



KENANGA INVESTORS BERHAD BOARD CHARTER

KENANGA INVESTORS BERHAD

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GLOSSARY

Terms	Description
AGM	Annual General Meeting
Active Politician	Means a person who is a Member of Parliament, State Assembly or holds position at the Supreme Council, or division level in a political party.
Board	Board of Directors of Kenanga Investors Berhad
Board Committee	Any committee of the Board of Kenanga Investors Berhad established from time to time
BNM	Bank Negara Malaysia
Bursa Securities	Bursa Malaysia Securities Berhad
CEO	Chief Executive Officer of Kenanga Investors Berhad
CMSA	Capital Markets and Services Act 2007
CA 2016	Companies Act 2016 as amended, supplemented or modified from time to time
Employee(s)	Person(s) employed by/on pay roll of Kenanga Investors Berhad, irrespective whether on temporary basis such as attachment trainees and internal secondment within the Kenanga Group where the tenure is more than one (1) month.
EGM	Extraordinary General Meeting
ETF	Exchanged-Traded Funds
FIMM	Federation of Investment Managers Malaysia
GIA	Group Internal Audit Division in Kenanga Investment Bank Berhad
Gender	Words importing the masculine gender only shall include the feminine gender.

Terms	Description
HOD(s)	Head of Department(s)
Kenanga Group	Kenanga Investment Bank Berhad and its subsidiaries
KIBB	Kenanga Investment Bank Berhad (197301002193 (15678-H))
KIB or the Company	Kenanga Investors Berhad (199501024358 (353563-P))
KIG	Kenanga Investors Group, comprising Kenanga Investors Berhad (“ KIB ”) and its subsidiaries, namely Kenanga Islamic Investors Berhad, I-VCAP Management Sdn Bhd, Kenanga Trustees Berhad, KUT Nominees (Tempatan) Sdn Bhd and KUT Nominees (Asing) Sdn Bhd
KPI(s)	Key Performance Indicator(s)
MMLR	Main Market Listing Requirements of Bursa Securities
Management	Management of KIB
MCCG 2021	Malaysian Code on Corporate Governance issued by the SC on 28 April 2021 (“ MCCG 2021 ”).
GNC	<p>The Group Governance, Nomination & Compensation Committee of Kenanga Investment Bank Berhad</p> <p>The GNC is responsible for ensuring that formal and transparent procedures in respect of the following are implemented within the Kenanga Group:</p> <ol style="list-style-type: none"> 1. Appointment of Directors, CEOs and key senior management officers of Kenanga Group; 2. Assessment of effectiveness of individual Directors, Board as a whole as well as performance of CEOs and key senior management officers of Kenanga Group; and 3. Development of remuneration policy for Directors, CEOs and key senior management officers to ensure that the compensation is competitive and consistent with Kenanga Group’s culture, objectives and strategy.
PRS	Private Retirement Scheme
SC	Securities Commission Malaysia

Terms	Description
TOR	Terms of Reference of the Board Committees as varied from time to time

DOCUMENT HISTORY

Version	Date Approved by Board	Effective Date of Implementation	Description
1	5 May 2015	5 May 2015	1 st version of the Board Charter
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1. INTRODUCTION

The Board of KIB regards corporate governance as vitally important to the success of the Company's business and is unreservedly committed to applying the principles necessary to ensure that the following principles of good governance is practised in all of its business dealings in respect of its shareholder(s) and relevant stakeholders:

- The Board is the focal point of the Company's corporate governance system. It is ultimately accountable and responsible for the performance and affairs of the Company.
- All Board members are expected to act in a professional manner, thereby upholding the core values of integrity with due regard to their fiduciary duties and responsibilities.
- All Board members are responsible to the Company for achieving high level of good governance.

This Board Charter sets out the specific responsibilities of the Board, which amongst others include the Board oversight, structure and membership, as well as the Board's strategic direction premised on sustainability and promoting ethical conduct in business. The Board Charter is intended to supplement the description of the Board's roles and responsibilities as set forth in the Articles of Association/ Constitution of the Company. If there is any conflict, the Articles of Association/ Constitution will prevail.

2. OBJECTIVE

The objectives of this Board Charter are to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members and the various legislations and regulations affecting their conduct and that the principles and practices of good corporate governance are applied in all their dealings in respect, and on behalf of, the Company.

In pursuit of the ideals in this Board Charter, the intention is to exceed "minimum legal requirements" with due consideration to recognised standards of best practices locally and internationally.

3. THE BOARD

3.1 Roles and Responsibilities

3.1.1 The Board is charged with leading and guiding the Company in an effective and responsible manner. Each Director has a legal duty to act in the best interest of the Company. The Directors, collectively and individually, are aware of their responsibilities to shareholder(s) and stakeholders for the manner in which the affairs of the Company are managed. The Board sets the Company's values and standards and ensures that its obligations to its shareholder(s) and stakeholders are understood and met.

3.1.2 The Board understands that the responsibility for good corporate governance rests with them and therefore strives to follow the principles and best practices of corporate governance.

3.1.3 The Board's responsibilities outlined in this Board Charter should be read together with other applicable rules, regulations and guidelines issued by the SC and/ or other regulators and authorities, as well as relevant laws.

3.1.4 The Board has the overall responsibility for promoting the sustainable growth and financial soundness of the Company, and for ensuring reasonable standards of fair dealing, without undue influence from other party.

This includes a consideration of the long-term implications of the Board's decisions on the Company and its customers, officers and the general public.

3.1.5 The duties of the Board include the establishing of corporate vision and mission, as well as the philosophy of the Company, setting aims for Management and monitoring of Management's performance.

3.1.6 In fulfilling its role, the Board must -

- a. approve the risk appetite, business plans and other initiatives which would, singularly or cumulatively, have a material impact on the Company's risk profile¹;
- b. promote, together with Senior Management, a sound corporate culture within the Company which reinforces ethical, prudent and professional behaviour;
- c. oversee the selection, performance, remuneration and succession plans of the CEO, control function heads and other members of Senior Management, such that the Board is satisfied with the collective

¹ This will include initiatives which affect the financial soundness, reputation or key operational controls of the Company.

competence of Senior Management to effectively lead the operations of the Company.

The Board is also responsible to –

- i. ensure that the succession plan for the Board and Senior Management is periodically reviewed or as and when required; and
 - ii. ensure that Senior Management and other Employees undergo appropriate training to enable them to undertake their roles and responsibilities effectively.
-
- d. oversee the implementation of the Company's governance framework and internal control framework, and periodically review whether these remain appropriate in light of material changes to the size, nature and complexity of the Company's operations;
 - e. promote timely and effective communication between the Company and relevant regulators on matters affecting or that may affect the safety and soundness of the Company;
 - f. oversee and approve the recovery and resolution as well as business continuity plans for the Company to restore its financial strength, and maintain or preserve critical operations and critical services when it comes under stress;
 - g. ensure that the internal auditors have full access to all records and are given an appropriate standing in the Company's hierarchy to enhance the independence of the internal auditors in achieving their audit objectives;
 - h. establish policies and procedures governing related party transactions and conflicts of interest situations that prohibit activities and relationships that diminish the quality of corporate governance, such as conflicts of interest situations, corruption and bribery, and providing preferential treatment to related parties and other favoured entities;
 - i. approve a set of code of conduct, stressing on the importance of accountability, professionalism and integrity that are communicated throughout the Company;
 - j. promote sustainability through appropriate environmental, social and governance considerations in the Company's business strategies;
 - k. establish specialised Board Committees to oversee critical or major functional areas and to address matters, which require detailed review or

in-depth consideration and ensure the effective functioning of these various Board Committees.

Although the Board may delegate certain duties to the Board Committees, it remains responsible for the decisions of the Board Committees and it is furthermore the duty of the Committee members to inform and seek decision from the Board whenever necessary;

- l. ensure that the financial statements are prepared so as to give a true and fair view of the current financial status of the Company in accordance with the approved accounting standards;
- m. establish formal and transparent arrangements for maintaining an appropriate relationship with the external, as well as internal auditors;
- n. discharge and perform its duties and responsibilities pertaining to anti-money laundering and counter terrorism financing as provided in guidelines, circulars or directives issued by the relevant regulators;
- o. ensure that the corporate governance disclosures in the Company's Annual Report/ Annual Report of the Company's ETF are accurate, clear and presented in a manner that is easily understood by its shareholders, customers and other relevant stakeholders;
- p. ensure that the strategic plan of the Company supports long-term value creation and considers material sustainability risk and opportunities including climate-related risk;
- q. oversee, review, challenge and decide on Management's proposals and strategies, monitor the progress of implementation by Management and evaluate Management's performance in undertaking its role;
- r. ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks; and
- s. ensure that there is a system in place to monitor and adequately manage the material risks.

3.1.7 Matters Reserved for the Board

The Board reserves full decision-making powers notwithstanding any delegation of authority to Management or to Board Committees on the following matters:

- a. Conflict of interest issues relating to shareholder (s) or a Director;

- b. Material acquisitions and disposition of assets which may or may not be in the ordinary course of business;
- c. Investment in capital projects;
- d. Authority levels;
- e. Establishment or revision of internal policies of the Company; and
- g. Key human resource issues.

3.2 Composition and Board Balance

- 3.2.1 The Board comprises Directors who, as a group, provide a mixture of core competencies such as finance, accounting, legal, business management, information technology and investment management, that commensurate with the complexity, the size, the scope and operations of the Company.
- 3.2.2 Non-Executive Directors shall be persons of calibre and have necessary skills and experience to bring independent judgement to bear on the issues of strategy, performance and resources, including key appointments and standards of conduct.
- 3.2.3 Independent Director refers to a person who is free of any relationship with KIB or its controlling or significant shareholder(s) that would otherwise interfere with the director's exercise of independent judgement. In any case, a period of three (3) years must elapse before a person who was previously connected to KIB or its controlling/significant shareholders(s) can be deemed to be independent.
- 3.2.4 The composition of the Board must at any one time comprise at least –
 - a. two (2) Independent Directors, while maintaining a minimum ratio of at least one-third (1/3) Independent Directors at all times;
 - b. one (1) Director with a minimum of ten (10) years' relevant experience in the licensed regulated activity. The Director must hold a Capital Markets Services Representative Licence for the regulated activity;
 - c. one (1) Director who is registered with the FIMM for dealing in private retirement schemes, as well as for the dealing in unit trust products and also have a minimum of ten (10) years' experience in the capital market; and
 - d. one (1) Bumiputera director.

- 3.2.5 The Board must undertake necessary measures and ensure the Board comprises at least 30% women Directors.
- 3.2.6 A Director of the Company should not –
- a. hold office as a Director of more than one management company (outside of Kenanga Investors Group) at any one time; and
 - b. hold office as member of the Investment Committee of funds operated by another management company (outside of Kenanga Investors Group).
- 3.2.7 No individual or small group of individuals should be allowed or seek to dominate the Board's deliberation or decision-making.
- 3.2.8 The Chairman of the Board shall be a Non-Executive Director.
- 3.2.9 Until and unless otherwise determined as per the Company's Articles of Association/ Constitution, the number of Directors shall be not less than two (2).
- 3.2.10 All Directors shall be subject to retirement by rotation in accordance with the Company's Articles of Association/ Constitution.
- 3.2.11 A Director of KIB must not be a politician.
- 3.2.12 The views of Management are represented at meetings of the Board by the presence of the CEO, as well as Key Senior Management Officers when required.

3.3 Tenure of Independent Director

The tenure of an Independent Director should not exceed a cumulative term of nine (9) years.

Upon completion of the nine (9) years and depending on the intention and consent of the particular Independent Director, and subject further to relevant regulatory approval, if required, he/ she shall either retire or re-designated as a Non-Independent Non-Executive Director subject to the GNC's recommendation to the Board of KIBB for approval after due assessment assuming the said Director decided to continue his service as a Non-Independent Non-Executive Director.

3.4 Board Appointment and Removal

- 3.4.1 The appointment of a new Director is a matter for consideration and decision by the full Board for recommendation to the GNC and upon approval of the Board of KIBB being obtained and subject to compliance with all relevant regulatory requirements.
- 3.4.2 New Directors are expected to have such expertise so as to qualify them to make positive contribution to the Board performance of its duties and to give sufficient time and attention to the affairs of the Company.
- 3.4.3 The Company Secretary has the responsibility of ensuring that relevant procedures relating to the appointments of new Directors are properly executed. The appointment process is undertaken in compliance with the requirements of relevant regulators and the Kenanga Group Fit and Proper Policy for Key Responsible Persons.
- 3.4.4 Upon the appointment of a new Director, the Company Secretary advises the Director of his/her principal duties and responsibilities and explains the restrictions to which he or she is subject to in relation to price-sensitive information and dealings in the Company's securities, as well as the requirements of the Bursa Securities' Rules, MMLR, the SC and the CMSA in relation to Director's trading. Thereafter, all new Directors are provided with appropriate briefings on the Company's affairs and with up-to-date Corporate Governance materials published by the relevant bodies. New Directors appointed to subsidiaries within the Group shall be accorded similar advice, explanations, briefings and orientation relevant to their appointments.
- 3.4.5 The directorships in listed companies held by any Director of the Company shall, at any one time, not exceed five (5) and in terms of external professional commitments such as memberships in other organisation/ industry association/ non-profit organisation, it should not exceed the limit set by the Board or as determined by the Board on a case-to-case basis.
- 3.4.6 The process of removal of Directors shall be in accordance with the provisions of the CA 2016, as well as other relevant regulatory requirements, and relevant requirements as embedded in the Board Succession Planning Framework for Kenanga Group.
- 3.4.7 The Company shall notify the SC in writing on the appointment or re-appointment of a Director within two (2) business days of the appointment or re-appointment, or prior to any public announcement, whichever is earlier.

3.5 Board Diversity

The Board through the GNC shall take steps to ensure that women candidates are sought as part of its recruitment exercise. In connection thereto, the Board shall take appropriate measures to ensure that boardroom diversity, including gender diversity, forms part of the criteria to be considered in the selection and recruitment of new Directors.

3.6 Board Evaluation

The GNC is responsible for undertaking the annual assessment of the Board's performance as a whole and the performance of its Committees as well as the performance of the individual Directors. This is used as a tool to recognise the Board's strengths and to identify gaps and areas for improvement for the Board, its Committees and the individual Directors to ascertain their effectiveness and contributions.

The evaluation, facilitated by the Company Secretary's office with the involvement of external consultants if required by the GNC, will be based on pre-determined criteria areas as listed below.

- Overall Board Effectiveness
- Board Responsibilities
- Board Culture
- Board Chair
- Board Composition
- Board Committees (Committee Evaluation and Self Evaluation)
- Group Managing Director/ Chief Executive Officer
- Board Remuneration
- Board Administration and Process
- Board Education
- Understanding of Sustainability and ESG²

The findings of the evaluation are compiled into a report and deliberated, first, by the GNC, and subsequently, by the Board.

3.7 Commitment

Directors should devote sufficient time to carry out their responsibilities. The Board should obtain this commitment from its members at the time of appointment.

² Environmental, Social and Governance

Directors should notify the Chairman before accepting any new directorship in a public company incorporated in Malaysia and all its subsidiaries incorporated in Malaysia or otherwise as well as external professional commitments such as memberships in other organisation/ industry association/ non-profit organisation. The notification should include an indication of time that will be spent on the new appointment.

3.8 Board Meetings

3.8.1 Quorum

- a. The quorum at any Board meeting, shall throughout the meeting be a minimum of two (2) Directors.
- b. No business shall be transacted unless a quorum is present either in person or by video or telephone conferencing throughout the proceedings of the meeting.

3.8.2 Frequency of Meetings and Attendance

- a. The Board shall meet in person or virtually no less than four (4) times a year or as may be required by law or regulators, to facilitate the discharge of their responsibilities in terms of reviewing the business operations and management of the Company, monitoring the financial and non-financial performance of the Company and deliberating on strategic issues.

Members of Management who are not Directors may be invited to attend and speak at meetings on matters relating to their sphere of responsibility.

- b. In the interim period between meetings, if the need arises, issues shall be resolved through Directors' Resolution in Writing unless at least one (1) Director notifies the Company Secretary that the issue should be resolved at a special Board meeting. A Directors' Resolution in Writing, stating the reason(s) to arrive at a recommendation or resolution, signed by all Board Members, shall be valid and effective as if it had been passed at a meeting duly convened and constituted.
- c. Individual Directors must attend at least 75% of the Board meetings held in each financial year and must not appoint another person to attend or participate in the Board meeting, on his or her behalf, unless the person is appointed as his alternate in accordance with Article 86 of the Company's Articles of Association/ Constitution.

- d. The number of Board meetings held in the year, as well as the attendance of every Board member shall be disclosed in the Company's Annual Report/ Annual Report of the Company's ETF.

3.8.3 Minutes

- a. Full Board minutes of each Board meeting are to be prepared and kept by the Company Secretary and are to be available for inspection by any Director during office hours.
- b. The minutes shall record the decisions and their rationales. Any concerns and dissenting views raised by any Director (including Independent Directors) are discussed and recorded. The minutes shall also facilitate the performance evaluation of the Board and individual Directors.

3.9 Rights of the Board

The Board has the right to the resources, whenever necessary and reasonable for the performance of its duties, at the cost of the Company and in accordance with a procedure to be determined by the Board, including but not limited to:

- a. Obtaining full and unrestricted access to any information pertaining to the Company;
- b. Obtaining full and unrestricted access to the advice and services of the Company Secretary; and
- c. Obtaining independent and other advice.

3.10 Supply of Information to the Board

3.10.1 The Company aims to provide all Directors with timely and quality information and in a form and manner appropriate for them to discharge their duties effectively. This shall include circulating a full agenda and comprehensive Board papers at least four (4) business days prior to any Board or Board Committee meeting.

3.10.2 Management is responsible for providing the Board with the required information in an appropriate and timely manner. The Chairman, assisted by the Company Secretary, assesses the type of information required to be provided to the Board. If the information provided by Management is insufficient, the Board

will make further enquiries where necessary to which the persons responsible will respond as fully and as promptly as possible.

3.10.3 The Board has a procedure for Directors (either individually or as a group) to have access to independent and/ or third (3rd) party professional advice, at the expense of the Company as well as separate and independent access to Senior Management and Company Secretary at any point in time.

3.10.4 Amongst others, the Board papers include the following:

- a. Monthly financial report;
- b. Minutes of meetings of all Committees of the Board;
- c. A current review of the operations of the Company and its group of companies, including but without limitation, risk and compliance reports;
- d. Reports on Related Party Transactions and Recurrent Related party Transactions;
- e. Directors' share-dealings;
- f. Annual Management Plans;
- g. Annual Budget;
- h. Notification of Director's Resolutions in Writing;
- i. Important notifications and communications from regulators or the Government; and
- j. Any other matter that the Senior Management should reasonably construe as being relevant for the Board to be informed of in view of its potential impact on the Company and its group of companies either financially, legally or in terms of reputation.

4. ROLES OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Company aims to ensure the balance of power and authority between the Chairman and the CEO with a clear division of responsibility between the running of the Board and the Company's business respectively. The positions of Chairman and the CEO are separated and clearly defined.

4.1 Role of Chairman

- 4.1.1 The Chairman, in leading the Board, is responsible for the effective overall functioning of the Board. In fulfilling this role, the Chairman must –
- a. ensure that appropriate procedures are in place to govern the Board's operations;
 - b. ensure that decisions are taken on a sound and well-informed basis, including by ensuring that all strategic and critical issues are considered by the Board, and that Directors receive the relevant information on a timely basis;
 - c. encourage healthy discussion and ensure that dissenting views can be freely expressed and discussed; and
 - d. lead effort to address the Board's developmental needs.
- 4.1.2 The Chairman, in consultation with the CEO and the Company Secretary, sets the agenda for Board meetings and ensures that all relevant issues are on the agenda.
- 4.1.3 The Chairman is responsible for managing the business of the Board to ensure that -
- a. All Directors are properly briefed on issues arising at Board meetings.
 - b. Sufficient time is allowed for the discussion of complex or contentious issues and, where appropriate, arranging for informal meetings beforehand to enable thorough preparation for Board discussion.
 - c. The issues discussed are forward looking and concentrates on strategy.
- 4.1.4 The Chairman ensures that every Board resolution is put to vote to ensure the will of the majority prevails. In the case of an equality of votes, the Chairman of shall be entitled to a second or casting vote.
- 4.1.5 The Chairman ensures that Management look beyond their executive functions and accept their full share of responsibilities on governance.
- 4.1.6 The Chairman of the Board must not chair any of the Board Committees.

4.2 Role of Chief Executive Officer

- 4.2.1 The CEO is the conduit between the Board and the Management in ensuring the success of the Company's governance and management functions.
- 4.2.2 The CEO has the executive responsibility for the day-to-day operation of the Company's business.
- 4.2.3 The CEO implements the policies, strategies and decisions adopted by the Board.
- 4.2.4 All Board authorities conferred on Management is delegated through the CEO and this will be considered as the CEO's authority and accountability as far as the Board is concerned.

5. RESPONSIBILITIES OF INDIVIDUAL DIRECTORS

For the Board to be effective, it is crucial for the Board Members to understand and appreciate their roles and responsibilities. This serves as an important control mechanism to ensure that the Board functions objectively, independently and effectively.

Generally, a Director's responsibilities shall include the following:

- a. being aware of the Company's operating environment and promote safety and soundness of the Company;
- b. exercising vigilance and professional scepticism in understanding and shaping the strategic direction of the Company and in situations where there are conflicts of interest, they are disclosed and necessary steps are taken to address such conflicts;
- c. being diligent in undertaking his/her duties and avoid conflict of interest situation and in situations where there are conflicts of interest, they are disclosed and necessary steps are taken to address such conflicts;
- d. being able to exercise independent judgement in decision making and provide sound and objective advice;
- e. understanding his oversight role and 'duty of loyalty' to the Company, its shareholders and other stakeholders;
- f. objectively questioning the Management;
- g. devoting adequate time and attention to discharge his/ her duties and responsibilities effectively by being well prepared when attending Board

- meetings, contributing constructively to Board discussions and decision-making and conducting due inquiry before approving a matter;
- h. contributing actively to the functions of the Board and being able to provide special expertise to the Board;
 - i. maintaining sound understanding of the business, the industry and undertake continuous professional development to support the effective discharge of the roles and responsibilities as a Director of the Company;
 - j. exercising reasonable care, skill and diligence by –
 - i. applying the knowledge, skill and experience which may reasonably be expected of a director having the same responsibilities; and
 - ii. applying any additional knowledge, skill and experience which the director has;
 - k. ensuring key transactions or critical decisions are deliberated and decided on by the Board in a meeting; and
 - l. ensuring that his decisions and the basis for those decisions, including any dissenting views are made known and properly recorded in the Minutes of meeting.

6. BOARD COMMITTEES

The Board establishes specialised Board Committees to oversee critical or major functional areas and to address matters, which require detailed review or in-depth consideration. Although the Board delegates certain duties to the Board Committees, it remains responsible for the decisions of the Committees.

The Board appoints the following Board Committees with specific roles and responsibilities as set out in their respective TORs:

- Audit and Risk Committee; and
- Investment Committee.

The Board Committees report to the Board their deliberations and recommendations for the Board's approval, as and when necessary.

6.1 Audit and Risk Committee

The Audit and Risk Committee is established to review and provide independent oversight to the Board of Directors on the following:

- a. Adequacy of the scope, objectives, approach and reporting of the internal audit framework and whether the matters highlighted in the audit report have been satisfactorily resolved;
- b. Adequacy of the functions, competency and resources of the internal audit function and whether the function has the authority to conduct its work;
- c. The interim and annual report of the private retirement scheme provider; and
- d. Any related party transaction and conflict of interest situation.

A copy of the TOR of the Audit and Risk Committee is attached as Appendix 1 of the Board Charter.

6.2 Investment Committee

The Investment Committee is established to:

- a. Assist, support and implement the Board's responsibilities in discharging its statutory duties and responsibilities relating to:
 - i. the fund's investment objective;
 - ii. the deed;
 - iii. the prospectus / disclosure document;
 - iv. the internal investment restrictions and policies;
 - v. acceptable and efficacious practices within the investment management industry; and
 - vi. the guidelines and securities laws; and
- b. Safeguard shareholders' and investors' interest and investment.

A copy of the TOR of the Investment Committee is attached as Appendix 2 of the Board Charter.

6.3 Main Duties and Responsibilities of Chairman of Board Committees

- 6.3.1 Provide leadership for the respective Board Committee to fulfil the goals it sets by delegating tasks, ensuring propagation of essential information, monitoring and reviewing the adequacy and timing of deliverables, facilitating discussions and the resulting decisions, and promoting good corporate governance.
- 6.3.2 Refers to the Company Secretary for guidance on what the respective Board Committee's responsibilities are under the rules and regulations to which they are subject and how those responsibilities should be discharged. Compliance advice encompass all laws and regulations pertinent to the Company and also other contractual agreements with other entities and not merely the routine filing requirements and other administrative requirements of the relevant rules and regulations.

6.4 Expectations for Board Committees Members

- 6.4.1 Provide individual external independent opinions to the fact-finding, analysis and deliberations of the respective Board Committee based on their experience and knowledge.
- 6.4.2 Consider viewpoints from the other respective Board Committee members and make decisions or recommendations for the best interest of the Board collectively.
- 6.4.3 Keep abreast of the latest corporate governance guidelines in relation to the respective Board Committee and the Board as a whole.

7. BOARD PROFESSIONALISM

7.1 Directors' Code of Ethics

The Directors observe the Code of Ethics and Conduct for Directors of Kenanga Group.

7.2 Conflict of Interest

- 7.2.1. The Directors are required to make a declaration at Board meetings in the event that they have direct or indirect interest in proposals being considered by the Board, in line with various statutory requirements as well as the Group Conflict Management Policy on the disclosure of director's interests. Any interested Directors would then abstain from deliberations and decision making on the matter and, where appropriate, the interested Directors would excuse themselves from being present during the deliberations.

- 7.2.2 The Directors are also required to disclose their interest or holdings in securities, other assets including alternative products and any interests in a special purpose vehicle arrangement whether directly or indirectly, including through nominees or relatives, upon joining and at least annually thereafter or as and when there are changes to their interests or holdings.
- 7.2.3 Where the Director is an Executive Director, the prior approval of any other Directors or compliance officer must be obtained before he/she carries out his/her investment.
- 7.2.4 Section 218 of the CA 2016 recognised situations under conflict of interest and specified that a Director or officer must not do the following to gain benefit for himself/herself or any other person, or cause detriment to the Company, without the consent or ratification of a general meeting –
- a. using the property of the Company;
 - b. using any information acquired by virtue of his/her position as a Director or officer of the Company;
 - c. using his/her position as such Director or officer;
 - d. using any opportunity of the Company which he became aware of, in the performance of his/her functions as the Director or officer; or
 - e. engaging in business which is in competition with the Company.
- 7.2.5 Additionally, Section 221 and Section 222 of CA 2016 stated that a Director interested in a proposed or existing contract with the Company, the Director must –
- a. declare the nature of his/her interest at the Board meeting;
 - b. not participate in any discussion while the contract or proposed contract is being considered during the Board meeting; and
 - c. not vote on the contract or proposed contract.
- 7.2.6 The MMLR requires the Company to disclose the nature and extent of any conflict of interest or potential conflict of interest including interest in competing business involving Directors, Senior Management personnel and legal representative of the Company, in the following documents –
- a. statement accompanying notices of annual general meetings pertaining to election of Directors;

- b. relevant immediate announcements of the said person's appointment; and
- c. the Company's Annual Report/ Annual Report of the Company's ETF in the various sections including those on the profile of Directors, Chief Executive Officer and Senior Management.

7.2.7 A Director of the Company must not accept a benefit from or provide a benefit to a third (3rd) party by reason only of –

- a. him/her being a Director; or
- b. him/her doing something or refraining from doing anything as a Director; unless he/she is permitted to do so by the Company's Constitution or the Company's Code of Conduct and it is not contrary to any written law.

8. DIRECTORS' REMUNERATION

The Company aims to set remuneration levels which are sufficient to attract and retain the Directors needed to run the Company successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved, but without paying more than is necessary to achieve this goal. The level of remuneration for the CEO is determined by the GNC after giving due consideration to the compensation level for comparable position among other similar companies in Malaysia.

In addition to the above, the remuneration of the Directors shall also take into consideration the following:

- a. scale, activity and performance of the business;
- b. roles and contribution of each individual Director;
- c. need to promote compliance culture, prudent risk taking behaviour and alignment with investors' best interest; and
- d. alignment with the corporate strategies, values and sustainability of the Company.

There is adequate disclosure in the Audited Accounts with a note on remuneration of Directors. The Directors' fees are approved by the shareholder at the Company's AGM.

9. DIRECTORS' TRAINING & DEVELOPMENT

9.1 Induction Programme for Newly Appointed Director

The Company shall provide an induction programme for its newly appointed Directors, to familiarise them with the industry and the Company's business and operations, within three (3) months of the appointment.

The induction programme aims at communicating to the newly appointed Directors, the Company's vision and mission, its philosophy and nature of business, current issues within the Company, the corporate strategy and the expectations of the Company concerning input from Directors.

The programme covers at a minimum the nature of business, the corporate strategy of the Company, responsibilities and duties of the Board as a whole, an overview of the risks of the businesses, the risk management strategy of the Company, legal requirements and financial overview of the Company.

Independent Directors appointed to the Boards of subsidiaries within the Group shall be provided a similar induction programme tailored to reflect the scope of their appointments.

A Director must comply with the following requirements in relation to the Mandatory Accreditation Programme Part I and Part II stipulated by Bursa Securities in its MMLR:

- a. A Director must attend the Mandatory Accreditation Programme in full and procure a certificate from the approved Mandatory Accreditation Programme organiser to confirm and validate his or her completion of the Mandatory Accreditation Programmes; and
- b. A Director must complete the Mandatory Accreditation Programmes within the timeframes set out by Bursa Securities.

9.2 Continuous Education and Development

The Company has adopted educational/training programmes to update the Board in relation to new developments pertaining to the laws and regulations and changing commercial risks, which may affect the Board and/or the Company.

In addition to the mandatory Capital Market Director Programme as required by the SC and Mandatory Accreditation Programme within the prescribed timeframe as required under the MMLR, the Board Members are also encouraged to attend training programmes conducted by highly competent professionals and which are relevant to the Company's operations and business.

10. FINANCIAL REPORTING

10.1 Transparency

- 10.1.1 The Company aims to present a clear and balanced assessment of the Company's financial position and future prospects that extend to the interim and price-sensitive information and other relevant reports submitted to regulators.
- 10.1.2 The Directors ensure that the financial statements are prepared so as to give a true and fair view of the current financial status of the Company in accordance with the approved accounting standards.
- 10.1.3 The Auditors Report shall contain a statement from the Auditors explaining their responsibility in forming an independent opinion, based on their audit of the financial statements.
- 10.1.4 The Company and its Directors must ensure that the accounting and other records are kept to –
- a. Sufficiently explain the business, transactions and financial position of KIG;
 - b. Enable the preparation of true and fair financial statements; and
 - c. Enable the accounting and other records of KIG to be conveniently and properly audited.

10.2 Company Auditors

- 10.2.1 The Board has established a formal and transparent arrangement for considering how financial reporting and internal control principles will be applied and for maintaining an appropriate relationship with the Company Auditors through the Audit and Risk Committee and the Audit Committee of KIBB, its holding company.
- 10.2.2 The Audit and Risk Committee also keeps under review the scope and results of the audit and its cost effectiveness and the independence and objectivity of the Company Auditors. The Company ensures that the Company Auditors do not supply a substantial volume of non-audit services to the Company.

10.2.3 Appointment of the Company Auditors is subject to approval of the shareholder(s) at General Meetings. The Company Auditors have to retire during the AGM every year and be re-appointed by shareholder for the ensuing year.

10.3 Internal Control and Risk Management

10.3.1 The Company's internal audit function which critically reviews all aspects of the Company's activities and its internal controls is managed by the Group Internal Audit. Regular audits on the system of internal controls, policies and procedures, risk management and governance practices of all business and support units and subsidiaries are undertaken to appraise its adequacy and effectiveness.

10.3.2 The Board ensures the system of internal controls is reviewed on a regular basis.

10.3.3 The Audit and Risk Committee and the Board receive reports regarding the outcome of such reviews on a regular basis.

11. RELATIONSHIP WITH OTHER STAKEHOLDERS

In the course of pursuing the vision and mission of the Company, the Board recognises that no Company can exist by maximising shareholder(s) value alone. In this regard, the needs and interests of other stakeholders are also taken into consideration.

11.1 Employees

11.1.1 The Board acknowledges that the employees are invaluable assets of the Company and play a vital role in achieving the vision and mission of the Company.

11.1.2 The Company adopts comprehensive and documented policies and procedures with respect to the following:

- a. Occupational safety and health with the objective of providing a safe and healthy working environment for all employees; and
- b. Industrial relations with the objective of managing employees' welfare and well-being in the work place.

11.2 Environmental

The Board acknowledges the need to safeguard and minimise the impact to the environment in the course of achieving the Company's vision and mission. The Company supports initiatives on environmental issues.

11.3 Social Responsibility

The Board acknowledges the need to safeguard and minimise impact to the environment in the course of achieving the Company's vision and mission. The Company support initiatives on environmental issues as well as the Company should play a vital role in contributing towards the welfare of the community in which it operates. The Company supports charitable causes and initiatives on community development projects.

12. COMPANY SECRETARY

12.1 Appointment of Company Secretary

The appointment and removal of KIB's Company Secretary must be approved by the Board.

12.2 Roles and Responsibilities

12.2.1 The Company Secretary is responsible for supporting the effective functioning of the Board and Board Committees. In discharging this role, the Company Secretary provides counsel to the Board/ Board Committees on governance matters and facilitates effective information flows between the Board, Board Committees and Management.

12.2.2 The Company Secretary shall keep confidential the affairs of the Company and its Officers at all times. Accordingly, where the Company Secretary also serves as Company Secretary for KIB's affiliates, he/ she shall not disclose the affairs of KIB or its Officers to the affiliates except with the knowledge and consent of KIB.

12.2.3 The Company Secretary should advise Directors of their obligations to adhere to matters relating to -

- a. disclosure of interest or holdings in securities, other assets including alternative products and any interests in a special purpose vehicle arrangement whether directly or indirectly; and
- b. disclosure of any conflict of interest in a transaction involving the Company.

12.2.4 The Company Secretary must keep abreast of and inform the Board of current governance practices.

12.2.5 The Company Secretary shall provide sound governance advice, ensure adherence to rules and procedure, and advocate adoption of corporate governance best practices.

12.2.6 The Board Members have unlimited access to the professional advice and services of the Company Secretary.

13. APPLICATION

The principles set out in this Board Charter are -

- a. kept under review and updated as practices on corporate governance develop and further guidelines on corporate governance are issued by the relevant regulatory authorities; and
- b. applied in practice having regard to their spirit and general principles rather than to the letter alone.

The Board endeavours to comply at all times with the principles and practices set out in this Board Charter.

In this Board Charter, any reference to any provision of legislations, guidelines, circulars or directives shall include all amendments, modifications, consolidations or replacements as may be issued from time to time.

In the event of conflict between the Board Charter and any law or regulations, the latter shall take precedence over the Board Charter.

14. REVIEW OF THE BOARD CHARTER

The Board Charter shall be reviewed as and when required/ necessary by the Board to keep it up to date and consistent with the Board's objectives and responsibilities, as well as relevant applicable regulatory and statutory requirements.