

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 5235SS  
**COMPANY NAME** : KLCC PROPERTY HOLDINGS BERHAD (“KLCCP”) &  
KLCC REAL ESTATE INVESTMENT TRUST (“KLCC REIT”)  
**FINANCIAL YEAR** : December 31, 2022

## OUTLINE:

### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

*Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.*

### **SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

## SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Boards are responsible to our Stapled Securities holders to deliver sustainable growth, also to stakeholders, to achieve the KLCCP Stapled Group's strategic objectives. The Boards' display of their leadership is the emphasis of code of business conduct and compliance of the relevant laws, policies, applicable standards, and guidelines across the Group.</p> <p>The Boards recognised their responsibilities to set group direction of the long-term strategic plans by considering changes in the external environment that impact the performance of KLCCP Stapled Group. The Boards provide effective oversight of the business operation, resource management, and risks through assistance of the respective Board Committees which operate under clearly defined Terms of Reference.</p> <p>The Boards and Boards' Committees' discharge of duties and responsibilities during the financial year ended 31 December 2022 ("FY2022") comprised:</p> <p>(a) <u>Governance and compliance</u></p> <p>Approval for the implementation of the Group Directors' Fit and Proper Policy for the appointment and re-election of Directors.</p> <p>Approval to incorporate the relevant sustainability questions in the Board, Board Committees and Directors' Effectiveness Evaluation for FY2022 ("BEE FY2022").</p> <p>Consideration and review of the FY2022 management activities relating to tracking and reviewing of the ABMS performance applicable to the Group Adequate Procedures established in line with the T.R.U.S.T Principles for the ISO 37001:2016 Anti Bribery Management System ("ABMS").</p>

(b) Business strategy, business planning & budget and financial performance

Reviewed, deliberated, and approved the FY2023 Business Plan and Budget as well as the 4-year Financial Forecasts FY2024 - FY2027 for KLCCP and KLCC REIT.

Considered and deliberated the respective management updates and progress reports relevant to the business operations and undertakings, in particular frequent review of reporting on relevant financial performance progress status of the KLCCP Stapled Group.

(c) Internal control and risk management

Review of the quarterly update on Key Risk Indicator (KRI) and risk appetite results to gain an early insight of any potential risk exposure to KLCCP and KLCC REIT.

Risk Appetite annual review is to ensure the relevant risk statements and thresholds reflect the prevailing changes of both internal and external.

Annual review of Corporate Risk Profile (CRP) in line with the Group Enterprise Risk Management Framework will have the principal risks updated following the review and assessment undertaken.

Appropriate risk management safeguards the KLCCP Stapled Group's investment and key business activities with risk exposures determined as relevant and current and with consideration of any emerging risks and the transition to endemic phase in 2022.

Quarterly review and assessment of the KRI's Results with respect to the FY2022 CRP as recommended by the KLCCP and KLCCRM Board Risk Committee (BRCs). Accordingly, the relevant risks likelihood and impact of the risks have been assessed and evaluated against the KLCCP Stapled Group's risk appetite and tolerance level.

Often, the Boards challenged and provided directions to the Management on issues relating to the principal risks as highlighted by the BRCs. The status of the principal risks and KRI performances are monitored via INTERISK system, a risk management tool which provides comprehensive group overview of board reporting.

(d) Succession planning

Discussed updates on succession management especially on KLCCP Leadership Bench Strength in line with the approved Succession Management Framework.

Discussed the updates on Talent Readiness Assessment and Matching to the identified Success Profiles.

	<p>Discussed the updates on organizational effectiveness review to enhance role demarcation and redefining of the Critical Position Profiles.</p> <p>Reviewed the principles of management staff performance appraisal and overall staff performance reward.</p> <p>(f) <u>Effective communication with stakeholders</u></p> <p>Stakeholders are regularly updated with the performance and results of the KLCCP Stapled Group through engagement and public release of the relevant information which also are available on the KLCCP Stapled Group's corporate website at <a href="http://www.klcc.com.my">www.klcc.com.my</a>.</p>	
<b>Explanation for departure</b> :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b> :		
<b>Timeframe</b> :		

## Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Chairman of the Boards is responsible to lead and manage board performance by providing stewardship, leadership, and guidance. The roles and responsibilities of the Chairman are clearly set out in Appendix A of the Board Charter which is available on the KLCCP Stapled Group's corporate website at <a href="http://www.klcc.com.my">www.klcc.com.my</a>.</p> <p>The Chairman:</p> <p>(a) Leads Board meetings' discussions, allowing sufficient time for deliberations on key issues, and seeks views from the Directors on matters requiring decisions of the Boards.</p> <p>(b) Assisted by the CEO and Company Secretary, set the board meeting agenda for timely dissemination of complete and accurate information to the directors.</p> <p>(c) Chairs the annual general meetings ("AGMs") of KLCCP and KLCC REIT and provides responses to the holders of Stapled Securities on issues raised by them.</p> <p>(d) Instils leadership in promoting and implementing good governance practices across KLCCP Stapled Group. The Chairman makes sure that relevant corporate governance practices are adhered to with reasonable interaction between the Boards and Management in support of the effective decision-making process.</p>
<b>Explanation for departure</b>	:	
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<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.3

The positions of Chairman and CEO are held by different individuals.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The positions of the Chairman and the CEO of KLCCP and KLCCRM are held by two different individuals. The Chairman of the Boards is Tan Sri Ahmad Nizam bin Salleh whilst Datuk Md. Shah bin Mahmood is the CEO.</p> <p>The Board Charter of KLCCP provides that the chairmanship should be held by a Non-Executive Director. The roles of Chairman are distinguished from that of the CEO's with clear division of responsibilities as outlined in the Board Charter. The Board Charter is available on the KLCCP Stapled Group's corporate website at <a href="http://www.klcc.com.my">www.klcc.com.my</a>.</p> <p>The Chairman is primarily responsible for the orderly conduct and function of the Boards as well as ensuring their effectiveness thereof.</p> <p>The CEO has delegated authority from, and is accountable to, the Boards in managing the day-to-day businesses of KLCCP and KLCCRM, implementing the approved policies by the Boards. The CEO is empowered to make decisions for operational matters as defined in the Limits of Authority approved by the Boards.</p> <p>In managing the group business affairs, the CEO is assisted by the Management of KLCCP Stapled Group.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.4

The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p>The Chairman of KLCCP and KLCCRM Boards is Tan Sri Ahmad Nizam Salleh who is not a member of the Nomination and Remuneration Committee ("NRC"), Board Audit Committee ("BAC") and BRC.</p> <p>To instil good corporate governance practice, the Board Charter was revised in 2021 by inclusion of requirement that the Chairman shall not be a member of any Board committees. In addition, there is clear intent that the Chairman is not to be invited to attend any Board Committees' meetings.</p>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

## Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

## Practice 1.5

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Boards of KLCCP and KLCCRM are equipped with adequate resources to carry out their oversight duties and responsibilities effectively. The Boards have unrestricted access to the advice and services of their Company Secretaries. Their Company Secretaries are competent and qualified under Section 235 of the Companies Act, 2016. They support the Boards and assist the Boards and Board Committees to discharge their duties and functions effectively relevantly governance matters. The duties of the Company Secretaries of KLCCP and KLCCRM are delegated to the position by the Directors without derogating from the statutory duties and other legal duties.</p> <p>Mr Yeap Kok Leong is the external Company Secretary of KLCCP and KLCCRM. He is the CEO &amp; Managing Director of Tricor Corporate Services Sdn Bhd (Tricor), a leading company secretarial firm. Tricor provides technical support to the KLCCP and KLCCRM Company Secretariat Department. Mr. Yeap Kok Leong is a Fellow Member of MAICSA, a Member of Malaysian Institute of Accountants, an Associate and Chartered Global Management Accountant from The Chartered Institute of Management Accountants and an ASEAN Chartered Professional Accountant. Mr Yeap Kok Leong's continuous professional development include:</p> <ul style="list-style-type: none"><li>• ADP Partner Executive Convention 2022</li><li>• MAICSA Annual Conference 2022: Challenging The Challenges In Governance</li><li>• MIA International Accountants Conference 2022 – Leading ESG, Charting Sustainability</li></ul> <p>The Boards appointed Ms. Lim Siew Mei to the roles of Company Secretary in KLCCP and KLCCRM also as Compliance Officer of KLCCRM to succeed En. Abd Aziz bin Abd Kadir who retired during the year. She reports directly to the Boards. Ms. Lim Siew Mei is currently the Head Company Secretary in KLCCP. Supplemented by group functions and duties delegated to her in the KLCCP Stapled Group, Ms Lim Siew Mei's parallel role in as Company Secretary and Compliance Officer synonymous with the principal legal and compliance (including corporate governance) officer.</p>



	<p>As the designated Compliance Officer of KLCCRM, Ms Lim Siew Mei is primarily responsible for compliance of the Deed constituting KLCC REIT; Stapling Deed entered amongst KLCCRM, Maybank Trustees Berhad and KLCCP; related and applicable agreements; documents; laws; regulations; rules; official requirements; guidance notes and practices notes in effect imposed by relevant competent authority.</p> <p>As a Fellow of the Chartered Governance Institute of UK &amp; Ireland, Ms Lim Siew Mei also holds a postgraduate degree in International Business Law. Her other professional qualifications are, Fellow Member of the Chartered Secretaries Malaysia, and Associate Member of the Chartered Tax Institute of Malaysia. Details of her experience and qualifications are set out in the Profile of Management Team section of the KLCCP Stapled Group Integrated Annual Report 2022.</p> <p>A summary of the key activities executed by the in-house Company Secretary during the reporting period of the 2022 Integrated Annual Report of the KLCCP Stapled Group comprised scope in:</p> <ul style="list-style-type: none"> <li>(a) <b>ADVISORY</b> relating to the roles and responsibilities of KLCCP and KLCCRM Boards and Board Committees. Regular board communication particularly on conflict of interest, close period dealing, and presentation of meeting papers on pertinent governance and compliance matters. Counselling the Boards, Directors, and Management on application of the evolving legislation, governance obligations, and regulatory changes to the compliance requirements in observing the internal rules and policies.</li> <li>(b) <b>MANAGEMENT</b> collaboration across the KLCCP Stapled Group to ensure regulatory reporting is necessarily filtered with the requirements of regulatory and statutory compliance to defend the decision-making process of the Boards and Board Committees of KLCCP and KLCCRM. Coordinated and advised pertaining to regulatory compliance, determination of the schedules for book-close and payment of dividends and income distributions. Assisted the Chairman of the Boards with regards to directors' professional development and upskilling.</li> <li>(c) <b>REGULATORY REPORTING</b> by assisting the Boards to discharge their obligations on submission of the required public release of the KLCCP and KLCC REIT quarterly financial results, periodic report and regulatory returns, shareholding changes and including other key compliance reporting with timely submission of the annual audited financial statements of companies to the applicable Regulators.</li> <li>(d) <b>GOVERNANCE AND COMPLIANCE</b> - Rendered services for field audits execution of the statutory audit and internal control audits; assisted the auditors' with extraction of board, shareholders, and statutory information; responsible in the issuance of Letter of</li> </ul>
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	<p>Minutes Representation with respect the audit of annual financial statements of the KLCCP Stapled Group; monitored and advised KLCCP and KLCCRM Boards and Board Audit Committees the compliance status via quarterly reporting of the aggregated percentage ratios of the KLCCP Stapled Group recurrent related parties' transactions; ensured disclosure compliance for the publication of KLCCP Stapled Group Integrated Annual Report.</p> <p>(e) CORPORATE GOVERNANCE – Guided the Directors and Boards on the adoption of the Malaysian Code on Corporate Governance and best practices. In adapting to corporate governance developments, ensured the Boards' policies safeguard a balance of board dynamism and stakeholders' interest. Managed the Boards and Board Committees' proceedings and authority through attendance at meetings and rendered advice on issues of concern in their decision-making. Served as the focal person for communication and engagement on corporate governance issues impacting KLCCP and KLCCRM exclusively and their respective Boards and the Directors.</p> <p>(f) BOARD EFFECTIVENESS - Stepped up the effective functioning of the Boards and the Board Committees in line with the Board Charter and Terms of Reference of the respective Board Committees. Consultation with the CEO of KLCCP and KLCCRM in assisting the Chairs of the Boards and of the respective Board Committees on the preparation of meeting agenda, matters arising and drafting of the minutes of meetings thereof. Advised and conducted the BEE FY2022 led by the Nomination and Remuneration Committees of KLCCP and KLCCRM through a proprietary digital platform. Marshalled the results of the BEE FY2022. Consulted the CEO of KLCCP and KLCCRM and presented findings Papers to the Nomination and Remuneration Committees. Elevated for further deliberation and resolution by the Boards of KLCCP and KLCCRM the recommendations of the Nomination and Remuneration Committees on the outcome and proposed action plans.</p> <p>(g) STATUTORY DUTIES - Appropriate performance of the important statutory duties of Company Secretary over and above safeguarding the updated company's registers; prompt notification and submission of notifications to the regulatory bodies; availed the requisite company and board's statutory records for access by KLCCP and KLCCRM Boards and the Directors, auditors, regulators and the public; orderly conclusion of the compliant proceeding of the 2022 Annual General Meetings of KLCCP, KLCC REIT and KLCCRM within the time limits specified including orderly media publication of the legal notices; provision of legal, and company secretariat support to the KLCCP and KLCCRM Boards in connection therewith.</p>
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<b>Explanation for departure</b> :		
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<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.6

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Boards meets at least quarterly with additional meetings convened as and when necessary.</p> <p>Each meeting enables the Boards and Board Committees to properly discharge their duties. The Boards and Board Committees are provided with relevant information on matters for consideration in a timely manner, facilitating effective boardroom deliberation.</p> <p>All Board meetings were conducted separately from board committee meetings. At each Board meeting, the Chairman ensures adequate time is allocated for thorough deliberation of key issues including the Committee Chairs to report on the contents of discussions and any recommendations to the Board which require approval and the actions to be taken by the Board.</p> <p>The meeting agenda was set by the Chairman, assisted by the Company Secretary and CEO. As part of the initiative to enhance the Boards effectiveness, CEO briefings to the Boards are now part of the Boards' agendas, which provide a platform for the CEO to apprise the Boards on the business and operations of the Group.</p> <p>The Boards' and Board Committees' Meeting Packs which consisted of agenda items, reports, and papers, are provided to the Directors six (6) days prior to each meeting. Minutes of meetings of the Boards are circulated to Board members in a timely manner upon the conclusion of meetings.</p> <p>The Boards have easy access to the Boards' and Board Committees' Meeting Packs which are available in the "Cloud Database" accessible through mobile devices. With technology, the Boards have the flexibility to review all the meeting materials, facilitating informed decision-making by the Boards.</p> <p>All deliberations and decisions of the Boards are recorded by the Company Secretary including whether any Director abstaining from voting or deliberating on a particular matter.</p>

<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

### Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The way the Boards function is guided by KLCCP's Board Charter, which was adopted on 27 November 2012 and the latest revision was approved by KLCCP Board on 9 December 2021. KLCCP's Board Charter was reviewed and updated from time to time to reflect relevant changes to the policies, procedures and processes as well as amendments to rules and regulations to ensure the documents remain relevant and consistent with the applicable rules and regulations and recommended best practice and the same were published on the Group's corporate website.</p> <p>The Board Charter outlines among others, the respective roles, responsibilities and authorities of the Boards, Board Committees, Chairman, CEO as well as of the Senior Independent Non-Executive Director, in setting the direction, management and control of the organisation. It also outlines the Issues and matters reserved for the Board's decisions.</p> <p>The Board Charter is available on KLCCP Stapled Group's corporate website at <a href="http://www.klcc.com.my">www.klcc.com.my</a>. KLCCP Board will review the Board Charter periodically and make any necessary amendment to ensure it remains consistent with the Boards' objectives, current laws and practices.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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### Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

### Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>KLCCP Stapled Group adopted PETRONAS Code of Conduct and Business Ethics ("CoBE"), effective 1 April 2012 as well as Anti-Bribery and Corruption Manual ("ABC Manual") effective 28 October 2013. The CoBE and ABC Manual set out the standards of behaviour and ethical conduct that must be complied with by the Directors, management, and employees of KLCCP Group. The CoBE and ABC Manual aim to ensure that the Directors, management, and employees as well as third parties who perform work or services for KLCCP Stapled Group would act ethically and remain above board at all times, and their individual behaviour is in line with PETRONAS' Shared Values.</p> <p>The CoBE and ABC Manual govern the daily conduct of the employees and directors on matters relating to abuse of power, conflict of interest, giving and receiving gifts, bribery and corruption, competition, anti-money laundering, international trade, and facilitation of payments, amongst others. The CoBE and ABC Manual also emphasise and advance the principles of discipline, good conduct, professionalism, loyalty, integrity, and cohesiveness that are relevant to the success and well-being of KLCCP Stapled Group.</p> <p>The CoBE and ABC Manual are available on KLCCP Stapled Group's corporate website at <a href="http://www.klcc.com.my">www.klcc.com.my</a>.</p> <p>During the year, CoBE and ABC Manual awareness programmes were rolled out to all new employees. In addition, CoBE and ABC Manual refresher programmes for all existing employees were conducted in the months of April, August, September, and October.</p> <p>The Boards place emphasis on combatting bribery and corruption. As part of KLCCP Stapled Group's implementation of adequate procedures, the Boards of KLCCP and its subsidiaries (including KLCCRM) have executed an Integrity Pledge in combatting bribery and corruption. In addition, KLCCP, KLCCRM and other subsidiaries of the Group had</p>



	<p>issued a Policy Statement on Anti-Bribery and Corruption with zero tolerance to any form of bribery and corruption culture.</p> <p>In December 2020, the Group, and its identified subsidiaries (including KLCCRM) received its first ever ISO 37001:2016 Certification on Anti Bribery Management System (“ABMS”). In 2022, the Group had successfully completed ABMS surveillance audit conducted by a competent Certification Body, SIRIM QAS International Sdn Bhd.</p> <p>Apart from the above, the Directors also have their own code of conduct which is set out in the Board Charter. KLCCP Stapled Group has implemented a Memorandum on Insider Trading whereby Directors and employees of KLCCP Stapled Group are prohibited from trading in the Stapled Securities, particularly when they are in possession of price-sensitive information and knowledge of facts which have not been publicly announced.</p> <p>Notices on Closed Period for trading in Stapled Securities are sent to the Directors and principal officers on a quarterly basis specifying the timeframe during which the Directors and principal officers are prohibited from dealing in Stapled Securities and to comply with relevant requirements governing their trading in Stapled Securities during the Closed Period.</p> <p>The Boards are also reminded not to deal in Stapled Securities when they are in possession of any price-sensitive information.</p>	
<b>Explanation for departure</b>		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>		
<b>Timeframe</b>		

### Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

### Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>KLCCP Stapled Group had adopted the PETRONAS' Whistle-blowing Policy ("Whistle-blowing Policy") effective 27 November 2012. KLCCP Stapled Group adopted the enhanced PETRONAS Whistleblowing Policy which provide and facilitate appropriate communication and feedback channels involving KLCCP Stapled Group and its employees as well as the public on 4 May 2021.</p> <p>The enhanced Whistle-blowing Policy was revised to comply with the Guidelines on Adequate Procedures under Section 17A (4) of the Malaysian Anti-Corruption Commission Act. The enhanced Whistle-blowing Policy provides avenues for employees, directors, and any parties (including public) to report on amongst others, corruption, fraud, dishonest practices, misconducts and / or malpractices at the workplace.</p> <p>The enhanced Whistle-blowing Policy is available on KLCCP Stapled Group's corporate website at <a href="http://www.klcc.com.my">www.klcc.com.my</a> and include the process and procedure that allow for independent investigation, even by anonyms reports, on any improper conduct with appropriate follow-up action, without reprisal.</p> <p>Management in its endeavour to combat bribery, has introduced the Integrity pledge, Asset Declaration Form, Gift Register, Bribery and Corruption Risk assessment, and Anti-Bribery Management System.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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### Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.1

The board together with management takes responsibility for the governance of sustainability in the company including setting the company’s sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>KLCCP Stapled Group has a governance structure in place where the Board represent the highest authority and is ultimately accountable for managing sustainability matters within the Group.</p> <p>The Sustainability Steering Committee (“SSC”) reports to the CEO who in turn reports the progress/updates to the Boards annually and seeks their advice on related issues.</p> <p>Strategic material matters for the Group are deliberated constantly via multiple engagements such as during the SSC meetings, 5-year Business Plan &amp; Budget meetings, quarterly risk assessments meetings etc.</p> <p>Sustainability agenda has been entrenched into our business model aligned to our corporate strategy, culture and values and form an integral part of the “Business as Usual” for the KLCCP Stapled Group.</p>	
<b>Explanation for departure</b>	:		
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<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.2**

The board ensures that the company’s sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Boards endorse KLCCP Stapled Group Sustainability Report each year prior to publication. The Sustainability Report comprises the Group’s sustainability strategies, priorities and targets, and performance are communicated to our internal and external stakeholders via:</p> <ul style="list-style-type: none"> <li>• Internal – Intranet portal, emails, monthly bulletin, employee engagement, presentation to leadership team etc.</li> <li>• External – Corporate website, annual report, press releases, investor presentations, quarterly analysts’ briefings, KLCCP’s dedicated ESG World Platform and etc.</li> </ul>	
<b>Explanation for departure</b>	:		
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<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.3**

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Boards monitor the overall sustainability strategy and direction of the Group to ensure long-term value creation.</p> <p>The SSC undertakes to keep the Board informed on the deliberations and decisions of the SSC on a regular basis. The Head of Environmental, Social &amp; Governance reports to the Boards on the sustainability risks and opportunities faced by the Group.</p>	
<b>Explanation for departure</b>	:		
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<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.4

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company's material sustainability risks and opportunities.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The current performance review i.e., Balanced Score Card for the Senior Management considers sustainability risks such as HSE risks, financial and people development.  The BEE FY2022 has included questions in addressing the company's sustainability matters.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.5- Step Up

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

*Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.*

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>KLCCP Stapled Group's Sustainability Steering Committee (SSC) is chaired by the Head of Group Strategy and Sustainability. The SSC reports to the CEO who in turn reports the progress to the Board.</p> <p>The Head of Environmental, Social &amp; Governance also functions as the secretariat to sustainability committees set up aligned to the Sustainability Governance Framework in providing stewardship and guidance on relevant key sustainability matters of the Group and to guide the Group in ensuring the effective implementation and management of the various economic, environment, social and governance objective and initiatives.</p>



## Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.1

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Nomination and Remuneration Committees ("NRCs") continue to discharge their functions and to ensure that the board composition and tenure of each director are reviewed periodically.</p> <p>The Boards and NRCs recognised that directors' performance is crucial in recommending for the re-election of directors to the shareholders. In addition, KLCCP and KLCCRM have implemented the Directors' Fit and Proper Policy in 2022 which serves as a guide to ensure all directors have the necessary qualities, competencies and experience that allows the Directors to perform their duties and carry out the responsibilities effectively.</p> <p>The Boards have also put in place the nine years' term limit for Independent Directors to ensure progressive refreshing of the Boards. In the first quarter of 2022, the Boards and NRCs reviewed and endorsed the results of BEE FY2021 as well as the annual re-election of Directors for AGM 2022 of KLCCP and KLCCRM.</p> <p>In the fourth quarter of the year, the NRCs assessed the yearly performance of all Directors through the BEE FY2022. In addition, the following Directors who are standing for re-election at the forthcoming KLCCP's 20<sup>th</sup> Annual General Meeting, have completed the Directors' Fit and Proper assessment:</p> <ul style="list-style-type: none"><li>(a) Puan Farina binti Farikhullah Khan,</li><li>(b) Dato' Jamaluddin bin Osman, and</li><li>(c) Puan Liza binti Mustapha.</li></ul> <p>Prior to recommending the re-election of the abovementioned Directors, the NRCs evaluated by considering the individual director's performance based on the results of BEE FY2022, and the Directors' fit &amp; proper assessment.</p> <p>The NRCs are of the opinion that the abovementioned retiring Directors each have effectively discharged the duties of a director and have provided valuable contribution to the leadership of the Boards.</p>

	With that, the Boards and NRCs collectively resolved to resolved to recommend the re-election of abovenamed Directors at the AGM 2023 of KLCCP and KLCCRM.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.2

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Boards of KLCCP and KLCCRM currently comprise eight (8) Directors, whereby five (5) board members are Independent Non-Executive Directors, and two (2) board members are Non-Independent Non-Executive Directors.</p> <p>The Independent Non-Executive Directors represent 63% of the Boards composition, namely:</p> <ul style="list-style-type: none"><li>(a) Puan Farina Farikhullah Khan.</li><li>(b) Dato' Jamaludin Osman.</li><li>(c) Puan Chong Chye Neo</li><li>(d) Dato' Sr. Mazuki A Aziz.</li><li>(e) Datin Noor Lily Zuriati Abdullah.</li></ul> <p>All Board Committee members comprised of Independent Directors. Hence, there was independence and objectivity in decision making which was made in the best interest of the Companies.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.3**

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should provide justification and seek annual shareholders' approval through a two-tier voting process.

<b>Application</b>	:	Not applicable - Step Up 5.4 adopted	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.4 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

<i>Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.</i>	
<b>Application</b>	: Adopted
<b>Explanation on adoption of the practice</b>	: To-date, KLCCP and KLCCRM have five (5) Independent Non-Executive Directors, none of whom have served beyond nine (9) years.  The policy to limit the tenure of independent directors to nine (9) years is included in the KLCCP's Board Charter.  KLCCP Board Charter is available on KLCCP Stapled Group's corporate website at <a href="http://www.klcc.com.my">www.klcc.com.my</a> .

## Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

## Practice 5.5

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>KLCCP and KLCCRM practice a formal and transparent procedures and emphasize the necessary selection criteria for the appointment of Directors. The Boards adopted the Board Diversity Policy in August 2016 which aspires to ensure diverse and inclusive boards that will leverage on differences in thoughts, perspectives, knowledge, skills, regional and industry experiences, cultural and geographical backgrounds, age, ethnicity, and gender to achieve effective stewardship which in turn will enhance the companies' competitive advantage. The Board Diversity Policy is available on KLCCP Stapled Group's corporate website at <a href="http://www.klcc.com.my">www.klcc.com.my</a>.</p> <p>Before any proposed appointment, the Boards also consider other requirements such as professionalism, integrity, competencies, and ensure that no person shall be appointed as a director on the board if the person is or becomes an active politician, heads of state, heads of government and ministers.</p> <p>The Boards and NRCs continuously review the Board Skills Matrix, which serve to identify the appropriate skills, knowledge, experience, and capabilities of the Boards to meet both current and future challenges of the Group. It reflects the appropriate mix of skills, expertise and experience required to address existing and emerging business and governance issues. In the selection of suitable candidates, the Boards and NRCs referred to the Board Skills Matrix.</p> <p>The Board Skills Matrix consists of several criteria, namely Finance &amp; Accounting, Business Management, Property &amp; Real Estate, Engineering, Information Technology/Digital, Quantity Survey/Project Management and Legal.</p> <p>The Directors' commitment in carrying out their duties and responsibilities is reflected by their attendance at the Board and Board Committees meetings held during the year. Although some Directors hold multiple directorships, they were able to commit and devote their time for the Boards and Board Committees meetings. The Boards are</p>

	<p>satisfied that each Director has devoted sufficient time to effectively discharge his/her responsibilities.</p> <p>The Board agreed that all Directors appointed during the year under review had met the required skills in the Board Skills Matrix.</p>	
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In view of the need to ensure proper processes are in place to manage composition and succession issues at board level, an appropriate process for the selection, nomination and appointment of suitable candidates to the Boards has been put in place.</p> <p>The Boards do not solely rely on recommendations from existing Board Members, Management or Major Shareholders in identifying candidates for appointment of directors.</p> <p>While the Boards are responsible for the appointment of new Directors, the NRCs are entrusted with the responsibility of screening and conducting an initial selection by assessing and considering the capabilities, commitment, and qualities of candidates to be appointed as Board Members.</p> <p>Prior to the submission of its recommendations to the Boards on the selection and appointment of INEDs, the NRCs considered of the approved Directors' Fit and Proper Policy, Board Skills Matrix, Board Diversity Policy, competencies, experiences, integrity, and considered, inter-alia, the current directorships of companies held by the candidates and any potential conflict of interest/risk.</p> <p>Aside from that, the NRCs also made additional verifications prior to the appointments, which includes background checks on the individual's character and bankruptcy search to qualify as Directors.</p> <p>The potential candidates were required to declare/confirm that he/she meets the criteria of an Independent Director in accordance with the Main Market Listing Requirements of Bursa Securities and the Listed REIT Guidelines issued by Securities Commission Malaysia, prior to recommending to the Board for its approval on his/her proposed appointment as INEDs.</p>



	<p>All necessary information would be obtained from the newly appointed Directors for the Company's records and for meeting the statutory requirements and other applicable rules and regulations.</p> <p>Having considered all aspects, the NRCs then submitted its recommendations to the Boards for approval. Following each appointment, a letter of appointment would be issued, and the Company Secretary undertook the necessary actions as authorised by the Boards, to ensure the appointments are in accordance with the statutory requirements and as prescribed by the Main Market Listing Requirements of Bursa Securities.</p>	
<p><b>Explanation for departure</b></p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>	<p>:</p>	
<p><b>Timeframe</b></p>	<p>:</p>	

## Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

## Practice 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Through the Director's Fit and Proper Declaration Form, the NRC has assessed the Directors' eligibility for re-election and appointment by considering their competencies, commitment, contribution, and sufficient time to effectively discharge his/her responsibilities.</p> <p>The Board has endorsed the recommendation of the NRC for Directors standing for re-election and the Directors concerned will abstain themselves from deliberation and decisions by the Boards on their re-appointment.</p> <p>The up-to-date profiles of each Director are published in the Stapled Annual Report.</p> <p>The Notice of AGMs for 2022 was issued on 28 February 2022 which had disclosed brief statement on the basis for recommending the re-election of retiring directors for shareholders' approval at the 2022 AGMs.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.8

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The NRCs of KLCCP and KLCCRM are chaired by Independent Non-Executive Director.</p> <p>For financial period up to 12 April 2022, KLCCP and KLCCRM NRCs were chaired by the Senior Independent Non-Executive Director, Cik Habibah Abdul, who retired at the previous AGMs. Independent Non-Executive Director, Madam Chong Chye Neo was subsequently appointed to succeed Cik Habibah Abdul as the new Chairperson.</p> <p>The NRCs Chairperson is responsible to ensure the yearly Board, Board Committees and Directors' Effectiveness Evaluation is being carried out to assess the performance of each individual Director as well as of the Boards and Boards' Committees.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.9

The board comprises at least 30% women directors.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	As at 31 December 2022, the KLCCP and KLCCRM Boards comprised eight (8) Directors, four (4) of whom were female directors, namely Pn. Farina Farikullah Khan, Pn. Liza Mustapha, Puan Chong Chye Neo and Datin Noor Lily Zuriati Abdullah, representing 50% of the Boards.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.10**

The board discloses in its annual report the company's policy on gender diversity for the board and senior management.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>KLCCP's and KLCCRM's Diversity Policy ensures that the mix and profiles of the Boards members, in terms of age and gender, provide the necessary range of perspective, experience and expertise required to achieve effective stewardship and management.</p> <p>KLCCP and KLCCRM have adopted PETRONAS policy of achieving 30% women representation on the Boards and the same is reflected in the KLCCP Board Diversity Policy which is available on KLCCP Stapled Group's corporate website at <a href="http://www.klcc.com.my">www.klcc.com.my</a>.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

### Practice 6.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>							
<b>Application</b>	: Applied						
<b>Explanation on application of the practice</b>	: <p>The BEE FY2022 was conducted internally through an assessment process led by the NRCs. The process of the BEE FY2022 involved the following steps:</p> <ul style="list-style-type: none"> <li>• NRCs deliberated the criteria to be used for the BEE FY2022</li> <li>• Questionnaires were distributed via a secured digital platform</li> <li>• Deliberation of outcome of the results by the NRCs and Boards</li> <li>• Action Plan Initiatives</li> </ul> <p>The NRCs set the criteria used for the BEE FY2022 which questionnaires covered the following:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%;">Board</td> <td> <ul style="list-style-type: none"> <li>▪ Overall Board Effectiveness.</li> <li>▪ Organisation of the Board.</li> <li>▪ Board Composition.</li> <li>▪ Looking Forward (Succession Planning &amp; Development).</li> <li>▪ Communication with Shareholders.</li> <li>▪ Board Audit Committee Evaluation.</li> <li>▪ Nomination and Remuneration Committee Evaluation.</li> </ul> </td> </tr> <tr> <td>Directors' Self &amp; Peer Evaluation</td> <td> <ul style="list-style-type: none"> <li>▪ Fit and Proper, and Participation.</li> <li>▪ Board Chairman Evaluation.</li> <li>▪ Chief Executive Officer Evaluation.</li> <li>▪ Reinforce Independence of Independent Directors.</li> </ul> </td> </tr> <tr> <td>Individual Director Self Evaluation</td> <td> <ul style="list-style-type: none"> <li>• Calibre and Competency.</li> </ul> </td> </tr> </table>	Board	<ul style="list-style-type: none"> <li>▪ Overall Board Effectiveness.</li> <li>▪ Organisation of the Board.</li> <li>▪ Board Composition.</li> <li>▪ Looking Forward (Succession Planning &amp; Development).</li> <li>▪ Communication with Shareholders.</li> <li>▪ Board Audit Committee Evaluation.</li> <li>▪ Nomination and Remuneration Committee Evaluation.</li> </ul>	Directors' Self & Peer Evaluation	<ul style="list-style-type: none"> <li>▪ Fit and Proper, and Participation.</li> <li>▪ Board Chairman Evaluation.</li> <li>▪ Chief Executive Officer Evaluation.</li> <li>▪ Reinforce Independence of Independent Directors.</li> </ul>	Individual Director Self Evaluation	<ul style="list-style-type: none"> <li>• Calibre and Competency.</li> </ul>
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Individual Director Self Evaluation	<ul style="list-style-type: none"> <li>• Calibre and Competency.</li> </ul>						

	Sustainability	<ul style="list-style-type: none"> <li>Environmental, Social and Governance (“ESG”) risks and opportunities.</li> </ul>
	Management Feedback	<ul style="list-style-type: none"> <li>Board Relationship with the Management.</li> </ul>
	<p>The outcome of the BEE FY2022 was deliberated in January 2023 and concluded that collectively the Boards continue to operate in an effective manner. One of the key areas for improvement highlighted in the BEE FY2022 is on training and development for ESG.</p> <p>The NRCs collectively agreed that the current composition of the Board is relevant and that the members have appropriate knowledge and experience and will continue to add value to the business.</p>	
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

### Practice 7.1

The board has remuneration policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Boards delegated to NRCs the responsibility to consider and approve the remuneration arrangements of the Directors' and relevant Senior Management positions in KLCCP Stapled Group.</p> <p>The Boards, with recommendation from the NRCs, in determining the Directors' remuneration policies and procedures considers the demands, complexities and performance of the Group as well as skills and experience required which adherence to the Remuneration Framework for KLCCP Non-Executive Directors and are guided by the recommendation of the NRCs. The Remuneration Framework for KLCCP Non-Executive Directors is available on KLCCP Stapled Group's corporate website at <a href="http://www.klcc.com.my">www.klcc.com.my</a>.</p> <p>Remuneration of Senior Management of KLCCP Stapled Group is based on the total reward policy approved by KLCCP Board.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

### Practice 7.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	KLCCP Stapled Group has a combined NRC. Their authority and duties as well as functions are clearly defined in the Terms of Reference which is accessible on KLCCP Stapled Group's corporate website at <a href="http://www.klcc.com.my">www.klcc.com.my</a> .
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

## Practice 8.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

<b>Application</b>	:	Applied												
<b>Explanation on application of the practice</b>	:	<p>The remuneration of the Boards is based on the KLCCP Non-Executive Directors' ("NEDs") Remuneration Framework ("Framework") which is available on KLCCP Stapled Group's corporate website at <a href="http://www.klcc.com.my">www.klcc.com.my</a>.</p> <p>Summary of KLCCP NEDs Remuneration Framework:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Element</th> <th></th> </tr> </thead> <tbody> <tr> <td>Retainer fee</td> <td>The NEDs are to be paid a fixed retainer fee.</td> </tr> <tr> <td>Special Fee</td> <td>Special Fee is payable to the NEDs with special experience and skills critical for the company's success.</td> </tr> <tr> <td>Meeting Allowance</td> <td>The NEDs shall be paid attendance allowance for every meeting (Board &amp; Board Committees Meetings) attended.</td> </tr> <tr> <td>Petrol Allowance</td> <td>The NEDs are each given petrol card with a fixed maximum amount per annum.</td> </tr> <tr> <td>Others</td> <td>The NEDs of KLCCRM are only entitled to Meeting Attendance Allowance as well as Special Fee (where applicable). The said allowance / fee is payable only when the meetings of Board or Board Committees of KLCCRM are held on a different date than the meetings of the Board or Board Committees of KLCCP.</td> </tr> </tbody> </table> <p>Datuk Md. Shah bin Mahmood is the Group CEO of KLCC (Holding) Sdn Bhd ("KLCC") and is assigned to KLCCP and KLCCRM to undertake all responsibilities of the Executive Director and CEO. KLCCP reimbursed KLCC for the services rendered by Datuk Md. Shah bin Mahmood in the form of management fees with an amount of RM RM1,048,802.</p> <p>The director's fee and meeting allowance for the Non-Independent Non-Executive Director, Pn Liza Mustapha, who is also an employee and</p>	Element		Retainer fee	The NEDs are to be paid a fixed retainer fee.	Special Fee	Special Fee is payable to the NEDs with special experience and skills critical for the company's success.	Meeting Allowance	The NEDs shall be paid attendance allowance for every meeting (Board & Board Committees Meetings) attended.	Petrol Allowance	The NEDs are each given petrol card with a fixed maximum amount per annum.	Others	The NEDs of KLCCRM are only entitled to Meeting Attendance Allowance as well as Special Fee (where applicable). The said allowance / fee is payable only when the meetings of Board or Board Committees of KLCCRM are held on a different date than the meetings of the Board or Board Committees of KLCCP.
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	<p>nominee of PETRONAS, are paid directly to PETRONAS as fees for representation in the Boards.</p> <p>The Directors' remuneration incurred by KLCCP and the Group (including meeting allowance incurred by KLCC REIT) respectively for the financial year ended 31 December 2022 is enumerated in the table of this Corporate Governance Report. The allowance for Directors is inclusive of meeting allowances for Board meetings, BAC meetings, NRC meetings and BRC meetings held during FY2022. The petrol allowance which is paid via petrol card is classified under "Other emoluments".</p> <p>The details for directors' remuneration is also disclosed in the Nomination and Remuneration Report of KLCCP Stapled Group Integrated Annual Report.</p>
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No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Datuk Md. Shah Mahmood	Executive Director	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2	Tan Sri Ahmad Nizam Salleh	Non-Executive Non-Independent Director	240,000	21,000	-	-	-	6,000	267,000	240,000	21,000	-	-	-	6,000	267,000
3	Farina Farikhullah Khan	Independent Director	120,000	56,000	-	-	-	6,000	182,000	120,000	56,000	-	-	-	6,000	182,000
4	Dato' Jamaludin Osman	Independent Director	120,000	42,000	-	-	-	6,000	168,000	120,000	42,000	-	-	-	6,000	168,000
5	Liza Mustapha	Non-Executive Non-Independent Director	120,000	21,000	-	-	-	N/A	141,000	120,000	21,000	-	-	-	N/A	141,000
6	Chong Chye Neo	Independent Director	120,000	42,000	-	-	-	6,000	168,000	120,000	42,000	-	-	-	6,000	168,000
7	Datin Noor Lily Zuriati Abdullah	Independent Director	120,000	31,500	-	-	-	6,000	157,500	120,000	31,500	-	-	-	6,000	157,500
8	Dato' Sr. Mazuki A Aziz	Independent Director	120,000	31,500	-	-	-	6,000	157,500	120,000	31,500	-	-	-	6,000	157,500
9	Habibah binti Abdul (Retired w.e.f. 12.04.2022)	Independent Director	34,000	17,500	-	-	-	2,000	53,500	34,000	17,500	-	-	-	2,000	53,500
10		Independent Director		Input info here	Input info here	Input info here	Input info here	Input info here		Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
11		Independent Director		Input info here	Input info here	Input info here	Input info here	Input info here		Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

### Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

### Practice 8.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>KLCCP opts not to disclose the Senior Management's remuneration components (including their salary, bonus, benefits in-kind and other emoluments) to the public at large as such disclosure are subject to Personal Data Protection Act 2010 and it is not in the best interest of KLCCP and Senior Management personnel.</p> <p>KLCCP has identified its top 5 Senior Management positions (excluding CEO who is also an Executive Director) as follows:</p> <p>KLCCP has identified its top 5 Senior Management positions (excluding CEO who is also an Executive Director) as follows:</p> <ol style="list-style-type: none"> <li>1. Senior General Manager of Strategy, Finance, and Investor Relations Division/Chief Financial Officer.</li> <li>2. Senior General Manager, Development &amp; Commercial Leasing Division.</li> <li>3. General Manager of Legal and Corporate Services Department.</li> <li>4. General Manager of Human Capital Department.</li> <li>5. General Manager of Group Enterprise Risk Management Department.</li> </ol>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	KLCCP does not have any plan to meet the intended outcome and may explore ways to meet the intended outcome in future.
<b>Timeframe</b>	:	Others -

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
2	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
3	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
4	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
5	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.

**Intended Outcome**

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

**Practice 8.3 - Step Up**

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	



No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee’s findings and recommendations.  
The company’s financial statement is a reliable source of information.

**Practice 9.1**

The Chairman of the Audit Committee is not the Chairman of the board.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	Pn. Farina Farikhullah Khan who is an Independent Non-Executive Director chairs the Board Audit Committees (“BACs”) of KLCCP and KLCCRM. The Chairperson of the respective BACs is not the Chairman of the Boards, so as not to impair the objectivity of the Boards’ view of the BACs’ findings and recommendations. This has always been the practice of KLCCP and KLCCRM, which is reflected in the Terms of Reference of the respective BACs.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

**Practice 9.2**

The Audit Committee has a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The respective BACs' Terms of Reference of KLCCP and KLCCRM has been revised to reflect the cooling-off period for the appointment of a former audit partner as a board audit committee member from 2 years to 3 years.</p> <p>The revised TORs of the BACs are available on KLCCP Stapled Group's corporate website at <a href="http://www.klcc.com.my">www.klcc.com.my</a>.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

### Practice 9.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>KLCCP and KLCCRM have adopted the Framework on External Auditors, which has provided a formal policy and procedure for the respective BACs to assess the suitability, objectivity and independence of the external auditors annually based on the following key areas:</p> <ul style="list-style-type: none"> <li>(a) Quality of engagement team and services.</li> <li>(b) Adequacy of resources.</li> <li>(c) Quality of communication and interaction.</li> <li>(d) Independence, objectivity, and professionalism scepticism.</li> </ul> <p>The BACs also reviewing the fees and list of non-audit services provided by external auditor to KLCCP, KLCCREIT and the Group.</p> <p>Two (2) private sessions with the external auditors were also conducted by the BACs to gauge the extent of concerns of matters raised by the external auditors.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.  
The company's financial statement is a reliable source of information.

### Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The BACs of KLCCP and KLCCRM comprise solely of Independent Directors. As at 31 December 2022, the members of BACs were as follows:</p> <ul style="list-style-type: none"><li>(a) Puan Farina binti Farikhullah Khan, Chairperson.</li><li>(b) Puan Chong Chye Neo.</li><li>(c) Dato' Sr. Mazuki bin A Aziz</li></ul> <p>On 12 April 2022, Cik Habibah binti Abdul had retired and stepped down from the BACs and Dato' Sr. Mazuki bin A Aziz has been appointed as a member of BACs in place of Cik Habibah binti Abdul on 29 April 2022.</p>

## Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

## Practice 9.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

<b>Application</b>	:	Applied				
<b>Explanation on application of the practice</b>	:	<p>All members of the BACs have vast experience and skills in accounting and finance as well as other relevant fields of expertise. They are highly-qualified to review the accuracy of KLCC REIT's financial statements and KLCCP Stapled Group's consolidated financial statements prior to recommending the same to the Boards for approvals.</p> <p>The profile of the Chairman and Members of the BACs are disclosed in the Company's Integrated Report for further information.</p> <p>BACs members acknowledged the need for continuous education training. As for the year under review, all BAC members attended training on the developments in accounting and auditing standards, practices and rules.</p> <p>Trainings attended by the BACs members during 2022 are as follows: -</p> <table border="1"><thead><tr><th>Members</th><th>Training Attended</th></tr></thead><tbody><tr><td>Farina binti Farikhullah Khan (Chairperson)</td><td><ul style="list-style-type: none"><li>Decommissioning 101 session with Boston Consulting Group</li><li>Corporate Governance Session</li><li>Anti-Corruption Training</li><li>Sustainability Awareness</li><li>Recovery and Resolution Planning</li><li>Task Force on Climate-Related Financial Disclosure (TCFD)</li><li>Cyber Security</li><li>PETRONAS Board Excellence: Roundtable Programme</li></ul></td></tr></tbody></table>	Members	Training Attended	Farina binti Farikhullah Khan (Chairperson)	<ul style="list-style-type: none"><li>Decommissioning 101 session with Boston Consulting Group</li><li>Corporate Governance Session</li><li>Anti-Corruption Training</li><li>Sustainability Awareness</li><li>Recovery and Resolution Planning</li><li>Task Force on Climate-Related Financial Disclosure (TCFD)</li><li>Cyber Security</li><li>PETRONAS Board Excellence: Roundtable Programme</li></ul>
Members	Training Attended					
Farina binti Farikhullah Khan (Chairperson)	<ul style="list-style-type: none"><li>Decommissioning 101 session with Boston Consulting Group</li><li>Corporate Governance Session</li><li>Anti-Corruption Training</li><li>Sustainability Awareness</li><li>Recovery and Resolution Planning</li><li>Task Force on Climate-Related Financial Disclosure (TCFD)</li><li>Cyber Security</li><li>PETRONAS Board Excellence: Roundtable Programme</li></ul>					

		<ul style="list-style-type: none"> <li>• Strategic Away Day on Rental Market and Office Asset Classes</li> </ul>
	Chong Chye Neo	<ul style="list-style-type: none"> <li>• BNM MyFintech Week Masterclass</li> <li>• Reimaging a world without passwords</li> <li>• Metaverse and Web 3.0</li> <li>• MetaFinance : The Next Frontier of the Global Economy</li> <li>• An Eu-Malaysian Dialogue – Fighting Climate Change</li> <li>• Leadership Perspectives – Board Effectiveness</li> <li>• Climate Governance – A standing item on board agendas</li> <li>• Strategic Away Day on Rental Market and Office Asset Classes</li> </ul>
	Dato’ Sr. Mazuki bin A Aziz	<ul style="list-style-type: none"> <li>• Audit Oversight Board</li> <li>• Strategic Away Day on Rental Market and Office Asset Classes</li> </ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

## Practice 10.1

The board should establish an effective risk management and internal control framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Boards have established sound risk management practices to safeguard KLCCP Stapled Group's business interests from risk events that may impede the achievement of business strategies and growth opportunities as well as providing assurance to all stakeholders.</p> <p>The Boards have implemented KLCC Group Enterprise Risk Management ("ERM") Framework ("Framework") which outlines the risk policy, risk governance and structure, risk measurement and risk operations and system. The ERM processes include identifying, assessing, monitoring, reporting and mitigating identified risks impacting KLCCP Stapled Group's business and supporting activities in accordance with ISO 31000:2009 - Principles and Guidelines on Implementation.</p> <p>The following governance frameworks and guidelines are put in place to provide a structured and consistent approach in managing risks:</p> <ol style="list-style-type: none"><li>1) Risk Quantification Guideline;</li><li>2) Enterprise Risk Management Process Guideline;</li><li>3) Enterprise Risk Management Assurance Guideline;</li><li>4) Risk Assessment in Decision Making ("RADM") Guideline, RADM Communication Pack and RADM Question Bank 2018;</li><li>5) Partnership and Partner Risk Assessment Guideline; Risk Assessment Exclusion List version 2-Appendix A;</li><li>6) Risk Library 2020;</li><li>7) Crisis Management Framework ("CMF") and CMF Communication Pack 2018;</li><li>8) Business Continuity Management Framework;</li><li>9) Business Impact Analysis Guideline;</li><li>10) Business Recovery Strategy Guideline;</li><li>11) Business Continuity Plan Guideline;</li><li>12) Testing and Exercising Guideline;</li><li>13) Guide for Establishing and Operationalising Risk Appetite and Risk Appetite (Appendix A);</li><li>14) Risk Universe 2020;</li><li>15) Risk Policy and Communication Pack 2019;</li><li>16) Risk Definition 2018; and</li></ol>



	<p>17) INTERISK User Guide for ERM and BCM.</p> <p>The Boards continue to uphold and implement strong control structure to identify, evaluate and manage weaknesses of KLCCP Stapled Group’s internal control system.</p> <p>The internal audit function of KLCCP Stapled Group is provided by Group Internal Audit (“GIA”) of KLCC (Holdings) Sdn Bhd. GIA provides an independent, objective assurance on the efficiency and effectiveness of governance, risk management and internal controls which includes anti-corruption and whistle-blowing.</p> <p>Governed by the Internal Audit Charter, GIA is independent of the activities being audited and performs its duties with objectivity, proficiency, and due professional care.</p>
<p><b>Explanation for departure</b></p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b></p>	<p>:</p>
<p><b>Timeframe</b></p>	<p>:</p>

**Intended Outcome**

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company’s objectives is mitigated and managed.

**Practice 10.2**

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group has an organizational structure with defined lines of responsibilities, delegation of authority, and accountability. A hierarchical reporting structure has been established to provide documentary and auditable trail of accountability. Limits of Authority manuals are in place to define the lines of accountability and responsibility in relation to the Group’s operations and functions.</p> <p>The Enterprise Risk Management Framework (“ERM Framework”) outlines the risk policy, risk governance and structure, risk measurement, and risk operation and system for the KLCCP Stapled Group. The ERM Framework is implemented to identify, assess, monitor, report and mitigate risks impacting the Group’s business and supporting activities in accordance with ISO 31000:2009 – Principles and Guidelines on Implementation.</p> <p>The Boards also have established Risk Management Oversight Structure for effective and strategic risk communication between the Boards, BRCs and the Management on a quarterly basis where the status of the principal risks, key risk indicators’ and risk appetite performances are reported and deliberated.</p> <p>The Boards carried out annual reviews of the Group’s risk profiles in compliance with the ERM Framework where the risk profiles were reviewed, assessed and updated to safeguard KLCCP Stapled Group’s investment and key business activities, and to ensure the risk exposures are relevant and up-to-date considering the recent emerging risks.</p> <p>The Board carried out annual review of the Group’s risk appetite to reflect the nature and extent of risks the Group is willing to pursue to achieve its strategic objectives. The risk appetite was established covering 5 main areas which flows across our business:</p>

	<p>1. <u>Strategic</u></p> <p>This measures the degree of variability in investment returns and capital efficiency that the Group is willing to take in ensuring achievement of business objectives.</p> <p>2. <u>Financial</u></p> <p>This measures capital, profitability and liquidity position in pursuing the Group’s business objectives.</p> <p>3. <u>Operational</u></p> <p>This measures the direct or indirect loss resulting from inadequate or failed internal processes, people, and systems or from external events which affects the achievement of Group’s business objectives.</p> <p>4. <u>Reputational</u></p> <p>This measures the risk of failure to meet stakeholder expectations as a result of any event, behaviour, action or inaction of the Group that may form negative view towards the Group by stakeholders.</p> <p>5. <u>Legal and Regulatory Compliance</u></p> <p>This measures the risk of non-compliance with prevailing laws and regulations governing the business.</p> <p>The Boards also have put in place a structured process for risk assessment as part of decision-making where risk assessment process is to be carried out prior to any decision point to assist decision-makers in making well-informed decision, taking into consideration calculated risk to provide a balanced view for informed decision-making through richer risk conversation and considerations of risk reward trade-off.</p>
<p><b>Explanation for departure</b></p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b></p>	<p>:</p>
<p><b>Timeframe</b></p>	<p>:</p>

### Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

### Practice 10.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The Boards of KLCCP and KLCCRM had on 9 December 2021 approved the establishment of Board Risk Committees ("BRCs") effective 9 December 2021. Both BRCs comprise solely Independent Directors.</p> <p>As at 31 December 2022, the members of BRCs were as follows:</p> <ul style="list-style-type: none"><li>(a) Dato' Jamaludin bin Osman, Chairman</li><li>(b) Puan Farina binti Farikhullah Khan, and</li><li>(c) Datin Noor Lily Zuriati binti Abdullah.</li></ul> <p>The purpose of the establishment of BRCs is to oversee the Group's risk management framework, policies and practices as well as governance, compliance and sustainability matters.</p> <p>The respective Terms of Reference of BRCs are made available on KLCCP Stapled Group's corporate website at <a href="http://www.klcc.com.my">www.klcc.com.my</a>.</p>

## Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

### Practice 11.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The internal audit function of KLCCP Stapled Group is provided by Group Internal Audit (“GIA”) of KLCC (Holdings) Sdn Bhd.</p> <p>Governed by the Internal Audit Charter, GIA maintained its independence, impartiality, proficiency, and due professional care by having their plans and reports directly under the purview of the BACs.</p> <p>To support the BACs in discharging their responsibilities, the Head of GIA reports directly to the BACs.</p> <p>The appointment of the Head of GIA is reviewed and recommended by the BACs. The Head of GIA has unrestricted access to the BACs, the Boards, and Management. The Head of GIA and all GIA staff are members of the Institute of Internal Auditors Malaysia.</p> <p>The BACs of KLCCP and KLCCRM review annually on the adequacy of the scope, function, and resources of the internal audit to ensure that the responsibilities of GIA are fully discharged.</p> <p>For the financial year ended 31 December 2022, GIA had executed the following internal audit works:</p> <ol style="list-style-type: none"><li>(1) Conducted assurance activities based on the approved annual audit plan 2022.</li><li>(2) Conducted periodic monitoring and reporting on the implementation status of agreed mitigation action items by the managements of KLCCP and KLCCRM to ensure key risks and control weaknesses were addressed effectively and timely, where the status of implementation of the said agreed mitigation actions were reported to the BACs on a quarterly basis.</li><li>(3) Re-evaluated the annual audit plan for 2022 to address emerging key risks affecting the organisation due to changes in business environment for deliberations and approvals by the BACs.</li><li>(4) Prepared annual audit plans for 2023 to ensure that all high-risk areas in significant businesses and support units were assessed and identified for the BACs’ deliberations and approvals.</li></ol>

	Further details of the internal audit activities are set out in the BAC's Report and Statement on Risk Management and Internal Control of the KLCCP Stapled Group Integrated Annual Report 2022.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

## Practice 11.2

The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>None of the internal audit personnel has any relationships or conflicts of interest that could impair their objectivity and independence in conducting their internal audit functions. Current structure under Group Internal Audit (“GIA”) comprises 1 Head, 4 managerial, 8 executive and 2 non-executive positions.</p> <p>GIA is led by Puan Zurina Othman, who holds a Bachelor of Science (Computer Science) from The American University, Washington D.C. She is also a Certified Internal Auditor (CIA) from the Institute of Internal Auditors Malaysia (IIAM) and Certified Information Systems Auditor (CISA) from the Information Systems Audit and Control Association (ISACA).</p> <p>The total costs incurred for the internal audit activities of KLCCP Stapled Group for the year 2022 was RM577,710.</p> <p>The internal audit function of KLCCP Stapled Group is carried out in accordance with a risk-based approach steered by internal policies, procedures, and the Internal Control – Integrated Framework issued by COSO (i.e., The Committee of Sponsoring Organisations of The Treadway Commission).</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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## Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

## Practice 12.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Boards recognised the importance of engaging our stakeholders and believe that consistent, clear and timely communication will foster confidence and build understanding that will lead towards a maximum shareholder value.</p> <p>In KLCCP Stapled Group, Group Strategic Communications &amp; Investor Relations Department ("GSCIR") plays a vital role to ensure proper communication channels between KLCCP Stapled Group and the stakeholders under the patronage of the Chief Financial Officer ("CFO") and the Head of Group Strategy &amp; Sustainability.</p> <p>The GSCIR manages the investing community and conducted engagement between Management, investors, analysts, fund managers, and media in the form of briefings, announcements, and press statements to keep the stakeholders updated and well-informed on the progress and development of KLCCP Stapled Group.</p> <p>During FY2022, the Boards ensured the supply of clear, comprehensive, and timely information to the stakeholders in the following manner:</p> <ul style="list-style-type: none"><li>a) Publication of KLCCP Stapled Group Integrated Annual Report 2021 and provision of regular disclosures, including quarterly financial results and investor presentations of the KLCCP Stapled Group.</li><li>b) Engagement with analysts, and journalists through press releases and analysts' briefings following announcements of the quarterly financial results of KLCCP Stapled Group.</li><li>c) Participation in investor conferences &amp; events, namely CITI Asia Pacific Property Conference 2022, 9<sup>th</sup> CityNet Congress 2022, Malaysian REIT Managers Association (MRMA) 3<sup>rd</sup> REIT Forum 2022.</li><li>d) Hosted ESG-themed property visits to analysts and institutional investors.</li><li>e) Video/audio presentations to provide analysts/investors with updates on our quarterly financial results and sustainability initiatives via KLCCP corporate website/email.</li></ul>

	<p>f) Timely updates of the corporate website on financial information, financial reports, minutes of 2022 AGMs, stock information, investor calendar, and investor presentation slides.</p> <p>g) Constant updates on KLCCP's ESG World platform on the corporate website for investors' ease of access to KLCCP Stapled Group's ESG commitment, detailed review of the Group's ESG factors with links to data and information in the public domain for investors' verification.</p> <p>h) Announcements of dividends and income distributions as well as other disclosures under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.</p> <p>i) Organised virtual AGMs and engaged with the holders of Stapled Securities where:</p> <ul style="list-style-type: none"> <li>▪ The CEO delivered a management presentation on "Year In Review of KLCCP Stapled Group" as well as strategic direction moving forward; and</li> <li>▪ The Chairman provided ample time to the holders of Stapled Securities to raise questions and their concerns in a provided online platform which were addressed promptly and satisfactorily.</li> </ul> <p>The Boards also responded to inquiries made by the Minority Shareholder Watchdog Group (MSWG) in relation to KLCCP Stapled Group Integrated Annual Report 2021 in the AGMs held in 2022.</p> <p>In addition, shareholders and investors can also make inquiries about KLCCP Stapled Group via <a href="mailto:investor_relations@klcc.com.my">investor_relations@klcc.com.my</a> and the IR team will respond to any queries and clarifications addressed.</p>
<p><b>Explanation for departure</b> :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b> :</p>	
<p><b>Timeframe</b> :</p>	

**Intended Outcome**

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other’s objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

**Practice 12.2**

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	This is the fifth year that KLCCP & KLCC REIT have adopted the Integrated Reporting (IR) Framework set out by the International Integrated Reporting Council’s (IIRC), including disclosures based on the six capitals.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 13.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The 2022 AGMs for KLCCP and KLCC REIT were held virtually on 12 April 2022. The Notice for both AGMs was issued 28 February 2022 i.e., 42 days before the AGMs. This allowed sufficient time for the holders of Stapled Securities to consider the proposed resolutions tabled at the AGMs.</p> <p>In addition, the Notice of AGMs also included details and relevant explanatory notes to the proposed resolutions to enable the holders of Stapled Securities to make informed decisions in exercising their voting rights.</p> <p>KLCCP Stapled Group Integrated Annual Report 2022 together with the Notice of AGMs 2022 for KLCCP and KLCC REIT dated 28 February 2023 are available on KLCCP Stapled Group's corporate website at <a href="http://www.klcc.com.my">www.klcc.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 13.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>For 2022, the 19<sup>th</sup> AGM of KLCCP and 9<sup>th</sup> AGM of KLCC REIT were held virtually at the Broadcast Venue. All Directors, including the Chairs of the BACs, NRCs and BRCs, attended and participated in KLCCP and KLCC REIT AGMs.</p> <p>The presence of all Directors provided opportunities for the holders of Stapled Securities to engage with all Directors and allowed the holders of Stapled Securities to raise questions and concerns directly to the Directors.</p> <p>In addition, the Executive Director cum CEO responded to the questions raised by the Minority Shareholders Watch Group, Employees Provident Fund and Permodalan Nasional Berhad, as well as questions submitted by the holders of Stapled Securities via digital platform.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 13.3

Listed companies should leverage technology to facilitate–

- voting including voting in absentia; and
- remote shareholders' participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>At the 19<sup>th</sup> AGM of KLCCP and 9<sup>th</sup> AGM of KLCC REIT held in 2022, KLCCP and KLCC REIT leveraged on technology to facilitate for the conducting of Remote Participation and Voting (“RPV”) by the holders of Stapled Securities in accordance with the Constitution of KLCCP and the Trust Deed of KLCC REIT.</p> <p>The entire AGMs proceedings were held through RPV facilities provided by the Share Registrar of KLCCP and KLCC REIT, Tricor Investor &amp; Issuing House Services Sdn Bhd (“Tricor”) via its TIIH Online website at <a href="https://tiih.online">https://tiih.online</a>. The holders of Stapled Securities who intended to attend and vote at the virtual AGMs were required to register with Tricor via TIIH Online website.</p> <p>With the RPV facilities provided by Tricor, the following measures were implemented to encourage attendance and participation from the holders of Stapled Securities at the AGMs:</p> <ul style="list-style-type: none"><li>(a) Comprehensive Administrative Details were circulated to the holders of Stapled Securities to facilitate remote participation and e-Voting.</li><li>(b) Electronic lodgement of Proxy Forms was provided via Tricor’s TIIH Online website.</li><li>(c) Electronic submission of questions by holders of Stapled Securities via TIIH Online prior to the date of meeting or during the live meeting.</li><li>(d) The AGM proceeding was live streamed to TIIH Online for remote participant to watch live.</li></ul> <p>Tricor had put in place information security measures to prevent cyber threats and data breaches.</p>
<b>Explanation for departure</b>	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: <p>At the AGMs of KLCCP and KLCC REIT held in 2022 which were conducted virtually via online platform, the Boards shared with the holders of Stapled Securities about KLCCP Stapled Group past year's business performance, strategies and the outlook going forward of the Group.</p> <p>The holders of Stapled Securities were also given opportunities to pose any questions pertaining to financial and non-financial matters as well as long term strategies of KLCCP Stapled Group via an online platform (i.e., query box) provided during the AGMs.</p> <p>KLCCP and KLCC REIT received 98 pre-submitted and live questions from the holders of Stapled Securities.</p> <p>The responses to the questions were then published on KLCCP Stapled Group's corporate website within five (5) working days including any questions that had yet to respond at the AGMs.</p>
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:  
<b>Timeframe</b>	:  



### Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: <p>The details of the virtual AGMs for 2022 and guidance notes on the conduct of AGMs were stated explicitly in the Administrative Details together with the Notice of AGMs. The holders of Stapled Securities were guided accordingly for their participation in the AGMs.</p> <p>The proceedings of the AGMs were live broadcasted, and the holders of Stapled Securities were able to join the live streamed AGMs via web portal or mobile application which was facilitated by Tricor Investor &amp; Issuing House Services Sdn Bhd, being the Share Registrar of KLCCP and KLCC REIT and the poll administrator for the AGMs. KLCCP and KLCC REIT also had engaged BDO Consulting Sdn Bhd as Independent Scrutineer for the AGMs.</p> <p>The Chairman shared at the AGMs on questions submitted by Employees Provident Fund, Minority Shareholders Watch Group and Permodalan Nasional Berhad. The questions and the corresponding replies were also read out by the CEO during the AGMs.</p> <p>In addition, all questions submitted by the holders of Stapled Securities prior to and during the AGMs as well as the Boards' responses to the questions were posted and read out the CEO at the online broadcasting AGMs.</p>
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	

<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 13.6

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: The AGMs of KLCCP and KLCC REIT were held on 12 April 2022. The proceedings of the AGMs including the responses to the questions raised by the holders of Staple Securities and proxies before and during the AGMs were recorded in the minutes of AGMs.  The minutes of AGMs were uploaded on KLCCP Stapled Group's corporate website at <a href="http://www.klcc.com.my">www.klcc.com.my</a> within 30 business days after the AGMs.
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:  
<b>Timeframe</b>	:  

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT  
CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

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