

# OUR SUSTAINABILITY STATEMENT

## ABOUT THIS STATEMENT

This Sustainability Statement 2022 (“**the Statement**”) is to be read together with our Sustainability Report 2022. This Statement provides an overview of our approach towards managing our stakeholder-relevant environment, social and governance (“**ESG**”) topics, goals and performance.

Following the release of our inaugural Sustainability Report in 2021, further enhancements have been made in this year’s disclosures which include: the expansion of Scope 1 and 2 Greenhouse Gas (“**GHG**”) emissions data inclusive of branch offices nationwide, the expansion of Scope 3 disclosure to disclose business travel and the inclusion of a new material matter, Employee Health, Safety and Wellbeing into our materiality assessment.

### Reporting Scope and Boundaries

The contents of this Statement encompass full year data for the fiscal year ending in December 2022, from 1 January 2022 to 31 December 2022 (“**2022**” or “**FY2022**”), which covers our operations in Malaysia, including our Kuala Lumpur-based headquarters, Kenanga Tower and branch offices nationwide.

### Guidelines and Standards

This Statement is prepared as a summary highlight to our Sustainability Report 2022, which complies with Bursa Malaysia Securities Berhad’s Main Market Listing Requirements and has been prepared in reference with the Global Reporting Initiative (“**GRI**”) Standards. The GRI Content Index can be found in the Sustainability Report, pages **94 to 96**, and we have further aligned our ESG disclosures with the following:

- Bursa Malaysia Securities Berhad (“**Bursa Securities**”) Sustainability Reporting Guide (3<sup>rd</sup> Edition);
- United Nations Sustainable Development Goals (“**UN SDGs**”);
- Recommendations of the Task Force on Climate-Related Financial Disclosures (“**TCFD**”);
- Joint Committee on Climate Change (“**JC3**”)’s TCFD Application Guide for Malaysian Financial Institutions;
- Bank Negara Malaysia (“**BNM**”)’s Climate Change and Principle-based Taxonomy (“**BNM CCPT**”); and
- United Nations Global Compact (“**UNGC**”)’s Ten Principles.

We have benchmarked our ESG disclosures with industry-relevant ESG Ratings and Frameworks primarily FTSE Russell’s ESG Ratings and Sustainability Accounting Standards Board (“**SASB**”) indicators and GHG Protocol Corporate Standard.

### Statement Assurance

This Sustainability Statement has been reviewed and approved by the Group Sustainability Management Committee, Group Governance, Nomination & Compensation Committee, Audit Committee, and the Board of Directors. Moving forward, we aim to seek assurance for our sustainability reporting and statement.

## OUR SUSTAINABILITY STATEMENT

### OUR CONTRIBUTION TO UN SDGS AND UNGC'S TEN PRINCIPLES

Below are the eleven (11) SDGs to which Kenanga contribute towards. Additionally, as a signatory member of the UNGC Network, we have also aligned our sustainability efforts with the UNGC's Ten Principles.

 <p>Principle 1: Business should support and respect the protection of internationally proclaimed human rights</p>	 <p>Principle 8: Undertake initiatives to promote greater environmental responsibility</p>
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 <p>Principle 6: The elimination of discrimination in respect of employment and occupation</p>	 <p>Principle 7: Businesses should support a precautionary approach to environmental challenges</p>
 <p>Principle 9: Encourage the development and diffusion of environmentally friendly technologies</p>	 <p>Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery</p>
 <p>Principle 2: Make sure that they are not complicit in human rights abuses Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining Principle 4: The elimination of all forms of forced and compulsory labour Principle 5: The effective abolition of child labour Principle 6: The elimination of discrimination in respect of employment and occupation</p>	 <p>Principle 1: Business should support and respect the protection of internationally proclaimed human rights Principle 2: Make sure that they are not complicit in human rights abuses Principle 6: The elimination of discrimination in respect of employment and occupation Principle 7: Businesses should support a precautionary approach to environmental challenges Principle 8: Undertake initiatives to promote greater environmental responsibility Principle 9: Encourage the development and diffusion of environmentally friendly technologies</p>
 <p>Principle 6: The elimination of discrimination in respect of employment and occupation</p>	<p>Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery</p>

For more information on how we have mapped our disclosures to UNGC's Ten Principles, please refer to pages **16 to 18** of our Sustainability Report 2022.

## OUR SUSTAINABILITY STATEMENT

### OUR ESG FRAMEWORK

Our ESG Framework serves as a focal point for how we articulate our sustainability aspirations for the long-term. Anchored upon four (4) key pillars – Sustainable Economic Growth, Environmental Stewardship, Empowering People and Communities, and Good Governance, the framework guides our efforts in addressing ESG issues that are material to our business while aligning with our targets and strategies.

### OUR SUSTAINABILITY VISION

As a leading independent investment bank, Kenanga is committed to promoting and adopting business-relevant sustainable practices by embedding ESG in our core business strategy and operations, while considering the ESG risks and opportunities in shaping up sustainable investment products and services towards contributing to the best interests of our stakeholders.

#### Sustainable Economic Growth

Integrate ESG factors into our business decisions and value chain and manage ESG risks and opportunities as we innovate to build a sustainable future.

##### Responsible Investment

Incorporate ESG factors into our investment processes, offer and promote sustainable products and solutions and take an active stewardship role in the companies in which we invest.

##### Digitalisation

Leverage technological advancements to develop secure, meaningful and innovative products and solutions that will help shape the future of investing.



#### Environmental Stewardship

Promote climate positive culture within the organisation and relevant external stakeholders to attain a low carbon economy.

##### Climate Impact

Take ownership of climate risks and opportunities of our operations through monitoring environmental performance, identifying and practising behaviours to promote climate positive action and outcomes.



#### Empowering People and Communities

Create a positive impact on our employees, clients, business associates, as well as communities in need.

##### Diversity, Inclusion and Wellbeing

Inculcate an equitable workplace culture that recognises the unique needs and contributions of employees and where employee rights, safety, health and wellness are promoted.

##### Community Investment

Enhance financial literacy for investors and the community through education. Reaching out to communities in need through targeted social investments and employee volunteerism.



#### Good Governance

Lead a responsible business underpinned by a robust compliance culture and high levels of ethical standards.

##### Good Business Conduct

Promote and embed good business conduct and high standards of integrity throughout the organisation, operate ethically and transparently and in compliance with applicable laws and regulations.



## OUR SUSTAINABILITY STATEMENT

### WHAT IS MATERIAL TO US

In 2022, we conducted a materiality assessment to identify and prioritise ESG topics that are relevant to Kenanga and its stakeholders. The biennial assessment ensures that we consider and integrate these ESG topics when identifying opportunities and risks in our business operations, as well as to further guide the Group’s ESG strategy and reporting.

As part of our FY2022 materiality assessment, we conducted a survey that received 1,326 responses from ten (10) different stakeholder groups, including Board of Directors, employees, remisers and agents, shareholders and investors, clients, regulatory bodies, community organisations, suppliers, media, and the public.

Based on the updated results of the survey in FY2022, the materiality matrix largely remained consistent from the previous assessment. However, there is an overall higher perceived of importance across all the identified ten (10) material topics.

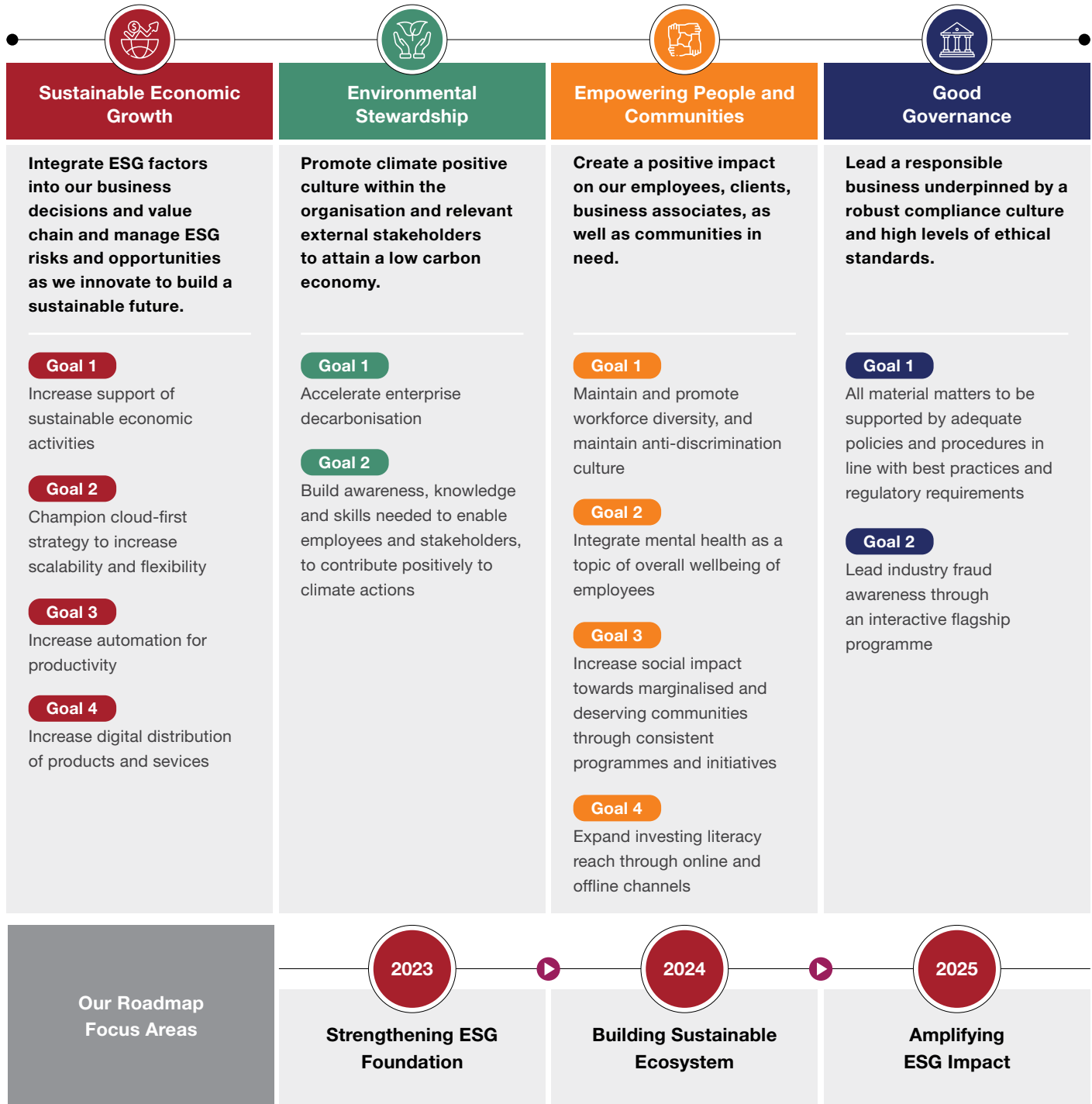


For more information on our materiality matrix process and stakeholder engagement, please refer to page 21 of our Sustainability Report 2022.

## OUR SUSTAINABILITY STATEMENT

### OUR SUSTAINABILITY GOALS AND ROADMAP

Guided by our ESG Framework, we have developed a set of Sustainability Goals and Targets and a Three (3)-Year Sustainability Roadmap (“**the Roadmap**”) in FY2022 to operationalise and deliver our sustainability vision and aspirations.



For more information on our Sustainability Roadmap 2023-2025, please refer to page 24 of our Sustainability Report 2022.

## OUR SUSTAINABILITY STATEMENT

### MANAGING OUR SUSTAINABILITY RISKS

#### OUR APPROACH

For effective management of risks, the Group is governed by the Enterprise Risk Management (“**ERM**”) Framework and the philosophy adopted is based on the ‘Three Lines of Defense’ approach. The ERM Framework defines the roles and responsibilities throughout the organisation to ensure accountability and ownership, as well as sets out the principles of sound corporate governance to assess and manage risks to ensure risk-taking activities are aligned with the Group’s long-term viability and its capacity to absorb losses. The Group Board Risk Committee is responsible to ensure the Group’s activities are consistent with its approved risk appetite, strategies and policies.

For more information on our Sustainability Risk Management approach, please refer to page **25** of our Sustainability Report 2022 and for more information on our Risk Management Framework and Governance, please refer to the Statement on Risk Management and Internal Control from pages **110 to 114** of this Annual Report.

#### RESPONSE TO ESG AND CLIMATE RISKS

We recognise the impact of climate change as a non-diversifiable risk to Kenanga’s business activities and financial operations. We have been gradually enhancing our disclosures in line with the TCFD recommendations and mapped against the prescribed four (4) pillars – Governance, Strategy, Risk Management, as well as Metrics and Targets. In 2022, we integrated the Climate Change Risk Management Framework (“**CCRM Framework**”) to strengthen our climate risk management strategy for business activities. The implementation progress includes training on CCRM Framework’s Risk Assessment Criteria (“**Climate Change RAC**”) in making decisions on investments.

To build on this, we are further enhancing our policy and practice by incorporating the new guidelines introduced by BNM in November 2022, including the Climate Risk Management and Scenario Analysis (“**CRMSA**”) and JC3’s TCFD Application Guide for Malaysian Financial Institutions issued in June 2022 into the Group’s business strategies and enterprise risk management framework. The implementation of these guidelines will be completed in phases and it is in line with regulatory timeline by the end of 2024.

For more information on our TCFD Reporting by the four (4) pillars and Climate Change Risk Management Framework, please refer to pages **28 to 31** of our Sustainability Report 2022.

#### Managing Our Supply Chain Risk

Our Group Procurement Policy provides employees with a guiding framework to achieve and maintain high standards of professionalism, transparency, and accountability in our procurement decisions. Our ‘Know Your Vendor Assessment’ allows us to ensure we maintain high standards of ethics and integrity in our business partnerships with contractors, consultants, suppliers, agents and individuals who undertake work for the Group. Our vendors undergo an extensive due diligence process that reviews risk indicators resulting in a score that allows us to manage our front-end risk, including corruption risk assessments. Moving forward, we will engage our vendors and enhance our vendor assessment framework to integrate environmental and social risk assessments in line with our Sustainability Roadmap 2023-2025 to integrate ESG screening in our supplier onboarding process.

In 2022, our local suppliers’ proportion are 89.1% and local business procurement spent was over RM65 million.

For more information on our Group Code of Conduct for Vendors, please scan the QR code below:



For more information on our supply chain risk, please refer to page **32** of our Sustainability Report 2022.



## OUR SUSTAINABILITY STATEMENT

### 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 practises throughout the organisation.

#### MATERIAL TOPICS:

-  Good Business Conduct
-  Regulatory Compliance

#### OUR GOALS:

- 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.

#### UN SDGs



### GOOD BUSINESS CONDUCT

[GRI 205]

#### Our Approach to Sustainability Governance

Establishing a sustainability governance structure with clearly defined roles and responsibilities is paramount to ensure accountability and effectiveness in execution of sustainability initiatives within the Group. As the Group's highest governing body, the Board of Directors drives the overarching leadership, strategy, and oversight of the Group's ESG approach to risks and opportunities, supported by the relevant committees including Group Governance, Nomination & Compensation Committee, Audit Committee, Group Board Risk Committee, Group Risk Committee as well as Group Sustainability Management Committee and supported by Business Divisions & Operations.



### REGULATORY COMPLIANCE

A key component of our strategy to build an ethical culture includes designing training programmes and awareness initiatives to embed our principles of ethics and integrity so they are reinforced, understood and practised throughout every level of our workforce. Some of the key measures we implemented include:

 Communicate regulatory issuances and updates to employees	 Policy & Procedure Governance System, an internal repository platform containing our policies and procedures accessible for employees
 Mandatory training for employees on compliance matters	
 Annual flagship programmes on conflicts of interest, fraud, bribery and corruption, AML/CFT/TFS and whistleblowing	 Annual e-tests to reinforce our employees' grasp and knowledge of good governance and business practices were rolled out

## OUR SUSTAINABILITY STATEMENT

### Embedding Ethical Principles

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 training sessions are delivered in a blended format that includes reading materials and explainer videos on topics such as Anti-Bribery and Corruption, Anti-Money Laundering/Counter-Terrorism Financing/Targeted Financial Sanctions ("**AML/CFT/TFS**"), and Anti-Fraud practices which were made mandatory for all new hires.

The Group Financial Crime Compliance ("**GFCC**") Department has conducted an Enterprise-Wide Risk Assessment ("**EWRA**") to assess potential AML/CFT/TFS risks. The EWRA considers customers, country, product and services, and transactions or delivery channel risk. Currently, no significant risks have been identified.

### 6<sup>th</sup> Fraud Awareness Week ("**FAW**")

As part of Kenanga's ongoing commitment to combat fraud in the financial industry, the Group organised its sixth (6<sup>th</sup>) annual Fraud Awareness Week ("**6<sup>th</sup> FAW**") in collaboration with the Association of Certified Fraud Examiners' ("**ACFE**") International Fraud Awareness Week. This flagship campaign aligns with the UNGC's 10<sup>th</sup> Principle to emphasise the need for businesses to work against corruption in all its forms. The Annual Regulatory Seminar ("**ARS**") has been incorporated as one of the key events for the annual FAW.

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 97.5% achieving a score of 80% or higher. The 6<sup>th</sup> FAW drew over 2,000 participations in FY2022, with attendees from external organisations and our employees.


### Key Policies, Frameworks and Commitment Statements

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. Our Group Regulatory and Corporate Services has established a robust governance foundation, including corporate policies, procedures, and control measures to help the Group navigate risks and respond to any incidents of non-compliance or unethical behaviour. To safeguard our operations as well as the wider financial system, we have designed and implemented several internal policies, frameworks and standards. In 2022, we have updated the following policies:

- PDPA Data Access and Retention Procedure;
- Cyber Security Procedure;
- Technology Risk Management Framework; and
- Group Donation Policy.

### Future Outlook

In line with regulatory requirements, we remain committed to maintaining the highest standards of good governance. Moving forward, we will continue to enhance our governance practices by regularly reviewing and updating our policies as relevant.

 For more information on Good Governance, please refer to pages **33 to 42** of our Sustainability Report 2022 and the Ethics and Compliance Statement on pages **97 to 109** of this Annual Report.



## OUR SUSTAINABILITY STATEMENT

### Sustainable Economic Growth



Our approach to integrating ESG considerations into our core operations, investing, and decision-making processes is a crucial component of our strategy to deliver innovative sustainable finance and investing products for our clients. We employ a multi-faceted approach to responsible investment, engaging in both product development and active involvement in the businesses in which we invest.

#### MATERIAL TOPICS:

-  Responsible Investing
-  Digitalisation
-  Cyber Security
-  Client Experience

#### OUR GOALS:

- Goal 1** Increase support of sustainable economic activities.
- Goal 2** Champion cloud-first strategy to increase scalability and flexibility.
- Goal 3** Increase automation for productivity.
- Goal 4** Increase digital distribution of products and services.

#### UN SDGs




### RESPONSIBLE INVESTING

[GRI 3-3]

#### Our Investment Strategy

Kenanga Investors Group (“**Kenanga Investors**”) or (“**KIG**”) is the asset and wealth management arm of the Group. As part of our commitment to responsible investing, KIG works closely with asset owners, regulators and a broad range of market players to integrate ESG considerations into our investment process. Kenanga Investors has been a signatory to the Malaysian Code for Institutional Investors since 2017, and our membership in the Institutional Investors Council and active participation in JC3 reflect our dedication to advancing the ESG agenda while accelerating a swift response to the climate risks in our sector.

Following the introduction of the Sustainability Blueprint in 2021, KIG expanded its Blueprint to include ESG assessment to perform positive screening for bonds and *sukuk*-based on independent and accredited external data sources. This is also supported by an updated sector-based assessment with high ESG risk focusing on industries such as palm oil, oil & gas, banking & finance, power, and mining for a more holistic perspective. Further to this, KIG participates in active stewardship through stakeholders engagement, and the exercise of voting rights in investee companies.


 For more information on our ESG Integration Strategy, please refer to pages **44 to 45** of our Sustainability Report 2022.

## OUR SUSTAINABILITY STATEMENT

### Our Sustainable Investment Products

We are dedicated to expanding our investment product offerings as we continue to progress along the path of responsible investing by providing our clients with a wider range of ESG-linked investment options. In 2022, we launched three (3) funds which qualifies as the SC's Sustainable and Responsible Investment ("SRI") fund, under our Kenanga Sustainability Series, receiving multiple accolades for the focus in ESG. In the same year, KIG was appointed by several public asset owners in Malaysia to manage their first-ever sustainability funds.


Kenanga Sustainability Series	
<b>High Yield Bond Fund</b>	The Fund is Malaysia's first SRI-qualified high yield bond fund. The Fund seeks to provide income and capital growth by investing in the Global High Yield ESG Bond Index Fund managed by Northern Trust Asset Management.
<b>World Quality ESG Fund</b>	The Fund seeks to provide capital growth by investing in the NT World Quality ESG Fund managed by Northern Trust Asset Management.
<b>Emergency Waqf Musa'adah Fund</b>	As a qualified SRI product, the Kenanga Sustainability Series: Emergency Waqf Musa'adah Fund sets out to generate sustainable returns that will directly benefit disaster victims in the country by helping them return to normalcy. The Fund aims to primarily provide income distribution and achieve capital growth by investing in local and global diversified portfolios of Shariah-compliant equities, Shariah-compliant equity-related securities, sukuk, Islamic money market instruments, or Islamic deposits that integrates both Shariah principles and principles of sustainable investing.

 For more funds under the Kenanga Sustainability Series, please visit: <https://www.kenangainvestors.com.my>.

### Focus on Green Economy

Kenanga Private Equity Sdn Bhd ("KPE"), our private equity arm, actively strives to explore climate-friendly ventures, as well as companies with a strong ESG agenda. As at 31 December 2022, approximately 28% of KPE's portfolio are focused on the renewable energy sector.

In addition, Corporate Banking at Kenanga continues to incorporate ESG factors into its lending and financing activities. As of 31 December 2022, 5.3% of loan and financing portfolio under Kenanga's Corporate Banking division in green lending and financing are related to renewable energy, green technology and climate change mitigation activities.

 For more information on our Climate Change RAC, please refer to page **27** of our Sustainability Report 2022.

## OUR SUSTAINABILITY STATEMENT

### Our Internal Stock Scoring Methodology

In 2022, Kenanga’s Equity Broking Research Department developed an internal scoring system to rate public listed stocks premised on Bursa Malaysia’s Sustainability Reporting Guide, the Sustainability Accounting Standards Board and GRI’s primary ESG topics. Guided by the methodology, we reach out to businesses on a regular basis to acquire updates on their ESG strategy, goals, and accomplishments to better understand their sustainability ambition and intent.

For more information on our ESG Scoring Methodology and industry engagement activities, please refer to page **48** of our Sustainability Report 2022.

### Future Outlook

We intend to offer more sustainable investment products with a focus on thematic investing in sectors related to energy transition, water and waste management, food security and others as relevant, while being cognisant of the interdependencies of a just transition economy. As part of our efforts to further understand our portfolios’ exposure on ESG risks and opportunities, we will deepen engagement with our investee companies to better understand their ESG aspirations and plans.



## DIGITALISATION

[GRI 3-3]

### OUR APPROACH TO DIGITALISATION

<b>IT Governance and Strategy</b>	The Group Board Digital Innovation & Technology Committee (“ <b>GBDITC</b> ”) supports the Board in providing direction and oversight over technology-related matters, including risks, in line with internal and relevant regulatory requirements.
<b>IT Strategy 2023-2027</b>	In 2022, a Five (5)-Year IT Strategy was developed to provide prudent guidance on how digitalisation will be prioritised to support wider enterprise goals while promoting economic growth. The strategy will be rolled out in phases from 2023, and will be reviewed annually to ensure it remains relevant and effective.

### OUR PROGRESS IN 2022

#### Going Digital at Kenanga

Kenanga is committed to advancing financial inclusion through digitalisation by embracing technology advancement and innovation as a means to increase our clients’ seamless access to financial products as well as to reach the underserved segment.

<p><b>SuperApp</b></p> <p>Signed a Memorandum of Understanding with Ant Group in 2022 to develop Malaysia’s first Wealth SuperApp, which will serve as a centralised platform for our digital financial and wealth solutions, as well as lifestyle services. Built on Ant Group’s Mobile Platform as-a-Service, the SuperApp will offer a robust and secure solution to meet the needs of our clients.</p>	<p><b>Wealth-as-a-Service (“WaaS”)</b></p> <p>Along with the SuperApp, the upcoming introduction of WaaS to our ecosystem partners will allow our suite of wealth services to be embedded onto their platforms for their audiences at a swift go-to-market pace.</p>
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## OUR SUSTAINABILITY STATEMENT

<p><b>Rakuten Trade</b></p> <p>RM111 billion worth of stocks were transacted during the year, while approximately 21,000 new users signed up on Rakuten Trade, bringing the total customer base to more than 257,000.</p>	<p><b>Kenanga Digital Investing (“KDI”)</b></p> <p>A fully automated A.I.-driven robo-advisor designed to simplify how Malaysians save and invest. Licensed by the Securities Commission Malaysia, the KDI platform offers two (2) convenient products - KDI Save and KDI Invest.</p>	<p><b>New Digital Client On-boarding (“DCO”) Service</b></p> <p>A platform which allows clients to open an account online from the comfort of their homes without having to visit a Kenanga branch.</p>
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### Our Digital Culture

We continue to strengthen our internal competencies as we intensify our digital initiatives across the organisation, including the digitalisation of our key functions to maximise operational efficiency. Listed below are some of the key digital initiatives in 2022.

### Digital Efficiency in Kenanga

Key Initiatives				
Remisier’s Service Portal	Futures Account Opening	Kenanga’s Digital Workflows (“iLeap”)	Robotic Process Automation (“RPA”)	Treasury Relationship Manager Platform


### Cloud Migration Programme

Our Three (3)-Year Cloud Migration Strategy is in line with our overall group-wide digital transformation ambitions to drive innovation and growth. Migrating to cloud infrastructure services will provide the Group enhanced scalability, performance, security and long-term cost-effectiveness.

As part of our efforts to facilitate a seamless cloud migration process, we are progressively upskilling our Information Technology (“IT”) workforce through Azure Enterprise Skilling Initiative offered by Microsoft to further build technical skills which also includes training and certification offerings. In FY2022, our IT personnel attended over ten (10) Azure training courses with a total of 840 training hours logged.

### Future Outlook

We continuously assess and make improvements to our systems and processes to ensure we remain at the forefront of digital transformation in the financial industry. Amongst some of the new solutions that we are looking forward to in 2023 include the launch of the first Wealth SuperApp in Malaysia, a new FX platform that will support our Treasury products, Project Omni to fully digitalise our end-to-end processes, and also enhanced features on our DCO Service.

 For more information on our key digitalisation transformation initiatives, please refer to page 49 of our Sustainability Report 2022.

## OUR SUSTAINABILITY STATEMENT



### BOOSTING CYBER SECURITY

[GRI 418]

#### OUR APPROACH TO CYBER SECURITY

At Kenanga, our suite of IT policies forms a fundamental aspect of IT governance which guides our management approach towards cyber risks and our responses to security incidents.

#### Our Cyber Risk and Governance

##### Key Policy and Framework

- Cyber Security Policy has been developed based on industry best standards such as the US National Institute of Standards and Technology cyber security framework
- The Group Confidential Information Policy has been established and incorporated various privacy legislation that includes Financial Service Act 2013, Securities Industry (Central Depositories) Act 1991, BNM's Management of Customer Information and Permitted Disclosure and Personal Data Protection Act ("PDPA") 2010

#### Accelerating Data Security Measures

In 2022, we enhanced our security posture by subscribing to a suite of top-tier security solutions and deployed security measures to include Identity Access Management, Application Programming Interface Security and ransomware protection. Additionally, we also enhanced the cyber resilience of our operations through the following measures:

##### Protecting Customers' Data

Rolled out Data Loss Prevention ("DLP") solutions and Database Activity Monitoring to defend data leaks from internal and unauthorised sources as well as virtual patch solution to shield servers from risks before applying physical security patches

##### Managing Employees Confidential Data

Enhanced the usage of the mobile management tool to effectively monitor privacy access on our employees' mobile phones as well as our security posture by enabling and enforcing multi-factor authentication for Office 365

##### Instil Cyber Awareness amongst Employees

Delivered mandatory monthly cyber security awareness training to all employees and rolled out regular email phishing simulations to educate employees to swiftly identify and respond to potential phishing threats

#### Future Outlook

As we transition towards a future defined by digital innovation, cyber security has become even more crucial as reflected in our recent materiality assessment. In line with our IT Strategy 2023-2027 and DLP Framework, we aim to continue taking proactive and progressive actions such as upgrading our systems as well as increasing our employees' and clients' awareness in taking precautionary steps to reduce cybersecurity risks. Our end goal is to ensure that our clients can confidently pursue their financial goals in the digital age while knowing that their personal and financial data is secure.

For more information on our cyber security initiatives, please refer to page 55 of our Sustainability Report 2022.

## OUR SUSTAINABILITY STATEMENT



### CLIENT EXPERIENCE

[GRI 417]

#### OUR APPROACH TO CLIENT EXPERIENCE

Guided by policies aligned to applicable laws and regulations, we aim to ensure our marketing materials are accurate, transparent, and not misleading. When handling customers' concerns, we are dedicated to addressing the concerns in a timely and equitable manner. By adopting this approach, we continue to build lasting client relationships and demonstrate our commitment to providing good services and support.

#### Responsible Marketing & Communication

At Kenanga, we prioritise transparency and compliance in our communications with clients, meeting regulatory requirements set out by Bursa Securities, Bank Negara Malaysia and the Securities Commission Malaysia. Prospectuses and memorandums are publicly disclosed to our prospective and existing clients. Additionally, we adhere to the Financial Services Act (2013), Consumer Protection Act (1999), as well as Malaysian Code of Advertising to ensure that we operate ethically and with our clients' best interests in mind. We also have a set of internal policies that serve to further uphold our standards in the preparation and dissemination of all promotional and marketing materials.

Our agents and remisiers are provided with relevant information and training that emphasise the importance of upholding and demonstrating high standards of ethics and honesty in client interactions. All our remisiers are required to comply with the Group Code of Ethics and Conduct for Employees to ensure our services are delivered with highest integrity.

Our focus is centred on listening and catering to the diverse needs of our clients. To facilitate two (2)-way communication with all our existing and prospective clients, we have several channels including social media, website and telephony support, and through these channels, we actively seek and gather feedback from our clients to help improve their experience with us.



For more information on how we manage our internal policies on responsible marketing and communication as well as improve client experience at Kenanga, please refer to pages **58 to 59** of our Sustainability Report 2022.

## OUR SUSTAINABILITY STATEMENT

### ENVIRONMENTAL STEWARDSHIP



We aim to promote a climate-positive culture across the organisation in pursuit of a reduced carbon footprint. Our approach to addressing climate change is defined by a multi-faceted approach in which we integrate climate-related risk considerations across our business while reducing the environmental impact of our operations.

#### MATERIAL TOPICS:



Climate Impact

#### OUR GOALS:

##### Goal 1

Accelerate enterprise decarbonisation.

##### Goal 2

Build awareness, knowledge and skills needed to enable employees and stakeholders, to contribute positively to climate actions.

#### UN SDGs



### MANAGING OUR CLIMATE IMPACT

[GRI 302,303,305, 306]

#### OUR APPROACH

Our aim is to foster an organisational culture that promotes taking positive climate actions to reduce carbon footprint. We tackle climate change with a pragmatic approach that incorporates the management of climate-related risk factors across our business activities, products and services, as well as to reduce environmental impact of our operations.

The operations and practices of Kenanga are in line with the goal of reducing carbon footprint where possible, and eliminating wastage to minimise the negative impact to the ecosystem and biodiversity. Similarly, our vendors are expected to adopt sustainable business practices as guided by our Group Code of Conduct for Vendors.

We encourage our employees to use resources responsibly, such as electricity, water and paper usage. Our #GreenAtHome initiative, previously known as #GreenAtWork, is a month-long interactive campaign designed to educate our employees on the need to adopt an environmentally-friendly mindset.

#### Energy Management

Besides our Air Handling Unit (“AHU”) and Air Conditioning (“AC”) systems enhancements in 2021, we introduced additional upgrades in 2022 to further increase energy efficiency as we strive to achieve up to 30% electricity reduction. In an effort to achieve energy reduction of up to 8%, we have also replaced all the conventional lighting at Kenanga Tower with LED lighting during the year.



## OUR SUSTAINABILITY STATEMENT

### Key Environmental Performance Highlights

#### Scope 1 Direct GHG Emissions (tCO<sub>2</sub>e)



Note:

Our Scope 1 emissions are calculated based on fuel consumption from our company-owned vehicles. Scope 1 emission factors were sourced from the 2006 IPCC Guidelines for National Greenhouse Gas Inventories.

\* 2022 data reflects the resumption of work in office and increased in business activities

#### Scope 1 - Fuel Consumption

##### Total Petrol Consumption\*(litres)



\* 2022 data reflects the resumption of work in office and increased in business activities.

#### Scope 2 Indirect GHG Emissions (tCO<sub>2</sub>e) – Kenanga Tower only



Note:

Scope 2 emissions figures are derived from purchased electricity consumption throughout Kenanga Tower and our branch offices, converted using emissions factors for the Peninsular Malaysian grid. Scope 2 emission factors were sourced from the Malaysian Green Technology Corporation's 2017 CDM Electricity Baseline Final Report.

\* 2022 data reflects the resumption of work in office and increased in business activities

**New Data Point:**

**Scope 2 Indirect GHG Emissions (tCO<sub>2</sub>e) – Branches only**

**2,034.8 (FY2022)**

#### Scope 2 - Electricity Consumption

##### Total purchased electricity consumption - Kenanga Tower (kWh)



**New Data Point:**

**Total purchased electricity consumption - Branches (kWh)**

**3,478,331 (FY2022)**

Note:

For year-on-year data of Scope 1 and Scope 2, please refer to page 91 of our Sustainability Report 2022.

#### Scope 3 – Business Travel

##### Scope 3 Other Indirect GHG Emissions- (tCO<sub>2</sub>e)



**New Data Point:**

**Scope 3 Other Indirect GHG Emissions (tCO<sub>2</sub>e) – Business Travel**

**210.9 (FY2022)**



## OUR SUSTAINABILITY STATEMENT

### Consumption and Waste Management

In support of a circular economy and the practice of responsible disposal of the Group's documents as well as e-wastes which contains confidential data, we engaged with a local recycling centre and a local licensed IT asset destruction agency to manage these wastes. The disposal is guided by our Retention, Archiving and Destruction Policy; and PDPA Data Access and Retention Procedures. Upon destruction, we were given a Certificate of Destruction. Overall, we have managed a total of 19,974 kg of office wastes responsibly.

#### Paper Consumption

##### Estimated Total Paper Purchased\* (kg)



\* 2022 data reflects the resumption of work in office and increased in business activities.

### Waste Management

#### New Data Points:

##### Waste Collected and Recycled by Type (kg)

Paper	Plastic	Aluminium Tins	Others
<b>8,945</b>	<b>77</b>	<b>31</b>	<b>6</b>

##### IT Asset and Paper Collected and Disposed by Type (kg)

Paper	e-Waste
<b>8,980</b>	<b>1,935</b>

\* 2022 data reflects the resumption of work in office and increased in business activities.

### Water Management

We are mindful of our water consumption and continue to track water usage on an annual basis to further enhance our water efficiency. Similar to our electricity consumption monitoring, we have expanded our water consumption monitoring to include data from our branch offices.

#### Water consumption - Kenanga Tower (m³)



\* 2022 data reflects the resumption of work in office and increased in business activities.

#### New Data Point:

##### Water consumption – Branch Offices (m³)

**20,848** (FY2022)

### Future Outlook

At Kenanga, we recognise that managing our carbon footprint is not just a responsibility but an opportunity to contribute to a more sustainable future. We are committed to becoming a carbon-neutral financial institution by 2025, and achieving net-zero carbon emissions by 2050. We believe that by taking progressive steps to manage our carbon footprint, not only do we reduce our environmental impact but also unlock new opportunities for growth and innovation.

For more information on how we continue to reduce our environmental footprint, please refer to pages **60 to 66** of our Sustainability Report 2022, and for more information on our full environmental data, please refer to page **91** of our Sustainability Report 2022.

## OUR SUSTAINABILITY STATEMENT

### EMPOWERING PEOPLE AND COMMUNITIES



We believe that our people are at their best when they feel a sense of belonging and are adequately supported by the organisation. We are committed to empowering our people to build their knowledge and expertise in an inclusive and healthy environment while extending our support in contributing to the growth and resilience of our communities.

#### MATERIAL TOPICS:

- Diversity and Inclusion
- Employee Health, Safety and Wellbeing
- Talent Attraction, Development and Management
- Community Investment

#### OUR GOALS:

- Goal 1** Maintain and promote workforce diversity, and maintain anti-discrimination culture.
- Goal 2** Integrate mental health as a topic of overall wellbeing of employees.
- Goal 3** Increase social impact towards marginalised and deserving communities through consistent programmes and initiatives.
- Goal 4** Expand investing literacy reach through online and offline channels.

#### UN SDGs



### DIVERSITY AND INCLUSION

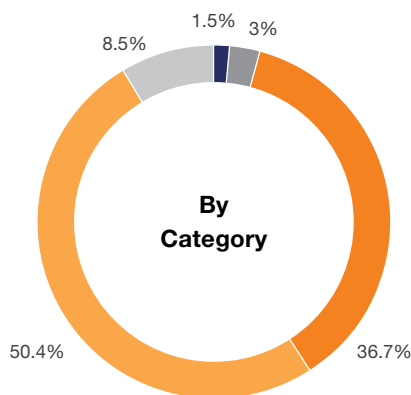
[GRI 405, 406]

#### Our Workforce Profile

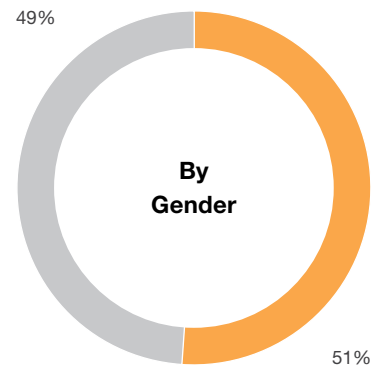
[GRI 401, 404, 405]

#### Total Number of Employees in 2022

# 1,355

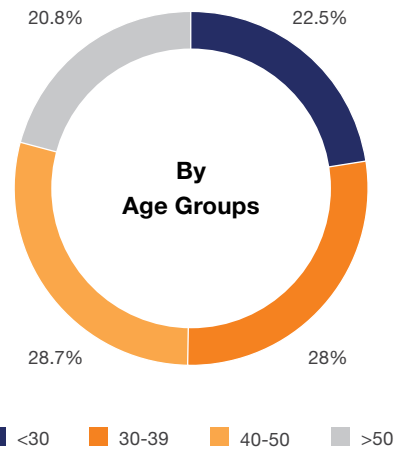
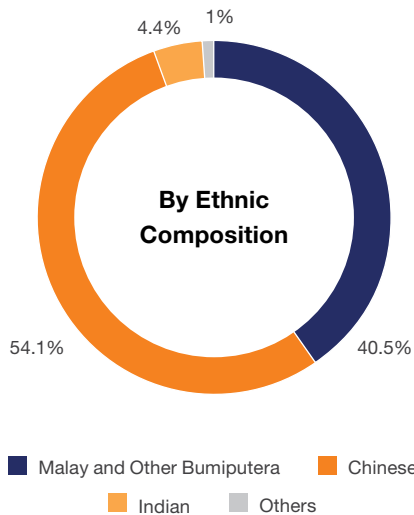


■ Key Management ■ Senior Management ■ Middle Management  
■ Junior Management ■ Non-Executive



■ Male ■ Female

## OUR SUSTAINABILITY STATEMENT



### OUR APPROACH

#### Our Policy on Ethical Human Resource Practices

At Kenanga, we ensure our human resource operations are in compliance with the applicable employment and labour laws and regulations of Malaysia, including setting minimum wages and adhering to local laws on working hours. Our commitment to these standards is reflected in our Group's Code of Ethics and Conduct for Employees.

In accordance with the principles outlined in the UNGC, we recognise our obligation to respect human and labour rights. We are committed to treating all employees with respect and providing equal opportunities for professional success, regardless of their race, religion, gender, age, nationality and physical challenges. At Kenanga, we have zero tolerance for any violation of human rights, including forced and compulsory labour, child labour, and discrimination at our workplace. Our hiring procedures abide by the local laws in establishing the minimum age for employment.

We are in the process of developing a Group Human Rights Policy that will cover our current practices in protecting human rights and strengthening our commitment to upholding these principles throughout our business operations. Some of the key policies relating to ensuring unbiased human resources practices include:



## OUR SUSTAINABILITY STATEMENT

### Communication on Human Rights for Employees

New employees are required to complete a ten (10)-minute self-directed learning module on employee rights through our Learning Management System (“LMS”), an internal learning platform. In 2022, we recorded a total of 189 enrolments on this topic.

### Promoting a Gender-Balanced Workplace Culture

We remain committed to monitoring our gender diversity numbers and ensuring that our recruitment process continues to take a gender-balanced approach. We believe in providing equal economic opportunity for all of our employees, regardless of gender, especially within the similar roles in our organisation. Our approach to pay and compensation is based on employees experiences, skills and competencies required as well as industry benchmark in determining basic salary.

#### Female Representation at Kenanga

Our Workforce	Key and Senior Management	Middle Management	Junior Management	Non-Executives
<b>51%</b>	<b>37%</b>	<b>53%</b>	<b>53%</b>	<b>34%</b>

Ratio of Basic Salary	Men:Women
Key Management	1:0.84
Senior Management	1:1.02
Middle Management	1:0.82
Junior Management	1:1.03
Non-Executive	1:0.91

### Employee Engagement on Diversity and Inclusion

Kenanga continuously strives to encourage two (2)-way open communication with our employees through dialogues and discussions. Our employee engagement programmes seek to promote the sharing of knowledge amongst our employees, celebrate diversity, and foster a sense of belonging. As part of our engagement activities throughout the year, we celebrated Founder’s Day, as well as festive celebration and International Women’s Day.

For more information on how we embrace diversity and inclusion within our workforce, please refer to page 68 of our Sustainability Report 2022.

## OUR SUSTAINABILITY STATEMENT



### EMPLOYEE HEALTH, SAFETY AND WELLBEING

[GRI 403]

#### OUR APPROACH

Kenanga is committed to exercising precaution to ensure we provide a safe and healthy work environment. Kenanga is in full compliance with the Occupational Health and Safety Act (“**OSH Act**”) 1994, as we make our best efforts to protect our workforce.

#### Our Safety Rules and Procedure

We have our Safety Rules and Regulations in place in the event of any emergencies to minimise injury to personnel and damage to property. We conducted numerous OHS-related trainings and programmes for our staff in 2022, including a 21-hour training course on the latest amendments to Malaysia’s OSH Act 1994. In 2022, we trained 34 employees on first-aid to standby during any emergencies. We recorded zero workplace injuries reported in 2022.

#### Addressing COVID-19

The Ministry of Health (“**MOH**”) has led the country’s COVID-19 pandemic transition to endemic in multiple phases by revising the standard operating procedures (“**SOPs**”) throughout 2022. In line with the MOH’s revisions, we have kept our internal COVID-19 measures regularly reviewed, updated and communicated group-wide.

#### Promoting Emotional Wellness

In 2022, we established a partnership with Naluri, an organisation that offers integrated digital care solutions that combine support for both physical and mental health. Naluri offers a variety of services that take a multidisciplinary approach to address all interconnected aspects of wellbeing, such as physical wellness, workplace performance, financial wellness and mental wellness. We have engaged 688 employees through the awareness sessions in 2022.



For more information on how we manage employee health, safety and wellbeing, please refer to page **73** of our Sustainability Report 2022.

## OUR SUSTAINABILITY STATEMENT



### TALENT ATTRACTION, DEVELOPMENT & MANAGEMENT

[GRI 401,404]

#### Talent Attraction

##### Fair Recruitment

At Kenanga, we are dedicated to upholding impartial and unbiased recruitment processes. To accomplish this, we follow our Group's Recruitment and Staffing Management Procedure as a framework. Furthermore, we employ a Malaysian-first approach in our hiring strategy to provide prospects for local talent to join our team.

New Employee Hires	2021	2022
Total Number of New Hires	282	209
New Hires Rate (%)	20.2	15.4

Employee Turnover	2021	2022
Total Number of Turnover	168	249
Turnover Rate (%)	12.5	18.1

##### Employee Benefits

Our employee benefits are in compliance with local labour standards, as well as based on industry practice. Our spectrum of benefits range from insurance coverage, leave allocation, and fitness memberships, to Employees' Share Option Scheme. In line with recent updates on our local Employment Act in 2022, we have further updated our paternity and maternity leaves, as well as hospitalisation and sick leaves.

##### Supporting Employees in Need

During the year, we distributed zakat contributions received from Zakat Perniagaan and Zakat Wakalah amounting to over RM290,000 to nearly 400 employees for the purpose of assisting low-income employees, supporting education expenses for those with children and flood relief.

#### Talent Development

##### Nurturing a Skilled Workforce

Our Learning and Development Policy further supports our values for continuous learning and development for employees at all levels of the organisation. We continue to introduce opportunities to learn through training programmes in areas such as digital competency, leadership skills, and sustainability-related issues. In 2022, we invested approximately RM2.7 million with over 22,000 enrolment on talent and development programmes by employees and logged in more than 39,000 training hours.

##### Average Training Hours per Employee by Gender in 2022



## OUR SUSTAINABILITY STATEMENT

### Role-based Development

We continue to support our employees' career development by collaborating with external training and certification providers such as the Asian Institute of Chartered Bankers, Iverson, and the Asian Banking School, which is the largest specialised provider of training programmes for the banking sector in the ASEAN region.

We also continue to provide our employees with the ESG and sustainability-related skills and expertise they need to be able to advance our sustainability agenda. A total of 2,449 employees took part with 3,615.5 training hours logged in 2022, covering the topics of climate-related risks, ESG, and sustainability. In collaboration with UNGC, we implemented two (2) sustainability courses via Kenanga's Learning Management System, including 'How to Understand and Take Action on the Global Goals', and, 'Translating Human Rights into Business Practice' which received a 95% completion rate from Kenanga employees on average.

In 2022, we supported nearly 160 employees in obtaining professional certifications from various certification programmes including certification in 'ESG & Impact Investing', 'Sustainability Reporting Practitioner', 'Integrity Officer', 'Fraud Examiner', and specialised qualifications for Banking Experts amongst others.

Additionally, our remisers attended 39 sessions of in-house CPE courses which covered topics such as 'The Future of Money-Blockchain', 'Cryptocurrencies & IEOs', 'Digital Leadership for Sustainable Business in Industry 4.0', '12<sup>th</sup> Malaysia Plan - Challenges and Opportunities', 'Fundamentals of ESG Investing', 'The Evolution of The Internet: The Metaverse & Decentralised Finance', in order to keep them abreast with new development and rapidly changing consumer market needs.

### Leadership Development

The Kenanga Talent and Succession Management Framework outlines our strategy of maintaining a strong talent pipeline to fill key positions within the Group. Additionally, we have implemented a new approach to measure talent potential based on ability, commitment, and engagement. To assess these components, we have developed new guidelines that provide a more standardised and objective approach to employees evaluations.

### E-learning at Kenanga

The LMS offers orientation programmes for new hires, along with annual regulatory seminars, AMLA and ethics training, as well as programmes in leadership and personal development. In 2022, we conducted 17 online courses, which were attended by 14,845 enrollments and logged 16,158 hours of e-learning.

### Talent Management

#### Performance Management at Kenanga

We have ongoing Performance Management Cycles starting from the first (1<sup>st</sup>) quarter of the year, which is followed by progressive reviews and performance appraisals for employees at all levels in the fourth (4<sup>th</sup>) quarter of the year. Employees are guided by the Performance Management Matrix and Development Guidelines as approved by the Board. The results of these performance appraisals are the basis for reward distribution, talent management, as well as learning and development. In the event of underperformance, a performance improvement plan will be implemented.

### Future Outlook

We commenced development of Individual Development Plan ("IDP") in 2022 with the aim for all employees to have their IDP completed by 2023. The IDP is to support personalised learning path for our employees through blended learning activities which includes relationship-based and experiential learning.

For more information on how we continue to empower our workforce and our future plans, please refer to page 75 of our Sustainability Report 2022.

## OUR SUSTAINABILITY STATEMENT



### COMMUNITY INVESTMENT

[GRI 413]

#### OUR APPROACH TO COMMUNITY INVESTMENT

Kenanga has a long history of philanthropic contributions, outreach initiatives, and fundraising campaigns. We continue to strengthen outreach initiatives through employee volunteerism, and support social enterprises through targeted community investment that is consistent with our intent to empower and uplift local communities. In 2022, we contributed over RM180,000 in community investments with direct positive impact over 4,000 lives.


In 2022, Kenanga updated its Group Sponsorship Policy to Group Donation Policy to create a standardised approach to evaluating and channelling donation requests and community investments.

As we introduced a volunteering mechanism in 2022, we logged a total of 2,382 hours of volunteering service through outreach programme to local communities.

#### The HumanKIND Project: Meals That Give Campaign


Kenanga rolled out the 'Meals That Give' campaign in 2022 to continue rallying public support for its long-standing social enterprise partner Café Includes, a café operated by a team of persons with disabilities, via online fundraising platform, Sedunia. From the kitchen of Café Includes, the meals prepared were distributed by our volunteers to the beneficiaries in need, including the Persatuan Kebajikan An-Najjah Malaysia, Rumah Ozanam PJ, and Pertiwi Soup Kitchen. Furthermore, in order to encourage more pledges, Kenanga sponsored an additional meal with every meal pledged, matching them 1-for-1.

As a result, 'Meals That Give' raised over RM50,000 at the end of the year. To date, we have distributed the equivalent of 2,700 meals through the campaign, with Kenanga matching a meal-for-meal.

 For more information on how further engage our communities and social enterprises as well as our volunteering activities, please refer to page **84** of our Sustainability Report 2022.

#### Advancing Financial Literacy

Our team of experts at Kenanga continued to share their knowledge and insights through various industry financial literacy initiatives. In 2022, we conducted 98 sessions which included webinars, virtual roadshows and exhibitions with over 20,000 participations.

 For more information on how further we participate in industry-related event and our financial literacy initiatives, please refer to page **87** of our Sustainability Report 2022.