

## 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**

# Q&A WITH OUR GROUP MANAGING DIRECTOR AND CHAIRMAN OF THE GROUP SUSTAINABILITY MANAGEMENT COMMITTEE

GRI 2-22

**DATUK CHAY WAI LEONG**

Group Managing Director



## **Q1** How would you describe sustainability in 2025 and the milestones that best defined Kenanga's progress?

Precipitated by divisive views that have become increasingly pronounced over the last year, sustainability is no longer viewed through a single global lens, but region-specific priorities shaped by energy security, competitiveness and long-term resilience.

Malaysia has demonstrated a clear and sustained commitment through policy direction and regulatory action. This is reflected in the strengthening of national climate and transition policies, as well as the launch of the National Sustainability Reporting Framework which signals a move towards greater consistency, transparency and comparability in sustainability disclosures.

In this context, Kenanga has continued to advance our sustainability agenda with discipline and clarity of purpose. Our sustained inclusion in the FTSE4Good Index is a tangible benchmark of commitment to responsible practices and transparency for investors. With an ESG score of 4.3, one of the highest among financial institutions on the Index, alongside our wins at both the NACRA and the The Edge Malaysia ESG Awards, we have demonstrated that strong governance, transparency and consistent execution remain the cornerstones of our progress.

We remain committed to upholding ethical conduct and strong corporate governance to build trust with our stakeholders. We continue to strengthen our cyber security capabilities to safeguard our clients, employees, and institution, while advancing social outreach initiatives that give back to the communities we serve and fostering a people-centric culture within the organisation.

On the climate front, we advanced the commitments laid out in our Decarbonisation Roadmap, by adopting renewable-energy at Kenanga Tower, electrifying of our company-owned vehicles, and improving visibility over investment-related emissions as part of the preparatory process to meet climate reporting requirements.

From my perspective, sustainability is not separate from business strategy, it is how we manage risk and position Kenanga for sustained growth and value creation.

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**Q2**

**Given the increasingly polarised sentiments around sustainability, do you still see a meaningful place for sustainability in Kenanga's business strategy?**

Sustainability is a business reality. Resource constraints, regulatory shifts, customer expectations and cost of capital incentives are all moving in the same direction and the operational risks and opportunities are real.

Sustainability still has a place in business strategy. However, it must be practical, focused on value, and grounded in day-to-day business decisions, just like how, we have been running our sustainability agenda from Day 1. Sustainability considerations help reduce cost, manage risk, build resilience and is part of good business management. Take Kenanga Tower as an example, our energy efficiency efforts are reducing our monthly electricity costs, one of the many ways we have turned our sustainability commitment into real results.

**Q3**

**The past year has seen the roll-out of the much-anticipated National Sustainability Reporting Framework ("NSRF") by Securities Commission Malaysia. How has Kenanga approached this new set of requirements that is predicated on globally recognised standards to drive transparency and accountability?**

Malaysia's NSRF implementation represents an important shift, elevating expectations around transparency, decision-useful disclosures and governance. For Kenanga, it has accelerated the way we integrate climate-related considerations into business strategy — influencing how we allocate capital, design products, manage transition risks and engage with clients and counterparties. It also reinforces the importance of improving data quality across the value chain, including on Scope 3 financed emissions.

The NSRF has prompted us to sharpen our understanding of how climate-related risks and opportunities translate into financial impact — whether through transition risk, regulatory developments or emerging investor preferences. For us, sustainability is both a resilience strategy and a growth lever, enabling us to innovate, compete and strengthen long-term performance.

To stay ahead, we introduced the Group Sustainability Risk Management Framework to strengthen how sustainability risks are governed, monitored, and acted upon across our businesses. We also invested in talent and capability development to ensure our teams are equipped to deliver high-quality reporting and execute our decarbonisation plans with discipline. These investments reinforce regulatory readiness, deepen stakeholder trust and support sustainable value creation well into the future.

## Q&A WITH OUR GROUP MANAGING DIRECTOR AND CHAIRMAN OF THE GROUP SUSTAINABILITY MANAGEMENT COMMITTEE

**Q4**

**Could you share some key highlights of actions taken by Kenanga over the past year to reinforce governance and our broader sustainability agenda?**

In 2025, we focused on further reinforcing the governance structure that keeps our business resilient. Fraud Awareness Week, Compliance Awareness Week and the Annual Regulatory Seminar helped elevate awareness of emerging risks and reinforce a culture anchored in ethical conduct and regulatory discipline. This strong governance foundation is critical for enabling sustainable growth in a more complex operating landscape. We also advanced our enterprise-wide risk ecosystem by elevating discussions on non-traditional risks and integrating sustainability-related risks, including climate risk, into our risk management framework. Enhancing our Speak Up framework and progressing the ISO 37001:2025 AMBS certification further enhanced organisational safeguards and supported a culture of accountability.

Our efforts were recognised through the Sustainability Governance & Strategy Award at the UN Global Compact Malaysia and Brunei Forward Faster event, validating the progress we've made in embedding sustainability into strategic decision-making and oversight mechanisms. On the social front, we enhanced employee leadership capabilities through programmes such as the Kenanga Emerging Leadership Programme, while advancing our SDG-aligned community outreach efforts. These include continued support for our long-standing social enterprise partners, Dialogue Includes All and Silent Teddies Bakery, which are collaborations we have nurtured for over a decade.

**Q5**

**Looking ahead, what are Kenanga's priorities as sustainability expectations and business realities continue to evolve?**

Our sustainability strategy is fundamentally tied to how we build competitiveness and long-term business value. We will continue embedding climate and technology considerations into governance and risk management while scaling sustainability-linked solutions and digital finance innovations that support Malaysia's evolving capital market landscape. Building readiness for the full compliance towards NSRF and meeting emerging expectations on financed emissions will remain key priorities. We are increasing investments in data, technology and talent to enhance disclosure quality, sharpen risk insights and support execution with greater consistency. These capabilities are critical as we navigate regulatory shifts and rising investor expectations.