

GOOD GOVERNANCE

At Kenanga, we are committed to lead a responsible and transparent business, reinforced by robust corporate governance with high levels of ethics, compliance and integrity. We consistently reiterate our position in embedding good business conduct within the organisation and hold ourselves to high ethical standards in our business practices across our value chain.



**Good
Business
Conduct**



**Regulatory
Compliance**

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.



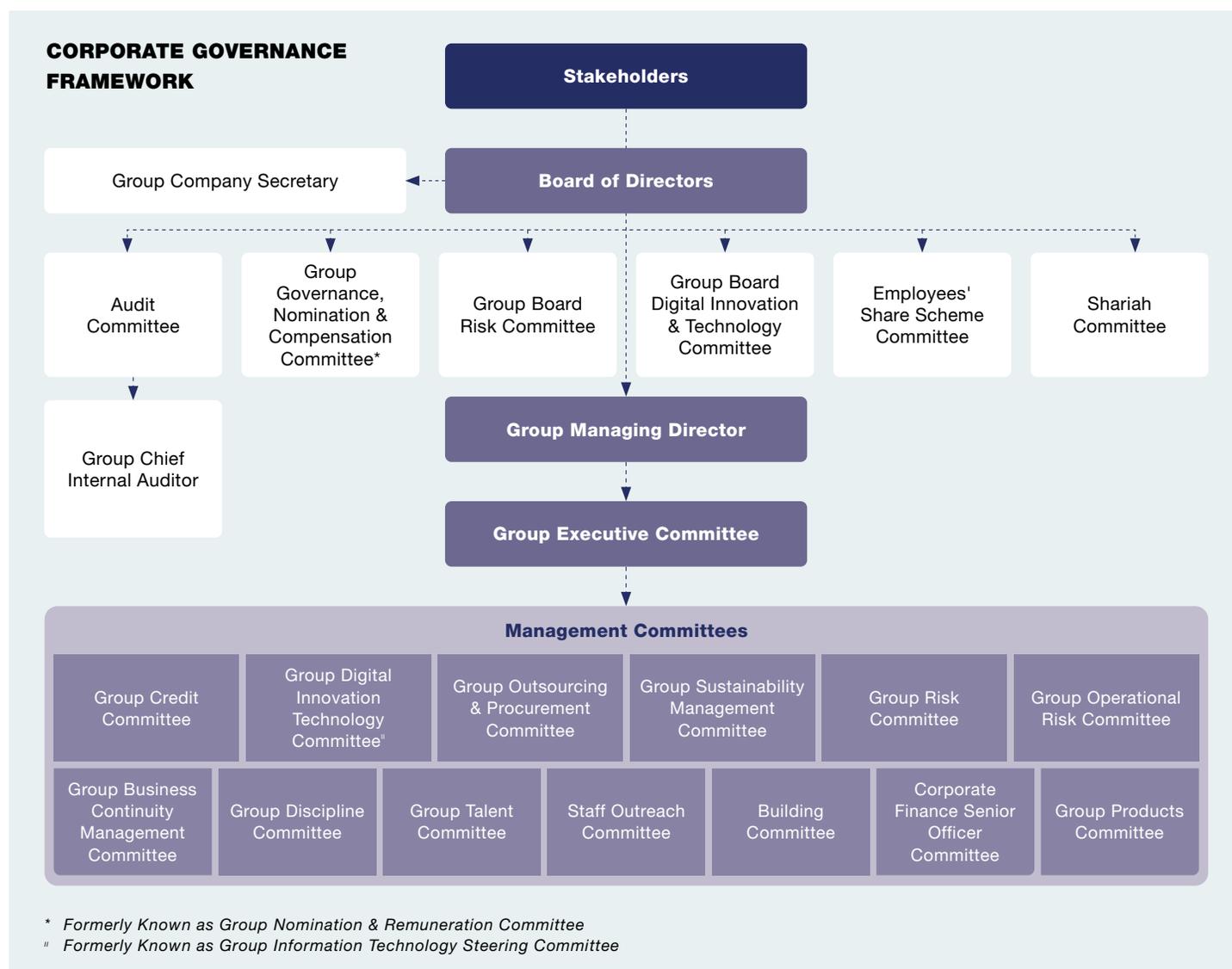
GOOD BUSINESS CONDUCT

Good governance, ethics, integrity and regulatory compliance remains as high priority areas across the industry. The prevalence of financial crimes has necessitated the strengthening of governance within organisations and the inculcation of a strong ethics culture amongst internal stakeholders.

Our Corporate Governance

The Board understands that the responsibility for good corporate governance rests with it. Therefore, the Board strives to adopt the principles and best practices of corporate governance and ensures that Kenanga complies with the various guidelines issued by BNM, Securities Commission Malaysia (“**SC**”) and Bursa Malaysia.

In line with the recently revised Malaysian Code on Corporate Governance (“**MCCG**”) issued by the SC on 28 April 2021, the Board is committed to continuously undertake the appropriate actions to embed the principles and recommendations into Kenanga’s existing policies and procedures, which primarily focused on the enhancement of Board policies and practices, strengthening Board and senior management’s oversight in the integration of sustainability matters including climate-related risks in the Group’s business strategy and operations, as well as, adoption of best practices in aspects including ethics and compliance.



Our Board Diversity

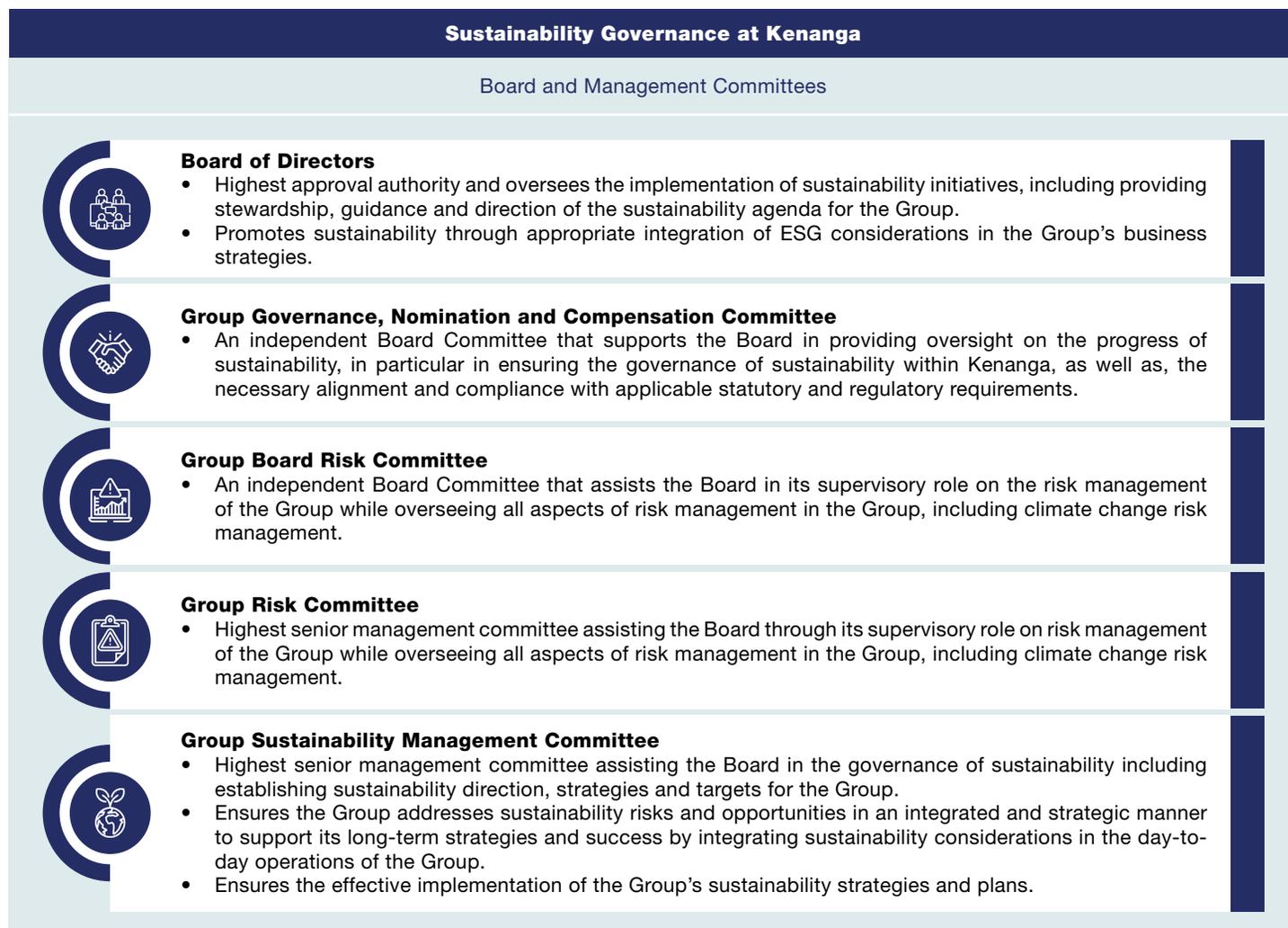
In Kenanga, we recognise that board diversity brings broader perspectives, competencies, expertise and approaches, which is key in strategic decision-making. Upholding good corporate governance practices is a continuous process and we aim to align the gender representation of our Board in accordance with the updated MCCG in 2021.



► For more information on our Corporate Governance, please refer to the Corporate Governance Overview Statement on page 78 of our Annual Report 2021.

Our Sustainability Governance

Our Board is the highest level governing body that drives sustainability leadership, strategic direction and oversight of the Group's approach to sustainability. The Board is supported by a sustainability governance structure represented by the GNC, GBRC, GRC and GSMC.



Delivery



Group Marketing, Communications and Sustainability Division

- Provides management-level leadership in sustainability planning, implementation, as well as, monitoring and evaluation of sustainability initiatives and performance.
- Actively engage with external stakeholders, as well as, internal business divisions and subsidiaries to identify sustainability risks and opportunities.



Business Divisions and Operations

- Champions the implementation of sustainability initiatives and provides input for holistic sustainability management.
- Acts as key sustainability data owners and drives the sustainability integration in respective divisions.



As we accelerate our sustainability journey, we recognise that it is vital to have a robust sustainability governance structure in place across Kenanga and that our ESG ambitions are cascaded effectively. With this in mind, the Board approved the establishment of a management level Sustainability Committee, which is responsible for directing sustainability strategies, priorities and targets, in July 2021.



“We recognise the responsibility and urgency to incorporate and advance sustainability-related practices across our enterprise. We have always had a strong focus on ESG but this multidisciplinary Committee has provided us the impetus to accelerate our sustainability focus, deliberate future plans and ensure cohesive and coherent integration of ESG across our businesses. We have an opportunity to be part of the global sustainability solution.”

DATUK CHAY WAI LEONG
Group Managing Director and Chairman of Group Sustainability Management Committee
Kenanga Investment Bank Berhad

Embedding Ethics and Integrity

As embodied in our Group Code of Ethics and Conduct for Employees, we are committed to upholding integrity and conducting our business professionally. In line with our Board-approved Ethics Blueprint in 2018, we utilise a holistic approach to ensure that our employees are well acquainted with the Group Code of Ethics and Conduct for Employees, including efforts such as rolling out introductory and refresher training for new and current employees. In 2021, 1,397 of our employees attended these training programmes. We have completed the final phase of our Ethics Blueprint this year.

Established in 2019, our Group Business Ethics and Integrity Department (“**GBEI**”), a unit within the oversight of Group Regulatory and Corporate Services (“**GRCS**”), continuously monitors the implementation of policies and practices, to ensure that Kenanga adequately and effectively promote ethical business practices. GBEI also designs measures and initiatives to assist our business and operations accede to the highest ethical standards.

In 2021, GBEI reviewed and enhanced the Group Code of Ethics and Conduct for Employees, the Group Conflict Management Policy and the Group Anti-Fraud, Bribery and Corruption (“**AFBC**”) Reporting Procedure as part of our initiatives to ensure that policies are up to date and relevant to our business values.

➤ *More information on GRCS's activities in 2021 can be found in the Ethics and Compliance Statement on pages 108 to 118 of our Annual Report 2021.*

OUR 5th FRAUD AWARENESS WEEK

Our annual flagship Fraud Awareness Week (“**FAW**”) campaign is a testament to our commitment to unite employees and industry stakeholders to combat financial crimes. Themed ‘Reinforcing Ethical Values through Regulatory Dynamism’, our virtual 5th FAW campaign this year saw the participation of over 500 individuals, including representatives from various regulatory bodies, professional bodies, industry peers, as well as, Kenanga employees. The month-long campaign consisted of interactive activities such as games, quizzes and seminars which aimed to promote AFBC awareness.

The Annual Regulatory Seminar has been incorporated as one of the key events for the annual FAW. In 2021, a total of 1,364 employees participated in this seminar, achieving an audience reach of nearly 84%. A total of eight (8) sessions were carried out covering some key topics including highlights on regulatory expectations towards Anti-Money Laundering, Countering Financing of Terrorism and Targeted Financial Sanctions (“**AML/CFT/TFS**”), cyber security in managing remote working arrangements, as well as, insights on the future of corporate culture.

2021 ANNUAL REGULATORY SEMINAR TOPICS

- Consciousness: The Future of Corporate Culture
- Update on Section 17 of the Malaysian Anti-Corruption Commission Act 2009 (“**MACC ACT 2009**”) Implementation
- Redefining Compliance in A Dynamic Regulatory Landscape
- Digital, Data & Ethics
- Navigating Kenanga’s Regulatory Roadmap in Line With The Regulators’ Vision
- AML/CFT/TFS – Highlights on Regulatory Focus & Expectations
- Conversation with A Whistleblower – Wirecard: One Of Europe’s Greatest Financial Scandals



Dato’ Sri Akhbar Satar, President of the Association of Certified Fraud Examiners (Malaysia Chapter) with the Kenanga team at the 5th annual FAW.



“As we work to further incorporate ESG criteria throughout our value chain, we are committed to continue amplifying 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

Key Policies, Frameworks and Commitment Statements

At Kenanga, we have implemented a suite of policies and frameworks to instil ethically-sound business practices and high levels of integrity, in compliance with applicable laws, regulations and best practices.

Good Governance

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



Cyber Security

- Cyber Security Policy
- Data Loss Prevention Framework
- Group Confidential Information Policy
- Retention, Archiving and Destruction Policy



Regulatory Compliance

- Group Anti-Money Laundering, Countering Financing of Terrorism and Targeted Financial Sanctions Policy and Procedure
- Group Anti-Fraud, Bribery and Corruption Policy
- Group Conflict Management Policy
- Group Chinese Wall Policy
- Group Whistleblowing Policy and Guidance Note
- Group Gifts, Entertainment and Hospitality Policy
- Group Competition Act Compliance Policy
- Group Anti-Fraud, Bribery and Corruption Reporting Procedure



Client Experience

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



Digitalisation

- iLeap Applications Governance Procedure
- Technology Services Policy





Responsible Investing

- ESG Blueprint and ESG Integration Framework
- Climate Change Risk Management Framework
- Statement on Application of the Principles of the Malaysian Code for Institutional Investors



Diversity, Inclusion and Wellbeing

- Preventing and Eradicating Sexual Harassment in the Workplace Procedure
- Committed to promoting gender diversity in the workforce and aligning our Board's representation in accordance with the updated MCG 2021 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 and labour laws and regulations



Talent Attraction and Management

- Group Code of Ethics and Conduct for Employees
- Group Performance Management Policy
- Group Disciplinary Policy
- Learning and Development Policy
- Flexible Work Arrangements Policy
- Group Procedure on Recruitment and Staffing Management
- Compensation and Benefits Policy
- Group Policy on Performance Management System
- A non-discriminatory approach for all HR practices throughout the Group, including processes related to recruitment, redundancy, training and development allocations, as well as, remuneration packages



Community Investment

- Sponsorship Policy
- Empower and uplift local communities by supporting social enterprises, including improving outreach through employee volunteerism



Climate Impact

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



REGULATORY COMPLIANCE

We recognise that regulatory compliance is pivotal in driving the Group's overall operational integrity and in preventing financial crimes throughout our business operations. It reinforces our internal risk control mechanisms and provides greater reliability for our stakeholders. Receiving constant updates of regulatory developments and communicating regularly with regulators are key to keeping ourselves abreast with recent regulatory and compliance updates while continuous learning and training help to ensure our employees uphold high standards of integrity across the Group.

Building A Robust Compliance Culture

One of the key priorities in our approach to building sound governance is fostering a compliance culture that empowers our employees to be professional, uphold high standards of integrity and be vigilant in detecting financial crimes.

A key component of our strategy to build a compliance culture includes designing training programmes and awareness initiatives to embed our principles of ethics and integrity so they are reinforced, understood and practised throughout every level of our workforce. Our Group Prudential Supervision and Regulatory Affairs Department is responsible for ensuring that our employees are aware of all regulations, standards and best practices that apply to the Group. Some of the key measures we implemented include:

1

All regulatory issuances and updates are communicated to employees as and when they are updated by the regulators.

2

All new employees are required to complete training on ethics and regulatory compliance-related matters, including code of ethics, AFBC, AML/CFT/TFS and conflicts of interest upon joining the Group while all existing employees are required to complete refresher courses on an annual basis.

3

Organise an Annual Regulatory Seminar through which we reinforce our standards of conduct on matters such as conflicts of interest, fraud, bribery and corruption, AML/CFT/TFS and whistleblowing.

4

Our 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.

5

As part of our Awareness and Understanding Programme, we conduct annual e-tests to reinforce our employees' grasp and knowledge of good governance and business practices. In 2021, over 90% of our employees completed these e-tests, of which more than 95% of them achieved a score of 80% and above in these tests.

Compliance Training Summary

Focus Area	Number of Employees Participated		Total Training Hours Achieved	
	2020	2021	2020	2021
AML/CFT/TFS	1,040	1,397	1,736.30	5,068.90
Anti-Bribery and Corruption	958	1,132	960.00	566.00
Anti-Fraud	972	1,145	1,034.50	7,385.30

E-Test Outcomes

Focus Area	Number of Employees Participated		Number of Employees Who Scored 80% and Above	
	2020	2021	2020	2021
AML/CFT/TFS	1,057	1,084	873	987



Zero-Tolerance of 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 several internal policies, frameworks and standards.



Anti-Money Laundering and Counter Financing of Terrorism

- Designed to identify and mitigate financial crime 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, as well as, monthly Self-Assessments.
- Numerous AML/CFT/TFS programmes have been rolled out to closely monitor the level of AML/CFT adherence to meet regulatory expectations.
- To stay abreast with the digital transition, we are leveraging our digital capabilities to enhance our information management system for the timely detection, monitoring and reporting of suspicious activities using a Risk-Based Approach.



Anti-Fraud, Bribery and Corruption

- Kenanga complies with the MACC Act 2009.
- The Group 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 ensures that it meets the relevant standards and principles which underpins the introduction of the corporate liability provision (i.e. 17A of the MACC Act 2009).
- By our AFBC Policy, we do not make any political contributions, including lobbying, campaigns or other activities.
- In 2021, we recorded zero reported or confirmed incidents of bribery and corruption.



Whistleblowing

- 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 either be unlawful or inconsistent with the policies of the Group.
- Kenanga 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:

Letter: P.O. Box 11275, 50740 Kuala Lumpur
Email: do.whistleblowing@kenanga.com.my



Scan here for more information
on our website