ctos

CTOS DIGITAL BERHAD

SUSTAINABILITY REPORT 2023

INSIDE THIS REPORT

ABOUT THIS REPORT

FEEDBACK

We welcome all comments thoughts and remarks on ways we can improve the quality of our SR.
Please contact us at:

✉ contactus@ctos.com.my

📞 +603-2722 8800

🌐 Please scan barcode to visit our website at **www.ctosdigital.com**

We are pleased to present the first Sustainability Report ("SR") 2023 for CTOS Digital Berhad ("CTOS Digital" or "the Company") and its subsidiaries ("CTOS" or "the Group"). This report marks a key milestone in our ongoing sustainability efforts, signaling a more structured approach to integrating sustainability. While we have made initial strides, we recognise that we are in the early stages of our long-term journey. We remain committed to enhancing our sustainability initiatives to achieve lasting positive impacts across all CTOS business units and operations.

REPORTING PERIOD, SCOPE, FREQUENCY AND BOUNDARY

All entities within the Group have an interest in and are included in this year's Sustainability Report ("SR"), such as subsidiaries, internal and external stakeholders. Accordingly, we will report information for the same group of entities as covered in our integrated and financial reporting.

This report focuses on all CTOS' sustainability strategy, initiatives, and performance from January 1 to December 31, 2023, unless stated otherwise. It covers all business operations within Malaysia under the principal subsidiaries, addressing key issues identified through a materiality assessment. The report excludes associates and International subsidiaries. We have attempted to report on all issues that are material to the Company. Unless otherwise specified, the SR contains qualitative and quantitative results for all indicators presented and should be read together with our Integrated Annual Report 2023. Moving forward, we commit to an annual SR publication.

REPORTING FRAMEWORKS

This report was developed according to the following standards, guidelines, and best practices:

- Integrated Reporting <IR> Framework
- Bursa Malaysia Securities Main Market Listing Requirements ("MMLR")
- Malaysian Code on Corporate Governance ("MCCG") Malaysian Financial Reporting Standards ("MFRS")
- Bursa Malaysia's Sustainability Reporting Guide
- FTSE4Good Bursa Malaysia ("F4GBM") Index
- Global Reporting Initiative ("GRI") Sustainability Reporting Standards
- The United Nations Sustainable Development Goals ("UNSDGs")
- Companies Act 2016
- Credit Reporting Agencies ("CRA") Act 2010
- ISO 26000 Guidance on Social Responsibility
- ISO 27001 Information Security Risks
- ISO 31000 Risk Management Guidelines

ASSURANCE

To ensure the accuracy and integrity of our disclosures, this report has been reviewed by CTOS' Internal Audit and has been approved by CTOS' Audit and Risk Committee.

INTEGRATED REPORT 2023

SUSTAINABILITY REPORT 2023

NAVIGATE OUR REPORT

In the report, we utilise the following icons to signify the connectivity between our business elements. Please refer to the icons for links between capitals, strategic focus areas, stakeholder groups, material matters, and risks:

CAPITALS
- Human
- Natural
- Financial
- Manufactured
- Intellectual
- Social

STRATEGIC FOCUS AREAS
- BAU Growth
- New Verticals
- Digital Ecosystem
- Harnessing Synergies
- Proprietary Databases

STAKEHOLDERS
- Employees
- Shareholders & Investors
- Customers
- Suppliers & Business Partners
- Government & Regulatory Bodies
- Local Communities

MATERIAL MATTERS
- M1 Data Privacy & Cyber security
- M2 Governance, Transparency, & Accountability
- M3 Sustainability Risk Management
- M4 Innovative Customer Solutions
- M5 Financial Inclusion & Community Empowerment
- M6 Diversity, Equity, & Inclusion ("DEI")
- M7 Career Development
- M8 Employee Welfare & Well-Being
- M9 Environmental Stewardship
- M10 GHG Emissions & Energy Consumption

RISKS
- R1 Cyber security Risks
- R2 Regulatory Risks
- R3 Human Capital Risk
- R4 Operational Risk
- R5 Third-Party Risk
- R6 Environmental, Social, & Governance ("ESG") Risk

OVERVIEW OF CTOS

WHO WE ARE AND WHAT WE DO

CTOS Digital Berhad is the holding company of and holds interests in some of ASEAN's leading credit reporting agencies, with a presence in Malaysia, Thailand, Philippines and Indonesia. With over 30 years of experience, we strive to positively impact communities and contribute to ASEAN development through innovative practices and strategic business growth. As a listed Public Listed Company ("PLC"), this Sustainability Report ("SR") reflects our commitment to transparency and accountability as we progress towards a more sustainable future.

The Group offers a broad suite of innovative digital products and credit management solutions and services across every stage of the customer credit lifecycle. Our efforts support ASEAN's key sectors, including banking and financial institutions, insurance, telecommunications, large corporations, and Small and Medium Enterprises ("SMEs"). Through our solutions and offerings, we are committed to fostering an inclusive, stable, and sustainable financial landscape.

OUR CORE BUSINESS SEGMENTS

KEY ACCOUNTS - MALAYSIA

- Serves 470 of our high revenue generating customers
- Our top contributors are banks, Nonbank financial companies ("NBFCs"), and telcommunication industries
- Digital reports, Comprehensive Portfolio Review and Analytics, Digital Solutions ("CAD, eKYC, IDGuard"), and eTR

COMMERCIAL

- Serves over 21,000 customers, including SMEs, and other than those in Key Accounts
- Top 5 industries include wholesale and retail trade, manufacturing, professional services, construction, finance, and insurance
- Credit Manager, Reports, Credit Monitoring, and eTR

KEY ACCOUNTS - INTERNATIONAL

- Newly acquired subsidiaries in Indonesia and the Philippines
- Alternative score platform as a building block for regional expansion

DIRECT-TO-CONSUMER ("D2C")

- Serves over 3.6 million registered users for CTOS ID
- CTOS Score, CTOS SecureID, Credit Finder, CTOS Tenant Screening, CTOS Vehicle Check, and CTOS Car Insurance

OUR PRESENCE

While our operations and presence are firmly established in Malaysia, we have strategically broadened our reach into other pivotal ASEAN markets, including Thailand, Indonesia, and the Philippines.

THAILAND

PHILIPPINES

MALAYSIA

INDONESIA

OUR VISION, MISSION AND PURPOSE

We are committed to transforming Malaysia into the leading credit reporting hub in ASEAN. Our focus is on delivering sustainable and valuable solutions that benefit our customers and contribute positively to the communities we serve.

OUR PURPOSE

TO HELP EMPOWER CONSUMERS AND BUSINESSES TO MAKE SOUND CREDIT DECISIONS CONFIDENTLY, LEADING TO BETTER FINANCIAL HEALTH

VISION

To make Malaysia a centre of excellence for credit reporting in ASEAN.

MISSION

To empower individuals and businesses with the confidence to make sound credit decisions through access to data and insights at greater ease and speed, leading the community to better financial health.

Embedding sustainability into CTOS' core business values is an essential aspect of our journey. We are not only well-positioned to seize future opportunities in the digital economy but also actively contribute to a more sustainable and responsible business environment.

GUIDING PRINCIPLES

- We delight our Customers
- We meet our Commitments
- We are a high performance team
- We innovate continuously
- High energy, exciting work environment

PEOPLE CULTURE

- Customer Focused
- Collaborative and High-Performance Team
- Accountability
- Innovation and Digital Driven

AWARDS AND RECOGNITIONS

- Malaysia Technology Excellence Awards - RegTech - Financial Technology 2023
- Malaysia Sustainability Excellence Awards - ESG Impact Awards 2023
- PwC Malaysia's Building Trust Awards - Top 20 FBM Mid 70 Index 2023
- SME100 Awards - Official Credit Reporting Agency 2023
- Golden Bull Awards- Official Credit Reporting Agency 2023
- Platinum Business Awards- Official Credit Reporting Agency 2023
- Secured a 4-Star ESG rating, placing CTOS among the Top 25% of publicly listed companies in the FTSE4Good Bursa Malaysia Index

A MESSAGE FROM OUR CHAIRMAN AND GCEO

DEAR STAKEHOLDERS,

With sincere optimism, we welcome you to the exploration of CTOS' inaugural Sustainability Report 2023. As you review this report, you will find a narrative that reflects our ongoing efforts toward resilience, innovation, and growth within the digital economy.

At CTOS, we are steadfast in our commitment to foster connectivity, agility, and a reimagined approach to our business practices, emphasising financial inclusiveness, social well-being, good governance, and environmental stewardship.

This year, we conducted a comprehensive materiality assessment, engaging with external stakeholders to gather insights that would shape our ongoing sustainability approach. The findings from this assessment emphasised that social and governance issues are most critical to our operations, given the nature of our work. Although environmental concerns have a smaller direct impact, we remain committed to addressing these by enhancing energy efficiency and resource optimisation. Following the analysis, we have updated our Sustainability Blueprint. The revision not only integrates the results of the materiality assessment but also aligns our objectives with the United Nations Sustainable Development Goals ("UNSDGs"), ensuring that our sustainability efforts are both responsive and responsible.

In FY2023, we navigated various challenges and opportunities to deliver our best financial performance with a broad-based growth across all customer segments.

WE CREATE VALUE BY:

EMPOWERING PROGRESS AND RESILIENCE

At CTOS, we champion financial inclusion by leveraging our resources and expertise to address financial disparities. As of 2023, we hosted 510 financial education events nationwide, working alongside respected partners. Furthermore, we have introduced a comprehensive three-year cyber security strategy which serves as a guiding principle for implementing various initiatives and security controls. This strategic framework ensures our resilience in addressing evolving cyber threats and also serves as the foundation for advancing cyber security to greater heights.

DRIVING ENVIRONMENTAL RESPONSIBILITY

To achieve Net Zero by 2050, we have set short to medium-term carbon reduction targets, strategically aimed at steering us towards a low-carbon economy. We aim to achieve a 15% reduction in Scope 2 emissions by 2025, and gradually implement carbon offsets for Scope 1 and 2 emissions over the next five years, focusing specifically on operational activities.

NURTURING EMPLOYEE GROWTH

Our development and upskilling training programmes focus on imparting diverse skills to our workforce, fostering a culture of continuous improvement and inclusivity. We also increased our investment in employee training, focusing on skills essential for our cloud migration project and general professional growth. As a result, 77% of our employees are trained on developmental skills and improved their overall performance, a significant rise from previous years.

ACTING WITH INTEGRITY

We ensure a robust governance and risk management is in place, shaped by collaboration, accountability, and a shared dedication to sustainable business practices. Comprehensive training sessions are conducted to strengthen understanding and ensure compliance across our teams. Additionally, we have incorporated the Anti-Bribery and Anti-Corruption ("ABAC") questionnaire and Vendor Code of Conduct ("VCOC") in our Vendor Registration Form with the following required criteria to mitigate potential sustainability risks associated with our supply chain.

A MESSAGE FROM OUR CHAIRMAN AND GCEO

OUR SUSTAINABILITY PROGRESS

We recognise our role as a catalyst in the transition towards financial inclusiveness in a rapidly accelerating digital economy, while functioning in strict adherence to the Credit Reporting Agencies ("CRA") Act, 2010. Throughout the year, we remained steadfast in our commitment to our core purpose, creating tangible impacts for our clients, consumers, and society at large. By harnessing the power of data, we continued to refine our analytical tools and reports, empowering individuals and businesses alike to make well-informed credit decisions with confidence.

Our adaptable business model, coupled with strategic investments in technology and talent development, enabled us to navigate external headwinds with resilience and agility. As a leading credit reporting agency in Malaysia, we fortified our position to foster strategic partnerships, expand our market presence, and embrace innovation.

Looking beyond Malaysia, our recent strategic acquisitions of PT Prime Analytics and FinScore in Indonesia and the Philippines, respectively, present substantial potential. We are eager to merge our expertise with theirs, crafting better credit-centric solutions for the ASEAN region. This supports our vision of making CTOS the top credit reporting agency and positioning Malaysia as the centre of excellence for credit reporting in ASEAN.

We anticipate 2024 to be a year of continued growth, driven by the increasing adoption of digital solutions among both existing and potential customers. We will keep focusing on

maximising our market presence, tapping into the expanding digital economy, and enhancing cooperation among our group companies. Together, we are committed to building a future that prioritises inclusivity, innovation, and sustainable growth.

Dato' Noorazman Bin Abd Aziz
Independent Non-Executive Chairman

Erick Hamburger Barraza
Non-Independent Executive Director and Group Chief Executive Officer

In 2023, we have made notable progress towards our sustainability purpose within our four Sustainability Themes:

EMPOWERING PROGRESS & RESILIENCE

Completed **510** financial education roadshows and webinars nationwide as of 2023

2.11 million of average monthly visitors to Knowledge Base hosted on CTOS website

Honoured **30 top SME** subscribers with the CTOS Golden Subscriber Awards

Zero validated online security breaches

3.64 million number of self-check users

Prevented **RM439 million** worth of fraudulent credit applications

DRIVING ENVIRONMENTAL RESPONSIBILITY

Successfully attained a **9%** year-on-year reduction in emissions, surpassing the initial 4% target

Initiated an energy efficiency campaign across our organisation

NURTURING EMPLOYEE GROWTH

74% Employee Satisfaction Score

15,407.5 total employee training hours

Zero discrimination complaints reported to HR

ACTING WITH INTEGRITY

73% of employees were in favour of the existing communication management

Zero reports on misconduct and malpractice

STAKEHOLDER ENGAGEMENT

The core of our value creation narrative centres on prioritising our stakeholders. We recognise the pivotal role stakeholders play in our sustained growth and practice ongoing engagements to identify and manage key sustainability issues. For more information on stakeholder engagement, see page 19 of the Integrated Annual Report ("IAR") 2023.

Frequency of Engagement

W Weekly	**M** Monthly	**E** Every 2 Months	**Q** Quarterly	**BA** Bi-Annualy
A Annually	**AR** As required	**D** Daily	**O** Ongoing	**T** Twice a year

Employees

Key Concerns Raised

- Transparent and fair communications.
- Approach to healthier work-life balance.
- Elevating task engagement through strategic goal alignment.

Our Response

- Embed DEI guiding principles within our Code of Business Conduct and Ethics ("COBE").
- Conduct monthly engagement programme and welfare and safety initiatives.
- Improve workloads and efficiency management.

Engagement Platform	**Frequency of Engagement**
- Employee engagement survey	**T**
- "WE CARE" activities	**O**
- Town Hall sessions	**Q**

Map to

Material Matters: M6 M7 M8	**Risks:** R3 R4

Employee Engagement Activities

Government and Regulatory Bodies

Key Concerns Raised

- Timely and accurate reporting.
- Transparent communication of ESG-aligned sustainability initiatives.
- Robust compliance and informed decision-making.

Our Response

- Verify our reporting disclosures with internal and external auditors.
- Set clear expectations through a sustainability roadmap.
- Monitor changes in law and regulations consistently.

Engagement Platform	**Frequency of Engagement**
- Continuous active engagement and consultations	**O**
- Independent audit	**A**

Map to

Material Matters: M1 M2 M3	**Risks:** R1 R2 R4 R5

Shareholders and Investors

Key Concerns Raised

- Shareholder-transparent decision-making.
- ESG-centric risk management.
- Financial performance and resilience.

Our Response

- Conduct various investor engagement meetings.
- Implement a three-part risk management strategy.
- Establish CTOS ERM Framework to manage and control the Group's risk-taking activities.

Engagement Platform	**Frequency of Engagement**
- Annual General Meeting ("AGM")	**A**
- Website	**AR** **O**
- Investors and analyst briefings, roadshows,group meetings, private sessions, and forums	**M** **Q**

Map to

Material Matters: M2 M3 M4 M10	**Risks:** R1 R5 R6

Customers

Key Concerns Raised

- ESG transparency in credit evaluation.
- Inclusive financial services accessibility.
- Robust data security and privacy.

Our Response

- Introduce the Portfolio Benchmark Report to advance our financial services.
- Enhance our flagship Credit Manager product to cater to a mass-market segment.
- Implement a three-part risk management strategy.

Engagement Platform	Frequency of Engagement
Checkpoint call / face-to-face appointment	D M Q
Multi-channel touchpoints	D
Customer Onboarding	D
Regular meetings and day-to-day interactions	D
Net Promoter Score ("NPS") Survey	BA
Response to customers from SLA Management	O
Product and Solution Training	M

Map to

Material Matters:	M1 M2 M4 M5	Risks:	R1 R2 R6

Suppliers and Business Partners

Key Concerns Raised

- Unified commitment to ESG excellence.
- Clear communication of environmental initiatives.
- Coordination through open communication.

Our Response

- Incorporate the Anti Bribery and Corruption questionnaire and Vendor Code of Conduct ("VCOC") in our Vendor Registration Form.
- Ensure compliance with environmental laws and regulations under the VCOC.

Engagement Platform	Frequency of Engagement
Audit	A
Regular meetings	O
Strategic dialogues	O

Map to

Material Matters:	M1 M2 M9 M10	Risks:	R1 R5 R6

Local Communities

Key Concerns Raised

- SME access to credit reporting services.
- Data governance and ethical standards.
- Regulatory compliance through effective oversight.

Our Response

- Conduct financial education roadshows and webinars nationwide to raise awareness about credit health.
- Host SME networking events.
- Provide complimentary credit reports for users overview of their credit health.
- Offer extensive educational content through our Knowledge Base.

Engagement Platform	Frequency of Engagement
Independent stakeholder engagement survey	A
Webinars, roadshow, social media, and emails	W
Online survey	Q

Map to

Material Matters:	M2 M5 M10	Risks:	R2 R6

MATERIAL MATTERS

The digital financial landscape is constantly evolving in response to the needs and expectations of society. To position ourselves effectively within this landscape, we conduct materiality assessments. These assessments ensure our strategic decisions align with the priorities of our stakeholders, forming the foundation of our roadmap for long-term value creation and sustainable business practices.

Materiality methodology

This year, we carried out a detailed materiality assessment to refine and update the issues that are most significant to our future strategy. This was our second materiality exercise; we improved our approach from the previous one in 2021 by engaging more extensively with a diverse and broad range of external stakeholders, which allowed for a richer and more inclusive set of perspectives.

1 IDENTIFICATION
- Identified a list of 10 preliminary material topics from various sources, including global industry trends, Global Reporting Initiative ("GRI"), CTOS' existing material topics.
- Conducted a benchmarking exercise with our peers' material topics.

2 ENGAGEMENT
- Engaged over 40 individuals across Malaysia through qualitative discussions and interviews accompanied by a quantitative survey.
- Gathered inputs from various stakeholders, such as employees, investors, regulators, customers, and suppliers.

3 PRIORITISATION
- Prioritised stakeholders' inputs were prioritised according to the relative criticality of stakeholder groups based on their influence and impact.

4 VALIDATION
- Deliberated internally with management to finalise the new material matters and definitions.
- Received approval and validation of the final material matters by the Board as the highest governing body.

Key Revisions to the Material Matters

We have determined 10 key Economic, Environmental, Social, and Governance ("EESG") issues crucial to our business and stakeholders in this recent assessment. By refining these issues through our stakeholder engagements, we ensure our sustainability efforts stay closely aligned with their needs and expectations.

Our Material Matters

		Definition	Stakeholders	Key Risk
M1	Data Privacy & Cyber security	Safeguard stakeholder data and privacy while ensuring business continuity through a strong cyber security system and promoting awareness of data privacy best practices.		R1 R2 R6
M2	Governance, Transparency, & Accountability	Ensure strong governance, transparency, and accountability across our value chain to protect our business and stakeholders against all forms of misconduct.		R2 R3 R4
M3	Sustainability Risk Management	Effectively identify, manage, and mitigate Environmental, Social, and Governance ("ESG") risks to ensure long-term value creation for our stakeholders and business.		R2 R3 R4
M4	Innovative Customer Solutions	Enhance customer experience by delivering high-quality products and services through innovative technology and responsible practices, ensuring fair credit for all customers.		R1 R4
M5	Financial Inclusion & Community Empowerment	Empower stakeholders, particularly underserved communities, with the knowledge, skills, and understanding of financial concepts and practices that enable them to achieve their financial objectives while also addressing other community challenges.		R1 R4 R6
M6	Diversity, Equity, & Inclusion ("DEI")	Nurture a workplace culture that respects all employees and ensures equitable and fair treatment regardless of their differences in age, gender, race, and social background.		R3
M7	Career Development	Empower employees for the future by equipping them with skills, knowledge, and capabilities to excel in their careers while ensuring competitive compensation and remuneration structures.		R3
M8	Employee Welfare & Well-being	Promote a positive work culture by taking care of employees' physical and mental health and wellness while ensuring trust, open communication, and strong employee engagement.		R3
M9	Environmental Stewardship	Responsibly manage environmental resources and consumption in a socially equitable and economical manner, including responsible water, materials, and waste management.		R2 R5 R6
M10	GHG Emissions & Energy Consumption	Continuously minimise GHG emissions, particularly by reducing energy consumption, in an effort to mitigate climate change and support the transition towards a low-carbon economy.		R2 R5 R6

OUR SUSTAINABILITY PROGRESS

OUR SUSTAINABILITY APPROACH

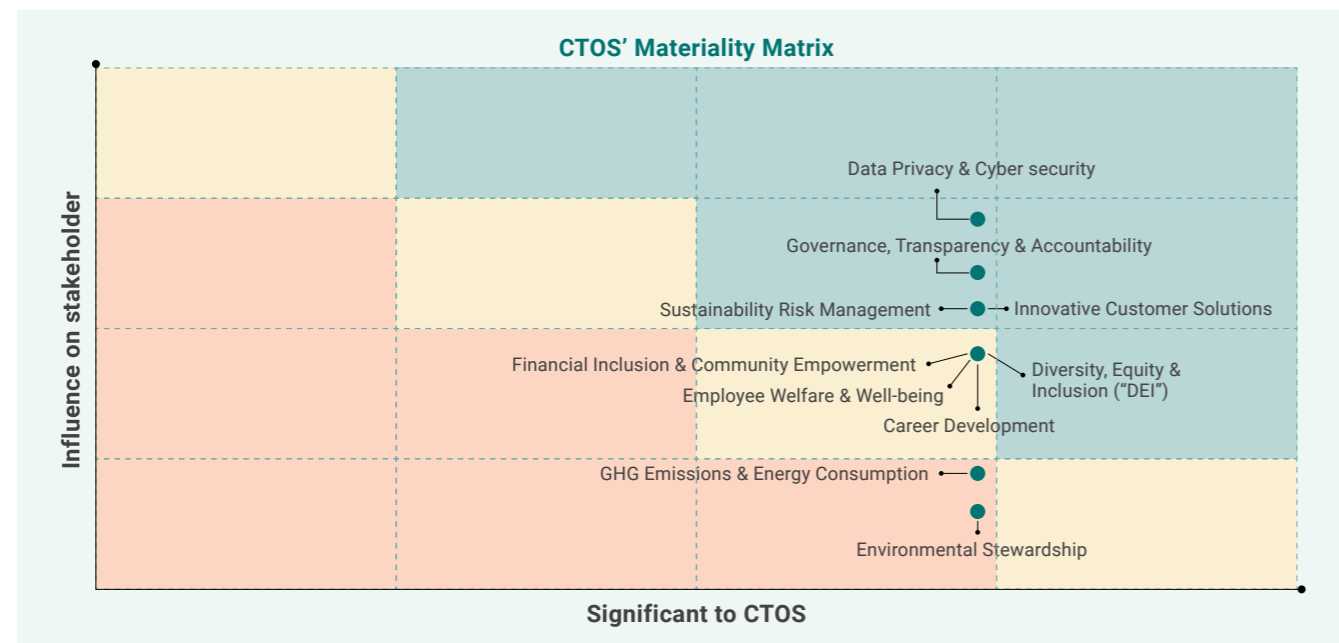Based on the outcome of our materiality assessment, the following four material matters reflect what is most material to us and our stakeholders. While all ten material matters will be addressed and managed effectively, we aim to integrate these four material issues into our strategic decision-making processes for the next three years.

Data Privacy & Cyber security

Innovative Customer Solutions

Governance, Transparency & Accountability

Sustainability Risk Management
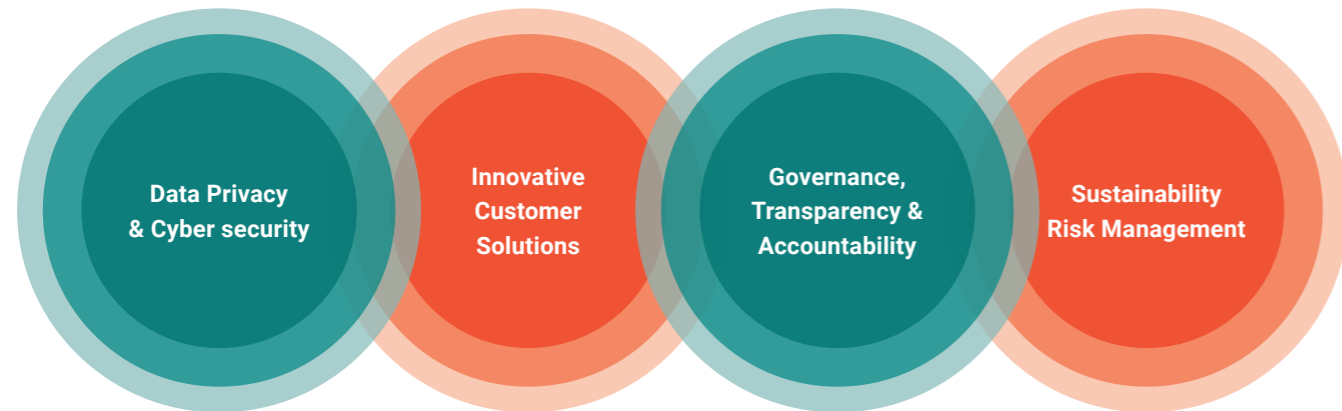
Materiality methodology

The materiality matrix represents the significance of material matters to both the business and our stakeholders:

CTOS' Materiality Matrix

Influence on stakeholder

Data Privacy & Cyber security

Governance, Transparency & Accountability

Sustainability Risk Management — Innovative Customer Solutions

Financial Inclusion & Community Empowerment

Employee Welfare & Well-being

Diversity, Equity & Inclusion ("DEI")

Career Development

GHG Emissions & Energy Consumption

Environmental Stewardship

Significant to CTOS

This year marks a significant milestone in CTOS' sustainability journey, as we have refreshed our Sustainability Blueprint to better reflect the evolving landscape of material matters and stakeholder expectations. Building upon the Blueprint which was established in 2022, the materiality assessment conducted in 2023 has improved the way we create value to our stakeholders. Notably, we have also enhanced the scope and definitions of our material matters to encompass a broader array of internal and external stakeholder perspectives.

By adding the United Nations Sustainability Development Goals ("UNSDGs") to our Blueprint, we reinforce our dedication to contributing to the national sustainability agenda. As we continue to create long-term value for all stakeholders, our new Blueprint strengthens the coherence between our sustainability initiatives and overarching business objectives.

ctos

To help empower consumers and businesses to make sound credit decisions confidently, leading to better financial health

To make Malaysia a centre of excellence for credit reporting in ASEAN

At CTOS, we are dedicated to improving financial well-being in Malaysia and ASEAN through innovation and data-driven solutions

Empowering Progress & Resilience	Driving Environmental Responsibility	Nurturing Employee Growth	Acting with Integrity
• Data Privacy & Cyber security • Innovative Customer Solutions • Financial Inclusion & Community Empowerment	• Environmental Stewardship • GHG Emissions & Energy Consumption	• Diversity, Equity, & Inclusion ("DEI") • Career Development • Employee Welfare & Well-being	• Sustainability Risk Management • Governance, Transparency, & Accountability

CTOS' SUSTAINABILITY ROADMAP

In 2024, we intend to accelerate our sustainability initiatives with strategic measures to further drive growth.

2026:
EXPANSION AND LEADERSHIP

We plan to pursue relevant sustainability certifications and seek recognition through awards to highlight our commitment to sustainability.

2024:
BUILDING MOMENTUM

We aim to take proactive action towards strengthening our sustainability governance and responsible corporate practices.

2025:
STRATEGIC DEVELOPMENT

We will work towards aligning our strategies with global standards such as Task Force on Climate-related Financial Disclosures ("TCFD") to mitigate climate-related risks.

2023:
FOUNDATIONAL PRACTICES

- Conducted an in-depth Materiality Assessment.
- Engaged in ongoing communication and training on ESG matters.
- Embarked on Integrated and Sustainability Reporting.

2023 · 2024 · 2025 · 2026

Implementation of capacity building initiatives will be a focused throughout 2023 to 2026.

OUR COMMITMENTS TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS ("UNSDGs")

Our prioritised UNSDGs align with our core sustainability themes and material matters, emphasising our commitment to creating tangible impact for our stakeholders. Notably, our emphasis on 'Financial Inclusion and Community Empowerment' as a material matter significantly influences these SDGs, as it addresses societal needs and fosters economic empowerment. We leverage our core competencies to educate consumers and businesses on financial health and credit risks, while also facilitating access to financial products and services, particularly for underbanked or unbanked communities.

CTOS KEY UNSDGs

CTOS Contributing to the SUSTAINABLE DEVELOPMENT GOALS

UNSDG 4:
Quality Education

UNSDG 8:
Decent Work and Economic Growth

UNSDG 10:
Reduced Inequalities

UNSDG 12:
Responsible Consumption and Production

UNSDG 13:
Climate Action

UNSDG 16:
Peace Justice and Strong Institutions

UNSDG 17:
Partnership for the Goals

OUR SUSTAINABILITY APPROACH

Key UNSDGs	Why It Matters	
UNSDG 4: **Quality Education**	By promoting education, CTOS invests in the development of future leaders, innovators, and entrepreneurs who can drive positive change and contribute to economic growth and social progress.	
	Sustainability Theme: • Empowering Progress and Resilience	**Material Matters:** M5 M7
UNSDG 8: **Decent Work and** **Economic Growth**	CTOS can expand its market reach and create better job opportunities while enabling a thriving economy in financial stability.	
	Sustainability Theme: • Empowering Progress and Resilience • Nurturing Employee Growth	**Material Matters:** M4 M7 M8
UNSDG 10: **Reduced Inequalities**	A more equitable society offers better stability, social cohesion, and economic opportunities for marginalised communities.	
	Sustainability Theme: • Nurturing Employee Growth • Empowering Progress and Resilience	**Material Matters:** M5 M6 M8
UNSDG 12: **Responsible Consumption** **and Production**	Minimising our environmental footprint through resource usage to sustainable technologies fosters a more socially responsible business ecosystem.	
	Sustainability Theme: • Driving Environmental Responsibility	**Material Matters:** M9 M10
UNSDG 13: **Climate Action**	We can reduce significant physical and transition risks to help protect our stakeholders from the adverse effects of climate change.	
	Sustainability Theme: • Driving Environmental Responsibility	**Material Matters:** M10
UNSDG 16: **Peace Justice and** **Strong Institutions**	We safeguard individual rights and freedoms to create a conducive environment for business operations and investment.	
	Sustainability Theme: • Acting with Integrity • Nurturing Employee Growth	**Material Matters:** M2 M6
UNSDG 17: **Partnership for the Goals**	We can leverage the expertise, resources, and networks to drive meaningful change on sustainability issues and scale up initiatives to reach larger audiences.	
	Sustainability Theme: • Empowering Progress and Resilience	**Material Matters:** M5

EMPOWERING PROGRESS & RESILIENCE

Data Privacy & Cyber security

Innovative Customer Solutions

Financial Inclusion & Community Empowerment

EMPOWERING PROGRESS & RESILIENCE

DATA PRIVACY & CYBER SECURITY

In today's digital age and amid evolving regulations, where information is a valuable asset, safeguarding the personal and financial data of our stakeholders is a fundamental ethical and legal responsibility. In addition to meeting regulatory requirements, prioritising data privacy and cyber security is pivotal for building and maintaining trust with our stakeholders. By staying ahead of potential risks and implementing robust security measures, CTOS mitigates the potential impact of data breaches to protect its stakeholders from financial, reputational, and legal consequences. This sets a strong benchmark for excellence in the credit reporting sector.
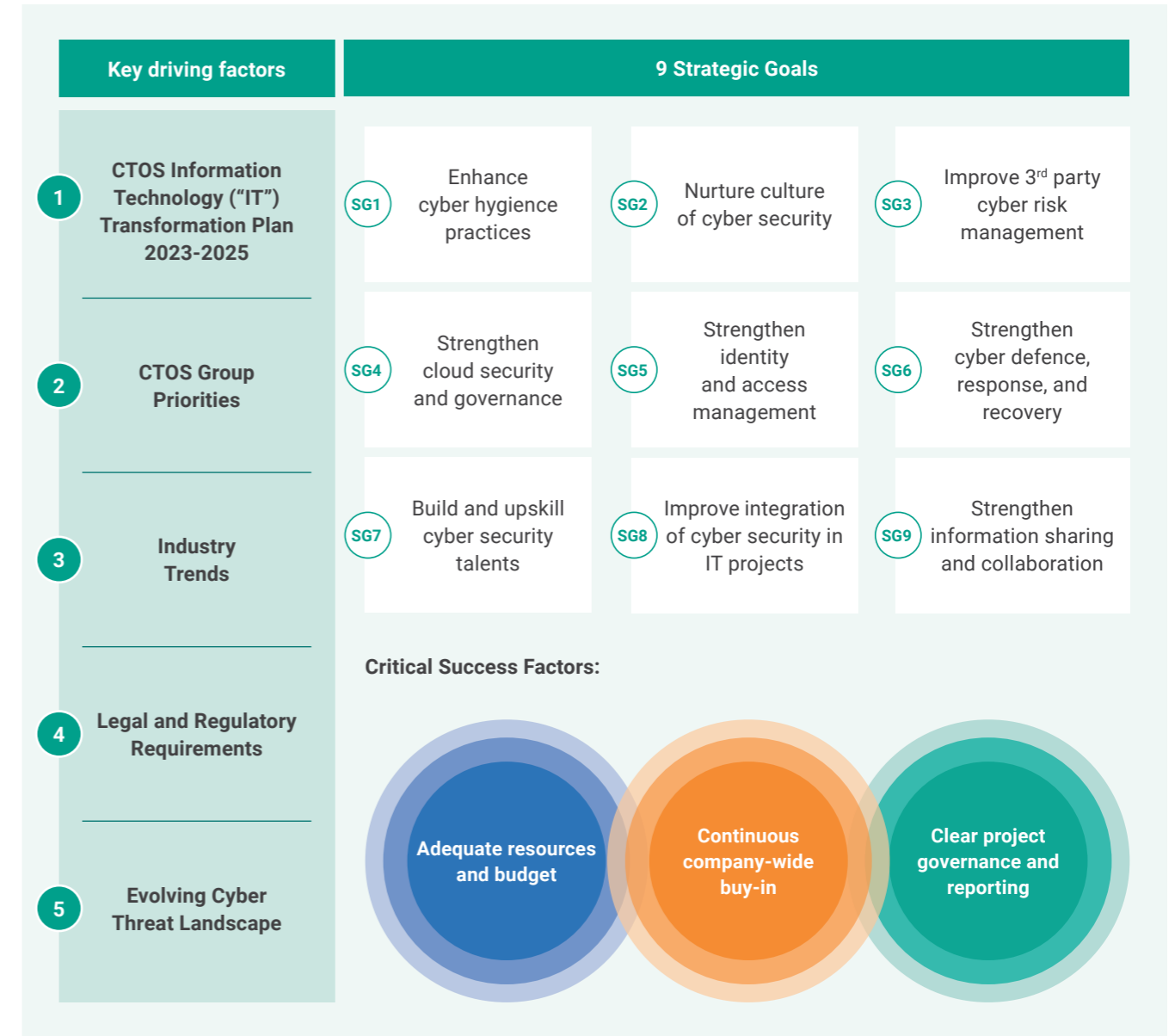
OUR OVERALL APPROACH

Our management approach to cyber security and data privacy is both strategic and proactive. In January 2023, our board endorsed Project Elevate, a comprehensive three-year cyber security strategy aimed at advancing our practices through a people, process, and technology model. This strategy guides the implementation of various initiatives and security controls, resulting in a notable improvement in our cyber maturity level throughout 2023.

PROJECT ELEVATE PLAN

Key driving factors	9 Strategic Goals		
1 CTOS Information Technology ("IT") Transformation Plan 2023-2025	SG1 Enhance cyber hygiene practices	SG2 Nurture culture of cyber security	SG3 Improve 3rd party cyber risk management
2 CTOS Group Priorities	SG4 Strengthen cloud security and governance	SG5 Strengthen identity and access management	SG6 Strengthen cyber defence, response, and recovery
3 Industry Trends	SG7 Build and upskill cyber security talents	SG8 Improve integration of cyber security in IT projects	SG9 Strengthen information sharing and collaboration
4 Legal and Regulatory Requirements			
5 Evolving Cyber Threat Landscape			

Critical Success Factors:

- Adequate resources and budget
- Continuous company-wide buy-in
- Clear project governance and reporting

Aligning with industry best practices, we actively adhere to the Bank Negara Malaysia's Risk Management in Technology ("RMiT"), and the National Institute of Standards and Technology ("NIST") Cyber security Framework. To further strengthen our commitment, we initiated the ISO 27001 certification process in 2023. By doing so, we successfully positioned our company on the right path for the recognition of our ISO 27001 certification in 2024.

EMPOWERING PROGRESS & RESILIENCE

OUR VALUE CREATED IN 2023

Robust Security Implementations

Recognising the escalating prominence of identity-based attacks, we took proactive measures to reinforce our defences. To address vulnerabilities head-on, we implemented the following initiatives:

OUR INITIATIVES	HOW WE CREATED VALUE
Enforced strict access management controls	• Reduced the risk of data breaches
Integrated security assessments early into our IT projects	• Fostered a proactive security culture and minimised vulnerabilities
Implemented a robust cloud security governance framework	• Ensured data protection and compliance with evolving regulations
Launched a third-party cyber risk management programme	• Preserved our supply chain and business integrity
Mandated cyber security requirements for new and contract extensions with critical partners and suppliers	• Strengthened our external defense perimeter
Advanced the protection of cryptographic keys with Hardware Security Module ("HSM") technologies	• Enhanced real-time threat detection and incident response capabilities
Deployed internal and external security monitoring tools using Managed Detection & Response ("MDR") services and a Security Operations Centre ("SOC")	• Improved our readiness and response efficiency to cyber incidents
Strengthened our cyber incident management framework with review of existing policies and procedures	
Engaged an external audit firm to carry out an independent audit to validate that our technology risk practices align with RMiT requirements	
Performed cyber security maturity assessment using a combination of BNM's RMiT, ISO 27001 and NIST's CSF	

Security Awareness Programme

Our ongoing comprehensive security awareness programme for employees and board members is aimed to improve the culture of cyber security awareness within our internal stakeholders. In March 2023, we implemented a new programme encompassing of comprehensive and mandatory training for all staff and board members, covering various aspects of cyber security. Additionally, we conducted monthly awareness updates and phishing simulation exercises to reinforce learning and vigilance within our operations.

In 2023, we proactively detected and prevented **5,714** genuine attempts to breach our IT infrastructure. CTOS Digital remained resilient against cyber threats, with no reported cyber incidents.

OUR OVERALL PERFORMANCE

Number of Online Breaches

ZERO (2021 - 2023)

Number of Data Loss

ZERO (2023)*

Number of Cyber security Incidents Reported

ZERO (2023)*

Number of Training and Awareness on Cyber security

2021	2022	**2023**
0	2	8

Number of Substantiated Complaints Breaches of Customer Privacy and Losses of Customer Data

ZERO (2021 - 2023)

*   *We began tracking data for these disclosures in 2023.*

OUR 2024 OUTLOOK

Building upon the foundation established by Project Elevate, we will fortify our cyber incident response capabilities through regular practice and simulation to ensure all stakeholders are adept in their roles and responsibilities. Through Project Elevate, we will elevate our security maturity against disruptive cyber-attacks, through the following:

IMPROVE
user awareness and culture

ESTABLISH
definite policies and procedures

STRENGTHEN
our existing governance structure

More than that, we will look into leveraging security solutions powered by Artificial Intelligence ("AI") for effective assessments and timely interventions to detect and respond to evolving cyber threats. Concurrently, our disaster recovery processes will undergo constant review and refinement to effectively counter emerging attacker tactics. This ongoing enhancement toward cyber security excellence mirrors our efforts to safeguard the entrusted data and upholding the trust of our valued customers and partners.

INNOVATIVE CUSTOMER SOLUTIONS

Delivering innovative customer solutions is a pathway to establishing enduring connections between our users and CTOS' brand. Actively addressing customer needs and ensuring fair practices are foundational to cultivating trust through our products and services. Failure to adhere to these principles could result in reputational damage and negatively impact overall business sustainability. However, when executed correctly, consistently meeting these high standards is essential for safeguarding our corporate reputation and sustaining business performance. This not only supports our short-term performance but also lays the groundwork for sustainable medium to long-term growth and success.

OUR OVERALL APPROACH

With growth spanning over three decades, we have evolved from a traditional credit reporting agency into analytics and insights, enabling us to provide a broad suite of innovative end-to-end credit decisioning and management solutions to support our customers throughout the entire credit lifecycle. This positions us favourably within the growing digital economy, where we aim to play a crucial role as an enabler for swift and well-informed credit decisions, especially amidst the surge in online transactions.

At CTOS, we continually improve and customise our products and solutions based on the needs of our key customer groups:

KEY ACCOUNTS

- Our clients in this segment benefit from our entire suite of solutions, ranging from digital reports to digital solutions, which span the entire credit lifecycle from customer acquisitions to onboarding, as well as monitoring and recovery.
- With the recent spike in digital breaches and online fraud, solutions such as eKYC and IDGuard help flag potential fraudulent applications.
- Our Comprehensive Portfolio Review and Analytics services help our Key Account customers manage their risk exposure and make more informed lending decisions.
- We launched CAD for digital moneylenders together with JurisTech in 2023.

COMMERCIAL

- This segment mainly utilises our CTOS Credit Manager, a credit risk management platform. It enables our SME customers to get instant access to crucial data and insights to make sound business decisions and reduce risk exposure.
- We recently launched Credit Manager Xpress - a user friendly, mobile-optimised version of our Credit Manager designed to enhance accessibility and user experience.
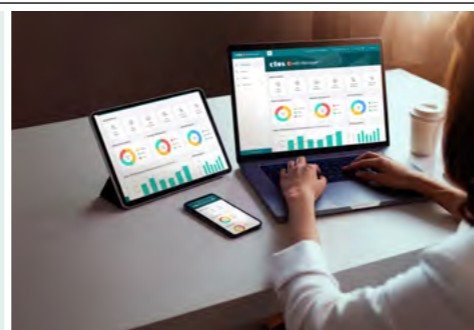
DIRECT-TO-CONSUMER ("D2C")

- We provide self-check convenience to consumers, enabling them to take charge of their credit health.
- We also provide credit monitoring services for consumers to keep track of changes in their credit profiles, such as new credit applications, missed payments, address changes, etc. This can help detect identity fraud early.
- We help individuals gain a comprehensive understanding of how credit scores impact their lifetime financial journey.

OUR VALUE CREATED IN 2023

Fraud Prevention and Identity Resolution

CTOS electronic Know-Your-Customer ("eKYC") utilises multiple steps and techniques for the digital onboarding for approximately close to 100 subscribers. Notably, it is fully compliant with Bank Negara eKYC regulations. The new solutions aim to ensure compliance and reliability in identity verification for our customers.

Additionally, through collaborative data sharing, the CTOS IDGuard provides Fraud alerts powered by sophisticated machine learning algorithms. The impact is significant, with clients realising a 70x Return on Investment ("ROI") on average.

OUR SOLUTIONS	WHAT DID WE ACHIEVE
Non-Bank IDGuard	• Reconfigured fraud prevention solutions to cater to non-bank financial institutions.
Digital Footprint and Device Score	• Developed new Fraud detection capabilities surrounding Global Digital Identities. • Improved scope extending beyond credit history and document integrity.
MultiFaceID	• Introduced consortium-based fraud detection solutions, moving beyond localised databases. • Increased fraud coverage by up to 20x for select bank partners.

Our Impacts

CTOS eKYC is **utilised by 8 out of 20** leading Banks in Malaysia

Prevented a cumulative **RM439 million** worth of fraudulent credit applications

New Credit Report Products

To provide customers with high-quality credit reports, we introduced the Portfolio Benchmark Report to advance our financial services. This innovative tool offers comprehensive market and financial institution-level portfolio performance benchmarking. Clients benefit from accelerated data ingestion, now three times faster than before, leading to improved decision-making with up-to-date information. Additionally, we focus on the potential ROI for clients who act on specific customer segments. Evidently, these new products have promoted better customer service and identified strategic areas of opportunity within our customers' needs and expectations.

Furthermore, we have enhanced our flagship Credit Manager product to improve user experience and perform core functions with ease. This adaptation emphasises the importance of user-friendliness, enabling accessibility and usability for a wider range of users.

OUR OVERALL PERFORMANCE

CUSTOMER EXPERIENCE

Total Number of Customers*

2021	2022	**2023**
19,000	21,000	**22,000**

Quality Score

2021	93.06
2022	93.77
2023	**92.67**

Number of Customer Complaints Received and Resolved

2021	2022	**2023**
1,101	269	**225**

Number of Customer Service Training Conducted***

2021	3,388
2022	4,325
2023	**4,373**

Net Promoter Score ("NPS")

2021*	2022*	**2023**
+6.8	+4.8	**+14.4****

* Data refers to Key Accounts and Commercial customers only.

** Data refers to Key Accounts, Commercial, and Direct-to-Consumer ("D2C") customers.

*** Data refer to Commercial customers only.

OUR 2024 OUTLOOK

We aim to enhance and expand our platforms to significantly impact our clients' business lifecycles. With a substantial number of subscribers to our key products and services, we are charting roadmaps that amplify these platforms into integrated ecosystems. For instance, eKYC utilises our credit data to identify synthetic IDs, and our Multiface product is seamlessly integrated with Application Fraud detection. Transforming into an ecosystem of modular services, each finely tuned to meet specific customer needs, positions us to deliver hyper-personalised combinations of services efficiently and with heightened impact. Eventually, enabling us to serve our clients more effectively and leverage our deep specialisation to address their unique requirements.

Roadmap on Key Product Developments

CREDIT MANAGER
Continue the tech and UX refresh of our flagship Credit Manager to improve usability and increase product penetration.

IDENTITY AND FRAUD PREVENTION
Scale out a number of newly developed products in the Fraud and Identity space to establish leadership in this space: NonBank IDGuard, Digital Footprint, Device score, MultiFace ID. Our focus here would be to achieve industry-leading fraud prevention rates, as well as being on the forefront of preventing a new wave of fraud that is enabled by AI technologies ("e.g. deepfakes").

AI EFFORTS
• Leverage AI technologies to automate existing efforts around data capture.
• Enhance insight generation from existing reports.

FINANCIAL INCLUSION & COMMUNITY EMPOWERMENT

Our vision is to establish Malaysia as a centre of excellence for credit reporting in ASEAN. By promoting better financial inclusion, we can improve the financial literacy rate in the country, thus contributing to the overall wellbeing of citizens, facilitating national economic growth, and driving sustainable development. Regardless of background or financial status, individuals and businesses should be able to take charge of their credit health and boost their financial literacy through the right tools and knowledge needed to make informed financial decisions.

OUR OVERALL APPROACH

At CTOS, we strive to enhance the well-being of the communities in which we operate. We focus on advancing the financial literacy rate in Malaysia for both individual and businesses, to foster nationwide economic growth and facilitate the sustained development of Small and Medium Enterprises ("SMEs"). To address better financial inclusion within our communities, our broad management approach involves several key strategies:

OUR STRATEGY	OUR APPROACH
Education and Outreach Programmes	Develop and implement programmes focusing on enhancing consumer financial literacy. Topics covered include understanding credit scores, debt management, budgeting, and the significance of credit reports.
Partnerships and Collaborations	Forge alliances with regulators, community organisations, financial institutions, corporations, and government agencies to expand the reach of financial literacy initiatives.
Digital Tools and Resources	Continuously enhance digital tools, including online tutorials, interactive Knowledge Base website, and mobile apps.
Consumer Assistance and Support	Offer consumer assistance services at service centres and during roadshows, provide credit counselling and financial coaching.
Research and Thought Leadership	Conduct financial literacy surveys and publications, sharing insights through publications, conferences, and various channels.
Regulatory Advocacy	Advocate for policies and regulations that promote financial literacy and consumer protection.
Free and Paid Credit Health Assessment	Offer both complimentary MyCTOS Basic Reports and paid credit health assessments, including MyCTOS Score and MyCTOS with CCRIS reports to encourage consumers and businesses to proactively manage their credit health.

Our goal is to provide affordable financial products and services, with a focus on underbanked and unbanked communities. Under the CTOS Cares umbrella, we have ongoing initiatives aligned with the United Nations' Sustainable Development Goals (UNSDGs), including Reduced Inequalities, Quality Education, and Decent Work and Economic Growth. This programme also follows a two-fold approach:
1. Equipping local communities with essential tools and knowledge.
2. Enhancing financial awareness through educational programmes.

In essence, CTOS utilises a multi-faceted approach that combines credit reporting services, financial education, advocacy, and collaboration with stakeholders to create positive outcomes for individuals and communities in Malaysia. We are also guided by the Financial Literacy 2019-2023 under the National Strategy:

This strategy was developed by the Malaysian government through Bank Negara Malaysia ("BNM"), the central bank. In partnership with BNM and the Ministry of Finance ("MoF"), we enhance financial literacy and capability among Malaysians through various initiatives, including education programmes, outreach activities, and collaborations with stakeholders.

OUR VALUE CREATED IN 2023

Nationwide Education Initiatives and Strategic Partnerships

Our challenge lies in efficiently reaching more consumers by optimising resources. Thus, we have further pursued collaborative efforts with government bodies, financial institutions, NGOs, and community organisations. As of 2023, we have executed 510 financial education roadshows and webinars nationwide, in collaboration with our partners to empower communities to enhance their financial management skills and improve their credit health and personal finances. Additionally, we also organised a total of 26 events that cater to SMEs.

Our Key Partners

- Ministry of Finance ("MoF")
- Bank Negara Malaysia ("BNM")
- Employees' Provident Fund ("EPF")
- Credit Counselling and Debt Management Agency
- Ministry of Housing and Local Government
- Private Pension Administrator Malaysia
- Social Security Organisation
- Bursa Malaysia Berhad
- Banks and property developers

2023 KEY PROGRAMME HIGHLIGHTS

Youth Empowerment

In partnership with FutureLab, we conducted three webinar sessions, reaching over 400 university students to raise awareness about credit health.

As a social enterprise, FutureLab is dedicated to creating accessible mentorship programmes for all youth, including those focused on financial literacy.

OUR IMPACT

We educate and empower the next generation of Malaysians, enabling them to make informed and improved financial decisions.

CTOS SME Biz Day

As part of our ongoing initiatives for local SMEs, we hosted SME networking event which attracted over 1000 businesses. The event facilitated SME networking and featured sessions led by industry leaders from SME Corp Malaysia, MATRADE, CIMB, Google, and RAM.

OUR IMPACT

- Honoured 30 top SME subscribers with the CTOS Golden Subscriber Awards.
- Strengthened SME connectivity, offering valuable insights for business success.

EMPOWERING PROGRESS & RESILIENCE

Corporate Social Responsibility ("CSR") Engagements

At the company level, we are cognisant of the need to engage with charitable partners as part of our three-year roadmap. In January 2023, we organised a meaningful Chinese New Year visit to the Pertubuhan Kebajikan Orang Tua Cacat dan Kurang Upaya, Taman Connaught. As part of our dedication to supporting the community, we provided a RM20,000 cash donation and essential goods valued at RM5,000. These resources will aid in sustaining their valuable work for the elderly community.

In December 2022, CTOS collaborated with The Human and Nature Development Society to provide RM30,000 worth of food provisions to 100 families in Kampung Orang Asli Sungai Rasau Hilir, Puchong. Over 50 company volunteers engaged in distributing food aid and conducting fun activities with children. Additionally, pre-packed lunches and a buffet were provided to 500 individuals in the indigenous community as part of the day's programme.

OUR OVERALL PERFORMANCE

Number of Self-Check Users (million)			Average Credit Score		
2021	2022	**2023**	2021	2022	**2023**
1.72	2.47	**3.64**	675	678	**684**

Average monthly visitors to Knowledge Base Website Visitors Monthly (million)			Number of Beneficiaries of the Investment in Communities		
2021	2022	**2023**	2021	2022	**2023**
1.37	1.45	**2.11**	0	1	**1**

Total Amount Invested in the Community Where the Target Beneficiaries are External to the Listed Issuer (RM)		Quantifiable Output/Outcome of Specific Results, Achievements or Benefits of Community Investments	
2021	14,634	2021	0
2022	19,390	2022	30,000
2023	**219,588**	**2023**	**25,000**

In the coming year, we aspire to widen credit access for underserved communities, particularly low-income individuals and those with limited credit history. Within the SME community, CTOS is committed to support them and micro-entrepreneurs by providing vital credit information and risk assessment services. By aiding moneylenders in evaluating the creditworthiness of these businesses, we aim to increase access to financing, fostering economic growth and job creation within communities across Malaysia. Simultaneously, our focus remains on educating consumers through tailored financial literacy initiatives. This involves deploying diverse resources such as online tutorials, workshops, and educational materials to enhance understanding of credit reports, debt management, and overall financial literacy.

We actively advocate for fair and transparent lending policies among financial institutions, with the aim of shielding consumers from predatory practices and cultivating a more inclusive and sustainable financial ecosystem. Our collaborative partnerships remain a priority as we pool in expertise and resources with government agencies, financial institutions, and other stakeholders.

DRIVING ENVIRONMENTAL RESPONSIBILITY

GHG Emissions and Energy Consumption

Environmental Stewardship

DRIVING ENVIRONMENTAL RESPONSIBILITY

GHG EMISSIONS AND ENERGY CONSUMPTION & ENVIRONMENTAL STEWARDSHIP

As a credit reporting agency, our operations require minimal raw materials, and our emissions primarily arise from energy consumption in our offices, service centres, and data centres. Nonetheless, we recognise our responsibility to contribute to the global climate agenda, safeguarding our stakeholders and supporting the long-term sustainability of our business.

OUR OVERALL APPROACH

CTOS' management focuses on the continuous improvement in efficiency as we expand our operations. We take a comprehensive approach to monitor and report our Greenhouse gas ("GHG"), scope 1, scope 2 and begin tracking scope 3 in 2024. To progressively reduce our emissions, we have established short to medium-term carbon reduction targets to support the transition towards a low carbon economy:

Reduce Scope 2 emissions by **15%** by 2025, from **2022** levels.	Offset Scope 1 and 2 emissions **gradually** over the **5 years** in operations only.	Reduce Scope 3 emissions by **15%**, by **2030**.

Within our organisation, we also promote awareness on responsible environmental management through our townhalls and regular employee communications. This approach allows our employees to share ideas and contribute to CTOS' transition to a low-carbon economy.

OUR VALUE CREATED IN 2023

Emission Reduction Enhancements

In line with company expansion, we anticipate an increase in emissions. However, **we successfully achieved a 9% improvement of Year-on-Year ("YoY") emission reduction target**. This set us on the path to achieve the committed target, surpassing our initial goal of a 4% reduction.

Energy Efficiency Campaign

We initiated an impactful energy efficiency campaign across our organisation aimed at raising awareness, fostering behavioural change to promote energy-saving practices, and ultimately reducing our carbon footprint and environmental impact. Through targeted education and advocacy efforts, we aim to empower our employees with the knowledge and tools necessary to make informed decisions and adopt sustainable behaviours both at work and in their personal lives.

OUR OVERALL PERFORMANCE

Direct (Scope 1) GHG Emissions (tCO_2e)

2021	2022	**2023**
0.5	0.82	**0.65**

Energy Intensity (MWh/FTE)

2021	2022	**2023**
1.18	1.34	**1.09**

Energy Consumption (MWh)

2021	2022	**2023**
553.18	696.70	**634.24**

Energy Indirect (Scope 2) GHG Emissions (tCO_2e)

2021	2022	**2023**
323.61	407.57	**371.03**

Indirect (Scope 2) GHG Emissions Intensity (Total emissions/FTE)

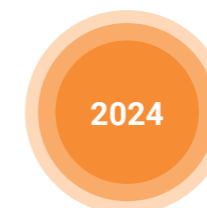| 2021	2022	**2023**
0.691	0.782	**0.640**

OUR 2024 OUTLOOK

As we move forward, the expansion of our business will naturally lead to an increase in emissions, aligning with the growth of our business. Despite this, we are dedicated to executing our sustainability roadmap with the aim of achieving Net Zero impact. Moreover, we pledge to persistently explore innovative approaches to meet this objective, thereby actively contributing to the transition to a low-carbon economy.
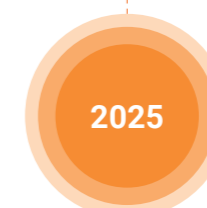
2024

Strategic Development

- We will continue implementing changes based on TCFD analysis and continue to execute and refine the decarbonisation strategy.

Building Momentum

- We will implement data collection systems and set initial targets based on year one findings, including Scope 3 emissions.

2025

NURTURING EMPLOYEE GROWTH

NURTURING EMPLOYEE GROWTH

Diversity, Equity, & Inclusion ("DEI")

Career Development

Employee Welfare & Well-being

DIVERSITY, EQUITY & INCLUSION ("DEI")

Improving Diversity, Equity, and Inclusion ("DEI") in our workplace goes beyond ticking boxes on our corporate agenda. Nurturing an inclusive and diverse talent pool is crucial for the success of our digital advancements. DEI within and beyond our workforce provides a vantage point in understanding and navigating the diverse needs of our customers and stakeholders. It also promotes innovation and elevates the quality of our services through the positive impact of DEI.

OUR OVERALL APPROACH

As an equal-opportunity employer, we embrace individuals of all races, ethnicities, religions, nationalities, genders, and abilities. We are committed to promoting a culture of equality and diversity where employees are recognised for their valuable contributions to CTOS regardless of their backgrounds and experiences. Our Human Resources ("HR") department diligently evaluates and refines the practices to enhance workforce diversity, promote equal opportunities, and eradicate discrimination across all aforementioned aspects.

EQUAL ACCESS TO OPPORTUNITIES	CULTIVATION OF BELONGING CULTURE	FOSTERING INCLUSIVE ENVIRONMENT
All employees have fair access to opportunities for promotion based on performance and career advancement regardless of their background or identity.	We promote a sense of belonging to culture to ensure that all individuals feel welcomed, respected, and valued for who they are.	Our management actively fosters an environment where diverse perspectives are heard, valued, and integrated into decision-making processes.

Employee Engagement

We celebrate diversity through the coordination of employee engagement events, festival programmes, and communication initiatives. Within our HR practices, we prioritise fairness and inclusivity by offering flexible work arrangements that accommodate the diverse needs of our employees. We have also embedded DEI guiding principles within our Code of Business Conduct and Ethics ("COBE") to ensure fair and inclusive workplace environments that instil a culture of respect and equity.

Anti-Discrimination and Fair Recruitment Measures

Our COBE explicitly addresses anti-discrimination measures to reinforce a culture of respect and equity within the Group. With a zero-tolerance policy against all forms of discrimination, we firmly reject discrimination based on race, ethnicity, religion, nationality, gender, or disability. This commitment to inclusivity extends to our hiring practices, where individuals from underprivileged backgrounds are welcomed and valued. To ensure fairness and transparency in our recruitment process, all available positions are advertised through diverse and inclusive media channels, with English as the primary language of communication for job postings. Moreover, we actively consider candidates with diverse educational backgrounds and experiences. For instance, we offer opportunities for SPM holders (high-school graduates with experience) to apply for selective positions and offer internships and fresh graduate programmes that are inclusive and accessible to students from all educational institutions.

Whistleblowing Mechanisms

To address any instances of harassment or hostility, we have established a confidential reporting channel and a dedicated whistleblowing point of contact. This ensures that employees feel empowered to speak up about any concerns they may have without fear of retaliation. The whistleblowing email address is readily accessible in our Whistleblowing Policy and prominently displayed on our corporate website, reaffirming our transparency and accountability. When it comes to managing reports received through the whistleblowing system, our internal audit function takes on this responsibility.

NURTURING EMPLOYEE GROWTH

OUR VALUE CREATED IN 2023
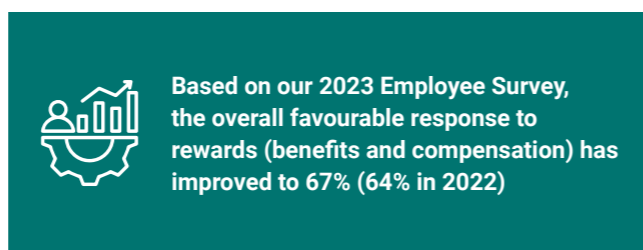
Diverse Recruitment Practices

We updated our recruitment and hiring practices by implementing blind resume reviews and diverse interview panels to attract a diverse talent pool. Our recruitment efforts have also extended globally with the successful onboarding of non-Malaysians with specialised skillsets in data analytics, Information Technology ("IT"), and technical expertise.

By doing so, we are taking into consideration the required skillsets and availability of such skillsets in the talent marketplace.

Category of Employees (Number and Percentage)

■ Malaysian   ■ Non-Malaysian

14 (2%)

2023

555 (98%)
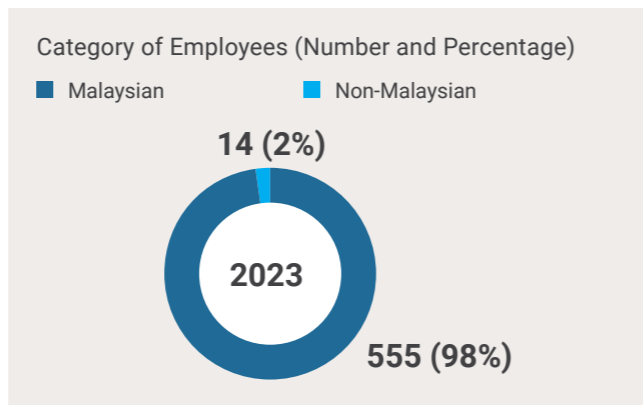
Equitable Performance Management

Our commitment to fairness in performance management is evident through the implementation of compensation structures based on position, competency, and performance. By embracing this inclusive compensation model, we ensure every employee is rewarded based on their contributions and capabilities.

Based on our 2023 Employee Survey, the overall favourable response to rewards (benefits and compensation) has improved to 67% (64% in 2022)
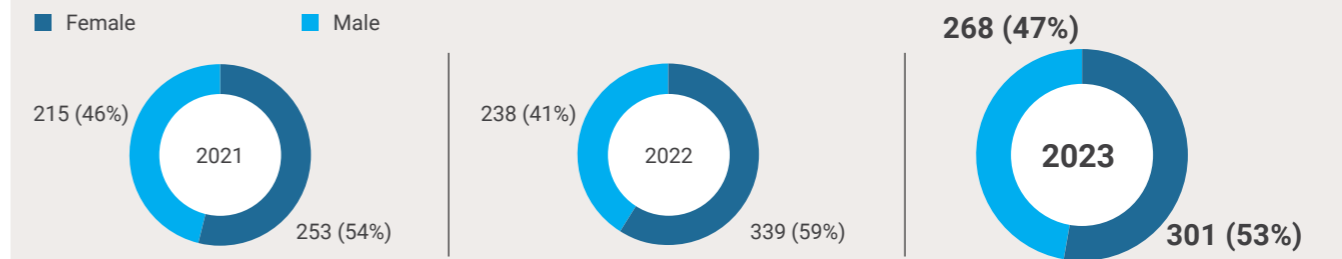
Inclusive Workplace Developments

We actively cultivated an inclusive workplace culture through the promotion of a coaching and feedback environment. We provided training and development opportunities for leaders to enhance their skills and develop ability in managing diverse team. This has further empowered our leaders to apply inclusive practices across all departments. These initiatives have indicated a generally positive perception of CTOS management.
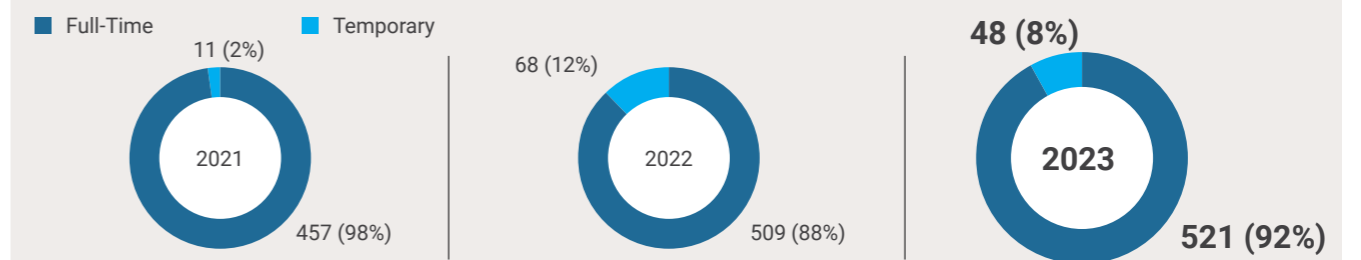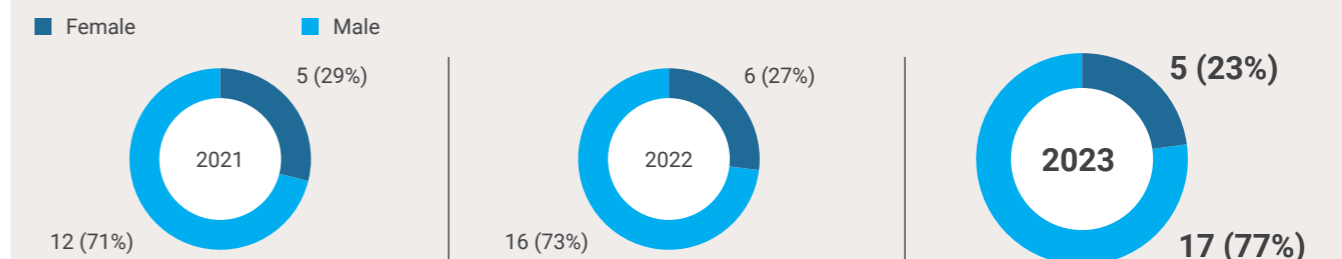
Key Highlights

Zero Discrimination complaints reported to HR

Employees' satisfaction has improved to **74% in 2023** (73% in 2022)

Employee engagement index has improved to **75% in 2023** (71% in 2022)

Leadership effectiveness has improved to **81% in 2023** (78% in 2022)

OUR OVERALL PERFORMANCE

Breakdown of Employees by Gender (Number and Percentage)

■ Female   ■ Male

215 (46%) — **2021** — 253 (54%)

238 (41%) — **2022** — 339 (59%)

268 (47%) — **2023** — 301 (53%)

Breakdown of Employees by Employment Type* (Number and Percentage)

■ Full-Time   ■ Temporary

11 (2%) — **2021** — 457 (98%)

68 (12%) — **2022** — 509 (88%)

48 (8%) — **2023** — 521 (92%)

Senior Management (Number and Percentage)

■ Female   ■ Male

5 (29%) — **2021** — 12 (71%)

6 (27%) — **2022** — 16 (73%)

5 (23%) — **2023** — 17 (77%)

Senior Leadership Team ("SLT") (Number and Percentage)

■ Female   ■ Male

3 (25%) — **2021** — 9 (75%)

4 (24%) — **2022** — 13 (76%)

4 (25%) — **2023** — 12 (75%)
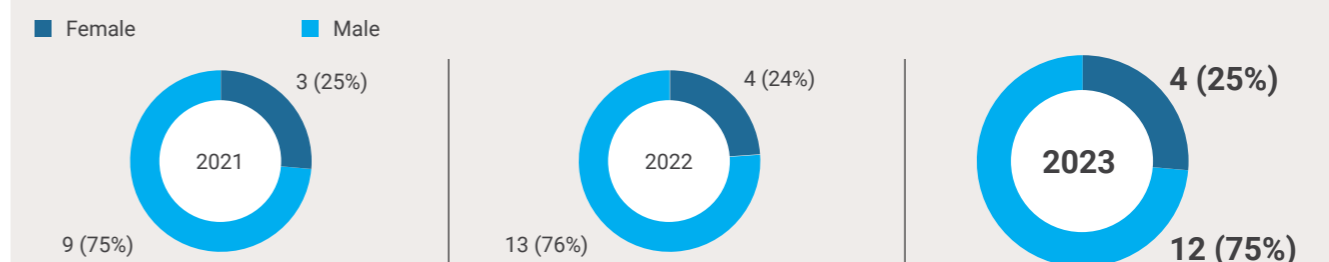
Board of Directors (Number and Percentage)

	2021	2022	2023
Female	3 (43%)	3 (43%)	3 (50%)
Male	4 (57%)	4 (57%)	3 (50%)
Independent Directors	5 (71%)	5 (71%)	4 (67%)

Total Number of New Hires by Job Level

	2021	2022	2023
Non-Executive	11	69	42
Executive	80	142	122
Middle Manager	14	19	16
Senior Management	3	5	3

Number of Senior Management are Local Communities

2021	2022	2023
13	16	15

Female in Technical Position (%)

2021	2022	2023
36	34	28

Average Employee Turnover Rate (%)

♀ Female

2021	2022	2023
1.5	1.3	1.0

♂ Male

2021	2022	2023
1.9	1.9	1.1

Average Turnover Rate by Job Level (%)

■ Non-Executive ■ Executive ■ Middle Manager ■ Senior Management

2021: 0.2 0.03 0.2 3.0
2022: 0.3 0.01 0.2 2.8
2023: 0.1 0.02 0.1 1.9
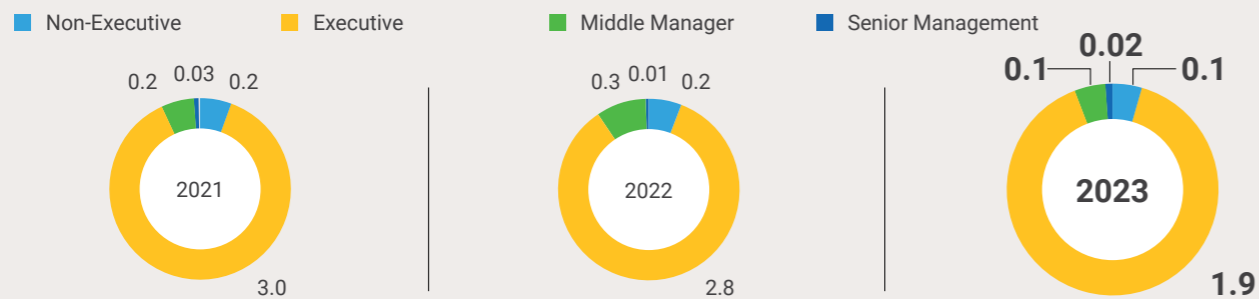
Employee Attrition Rate (%)

2021	2022	2023
3.4	3.2	2.1

Basic Salary and Remuneration Ratio By Gender**

■ Male ■ Female

2021	2022	2023
1.2:1	1.4:1	1.7:1

* CTOS temporary positions are for Diploma/Degree students or recent graduates to gain practical experience in a specific industry. Lasting three to six months, interns work closely with experienced employees or managers, completing tasks related to their field of study.

** Increase in technical talent (IT, data analytics, and product development) is commonly dominated by male.

OUR 2024 OUTLOOK

Moving forward, CTOS aims to advance the commitment to establishing a pro-DEI workplace environment to enrich our employees' work ethics. We will implement targeted DEI training that emphasises unconscious bias, cultural competency, and inclusive leadership. We will also initiate mentorship programmes to support employee development and career growth, demonstrating our leadership's dedication to inclusivity through practical actions. Additionally, we aim to maintain a diverse workforce by actively recruiting varied candidates, believing this diversity drives innovation and strengthens CTOS. Through these efforts, we aspire to advance our workplace culture and contribute to a sustainable, responsible future.

CAREER DEVELOPMENT

Investing in the career development of our people is a catalyst in cultivating the leaders of tomorrow. Whether positioned at mid-level or scaling the heights of the corporate hierarchy, career development stands as an indispensable cornerstone. It empowers individuals to acquire novel skills, advance within their roles, and actively contribute to the construction of a highly skilled workforce.

At our core, bridging skill gaps adeptly can ensure the empowerment of our employees with precisely the right skills and knowledge needed to thrive in a dynamic professional landscape. In the fast-paced digital industry, having well-trained and continuously developed employees translates into fostering innovative problem-solving capabilities. This, in return, positions CTOS as an agile and forward-thinking player in the market.

OUR OVERALL APPROACH

We firmly believe in the strategic impact of investing in our people's career development. Our approach is intentional, practical, and essential to shape a thriving professional community at CTOS. Our commitment to investing in career development extends beyond individuals to encompass substantial investments in the continuous growth of our managers and leaders. We have dedicated resources to provide comprehensive training and development initiatives tailored to refine skills in inclusive leadership and the effective management of diverse teams. This strategic approach to leadership development will focus on having every level of our organisation contribute to a culture of continuous improvement and inclusivity.

We prioritise providing equal learning opportunities to all employees, regardless of their employment status. While the majority of our workforce consists of full-time employees, there is a substantial portion of part-time employees comprising of interns. Our philosophy is rooted in ensuring that everyone, including contracted staff employed for more than three months, has access to the same learning and development opportunities. The only exception to this policy is our interns, who have a modified set of benefits. In alignment with our dedication to fairness, we extend benefits to both contract and part-time staff employed for more than three months.

Through our Learning & Development Training Policy, we champion the professional development of our employees, focusing on four key training pillars:

Regulatory
A mandatory course that individuals must attend in order to ensure compliance to regulatory requirements and corporate governance.

Leadership
A course that focuses on providing managers with compentencies to facilitate the execution of CTOS' strategy through building alignment, winning mindshare and growing the capabilities of others.

Functional
A technical and/or practical-based course where individuals can improve their technical skills competencies. This includes accredited courses where individuals obtain certifications or professional qualifications as warranted by their job roles.

Personal Effectiveness
A course that provides tools to individuals to enhance their personal competencies through self-improvement and make good use of their resources.

NURTURING EMPLOYEE GROWTH

OUR VALUE CREATED IN 2023

Skill Development and Technical Training Programmes

This year, our central objective revolved around cultivating leadership skills, primarily targeting junior to mid-level employees through a series of tailored leadership training programmes. These initiatives proved highly beneficial in equipping our workforce with a diverse set of new skills. Participants gained proficiency in various areas, including Python programming language, design thinking, negotiation techniques, Lean Six Sigma principles, Amazon Web Services ("AWS") technical expertise, and sales proficiency.

The majority of technical skills programmes were executed through external training resources, coupled with customised training modules designed to meet the specific technical requirements of each department. Notably, a key focus was on developing technical proficiency for AWS implementation that is necessary for our preparation for the upcoming cloud migration journey in 2024/2025.

Based on the Training Needs Analysis ("TNA"), we conducted a detailed competency mapping. This thorough process has allowed us to identify and address skill gaps within our workforce effectively. During our training engagements, we offered a comprehensive blend of technical expertise, industry knowledge, problem-solving abilities, and communication skills. The specific skills and knowledge imparted vary based on the training modules and syllabus to provide a well-rounded learning experience tailored to the evolving needs of our workforce.

Overview of Key Development and Upskilling Training Programmes	Pax	Total Hours
AWS Technical Essentials	29	232
AWS Cloud Practitioner Essential		
Lean Six Sigma Training Simulation	64	576
Design Thinking	23	456
Driving High Performance	62	992
Negotiate Like A Pro	22	396

In 2023, we shifted our focus to targeted training programmes tailored to specific training needs, offering a wider array of programmes catering to various stakeholders. Contrastingly, in 2022, we inaugurated the Environment, Social and Governance ("ESG") programme, initiating a series of Mandatory ESG Awareness programmes that encompassed all employees across our entities. This change in approach naturally resulted in a lower number of training data in 2023 compared to 2022.

OUR OVERALL PERFORMANCE

Average Training Days per Employee

2021	2022	**2023**
1.13	3.54	**3.04**

Training Investment per Employee (RM)*

2021	2022	**2023**
N/A	556.52	**1,047.52**

Total Training Hours For Employees

2021	4,594
2022	16,664
2023	**15,407.5**

Total Hours of Training per Employee

2021	9
2022	28.3
2023	**24.3**

Average Total Hours of Training per Employee by Gender*

♀ Female

2021	2022	**2023**
N/A	22.2	**19.6**

♂ Male

2021	2022	**2023**
N/A	37.1	**29.6**

Average Total Hours of Training per Employee by Job Level*

2021: N/A   2022: ☐   **2023:** ■

	2022	2023
Non-Executive	11.8	9.4
Executive	38.6	25.6
Middle Manager	16.9	33.0
Senior Management	10.8	21.2

Number of Employee Upskilling Programmes*

2021	2022	**2023**
N/A	9	**10**

Employees Receiving Regular Performance and Career Development Reviews (Percentage)

100% (2021 - 2023)

Number of Discrimination Incidents

ZERO (2021 - 2023)

Number of Corrective Actions Regarding Discrimination Incidents Taken

ZERO (2021 - 2023)

*   *We only began tracking this data in 2022.*

OUR 2024 OUTLOOK

We envision growth in our career development initiatives, driven by our motivation, 'One Employee, One Training.' The focal point lies in honing soft skills development as we recognise them as crucial elements for professional success. In regards to our training initiatives, we will continue with the Lean Six Sigma, IT transformation, and ISO 27001 projects into 2024. Furthermore, we will leverage the power of AI to personalise learning experiences and champion adaptive learning for tailored growth. To ensure accessibility and flexibility, we will introduce an exclusive online learning platform to cater to the diverse needs of our workforce. This includes expanding into more gamification features to elevate engagement levels and create a culture where learning becomes a source of inspiration and continuous improvement.

EMPLOYEE WELFARE & WELL-BEING

The well-being of our employees stands as a key component of CTOS' social responsibility. When employees are deeply committed to their roles, they work with passion and believe in their contribution to the company. Evidently, engaged employees are more likely to align with our company's goals, contributing innovatively and taking ownership of their roles. By enhancing a positive workplace culture, coupled with initiatives that prioritise the welfare of our employees, we position ourselves as an employer of choice, enhancing not only financial performance but also overall workplace satisfaction. Mirroring this importance, the focus on employee well-being is integral to the long-term stability and growth of CTOS.

OUR OVERALL APPROACH

Our management recognises the significant impact of emotional and mental well-being on productivity, morale, and overall organisational success. Collaborative efforts with CTOS' Human Resources ("HR") department are essential to our strategy. We encourage regular one-on-one sessions between leaders and team members to ensure alignment between leadership practices and the Group's broader objectives concerning employee welfare. While focused oversight may be necessary to address specific performance issues, our general leadership philosophy prioritises empowerment over micromanagement.

Workloads and Efficiency Management

To enhance optimal employee well-being, we conduct continuous process improvements, such as Lean Six Sigma which plays a pivotal role within the CTOS' workforce. This extends to our Information Technology ("IT") transformation journey by incorporating key process enhancements across departments, notably through a new ERP implementation in Finance. Moreover, resource allocation is judiciously reviewed to align with revenue considerations and operational expenditure control.

Floor Marshal Committee

A cornerstone of our safety structure is the Floor Marshal Committee, a dedicated team comprising members from each department. This committee serves as a proactive measure to ensure that safety protocols are established and actively maintained throughout our workspace.

Supportive Policies and Programmes

While CTOS does not have specific policies in place currently, we ensure a structured monthly engagement programme and regular welfare and safety initiatives, aligning with our commitment to sustainable employee welfare practices. practices. Additionally, we have established an overtime policy that applies to employees working beyond standard hours, in accordance with the guidelines outlined in the Employment Act 1955.

As stipulated by the Minimum Wage Order 2022, we ensure that all employees receive compensation above the minimum wage. Our commitment also extends to temporary staff undergoing internships, who receive allowances benchmarked against similar companies in terms of size, background, and industry.

OUR VALUE CREATED IN 2023

Health and Workplace Initiatives

CTOS undertook a series of strategic initiatives dedicated to enhancing the mental health, physical well-being, and overall satisfaction of our valued employees. These initiatives have helped us to create a workplace that promotes health, a positive and supportive atmosphere.
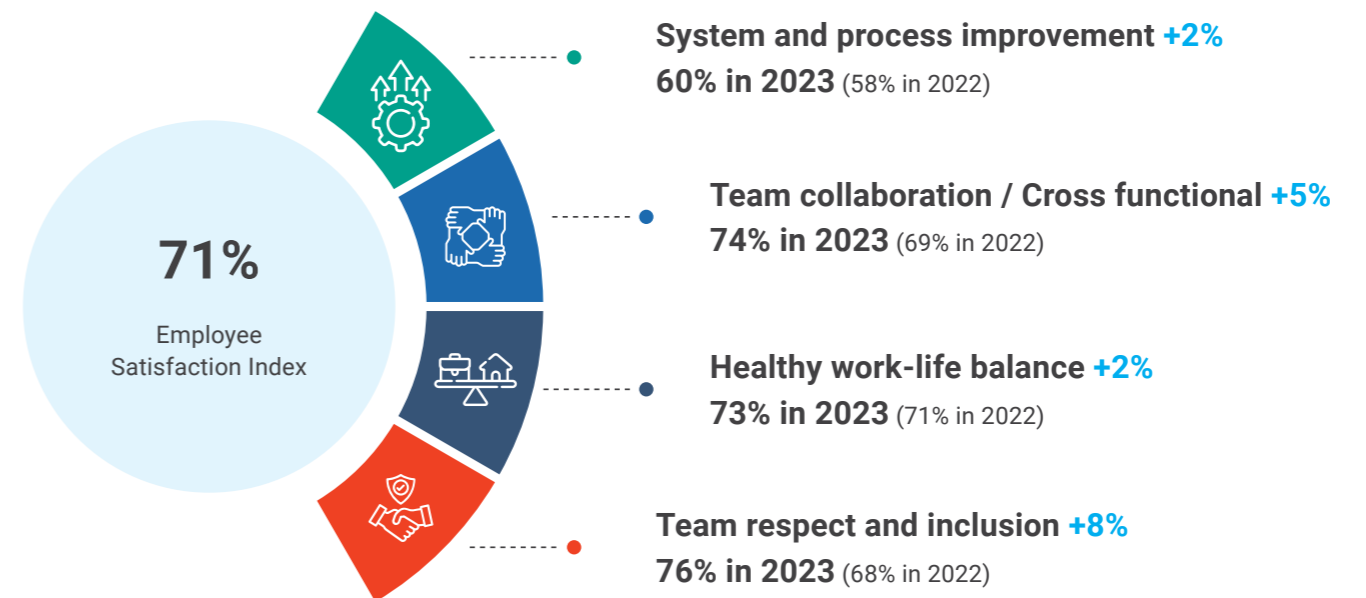
OUR INITIATIVES

Health Survey and Talk
We conducted a comprehensive health survey, followed by an informative health talk incorporating essential aspects of well-being. Employees were also able to do individualised medical screenings to address specific health concerns.

Physical Wellness Programmes
We introduced sports and physical activities to encourage a healthy lifestyle. Notable activities included the "Walk-a-Team Challenge," a bowling tournament, and a badminton tournament. These initiatives were designed to promote physical fitness and foster team camaraderie.

OUR IMPACT

We observed an overall improvement in employee satisfaction with the workplace. Particularly, there has been a positive shift in the perception of the workplace environment as employees feel more supported in their well-being journeys.

71%
Employee Satisfaction Index

System and process improvement +2%
60% in 2023 (58% in 2022)

Team collaboration / Cross functional +5%
74% in 2023 (69% in 2022)

Healthy work-life balance +2%
73% in 2023 (71% in 2022)

Team respect and inclusion +8%
76% in 2023 (68% in 2022)

NURTURING EMPLOYEE GROWTH

Occupational Safety Training

As part of our commitment to continuous professional development, our HR Manager attended the Malaysian Occupational Safety and Health Conference in 2023. This step ensures that we stay abreast of industry best practices, enabling the implementation of cutting-edge safety measures within our organisation. We also conducted a thorough safety and fire drill at our headquarters to proactively assess and enhance our emergency response capabilities. In doing so, CTOS safeguards its employees' readiness in safety protocols for a safer workplace environment.

OUR OVERALL PERFORMANCE

Number of Training Programmes for Employees on Occupational Health and Safety

2021	2022	**2023**
0	1	**2**

Number of Work-Related Injuries

ZERO (2021 - 2023)

Number of Work-Related Ill Health

ZERO (2021 - 2023)

Number of Employees Covered by an Occupational Health and Safety Management System ("PERKESO", "SOCSO" and Insurance) (Percentage)

100% (2021 - 2023)

Number of Employees Taking Parental Leave

2021	27
2022	24
2023	**36**

OUR 2024 OUTLOOK

Moving forward, we want to prioritise productivity and the overall well-being of our employees in our new office space which we are set to move in 2024. The newly designed office spaces are aimed to promote collaboration in a sustainable and conducive environment that is also complemented by ongoing safety, wellness, and well-being programmes. Our focus remains on upholding our work from home policy, allowing employees to maintain a healthy work-life balance. Additionally, we are implementing a process improvement programme that serves as a platform to further promote and support this balance.

ACTING WITH INTEGRITY

Governance, Transparency, & Accountability

Sustainability Risk Management

ACTING WITH INTEGRITY

GOVERNANCE, TRANSPARENCY, & ACCOUNTABILITY

As a leading credit reporting agency, we recognise the paramount importance of earning and preserving our customers' trust. In an industry where ethical standards are foundational, our commitment to integrity extends beyond a matter of compliance and is the cornerstone of our operations. Upholding strong ethical principles is imperative to mitigate legal risks, prevent financial setbacks, and safeguard our hard-earned reputation. Furthermore, we prioritise transparency in sharing our strategies, outcomes, and overall effectiveness to build trust and confidence in our operations. Through transparency and a consistent demonstration of integrity, we set the stage for sustainable business growth.

OUR OVERALL APPROACH

Sustainability Governance Structure and Responsibilities

Recognising the importance of sustainability in fostering long-term shareholder value and stakeholder confidence, the Board emphasises the integration of Environmental, Social, and Governance ("ESG") considerations into corporate strategy and decision-making processes. To facilitate effective integration, our sustainability governance structure encompasses the following:

Roles	Responsibility
Board	• Oversee CTOS' sustainability plan to ensure alignment into overall business strategy. • Approve CTOS' sustainability blueprint and roadmap.
Audit and Risk Committee ("ARC")	• Deliberate and recommend to the Board for approval on the action plan related to sustainability matters. • Oversee the development and execution of CTOS' sustainability framework, in line with the strategic outcomes that have been previously set by the Board. • Provide a forum for discussion and communication on sustainability progress and key highlights. • Receive quarterly update from the Group.
Group CEO	• Deliberate and approve all key sustainability-related matters and decisions. • Spearhead sustainability strategic plans that approved by Board. • Engage with stakeholders to grasp their expectations and apprehensions concerning sustainability matters and potential avenues. • Conduct monthly review with Group Head of Corporate Strategy and Planning.
Group Head of Corporate Strategy and Planning	• Propose CTOS' sustainability strategy and plan to Group CEO and ARC. • Align and implement sustainability plans to various business and operational departments, prioritising key ESG material issues.
Senior Management ("C-Level Team") and Head of Departments	• Operationalise CTOS' sustainability plans and update to Group Head of Corporate Strategy and Planning.

We manage decision-making processes, formulation and implementation of sustainable actions, targets and strategies across the entire Group.

Furthermore, the Board is entrusted with safeguarding the Group's financial and organisational well-being while upholding corporate governance practices that emphasise accountability and transparency. These efforts aim to enhance shareholder value and safeguard stakeholder interests. For more information on our Board Role and Responsibilities, refer to our Board Charter.

Our management strategy emphasises regular collaboration with the ARC and the Board through quarterly reviews. To stay proactive, we undertake regular monitoring to track changes in laws and regulations that pertain to CTOS' business operations. Our internal audit team conducts periodic reviews to ensure the effectiveness of our internal controls, enabling prompt identification and rectification of any non-compliance areas.

The leadership team, including the Board, plays an active role in reviewing and approving reported sustainability information, focusing on CTOS' material topics. While an annual review of the sustainability plan is conducted, quarterly updates are presented to both the Management and the ARC. To address critical concerns, a transparent communication system is in place. Critical matters are communicated through an ad-hoc review with the management team, followed by a thorough examination with the ARC.

Additionally, the Board ensures effective communication of the company's sustainability strategies, priorities, targets, and performance to both internal and external stakeholders. To fulfil this commitment, the Board has established robust communication channels and processes, facilitating the dissemination of pertinent information. This includes regular reporting on sustainability performance in the Company's annual reports, sustainability reports, and other relevant communication channels.

Governance Guidelines and Policies

The Board of Directors of CTOS Digital Berhad is dedicated to upholding strong corporate governance practices and high standards of behaviour, accountability, and transparency to enhance stakeholder value and interests. Across the Group, we adhere to the following code and policies:

CTOS Digital Corporate Governance Code and Policies

- Code of Conduct and Business Ethics
- Anti-Bribery and Anti-Corruption ("ABAC") Policy
- Fit and Proper Policy
- Whistleblowing Policy
- Board Charter
- Terms of Reference

For more information on our Code and Policies, please refer to our website.

Director Performance Assessment

The assessment took into account the Board's leadership, effectiveness, and individual Director's performance in discharging their responsibilities for the governance of the Company's sustainability, including setting the Company's sustainability strategies, priorities and targets. The established performance criteria cover the necessary quality, integrity, credibility, and competencies of the Director's contribution to the Company's development and growth.

Any revisions to the following policy and framework recommended by the NRC would be submitted to the Board for consideration and approval.

Leadership Remuneration Guidelines

The Company has established the Directors' Remuneration Policy and the Senior Management Remuneration and Assessment Framework to determine the remuneration of its Directors and Senior Management. Through this approach, we attract and retain well-qualified Directors and Senior Management respectively, in line with the long-term business strategies of the Company.

Directors' Remuneration Policy

This policy and adopted processes have appropriately reflected the different roles and responsibilities of each Director. Considerations are made regarding salary, benefits-in-kind, other emoluments, and annual performance bonuses throughout a periodic review process by the NRC.

Senior Management Remuneration and Assessment Framework

The remuneration structure for the GCEO and Senior Management is designed to ensure the quantum of remuneration paid to the Senior Management is optimal and aligns with shareholders' interest in driving the Company's performance. The underlying principle of the framework is to reward the employees who have performed well and who have contributed to the overall profits, productivity, growth, and sustainability of the Company.

OUR VALUE CREATED IN 2023

Improvements in Governance Structure

This year, we strengthen our governance structure through various key initiatives:

What We Did	Key Highlights
Established Product Advisory Committee.	• Ensured all new products launched are aligned to CTOS' business strategy, regulation, and compliance.
Established Cyber security and Information Technology ("IT") Governance Committee.	• Prioritised cyber security governance, oversight and IT cross-collaboration across our operations.
Improved the Risk Management Framework to align with ISO 27001 requirements.	• Positioned ourselves on track for the certification recognition in data security and cyber security by 2024.

Corruption and Bribery Mitigation Actions

In alignment with our commitment to integrity and compliance, we implemented several initiatives to mitigate ABAC-related risks. This included the introduction of relevant key risk indicators to proactively monitor and address potential issues. ABAC-related training was successfully conducted on December 22, 2023 and will be an annual practice within our workforce. These training sessions have incorporated a mandatory assessment to reinforce understanding and compliance of our people.

Transparency in Stakeholder Engagements

We actively engaged with various stakeholders, encompassing employees, customers, suppliers, investors, and the community, to seek feedback, address concerns, and enhance transparency and accountability. These engagements proved invaluable, providing us with valuable insights that guided our subsequent actions.

Evidently, our materiality assessment was conducted by an external sustainability consulting party, guaranteeing complete anonymity during interviews, with no CTOS representatives present. This deliberate measure aims to create a secure and confidential space for stakeholders to openly share their perspectives on CTOS' performance and material issues.

What We Did	Key Feedback Received
Employee Survey	• 73% of employees were in favour of the existing communication management.
Quarterly Investors Relation Meeting	• Investors appreciate the regular communication and consistent briefing sessions as these interactions offer timely updates on performance, strategy, and market outlook. • Management's guidance on internal targets bolsters investor confidence, setting clear expectations and providing a roadmap for the company's future success.
Materiality Assessment with Internal and External Stakeholders	• Regulators value CTOS' strong leadership structure, well-managed systems, and confidence in cyber security and data privacy measures. • Investors acknowledge the strong engagement demonstrated from CTOS' management team, fostering good diversity within the leadership team. • Customers recognise CTOS' strong reputation established as a leading credit company for banks, reflecting the trust and confidence placed in the products and services offered. • Employees appreciate the transparent communication about company goals and performance.

OUR OVERALL PERFORMANCE

ANTI-CORRUPTION

Number and Percentage of Employees Participated in Anti-Corruption Briefing/Policies and Procedures

2021	2022	2023
468 / 100%	**577 / 100%**	**569 / 100%**

Number and Percentage of Our Employees Received Training in Anti-Corruption Briefing and Policies by Employee Category

■ Non-Executive　■ Executive　■ Middle Manager　■ Senior Management

100% of our employees received training in anti-corruption briefing and policies
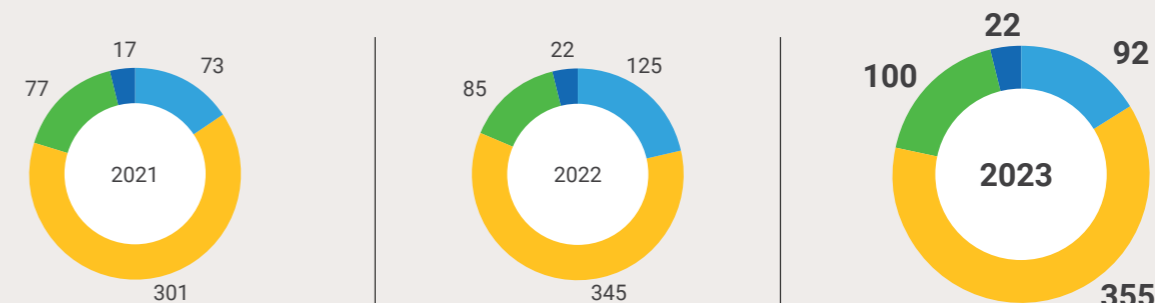
COMPLIANCES*

Number of Misconduct / Malpractice Reports Received	Number of Investigations Conducted
ZERO (2022 - 2023)	**ZERO** (2022 - 2023)
Penalty, Private or Public Reprimand by Regulators	Regulatory Non-Compliances
ZERO (2022 - 2023)	**ZERO** (2022 - 2023)

Percentage of Compliances to Key Malaysian Operating Laws and Regulations	**100%** (2022 - 2023)

*　We only started tracking these data in 2022.

For all these years, we have passed our annual audit for the Credit Reporting Agencies ("CRA") license renewal and achieved the highest satisfactory scoring by our independent auditor for continuous access to Bank Negara Malaysia ("BNM").

OUR 2024 OUTLOOK

In pursuit of our governance objectives, we will continue to align our practices with the highest standards and promote a robust foundation for responsible business operations.

SUSTAINABILITY RISK MANAGEMENT

The integration of sustainability into risk management has become an imperative for CTOS' long-term business resilience. By ensuring effective risk management, we can establish a sustainable business model that stands strong in the face of changing Environmental, Social, and Governance ("ESG") landscapes. However, without the cultivation of a solid risk culture within our organisation, managing and mitigating potential risks will prove challenging. Therefore, it is a strategic choice to not only achieve our business goals but to also uphold stakeholder value.

OUR OVERALL APPROACH

Our management's approach to addressing sustainability risks involves identifying, assessing and mitigating potential risks associated with environmental, social, and governance factors proactively. This includes climate-related risks and opportunities, which have become increasingly relevant for our business segments to address in recent years.

Board Oversight and Operational Integration

The Board also conducts regular assessments to identify and evaluate sustainability risks and opportunities, including a materiality assessment exercise that undergoes annual review and enhancement. This assessment considers both the Company's direct and indirect impacts on the environment and society. Through these reviews, we formalise mitigating actions that are to be implemented within appropriate timeframes. The ARC, entrusted by the Board, plays a pivotal role in overseeing risk management and establishing the internal control systems and processes within the Group. This collaborative approach ensures a comprehensive evaluation of material matters, allowing for timely identification and mitigation of risks.

Additionally, the Board has established material sustainability risks and opportunities for Senior Management as assessment criteria within their KPIs. This includes the execution of the Company's strategies through efficient and effective implementation, as well as the achievement of pre-set performance objectives based on qualitative and quantitative measures.

Enterprise Risk Management ("ERM") Framework

To manage EESG risks across our operations, we established the CTOS ERM Framework. Within the ERM Framework, we establish the Company's risk appetite which reflects our level of risk tolerance and limits to govern, manage and control the Group's risk-taking activities. This, in turn, will be integrated into our strategic planning process of the Company. Our risk management process is also guided by ISO31000 Risk Management Guidelines.

Third-Party Due Diligence

In addition to our management's risk approach, we extend due diligence to our vendors and business partners. We conduct an additional review of their Directors and Shareholders benchmarked against the Malaysian Anti-Corruption Commission (Amendment) Corruption Offender Database and Sanction List by the Ministry of Home Affairs. Through this review, we are able to minimise legal and compliance risks while safeguarding CTOS' reputation and uphold ethical standards in our business operations.

Moreover, we have undertaken initiatives to fortify our existing policies concerning third-party management, a thorough reassessment of our procedures for conducting risk-based assessments on all third-party organisations. Our focus is on identifying potential red flags, including past integrity issues, existing or potential business connections with CTOS, or affiliations with public officials.

External Guidelines

In our pursuit of enhancing our sustainability risk management, the Group's approach to ESG matters aligns with the principle of materiality as defined in the Global Reporting Initiative ("GRI") Standards. Furthermore, it is harmonised with materiality considerations set forth in the Sustainability Accounting Standards Board Standards ("SASBS"), FTSE4Good, and the United Nations Global Compact ("UNGC").

OUR VALUE CREATED IN 2023

Risk Management Strategies

This year, we have implemented a comprehensive three-part risk management strategy, focused on compliance, data privacy, and cyber security. This serves as a guiding principle to foster a culture of effective risk management and internal control within our organisation. Moreover, it offers our stakeholders protection against potential adverse impacts stemming from foreseeable future events.

ZERO NON-COMPLIANCES	MAINTAINING TRUST IN DATA	THREE-YEAR CYBER SECURITY STRATEGY
• Our commitment to compliance ensures that we adhere to relevant regulations and industry standards. • Achieving zero non-compliances demonstrates our dedication to ethical conduct and responsible business practices.	• As a credit reporting agency, CTOS Digital handles sensitive financial information. • Our focus on maintaining zero breaches is crucial for ensuring data privacy and security. • By safeguarding data integrity, we build trust with customers, partners, and stakeholders.	• CTOS Digital's proactive approach involves planning ahead. • Our three-year cyber security strategy, set to enhance security by 2025, reflecting the commitment to staying ahead of cyber threats. • This strategy includes measures such as robust encryption, regular security audits, employee training and incident responses protocols.

Procurement Risk Prevention

We have made significant enhancements to our Vendor Assessment and Due Diligence process. This assessment includes an evaluation of the vendor's background and financial capability, utilising the Registration of Business ("ROB") or the Registration of Company ("ROC") documents, and Audited Financial Statements. The objective of this assessment is to gauge the risk level associated with each vendor, categorising them as Low, Medium, or High Risk.

> *Based on the comprehensive insights into the financial stability and reliability of our vendors, we can ensure prudent vendor selection and minimises potential risks to our operations and reputation.*

Additionally, we have incorporated the Anti Bribery and Corruption questionnaire and Vendor Code of Conduct ("VCOC") in our Vendor Registration Form with the following required criteria to mitigate potential sustainability risks associated with our supply chain. This includes matters on environmental pollution, labour violations, or reputational damage from associations with unethical practices.

ACTING WITH INTEGRITY

GRI CONTENT INDEX

Vendor must comply with the following:

Ethical Business Practices:
a. Compliance with Laws: Vendors must comply with all applicable laws and regulations in their operations.
b. Anti-Corruption and Anti-bribery: Vendors must not engage in any form of bribery, corruption, kickbacks, or any unethical practices.
c. Fair Competition: Vendors must compete fairly and avoid anti-competitive behaviour.

Labour Practices:
a. Child Labour: Vendors must not employ child labour as defined by applicable labour laws.
b. Forced Labour: Vendors must not use forced labour or engage in human trafficking.
c. Fair Wages: Vendors must pay their employees fair wages in accordance with local laws.
d. Working Hours: Vendors must adhere to legal working hour limits and provide adequate rest periods.
e. Workplace Safety: Vendors must provide a safe and healthy working environment for their employees.

Environmental Responsibility:
a. Compliance with Environmental Laws: Vendors must comply with all relevant environmental laws and regulations.
b. Sustainability: Vendors are encouraged to adopt sustainable practices and reduce their environmental impact.

Product Quality and Safety:
a. Quality Assurance: Vendors must provide products or services of the agreed quality.
b. Product Safety: Vendors must ensure the safety of their products and provide accurate product information.

Privacy and Data Security:
a. Data Protection: Vendors must protect any confidential or personal data they may have access to.
b. Compliance with Privacy Laws: Vendors must comply with data protection and privacy laws.

Business Integrity:
a. Conflict of Interest: Vendors must avoid conflicts of interest and disclose any potential conflicts.
b. Gifts and Entertainment: Vendors must adhere to our gift and entertainment policy.

OUR 2024 OUTLOOK

In our pursuit of excellence, we aspire to take a proactive role in the adept management of sustainability risks. We aim to lead in managing sustainability risks by integrating ESG factors into our decision-making processes and operations. Through this holistic approach, we aim not only to identify potential risks but also to rigorously assess and proactively mitigate them. Thus, we envision our future where operations can contribute positively to the well-being of both society and the planet.

The CTOS Digital Integrated Report and Sustainability Report was prepared in reference to GRI Standards 2021.

GRI	Disclosure	Reference Page
GRI 2: General Disclosures	2-1 Organizational details	Integrated Report: Overview of CTOS, page 4-7
	2-2 Entities included in the organization's sustainability reporting	Integrated Report: About this Report, page 2 and 6
	2-3 Reporting period, frequency and contact point	Integrated Report: About this Report, page 2 Sustainability Report: About this Report, page 1
	2-5 External assurance	Integrated Report: About this Report, page 3
	2-6 Activities, value chain and other business relationships	Integrated Report: Overview of CTOS, page 5 -7
	2-7 Employees	Sustainability Report: Diversity, Equity, and Inclusion ("DEI"), page 37-40
	2-8 Workers who are not employees	Sustainability Report: Diversity, Equity, and Inclusion ("DEI"), page 39-40
	2-9 Governance structure and composition	Integrated Report: Sustainability Statement, page 51 Sustainability Report: Governance, Transparency and Accountability, page 48-49
	2-10 Nomination and selection of the highest governance body	Directors' Qualification, Fit and Proper Policy, https://ctosdigital.com/corporate-governance/fit-and-proper-policy/
	2-11 Chair of the highest governance body	Integrated Report: Corporate Information, page 58 Board Charter and Terms Of Reference, https://ctosdigital.com/corporate-governance/board-charter/
	2-12 Role of the highest governance body in overseeing the management of impacts	Integrated Report: Corporate Governance Overview Statement, page 72 and 78 Board Charter and Terms Of Reference, https://ctosdigital.com/corporate-governance/board-charter/
	2-13 Delegation of responsibility for managing impacts	Integrated Report: Corporate Governance Overview Statement, page 72 and 78 Board Charter and Terms Of Reference, https://ctosdigital.com/corporate-governance/board-charter/
	2-14 Role of the highest governance body in sustainability reporting	Sustainability Report: Governance, Transparency, and Accountability, page 48 Board Charter and Terms Of Reference, https://ctosdigital.com/corporate-governance/board-charter/
	2-15 Conflicts of interest	Board Charter and Terms Of Reference, https://ctosdigital.com/corporate-governance/board-charter/Integrated report: Board of Directors, page 60-66
	2-16 Communication of critical concerns	Sustainability Report: Governance, Transparency and Accountability, page 49

GRI CONTENT INDEX

GRI	Disclosure	Reference Page
GRI 2: **General** **Disclosures**	2-17 Collective knowledge of the highest governance body	Integrated Report: Corporate Governance Overview Statement, page 83-85
	2-18 Evaluation of the performance of the highest governance body	Integrated Report: Corporate Governance Overview Statement, page 79-82
	2-19 Remuneration policies	Directors' Remuneration Policy, https://ctosdigital.com/corporate-governance/directors-remuneration-policy/
	2-20 Process to determine remuneration	Directors' Remuneration Policy, https://ctosdigital.com/corporate-governance/directors-remuneration-policy/
	2-21 Annual total compensation ratio	Integrated Report: Notes to the Financial Statements, page 140
	2-22 Statement on sustainable development strategy	Sustainability Report: Our Sustainability Approach, page 17-20
	2-23 Policy commitments	Code Of Business Conduct and Ethics, https://ctosdigital.com/corporate-governance/code-of-business-conduct-ethics/
	2-24 Embedding policy commitments	Integrated Report: Sustainability Statement page 53
	2-25 Processes to remediate negative impacts	Whistleblowing Policy, https://ctosdigital.com/wp-content/uploads/2023/06/Whistleblowing-Policy.pdf Code Of Business Conduct and Ethics, https://ctosdigital.com/corporate-governance/code-of-business-conduct-ethics/
	2-26 Mechanisms for seeking advice and raising concerns	Whistleblowing Policy, https://ctosdigital.com/wp-content/uploads/2023/06/Whistleblowing-Policy.pdf Code Of Business Conduct and Ethics, https://ctosdigital.com/corporate-governance/code-of-business-conduct-ethics/
	2-27 Compliance with laws and regulations	Sustainability Report: Governance, Transparency, and Accountability, page 51
	2-29 Approach to stakeholder engagement	Integrated Report: Stakeholder Engagement, page 19-24 Sustainability Report: Stakeholder Engagement, page 10-13
GRI 3: **Material Topics** **2021**	3-1 Process to determine material topics	Integrated Report: Material Matters, page 14-17 Sustainability Report: Material Matters, page 14-16
	3-2 List of material topics	
	3-3 Management of material topics	
GRI 201: **Economic** **Performance 2016**	201-1 Direct economic value generated and distributed	Integrated Report: Financial Review, page 44-48
	201-3 Defined benefit plan obligations and other retirement plans	Integrated Report: Notes to the Financial Statements, page 139

GRI	Disclosure	Reference Page
GRI 202: **Market Presence** **2016**	202-1 Ratios of standard entry-level wage by gender compared to local minimum wage	Sustainability Report: Employee Welfare and Well-Being, page 44 Sustainability Report: Diversity, Equity, and Inclusion ("DEI"), page 40
	202-2 Proportion of senior management hired from the local community	Sustainability Report: Diversity, Equity, and Inclusion ("DEI"), page 40
	203-2 Significant indirect economic impacts	Sustainability Report: Financial Inclusion and Community Empowerment, page 31-32
GRI 204: **Procurement** **Practices 2016**	204-1 Proportion of spending on local suppliers	Integrated Report: Bursa Malaysia ESG Performance Report, page 57
GRI 205: **Anti-corruption** **2016**	205-1 Operations assessed for risks related to corruption	Integrated Report: Bursa Malaysia ESG Performance Report, page 56
	205-2 Communication and training about anti-corruption policies and procedures	Anti-Bribery and Anti-Corruption ("ABAC") Policy, https://ctosdigital.com/corporate-governance/anti-bribery-and-corruption-policy/
	205-3 Confirmed incidents of corruption and actions taken	Integrated Report: Bursa Malaysia ESG Performance Report, page 56
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