

GOOD GOVERNANCE



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

MATERIAL TOPICS:

 Good Business Conduct

 Regulatory Compliance

Goal 1

All material matters to be supported by adequate policies and procedures in line with best practices and regulatory requirements.

Goal 2

Lead industry fraud awareness through an interactive flagship programme.



GOOD GOVERNANCE



GOOD BUSINESS CONDUCT

GRI 205

WHY IT MATTERS

The implementation of a strong governance foundation is critical for Kenanga's long-term value creation. It is imperative for us to instil a strong ethical and compliance culture that reflects the Group's zero-tolerance approach towards financial crimes.

OUR APPROACH

Our Corporate Governance

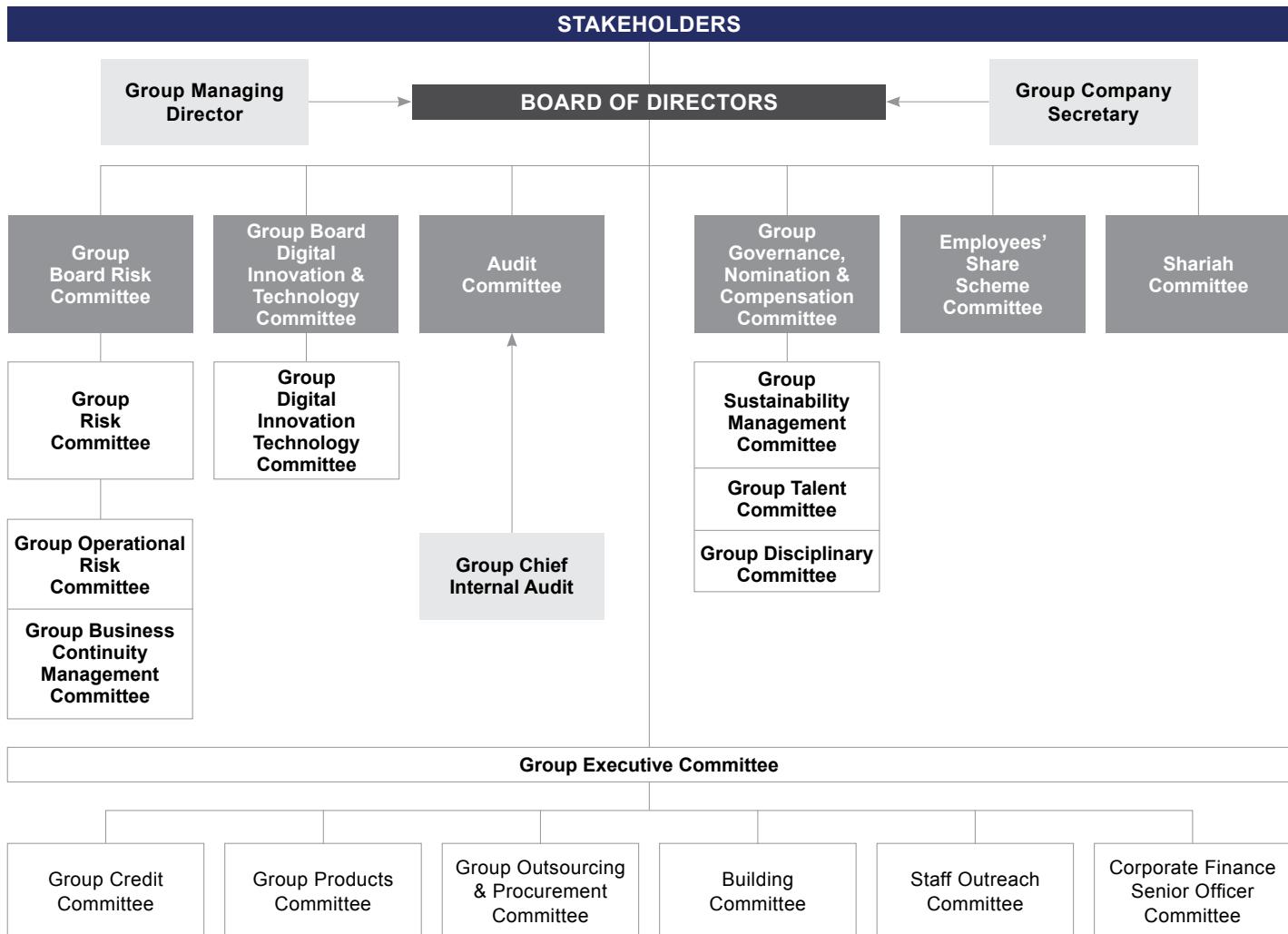
The Board strives to adopt principles and best practices of good corporate governance and ensures Kenanga and its subsidiaries comply with regulatory guidelines issued by Bank Negara Malaysia, Bursa Malaysia Securities Berhad and the Securities Commission Malaysia.

The Group aims to ensure balance of power and authority between the Chairman and the Group Managing Director (“GMD”) with a clear division of responsibilities between running of the Board and the Group’s business respectively. In line with the Malaysian Code on Corporate Governance and the Board Charter of KIBB, the positions of Chairman of the Group and GMD are held by different individuals, and the GMD is not a member of the Board.

Corporate Governance Framework

■ Board Committees

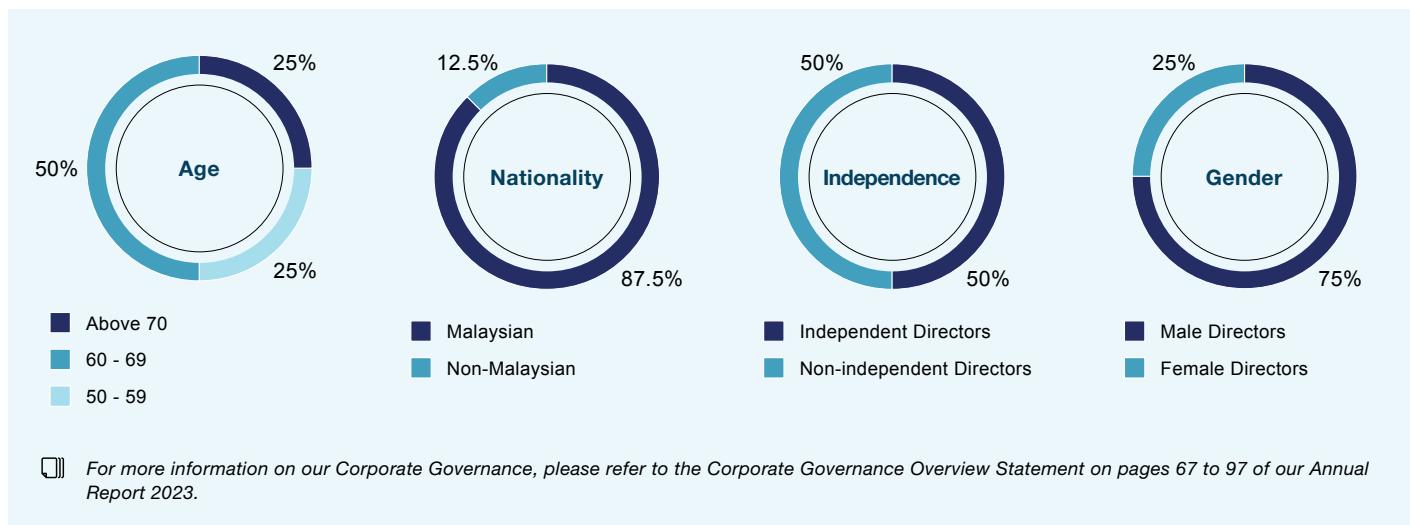
Management Committees



We prioritise independent auditing to build trust and confidence of our financial statements. In line with BNM Guidelines on External Auditors, our Audit Committee carries out a tender process for a new audit firm on a regular basis. The appointment of audit firms complies with the stringent tender and appointment process outlined in the Group Procurement Policy. To further safeguard objectivity and independence, our practice includes rotating the audit partner working on our assurance to ensure the appointed audit engagement partner does not serve a continuous period of over five (5) years.

Our Board Diversity

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



Our Sustainability Governance

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

Sustainability Governance at Kenanga	
Board & Management Committees	
Governing Body	Roles & Responsibilities
Board of Directors ("the Board")	Highest approval authority and oversees the implementation of sustainability initiatives, including providing stewardship, guidance and direction for the sustainability agenda for the Group while promoting sustainability through appropriate ESG considerations in the Group's business strategies, governance and decision-making.
Group Governance, Nomination and Compensation Committee ("GNC")	An independent Board Committee that supports the Board in providing oversight on the progress of sustainability, particularly in ensuring the governance of sustainability within Kenanga, as well as the necessary alignment and compliance with applicable statutory and regulatory requirements.

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Sustainability Governance at Kenanga	
Board & Management Committees	
Governing Body	Roles & Responsibilities
Audit Committee (“AC”)	A Committee that supports the Board in providing oversight on the process of sustainability management, as well as the Group’s system of internal controls and compliance with applicable statutory and regulatory requirements.
Group Sustainability Management Committee (“GSMC”)	<p>Highest senior management committee that supports the Board in the governance of sustainability including establishing sustainability direction, strategies and targets for the Group.</p> <p>Ensures the Group addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategies by integrating sustainability considerations into the day-to-day operations of the Group.</p> <p>Ensures the effective implementation of the Group’s sustainability strategies and plans.</p>
Delivery	
Division	Roles & Responsibilities
Group Marketing, Communications and Sustainability	Provides management-level leadership in sustainability planning and implementation, as well as monitoring and evaluation of sustainability initiatives and their performances while actively engages with external stakeholders, as well as internal business divisions and subsidiaries, to identify sustainability risks and opportunities.
Business Divisions and Operations	Champions the implementation of sustainability initiatives and provides grassroots-level input for holistic sustainability management and acts as key sustainability data owners in driving the sustainability integration in respective divisions.

Group Sustainability Management Committee
Chaired by the Group Managing Director

Members				
Group Chief Financial and Operations Officer	Group Chief Regulatory and Compliance Officer	Chief Executive Director/ Executive Director Kenanga Investors Berhad	Chief Credit Officer	Group Chief Risk Officer
Permanent Invitee				
Group Chief Sustainability Officer				

Sustainability-linked Remuneration

Incorporating sustainability or ESG metrics into executive remuneration has become increasingly important as mechanism to demonstrate organisational accountability.

At Kenanga, we integrated ESG Key Performance Indicators (“KPIs”) with assigned weightage in the Group's Balanced Scorecard for FY2023, aligning with the Group's Sustainability Roadmap 2023-2025.

These ESG KPIs were integrated into the Balance Scorecards of the Group Managing Director, relevant Senior Management Team members, and were cascaded across the Group, with the annual performance incentive linked to their respective Balance Scorecards.

We will continue to explore different approaches in linking Sustainability KPIs to executive remuneration while enhancing our ESG KPIs monitoring mechanism to ensure meaningful integration of ESG considerations into relevant roles, as we further strengthen our sustainability governance.



REGULATORY COMPLIANCE

WHY IT MATTERS

One of our key priorities in adopting good governance practices includes fostering a compliance culture that empowers our employees to uphold high standards of integrity and vigilance in carrying out their responsibilities at work.

BUILDING AN ETHICAL CULTURE

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

Our Group Regulatory and Corporate Services division has established a strong governance foundation, including corporate policies, procedures and control measures, to help the Group manage risks and respond to any incidents of non-compliance or unethical behaviour.

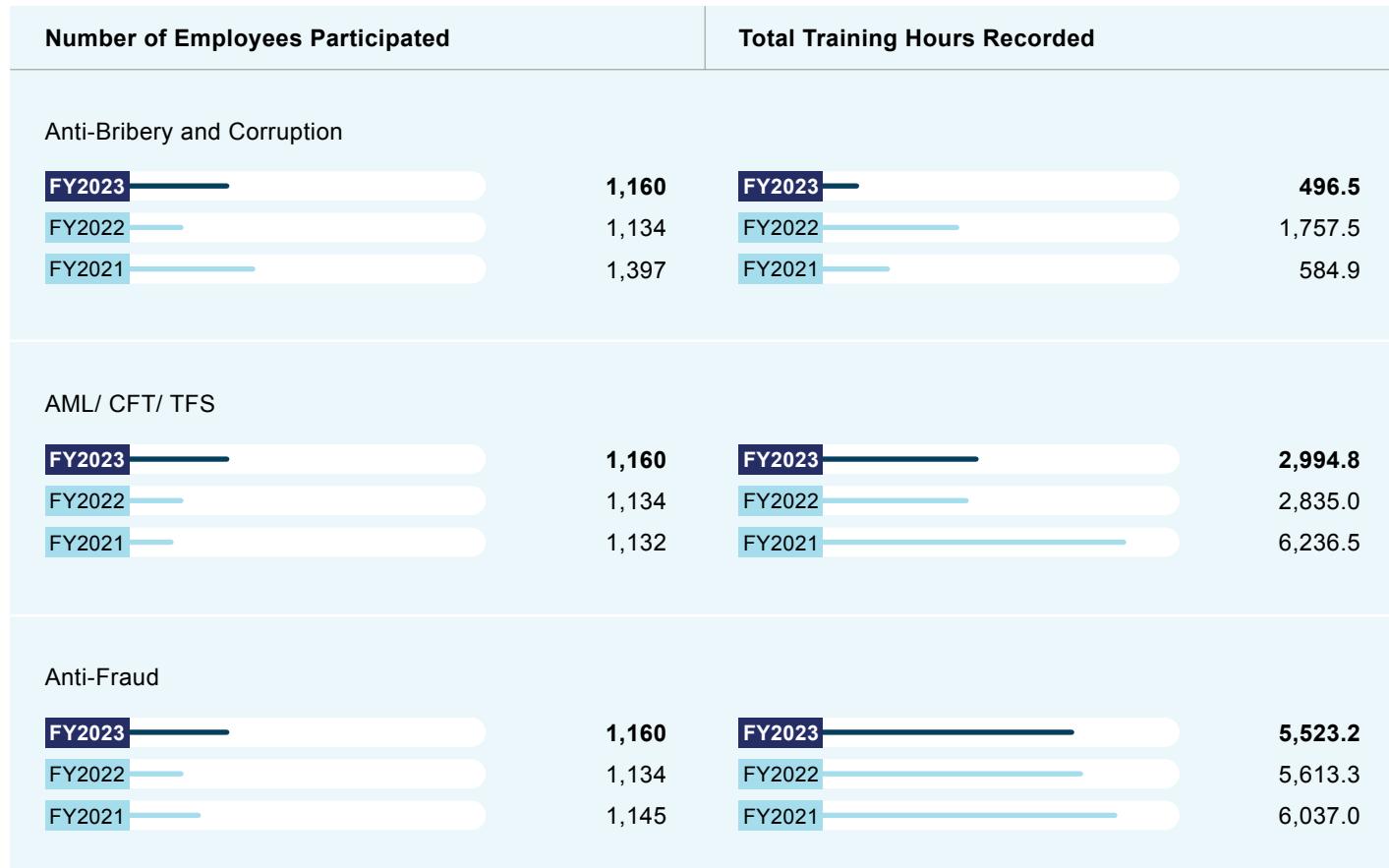
A key component of our strategy to build an ethical culture includes designing training programmes and awareness initiatives which embed our principles of ethics and integrity so that employees are reinforced, understood and practised throughout every level of our workforce.

Some of the key measures we have implemented include:

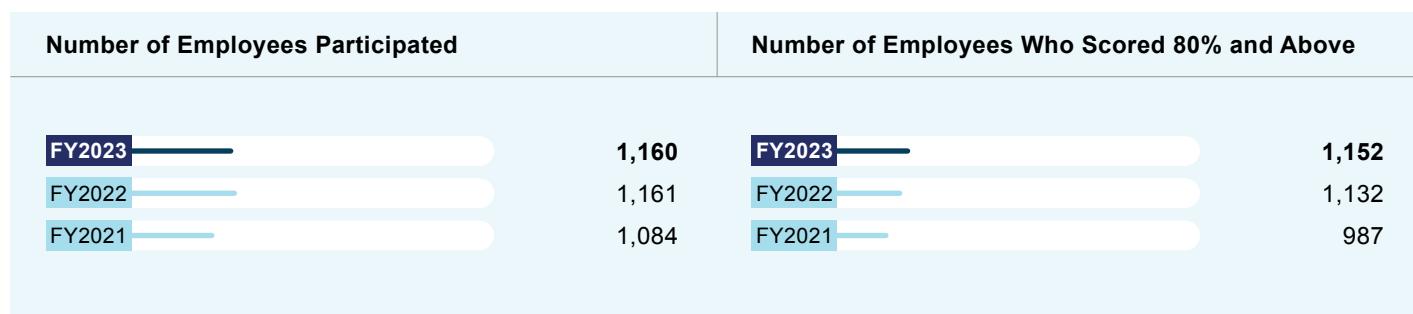
- Regulatory issuances and updates are communicated to employees as and when they are updated by the regulators i.e. Regulatory Brew, introduced in 2023, is a weekly newsletter aimed at educating all employees about the latest governance trends locally and regionally through selected news articles. The newsletter also serves as a resource for employees to stay updated on regulatory changes by providing a compilation of recent rules and guidelines.
- An Annual Regulatory Seminar (“ARS”) was organised through which we reinforced our standards of conduct on matters such as conflicts of interest, governance, fraud, bribery and corruption, Anti-Money Laundering, Countering Financing of Terrorism and Targeted Financial Sanctions (“AML/ CFT/ TFS”), whistleblowing, as well as updates on the latest regulatory requirements.
- Key ethics and regulatory compliance policies have been made available online to all employees via the Policy & Procedure Governance System, an internal repository platform containing our policies and procedures.
- An ARS assessment was conducted to gauge awareness and understanding of our employees, reinforcing their grasp and knowledge on good governance and business practices.
- The Enterprise Wide Risk Assessment was conducted to identify and categorise AML/ CFT/ TFS risks across various dimensions to ensure a more thorough approach to risk management. The result of this assessment enables Kenanga to prioritise risks and allocate resources effectively in the development and implementation of strategies to mitigate or manage the identified risk effectively, reducing the likelihood of financial losses and reputational damage associated with financial crime controversies.
- New hires are required to attend an onboarding training session to familiarise themselves with the relevant frameworks, procedures and policies, while annual training is provided as a refresher for existing employees. The sessions are delivered through a blended format, which includes reading materials and explainer videos on topics such as Anti-Bribery and Corruption, AML/ CFT/ TFS, Chinese Wall Policy, Compliance and Anti-Fraud practices.

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Compliance Training Summary



E-Test Outcomes





Boosting Fraud Awareness at Kenanga

The 7th Fraud Awareness Week (“FAW”)

As part of Kenanga Group’s ongoing commitment to combat fraud, the Group organised its 7th annual Fraud Awareness Week (“FAW”) in collaboration with the Association of Certified Fraud Examiners (“ACFE”)’s International Fraud Awareness Week. This flagship campaign aligns with the UNGC’s 10th Principle to emphasise the need for businesses to work against corruption in all its forms. The month-long initiative, themed ‘Embracing Disruption, Pioneering Change, Unwavering Integrity,’ strived to raise awareness about the importance of fraud detection and prevention, as well as shaping corporate cultures to thrive in a constantly evolving regulatory landscape.

The 7th FAW recorded over 2,300 participations in FY2023, with attendees from notable regulatory, enforcement and professional bodies, as well as other financial institutions, public listed companies and Kenanga Group’s third party vendors and suppliers.

All programmes and games sessions were conducted virtually, focusing on delivering the message regarding the importance of combating all forms of fraud, corruption, and preventing misdemeanours or scams for businesses. Notably, this year saw the inclusion of seven (7) international teams from organisations based in Indonesia, Singapore, United Arab Emirates, and South Africa.

For the first time, this year, we also collaborated with the esteemed Law Faculty of the University of Malaya (“UM”) on a Fraud Awareness Talk Session aimed at enhancing awareness of fraud prevention and detection within the local community, particularly amongst the student of UM’s Law Faculty. The collaborative effort signifies our dedication to broadening the scope of the FAW, fostering a culture of vigilance and ethical conduct in the fight against fraud.

8th Annual Regulatory Seminar

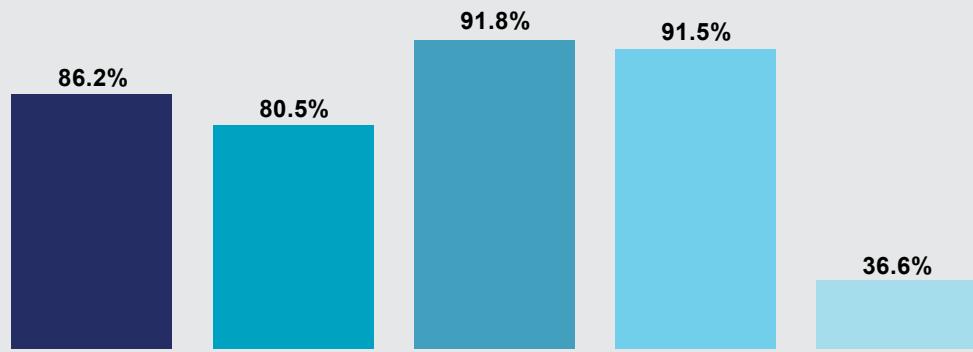
The Group hosted the Annual Regulatory Seminar in 2023, where our standards of conduct and procedures were reinforced on a wide range of regulatory and ethical issues including conflicts of interest and corruption, as well as AML/ CFT/ TFS.

In 2023, approximately 85% of our employees completed e-tests on ethics and compliance, as well as the landscape and regulatory expectations on AML/ CFT/ TFS which was made mandatory to all our employees during the ARS, with 99.3% of our employees achieving a score of 80% or higher.

- Sustainable Compliance for Business Resilience – Agile, Adaptability & Technology Driven
- AML Risk Management for Sustainable Banking
- Leveraging on Regulatory Landscape to Innovate Integrity
- Kenanga’s Speak Up Framework – Your Voice Matters!
- A Glance at the Most Recent Phishing Attempt
- Data Governance and Management
- Building a Zero Trust Strategy Entails Erecting Digital Bastion to Safeguard Against Dynamic Cyber Threats
- “Act or Resign” – Corrupt-Free Corporate Malaysia
- Conversation with a Convicted Fraudster: Billy McFarland

**Percentage of employees
who have received training
on anti-corruption by
employee category in
FY2023**

- Key Management
- Senior Management
- Middle Management
- Junior Management
- Non-executive



GOOD GOVERNANCE

Combating Financial Crimes

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

Anti-Money Laundering, Countering Financing of Terrorism and Targeted Financial Sanctions (“AML/ CFT/ TFS”)	<ul style="list-style-type: none"> The AML/ CFT/ TFS internal policies, frameworks, and standards implemented by Kenanga are one of the essential risk management tools that support the principles of sustainable banking by ensuring compliance with AML/ CFT/ TFS laws & regulations, mitigating money laundering/ terrorism financing and financial crime risk, promoting financial stability, and upholding ethical and social responsibility standards. Multiple AML/ CFT/ TFS initiatives have been implemented to closely monitor adherence levels for compliance with regulatory standards. Regular reviews of AML/ CFT/ TFS protocols via regular audits, assessments, reviews on a group-wide basis and feedback mechanisms, are carried out across all Business Units and branches to uphold regulatory compliance, particularly in prompt detection, monitoring, and reporting of suspicious transactions on a risk-based approach. By continuously reinforcing our AML/ CFT/ TFS initiatives, Kenanga remains vigilant in safeguarding our operations and protecting stakeholders' interests, thereby fostering trust and confidence in Kenanga's operations.
Anti-Fraud, Bribery and Corruption (“AFBC”)	<ul style="list-style-type: none"> The Group's AFBC Policy establishes Kenanga's guiding principles for identifying and preventing fraudulent activities in all of its internal and external dealings. The AFBC Policy is to be complied with by the Board of Directors, Senior Management and all employees of Kenanga Group. The AFBC Policy ensures that it meets the relevant standards and principles which underpins the introduction of the corporate liability provision (i.e. Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (“MACC Act 2009”). As per our AFBC Policy, we do not make any political contributions, including lobbying, campaigns, or other activities. In July 2021, we implemented the Fraud and Corruption Risk Assessment Guidance, which stipulates that the review of anti-bribery and anti-corruption (“ABC”) assessment results should be conducted every three (3) years. As a result, 100% of our operations are assessed for corruption-related risks through the ABC risk assessments. In June 2023, our Group Business Ethics and Integrity launched the new Guidance on Handling Incidents of External Fraud, which specifies the actions to be taken by the employees should they identify incidents of 'external fraud'.
Code of Ethics and Conduct for Employees	<ul style="list-style-type: none"> Our Codes of Ethics and Conduct for Employees reflect the professionalism and integrity standards that all employees are expected to uphold when dealing with customers, business partners, regulators or other key stakeholder groups. We require all new hires to sign an acknowledgment that they have read and understand the Code as part of the onboarding process. The Code will undergo periodic review to ensure its effectiveness and compliance with any regulatory requirements.

Group Speak Up Policy and Framework

- The Group provides a safe and secure environment for employees, customers and third parties to report their concerns about any misconduct or suspected breach of laws, regulations or internal policies and procedures.
- In 2023, the Group enhanced its Group Whistleblowing Policy and replaced it with the Group Speak Up Policy for the reporting of any concerns made in good faith about behaviour, conduct, practice, deeds and/ or omissions that might be either unlawful or inconsistent with the policies of the Group. Kenanga ensures confidentiality and assures its stakeholders and the general public that they can make a report in good faith.
- The new Group Speak Up Policy introduces a new Speak Up channel where whistleblower may submit a report to the external independent third party appointed by Kenanga Group. Submission may be done by an email, a dedicated internet platform (e-form) or to a postal mail as stated below:

External Report Recipient

Website : <https://secure.deloittehalo.com/kenangaspeakup>

Email : kenangaspeakup@tipoffs.com.my

Postal Box: Kenanga Speak Up (External Report Recipient)

PO. Box. No. 8097

Kelana Jaya Post Office

46781 Petaling Jaya

Selangor, Malaysia



Scan here to
learn more
about our
Group Speak
Up Policy and
Framework

 For more information on how we manage our Group's Ethics and Compliance matters, refer to pages 98 to 110 of our Annual Report 2023.

Key Policies, Frameworks and Commitment Statements

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

GOOD GOVERNANCE



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

CYBER SECURITY



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

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REGULATORY COMPLIANCE



- Group Anti-Money Laundering, Countering Financing of Terrorism and Targeted Financial Sanctions Policy & Procedure*
- Group anti-Fraud, Bribery and Corruption Policy & Reporting Procedure*
- Group Chinese Wall Policy*
- Group Speak Up Policy*
- Group Competition Act Compliance Policy
- KIB Anti-Money Laundering, Countering Financing of Terrorism and Targeted Financial Sanctions (AML/ CFT/ TFS) Procedure*
- Group Gifts, Entertainment and Hospitality Policy

DIVERSITY, INCLUSION AND WELLBEING



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

CLIENT EXPERIENCE



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

COMMUNITY INVESTMENT



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

DIGITALISATION



- iLeap Application Governance Policy

RESPONSIBLE INVESTING



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

CLIMATE IMPACT



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

* These policies and procedures were updated in 2023

** These policies and procedures currently under approval and will be implemented upon approval in 2024



Future Outlook

Looking ahead, we will continue to strengthen our governance practices through periodic reviews and updates of policies as when required.

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