

CHAIRMAN'S MESSAGE

GRI 2-22

**YAM TAN SRI DATO' SERI SYED ANWAR
JAMALULLAIL**
Chairman



Dear Shareholders,

As we mark the fifth year of standalone sustainability reporting for Kenanga, this milestone offers a timely opportunity to reflect on the progress we have made in enhancing our sustainability practices, governance and organisational resilience as we prepare for the road ahead.

Expectations for clearer, more consistent and credible ESG disclosures continue to rise as regulators and investors heighten their expectations, while ASEAN's advancing transition agenda sets progressively stronger sustainability standards. At the same time, the global financial landscape is undergoing profound transformation, amid fast-paced technological, geopolitical and economic shifts.

These dynamics carry meaningful implications for our clients who entrust us with their investments, employees who rely on organisational stability, shareholders seeking sustainable long-term value and communities that depend on responsible financial institutions. Together, these forces underscore the need for adaptability, foresight and resilience in navigating uncertainty.

Within this landscape, Kenanga Group's intent remains steadfast: we see the evolving sustainability environment not as a limitation, but as an opportunity to strengthen how we serve our stakeholders in diverse markets. Rising expectations reaffirm the need for strong governance, thoughtful and forward-looking risk management and financial practices grounded in integrity—principles that continue to guide our approach to long-term value creation and responsible leadership.

Building Strength Through Integrity

Governance and risk management remain as the core strength of the Group, providing the clarity and discipline needed to safeguard trust and guide us through an increasingly complex environment. Throughout 2025, we strengthened this foundation by enhancing governance structures and deepening risk governance capabilities to ensure ethical, forward-looking oversight.

The initiation of the first-stage audit and certification process for International Standards Organisation ("ISO") 37001:2025 Anti-Bribery Management System ("ABMS") strengthened our anti-bribery and anti-corruption safeguards, reinforcing our commitment to integrity. Building on this foundation, we enhanced risk governance across all levels of the Group, embedding disciplined oversight and deepening understanding of core risk management principles. Our long-standing initiatives, including Fraud Awareness Week ("FAW"), Compliance Week and the Annual Regulatory Seminar, continued to nurture a culture of integrity, while enhancements to our Group Speak Up Framework further supported a safe and accountable workplace.

Together, these measures reflect a governance ecosystem that continues to mature and strengthen under principled leadership—affirmed by the Group's recognition through the Top 20 Overall Excellence Award and the Niche Cap Excellence Award at the Minority Shareholder Watch Group's National Corporate Governance & Sustainability Awards ("NACGSA") 2025, as well as the Sustainability Governance & Strategy Award at the United Nations Global Compact Network Malaysia & Brunei ("UNGCMYB") Forward Faster Sustainability Awards 2026.

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Digitalising Financial Inclusion

Malaysia's transition towards a more digitally enabled financial system is becoming clearer with each passing year. As national initiatives such as the Malaysia Blockchain Infrastructure take shape and the Government signals the need for leadership in digital finance, it is evident that the next chapter of our industry will be profoundly influenced by the rise of digital assets. For Kenanga Group, Project Juara has been an important step in understanding this future. It offered us a window into how tokenisation could reshape regulated asset classes, including carbon credits, an area that will only grow in relevance as the economy transitions. The Board views this work not as experimentation, but as a deliberate, long-term journey grounded in responsibility, one that supports financial inclusion by enabling broader, fairer access to emerging digital asset classes.

KDi GO's AI-powered ecosystem simplifies savings and investing, making wealth creation more accessible to all, a commitment reinforced by its accelerating growth. Its increasing relevance among younger Malaysians tells us that the expectations of tomorrow's investors are changing rapidly. Its recognition at the ESGBusiness Awards 2025 for digital inclusion affirms that we are moving with purpose. As we expand the platform, we will do so thoughtfully, guided by client needs, clarity of offerings and the safeguards required to uphold trust.

Enhancing data security, ensuring ethical use of technology and safeguarding client interests remain central to our approach. As we reinforce the foundations of our digital agenda, through stronger data management, risk governance and privacy practices, our intent remains steady: to make investing accessible, secure and grounded in integrity, empowering Malaysians to build lasting financial resilience.

Investing for Impact

Active stewardship continues to guide how we fulfil our responsibilities as long-term investors. Over the past year, we focused on encouraging our investee companies to strengthen their preparedness for a shifting economic and environmental landscape, whether through the adoption of lower-carbon operating models, more equitable transition planning or stronger climate-risk resilience. These conversations were shaped not only by our perspectives, but also by the insights gained through on-the-ground engagements and dialogues with industry participants, which offered a clearer view of the practical realities businesses face as they navigate their transition journeys.

In addition, research and analysis from Kenanga Equity Broking Research, continue to deepen visibility into sector-specific ESG challenges and emerging opportunities. This combination of insights and forward-looking analysis helps strengthen how our clients assess risk and allocate capital, ensuring decisions

remain both prudent and responsive to structural shifts in the market.

Across the Group, we are making progress in impact investing. In 2025, KIB's ESG-screened assets under management reached nearly RM16 billion, signalling continued confidence in our investment philosophy, while the recognition of the Eq8 Capital Sdn Bhd's ("Eq8") FTSE Malaysia Enhanced Dividend Waqf ETF, the world's first Waqf-featured ETF, in the UNGCMYB ESG Select List 2025 further affirms the importance of solutions that pair financial outcomes with positive social impact.

These elements together reinforce a stewardship approach that is not only values-aligned but deeply connected to the realities shaping long-term value creation.

Driving Climate Resilience

As ASEAN is advancing along the transition journey, the introduction of Kenanga Group's Decarbonisation Roadmap in 2025 reflects our commitment to aligning with national net-zero aspirations. While early steps, such as expanding renewable-energy use and initiating a phased transition to electric vehicles, represent incremental progress, they demonstrate the disciplined foundation essential for a credible and durable transition.

Deepening our understanding of financed emissions has improved our assessment of how climate factors may impact enterprise value and overall portfolio resilience. Our efforts toward transparency were affirmed through the Carbon Disclosure Award – Malaysia at the ESGBusiness Awards 2025.

We further deepened dialogue and engagement on sustainability with our employees and stakeholders across the value chain through our ThinkIMPACT campaign, which this year centred on the theme of "Leading with Purpose, Inspiring Sustainable Impact", focusing on energy transition to enhance its understanding and alignment across the organisation.

As the transition accelerates, the Board remains focused on ensuring readiness for a more climate-aware and resilient financial landscape.

Building Workforce Resilience

Our long-term resilience at Kenanga is built on our people, clear strategy and strong social foundations, strengthened by continued workforce investment. In 2025, more than RM5 million was invested in human capital and capability-building initiatives, enhancing leadership, technical and sustainability-related competencies across the Group.

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Leadership development was a central priority, strengthened through the Kenanga Emerging Leadership Programme and broader learning pillars in governance, finance, digital innovation and organisational effectiveness, enabling our leaders to navigate a rapidly evolving landscape with confidence, clarity and long-term perspective. To broaden capabilities across the wider organisation, initiatives such as the Business Sustainability Learning Campaign, the ThinkIMPACT platform and our expanded "Work on Wellness" through the LinkedIn Learning, covering physical, emotional, financial and work-life wellness, as well as career development, also strengthened awareness, ownership and cross-functional understanding among employees and leaders.

Equally important is cultivating a workplace where employees feel connected, supported and empowered to contribute. Throughout the year, team-building sessions, festive engagements, volunteering initiatives and professional development programmes helped foster collaboration, belonging and shared purpose. Our sustained partnerships with social enterprises, including Dialogue Includes All and Silent Teddies Bakery, provided meaningful opportunities for employees to engage with and support marginalised communities. The relaunch of Silent Teddies Bakery's café, now complemented by a learning centre and training workshop, reflects the continued impact of this collaboration. These efforts were strengthened by more than 560 employees contributing over 3,500 volunteer hours through the Be a Volunteer Programme, demonstrating shared responsibility embedded in our culture.

Beyond the organisation, community investment and financial-literacy outreach continued to promote inclusive growth with over 100 investor-education engagements carried out during the year, in our bid to empower Malaysians to participate more confidently in capital markets.

To reinforce responsible conduct, our Group Human Rights Policy, introduced in 2025, continues to guide our practices across operations and supply chains, instilling trust with employees, communities and partners and supporting future-ready risk management rooted in accountability, transparency and shared prosperity.

Honouring Trusted Performance

We continue to be recognised for our consistent efforts in sustainability, governance and high-quality reporting. Our inclusion in the FTSE4Good Bursa Malaysia Index with an overall ESG score of 4.3 reflects our commitment to responsible business practices and continuous improvement.

Our commitment to clear and transparent reporting was further acknowledged through the Gold Award at the National Annual

Corporate Report Awards ("**NACRA**") 2025 for Excellence and the Silver Award for Asia's Best Integrated Report at the Asia Integrated Reporting Awards. Complementing these achievements, Kenanga Investment Bank Berhad received Gold at The Edge Malaysia ESG Awards 2025 in the Financial Services category. These recognitions offer reassurance that the trust placed in us is well-founded and that our governance, ethical conduct and long-term value orientation continue to guide our actions.

Looking Ahead

We remain clear-eyed about the road ahead. The financial sector continues to face climate-related risks, tighter regulations and market volatility, alongside rising expectations for transparency and assurance. Meeting global standards such as IFRS S1 and S2, addressing Scope 3 financed emissions and supporting an orderly transition will require stronger data capabilities, robust governance and coordinated action across the organisation. We view this as catalysts for innovation and remain committed to creating enduring stakeholder value with integrity, purpose and clarity.

Closing

On behalf of the Board, I extend my sincere appreciation to our Founder Emeritus and Advisor, YM Tan Sri Dato' Paduka Tengku Noor Zakiah Tengku Ismail, for her distinguished leadership, strategic foresight and enduring counsel. I also acknowledge the Group Sustainability Management Committee, under the leadership of Datuk Chay Wai Leong, whose continued dedication strengthens the advancement of our sustainability priorities.

I am deeply thankful to our employees for their professionalism, perseverance and commitment to navigating an increasingly complex and demanding operating landscape. To our clients, business partners, suppliers and shareholders, I express my gratitude for your confidence and the value of our ongoing collaboration. I further recognise our regulators, including Bank Negara Malaysia, Bursa Malaysia and the Securities Commission Malaysia for their constructive guidance, oversight and continued engagement. Together, we will continue to build a stronger, more resilient Kenanga, one that is future-ready and firmly aligned with Malaysia's aspirations for sustainable, inclusive growth.

On behalf of the Board,

TAN SRI DATO' SERI SYED ANWAR JAMALULLAIL

Chairman