SUSTAINABILITY STATEMENT

CTOS DIGITAL BERHAD

SUSTAINABILITY ESSENCE

We are pleased to present to you our first Sustainability Statement which captures the beginnings of our journey to achieve greater sustainability as an organisation. We have focused on issues that are deemed to be of greatest importance after conducting a materiality assessment. This statement complies with the listing requirements of Bursa Malaysia and Bursa Malaysia's FTSE4Good Index.

INTRODUCTION

Scope Of Reporting
Our Statement encompasses the business of CTOS Digital Berhad ("CTOS Digital" or "the Company") and our subsidiaries (herewith referred to as "CTOS" or "the Group").

Reporting Period
This report covers the period from 1 January 2021 to 31 December 2021 (Financial Year 2021) unless otherwise stated.

Reporting Standards and Guidelines
The disclosures in this statement have been prepared in adherence to Bursa Malaysia's Sustainability Statements in Annual Reports published in 2016, Bursa Malaysia's Sustainability Reporting Guide (2nd Edition) published in 2018 and Bursa Malaysia's FTSE4Good Index.

Stakeholder Feedback
In reaching out to all of our valued stakeholders, we have uploaded an electronic version of this statement on our corporate website (www.ctosdigital.com). We welcome your comments, thoughts and remarks. Please send any comments, insights and queries to: info@ctosdigital.com

Limitations and Exclusions
We are cognisant that data-gathering challenges still exist notably during the pandemic period for the majority of reporting indicators. We are in the midst of implementing more robust data tracking and gathering mechanisms for our reporting moving forward.

Forward-Looking Statements
Any forward-looking statements such as targets, future plans, operations and forecast figures are based on reasonable current assumptions by the organisation.

Sustainability At CTOS

In our pursuit to make Malaysia a centre of excellence for credit reporting in ASEAN, our growth has been premised upon delivering sustainable and value-driven solutions, not only to our customers, but also to the communities and environment we operate in.

We recognise that empowering sustainable credit wellbeing in Malaysia requires a resolute commitment to economic efficiency, environmental performance and social responsibility, accompanied by a strong governance structure in place. Since the past recent years, CTOS has focused on embedding sustainability priorities within its strategic initiatives. Various initiatives that reflect CTOS' commitment to all of our sustainability themes are further elaborated within this Sustainability Statement, all of which are built on values that promote sustainability.

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Sustainability Governance Structure

The success of implementing CTOS' sustainability strategies and action plans rests on how good governance principles and practices are carried out. We understand that good governance starts from the top and good leadership plays a pivotal role in leading the Group towards achieving the desired results for its sustainability goals and targets. Therefore, we have established a robust governance structure, led by the Board of Directors, providing guidance and oversight for CTOS' sustainability journey and progress. The chart below describes the governance structure we have formalised:

Board of Directors	→ ←	Audit & Risk Committee	→ ←	Group CEO Deputy Group CEO Group Head Corporate Strategy and Planning	→ ←	Other C-Level Officers All Head of Departments

The above groups meet at least on a bi-annual basis to evaluate their respective strategic decisions, responsiveness to emerging ESG issues, risks and opportunities, and the group's progress against the set of objectives and targets that are stated and agreed upon. The table below highlights each of their roles and responsibilities in more detail:

Governing Body	Roles and responsibilities
Board of Directors	• Ensures alignment and integration of ESG components into CTOS' overall business strategy • Has oversight on the entire CTOS' sustainability journey and progress
Audit & Risk Committee ("ARC")	• Possesses delegated authority on decision making and implementation from the Board • Sustainability-related matters are presented to the Board Committees on a bi-annual basis • Has oversight of the development and successful execution of CTOS' sustainability framework, in line with the strategic outcomes that have been previously set by the Board • Provides a forum for discussion and endorsement on key sustainability matters • Ensure effective communication of ESG strategies, priorities, targets and performance to internal and external stakeholders • Have a firm understanding of the sustainability issues relevant to the company and its business
Group CEO **Deputy Group CEO** **Group Head of Corporate Strategy & Planning**	• **Group CEO:** Deliberates and approves all key sustainability-related matters and decisions • **Deputy Group CEO:** Collaboratively sets CTOS' sustainability agenda together with Group CEO, including its strategy, roadmap and the monitoring of the action plans. • **Group Head of Corporate Strategy & Planning:** Key Driver of CTOS' sustainability performance that spearheads the ESG strategic plans

Other C-level Officers and Head of Departments
ESG Champion(s)
	• Operationalise CTOS' sustainability plans by implementing them in various business and operational areas, prioritising key ESG material issues
	
	• **ESG champion(s):** Oversees the overall execution, mission and efficacy of CTOS' sustainability programme and implementation. Primarily accountable to ensure that CTOS' sustainability culture and agenda cascades throughout the organisation by being the key contact person to perform and be accountable for duties such as:
	  i. Reporting to the Group CEO, Deputy Group CEO and Group Head of Corporate Strategy & Planning on sustainability performance updates.
	  ii. Liaises and works closely with various department leaders to ensure that CTOS' business activities, transactions and operations are in compliance with regulatory guidelines and evolving standards

Stakeholder Engagement

At CTOS, we recognise the importance of stakeholder engagement in ensuring the success of our sustainability programmes comprising various initiatives and activities. For that purpose, we first identified all CTOS' potential stakeholders, defined as any individuals, groups or parties with legitimate interests or concerns in CTOS that can either affect or be affected by the outcomes of our objectives and actions as a whole. As all stakeholders have bearings on these outcomes, the bearers of externalities are included in CTOS' stakeholdership. The preliminary list of CTOS' stakeholders is as follows:

- Shareholders and Investors
- Government Bodies and Regulators
- Customers
- Suppliers and Partners
- Employees
- Local Communities

We first identified the preliminary list of CTOS' stakeholders during the stakeholder prioritisation exercise conducted on 14 September 2021. We then assessed the level of influence or significance of these stakeholders, vis-à-vis the outcomes of prioritised material ESG matters according to a scoring mechanism developed internally, to devise a mapping of the stakeholder prioritisation, complete with their areas of interest, objectives of the engagement, key engagement areas and frequency of engagement.

Stakeholders	Areas of Interest	Objectives of Engagement	Key Engagement Areas	Frequency of Engagement
Shareholders and Investors	Business sustainability Shareholder and investor relations Shareholder returns Corporate Governance Strategic Growth Plans	To lock access to financial capital required for operational commencement, business continuity and growth sustainability	• Annual General Meetings (AGMs)	• Annually
			• Conferences and meetings	• Annually
			• Website	• Daily
			• Investors and analyst briefings, roadshows and forums	• Annually
Government Bodies and Regulators	Regulatory Compliance Ethical Business Practices Health and Safety Practices Environmental management and compliance	To secure various licenses and permits to simply exist, operate and thrive To avert violations or breaches of relevant laws, standards and best practices that could result in fines, penalties, forfeitures and sanctions	• Continuous active engagements and consultations with respective government departments or agencies, statutory bodies and regulatory and supervisory authorities across the business spectrum via dialogues, industry meetings, other thought leadership platforms • Independent Stakeholder Engagement Survey	• As and when • Annually
Customers	Customer Engagement	To acquire new and/or retain existing customers as well as convert both customer categories into repeat and long-standing customers by meeting customer requirements and expectations To capitalise on valuable customer feedback in achieving strategic, financial operational excellence	• Checkpoint call/ face to face appt. • Multi-channel touchpoint with multi-skilled agents, Face-to-Face customer support with 8 service centres nationwide • Customer Onboarding • Regular Meetings and Day-to-day interactions	• Daily
	Customer Accessibility		• Checkpoint call/ face-to-face appointment	• Daily
	Customer Satisfaction		• NPS Survey	• Annually

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Stakeholders	Areas of Interest	Objectives of Engagement	Key Engagement Areas	Frequency of Engagement
Customers (continued)	Service Assurance	To acquire new and/or retain existing customers as well as convert both customer categories into repeat and long-standing customers by meeting customer requirements and expectations To capitalise on valuable customer feedback in achieving strategic, financial operational excellence (continued)	• Timeliness response to customers from SLA Management • Enhanced Quality Assurance assessment	• Ongoing exercise, as and when there's gap identified
	Customer Training		• Credit Manager training - Online & Classroom (face-to-face)	• Monthly
Suppliers and Partners	Ethical Business Practices	To ensure delivery of products and services of the best value To contribute to the development of capacities and capabilities of our business partners To support various national agendas	• Audit	• Annually
	Sustainability in supply chain		• Regular Meetings and Day-to-day interactions	• As and when
	Company performance		• Strategic Dialogues	• Annually
	Continuous Value Creation		• Conferences and forums	• Quarterly
Employees	Employee engagement and work-life balance	To build an innovative, creative, productive, diverse and inclusive workforce To attract, develop and retain the best talents particularly among Malaysian citizens for CTOS' business survival and sustainability	• Employee Engagement Survey • "WE CARE" activities including work-life balance, employee welfare and wellbeing, etc • Code of Conduct and Code of Ethics	• Twice a year • Throughout the year • Throughout the year
	Learning, skills development and personal and career growth		• Training and talent development policies/ frameworks	• Throughout the year
	Equality		• Equal Opportunities Policy	• Throughout the year
	Cybersecurity		• Cybersecurity Training	• Annually
Local Communities	Accessibility for SMEs Financial literacy and inclusion Ethical Business practices Good governance	To build diverse, inclusive, balanced, resilient and sustainable societies and economies that thrive and reflects on our social citizenship	• CSR Programs	• Annually
			• Ensuring the non-undertaking of unnecessary credit risks by all of our customers and maintaining sufficient cash flow to sustain the business	• Annually
			• CTOS credit managers help SMEs to manage their clients while ensuring their business sustainability by providing the right tools to manage the credit health of their customers	• Annually
			• Independent Stakeholder Engagement Survey	

Materiality Assessment

It is It is crucial that we are guided by the concept of materiality for our sustainability strategic planning processes. Identifying, understanding and focusing on ESG issues that are relevant to our business and industry, and ones that heavily influences the assessments and decisions of our stakeholders will allow us to avoid significant repercussions on our organisation as a whole.

Our approach to ESG issues is in line with the principle of materiality, as described in the Global Reporting Initiative ("GRI") Standards, and with reference to the materiality considerations set out in the Sustainability Accounting Standards Board ("SASB") Standards, FTSE4Good and United Nations Global Compact ("UNGC").

In conducting the materiality assessment exercise, which will be reviewed and enhanced annually, we approached it according to the following steps:

01.
Peer Analysis

Issues were consolidated based on reports from global peers and local institutions reported. Global peers were chosen based on similarity in operations to CTOS' and local financial institutions were included to provide a local context.

02.
Standards & Frameworks

Industry standards from global frameworks (SASB Materiality Map, FTSE4Good, UNGC, GRI) and all of Bursa Malaysia's reporting framework have been used to identify potentially relevant material issues

03.
Stakeholder Engagement Sessions

Insights from internal stakeholder engagements with CTOS, including the Board.
This process of stakeholder engagement will be enhanced in the coming years to include insights from CTOS' external stakeholders.

04.
Materiality Assessment Prioritisation

The list of ESG material issues were prioritised in the Materiality Validation Workshop by CTOS' management group via 3 exercises:
1. Importance of ESG material issues to CTOS
2. Prioritisation of stakeholders
3. Importance of ESG material issues to stakeholder assessments and decisions

A long list of potential material sustainability matters applicable and relevant to the Group was formed in Steps 1 and 2 above, after which these preliminary sustainability matters were shortlisted through various stakeholder engagement sessions to those that are the most relevant in Step 3.
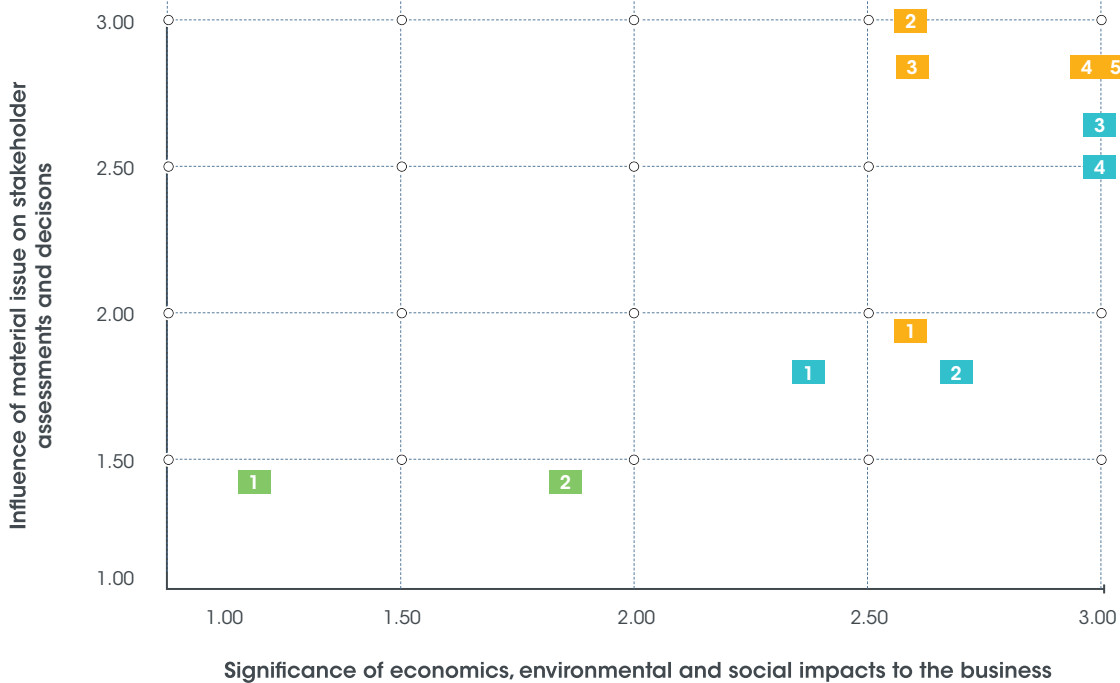
In Step 4, this shortlist was further analysed, and finally verified and validated to become CTOS' prioritised material ESG matters through a Materiality Validation Workshop on 14 September 2021 attended by the management of the Group. The following Materiality Matrix and the key findings are the direct results of the workshop. Given that this was our first materiality assessment exercise ever conducted, we limited our engagement solely with internal stakeholders. Future stakeholder engagement sessions in relation to the materiality assessment exercises will involve our external stakeholders for a more extensive, diverse and inclusive horizon.

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Materiality Matrix

Influence of material issue on stakeholder assessments and decisons (y-axis)

Significance of economics, environmental and social impacts to the business (x-axis)

Environment
1. GHG Emission
2. Energy Management

Social
1. Diversity & Inclusion
2. Employee Engagement
3. Financial Literacy & Inclusion
4. Customer Welfare & Responsibility

Governance
1. Fraud Risk
2. Transparency & Trust
3. Business Ethics
4. Compliance to Evolving Regulations & Standards
5. Data Privacy & Cybersecurity

Key Findings

Based on the preliminary results from the internal materiality assessment prioritisation exercise, the Top 5 material ESG matters for CTOS emerged, namely:

Governance: Data Privacy & Cybersecurity — 5

Governance: Transparency & Trust — 2

Governance: Compliance to Evolving Regulations & Standards — 4

Governance: Business Ethics — 3

Social: Financial Literacy & Inclusion — 3

Other material ESG matters that were discovered as a result of the same materiality assessment exercise include:

4 **Social:** Customer Welfare & Responsibility

1 **Governance:** Fraud Risks

2 **Social:** Employee Engagement

1 **Social:** Diversity & Inclusion

2 **Environment:** Energy Management

1 **Environment:** GHG Emissions

Key Sustainability Themes, Corresponding Material ESG Matters and Core Stakeholders

The following table defines the qualified Sustainability Themes and Material Sustainability Matters in more detail:

Area	Sustainability Themes	Description	Material ESG Matters	Definition
	Establishing Trust in Data	Governing data management capabilities and continuing to adhere to relevant standards for information security	Data Privacy & Cybersecurity	The provision of complete and accurate disclosure of business activities, data handling, data use and other material matters so as to maintain trust and facilitate productive discussions between the company and its stakeholders
			Transparency & Trust	The management of customer data confidentiality, mitigation of data breach risks, protection of personal data from unauthorised access or attacks that are aimed for exploitation of the information. This includes a company's approach to collecting data, obtaining consent, and managing user expectations regarding how their data is used
	Effectively Managing Compliance and Risks	Building a culture that emphasises proper business conduct, in line with comprehensive compliance to the relevant regulations and standards, as part of the enterprise's risk management framework	Compliance to Evolving Regulations & Standards	Constant review and maintenance of compliance with fast-changing acts, enactments, rules, regulations, by-laws, standards and best practices in any jurisdiction that are relevant and applicable to the company
			Business Ethics	The ethical conduct of business which includes the management of risk associated with corruption, fraud, bias, misrepresentation, conflicts of interest, negligence and other factors with an ethical component. It also extends to ensuring the organisation's values, principles, standards and norms of behaviour (e.g., code of conduct and code of ethics) are developed and implemented
			Fraud Risks	The management of risks arising from fraudulent activities arising at each stage of the customer lifecycle, such as identity theft in the loan origination or credit application process
	Empowering our People and SMEs	CTOS continues to build an engaged and diverse workforce, whilst simultaneously considering customer welfare and the development of local SMEs	Financial Literacy & Inclusion	Educating consumers and businesses (including SMEs) regarding their financial health and credit risks, as well as facilitating access to affordable financial products and services, particularly for underbanked/unbanked communities
			Customer Welfare & Responsibility	Providing services to customers that are aligned with societal expectations, ensuring a smooth customer experience, and listening and responding to customer feedback. This also includes treating customers fairly in the conduct of our business, as well as providing them with accurate, adequate and easily understood information on the services they receive

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Area	Sustainability Themes	Description	Material ESG Matters	Definition
	Empowering our People and SMEs (continued)	CTOS continues to build an engaged and diverse workforce, whilst simultaneously considering customer welfare and the development of local SMEs (continued)	Employee Engagement	The cultivation of stronger connections with employees (commonly measured by the level of employee satisfaction and commitment to the company) through team bonding activities, employee gatherings, and the investment in and development of a talent pool of employees and leadership
			Diversity & Inclusion	Diversity refers to a mixed and balanced representation of workers in the organisation, in regard to race, gender, ethnicity, religion and other group identities; Inclusion refers to a workplace where there are equal opportunities for contribution and influence
	Protecting our Environment	Continued monitoring of CTOS' environmental footprint and impact to reduce GHG emissions, whilst also enhancing energy efficiency	Energy Management	Environmental impacts associated with energy consumption. It addresses the management of energy efficiency, intensity and energy mix, from sources such as data centres and offices
			GHG Emissions	The release of direct and indirect greenhouse gases that are linked to the company's operations, covering Scope 1, 2 and 3 emissions. Scope 1 includes direct Greenhouse Gas (GHG) emissions from sources that are owned or controlled by the company (e.g., combustion in entity-owned vehicles). Scope 2 are indirect GHG emissions from the generation of purchased energy (e.g., purchased electricity in offices). Scope 3 emissions are all other indirect GHG emissions from the company's value chain

Key Sustainability Theme: Establishing Trust in Data

As a provider of data and digital services, CTOS places paramount importance on cyber security risk and data breach protection. Given this, we are continuously governing our data management capabilities, while continuing to adhere to relevant standards for information security. In our efforts to implement a robust framework to manage and report information safely, we have launched the following initiatives:

Data Privacy & Cybersecurity

Why is this important to us?

Given the nature of our business, we need to effectively govern our data management capabilities to prevent any potential cybersecurity threats. The continued investments in our data management capabilities enable us to be ahead of the game by building up intelligent and reliable data security systems which assist us in identifying and preventing increasingly sophisticated cyberattacks that come about with the evolving of new technology. Keeping our sensitive customer data safe is the cornerstone for a sustainable business for us to continue building a sustainable business as it.

Our Approach

- To do this well, we have developed an exhaustive companywide risk management policy that is made up of the components listed below:
  - Cyber-Resilience Framework ("CRF") that protects our customer's data
  - Technology Risk Management Function ("TRMF")
  - Cryptography Framework Development
  - Security Operations Centre ("SOC")

  Together, these help form critical systems and control standards that are continuously monitored

and reviewed by the Board and Senior Management to ensure its resilience, even in times of crisis

- To the policies above, we have implemented sophisticated mitigation measures, namely the Data Loss Prevention ("DLP") Strategy and the Cyber Incident Response Plan ("CIRP") to handle data privacy and other cybersecurity-related issues
- A robust governance process is also in place to help us identify risks in technology operations and project management, ensuring regular reviews by the Board of Directors and Senior Management

Transparency & Trust

Why is this important to us?

As Malaysia's leading credit reporting agency, gaining and maintaining our customer's trust is crucial for us to continue managing their data effectively. We aim to continue providing credible social, environmental and ethical data for our customers that will assist them to make more informed and better decisions. Transparency and trust, combined, both play a crucial role in ensuring the sustainability of our business growth.

Our Approach

- We have implemented real-time network bandwidth monitoring processes and network services that support critical systems in ensuring the safety of our data
- Our eKYC solution has helped our customers improve their customer sign-up process by helping them lower their risk during the customer onboarding process
- We have ensured that an independent financial audit is conducted by an appointed external auditor, in our case, it is PricewaterhouseCoopers Malaysia
- An Audit & Risk Committee ("ARC") who is equipped with the expertise to perform periodic updates to the Board on compliance and risk management matters have also been elected
- The provision of sufficient and effective external communication via our official website and incorporated into the service and vendor agreements ensures that there is no room for miscommunication and that all parties share the same expectations
- As an organisation, we also require full disclosure of all political contributions such as donations, sponsorships in-kind and in-cash made to any organisation for full transparency

Key Sustainability Theme: Effectively Managing Compliance and Risks

Here at CTOS, we believe in building a culture that emphasises proper business conduct, in line with the comprehensive compliance to the relevant regulations and standards, which forms part of our enterprise's risk management framework. Recognising the importance of this, we have implemented an enhanced risk and mitigation strategy to prevent breaches of compliance.

Compliance to Evolving Regulations & Standards

Why is this important to us?

In ensuring the safety of our customer's data, we have taken steps to comply with the evolving requirements of regulations and standards, which helps us instil trust in our customers. This is imperative to us, given the nature of our business as a credit rating agency. Keeping up-to-date and adhering to the evolving regulations and standards in the industry, serves not only our customers, but also our employees and our business in the long run.

Our Approach

- We regularly adjust and update our compliance status based on the evolving regulations and standards
- The Board and Senior Management place adequate controls by periodically conducting reviews of Standard Operating Procedures (SOPs) to ensure our business is aligned with the requirements of relevant acts, regulations and guidelines
- We also conduct a periodic review of the Group's Procurement and Anti-Bribery and Corruption policies to combat bribery and corruption risks in general
- Our Group's Senior Head of Risk and Business Compliance, reports regularly on risk and business compliance matters to the Audit & Risk Committee ("ARC")

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Business Ethics

Why is this important to us?

We believe in creating a culture that emphasises proper business conduct. Externally, we have to identify and then effectively manage the different types of risks posed to our business; internally, integrity is promoted strongly among our employees. Ensuring ethical conduct in the way we do business helps us gain trust from our key stakeholders, such as investors and customers. Positive employee behaviours through these practices have always benefitted our bottom line, despite growing concerns of business ethics in the corporate world.

Our Approach

- We have taken a zero-tolerance approach when it comes to breaches in compliance and business ethics. Our group of companies are guided by the various policies and codes of conduct that we have developed and implemented, namely the Anti-Bribery and Corruption Policy, Whistleblowing Policy and the Code of Business Conduct and Ethics. These policies and codes of conduct serve as clear guidelines and principles to be stringently adopted in ensuring our employees are committed to conducting business dealings with full integrity. We also ensure that we make constant improvements to the Anti-Bribery and Corruption Policy by keeping up-to-date with legal and regulatory regimes where we operate
- The Group Procurement Policy has also been drafted in such a way that requires statutory documents (inclusive of the latest SSM report) to be furnished by vendors to the procurement departments to ensure proper verification and authentication before vendors are engaged

Fraud Risks

Why is this important to us?

Combating fraud risks is of utmost importance to us when it comes to managing the potential risks that are posed to our business. Through effective risk management, we can ensure that the materiality issues on Compliance and Risk Management are well-reported and deliberated in the annual Audit & Risk Committee ("ARC") meetings.

Our Approach

- This is part of the Anti-Bribery & Corruption policies to manage and periodically report on potential fraud risks to the Board
- We have also implemented relevant SOPs to regularly review customer sign-ups, to detect potential anomalous or fraudulent activities

Key Sustainability Theme: Empowering our People and SMEs

On our path towards empowering sustainable credit wellbeing, we believe in building an engaged and diverse workforce, whilst simultaneously considering and catering to our customers' welfare. We realised that the areas that needed focus was the development of our local SMEs and improvement were needed in the area of financial literacy among consumers. In line with this social agenda, our organisation will continue to effectively focus on our key initiatives that empower SMEs by driving financial literacy measures and campaigns and organising employee engagement initiatives for our people.

Financial Literacy

Why is this important to us?

It has always been part of our vision to make Malaysia a centre of excellence for credit reporting in ASEAN, and we aim to empower more Malaysians to achieve sustainable credit wellbeing through increased financial literacy levels. A robust financial literacy rate in Malaysia will lead to better financial inclusion, which results in the wellbeing of its citizens and in turn, will help the nation achieve economic growth and sustainable development. Thus, we realise the crucial role in nurturing a more inclusive society for all by assisting in the bridging of the remaining socio-economic gaps and inequalities across the country through our knowledge programmes.

Our Approach

- Between 2016 till 2021, we have provided more than 11.3 million free MyCTOS Basic Reports and over 1.2 million free MyCTOS Score & MyCTOS with CCRIS reports to consumers.
- We run year-round, integrated financial education programmes, both online and offline, to drive financial education and inclusion, with CTOS content being carried in newspapers, magazines, e-news and e-magazine platforms, as well as TV, radio, YouTube, and on all of our social media channels

- The Knowledge Base on the CTOS website hosts a variety of educational content related to credit health and scoring, finances, budgeting and more. More than 600,000 monthly visitors benefit from the educational resources, and the number is expected to increase as more consumers benefit from education on credit health and financial matters
- In addition to the above, CTOS, to date, has conducted over 350 financial education roadshows and webinars across the country in partnership with Bank Negara Malaysia ("BNM"), Ministry of Finance ("MOF"), Employee Provident Fund ("EPF"), the Credit Counselling and Debt Management Agency ("AKPK"), the Ministry of Housing and Local Government ("KPKT"), Private Pension Administrator Malaysia ("PPA"), the Social Security Organisation ("SOCSO"), various government agencies, banks and property developers to provide consumers with the opportunity to learn, engage, and strengthen their financial management skills to improve their credit health and personal finances
- CTOS also has an ongoing partnership with the Creador Foundation via its non-profit financial literacy platform - Multiply, to carry financial education content across our social media platforms regularly. This partnership gives consumers access to a wide variety of tips and tools to manage their personal finance

Our Achievements

- Having run more than 17 different financial literacy campaigns from 2018 to 2021, our flagship campaigns that have had the highest impact with the widest reach are the nationwide Free MyCTOS Score & Free MyCTOS Report with CCRIS campaigns and SME Webinar Series, which we started in 2020. As a result, the number of consumers registered for CTOS self-check has increased from 0.2mil in Jan 2016 to 1.7mil as at 31 Dec 2021. The SME Webinars Series had a stable set of SME audiences that led us to host 18 webinars annually to cater to SMEs.

Customer Welfare and Responsibility

Why is this important to us?

As an agent of change in the community, especially during these challenging times of the COVID-19 pandemic, we have a role to ensure the continuous development of our local SMEs. We aim to enhance society's quality of life by focusing on developing thriving and resilient communities in which we operate in. We must foster a responsive customer culture that emphasises our responsibilities towards the customer's welfare, as we establish an emotional connection between our users and our brand.

Our Approach

- We accelerated, enhanced and deployed our products and services to go fully digital to enable our customers to undertake their needs remotely with minimal disruption due to the pandemic
- We revised our operating hours and even undertook temporary closures for our services centres as necessary. Apart from ensuring compliance with SOPs such as tracking the temperature and particulars of our customers who visited our service centres, physical distancing and the use of protective equipment such as masks and acrylic barriers, we also ensured that regular disinfection and sanitisation was a part of our own internal SOPs in order to ensure the safety and their wellbeing of everyone
- To support this, we also employed different methods of customer engagement techniques to ensure we can truly support our customers with the products and services they need to excel in their business:
  - We conducted checkpoint calls and offered face-to-face customer support across the six regions within Malaysia we operate in, which allowed us to form a closer and more personal bond with our customers, building genuine relationships with them
  - We also actively conducted both online and face-to-face credit manager training for all of our support staff for our Software as a Service (SaaS) online credit management platform that we offer to our SME customers. Due to the breadth of the end-to-end service which covers the customer journey right from identifying, acquiring, monitoring and up till recovery, our employees needed to be exposed to as many variables and situations to be able to provide the most professional, all-rounded service to our customers
  - A monthly Net Promoter Score (NPS) survey and two further bi-annual surveys were also conducted in 2021 to evaluate if our products and services are meeting the expectation of our customers

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- To provide superior customer engagement for the different customers in their preferred mode of communication, we have incorporated various service and support measures via multi-channel touchpoints, in which we interact with our customers. We had started this in 2016, and have been continuously improving on this process over the last five years. In 2021, with our processes finally maturing, we had decided to up the ante by incorporating multi-skilled agents into this combination, to further improve our service level. Given that time is money for our customers, we wanted to ensure a shorter average waiting time and improved first call resolution by putting them in contact with agents who are equipped with the right skills to attend to them

- To supplement this, and to ensure accuracy and consistency of information delivered to our customers, we implemented the annual Enhanced Quality Assurance assessment since 2020 as an ongoing measure. The assessment has a quality check sheet breakdown by critical errors such as those involving process and compliance, and non-critical errors such as ones that might involve an agent's soft skills in managing customers. We have set ourselves a benchmark quality score of 85%. What is equally critical for us is to ensure service delivery with non-bias treatment to our customers

- To ensure our agents are aligned and on board with the various measures working towards the objective of providing timely responses to our customers, we had also introduced a Service Level Agreement (SLA) as a management tool to help improve service efficiency and customer satisfaction

- As an organisation, we also initiated the "CTOS Cares CSR Campaign" to bring some relief to those who were impacted by the COVID-19 pandemic. Apart from giving away free products such as credit scores, subscriptions and listings, we also reduce prices of certain products to help our customers manage their finances better and for business owners to navigate through the uncertainties and financial challenges brought by the pandemic. Some of these measures include:

  - The offering of more than 200k of free CTOS Secure ID Subscriptions & free MyCTOS credit reports during April to September 2020. Seeing the success of this in 2020, we continued this initiative throughout 2021, this time through various partnerships

  - The offering of free listings for our SME lenders on CTOS Credit Finder and CTOS Bizfinder platform, for a limited time, so that SMEs were able to gain exposure for their businesses, in light of COVID-19's impact on the economy

Our Achievements

- As of December 2021, we have exceeded our benchmark of 85% and achieved a quality score of 93.06% on the annual Enhanced Quality Assurance assessment. We have also seen that better quality service leads to fewer complaints. In 2020, we received 3 complaints on agents and in 2021, we had received none. Given that we are only two years into the process, we are happy with the results we have achieved, but also know that we have a long way to go to ensure impeccable quality in our service to our customers

- As for our NPS surveys, we have achieved a scoring of +6.83 on a scale of 10, as of December 2021. This indicates that we still have a long way to go before we can completely win over our customers to a point where they are absolutely satisfied with our products and services

Employee Engagement

Why is this important to us?

We believe it is important for us to build an engaged workforce and employee capabilities through a conducive and facilitative working environment. In today's increasingly competitive landscape, we believe that having healthy, diverse and engaged employees are vital for continued growth and success. We position our people at the heart of our company while empowering and inspiring them to constantly hone their talents and broaden their knowledge and competencies. Fostering a more holistic engagement and ensuring highly motivated employees is a cornerstone for us to maintain an empowered workforce. Thus, by focusing on our employee's wellbeing, we can create greater value for all our stakeholders and gain a sustainable competitive advantage.

Our Approach

- The health and wellbeing of our employees are our utmost priority throughout this COVID-19 pandemic. Since early 2020, we have been relentless in our efforts to ensure that we kept all of our employees and their families safe and healthy. Apart from strict COVID-19 SOP compliance and ensuring high standards of at all of our premises, some of the other key measures that we implemented include regular health and safety awareness communications, implementing flexible work policies and encouraging our employees to go virtual whenever possible, implementing vaccination leave, discourage business and leisure travel until employees were fully vaccinated, implementing split rotations when lockdowns were lifted and ensuring only those who are vaccinated and healthy are back in the office. We ended 2021 by encouraging all of our employees to get their booster shots done.

- We believe in an open and inclusive internal communication culture, that allows accessible communication both ways, as we view this as crucial for the functioning of our organisation. We were tested on this during the COVID-19 pandemic when face-to-face interaction was limited. Throughout this pandemic, we relied heavily on emails as the most important communication channel, followed by postings on our intranet - CTOS Connect. We also had regular video meetings to bridge the gap created through the absence of face-to-face meetings. We also ensured that employees were able to reach us through the communication channels that worked best for them. Through this, we were able to ensure adequate access to information that helped avoid major communication breakdowns in the virtual environment that we were working in.

- We believe it is important to help our employees to get to know each other on a deeper level, to cultivate team spirit and nurture a strong company culture that helps them work together more effectively and efficiently. We supplemented our communication channels with internal engagement activities on both individual and group levels to help facilitate this. Among the most anticipated and popular activities among our employees were, seasonal festive celebrations, staff engagement activities throughout the year through our "WE CARE" activities and our bi-annual dinners held once in two years.

- A culture of continuous learning also promotes high employee engagement. That is why at CTOS, we have a comprehensive learning & development framework to ensure that all employees receive continuous, regular, and adequate training. Some examples of our learning and development work include refresher and onboarding training on company-wide policies, training in the areas of risk and technology development in order to build cybersecurity awareness, and also on-the-job competency training to cater to our employees' further development. Starting in 2022, we will also conduct a mandatory awareness programmes on the code of business conduct and ethics, with the key focus of increasing the awareness and familiarity of the whistleblowing mechanism and channels within the organisation.

- We have also conducted annual employee engagement surveys since 2017 among all of our employees to understand how they feel, what drives them, and what they might be unhappy with at work. This allows us to listen, diagnose and improve on areas we are lacking to ensure our employees remained engaged and can put forward their best performance at work with our support. Our results have increased favourably over the years since we implemented the surveys. With the outbreak of COVID-19, we paused the employee engagement surveys in 2020 and 2021 to focus on the immediate health and wellbeing needs of our employees instead. We will resume this critical HR exercise again in 2022.

- Currently, the assistance that we provide our employees is on a case-to-case basis. We are striving to offer a more comprehensive workplace intervention plan that can support our employees when they need assistance in resolving some of their hardships.

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Diversity and Inclusion

Why is this important to us?

Providing a workplace that prioritises diversity and inclusion will enable us to continue to build an environment without any barriers to entry and career advancement, an environment that is purely based on equal opportunity and merit, working towards maintaining the longevity and sustainability of the business. While we need to provide a conducive working environment that practices equality and fosters an all-inclusive spirit among our employees, it is equally imperative for us to cultivate an inclusive and diverse talent pool that forms the foundation of any successful business. Therefore, with a diversified and inclusive workforce, our organisation will be stronger, and it will be able to promote richer ideas, resulting in more effective and innovative business solutions. We believe we can encourage our employees to thrive and gain access towards unlocking and developing their full potential, by providing our employees with a fair and inclusive working environment.

Our Approach

- We are an equal opportunity employer at CTOS and all of our subsidiaries and do not discriminate against race, ethnicity, religion, nationality, gender or disability
- We take workplace bullying very seriously. We provided all of our employees with access to a confidential reporting channel and a whistleblowing point of contact for harassment and hostility at the workplace. This is communicated and made readily available on our website for the accessibility of our employees

Key Sustainability Theme: Protecting our Environment

We have started taking initiatives at CTOS to be more conscious of our environmental footprint and impact since 2016. We have started looking into enhancing energy efficiencies within our practices and started monitoring our progress in reducing GHG emissions. Two flagship initiatives have been launched and implemented as an ongoing exercise within the Group, namely the "Going Green" and the "Going Paperless" initiative. The focus on environmental stewardship will help us contribute towards sustainable development effectively, in line with our business's growth and strategy.

Energy Management

Why is this important to us?

Here at CTOS, we believe that energy management is vital as it has the potential to contribute towards cost efficiency and overall increased performance, which in turn contributes towards increased stakeholder value. We have started to identify, evaluate and prioritise energy efficiency measures within our operations and to continuously improve on these practices as we move forward. We believe that the reduction of electricity usage will generate an equitable and reasonable reduction in energy consumption annually. This in turn will assist in our commitment to reducing our carbon emissions as outlined in our strategy, backed by key activities in action. By continuously implementing these energy management initiatives throughout our data centres and offices, we were affirmed through data that reflects improvement in energy management within CTOS.

Our Approach

Recognising the importance of the usage of energy, these were some of the practices that we have carried out:

- In ensuring our office is energy efficient, we have switched to LED lighting since 2016 and have started purchasing energy-efficient electrical items since 2017
- The air-conditioning temperatures for all offices have been adjusted for higher energy savings without sacrificing the cooling comfort of our employees
- Respective departments have been tasked to switch off the lights and air conditioning before leaving the office in the evening
- We have begun recycling electronic items that have reached the end of their lifecycle in our office

Our Achievements

We were able to achieve total cost savings around 30% from FY2019 – FY2021, a direct impact from work from home during lockdown. Going forward, we aim to keep enhancing these practices to achieve continuous energy reduction from 2022 onwards around 10%-15%.

Our CTOS Data Centre (2) Office in Cyberjaya was awarded the GBI certification after a Design Assessment was conducted and the Certification of Renewal was completed on 16 March 2021. This is a huge recognition for our sustainability efforts, where we have made a conscious effort, to operate out of a building that focuses on increasing the efficiency of resource usage, while reducing building impact on human health and the environment during the building's lifecycle

Greenhouse Gas (GHG) Emissions

Why is this important to us?

By understanding the impact of the release of direct and indirect greenhouse gasses that are linked to our operations, we realised the importance of holding ourselves accountable through the monitoring and reporting of our GHG emissions. This includes covering not only the mandatory scope 1 and 2, but to include the voluntary scope 3 right from the beginning of this process, which will allow us to demonstrate our strong commitment towards GHG management. We believe this exercise is key for us to identify excess energy usage and other inefficiencies, which will not only lead to increased efficiencies and cost-effectiveness within our operations, but also ensure we gain a competitive edge in the business that we do while contributing towards the conservation of the environment. Realising that significant green interventions were required and some of these measures could be easily implemented immediately within our organisation had led us to take the following concerted action via our "Going Green" initiative to address existing issues with our carbon footprint as we begin our journey on this path:

Our Approach

"Going Green" initiative

- We had initiated the installation of hand dryer machines for all washrooms in the office, with 16 units installed to date since June 2020, to reduce the usage of hand paper towels in the office
- Since June 2017, we have also started encouraging all employees to "Go Paperless" by adopting paperless initiatives across the organisation to reduce our carbon footprint. Some of these efforts include:
  - Reducing the need to print by opting for electronic channels instead, for all communications and approvals
  - In plan to incorporate a mandatory 'green email' signature to serve as a reminder for all employees to rethink their decisions before printing out their emails
  - Setting our printers and photocopiers on a duplex printing default and adopting a double-sided printing policy for our offices to substantially reduce the amount of paper used
  - Consciously using papers in the CTOS Offices that certified by Programme for the Endorsement of Forest ("PEFC")

Our Achievements

- We have installed paper recycling facilities in the office starting June 2017, where used papers and documents are first shredded, then extended to newspaper vendors for recycling. This has ensured that less of our paper ends up in landfills when it is a recyclable resource and can be given a second life
- We also sent our used photocopier and printer cartridges back to our vendors for recycling
- In line with our "Going Green" initiative, we have also started incorporating live green plants in the office to help improve indoor air quality and to bring a touch of nature into the office environment in our efforts to create a more conducive working environment for our employees
- We have managed to significantly reduce the annual purchase of hand paper towel rolls since the installation of hand dryer machines in our toilet
- We have also achieved 60% of savings in printing paper in 2021, compared to 2020, a direct impact from the work from home measures implemented due to the pandemic

Conclusion

At CTOS, we continue to strive to be an organisation that contributes towards the United Nation's Sustainable Development Agenda. Although we are just in the infancy of our sustainability journey, we are determined to strengthen our commitment towards this goal. We have already put in place a sustainability blueprint for 2022 – 2025, which will serve as a roadmap, helping us realise our commitment towards integrating sustainability practices in our business. We look forward to the impact that we can make as an organisation on this journey towards our community and the nation.

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