

# SUSTAINABLE ECONOMIC GROWTH

## Sustainable Economic Growth



Our approach in 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.

### 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



## SUSTAINABLE ECONOMIC GROWTH

### RESPONSIBLE INVESTING

[GRI 3-3]

#### WHY IT MATTERS

By investing in companies that are committed to sustainable practices, we can help create positive impact on the environment and society, while building long-term value and attracting investors who considers overall business sustainability in their investment decision-making process.

#### OUR APPROACH

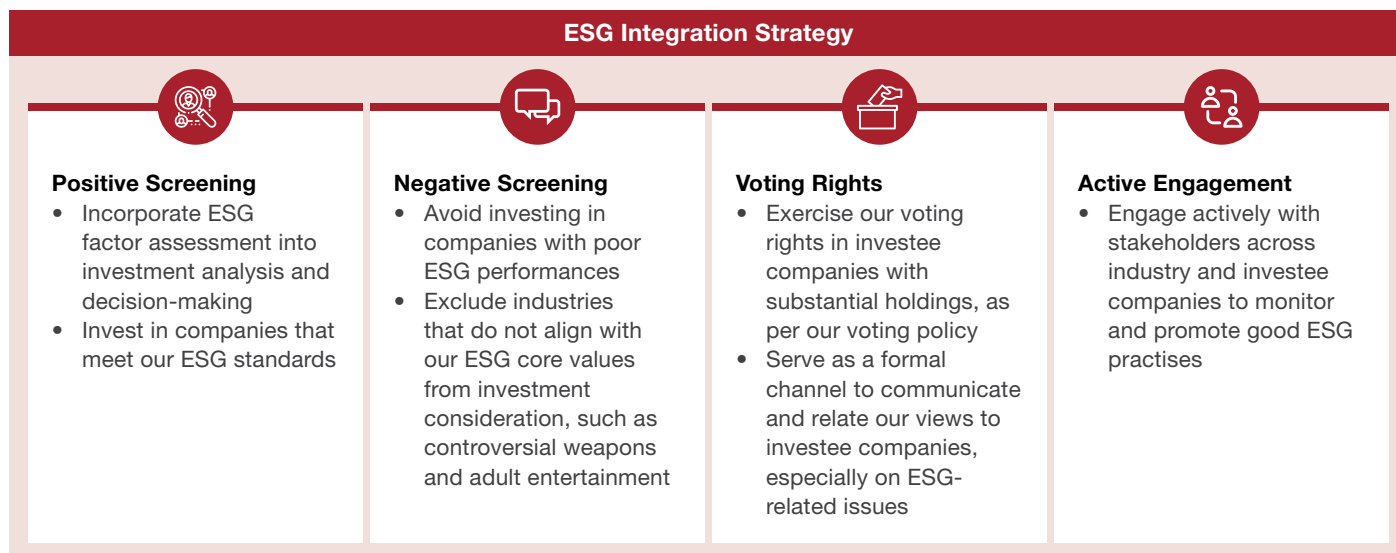
##### Our Investment Strategy

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, Kenanga Investors 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 (“**Code**”) since 2017, and we have established procedures to support the Code’s principles throughout our investment value chain. Additionally, our membership in the Institutional Investors Council (“**IIC**”) 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.

Kenanga Investors and Kenanga Islamic Investors Berhad (“**KIIB**”) have been affirmed investment manager ratings (“**IMR**”) of IMR-2 by the Malaysian Rating Corporation Berhad for the 6<sup>th</sup> consecutive year since first rated in 2017. This award is in recognition of KIG’s effort in promoting sustainability and transparency in their management processes and operations.

In 2022, KIG expanded its Sustainability Blueprint to include the fixed-income asset class by establishing an in-house ESG assessment to perform positive screening for bonds and *sukuk*-based on independent and accredited external data sources.

On the equity front, a more comprehensive sector/industry-focused assessment was established for sectors with high ESG risk. To effectively manage and monitor risks, various factors and indicators specific to respective industries such as palm oil, oil & gas, banking & finance, power, and mining were integrated into this process for a more holistic perspective. Following this, KIG has developed strategies tailored to include ESG screening procedures, participation in active stewardship via engagement with stakeholders, and the exercise of voting rights in investee companies.



## SUSTAINABLE ECONOMIC GROWTH

### ESG Integration Throughout Investment Life Cycle



“The Kenanga Sustainability Series: World Quality ESG Fund is one of the highlights of our 2022 roll-outs, and is something we have been working closely on with Northern Trust Asset Management for a substantial part of the year. We are excited to expand our range of solutions to investors so that we can assist them in diversifying their investment risks and returns, thus allowing them to navigate various market conditions, while investing responsibly.”

**DATUK WIRA ISMITZ MATTHEW DE ALWIS**

**Executive Director and Chief Executive Officer,  
Kenanga Investors Berhad**

### 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, Kenanga Investors launched three SRI-qualified ESG funds under its Kenanga Sustainability Series. These products received multiple accolades for its ESG focus, which includes ‘Sustainable Product Recognition’ by UNGCMYB, as well as ‘Best Application of ESG (ASEAN)’ and ‘Malaysia Best Impact Investing Manager’ by Asia Asset Management. In addition, these funds were disclosed in the research reports which we have published on our website under the ‘Market Insights’ webpage. These reports also provide a comprehensive look at the ESG criteria for investment.

Furthermore, in 2022, KIG was appointed by several public asset owners in Malaysia to manage their first-ever sustainability funds. We are proud to play our part in supporting the national sustainability journey through responsible investments.

#### Kenanga Sustainability Series: High Yield Bond Fund

<b>About the Fund</b>	The Fund is Malaysia’s first Sustainable and Responsible Investment (“SRI”)-qualified high yield bond fund, which seeks to provide income and capital growth by investing in the NT Global High Yield ESG Bond Index Fund managed by Northern Trust Asset Management.
<b>Launched Date</b>	30 March 2022
<b>Sustainable and Responsible Investment Strategy</b>	<p>The Fund will exclude securities that do not meet certain ESG criteria, such as weapons producers, tobacco producers, thermal coal producers and companies that are in breach of the UNGC’s Ten Principles.</p> <p>The Fund will employ an optimisation methodology proprietary to the Fund Investment Manager to overweight securities issued by companies that are leaders in implementing ESG principles, thereby maximising exposure to securities with higher ESG ratings while aligning key risks relative to the ICE BofAML Global High Yield Index, including duration, yield, option adjusted spread, and credit quality.</p>

## SUSTAINABLE ECONOMIC GROWTH

### Kenanga Sustainability Series: World Quality ESG Fund

<b>About the 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>Launched Date</b>	6 September 2022
<b>Sustainable and Responsible Investment Strategy</b>	The Fund Investment Manager will apply its proprietary scoring to the securities eligible for investment after excluding those securities that do not meet certain ESG criteria to assess their quality based on profitability, management efficiency and cash generation, thereby maximising exposure to securities which exhibit quality and have favourable ESG characteristics.

### Kenanga Sustainability Series: Emergency Waqf Musa'adah Fund

<b>About the Fund</b>	<p>As a qualified SRI fund product, the Kenanga Sustainability Series: Emergency Waqf Musa'adah Fund sets out to generate sustainable returns that will directly benefit climate change-related disaster victims in the country by helping them return to normalcy.</p> <p>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.</p>
<b>Launched Date</b>	6 October 2022
<b>Investment Strategy</b>	<p>The External Fund Manager adopts the following ESG methodology throughout its investment and decision-making process:</p> <ul style="list-style-type: none"> <li>• <b>ESG Integration:</b> ESG integration involves evaluation of ESG criteria on companies in which the Fund invests. The External Fund Manager incorporates relevant ESG factors as part of the securities analysis, stock selection and post-investment portfolio monitoring.</li> <li>• <b>Positive Screening:</b> Positive screening involves assessment and scoring of companies based on the relevant ESG factors to ensure that the Fund invests only in companies with good ESG quality and ESG scores.</li> <li>• <b>Negative Screening:</b> Negative screening aims to exclude investing in sectors or companies with principal activities that are deemed to be not aligned with international norms or the External Fund Manager's ESG core values.</li> </ul> <p>If the companies in which the Fund invests show persistent decline in their ESG factors and/or ESG scores, the External Fund Manager will seek to dispose of the Fund's investments in such companies within an appropriate timeframe.</p>



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



"When it comes to ESG investing, an investor should look for companies with responsible behaviour, sustainable policies, and good governance that are able to consistently generate positive impact on the environment and society."

**ONG SOON CHONG**  
**Head of ESG & ETF Investment,**  
**Kenanga Investors Berhad**



## SUSTAINABLE ECONOMIC GROWTH

### Pledge to Preserve (“P2P”) Campaign

The P2P Campaign was an initiative and collaboration with the Animals Projects & Environment Education Sdn Bhd (“**APE Malaysia**”). APE Malaysia is a social enterprise focusing on improving animal welfare through the development of volunteering projects and educational programs.

The ROAR initiative, a reforestation initiative championed by APE Malaysia, aims to recreate degraded habitats for endangered animals at its reforestation sites at Lower Kinabatangan River in Sabah.

The campaign ran from 30 March 2022 to 30 December 2022. For each fresh investment contributed to the KSS products in 2022, the investor would have one (1) tree sapling planted on their behalf by APE Malaysia. Kenanga Investors also matched the total number of trees planted from the campaign at the end of campaign period, as well as sponsored saplings on behalf of each Kenanga Investors staff.



Total Tree Saplings Planted

**785**



### Focus on Green Economy

We continue to explore avenues to support a green economy through the mobilisation of capital and financial flows. 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. KPE has also incorporated the Climate Change RAC as part of its investment assessment strategy.



As at 31 December 2022, approximately **28%** of KPE’s portfolio are focused on the renewable energy sector.

Corporate Banking at Kenanga has started to incorporate ESG factors into its lending and financing activities. In 2023, new corporate loans will be subjected to ESG screening as guided by the CCRM Framework.



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.

To learn more about our Climate Change RAC, please refer to page **27 to 31** of this Sustainability Report.

## SUSTAINABLE ECONOMIC GROWTH

### Our Internal Stock Scoring Methodology

In 2022, Kenanga’s Equity Broking Research Department developed an updated internal scoring system to rate public listed stocks, premised on Bursa Securities’ Sustainability Reporting Guide, the Sustainability Accounting Standards Board (“**SASB**”) 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.

 <p>Favourable scores are accorded toward companies that possess a high degree of disclosure, with particular reference to quantifiable information</p>	 <p>Short-term targets are preferred compared to long-term targets, as immediate solutions are favoured</p>	 <p>Year-on-year comparisons of improving ESG data would be given the highest score on a percentage basis</p>
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### OUR PROGRESS IN 2022


- The main ESG themes considered in our internal scoring methodology include:

Earnings Sustainability and Quality	Emissions Management	Workers’ Safety and Wellbeing
Community Investment	Corporate Governance	Anti-Corruption Policy

- A number of ESG-themed reports were published on key sectors such as banking, palm oil, and technology, delving into specific ESG aspects and company activities
- An ESG-centric bulletin was launched to deliver news updates and commentary on selected topics

### FUTURE PROSPECT

Engagements with industry leaders and experts to provide greater insight into ESG assessment, reporting and investing.

 For more information on our ESG Thematic ESG reports, please visit: <https://www.kenanga.com.my/market-insights/#filter=.esg-thematic-reports>.

### 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 risk and opportunities, we will deepen engagements with our investee companies to better understand their ESG aspirations and plans.

## SUSTAINABLE ECONOMIC GROWTH



### DIGITALISATION

[GRI 3-3]

#### WHY IT MATTERS

We recognise that strengthening our digital competitiveness is vital to our continued sustainability and growth, especially given the lasting impact of the pandemic as well as the rapidly evolving financial landscape. Our overarching ambition is to build a digital ecosystem that offers a spectrum of products and services that addresses client needs and expectations, while enhancing our operational efficiency.

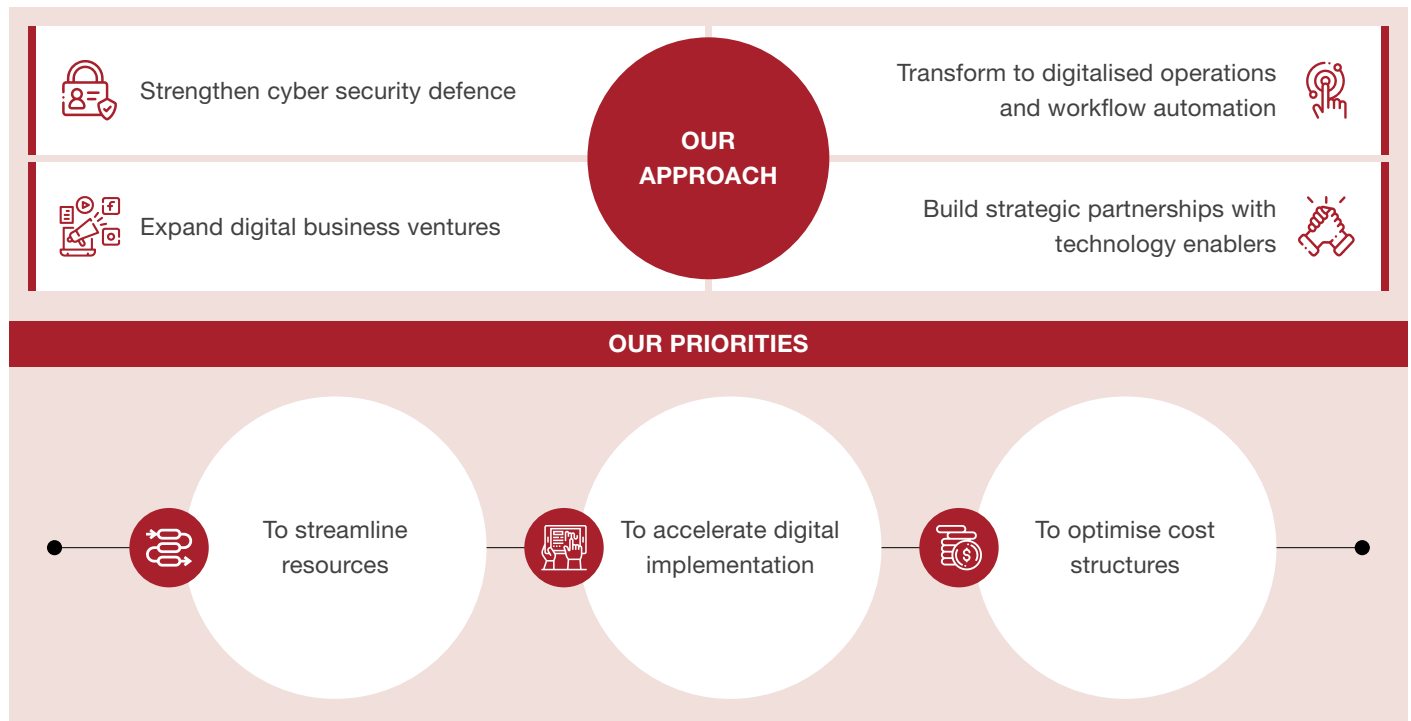
#### OUR APPROACH

##### IT Governance and Strategy

Our goal is to optimise internal operational efficiency through digitalisation, as well as to create an integrated and seamless digital experience that offers a suite of products and services that meets the needs and expectations of our clients.

The Group Board Digital Innovation & Technology Committee (“**GBDITC**”) supports the Board in providing direction and oversight on technology-related matters, including risk, in line with business requirements, and relevant regulatory expectations.

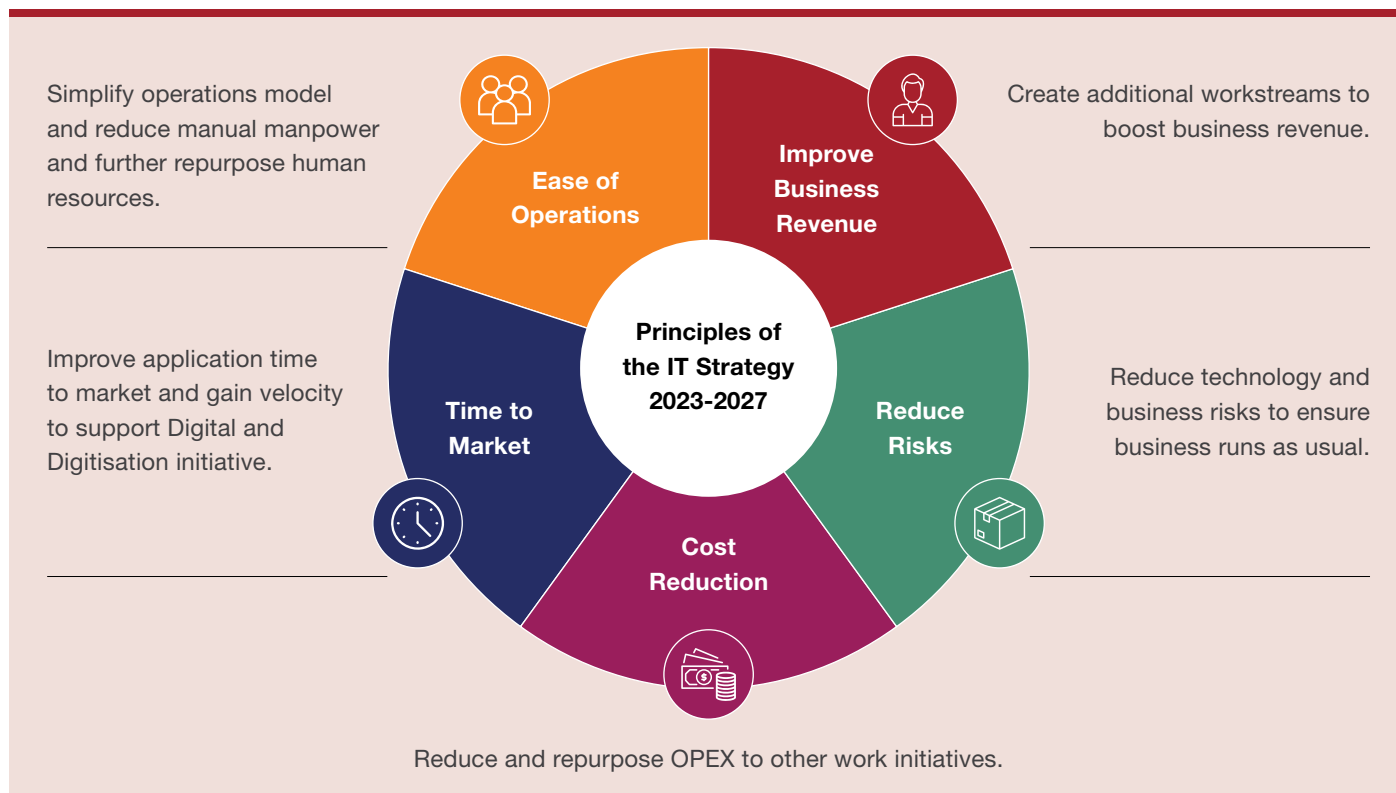
The GBDITC reviews, evaluates and recommends technological innovations for the formulation of the Group’s medium and long-term business strategy, and assists the Board in ensuring that the Group’s technology resources and initiatives are aligned with its overall digitisation strategy and objectives.



## SUSTAINABLE ECONOMIC GROWTH

### IT Strategy 2023-2027

In 2022, a 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.



### Going Digital at Kenanga

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



“We have provided a wide spectrum of financial services to all of our valued clients from all walks of life, yet many still see investing as being only for the wealthy. We continue to strive towards making wealth management and investment banking accessible and inclusive, so that everyone can build their wealth, invest in themselves, and plan for their future – whether that is saving for your retirement, planning for your family, or growing your business.”

**IAN W. LLOYD**

**Chief Digital Officer,  
Kenanga Investment Bank Berhad**



## SUSTAINABLE ECONOMIC GROWTH



## INCREASING ACCESS TO FINANCIAL SOLUTION

## Our Progress for FY2022

**SuperApp**

In 2022, we signed a Memorandum of Understanding with Ant Group to develop Malaysia's first Wealth SuperApp. The SuperApp will serve as a central platform for our financial, and wealth solutions, which will be complemented by lifestyle offerings. The SuperApp will be built on AntChain's proprietary cutting-edge solution, Mobile Platform as a Service, allowing for a product that is robust and secure.

**Wealth-as-a-Service ("WaaS")**

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.

**New Digital Client On-boarding ("DCO") Service**

The new Digital Client On-boarding service was launched on 13 October 2022, allowing clients to open an account online from the comfort of their own homes without having to visit a Kenanga branch. The digital platform offers equity trading, futures and options trading, and treasury products. The account opening process takes as little as 15 minutes and can be completed through a web-browser on a PC, laptop or mobile device.

**Kenanga Digital Investing**

In February 2022, Kenanga launched Kenanga Digital Investing ("KDI"), a fully automated A.I.-driven robo-advisor designed to simplify how Malaysians save and invest. Licensed by Securities Commission Malaysia, the KDI platform offers two (2) convenient products – KDI Save and KDI Invest. KDI Save allows users to earn daily returns on their savings with no lock-in period and zero management fees, while KDI Invest allows customers to grow their wealth with access to global investment opportunities through US-listed Exchange Traded Funds ("ETFs") at one of the most competitive fees in the market. At the end of 2022, Asset Under Management stood at almost RM250 million with 17,000 clients.

**Rakuten Trade**

Since its launch, Rakuten Trade Sdn Bhd ("**Rakuten Trade**") a joint venture between Kenanga and Japan-based Rakuten Securities, Inc., has introduced the ease and access of online stock trading to hundred thousands of new traders and investors. In 2022, it further advanced its financial inclusion agenda by introducing trading access into the US market. Trading US stocks is now a feature on the same platform, allowing Malaysian users a seamless and cost-effective option to diversify their portfolio.

Approximately 21,000 new users signed up on Rakuten Trade in 2022, bringing the total customer base to more than 257,000. A total of RM111 billion worth of stocks were transacted since its inception in year 2017.

**Kenanga Money**

Kenanga Money is the product of a partnership between Kenanga Investment Bank Berhad and Merchantrade Asia Sdn Bhd Kenanga has entered the cashless payment sector, allowing its clients to effortlessly move money from their stock trading account into an e-Wallet with a prepaid card for retail payments, remittances, and withdrawals globally.

Users will also benefit from Merchantrade's innovative multi-currency capability, which allows users to buy, sell, and keep up to 20 foreign currencies at any time at cheap exchange rates. In FY2022, there were over 700 sign-ups.

## SUSTAINABLE ECONOMIC GROWTH

### Employee Engagement on Digital Initiatives by Kenanga

#### #ThinkDigital Series

‘ThinkDigital’ is a series of virtual sessions centred around the theme of technology and digital innovation for our employees. As part of our drive towards digital transformation, we are focused on equipping our employees with the necessary knowledge to keep pace with the rapidly evolving business and technological landscape.

In 2022, we hosted two (2) sessions:

- ‘Be Ahead with Kenanga Digital Investing’
- ‘Introducing Kenanga Wealth SuperApp’

With over 800 participations from employees, the sessions were run creatively with games and quizzes to ensure active participation by our employees throughout the session.

### Our Digital Culture

Our internal competencies are being strengthened 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 most significant indicators on this front for 2022:

Key Initiatives	Description	Outcome
<b>Remisier’s Service Portal</b>	<ul style="list-style-type: none"> <li>• The portal serves as a user-friendly platform that provides greater flexibility to remisiers and enhances the customer experience</li> <li>• Key functions include enabling remisiers to quickly access stock information and support clients in submitting requests via the e-request functions</li> <li>• 100% of our remisiers have been onboarded on our Remisiers Portal</li> <li>• Other key features include fully online account opening to ease customers experience</li> </ul>	<ul style="list-style-type: none"> <li>• A practise of paperless and improved traceability on transactions for audit trails</li> <li>• Number of transactions: eDeposits of 166,011, eSettlements of 390,116 and eTrust Withdrawals of 83,554</li> </ul>
<b>Futures Account Opening</b>	<ul style="list-style-type: none"> <li>• Kenanga Futures (“KF”) digitalised its account opening process to increase onboarding speed and enhance security, whilst reducing the cost of client onboarding</li> </ul>	<ul style="list-style-type: none"> <li>• KF achieved a 95% digital onboarding rate, with only 5% of new accounts being opened through physical means in 2022</li> <li>• Moving forward, KF also aims to completely digitise its back-office administrative forms and existing physical documents by the end of 2023</li> </ul>
<b>Kenanga’s Digital Workflows (“iLeap”)</b>	<ul style="list-style-type: none"> <li>• iLeap provides a seamless sign off process as well as storage for filing and audit purposes that has contributed to reduced printing from the digitalised workflows</li> <li>• Adopted the iLeap Application Governance Policy</li> </ul>	<ul style="list-style-type: none"> <li>• 100% of addressable forms and procedures have been completed, with a total of 61 workflows digitalised since 2020</li> <li>• Cost-savings on paper usage and improved data governance</li> </ul>

## SUSTAINABLE ECONOMIC GROWTH

Key Initiatives	Description	Outcome
<b>Robotic Process Automation (“RPA”)</b>	<ul style="list-style-type: none"> <li>A software technology to automate digital tasks via a defined set of instructions</li> </ul>	<ul style="list-style-type: none"> <li>In addition to three (3) RPAs in 2021, four (4) new RPAs were launched in 2022 to automate routine tasks and processes</li> <li>RPA was applied to facilitate the Group’s IT operations as well as digital investment management</li> </ul>
<b>FX Platform</b>	<ul style="list-style-type: none"> <li>The platform aims to enable clients to execute foreign currency trades online and remit funds overseas</li> </ul>	<ul style="list-style-type: none"> <li>Our retail-fronting Treasury FX platform is expected to roll out in 2023 which includes remittance capabilities, real time forex rate quote, easy fund transfer through multiple payment modes and Forex-related news</li> </ul>
<b>Treasury Relationship Manager Platform</b>	<ul style="list-style-type: none"> <li>An online platform for Relationship Managers to digitally and seamlessly execute order fulfilment of its popular structured investment solution, Dual Currency Investment (“DCI”)</li> </ul>	<ul style="list-style-type: none"> <li>18% increase in values transacted in DCI product</li> <li>An additional product, Equity Linked Investment will be included on the platform</li> </ul>
<b>Project Omni</b>	<ul style="list-style-type: none"> <li>A software platform designed to enable advisers and staff to onboard and service clients through a digital journey</li> <li>It comprises of two (2) key components: an iOS-based tablet app branded as REACH for the advisers and a Web-browser based Back Office Web portal for KIB staff</li> </ul>	<ul style="list-style-type: none"> <li>REACH is intended for progressive launch in areas of features and audience. The latest module was released to qualified Advisers in December 2022, and more functionalities such as Switching and Redemption will be made progressively available in 2023</li> <li>Key advantages include reduced time for digital submissions and servicing of clients, which leads to cost savings and reduced carbon footprint, as well as reduced human intervention and error alongside quicker turnaround time as a result of the streamlined processes</li> </ul>

**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 with enhanced scalability, performance, security and resilience.

## SUSTAINABLE ECONOMIC GROWTH



“Cloud computing, artificial intelligence, data analytics, robotics and the Internet of Things are our key focus in digital transformation. The emergence of these technologies help our customers and employees to achieve agility, scalability, and resiliency while simultaneously meeting business objectives. Through digitalisation, we can further boost technological innovations and support the transition towards a low-carbon future. Digitalisation also creates more opportunities for us to develop better financial products and services to achieve financial inclusion.”

**LOW JIA YEE**

**Chief Technology Officer,  
Kenanga Investment Bank Berhad**

Kenanga adopts a two (2)-prong cloud strategy approach as follows:

Approach #1	Approach #2
<p>New businesses, systems and applications will be deployed directly to cloud where feasible, in terms of building cloud native services with the availability of Software-as-a-Service (SaaS) offerings.</p>	<p>35 existing systems and applications will be migrated to Azure cloud via a comprehensive 24-month plan to ensure minimal disruption to customers and operations. This is subjected to change as modernisation programme continues as we build core competencies in managing cloud along the transformation journey.</p>

Some of the key cloud-based services introduced in 2022 include:

### Hosting Kenanga Website on Azure

<p>Kenanga Website Enhancement with Azure</p>	<p>This approach aims to increase the resilience of the website and make it easier to scale up. It also reduces our dependability on data centres overtime.</p>
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### Azure Enterprise Skilling Initiative

<p>Azure Enterprise Skilling Initiative (“ESI”)</p>	<p>As part of our efforts to facilitate a seamless cloud migration process, we are progressively upskilling our Information Technology (“IT”) workforce through Azure ESI offered by Microsoft to further build technical skills which also includes trainings and certifications.</p> <p>Enterprise Skills Initiative is a programme offered by Microsoft with the aim to help employees to sharpen their technical skills and knowledge needed to be utilised for Azure-related projects and initiatives. In FY2022, our IT personnel attended over 10 Azure training courses with a total of 840 training hours logged.</p>
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## 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 launch 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.

## SUSTAINABLE ECONOMIC GROWTH



## CYBER SECURITY

[GRI 418]

## WHY IT MATTERS

As we transition towards a future defined by digital innovation, cyber security issues have increasingly become more relevant and urgent to organisations. We take a proactive approach to addressing cyber risks by actively monitoring developments in the cyber world and strengthening our cyber security measures across our operations.

## OUR APPROACH

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

## Our Cyber Risk and Governance

Key Policy and  
Framework

- Cyber security is a formal risk component of Kenanga's enterprise risk management framework.
- Cyber Security Policy has been developed based on industry best standards such as the US National Institute of Standards and Technology's 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.
- The policy provides governance for all data usage by Kenanga Group i.e., including Paynet related application/system (such as RENTAS and FAST), whereby data asset is currently categorised in three (3) different classifications (such as Regulated Confidential, Unregulated Confidential and Public).
- Sensitive data discovery is included in Information Asset Inventory, which is covered by the embedded rules in the Data Loss Prevention ("**DLP**") tool. The DLP rules are also consistent with the Group Confidentiality Information Policy.



## SUSTAINABLE ECONOMIC GROWTH



### DATA LOSS PREVENTION FRAMEWORK

Our DLP Framework has been structured to outline data protection measures for sensitive data across different mediums to address cyber threats. Supporting our DLP framework is Kenanga’s Cyber Security Policy as outlined by Bursa Malaysia, Bank Negara Malaysia and the Securities Commission Malaysia Guidelines on IT and Cyber Security.

Kenanga’s DLP project was launched in 2019 to provide us with greater visibility over data processes within Kenanga. Through this project, we can monitor the location of confidential data, determine how it is being used and undertake measures to prevent data loss. The framework also outlines data protection measures for sensitive data across all endpoint devices and data egress channels, aligned with our DLP Framework & Group Confidential Information Policy.

Since 2022, all activities have been monitored and triggers will be prompted when the DLP system detects customer data or confidential information is being shared to external parties or copied to external mediums. In order to proceed with the activity, the users will need to provide reasons and justification and these will be recorded in priority report which will be monitored by the Data Officers, Responsible Persons and the Data Governance team.

Guided by our Group’s PDPA Data Access and Retention Procedures, we have engaged a licensed local agency to dispose of our paper and e-wastes which contain confidential information ethically and obtained a Certificate of Destruction. To enhance transparency and improve customer awareness, we also published a Privacy Notice on our corporate website which specifies the scopes in which we utilised customer data.

**Did You Know?**  
Kenanga Group implemented the Data Loss Prevention (DLP) system labelled as "Digital Guardian" which will filter communications to external parties and/or transfer of data to all external mediums.

- File uploads to web browsers or WhatsApp
- Copying files to external drives e.g. USB
- Emailing confidential documents to external domains that are not whitelisted
- Printing of confidential information on unrecognised printers

Where a possible rule breach of the DLP policy is discovered, a dialog screen as shown below will prompt out and **request your Response /Justification** before you are allowed to click the "Continue" to proceed with the activity.

**Digital Guardian**  
The Content you're attempting to share contains confidential information. If you wish to proceed, please enter the nature of contents and reason for sharing, before clicking CONTINUE. If you wish to abort, click CANCEL.

**DIGITAL GUARDIAN**

Justification: \_\_\_\_\_

Continue Cancel

You are advised to key in the reasons as accurately as possible in the **Justification** box, as this will be recorded for further review and follow-up by the Data Officer(s) where necessary. In doing so, you should also take note that any **unauthorised transfer/sharing of confidential information, is a violation of the DLP Policy**, and Confidential Information extends beyond the Personally identifiable information (PII), e.g. IC number, to also include information that is deemed as confidential and defined by your respective department/division Data Officer or Person In Charge.

The system will not block/restrict you from sharing/transferring the information at this juncture. However, the activity and your response will be recorded and reviewed, and where any instances of policy violation is discovered, the matter will be escalated for appropriate disciplinary action. As such you are required to exercise caution and ensure your actions do not violate the Kenanga Group's Confidential Information Policy.

## SUSTAINABLE ECONOMIC GROWTH

### 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:

<p><b>Protecting Customers' Data</b></p>	<ul style="list-style-type: none"> <li>• Rolled out DLP solutions to defend data leaks from internal sources</li> <li>• Rolled out Database Activity Monitoring to protect data leaks from unauthorised sources</li> <li>• Rolled out virtual patch solution to shield servers from risks before applying physical security patches</li> </ul>
<p><b>Managing Employees Confidential Data</b></p>	<ul style="list-style-type: none"> <li>• Enhanced the usage of the mobile management tool to effectively monitor privacy access on our employees' mobile phones</li> <li>• Enhanced our security posture by enabling and enforcing multi-factor authentication for Office 365</li> </ul>
<p><b>Instil Cyber Awareness Amongst Employees</b></p>	<ul style="list-style-type: none"> <li>• Engaged with a team of experienced cyber security experts to equip our Group Digital, Technology and Transformation Division on valuable cyber knowledge</li> <li>• Delivered mandatory monthly cyber security awareness training to all employees virtually through our collaboration with Sophos and also via our in-house Kenanga LMS platform</li> <li>• Rolled out regular email phishing simulations educate employees to swiftly identify and respond to potential phishing threats</li> <li>• Conducted online quiz and training</li> <li>• Launched our explainer video with e-Quiz on data loss prevention</li> <li>• Launched 'Exposure Towards Cyber Security and Ethics' module as part of our New Hire Orientation Course</li> </ul>

**3,815**  
hours logged for mandatory in-house cyber security training

**92%**  
success rate achieved in identifying phishing emails via our employee phishing simulator

**4**  
mock-phishing exercises were conducted throughout the year

 **Zero cyber security incidents** were recorded in FY2022, including customer data breach.

### 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 to increasing our employees' and clients' awareness in taking precautionary steps to reduce cyber security risks. Our end goal is to ensure that our clients can confidently pursue their financial goals in a digital age while knowing that their personal and financial data is secure.

## SUSTAINABLE ECONOMIC GROWTH



### CLIENT EXPERIENCE

[GRI 417]

#### WHY IT MATTERS

As a homegrown brand that has evolved and grown over the last 50 years, we recognise that our success is the result of our relationships with our clients. Having served over 500,000 Malaysians, we remain committed to continue delivering excellence through our products and services by putting our clients at the centre of all that we do.

#### OUR APPROACH

Guided by policies aligned to applicable laws and regulations, we aim to ensure our marketing materials are accurate, transparent, and accessible. We are committed to addressing client concerns in a timely and effective manner. With this approach, we continue to build lasting client relationships and demonstrate our commitment to providing good services and support.







#### Responsible Marketing & Communication

All information contained in prospectuses and memoranda are made available to the public in accordance with key applicable laws and regulations established by:

Administered/Regulated by	Law and Regulation
✓ Bank Negara Malaysia	✓ Financial Services Act (2013)
✓ Ministry of Domestic Trade, Co-operatives, and Consumerism of Malaysia	✓ Consumer Protection Act (1999)
✓ Advertising Standards Advisory Malaysia	✓ Malaysian Code of Advertising Practice
✓ Companies Commission of Malaysia	✓ Company's Act 2016 Section 30 (2)
✓ Bursa Malaysia	✓ Bursa Securities Rules & Bursa Derivatives Rules
✓ Securities Commission Malaysia	✓ Guidelines On Advertising For Capital Market Products And Related Services

## SUSTAINABLE ECONOMIC GROWTH

With regard to the creation and distribution of promotional and marketing materials, we have a set of internal procedures to further uphold our standards. All employees have access to the following guidelines via the Intranet:

	<p><b>Advertising Policy</b> Outlines guiding principles, regulatory requirements, and guiding frameworks for Kenanga Group's communications through the use of traditional and digital advertisements.</p>
	<p><b>Social Media Policy</b> Contains guiding principles and an employee participation framework that sets expectations for appropriate behaviour which outlines procedures and guidelines for the Group's communications on its social media platforms.</p>
	<p><b>Media Relations Policy</b> Establishes guiding principles and a framework within Kenanga and its subsidiaries in its engagements with print, electronic and broadcast media.</p>
	<p><b>Group Complaint Handling Policy</b> Establishes guiding principles and a framework within Kenanga and its subsidiaries for its complaint handling processes and procedures for all stakeholders.</p>

Our intermediaries such as, agents and remisiers are provided with relevant information and training that emphasises the importance of upholding and demonstrating high standards of ethics and honesty in client interactions. All our remisiers are required to comply to the Group Code of Conduct to ensure our services are delivered with integrity. Any complaint received must be directed to the appropriate Complaint Officer for further action, in accordance with our Group Complaint Handling Policy.

### Establishing a Client-Centric Strategy

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 utilise several channels such as the ones listed below to actively seek and gather feedback from our clients to help improve their experience with us.

<p>Digital Communications Platforms</p>	<ul style="list-style-type: none"> <li>• Promotional updates, product information and corporate news are constantly updated on all our digital communication touchpoints, which include product websites, corporate website, Facebook, Instagram, LinkedIn, Telegram and TikTok</li> <li>• Digital touchpoints enable direct client interaction, where we monitor and respond to queries, feedback and complaints that come through</li> </ul>
<p>Telephony Support</p>	<ul style="list-style-type: none"> <li>• Our customer helplines offer access to information, advice and handle customer queries and complaints via toll-free numbers. For more information, please visit, <a href="https://www.kenanga.com.my/contact-us">https://www.kenanga.com.my/contact-us</a></li> </ul>
<p>Physical Branches</p>	<ul style="list-style-type: none"> <li>• In tandem with digital channels, we also serve our clients via 34 physical branches nationwide. For more information, please visit, <a href="https://www.kenanga.com.my/branches">https://www.kenanga.com.my/branches</a></li> </ul>

In 2022, there were no significant cases or public reprimands of non-compliances related marketing, labelling and communications recorded for the Group.