

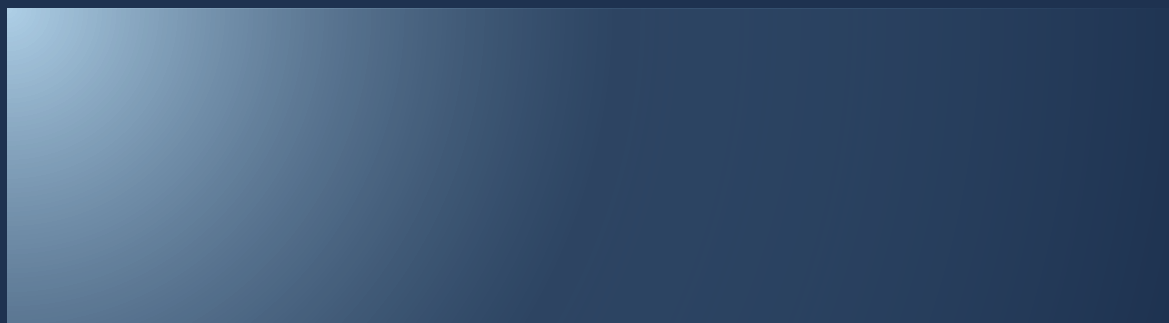


Global Compact
Network
Malaysia & Brunei

Strengthening ESG Governance for Sustainable Business Performance

A Case Study of

Kenanga



Knowledge Partner:



Sunway
**BUSINESS
SCHOOL**

Kenanga Investment Bank Berhad

A leading financial institution strengthening its sustainability performance through structured governance, enhanced disclosures, and measurable climate action



Kenanga Investment Bank Berhad is a publicly listed financial services provider guided by four core values — agility, collaboration, trustworthiness, and future-facing ambition. These values underpin the organisation's approach to navigating a dynamic financial landscape while delivering performance with integrity and driving responsible, long-term growth.

Kenanga's sustainability journey stands out for its structured, governance-led approach to strengthening climate-related disclosures and operational efficiency, which has resulted in consistent improvements in external ESG assessments, including its FTSE4Good Climate Change Score.

This case study highlights how Kenanga strengthened its ESG governance, frameworks, and climate transparency to advance sustainable business performance.

Company At A Glance

- Industry: Financial Services
- Headquarters: Kuala Lumpur, Malaysia
- Malaysian Workforce: Over 1,300

The Challenge

Strengthening ESG Governance to Meet Rising Expectations

Kenanga faced growing expectations from regulators, investors, and clients to strengthen its climate governance and disclosure practices. As climate-related reporting frameworks such as TCFD, IFRS S2, and PCAF became increasingly central to financial sector transparency, the organisation recognised the need to enhance its internal systems, data capabilities, and governance structures.

At the same time, operational inefficiencies—particularly the need to improve energy performance at Kenanga Tower—reinforced the importance of embedding environmental stewardship into business operations. Internally, the company sought to build stronger alignment across departments and ensure that climate action was understood as a strategic and economic imperative.

Collectively, these internal and external pressures shaped Kenanga's ESG priorities and motivated the organisation to strengthen its ESG governance, elevate disclosure quality, and drive systematic improvements that contributed to the steady rise in its FTSE4Good Climate Change Score.

The Action

Building on its sustainability ambitions, Kenanga implemented structured actions across governance, operations, disclosures, and stakeholder engagement to strengthen its ESG framework and climate-related performance.

1. Strengthening Governance

Established in 2021 and led by the Group Managing Director, the Kenanga Group Sustainability Management Committee serves as the Group's highest senior management committee dedicated to driving ESG integration. Comprising key leaders from across business units and operations, it is responsible for defining strategic direction, setting measurable targets, and formulating policies such as the Group Sustainability Policy to embed sustainability into both business strategies and operational practices. Acting as a critical link between the Board and the organization, the Committee spearheads initiatives on climate risk management in alignment with regulatory frameworks, including the National Sustainability

Reporting Framework, while promoting ethical business conduct and responsible investing. Reinforced by sub-committees and working groups, this governance structure reflects Kenanga's commitment to resilience, accountability, and sustainable growth across its four pillars: Good Governance, Sustainable Economic Growth, Environmental Stewardship, and Empowering People and Communities. To institutionalise sustainability across the organisation, Kenanga launched its Group Sustainability Policy in 2024 and Group Sustainability Risk Management Framework.

2. Driving Operational Sustainability

To reduce energy consumption and enhance operational efficiency at Kenanga Tower, the organisation implemented a series of upgrades, including integration of an AI-powered solution for the central air-conditioning system, upgraded air-handling units, and LED retrofits. Kenanga also advanced its clean energy transition by ensuring that Kenanga Tower now sources 100% of its electricity from renewable energy under the TNB's Green Electricity Tariff scheme, installation of rooftop solar, EV charging stations and purchase of electric vehicles for the company fleet to encourage low-carbon mobility.

3. Enhancing ESG Reporting and Disclosures

Kenanga strengthened its climate-related disclosures through the Climate Change Risk Management Framework in 2022, publication of its Three-Year Sustainability Roadmap (2023–2025), the introduction of its Decarbonisation Roadmap in 2024, the formulation of a Group Sustainability Risk Management Framework and the establishment of the Sustainability Working Group in 2025. Further, Kenanga continue to enhance its sustainability disclosures through a

structured approach that includes annual gap assessments against regulatory requirements and rating agency expectations. This is complemented by ongoing updates on data collection progress and alignment with evolving reporting standards and stakeholder expectations. The process is anchored in close collaboration with operational reporting leads to reinforce disclosure requirements and ensure consistency across all sustainability frameworks, underscoring the Group's commitment to transparency and accountability. These efforts support more consistent reporting, improved data governance, and greater alignment with leading frameworks.

4. Fostering Stakeholder Engagement

The Group deepened awareness and encouraged behaviour change through employee-focused initiatives, including the annual #GreenAtWork campaign which features interactive learning activities to encourage employees to embrace sustainable lifestyles, Sustainability Day that includes interactive panel sessions and workshops to raise awareness on sustainable business practices and strengthen partnerships with our suppliers, and the ThinkIMPACT 2025, an inaugural sustainability campaign themed "Leading with Purpose, Inspiring Sustainable Impact," launched in August 2025 to drive environmental, social, and governance (ESG) awareness. The initiative includes workshops on impact storytelling, panel sessions on decarbonisation, and engagement sessions for vendors on sustainable, actionable ESG strategies.

Enablers for Sustainable Performance and Impact



Leadership & Culture

The Board and Senior Management provided strategic direction, governance oversight, and resource allocation to embed sustainability into Kenanga's core business and support successful implementation across functions. Complementing this, the formation of the Group Sustainability Management Committee, which is responsible for establishing the Group's sustainability direction, strategies and targets to drive the implementation of Kenanga's ESG strategy.



Strategy

Kenanga's environmental initiatives, such as climate risk management and transition to clean energy sources, are anchored in its corporate values of collaboration, long-term resilience, stakeholder trust, and responsible growth, reinforcing sustainability as a driver of business relevance and performance.



Process

Implementation is guided by the Group Sustainability Policy, Kenanga's ESG Framework guided by materiality assessments, the Three-Year Sustainability Roadmap (2023–2025), and the Decarbonisation Roadmap, ensuring structured planning and coordinated execution.



Governance

Climate and sustainability governance is overseen through committees at Group, Board, and management levels, covering risk, compliance, implementation, and climate-related exposures to ensure accountability and clear oversight lines.



Resources

Initiatives were supported through internal budget allocations, with capital expenditure committed to infrastructure and system upgrades and operational improvements at Kenanga Tower.



People

ESG Key Performance Indicators (KPIs) form part of the Balanced Scorecards for key roles across the Group. The establishment of the Sustainability Working Group (SWG) drives integration and communication of sustainability strategies and leads targeted capacity-building for IFRS S1 and S2 readiness.



ESG Data

ESG data and metrics inform the Group's emissions profile and support decision-making for energy-efficient upgrades at Kenanga Tower as well as the development of the Decarbonisation Roadmap.



Digital Transformation

Kenanga adopts Bursa's Centralised Sustainability Intelligence (CSI) Platform for supplier disclosures and uses its iLeap digital workflow system to automate processes, reduce printing, and enhance operational efficiency. In addition, the Group continues to expand our digital offerings of products and services while prioritising cybersecurity measures to safeguard our data and ensure secure and efficient business operations.



Partnerships & Stakeholder Engagement

Engagement with Board members, senior management, employees, and suppliers through targeted capacity building activities, materiality assessment, and partnerships with various organisations to foster awareness, collaboration, and shared ownership of sustainability goals.

Overcoming Barriers

Data Availability for Scope 3 Emissions

Data availability from third party, particularly for Scope 3 emissions, remained a key challenge due to the need for coordinated inputs from multiple departments and varying levels of readiness across different functions. Collecting accurate and comprehensive data required ongoing engagement, capacity-building, and clearer internal processes.

To address this, Kenanga established the Sustainability Working Group (SWG), comprising key sustainability data owners across the Group. The SWG serves as the central coordination point for sustainability reporting, improving cross-departmental collaboration, strengthening data consistency, and enhancing accountability for emissions disclosure.

In 2025, the SWG's capability was further supported through a ThinkIMPACT engagement session titled "Impact Storytelling for

Sustainability." The interactive workshop helped members build awareness and practical skills for communicating sustainability information, reinforcing alignment and easing the data collection and reporting process.



Impacts & Results

Kenanga's continued progress in environmental performance is reflected in the steady improvement of its FTSE4Good Climate Change score, a globally recognised benchmark for ESG practices. In December 2025, the Group's FTSE4Good overall ESG score is at 4.3. Meanwhile, the Group's ESG score for the environment pillar increased from 1.0 in September 2022 to 2.0 in December 2022, and further to 3.0 in both 2023 and 2024. This progress is supported by tangible operational, disclosure, and governance advancements across the organisation.

1. Energy Efficiency as a Driver of Performance

Operational upgrades at Kenanga Tower delivered measurable reductions in electricity consumption and supported the transition to clean energy.

Key results include:



18.5% reduction in electricity consumption

(vs. 2018–2019 baseline, as of Dec 2024)



Sourced 100% of electricity from renewable energy sources for Kenanga Tower from 2025 onwards through the subscription to **TNB's Green Electricity Tariff (GET)**

Achieved energy efficiency optimisation at Kenanga Tower through:

- **AI-powered solutions for HVAC**
- **AHU upgrades**
- **LED retrofits**
- **Installation of rooftop solar**
- **EV charging stations**



2. National-Level Recognition Reinforces Progress

Kenanga's energy-efficiency achievements earned external validation, strengthening confidence in the Group's environmental initiatives.

Key recognition:



Winner of the **National Energy Awards (NEA) 2023** in the **Energy Efficient Building – Retrofitted Building** category



3. Strengthened Procurement Influence and Clean Energy Adoption

Operational outcomes and improved ESG performance strengthened the business case for sustainable procurement and reinforced momentum toward low-carbon operations.

Notable outcomes:

- **Improved FTSE4Good score and NEA recognition directly supported internal advocacy for clean energy adoption**
- **The Group formally subscribed to the Tenaga Nasional Berhad's Green Electricity Tariff scheme, securing a transition to fully renewable energy sources for electricity supply at Kenanga Tower**
- **Purchase of electric vehicles for company vehicle fleet to support low carbon mobility**

4. Enhanced Climate Strategy and Risk Management

Kenanga strengthened its climate strategy by expanding emissions disclosures and aligning with global frameworks.

Key actions:



Completed Scope 3 Category 15 (Investments) baselining exercise



Adopted GHG emissions calculation methodologies aligned with GHG Protocol and PCAF

- **Embedded climate risks into the Enterprise Risk Management Framework and alignment with national low-carbon transition objectives**

5. Organisation-Wide Support and Recognition

Cross-functional participation and leadership commitment played an important role in driving progress.

Key outcomes:

- **Strong support from employees, senior management, and the Board enabled smoother implementation of sustainability initiatives**
- **Kenanga received the ESG Business Award 2025 under the Carbon Disclosure Award category for its transparent and proactive disclosure of Scope 3 investment-related emissions**

Key Lessons Learned

1. Build a Strong Internal Foundation

Establishing clear governance structures, supporting policies, and internal processes created the backbone for Kenanga's environmental initiatives. Strengthening internal systems early—particularly data governance and cross-functional clarity—enabled more effective and consistent implementation.

2. Align with Recognised Frameworks to Enhance Credibility

Adopting global standards such as the GHG Protocol, PCAF, and IFRS-aligned disclosures improved the transparency and credibility of Kenanga's climate-related reporting. These frameworks helped the organisation structure its emissions data and strengthen alignment with investor and regulatory expectations.

3. Establish Cross-Functional Coordination

Establishing the SWG would have accelerated implementation and reduced siloed efforts. Involvement of diverse teams would have enhanced identification of opportunities, supported the data collection process, and streamlined initiatives such as energy efficiency upgrades and emissions tracking.

4. Invest in Dedicated Sustainability Resources

Forming a dedicated sustainability team proved crucial for driving policy development, managing reporting processes, and coordinating implementation across departments. Clear roles and resource allocation supported accountability and continuity of the Group's ESG initiatives.

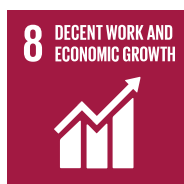
5. Equip People with the Right Skills and Awareness

Capacity-building is essential for sustained progress. Ensuring that relevant employees understand sustainability requirements, data disclosure processes, and climate-related responsibilities helped strengthen internal ownership and improved reporting quality.

Kenanga has been a participant of the UN Global Compact since 2021 and actively leverages its platforms to strengthen sustainability knowledge and awareness across the organisation. The Group has participated in UNGC Academy modules, engagement sessions, and Accelerator programmes, which support capacity-building and deepen understanding of responsible business practices.

The Group aligns its environmental commitments with the UNGC Ten Principles—particularly Principles 7, 8, and 9—which guide its approach to environmental responsibility and the adoption of supportive technologies.

UNGCMYB also collaborated with Kenanga on a ThinkIMPACT engagement session for the Sustainability Working Group, providing insights on effective sustainability communication that supported internal alignment and reporting efforts.



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We are taking progressive and practical steps to advance outcomes that matter to our business and those we serve, strengthening resilient climate strategies at Kenanga. Guided by UNGCMYB and global best practices, these initiatives are aligned with our business priorities, enhancing IFRS compliance readiness, building resilience, and supporting long-term value creation. ”

Chuah Sze Phing

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



THE TEN PRINCIPLES OF THE UNITED NATIONS GLOBAL COMPACT



HUMAN RIGHTS

- 1 Businesses should support and respect the protection of internationally proclaimed human rights; and
- 2 make sure that they are not complicit in human rights abuses.



LABOUR

- 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- 4 the elimination of all forms of forced and compulsory labour;
- 5 the effective abolition of child labour; and
- 6 the elimination of discrimination in respect of employment and occupation.



ENVIRONMENT

- 7 Businesses should support a precautionary approach to environmental challenges;
- 8 undertake initiatives to promote greater environmental responsibility; and
- 9 encourage the development and diffusion of environmentally friendly technologies.



ANTI-CORRUPTION

- 10 Businesses should work against corruption in all its forms, including extortion and bribery.

The Ten Principles of the United Nations Global Compact are derived from: the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.

ABOUT UN GLOBAL COMPACT NETWORK MALAYSIA & BRUNEI

United Nations Global Compact (UNGC) is a strategic policy initiative for businesses that are committed to take actions to advance broader societal goals. UN Global Compact Network Malaysia & Brunei (UNGCMYB), the official country network of UNGC, is the leading advocate for business sustainability action in Malaysia and Brunei. We empower both corporates and SMEs through value-creating initiatives across learning, connections, and enablers to Forward Faster a collective sustainable future. We support Malaysian and Bruneian companies in aligning with the Ten Principles and contributing meaningfully to the Sustainable Development Goals (SDGs), while providing access to partnerships, tools and knowledge sharing to advance responsible business practices.

Talk to us about joining us or visit our website at www.ungcmlyb.org



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