

SUSTAINABLE ECONOMIC GROWTH



Our approach to 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. We employ a multi-faceted approach to responsible investment, engaging in both product development and active management of the businesses in which we invest in.

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.





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 consider overall business sustainability in their investment decision-making process.

OUR APPROACH

Our Investment Strategy

Kenanga Investors Group (“Kenanga Investors” or “KIG”), which comprises Kenanga Investors Berhad (“KIB”), Kenanga Islamic Investors Berhad (“KIIB”), and Eq8 Capital Sdn Bhd (Formerly known as i-VCAP Management Sdn Bhd), is the asset and wealth management arm of the Group. As part of our commitment to responsible investing, Kenanga Investors works closely with investee companies, regulators and a broad range of market players in the integration of 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 KIIB have been affirmed investment manager ratings (“IMR”) of IMR-2 by the Malaysian Rating Corporation Berhad for the 7th consecutive year since first rated in 2017 in its recent November

2023 rating announcement. The rating considers KIG’s well-established investment processes and sound risk management practices.

KIG enhanced its Sustainability Blueprint in 2022 to incorporate fixed-income asset class by developing an in-house ESG assessment to perform positive screening for bonds and sukuk-based on independent and accredited external data sources. Following the enhancement, in 2023, KIG completed comprehensive screenings for its fixed-income securities and sector-specific assessments for equities, with a heightened focus on sectors bearing elevated ESG risks. As of December 2023, KIB’s total asset under management (“AUM”) with ESG coverage amounted to approximately RM10 billion, accounting for approximately 48% of our reported AUM.

To effectively manage and monitor risks, various factors and indicators specific to respective industries such as palm oil, oil and gas, banking and finance, power, as well as 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.

ESG Integration Strategy

Positive Screening

- Incorporate ESG factor assessment into investment analysis and decision-making
- Invest in companies that meet our ESG standards

Negative Screening

- Avoid investing in companies with unsatisfactory ESG performances
- Exclude industries that do not align with our ESG core values from investment consideration, such as controversial weapons and adult entertainment

Voting Rights

- Exercise our voting rights in investee companies with substantial holdings, as per our voting policy
- Serve as a formal channel to communicate and relate our views to investee companies, especially on ESG-related issues
- Encompass 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

Active Engagement

- Actively engage with stakeholders across industry and investee companies to monitor and promote good ESG practises

ESG Integration Throughout Investment Life Cycle

Pre-Investment

- Stock selection based on ESG assessment conducted via positive and negative screening

Post-Investment

- Continuous ESG monitoring and review
- Exercise active ownership through voting and engagement to ensure continued ESG alignment

Divestment

- Divest stocks that are not aligned with our ESG values

Our Sustainable Investment Products

Kenanga Investors currently has three (3) Sustainable and Responsible Investment (“**SRI**”)-qualified ESG funds under its Kenanga Sustainability Series (“**KSS**”). These funds were also disclosed in the research reports which are shared on our website via the ‘Market Insights’ webpage, providing a comprehensive look at the ESG criteria for investment.

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	Kenanga Sustainability Series: High Yield Bond Fund	Kenanga Sustainability Series: World Quality ESG Fund
About the Fund	The Fund is Malaysia's first SRI-qualified high yield bond fund, which seeks to provide income and capital growth by investing in the Northern Trust ("NT") Global High Yield ESG Bond Index Fund managed by NT Asset Management.	The Fund seeks to provide capital growth by investing in the NT World Quality ESG Fund managed by NT Asset Management.
Launched Date	30 March 2022	6 September 2022
Sustainable and Responsible Investment Strategy	<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>	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.
Fund Size	RM1.2 million	RM64.8 million

	Kenanga Sustainability Series: Emergency Waqf Musa'adah Fund
About the Fund	<p>The 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>
Launched Date	6 October 2022
Sustainable and Responsible Investment Strategy	<p>The External Fund Manager adopts the following ESG methodology throughout its investment and decision-making process:</p> <ul style="list-style-type: none"> ESG Integration: 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. Positive Screening: 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. Negative Screening: 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. <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>
Fund Size	RM1.7 million

Additionally, in 2023, KIG successfully secured two (2) exclusive landmark ESG mandates from notable Malaysian public asset owners, which is a testament to the strength of our expertise, and bolsters our position as trusted fund managers in the sustainability space.

Engagement with KIG Clients

Through KIG, we maintain regular engagement with investee companies. Additionally, in 2023, we conducted in-depth engagement with a group of over 20 companies on ESG matters, including climate change.

We are currently enhancing our Engagement Policy as part of our ongoing efforts to strengthen our ESG Framework in response to the ever-evolving demands of the sustainability landscape.



Pledge to Preserve ("P2P") Campaign

The P2P Campaign is an ongoing initiative in collaboration with 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 programmes.

The Restore Our Amazing Rainforest ("ROAR") initiative, a reforestation initiative championed by APE Malaysia, aims to rejuvenate degraded habitats for endangered animals at its reforestation sites at Lower Kinabatangan River in Sabah.

For each fresh investment contributed to KSS products, 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 employee.



Since its inception in 2022, a total of 2,089 trees have been planted.

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 risk assessment strategy.



As of 31 December 2023, approximately RM73.9 million (28%) of KPE's portfolio are focused on the renewable energy sector.

Our Corporate Banking unit at Kenanga has started incorporating ESG factors into its lending and financing activities. In June 2023, we have completed screening for all our existing corporate loans, as guided by the CCRM Framework.



As of 31 December 2023, 7.4% of loan and financing portfolio amounting to RM44.6 million under Kenanga's Corporate Banking division in green lending and financing are related to renewable energy, green technology, and climate change mitigation activities.

Kenanga Futures Sdn Bhd ("Kenanga Futures") actively promoted 10 Bursa Malaysia products, including the ESG-driven FTSE4Good Bursa Malaysia Index Futures, through its "Grow Your Futures" campaign in 2023. In conjunction with the campaign, Kenanga Futures offered an electric scooter as the grand prize, promoting awareness of environmentally friendly transportation options.

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Our Internal Stock Scoring Methodology

Kenanga's Equity Broking Research Department has developed an internal scoring system to rate public listed stocks, premised on Bursa Malaysia Sustainability Reporting Guide, the Sustainability Accounting Standards Board ("SASB") and GRI's primary ESG topics. Since the establishment of the scoring system in 2022, we have consistently engaged with businesses to obtain updates on their ESG strategy, goals, and accomplishments to gain a deeper understanding of their sustainability aspirations and commitments.

Favourable scores are accorded toward companies that possess a high degree of disclosure, with particular reference to quantifiable information	Short-term targets are preferred compared to long-term targets, as immediate solutions are favoured	Year-on-year comparisons of improving ESG data would be given the highest score on a percentage basis
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Our Progress in 2023

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



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

Continued publishing ESG-centric bulletin to deliver news updates and commentary on selected topics

During the year, we published 10 ESG-thematic reports on the following topics:

Digitalisation and the Future of Retailers	Malaysia Tapping into VCM Potential	A Boost to EV Charging Network	Drilling Down to Details	Boost to Carbon Credit Trading
The Future of Low Carbon Mobility	Sustainability the Infineon Way	Banking on Cyber Security	National Energy Transition Roadmap	Waste: Generate Less, Separate More

FUTURE PROSPECTS

In 2024, Kenanga Research will be focusing on more engagements with corporates, as well as industrial authorities to delve deeper into the requirements in ESG reporting and disclosure, and understanding the impact of climate change on businesses.



ESG Engagement with Our Corporate and Institutional Clients

As part of our ESG integration strategy to facilitate active engagements across industries between investors and investee companies, we conducted a total of 12 ESG-related webinars and experiential visits for corporate and institutional clients in 2023. These initiatives aimed to offer first-hand knowledge and understanding of sector-specific and company-specific ESG information.

The webinars and visits conducted were:

Samaiden Group Bhd: Visit to rooftop solar installation in Sunway Nexis, Petaling Jaya

Kenanga ESG Webinar on Accelerating Decarbonisation (Infineon Technologies AG)

Gentari Sdn Bhd: Visit to EV Charging Hub & Test Drive of EVs in Bangi Golf Resort, Selangor

Top Glove Corporation Bhd: Visit to workers' accommodation in Meru, Klang, Selangor

Oil & Gas Industry Insight Session with Malaysia Petroleum Resources Corporation and Velesto

Kenanga ESG Webinar on The Future of Low Carbon Mobility (Zero Emission Vehicle Association, Tenaga Nasional, Swift Haulage)

Kenanga ESG Webinar on Cyber Security in Financial Institutions (Deloitte)

Kenanga ESG Webinar on The Potential and Opportunities in Malaysia's Carbon Market (Bursa Carbon Exchange, Majuperak Holdings, ERM Japan)

Opportunities in Malaysia's National Healthcare Insurance Scheme Reforms

Tenaga Nasional Bhd: Webinar on Vantage RE Ltd on RE development in the UK

Kenanga ESG Webinar: Choosing the Right Cooking Oil

ESG Webinar on Sustainable Waste Management in the Consumer Sector

These engagements garnered participation from over 300 clients.



Future Outlook

We intend to broaden our array of sustainable investment products with a focus on thematic investing. To deepen our understanding of ESG risks and opportunities within our portfolio, we will intensify engagements with our investee companies to gain insights into their ESG aspirations and strategies.



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.

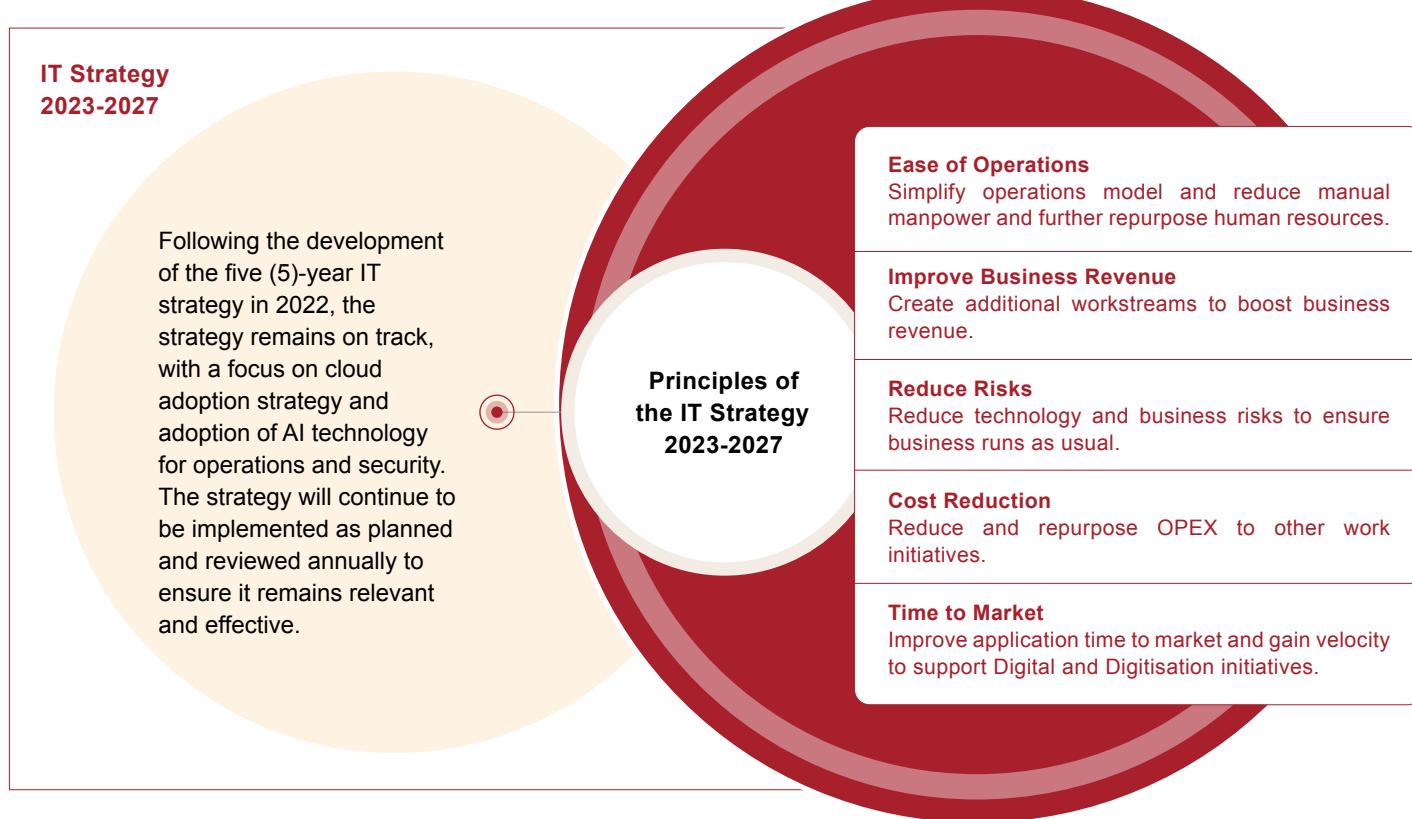
OUR APPROACH

At Kenanga, 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, and 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.

Information Technology (“IT”) Governance

The Group Board Digital Innovation & Technology Committee (“**GBDITC**”) supports the Board in providing direction and oversight on technology-related matters, including risks, 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.



Digitalisation in Product and Services

● Greater Product Accessibility for Financial Inclusion

We believe in advancing financial inclusion through digitalisation by embracing technological advancements and innovation. This approach aims to increase clients' access to financial products and reach the underserved market segments.

Planned Initiative	Key Highlights
SuperApp	<p>We entered into a Memorandum of Understanding with Ant Group to create Malaysia's first Wealth SuperApp in 2022. The SuperApp will serve as a central platform for our financial, and wealth solutions, which will be complemented by lifestyle offerings.</p> <p>Utilising AntChain's state-of-the-art mobile Platform as a Service, the SuperApp is nearing completion and is ready to support our financial products including Single Customer Portfolios, Single Onboarding and integrated e-KYC which is expected to launch in 2024.</p>
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. It is anticipated that this will debut alongside the SuperApp in 2024.
Treasury FX Platform	This platform is aimed at empowering clients to conduct online foreign currency trades and transfer funds internationally. Our target for the official launch of the platform is set for 2024, following enhancements to user experiences.

● Innovative Product Platforms

Our financial solutions platform continues to transform how clients manage their transactions. Prioritising user-friendly interfaces and security, we strive to provide tailored services for convenience and efficiency.

Product	Key Highlights in 2023
Kenanga Digital Investing (“KDI”) Fully automated AI-driven robo-advisor aimed at simplifying the saving and investment process was introduced in 2022. Licensed by the Securities Commission Malaysia, the KDI platform offers two (2) convenient products – KDI Save and KDI Invest. KDI Save offers daily returns on savings with no lock-in or management fees, while KDI Invest enables wealth growth through access to global investment opportunities via US-listed Exchange Traded Funds (ETFs) at competitive fees.	Total Assets Under Management of over RM235 million, serving 23,396 clients.
Rakuten Trade Rakuten Trade Sdn Bhd (“ Rakuten Trade ”) is a joint venture between Kenanga and Japan-based Rakuten Securities Inc. has introduced the ease and access of online stock trading to hundred thousand of new traders and investors. In addition to introduction of trading access into the US market, foreign trading capabilities also include Hong Kong Exchange and US Fractional Share Trading, allowing Malaysian users a seamless and cost-effective option to further diversify their portfolio.	<p>A total of 19,410 new users signed up on Rakuten Trade in 2023, bringing the total customer base to more than 276,163.</p> <p>Over RM125 billion worth of stocks have been transacted since its inception in 2017.</p>
Kenanga Money Through partnership with Merchantrade Asia Sdn Bhd (“ Merchantrade ”), Kenanga entered the cashless payment sector through its first e-wallet platform, allowing its clients to move money from their stock trading account into an e-wallet with a prepaid card for retail payments, remittances, and withdrawals globally. Users also benefits from Merchantrade's innovative multi-currency capability, which allows users to buy, sell, and keep up to 20 foreign currencies at any time at competitive exchange rates.	Over 750 sign-ups since its release in 2020. In 2023, a total of over RM44,000 retail transactions were made via this platform.

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 **Enhancing Client Services**

We continue to enhance client services by implementing digital onboarding processes and improving back-end client management systems. Through digital onboarding, clients can conveniently open accounts and access our services online, thus reducing paperwork and processing time. Additionally, our improved back-end systems works to streamline client management processes, ensuring smoother interactions and more personalised services.

Services	Key Highlights in 2023
Digital Client On-boarding (“DCO”) Service Launched in 2022, this platform enables clients to open accounts online, eliminating the need to visit a Kenanga branch. Clients can easily access equity trading, futures and options trading, and treasury products. The account opening process takes just 15 minutes and can be completed on a PC, laptop, or with a mobile device.	A total of 3,282 accounts have been opened via DCO, since its inception. This includes Kenanga Futures, Kenanga Treasury, and Equity Broking – cash, collateralised, and margin.
Futures Account Opening Services An initiative to digitalise Kenanga Futures account opening process, aiming to increase processing speed, enhance security, and reduce the cost of client onboarding.	Achieved a 98% digital onboarding rate, with only 2% of new accounts being opened through physical means. As of 2023, 50% of its back-office administrative forms and existing physical documents have been converted to digitalised forms.
Remisier’s Service Portal A user-friendly platform offering greater flexibility to remisiers and enhancing client experience. Key functions include enabling remisiers to access stock information quickly and support clients in submitting requests via the e-request functions.	100% of our remisiers have been onboarded on our Remisiers Portal. Number of transactions: <ul style="list-style-type: none"> • eDeposits – 133,621; • eSettlements – 372,260; • eTrust Withdrawals – 88,352
Treasury Relationship Manager Platform An online platform enabling Relationship Managers to execute order fulfilment digitally and seamlessly for the popular structured investment solution, Dual Currency Investment (“DCI”).	DCI transaction volume has more than doubled from 2022, achieving over 200% increase.
Project OMNI A software platform designed to support advisers and staff in onboarding and servicing clients through a digital journey. It comprises two main components: an iOS-based tablet app called REACH for advisers and a web-browser-based Back Office Web portal for Kenanga Investors employees. It further aims to minimise the printing of forms and reduce adviser trips to the branch, as REACH submissions are fully digital except for those mandated by regulators.	During the year, enhancements were made to the app and we aim to release the updated version in 2024. Moving forward, we plan to gradually roll out more advanced Switching and Redemption features throughout 2024. Additionally, we plan to expand the app's availability to more advisers.

Centralising Client Information

In 2023, we initiated a project to develop data lake, aimed at centralising customer information, improving client screening, and enhancing overall IT operations. This initiative supports our goals of enhancing analytics and operational efficiency. The data lake will provide a comprehensive view of customers, aiding in better segmentation and personalised marketing. It will also improve client screening accuracy for better risk management and regulatory compliance. Additionally, the data lake will streamline data management, reduce silos, and enable more efficient data access and analysis, leading to cost efficiencies and improved governance.

● **Digitalising Operational Efficiency in Kenanga**

As we gradually accelerate our digital transformation efforts across the organisation, we are focused on the digitalisation of key functions and processes to enhance operational efficiency.

Product

The Group's Digital Workflows ("iLeap")

This project streamlines sign-off, storage, and audit processes, reducing printing in digital workflows. Additionally, it adopts the iLeap Application Governance Policy to ensure secure and effective platform use. By automating business and IT processes, Project iLeap optimises resources and results in cost savings.

Key Highlights in 2023

A total of 69 workflows were digitised since 2020 with 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.

Product

Robotic Process Automation ("RPA")

A software technology that automates digital tasks using predefined instructions.

Key Highlights in 2023

A total of 10 RPAs were launched to date with three (3) new RPAs processes rolled out in 2023, to automate routine tasks and processes within the Equity Derivatives, Treasury Operations Payment Settlement ("TOPS") Conventional Blotter, and TOPS SPI Blotter areas. The implementation of RPA was also extended to support the Group's IT operations and digital investment management. This expansion of RPA usage enhances operational efficiency and enables more effective management of digital investments, contributing to the overall digital transformation journey of the Group.

SUSTAINABLE ECONOMIC GROWTH


Cloud Adoption Strategy

Our five (5)-year Cloud Adoption Strategy aligns with our group-wide digital transformation ambitions, aiming to fuel innovation and growth. Cloud infrastructure services will enhance scalability, performance, security, and resiliency across the Group. Non-production workloads have been successfully migrated to the Cloud this year. We are currently in collaboration with regulatory bodies to finalise the migration of production applications, a crucial step in enhancing efficiency and scalability through cloud-based solutions.

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

Approach #1 – Public Cloud

To expedite time-to-market, scalability, and resiliency for new cloud-native applications, we will utilise publicly available cloud infrastructure services such as Azure & Amazon Web Services (AWS).

Approach #2 – Private Cloud

Kenanga currently hosts many applications in its data center. We plan to implement a private cloud technology stack to modernise our on-premise data center infrastructure, incorporating cloud automation and security software. This initiative aims to enhance agility and flexibility in managing our infrastructure. Priority will be given to hosting time-sensitive applications and those with high latency requirements in the private cloud.

Key Initiatives:
Remisier Application Modernisation

Our goal is to enhance the efficiency of the Remisier's application in serving our clients. Cloud infrastructure, with its adaptability to varying usage demands, will enhance the scalability, resiliency, and flexibility of the application to better align with evolving business needs.

Azure Enterprise Skilling Initiative (“ESI”)

We are progressively upskilling our IT workforce through Azure ESI offered by Microsoft to further build technical skills which also includes trainings and certifications.

This is a programme offered by Microsoft to help employees to sharpen their technical skills and knowledge needed to be applied for Azure-related projects and initiatives. In FY2023, our IT personnel attended over 12 Azure training courses with a total of 430.3 training hours logged.

Greening Data Centers

Furthermore, as part of our ongoing commitment to fostering energy-efficient practices, we have launched a new initiative focused on greening data centers at the Group during the review period. This initiative involves upgrading to energy-efficient hardware, including servers, storage devices, and networking equipment, as well as virtualising servers to enhance resource utilisation. In 2023, the Group initiated this effort, completing approximately 10% of the upgrades for storage and servers. The primary goal of this initiative is to reduce energy consumption and improve overall energy efficiency.


Future Outlook

We will 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 2024 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 enhanced features on our DCO Service.



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

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 regulatory guidelines such as Bank Negara Malaysia Risk Management in Technology (RMiT).
- The Group Confidential Information Policy has been established and incorporates various privacy legislation that includes Financial Service Act 2013, Securities Industry (Central Depositories) Act 1991, BNM 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: 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.



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 Group's Cyber Security Policy as outlined by Bursa Malaysia, Bank Negara Malaysia and the Securities Commission Malaysia Guidelines on IT and Cyber Security.

The Group'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.

All activities have been monitored and alerts will be prompted when the DLP system detects customers' 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, which will be documented by the Data Officers and Data Governance team.

To further promote transparency and improve customer awareness, we also published a Privacy Notice on our corporate website which specifies the scope in which we utilise customers' data.

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Accelerating Data Security Measures

In the year under review, we bolstered the cyber resilience of our operations through the implementation of the following measures:

SECURING CUSTOMERS' DATA

- Ensured DLP solutions in place to prevent data leaks from internal sources
- Ensured virtual patch solution in place to shield servers from risks before applying physical security patches
- Implemented Cloudflare to shield web applications from cyber-attacks

STRENGTHENING MEASURES FOR SECURING EMPLOYEE DATA

- Enhanced usage of mobile management tool to effectively monitor company information on employee's mobile phones
- Enhanced security posture by upgrading Microsoft 365 subscription to include the full E5 security suite which includes advanced endpoint and identity protection

FOSTERING CYBER AWARENESS AMONGST EMPLOYEES

- Collaborated with a team of experienced cyber security experts to provide valuable cyber knowledge to our Group Digital, Technology and Transformation Division
- Conducted mandatory monthly cyber security awareness training for all employees, in partnership with Sophos and our in-house Kenanga Group Learning Management System
- Implemented regular email phishing simulations to educate employees on identifying and responding to potential phishing threats
- Conducted online quizzes and training sessions
- Introduced the 'IT-Cyber Security – Staying Safe in the Cyberspace' module as part of our New Hire Orientation Course

Completed

2,979.6 hours

of mandatory in-house cyber security training for employees

Achieved a success rate of

89%

in identifying phishing emails through our employee phishing simulator

Conducted

4

mock-phishing exercises during the year



In 2023, zero cyber security incidents involving breach of customer data were recorded.

**Future Outlook**

The ongoing escalation of cyber threats has underscored the importance of cyber security measures. Aligned with our IT Strategy 2023-2027 and DLP Framework, we are committed to continuously strengthen our cyber security protocols. This involves necessary upgrades to our systems and raising awareness amongst both our employees and clients to preemptively address cyber security risks. Our overarching goal is to cultivate trust amongst our clients as they engage in financial pursuits in this digital age, reassuring them that their personal and financial information are safeguarded.



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 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

We prioritise understanding our clients' needs, preferences, and expectations, ensuring that our interactions are personalised and meaningful. Our approach to client experience is centred on delivering value and building enduring relationships founded on trust and satisfaction.

Transparency and communication are integral to our approach, as we strive to keep clients informed and engaged throughout their journey with us. In addition to maintaining a myriad of customer touch points to facilitate open dialogues, we are guided by policies that are aligned to applicable laws and regulations, and 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.

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
The Securities Commission Malaysia	Guidelines On Advertising For Capital Market Products And Related Services

SUSTAINABLE ECONOMIC GROWTH

In relation 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 Group's Intranet:

 **Group Advertisement Policy**

Outlines guiding principles, regulatory requirements, and guiding frameworks for Kenanga Group's communications through the use of traditional and digital advertisements.

 **Group Social Media Policy**

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.

 **Group Media Relations Policy**

Establishes guiding principles and a framework within the Group in its engagements with print, electronic and broadcast media.

 **Group Complaint Handling Procedure**

Establishes guiding principles and a framework within the Group for its complaint handling processes and procedures for all stakeholders.

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 Complaints Handling Procedure.

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.

DIGITAL COMMUNICATIONS PLATFORMS

- Promotional updates, product information and corporate news are constantly updated on all our digital communication touchpoints, which include product and corporate websites, as well as social media platforms including Facebook, Instagram, LinkedIn, Telegram and TikTok
- Digital touchpoints enable direct client interaction, where we monitor and respond to queries, feedback and complaints that come through

TELEPHONY SUPPORT

- Our customer helplines provide access to information, advice and assistance in handling customer queries and complaints through toll-free numbers. Further details can be found at: <https://www.kenanga.com.my/contact-us>

PHYSICAL BRANCHES

- Complementing our digital channels, we extend our services through 34 physical branches nationwide. More information is available at: <https://www.kenanga.com.my/branches>

Combating Financial Scams

Fighting financial scams is crucial to safeguard our clients' wellbeing and preserve the integrity of the financial system. Scams and fraudulent activities undermine trust in financial institutions and markets, eroding confidence amongst investors and consumers alike.

In 2023, Kenanga Group has expanded its scam awareness efforts through its corporate websites and social media platforms such as Facebook, TikTok, Instagram, and Telegram to educate the public about financial scams and provide practical tips on prevention. To further assist our clients and public, a dedicated email and hotline channels were established to facilitate the reporting of scam-related issues.



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