

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

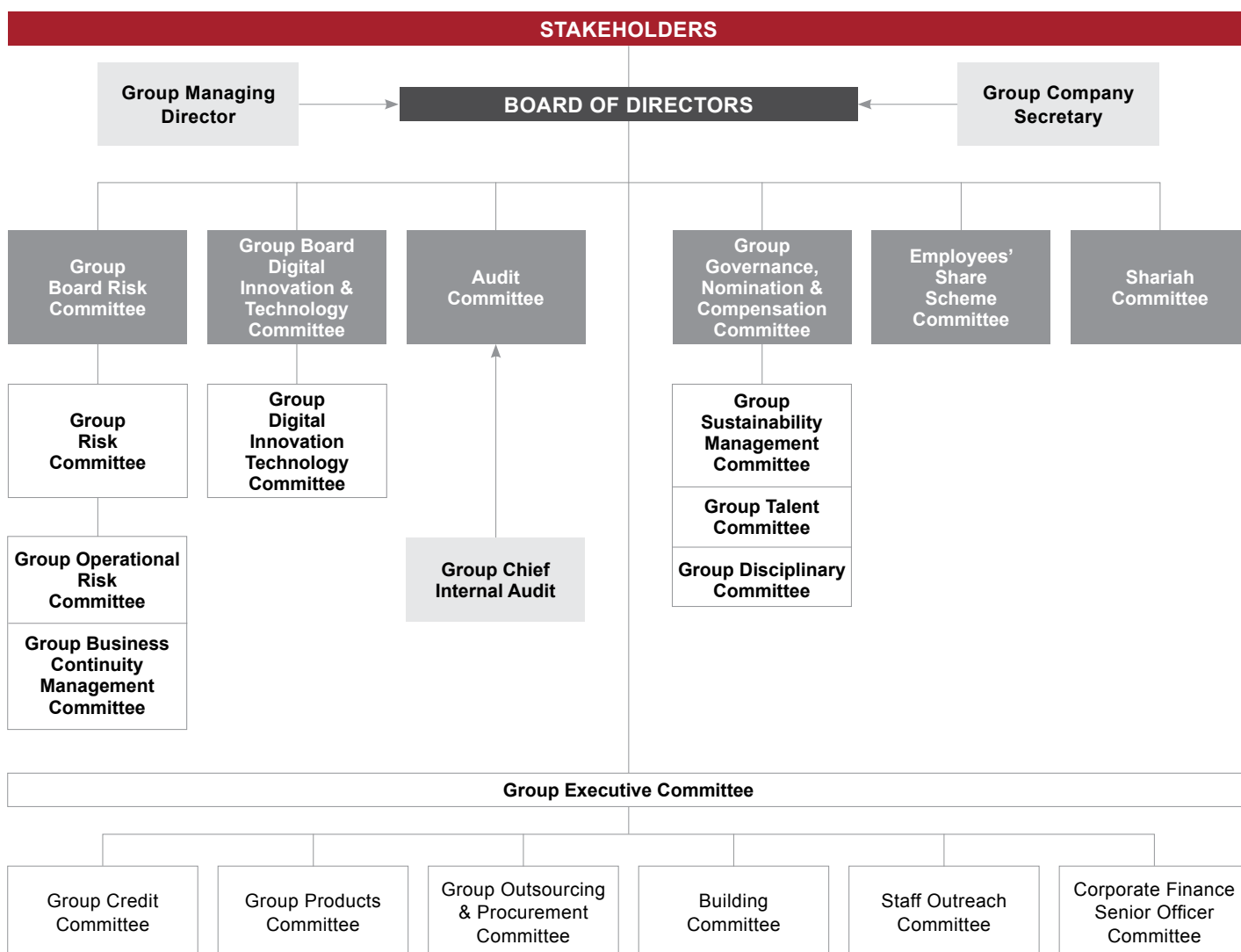
Corporate Governance is regarded by the Board of Directors (“**Board**”) as vital to the success of the business of Kenanga Investment Bank Berhad (“**KIBB**” or “**the Company**”). Therefore, the Board is unreservedly committed to applying the principles necessary to ensure that the principles of good 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 Malaysia**”) 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

■ Board Committees    □ Management Committees



## 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.

The Board's key responsibilities include -

- ① governing and setting the strategic direction of the Company while exercising oversight on Management;
- ② setting the appropriate tone at the top;
- ③ providing thought leadership and championing good governance and ethical practices throughout the Company; and
- ④ ensuring that sustainability considerations are integrated in corporate strategy, governance and decision-making.

The Board sets the Company's values and standards and ensures that its obligations to its 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 ("**GMD**") 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 levels, 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 2023, 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 2024
- Group Strategy 2024-2026
- 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
- Audited Financial Statements for the Financial Year Ended 31 December 2022 and the Reports for the Directors and Auditors
- Proposed Dividend for the Financial Year Ended 31 December 2022
- Representation Letter to Ernst & Young PLT in Relation to the Audit for the Financial Year Ended 31 December 2022
- Re-Appointment of External Auditors and Audit Fees for the Financial Year Ended 31 December 2023
- Report on Non-Budgeted Expenditure Exceeding RM250,000
- 2023 Equity Derivatives' Business Plan and Proposed Market Risk Limits
- Reports on Associate and Joint Venture Companies
- Renewal of Solvency Statement in Relation to the Share Buyback Exercise
- Provision of Financial Support and Contingency Funding for Subsidiaries
- Update on Utilisation of Treasury Shares for Settlement of Employees' Share Option Scheme
- Annual Impairment Assessment of Goodwill and Intangibles for the Financial Year Ended 31 December 2023
- Participation as Participating Broker in Share2Share Scheme by Bursa Malaysia Berhad Through Yayasan Bursa Malaysia
- Appointment of Ernst & Young PLT to Perform a Review on Liquidity Coverage Ratio as of Financial Year 2022
- Proposal to Implement a New Remisier Portal – iRemisier Platform for KIBB
- Procurement of Managed Security Operations Centre 2023
- Material Outsourcing for the Subscription of the Cloud Infrastructure Services of Host, Network, Storage and Security and the Managed Services of Cloud Services by Datacom of Migrated Non-Critical and Critical Production Applications in Microsoft Azure Cloud
- Application for Settlement Limit for the Purpose of Securities Borrowing and Lending Transactions
- Budget for e-Invoicing Project
- Extension of Time to Perform Server Upgrade for K2 and InReport System, as well as Approval to Purchase Servers for K2 and InReport
- Share Buy-Back Statement in Relation to the Proposed Renewal of Authority for the Company to Purchase Its Own Shares of Up to 10% of the Total Number of Issued Shares of the Company

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

**Risk, Compliance and Oversight**

- Monthly Regulatory Reports and Compliance Reports
- Regulatory Audit/ Examinations Reports
- Monthly Risk Management Reports
- Annual Work Plan 2023 of Group Regulatory and Corporate Services
- Review of Enterprise Risk Management Framework, Risk Appetite Framework, Business Continuity Management Framework, Group Outsourcing Risk Management Framework, Climate Change Risk Management Framework and Asset & Liability Policy
- Monthly Share Margin Financing Reports by Credit Equity Broking
- Business Continuity Plan and Disaster Recovery Plan Test Matrix for 2024
- MY HORIZON 2022/ Vol 6: BNM's Operational Risk Report for Financial Industry
- Review of Existing and Establishment of New Policies and Frameworks
- Operational Risk Scenario Analysis Assessment Review 2023
- Internal Capital Adequacy Assessment Process for 2022
- Liquidity Coverage Ratio Audit Results as of 31 December 2022 by Ernst & Young PLT
- 2023 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's Corporate Loans and Impaired Equity Accounts (With Impairment Provisions)
- Recurrent Related Party Transaction Entered into by KIBB and Its Subsidiaries
- Chairman's Statement and GMD's Management Discussion and Analysis for KIBB's Annual Report 2022
- Proposals Relating to the Structured Warrants Business
- Quarterly Cyber Security Updates
- Pillar 3 Disclosure as of 31 December 2022
- Half-Yearly Review on Shariah Committee's Decisions
- Annual Attestation of Products Issued in 2022
- Renewal of Insurance Policies in Respect of Comprehensive Crime Professional Indemnity Insurance, Directors and Officers Liabilities Insurance and Cyber Security Insurance
- 2023 Group Outsourcing Arrangement
- KIBB's Sustainability Report and Sustainability Statement and Sustainability Targets
- Statement on Risk Management and Internal Control for Disclosure in 2022 Annual Report of KIBB
- Group Operations Report
- Proposals Relating to Quant Business
- BNM Semi-Annual Stress Testing Report for Position as of 31 December 2022 and 30 June 2023
- BNM's Recovery Planning Report
- Declaration of Compliance with the SC's Issuer Eligibility Guidelines on Structured Warrants
- Appointment of a Due Diligence Working Group to Conduct a Due Diligence Inquiry for Renewal of Base Prospectus
- BNM's Climate Risk Management and Scenario Analysis Policy - Gap Analysis and Implementation Plan Report
- BNM's Composite Risk Rating Assessment and Supervisory Concerns for 2022 of KIBB
- Final Report on Inspection by Bursa Malaysia on KIBB Dated 14 July 2023
- BNM's Findings on Anti Money Laundering/ Counter Financing Terrorism Thematic Review: Electronic Know-Your-Customer Implementation and Control Effectiveness in Banking Institutions
- BNM's Letter on Enhancing Vigilance in the Implementation of Electronic Know-Your-Customer

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

## Governance

- Appointment and Re-Appointments of Directors within KIBB Group
- Holistic Review of the Compositions of the Boards and Board Committees of KIBB Group
- Revision to the Board Charter and Terms of References of Audit Committee, Group Board Digital Innovation & Technology Committee, Group Board Risk Committee, Group Governance, Nomination & Compensation Committee, Group Credit Committee and Group Risk Committee
- Review of Non-Executive Directors' Remuneration Framework for Kenanga Investors Berhad and Its Subsidiaries
- Reports by Board Committees on Matters Discussed at the Respective Board Committees' Meetings
- Retirement of Directors of KIBB and Its Subsidiaries at the Forthcoming Annual General Meetings of the Respective Entities Within KIBB Group
- Assessment on the Fitness and Propriety and Nomination of Members of Shariah Committee of KIBB and Review of Their Remuneration
- Board Process Enhancement Plan – Consequential to Board Evaluation Conducted in 2022
- Potential Candidates for Directorship within KIBB Group
- Revamped Board Effectiveness Evaluation Framework for Board, Board Committee and Individual Director
- Directors' Training Calendar for 2023 and Status Report on KIBB Group Directors' Training for 2022/2023
- Disclosures for 2022 Annual Report
- Payment of Directors' Fees for the Financial Year Ending ("FYE") 31 December 2023 and Meeting Allowances for FYE 31 December 2024 for KIBB Group
- Remuneration and Benefits for Directors of KIBB Group
- Notification by Directors and Principal Officers in Relation to Dealings in the Securities of KIBB
- Vesting of Employees' Share Option Scheme for Junior Management Staff and Above
- Appointment of KIBB's Representative on the Board of Directors of Its Associate Company
- Updates of the Code of Ethics and Conduct for Directors of Kenanga Group
- Key Human Resource Matters
  - Review of the List of Management Key Responsible Persons ("KRPs") of KIBB Group as of 1 January 2023
  - Review of the List of KIBB Group's Management KRPs' Employment Contracts Expiring in 2023
  - New Appointment, Re-Appointment, Review and Renewal of Contract of Appointment of Management KRPs
  - 2022 Performance Appraisal and Annual Assessment on Fit and Proper for GMD, Group Chief Regulatory and Compliance Officer, Management KRPs, Head of Group Compliance and Group Company Secretary
  - Renewal of Group Staff Insurance Policies for 2024
  - Review of Total Rewards Framework
  - 2023 Balanced Scorecards for Management KRPs
  - Proposals in Relation to Employees' Share Option Scheme
  - 2022 Performance Bonus and 2023 Annual Salary Increment
  - Review of Management KRPs' Succession Plan
  - Re-Appointment of YM Tan Sri Dato' Paduka Tengku Noor Zakiah Tengku Ismail as Adviser of KIBB
  - Identification and Updating of the List of Material Risk Takers and List of Other Material Risk Takers within KIBB Group
  - Review of Material Risk Takers and Other Material Risk Takers Compensation

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

**Separation of the Roles of Chairman and GMD**

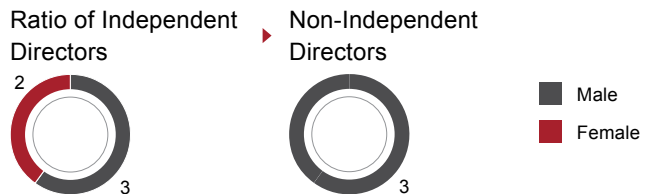
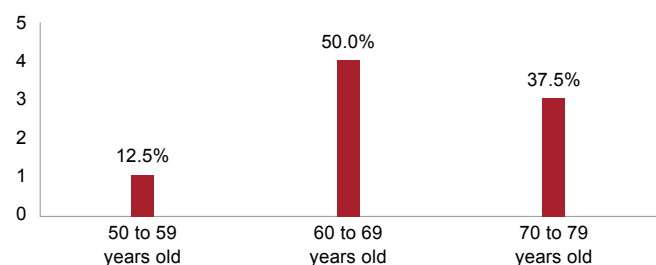
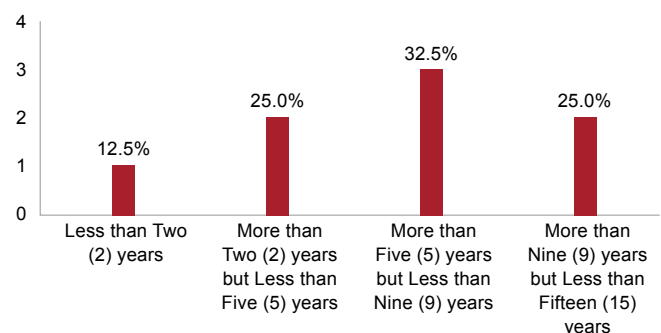
The Company aims to ensure a balance of power and authority between the Chairman and the GMD with a clear division of responsibility between the running of the Board and the Company's business respectively. The positions of the Chairman and the GMD are separated and their roles and responsibilities are 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**

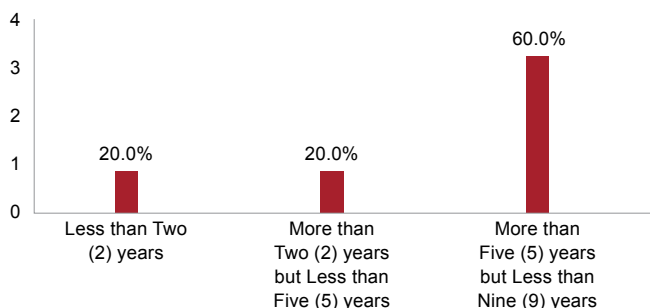
The Board of KIBB currently comprises the following eight (8) members, five (5) of whom are Independent Non-Executive Directors ("INEDs") and the remaining three (3) are Non-Independent Non-Executive Directors ("NINEDs"):

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

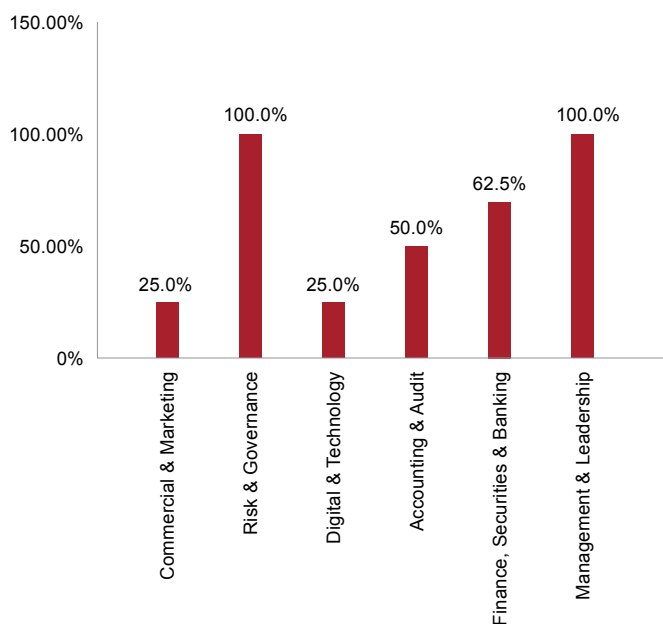
**SNAPSHOT OF THE BOARD'S PROFILE****Board Balance and Composition****Directors' Nationality****Number of Directors under Different Age Group**  
(as at 31 March 2024)**Number of Directors under Different Tenure**  
(as at 31 March 2024)

CORPORATE GOVERNANCE OVERVIEW STATEMENT

**Number of Independent Directors under Different Tenure**  
(as at 31 March 2024)



**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 Malaysia and the majority of Independent Directors requirement stipulated in BNM's Policy Document on Corporate Governance.

Whilst always ensuring a balance of skills set for the Board, in terms of gender diversity, the Board had been actively pursuing this objective by always prioritising the achievement of its target for the Board to comprise at least 30% women Directors.

At the moment, the Board is represented by two (2) or 25% women Directors namely Puan Norazian Ahmad Tajuddin and Madam Chin Siew Siew.

**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 MCCG, moving forward and in the spirit of the MCCG, Clause 3.3 of KIBB's Board Charter which allows for extension of an INED's tenure beyond the nine (9) years, had been revised to incorporate a formal policy which limits the tenure of an INED to nine (9) years without further extension in line with the MCCG's Step Up Practice 5.4.

In this regard, the GNC and the Board have always been cognisant of the need for the compositions of the Board and Board Committees of entities within KIBB Group to be periodically reviewed for purposes of succession planning.

The profile of each Director is available on pages 50 to 57 of this Annual Report.

**Board and Board Committee Meetings**

In 2023, ten (10) Board meetings were held, one (1) of which was the Board Offsite meeting which was convened to discuss the Group Strategy 2024-2026.

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 2023, all 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.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Directors' attendance at Board and Board Committee meetings held during the Financial Year Ended 31 December 2023 are provided below.

Board	Number of Meetings			
	Name of Director	Held <sup>(1)</sup>	Attended	Percentage (%)
	YAM Tan Sri Dato' Seri Syed Anwar Jamalullail	10	10	100.0%
	Encik Ismail Harith Merican	10	10	100.0%
	Mr. Luk Wai Hong, William	10	10	100.0%
	Encik Jeremy Nasrulhaq	10	10	100.0%
	Puan Norazian Ahmad Tajuddin	10	10	100.0%
	Mr. Kanagaraj Lorenz	10	10	100.0%
	Mr. Choy Khai Choon	10	10	100.0%
	Madam Chin Siew Siew	10	10	100.0%

## Note

(1) Reflects the number of meetings held during the time the Director held office.

Audit Committee ("AC")	Number of Meetings			
	Name of Director	Held <sup>(1) (2)</sup>	Attended	Percentage (%)
	Encik Jeremy Nasrulhaq (Chairman)	8	8	100.0%
	Mr. Kanagaraj Lorenz	8	8	100.0%
	Puan Norazian Ahmad Tajuddin	8	8	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 two (2) joint meetings between the AC and the GBRC which was held on 22 June 2023 and 29 August 2023.

Group Governance, Nomination & Compensation Committee ("GNC")	Number of Meetings			
	Name of Director	Held <sup>(1) (2)</sup>	Attended	Percentage (%)
	Madam Chin Siew Siew (Chairman)	9	9	100.0%
	Encik Jeremy Nasrulhaq	9	9	100.0%
	Encik Ismail Harith Merican	9	9	100.0%
	Puan Norazian Ahmad Tajuddin	9	9	100.0%
	Mr. Choy Khai Choon	9	9	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 the GNC and the GBRC which was held on 26 June 2023.

Group Board Risk Committee ("GBRC")	Number of Meetings			
	Name of Director	Held <sup>(1) (2)</sup>	Attended	Percentage (%)
	Puan Norazian Ahmad Tajuddin (Chairman)	9	9	100.0%
	Mr. Luk Wai Hong, William	9	9	100.0%
	Mr. Kanagaraj Lorenz	9	9	100.0%
	Mr. Choy Khai Choon	9	9	100.0%
	Madam Chin Siew Siew	9	9	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 two (2) joint meetings between the AC and the GBRC as well as one (1) joint meeting between the GNC and the GBRC which were held on 22 June 2023, 29 August 2023 and 26 June 2023, respectively.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

Group Board Digital Innovation & Technology Committee ("GBDITC")	Number of Meetings		
	Held <sup>(1)</sup>	Attended	Percentage (%)
Name of Director			
Mr. Kanagaraj Lorenz (Chairman)	7	7	100.0%
Mr. Luk Wai Hong, William	7	7	100.0%
Encik Jeremy Nasrulhaq	7	7	100.0%
Mr. Choy Khai Choon	7	7	100.0%
Madam Chin Siew Siew	7	7	100.0%

Note

(1) Reflects the number of meetings held during the time the Director held office.

Employees' Share Scheme Committee ("ESS Committee")	Number of Meetings		
	Held <sup>(1)</sup>	Attended	Percentage (%)
Name of Director			
Madam Chin Siew Siew (Chairman)	1	1	100.0%
Encik Jeremy Nasrulhaq	1	1	100.0%
Puan Norazian Ahmad Tajuddin	1	1	100.0%

Note

(1) Reflects the number of meetings held during the time the Director held office.

Shariah Committee	Number of Meetings		
	Held <sup>(1)</sup>	Attended	Percentage (%)
Name of Shariah Committee Member			
Dr. Ghazali Jaapar (Chairman)	11	11	100.0%
Dr. Mohammad Firdaus Mohammad Hatta	11	11	100.0%
Dr. Fadillah Mansor	11	11	100.0%

Note

(1) Reflects the number of meetings held during the time the Shariah Committee member held office.

### 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 during the Financial Year Ended 31 December 2023 are provided on page 74 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/AGM2024>.

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>.

During the Financial Year Ended 31 December 2023, the GNC had deliberated, reviewed and made appropriate recommendations to the Board for approval, pertaining to key matters stated below.

- Appointment and Re-Appointments of Directors within KIBB Group
- Holistic Review of the Compositions of the Boards and Board Committees of KIBB Group
- Revision to the Board Charter and Terms of References of AC, GBDITC, GBRC, GNC, Group Credit Committee and Group Risk Committee

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

- Review of Non-Executive Directors' Remuneration Framework for Kenanga Investors Berhad and Its Subsidiaries
- Reports by Board Committees on Matters Discussed at the Respective Board Committees' Meetings
- Retirement of Directors of KIBB and Its Subsidiaries at the Forthcoming Annual General Meetings of the Respective Entities
- Assessment on the Fitness and Propriety and Nomination of Members of Shariah Committee of KIBB and Review of Their Remuneration
- Board Process Enhancement Plan – Consequential to Board Evaluation Conducted in 2022
- Potential Candidates for Directorship within KIBB Group
- Revamped Board Effectiveness Evaluation Framework for Board, Board Committee and Individual Director
- Directors' Training Calendar for 2023 and Status Report on KIBB Group Directors' Training for 2022/2023
- Disclosures for 2022 Annual Report
- Payment of Directors' Fees for the Financial Year Ending ("FYE") 31 December 2023 and Meeting Allowances for FYE 31 December 2024 for KIBB Group
- Remuneration and Benefits for Directors of KIBB Group
- Notification by Directors and Principal Officers in Relation to Dealings in the Securities of KIBB
- Vesting of Employees' Share Option Scheme for Junior Management Staff and Above
- Appointment of KIBB's Representative on the Board of Directors of Its Associate Company
- Updates of the Code of Ethics and Conduct for Directors of Kenanga Group
- Review of the List of Management KRPs of KIBB Group as of 1 January 2023
- Review of the List of KIBB Group's Management KRPs' Employment Contracts Expiring in 2023
- New Appointment, Re-Appointment, Review and Renewal of Contract of Appointment of Management KRPs
- 2022 Performance Appraisal and Annual Assessment on Fit and Proper for GMD, Group Chief Regulatory and Compliance Officer, Management KRPs, Head of Group Compliance and Group Company Secretary
- Renewal of Group Staff Insurance Policies for 2024
- Review of Total Rewards Framework
- 2023 Balanced Scorecards for Management KRPs
- Proposals in Relation to Employees' Share Option Scheme
- 2022 Performance Bonus and 2023 Annual Salary Increment
- Review of Management KRPs' Succession Plan
- Re-Appointment of YM Tan Sri Dato' Paduka Tengku Noor Zakiah Tengku Ismail as Adviser of KIBB
- Identification and Updating of the List of Material Risk Takers and List of Other Material Risk Takers within KIBB Group
- Review of Material Risk Takers and Other Material Risk Takers Compensation

**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 2023, the Board composition remained unchanged.

The composition of the Board still complies with the requirements for the Board to comprise a majority of Independent Directors, with the ratio of women Directors on the Board at 25%, which is closer to the target of 30%.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### 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>.

### 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>.

### 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 (1) 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 (1) 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 on 1 June 2022, 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 has continuously endeavoured to source for suitable women 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. This action plan is expected to be completed within 2024. 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****● 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 Group'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 selected 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.

**● 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 Programmes I and II ("**MAP I and II**")<sup>1</sup> as required by Bursa Malaysia under Paragraph 15.08 of the MMLR, 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.

During 2023, the Board members of KIBB had completed the mandatory training programmes required by the respective regulators as stated below.

Training Programme	Attendees	Date
<b>FIDE Core Programme</b>	<ul style="list-style-type: none"> <li>Ms. Chin Siew Siew</li> </ul>	13 – 16 February 2023 (Module A) 16 – 19 October 2023 (Module B)
<b>IF4BOD</b>	<ul style="list-style-type: none"> <li>YAM Tan Sri Dato' Seri Syed Anwar Jamalullail</li> <li>Ms. Chin Siew Siew</li> </ul>	6 – 7 June 2023 1 - 2 November 2023
<b>CMDP Module 2B: Business Challenges and Regulatory Expectations – What Directors Need to Know (Fund Management)</b>	<ul style="list-style-type: none"> <li>Mr. Choy Khai Choon</li> </ul>	21 August 2023

<sup>1</sup> For a person who is appointed for the first time of a listed company, MAP I and II are required to be completed within four (4) and eighteen (18) months, from the date of appointment, respectively.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

Training Programme	Attendees	Date
MAP II	• Mr. Luk Wai Hong, William	19 – 20 September 2023
	• Mr. Choy Khai Choon	19 – 20 September 2023
	• Encik Jeremy Nasrulhaq	16 – 17 October 2023
	• Puan Norazian Ahmad Tajuddin	16 – 17 October 2023
	• Mr. Kanagaraj Lorenz	16 – 17 October 2023
	• Ms. Chin Siew Siew	25 – 26 October 2023
	• YAM Tan Sri Dato' Seri Syed Anwar Jamalullail	8 – 9 November 2023

In facilitating the Directors' education and development, 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 in-house training programmes, which shall be tabled at the GNC and the Board for endorsement 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.

In establishing the Annual Directors' Training Calendar, the feedback/ suggestions received from Directors during the annual Board Effectiveness Evaluation process in terms of specific training needs required to enhance the Board's effectiveness and skills set, will also be taken into consideration.

Based on the feedback received from the Directors during the Board Effectiveness Evaluation conducted in 2023, 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 Management 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.

#### • Training Programmes Attended by Directors During the Financial Year 2023

The training programmes attended by the Directors during the Financial Year Ended 31 December 2023 are listed below.

Title of Programme	Attended By
<b>Property, Insurance, Strategy, Accounting &amp; Finance, Governance, Economy, Leadership, Business, Risk, Tax</b>	
1. Can America Stop China's Rise? Will ASEAN Be Damaged ( <b>FIDE FORUM</b> )	JN, NAT, RL, CKC & CSS
2. Suite Talk: Governing into the Future (Securities Industry Development Corporation (“ <b>SIDC</b> ”))	JN & NAT
3. A 60-Minute Crisis Management - A Guide for Board Members (Institute of Corporate Directors Malaysia (“ <b>ICDM</b> ”))	NAT
4. Transformational Governance: Driving Responsible Business Conduct ( <b>UN Glocal Compact</b> (“ <b>UNGC</b> ”) Academy)	NAT
5. BNM-FIDE FORUM Roundtable on Licensing and Regulatory Framework for Digital Insurers and Takaful Operators Exposure Draft	CSS

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

Title of Programme	Attended By
<b>Property, Insurance, Strategy, Accounting &amp; Finance, Governance, Economy, Leadership, Business, Risk, Tax</b>	
6. Foreign Accounting Tax Compliance Act 2010 (“ <b>FATCA</b> ”) Professional Services Briefing (Ernst & Young PLT)	TSAJ, IHM, LWH, JN, NAT, RL, CKC & CSS
7. A Leadership Agenda: Driving Trust from The Top (PricewaterhouseCoopers Malaysia (“ <b>PWC</b> ”))	TSAJ
8. Malaysian Institute of Accountants (“ <b>MIA</b> ”) Conference 2023	JN
9. 2023 International Financial Reporting Standard (“ <b>IFRS</b> ”): New International Insurance Reporting Standard conducted by PWC (AIG Insurance)	CSS
10. External Game-Changing Capabilities for Uncertainties Management (Tricor AxcelAsia)	TSAJ
11. ‘Leaders, Take Charge!’ (Lembaga Zakat Selangor)	TSAJ
12. Operationalising Resolution Planning - A Perspective from the Trenches (FIDE FORUM)	JN
13. Distinguished Board Leadership Series 2023 - Empowering Change Through Diversity, Equity and Inclusion (DEI) (FIDE Forum)	CKC
14. PNB Knowledge Forum II 2023 - Education Reimagined (SP Setia Berhad)	TSAJ
15. Chairperson Masterclass Series 2023: Session 5 - The New Era of Board Duties by Philippe Jourbert (CEO, Earth on Board) (Secretariat Climate Governance Malaysia)	TSAJ
16. Singapore Fintech Festival 2023	IHM, LWH, JN, RL & CKC
17. Setia Governance Risk & Audit Forum 2023 - Accelerating Transformation, Navigating the Future - A Governance Perspective (SP Setia Berhad)	TSAJ
18. In-House Directors’ Training: Conflicts of Interest (Asia School of Business and SP Setia Berhad)	TSAJ
<b>Regulatory and Compliance, Dialogue and Discussion with Regulators, Institutions</b>	
19. Briefing by Matrix Research Sdn Bhd on Branding (SP Setia Berhad)	TSAJ
20. FIDE Core Programme (Module A & B) (Iclif Executive Education Centre)	CSS
21. Islamic Finance for Board of Directors Programme (ISRA Consulting Sdn Bhd)	TSAJ & CSS
22. In-House Programme on Anti Money Laundering, Anti-Terrorism Financing and Anti Profleration (Nature of Life Trading Sdn Bhd)	TSAJ, IHM, LWH, JN, NAT, RL & CKC
23. CMDP Module 2B: Business Challenged and Regulatory Expectations – What Directors Need to Know (Fund Management) (SIDC)	CKC
24. Sharing Session with Directors of Kenanga Group on Latest Developments and Trends of Anti-Money Laundering in Malaysia (Datuk Mohamad Zamri Zainul Abidin, Director of Anti-Money Laundering Division, Malaysian Anti-Corruption Commission)	TSAJ, IHM, LWH, JN, NAT, RL, CKC & CSS
25. FIDE Core Programme (Module A - Insurance) (Iclif Executive Education Centre)	CSS
26. Mandatory Accreditation Programme Part II: Leading for Impact (ICDM)	TSAJ, LWH, JN, NAT, RL, CKC & CSS
27. BNM-FIDE FORUM Virtual Dialogue	JN, NAT, RL & CSS
28. Securities Commission Malaysia’s Audit Oversight Board Conversation with Audit Committees	JN
<b>Information Technology/ Digitalisation/ Cyber Security</b>	
29. Understanding the Impact of Digital Transformation in the Financial Industry: What Board Members Need to Know (FIDE FORUM)	LWH, JN, NAT, RL & CKC



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

Title of Programme	Attended By
<b>Information Technology/ Digitalisation/ Cyber Security</b>	
30. Briefing by Korn Ferry on Innovation (SP Setia Berhad)	TSAJ
31. Bursa 2023 Market Intermediaries and Advocacy Programme: Understanding Cybersecurity (Bursa Academy)	NAT & CKC
32. Internal Digital 101 (Nestle Malaysia Berhad)	TSAJ
33. Internal Cyber Crisis Exercise (Nestle Malaysia Berhad)	TSAJ
34. Leveraging AI in Growing the Digital Economy (SIDC)	JN
35. In-House Programme - Cybersecurity Awareness for Kenanga Group's Board of Directors (NetAssist)	TSAJ, IHM, LWH, JN, NAT, RL, CKC & CSS
36. AI and Financial Institutions: Friend or Foe? (FIDE FORUM)	CSS
<b>Islamic Banking and Finance, Shariah Compliance</b>	
37. Suite Talk Strengthening Islamic Capital Market Proposition Through Fintech (SIDC)	JN
<b>Sustainability and Environment, Social and Governance ("ESG")</b>	
38. In-House Directors Programme: Demystifying ESG - Understanding Bursa Malaysia's Requirements and ISSB's Global Baseline on Sustainability Reporting (SP Setia Berhad)	TSAJ
39. The Net-Zero Standard (UNGC Academy)	NAT
40. Navigating the ESG Risk in the Supply Chain (ICDM)	NAT
41. In-House Programme: ESG: Principles of Responsible Investment and Carbon Market (AGV Sustainability)	TSAJ, IHM, LWH, JN, NAT, RL, CKC & CSS
42. Internal Overview on Sustainability Nestle (Nestle Malaysia Berhad)	TSAJ
43. Navigating Sustainability Reporting in Corporate Malaysia (PWC)	CKC
44. Board Oversight of Climate Risks and Opportunities by Prof. Mak Yuen Teen and Dr. Khoo Guan Seng (Iclif Executive Education Centre)	JN
45. Decarbonisation Workshop (SP Setia Berhad)	TSAJ
46. JC3 Journey to Zero Conference 2023 by Joint Committee on Climate Change (Bank Negara Malaysia and Securities Commission Malaysia)	JN & NAT
47. Sharing Session on ESG: Heeding the Call to Action for Sustainability (Lembaga Zakat Selangor)	TSAJ

**Legend**

- YAM Tan Sri Dato' Seri Syed Anwar Jamalullail ("TSAJ")
- Encik Ismail Harith Merican ("IHM")
- Mr. Luk Wai Hong, William ("LWH")
- Encik Jeremy Nasrulhaq ("JN")
- Puan Norazian Ahmad Tajuddin ("NAT")
- Mr. Kanagaraj Lorenz ("RL")
- Mr. Choy Khai Choon ("CKC")
- Madam Chin Siew Siew ("CSS")



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### ● Training Programmes Attended by Members of Shariah Committee During Financial Year 2023

The training programmes attended by the Shariah Committee members during the Financial Year Ended 31 December 2023 are provided below.

Title of Programme	Attended By
1. Muzakarah Cendekiawan Syariah Nusantara ke-17 (International Centre for Education in Islamic Finance (“INCEIF”) University)	DGJ
2. Nadhwah of Shariah Advisers in Islamic Capital Market 2023 (Securities Commission Malaysia)	DGJ & DFM
3. Sustainable Investing, Ethical Wealth Management, and AMLA Compliance: Aligning Financial Goals with Social Impact (CHK Consultancy Sdn Bhd)	DGJ
4. ESG and Sustainability – Green Finance and Green Economics (CHK Consultancy Sdn Bhd)	DGJ
5. Sustainability and ESG Awareness Training (KPMG)	DGJ
6. Principle of Economics (Association of Shariah Advisors in Islamic Finance Malaysia (“ASAS”))	DGJ
7. Principle of Accounting and Finance (ASAS)	DGJ
8. Islamic Financial System (ASAS)	DGJ
9. Legal and Regulatory Framework (ASAS)	DGJ
10. Sukuk Pricing (Centre for Research and Training (“CERT”))	DMF
11. Takaful Pricing (CERT)	DMF
12. Data Science and Machine Learning in Credit Risk Assessment and Fraud Detection Model (PLV Advance Business Consulting Sdn Bhd)	DMF
13. Lead Like A CEO (AJM International Academy)	DMF
14. Strategic and Effective Communication for Leaders (Universiti Teknologi MARA)	DMF
15. Strategic Islamic Treasury Management (Islamic Finance Research and Coaching Sdn Bhd (“IFRAC”))	DMF
16. Assessing Potential Sukuk Default and Case Studies (IFRAC)	DMF
17. Principles of Accounting and Finance (ASAS)	DFM
18. Legal and Regulatory Framework on Islamic Banking and Finance (ASAS)	DFM
19. Islamic Sustainable Finance and Investment Forum 2023 (Securities Commission Malaysia)	DFM
20. A to Z Practical Knowledge on Sukuk Structuring (IFRAC)	DFM
21. International Seminar and Guest Lecturer on Islamic Finance in Malaysia at University UIN Maulana Malik Ibrahim Malang, Indonesia	DFM
22. International Seminar and Visiting Lecture on Islamic Finance Ecosystem and Shariah Governance Practice at University UIN Ar-Raniry Banda Aceh, Indonesia	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**

The Board had, in October 2015, formalised the Board Succession Planning Framework (“**Framework**”) 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.

**Senior Management**

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.

**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 55 of the Financial Statements section of this Annual Report.

For the Financial Year Ended 31 December 2023, 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 2023	Fees
Chairman of the Board	RM520,000.00 <sup>(1)</sup>
Director	RM270,000.00
Chairman of AC	RM60,000.00
Chairman of GNC/ GBRC/ GBDITC	RM40,000.00
Chairman of Shariah Committee	RM78,000.00
Member of AC/ GNC/ GBRC/ GBDITC	RM30,000.00
Member of Shariah Committee <sup>(2)</sup>	RM54,000.00
	RM48,000.00

## 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) Included RM40,000 in lieu of club membership.

(2) The Annual Fee for the FYE 2023 was 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 FYE 2023 is set out below.

Group 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 <sup>(2)</sup>	-	22,000.00	-	68,150.00 <sup>(3)</sup>	610,150.00
Encik Ismail Harith Merican	300,000.00	-	40,000.00	-	-	340,000.00
Mr. Luk Wai Hong, William	454,000.00	-	94,000.00	-	-	548,000.00
Encik Jeremy Nasrulhaq	390,000.00	-	72,000.00	-	-	462,000.00
Puan Norazian Ahmad Tajuddin	529,863.01	-	120,000.00	-	-	649,863.01
Mr. Kanagaraj Lorenz	370,000.00	-	66,000.00	-	-	436,000.00
Mr. Choy Khai Choon	427,808.22	-	82,000.00	-	-	509,808.22
Madam Chin Siew Siew	370,000.00	-	72,000.00	-	-	442,000.00
<b>TOTAL</b>	<b>3,361,671.23</b>	<b>-</b>	<b>568,000.00</b>	<b>-</b>	<b>68,150.00</b>	<b>3,997,821.23</b>

## Notes

(1) Subject to the Shareholders' approval at the forthcoming AGM.

(2) Included RM40,000 in lieu of club membership.

(3) Benefits-in-kind for the current Chairman included leave passage, driver, car and other claimable benefits.

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 <sup>(2)</sup>	-	22,000.00	-	68,150.00 <sup>(3)</sup>	610,150.00
Encik Ismail Harith Merican	300,000.00	-	40,000.00	-	-	340,000.00
Mr. Luk Wai Hong, William	330,000.00	-	54,000.00	-	-	384,000.00
Encik Jeremy Nasrulhaq	390,000.00	-	72,000.00	-	-	462,000.00
Puan Norazian Ahmad Tajuddin	370,000.00	-	70,000.00	-	-	440,000.00
Mr. Kanagaraj Lorenz	370,000.00	-	66,000.00	-	-	436,000.00
Mr. Choy Khai Choon	360,000.00	-	70,000.00	-	-	430,000.00
Madam Chin Siew Siew	370,000.00	-	72,000.00	-	-	442,000.00
<b>TOTAL</b>	<b>3,010,000.00</b>	<b>-</b>	<b>466,000.00</b>	<b>-</b>	<b>68,150.00</b>	<b>3,544,150.00</b>

## Notes

(1) Subject to the Shareholders' approval at the forthcoming AGM.

(2) Included RM40,000 in lieu of club membership.

(3) Benefits-in-kind for the current Chairman included leave passage, driver, car and other claimable benefits.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

**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.

Based on the revamped Board Effectiveness Evaluation Framework approved by the Board of KIBB on 3 November 2023, the performance and contribution of the Board, Board Committees and individual Directors are assessed annually. The performance evaluation involved the completion of a detailed questionnaire by each Director using the self-assessment method for Board and Board Committees and a combination of self-assessment and peer assessment method for individual Directors.

The criteria on which assessment of the Board's effectiveness cover the Overall Board Effectiveness, Board Responsibilities, Board Culture, Board Chair, Board Composition, Board Committee's Effectiveness, Board's Relationship with the GMD, Board Remuneration, Board Administration and Process, as well Board Education.

The Board Committees are assessed based on the fulfilment of each Board Committee's functions and roles and responsibilities, as well as composition, processes and procedures, and interaction with Management as stipulated in their respective Terms of References.

As for individual Directors, the assessment was based on pre-determined broad criteria relating to Board Dynamics and Participation, Leadership, Integrity and Objectivity, as well as Knowledge and Expertise.

The outcomes of the assessment were then collated and compiled by the Company Secretary for tabling at the GNC meeting for deliberation. These outcomes were reviewed and discussed by the GNC by recognising the strengths and addressing the weaknesses of the Board as a whole, Board Committees and individual Directors and, where appropriate, the GNC would recommend to the Board appropriate action plans to be implemented to address any weaknesses identified.

The results obtained from the individual Directors' evaluation also served as one (1) of the criteria to be considered by the GNC and the Board when recommending and approving the re-appointments of Directors upon expiry of their respective terms of office as stipulated by BNM, as well as the annual re-elections of Directors at Annual General Meetings, under the retirement by rotation provisions in accordance with the respective Constitution of the companies within KIBB Group.

The effectiveness of each of the Board Committee was also discussed in detail and areas of enhancements identified accordingly.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

With regard to the assessment conducted in 2023, based on the approved evaluation criteria, the overall rating of the Board, Board Committees and Individual Directors, were as provided below.

### Part I: Board and Board Committee Effectiveness Evaluation

In terms of the effectiveness of the Board and Board Committees, based on the assessment of each of the evaluation criteria listed below, the Board had scored between 76% to 100% with an Overall Scoring of 43.39 out of the total marks of 52 or 83.4%.

The lowest score given was in respect of Board Remuneration where the scoring was only 67%.

Board/ Board Committee	Overall Rating
<b>Section A: Overall Board Effectiveness</b>	8.38/ 10.00 (84%)
<b>Section B: Board Responsibilities</b>	2.39/ 3.00 (80%)
<b>Section C: Board Culture</b>	2.35/ 3.00 (78%)
<b>Section D: Board Chair</b>	2.52/ 3.00 (84%)
<b>Section E: Board Composition</b>	2.38/ 3.00 (79%)
<b>Section F: Committees</b>	
a. <b>Board Committees Evaluation</b>	2.56/ 3.00 (85%)
b. <b>Board Committees Self Evaluation</b>	
i. <b>Audit Committee</b>	3.00/ 3.00 (100%)
ii. <b>Employees' Share Scheme Committee</b>	2.67/ 3.00 (89%)
iii. <b>Group Board Digital Innovation &amp; Technology Committee</b>	2.60/ 3.00 (87%)
iv. <b>Group Board Risk Committee</b>	2.60/ 3.00 (87%)
v. <b>Group Governance, Nomination &amp; Compensation Committee</b>	2.60/ 3.00 (87%)
<b>Section G: Group Managing Director</b>	2.67/ 3.00 (89%)
<b>Section H: Board Remuneration</b>	2.00/ 3.00 (67%)
<b>Section I: Board Administration and Process</b>	2.29/ 3.00 (76%)
<b>Section J: Board Education</b>	2.38/ 3.00 (79%)

### Part II: Directors' Effectiveness Evaluation

In terms of Individual Directors, their effectiveness were assessed based on the following criteria:

<b>Section A:</b> Board Dynamics and Participation	<b>Section B:</b> Leadership, Integrity and Objectivity	<b>Section C:</b> Knowledge and Expertise
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For all these criteria, each of the Individual Director had attained a scoring of –

- between 2.86/ 3.00 (95%) and 2.96/ 3.00 (99%) for Board Dynamics and Participation;
- between 2.86/ 3.00 (95%) and 2.97/ 3.00 (99%) for Leadership, Integrity and Objectivity; and
- between 2.83/ 3.00 (94%) and 3.00/ 3.00 (100%) for Knowledge and Expertise.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

Based on the assessment 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.

- To review and/ or refresh the compositions of the Boards and the Board Committees of KIBB and its subsidiaries to ensure a well-balanced expertise and experience, as well as diversity of skill sets amongst the Board members, and effective Board and Board Committee succession plan.
- To review the succession plan for the Senior Management to enhance the measures which have been put in place to provide for the orderly succession of Senior Management.
- To conduct an industry benchmarking of the Board Remuneration to be undertaken by an independent third (3<sup>rd</sup>) party/ consultant.
- To enhance the Board processes in terms of the turnaround time for dissemination of Board papers and for Group Company Secretarial Department of KIBB to embark on an exercise to review and simplify the current template/ format of meeting papers for the Board and Board Committees.

**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.

**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 FYE 2023 are provided on page 74 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/AGM2024>.

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/>.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

**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 -

- ① reviewing, approving and reporting to the Board the audit scope, procedures and frequency;
- ① 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;
- ① 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;
- ① establishing a mechanism to assess the performance and effectiveness of the internal audit function;
- ① 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
- ① 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 other than 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 2023 are provided on page 74 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/AGM2024>.

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 other than 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 111 to 115 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 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 Malaysia.

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 Message 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 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, 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 2023, 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 result 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 result 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 the 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/AGM2024> 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, the Company had conducted its Forty-Ninth (49<sup>th</sup>) AGM virtually on 25 May 2023 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 and revised on 7 April 2022. 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 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-Ninth (49<sup>th</sup>) AGM, the Company had also arranged for one (1) 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 2022 and Business Prospects for 2023 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 prior to the AGM and answering them accordingly. The GMD also answered all the questions submitted on real time basis during the AGM. In 2023 AGM, there were no questions received from the Minority Shareholders Watch Group.

Pursuant to Paragraph 9.21(2)(b) of the MMLR of Bursa Malaysia, 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 Malaysia via Bursa LINK to provide stakeholders with material key information which could affect their decision making, thus enhancing the level of transparency.

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 Independent Director, to take heed of their concerns on matters related to corporate governance and the Group's performance, amongst others.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

**Sustainability Management**

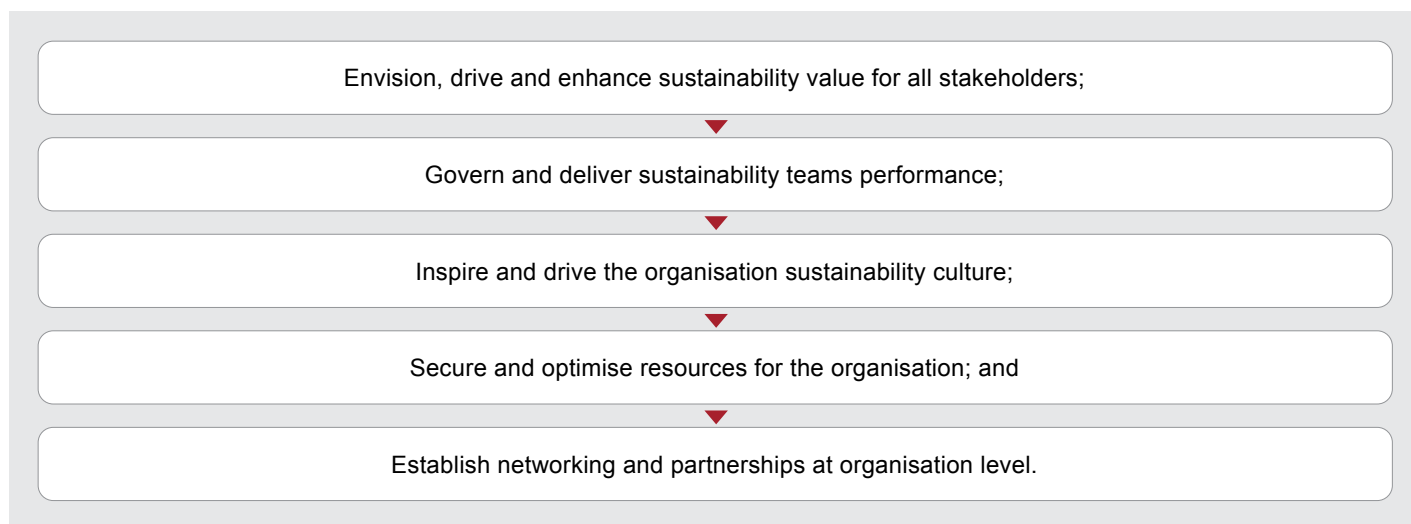
Sustainability is increasingly becoming a necessity for corporations around the world to adopt and implement within their business operations to be sustainable.

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**”) led by the GMD to drive the sustainability agenda for Kenanga Group.

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:

**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, the GSMC had also recommended to the GNC for the Board’s approval, Kenanga Group’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) material matters.

Sustainability Pillar	Material Matters
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>

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

**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 target 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, in December 2022, 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.

**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.

**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 serves as a guide to facilitate climate risk assessments of economic activities, and its impact on climate and the environment. The CCRM Framework also covers the strategy, principles, as well as initiatives in areas of climate risk management for Kenanga Group operations. The CCRM Framework was updated in 2023, to align it with BNM's Policy Document on Climate Risk Management and Scenario Analysis issued in November 2022.

**DIRECTORS' RESPONSIBILITY STATEMENT IN RESPECT OF THE PREPARATION OF THE AUDITED FINANCIAL STATEMENTS (Pursuant to Paragraph 15.26(a) of the MMLR of Bursa Malaysia)**

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, Ernst & Young PLT ("EY") and its affiliates, for the Financial Year Ended 31 December 2023 are provided below.

	Group (RM)	KIBB (RM)
<b>Statutory Audit</b>	569,300	370,000
<b>Audit/ Assurance Related</b>	57,052	57,052
<b>Non-Audit Fees – EY Assurance Team</b>	74,000	32,000
<b>Non-Audit Fees – EY Tax Team</b>	0	0
<b>Total Non-Audit</b>	74,000	32,000
<b>Grand Total</b>	<b>700,352</b>	<b>459,052</b>

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

**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 of Bursa Malaysia.

**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 FYE 2023.

**Utilisation of Proceeds Raised from Corporate Proposals**

On 10 February 2023, the Company had issued RM20,000,000 of Subordinated Notes under the RM250 million in nominal value Tier 2 Subordinated Note Programme which was established on 27 March 2017.

The proceeds from the previous issuance are being utilised by the Company for working capital requirement.

Details on the outstanding subordinated notes under the programme are set out under Note 26 of the Financial Statements section appearing on page 239 of this Annual Report.

**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 an ESS 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 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 condition 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 55 of the Financial Statements section appearing on pages 350 to 359 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, FY 2022 and FY 2023 are set out below.

For the Period from 21 September 2017 to 31 December 2018

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



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

For the FY from 1 January 2019 to 31 December 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

For the FY from 1 January 2020 to 31 December 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

For the FY from 1 January 2021 to 31 December 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>(8)</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

ESOS <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

For the FY from 1 January 2022 to 31 December 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 <sup>(4)</sup>	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

ESOS <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

For the FY from 1 January 2023 to 31 December 2023

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	0	0
Exercised	1,791,500	1,000,000	0	791,500
Forfeited <sup>(4)</sup>	1,154,500	0	0	1,154,500
Cancelled <sup>(6)</sup>	118,500	0	0	118,500
Lapsed <sup>(10)</sup>	2,092,000	2,000,000	0	92,000
Outstanding	11,553,500	4,000,000	1,222,000	6,331,500.00

ESOS <sup>(1)</sup>	Total	GMD <sup>(2)</sup>	Senior Management	Other Entitled Employees
Granted	0	0	0	0
Adjustment	0	0	0	0
Vested <sup>(11)</sup>	0	0	0	0
Outstanding	0	0	0	0

## Notes

- (1) The Employee(s) of the KIBB Group who meet(s) the criteria of eligibility for participation in the Scheme as set out in By-Law 5.
- (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 Eq8 Capital Sdn Bhd (Formerly known as 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 Malaysia 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**").

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).

Description	1 January 2023 to 31 December 2023	Since Commencement Up to 31 December 2023
Percentage of the Aggregate Maximum Allocation over the Maximum ESS Shares	0%	37.84%
Actual Percentage of the ESOS Granted over the Maximum ESS Shares	0%	34.53%
Actual Percentage of the ESGP Vested over the Maximum ESS Shares	0%	3.31%

In respect of FY 2023, there was no allocation of the shares under the ESS made to the Eligible Employees and hence, no review was conducted.

**TAN SRI DATO' SERI SYED ANWAR JAMALULLAIL**

Chairman of the Board

# ETHICS AND COMPLIANCE STATEMENT

## OUR COMMITMENT TO COMPLIANCE AND VALUES

In line with the regulatory emphasis on ethical conduct, Kenanga Investment Bank Berhad and Its Subsidiaries (“**KIBB Group**” or “**Kenanga Group**” or “**the Group**”) remains dedicated to promoting ethical behaviour and integrity across all facets of its operations. By adhering to stringent ethical standards and regulatory compliance, we aim to safeguard the interests of our stakeholders while delivering value propositions that resonate with integrity and transparency.

Building upon our commitment to ethics and integrity in business practices, Kenanga Group integrates these values into both our corporate culture and governance framework. Through adherence to ethical standards and fulfilling regulatory obligations, we not only bolster Kenanga Group’s reputation but also cultivate trust among our stakeholders, thus propelling sustainable business growth.

## OUR STRUCTURE IN MANAGING ETHICS AND COMPLIANCE

The Group’s approach to ethics and integrity extends beyond mere compliance; it is ingrained in our corporate DNA and guides our decision-making processes at every level. We recognise that ethical conduct is not just a regulatory obligation but a moral imperative that underpins our relationships with clients, employees, shareholders, and the broader community.

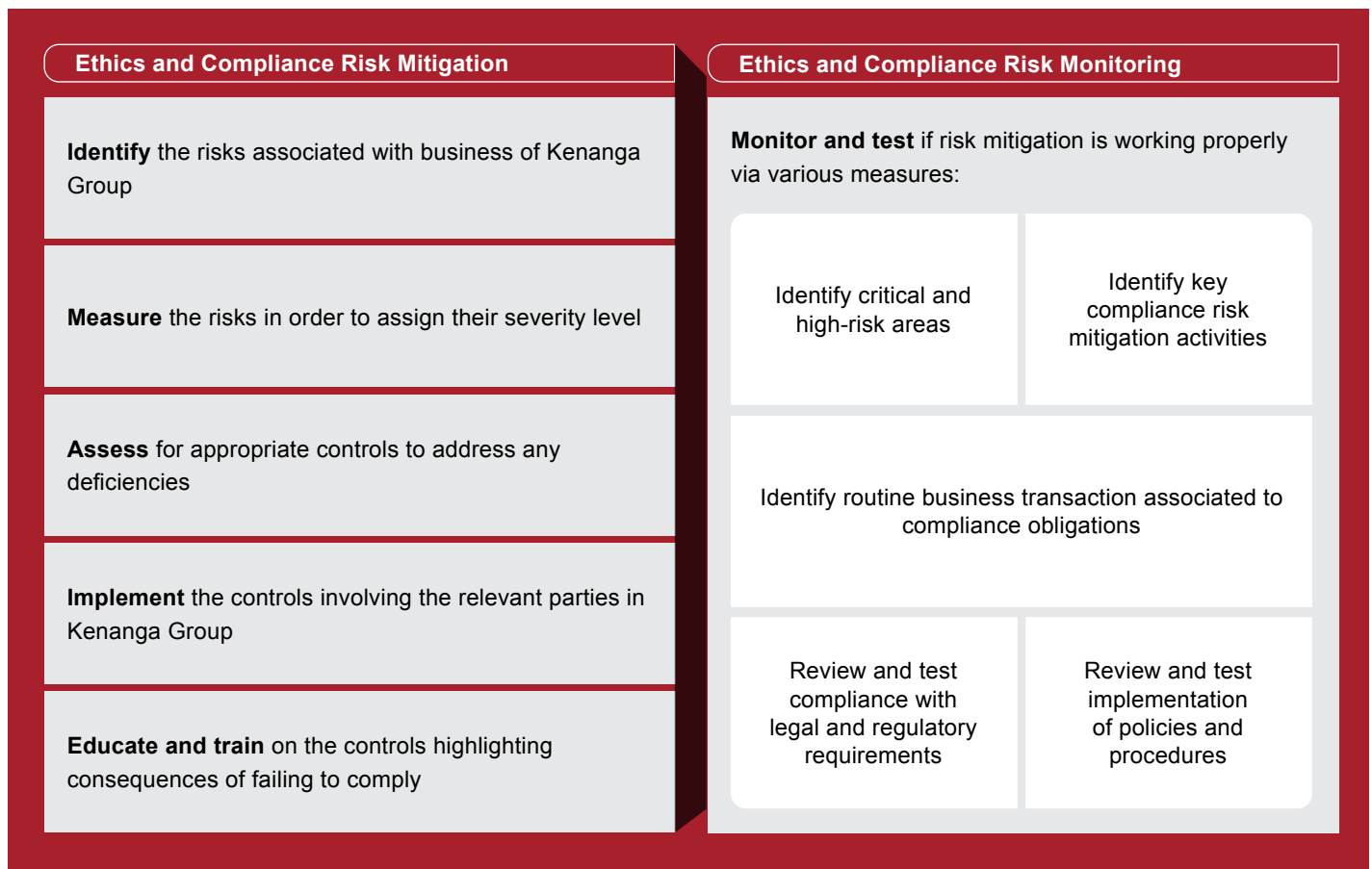
In essence, our dedication to ethics and integrity is not just a business strategy; it is a reflection of our core values and commitment to upholding the highest standards of corporate governance and responsible business conduct. In this regard, the following six (6) departments within Group Regulatory and Corporate Services (“**GRCS**”) Division of Kenanga Investment Bank Berhad (“**KIBB**” or “**the Company**”) collaborate closely to carry out the overall responsibilities under the ethics and compliance structure:

<b>Group Business Ethics and Integrity</b>	Develops, implements and facilitates compliance of the applicable framework, policies and procedures towards promoting ethical business practices and integrity in the business and operational activities
<b>Group Compliance</b>	Develops, implements and facilitates compliance of the overall regulatory requirements in relation to the regulated activities as per the Licensing Handbook of the Securities Commission Malaysia
<b>Group Financial Crime Compliance</b>	Develops, implements and facilitates compliance of the applicable laws and regulatory requirements in relation to Anti-Money Laundering, Counter Financing of Terrorism and Targeted Financial Sanctions
<b>Group Prudential Supervision and Regulatory Affairs</b>	Manages consultations with the regulators and provides sound advice to ensure compliance with regulatory requirements and expectations as well as standard practices
<b>Group Legal</b>	Manages legal documentation and provides legal consultation towards mitigating legal risks
<b>Group Company Secretarial</b>	Ensures integrity of the governance framework and compliance with statutory and regulatory requirements by the Board of Directors (“ <b>Board</b> ”), as well as facilitates the communication and implementation of the Board’s decisions

**● Strategic Framework for Sustaining Effective Governance**

To achieve high standards of corporate governance within the highly regulated capital markets environment, Kenanga Group has implemented the Ethics Risk Management Framework ("**EMF**") and Compliance Management Framework ("**CMF**") within the GRCS. These frameworks provide structured guidance for ensuring systematic and consistent oversight and monitoring of compliance and ethical practices. Additionally, they are instrumental in addressing and managing sustainability concerns across the Group's operations.

The EMF and CMF adopt risk-based, centre-led methodologies, integrating two (2) fundamental principles of risk mitigation and risk monitoring, synergistically reinforcing each other:

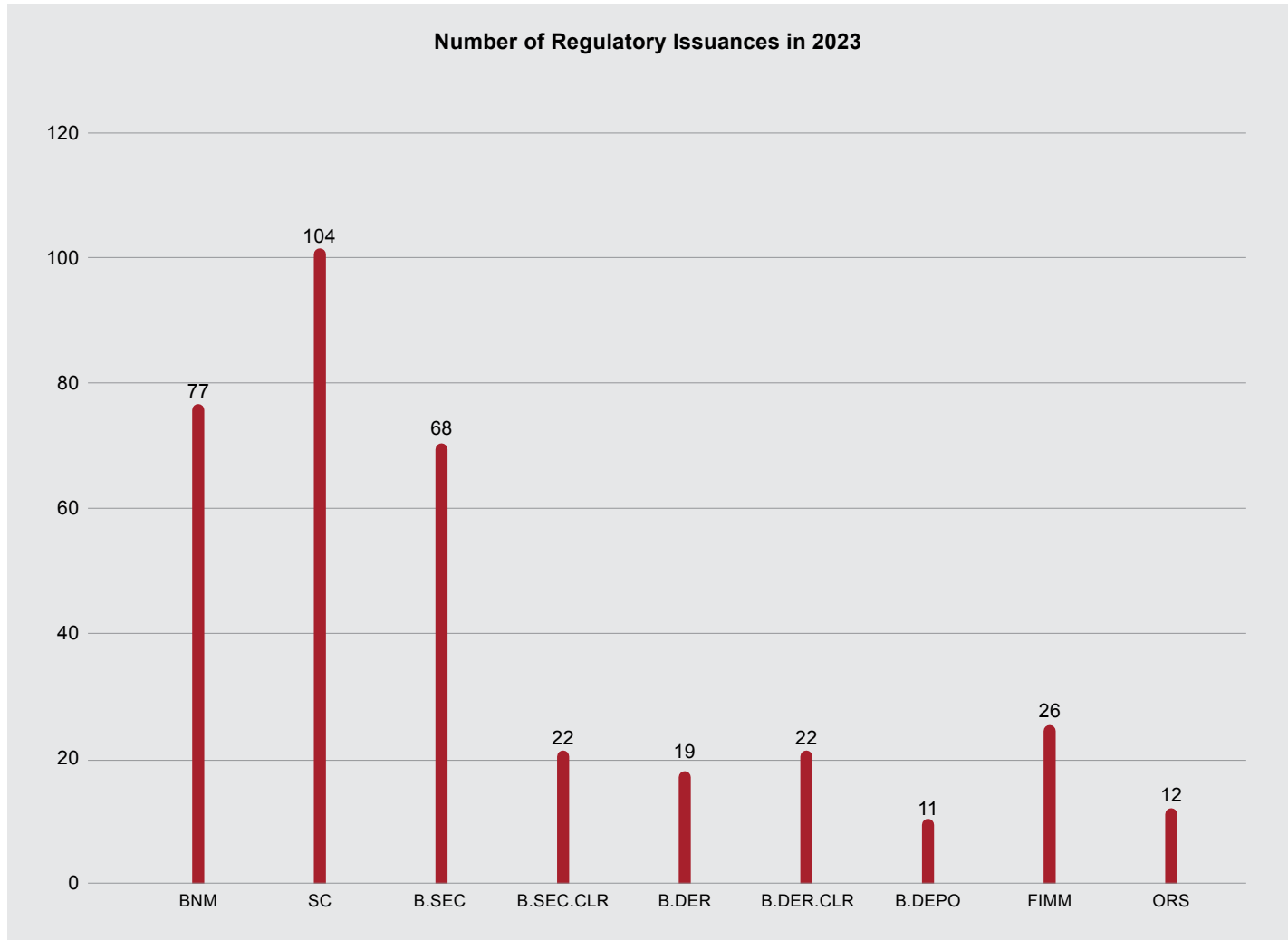


Essentially, the EMF and CMF serve as cornerstone methodologies, facilitating the establishment, ongoing evaluation, and refinement of the Group's ethical and compliance initiatives. These methodologies harmonise the management of ethical and compliance matters, safeguarding the Group's corporate culture.

## ETHICS AND COMPLIANCE STATEMENT

### ● Tool for Regulatory Awareness and Compliance

GRCS holds a crucial position in the regulatory landscape of Kenanga Group, ensuring that employees stay informed about any changes or new requirements set forth by regulators. In 2023, GRCS effectively managed the dissemination of three-hundred and thirty-eight (338) revised and new frameworks, guidelines, and circulars, along with twenty-three (23) consultation papers. These efforts are instrumental in maintaining compliance and fostering a culture of awareness within the organisation.



Taking regulatory compliance to the next level, GRCS goes beyond mere dissemination by actively overseeing the implementation of new requirements within divisions and departments. Utilising the Regulatory Issuances Impact Review (“EDGE”), GRCS provides targeted guidance to ensure seamless adjustments to internal policies, procedures, or controls. More than just a review, the EDGE reflects the Group’s firm dedication to comprehensive compliance.

**OUR STRUCTURE IN MANAGING ETHICS AND COMPLIANCE**

**● Cultivating a Vibrant Speak Up Culture**

At Kenanga Group, transparency and ethical conduct stand as our core principles, and we recognise the pivotal role of our employees at all levels in upholding these principles. In line with its dedication to fostering a culture of openness and accountability, the Group has had the Group Whistleblowing Policy and Guidance Notes (“**Whistleblowing Policy**”) in place.

In 2023, the Group undertook a timely and comprehensive revamp and review of the Whistleblowing Policy which culminated in the establishment of the Group Speak Up Policy (“**Speak Up Policy**”), aimed at providing employees with a robust framework for reporting concerns, misconduct, or ethical breaches. The revamped policy aligns with the evolving regulatory landscape, in light of the Guidelines on Adequate Procedures issued pursuant to subsection (5) of section 17A of the Malaysian Anti-Corruption Commission Act 2009 (“**MACCA**”) as well as Part H of Chapter 15 of Bursa Malaysia’s Main Market Listing Requirements.

We ensured that a holistic roll-out is done for the Speak Up Policy to ensure that all employees in the Group, as well as parties the Group deals with are aware of the changes, understand their rights, and know how to utilise the new reporting channel effectively. Additionally, it allows for consistent messaging across different departments and levels within Kenanga Group and this helps to mitigate potential resistance or scepticism towards the policy changes, as it provides a platform for addressing concerns and clarifying any misunderstandings.

We had issued a set of Frequently Asked Questions (“**FAQs**”) on the revamped policy which was made available on both Kenanga’s corporate website and intranet. These FAQs simplified the information provided within the Speak Up Policy, thereby making it more accessible to employees and third parties. The FAQs also aim to address concerns and serve as valuable educational resources during training and onboarding.

We had also issued posters and emails to publicise the revamped policy and highlight the new reporting channel that was introduced. The posters were sent to all branches as well as all the departments and divisions to be placed in a strategic and prominent common location to ensure visibility and awareness by reaching a wide audience.



The Speak Up Policy reflects Kenanga Group’s unwavering commitment to creating a workplace where employees feel empowered to speak up without fear of reprisal. As a cornerstone of the bank's ethical infrastructure, the revamped policy stands as a testament to the Group’s proactive approach in ensuring a resilient, transparent, and accountable organisational culture. The Speak Up Policy not only empowers employees to speak up against misconduct but also fosters a culture where integrity is upheld at all levels.

## ETHICS AND COMPLIANCE STATEMENT

### ● Strengthening Controls Against External Threats

Kenanga Group has always prioritised the safeguarding of our operations against external threats, particularly fraud. The Group Anti-Fraud, Bribery, and Corruption Reporting Procedure (“**AFBC Reporting Procedure**”) has been integral to our operations since its inception. This framework outlines stringent controls to detect, prevent, and address instances of internal fraud, bribery, and corruption.

Building upon this foundation, we introduced the Guidance on Handling Incidents of External Fraud (“**External Fraud Guidance**”) in 2023. This framework complements our existing controls by providing specific measures tailored to respond to external fraud threats. Through the implementation of the

External Fraud Guidance, we have further fortified our defences, enhancing our ability to mitigate risks stemming from sources beyond our organisation's borders.

By strategically balancing controls targeting both internal and external threats, Kenanga Group demonstrates its proactive approach to risk management. We remain steadfast in our commitment to upholding the highest standards of governance and compliance, thereby safeguarding the trust and confidence of our clients and stakeholders. As we continue to adapt to the evolving landscape of fraud and misconduct, Kenanga Group remains vigilant in refining and strengthening our controls.

### UPHOLDING HIGH STANDARDS OF CORPORATE GOVERNANCE ●

The Board exercises vigilance over ethics and compliance risks to ensure effective implementation of management strategies, frameworks, and policies. In collaboration with all stakeholders, GRCS endeavours to harmonise business direction with the established strategies, frameworks, and policies, fostering a culture where professionalism, ethics, and compliance take precedence.

### ● Anti-Fraud, Bribery and Corruption

Kenanga Group is subject to the provisions of the MACCA along with relevant local laws, rules, and regulations concerning anti-fraud, bribery, and corruption as stipulated by regulatory authorities. In line with this, the Group adopts a zero-tolerance stance towards all manifestations of fraud, bribery, and corruption. We expect our Board, Senior Management, and employees to uphold this approach rigorously. Similarly, the Group requires the same level of commitment from all third parties with whom we engage, regardless of the context or manner of engagement.

The **AFBC Policy**, or Group Anti-Fraud, Bribery, and Corruption Policy, delineates the foundational principles guiding the Group in addressing and mitigating risks associated with fraud, bribery, and corruption across all our operations. This policy outlines the principles concerning top-level commitment, organisation-wide risk assessment, control measures, as well as monitoring and training programmes at Kenanga.

Aligned with the AFBC Policy, the AFBC Reporting Procedure provides detailed guidelines and protocols for the Board and employees regarding the reporting of instances involving fraud, bribery, and corruption, as well as the necessary actions to be taken in response.

#### ● Anti-Bribery and Corruption Risk Assessment

Kenanga Group took proactive steps to assess Anti-Bribery and Corruption (“**ABC**”) risks, engaging Baker Tilly MH Consulting Sdn Bhd (“**BTMHC**”) in 2022, to conduct a thorough review. This initiative, in accordance with the Guidelines on Adequate Procedures, highlights the crucial need for periodic evaluations to ensure adherence to ABC policies and procedures. Encompassing all entities within the Group, the assessment rigorously evaluated the adequacy of our policies, procedures, and controls, emphasising the pivotal role of effectively managing ABC risks throughout our organisation.

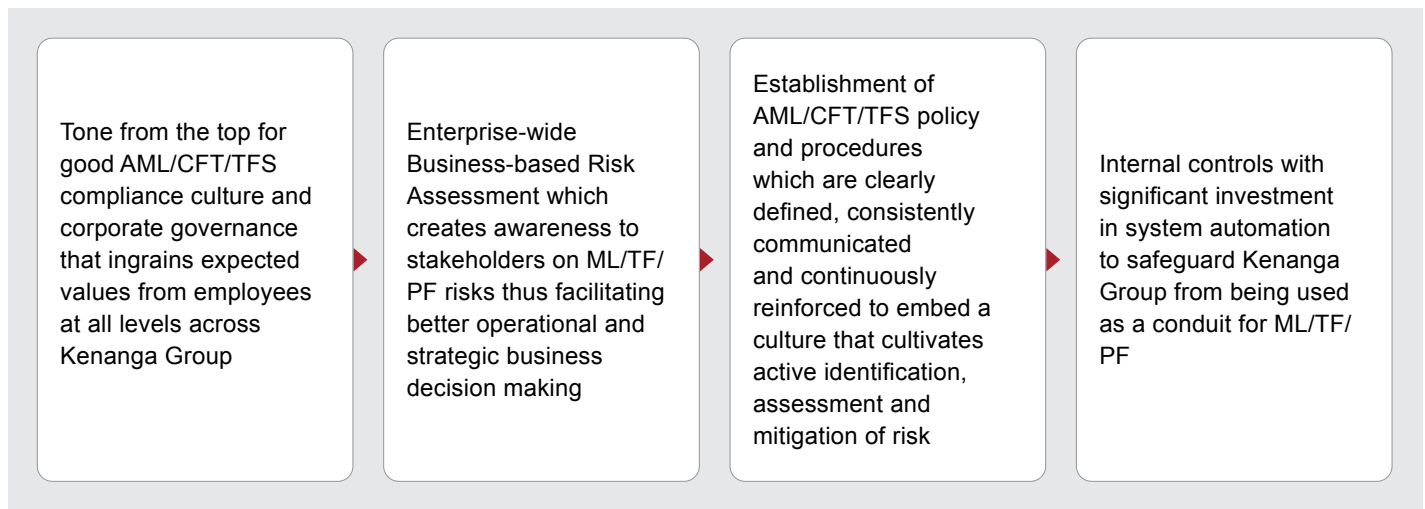
The assessment yielded positive results, indicating that Kenanga Group has already implemented and actively monitors high-risk areas effectively. In light of these findings, BTMHC recommended extending the ABC risk assessment to other areas of the Group, aligning with the Securities Commission Malaysia's Observations and Good Practices Relating to Compliance with Corporate Liability Provision. This positive outcome highlights Kenanga Group's commitment to proactively addressing ABC risks and ensuring compliance across all facets of our operations.



### ● Anti-Money Laundering, Countering Financing of Terrorism and Targeted Financial Sanctions (“AML/CFT/TFS”)

Progressive financial landscape and robust digital economy in Malaysia have presented intricate backdrop for money laundering. This gives rise to cyber enabled money laundering where some of noticeable trends utilised by the launderers in 2023 are smurfing, money mules and pandemic related frauds such as phishing attacks and online scams.

Kenanga Group responds to these threats by reinforcing its AML/CFT/TFS compliance framework which encompass:



Regulatory awareness and compliance tools are critical components of the fight against ML/TF/PF, helping the Group fulfil our legal obligations, detect suspicious activities, and mitigate risks associated with illicit financial transactions. It also ensures that ML/TF/PF risk considerations are embraced by all employees to protect the Group’s reputation, building trust and brand value for long term sustainability of the organisation.

### ● Code of Conduct for Employees

Upholding exemplary conduct is paramount in fostering favourable outcomes for our clients, stakeholders, and the broader capital markets community. We enable our employees to prioritise ethical behaviour by establishing transparent expectations outlined in the Group Code of Ethics and Conduct for Employees (“**Employees Ethics Code**”). Additionally, we equip them with the necessary support, tools, and resources to uphold these standards, alongside providing clear guidance on available channels for raising concerns.

Kenanga Group places trust in our employees, and the Employees Ethics Code underscores this trust by affirming that our values manifest in the conduct and behaviour of our workforce. All employees are required to uphold elevated standards of professionalism, integrity, and conscientiousness, ensuring they avoid situations that may compromise their obligations or integrity in interactions both internally and externally.

The commitment of all employees to adhere to the Employees Ethics Code is procured and renewed through a process where all new hires are required to acknowledge their understanding of the Code’s expectations. Similarly, existing employees must provide annual acknowledgments of their understanding to the Code.

## ETHICS AND COMPLIANCE STATEMENT

### ● Whistleblowing

As specified above, Kenanga Group has implemented the Group Speak Up Policy, enabling individuals to voice their concerns regarding any unlawful or irregular behaviours, practices, or omissions.

Out of the eighty-six percent (86%) employees who participated in our biennial Survey on Ethics and Integrity Culture at Workplace 2022, more than ninety percent (90%) expressed confidence in their ability to raise concerns within Kenanga Group without fear of retaliation. This indicates effective communication by the Group regarding our commitment and resolve to address any unlawful or irregular behaviours, practices, or omissions appropriately.

### ● Managing Conflict of Interest

The Group Conflict Management Policy (“**Conflicts Policy**”) outlines the policies and guiding principles for addressing conflicts of interest. It delineates two (2) main categories: personal and business-related conflicts of interest and specifies the scenarios that may fall under each category. This was implemented to emphasise the significance of identifying potential conflicts that may arise in carrying out employees’ entrusted responsibilities.

In addition to the Conflicts Policy, the Group has adopted the Guidance on Conflict of Interest (“**Conflicts Guidance**”) to offer additional support in recognising and addressing personal and business-related conflicts of interest. This guidance reinforces the shared responsibility of all parties within the Group to identify, report, and address conflicts of interest effectively.

Employees, departments, divisions, and subsidiaries within Kenanga Group must disclose any actual, potential, or perceived conflicts of interest, whether personal or business-related. This mandate is founded on the recognition that such conflicts may compromise the ability to act impartially and in the best interests of the Group, necessitating appropriate steps for effective management.

### ● Gifts, Entertainment and Hospitality

The Group Gifts, Entertainment, and Hospitality Policy (“**GGEH Policy**”) serves as a control mechanism for situations that may constitute a conflict of interest or could potentially create the appearance of such a conflict in Kenanga Group’s business dealings with external parties. This Policy elucidates Kenanga’s stance on giving and accepting gifts, entertainment, and hospitality in business transactions, while upholding the utmost standards of ethics and integrity.

In addition to outlining the threshold limits and approval procedures for gifts, entertainment, and hospitality that Kenanga employees may offer or receive, the GGEH Policy strictly prohibits employees from offering or accepting such items with the intent to exert undue influence on any party in exchange for business dealings.

### ● Chinese Wall and Insider Trading

Kenanga Group has an obligation to ensure that information pertaining to its business and clients, and all activities of the clients remain confidential. Hence, the Group Chinese Wall Policy (“**Chinese Wall Policy**”) is developed to manage the flow of confidential and material non-public and price sensitive information (“**MNPI**”) between the divisions and departments of Kenanga.

The Chinese Wall Policy outlines requirements in managing inside information and establishes internal control mechanisms to be adhered by all employees, in order to minimise the risk of insider trading and potential breach of laws and regulations.

Every employee is required to maintain the confidentiality of all MNPI, which comes to their knowledge during the course of their employment and are not to pass any MNPI to any person, unless in accordance with the Chinese Wall Policy.

### ● Anti-Trust and Fair Competition Practices

Kenanga Group is dedicated to conducting business with fairness, responsibility, and professionalism in all client interactions. The Board and Senior Management establish the ethical standards from the helm, fostering a robust culture of equitable business practices to ensure transparent, ethical, and prudent operations.

The Group Competition Act Compliance Policy (“**Competition Policy**”) outlines the Group’s commitment to fair business practices and prohibits any actions that could be interpreted as anti-competitive. Additionally, the Competition Policy emphasises the importance of maintaining a clear and effective stance to prevent or minimise the risk of competition law violations, as well as aiding the Group’s in promptly identifying any such infringements that may occur.

### ● Common Reporting Standard

In compliance with the Common Reporting Standard (“CRS”) requirements, Kenanga Group had submitted the financial account information of non-resident clients to the Inland Revenue Board of Malaysia (“IRBM”) in June 2023. The submission involved ninety-two (92) entities and funds of the Group that have been registered with the IRBM for CRS purposes.

### ● Foreign Account Tax Compliance

In compliance with the Foreign Account Tax Compliance Act 2010 (“FATCA”) requirements, Kenanga Group had submitted the financial account information of US clients to the IRBM in July 2023. The first FATCA reporting involves clients’ information for the year 2014 until 2022.

### ● Code of Conduct for Vendors

Kenanga Group upholds fair treatment of our vendors, ensuring that our business conduct and behaviour align with our ethical values and principles. Additionally, the Group aims to collaborate with our vendors to work towards the achievement of sustainable development goals.

The Vendors Conduct Code, or Code of Conduct for Vendors, mirrors Kenanga Group’s commitment to ethics and integrity and is founded on maintaining the utmost standards of professional conduct from its vendors. This Code outlines the minimum expectations for general business conduct and ethical practices for all vendors engaged with or performing work for Kenanga Group. Through the Vendors Conduct Code, the Group takes a proactive approach to ensuring that parties it interacts with share a dedication to exemplary values.

## PROVISION OF TRAINING AND AWARENESS PROGRAMMES ●

Kenanga Group acknowledges the vital role of effective communication in ensuring that employees comprehend their roles and responsibilities, thereby safeguarding the interests of both the Group and our stakeholders. As such, GRCS maintains active engagement with employees including through training and awareness programmes, ensuring they remained abreast of updated and pertinent information, including the latest regulatory updates and ongoing initiatives aimed at enhancing ethical culture and corporate governance practices.

A diverse array of methods was employed to effectively implement the training and awareness programmes. These included leveraging video-sharing platforms to deliver engaging and informative content to employees, facilitating interactive quizzes to reinforce key concepts and promote active learning, hosting webinars to provide in-depth discussions and opportunities for real-time interaction, and conducting annual e-tests to assess employees’ understanding and retention of essential information. This multifaceted approach ensured that employees received comprehensive training and remained well-informed about changes that would affect Kenanga Group.

### ● Fraud Awareness Campaign

Since 2015, Kenanga Group has been a Corporate Alliance Partner of the Association of Certified Fraud Examiners (“ACFE”). This partnership programme underscores the Group’s dedication to combating fraud by offering educational opportunities and establishing a tone of integrity from the highest levels of leadership.

As an integral component of the Group’s annual Fraud Awareness Campaign, the 7<sup>th</sup> Fraud Awareness Week (“FAW”) was once more conducted in 2023 under the theme Embracing Disruption, Pioneering Change, Unwavering Integrity. The FAW’s initiatives and activities spanned five (5) weeks, commencing on 10 October 2023, and culminating with the International FAW of the ACFE from 12 November 2023 to 18 November 2023.

In addition to advancing fraud prevention and detection, the FAW aims to emphasise Kenanga Group’s dedication to ethical and moral principles in fostering good governance and cultivating a corporate culture that thrives amidst evolving regulatory landscapes. This aligns with the United Nations Global Compact’s 10<sup>th</sup> Principle, which highlights the imperative for businesses to combat corruption comprehensively.

The 7<sup>th</sup> FAW further demonstrated the Group’s commitment to the ‘Governance’ pillar, aligning with our efforts to ensure environmental, social and governance (“ESG”) compliance. Building upon an internal campaign initiated six (6) years ago to raise awareness about the significance of combating fraud within the financial industry, the Group remains dedicated to emphasising the importance of accountability, integrity, and good governance to an expanded audience.

## ETHICS AND COMPLIANCE STATEMENT

## ● Fraud Awareness Campaign (Cont'd)

### ● FAW Virtual Opening Ceremony

The Virtual Opening Ceremony of the 7<sup>th</sup> FAW was broadcasted 'live' on 14 November 2023. The Ceremony featured pre-recorded presentations and discussions with esteemed speakers, offering insights and updates on ongoing efforts in combating fraud, bribery and corruption. These discussions also provided valuable perspectives from experts in the field, shedding light on the latest developments and strategies in anti-fraud and anti-corruption initiatives.

The Chief Commissioner of the Malaysian Anti-Corruption Commission, Tan Sri Dato' Seri Panglima Haji Azam Bin Baki; the President of the ACFE, Mr. John D. Gill; and the Chairman of Kenanga Investment Bank Berhad, Tan Sri Dato' Seri Syed Anwar Jamalullail, were featured as speakers during the Group's 7<sup>th</sup> FAW Virtual Opening

Ceremony. Additionally, Ms. Maheswari Kanniah, Kenanga Group's Group Chief Regulatory and Compliance Officer, moderated a thought-provoking session which involved an insightful discussion with Mr. Billy McFarland, a convicted fraudster notorious for his involvement in the infamous Fyre Festival. The conversation delved into the intricacies of the event, providing valuable insights into the complexities of fraud and its implications.

In 2023, the FAW Virtual Opening Ceremony garnered a total of seven hundred and thirty-five (735) viewers, with three hundred and fifty-one (351) viewers hailing from external entities. This marked a notable uptick of nearly ten percent (10%) in total viewership compared to the FAW Virtual Opening Ceremony held in 2022.

### ● FAW Games

A total of two hundred and nineteen (219) teams participated in the FAW Games, comprising one hundred and fifty-two (152) internal teams and sixty-seven (67) external teams, representing an increase of approximately seventeen percent (17%) in the overall participation compared to the previous year's FAW Games in 2022. The external teams were representatives from forty-two (42) regulatory, enforcement, and professional bodies, financial institutions, listed companies, as well as vendors associated with Kenanga Group. Notably, this year saw the inclusion of seven (7) teams from organisations based in Indonesia, Singapore, United Arab Emirates, and South Africa.

The FAW Games 2023 comprised a series of nine (9) rounds, each showcasing friendly tournaments featuring an array of engaging and intellectually stimulating virtual anti-fraud challenges. These rounds served as avenues for educational enrichment, fostering collaboration and critical thinking skills among participants. The activities aimed to effectively disseminate and instil the anti-fraud message, encouraging proactive decision-making and vigilance against fraudulent activities.

### ● FAW Talk at Faculty of Law, University of Malaya

In collaboration with the esteemed Faculty of Law at the University of Malaya ("UM"), Kenanga Group presents a Talk Session in UM as part of this year's FAW. Serving as a crucial element of the Group's social outreach programmes aligned with the ESG framework, this strategic initiative seeks to raise awareness of fraud prevention and detection within the local community, particularly among students of the Faculty of Law at the University.

In addition to the customary FAW initiatives, the Talk Session underscores Kenanga Group's strong dedication to fostering a culture of governance and transparency both within the organisation and throughout the community.

Speakers at the talk session included Chairman of the Board of Directors at UM, Tan Sri Zarinah Anwar; the Head of Asia-Pacific Development at the ACFE, Mr. Ganeshwaran Thuraisingham; the Director of Community Programme at the Malaysian Communications and Multimedia Commission, Puan Hashimah Hashim; ASP Pegawai Penyiasat Jenayah at Jabatan Siasatan Jenayah Komersil Ibu Pejabat Polis, Bukit Aman, Puan Nor Sharina Binti Mohd Amin; and the Dean of Faculty of Law at UM, Professor Jason Chuah.

● **Annual Regulatory Seminar**

The 8<sup>th</sup> Annual Regulatory Seminar (“**ARS**”) in 2023 was again integrated as part of the events for the 7<sup>th</sup> FAW. Consistent with the FAW’s goal of tackling contemporary key issues, the theme of the 8<sup>th</sup> ARS was aligned accordingly. The 8<sup>th</sup> ARS comprised a comprehensive a 9-series e-learning programme covering vital subjects and messages pertinent to the regulatory landscape, fraud detection, ethics and integrity, governance, cyber security, and regulators’ expectations.

Training sessions were led by a diverse array of subject-matter experts from within Kenanga Group, as well as invited speakers. These pre-recorded sessions were made available online to

all employees nationwide through Kenanga’s learning portal. Additionally, a brief pre-and-post quiz was administered as a means to assess employees’ comprehension of the covered topics.

A total of one thousand one hundred and fifty-four (1,154) employees registered for the 8<sup>th</sup> ARS. Upon successfully completing the quiz and attaining a minimum score of eighty percent (80%) within the specified timeframe, employees holding the Capital Markets Services Representative’s Licence were eligible to receive ten (10) CPE points accredited by the Securities Industry Development Corporation.

● **Monday Must-Know Quiz**

Monday Must-Know Quiz (“**MMKQ**”) represents another significant training and awareness initiative at Kenanga Group. This quiz, mandatory for all employees, covers a wide range of topics with a primary emphasis on ethics and regulatory compliance. It serves as an essential refresher, reinforcing employees’ understanding of the Group’s policies and procedures in these areas. Through MMKQ, employees continually update their knowledge and stay aligned with evolving regulatory standards and ethical guidelines.

There were four (4) sets of a five (5) multiple-choice questions quiz issued in 2023 based on a short video and material on the following topics:

Business Ethics	Financial Crimes	Speak Up	Gifts, Entertainment and Hospitality
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Each MMKQ was released on the first Monday of four (4) designated months throughout 2023 and remained accessible for employee participation until the conclusion of the year. This extended timeframe allowed employees ample opportunity to engage with the quiz at their convenience and ensure comprehensive understanding of the covered topics over an extended period.

● **Scam Awareness Video – “Stay Alert, Invest Safely”**

As part of Kenanga Group’s on-going efforts to raise regulatory awareness, the Group had on 1 November 2023 rolled out the Scam Awareness Video – “Stay Alert, Invest Safely”. This awareness video is targeted to investors, dealers’ representatives, remisiers and employees of the Group with the objective to:

Create financial literacy of the investors by enhancing their awareness on types of scams and ways to protect themselves being scammed	Provide information on Kenanga Group scams reporting channels if investors suspected their accounts have been compromised or they have been scammed	Broaden public awareness in relation to digital onboarding
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This video is available in Kenanga Group’s website and social media platforms.

## ETHICS AND COMPLIANCE STATEMENT

### ● Enhanced AML/CFT/TFS Review

In demonstrating the Group's ongoing commitment in combating ML/TF/PF risks, we continuously refine and enhance our Anti-Money Laundering ("AML") programmes. Our rigorous AML programme reviews stand as a testament to our unwavering dedication to safeguarding the integrity of our operations and the financial system at large.

At the heart of our enhanced AML programme reviews lies a comprehensive framework designed to detect and deter illicit activities effectively. Through a multi-faceted approach, we systematically assess and strengthen our defences against money laundering risks, ensuring robust compliance with regulatory requirements and industry best practices.

Key components of our enhanced AML programme reviews include:

#### Risk Assessment

We conduct thorough risk assessments to identify and prioritise areas of vulnerability. By analysing emerging threats and evolving regulatory landscapes, we proactively adapt our strategies to mitigate potential risks effectively.

#### Training and Awareness

We empower our personnel with comprehensive training and ongoing awareness initiatives. By fostering a culture of compliance and vigilance, we equip our teams with the knowledge and tools necessary to identify and report suspicious behaviours effectively.

#### Enhanced Due Diligence ("EDD")

AML programme reviews scrutinised EDD processes to ensure thorough customer profiling and ongoing monitoring. Through in-depth investigations and enhanced monitoring, we fortify our defences against money laundering schemes.

#### Continuous Evaluation and Improvement

Continually evaluate and refine our AML programme. Through regular audits, assessments, reviews carried out on a group-wide basis and feedback mechanisms, we identify areas for improvement and implement necessary enhancements to strengthen our defences.

In the ever-evolving landscape of financial crime, our enhanced AML programme reviews serve as a cornerstone of our commitment to integrity, transparency, and regulatory compliance. By remaining vigilant and adaptive, we reaffirm our dedication to combating money laundering and preserving the integrity of the global financial system.

### MAINTAINING A HIGH LEVEL OF CORPORATE GOVERNANCE

Details on Kenanga's corporate governance disclosure are available in the Corporate Governance Overview Statement appearing on pages 67 to 97 of this Annual Report and Corporate Governance Report which is available at Kenanga's website at <https://www.kenanga.com.my>.

### OUR FOCUS AND STRATEGIC PRIORITIES FOR 2024 ●

As the spotlight on ESG principles intensifies, spurred by heightened investor interest and the influx of new regulations surrounding socially responsible investment, the significance of the 'Governance' pillar has reached paramount importance for Kenanga Group. Amidst this evolving landscape, the Group consistently ensures that our sustainability journey is not only comprehensive but also meticulously balanced.

Kenanga Group remains resolute in our pursuit of excellence and recognises that robust Governance frameworks serve as the bedrock for sustainable business operations. Our dedication to ESG best practices is not just a strategic manoeuvre; it is a testament to our firm commitment to responsible stewardship and enduring value creation. By prioritising transparency, accountability, and ethical decision-making, we fortify our position for long-term resilience and success.

In this respect, the Group and GRCS continue to uphold a robust compliance strategy and maintain operational transparency. This dedication underscores our pledge to cultivate a regulatory framework of the highest calibre and conduct our business and operations in strict accordance with the principles of good corporate governance.



### ● Advancing Technological Integration and Innovation

Kenanga Group has embraced a governance strategy centred on integrating risk-based approaches into compliance best practices, complemented by appropriate controls that align with laws, regulations, and industry standards. With the increasing provision of services in the digital realm, it is imperative that we evolve to continuously update and adapt our compliance requirements to the ongoing digitalisation, ensuring our continued significance and relevance in the dynamic landscape.

Simultaneously, the Group remains vigilant in tracking the evolution and amendments of regulations to enhance compliance effectiveness. Remaining abreast of innovations and consistently aligning with regulatory requirements, we endeavour to leverage new technologies essential to our business and operational units. Our focus remains on not only developing but also harnessing these advancements while maintaining an effective compliance strategy that adapts seamlessly to the changing landscape.

### ● Bolstering Measures Against Financial Crimes

Financial institutions worldwide are facing challenging circumstances where they are expected to facilitate transactions at lightning-fast pace while ensuring their institutions are not abused by criminals to profit via systematic illegal activity.

Kenanga Group is no exception and takes a zero-tolerance stance towards financial crimes in all of their business dealings whether concerning employees, clients, suppliers, contractors or other third parties and this is demonstrated via Kenanga Group's comprehensive AML/CFT/TFS framework.

The integration of a robust ESG compliance strategy with an effective AML regulatory framework enables the Group to identify and address a broader range of risks, including those related to environmental and social issues, alongside traditional financial risks associated with money laundering and illicit financing. While ensuring compliance with the evolving regulatory requirements and demonstrating a proactive approach to meeting emerging standards related to sustainability and responsible business conduct, we are also able to make Informed and responsible decisions that align with our values and long-term sustainability objectives.

### ● Cultivating a Culture of Open Communication

Kenanga Group reaffirms our enhanced commitment to fostering a respectful and inclusive workplace environment. We will persistently prioritise the importance of encouraging employees to speak up and report any instances of wrongdoing or policy breaches. This emphasis will be emphasised through direct communication with superiors or utilising designated channels within the Group, such as the Speak Up channel, ensuring transparency and accountability throughout the organisation.

Building upon this commitment, the Group sends a resounding message to all employees and stakeholders that adverse organisational practices will not be condoned. This proactive stance not only highlights our commitment to upholding ethical standards but also reassures employees and stakeholders that their concerns hold significance. By fostering an environment where issues are addressed promptly and effectively, the Group encourages open dialogue and demonstrates our dedication to accountability and transparency.

### ● Enhancing Oversight and Monitoring Processes

Kenanga Group holds firm expectations for all our businesses to uphold ethical principles and integrity, ensuring compliance with relevant laws, regulations, and internal policies. Our ethics and compliance programmes are designed to mitigate and address potential adverse impacts arising from business conduct and the delivery of the Group's products and services. These efforts encompass a range of areas, including fraud, bribery, corruption, money laundering, as well as safeguarding employees and human rights.

As part of our ethos of responsible business conduct, the Group will persistently evaluate our risk-based due diligence processes. This continuous assessment is aimed at ensuring the implementation of robust and appropriate ethics and compliance programmes to prevent and mitigate negative impacts resulting from potential failures. We will oversee the implementation of these programmes through ongoing monitoring and assessments across all facets of Kenanga Group's business operations.

### ● Fostering a Culture of Ethics and Integrity

An effective ethics and compliance programme is instrumental in cultivating a culture of integrity, where every member of the organisation embodies the principles they advocate. At Kenanga Group, we firmly assert that a fortified ethical culture, underscored by diversity and inclusion, fosters heightened employee engagement, thereby driving enhanced efficiency and productivity. Such a culture not only instils a sense of accountability at all levels but also ensures that employee concerns are consistently addressed through a harmonious blend of top-down leadership and bottom-up feedback mechanisms.

As part of our ongoing efforts, the Group actively promotes and reinforces ethical behaviours throughout our operations. Employees at all levels are dedicated to upholding integrity and high standards in their conduct. We continue to prioritise instilling a strong sense of consciousness among our workforce, encouraging them to consistently demonstrate professionalism, integrity, and conscientiousness in their interactions, both within the organisation and with external parties.



## ETHICS AND COMPLIANCE STATEMENT

### ● Securing Data Privacy Amidst Digital Transformation

Kenanga Group views digital transformation as an essential measure to safeguard its business operations while prioritising data protection and security throughout the digitalisation journey. This encompasses migrating business processes to automation, introducing e-services, and embracing advancements in payment technologies. Leveraging new and innovative technologies will foster creativity and enable the development of solutions that not only meet regulatory standards but also uphold data integrity.

In alignment with this dedication, the Group places significant importance on safeguarding personal data and maintaining electronic or hard copy records used in all business activities. These security measures encompass ensuring compliance with policies regarding data use, storage, dissemination, protection, and access, while also managing the rights of data owners in accordance with applicable laws and regulations.

### ● Strengthening Awareness and Training Efforts

Kenanga Group recognises the critical role of active stakeholder engagement and keeping employees updated on regulatory changes. Transparent and inclusive communication is key. We are constantly seeking new ways to enhance employee communication, including using digital technology for training to reach a broader audience effectively. This highlights our commitment to prioritising awareness and training initiatives.

We consistently introduce dynamic learning opportunities, employing interactive activities to involve employees at every level. These initiatives centre on instilling the significance of ethics, integrity, and combatting financial crimes, while fostering strong governance and equitable treatment for all. Our training and education endeavours are meticulously crafted to stay current, ensuring they remain engaging and pertinent. Through these efforts, we empower employees to continuously expand their knowledge and comprehension. This demonstrates our relentless pursuit of organisational excellence and ongoing growth.

#### FORWARD-LOOKING STATEMENTS DISCLAIMER

Kenanga Group stands at the forefront of embracing new business challenges and emerging technologies, charting a course toward future growth while firmly upholding our core principles of ethics and compliance.

Our enduring commitment to these principles forms the core of our operations, ensuring that integrity remains at the heart of everything we do. This commitment is not just a mere aspiration; it is deeply ingrained in our corporate culture, reinforced by the resolute support of our esteemed Board and Senior Management. Moreover, it is the collective effort and collaboration of every employee that amplifies our commitment, underscoring our dedication to excellence and integrity in all facets of our business endeavours.

Our commitment to excellence and integrity positions us to elevate our standards, meeting the evolving needs of our clients and the expectations of regulators. This entails a strong dedication to supporting sustainable and responsible investments, ensuring that our actions not only comply with laws but also align with stakeholders' desires. To achieve this, we will continually assess our policies and internal controls, fostering effective and relevant decision-making processes that prioritise regulatory compliance and stakeholder satisfaction. Through these efforts, we reaffirm our commitment to upholding the highest standards of ethics and integrity while driving sustainable growth and value for all stakeholders.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“**Bursa Malaysia**”), a listed issuer must ensure that its Board of Directors (“**Board**”) includes in its annual report a statement about the state of its risk management and internal controls as a group. In addition, the Malaysian Code on Corporate Governance (“**MCCG**”) also stipulates that the Board should maintain a sound system of internal controls and review its effectiveness to safeguard Shareholders’ investments and the Group’s assets.

Set out below is the Board’s Statement on Risk Management and Internal Control in compliance with the MMLR of Bursa Securities.

## BOARD RESPONSIBILITY

The Board is committed to maintaining a sound system of internal controls and has instituted a risk management framework, as well as good corporate governance measures to monitor the effectiveness of the measures and controls put in place by the Group to safeguard Shareholders’ investments and the Group’s assets.

The Board is responsible for determining key strategies and policies for significant risks and control issues, whereas Management is responsible for the effective implementation of the Board’s policies by way of identifying, monitoring and managing risks. However, as any system of internal controls will have its inherent limitations, the system has been designed to manage risks rather than provide absolute assurance against material misstatement, fraud or loss.

The Board has also received reasonable assurance from the Group Managing Director and Group Chief Financial and Operations Officer that the Group’s risk management and internal control system is operating adequately and effectively, in all material aspects.

## RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Board and Management of the Group are committed to the implementation of an internal control system to manage those risks that could affect the Group’s continued growth and financial viability.

Measures are taken to continuously evaluate changes in the risk profile of the Group and business complexities to assist the Board and Management to anticipate and manage all potential risks and protect Shareholders’ value.

The key elements of the Group’s internal control system include the following:

### Risk Management Framework

The risk governance structure in the Enterprise Risk Management Framework defines the roles and responsibilities throughout the organisation to ensure accountability and ownership. It sets out the principles of sound corporate governance to assess and manage risks to ensure that risk taking activities are aligned with the Group’s long-term viability and its capacity to absorb losses.

The risk management philosophy adopted by the Group is based on the three (3) lines of defence approach. The line management is the first (1<sup>st</sup>) line of defence and is primarily responsible for the day-to-day risk management by identifying the risks, assessing impact and taking appropriate actions to manage and mitigate risks.

The second (2<sup>nd</sup>) line of defence is the oversight functions comprising Group Risk Management and Group Regulatory & Corporate Services (“**Group Regulatory**”). They perform independent monitoring of business units as well as reporting to Management and the Board to ensure that the Group conducts its business and operations within internal guidelines and in compliance with relevant regulatory requirements.

The third (3<sup>rd</sup>) line of defence is Group Internal Audit (“**GIA**”) which provides independent assurance to the Board on the adequacy and effectiveness of system of internal controls, risk management and governance processes.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

**Governance**

The Board, through its appointed committees such as the Group Board Risk Committee (“**GBRC**”) and Group Board Digital Innovation & Technology Committee (“**GBDITC**”), ensures that the Group’s activities are consistent with its approved risk appetite, strategies and policies.

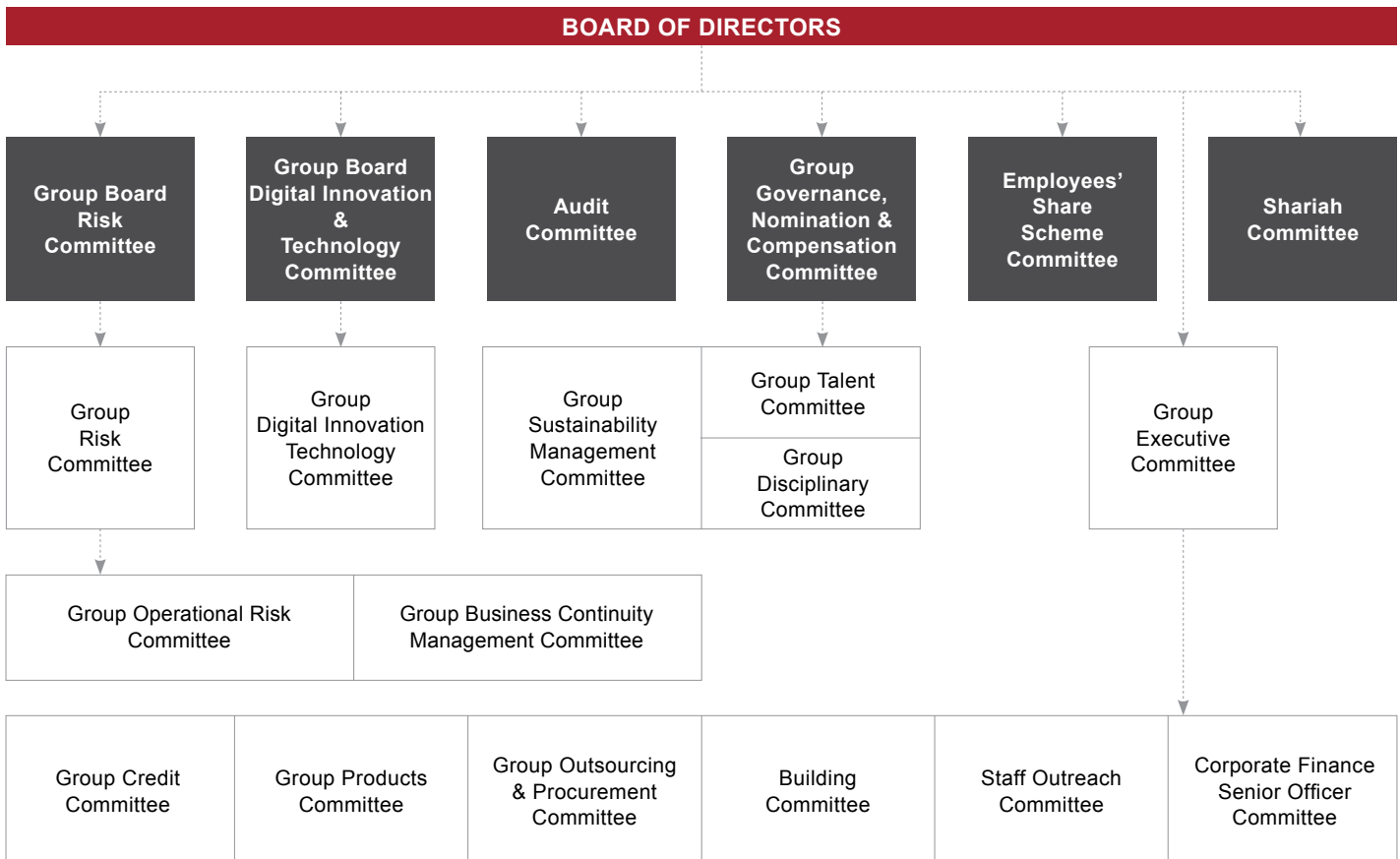
The GBRC is supported by the Group Risk Committee (“**GRC**”) that provides a forum to address and review the management of credit, operational, market, liquidity, technology and other significant risks including climate change risk, to enable effective oversight, accountability and responsibilities for risk taking decisions. Assisting the GRC is the Group Operational Risk Committee and the Group Business Continuity Management Committee.

The GBDITC on the other hand, focuses on technologies and Information Technology (“**IT**”) risk of the Group at the Board level and is supported by the Group Digital Innovation Technology Committee which covers the Group’s technology plans and projects.

Quarterly meetings are held by the Audit Committee (“**AC**”) together with Management to review issues highlighted in the reports by internal and external auditors, as well as audits conducted by regulators such as Bank Negara Malaysia (“**BNM**”), the Securities Commission Malaysia (“**SC**”) and Bursa Malaysia; and the remedial measures or actions taken by Management in addressing the audit findings raised by the regulators.

The Group Governance, Nomination & Compensation Committee (“**GNC**”) was established with the objective, among others, to support the Board in the effectiveness and the enhancement of the Group’s governance structure, framework and policies and its compliance with the applicable statutory and regulatory requirements in relation thereof, including but not limited to, the MMLR of Bursa Malaysia, BNM’s Policy Document on Corporate Governance, the MCCG and the Malaysian Anti-Corruption Commission Act 2009, as well as the relevant latest developments in the corporate governance area.

■ Board Committees    □ Management Committees



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Management Committees (“MC”) are established to oversee specific responsibilities based on defined terms of references. MC meetings are held regularly to ensure that business operations are executed in accordance with approved strategies, policies and business directions. The MCs are responsible for, amongst others:

- Reviewing the actual performance against expectations and budget;
- Addressing any internal control issues with the AC, GBRC, GBDITC, GNC, Employees’ Share Scheme Committee (“ESSC”), GIA, regulators and the external auditors; and
- Addressing any matters arising from the meetings of the Board, AC, GBRC, GBDITC, GNC and the ESSC; and ensuring that actions are taken in relation to these matters.

### Risk Management Process and Infrastructure

The risk management process is a combination of both bottom-up and top-down approaches to facilitate decision making based on available information known at the time and creating opportunities to refine inputs when new information is available.

In addition to establishment of risk policies, tools and methodologies to identify, quantify and manage the risks, Group Risk Management is also responsible for establishing the risk measurement and monitoring process to ensure that the Group’s risk profile and portfolio concentration are reported to the various risk committees on a regular basis.

### Internal Policies and Procedures

Policies and procedures which set out standard day-to-day operations and managing risks are formulated based on current regulatory requirements and industry best practices.

The adequacy and compliance with regulatory requirements of the policies and procedures are assessed by independent control functions such as risk management, compliance and audit, prior to obtaining approval from the Board or relevant MC.

Existing policies and procedures are reviewed regularly to ensure improvements and in consideration of emerging or changing risks profile, new products or services as well as new or updated regulatory requirements.

### Annual Business Plans and Budgets

The Board reviews and approves the business plans and budgets which are developed in line with the Group’s strategies and risk appetite. Actual performances against the approved budgets are escalated to the Management and Board on a monthly basis allowing responses and corrective actions to be taken.

### Human Capital Management

The organisational structure, which is aligned to business and operational requirements are led by Heads of Departments with accountability in place.

Policies and procedures on human resource are reviewed regularly to ensure they remain relevant to manage operational and people related risks. There are regular training and updates for employees on the requirements and guidelines set by regulatory bodies such as BNM, the SC and Bursa Malaysia, as well as on the importance of corporate governance, risk management and internal control. Various awareness programmes that address the operational risks, ethics and fraud are also conducted regularly.

Comprehensive background screenings of employees are carried out during the hiring process and repeated annually, with appropriate actions taken in response to any negative findings.

Key Performance Indicators are cascaded to each employee annually in alignment with the Group and Division goals and objectives, and performance appraisals are conducted based on the achievement of the set targets. Management’s Compensation and Rewards is based on Pay for Performance principle. Compensation of Material Risk Takers and Other Material Risk Takers are reviewed annually by the GNC and the Board.

Employee misconducts are managed based on the established Consequence Management Framework and Group Disciplinary Policy and Procedure.

### Business Continuity Management

Business Continuity Plans and Disaster Recovery Plans are established to ensure non-disruption of business or efficient business resumption. Regular testing or drills are also conducted for the purpose of staff preparedness, readiness of disaster recovery site, effectiveness of communication, escalation and recovery procedures. For effective business continuity management (“BCM”), awareness training is held annually for BCM coordinators and key persons.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

**Information Technology Security**

The use of IT is essential and central to the Group's business. In order to ensure the reliability and resiliency of the business operations to meet the expectations of customers and all stakeholders, and in line with the guidelines of regulators such as BNM's Policy Document on Risk Management in Technology, the Group has established the corporate Cyber Security Policy and implemented the necessary security procedures to protect the confidentiality, integrity and availability of information systems and data.

With the increase in the adoption of digitalization and service delivery via cyberspace, the Group will continue to reinforce its IT security efforts and initiatives to be aligned with the Group's current and envisaged operations, strategies and business environments. The IT security posture of the Group is also continuously reviewed and enhanced to mitigate the risks arising from new and emerging threats. In-house IT security training and security updates on the latest threats are constantly provided to all staff to ensure their awareness on the importance of IT security.

**Climate Change Risk Management**

Managing 'Climate Change Risk' is core to our sustainability journey. We take a wholesome and integrated risk-based approach in addressing the multi-dimensional implications of climate change risk, including incorporating climate change risk drivers across credit, market, liquidity, operational and reputational risks. Considering the wide-ranging and significant implications of climate change risk on our business operations and, in line with BNM's guidelines such as Climate Risk Management & Scenario Analysis and Climate Change and Principle-Based Taxonomy, we developed our Climate Change Risk Management Framework to provide strategic guidance to the Group in respect of climate change risk governance. This includes risk management practices, transition pathway and corporate direction in aligning its strategies and business operations with the applicable regulatory policies on climate change risk.

**Compliance Function**

The Board is unreservedly committed and always strives to adopt the principles and recommendations of the MCCG issued by the SC, as well as, other relevant regulatory requirements relating to corporate governance. Compliance reviews and monitoring are undertaken by Group Regulatory using various tools and approaches based on the framework set by Group Compliance, a department of Group Regulatory. These reviews and monitoring are performed to assess the level of compliance with the relevant regulatory requirements and the respective companies' internal policies and procedures. Any regulatory deviation or compliance

breaches will be reported to the respective Boards of operating entities within the Group and the relevant regulators. Pursuant to this, appropriate corrective actions including disciplinary actions will be taken to address the breach with a view to pre-empt and prevent the occurrence of a similar breach.

Aside from Group Compliance, the five (5) other departments of Group Regulatory undertake functions to review and monitor compliance in their respective areas. In this respect, the Group Financial Crime Compliance, Group Prudential Supervision & Regulatory Affairs, Group Business Ethics & Integrity, Group Legal and Group Company Secretarial provide timely, structured and comprehensive advice and support to the Group in matters relating to the laws, rules and regulations applicable to the Group.

Group Regulatory has also implemented self-assessment framework to facilitate and promote regulatory compliance by the business within the Group. For this purpose, a list of identified laws, regulations and other regulatory instruments applicable to the Group are documented and maintained to facilitate compliance.

Please refer to the 'Ethics and Compliance Statement' for more details on functions, roles and responsibilities of Group Regulatory.

**Internal Audit**

GIA provides independent and objective assurance to the Board that the established internal controls, risk management and governance processes are adequate and are operating effectively and efficiently.

To ensure independence and objectivity, GIA reports independently to the AC of KIBB and has no responsibilities or authority over any of the activities it reviews. GIA's scope of work and activities are guided by the Internal Audit Charter, mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework and relevant regulatory guidelines.

An Annual Audit Plan based on the appropriate risk-based methodology has been developed and approved by the AC. On a quarterly basis, audit reports and status of internal audit activities including the sufficiency of GIA resources are presented to the AC for review.

Periodic follow up reviews are conducted to ensure adequate and timely implementation of Management's action plans.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

**Associate and Joint Venture Companies**

The Board does not regularly review the internal control systems of associate and joint venture companies as the Board does not have any direct control over their operations. Notwithstanding this, the Group's interests are served through representation on the Boards of the respective companies via receipt and review of management accounts, periodical reports as well as deliberation on proposals related to these companies. Such representation also provides the Board with information for decision-making on the continuity of the Group's investments based on the performance of these associate and joint venture companies.

**Conclusion**

The Board, through the AC and GBRC, confirms that it has reviewed and considered the effectiveness of the Group's risk management and internal control system as adequate during the financial year and has taken into consideration any material developments up to the date of approval of the Annual Report and Audited Financial Statements for the Financial Year Ended 31 December 2023. The main financial risk areas faced by the Group and the guidelines and policies adopted to manage them are provided in detail under Note 51 of the Audited Financial Statements of KIBB for the Financial Year Ended 31 December 2023.

The Board is satisfied that there is an effective on-going process for identification, evaluation and management of risks and there are regular reviews to ensure controls are efficient and effective.

**Review of the Statement by External Auditors**

As required by Paragraph 15.23 of the MMLR of Bursa Malaysia, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their review was performed in accordance with the Audit and Assurance Practice Guides ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants. Based on the review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with

their understanding of the process that the Board has adopted in the review of the adequacy and integrity of the internal controls of the Group. AAPG 3 does not require the external auditors to, and they did not, consider whether this Statement covers all risks and controls, or to form an opinion on the effectiveness of the Group's risk and control procedures.

This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board dated 31 January 2024.



# AUDIT COMMITTEE REPORT

## 1. COMPOSITION

- 1.1 The Audit Committee (“AC”) of Kenanga Investment Bank Berhad (“KIBB” or “the Company”) presently comprises solely Independent Non-Executive Directors as follows:

<p><b>ENCIK JEREMY NASRULHAQ</b> Chairman, Senior Independent Non-Executive Director (“INED”)</p>	<p><b>MR. KANAGARAJ LORENZ</b> Member, INED</p>	<p><b>PUAN NORAZIAN AHMAD TAJUDDIN</b> Member, INED</p>
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- 1.2 The composition of the AC is in line with Paragraphs 15.09(1)(a) and 15.09(1)(b) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Malaysia”), as well as Standard 12.3 of Bank Negara Malaysia (“BNM”)’s Policy Document on Corporate Governance, which require the AC to comprise no fewer than three (3) members, all of whom must be Non-Executive Directors, with a majority of them being Independent Directors.

The AC currently comprises solely Independent Directors, which is in line with Step-Up Practice 9.4 of the Malaysian Code on Corporate Governance (“MCCG”) issued by the Securities Commission Malaysia (“SC”). Adopting Practice 1.4 of the MCCG, the Chairman of the Board of Directors (“Board”) is not a member of the AC.

Two (2) of the AC members, namely Encik Jeremy Nasrulhaq, currently the Chairman of the AC and Mr. Kanagaraj Lorenz, are members of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants respectively, in line with the requirements of the MMLR of Bursa Malaysia. This strengthens the effectiveness of the AC and facilitates the AC’s succession plan in terms of its membership to ensure full compliance with the relevant regulatory requirements.

- 1.3 The effectiveness of the AC as a whole, as well as its members individually, is assessed annually in accordance with the Board Effectiveness Evaluation Framework based on a set of criteria covering the areas of composition, processes and procedures, interaction with Management, as well as roles and responsibilities. Based on the assessment conducted for 2023, the Board is satisfied with the performance of the AC and with the manner in which the AC has discharged its roles and responsibilities as stipulated in its Terms of Reference (“TOR”), which is available at the Company’s corporate website at <https://www.kenanga.com.my>.

## 2. AC MEETINGS HELD DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

- 2.1 During the Financial Year Ended 31 December 2023, the AC had convened six (6) meetings. The meetings were appropriately structured where members were given the agenda and sufficient notification. The AC meetings were of adequate length to allow the AC to accomplish its agenda with sufficient time to discuss the emerging issues.

Other than the regular meetings of the AC scheduled throughout 2023, two (2) joint meetings between the AC and the Group Board Risk Committee (“GBRC”) were held on 22 June 2023 and 29 August 2023 to deliberate on matters that were considered common for both committees.

The AC conducted its meeting in an open and constructive communication mode and encouraged focused discussion, questioning and expressions of differing opinions.



## AUDIT COMMITTEE REPORT

- **2.2** The Group Chief Internal Auditor (“**GCIA**”) attended all meetings of the AC to present the respective internal audit reports. As and when necessary, the AC would request the attendance of relevant personnel at its meetings to brief the AC on specific issues arising from the internal audit reports.

The Group Chief Financial and Operations Officer (“**GCFOO**”) and the Head of Group Finance on the other hand, attended the AC meeting to present the unaudited quarterly financial statements, audited financial statements, as well as other financial reporting related matters for the AC’s deliberation and recommendation to the Board for approval.

- **2.3** In addition, separate private discussions were also held between the Chairman of the AC and/ or the AC with the GCIA and between the AC and the External Auditors, Ernst & Young PLT (“**EY**”), without the presence of Management. During the period under review, the AC met with the External Auditors without Management’s presence twice i.e., on 30 January 2023 and 24 October 2023, after the tabling of the Update Report in respect of the Financial Year Ended 31 December 2022’s audit and the External Auditors’ 2023 Audit Plan respectively.

During these meetings, the AC sought the feedback from the External Auditors with regard to the support provided by Management in terms of providing timely and accurate information, as well as the adequacy of resources in the financial reporting functions. Based on the External Auditors’ feedback, Management was noted to have provided full cooperation to the External Auditors in the course of the External Auditors’ audit assignments. The External Auditors had also indicated that Management had been very pro-active in approaching them for any issues arising during the year, which contributed to an effective audit planning by the External Auditors.

- **2.4** In fulfilling its reporting responsibility to the Board, after each meeting, the Chairman of the AC reported the AC’s deliberations and recommendations to the Board.

The Minutes of each AC meeting were recorded and tabled for confirmation at the following AC meeting and subsequently presented to the Board for notation.

- **2.5 AC Members’ Attendance at Meetings**

The details of the AC members’ attendance at its meetings held during the Financial Year Ended 31 December 2023 are as stated below.

AC Name of Member	Number of Meetings		
	Held <sup>(1)</sup>	Attended	Percentage (%)
Encik Jeremy Nasrulhaq (Chairman)	8	8	100%
Mr. Kanagaraj Lorenz	8	8	100%
Puan Norazian Ahmad Tajuddin	8	8	100%

Note

(1) Total number of meetings held is inclusive of two (2) joint meetings between the AC and GBRC held on 22 June 2023 and 29 August 2023.

## AUDIT COMMITTEE REPORT

**3. SUMMARY OF THE AC'S ACTIVITIES DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2023****3.1 Financial Reporting**

**a** In discharging its role and responsibility pertaining to the Company's financial reporting, the AC had at its meeting held on 30 January 2023, reviewed the quarterly financial statements for the quarter ended 31 December 2022, as well as the Audited Financial Statements in respect of the Financial Year Ended 31 December 2022.

In reviewing the Audited Financial Statements, the AC discussed with Management and the External Auditors, the accounting principles and standards that were applied and their judgment of the items that might affect the financial statements.

The AC also deliberated on audit issues and key audit matters raised by the External Auditors and the action plans required to address those issues, based on the External Auditors' recommendations.

**b** The subsequent quarterly financial statements for the quarters ended 31 March 2023, 30 June 2023 and 30 September 2023 were tabled and reviewed by the AC at its quarterly meetings held on 27 April 2023, 26 July 2023 and 24 October 2023 respectively, upon which the AC had recommended the quarterly financial statements to the Board for approval.

**c** The AC had at its meeting held on 24 October 2023, reviewed the adoption of the impairment approach and the assumptions used in the annual assessment for impairment of assets of KIBB and Its Subsidiaries ("**KIBB Group**") for the Financial Year Ended 31 December 2023 and recommended the same for the Board's approval.

**d** At the same meeting, the AC had also deliberated and recommended to the Board for approval, the revised Policy of Non-Audit/ Assurance Services by the External Auditors, incorporating the changes on Non-Audit Services that might be performed by the External Auditors and the fee-related provisions of the International Code of Ethics for Professional Accountants released by the International Ethics Standards Board for Accountants in April 2021 and its impact to a public interest entity such as KIBB.

In addition, the AC was also apprised on the impact of the 2024 Budget announced on 13 October 2023 to KIBB Group in respect of the following measures:

- Capital Gains Tax on Disposal of Shares of Unlisted Companies;
- Increase of Service Tax Rate from 6% to 8% and Expansion in Scope of Services;
- E-Invoicing Implementation;
- Accelerated Allowance for Information and Communication Technologies Equipment and Computer Software; and
- Incentives on Environmental, Social and Governance Related Expenditure.

**e** At each of its quarterly meeting, the AC was also notified of the amount of non-audit fees incurred and paid by KIBB Group to the External Auditors and their affiliate to ensure compliance with the Group's Policy on Non-Audit Services by External Auditors.

Pursuant to a letter from BNM dated 1 November 2022 and addressed to the External Auditors on the requirement for the External Auditors to conduct an audit on KIBB's Liquidity Coverage Ratio ("**LCR**") pursuant to Section 69(1)(e) of the Financial Services Act 2013 and Section 78(1)(e) of the Islamic Financial Services Act 2013, the AC had at its meeting held on 27 April 2023, recommended the proposed appointment of EY to perform a review on the LCR of KIBB as of 31 December 2022, for the Board's approval.

## 3.2 External Audit

**a** The report by the External Auditors on the statutory audit of the financial statements of KIBB and KIBB Group for the Financial Year Ended 31 December 2022 was reviewed and deliberated by the AC at its meeting held on 30 January 2023.

During its deliberations, in addition to the relevant disclosures in the Audited Financial Statements, the AC had also considered the recommendations made by the External Auditors towards enhancing internal controls and procedures.

**b** The AC had also at the same meeting reviewed the list of services provided by the External Auditors during the financial year which comprised audit and regulatory-related services, issuance of a written communication to Management and the AC pertaining to the External Auditors' audit/ findings, together with the recommendations for improvements in controls and procedures.

The External Auditors' services also included the review of the Statement on Risk Management and Internal Control, as well as other regulatory submissions as required under the various regulatory requirements.

**c** At its meeting held on 23 February 2023, the AC was updated by the External Auditors, on the latest status of the statutory audits conducted on KIBB Group in respect of the Financial Year Ended 31 December 2022. The AC had, at the same meeting, duly deliberated on the audit matters which required its attention.

**d** Pursuant to Section 67(1) of the Financial Services Act 2013, an auditor appointed by a licensed person shall meet the qualification criteria set out in BNM's Policy Document on External Auditor and shall continue to meet the criteria throughout the audit engagement.

In addition, BNM's letter dated 3 May 2012 on "Supervisory Expectations on AC Pertaining to the Appointment/ Re-Appointment of External Auditors" also sets out the areas of assessment to be performed.

Being a licensed financial institution under the Financial Services Act 2013, the Company is required to undertake an annual assessment on areas focusing on performance and independence of External Auditors.

In relation to the audit of the Company's financial statements for the Financial Year Ended 31 December 2022, the External Auditors had given a written assurance to the AC that they were independent in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants and the International Code of Ethics for Professional Accountants (including International Independence Standards), throughout their audit engagement for 2022.

This written assurance by the External Auditors was contained in the External Auditors' Report which was presented to the AC on 30 January 2023.

Following the implementation of the requirement for Annual Transparency Reporting by the SC's Audit Oversight Board and in line with the MCCG's criteria to guide decisions on the appointment and re-appointment of the External Auditors, the 2022 Transparency Report issued by EY was presented to the AC on 30 January 2023.

After taking into consideration the assessment carried out by Management and the 2022 Transparency Report, the AC at the same meeting, had concluded that the External Auditors had fulfilled all the qualification criteria set out in BNM's Policy Document on External Auditor in terms of its performance and independence and had therefore, recommended the re-appointment of EY as the Company's External Auditors for the Financial Year Ending 31 December 2023 to the Board for approval.

## AUDIT COMMITTEE REPORT

- e** At its meeting held on 24 October 2023, the AC reviewed and approved the External Auditors' 2023 Audit Plan outlining their scope of work and proposed fees covering their recurring audit assignments, as well as other regulatory-related services.

During the presentation of their 2023 Audit Plan, the External Auditors had also highlighted to the AC the developments (as at 30 June 2023) in the financial reporting as summarised below.

New Malaysian Financial Reporting Standards ("**MFRS**") Issued as at 30 June 2023

Description	Effective Date*
MFRS 17 - Insurance Contracts (including amendments on Initial Application of MFRS 17 and MFRS 9 Comparative Information)	1 January 2023
Classification of Liabilities as Current or Non-Current (Amendments to MFRS 101)	1 January 2023
Definition of Accounting Estimates (Amendments to MFRS 108)	1 January 2023
Disclosure of Accounting Policies (Amendments to MFRS 101 and MFRS Practice Statement 2)	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112)	1 January 2023
Lease Liability in a Sale and Leaseback (Amendments to MFRS 16 Leases)	1 January 2024
Supplier Finance Arrangements (Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures)	1 January 2024
Non-Current Liabilities with Covenants (Amendments to MFRS 101)	1 January 2024
Lack of Exchangeability (Amendments to MFRS 121)	1 January 2025
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)	In December 2015, the MASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting

Note

\* Effective for annual periods beginning on or after this date.

### 3.3 Internal Audit

- a** At its meeting on 30 January 2023, the AC had reviewed and approved the 2023 Internal Audit Plan tabled by Group Internal Audit ("**GIA**") after considering the adequacy of scope and comprehensiveness of the coverage of activities within KIBB Group, as well as the adequacy of resources in GIA.

- b** In 2023, the AC had reviewed and deliberated on a total of thirty-seven (37) Internal Audit Reports, together with the audit recommendations made by GIA and Management's responses to those recommendations, in relation to the audits carried out by GIA.

Where appropriate, the AC had directed Management to rectify and improve the control and workflow procedures based on GIA's recommendations.

## AUDIT COMMITTEE REPORT

The AC, at all its quarterly meetings, also reviewed the implementation status of the corrective actions arising from the audit recommendations to ensure that the key risks and control lapses were addressed adequately and in a timely manner.

With regard to long outstanding audit recommendations, where appropriate, the relevant Heads of Department were invited to the AC meeting to provide relevant explanation for the delay in implementing such audit recommendations.

In ensuring timely implementation of audit recommendations, the Company, under its Performance Management Framework, had introduced a demerit system for any delay in implementing high-risk audit recommendations of more than twelve (12) months.

**c** In addition to the audit conducted on the processes and systems of Support and Business Units within KIBB Group, during the Financial Year 2023, GIA also conducted various regulatory required reviews in areas including amongst others, Anti-Money Laundering/ Counter Financing of Terrorism, Basel II (Pillar 3), Related Party Transactions, Verification of RM Marketable Securities, Staff Training Fund, Federation of Investment Managers Malaysia ("**FIMM**") Annual Compliance Review Checklist for Kenanga Investors Berhad and FIMM Annual Compliance Review Checklist for KIBB.

**d** The AC at its meeting on 30 January 2023 had taken note of GIA's Annual Confirmation on Organisational Independence of Internal Audit Activity for the Financial Year 2022 in line with the International Standards for Professional Practice of Internal Auditing (Standards – 1110).

At the aforesaid meeting, the AC had also taken note of GIA's verification of KIBB's rectification measures on Anti-Money Laundering/ Counter Finance Terrorism Controls and Processes arising from BNM's Composite Risk Rating 2021.

**e** For the purpose of evaluating the performance of the GCIA, the AC had at its meeting on 30 January 2023, reviewed and deliberated on the GCIA's 2022 Performance Appraisal and 2023 Balanced Scorecard, prior to submission of the same to the Group Governance, Nomination & Compensation Committee ("**GNC**") for its further recommendation to the Board of KIBB for approval.

The revised 2023 Balanced Scorecard incorporating the feedback provided by the AC, was recommended to the GNC for the latter's further recommendation to the Board of KIBB for approval by the AC at its meeting held on 30 January 2023.

The AC's recommendation on the GCIA's 2022 Performance Appraisal and 2023 Balanced Scorecard were subsequently approved by the Board of KIBB on 31 January 2023.

**f** The AC had also at its meeting on 23 February 2023, deliberated on the GCIA's Individual Development Plan ("**IDP**"). The updated IDP of the GCIA incorporating the feedback received from the AC members was subsequently approved by the AC at its meeting held on 30 March 2023. Progress update on the implementation of the IDP had also been provided to the AC.

**g** The AC at its meeting on 24 October 2023, had taken note of the Risk Heat Map established by GIA to complement the current annual audit risk assessment for better clarity on the selection of audits to be conducted as recommended by the Institute of Internal Auditors Malaysia, as part of the External Quality Assessment Review conducted on GIA in 2021. Arising therefrom, the "risk-factor approach" was adopted to develop the risk heat map for the Internal Audit Plan for the Financial Year 2024 and thereafter.

At the aforesaid meeting, the AC had also taken note of the results of the Internal Quality Assessment Review, being part of GIA's Quality Assurance and Improvement Programme to assess the Internal Audit activity's conformance with the Internal Audit Standards for the Internal Audit Governance (Pillar 1) and Internal Audit Process (Pillar 4).

**h** The AC, at all of its quarterly meetings also reviewed and noted the confirmed minutes of meetings of the Audit & Risk Committee of Kenanga Investors Berhad and the Group Outsourcing & Procurement Committee.

## AUDIT COMMITTEE REPORT

### 3.4 Regulatory Examinations/ Inspection Report

As stipulated in its TOR, the AC also deliberates on reports issued by the regulators arising from their examinations or inspections on entities within KIBB Group. This is to ensure proper and adequate implementation of appropriate remedial and corrective measures in respect of the findings raised by the respective regulators arising from their respective examinations/ inspections.

The AC had at its meeting held on 24 October 2023, deliberated on the Final Inspection Report by Bursa Malaysia Berhad on KIBB dated 14 July 2023.

During its deliberation, the AC discussed in detail Bursa Malaysia Berhad's inspection issues, as well as the detailed course of action/ corrective measures implemented/ to be implemented by KIBB to address the issues raised by Bursa Malaysia Berhad.

### 3.5 Related Party Transactions and Conflict of Interest

The AC considered transactions with a related party and/ or interested persons to ensure that such transactions are undertaken on an arm's length basis, on normal commercial terms consistent with KIBB Group's business practices and policies, not prejudicial to the interests of KIBB and its minority shareholders and on terms which are generally no more favourable to the related parties and/ or interested persons.

During its quarterly meetings, the AC also reviewed the existing related party transactions and recurrent related party transactions entered into by the Company and/ or its group of companies to ensure compliance with the MMLR of Bursa Malaysia. During the Financial Year 2023, no new related party transactions and/ or recurrent related party transactions were reported.

In terms of conflict of interest, it was managed by Group Business Ethics and Integrity ("GBEI"), the details of which are provided under Paragraph 3.9(a) below.

### 3.6 Disclosure for Annual Report 2022

Under its TOR, the AC was also tasked to review the accuracy and adequacy of the Chairman's Message to be disclosed in KIBB's Annual Report, corporate governance disclosures and internal control, interim financial reports and preliminary announcements in relation to the preparation of financial statements.

In this regard, the AC at its meeting on 30 January 2023, 23 February 2023 and 30 March 2023 respectively, had reviewed and recommended to the Board of KIBB for approval, the following reports and/ or statements:

For Disclosures in KIBB's 2022 Annual Report

Statement on Risk Management and Internal Control	AC Report	Sustainability Statement	Corporate Governance ("CG") Overview Statement
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For Announcement to Bursa Malaysia Together with the Announcement of KIBB's 2022 Annual Report

Sustainability Report	CG Report
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At the same meeting, the AC had also granted its concurrence on the Chairman's Message and the Group Managing Director's Management Discussion & Analysis Statement for incorporation into KIBB's 2022 Annual Report.

The AC's recommendation was subsequently approved by the Board of KIBB on 6 March 2023 and 5 April 2023 respectively.

### 3.7 List of Disciplinary Actions Meted Out on Employees' Misconducts within KIBB Group

The list of disciplinary actions meted out on KIBB Group's employees who had committed misconduct was tabled by Group Human Resource for the AC's notation at its meetings held on 23 February 2023, 30 March 2023, 26 July 2023 and 24 October 2023.

### 3.8 Post Approval Review by Independent Credit Review Unit ("ICR")

Pursuant to Paragraph 17.5 of BNM's Policy Document on Credit Risk, the outcomes of independent credit reviews are required to be escalated directly to the Board Risk Committee, Board Audit Committee and Senior Management.

In fulfilling the aforementioned requirement, ICR of Group Risk Management, upon completion of its reviews, would table its review reports to the AC for its deliberation.

In this regard, during 2023, the AC had deliberated on the following review reports tabled by ICR:

Date of AC Meeting	Titles of Review Report
30 January 2023	Post Approval Review of Kenanga Capital Islamic Sdn Bhd
30 January 2023	Review of Treasury Bond Portfolio

During its deliberation, the AC had taken note of the findings raised by ICR arising from the respective reviews, as well as the recommendations made by ICR together with Management's action plans in addressing those findings.

### 3.9 Integrity, Regulatory and Governance

- a KIBB Group had implemented numerous policies to facilitate its adherence to the Guidelines on Adequate Procedures issued pursuant to Section 17A (5) of the Malaysian Anti-Corruption Commission Act 2009, and to keep abreast with the best practices and high standards of ethics and integrity, and these policies include the following:

Group Conflict Management Policy	Group Incoming Non-Commercial Sponsorship Policy	Group Gifts, Entertainment and Hospitality Policy
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Pursuant to the Group Conflict Management Policy, the Register of Conflict of Interest would be maintained by three (3) departments, namely Group Company Secretarial, Group Compliance and Group Human Resource, to capture the conflict of interest within KIBB Group in respect of the Board members, business and employees and the same would be submitted to GBEI for consolidation.

In line with the requirement specified in the aforesaid policies, the information in relation to actual or potential conflicts, sponsorships, gifts, entertainment and hospitality, which fell within the scope of these policies received from the employees will be compiled and relevant report will be tabled by GBEI to the AC for its notification on an annual basis.

In relation thereto, the AC at its meeting held on 23 February 2023 had taken note of the summary of information submitted by the employees within KIBB Group to GBEI for the period from January 2022 until December 2022.



## AUDIT COMMITTEE REPORT

**b** The AC, at its meeting held on 24 October 2023 had also taken note of the outcome of the review performed by Group Prudential Supervision & Regulatory Affairs (“**GPSRA**”) in relation to the status of implementation of action plans taken by the relevant departments following GPSRA’s regulatory issuances of new, revised and updated regulations to ensure KIBB’s compliance with the relevant regulatory requirements prescribed by the respective regulators.

**c** In keeping its TOR up to date, the AC had reviewed and via a Members’ Resolution in Writing passed on 5 December 2023, recommended to the Board of KIBB for approval, the amendments to its TOR to be in line with the latest regulatory requirements, particularly in respect BNM’s Policy Document on Climate Risk Management and Scenario Analysis (“**CRMSA**”) issued by BNM on 30 November 2022 and revised MMLR of Bursa Malaysia in relation to the conflict of interest.

### ● 3.10 Joint Meetings Between the AC and the GBRC

Pursuant to BNM’s Policy Document on Risk Governance, the GBRC and the AC are expected to periodically meet to ensure effective exchange of information to enable effective coverage of all risks, including emerging risk issues that could have an impact on KIBB Group’s risk appetite and business plans.

In this regard, joint meetings between the AC and the GBRC were held on 22 June 2023 and 29 August 2023 in line with the aforementioned BNM’s requirement to deliberate on the following matters:

Date of Joint Meeting	Subject Matters
22 June 2023	<ul style="list-style-type: none"> <li>LCR Audit Results as of 31 December 2022 Performed by EY</li> </ul>
29 August 2023	<ul style="list-style-type: none"> <li>Assessment on KIBB’s Risk Management Practices – Lesson Learnt from the Silicon Valley Bank Crisis</li> <li>BNM’s Policy Document on CRMSA - Status Update on KIBB’s Implementation Plan to Comply with the CRMSA</li> </ul>

## 4. ROLE OF CHAIRMAN OF AUDIT COMMITTEE AS THE SPEAK UP DIRECTOR FOR WHISTLEBLOWING

KIBB 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 irregular within KIBB Group, without fear of reprisal.

The Whistleblowing Framework which is guided by the Group Whistleblowing Policy & Guidance Notes (“**Whistleblowing Policy**”) was approved by the Board in 2015. However, the Whistleblowing Policy was revised and renamed as Group Speak Up Policy on 28 June 2023.

Under the Group Speak Up Policy, the Group Chief Regulatory and Compliance Officer is designated as the Speak Up Officer together with the Group Managing Director of KIBB to manage whistleblowing cases confidentially, whereas the Chairman of the AC is designated as the Speak Up Director for Whistleblowing.

## 5. INTERNAL AUDIT FUNCTION

- **5.1** The internal audit function of KIBB is established in-house. In discharging its responsibilities, GIA, which reports functionally to the AC and administratively to the Group Managing Director, provides independent and objective assurance to the Board and Management that the policies, procedures and operations that Management has put in place for risk management, control and governance are adequate, operating effectively and efficiently, and in compliance with prescribed laws and regulations.
- **5.2** During the year under review, GIA carried out internal audit reviews based on its 2023 Audit Plan as approved by the AC. This Audit Plan was developed using a risk-based methodology. The audit reviews conducted by GIA included business support processes, Information Technology/ technical audits and compliance audits on regulatory requirements.
- **5.3** All GIA's reports, detailing the audit findings, audit recommendations, as well as Management's responses to those recommendations were circulated to the Group Managing Director and Heads of the respective Divisions/ Departments within KIBB Group. Follow-up reviews were performed on the implementation status of the audit recommendations and reported to the AC accordingly.
- **5.4** The total costs incurred by GIA in discharging its functions and responsibilities in 2023 amounted to RM4.962 million.
- **5.5** As at 31 December 2023, GIA's headcount was twenty-one (21).