

Chairman's Message

Our Sustainability Approach



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EMPOWERING PEOPLE AND COMMUNITIES



Achieving success with integrity, our core priority

Dear Shareholders,

It gives me great pleasure to report that Kenanga Investment Bank Berhad (“**KIBB**” or “**Kenanga Investment Bank**”) and its Group of Companies (“**Kenanga Group**” or “**the Group**”) recorded its second consecutive best performing year since it became an investment bank. This solid performance was delivered despite the most challenging of circumstances characterised by the ongoing challenges of the COVID-19 pandemic and the continuing disruptions besetting the global and domestic markets.



For more information on our sustainability approach, please visit our sustainability microsite by scanning the QR code.

For the Financial Year Ended 31 December 2021 ("FY2021"), Kenanga Group registered a Profit Before Tax ("PBT") of RM148.2 million, which exceeded our record achievement of RM134.7 million in 2020, while Profit After Tax stood at RM118.8 million, up 16.2% from the year before.

This outstanding performance was primarily attributable to the strong performance in our equity broking, asset and wealth management, as well as, private equity investment businesses.

The Group rose above the challenges of this global crisis to yield a second bumper year, which not only testifies to its commitment towards being adaptable, resourceful and resilient, but also a validation of the strong leadership and great courage demonstrated at every level of the organisation.

SHAREHOLDER'S VALUE

The Board of Directors is pleased to declare an interim dividend of 10.50 sen per share, the highest dividend pay-out since being listed on Bursa Malaysia Securities Berhad ("Bursa Securities") in 1996, amounting to RM77.1 million in dividends payable for FY2021.

ETHICS AND GOVERNANCE

One of the key milestones of the year was the successful implementation of the third and final phase of the Group's Ethics Blueprint. This multi-year programme has culminated in the implementation of a clear Ethics Governance Structure throughout the Group, crystallising a culture of doing the right thing and the fundamental philosophy of achieving success with integrity.

During the year, we held our fifth annual Fraud Awareness Week ("FAW"), which was the centrepiece of a month-long fraud awareness campaign that united over 500 participants in a move to promote the fight against fraud, bribery, and corruption.

Themed Reinforcing Ethical Values through Regulatory Dynamism, delegates of public listed companies, professional bodies, as well as, representatives from the Malaysian Anti-Corruption Commission, Bursa Malaysia Berhad, the Securities Commission Malaysia, Bank Negara Malaysia, and Employees Provident Fund, were engaged in interactive games, quizzes and seminars designed to enhance awareness on trends and practices surrounding fraud prevention and detection.

We are pleased that we have managed to expand an internal campaign which we started five (5) years ago, into an industry call to action to combat fraud, and at the same time, respond to the United Nations Global Compact's 10th Principle which emphasises the need for businesses to work against corruption in all its forms.

We recognise that to truly move the needle and unite on the fight against fraud requires industry players, regulators and customers to band together. There is so much more to be done and we are committed to working together with all stakeholders to drive a conscious process that is solutions-focused, to enable us to win the war against financial crime and promote a culture that encourages ethical conduct.

A full account of our efforts can be found in the Ethics and Compliance Statement on pages of 108 to 118 of this Annual Report.

CORPORATE GOVERNANCE

Raising the bar for good corporate governance has always been a priority for Kenanga Group. Throughout the years, the Group strives to align itself with locally, as well as globally recognised best practices and standards towards the internalisation of a transparent, ethical and compliant culture within the Group.

During the year, the Board of Directors identified action plans to embed into Kenanga Group's governance framework, the best corporate governance practices in relation to board leadership and effectiveness, audit and risk management, integrity in corporate reporting, as well as meaningful relationship with stakeholders, aligning itself with the revised Malaysian Code on Corporate Governance issued by the Securities Commission Malaysia in April 2021.

In strengthening the Board of Directors' oversight on Kenanga Group's corporate governance, the Board of Directors had expanded the scope of its Group Nomination & Remuneration Committee to cover the stewardship of the Group's governance structure, framework and policies. To reflect this enhanced roles and responsibilities, the committee was re-designated as Group Governance, Nomination & Compensation Committee.

The adoption and implementation of corporate governance policies and practices as detailed in the Corporate Governance Report for 2021, which is available on Kenanga's website, demonstrates the Board of Directors and senior management's seriousness in building the Group's long-term resilience to meet the challenges in a fast-evolving business landscape.

SUSTAINABILITY

We are acutely aware of the impact we make as a leader in the investment banking industry and the wider Malaysian financial community, particularly with respect to the broadening of our commitments to protect the planet, its people and our stakeholders.

To accelerate the integration of ESG aspects into the business operations and to augment oversight and overall accountability, a formal management committee was established during the year. Chaired by the Group Managing Director, Datuk Chay Wai Leong, the Group Sustainability Management Committee (“**GSMC**”) draws on the expertise from a multi-disciplinary membership from across various specialisations within the Group, to drive comprehensive sustainability-driven strategies in line with regulatory expectations, as well as our own goals. The GSMC reports to the Group Governance, Nomination & Compensation Committee, and the Board of Directors of Kenanga Investment Bank.

In the same year, we were also proud to become the first Malaysian investment bank to join the United Nations Global Compact Network, the world’s largest corporate sustainability initiative. Participation involves commitments to global standards of sustainability and integrity, and we look forward to meaningful collaboration in the areas of capacity-building, knowledge exchange and engagement programmes.

Laying the ESG groundwork for the years ahead, a dedicated Sustainability team was set up during the year and a Sustainability Framework was established alongside a Climate Change Risk Management Framework to mainstream climate-related risks in our governance processes and business operations.

One of our immediate priorities is to develop more comprehensive data and to promote more thorough disclosures. In line with this, we are releasing our first standalone Sustainability Report, which accompanies this Annual Report.

PEOPLE AND COMMUNITY

The focus on the health, safety and wellbeing of our employees, continued to take centre stage throughout 2021, as the country battled the third wave of the pandemic that resulted in the majority of our employees retaining the work-from-home arrangement from the year before.

In addition to maintaining the rigorous sanitising schedules of our premises, routine COVID-19 tests, provision of supplies such as masks and self-test kits, monthly subsidies were provided to employees affected by the disruptions, while daily meal provisions were offered to those who had to work on-site. The COVID-19 Committee continued to provide the assurance of vigilance in monitoring, tracking and responding to the constantly developing situation.

Another major calamity that had a profound impact to the country, was the disastrous floods in December which displaced tens of thousands of Malaysians. While our branches and the majority of our employees were not impacted, we managed to swiftly extend help to twelve (12) of our employees and their families through the Tengku Noor Zakiah Staff Outreach Fund, dedicated solely to aid employees in time of need.

Responding to increasing social and community needs especially in the COVID-19 environment, Kenanga launched The HumanKIND Project at the start of the year, to empower Malaysian social enterprises working with marginalised communities. Through this campaign which advocated compassion, kindness and empathy, the Group raised over 5,000 orders for Café Includes, a business run by a team of people with disabilities, helping to keep their doors open despite the multiple long-drawn movement control orders.

Through consistent outreach efforts, the Group is committed to maintain its long-standing support for the many social enterprises in the country that affect positive social change and transform lives through the creation of opportunities that unlock potential, build self-esteem and enable independence.



LOOKING AHEAD

While the world looks forward to the second year of post-COVID recovery, we are acutely aware of the long-term impacts of the pandemic and its variants on our business operations. Kenanga Group has adapted quickly to the new normal over the course of the year, and the Board of Directors anticipates that the Group's future growth and resilience will be built on the foundations of sustainability and good governance that we are laying today.

In the year under review, Kenanga Group continued to innovate on multiple fronts, developing new capacities, products and platforms to provide our clients a much more seamless experience. Moving forward, we will continue to future-proof through investments in digital technologies that is relevant to the needs of our clients and our business.

I am confident that Kenanga Group will continue to thrive and grow in the coming years, thanks in equal measure to the forethought and leadership in the past, which has laid the ground for our present prosperity, as well as the exceptional dedication and hard work of every member of this Group in building on that legacy for the future.

BOARD MOVEMENT

On behalf of the Board of Directors, I wish to record our appreciation to Datuk Syed Ahmad Alwee Alsree and Dato' Richard Alexander John Curtis who stepped down as Deputy Chairman as well as, Non-Independent Non-Executive Director of Kenanga Group in June 2021 respectively, having each provided exemplary stewardship to the Board of Directors for over a decade. We wish them both, all the best for the future.

I also wish to take this opportunity to bid a very warm welcome to Mr. Choy Khai Choon, a representative of Cahya Mata Sarawak Berhad, who joined KIBB's Board of Directors in December 2021 as a Non-Independent Non-Executive Director. Mr. Choy brings to our Board of Directors, over forty (40) years of extensive experience in the financial sector, including six (6) years as President/Chief Executive Officer of Cagamas Berhad.

APPRECIATION

I would like to express appreciation and gratitude to Kenanga Group's Founder Emeritus and Adviser, YM Tan Sri Dato' Paduka Tengku Noor Zakiah Tengku Ismail whose continuing trust, confidence and friendship have been a great boon throughout my second year of leadership of Kenanga Group.

I would like to thank my colleagues on the Board of Directors for their support and advice throughout the year, as well as the Management and employees of Kenanga Group for going above and beyond the call of duty to meet the extraordinary needs of these challenging times. Finally, I wish to convey my appreciation towards our valued customers, business partners, suppliers and shareholders for their trust in the Group, as well as, Bank Negara Malaysia, Securities Commission Malaysia and Bursa Malaysia Berhad for their advice and support.

TAN SRI DATO' SERI SYED ANWAR JAMALULLAIL
Chairman