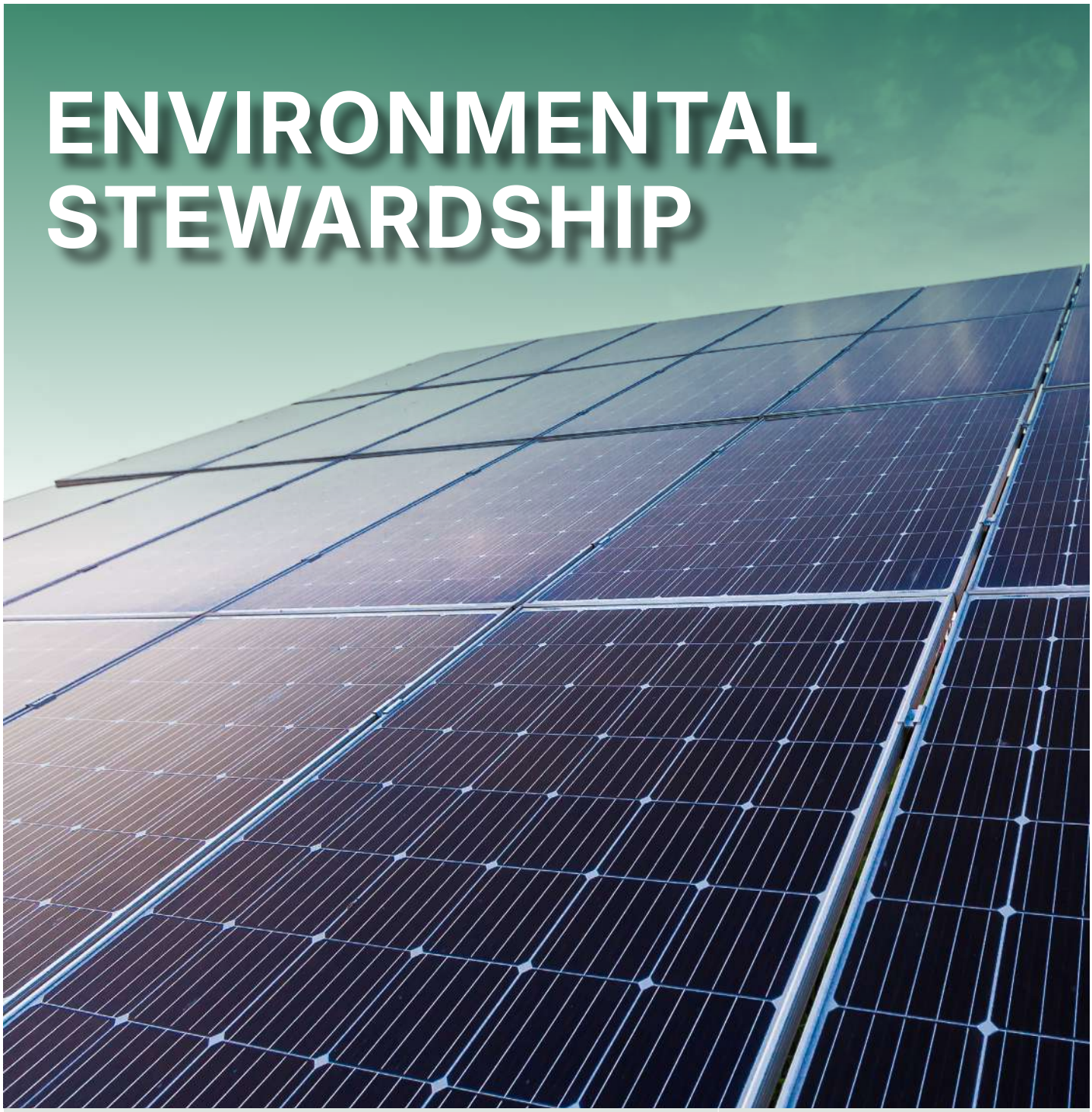
ENVIRONMENTAL STEWARDSHIP



MATERIAL MATTER

Climate Impact

Alignment to UN SDGs:

CLIMATE IMPACT

GRI 3-3, 305-1, 305-2, 305-3

IFRS S2 6 (a), 6 (b), 6 (a), 10 (a), 10 (b), 10 (c), 10 (d), 22 (a), 22 (b), 25 (a), 25 (b), 25 (c), 29 (a)

WHY IT MATTERS

We recognise that our environmental footprint, driven by energy, water, waste and value chain emissions, presents climate-related risks relevant under IFRS S2. Strengthening resource efficiency and managing Scope 1, Scope 2 and material Scope 3 Greenhouse Gas ("**GHG**") emissions enhances operational resilience, supports transition preparedness and reflects our commitment to responsible business practices.

OUR APPROACH

We manage climate-related matters in accordance with our internal governance framework, including the Climate Change Risk Management Framework, Group Sustainability Policy and Group Procurement Policy. These policies guide how we identify and manage climate-related risks and environmental considerations across our operations, products and services. Our approach is aligned with the Group's net-zero emissions goal by 2050, supported by the Decarbonisation Roadmap developed in 2025, which aligns our goals to the nation's transition to a low-carbon economy.

Beyond our internal operations, we apply sustainability-related requirements in our supply chain due diligence through the Group Code of Conduct for Vendors.

All our vendors are subject to ESG assessment as part of the onboarding process to assess alignment with our expectations. In relation to clients, we promote responsible practices through relevant products, services and engagements, where applicable. These efforts form part of our broader approach to integrating environmental and climate risk considerations into our business activities.

We encourage responsible use of resources, including electricity, water and paper, across our operations. This includes measures to reduce resource consumption where practicable and to minimise waste generation across our value chain. Additionally, we raise awareness among employees through the #GreenAtWork initiatives, inculcating a culture of sustainability while fostering environmentally-responsible workplace practices.

Managing our Climate Impact

Building on our alignment with the NSRF implementation requirements, the Group is undertaking a phased transition towards the IFRS Sustainability Disclosure Standards issued by the International Sustainability Standards Board. The Group's climate-related disclosures are structured around the four (4) core pillars of Governance, Strategy, Risk Management, and Metrics and Targets. This approach aligns with internationally recognised reporting standards and Bank Negara Malaysia's Policy Document on Climate Risk Management and Scenario Analysis, which sets regulatory expectations for the identification, assessment and disclosure of climate-related risks.

Governance

The Group's climate-related risks are governed by a structured governance framework with oversight from the KIBB Board and Group Board Risk Committee ("GBRC"), together with Management Committees, Business Units and Group Risk Management. Our climate governance structure is responsible for assessing, monitoring and mitigating climate risks, ensuring alignment with the Group's strategic objectives and regulatory requirements. The roles and responsibilities of each governance body are set out in the Board Charter and Terms of Reference **("TOR")** and summarised in the following tables:

Board and Management's Oversight of Climate-related Risks and Opportunities

Board and Management Committees	Roles and Responsibilities
Board of Directors ("Board")	Oversees climate risk management initiatives and is responsible for ensuring that climate risks are incorporated across our governance process, strategy, and business operations.
Group Board Risk Committee ("GBRC")	Supports the Board in its supervisory role, overseeing all aspects of risk management throughout the Group, including climate risk management.
Audit Committee ("AC")	Supports the Board in overseeing sustainability and climate risk management processes, including the Group's internal control system to ensure compliance with statutory and regulatory requirements.
Group Governance, Nomination and Compensation ("GNC")	Functions as an independent Board Committee to support the Board in providing oversight on material sustainability risks, including climate-related risks, particularly to ensure sustainability governance within Kenanga and facilitate alignment and compliance with applicable statutory and regulatory requirements.
Group Sustainability Management Committee ("GSMC")	Supports the governance and implementation of sustainability matters, providing oversight and input to ensure that the Group's strategies, policies, goals, programmes and initiatives related to sustainability matters are aligned with the Group's commitment towards sustainability.
Group Risk Committee ("GRC")	Provides risk management oversight for the Group, including reviewing and recommending frameworks, policies, processes and procedures, as well as evaluating climate risk-related propositions from Group Risk Management, Business Units or support units within the Group.
Group Credit Committee ("GCC")	Oversees the climate risk profiles and asset quality in ensuring that the climate risks undertaken are within prescribed levels. Separately, the GCC reviews the policies and procedures related to climate risk activities before submitting them to the GRC for endorsement.

Board and Management's Oversight of Climate-related Risks and Opportunities	
Board and Management Committees	**Roles and Responsibilities**
Delivery and Business Units	
Group Risk Management ("GRM")	Oversees all aspects of risk, including credit risk, market and liquidity risk, operational risk, technology risk, climate risk, and any other relevant risks within the Group. The GRM develop frameworks to integrate climate-related risks into governance processes, business strategies and operations. In addition, it conducts independent assessments of appraisals made by the Business Units from a climate risk perspective, carries out climate risk scenario analyses and stress-testing exercises, analyses data and provides relevant reports to the GRC, GBRC and Board. The GRM also offers advisory support to the Business Units on climate-related matters.
Divisions/ Departments/ Business Units	The Head of the relevant Divisions/ Departments/ Business Units ensures alignment of business strategies with the Group's climate risk objectives, conducts climate risk assessments in financing or investment proposals, applies climate risk insights to define target markets and exercises due diligence to avoid supporting activities that may negatively impact climate change.

Frequency of Meeting on Climate-related Matters

KIBB Board (convened twice a year)

- 30 April, the Board reviewed and discussed the updates to the Climate Change Risk Management Framework ("**CCRMF**") together with the findings of the Climate Risk Stress Testing ("**CRST**") exercise.
- 10 December, the Board deliberated on the tabled Sustainability Risk Management Framework ("**SRMF**").

GBRC (convened twice a year)

- 21 March, the GBRC reviewed the CCRMF updates and the CRST report.
- 2 December for the deliberation of the SRMF.

GRC (convened twice a year, with monthly reporting)

- 19 February, the GRC assessed the updated CCRMF and the CRST outcomes.
- 24 November, meeting to review the SRMF.
- GRC receives monthly climate risk reports to support continuous climate risk oversight.

GCC (convened as when needed, with monthly reporting)

- 21 February, the GCC reviewed the updates on CCRMF.
- GCC receives monthly climate risk reports to maintain visibility over emerging climate-related credit risks.

GSMC (convened as when needed)

- 28 November, the GSMC discussed the recommendation of SRMF via circulation.

Embedding Climate-related Accountability

The Group views the linkage between climate-related KPIs and executive performance assessment as an important mechanism in reinforcing accountability for climate-related responsibilities across senior leadership. The inclusion of these KPIs within the Balanced Scorecard framework supports consistent implementation across the Group and allows sustainability considerations to be evaluated alongside financial and operational objectives.

The Group will continue to review and refine the application of these KPIs within executive remuneration frameworks, including the scope of metrics, assigned weightages and monitoring processes, to support effective sustainability and climate risk management and execution of the Decarbonisation Roadmap.

Enhancing Leadership Capabilities

To keep up to date with the latest developments in sustainability and climate change, the Board and Senior Management Team attended the following training programmes in 2025:

The Board's ESG Training

- National Climate Governance Summit
- Climate Talk...Or Last? by Asia Business School
- Kenanga's Directors' In-House Training: ESG – Just Transition for Board Leadership by PwC
- Setia Sustainability Day 2025 by S P Setia
- Carbon Markets and Transition Credits
- Climate Governance Malaysia Roundtable Series 2025:
  - Blended Finance Access
  - Principle to Action: Shaping Malaysia's Just Transition

Senior Management Team's ESG Training

- Developing Integrated Health, Environment and Climate Strategy for Your Company
- National Climate Governance Summit 2025 by Climate Governance Malaysia
- SC's Climate Adaptation & Resilience Conference 2025
- The Evolving Financial Industry - Technology Driven Banking and Capital Markets, Fintech Credit and ESG
- Carbon Capture, Utilisation and Storage ("**CCUS**") Market Perspectives by MIBA
- 4th Annual Sustainability Week Asia

As part of Kenanga's ThinkIMPACT campaign, themed "Leading with Purpose, Inspiring Sustainable Impact", we organised a Board engagement session delivered by our industry partner, Thoughts in Gear, titled "From Strategy to Impact: Boardroom Leadership in Just Transition." Led by sustainability expert Margie Ong, the session strengthened Directors' understanding of just-transition principles and enhanced Board capability in overseeing climate strategy and governance for long-term value creation.

Advancing Industry Leadership in Climate Governance

The Group's leadership actively participates in key regulatory and industry platforms, including Bursa Malaysia's Sustainable Development Committee and the Joint Committee on Climate Change ("**JC3**"), which focuses on climate risk management and sustainability-related priorities. Through these engagements, the Group contributes to the development of industry best practices, supports constructive policy dialogue on climate-related matters and reinforces its role in advancing the broader sustainability agenda.

Name and Title	Key Roles and Industry Involvement
Datuk Chay Wai Leong Group Managing Director of Kenanga Investment Bank Berhad & Chairman of the Group Sustainability Management Committee	• Member of the Sustainable Development Committee, a Board Committee of Bursa Malaysia, which oversees development and implementation of sustainability strategies to ensure alignment with the Malaysian Code on Corporate Governance.
Datuk Wira Ismitz Matthew De Alwis Chief Executive Officer/ Executive Director of Kenanga Investors Berhad	• Member of Joint Committee on Climate Change, a collaborative initiative by Bank Negara Malaysia and the Securities Commission to build climate resilience in Malaysia's financial sector. • Vice Chairman of the Institutional Investors Council ("**IIC**") Malaysia, which represents institutional investors and promotes good governance and responsible investment practices. • Member of the Bursa Malaysia Securities Market Consultative Panel, which provides industry input to Bursa Malaysia on market policies and development initiatives. • Member of the Sustainable Investment Platform Steering Committee – Malaysia Sustainable Investment Initiative, which drives the growth of sustainable and climate-aligned investments in Malaysia. • Chairperson of the Malaysian Association of Asset Managers, an industry body representing licensed asset managers, promoting standards, professionalism and capability building.
Mr Tai Yan Fee Group Chief Risk Officer	• Member of the Climate Change Principles Taxonomy ("**CCPT**") Implementation Group – Editorial Sub-Group, to support its consistent and credible implementation by financial institutions in Malaysia. • Supports the CCPT Implementation Group's Editorial Sub-Group by refining industry materials to promote consistent CCPT adoption, improving the frequently asked questions and due diligence questions to provide clearer guidance for financial institutions and helping strengthen alignment in climate-risk classification and assessment practices.

Strategy

At Kenanga, we assess and manage our climate-related risks and opportunities ("**CROs**") to support the Group's business resilience, financial performance and regulatory alignment, in accordance with Bank Negara Malaysia's Climate Risk Management and Scenario Analysis ("**CRMSA**") Policy Document and other applicable climate-related regulations and frameworks. This includes evaluating the potential financial implications of climate risks across relevant time horizons, such as impacts on revenue, cost structures, asset values and credit exposures, to ensure informed decision-making and strengthen the Group's long-term strategic readiness.

Our climate strategy is informed by key activities, including our Climate Risk and Opportunities Identification Exercise, Climate Risk Stress Testing ("**CRST**"), Climate Risk Scenario Analysis ("**CRSA**"), and the measurement of financed emissions, which together strengthen our understanding of climate-related exposures and further guide our transition planning.

Climate Risk and Opportunities Identification Exercise

The climate risk and opportunities identification exercise was focused on its credit portfolio and is intended to expand across other business units as relevant. The exercise enabled the Group and the participating business units to assess the identified key risks from the physical, transition and liability risk categories across the time horizons, namely short-, medium- and long-term. These defined horizons (1–3 years, 4–10 years, and 10–30 years) align with the BNM's CSRT methodology paper. The assessment applied impact and likelihood ratings to support the prioritisation of material risks and to inform the development of appropriate mitigation and risk management strategies.

Process of Climate Risk and Opportunities Identification

The climate risk and opportunities identification exercise follows a structured process beginning with the development of a template to capture key risks and opportunities, followed by defining the scope and conducting briefing sessions for units. Risk ratings and opportunity inputs provided by the business units, were reviewed and refined by Group Risk Management before being consolidated into Group- and BU-level profiles. Group Sustainability reviews the identified opportunities, while Group Finance and the respective business units assess the potential financial implications to support a more robust qualitative analysis. Climate risks were rated based on likelihood and impact after taking existing risk controls into account. Their financial implications were qualitatively assessed in line with IFRS S2 disclosure expectations. Potential opportunities were identified for future consideration.

Our climate risk and opportunities identification exercise is guided by three (3) core climate risk categories, supported by the key drivers that shape their potential impacts on our business.

Physical risk Physical risk is assessed on the potential impact of acute and chronic climate events that may result in asset damage, business disruption and operational outages (e.g. credit and operational risk).	**Physical Risk – Chronic: Rising Temperature**	Risks from extreme weather events and long-term climate change causing asset damage, business disruptions, supply chain delays, productivity losses, and operational outages for clients and our business.
Transition risk Transition risk is assessed on the potential impact of the shift towards a low-carbon economy that may result in higher costs, reduced demand or stranded assets (e.g. credit, market, legal/ compliance and reputational risk).	**Change in Policies**	Risks from evolving climate policies, regulations and disclosure requirements, leading to higher compliance costs and potential credit and reputational impacts.
	Shift in Market Demand and Sentiment	Risks driven by shifts in client and stakeholder preferences towards low-carbon practices, potentially resulting in loss of business, reduced demand, and weakened credit profiles.
	Carbon Tax	Risks from carbon taxes and Carbon Border Adjustment Mechanism ("**CBAM**") leading to higher operating costs, stranded assets and market access constraints, particularly for carbon-intensive sectors.
	Technological Advancement	Risks from rapid low-carbon technological advances where failure to adapt may reduce competitiveness, increase costs, and result in stranded assets.
Liability risk Liability risk is assessed on the potential impact of climate-related legal and regulatory actions that may result in financial loss and reputational damage (e.g. legal, reputational and credit risk).	**Climate Liability**	Risks of legal action, regulatory scrutiny or reputational damage arising from inaccurate climate disclosures, unmet commitments or misaligned financing activities.

Key Risk Areas Assessed in the Identification Exercise

The following six (6) key climate risks and enterprise risk management framework's risk categories were assessed across the Group and the selected BU levels:

Physical Risk – Acute and Chronic: Rising Temperature
Credit Risk, Operational Risk

Effects on Business Model and Value Chain	Potential Financial Impact
• May impact client assets, disrupt operations and supply chains, increase operating and insurance costs, reduce productivity and affect revenue. This may affect clients' financial resilience and credit profiles, especially for those in exposed sectors or locations. • Supply chain disruptions may arise if key suppliers, logistics providers or customers are affected by flooding or heatwaves, resulting in delays and higher input costs. • May disrupt operations at the Group's branches, headquarters and data centres causing service interruptions and system outages. (CRST assessment concludes that our operational location is not located at high-risk areas.)	• Limited operational disruption risk due to established remote working capabilities. • Potential revenue and credit impact from reduced client repayment capacity when physical risks disrupt business continuity. • Potential increase in Expected Credit Loss ("**ECL**") from collateral revaluations or repayment challenges (However, this is assessed in the CRST exercise and it is concluded that the ECL impact of the Group is not material.)

Transition Risk – Changes in Policy
Legal/ Compliance Risk, Reputational Risk, Credit Risk

Effects on Business Model and Value Chain	Potential Financial Impact
• May increase compliance costs, regulatory scrutiny and the potential enhancement for internal systems, controls and reporting processes. • Potential operational and compliance pressure across the value chain. • Clients that are exposed to transition risks may experience rising compliance costs, asset impairment risks or reduced access to capital, affecting their financial resilience.	• Potential increase in cost to align the existing risk models with the evolving regulatory expectations. • Potential increase in capital expenditure to support the development of climate-related capabilities, including enhancements in data, tools and systems required to meet evolving transition needs. • May increase in compliance cost to ensure that the Group's policy is compliant with regulatory requirements. • Potential impact on revenue linked to shifts in share margin client profiles and associated portfolio exposures, and potential increase in ECL or bad debts which will impact the financial performance of the Group. (However, this is assessed in the CRST exercise and it is concluded that the ECL impact of the Group is not material.)

Transition Risk – Shift in Market Demand and Sentiment
Reputational Risk, Market Risk, Credit Risk, Strategic Risk

Effects on Business Model and Value Chain	Potential Financial Impact
• Clients in carbon intensive or climate sensitive industries may face asset stranding, declining valuations and heightened transition risks. • Credit impacts may arise where clients lose market share, face regulatory penalties or reduced access to capital due to slow adaptation to climate expectations. • Strategic impacts may occur if clients shift to financial institutions offering stronger or more comprehensive transition-aligned solutions, leading to potential loss of business opportunities. • Misalignment between stakeholder expectations and the Group's pace of adoption or promotion of climate-aligned products may give rise to adverse perceptions. • Market-related impacts may arise as investor sentiment shifts away from sectors exposed to higher climate risk.	• Potential adjustments to the Group's financial position as climate-related risks become more material. • Potential impact on revenue if the Group adopts a more selective approach toward ESG-aligned clients. • Potential credit risk implications, including higher provisioning needs, where clients struggle to adapt to evolving climate expectations. (Climate risk assessment processes will continue to identify and monitor such exposures.) • Potential increase in compliance and operational costs due to enhanced monitoring, reporting and disclosure requirements.

Transition risk – Carbon Tax
Legal/ Compliance Risk, Credit Risk

Effects on Business Model and Value Chain	Potential Financial Impact
• Clients in high-emitting industries face rising compliance costs, disclosure obligations and potential penalties under tightening climate policies, affecting their financial resilience. This may affect clients' profitability and debt servicing capacity, increasing credit risk. • The Group may face indirect compliance and reputational risks where clients struggle to meet carbon pricing or reporting requirements.	• Potential impact on portfolio exposure as clients in high emission sectors face rising operating costs from evolving carbon-related policies and market pressures. • Potential reputational and regulatory challenges linked to carbon intensive exposures, though expected to be limited as the Group increasingly aligns client and sector selection with its sustainability objectives.

Transition risk – Technological Advancement
Reputational Risk, Market Risk, Credit Risk, Strategic Risk

Effects on Business Model and Value Chain	Potential Financial Impact
• Declining value of legacy and fossil fuel-dependent technologies, along with potential asset stranding, may affect both client asset values and the Group's investment and trading portfolios. • Credit risks may increase as clients undertake high-capital expenditure technology investments that strain cash flows. Clients that are slow to adapt may face weaker competitiveness, lower revenues and higher default risk, with emerging tech sectors adding uncertainty due to limited operating history. • Potential strategic and reputational risks if the Group's products, services or advisory capabilities do not keep pace with technology-driven and low-carbon sector developments, or if the Group is perceived as not supporting clients in their transition.	• Potential increase in capital expenditure to enhance data, tools and systems needed for evolving climate-related and transition requirements. • Higher investment may be required over time to maintain competitiveness and keep pace with emerging sustainability expectations. • Potential impact on the value of collaterals as companies that do not adapt to technological, or market shifts may experience declining valuations.

Liability Risk
Legal Risk, Reputational Risk, Credit Risk

Effects on Business Model and Value Chain	Potential Financial Impact
• Growing regulatory and legal scrutiny on climate-related disclosures and ESG commitments may increase liability risks if the Group's disclosures are inaccurate, incomplete or perceived as greenwashing. • Potential exposure to lawsuits or enforcement actions from regulators, investors or NGOs for unmet climate targets, inadequate due diligence on financed emissions or misrepresentation of sustainability credentials (currently, there are no enforcing actions by regulators on meeting climate targets or commitments). • Potential reputational damage and potential legal claims may arise from financing high-emission sectors without credible transition plans.	• Potential increase in compliance and operating costs to meet evolving expectations on climate-related disclosures. • Possible reputational and financial penalties if disclosures are inaccurate, incomplete or perceived as misleading. • Potential credit and reputational impact if clients affected by physical risks face repayment difficulties, leading to higher ECL or write-offs. (However, this is assessed in the CRST exercise and it is concluded that the ECL impact of the Group is not material.)

Top three (3) Key Risks Identified Across Different Time Horizons		
Short-term	**Medium-term**	**Long-term**
Transition Risk - Changes in Policy	Transition Risk - Changes in Policy	Transition Risk - Shifts in Market Demand and Sentiment
Liability Risk	Transition Risk - Technological Advancement	Transition Risk - Technological Advancement
Transition Risk - Carbon Tax	Liability Risk	Transition Risk - Changes in Policy

Based on the climate risks and opportunities identification outcome, all climate-related risks were assessed as "low" across the short-, medium- and long-term horizons with their level of significance varying across the different time horizons. The top three (3) risks identified are predominantly transition risks, which are expected to be more significant in the long-term. Other risks, such as liability risks, are anticipated to be more relevant in the short- to medium-term; however, their impact remains low given the controls and initiatives currently in place. Physical risks are not considered key risks across all the three (3) time horizons, as the Group's operational and portfolio resilience remains strong. The Group will continue to enhance its internal assessments and closely monitor exposure to physical, transition and liability risks.

Opportunities Identified in the Assessment

The assessment resulted in the identification of six (6) potential opportunities that could support the Group's product expansion and enhance value for its clients based on the relevance to the respective business units.

Identified Climate Risks & Opportunities	
Risks	**Opportunities**
Transition Risk – Changes in policy; Shift in market demand and sentiment; Carbon Tax; Technology advancement	Financing clients to facilitate their transition to a low carbon economy
Transition Risk – Shift in market demand and sentiment	ESG investment portfolios and stakeholder engagement
Transition Risk – Changes in policy; Shift in market demand and sentiment; Reputational	Green shared margin financing, preferential pricing or product innovation
Physical Risk – Chronic & Acute	Adaptation instruments (e.g., adaptation bonds)
Transition Risk – Changes in policy; Carbon tax	Transition advisory & compliance support (including Carbon Board Adjustment Mechanism or carbon tax implementation)
Transition Risk – Changes in policy; Shift in market demand and sentiment; Liability risk	ESG screening and policy-aligned investment tools

As the opportunities are currently exploratory in nature, the respective business units will be engaged to evaluate and prioritise them to ensure alignment with business needs and strategic relevance.

Outcome analysis

The climate risk assessment indicates that the Group's overall exposure to climate-related risks is currently relatively low in the near-term, supported by existing governance structures, risk management processes and control measures. However, risk exposure is expected to increase over the medium- to long-term, primarily due to transition-related risks, which are assessed as the most material across all time horizons.

The assessment identifies a gradual shift in the Group's climate risk profile. In the short-term, climate risks are more closely linked to operational and liability considerations, while longer-term risks may evolve into broader strategic and business model implications as global decarbonisation pathways accelerate. Although physical risks are currently less material, they are expected to grow over time as exposure to chronic hazards increases, potentially influencing operational resilience and asset performance.

As this represents the Group's first integrated assessment of climate risk and potential financial implications, the findings remain primarily qualitative and are limited to selected business units. Overall, the results suggest that the Group's current strategy and control environment remain resilient, with no material financial impact identified at this stage. Future assessment cycles and scenario analysis will continue to strengthen forward-looking insight and risk understanding.

Climate Risk Scenario Analysis and Climate Risk Stress Testing

We had conducted both the Climate Risk Scenario Analysis ("**CRSA**") which focused on assessing the quantitative impact of climate risks on the credit portfolio and the Climate Risk Stress Testing ("**CRST**") exercise which assesses the climate risks and opportunities impact on the businesses qualitatively. Both assessments are intended to complement the outcomes to obtain a comprehensive assessment of the Group's strategy, portfolios and business model under different climate pathways.

Climate Risk Scenario Analysis:

The CRSA was conducted as a qualitative exercise to identify the climate-related risks across physical, transition and liability risk due to the evolving climate risk landscape which include regulatory changes, change in market demand, technological advancement and more. This assessment allows us to identify emerging risks and further strengthen our Group's resilience.

The assessment is conducted across the Group's credit portfolio, with plans to expand the scope to other areas and risk categories in future cycles. This phased approach supports alignment with the CSRT methodology and establishes a foundation for broader climate risk integration.

Guided by the Network for Greening the Financial System ("**NGFS**") Phase III scenarios, the climate scenario analysis is aligned with the scenarios prescribed in BNM's CSRT methodology. The climate scenario analysis followed a structured process which included scenario selection, driving force identification, risk assessment among the business units and development of controls and strategies.

Climate Scenario Analysis Process

Scenario Selection

Three (3) climate scenarios were selected based on specific factors and alignment with BNM's scenarios used for the CRST: Net Zero 2050 ("**NZ 2050**"), Divergent Net Zero 2050 ("**DNZ 2050**"), Hot House World: Nationally Determined Contributions ("**NDCs**").

Driving Force Identification

Six (6) climate-related driving forces were identified based on external research, including recommendations from the TCFD framework and BNM's climate-related regulatory guidance to inform the overall risk assessments under each selected scenario. The driving forces include:

- Climate-related policy
- Carbon price and carbon tax
- Energy transition to reduce fossil fuel dependency
- Market preference and sentiments towards climate-friendly investments or associations
- Extreme and catastrophic climate events
- Climate litigation trends

The identified driving forces contributing to the climate scenarios were broadly based on the PESTLE (Political, Economic, Social, Technological, Legal and Environmental) Framework, the Group's internal risk categories and climate risk categories.

Risk Assessment

Scenario-specific climate risks were identified and assessed by the business units using the Group's risk assessment methodology. The assessment considered potential impacts on operations and portfolios, as well as the likelihood and impact of each risk, taking into account existing controls and mitigation strategies.

Controls and Strategies

Relevant controls and mitigation strategies were established for the identified risks and opportunities under each scenario.

Climate Scenarios Used in the Analysis

Orderly: Net Zero 2050 ("NZ 2050")	Disorderly: Divergent Net Zero ("DNZ 2050")	Hot House World: Nationally Determined Contributions ("NDCs")
Strong climate policies and significant green technology breakthroughs to rapidly reduce greenhouse gas ("**GHG**") emissions, limiting global warming to 1.5°C. It reflects key features of an early and orderly transition to a low-carbon world. • Stringent climate policies are applied immediately across all sectors of the economy. • Significant innovation and technology breakthrough (e.g. carbon dioxide removal ("**CDR**") technology and a sharp shift towards renewable energy production) resulting in high transition risk.	Global climate policies are much more stringent in selected economic sectors, reflecting a quicker phase-out of fossil fuels and the impact thereof. The distributional impacts are uneven from climate policies and varied focus of climate policies being introduced at different points in time. Technology advancements in CDR and renewable energy are lower relative to NZ 2050 reflecting inherent limitations of adequate financial funding and constraints within existing economic structures. • Medium to higher transition risks, relative to the NZ 2050 scenario. • Lower physical risk on the economy than the NDCs scenario.	The NDCs scenario assumes both implemented and pledged policy measures are fully implemented but remains inadequate to facilitate an orderly transition. While emissions decline, the limited policy actions taken are insufficient and will lead to an approximately 2.5°C increase in temperatures. • Moderate to severe physical risks. • Lower impact from transition risks is expected.

Outcome of Climate Scenario Analysis Assessment

Climate-related risks associated with each scenario and its underlying drivers were identified and assessed by the business units in accordance with the Group's risk assessment methodology. The assessment considered the potential impacts of these risks on operations and portfolios across the short-, medium- and long-term horizons. The BUs also provided data-driven inputs reflecting current exposures and planned initiatives, while evaluating the likelihood and impact of each risk and documenting existing controls and mitigation measures.

As a result of the risk assessment process, the following top three (3) risks and three (3) driving forces were identified on the assessment:

Top Three (3) Risks Identified	Top Three (3) Driving Force
Strategic risk	Shifts in market demand and sentiments
Market risk	Extreme and catastrophic climate events
Operational risk	Carbon price and carbon tax

In conducting the risk assessment, the respective business units considered the existing controls in place. The table below summarises the key controls implemented to address the identified risks across all three (3) scenarios.

Key Controls	Description
Establishing appropriate governance	Sustainability and risk governance structures are in place. A sustainability and climate-related risk management framework has been established and is regularly updated.
Enhancing the Group's resilience against physical climate risk impact	Business Continuity Plans ("**BCPs**") for the Group and key stakeholders are maintained to strengthen resilience against physical climate risks.
Monitoring and reviewing of climate risk exposure and mitigation actions	Climate risk exposure is assessed through periodic client reviews, collateral monitoring mechanisms, supplier ESG assessments and the collection of clients' GHG emissions, supported by ongoing client engagement.
Reducing exposure to coal-related investments and lending activities	Measures are implemented to reduce or avoid coal-related investments and lending activities.
Implementing sustainable business practices and decarbonisation initiatives within the Group	The Group implements sustainability initiatives such as installing solar panels, transitioning to electric vehicles, and are guided by the Decarbonisation Roadmap.
Others	Awareness and capacity-building sessions on sustainability and climate change-related topics are conducted regularly. Regulatory reporting on climate-related risks and opportunities has been undertaken since 2022 in line with regulatory reporting requirements under the Sustainability Reporting framework. External audits are conducted annually on the reported data.

Outcome Analysis

Based on the qualitative climate scenario analysis, the Group's current business model, strategy and risk management controls indicate a level of resilience across the climate scenarios assessed. The analysis shows that while risk levels increase progressively from NZ 2050 to DNZ 2050 and NDC scenarios, they remain low overall with no material impact identified. The analysis did not identify material vulnerabilities that would significantly affect the Group's operations or financial position under the scenarios considered and the results are broadly consistent with the findings of the climate risk stress testing conducted in 2025.

The assessment also highlighted several limitations that are common in climate risk analysis. In particular, the availability of detailed, forward-looking and location-specific data remains limited, which may affect the precision of scenario modelling and risk quantification at the BU level.

Despite these limitations, the outcomes of the scenario analysis will inform the Group's ongoing risk management and business planning processes. Key insights will be communicated to the relevant business units to support the integration of climate-related risks and opportunities into operational planning, portfolio management and strategic decision-making. Additionally, capacity-building and awareness initiatives will be conducted to strengthen understanding of climate risk scenarios and their potential implications, while promoting greater climate risk awareness and ownership at the BU level.

The Group intends to progressively enhance the scope and depth of its climate scenario analysis. Future assessment cycles will expand coverage to additional business units and incorporate a broader range of climate risk drivers and hazards in order to improve the granularity, robustness and decision-usefulness of the analysis.

Climate Risk Stress Testing ("CRST")

CRST exercise assesses the potential impact of climate change on the Group's business across different sectors and geographical regions under various stress scenarios. The exercise evaluates both transition and physical risks ranging from policy and technological shifts to acute and chronic climate hazards to determine the Group's resilience. The assessment draws on scenario-based projections to estimate potential financial impacts, including effects on collateral values or business operations.

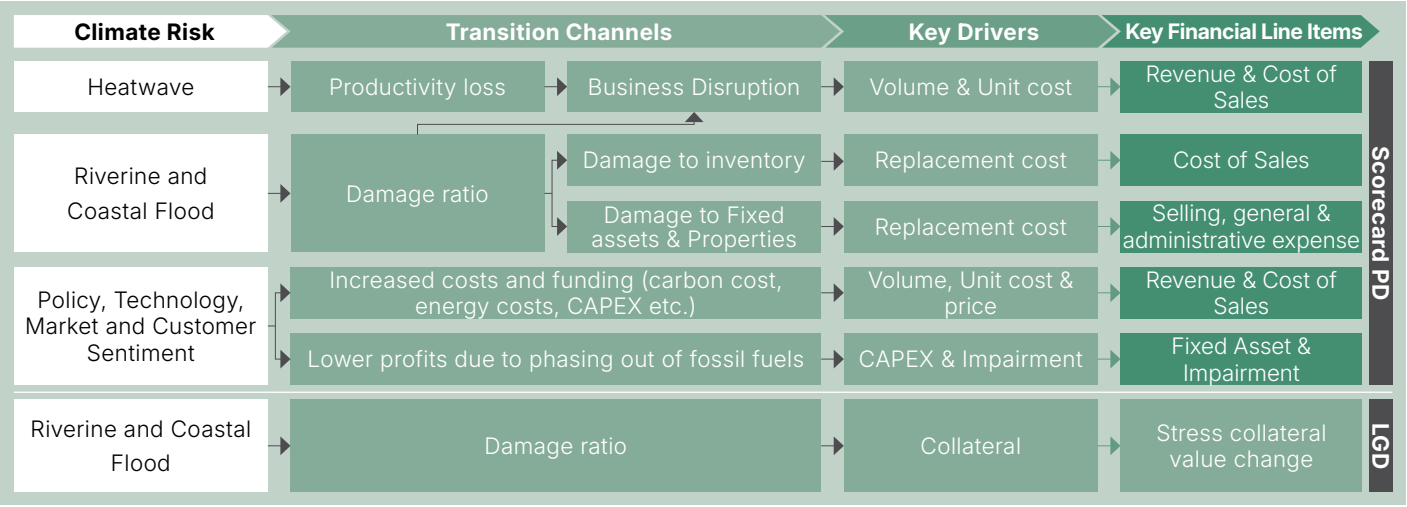
The approach and scenarios used are aligned with BNM's expectations and referenced the CRST Methodology Paper. The scenarios are based on the NGFS Phase III scenarios (refer to section above for scenario definition) which are namely the NZ 2050, DNZ 2050 and NDCs and additionally the RCP 8.5 one-off 1-in-250 years flood event.

The exercise is focused on the credit portfolio of the Group as it assesses the potential financial impact (Expected Credit Loss) across the different climate scenarios and time horizon. There are two (2) methodologies used in the completing this exercise, the Bottom-up approach and the Top-down approach.

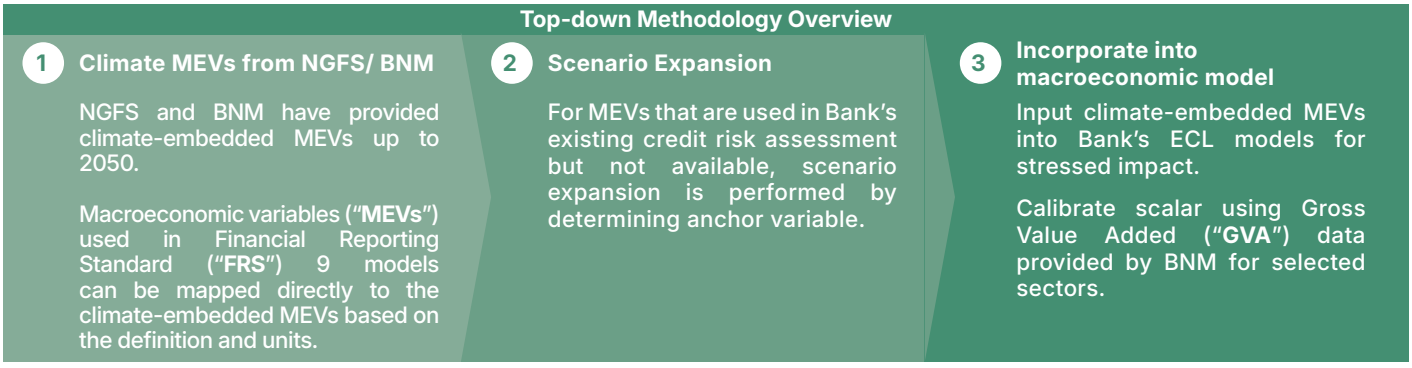
Climate Risk Stress Testing Process:

- Scope of Application and Assessment: Covers physical and transition climate risks.
- Information/ Data Compilation: Various extensive external and internal data are required. Such as:
  - External data: Pass-through rate, energy mix of each NGFS sector, loan distribution ratio, flood depth and inundation map, damage ratio, labour productivity studies and other climate-related datasets.
  - Internal data: Client's financial statement, collateral information, client address, ECL data, and other internal datasets.

- Approach/ Methodology Segmentation
  - Bottom-up approach: Stress client financial statements across time horizons based on physical and transition risk methodology. The perils covered in the physical risk assessment include district level riverine or fluvial floods and coastal floods, along with state level heatwaves. These translated to potential collateral impact, business disruptions and productivity loss.



  - Top-down approach: Embed climate-stressed macroeconomic variables ("**MEVs**") for sectoral view.



- Outcome: Based on the outcome, it is concluded the impact on ECL is minimal and the Group remains resilient across all scenarios and time horizons.

Outcome Analysis:

The overall ECL Impact is minimal as the Group's exposure is mainly secured with adequate collaterals. As there is no material financial impact to the Group, therefore no immediate action is required. The assessment on the physical vulnerability of the Group's branches also indicates that the risk exposure is immaterial. However, the Group remains committed to implementing our planned actions and initiatives as per the Decarbonisation Roadmap and continues to explore any potential opportunities that is deemed relevant to the business. The exercise also allowed us to obtain the following observation.

Climate Risk Impacts & Observations

1 Transition Risk

Vulnerable Areas Identified by Portfolio

- **Corporate Loans:** High transition risk, especially for large corporate and SMEs.

Vulnerable Areas Identified by Sector

- **Real Estate & Construction:** Impact from transitioning to sustainable standards and higher operational costs.
- **Oil & Gas:** Demand shift towards clean energy raises operational challenges.

2 Physical Risk

- **Flooding:** Collaterals in low-risk flood zones show minimal changes. The Group may consider enchancing the methodology to include pluvial (Flash) flood assessment based on need basis in future.
- **Heatwaves:** Productivity losses in labor-intensive sectors (i.e. Oil & Gas and Construction).

This provides us information to consider for any future strategic and risk management initiatives when the impact increases in significance.

How Our Climate Assessments Inform Strategy

Our climate strategy is shaped by an integrated set of assessments that together provide a comprehensive view of our climate-related exposures and inform long-term planning. The Climate Risk and Opportunities Identification Exercise established the key physical, transition and liability risk relevant to our business and highlights emerging opportunities.

These insights are further strengthened through the CRST, which quantified the potential financial effects of extreme climate outcomes. The latest CRST results indicate no material ECL impact to the Group, reflecting the resilience of our current portfolio.

Complementing this, the CRSA also provided a qualitative forward-looking understanding of how different climate pathways may influence our business model, portfolio composition, client segments and long-term value chain.

In parallel, the measurement of financed emissions enhances visibility over portfolio-related climate impacts, enabling more informed decisions on sectoral exposures, client engagement and future decarbonisation priorities.

Together, these assessments form the analytical foundation of our climate strategy and guide the activation of key strategic levers across the organisation in addition to the Decarbonisation Roadmap developed in 2025, including:

Key Strategic Levers:
- Strengthening ESG and climate integration into policies, processes and reporting practices.
- Enhancing portfolio resilience by increasing exposure to green and low-carbon sectors.
- Expanding climate-aligned products and solutions, including financing for transition and climate-resilient business models.
- Gradually reducing exposure to carbon-intensive sectors through refined risk thresholds and targeted client engagement.
- Building internal capabilities through continuous training, improved analytical tools and expanded use of external climate-related data.
- Supporting decarbonisation efforts through the implementation of the Group's Decarbonisation Roadmap and explore the formulation of a sectoral decarbonisation playbook to guide targeted sector-specific decarbonisation initiatives.

Through these measures, climate considerations are embedded across capital allocation, risk appetite, product development and operational decision making, ensuring that the Group remains resilient, forward-looking and aligned with evolving regulatory expectations and Malaysia's broader transition to a low-carbon economy.

Risk Management

Kenanga manages climate-related risks and opportunities through an integrated structure supported by three (3) core pillars:

1. Risk Assessment Tools

The Group utilises a suite of tools and methodologies to systematically identify, assess and classify climate-related risks across the organisation. These include the Climate Change Risk Assessment Checklist ("**RAC**"), enhanced due-diligence processes and climate risk assessment templates, which support the consistent evaluation of clients' climate profiles and sectoral exposures. These tools are updated regularly to align with regulatory developments and JC3 guidance. CRST and CRSA, conducted in line with BNM's expectations, assess potential portfolio and sector-level impacts under different climate pathways and inform strategic responses.

Considerations of physical climate risks that are affecting the Group's own locations are incorporated into the Operational Risk Self-Assessment and Business Continuity Management processes. In 2025, a Climate Risk and Opportunities Identification Exercise was also conducted across key business units, producing detailed climate-risk profiles and enabling prioritisation of areas with higher exposure. These insights complement the Group's monitoring of Scope 3 financed and facilitated emissions, which provides a basis for developing relevant risk indicators for future oversight.

2. Policies and Frameworks

Sustainability-related risks and opportunities are identified through the Group's materiality assessment and integrated into the broader Enterprise Risk Management framework. A structured process is applied to prioritise risks, monitor developments and track management actions. Climate-related risks are managed through an established governance structure involving the Board, Board Committees, Business Units and Group Risk Management, ensuring disciplined oversight and informed decision-making.

Climate considerations are embedded into lending and investment processes through the Climate Change Risk Management Framework, which defines thresholds and risk appetite parameters for evaluating counterparties and transactions. These criteria guide business units during onboarding, credit assessment and annual reviews, including communication of climate expectations and required mitigations.

In 2025, the Group introduced the Sustainability Risk Management Framework, harmonising the approach to identifying, assessing and monitoring sustainability-related risks Group-wide. Sustainability and climate-related risks associated with outsourced vendors and suppliers are addressed through enhancements to the Outsourcing Risk Management Framework and Procurement Framework, ensuring these considerations are applied when evaluating third-party sustainability risks profiles, including climate risks.

The Risk Appetite Statement has been updated to reflect climate-related boundaries, ensuring the Group refrains from financing activities that fall outside approved thresholds.

3. Capacity Building

Effective climate risk management is supported by continuous strengthening of internal capabilities. The Group conducts awareness sessions and targeted training to equip employees with the skills needed to assess climate-risk exposures and engage clients on transition expectations. Climate-related information, including client climate profiles derived from the Climate Change Preparedness Tool and sectoral exposures, is monitored and reported to Risk Committees monthly.

The Group also tracks domestic and global climate-related developments that may affect operations and clients. Dedicated resources have been expanded through additional headcount and specialised training, including professional certifications in climate risk management, to ensure readiness for evolving regulatory and market expectations.

Approach to Financed, Facilitated and Portfolio Emissions

At Kenanga, we aim to measure and manage our investment-related emissions as part of our broader climate strategy. Guided by the Partnership for Carbon Accounting Financials ("**PCAF**"), we began calculating emissions associated with the Group's on-balance sheet and off-balance sheet activities in 2024, using the best available data while acknowledging existing limitations. The Group has since disclosed first assessment of financed, facilitated and portfolio emissions (Scope 3 - Category 15: Investments) for Financial Year 2023 ("**FY2023**") and Financial Year 2024 ("**FY2024**"), applying the PCAF methodologies to ensure consistency with global standards. In 2025, we formalised this approach through a methodology note that outlines our procedures for data collection, calculation, quality assurance and reporting across our operational market in Malaysia, forming the foundation for future portfolio-level decarbonisation strategy.

Scope, Boundary and Methodology

Organisational Boundary

Kenanga applies the operational control approach, meaning the emissions of all operated subsidiaries are included. The reporting boundary for emissions includes all on-balance sheet lending and investment activities as well as off-balance sheet facilitation activities undertaken by Kenanga during the reporting period. Kenanga's operational GHG emissions (Scope 1, Scope 2 and other Scope 3 categories, such as business travel and employee commuting) are covered in separate sections of this Report and are not addressed here.

Reporting Period

The financial accounting period (1 January to 31 December) is used for its annual emissions attribution, consistent with PCAF's guidance. Where emissions data are reported for a different year, the most recent available data is used and aligned as closely as possible with the financial reporting year. Our emissions are currently calculated on a one-year arrears basis, with FY2024 representing the most recently completed computation. Going forward, we are committed to progressively narrowing this reporting lag and will continue to enhance our data availability, processes and systems to provide timelier and up-to-date emissions disclosures.

In-scope GHG Emissions for Counterparties

The GHG scopes of the counterparties currently cover Scope 1 (direct emissions) and Scope 2 emissions (indirect emissions from electricity, heating, steam and cooling consumption). As the Group has assessed its financed, facilitated and portfolio emissions, one of the key challenges is the lack of Scope 3 emissions data, therefore Scope 3 emissions of investees are currently not included. As data quality and availability improve, the inventory will be further refined and included for future assessments.

Asset Classes Included

These asset classes form the boundary for financed and facilitated emissions:

Type	Asset class	Description
Operational Market	Business activities within Malaysia which includes Asset and Wealth Management, Kenanga Private Equity, Corporate Islamic Banking, Debt Capital Market, Equity Capital Market and Group Treasury.	
Financed Emissions	**Listed Equity and Corporate Bonds**	Includes all on-balance sheet corporate bonds or listed equity that is traded on the market and is for general corporate purposes.
	Business Loans and Unlisted Equity	Include all on-balance sheet loans and lines of credit or equity investments to businesses, nonprofits and any other structure of the organisation for general corporate purposes.
	Project Finance	Includes all on-balance sheet loans or equities to projects or activities that are designated for specific purposes (e.g. gas-fired power plants, renewable energy projects).
	Sovereign Debt	Includes sovereign bonds and sovereign loans of all maturities issued in domestic or foreign currencies. Both sovereign loans and bonds lead to the transfer of funds to the country, which in turn creates a debt obligation to be repaid by the borrowing country.
Facilitated Emissions	**Facilitated Equity and Debt Transactions**	Off-balance sheet facilitation of primary equity and debt instruments, such as underwriting initial public offerings or bond issuance.

There are other asset classes recognised by PCAF (e.g. commercial real estate, mortgages, motor vehicle loans) that may become material to Kenanga in the future as its portfolio changes.

Exclusions and Thresholds

PCAF's guidance does not apply to advisory services, brokerage activities, deposit accounts, margin financing or transactions in secondary markets and therefore these activities are not included.

The methodology applies across all activities and asset classes covered by the PCAF standard regardless of materiality; the only excluded transactions are where there is insufficient data.

Emission Factors

The Group reports its financed, facilitated and portfolio emissions by asset class and sector to differentiate business models, identify emissions hotspots and support future alignment with science-based decarbonisation pathways. Sector classification follows PCAF recommendations using Global Industry Classification Standard ("**GICS**") Sub-Industry categories, which are mapped to Bureau Economic Analysis ("**BEA**") codes from the United States Environmentally-Extended Input-Output ("**USEEIO**") database to ensure consistency, comparability, and robust estimation of sector-level emission intensities. Emissions factors applied across asset classes are sourced in a manner that reflects the nature of each exposure. For Sovereign Debt, emissions factors are derived from national greenhouse gas inventories reported by the borrowing country, while emissions factors for other asset classes, including listed equity and corporate bonds, business loans and unlisted equity and project finance, are obtained from the USEEIO database in line with PCAF guidance.

Each counterparty is assigned sector-specific emission factors based on its core revenue activities, with classifications reviewed annually to maintain relevance. Sector-level emission intensities and decarbonisation pathways will inform future hotspot analysis and target-setting. While Kenanga has not yet established investment emissions reduction targets, it intends to define such targets in the future as data quality and methodologies continue to strengthen.

Data Quality & Limitation

Accurately calculating investment emissions requires high-quality, company-level GHG data. Consistent with industry-wide challenges, the Group faces data limitations as many counterparties do not yet disclose granular or entity-specific emissions. To address this, the PCAF Standard provides methodologies that allow the use of different estimation approaches depending on data availability and Kenanga has applied the best available data in line with these guidelines.

External datasets used for emissions, financials and emission factors often come with time lags and mapping these datasets to internal counterparties is further complicated by complex ownership structures and the volume of checks required. As an interim measure, sector- and subsector-level proxy data are used where necessary. Time lag challenges are common in financed and Scope 3 emissions reporting and the key requirement is to transparently track and optionally disclose these lags.

We are committed to improving data quality and methodologies over time. This includes enhancing processes to obtain actual emissions data directly from counterparties and investees and encouraging them to adopt better emissions measurement and reduction practices.

The Outcome

The assessment indicates that the Group's climate impact is primarily driven by portfolio-level exposures, with portfolio emissions totalling 243,736.4 tCO_2e, making up 69.7% of overall emissions and largely attributed to high-emitting sectors such as Utilities, Energy and Industrials. Facilitated emissions contributed 79,071.8 tCO_2e reflecting the emission of capital-market activities, particularly in the Transportation & Storage, Industrials and Energy sectors. Meanwhile, on the balance sheet financed emissions amounted to 27,045.6 tCO_2e driven mainly by exposures to sovereign debt as well as investments and loans in the Energy and Industrial sectors. These insights reinforce the importance of strengthening the Group's transition-aligned strategies, supporting deeper integration of climate considerations into engagement, portfolio management and long-term transition planning in line with the Decarbonisation Roadmap.

Scan here for the Supplementary Methodology Note for Calculating Scope 3 Category 15 Investment Emissions (2025).

Metrics and Targets

Reporting Boundary for GHG Emissions

GHG emissions are measured using the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (2004), except where specific requirements under IFRS S2 apply. The Group refers to the GHG Protocol Corporate Value Chain Standard (2011) to define the 15 categories of Scope 3 emissions for disclosure.

The boundary for greenhouse gas reporting is determined through both organisational and operational perspectives. The organisational boundary defines the entities and activities included within the reporting scope, based on ownership and control. The operational boundary identifies emission sources classified as Scope 1, Scope 2 and Scope 3, in accordance with the GHG Protocol.

Scope 1 emissions comprise direct emissions from sources that are owned or controlled by the Group. Scope 2 emissions comprise indirect emissions associated with the generation of purchased electricity consumed by the Group. Scope 3 emissions comprise other indirect emissions that occur across the value chain, including both upstream and downstream activities, where relevant to the Group's principal businesses.

GHG emissions data are prepared using activity-based calculations and relevant emission factors. Where estimates, assumptions or data limitations apply, these are disclosed to support transparency and comparability. The methodologies applied are reviewed periodically to support consistency with evolving regulatory guidance and market practice.

Organisational Boundary

An operational control approach is used to determine the organisational boundary for GHG emissions reporting. Under this approach, emissions are reported for entities, assets and operations where the Group has the authority to introduce and implement operating policies and procedures.

This approach has been selected as it reflects the Group's ability to influence operational practices and performance, including for certain entities and assets that fall outside the financial reporting group but are subject to the Group's operational decision-making.

Managing Our Operational GHG Emissions and Energy Consumption

GRI 3-3, 302-1, 302-4

Since 2021, we have implemented a series of energy-efficient measures focusing on long-term performance improvements across Kenanga Tower's core building systems. These include the integration of a control solution into the central air-conditioning system, an upgrade of the Air Handling Unit ("**AHU**"), and the installation of energy-efficient lighting.

We also have operational controls in place to optimise energy use, including adjusting the air-conditioning temperature set point by 2°C. This measure reduces energy demand while maintaining a comfortable and conducive working environment, reflecting our balanced approach to energy efficiency and workplace wellbeing.

In 2024, we subscribed to Tenaga Nasional Berhad's Green Electricity Tariff ("**GET**"), which enables us to source approximately 90% of Kenanga Tower's electricity consumption from renewable energy. In 2025, we further advanced our decarbonisation efforts by installing solar photovoltaic ("**PV**") panels on the rooftop of Kenanga Tower. Both the subscription and solarisation initiatives support our journey towards Net Zero by 2050 and are in line with Kenanga's Decarbonisation Roadmap, reflecting our commitment to the national energy transition.

Summary of Total Energy Consumption & Operational GHG Emissions Scope 1 & Scope 2

Total Energy Consumption[1] (GJ)	
2025	**19,809.2**
2024	20,055.8
2023	20,211.3
2022	18,730.3

Total Operational GHG Emissions[2] - Scope 1 & Scope 2 (tCO_2e) – Kenanga Tower and Branches	
2025	**1,502.1**
2024	2,349.5
2023	3,832.2
2022	3,577.5

Notes:
1. *The total energy consumption data is converted from kilowatt per hour (kWh) to gigajoule (GJ) to align with Bursa Malaysia's sustainability reporting requirements, whereas the conversion metric is guided by the energy conversion calculator from the US Government's Energy Information Administration. The reported total energy consumption in gigajoules includes fuel and purchased electricity consumptions.*
2. *Operational GHG emissions refers to direct emissions, where the source of emissions is from Kenanga Group's owned and/ or controlled vehicles and building premises. These refer to Scope 1 and Scope 2 of GHG emissions.*
3. *Energy consumption and Scope 2 GHG emissions data for FY2021–FY2024 were restated following enhancements to data completeness identified during the assurance process.*

Total Fuel Consumption & Scope 1 - Direct GHG Emissions

In 2025, our fuel consumption decreased by approximately 5.7% compared to 2024, largely due to reduced usage of company cars for corporate travel and Kenanga's initiative to roll out a fleet electrifying initiative under Kenanga's Decarbonisation Roadmap, which further contributed to lower fuel dependence.

Scope 1 Direct GHG Emissions (tCO_2e)	
2025	**39.6**
2024	42.0
2023	43.4
2022	40.6

Total Fuel Consumption (litres)	
2025	**16,411.8**
2024	17,382.0
2023	18,209.1
2022	17,059.1

Total Fuel Consumption (GJ)	
2025	**555.0**
2024	587.9
2023	610.0
2022	571.5

Notes:
1. *The fuel consumption data consists of petrol and diesel consumption data as all KIBB-owned vehicles use petrol and diesel.*
2. *Scope 1 emissions are calculated based on fuel consumption from KIBB-owned vehicles, converted using emission factors sourced from the 2006 Intergovernmental Panel on Climate Change ("**IPCC**") Guidelines for National Greenhouse Gas Inventories.*

Reducing Fuel Consumption Through Electric Mobility

On 27 December 2025, we strengthened our carbon reduction and energy management initiatives by adding three (3) Denza D9 electric vehicles ("**EVs**"), our first EVs, to our fleet. Equipped with high-capacity batteries and fast-charging capability, the vehicles support operational efficiency while reducing reliance on conventional fuel.

This initiative contributes to improved energy efficiency by lowering fuel consumption associated with internal combustion vehicles. The adoption of EVs also aligns with our Decarbonisation Roadmap, supporting lower-emission mobility and responsible energy use across operations.

Total Purchased Electricity Consumption & Scope 2 – Indirect GHG Emissions

During the year, we recorded a total electricity consumption of 5,348,385.5 kWh for Kenanga Tower and our branch offices. This represents a slight decrease from 5,407,742.7 kWh in 2024. In the same year, Kenanga Tower recorded a 10.3% change in electricity consumption compared to the baseline year, which is calculated as the average electricity consumption for 2018 and 2019.

Scope 2 Indirect GHG Emissions (tCO_2e) – Kenanga Tower	
2025	**257.1**
2024	1,045.6
2023	2,379.7
2022	2,331.4

Notes:
1. Scope 2 GHG emissions data for FY2021–FY2024 were restated following enhancements to data completeness identified during the assurance process.
2. The significant reduction in GHG emissions for FY2025 reflects the positive impact of the Group's subscription of TNB's GET.

Scope 2 Indirect GHG Emissions (tCO_2e) – Branch Offices	
2025	**1,205.3**
2024	1,261.9
2023	1,409.1
2022	1,205.4

Scope 2 Indirect GHG Emissions (tCO_2e) – Kenanga Tower and Branch Offices	
2025	**1,462.5**
2024	2,307.5
2023	3,788.8
2022	3,536.8

Notes:
1. *The figures for Scope 2 emissions are derived from purchased electricity consumption across Kenanga Tower and our branch offices, converted using the emission factors for Peninsular Malaysia, Sabah and Sarawak. The Scope 2 emission factors were sourced from the Malaysia Energy Commission - Grid Emission Factors in Malaysia, 2022 – 2024.*
2. *Scope 2 GHG emissions data for FY2021–FY2024 were restated following enhancements to data completeness identified during the assurance process.*
3. *Kenanga Tower's electricity consumption in 2025 comprised 3,047,130 kWh supplied under the TNB Green Energy (GET) programme (90%) and 347,467 kWh from the standard grid mix (10%). For Scope 2 reporting, GET electricity is assigned a zero-emission factor under the market-based method, while the national grid emission factor is applied to total electricity consumption under the location-based method. This dual reporting approach is consistent with the GHG Protocol Scope 2 Guidance.*

Total Purchased Electricity Consumption

Purchased Electricity Consumption (kWh) – Kenanga Tower	
2025	**3,394,597**
2024	3,317,494
2023	3,131,136
2022	3,012,152
2021	3,646,095

Purchased Electricity Consumption (kWh) – Branch Offices	
2025	**1,953,789**
2024	2,090,249
2023	2,313,653
2022	2,031,972

Purchased Electricity Consumption (GJ) – Kenanga Tower and Branch Offices	
2025	**19,254.2**
2024	19,467.9
2023	19,601.2
2022	18,158.8

Note:
Purchased electricity consumption data for FY2021–FY2024 were restated following enhancements to data completeness identified during the assurance process.

Advancing Clean Energy Through Solar Installation at Kenanga Tower

As part of Kenanga's commitment to transition all energy requirements to solar-powered electricity, a rooftop solar photovoltaic ("**PV**") panel system was installed at Kenanga Tower on 5 November 2025. This initiative marks an important milestone in reducing reliance on grid electricity and lowering operational carbon emissions. With the system now generating solar energy on-site, Kenanga is able to offset a meaningful portion of electricity consumption while supporting long-term cost savings. The completion of this project reflects Kenanga's ongoing commitment to environmental responsibility and represents a key step towards achieving the full transition to solar-powered electricity.

A rooftop solar panel system was installed at Kenanga Tower to increase the share of electricity sourced from renewable energy, supporting our efforts to decarbonise Scope 2 emissions under the Decarbonisation Roadmap.

Scope 3 – Other Indirect GHG Emissions

Scope 3 GHG Emissions – Category 6: Business Travel (tCO_2e)	
2025	**488.3**
2024	532.7
2023	444.8
2022	210.9

Scope 3 GHG Emissions – Category 7: Employee Commuting (tCO_2e)	
2025	**3,924.4**
2024	3,841.0
2023	4,320.4

Notes:
1. *The activity data for Scope 3 - Business Travel is obtained from the total fuel consumption of employee-owned vehicles and e-hailing cars, based on the price of RON95 fuel. The data is then converted using emission factors sourced from the 2006 IPCC Guidelines for National Greenhouse Gas Inventories.*
2. *Data for Scope 3 - Employee Commuting is gathered from surveys that capture employees' commuting patterns and the distance travelled to and from their offices. The distance is then converted using the US EPA's 2023 Emission Factors Hub - Table 10, Scope 3, Category 7: Employee Commuting. This data collection began in 2023; hence, no data is reported for prior years.*

Scope 3 GHG Emissions - Category 15: Investments (tCO_2e)

Financed Emissions

Financed emissions are on-balance sheet investments and calculated in accordance with the PCAF Standard. These emissions are reported within Kenanga's Scope 3 inventory under Category 15.

By Asset Class

Financed emissions	FY2023			FY2024		
Activity	Total Emissions (tCO_2e)	Emission Intensity (tCO_2e/$' mil)	Data Quality Score	Total Emissions (tCO_2e)	Emission Intensity (tCO_2e/$' mil)	Data Quality Score
Listed Equity and Corporate Bonds	37,634.0	1,059.9	4.0	-	-	-
Business Loans and Unlisted Equity	2,111.6	75.0	3.7	4,383.1	85.8	3.7
Project Finance	3,141.5	752.0	4.0	3,353.3	774.2	4.0
Sovereign Debt	71,181.1	400.3	2.0	19,309.2	397.1	2.0
Total	**114,068.2**			**27,045.6**		

By Sector

Financed emissions	FY2023			FY2024		
Sector	Total Emissions (tCO_2e)	Emission Intensity (tCO_2e/$' mil)	Data Quality Score	Total Emissions (tCO_2e)	Emission Intensity (tCO_2e/$' mil)	Data Quality Score
Education	13.7	4.9	4.0	18.6	6.4	4.0
Energy	4,889.0	707.9	4.0	5,145.0	392.7	4.0
Energy and Utilities	2,032.1	138.3	4.0	-	-	-
Financials	181.9	15.4	4.0	223.1	10.1	4.0
Industrials	-	-	-	2,142.4	957.7	4.0
Real Estate	208.5	10.0	4.0	207.3	13.7	3.3
Sovereign Debt	71,181.1	400.3	2.0	19,309.2	397.1	2.0
Transportation and Storage	35,371.8	4,778.4	4.0	-	-	-
Consumer Discretionary	191.2	58.9	4.0	-	-	-
Total	**114,068.4**			**27,045.6**		

Note:
Financed emissions assessment was expanded to full coverage in FY2024, compared with 93% in FY2023.

Facilitated Emissions (Equity Capital Markets & Debt Capital Markets)

Facilitated emissions refer to investments where Kenanga plays an intermediary role, such as through lending or underwriting activities and are calculated in accordance with the PCAF Standard. These emissions are reported within KIBB's Scope 3 inventory under Category 15.

By Asset Class

Facilitated emissions	FY2023			FY2024		
Activity	Total Emissions (tCO_2e)	Emission Intensity (tCO_2e/$' mil)	Data Quality Score	Total Emissions (tCO_2e)	Emission Intensity (tCO_2e/$' mil)	Data Quality Score
Equity capital market	23,354.9	180.6	5.0	3,738.7	28.7	5.0
Debt capital market	200.1	635.3	4.0	75,333.1	31.2	4.9
Total	**23,555.0**			**79,071.8**		

By Sector

Facilitated emissions	FY2023			FY2024		
Sector	Total Emissions (tCO_2e)	Emission Intensity (tCO_2e/$' mil)	Data Quality Score	Total Emissions (tCO_2e)	Emission Intensity (tCO_2e/$' mil)	Data Quality Score
Construction	2,411.2	313.7	5.0	512.7	17.2	4.0
Consumer Discretionary	13,132.8	806.1	5.0	16.3	0.7	5.0
Consumer Staples	-	-	-	519.1	50.1	5.0
Education	-	-	-	891.3	1.1	5.0
Energy	1,102.1	237.6	5.0	2,049.7	86.0	4.5
Financials	-	-	-	42.2	0.3	5.0
Industrials	3,918.8	235.9	5.0	1,243.4	23.1	5.0
Information Technology	-	-	-	110.2	0.6	4.7
Plantation	-	-	-	559.5	48.3	5.0
Real Estate	11.1	1.5	5.0	11.9	3.3	5.0
Telecommunications & Media	22.3	9.7	5.0	11.2	0.8	5.0
Transportation & Storage	200.1	635.3	4.0	73,104.3	58.5	4.9
Property	1,499.5	21.0	5.0	-	-	-
Ship Repair	21.9	13.7	5.0	-	-	-
Fast-Moving Consumer Goods ("FMCG")	1,235.2	806.1	5.0	-	-	-
Total	**23,555.0**			**79,071.8**		

Note:
Facilitated emissions assessment remain expanded to full coverage in FY2024, similar to FY2023.

Total Portfolio Emissions from Assets Under Management ("AUM")

Kenanga calculates the portfolio emissions of its AUM using the PCAF methodology. In line with the GHG Protocol, these emissions arise from assets managed but not owned by Kenanga and are therefore classified as off-balance sheet. As such, they are excluded from Kenanga's GHG emissions inventory.

Nonetheless, monitoring and disclosing these emissions provides a more comprehensive view of the potential climate-related risks associated with managed assets. By reporting these financed emissions separately, Kenanga demonstrates its commitment to transparency, responsible investment and alignment with global best practices in climate risk assessment and disclosure.

By Asset

Portfolio emissions	FY2023			FY2024		
Activity	Total Emissions (tCO_2e)	Emission Intensity (tCO_2e/$' mil)	Data Quality Score	Total Emissions (tCO_2e)	Emission Intensity (tCO_2e/$' mil)	Data Quality Score
Listed Equity and Corporate Bonds	375,127.4	156.8	4.0	226,098.0	82.8	4.0
Sovereign Debt	–	–	–	17,638.4	397.1	2.0
Total	**375,127.4**			**243,736.4**		

By Sector

Portfolio emissions	FY2023			FY2024		
Sector	Total Emissions (tCO_2e)	Emission Intensity (tCO_2e/$' mil)	Data Quality Score	Total Emissions (tCO_2e)	Emission Intensity (tCO_2e/$' mil)	Data Quality Score
Communication Services	2,233.5	16.1	4.0	425.0	2.7	4.0
Consumer Discretionary	16,412.1	187.9	4.0	1,527.2	10.7	4.0
Consumer Staples	33,123.1	263.2	4.0	26,584.8	211.7	4.0
Energy	38,112.5	479.1	4.0	27,490.3	292.4	4.0
Financials	149.0	0.9	4.0	534.5	1.7	4.0
Health Care	6,431.3	74.7	4.0	12,512.2	63.8	4.0
Industrial Products & Services	-	-	-	0.0	0.0	5.0
Industrials	33,116.7	60.6	4.0	47,314.7	57.3	4.0
Information Technology	464.8	1.9	4.0	1,003.6	3.1	4.0
Materials	31,341.2	467.9	4.0	16,263.6	164.0	4.0
Not Classified	18.1	1.7	4.0	9.7	4.2	4.0
Real Estate	1,360.7	3.9	4.0	1,917.9	8.9	4.0
Sovereign Debt	-	-	-	17,638.4	397.1	2.0
Utilities	56,523.0	487.0	4.0	90,514.5	440.8	4.0
Energy and Utilities	126,910.6	508.8	4.0	-	-	-
Transportation & Storage	28,808.8	254.6	4.0	-	-	-
Professional Services	122.0	9.5	4.0	-	-	-
Total	**375,127.6**			**243,736.4**		

Note:
Portfolio emissions assessment was expanded to full coverage in FY2024, compared with 98% in FY2023.

Restatements:

As part of Kenanga's ongoing efforts to strengthen the accuracy and consistency of climate-related disclosures, we have restated our FY2023 financed and facilitated emissions following updates to the methodology, data inputs and classification processes. This ensures data comparability between FY2023 and FY2024.

In addition, the PCAF data quality scores presented have been clarified and revised to align with the derived calculations. These refinements demonstrate Kenanga's continued commitment to enhancing data integrity, strengthening climate-related reporting practices and ensuring transparent, decision-useful disclosures for stakeholders.

For FY2023, financed emissions across all asset classes have been restated and updated following refinements to the emissions factors. These adjustments resulted in an approximate 2.5% increase in total financed emissions, providing a more representative estimation of portfolio-related emissions.

For the FY2023, we updated the facilitated emissions factors to better reflect sectoral data quality score 5, which led to a 38.8% decrease in total facilitated emissions for equity and debt capital market activities.

For FY2023, errors in market capitalisation data were addressed, along with corresponding updates to emissions factors, resulted in an 82.8% decrease in total portfolio emissions.

For more information on the Group's approach on its financed, facilitated and portfolio emissions, please refer to Supplementary Methodology Note for Calculating Scope 3 Category 15 Investments Emissions (2025).

Other Environmental-related Initiatives

GRI 306-1, 306-2, 306-3, 306-5

Paper Consumption and Waste Management

We adopt responsible waste management practices across our operations, with a focus on the handling and disposal of general waste, IT assets and confidential documents. Our practices are guided by the Group's Retention, Archiving and Destruction Policy and the PDPA Data Access and Retention Procedures to ensure ethical, secure and responsible disposal.

Reducing Our Paper Waste

We are committed to minimising our environmental impact, particularly through the reduction of paper consumption in our office operations. To support this commitment, we implement ongoing digitalisation initiatives, complemented by employee awareness efforts to promote a zero-waste workplace culture.

In addition to internal measures, we have implemented client-facing initiatives to reduce paper usage. As part of this efforts, monthly paper-based statements are no longer issued via postal delivery to clients with no account activity. For inactive clients, statements are now issued on a semi-annual basis.

To further reduce paper consumption, we continue to transition clients from physical monthly statements of accounts to electronic statements ("**e-statements**"). As of December 2025, a total of 165,430 clients had adopted e-statements, representing an adoption rate of 63.23%.

	2023	2024	2025
Estimated Total Paper Purchased (kg)	17,339	16,190	**15,802**

Electronic Waste ("E-waste") Management

E-waste arising from end-of-life IT assets represents another primary waste stream generated by our office operations. We engage a licensed IT asset destruction agency to carry out the secure destruction of IT assets.

Upon completion of the destruction process, a Certificate of Destruction is issued by the licensed agency, providing assurance that all e-waste has been managed in accordance with applicable security and compliance standards.

Other Office Waste

In addition to paper waste and e-waste, we monitor other types of office waste, including carton boxes and aluminium cans. These materials are recycled through appropriate waste management channels as part of our broader waste monitoring efforts.

During the year, we responsibly disposed of 61,621 kg of waste through our recycling and destruction process. The increase in paper disposal in 2025 was driven by a one-off clean-up of legacy documents to ensure proper records management and reduce storage costs.

Waste Generated

	2023	2024	2025
Total Waste Generated (kg)	32,876	36,244	**61,621**
Total Waste Directed to Disposal (kg)	32,876	36,244	**61,621**
General Waste Collected and Recycled by Type (kg)	9,758	10,475	**6,530**
Paper	9,675	10,415	**6,495**
Plastic	13	0	**0**
Aluminium Cans	64	60	**35**
Others	6	0	**0**
IT Assets and Paper Collected and Our Disposed by Type (kg)	23,118	25,769	**55,091**
Paper	19,334	7,602	**48,832**
e-Waste	3,784	18,167	**6,259**

Water Management

GRI 303-5

We recognise that water resources are finite and are committed to managing them responsibly. We source our water from municipal supplies and use it primarily for sanitation and general office cleaning. Additionally, we remain focused on monitoring and improving water efficiency across our operations.

In 2025, we recorded total water consumption of 43,706.5 m^3, compared to 40,577.3 m^3 in 2024. This represents a 12% increase in water consumption at Kenanga Tower and a 11% decrease across the Group's branch offices. The increase in water consumption at Kenanga Tower in 2025 was attributed to a defective water pump that resulted in continuous water flow and a flooding incident. The issue has since been rectified and corrective measures have been implemented to prevent recurrence.

Water Consumption (m^3)	2023	2024	2025
Total Water Consumption	42,208.1	40,577.3	**43,706.5**
- Kenanga Tower	33,307.0	33,019.0	**36,977.0**
- Branch Offices	8,901.1	7,558.3	**6,729.5**

FY2025 #GreenAtWork: Small Acts, Big Impact

Our #GreenAtWork campaign continued to promote environmental awareness and sustainable workplace practices among employees nationwide. Running from April to November 2025 and guided by the theme of "Small Acts, Big Impact", the initiative highlighted how everyday actions can collectively support a circular economy and meaningful environmental change.

Since 2017, #GreenAtWork has evolved into a hybrid initiative that combines virtual and physical activities aligned with global environmental milestones, including Earth Hour, World Earth Day, and World Environment Day. In 2025, we marked our 16th consecutive year of supporting Earth Hour by switching off lighted signage and non-essential lighting across our premises, reflecting our long-standing commitment to environmental stewardship. Our plastics trade-in initiative also resulted in the collection of over 220kg of recyclable plastics, reinforcing our focus on waste reduction, circularity and responsible consumption.

Throughout the campaign, we delivered a series of educational and hands-on activities in collaboration with sustainability-focused partners. With SunwayXFarms, employees explored sustainable sourcing, local food systems and food labelling through a DIY salad workshop. In partnership with San Francisco Coffee, our Plastic-Free Day encouraged the reduction of single-use plastics by offering complimentary beverages to employees who brought their own mugs. Through MAEKO, employees were introduced to composting techniques and the role of food-waste reduction in minimising landfill impact. A firefly nature walk with Friends of Bukit Kiara further deepened awareness of local biodiversity and ecosystems. Across these activities, the campaign recorded 818 participations. Together, these efforts strengthened a well-rounded approach to sustainability and encouraged sustained employee participation.

The 2025 #GreenAtWork campaign continued to translate awareness into sustained action, reinforcing our efforts to embed environmental consciousness into everyday workplace behaviour.

Kenanga's Decarbonisation Roadmap

We developed a Decarbonisation Roadmap in 2025 to guide our overall strategy in managing and reducing our GHG emissions. As we advance, we aim to complement our reduction goals by setting quantitative, sector-specific GHG emission reduction targets, while continuing to monitor emissions across all scopes in coverage. Guided by the outcomes of our integrated climate assessments and investment-related emissions, we will prioritise high-emitting sectors, strengthen data quality and progressively establish science-aligned decarbonisation targets as methodologies and portfolio-level insights mature.

Kenanga's Decarbonisation Roadmap

We are dedicated to managing our portfolio and operational emissions to support the transition to a low-carbon economy. Our decarbonisation approach focuses on mitigating climate-related risks and leveraging decarbonisation opportunities to create shared value for our stakeholders.

The Approach	**STRATEGIC PILLAR 1: Emissions Management**	Manage and reduce GHG emissions footprint through clear strategies and continuous monitoring.
	STRATEGIC PILLAR 2: Strategic Partnerships	Partner with stakeholders to accelerate sector-wide climate action.
	STRATEGIC PILLAR 3: Operational Efficiency	Optimise energy use, adopt renewables, and enhance sustainability across operations.
	STRATEGIC PILLAR 4: Climate Resilience	Integrate climate considerations into investment and lending to drive portfolio decarbonisation.

Levers to Decarbonisation

	Short-Term (1 to 5 years)	**Mid-Term (5 to 10 years)**	**Long-Term (> 10 years)**
Scope 1 (Direct Emissions – Fleet)	Transition to low-emission vehicles and optimise fleet operations to reduce fuel consumption.	Explore options to expand the use of electric vehicles (EVs) across the fleet.	Aim for a fully electric fleet to ensure zero emissions from the Group-owned vehicles.
Scope 2 (Indirect Emissions – Electricity)	Review and enhance current energy-efficient technologies to reduce electricity consumption.	Explore options to increase the renewable energy mix in electricity sourcing.	Shift to 100% renewable energy sourcing for all electricity needs across operations.
Scope 3 (Value Chain Emissions – Categories 6, 7, 15)	Promote sustainable business travel policies and encourage eco-friendly commuting options for employees.	Engage with suppliers and clients to develop transition plans and reduce emissions through low-carbon solutions and collaborations.	Monitor reduction targets in value chain emissions by targeting high-emitting sectors and scaling sustainable practices across the entire supply chain.
Approach to Residual Emissions	Explore utilising carbon offsetting mechanisms to offset residual emissions.		

Key Enablers	Enhance data collection, analysis, and reporting capabilities	Adopt advanced technologies and innovative solutions	Engage and enable suppliers, clients, and partners	Capacity Building

FUTURE OUTLOOK

We will continue advancing our decarbonisation agenda by deepening engagement with clients and suppliers to drive emissions-reduction initiatives and broaden adoption of lower-carbon practices. Although we have not yet set quantified reduction targets, we continue to closely track GHG trends and performance indicators, with formal targets to be established following our upcoming targeted engagement exercise.