

PROGRESSING TOWARDS A SUSTAINABLE FUTURE

As a financial institution, we recognise the impact we can create in contributing towards building a sustainable future. Our commitment lies in embracing sustainability in what we do and in doing so, we create shared value for our stakeholders. Sustainability, as a driver of risks and opportunities, is continuously being incorporated into our business practices and decision-making processes.

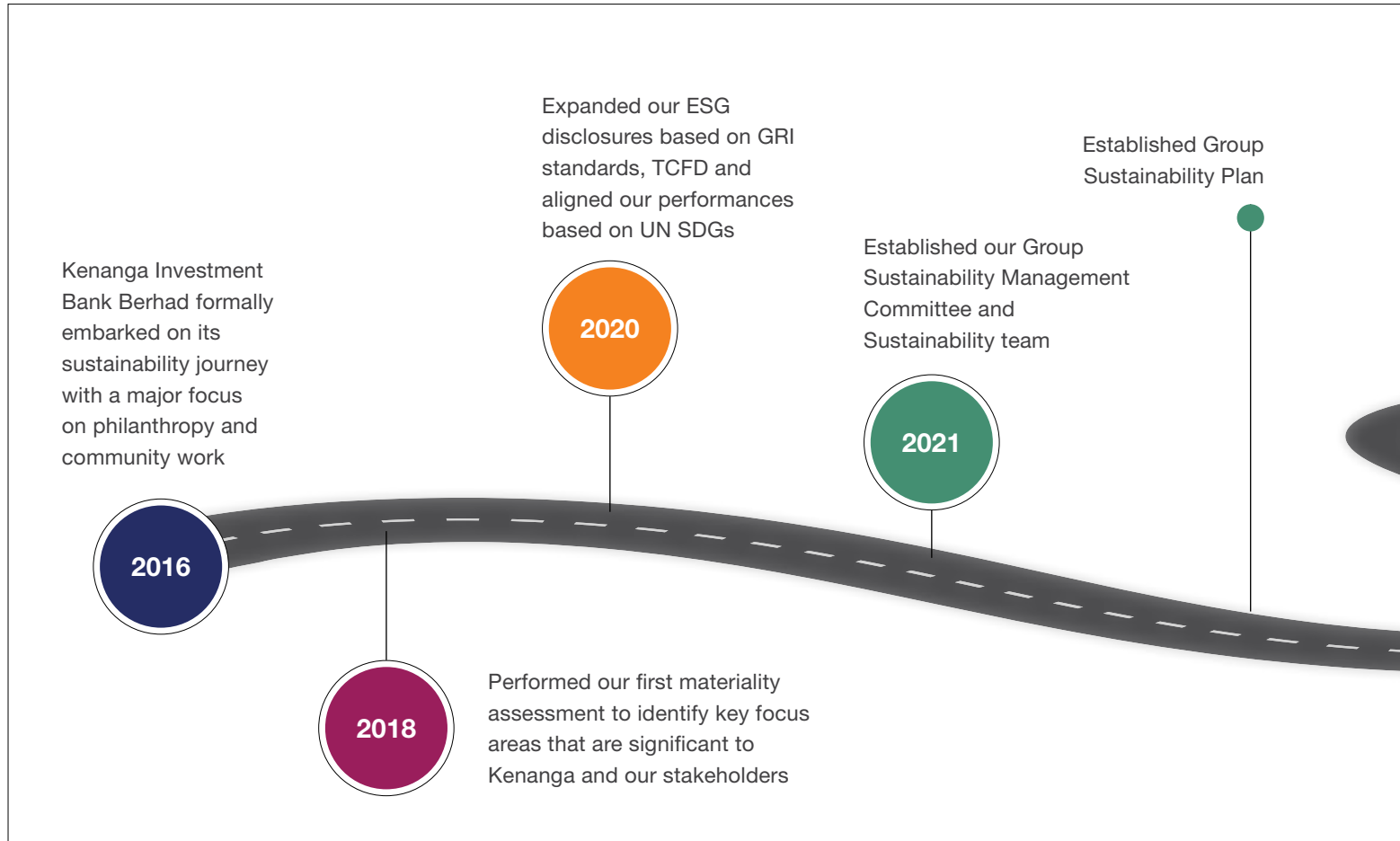


“With sustainability issues rapidly evolving, navigating our progress on a clear Sustainability Roadmap will enable us to accelerate cohesive integration of ESG within the various aspects of our operations. Having put in place the necessary framework and strategies, our priority now lies in execution and delivery to achieve our goals and ambition that is predicated on creating meaningful long-term value for our stakeholders.”

CHUAH SZE PHING

Group Chief Sustainability Officer and Head of Group Marketing and Communications, Kenanga Investment Bank Berhad

Our Key Milestones



PROGRESSING TOWARDS A SUSTAINABLE FUTURE

Enhancing Our Sustainability Disclosure and Communications



Established Sustainability Goals, Targets & 3-year Sustainability Roadmap

Released our first standalone Sustainability Report and a microsite

Enhanced our sustainability communications – media, website

Initiated data requirement analysis for improved disclosures

Developed ESG data collection dashboard

Conducted a comprehensive group-wide materiality assessment

Group-wide capacity building

External Recognition



Bank of the Year Award for ESG Excellence by CSR Malaysia

Long-Standing Excellence in Sustainability from CSR Malaysia

Malaysia Best Impact Investing Manager, Best Application of ESG by Asia Asset Management

Three (3) awards from UNGCMYB for Sustainable Product Recognition, Sustainability Awareness and Employee Engagement, and Partnership for Goals



FTSE4Good

- Gained entry to FTSE4Good Bursa Malaysia Index
- Top 25% by ESG Ratings amongst public-listed companies in FTSE Bursa Malaysia EMAS Index that was assessed by FTSE Russell

2022

Developed a Climate Change Risk Management Framework

Formulated ESG Integration Framework and Sustainability Blueprint

First independent investment bank in Malaysia to be part of the UNGC Network

Introduced Kenanga ESG Framework

Launched our first Kenanga Sustainability Series





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OUR CONTRIBUTION TO UN SDGs AND UNGC'S TEN PRINCIPLES



Below are the 11 SDGs Kenanga contributes towards. Additionally, as a signatory member of the United Nations Global Compact (“**UNGC**”) Network, we have also aligned our sustainability efforts with the UNGC’s Ten Principles.

UN SDGs	SDGs Targets We Contribute Towards	Relevant UNGC Principles	Our Contribution to UN SDGs and UNGC Ten Principles	Our Progress in FY2022
	1.4 Equal rights to economic resources as well as access to basic and financial services	Principle 1: Business should support and respect the protection of internationally proclaimed human rights	<ul style="list-style-type: none"> Extending support to our local communities through philanthropic contributions and social investments <p>Please refer to page 84</p>	<ul style="list-style-type: none"> Contributed over RM180,000 to community investments and impacting over 4,000 lives Continuous support of social enterprise partners, Dialogues Includes All and Silent Teddies for 11 consecutive years
	4.4 Increase the number of people with relevant skills for employment, decent jobs and entrepreneurship	Principle 1: Business should support and respect the protection of internationally proclaimed human rights	<ul style="list-style-type: none"> Promoting financial literacy across the industry through our community programmes and industry financial literacy initiatives <p>Please refer to page 87</p>	<ul style="list-style-type: none"> Conducted over 90 sessions including webinars, exhibitions, seminars, and live series with over 20,000 participants
	5.5 Women’s full and effective participation and equal opportunities for leadership	Principle 6: The elimination of discrimination in respect of employment and occupation	<ul style="list-style-type: none"> Supporting the empowerment and representation of women in our workforce <p>Please refer to page 68</p>	<ul style="list-style-type: none"> 51% of our total workforce are women 36% of our key and senior management are women Overall average gender pay ratio of men to women is 1:0.92
	7.2 Increase global percentage of renewable energy 7.3 Double the global rate of improvement in energy efficiency	Principle 9: Encourage the development and diffusion of environmentally friendly technologies	<ul style="list-style-type: none"> Investing in green energy companies and converting to energy-efficient equipments in efforts to reduce our energy consumption in our building and business operations <p>Please refer to page 47 and page 60</p>	<ul style="list-style-type: none"> Working with reNIKOLA, Malaysia’s leading solar producer, through the Corporate Green Power Program to secure renewable energy Replaced all conventional lighting at Kenanga Tower with LED lights
	8.3 Encourage the growth of micro-, small- and medium-sized enterprises 8.5 Full and productive employment and decent work for all 8.10 Expand access to banking, insurance and financial services for all	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	<ul style="list-style-type: none"> Supporting social enterprises through our community investment efforts Ensuring a safe, conducive and thriving workplace for all our employees Expanding client base, particularly the unserved/underserved retail segment via online platforms for investing and trading <p>Please refer to page 87</p>	<ul style="list-style-type: none"> Raised over 2,700 meals pledge for Meals That Gives Campaign, as part of the HumanKIND Project. Amount pledged by donors were matched by Kenanga. Over RM50,000 were contributed to the cause Collaborated with Naluri and conducted mental health talks for employees Reported zero workplace injuries Updated our employees maternity and paternity leave in line with the Employment Act 2022 Launched three (3) products under Kenanga Sustainability Series Rolled out Kenanga Digital Investing platform to provide easy access to saving and investing

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UN SDGs	SDGs Targets We Contribute Towards	Relevant UNGC Principles	Our Contribution to UN SDGs and UNGC Ten Principles	Our Progress in FY2022
	10.2 Social, economic and political inclusion of all	Principle 6: The elimination of discrimination in respect of employment and occupation	<ul style="list-style-type: none"> Uplifting our communities through philanthropic contributions and employee volunteerism, while promoting diversity and non-discriminatory practices across our employment practices and product <p>Please refer to page 68 and page 86</p>	<ul style="list-style-type: none"> Spread awareness on gender equality at work through collaborations with organisations such as Tulip Movements on women’s leadership Supported Bursa Securities’ #EqualityforEquity campaign to encourage and attract more women investors Build awareness on sexual harassment policy to all employees and trained managers on managing sexual harassment topic Introduced a volunteering mechanism and recorded over 2,300 volunteering hours, with a total of 295 volunteers participated
	11.6 Reduce the environmental impact of cities	Principle 8: Undertake initiatives to promote greater environmental responsibility	<ul style="list-style-type: none"> Improving our waste management initiatives through monitoring on waste generated and collected <p>Please refer to page 64</p>	<ul style="list-style-type: none"> Included waste monitoring metric into dashboard to record our generated, collected and managed waste by type
	12.5 Significantly reduce waste generation 12.6 Encourage companies to adopt sustainable practices and sustainable reporting	Principle 8: Undertake initiatives to promote greater environmental responsibility	<ul style="list-style-type: none"> Embracing digitalisation throughout our operations and moving towards minimising paper usage Nurturing a zero-waste culture amongst our employees by organising workshops and purchasing of eco-friendly products <p>Please refer to page 49 Please refer to page 66</p>	<ul style="list-style-type: none"> Digitalised 61 workflows under the iLeap project in efforts to reduce paper usage and improve workflow efficiency Encouraged employees to start recycling habit by introducing Trashcycle Malaysia Partnered with Zero Waste Malaysia to roll out a workshop for employees on ways to start living a zero-waste lifestyle Recycled 19,974 kg inclusive of waste and e-waste
	13.2 Integrate climate change measures into policies and planning 13.3 Improve human and institutional capacity on climate change	Principle 7: Businesses should support a precautionary approach to environmental challenges	<ul style="list-style-type: none"> Embarking on a climate action pathway to address our climate-related risks and opportunities, while reducing our direct operational carbon footprint <p>Please refer to page 26</p>	<ul style="list-style-type: none"> Retrofitted Heating, Ventilation and Air-Conditioning (“HVAC”) system at Kenanga Tower with a new A.I. smart chiller system to conserve energy Integrated climate risk assessment in our lending and investment portfolios 2,388 enrolments by employees on ESG-related training topics, including climate change

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UN SDGs	SDGs Targets We Contribute Towards	Relevant UNGC Principles	Our Contribution to UN SDGs and UNGC Ten Principles	Our Progress in FY2022
	16.4 Combat organised crime, illicit financial and arms flow	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery	<ul style="list-style-type: none"> Strengthening our framework and compliance culture to prevent financial crimes Please refer to page 37	<ul style="list-style-type: none"> Held the annual flagship program, 6th Fraud Awareness Week (“FAW”) campaign, which saw the participation of over 2,000 from external and internal network Hosted the 7th Annual Regulatory Seminar Assessment with over 1,000 enrolments and 10,000 total training hours logged Updated relevant policies to minimise risk of financial crimes (such as Group Donation Policy)
	16.5 Reducing all forms of corruption and bribery			
	16.7 Responsive, inclusive, participatory and representative decision-making at all levels			
	17.16 Enhance partnership to mobilise technology and financial resources	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 Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery	<ul style="list-style-type: none"> Building partnerships with community-based organisations to create positive social impacts Please refer to page 84	<ul style="list-style-type: none"> Initiated partnerships with entities such as: <ul style="list-style-type: none"> Ant Group on developing first Wealth SuperApp Silent Teddies and Dialogue Includes All on community outreach programmes UNGC on advancing SDGs Association of Certified Fraud Examiners to organise 6th FAW Trashcycle Malaysia on door-to-door service to collect recycle wastes from employees Zero Waste Malaysia to host an interactive session on how to lead a zero-waste lifestyle
	17.17 Encourage and promote effective public, public-private and civil society partnership			

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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 us in our efforts to address 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.

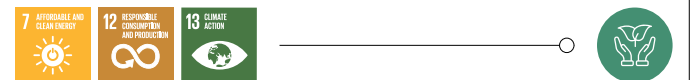


Environmental Stewardship

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, health, safety 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.



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AN INSIGHT INTO OUR STAKEHOLDER'S PERSPECTIVES

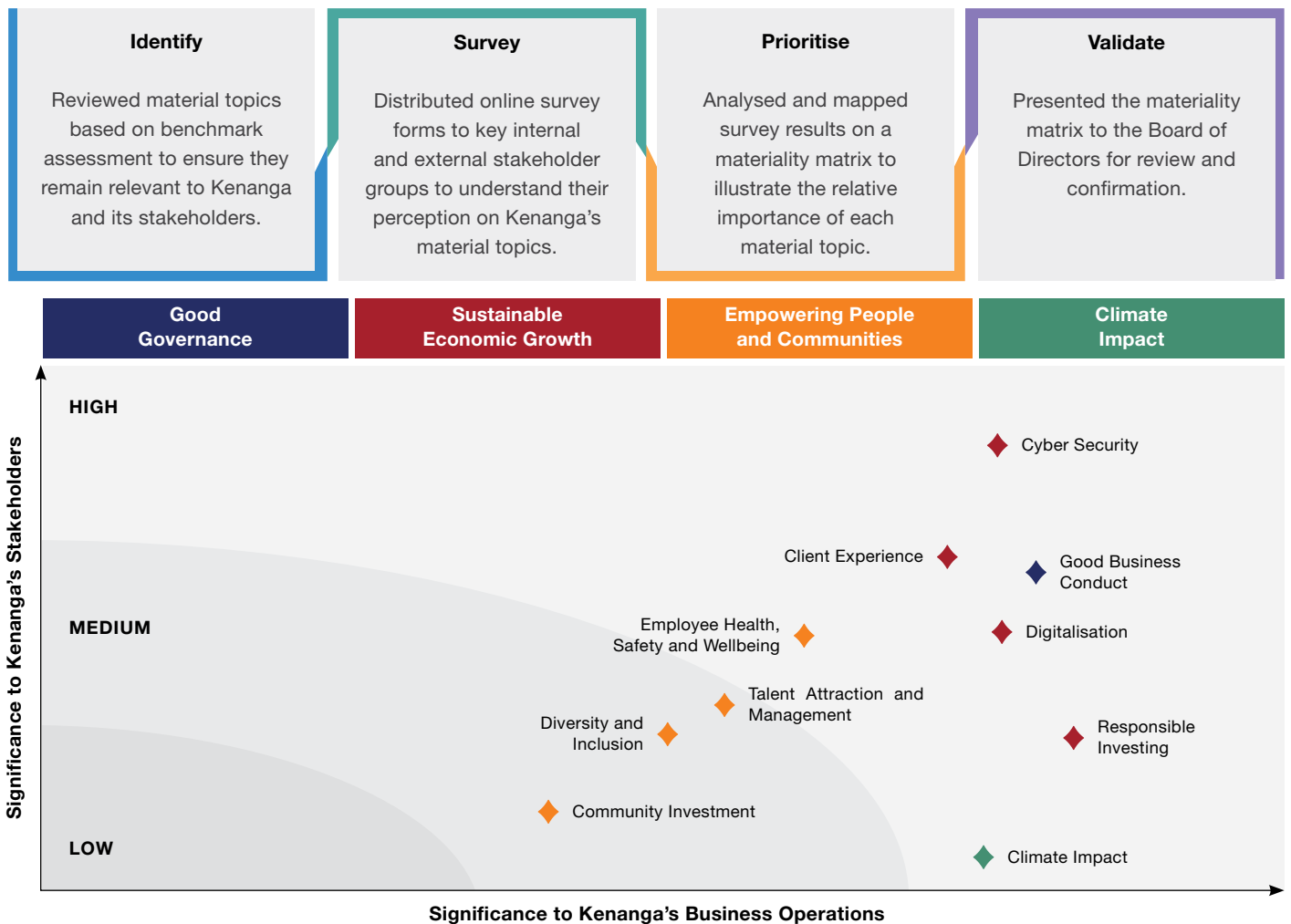
Stakeholder engagement, assessment and feedback are integral to our organisation. We continuously work to improve our engagement approaches through various communication channels to ensure we meaningfully connect with our stakeholders to gather input relevant to current trends and changing expectations.

Our Stakeholder Groups	Our Commitment	How We Engage	Areas of Interest
<p>Those to Whom We Are Accountable</p> 	<ul style="list-style-type: none"> Ensure our investors and shareholders are kept abreast on how we embed ESG in our business strategy and operations Incorporate feedback to create long-term, sustainable value for our stakeholders Leverage innovation and technology to enhance the client experience 	<p>Shareholders</p> <ul style="list-style-type: none"> Provide updates and gather feedback through meetings, reports and disclosure <p>Clients</p> <ul style="list-style-type: none"> Provide products, tools, education and insights through our trading platforms, mass media channels, events, emails, websites and social media channels Respond to queries, as well as gather input and feedback via social media channels, helplines and email 	<ul style="list-style-type: none"> Cyber security and data protection Portfolio performance Financial inclusion Financial literacy Digitalisation Responsible investing New products and services Market outlook Enhanced client experience
<p>Those Who We Collaborate With</p> 	<ul style="list-style-type: none"> Create a safe, inclusive and high-performing work environment Embed our values of ethics, integrity and compliance throughout the organisation, to lead a responsible business operation 	<p>Regulators</p> <ul style="list-style-type: none"> Participate in industry discourse and enforce adherence to regulations and policies <p>Employees</p> <ul style="list-style-type: none"> Engage through internal policies, meetings, emails, dialogues, training programmes, special events and performance appraisals <p>Remisiers and Agents</p> <ul style="list-style-type: none"> Engage through policies and procedures, training programmes and special events <p>Vendors</p> <ul style="list-style-type: none"> Collaborate through meetings, policies and procedures 	<ul style="list-style-type: none"> Compliance culture Cyber security and operational resilience Training and development
<p>Those Whose Lives We Enrich</p> 	<ul style="list-style-type: none"> Create positive impact for communities in need through targeted social investments and employee volunteerism Enhance the financial literacy of our communities to empower them to make decisions on their investments and financial resources 	<p>Community Partners</p> <ul style="list-style-type: none"> Contribute to various social causes, in particular towards enterprises Activate employee volunteerism and philanthropy <p>Public</p> <ul style="list-style-type: none"> Disseminate investing knowledge via roadshows, social media channels and webinars 	<ul style="list-style-type: none"> Community empowerment Financial literacy

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WHAT IS MATERIAL TO US

In 2022, we conducted materiality assessment, driven by four (4)-step process, 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 in 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 received 1,326 responses from 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.

This year a new material topic was added, ‘Employee Health, Safety and Wellbeing’, in line with the Bursa Securities’ enhanced guideline on sustainability reporting. Based on the updated results of the survey in FY2022, the materiality matrix largely remained consistent from the previous assessment. The results indicated that there was an overall higher perceived importance across all the identified 10 material topics.

Through this exercise, we have identified the relative importance of specific ESG concerns and issues to Kenanga, and will serve to guide the formulation and prioritisation of our initiatives in the coming year.

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Further, we have mapped all 10 material topics to our ESG Framework’s four (4) pillars as follows:

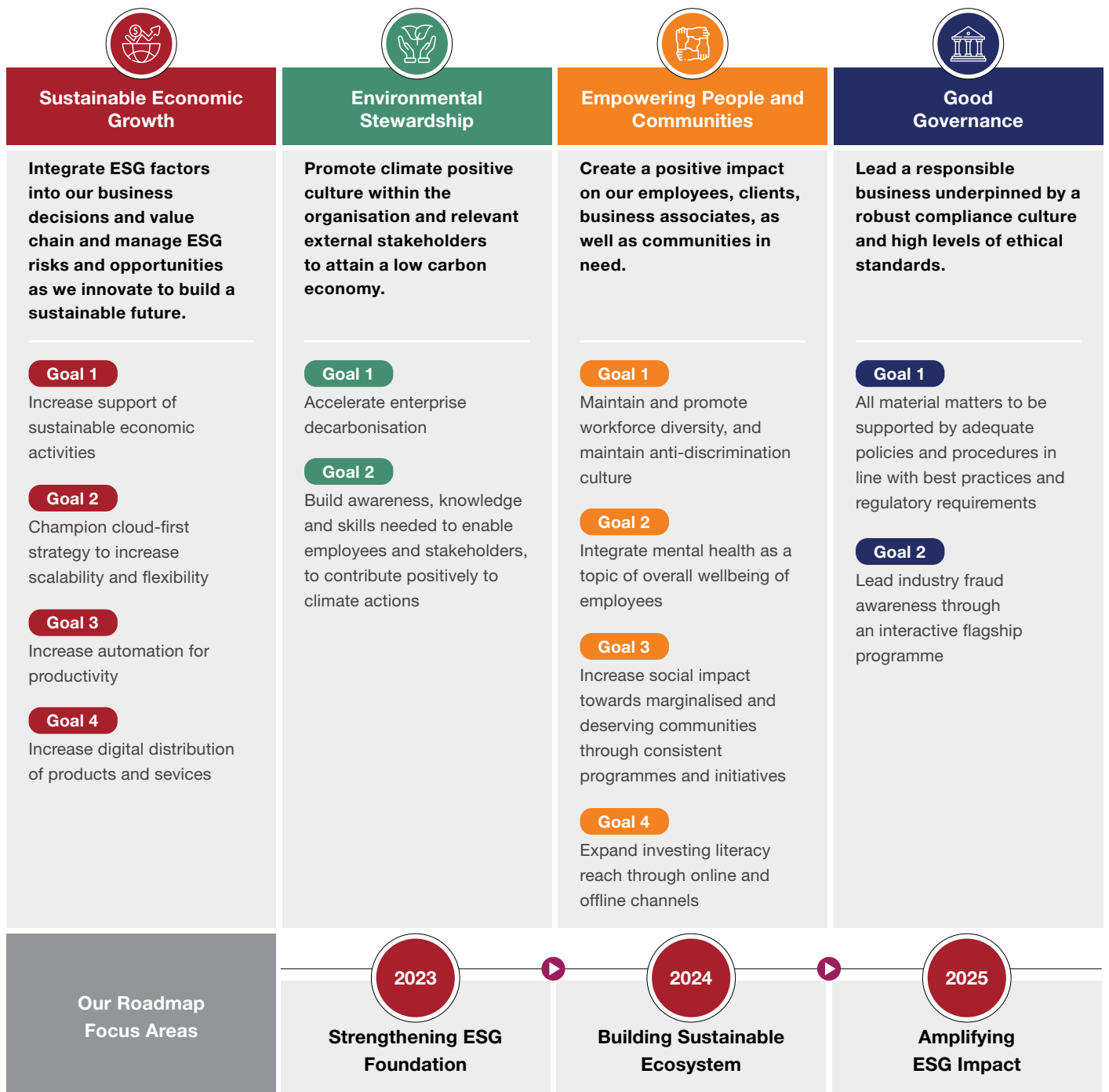
Material Topic	GRI Indicators	Description
GOOD GOVERNANCE		
Good Business Conduct	205: Anti-corruption 2016	Operating transparently, with integrity and accountability in compliance with applicable laws and regulations. Adopting the highest standards of professionalism, honesty, and ethics.
Regulatory Compliance	205: Anti-corruption 2016	Identifying, managing and responding to compliance risk across the Group. Cultivating a transparent ethical culture and educating employees to reflect the compliance behaviours of the organisation.
SUSTAINABLE ECONOMIC GROWTH		
Responsible Investing	3-3: Management of material topics	Collaborating with asset owners, regulators and a wide range of market participants on ESG matters and ensuring that it takes place at the heart of the investment process and promote the sustainability agenda.
Digitalisation	3-3: Management of material topics	Leveraging technological advancements to develop innovative products and services; enhance and reinforce advisory operations and offer seamless service solutions that meet clients’ needs.
Cyber Security	418: Customer Privacy 2016	Implementing robust cyber security solutions through strategic partnerships to protect corporate and client information and enhance cyber security posture. Equipping employees with the knowledge and skills to recognise and prevent malicious activity from cyber threat actors.
Client Experience	417: Marketing and Labelling 2016	Delivering positive client experience through customer service excellence and delivering innovative products and services.
ENVIRONMENTAL STEWARDSHIP		
Climate Impact	302: Energy 2016 303: Water and Effluents 2018 305: Emissions 2016 306: Waste 2020	Taking ownership of the climate impacts of our operations through monitoring environmental performance, identifying and practising behaviours promoting climate positive outcomes, and raising awareness of climate change and sustainability with internal stakeholders.
EMPOWERING PEOPLE AND COMMUNITIES		
Diversity and Inclusion	405: Diversity and Equal Opportunity 406: Non-Discrimination 2016	Inculcating a diverse and inclusive workplace culture by adopting equality and non-discriminative practices in human resource processes.
Employee Health, Safety and Wellbeing	403: Occupational Health and Safety 2016	Safeguarding employees’ health, safety and wellbeing by promoting a safe and decent working environment while creating an accident-free work environment.
Talent Attraction and Management	401: Employment 2016 404: Training and Education 2016	Designing the Group’s training and development initiatives to respond to business needs, regulatory requirements, industry standards and people development principles.
Community Investment	GRI 413: Local Communities 2016	Enhancing financial literacy and inclusion for clients and the community through education. Reaching out to communities in need through targeted social investments and employee volunteerism.

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OUR SUSTAINABILITY GOALS AND ROADMAP

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

To support the rollout of the Roadmap, ESG Key Performance Indicators (“**KPIs**”) were cascaded via the 2023 Scorecards of Head of Departments throughout the organisation, further strengthening the integration ESG considerations throughout Kenanga’s business operations.



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Our 3-Year Sustainability Roadmap 2023-2025

Objective: This Roadmap complements our Board-approved sustainability goals and targets, and supports the implementation of regulators' and rating agencies' requirements on sustainability disclosures which will be translated to relevant KPIs.

2023

Strengthening ESG Foundation

- Develop KPIs and targets for the identified 'Key Focus Areas' in Kenanga's Sustainability Framework
- Assess and ensure group-wide readiness to embark on climate-related financial disclosures according to key regulators' requirement in line with BNM CCPT and Climate Risk Management and Scenario Analysis by Bank Negara Malaysia, as well as Bursa Securities' Sustainability Reporting Guide 3rd Edition
- Upskill relevant sustainability-relevant roles within the organisation and ensure alignment in line with Bursa Securities' Corporate Sustainability Practitioner Competency Framework
- Obtain assurance of our sustainability reporting process for data and reporting credibility

Building Sustainable Ecosystem

- Enhance sustainability governance structure with sub-committees/working group with clear roles and responsibilities
- Promote sustainability culture and increase ESG literacy amongst Kenanga's stakeholders through targeted sustainability literacy programmes
- Identify and integrate ESG risk in group-wide risk management including climate risk throughout the Group's business operations as per updated materiality matrix

2024

2025

Amplifying ESG Impact

- Expand sustainable products and services while focusing on thematic and impact investing in sectors related to Water & Waste, Food Security, and Energy Transition, and others as relevant
- Fully integrate and increase our ESG due diligence practices across our business operations including sustainable value chain practices such as procurement and investment
- Adopt suitable sustainability ratings and standards for continuous improvement on sustainability performance