

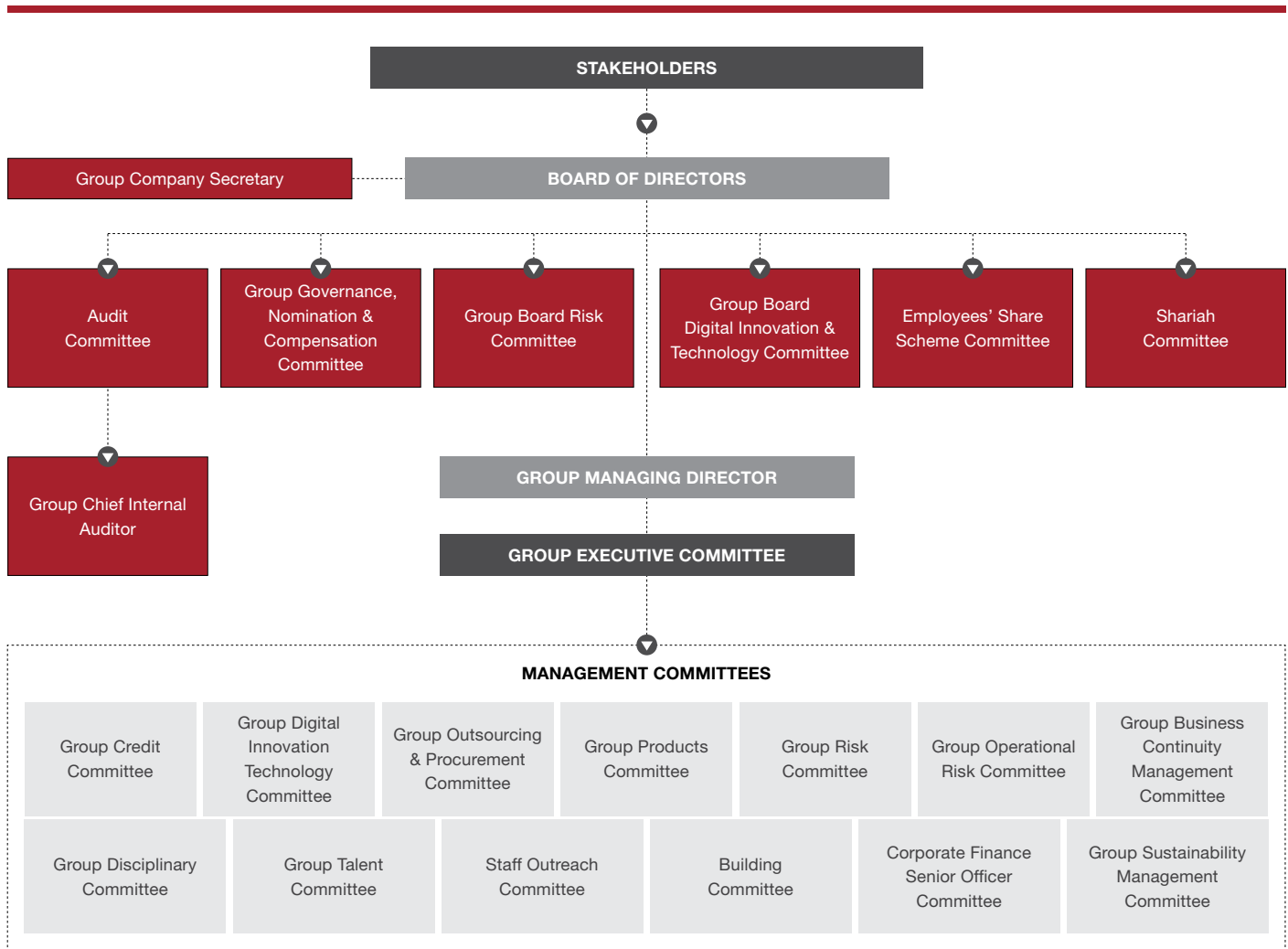
# CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 (1<sup>st</sup>) 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 ("KRPs") 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 KPRs, 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

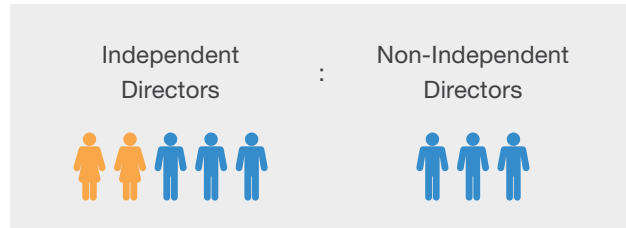
The Board of KIBB currently comprises the following eight (8) members, five (5) of whom are Independent Non-Executive Directors ("INED") and the remaining three (3) are Non-Independent Non-Executive Directors ("NINED"):

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

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### SNAPSHOT OF THE BOARD'S PROFILE

#### Board Balance and Composition

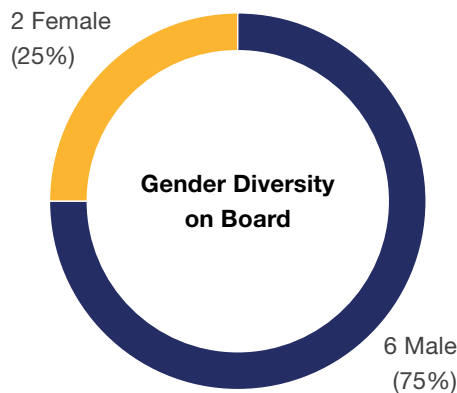
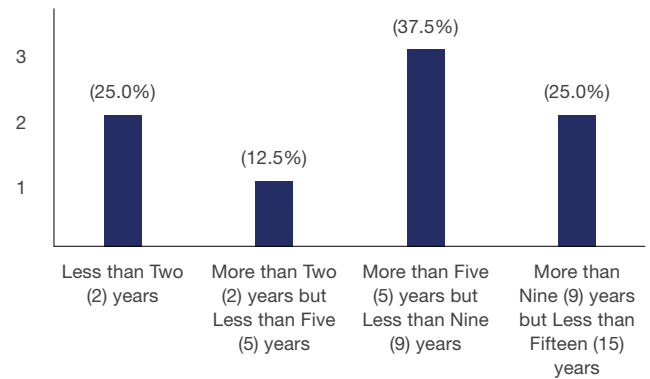


#### Directors' Nationality



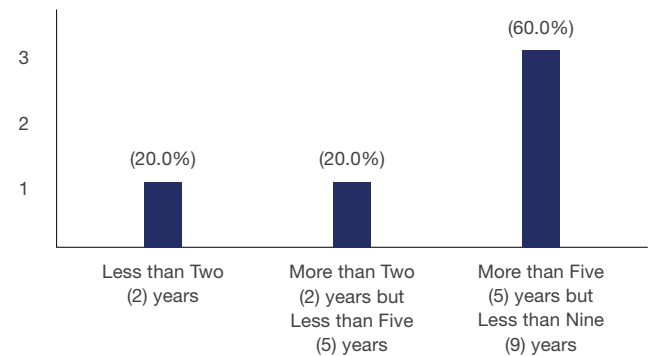
#### Number of Directors under Different Tenure

(as at 31 March 2023)

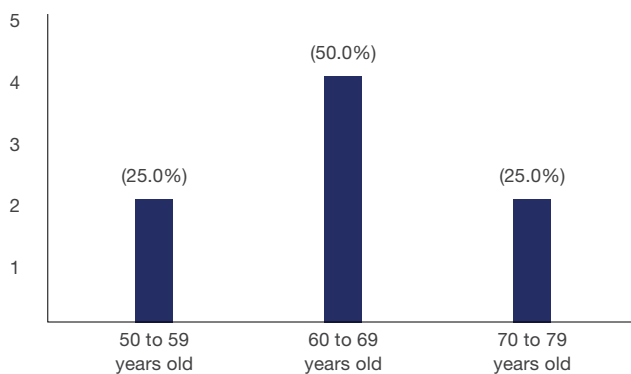


#### Number of Independent Directors under Different Tenure

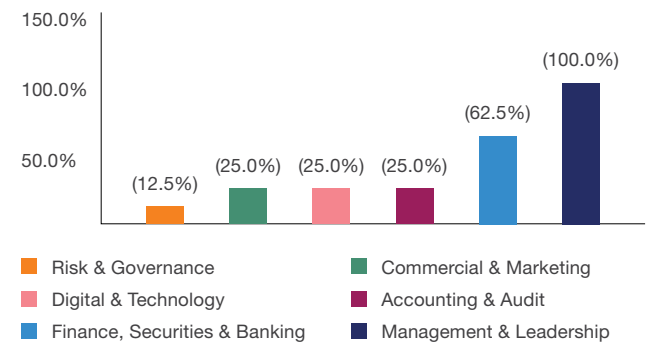
(as at 31 March 2023)



#### 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 <sup>(1)</sup>	Attended	
YAM Tan Sri Dato' Seri Syed Anwar Jamalullail (Chairman)	11	11	100.0%
Mr. Luigi Fortunato Ghirardello <sup>(2)</sup>	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 <sup>(3)</sup>	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 <sup>(1) (2)</sup>	Attended	
Encik Jeremy Nasrulhaq (Chairman)	8	8	100.0%
Mr. Luk Wai Hong, William <sup>(3)</sup>	8	8 <sup>(4)</sup>	100.0%
Mr. Kanagaraj Lorenz	8	8	100.0%
Puan Norazian Ahmad Tajuddin <sup>(5)</sup>	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 <sup>(1)</sup>	Attended	
Madam Chin Siew Siew <sup>(2)</sup> (Chairman)	0	0	0%
Mr. Luk Wai Hong, William <sup>(3)</sup>	8	8 <sup>(4)</sup>	100.0%
Encik Jeremy Nasrulhaq	8	8	100.0%
Mr. Luigi Fortunato Ghirardello <sup>(5)</sup>	5	5 <sup>(6)</sup>	100.0%
Encik Ismail Harith Merican	8	8	100.0%
Puan Norazian Ahmad Tajuddin <sup>(7)</sup>	8	8	100.0%
Mr. Choy Khai Choon <sup>(8)</sup>	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 <sup>(1) (2)</sup>	Attended	
Puan Norazian Ahmad Tajuddin <sup>(3)</sup> (Chairman)	8	8	100.0%
Mr. Luigi Fortunato Ghirardello <sup>(4)</sup>	2	2	100.0%
Mr. Luk Wai Hong, William <sup>(5)</sup>	8	8	100.0%
Mr. Kanagaraj Lorenz	8	8	100.0%
Mr. Choy Khai Choon <sup>(6)</sup>	7	7	100.0%
Madam Chin Siew Siew <sup>(7)</sup>	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 <sup>(1)</sup>	Attended	
Mr. Kanagaraj Lorenz (Chairman)	6	6	100.0%
Mr. Luk Wai Hong, William	6	6	100.0%
Mr. Luigi Fortunato Ghirardello <sup>(2)</sup>	1	1	100.0%
Puan Norazian Ahmad Tajuddin <sup>(3)</sup>	5	5	100.0%
Encik Jeremy Nasrulhaq	6	6	100.0%
Mr. Choy Khai Choon <sup>(4)</sup>	6	6	100.0%
Madam Chin Siew Siew <sup>(5)</sup>	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		Percentage (%)
	Held <sup>(1)</sup>	Attended	
Madam Chin Siew Siew <sup>(2)</sup> (Chairman)	0	0	0.0%
Mr. Luk Wai Hong, William <sup>(3)</sup>	1	1	100.0%
Encik Jeremy Nasrulhaq	1	1	100.0%
Puan Norazian Ahmad Tajuddin <sup>(4)</sup>	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		Percentage (%)
	Held <sup>(1)</sup>	Attended	
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 IF4BOD<sup>1</sup>, 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.

<sup>1</sup> 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 (1<sup>st</sup>) 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
<b>Property, Insurance, Strategy, Accounting &amp; Finance, Governance, Economy, Leadership, Business, Risk, Tax</b>	
1. An Overview of Revenue Recognition: Property Development Activities by Ernst & Young PLT (“ <b>EY</b> ”) - In-House Programme Organised by S P Setia Berhad (“ <b>S P Setia</b> ”)	TSAJ
2. Overview on Zone AOA (Asia, Oceania and Sub-Saharan Africa) Strategic Roadmap 2022 - In-House Programme Organised by Nestle (Malaysia) Berhad (“ <b>Nestle</b> ”)	TSAJ
3. ASEAN Business Summit by Bloomberg	CKC
4. Management Accounting and Business Environment - University Malaysia (“ <b>UM</b> ”) (attended as a speaker of Faculty of Business and Economics of UM)	JN
5. Webinar on The Corporate Governance (“ <b>CG</b> ”) Overview Statement, CG Report, Audit Committee Report and the Statement on Risk Management & Internal Control (“ <b>SORMIC</b> ”)	JN
6. Nomination and Remuneration Committee (“ <b>NRC</b> ”) Dialogue & Networking - Session #1 by Institute of Corporate Directors Malaysia (“ <b>ICDM</b> ”)	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 (“ <b>ICLIF</b> ”) (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
<b>Property, Insurance, Strategy, Accounting &amp; Finance, Governance, Economy, Leadership, Business, Risk, Tax</b>	
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
<b>Regulatory and Compliance, Dialogue and Discussion with Regulators, Institutions</b>	
21. Capital Market Directors Programme (" <b>CMDP</b> ") - Module 1 - Directors As Gatekeepers of Market Participants by Securities Industry Development Corporation (" <b>SIDC</b> ")	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 (" <b>MIA</b> ") - attended as Moderator	JN
26. Mandatory Directors' Programme (" <b>MAP</b> ") 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
<b>Information Technology, Digitalisation, Cyber Security</b>	
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
<b>Information Technology, Digitalisation, Cyber Security</b>	
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
<b>Islamic Banking and Finance, Shariah Compliance</b>	
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
<b>Sustainability and Environment, Social and Governance ("ESG")</b>	
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 (“<b>Framework</b>”) 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 <sup>(1)</sup>	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 <sup>(2)</sup>	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 <sup>(1)</sup>	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 <sup>(2)</sup>	575,150.00
Mr. Luigi Fortunato Ghirardello	193,013.70 <sup>(3)</sup>	-	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 <sup>(4)</sup>	-	22,000.00	-	-	207,123.29
<b>TOTAL</b>	<b>3,250,657.55</b>	<b>-</b>	<b>546,000.00</b>	<b>-</b>	<b>31,150.00</b>	<b>3,827,807.55</b>

**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 <sup>(1)</sup> 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 <sup>(2)</sup>	575,150.00
Mr. Luigi Fortunato Ghirardello	143,013.70 <sup>(3)</sup>	-	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 <sup>(4)</sup>	-	22,000.00	-	-	207,123.29
<b>TOTAL</b>	<b>3,009,917.82</b>	<b>-</b>	<b>456,000.00</b>	<b>-</b>	<b>31,150.00</b>	<b>3,497,067.82</b>

**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 2024<sup>2</sup>.
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.

<sup>2</sup> 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 (48<sup>th</sup>) 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 (48<sup>th</sup>) 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"> <li>• Responsible Investment</li> <li>• Digitalisation</li> </ul>
Environmental Stewardship	<ul style="list-style-type: none"> <li>• Climate Impact</li> </ul>
Empowering People and Communities	<ul style="list-style-type: none"> <li>• Diversity, Inclusion and Well-Being</li> <li>• Community Investment</li> </ul>
Good Corporate Governance	<ul style="list-style-type: none"> <li>• Good Business Conduct</li> </ul>

### 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
<b>Grand Total</b>	<b>694,940</b>	<b>445,140</b>

#### 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 Employees<sup>4</sup> 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

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

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

### FY 2020

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

### FY 2021

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

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

FY 2022

ESOS <sup>(1)</sup>	Total	GMD <sup>(2)</sup>	Senior Management	Other Entitled Employees
Granted	0	0	0	0
Adjustment <sup>(12)</sup>	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 <sup>(6)</sup>	269,500	0	0	269,500
Lapsed <sup>(10)</sup>	39,500	0	0	39,500
Outstanding	16,710,000	7,000,000	1,222,000	8,488,000

ESGP <sup>(1)</sup>	Total	GMD <sup>(2)</sup>	Senior Management	Other Entitled Employees
Granted	0	0	0	0
Adjustment	0	0	50,000	-50,000
Vested <sup>(11)</sup>	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:

- 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
- 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