

# 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:

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

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### 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:

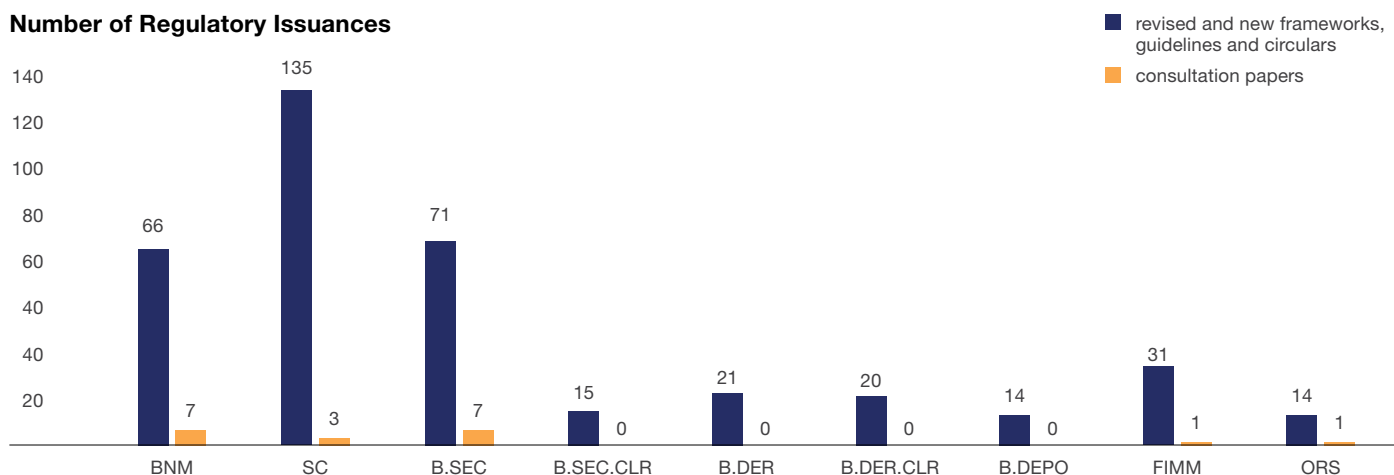
Ethics and Compliance Risk Mitigation	Ethics and Compliance Risk Monitoring
<p><b>Identify</b> the risks associated with business of Kenanga</p> <hr/> <p><b>Measure</b> the risks in order to assign their severity level</p> <hr/> <p><b>Assess</b> for appropriate controls to address any deficiencies</p>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

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**



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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
<b>5/5</b>	<b>7/8</b>	<b>9/9</b>	<b>5/5</b>	<b>11/11</b>
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.

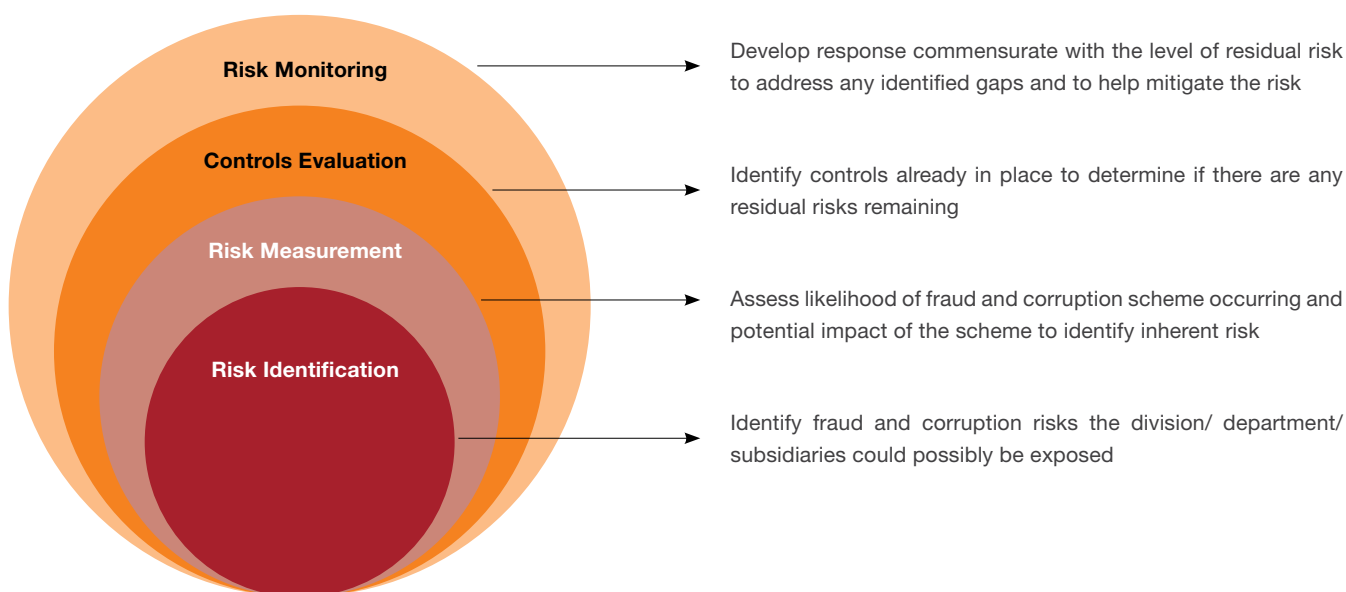
Notwithstanding the achievement by Kenanga as independently assessed by BTMHC, we recognise that best practices should always grow and evolve in tandem with and to meet the ever-changing business landscape. As such, Kenanga is committed to adapting to the business and regulation changes over time, and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

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### • 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:



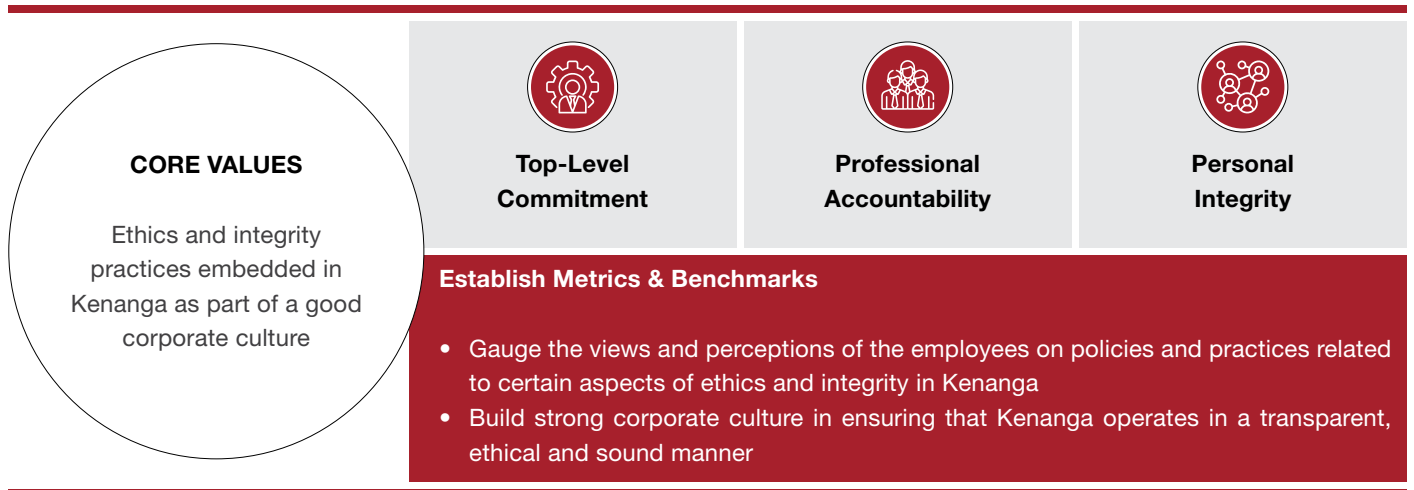
Due to the extensiveness of the FCRA exercise which covers Kenanga group-wide, research and study have been carried out by GRCS to identify critical or higher risk departments, divisions and subsidiaries for exposure of fraud and corruption. This considers various benchmarked reports and surveys issued 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.

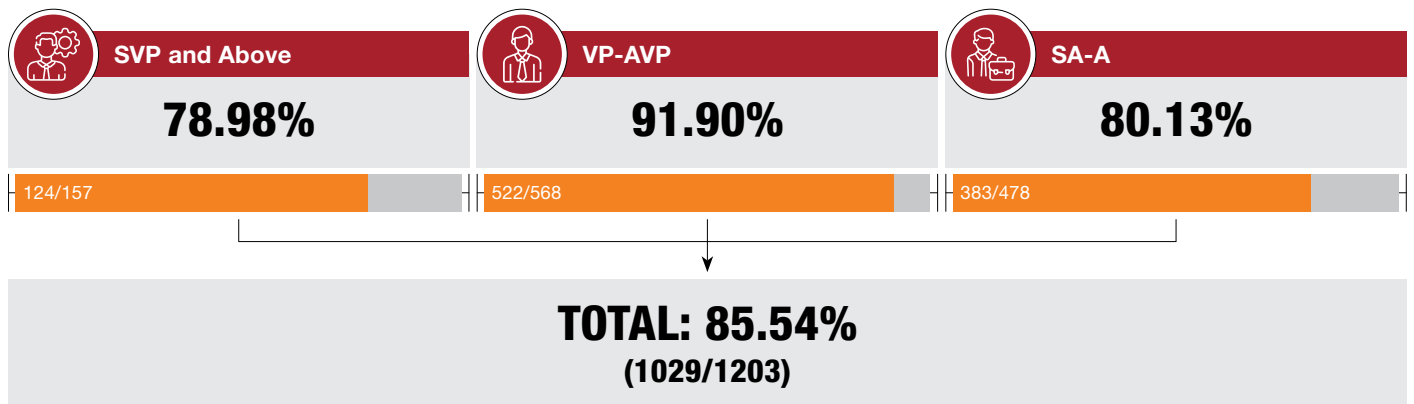
The employees were encouraged to respond to the Ethics Survey which was conducted for the third time to gauge their views and perceptions on policies and practices related to ethics and integrity in Kenanga. Similar to the previous two (2) Surveys, the Ethics Survey 2022 was also conducted by segregating 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
<b>TOP LEVEL COMMITMENT:</b> 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%
<b>PROFESSIONAL ACCOUNTABILITY:</b> 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%
<b>PERSONAL INTEGRITY:</b> 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.

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### 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

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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 6<sup>th</sup> 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 10<sup>th</sup> 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 6<sup>th</sup> 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.

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- **Annual Regulatory Seminar 2022**

The 7<sup>th</sup> Annual Regulatory Seminar (“**ARS**”) in 2022 was incorporated as one of the events for the 6<sup>th</sup> FAW and in aligning with the objective of addressing contemporary key issues of the FAW, the same theme was also adopted for the 7<sup>th</sup> ARS. The 7<sup>th</sup> 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 7<sup>th</sup> 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.

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### 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.

## ETHICS AND COMPLIANCE STATEMENT

- **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.