointment of External Auditors” also sets out the areas of assessment to be performed.

Being a licensed financial institution under the Financial Services Act 2013, the Company is required to undertake an annual assessment on areas focusing on performance and independence of External Auditors.

In relation to the audit of the Company’s financial statements for the Financial Year Ended 31 December 2021, the External Auditors had given a written assurance to the AC that they were independent in accordance with the By Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants and the International Code of Ethics for Professional Accountants (including International Independence Standards), throughout their audit engagement for 2021.

This written assurance by the External Auditors was contained in the External Auditors’ report which was presented to the AC on 25 January 2022.

Following the implementation of the requirement for Annual Transparency Reporting by the SC’s Audit Oversight Board and in line with Malaysian Code of Corporate Governance’s criteria to guide decisions on the appointment and re-appointment of the external auditors, the 2021 Transparency Report was issued by EY and presented to the AC on 25 January 2022.

After taking into consideration the assessment carried out by Management and the 2021 Transparency Report, the AC at the same meeting, had concluded that the External Auditors had fulfilled all the qualification set out in BNM’s Policy Document on External Auditor in terms of its performance and independence and had therefore, recommended to the Board that the External Auditors be re-appointed as the Company’s External Auditors for the Financial Year 2022.

- e. At its meeting held on 25 October 2022, the AC reviewed and approved the External Auditors’ 2022 Audit Plan outlining their scope of work and proposed fees covering their recurring audit assignments, as well as other regulatory-related services.

During the presentation of their 2022 Audit Plan, the External Auditors had also highlighted to the AC the developments (as at 30 June 2022) in the financial reporting as summarised overleaf.

AUDIT COMMITTEE REPORT

Malaysian Financial Reporting Standards (“**MFRS**”) issued but not yet effective as at 1 January 2022

Description	Effective Date
Reference to the Conceptual Framework (Amendments to MFRS 3 Business Combinations)	1 January 2022
Property, Plant and Equipment Proceeds before Intended Use (Amendments to MFRS 116 Property, Plant and Equipment)	1 January 2022
Onerous Contracts Cost of Fulfilling a Contract (Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets)	1 January 2022
AIP ² MFRS 1 First time Adoption of International Financial Reporting Standards Subsidiary as a First-Time Adopter	1 January 2022
AIP MFRS 9 Financial Instruments Fees in the ‘10 Per Cent’ Test for Derecognition of Financial Liabilities	1 January 2022
AIP MFRS 141 Agriculture Taxation in Fair Value Measurements	1 January 2022
MFRS 17 Insurance Contracts	1 January 2023
Classification of Liabilities as Current or Non-current (Amendments to MFRS 101)	1 January 2023
Definition of Accounting Estimates (Amendments to MFRS 108)	1 January 2023
Disclosure of Accounting Policies (Amendments to MFRS 101 and MFRS Practice Statement 2)	1 January 2023
Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to MFRS 112)	1 January 2023
Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)	In December 2015, the MASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting

- f. In view of the significant growth in the business of Kenanga Investors Berhad (“**KIB**”) and sizeable contribution towards the Group’s bottom line, EY had tabled the report in respect of the statutory audit of the financial statements for the Financial Year Ended 31 December 2021 and audit plan for KIB and Its Subsidiaries in respect of the Financial Year Ended 31 December 2022 to the Audit and Risk Committee of KIB (“**ARC**”) at its meetings held on 24 February 2022 and 19 October 2022 respectively. From the perspective of governance, EY will escalate key audit issues encountered at KIB level to the AC of KIBB for deliberation/ notation. Upon ARC’s approval, the audit plan for the Financial Year Ended 31 December 2022 of KIB Group was tabled to the AC of KIBB for deliberation at its meeting held on 25 October 2022.

3.3 Internal Audit

- a. At its meeting on 25 January 2022, the AC had reviewed and approved the 2022 Audit Plan tabled by Group Internal Audit (“**GIA**”) after considering the adequacy of scope and comprehensiveness of the coverage of activities within KIBB Group, as well as the adequacy of resources in the internal audit department.

On 28 April 2022, the AC had deliberated and approved GIA’s recommendation to co-source selected internal audit reviews which was subjected to GIA’s requirements and to be performed in accordance with GIA’s framework, as well as per the direction/ guidance from the Managers in-Charge from GIA.

² AIP refers to Annual Improvements to MFRSs

AUDIT COMMITTEE REPORT

- b. In 2022, the AC had reviewed and deliberated on a total of thirty-eight (38) internal audit reports in relation to the audits carried out by GIA, together with the audit recommendations made by GIA and Management's responses to those recommendations.

Where appropriate, the AC had directed Management to rectify and improve the control and workflow procedures based on GIA's recommendations.

The AC, at all its quarterly meetings, also reviewed the implementation status of the corrective actions arising from the audit recommendations to ensure that the key risks and control lapses were addressed in a timely manner.

With regard to long outstanding audit recommendations, where appropriate, the relevant Heads of Department were invited to the AC meeting to provide relevant explanation for the delay in implementing such audit recommendations.

In ensuring timely implementation of audit recommendations, the Company, under its Performance Management Framework, had introduced a demerit system for any delay in implementing high-risk audit recommendations of more than twelve (12) months.

- c. In addition to the audit conducted on the processes and systems of Support and Business Units within KIBB Group, during the Financial Year 2022, GIA also conducted various regulatory required reviews in areas including amongst others, Anti-Money Laundering/ Counter Financing of Terrorism, Basel II (Pillar 3), Related Party Transactions, Verification of RM Marketable Securities, Staff Training Fund, Cyber Security, Management of Customer Information and Business Continuity Plan/ Disaster Recovery Plan Testing.
- d. The AC at its meeting on 25 January 2022, had taken note of GIA's Annual Confirmation on Organisational Independence of Internal Audit Activity for the Financial Year 2021 in line with the International Standards for Professional Practice of Internal Auditing (Standards – 1110).
- e. For the purpose of evaluating the performance of the GCIA, the AC had at its meeting on 25 January 2022, reviewed and deliberated the GCIA's 2021 Performance Appraisal, as well as the 2022 Balanced Scorecard, prior to submission of the same to the GNC for its further recommendation to the Board of KIBB for approval. The revised 2022 Balanced Scorecard incorporating the feedback/ comments provided by the AC, had been recommended to the Board of KIBB for approval by the AC at its meeting held on 24 February 2022.

The AC's recommendation on the GCIA's 2021 Performance Appraisal and 2022 Balanced Scorecard were subsequently approved by the Board of KIBB on 26 January 2022 and 3 March 2022 respectively.

- f. The AC at its meeting on 25 January 2022, had also taken note of the implementation status of the agreed plans from the Quality Assessment Report on GIA.
- g. The AC, at its meeting on 25 October 2022 had deliberated and approved the revised Internal Audit Manual (Version 8) on the enhancement to the risk assessment process and the current Quality Assurance Improvement Program procedures in terms of approach, scope, process and resource of the internal assessment (i.e., periodic self-assessment) to be conducted.
- h. The AC, at all its quarterly meetings also reviewed and noted the confirmed minutes of the ARC of KIB and Group Outsourcing and Procurement Committee meetings.

AUDIT COMMITTEE REPORT

3.4 Briefing on KIBB's Malaysian Financial Reporting Standards 9 Model Enhancement

At its meeting on 24 February 2022, the AC had taken note of the IFRS 9 Model Enhancement in terms of the triggers, details, output of the model enhancement and the impact assessment on the final Expected Credit Loss briefed by an external consultant, Deloitte Business Advisory Sdn Bhd.

3.5 Regulatory Examinations/ Inspection Report

As stipulated in its TOR, the AC also deliberates on reports issued by the regulators arising from their examinations or inspections on entities within KIBB Group. This is to ensure proper implementation of appropriate remedial and corrective measures in respect of the findings arising from examinations/ inspections conducted by the regulators.

During the year, the AC had deliberated on the following two (2) regulatory audit reports:

Date of AC Meeting	Titles of Regulatory Audit Report
21 July 2022	BNM's Thematic Review on the Adequacy of Identification and Verification of Beneficial Ownership for Legal Firms and Foundations
21 July 2022	Final Inspection Report by Bursa Malaysia Berhad on KIBB's Subsidiary, Kenanga Futures Sdn Bhd Dated 22 June 2022

During its deliberation, the AC not only discussed in detail the findings, areas for enhancement and recommendations made by the respective regulators, but also on the action plans identified by Management in addressing the findings and implementation of the recommendations including the agreed timeline of implementation of such recommendations.

The implementation of the regulator's recommendations was tracked by Group Regulatory & Corporate Services Division of KIBB and reported to the respective regulators on a quarterly basis until full resolution of all findings raised.

3.6 Related Party Transactions

During its quarterly meetings, the AC also reviewed the related party transactions and recurrent related party transactions entered into by the Company and/or its group of companies to ensure compliance with the MMLR of Bursa Securities.

3.7 Disclosure for Annual Report 2021

Under its TOR, the AC was also tasked to review the accuracy and adequacy of the Chairman's Statement in the Directors' Report, corporate governance disclosures and internal control, interim financial reports and preliminary announcements in relation to the preparation of financial statements.

In this regard, the AC at its meeting on 24 February 2022 and 21 March 2022 respectively had also reviewed and recommended to the Board of KIBB for approval, the disclosure of the following reports and/or statements in KIBB's 2021 Annual Report:

- Statement on Risk Management and Internal Control;
- AC Report;
- Sustainability Report and Sustainability Statement; and
- Corporate Governance ("CG") Overview Statement and CG Report.

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At the same meeting, the AC had also granted its concurrence on the Chairman's Statement and the Group Managing Director's Management Discussion & Analysis for incorporation into KIBB's 2021 Annual Report.

The AC's recommendation was subsequently approved by the Board of KIBB on 3 March 2022 and 6 April 2022 respectively.

3.8 List of Disciplinary Actions Meted Out on Employees' Misconducts within KIBB Group

The list of disciplinary actions meted out on KIBB Group's employees who had committed misconduct was tabled by Group Human Resource for the AC's notation at its meetings held on 25 January 2022, 28 April 2022 and 25 October 2022.

3.9 Post Approval Review by Independent Credit Review ("ICR") Unit

Pursuant to Paragraph 17.5 of BNM's Policy Document on Credit Risk, the outcomes of independent credit reviews are required to be escalated directly to the Board Risk Committee, Board Audit Committee and Senior Management.

In fulfilling the aforementioned requirement, ICR Unit of Group Risk Management, upon completion of its review, would table the review report to the AC for its deliberation.

In this regard, during 2022, the AC had deliberated on the following ICR review reports tabled by the ICR Unit:

Date of AC Meeting	Titles of Review Report
24 February 2022	Post Approval Review of Kenanga Capital Islamic Sdn Bhd
24 February 2022	Review of Treasury Bond Portfolio
21 July 2022	Post Approval Review on Share Margin Financing

During its deliberation, the AC had taken note of the findings raised by the ICR Unit arising from the respective reviews, as well as the recommendations made by the ICR Unit together with Management's action plans in addressing those findings.

3.10 Integrity, Regulatory and Governance

a. KIBB Group had implemented the following policies to facilitate its adherence to the Guidelines on Adequate Procedures issued pursuant to Section 17A (5) of the Malaysian Anti-Corruption Commission Act 2009, and to keep abreast with the best practices and high standards of ethics and integrity:

- i. Group Conflict Management Policy;
- ii. Group Incoming Non-Commercial Sponsorship Policy; and
- iii. Group Gifts, Entertainment and Hospitality Policy.

In line with the requirement specified in these polices, the information in relation to actual, potential or perceived conflicts, sponsorships, gifts, entertainment and hospitality, which fell within the scope of these policies received from the employees will be compiled and relevant report will be tabled by Group Business Ethics and Integrity ("GBEI") to the AC for its notification on an annual basis.

In relation thereto, the AC at its meeting held on 25 January 2022 had taken note of the summary of information submitted by the employees within KIBB Group to GBEI for the period from December 2020 until December 2021.

AUDIT COMMITTEE REPORT

- b. The AC, at its meeting held on 25 January 2022 and 25 October 2022 had also taken note of the outcome of the review performed by the Group Prudential Supervision & Regulatory Affairs (“GPSRA”) in relation to the status of implementation of action plans identified by the relevant departments following GPSRA’s regulatory issuances of new, revised and updated regulations to ensure KIBB’s compliance with the relevant regulatory requirements prescribed by the respective regulators.
- c. At its meeting held on 21 March 2022, the AC had reviewed and recommended to the Board of KIBB for approval, the amendments to its Terms of Reference.
- d. At its meeting held 1 September 2022, the AC had reviewed and deliberated on the investigation report pertaining to a reported whistleblowing case. The AC, on 25 October 2022, further recommended to the Board of KIBB for approval, on areas identified for improvement based on GIA’s observations on the said whistleblowing case.

3.11 Joint Meeting Between the AC and the GBRC

Pursuant to BNM’s Policy Document on Risk Governance, the GBRC and the AC were expected to periodically meet to ensure effective exchange of information to enable effective coverage of all risks, including emerging risk issues that could have an impact on KIBB Group’s risk appetite and business plans.

In this regard, a joint meeting between the AC and the GBRC was held on 30 August 2022 as per the aforementioned requirement by BNM.

4. INTERNAL AUDIT FUNCTION

- 4.1 The internal audit function of KIBB is established in-house. In discharging its responsibilities, GIA, which reports functionally to the AC and administratively to the Group Managing Director, provides independent and objective assurance to the Board and Management that the policies, procedures and operations that Management has put in place for risk management, control and governance are adequate, operating effectively and efficiently, and in compliance with prescribed laws and regulations.
- 4.2 During the year under review, GIA carried out internal audit reviews based on its 2022 Audit Plan as approved by the AC. This Audit Plan was developed using a risk-based methodology. The audit reviews conducted by GIA included business support processes, Information Technology/ technical audits and compliance audits on regulatory requirements.
- 4.3 All GIA’s reports, detailing the audit findings, audit recommendations, as well as Management’s responses to those recommendations were circulated to the Group Managing Director and Heads of the respective Divisions/ Departments within KIBB Group. Follow-up reviews were performed on the implementation status of the audit recommendations and reported to the AC accordingly.
- 4.4 The total costs incurred by GIA in discharging its functions and responsibilities in 2022 amounted to RM4.773 million.
- 4.5 As at 31 December 2022, GIA’s headcount was eighteen (18).