



GOOD GOVERNANCE

GOOD GOVERNANCE



We remain cognisant of our responsibilities to our stakeholders, as we strive to raise the bar on good governance by incorporating ethical business practises throughout the organisation.

MATERIAL TOPICS:

-  Good Business Conduct
-  Regulatory Compliance

OUR GOALS:

- Goal 1** All material matters to be supported by adequate policies and procedures in line with best practices and regulatory requirements.
- Goal 2** Lead industry fraud awareness through an interactive flagship programme.

UN SDGs



GOOD GOVERNANCE



GOOD BUSINESS CONDUCT

[GRI 205]

WHY IT MATTERS

The implementation of a strong governance foundation is critical for Kenanga’s long-term value creation. As a responsible and sustainable financial institution, it is imperative to instil a strong ethical and compliance culture that reflects the Group’s zero-tolerance approach towards any form financial crimes.

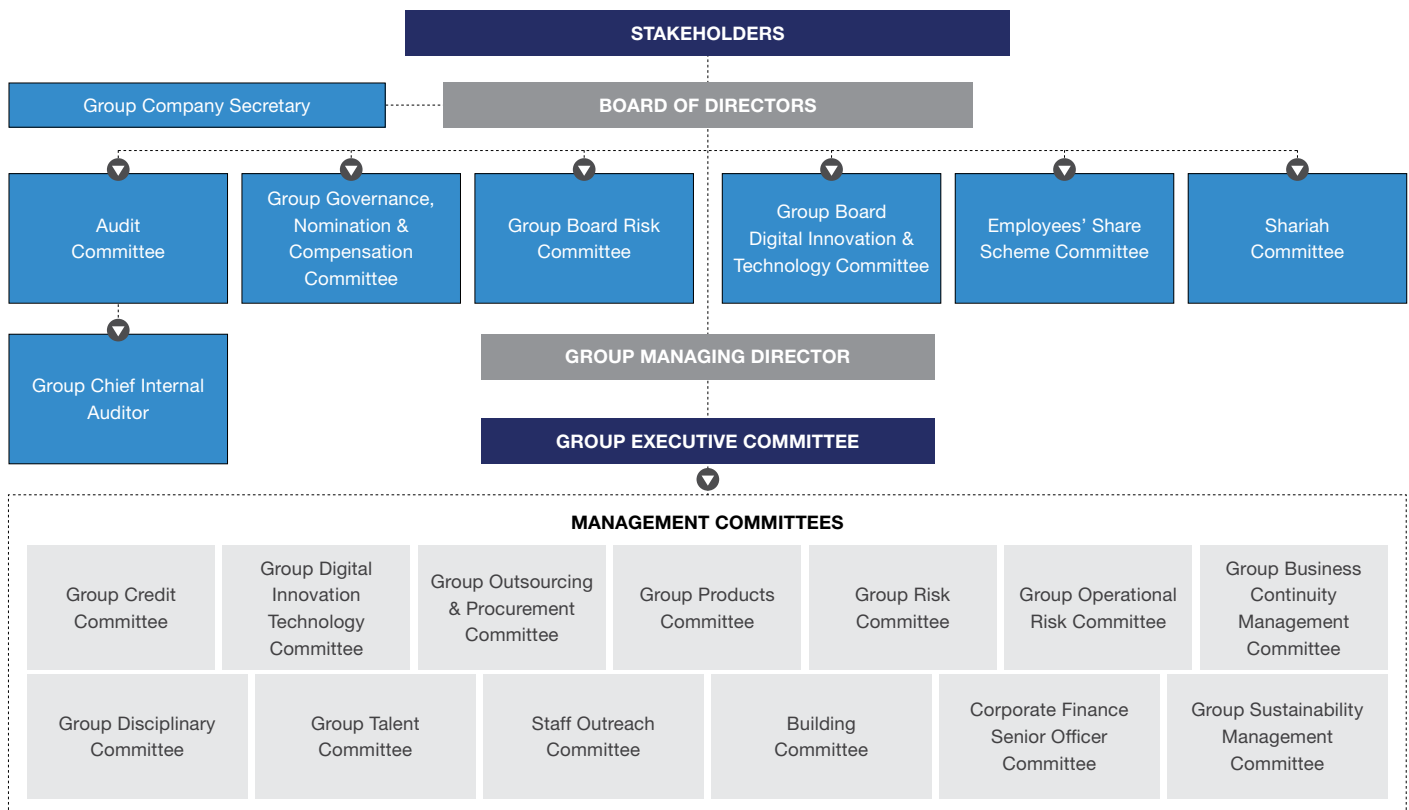
OUR APPROACH

Our Corporate Governance

To ensure a balance of power and authority between individuals, the Chairperson of Kenanga’s Board of Directors, is separate from the Group Managing Director. Further to that, the Group Managing Director is also not a member of the Board. Understanding 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 Kenanga and its Subsidiaries (“**Kenanga**”, “**the 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



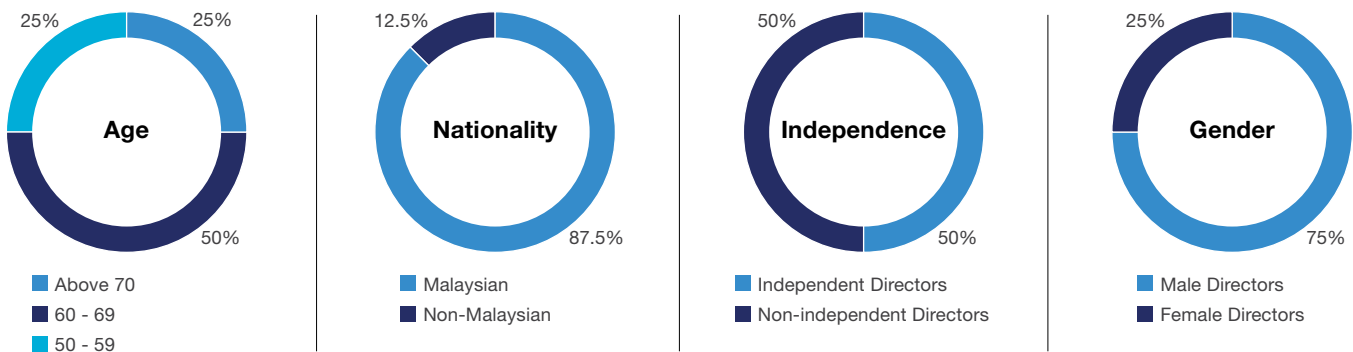
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Fostering high quality independent auditing to promote confidence in the quality and reliability of our audited financial statements is a priority. In line with BNM’s Guidelines on External Auditors, we ensure the appointed audit engagement partner does not serve a continuous period of over five (5) years. He/she is rotated to safeguard objectivity and independence. Appointment of the audit firm follows the same stringent tender and appointment process outlined in the Group Procurement Policy.

Our Board Diversity

The Board’s composition reflects a diverse range of perspectives, experiences, and expertise, which has a positive influence on the Group’s strategic decision-making.

Board Composition in FY2022



For more information on our Corporate Governance, please refer to the Corporate Governance Overview Statement on pages **66-96** of our Annual Report 2022.

Our Sustainability Governance

Establishing a sustainability governance structure with clearly defined roles and responsibilities is paramount to ensure accountability and effectiveness in the execution of sustainability initiatives within the Group. As the Group’s highest governing body, the Board drives the overarching leadership, strategy, and oversight of the Group’s ESG approach to risks and opportunities, supported by the relevant committees as defined below:

Sustainability Governance at Kenanga	
Board & Management Committees	
Governing Body	Roles & Responsibilities
Board of Directors	Highest approval authority and oversees the implementation of sustainability initiatives, including providing stewardship, guidance, and direction for the sustainability agenda for the Group. Promotes sustainability through appropriate ESG considerations in the Group’s business strategies.
Group Governance, Nomination & Compensation Committee (“GNC”)	An independent Board Committee that supports the Board in providing oversight on the progress of sustainability, particularly in ensuring the governance of sustainability within Kenanga, as well as the necessary alignment and compliance with applicable statutory and regulatory requirements.
Audit Committee (“AC”)	A Committee that supports the Board in providing oversight on the process of sustainability management, as well as the Group’s system of internal controls and compliance with applicable statutory and regulatory requirements.

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Sustainability Governance at Kenanga	
Board & Management Committees	
Governing Body	Roles & Responsibilities
Group Board Risk Committee (“GBRC”)	An independent Board Committee that assists the Board in its supervisory role on the risk management of the Group while overseeing all aspects of risk management in the Group, including climate change risk management.
Group Risk Committee (“GRC”)	Highest senior management committee that assists the Board through its supervisory role on risk management for the Group while overseeing all aspects of risk management in the Group, including climate change risk management.
Group Sustainability Management Committee (“GSMC”)	<p>Highest senior management committee that assists the Board in the governance of sustainability including establishing sustainability direction, strategies, and targets for the Group.</p> <p>Ensures the Group addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategies and success by integrating sustainability considerations into the day-to-day operations of the Group.</p> <p>Ensures the effective implementation of the Group’s sustainability strategies and plans.</p>
Delivery	
Division	Roles & Responsibilities
Group Marketing, Communications and Sustainability	<p>Provides management-level leadership in sustainability planning and implementation, as well as monitoring and evaluation of sustainability initiatives and their performance.</p> <p>Actively engage with external stakeholders, as well as internal business divisions and subsidiaries, to identify sustainability risks and opportunities.</p>
Business Divisions & Operations	<p>Champions the implementation of sustainability initiatives and provides grassroots-level input for holistic sustainability management.</p> <p>Acts as key sustainability data owners and drives the sustainability integration in respective divisions.</p>



GOOD GOVERNANCE**REGULATORY COMPLIANCE****WHY IT MATTERS**

A strong compliance culture is pivotal for the Group's stable growth. One of the key priorities in our approach to building sound governance is fostering a compliance culture that empowers our employees to be professional, while upholding high standards of integrity and vigilance in detecting financial crimes.

Building an Ethical Culture

We are committed to ensuring that our employees are well equipped to meet the challenges of their respective roles and demonstrate behaviours that align with the Group's values.

Our Group Regulatory and Corporate Services ("**GRCS**") division has established a robust governance foundation, including corporate policies, procedures, and control measures, to help the Group navigate risks and respond to any incidents of non-compliance or unethical behaviour.

A key component of our strategy to build an ethical culture includes designing training programmes and awareness initiatives which embed our principles of ethics and integrity so that they are reinforced, understood and practised throughout every level of our workforce.

Some of the key measures we implemented include:

- All regulatory issuances and updates are communicated to employees as and when they are updated by the regulators.
- All new employees are required to complete training on ethics and regulatory compliance related matters, including code of ethics, Anti-Bribery and Corruption, Anti-Fraud, AML/CFT/TFS and conflicts of interest upon joining the Group while all existing employees are required to complete refresher training on an annual basis.
- Annual Regulatory Seminar ("**ARS**") was organised through which we reinforced our standards of conduct on matters such as conflicts of interest, fraud, bribery and corruption, AML/CFT/TFS and whistleblowing.
- Key ethics and regulatory compliance policies have been made available online to all employees via the Policy & Procedure Governance System, an internal repository platform containing our policies and procedures.
- ARS assessment was conducted to gauge awareness and understanding, and reinforce the grasp and knowledge of our employees on good governance and business practices.

Furthermore, the Group Financial Crime Compliance ("**GFCC**") Department has conducted an Enterprise-Wide Risk Assessment ("**EWRA**"), an anti-corruption procedure that assesses potential corruption covering AML/CFT/TFS risks. The EWRA considers customers, country, product and services, and transactions or delivery channel risk. Currently, no significant risks have been identified. GFCC has communicated the EWRA results to the Group in order for them to develop mitigation measures accordingly.

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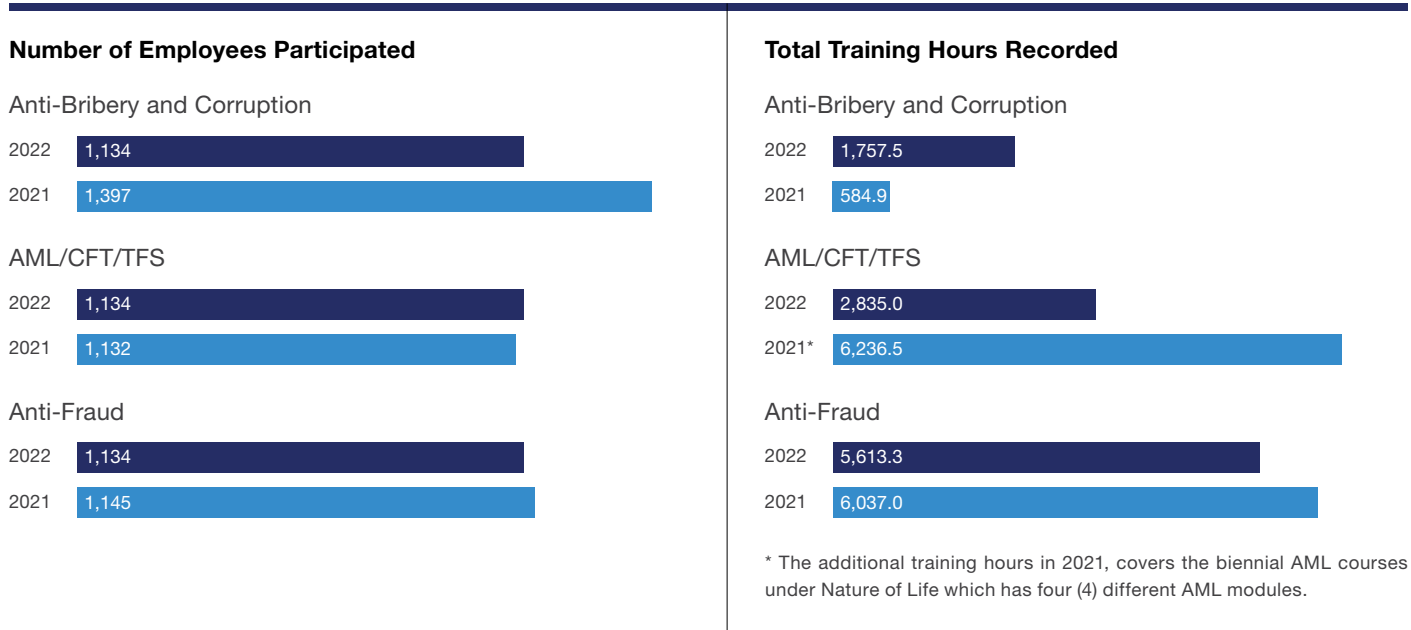
“We remain committed to combatting fraud and corruption through our ongoing efforts to strengthen our internal controls and working with stakeholders to promote transparency and ethical practices. As we work to further incorporate ESG criteria throughout our value chain, we continue to amplify the importance of accountability, integrity, and good governance and rally more people to join the fight against fraud.”

MAHESWARI KANNIAH

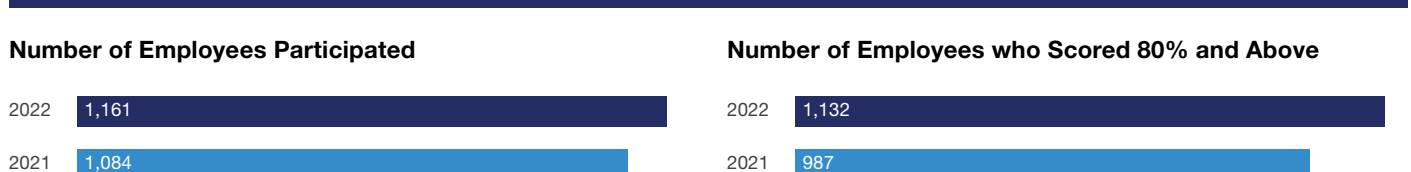
**Group Chief Regulatory and Compliance Officer,
Kenanga Investment Bank Berhad**

All new hires are required to complete an onboarding training session to familiarise themselves with the relevant framework, procedures, and policies whereas annual training are provided as refresher for existing employees. The sessions are delivered through blended format that includes reading materials and explainer videos on topics such as Anti-Bribery and Corruption, AML/CFT/TFS, and Anti-Fraud practices.

Compliance Training Summary



E-Test Outcomes



Note: For Year-On-Year data of the compliance training, please refer to page 91 of this report.

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BOOSTING FRAUD AWARENESS AT KENANGA

kenanga

6th FRAUD AWARENESS WEEK

Greetings Kenanga Warriors...

Kenanga's 6th Fraud Awareness Week (FAW) will be held from 14 - 18 November 2022, in conjunction with the International FAW of the Association of Certified Fraud Examiners.

The FAW has been one of the many ways in which Kenanga, together with corporate entities all over the world, demonstrate their commitment to the anti-fraud, anti-bribery and anti-corruption agenda.

As per previous years, among the exciting activities in store for the FAW in 2022 will be the 6th FAW Virtual Opening Ceremony, the Annual Regulatory Seminar as well as the ever popular, FAW Games!

We wish to invite all Kenanga staff to submit your nomination for participation in the FAW Games 2022!

All you have to do is form a team of 2 and submit the online form via the online link [HERE] or the QR Code below by 30 September 2022.

We will thereafter get in touch with the successful nominee teams with details of the FAW Games 2022.

You will not only gain knowledge on fraud related issues but stand to win attractive prizes - so do not wait and REGISTER TODAY!

Contact Persons (via Teams or Email):

- Zulhairam Osman (zulhairam@kenanga.com.my)
- Niven Norazah (niven@kenanga.com.my)
- Kevin Lee (kevin@kenanga.com.my)

FRAUD AWARENESS WEEK 2022 OFFICIAL SUPPORTER

6th Fraud Awareness Week ("FAW")

As part of Kenanga's ongoing commitment to combat fraud in the financial industry, the Group organised its sixth (6th) annual Fraud Awareness Week ("6th FAW") in collaboration with the Association of Certified Fraud Examiners' ("ACFE") International Fraud Awareness Week.

This flagship campaign aligns with the UNGC's 10th Principle to emphasise the need for businesses to work against corruption in all its forms. The month-long campaign, themed 'Reaffirming Ethical and Moral Resilience for Good Governance,' strived to raise awareness about the importance of fraud detection and prevention, as well as help shape corporate cultures to thrive in a constantly evolving regulatory landscape.

The 6th FAW games recorded over 2,000 participations in FY2022, with attendees from notable regulatory, enforcement and professional bodies as well as other financial institutions, public listed companies and Kenanga's third party vendors and suppliers. The delegates included participants from Securities Commission Malaysia, Bursa Malaysia, Employees Provident Fund, Petronas, Airasia, Nestle, and Deloitte Consulting Malaysia as well as our own employees.

All programmes and game sessions were conducted virtually, and focused on delivering the message regarding the importance of combating all forms of fraud and corruption and preventing misdemeanours or scams for businesses.

7th Annual Regulatory Seminar 2022

The Group hosted the Annual Regulatory Seminar in 2022, where we reinforced our standards of conduct and procedures on a wide range of regulatory and ethical issues including conflicts of interest and corruption, as well as Anti-Money Laundering, Counter-Terrorism Financing, and Targeted Financial Sanctions ("AML/CFT/TFS"). In 2022, approximately 85% of our employees completed e-tests on ethics and compliance as well as the landscape and regulatory expectations on AML/CFT/TFS which was made mandatory to all our employees during the Annual Regulatory Seminar, with 97.5% achieving a score of 80% or higher. We also published quarterly issues of our 'Capital Market Insight Newsletter' to keep our employees abreast of recent regulatory developments and capital market updates.

7th Annual Regulatory Seminar Topics

- Ethics & Compliance Ethos - The Cornerstone of a Good Corporate Culture

- AML/CFT/TFS Landscape & Expectations

- Strengthening Compliance Culture Towards Good Governance

- Cyber Security: Top Trends in Malaysia

- Compliance with Adequate Procedures Under Section 17A of the MACC Act 2009


- Conversation with a Whistleblower – The Fraud Of Theranos

- Exposing Wirecard: Investigation of a Billion-Dollar Fraud

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Combating Financial Crimes

Kenanga takes a zero-tolerance approach to all forms of financial crime including bribery, fraud, corruption, the direct or indirect financing of terrorism, money laundering, proliferation financing and any other forms of illicit activity connected to unethical business practices. To safeguard our operations as well as the wider financial system, we have designed and implemented relevant internal policies, frameworks and standards.

Anti-Money Laundering and Countering Financing of Terrorism and Targeted Financial Sanctions	<ul style="list-style-type: none"> Designed to identify and mitigate financial crimes risks, the AML/CFT/TFS framework incorporates policies and procedures that outline the required practices, control measures, guidance and direction, in adherence to AML/CFT/TFS laws, regulations, and industry best practices Regular AML/CFT reviews are conducted to ensure compliance in all business units and branches. For instance, we require our branches to perform Semi-Annual Declaratory Self-Assessments and monthly Self-Assessments Numerous AML/CFT/TFS programmes have been rolled out to closely monitor the level of AML/CFT adherence to meet the regulatory expectations To stay abreast with the digital transition, we are leveraging our digital capabilities to enhance our information management system for timely detection, monitoring and reporting of suspicious activities by a Risk-Based Approach
Anti-Fraud, Bribery and Corruption (“AFBC”)	<ul style="list-style-type: none"> The Group’s AFBC Policy establishes Kenanga’s guiding principles for identifying and preventing fraudulent activities in all of its internal and external dealings. The AFBC Policy is to be complied with by the Board of Directors, Senior Management, as well as all employees of Kenanga Group The AFBC Policy has also been drafted and reviewed to ensure that it meets the relevant standards and principles which underpins the introduction of the corporate liability provision (i.e. Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (“MACC Act 2009”)) As per our AFBC Policy, we do not make any political contributions, including lobbying, campaigns, or other activities <p>0 In FY2022, we recorded zero incident of fraud, bribery, or corruption within the Group.</p>
Code of Ethics and Conduct for Employees	<ul style="list-style-type: none"> Our Codes of Conduct for Employees reflect the professionalism and integrity standards that all Kenanga employees are expected to uphold when dealing with customers, business partners, regulators or other key stakeholder groups. We require all new hires to sign an acknowledgment that they have read and understand the Code as part of the onboarding process. The Code will undergo periodic Board review to ensure its effectiveness and compliance with any regulatory requirements
Group Whistleblowing Policy	<ul style="list-style-type: none"> The Group has put in place a Whistleblowing Framework for the reporting of any concerns made in good faith about behaviour, conduct, practice, deeds and/or omissions that might be either unlawful or inconsistent with the policies of the Group The Group provides a safe and secure environment for employees, customers and third parties to report their concerns about any misconduct or suspected breach of laws, regulations or internal policies and procedures Through the Group Whistleblowing Policy & Guidance Notes, Kenanga ensures confidentiality and assures its stakeholders and the general public that they can make a report in good faith Concerns can be raised using our whistleblowing channels: <div style="display: flex; align-items: center;">  <div> <p>Letter: P.O. Box 11275, 50740 Kuala Lumpur Email: do.whistleblowing@kenanga.com.my</p> <p>◀ Scan to be directed to our website.</p> </div> </div>

GOOD GOVERNANCE**Key Policies, Frameworks and Commitment Statements**

At Kenanga, we monitor and implement all corporate policies and frameworks to incorporate good governance values throughout the organisation.

**GOOD GOVERNANCE**

- Group Code of Ethics and Conduct for Employees
- Group Code of Conduct for Vendors
- E-Procurement Procedure
- Business Continuity Management Framework Policy
- Group Conflict Management Policy

**CYBER SECURITY**

- Cyber Security Policy
- Data Loss Prevention Framework
- Group Confidential Information Policy
- Retention, Archiving and Destruction Policy
- PDPA Data Access and Retention Procedure*
- Cyber Security Procedure*
- Technology Risk Management Framework*

**REGULATORY COMPLIANCE**

- Group Anti-Money Laundering and Countering Financing of Terrorism and Targeted Financial Sanctions Policy & Procedure
- Group Anti-Fraud, Bribery and Corruption Policy
- Group Chinese Wall Policy
- Group Whistleblowing Policy and Guidance Note
- Group Competition Act Compliance Policy
- KIB Anti-Money Laundering, Countering Financing of Terrorism and Targeted Financial Sanctions Procedure*
- Group Gifts, Entertainment and Hospitality Policy
- Group Corporate Crime Prevention – Financial Crime Supervision & Fraud Management Procedure

**CLIENT EXPERIENCE**

- Advertising Policy
- Social Media Policy
- Media Relations Policy
- Group Complaint Handling Policy and Procedure

**DIGITALISATION**

- iLeap Application Governance Policy
- Technology Risk Management Framework

**RESPONSIBLE INVESTING**

- ESG Integration Framework
- Statement on Application of the Principles of the Malaysian Code for Institutional Investors

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DIVERSITY, INCLUSION AND WELLBEING

- Preventing and Eradicating Sexual Harassment in the Workplace Procedure
- Committed to supporting gender diversity in the workplace and aligning our Board’s representation in accordance with the updated MCCG’s requirement
- Zero tolerance of any violation of human rights, including forced and compulsory labour, child labour, as well as, discrimination with respect to employment in our operations in compliance with the applicable employment law and regulations



COMMUNITY INVESTMENT

- Group Donation Policy*
- Committed to empower and uplift local communities by supporting social enterprises, through targeted community investments, outreach activities and employee volunteerism



CLIMATE IMPACT

- Climate Change Risk Management Framework
- Committed to reduce our operational footprint of our business activities by optimising our energy and resource consumption efficiently, adopting responsible waste management practices and empowering our employees, as well as, our vendors to be environmental stewards

* These policies and procedures were updated in 2022

FUTURE OUTLOOK

In line with regulatory requirements, we remain committed to maintaining the highest standards of good governance. Moving forward, we will continue to enhance our governance practices by regularly reviewing and updating our policies as required, such as establishing Group Human Rights Policy and Group Sustainability Policy, as well as updating relevant procedures and systems.



Our full suite of policies and position statements statements are approved by the Board and is publicly available on our corporate website (<https://www.kenanga.com.my/ethics-governance>).

