OUR APPROACH TO SUSTAINABILITY

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.

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.

OUR APPROACH TO SUSTAINABILITY

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.

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.