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ENVIRONMENTAL STEWARDSHIP

We are fully committed to promoting a climate-positive culture and reducing our carbon footprint. We recognise the urgency of the climate crisis and believe that we have a responsibility to take action. We integrate climate-related risk considerations into all aspects of our business operations and continuously seek ways to minimise our environmental impact.

MATERIAL TOPICS:

Climate Impact

Goal 1

Accelerate enterprise decarbonisation.

Goal 2

Build awareness, knowledge and skills needed to enable employees and stakeholders, to contribute positively to climate actions.

UN SDGs

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WHY IT MATTERS

Enhancing environmental stewardship is pivotal in conserving resources and mitigating environmental impact. Practices such as energy efficiency not only reduce operational costs but also lower carbon emissions, thereby helping in the fight against climate change. Moreover, ensuring water resource efficiency plays a vital role in conserving water, particularly in regions facing water scarcity challenges. Finally, advocacy for sustainability contributes to fostering broader societal change through educational initiatives and policy influence. We acknowledge its impact and role in facilitating the transition to a low-carbon economy. Aligned to our national ambition, the Group is committed to achieving net-zero emissions by 2050.

OUR APPROACH

We adopt a pragmatic approach to addressing climate impact that incorporates the management of climate-related risk factors across our business activities, products and services, as well as the reduction of environmental impact from our operations.

We continuously strive to reduce the carbon footprint of our operations where possible and minimise wastage throughout our value chain to reduce the adverse impacts on the ecosystem and biodiversity. Our vendors are also expected to adopt sustainable business practices as guided by our Group Code of Conduct for Vendors.

We encourage our employees to use resources responsibly, including electricity, water and paper. Our month-long interactive campaign, #GreenAtWork, is designed to raise awareness amongst our employees on the need to adopt an environmentally friendly mindset.

Kenanga Tower Wins 'Energy-Efficient Retrofitted Building' at National Energy Awards 2023

We are delighted to announce our win of the 'Energy Efficient Building in the Retrofitted Building' category at the esteemed National Energy Awards ("**NEA**") 2023. This prestigious recognition, conferred by the Ministry of Natural Resources, Environment, and Climate Change in collaboration with the Malaysian Green Technology and Climate Change Corporation, marks the culmination of dedicated efforts throughout the last two (2) years.

Through a collaborative partnership with a Malaysian-based climate tech company, we implemented an advanced AI solution in the central air conditioning ("**AC**") system, which significantly contributes to Kenanga Tower's energy consumption. This overhaul, along with upgrades to the Air Handling Unit ("**AHU**") and installation of energy-efficient lighting throughout the premises, resulted in an overall energy reduction in 2022.

As we reflect on the progress we have made in such a short period of time, we reaffirm our commitment to continue driving sustainable practices and positive change within our enterprise and industry. We also remain steadfast in our pursuit of excellence and are committed to fostering a greener, more sustainable future for all.

The Kenanga Group Procurement and Administration Team who continue to spearhead transformative initiatives to improve Kenanga Tower's energy efficiency.
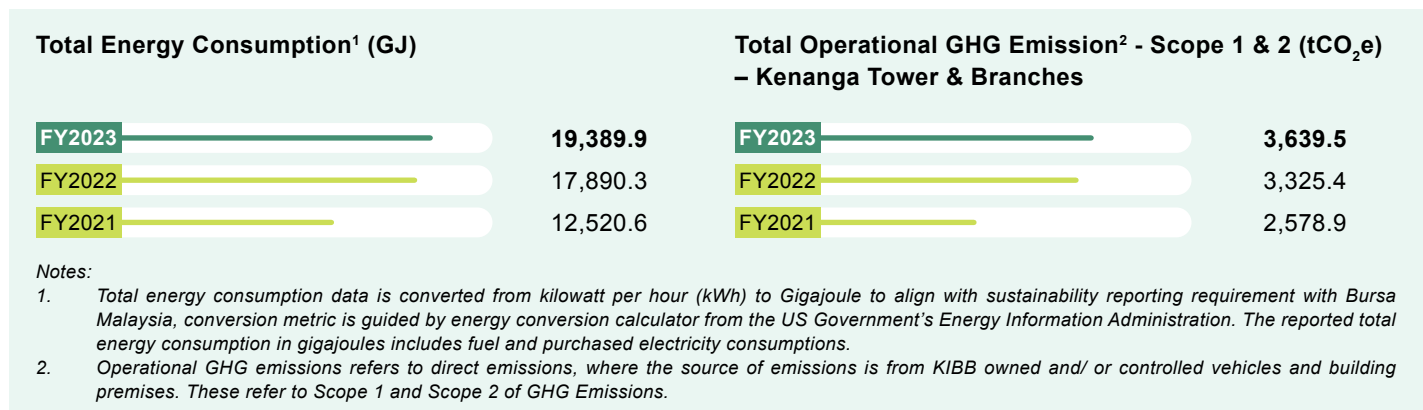
MANAGING OUR   GOOD   SUSTAINABLE   ENVIRONMENTAL   EMPOWERING PEOPLE   APPENDIX   61
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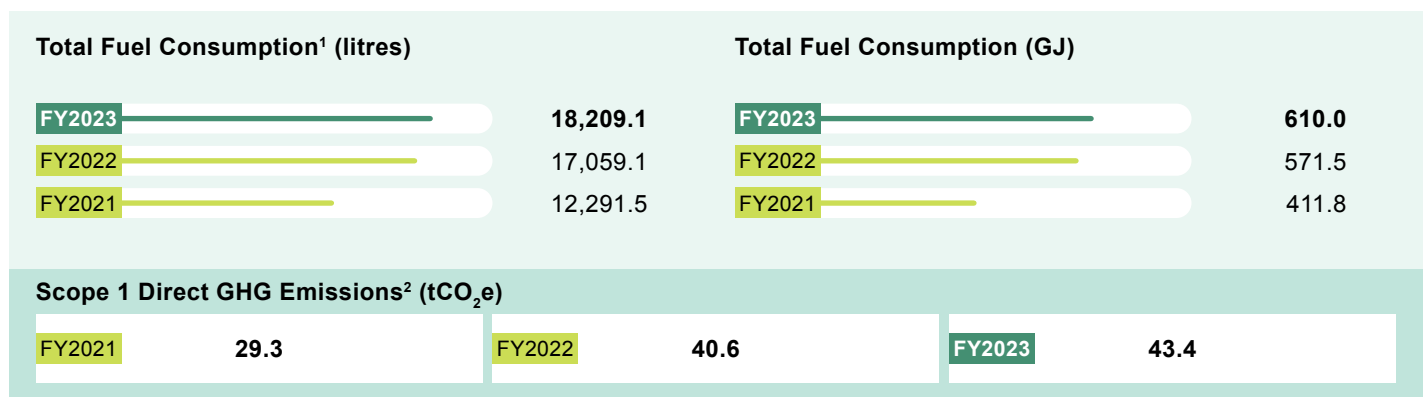**Energy Management & Greenhouse Gas Emissions ("GHG Emissions")**

We continuously monitor our energy management which includes electricity and fuel consumption to identify opportunities to improve our energy efficiency. Following the completion of the enhancements made to the AC and AHU systems, we transitioned into the monitoring phase in 2023.

As we continue to track and monitor the Group's GHG emissions, we derived our Scope 1 GHG emissions from fuel consumption data of company-owned vehicles, while our Scope 2 emissions calculations for 2023 are based on purchased electricity consumption throughout Kenanga Tower ("**KT**") and our branch offices. For Scope 3, we continue to monitor our GHG emissions to track emissions generated from business travel, employing the spend-based method. Aligned with our Sustainability Roadmap 2023-2025, we have expanded our Scope 3 GHG emissions data to also include emissions generated from employee commuting, measured using a distance-based method.

Following sections showcases our energy consumption and GHG emissions data:

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

Total Energy Consumption[1] (GJ)		Total Operational GHG Emission[2] - Scope 1 & 2 (tCO$_2$e) – Kenanga Tower & Branches	
FY2023	19,389.9	FY2023	3,639.5
FY2022	17,890.3	FY2022	3,325.4
FY2021	12,520.6	FY2021	2,578.9

Notes:
1. *Total energy consumption data is converted from kilowatt per hour (kWh) to Gigajoule to align with sustainability reporting requirement with Bursa Malaysia, conversion metric is guided by 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 KIBB owned and/ or controlled vehicles and building premises. These refer to Scope 1 and Scope 2 of GHG Emissions.*

Total Fuel Consumption & Scope 1 - Direct GHG Emissions

In 2023, we observed a 6.7% rise in fuel consumption compared to FY2022 resulting an increase in our Scope 1 direct GHG emission. This increase can be attributed to increased corporate travels in recent years, as business activities resumed to pre-pandemic normalcy.

Total Fuel Consumption[1] (litres)		Total Fuel Consumption (GJ)	
FY2023	18,209.1	FY2023	610.0
FY2022	17,059.1	FY2022	571.5
FY2021	12,291.5	FY2021	411.8

Scope 1 Direct GHG Emissions[2] (tCO$_2$e)

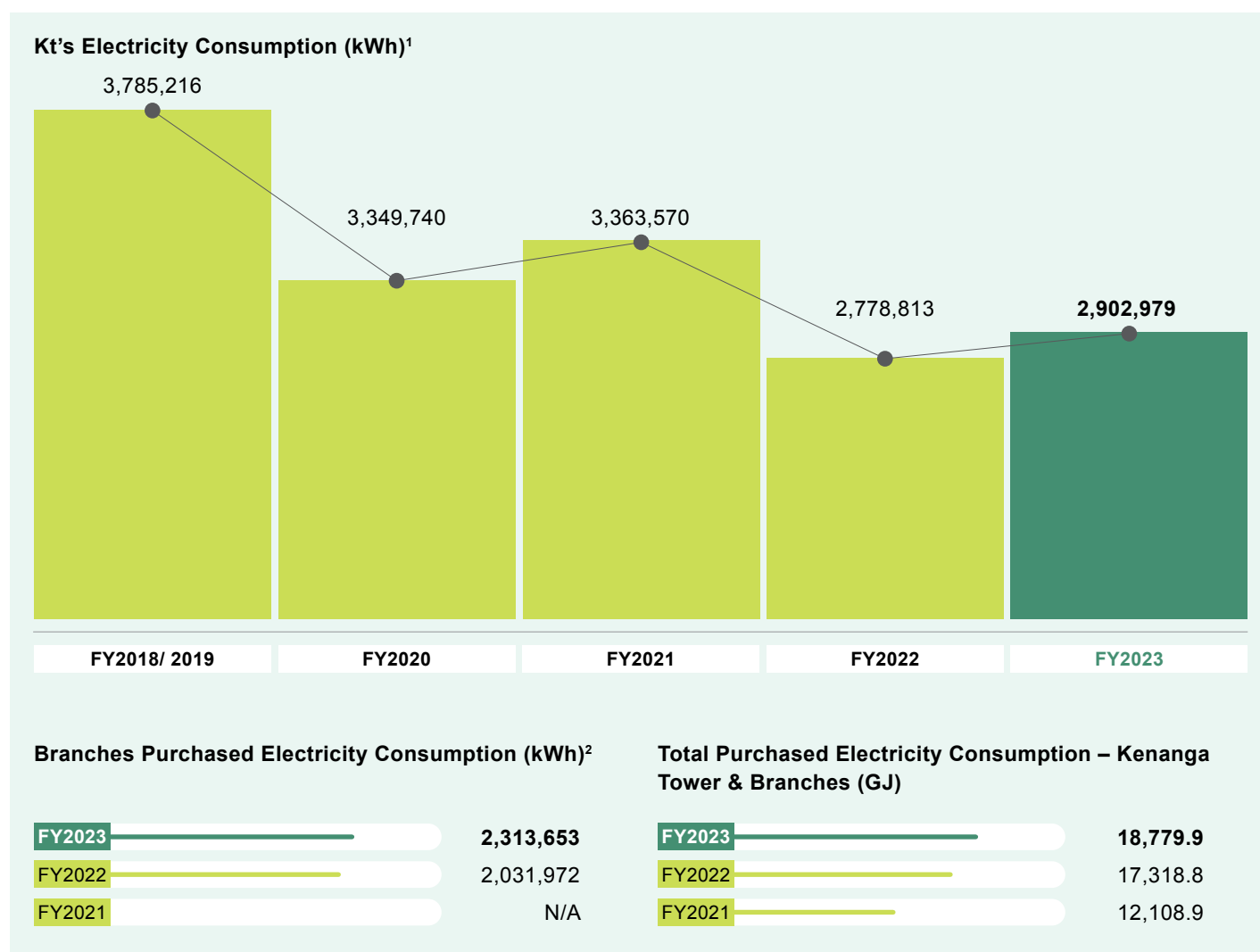| FY2021	29.3	FY2022	40.6	FY2023	43.4

Notes:
1. *The fuel consumption data consists of petrol consumption data as all KIBB-owned vehicles use petrol.*
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.*

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Total Purchased Electricity Consumption & Scope 2 – Indirect GHG Emissions

In 2023, our overall total electricity consumption for both Kenanga Tower and branches were 5,216,632 kWh compared to 4,810,785 kWh the year before. This slight augmentation was largely driven by the resumption of work in office, increased in business activities and multiple renovation works.

Through our energy-efficient enhancement efforts since 2021, we were able to achieve a 23% reduction of overall Kenanga Tower's electricity consumption in 2023 compared to the baseline year – the average of 2018 and 2019 electricity consumption. This anomaly in comparison is attributed to the impact of the COVID-19 pandemic, which significantly affected energy usage patterns and consumption in office buildings during those years.

Total Purchased Electricity Consumption (kWh)

Kt's Electricity Consumption (kWh)[1]

FY2018/ 2019	FY2020	FY2021	FY2022	FY2023
3,785,216	3,349,740	3,363,570	2,778,813	2,902,979

Branches Purchased Electricity Consumption (kWh)[2]

FY2023	2,313,653
FY2022	2,031,972
FY2021	N/A

Total Purchased Electricity Consumption – Kenanga Tower & Branches (GJ)

FY2023	18,779.9
FY2022	17,318.8
FY2021	12,108.9

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Scope 2 - Indirect GHG Emissions[3]

Scope 2 Indirect GHG Emissions[4] (tCO_2e) – Kenanga Tower only

FY2023	**2,200.5**
FY2022	2,106.3
FY2021	2,549.6

Scope 2 Indirect GHG Emissions[4] (tCO_2e) – Branches only

FY2023	**1,395.6**
FY2022	1,178.5
FY2021	N/A

Total Scope 2 Indirect GHG Emissions (tCO_2e) – Kenanga Tower & Branches

FY2023	**3,596.1**
FY2022	3,284.8
FY2021	2,549.6

Notes:
1. *Data restatement for FY2021, from 3,181,757 kWh to 3,363,570 kWh as there were data correction made upon improvement of our data collection process.*
2. *Data collection for purchased electricity for branches only commenced in FY2022, hence no data available for FY2021.*
3. *Scope 2 emissions figures are derived from purchased electricity consumption throughout Kenanga Tower and our branch offices, converted using emissions factors for the Malaysian Peninsular, Sabah and Sarawak. Scope 2 emission factors were sourced from the Malaysia Energy Commission – Grid Emission Factor in Malaysia, 2017-2021.*
4. *Scope 2 data for both Kenanga Tower and Branch Offices were restated for FY2021 and FY2022 due to revision of the emission factors and purchased electricity data changes due improvement of our data collection process.*

Scope 3 – Other Indirect GHG Emissions

Scope 3 GHG Emission – Business Travel for Kenanga Group (tCO_2e)

FY2023	**444.8**
FY2022	210.9
FY2021	187.7

Scope 3 GHG Emission – Employee Commuting from Employees Nationwide (tCO_2e)
New Data Point

FY2023	**4,320.4**

Notes:
1. *Activity data for Scope 3 Business Travel is obtained from the total fuel consumption from employee-owned vehicles and e-hailing cars only, using the price of Ron-95 fuel. These data are 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 between to and from their office. The distance-travelled is then converted using EPA's 2023 Emission Factors Hub – Table 10 Scope 3 Category 7: Employee Commuting. This data collection started in FY2023, hence no data available for FY2021 and FY2022.*

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Paper Consumption and Waste Management

The waste we predominately generate include paper and electronic waste ("**e-waste**"). The proper disposal of office waste is a vital component of minimising our environmental impact as we aim to reduce our paper consumption through our digitalisation efforts and building awareness of a zero-waste culture amongst our employees. In addition to reporting on our paper consumption data, we have further enhanced our waste monitoring by including other types of office waste, which include paper, carton boxes, aluminium tins, e-waste and plastic.

Paper Consumption

Estimated Total Paper Purchased (kg)

FY2023	**17,339**
FY2022	18,935
FY2021	23,342

Note:
Data restatement for FY2021 and FY2022 as there were data correction made upon improvement of our data collection process to include branches data for a more comprehensive data.

We continue to migrate clients from physical monthly statements of accounts to e-statements. In 2023, a total of 149,721 clients have migrated to e-statements, with an e-statement adoption rate of 57.7%. As part of our ongoing efforts to reduce paper-based postal statements, we have adopted the practice of not sending monthly statements for clients using postal delivery who have had no transactions in their accounts. For inactive clients, statements will only be posted on a semi-annual basis.

Responsible Waste Management

As we aim to adopt responsible waste management practices within our operations which include managing our general waste, IT assets and confidential documents, we have partnered with a local recycling centre and a licensed IT asset destruction agency. In 2023, we have responsibly disposed 32,876kg of our wastes which include IT assets, confidential documents and other general office wastes.

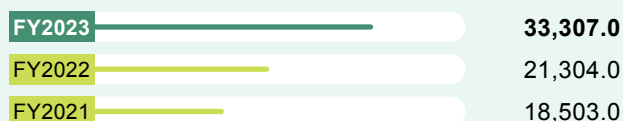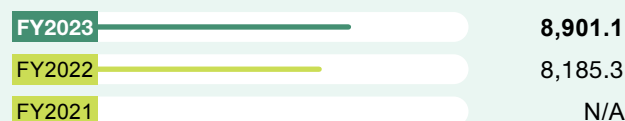| 2022				**2023**			
Total Waste Generated (kg)			19,974	**Total Waste Generated (kg)**			**32,876**
Total Waste Directed to Disposal (kg)			19,974	**Total Waste Directed to Disposal (kg)**			**32,876**
General Waste Collected and Recycled by Type (kg)			9,059	**General Waste Collected and Recycled by Type (kg)**			**9,758**
Paper	Plastic	Aluminium Tins	Others	Paper	Plastic	Aluminium Tins	Others
8,945	77	31	6	**9,675**	**13**	**64**	**6**
IT Asset and Paper Collected and Our Disposed by Type (kg)			10,865	**IT Asset and Paper Collected and Our Disposed by Type (kg)**			**23,118**
Paper		e-Waste		Paper		e-Waste	
8,980		1,935		**19,334**		**3,784**	

This approach aligns with the guidelines outlined in the Group's Retention, Archiving and Destruction Policy and the PDPA Data Access and Retention Procedures, ensuring the responsible disposal of paper and e-waste. Upon destruction of our IT assets, we were issued with a Certificate of Destruction by a licensed local agency, providing assurance of secure and ethical disposal.

Looking ahead, our focus is on continuous improvement in waste management systems through enhanced monitoring and proactive stakeholder engagement to raise awareness about circularity.

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Water Management

We aim to manage our water consumption and consistently explore opportunities to improve our water usage efficiency. In 2023, our overall total water consumption was 42,208.1 m^3 compared to 29,489.3 m^3 the year before. We recorded an increase of 56.3% in our water consumption at Kenanga Tower, which directly correlated to the resumption of our employees working in the office, as well as renovation works at the lobby of Kenanga Tower, and rectification works on multiple leakage incidents.

Water Consumption – Kenanga Tower (m^3)

Year	Value
FY2023	33,307.0
FY2022	21,304.0
FY2021	18,503.0

Water Consumption – Branch Offices (m^3)[1]

Year	Value
FY2023	8,901.1
FY2022	8,185.3
FY2021	N/A

Total Water Consumption – Kenanga Tower & Branches (m^3)

Year	Value
FY2023	42,208.1
FY2022	29,489.3
FY2021	18,503.0

Notes:
1. Data restatement for FY2022 as there were data correction made upon improvement of our data collection process. Data collection for water consumption for branches only commenced in FY2022, hence no data available for FY2021.
2. Water consumption data for our branch offices exclude KIBB – Damansara, Johor Bahru – Menara Pelangi, Penang-Menara PSCI, Subang Jaya, Kota Kinabalu; and KIB – Penang-Menara Boustead, Kuching, Miri, and Bukit Jalil Agency Office. This exclusion is due to the unavailability of bills and the charging of a fixed monthly amount within the rental agreements.

Promoting Environmental Awareness - #GreenAtWork

Since 2017, we conducted **#GreenAtWork** annually - a month-long interactive campaign, in conjunction with World Earth Day to increase environmental awareness amongst our employees. The campaign aims to promote sustainable practices and encourage our employees to adopt a more environmentally friendly lifestyle.

In 2023, the event garnered participation from over 800 employees. To engage our employees effectively, we deployed virtual interactive learning events featuring educational pop quizzes, games and immersive learning initiatives such as environmental workshops.

The workshops were conducted in collaboration with non-governmental environmental organisations, EcoKnights, Free Tree Society and Repurpose Plastics. During these sessions, we encouraged our employees to learn about ways to repurpose plastics and participate in our plant adoption drive. These initiatives aimed to inspire our employees to embrace green practices in their daily lives.

We have also been participating in Earth Hour for the past 14 years by switching off lighted signages and non-essential lights in our premises nationwide.

Future Outlook

In the coming period, we will continue to monitor the Group's environmental footprint and explore opportunities to manage our resources efficiently. Concurrently, we strive to enhance advocacy efforts through employee awareness programmes, promoting the sustainable use of resources. Furthermore, we aim to develop a Net Zero Roadmap that also covers the Group's decarbonisation efforts focusing on both enterprise and portfolio level.