

GOOD GOVERNANCE



MATERIAL MATTERS

-  Good Business Conduct
-  Risk Management
-  Regulatory Compliance

Alignment to UN SDGs:



GOOD GOVERNANCE

GOOD BUSINESS CONDUCT 

GRI 3-3, 405-1

WHY IT MATTERS

We uphold strong corporate governance and ethical conduct, guided by clear oversight structures that reinforce integrity, transparency and regulatory compliance. Through accountable practices and rigorous controls, we maintain a governance structure that safeguards stakeholder confidence, supports responsible decision-making and ensures the Group continues to operate to the highest standards.

OUR APPROACH

Our Corporate Governance Framework

The Board understands its responsibility for upholding strong corporate governance and is committed to adopting its principles and best practices. It ensures that KIBB and its subsidiaries comply with guidelines issued by Bank Negara Malaysia ("BNM"), Bursa Malaysia Securities Berhad ("Bursa Malaysia") and the Securities Commission Malaysia ("SC").

The Board is also committed to embedding the principles and recommendations of the Malaysian Code on Corporate Governance ("MCCG"), issued by the SC, into the Company's policies and procedures.

The Group seeks to maintain a clear balance of authority between the Chairman and the Group Managing Director ("GMD") by clearly defining their respective roles in leading the Board and managing the Group's business. To promote objectivity, robust and open deliberations, the Board Committees are chaired by an Independent Director who is not the Chairman of the Board.

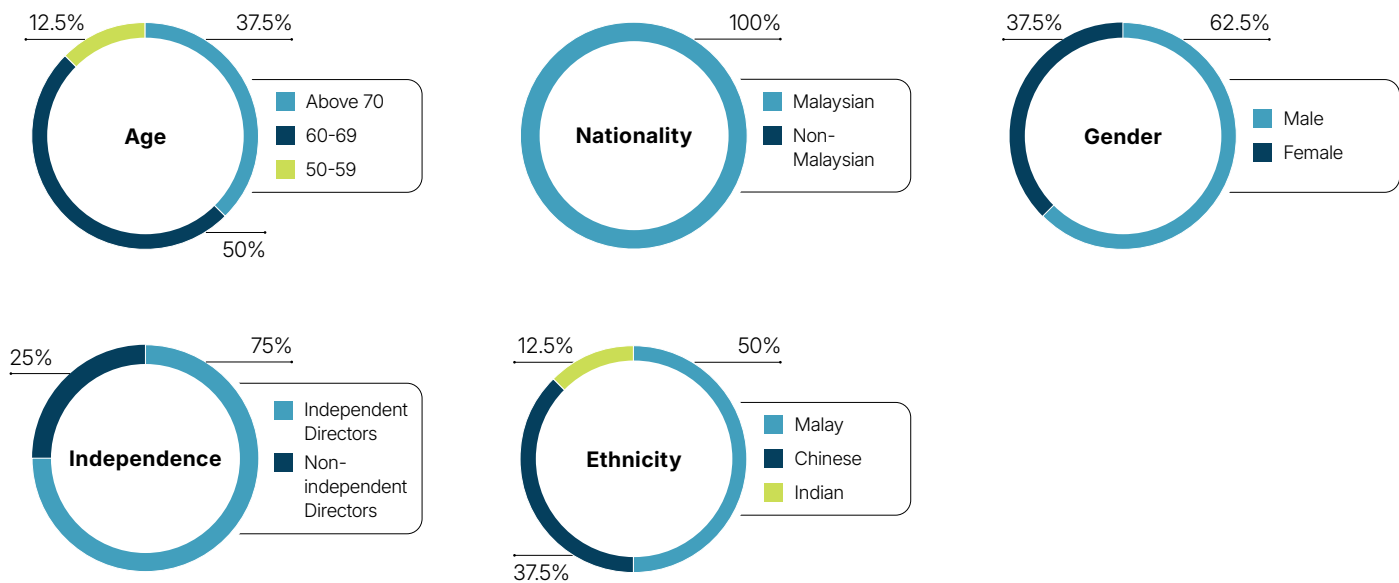



Approach to Audit Tender

Independent auditing is a key mechanism for strengthening trust and confidence in our financial statements. The Audit Committee is composed entirely of Independent Non-Executive Directors. In line with BNM's Guidelines on External Auditors, the Committee periodically reviews the appointment and re-appointments of audit firms when required.

Board Diversity

Reflecting our commitment to MCCG board diversity targets, our Board brings together a diverse representation of gender, skills and experience to enhance strategic oversight and decision-making.



 For more information on Corporate Governance, refer to the Corporate Governance Overview Statement on pages 94 to 129 in our Integrated Annual Report 2025.

FUTURE OUTLOOK 

Consistent with the principles of the MCCG, we will continue embedding a culture of integrity and ethical conduct across the organisation to support effective governance, manage emerging risks and sustain stakeholder trust.

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RISK MANAGEMENT



GRI 3-3, 204-1

WHY IT MATTERS

In an increasingly volatile environment, comprehensive risk management is vital for organisational resilience. By embedding risk management within our governance and strategy, we systematically identify, assess and mitigate interconnected operational, financial, regulatory and sustainability risks. This strengthens our ability to manage market uncertainty, safeguard long-term value and adapt to evolving regulatory and stakeholder expectation.

OUR APPROACH

We embed risk management into our business planning, governance and decision-making processes through structured risk frameworks aligned with regulatory requirements set by Bank Negara Malaysia, Bursa Malaysia, and the Securities Commission Malaysia, as well as relevant international standards.

Our Board of Directors retains ultimate responsibility for overseeing material risks and approving our risk management framework and policies. The Board is supported by the Group Board Risk Committee ("**GBRC**") and the Group Risk Committee ("**GRC**"), which oversee risk exposures, emerging risk trends and the effectiveness of risk mitigation measures.

The Enterprise Risk Management Framework outlines clear roles and responsibilities across the organisation to ensure accountability in managing risks. It provides the principles of good governance so that all risk-taking activities remain aligned with the Group's long-term sustainability resilience. The Group adopts a "three lines of defence" approach as its core risk management philosophy.

MANAGING KEY MATERIAL RISKS

Our Enterprise Risk Management ("**ERM**") framework continuously integrate and maintains oversight of key material risks across credit, market, liquidity and funding, operational, technology and as well as sustainability- and climate-related risks.

1 Credit Risk

Risk of losses when borrowers or counterparties fail to meet obligations, affecting lending, financing, underwriting, investment and trading activities. This may lead to impairment losses and reduced capital.

Managing Credit Risk:

Kenanga applies robust credit assessments at transaction and portfolio levels, supported by sound structures, covenants and risk-based pricing. Controls include strict pre-approval checks, internal limits, climate-risk considerations, rating and collateral tools, ongoing monitoring of large/ high-risk exposures, independent reviews, impairment assessments and Board-level reporting.

Opportunity:

Strong credit discipline, early warning indicators and stress testing enhance resilience, enabling well-managed and sustainable credit growth.

2 Market Risk

Risk of loss from adverse movements in interest rates, credit spreads, equity prices, forex rates and market volatility, exacerbated by geopolitical tensions, inflation and global market shifts. Losses may affect earnings and capital.

Managing Market Risk:

Trading and investment activities operate within defined market risk limits, supported by strong governance and oversight. The Group follows a risk-reward aligned framework, diversified product mix, continuous exposure monitoring, regular limit recalibration, focus on stable-margin strategies, and frequent stress testing to evaluate extreme scenarios.

Opportunity:

Disciplined market-risk management positions the Group to capture opportunities in trading, investment and hedging while supporting sustainable growth and efficient capital deployment.

3 Liquidity & Funding Risk

Risk of insufficient resources to meet obligations or support funding needs, potentially affecting business continuity.

Managing Liquidity & Funding Risk:

Kenanga maintains healthy liquidity through compliance with Liquidity Coverage Ratio and Net Stable Funding Ratio, diversified funding sources, ALM-based oversight, early warning indicators, and regular liquidity stress testing.

Opportunity:

Proactive liquidity management strengthens financial stability, improves funding efficiency and supports long-term resilience.

4 Operational Risk

Risk of loss from inadequate or failed processes, systems, people or external events, including legal and Shariah compliance risks.

Managing Operational Risk:

The Group applies a four-pronged framework: self-assessments, key risk indicators, loss event tracking and scenario analysis. Strong internal controls, systematic risk identification and proactive monitoring support early detection of emerging risks.

Opportunity:

Effective operational risk management enhances business resilience, strengthens processes and supports more robust decision-making.

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5 Sustainability & Climate Risk

ESG-related risks, including environmental, social and governance impacts, as well as climate-related physical and transition risks that may affect credit, market, operational and reputational exposures.

Managing Sustainability & Climate Risk:


The Group embeds sustainability and climate considerations across governance, strategy and risk management. Key measures include establishing a unified sustainability risk framework, development of climate change risk management framework which covers climate risk assessment tools, conducting climate risk scenario analysis and stress testing, measuring financed-emissions, performing a supplier ESG assessment and integrating climate risk considerations into business continuity management and operational risk processes. Capacity-building initiatives further strengthen ESG awareness and capability.

Opportunity:

Enhanced sustainability risk management opens pathways for climate-aligned products or services, strengthens client relationships, boosts reputation and attracts ESG-focused talent.

Key Developments:

In alignment with the National Sustainability Reporting Framework ("NSRF") and its adoption of IFRS S1 and S2 requirements, the Group has established a Group Sustainability Risk Management Framework to integrate sustainability-related risk and opportunity assessments across all business units and subsidiaries. This strengthens our preparation for the upcoming NSRF disclosure requirements and supports the development of a comprehensive sustainability risk profile for the Group. In parallel, a climate risk profiling exercise has been initiated to identify areas of vulnerability, inform strategic prioritisation and enhance readiness for ISSB-aligned climate reporting.

 For more information on how we manage Key Risks and Opportunities, refer to the Statement of Risk Management and Internal Control 2025 on pages 139 to 143 in our Integrated Annual Report 2025.

FUTURE OUTLOOK

We will further strengthen our risk management practices by integrating emerging risks, particularly sustainability-related risks and opportunities, into our governance, strategy and decision-making to ensure resilient and risk-informed business operations.

REGULATORY COMPLIANCE

GRI 2-23, 2-27, 3-3, 205-1, 205-2, 205-3

WHY IT MATTERS

Ethics and compliance anchor Kenanga's governance framework by guiding responsible conduct, shaping sound decision making, and strengthening stakeholder trust. As regulatory expectations intensify and risks evolve, integrity and accountability remain essential to sustaining a resilient and trusted organisation. These principles are embedded across the Group's structures, policies and operational practices ensuring that compliance is not viewed as a standalone obligation but as an integral part of how business is conducted.

OUR APPROACH**Building an Ethical Culture**

Kenanga fosters an ethical culture through strong governance, clear policies and procedures and disciplined controls that manage regulatory, conduct, and financial crime risks. Anti-corruption and financial crime safeguards are integrated into daily operations and reinforced through continuous training and awareness initiatives, helping employees uphold integrity, maintain compliance discipline, and make responsible decisions at every level.

Compliance and Ethics Governance Structure

The Group's ethics and compliance framework is supported by a coordinated governance and operating model under the Group Compliance and Ethics ("GCE") function. This framework is designed to provide effective oversight, ensure regulatory compliance, promote ethical conduct, and support consistent application of policies and standards across the Group.

In 2025, the GCE function operated through four (4) specialised departments that collectively support the Board and Senior Management in overseeing and embedding ethical and compliant practices across the Group. The ethics and compliance framework is implemented through clearly defined departmental responsibilities and reinforced by collaboration within the GCE function and across control and assurance units. This integrated approach enables consistent management of ethics, compliance, conduct, and regulatory risks throughout the organisation.

Departments	Responsibilities
Group Compliance ("GC")	Develops, implements and provides oversight to ensure the Group's compliance with applicable laws, regulations, regulatory guidelines, and internal policies for all regulated activities.
Group Financial Crime Compliance ("GFCC")	Responsible for establishing and maintaining Group's frameworks to prevent, detect, and manage financial crime risks related to money laundering, terrorism financing, proliferation financing and targeted financial sanctions.
Group Regulatory Affairs ("GRA")	Provides oversight and regulatory advisory support to ensure alignment with applicable regulatory requirements and standards as well as supervisory expectations.
Group Business Ethics and Integrity ("GBEI")	Drives the Group's ethics and integrity agenda by promoting ethical conduct, advising on matters relating to integrity, responsible for the speak-up framework within the Group and fostering a culture of accountability and responsible decision-making.

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Key Policies and Practices

To support consistent understanding and application of governance requirements across the organisation, the Group maintains a centralised platform for all policy-related resources. The Policy & Procedure Governance System is an internal repository containing all policies and procedures, including key ethics and regulatory compliance policies and is accessible to all employees. The Group adheres to a strict zero-tolerance approach towards all financial crime, including bribery, fraud, corruption, the direct or indirect financing of terrorism, money laundering, proliferation financing and any other illicit activities linked to unethical business practices. To safeguard our operations and the wider financial system from illegal and unethical behaviour, we have implemented these relevant internal policies, frameworks and standards.

This foundation enables the Group to implement a comprehensive suite of ethics, compliance and conduct policies, including the key frameworks outlined below:

<p>Anti-Money Laundering ("AML"), Countering Financing of Terrorism ("CFT"), Countering Proliferation Financing ("CPF") and Targeted Financial Sancitons ("TFS")</p>	<ul style="list-style-type: none"> • The Group's AML/ CFT/ CPF/ TFS Policy adopts a risk-based approach aligned with the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act, promoting ethical business conduct, strong internal controls and regulatory compliance while safeguarding against Money Laundering ("ML"), Terrorism Financing ("TF") and Proliferation Financing ("PF"). • Through structured controls, ongoing monitoring and regular audits across business units and branches, the framework deters, detects, mitigates and manages ML, TF and PF risks, while supporting timely reporting of suspicious activities to the Financial Intelligence and Enforcement Department. • Comprehensive training programmes, including onboarding training, refresher sessions for directors, employees and annual regulatory seminars, ensure employees remain informed of the evolving AML/ CFT/ CPF/ TFS requirements, reinforcing compliance discipline and strengthening the Group's overall defences against ML, TF and PF risks.
<p>Anti-Fraud, Bribery and Corruption ("AFBC")</p>	<ul style="list-style-type: none"> • The AFBC Policy and Procedures set out Kenanga's principles for identifying and preventing fraud, bribery and corruption across all internal and external dealings and apply to the Board, Senior Management and all employees. • The Policy ensures compliance with Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Corporate Liability Provision) and reinforces the Group's zero-tolerance stance, including the prohibition of political contributions. • The Guidance on Conduct of Fraud and Corruption Risk Assessment outlines the process for identifying fraud and corruption risks involving employees, directors and third parties, supporting Section 17A compliance and strengthening controls, responsibilities and safeguards across KIBB and its subsidiaries. Coverage of corruption elements for risk assessments include fraud and bribery. • The Guidance on Handling Incidents of External Fraud provides clear steps for employees in relation to incidents of external fraud. • Employees received financial crime and anti-corruption training as part of the Group's capacity development efforts, ensuring consistent understanding of obligations and supporting the integration of ethical business conduct into daily responsibilities. • Expectations for third-party integrity are reinforced through the Group Code of Conduct for Vendors, which outlines standards on ethical behaviour, transparency, and responsible business practices. • In FY2025, we recorded zero incidents of fraud, bribery, or corruption within the Group.

Code of Ethics and Conduct for Employees ("the Code")

- The Code reflects the integrity standards expected of all employees when dealing with all stakeholders.
- New hires are required to sign an acknowledgement that they have read and understood the Code as part of the onboarding process.
- The Code is periodically reviewed to ensure continued relevance, alignment with regulatory expectations and consistent with the Group's ethical standards.

Group Speak Up Policy and Framework



(Scan the QR code to access the platform.)

- The Group Speak Up Policy is in place to provide a safe and secure channel for employees, customers and third parties to lodge reports concerning any misconduct or suspected breaches of laws, regulations or internal policies and procedures.
- The policy and framework offers accessible, confidential reporting channels, including an independent third-party platform, ensuring fairness, protection and anonymity for those who report in good faith.
- An expanded scope of reportable matters, including sexual harassment and workplace bullying, was introduced as it enhances psychological safety and reinforces a trusted environment for raising concerns.
- A Speak Up channel was established for whistleblowers to submit reports to the external independent third-party appointed by Kenanga Group. Submissions may be made via email, a dedicated e-form or postal mail, as outlined on the External Report Recipient website: <https://kenanga.confideplatform.com/c/>.

Strengthening Resilient Financial Crime Risk Management

The Group prioritises the prevention, detection and management of financial crime risks as a core component of its ethics and compliance framework, adopting a structured, risk-based approach to identify, assess and mitigate money laundering, terrorism financing risk and proliferation financing risks across its operations. Key enhancements made in 2025 to further strengthen its defence against financial crime, including:

1. Fortifying Financial Crime Governance Frameworks

The Group strengthened its financial crime governance by improving key frameworks, clarifying roles for accountabilities and implementing controls, and enhancing risk-assessment tools to enhance identification and management of financial crime risks across the organisation.

2. Enhancing Detection, Monitoring and Control Effectiveness

The Group improved its ability to detect and manage financial crime by enhancing monitoring systems, implementing a more robust customer onboarding controls and expanding the use of digital tools. These enhancements improved early detection and strengthened overall risk-based decision-making across the Group.

3. Strengthening Resilient Financial Crime Risk Management

The Group also strengthened governance through updates to regulatory guidance, the digitalisation of approval processes and the completion of the first-stage audit and certification process for ISO 37001:2025 Anti Bribery Management System.

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Embedding Integrity Through Continuous Training and Communication

The Group recognises that strong ethics and compliance rely on continuous learning, regular engagement and consistent reinforcement of expected behaviours. In 2025, a range of accessible and engaging training and awareness initiatives were implemented to strengthen ethical conduct, fraud awareness and regulatory understanding, embedding integrity and vigilance into employees' day-to-day work practices.

These initiatives formed part of the Group's broader approach to strengthening ethical conduct, fraud awareness and compliance discipline through practical learning, targeted communication and enterprise-wide engagement.

- **Compliance Week**

The Compliance Week was launched with the objective of strengthening practical understanding of compliance and reinforcing the expectation that compliance must be demonstrated through everyday behaviour. Through quizzes, activity stations and expert-led sessions, the programme aimed to make compliance accessible, promote active engagement and highlight the importance of integrity and accountability in supporting the Group's long-term sustainability.

- **Fraud Awareness Week**

The Group's Fraud Awareness Week aimed to strengthen ethical leadership, deepen fraud awareness and reinforce a strong compliance culture across the organisation. Through a mix of educational sessions, expert insights, collaborative activities and gamified learning platforms, the initiative promotes accountability, encourages cross-stakeholder engagement and supports a proactive approach to recognising and managing fraud risks.

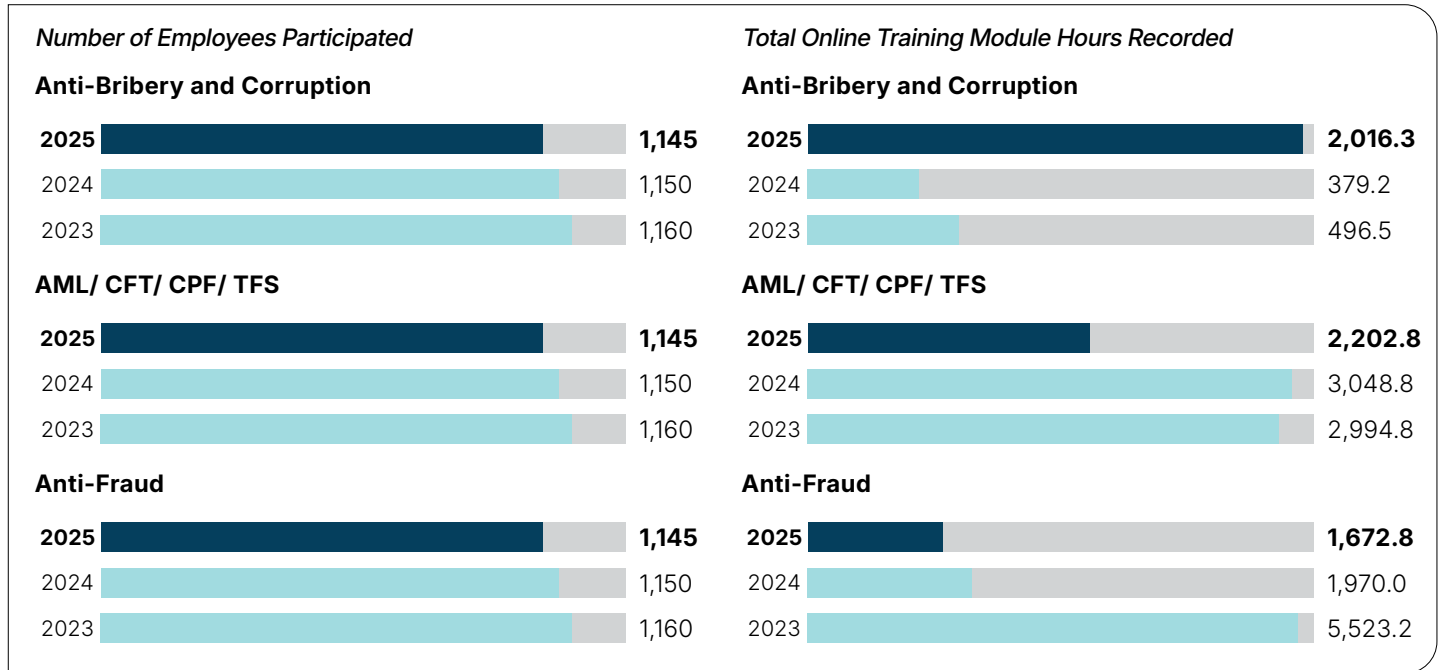
- **Ethical Conduct and Fraud Awareness Poster Campaign**

The campaign aimed to strengthen ethical behaviour and fraud awareness across the organisation. Over two (2) weeks, thought provoking posters were displayed throughout our Headquarter at Kenanga Tower and shared on SharePoint for wider reach. Each poster featured curated messages encouraging daily reflections on integrity, vigilance, accountability and responsible decision-making.

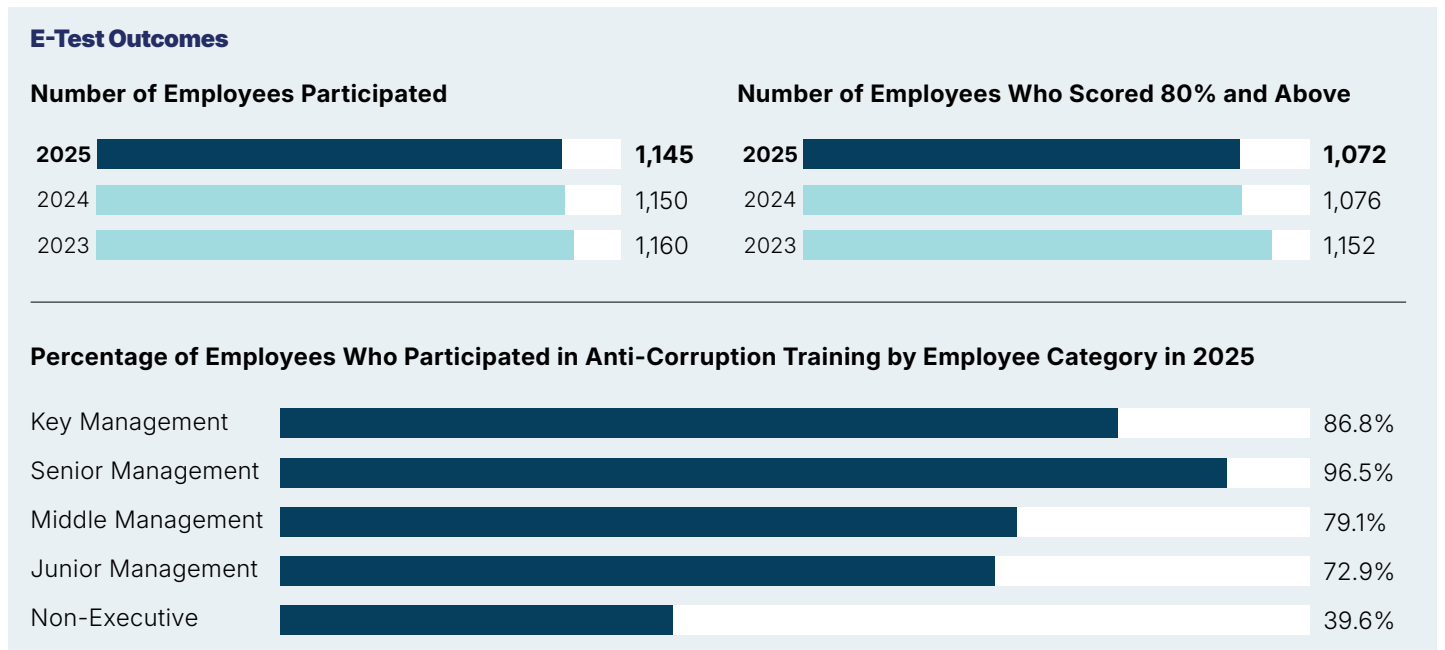


Ethics and Compliance Training

To create meaningful impact, the Group also measures training reach and monitors programme effectiveness through surveys.



The training hours differences are attributed to variations in the duration of the training modules.



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Embedding Ethics and Integrity with Awareness and Action



Themed “Beyond the Rules: Own It, Voice It, Do It”, the main objective of Compliance Week 2025 was to continue providing employees with the knowledge and practical skills to navigate key compliance areas, particularly on online security and regulatory integrity. Spanning over two (2) days, we garnered 350 participations during the event, which featured talks by industry experts on critical topics such as whistleblowing, financial crime and conflict of interest.

Following last year’s successful inaugural event, interactive booth activities made a return this year, presenting hands-on learning experiences across key compliance domains, such as stockbroking, capital market supervision and technology compliance. This year’s event also concluded with a prize-giving ceremony, acknowledging the top participants for their participation.

While these activities were designed to foster a deep understanding of compliance issues, it also reflects Kenanga’s continued commitment to upholding the high standards of ethics, transparency and organisational resilience.

At the Forefront of Fraud Prevention

Fighting fraud remains the top of Kenanga’s priorities. With its 9th annual Fraud Awareness Week (“FAW”), the event brought together industry leaders, practitioners and participants to work together on a shared mission: combatting fraud through awareness, insight and action.

Together with the Association of Certified Fraud Examiners (“ACFE”)’s International Fraud Awareness Week, this initiative served as a platform to engage both internal and external stakeholders on fraud awareness and financial crime prevention initiatives.

FAW 2025 highlighted some food-for-thought perspectives with its conversations. Huck Hai Lim, President of the ACFE Malaysia Chapter reminded us of an often-overlooked truth: that fraud evolves faster than our defenses, unless we stay committed to continuous learning. ACP Lai Lee Ching, Assistant Principal Director of CCID at PDRM underscored how scams are becoming more engineered with precision. Both their messages emphasised that awareness alone is not enough, we need to stay more vigilant, verify often and keep updated to changes and tactics.

In 2025, Malaysia Book of Records recognised the 2024 FAW Games for achieving the “Largest Participation in Anti-Fraud Games”. The FAW Games 2025 continued this momentum with 144 participating teams comprising Kenanga’s own internal teams and others from public-listed companies, regulatory bodies, professional associations and vendors, contributing to more than 1,650 participants across all rounds.

This initiative supports Kenanga’s dedication to promoting fraud awareness and continuing to build a more resilient, vigilant and ethical community.

10th Annual Regulatory Seminar

The Group hosted its 10th Annual Regulatory Seminar (“**ARS**”), “Building the Future with Compliance and Ethics as Our Compass” in conjunction with the 9th FAW. The e-learning programme was accessible through the LinkedIn Learning platform and featured insights from guest speakers and internal subject-matter experts covering important topics, which included the following:

- 1 3R Compliance: Reset, Realign & Reinforce
- 2 Building Stronger Defenses Against Financial Crime
- 3 Anti-Bribery & Corruption (ABC): Embedding Integrity into Culture
- 4 Demystifying Digital Assets: Compliance, Inclusion and the Future - Tokenisation
- 5 Embracing e-Invoicing: Compliance & the Digital Tax Future

In 2025, 94% of our employees completed the mandatory ARS Assessment on ethics, compliance and the regulatory landscape. Among those who completed the e-test, 94% achieved a score of 80% or higher. This initiative underscores Kenanga’s commitment to enrich their employees’ understanding and continued efforts to ethical business practices, transparency and accountability.

 For more information on how we manage our compliance and ethics-related matters, refer to the Ethics and Compliance Statement 2025 on pages 130 to 138 in our Integrated Annual Report 2025.

FUTURE OUTLOOK



In 2026, the Group will continue to strengthen governance, reinforce ownership of compliance risks, enhance monitoring and assurance and deepen collaboration across GCE functions to support more coordinated, effective management of regulatory, conduct and financial crime risks.