

OUR APPROACH TO SUSTAINABILITY

AN INSIGHT INTO OUR STAKEHOLDERS' PERSPECTIVES

Stakeholder engagement, assessment, and feedback are fundamental to our organisation. We continuously strive to enhance our engagement approaches through various communication channels to ensure that we connect with our stakeholders, understand their needs, and respond to their key concerns.

THOSE WHOM WE ARE ACCOUNTABLE

How We Engage	Areas of Interest	Our Commitment
<p>Shareholders</p> <ul style="list-style-type: none"> • Provide updates and gather feedback through meetings, reports and disclosures <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, and gather input and feedback through 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 	<ul style="list-style-type: none"> • Ensure our investors and shareholders are kept updated on how we embed ESG into 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

THOSE WHO WE COLLABORATE WITH

How We Engage	Areas of Interest	Our Commitment
<p>Regulators and Government Bodies</p> <ul style="list-style-type: none"> • Participate in industry discourse and ensure adherence to applicable law, 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 	<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 drive a responsible business operations

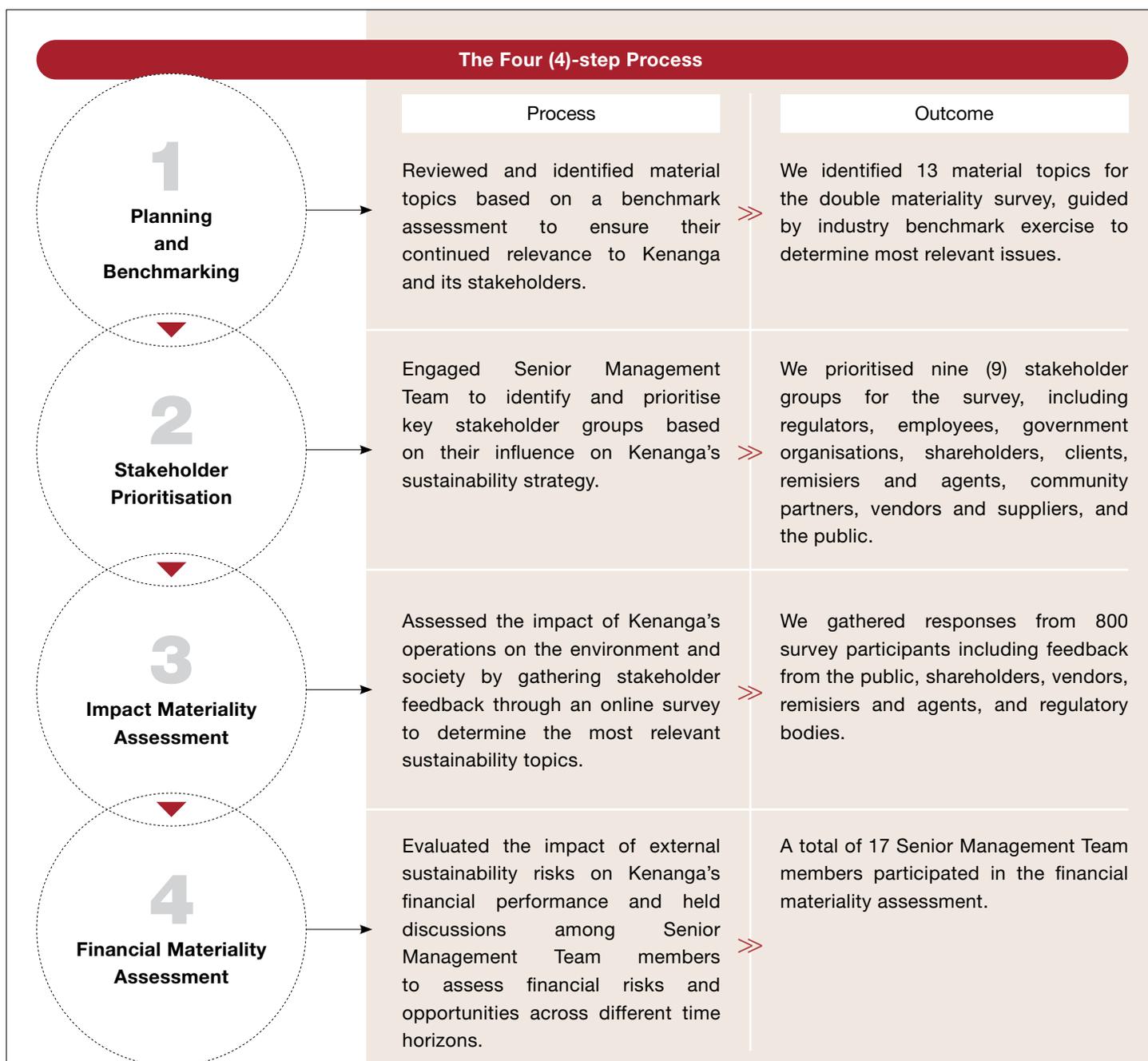
THOSE WHOSE LIVES WE ENRICH

How We Engage	Areas of Interest	Our Commitment
<p>Community Partners</p> <ul style="list-style-type: none"> • Contribute to various social causes, particularly by supporting social enterprises • Encourage employee volunteerism and philanthropy <p>Public</p> <ul style="list-style-type: none"> • Disseminate investing knowledge through roadshows, social media channels and webinars 	<ul style="list-style-type: none"> • Community empowerment • Financial literacy 	<ul style="list-style-type: none"> • Create a positive impact on communities in need through targeted social investments and employee volunteerism • Enhance financial literacy in our communities empowering them to make decisions about their investments and financial resources

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WHAT IS MATERIAL TO US

In 2024, we conducted our first double materiality assessment to meet evolving sustainability reporting standards and stakeholders' expectations, in line with Bursa Malaysia and the IFRS requirements, which also incorporate the Task Force on Climate-related Financial Disclosures ("TCFD") recommendations. This assessment offered a clear and structured view of our business's impact on the environment and society, while also identifying material sustainability risks and opportunities that could influence our financial performance. By applying the principle of double materiality, we considered both financial materiality—how sustainability factors affect Kenanga's financial outcomes—and impact materiality—how our operations influence the environment, society, and the economy. This dual-lens approach supports a more holistic integration of sustainability into our strategic decision-making. To achieve this, we applied a four (4)-step process to identify and prioritise the material issues most relevant to our business and stakeholders.



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KENANGA'S DOUBLE MATERIALITY MATRIX



The outcome of this Double Materiality Assessment was deliberated by the Group Sustainability Management Committee and approved by the KIBB Board of Directors, underscoring its relevance to Kenanga’s business operations. All 13 identified material issues are considered vital to Kenanga’s operations, including two (2) newly introduced topics: Financial Inclusion and Risk Management.

Financial Inclusion underscores our commitment to broadening access to our products and services, driving economic growth, promoting social equity, and fostering a more inclusive and resilient future. Risk Management reflects our focus on navigating an increasingly complex risk landscape to safeguard our clients’ interests. We proactively identify, assess and mitigate market, credit and climate-related risks—strengthening organisational resilience and ensuring long-term stability in an evolving environment.

The materiality ranking highlights digitalisation, good business conduct, risk management, and regulatory compliance as top priorities for Kenanga’s business operations. Digitalisation is crucial for driving operational efficiency, enhancing customer experience, and staying competitive in a tech-centric market. Good business conduct and regulatory compliance ensure adherence

to industry standards, protecting our reputation and mitigating risks. Additionally, risk management is essential to address the complexity of financial, operational, and climate-related risks, helping us to navigate challenges effectively.

Diversity and inclusion, along with employee health, safety, and wellbeing, client experience, and talent attraction, form the foundation for the Group’s sustained growth. A diverse workforce fosters innovation, while prioritising employee safety and client experience ensures a supportive work environment and strong customer loyalty—critical elements for long-term success. While responsible investing, climate impact, and community investment rank lower, they remain significant in ensuring our future resilience. Responsible investing aligns with stakeholders’ expectations and regulatory requirements, ensuring sustainable capital allocation. Climate impact reinforces environmental responsibility, aligning with heightened regulators’ focus on climate-related risks. Community investment continues to play a key role in driving social impact which strengthens business reputation and trust.

This integrated approach to double materiality supports Kenanga’s long-term goals, driving business growth while aligning with ESG priorities.

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MATERIAL TOPICS, KEY RISKS AND OPPORTUNITIES

Good Governance



1 Good Business Conduct

Upholding the highest standards of integrity in business practices by ensuring ethical conduct, implementing anti-corruption measures and fostering a transparent corporate culture.

Key Risks:

Non-compliance with evolving regulations can result in legal penalties, fines, and reputational damage. Weak governance structures risk financial instability and diminish stakeholder trust. Unethical practices undermine relationships and operational efficiency.

Key Opportunities:

Strong regulatory compliance safeguards reputation, mitigates risks and attracts investors. Effective governance, supported by clear accountability, fosters trust and supports growth. Ethical business practices enhance stakeholder confidence and organisational resilience.

 For more information on how we manage Good Business Conduct, please refer to pages 28 to 31 of this Report.

2 Risk Management

Identifying, assessing and managing potential risks such as strategic, operational, financial and ESG-related risks, which could impact Kenanga's business operations, financial stability, or reputation, ensuring resilience and long-term sustainability.

Key Risks:

Ineffective risk governance—including weak internal controls, non-compliance, or failure to uphold ethical standards—can lead to legal penalties, reputational damage, and financial loss. The failure to integrate ESG risk considerations can lead to increased regulatory scrutiny, asset devaluation, and a loss of investor and public confidence.

Key Opportunities:

Leveraging technological solutions for stronger compliance and cybersecurity enhances risk detection. By incorporating ESG risk factors into their risk management strategies, organisations are better equipped to mitigate potential disruptions and enhance stakeholder confidence. Additionally, embracing digital innovation, diversifying financial products, and implementing effective crisis management strategies foster resilience and drive sustainable growth.

 For more information on how we address Risk Management, please refer to pages 32 to 34 of this Report.

3 Regulatory Compliance

Ensuring adherence to local and international laws, regulations and standards by maintaining compliance in all operations, from financial reporting to governance practices, reduces the risk of legal or regulatory breaches.

Key Risks:

Regulatory non-compliance can incur fines, reputational damage, and loss of trust from regulators, investors, and clients. Additionally, a lack of understanding of good governance practices may result in poor decision-making and accountability gaps. Weak financial crime policies further increase legal risks and undermine stakeholder confidence.

Key Opportunities:

Building regulatory trust through strong compliance reinforces credibility with regulators and investors. Promoting governance awareness fosters ethical practices and accountability among stakeholders. Implementing robust financial crime measures further protect the organisation, ensuring security and strengthening trust.

 For more information on how we manage Regulatory Compliance, please refer to pages 35 to 40 of this Report.

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Sustainable Economic Growth

1 Responsible Investing

Incorporating ESG factors into investment decision-making, to generate sustainable, long-term returns while promoting positive societal impact.

Key Risks:

Greenwashing risk stems from exaggerated or misleading sustainability claims, while market and performance risks arise from evolving ESG trends and regulations, leading to short-term investment fluctuations. Transition and reputational risks are linked to financing high-emission sectors, which can trigger divestment pressure and impact revenue negatively.

Key Opportunities:

Responsible investing drives long-term value by enhancing resilience and growth. It improves risk management, mitigates ESG-related risks, and strengthens investor confidence while attracting sustainable capital.

 For more information on how we manage Responsible Investing, please refer to pages 42 to 47 of this Report.

2 Digitalisation

Leveraging technology to enhance business operations and customer experiences, encompassing the adoption of advanced digital tools to improve efficiency, offer innovative financial products and remain competitive in a tech-driven market.

Key Risks:

As digitalisation accelerates, the risks of data breaches and oversight gaps grow. Rapid technological advances may outpace governance frameworks, while outdated systems increase costs and require frequent upgrades.

Key Opportunities:

Digitalisation enhances efficiency, redirect resource use, and expands financial inclusion through digital platforms. Strategic fintech collaborations drive innovation, ensuring sustainable growth and resilience.

 For more information on how we manage Digitalisation, please refer to pages 48 to 52 of this Report.

3 Cyber Security

Implementing measures and protocols to safeguard sensitive data and ensure secure operations in a rapidly evolving digital environment.

Key Risks:

Cyberattacks can lead to system downtime, disrupting operations and damaging client trust. Data breaches may expose sensitive information, compromising service continuity and customer confidence. Furthermore, non-compliance with data protection regulations can result in heavy fines and legal repercussions.

Key Opportunities:

Implementing strong cybersecurity frameworks enhances resilience, builds stakeholder trust, and positions the organisation as a key player in providing secure digital services, driving competitive advantage.

 For more information on how we manage Cyber Security, please refer to pages 53 to 54 of this Report.

4 Client Experience

Delivering superior client experience to retain customer loyalty and trust, through initiatives such as providing seamless, efficient and customer-centric financial services that meet evolving client needs.

Key Risks:

Client trust is foundational to our brand, and it can be compromised by data breaches, biased practices, or a lack of access to accurate information. Misleading communication or failure to adhere to marketing standards can damage our reputation, leading to client dissatisfaction and increased attrition risk.

Key Opportunities:

Transparency, ethical practices, and accurate information build trust and loyalty in our brand. Aligning financial solutions with societal needs and ensuring compliance strengthens our reputation. Inclusive digital platforms enhance accessibility for a seamless client experience.

 For more information on how we manage Client Experience, please refer to pages 55 to 56 of this Report.

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Environmental Stewardship



1 Climate Impact

Addressing climate change impacts by managing carbon emissions and energy use through Kenanga’s operations, investments and services to mitigate environmental-related risks.

Key Risks:

Non-compliance with environmental regulations, reliance on carbon-intensive industries, and climate-related disruptions can incur regulatory fines, asset devaluation, and operational costs.

Key Opportunities:

Regulatory compliance fosters trust, attracts investors, and ensures adherence to industry standards, while climate risk assessments protect long-term value and strengthen portfolios. Moreover, investing in energy-efficient technologies lowers costs and promotes greater operational sustainability.

For more information on how we manage Climate Impact, please refer to pages 58 to 78 of this Report.

Empowering People and Communities



1 Diversity and Inclusion

Ensuring equal opportunities regardless of gender, race or background by creating a positive and equitable work environment where all employees can thrive.

Key Risks:

Non-compliance with labour laws on anti-discrimination and inclusivity can result in legal and reputational risks. Workforce inequities may undermine morale and engagement, while inadequate diversity and inclusion efforts may lead to higher turnover and challenges in attracting talent.

Key Opportunities:

An inclusive workforce enhances an organisation’s reputation by improving employee engagement, increasing retention, and attracting top talent, particularly those seeking purpose-driven roles. This cultivates a strong image and appeals to both employees and customers.

For more information on how we manage Diversity and Inclusion, please refer to pages 80 to 84 of this Report.

2 Employee Safety, Health and Wellbeing

Ensuring the safety, health and overall wellbeing of employees through implementing policies and practices that protect employees from workplace hazards and promote physical and mental health.

Key Risks:

Failure to comply with health and safety regulations can lead to legal action and financial penalties. Poor workplace health practices contribute to higher absenteeism and reduced productivity. Additionally, neglecting health and safety concerns may raise investor apprehensions, influencing their investment choices.

Key Opportunities:

Emphasising employee wellbeing strengthens the Group’s reputation as an employer of choice, attracting top talent and improving productivity. Prioritising health and safety further solidify the commitment to responsibility and compliance, building trust with employees and investors.

For more information on how we manage Employee Safety, Health and Wellbeing please refer to pages 85 to 88 of this Report.

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Empowering People and Communities

3 Talent Attraction, Development, and Management

Attracting, retaining and developing top talent by creating career development opportunities, providing training and fostering a culture of continuous learning and growth.

Key Risks:

Attracting top talent for specialised roles can be challenging, leading to high turnover and understaffed teams. Rapid technological changes require ongoing employee development to prevent skill gaps. In addition, financial institutions risk non-compliance if they fail to adhere to strict recruitment and talent management regulations.

Key Opportunities:

Enhancing career growth, flexibility, work-life balance and competitive compensation strengthens the employer brand and attracts top talent. Continuous upskilling and reskilling opportunities nurture a growth culture, while fostering a purpose-driven work environment.

For more information on how we manage Talent Attraction, Development, and Management, please refer to pages 89 to 95 of this Report.

4 Community Investment

Contributing to societal development through initiatives that prioritise the wellbeing of the communities where we operate, including supporting philanthropic efforts, participating in volunteerism and supporting local economies.

Key Risks:

Neglecting community interest and wellbeing can damage the Group's reputation, undermine stakeholders' trust and lead to negative publicity. This may result in missed growth opportunities, difficulties in attracting top talent and a weakened connection with key stakeholders.

Key Opportunities:

Community investment enhances the Group's reputation, strengthens customer loyalty, attracts top talent and expands market opportunities. It also fosters long-term partnerships and supports business sustainability.

For more information on how we manage Community Investment, please refer to pages 96 to 99 of this Report.

5 Financial Inclusion

Making financial services accessible to underserved populations, ensuring that individuals and businesses, regardless of their socioeconomic status, have access to essential financial services.

Key Risks:

Limited financial inclusivity and literacy can restrict access to essential financial services, preventing businesses from reaching underserved segments. This may also lead to compliance risks and expose companies to financial fraud and scams, resulting in reputational damage and hindering growth.

Key Opportunities:

Expanding financial inclusivity and literacy to underserved segments enhances customer engagement and loyalty. Providing accessible financial education fosters informed decision-making among the investing community, strengthens relationships and broadens market reach. Addressing financial literacy also ensures regulatory compliance, reduces fraud risks and enhances the Group's reputation.

For more information on how we manage Financial Inclusion, please refer to pages 100 to 102 of this Report.

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OUR ESG FRAMEWORK

Kenanga's ESG Framework guides our approach to managing sustainability issues that matter to our business and stakeholders, forming the foundation of our long-term goals. Driven by our sustainability vision, our ESG framework is supported by four (4) key pillars: Good Governance, Sustainable Economic Growth, Environmental Stewardship, and Empowering People and Communities. In response to the double materiality assessment, we have refreshed our ESG Framework to incorporate all identified material topics, ensuring alignment with evolving sustainability priorities.

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 strategies 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.


GOOD GOVERNANCE

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

Key Material Topics

- Good Business Conduct
- Risk Management
- Regulatory Compliance

UN SDGs






SUSTAINABLE ECONOMIC GROWTH

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

Key Material Topics

- Responsible Investing
- Digitalisation
- Cyber Security
- Client Experience

UN SDGs







ENVIRONMENTAL STEWARDSHIP

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

Key Material Topic

- Climate Impact

UN SDGs






EMPOWERING PEOPLE AND COMMUNITIES

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

Key Material Topics

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

UN SDGs








OUR APPROACH TO SUSTAINABILITY

OUR SUSTAINABILITY GOALS AND ROADMAP

To bring our sustainability vision and ambitions to life, we have set Sustainability Goals and Targets across the four (4) pillars of our ESG Framework. These are further supported by our Sustainability Roadmap (“the Roadmap”) for 2023-2025. To drive accountability, we have integrated ESG Key Performance Indicators (“KPIs”) into the Balanced Scorecards (“BSC”) of key roles across the Group, including the Group Managing Director as well as Heads of Divisions and Departments. This ensures ESG priorities are embedded into our business operations and decision-making processes.

Kenanga Sustainability Goals

 <p>GOOD GOVERNANCE</p>	<p>Lead a responsible business underpinned by a robust compliance culture and high levels of ethical standards.</p>			
	<p>Goal 1</p> <p>All material matters to be supported by adequate policies and procedures in line with best practices and regulatory requirements</p>	<p>Goal 2</p> <p>Lead industry fraud awareness through an interactive flagship programme</p>		
 <p>SUSTAINABLE ECONOMIC GROWTH</p>	<p>Integrate ESG factors into our business decisions and value chain and manage our ESG risks and opportunities as we innovate to build a sustainable future.</p>			
	<p>Goal 1</p> <p>Increase support of sustainable economic activities</p>	<p>Goal 2</p> <p>Champion cloud-first strategy to increase scalability and flexibility</p>	<p>Goal 3</p> <p>Increase automation for productivity</p>	<p>Goal 4</p> <p>Increase digital distribution and resilience of products and services</p>
 <p>ENVIRONMENTAL STEWARDSHIP</p>	<p>Promote climate positive culture within the organisation and relevant external stakeholders to attain a low carbon economy.</p>			
	<p>Goal 1</p> <p>Accelerate enterprise decarbonisation</p>	<p>Goal 2</p> <p>Build awareness, knowledge and skills needed to enable employees and stakeholders, to contribute positively to climate actions</p>		
 <p>EMPOWERING PEOPLE AND COMMUNITIES</p>	<p>Create a positive impact on our employees, clients, and business associates, as well as communities in need.</p>			
	<p>Goal 1</p> <p>Maintain and promote workforce diversity, and maintain anti-discrimination culture</p>	<p>Goal 2</p> <p>Integrate mental health as a topic of overall wellbeing of employees</p>	<p>Goal 3</p> <p>Increase social impact towards marginalised and deserving communities through consistent programmes and initiatives</p>	<p>Goal 4</p> <p>Expand investing literacy reach through online and offline channels</p>

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Kenanga's Three (3)-year Sustainability Roadmap

OBJECTIVE

This Roadmap aligns with our Board-approved sustainability goals and targets while supporting the implementation of regulatory and rating agency requirements on sustainability disclosures, which are reflected in relevant KPIs.

OUR ROADMAP FOCUS AREAS

STRENGTHENING ESG FOUNDATION

2023

- 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' requirements that are in line with the Bank Negara Malaysia Climate Change and Principle-based Taxonomy, and the Policy Document on Climate Risk Management and Scenario Analysis, as well as the Bursa Malaysia Sustainability Reporting Guide (3rd Edition)
- Upskill sustainability-relevant roles within the organisation and ensure alignment are in line with Bursa Malaysia Corporate Sustainability Practitioner Competency Framework
- Obtain assurance of our sustainability reporting process for data and enhance reporting credibility

BUILDING SUSTAINABLE ECOSYSTEM

2024

- Enhance sustainability governance structure with sub-committees/working group with clear roles and responsibilities
- Promote sustainability culture and increase ESG literacy among Kenanga's stakeholders through the inaugural Sustainability Day and targeted sustainability literacy programmes
- Identify and integrate ESG risks, including climate risk, into group-wide risk management throughout the Group's business operations, in accordance with the updated materiality matrix

AMPLIFYING ESG IMPACT

2025

- Expand sustainable products and services while focusing on targeted thematic and impact investing
- 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