

# Q&A WITH OUR GROUP MANAGING DIRECTOR AND CHAIRMAN, GROUP SUSTAINABILITY MANAGEMENT COMMITTEE

## Q1 How would you describe the sustainability progress that the Group has made this year?

With the development of a Sustainability Framework, Three (3)-Year Roadmap and Sustainability Goals in previous years, we were laser-focused on execution this year, bringing to life the plans and targets we have set in place. Within the organisation, we cascaded ESG-specific KPIs throughout the organisation, rolled out Sustainability Roadshows for employees, refined our whistleblowing policy, augmented our procurement policy and worked on a sustainability policy to ensure we have a strong foundation that paves way for our journey ahead.

It was also a year of ensuring we internalised the heightened regulatory requirements from Bank Negara Malaysia, Bursa Malaysia, as well as the Securities Commission in relations to integrating sustainability practices in our business.

On the commercial front, we stepped up engagement with clients and investee companies to further push the sustainability agenda. Our asset and wealth management arm, Kenanga Investors Berhad, has successfully secured two (2) exclusive landmark ESG mandates from notable institutional investors in the country, which is a testament to the strength of our expertise and bolsters our position as a trusted asset manager in the sustainability space.

Another tangible mark of progress is our continued inclusion onto the FTSE4Good Bursa Malaysia Index. In the latest December 2023 review, our FTSE4Good ESG score has increased from 3.7 to 4.0, a direct result of our enhanced ESG practices and disclosures.

## Q2 Has climate change impacted Kenanga's management of ESG risks?

Climate change has emerged as a significant factor influencing the management of ESG risks at Kenanga. The implications of climate change are far-reaching, affecting not only the environment but also posing potential risks and opportunities for businesses.

Our regulators, especially Bank Negara Malaysia is at the forefront of setting regulatory standards, including mandating the assessment and disclosures of climate-related risks by financial institutions such as ourselves. In response to this heightened regulatory scrutiny and increased investor awareness of climate risks, we have intensified our risk management approach which includes strengthening our climate risk governance and enhancing due diligence to include climate risk considerations in decisions related to the investments and corporate lending. Since 2023, our portfolios undergo ESG risk screening and climate-related exposure assessment as guided by the updated Climate Change Risk Management ("CCRM") Framework.



### DATUK CHAY WAI LEONG

Group Managing Director  
Chairman, Group Sustainability Management Committee

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**Q3 In light of current environmental concerns, would you be able to provide an overview of climate actions that the company is pursuing?**

In 2023, global temperatures reached unprecedented levels, marking it as the hottest year on record, and highlighting evidence of global warming and changing weather patterns.

Mounting scientific consensus of climate change, compounded with the escalating frequency of climate emergencies has reinforced the imperative for businesses such as ours to address the associated risks, as well as taking the opportunity to contribute meaningfully to a sustainable future.

At Kenanga, while we have aligned our long-term environmental commitment with our national goal of achieving net zero by 2050, our immediate focus has been to prioritise the reduction of our enterprise GHG emission. Over the last two (2) years, we have been collaborating with a Malaysian-based climate tech company to mitigate our environmental footprint, starting with the most energy intensive area – our heating, ventilation and air conditioning system.

We have overhauled our systems with an AI-powered predictive cooling control solutions, as well as switched out conventional lightings to energy-saving lighting options. Our gradual and practical steps led to reduction in overall energy consumption in 2022 at Kenanga Tower. This achievement, attributable to the system upgrades initiated in 2021, which earned us the prestigious title of 'Energy-Efficient Retrofitted Building' at the National Energy Awards 2023, presented by the Ministry of Natural Resources, Environment, and Climate Change.

**Q4 What would you say are the highlights of Kenanga's progress on the "Social" and "Governance" dimensions?**

By virtue of the fact we operate in a highly regulated environment, governed by all three (3) regulatory bodies – Bank Negara Malaysia, Bursa Malaysia and the Securities Commission – we naturally uphold a high corporate governance standard. We take great pride in going above and beyond regulatory compliance, especially through our industry leadership role in rallying fraud awareness.

We cover the many facets of 'Social' in our Sustainability Report, but it is worth noting that our priorities include maintaining a gender-balanced workforce. This year, we became a signatory to the United Nations Women Empowerment Principles, further committing to gender empowerment agenda not just at the workplace, but also the marketplace and community.

Our long-standing support towards social enterprises, Silent Teddies Bakery and Dialogue Includes All Academy, continues to be front and centre for us. It has been a privilege to be part of their growth story, and to know we have played a part in empowering the differently abled and marginalised in a meaningful manner that promotes a sense of pride and unlocks self-reliance and enterprising spirit.

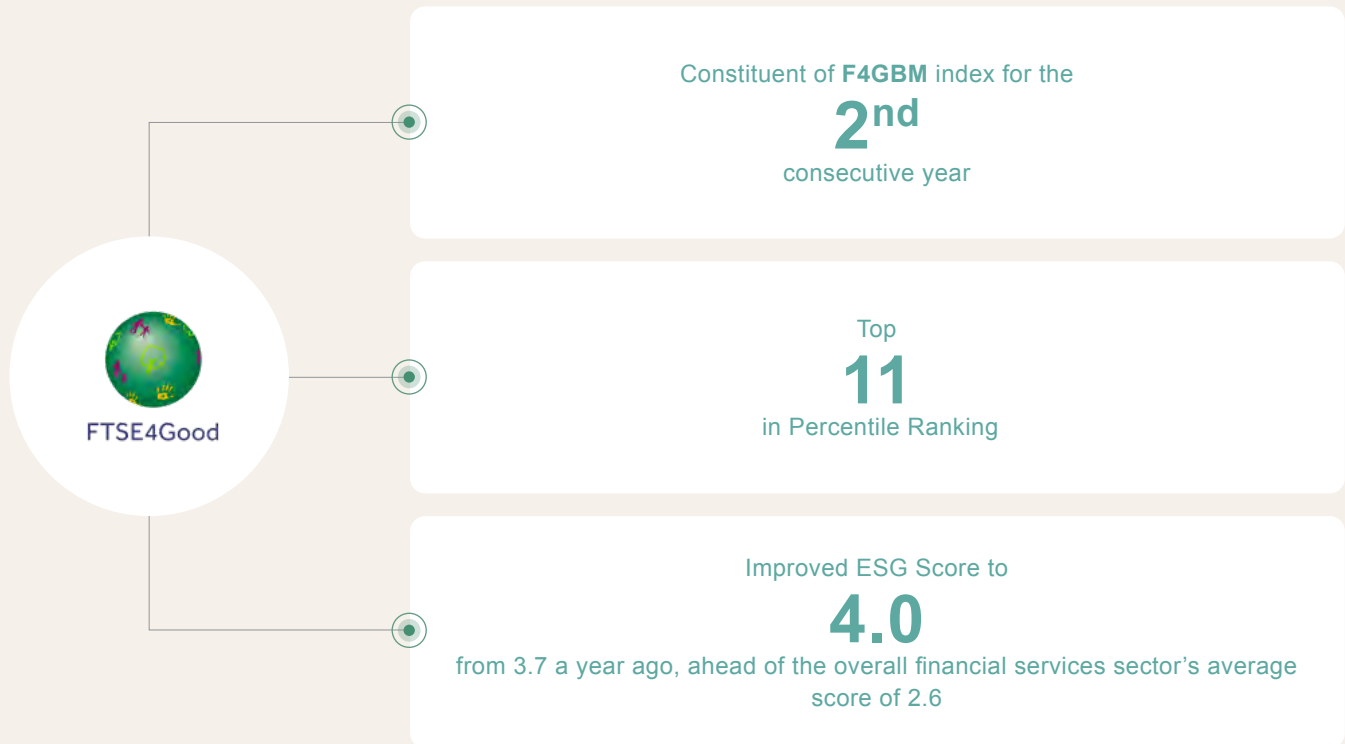
**Q5 Having charted good progress in the last few years, what are some of the focus areas in the coming year?**

In this coming year, amongst the various priorities include strengthening and harmonising of our responsible investing approach across the Group by aligning it to regulatory expectations, and industry best practices. In the same breath, we will also delve into the technical aspects of computing our Scope 3 emissions, particularly focusing on emissions resulting from our investment activities – the area where, as a financial institution, we have the most impact.

One thing to be mindful of as we progress forward, is the rise of greenwashing allegations, which is why ensuring transparency, clarity and integrity of our commitments, disclosures and communications remains paramount.

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**FTSE4Good Bursa Malaysia (“F4GBM”) Index December 2023 Review Results**



In the latest December 2023’s review of the FTSE4Good Index series, Kenanga Group has maintained its position and demonstrated improvement in its overall ESG ratings. In the review, the Group achieved an overall ESG score of 4.0 out of 5.0, showing an increase from our previous rating of 3.7.

The progress is primarily attributed to the enhanced performance in climate change-related topics within the Environmental pillar, while maintaining our perfect scores for the Governance pillar and high score for our Social pillar. Furthermore, Kenanga has surpassed the sector average scores, reflecting our ongoing commitment to align our business operations with sustainable and responsible practices.



“2024 will be the year where we focus on building and bolstering a sustainable ecosystem with a more pronounced emphasis on efforts relating to climate change and social supply chain. By aligning our sustainability efforts with these critical themes, we not only fortify our resilience against emerging risks but also positioning ourselves in accordance with prevailing regulatory mandates.”

**CHUAH SZE PHING**

Group Chief Sustainability Officer and Head of Group Marketing and Communications, Kenanga Investment Bank Berhad