

## 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.



UN SDGs



### MATERIAL TOPICS:

- Responsible Investing
- Digitalisation
- Cyber Security
- Client Experience

#### 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.



## SUSTAINABILITY AT KENANGA



## RESPONSIBLE INVESTING

GRI 3-3

**Collaborating with asset owners, regulators and a wide range of market participants on ESG matters and ensuring that it takes place at the heart of the investment process.**

**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**

We integrate ESG factors into our investment process by selecting companies that meet our ESG standards and avoiding those with unsatisfactory performances. Industries that do not align with our core ESG values, such as controversial weapons and adult entertainment, are excluded from investment considerations. Additionally, we exercise our voting rights in investee companies with substantial holdings, following our voting policy. This formal channel allows us to communicate our views, especially on ESG-related issues, and includes significant resolutions such as the appointment of auditors and board of directors, proxy contests, anti-takeover provisions, corporate governance matters, capital structure decisions, including mergers and acquisitions, and executive compensation. Furthermore, we actively engage with stakeholders across industries and investee companies to monitor and promote good ESG practices.

**KEY PROGRESS IN 2023**

- Kenanga Investors Berhad and Kenanga Islamic Investors Berhad have been affirmed investment manager ratings (“**IMR**”) of IMR-2 by the Malaysian Rating Corporation Berhad for the seventh (7<sup>th</sup>) consecutive year since first rated in 2017
- Appointed as asset manager for two (2) ESG mandates by notable Malaysian public asset owners which is a testament to Kenanga Investors Berhad’s position as trusted fund in the sustainability space
- Kenanga Investors Berhad completed screenings for its fixed-income stocks and sector-specific assessments for equities, with a heightened focus on sectors bearing elevated ESG risks
- Total assets under management (“**AUM**”) that underwent ESG assessment amounted to approximately RM10.0 billion, accounting for approximately 48% of our reported AUM
- Three (3) SRI funds launched under Kenanga Investors Sustainability Series, yields positive returns in 2023
- RM73.9 million (28%) of Kenanga Private Equity Sdn Bhd’s portfolio are focused on the renewable energy sector
- RM44.6 million (7.4%) 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
- Conducted in-depth engagement with a group of over twenty (20) companies on ESG matters, including climate change
- Kenanga Research organised twelve (12) ESG-related webinar series and experiential visits as part of active engagement activities for corporate and institutional clients

 DIGITALISATION

GRI 3-3

**Leveraging technological advancements to develop innovative products and services, enhance and reinforce advisory operations and offer solutions that meet clients' needs.**

**WHY IT MATTERS**

We recognise that strengthening our digital competitiveness is vital to our continued sustainability and growth, especially given the rapidly evolving financial landscape. Our goal is to optimise internal operational efficiency through digitisation, as well as to create an integrated and seamless digital experience that offers a suite of products.

**OUR APPROACH**

At Kenanga Group, our digitalisation strategy is premised on expanding our digital offerings to create a comprehensive approach to wealth creation. We also aim to streamline workflows through automation to boost efficiency. Additionally, we continue to enhance our IT governance for effective oversight of digital initiatives. Our objectives include optimising resources, speeding up digital implementation, and refining cost structures. Furthermore, we aim to forge strategic partnerships with technology leaders to drive innovation and deliver value to our customers. These efforts underscore our commitment to leveraging digitalisation to fuel growth and innovation in our business.

**KEY PROGRESS IN 2023**

- Utilising AntChain's state-of-the-art Mobile Platform as a Service, the Kenanga SuperApp, a central platform for our financial and wealth solution, is expected to launch in 2024
- Treasury FX Platform is aimed at empowering clients to conduct online foreign currency trades and transfer funds internationally, is expected to launch in 2024
- The total AUM through Kenanga Digital Investing, which utilises fully automated AI-driven robo-advisors to simplify saving and investing, reached over RM235.0 million, catering to 23,396 clients
- A total of 19,410 new users signed up on Rakuten Trade, bringing the total customer base to 276,163, with a total of RM125.0 billion worth of stocks transacted since its inception in year 2017
- Project iLeap is a transformative initiative aimed at modernising our operations and enhancing efficiency through digitalisation. Since 2020, a total of 69 workflows have been digitised, with an additional four (4) workflows digitised in 2023. These include processes within Group Operations, Group Finance, Group Equity Business, Group Treasury, Equity Derivatives and Group Digital, Technology, and Transformation
- Enhanced client services through the implementation of digital onboarding processes and improvisation of back-end client management systems
- Accomplished the CCRIS Enhancement 2023, aligning with the Climate Change and Principle-based Taxonomy ("CCPT") framework and enabling the system to cover several key products

## SUSTAINABILITY AT KENANGA



## CYBER SECURITY

GRI 418

**Implementing robust cyber security solutions through strategic partnerships to protect corporate and client information and enhance cyber security posture, and equipping employees with the knowledge and skills to recognise and prevent malicious activities from cyber threat actors.**

**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 aim to address 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 our IT governance which guides our management approach towards cyber risks and responses to security incidents.

**KEY PROGRESS IN 2023**

- Updated key policies related to Cyber Security including Data Loss Prevention Framework, Group Confidential Information Policy
- Three (3) topics on cyber security were included as webinar topics within the eighth (8<sup>th</sup>) annual regulatory seminar including phishing, zero trust and data governance
- Implemented Cloudflare to shield web applications from cyber attacks, enhanced security posture through advanced endpoint and identity protection to safeguard clients' and employees' data
- Conducted monthly cybersecurity awareness training in partnership with Sophos alongside with regular phishing email simulation as part of employees' education on phishing attacks



## CLIENT EXPERIENCE

GRI 417

**Delivering positive client experience through customer service excellence, as well as innovative products and services.**

**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 clients, 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 and claims embody a commitment to ethical principles which prioritise accuracy and honesty. Through our client-centric approach, we aim to build lasting client relationships that will serve to fortify the foundation that sustains our business for the long term.

**KEY PROGRESS IN 2023**

- Introduced a dedicated email and hotline channels to manage reporting of scam-related issues
- Increased communication efforts to publish contents on website and social media platforms to increase awareness on scam and preventions measures

Refer to pages 43 to 58 of our Sustainability Report 2023 for more information on our approach and progress on Sustainable Economic Growth.