

# SUSTAINABILITY STATEMENT

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We aim to deliver financial value and societal benefits by balancing the commercial objectives with the environment and social needs of our stakeholders

## Sustainability and Strategy

At KLCCP Stapled Group, our goal is to conduct our business activities in a socially and environmentally responsible manner. This includes maintaining high standards of conduct for maximising long term value creation, essentially in benefiting our stakeholders.

Our business strategy takes into perspective the risks and opportunities affecting the industry and organisation, while keeping abreast of evolving stakeholder expectations in the discipline of sustainability, such as climate change and social risks including human rights. We are focused in our efforts to address the material sustainable matters of KLCCP Stapled Group across our five priority areas – environmental stewardship, security, safety and health, our people, reliable partner and corporate governance. We endeavour to make good progress in our sustainability journey moving forward.





Going the  
**EXTRA MILE**  
to help shape a better tomorrow

# Sustainability Report

## Context

The real estate industry is evolving rapidly, driven by growing rates of urbanisation, alongside changing customer demographics. This coupled with the technological evolution redefines market dynamics, in parallel to the shifting environmental and social landscape. Consequently, resulting in greater interest among stakeholders for new-age real estate investments, ranging from design to materials used and operational efficiency of buildings.

The challenges facing today's real estate industry in Malaysia include:

- Increased competitiveness in office market impacting net absorption rate
- Continued impact of Goods and Services Tax and volatile capital markets and commodity prices dampening consumer sentiment
- Intensifying competition from incoming supply of retail and hotels impacting market share

## Approach

As our business is centered on real estate development, investment and management, we focus on how we manage our operations, mitigate our risks and grow our business to create competitive advantage whilst leveraging on the changes in the external environment, creating long term growth and stakeholder value. This entails maximising performance of our assets and investments, and managing expectations of our stakeholders, namely our tenants, shoppers, guests, suppliers, employees and contractors.

Our focus on sustainability is shaped by five priority areas reflecting the FTSE4Good themes and indicators for the construction and real estate sector and taking into consideration our unique business requirements, wider industry landscape while being mindful of stakeholder requirements.

We embed sustainability in all our business operations. Participation by top management and employees is vital to the successful implementation of the strategies for sustainable development. We aim to deliver financial value and societal benefits by balancing the commercial objectives with the environment and social needs of our stakeholders, underpinned by solid governance and ethical business practices.

## CORPORATE GOVERNANCE

Upholding transparency in our actions and disclosures, ensuring high standards of governance, business ethics and integrity in our operations



## ENVIRONMENTAL STEWARDSHIP

Striving for improved environmental practices and operational sustainability



## SECURITY, SAFETY AND HEALTH

Protecting our assets, operating reliably, effectively and efficiently across the Health, Safety and Environment (HSE) social spheres



## OUR PEOPLE

Nurturing a diverse and talented workforce to drive business growth strategies



## RELIABLE PARTNER

Strengthening financial position, business competitiveness and spurring socio-economic growth



We embed sustainability in all our business operations. Participation by top management and employees is vital to the successful implementation of the **strategies for sustainable development.**

# Sustainability Report

## SCOPE OF REPORTING

KLCCP Stapled Group's Sustainability Report highlights the non-financial performance and initiatives across our five priority areas from January to December 2016.

Our scope of reporting for the year covers all of KLCCP Stapled Group's operations in Malaysia comprising office, retail and hotel assets as well as our operations in facility management and car parking management. The scope is in accordance with the reporting scope of our Annual Report.

## GOVERNANCE STRUCTURE

In our journey towards sustainability, we recognise the need for a governance model that is able to supervise the formulation and execution of sustainable strategies for the organisation. In line with Bursa Malaysia's Main Market Listing Requirement under the Amended Listing Requirements for Sustainability Statement, KLCCP Stapled Group undertook the maiden step in establishing its Sustainability Governance Structure.

This involved the formation of KLCCP Stapled Group's Sustainability Steering Committee (SSC) to ensure accountability, oversight and review in the identification and management of sustainability matters within the organisation. The members were carefully selected to create a team of diverse area of expertise covering all facets of KLCCP Stapled Group's business operations. The joint-chairman of the SSC, have the overall responsibility of overseeing the corporate sustainability strategy and progress of the KLCCP Stapled Group's sustainability performance, identifying and prioritising material sustainability

matters, reviewing and endorsing policies, practices, targets and achievements for key sustainability issues and ensures regulatory sustainability requirements and reporting are met.

The SSC is supported by a working committee in ensuring sustainability is considered and integrated throughout our business operations. The SSC reports on a bi-annual basis to the Chief

Executive Officer (CEO) who is responsible for driving the implementation of sustainability strategy for KLCCP Stapled Group and reports the progress to the Boards. The Boards represent the highest authority and is ultimately accountable for managing sustainability matters in KLCCP Stapled Group. The governance structure will facilitate regular reporting on sustainability matters to CEO with updates to the Board.

### KLCCP Stapled Group Sustainability Governance Structure

#### BOARD

KLCC Property Holdings Bhd  
KLCC REIT Management Sdn Bhd



#### CHIEF EXECUTIVE OFFICER



#### SUSTAINABILITY STEERING COMMITTEE

Represented by:  
Head of Business Units covering Health, Safety and Environment, Strategy and Finance, Facilities Management, Legal and Corporate Services, Human Resource, Development and Leasing, Risk Management and Hotel and Retail Operations



#### Supported by WORKING COMMITTEE



# Sustainability Report

## SUSTAINABILITY FRAMEWORK

In managing the risks and opportunities which supports the business strategies, goals and aspirations, we developed a Sustainability Framework which encapsulates our principles on sustainability and aligns to our five priority areas. We took into perspective our strategic and operational risk profile and opportunities presented by the changing business environment, particularly in the real estate and construction industry. Premised on the PETRONAS' Corporate Sustainability Framework, we adapted it to our context and framed the KLCCP Stapled Group Corporate Sustainability Framework which embodies eight focused areas, comprising Shareholder Value, Corporate Social Investment, Climate Change, Natural Resource Use, Health, Safety and Environment, Workforce Development, Human Rights and Governance and Business Ethics.

## KLCCP STAPLED GROUP SUSTAINABLE DEVELOPMENT

To deliver financial value and societal benefits in a responsible and holistic manner, by balancing the economic, environment and social needs of our stakeholders, steered by solid governance and ethical business practices



## CORPORATE SUSTAINABILITY FRAMEWORK

### Governance and Business Ethics

Safeguarding the organisation's integrity and trustworthiness in delivering value through strong governance mechanisms and ethical business practices

### Climate Change

Strengthening our assets' resilience against climate impacts and managing energy efficiency

### Natural Resource Use

Promoting optimum use of environmentally-friendly materials in our properties, operations through efficient processes and application of technology

### Health, Safety and Environment

Ensure our properties and services are in accordance with all legal requirements and industry best practices to safeguard the health, safety and wellbeing of employees, contractors, tenants, shoppers, hotel guests, communities and local environment

### Workforce Development

Equipping our workforce with skills and mindset to deliver sustained high performance

### Human Rights

Respecting human rights in our areas of operations, complying to our code of conduct and business ethics and all legal requirements

### Shareholder Value

Delivering returns to our holders of Stapled Securities through long-term creation of economic value

### Corporate Social Investment

Investing in sustainable initiatives to contribute to the wellbeing of society

## PRIORITY AREAS



### CORPORATE GOVERNANCE

Upholding transparency in our actions and disclosures ensuring high standards of governance, business ethics and integrity in our operations

### ENVIRONMENTAL STEWARDSHIP

Striving for improved environmental practices and operational sustainability

### SECURITY, SAFETY AND HEALTH

Protecting our assets, operating reliably, effectively and efficiently across the Health, Safety and Environment (HSE) social spheres

### OUR PEOPLE

Nurturing a diverse and talented workforce to drive business growth strategies

### RELIABLE PARTNER

Strengthening financial position, business competitiveness and spurring socio-economic growth

# Sustainability Report

## IDENTIFYING MATERIALITY

KLCCP Stapled Group identified the material sustainable matters by taking into account the potential risks in our business activities in light of the social and environmental needs and the economic factors impacting the real estate industry. Our material areas were also identified based on inputs from both our internal and external stakeholders through observation and enquiries received. An internal materiality assessment was carried out to map out our sustainability matters.

### Step 1: Issue Identification

The materiality process began by identifying which of the sustainability issues are important to our external and internal stakeholders from a combination of internal and external source documents and analysis of megatrends relevant to the industry. We benchmarked against our real estate and REIT players, both globally and locally to identify the sustainability matters that are common to the real estate and construction sector. As a constituent of FTSE4Good Bursa Malaysia Index, our identification of material areas were also based on the FTSE4Good themes and indicators for the real estate and construction sector which we fall under. The identification step was also aligned to the boundaries in which we operate in and determined if the issues were within or outside our direct operational control. The stakeholders considered for the development of the list of sustainability issues were:

**Internal:** Employees

**External:** Suppliers and Service Providers, Customers and Consumers, Shareholders/Investors/Business Partners, Government/Local Authorities, Regulators, Community and Media

### Step 2: Prioritisation

Prioritisation is the process of determining how important the identified topics are to our stakeholders and to us. We translated the issues into sustainability risks and opportunities to determine which are material. Based on the identification process, we then engaged with the SSC and narrowed down the list of relevant sustainability issues for KLCCP Stapled Group based on the significant Economic,

Environmental and Social (EES) impact to the organisation and the matters that substantively influence the decisions of stakeholders. With that, we identified 12 material sustainable matters for KLCCP Stapled Group.

### Step 3: Materiality Assessment

To begin the Materiality Assessment process, the SSC identified the internal departments to solicit feedback on material issues from an internal business and external stakeholder perspective. The participants included representatives from the areas of Development and Leasing, Facilities Management, HSE, Procurement, Legal, Corporate Communications, Investor Relations and Business Development and our retail and hotel operations. The participants were requested to rank the importance of these 12 shortlisted material issues based on the five priority areas and in accordance to the impact on the external and internal stakeholders. Based on the degree of impact of either high, medium or low, the scores were given a weighting factor and were plotted on a materiality matrix using the average internal and external score.

### Step 4: Review and Feedback

The final materiality matrix was presented to the SSC for review and feedback, and subsequently presented to CEO and the Boards. It was agreed that KLCCP Stapled Group would proceed with this list of sustainable matters for the 2016 Sustainability Report.

# Sustainability Report

## Identified Material Sustainable Matters

MATERIAL SUSTAINABLE MATTERS	PRIORITY AREAS	KEY INDICATORS
<b>Economic</b>		
<b>Financial Sustainability</b>	Reliable Partner	<ul style="list-style-type: none"> <li>Returns to holders of Stapled Securities</li> </ul>
<b>Economic and Industry Growth</b>	Reliable Partner	<ul style="list-style-type: none"> <li>Current or expected impacts on communities and local economies</li> </ul>
<b>Environmental</b>		
<b>Climate Change</b>	Environmental Stewardship	<ul style="list-style-type: none"> <li>Scope 1 and 2 emissions (mtCO<sub>2e</sub>)</li> <li>Total energy consumed (kWh)</li> <li>Use of renewable energy (kWh)</li> <li>Energy reduction achieved as a result of conservation and efficiency initiatives</li> </ul>
<b>Environmental Management</b>	Environmental Stewardship	<ul style="list-style-type: none"> <li>Total volume of water used (m<sup>3</sup>)</li> <li>Total volume of hazardous waste generated (tonnes)</li> <li>Total volume of hazardous waste disposed (tonnes)</li> <li>Total waste intensity (kg per room) and waste diversion (%)</li> <li>Product innovation to reduce impacts (e.g. eco-friendly, less chemicals/toxic substances)</li> <li>Assessment of new and existing suppliers to identify environmental impacts</li> </ul>
<b>Social</b>		
<b>Community, Customer and Tenant Engagement</b>	Reliable Partner	<ul style="list-style-type: none"> <li>Total amount invested in the community (RM)</li> </ul>
<b>Supply Chain Management</b>	Reliable Partner	<ul style="list-style-type: none"> <li>Assessment of new and existing suppliers to identify potential negative social impacts</li> <li>Procurement spent on local supplies (%)</li> </ul>
<b>Security, Safety and Health Management</b>	Security, Safety and Health	<ul style="list-style-type: none"> <li>Number of workers undergoing safety and health training</li> <li>Number of fatalities</li> <li>Loss Time Injury Frequency (LTIF), Loss Time Injury Incidents (LTI), Loss of Primary Containment (LOPC)</li> <li>HSE organisational chart and HSE committee</li> </ul>
<b>Skills and Capability Development</b>	Our People	<ul style="list-style-type: none"> <li>Number of employees sent for training</li> <li>Average training hours per employee</li> <li>Amount invested in learning and development programmes (RM)</li> </ul>
<b>Diversity and Inclusion</b>	Our People	<ul style="list-style-type: none"> <li>Number/percentage of employees by gender, age group, ethnicity</li> </ul>

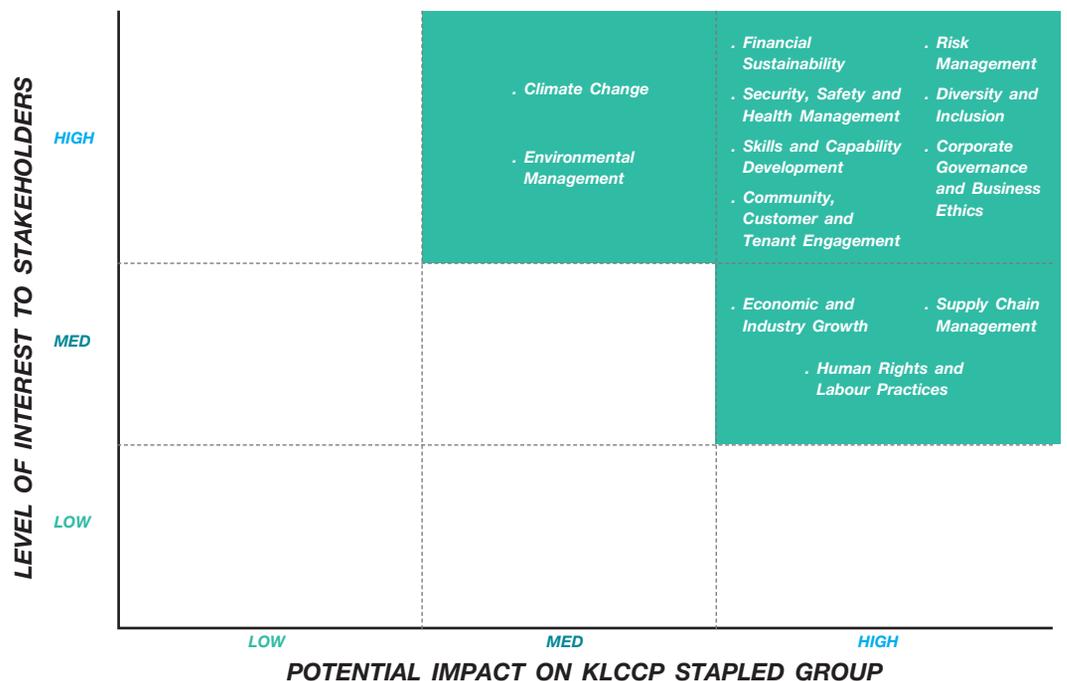
# Sustainability Report

MATERIAL SUSTAINABLE MATTERS	PRIORITY AREAS	KEY INDICATORS
<b>Social</b>		
<b>Human Rights and Labour Practices</b>	Our People	<ul style="list-style-type: none"> <li>• Compliance to legislations on welfare and rights of employees, workers and service providers</li> <li>• Employee benefits</li> <li>• Number of discrimination incidents</li> <li>• Number of child/forced labour incidents</li> <li>• Number of grievances on human rights issues</li> </ul>
<b>Corporate Governance and Business Ethics</b>	Corporate Governance	<ul style="list-style-type: none"> <li>• Separate Non-Executive Chairman and CEO</li> <li>• Commitment to gender diversity on the board</li> <li>• Number of Directors</li> <li>• Number of Independent Directors on the board</li> <li>• Number of women on the board</li> <li>• Anti bribery/corruption commitment statement</li> </ul>
<b>Risk Management</b>	Corporate Governance	<ul style="list-style-type: none"> <li>• Reference made to external standards to inform the risk management system and reporting transparency</li> <li>• Describes the risk management framework</li> <li>• Prepares for major Environmental, Social and Governance (ESG) catastrophic events and incidents</li> </ul>

Note: Key indicators are with reference to Bursa Malaysia's and FTSE4Good's Sustainability Reporting Guidelines and benchmarked against industry's best practices.

We have identified 12 material matters for KLCCP Stapled Group and these are further classified into sub-specific areas which we have detailed more comprehensively in the rest of the report.

## Materiality Matrix



# Sustainability Report

## Results of Our Materiality Assessment

The materiality assessment is illustrated in the materiality matrix on page 157, whereby the areas highlighted in the green quadrant represent the material sustainable matters to KLCCP Stapled Group. We will revisit and reassess our material sustainable matters towards a more comprehensive assessment to further enhance our reporting in the future.

## Sustainability Roadmap

Having performed the materiality assessment and identified the significant aspects for KLCCP Stapled Group, the SSC together with the working committee, developed a Sustainability Roadmap with targets and measures as mile markers, towards our sustainability journey. The Sustainability Roadmap sets

out specific targets for the KLCCP Stapled Group as a whole covering Governance, Environmental Stewardship and Social for the period from 2016 to 2018, against a 2015 baseline. It defines quantitative targets and concrete measures to be undertaken. This represents our conscious commitment through which the organisation as a whole is continuously improving societal and economic performance.

## STAKEHOLDER MANAGEMENT

KLCCP Stapled Group recognises stakeholder management as an important aspect to ensure transparency and accountability. Communication with stakeholders is imperative in understanding and managing their expectations and provide new perspectives in generating positive

impact to the organisation. With expectations changing rapidly in the real estate industry, investors, community, regulators and other stakeholders are continuously seeking for greater levels of transparency with respect to the economic, environment and social issues. We continue to engage and manage our stakeholders' needs and expectations, taking into consideration their viewpoints towards more tangible business value creation.

KLCCP Stapled Group has a diverse group of stakeholders comprising both internal and external stakeholders whom we have been engaging with through the various communication channels to identify and understand the issues that are most important to them. Demonstrated below are our key stakeholder groups, our engagement methods and their areas of interest.

STAKEHOLDER GROUP	ENGAGEMENT METHOD	FREQUENCY OF ENGAGEMENT	LEADING AREAS OF INTEREST
<b>Suppliers and Service Providers</b>	<ul style="list-style-type: none"> <li>• Face-to-face meetings</li> <li>• Evaluation/Performance Review</li> <li>• Corporate presentations</li> <li>• Supplier training programmes</li> <li>• Signing ceremonies</li> </ul>	<ul style="list-style-type: none"> <li>• Ad-hoc</li> <li>• Annually</li> <li>• Ad-hoc</li> <li>• Regular</li> <li>• Ad-hoc</li> </ul>	<ul style="list-style-type: none"> <li>• Fair practices</li> <li>• Transparent tender processes</li> <li>• Compliance with laws and regulations</li> </ul>
<b>Customers and Consumers</b>	<ul style="list-style-type: none"> <li>• Customer Feedback Management – hotline, surveys, email queries</li> <li>• Loyalty programmes</li> <li>• Events</li> <li>• Dialogue and engagement</li> <li>• Social Media</li> </ul>	<ul style="list-style-type: none"> <li>• Daily</li> <li>• Ad-hoc</li> <li>• Ad-hoc</li> <li>• Ad-hoc</li> <li>• Daily</li> </ul>	<ul style="list-style-type: none"> <li>• Customer relationship management</li> <li>• Safety and Security</li> <li>• KLCCP Stapled Group's competitive edge and differentiating factor in the marketplace</li> <li>• Innovative and trend setting practices</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Townhall sessions</li> <li>• Dialogue and Engagement</li> <li>• Intranet portal</li> <li>• Employee satisfaction survey</li> <li>• Annual dinner</li> <li>• Recreational and sports club events</li> </ul>	<ul style="list-style-type: none"> <li>• Annually</li> <li>• Regular</li> <li>• Regular</li> <li>• Annually</li> <li>• Annually</li> <li>• Regular</li> </ul>	<ul style="list-style-type: none"> <li>• KLCCP Stapled Group's long term growth, strategies and performance</li> <li>• Staff safety and wellbeing</li> <li>• Employee benefits</li> <li>• Training and career development</li> <li>• Employee performance</li> </ul>

## Sustainability Report

STAKEHOLDER GROUP	ENGAGEMENT METHOD	FREQUENCY OF ENGAGEMENT	LEADING AREAS OF INTEREST
<b>Shareholders/Investors/ Business Partners</b>	<ul style="list-style-type: none"> <li>• Annual General Meeting</li> <li>• One-on-one/small group meetings</li> <li>• Website</li> <li>• Investor relations events</li> <li>• Quarterly reports</li> <li>• Annual report</li> </ul>	<ul style="list-style-type: none"> <li>• Annually</li> <li>• Regular</li>   <li>• Regular</li> <li>• Regular</li> <li>• Quarterly</li> <li>• Annually</li> </ul>	<ul style="list-style-type: none"> <li>• Distribution per Stapled Security</li> <li>• Annual Total Return</li> <li>• Efficient operations leading to sustainable profitability</li> <li>• Long term growth and stability</li> <li>• Board and governance</li> <li>• Sustainable development and practices</li> </ul>
<b>Government/Local Authorities/Regulators</b>	<ul style="list-style-type: none"> <li>• Emails/letters</li> <li>• Discussions on government initiatives</li> <li>• Formal meetings</li> <li>• Inspections</li> <li>• Event</li> <li>• Workshops/Seminars</li> </ul>	<ul style="list-style-type: none"> <li>• Regular</li> <li>• Ad-hoc</li>   <li>• Ad-hoc</li> <li>• Ad-hoc</li> <li>• Ad-hoc</li> <li>• Ad-hoc</li> </ul>	<ul style="list-style-type: none"> <li>• Governance compliance</li> <li>• Construction and Building By-Laws compliance</li> <li>• Industrial and workplace relations</li> <li>• Environmental management and compliance</li> <li>• Security and Safety management</li> </ul>
<b>Community</b>	<ul style="list-style-type: none"> <li>• Community Engagement activities</li> <li>• Annual reports</li> <li>• Website/Information leaflet/ kiosks</li> </ul>	<ul style="list-style-type: none"> <li>• Regular</li>   <li>• Annually</li> <li>• Daily</li> </ul>	<ul style="list-style-type: none"> <li>• Health and safety impacts</li> <li>• Environmental impacts</li> <li>• Social contribution</li> </ul>
<b>Media</b>	<ul style="list-style-type: none"> <li>• Press release/media invites</li> <li>• Press conferences, question and answer sessions</li> <li>• Media coverage</li> <li>• Media luncheon</li> </ul>	<ul style="list-style-type: none"> <li>• Quarterly</li> <li>• Annually</li>   <li>• Ad-hoc</li> <li>• Annually</li> </ul>	<ul style="list-style-type: none"> <li>• Financial performance</li> <li>• Growth strategies, new projects and prospects</li> <li>• Operational issues and financial impact</li> <li>• Board and governance</li> <li>• Corporate responsibility</li> </ul>

PERFORMANCE OVERVIEW 2016

**ENVIRONMENTAL STEWARDSHIP**

**Office**

GHG Emissions

scope 1 **5.47** mtCO<sub>2-e</sub> scope 2\* **90,214** mtCO<sub>2-e</sub>

Energy Consumption\*

**95,426,259** kWh

Water Consumption

**646,355** m<sup>3</sup>

Waste Management

**2.173** metric tonnes of hazardous waste generated

**1.750** metric tonnes of hazardous waste disposed

\* including car park

**Retail**

GHG Emissions

scope 1 **1,540** mtCO<sub>2-e</sub> scope 2 **33,103** mtCO<sub>2-e</sub>

Energy Consumption

**15,791,308** kWh

**553,093 kWh** Renewable energy generated **RM1.2 million** Energy cost saving

Water Consumption

**607,715** m<sup>3</sup>

Waste Management

**299,700** tonnes (recycled waste)

**Hotel**

GHG Emissions

scope 1 **1,925** mtCO<sub>2-e</sub> scope 2 **17,511** mtCO<sub>2-e</sub>

Energy Consumption

**13,540,725** kWh

Water Consumption

**181,678** m<sup>3</sup>

Waste Management

**0.903** metric tonnes of hazardous waste generated

**0.903** metric tonnes of hazardous waste disposed

**4.7** kg per room night waste intensity (weight of non diverted waste in kg vs guest room nights)

**22.39%** waste diversion (weight of waste diverted from landfills and recycled)

**SECURITY, SAFETY AND HEALTH**

**0.46**

Loss Time Injury Frequency (LTIF)

**0 cases**

Number of Fatalities

**4 cases**

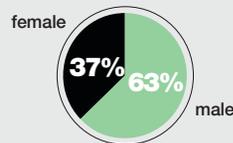
Loss Time Injury (LTI) Incidents

**0**

Loss of Primary Containment (LOPC)

**OUR PEOPLE**

Workforce Diversity



Staff sent for Training

**98%** of the total population

Spent on Learning and Development

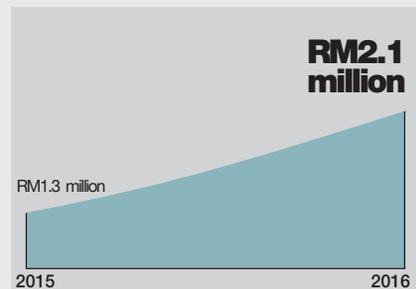
**RM1.03 million**

Average Training Hours per Employee

**22 hours**

**RELIABLE PARTNER**

Community Investment



## BENCHMARKS AND AWARDS

<p>FTSE4Good Emerging Index</p>	<p>KLCCP Stapled Group was included as a constituent of the FTSE4Good Emerging Index following the launch of this index by FTSE Russel in December 2016.</p> <p>First Malaysian REIT included on the index for demonstrating strong Environmental, Social and Governance (ESG) practices.</p>
<p>The Asset Gold Award</p>	<p>Excellence in Governance, CSR and Investor Relations Benchmarking.</p>
<p>Capital Finance International (CFI.CO) Award</p>	<p>Best Shariah-Compliant REIT-Malaysia 2016 for demonstrating integration of sustainability principles into the decision-making process for long term viability of KLCCP Stapled Group’s property portfolio.</p>
<p>The Best Public Space</p>	<p>KLCC Park was voted “The Best Public Space” at the 8th International Conference on World Class Sustainable Cities (WCSC) 2016 for its commitment in providing a public space that caters to the needs of people from all walks of life.</p>
<p>ISO 9001: 2015 Quality Management System</p>	<p>KLCC Parking Mangement Sdn Bhd (KPM) was awarded the integrated certification for continued determination and commitment in delivering quality services to customers in as pledged in our quality management system focusing on leadership and quality commitments.</p>
<p>ISO 14001: 2015 Environmental Management System</p>	
<p>OHSAS 18001: 2007 Occupational Health and Safety Management System</p>	
<p>MOSHPA OSH Excellence Award 2016</p>	<p>KPM received the Gold Award for its commendable achievement in occupational, health and safety management in its car park operations.</p>



FTSE4Good

**FTSE4Good Emerging Index**

**FTSE4Good Bursa Malaysia Index**



CORPORATE

# GOVERNANCE

Good corporate governance and sound risk management enable KLCCP Stapled Group to function efficiently, effectively and more importantly, responsibly by providing clarity on acceptable and expected standards of behaviour. We seek to uphold transparency in our action and disclosures, upholding integrity whilst addressing the current and emerging risks in the real estate sector.

## Material Sustainable Matters

- Corporate Governance and Business Ethics
- Risk Management

## Context

In our increasingly competitive corporate landscape, effective corporate governance is a vital foundation for a company's positive environmental and social track record. The environmental and social impacts are amongst the most prominent issues that responsible investors consider when investing in a company but not without a meaningful and indepth review of its corporate governance practices.

KLCCP Stapled Group is subject to corporate governance requirements set out by the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad and voluntarily comply with the best practices recommendations as stipulated by the Malaysian Code of Corporate Governance (MCCG) 2012.

With greater accountability and transparency, KLCCP Stapled Group strives to strengthen its corporate governance that will ultimately secure long term value for its stakeholders.



## Approach

KLCCP Stapled Group takes a proactive approach in observing high standards of corporate conduct with good corporate governance policies and practices in ensuring the sustainability of the organisation and safeguarding the interests of the holders of Stapled Securities and maximising long-term stakeholder value.

Our commitment to good corporate governance is reflected in our Code of Conduct and Business Ethics (CoBE), which guides the organisation in fulfilling its business obligations with utmost integrity and transparency.

# Sustainability Report

Overseeing the overall strategic and operational business performance are KLCCP's and KLCCRM's Board of Directors. The Board Governance and Risk Committee as well as the Board Audit Committee were established to assist the Boards in discharging their functions in relation to internal controls, risk management, compliance with applicable laws and regulations, as well as reviewing internal policies and procedures. Together, they are entrusted to further fortify the levels of accountability and integrity in KLCCP Stapled Group.

## Key initiatives for the year

### Board Composition and Diversity

- Launched the Board Diversity Policy for KLCCP and KLCCRM to ensure a diverse and inclusive board and support country's aspiration of 30% representation of women directors on boards

### Risk Management

- Conducted Enterprise Risk Management workshops for identified Business Units of critical business areas
- Conducted INTERISK system training to risk focals, risk owners and risk representatives where identified Risks Profiles are uploaded into the system
- Carried out the Business Continuity Plan simulation exercise for specific identified scenarios

## CORPORATE GOVERNANCE AND BUSINESS ETHICS

Our Boards take pride and place importance on strong governance culture and implementing international best practices across the business segments. In carrying out our business activities, we are guided by the KLCC Shared Values to uphold integrity in fulfilling our obligations in an ethical, responsible and transparent manner. This is supported by our strict conformance with the respective laws, rules and regulations in the country where we operate.

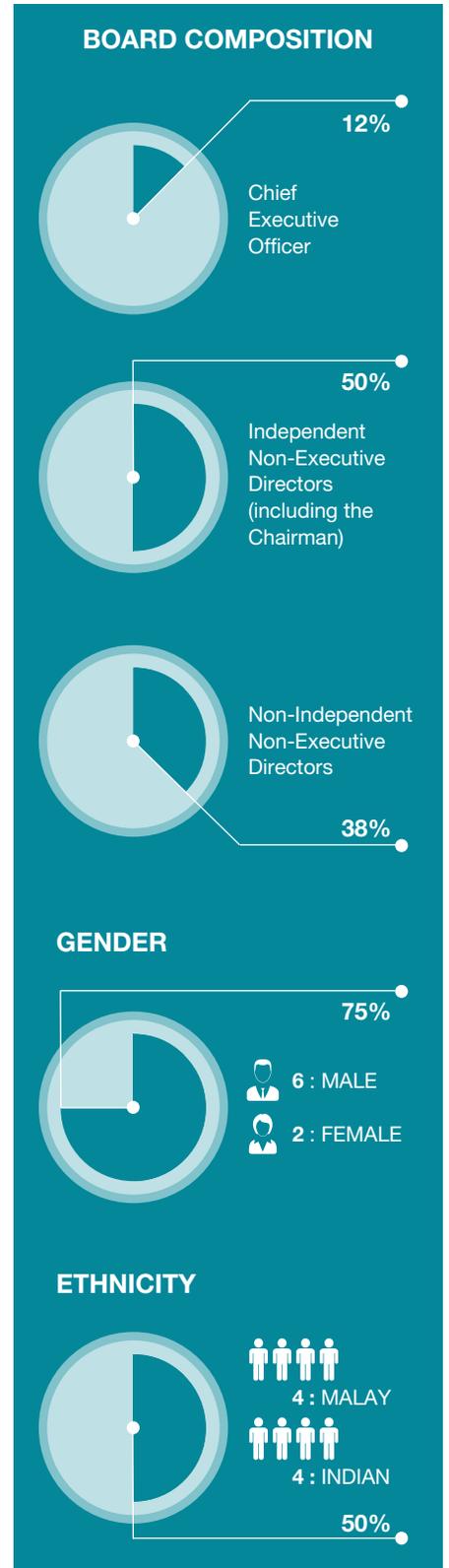
During the year, KLCCP Stapled Group was included in MSWG's Top 100 companies for demonstrating good disclosures and best practices in corporate governance, pursuant to MSWG's Malaysia-ASEAN Corporate Governance Awards 2016 and was also a recipient of the Gold Award in The

Asset Awards 2016 for excellence in Governance, CSR and Investor Relations Benchmarking.

### Board Composition and Diversity

Board composition for KLCCP and KLCCRM takes into consideration the gender diversity which has been one of our most significant corporate governance practices. This diverse composition is seen as contributing towards improving organisational value and performance, providing the Boards with new insights and new perspectives.

KLCCP and KLCCRM Boards of Directors comprise eight members respectively, a Chief Executive Officer, four independent non-executive directors including a Chairman and three non-independent non-executive directors, fulfilling the requirement of the MMLR on independence. Currently, there are two female directors on each Board. The



# Sustainability Report

Boards are responsible for overseeing the overall management of KLCCP and KLCCRM and responsible for providing oversight and stewardship of the organisation. Harnessing strength from a variety of backgrounds and experiences, the Boards bring diversity and add depth to deliberations.

## Board Diversity Policy

MCCG 2012 recommends the formulation and disclosure of gender diversity policies and targets to be mandatory, where companies must disclose in their Annual Reports, policies and targets with respect to composition of women on their boards. The Diversity Policy for KLCCP and

KLCCRM, which was rolled out in August 2016, aspires to ensure a diverse and inclusive board that will leverage on differences in thoughts, perspectives, knowledge, skills, regional and industry experiences, cultural and geographical background, age, ethnicity and gender to achieve effective stewardship and management which in turn will lead to its competitive advantage. In line with the country's aspirational target of 30% representation of women directors, the Boards will strive to maintain the pursuit of the same target underpinned by meritocracy in order to maintain an optimum mix of skills, knowledge and experience of the Boards.

## Business Ethics and Integrity

The Board of Directors of KLCCP and KLCCRM are guided by the corporate governance principles, CoBE and charters for each board committee and is committed to representing the long-term interests of all holders of Stapled Securities.

KLCCP Stapled Group's commitment to good corporate governance is reflected through its effort in promoting compliance, integrity and transparency through the adoption of KLCCP Stapled Group's Shared Values, PETRONAS' CoBE, Anti Bribery and Corruption (ABC), No Gift Policy and Whistleblowing Policy.

	Employees	Supply Chain
<b>Communication Channels</b>	<ul style="list-style-type: none"> <li>KLCCP Stapled Group Shared Values</li> <li>PETRONAS Code of Conduct and Business Ethics</li> <li>PETRONAS Anti-Bribery and Corruption Manual</li> <li>No Gift Policy</li> <li>PETRONAS Integrity Compliance Framework</li> <li>PETRONAS Whistleblowing Policy</li> <li>Induction Trainings</li> </ul>	<ul style="list-style-type: none"> <li>Imposed provision in all contracts requiring third parties to comply with CoBE</li> <li>Imposed provision of anti-bribery and corruption clauses in all contracts requiring third parties to comply with</li> <li>Continuous engagement with third parties to ensure compliance with CoBE and ABC Manuals</li> </ul>
<b>Feedback Channels</b>	<ul style="list-style-type: none"> <li>Whistleblowing Reporting Platform</li> </ul>	

## Code of Business Ethics (CoBE)

At KLCCP Stapled Group, we adhere to the PETRONAS' CoBE which contains detailed policy statements on the standards of behaviour and ethical conduct expected of each individual. The CoBE applies to all employees and Directors within the KLCCP Stapled Group and we continue to pursue good business ethics amongst the employees and stakeholders and endeavour to achieve the highest standards of integrity through the adherence to the CoBE.

The CoBE is benchmarked to international standards and outlines the behaviour and ethical conduct expected of employees, directors and other stakeholders in the way we do business which is reflected by the policies and procedures which deals with confidentiality, conduct and work discipline and corporate gifts and workplace harassment.

For the year under review, KLCCP Stapled Group continued to communicate the CoBE to all employees as well as third parties performing work for or on behalf of KLCCP Stapled

Group through its corporate website, meetings, corporate events and inclusion of CoBE in all new employees induction program. In 2016, 54 new employees were introduced to the CoBE and were required to sign a declaration of adherence to the CoBE.

## Anti-Bribery and Corruption

The ABC Manual and the *No Gift Policy*, as adopted from PETRONAS has been KLCCP Stapled Group's reference in dealing with unethical conduct and is now part of the culture in our efforts to eliminate all forms of bribery and

# Sustainability Report

corruption within the organisation. The ABC Manual was developed to supplement the general policy statements set out in the CoBE on fighting corruption and unethical practices and outlines detailed explanation on procedures for dealing with improper solicitation, bribery and corruption and addressing of ethical issues.

KLCCP Stapled Group's strong stance of zero-tolerance against bribery and corruption extends to its business dealings with third-party service providers and vendors. Pursuant to the ABC Manual, KLCCP Stapled Group requires that its agreements with third-party service providers and vendors incorporate anti-bribery and anti-corruption provisions.

To further strengthen our efforts in promoting ethical practices across the organisation, KLCCP Stapled Group continued to communicate and engage with employees at all levels through displays of posters at all office sites as well as conducted talks on integrity to uphold the core values and not engage in corrupt or unethical practices. This serves as a reminder to all employees to maintain the highest standards of integrity at work and in all business dealings.

## **Whistleblowing Policy**

The Whistleblowing Policy, as adopted from PETRONAS provides an avenue for employees and members of the public to disclose any misconduct or malpractices within KLCCP Stapled Group. It encourages openness and transparency and heightens ethical business conduct and provides trusted and accessible channels to report corruption, fraud and dishonest practices at the workplace.

Employees and members of the public who raise or disclose any malpractices can do so without doubt or fear of

reprisals as the whistleblower is assured confidentiality of identity, to the extent reasonably practicable, even post completion of investigation, so long as the disclosure is made in good faith. Whistleblowers are also kept updated on outcomes of the disclosure made, adhering to procedures in place.

As part of the PETRONAS group, all reported whistleblowing incidents are escalated to the PETRONAS Whistleblowing Committee set up to deliberate upon the disclosures made, determine next course of action and monitor progress until case closure. The Committee meets at least once a month and provides updates to the Internal Audit Management Committee as well as Board Audit Committee.

The organisation's ongoing efforts to promote the Whistleblowing Policy and its established platforms entailed displaying communication collateral at strategic locations within KLCCP Stapled Group's office premises such as the PETRONAS Twin Towers, Menara 3 PETRONAS and Menara Dayabumi.

Our Whistleblowing Policy is available at <http://www.klcc.com.my/sustainability/governance.php>

## **Dealings in Stapled Securities**

KLCCP Stapled Group has adopted a dealing in Stapled Securities Policy, a Memorandum of Insider Trading, for Directors and employees which advocates best practices pursuant to the MMLR. It sets out prohibitions against dealing in the Stapled Securities when in possession of un-published price sensitive information and knowledge of facts or materials. The Directors have been issued guidelines and are notified in advance of the closed period for trading in Stapled Securities and are regularly reminded of

the laws of insider trading and to refrain from dealing in Stapled Securities on short-term basis.

## **RISK MANAGEMENT**

Risk management is an intergral part of KLCCP Stapled Group's business at both strategic and operational levels. An effective and sound risk management system is important for KLCCP Stapled Group to achieve its business strategies and objectives. KLCCP Stapled Group has an established KLCC Group Enterprise Risk Management Governance Framework which outlines the risk policy, risk governance and structure, risk measurement and risk operations and system.

The Risk Management Oversight Structure which consists of the Boards, Audit Committees, Management Committee and Risk Management Committee sets out the structure used to assign responsibility for risk management and facilitates the process for assessing and communicating risk issues from operational levels to the Boards.

KLCCP and KLCCRM Boards developed an integrated robust risk management system for business resiliency focusing on three key areas:

### **Enterprise Risk Management**

KLCCP Stapled Groups' Enterprise Risk Management (ERM) Framework is a structured and holistic approach to identify, assess, treat and monitor risk aimed to reduce the likelihood and impact of all identified risks to enhance ability to achieve strategic objectives. It sets out the six key elements comprising Governance, Context Setting, Risk Assessment, Risk Treatment, Risk Monitoring and Review and Continual Improvement which

# Sustainability Report

enable KLCCP Stapled Group to manage risks in an integrated, systematic and consistent manner.

The framework provides a standard and consistent approach across KLCCP Stapled Group in achieving the following key attributes in risk management:

- Full accountability in managing risk at respective entity
- Application of risk management in decision making
- Continuous communication with external and internal stakeholders, including comprehensive and frequent reporting on risk management performance
- Risk management as part of KLCCP Stapled Group's management processes and culture in achieving the organisation's objective.

Annually, the Group Enterprise Risk Management Department facilitates and coordinates the group-wide Risk Profiling exercise that requires business and corporate executive leaders to proactively identify, assess and document material risks and the corresponding key controls and mitigating measures needed to address them. Material risks and their associated controls are consolidated and reviewed at KLCCP Stapled Group level before they are presented to the Risk Committee, Audit Committee and the KLCCP and KLCCRM Boards.

KLCCP Stapled Group utilises the INTERISK system as a risk tool to effectively manage and monitor risk profiles. It embeds the industry standard risk management process of ISO 31000. The INTERISK system drives active risk conversation and analysis monitoring through a dashboard, reinforces effective risk governance and assurance practices and provides a seamless flow of

information and processes along the risk management value chain.

Based on the ERM framework established and the reviews conducted by Management, both internal and external auditors, and the assurance from the CEO, the Boards concur with the recommendation of the KLCCP and KLCCRM Audit Committee and is of the opinion, that KLCCP Stapled Group's system of risk management and internal controls addressing financial, operational and compliance risks are adequate and effective to meet the needs of its current business environment as at 31 December 2016.

## Crisis Management

A comprehensive set of processes aimed to prepare the organisation to respond and manage crisis in the risk areas to protect and save people, environment, assets and reputation.

A Crisis Management Plan (CMP) is in place to address and respond to incidents where risk mitigation fails or when full prevention of the risk occurring is unlikely. This includes the emergency response, emergency management and crisis management.

During the year, KLCCP Stapled Group conducted Fire Drill and Evacuation exercises that include tenants for PETRONAS Twin Towers, Menara 3 PETRONAS and Menara Dayabumi to test the effectiveness and robustness of the Crisis Management Plan. A demonstration on proper usage of fire extinguishers was also conducted for tenants at the PETRONAS Twin Towers to promote awareness of the dangers of fire hazards and the proper and effective operation of fire extinguishers within the workplace.

At MOKL Hotel, the Crisis Management Team members have responsibility with

reference to their sections based on time sequence and direct responsibilities. The Hotel Manager and General Manager chair monthly meetings to outline simulation schedules and participate in the simulations. The local police authorities work with the hotel during some simulations to reflect a "real time authentic" scenario. Our hotel staff are trained yearly on the Business Continuity Management Plans and simulations are held yearly to ensure that we are prepared for any eventualities.

## Business Continuity Management

The Business Continuity Plan (BCP) for KLCCP Stapled Group covers the failure of ICT, business supply chain, assets and people. The BCP aims to provide guidance in resuming key business functions in the event the CMP fails to contain the incident and it escalates into a prolonged disaster that has a major or catastrophic impact on the business in terms of financial, operation and reputation.

Annual BCP simulation exercises are carried out to test the recovery strategy at virtual office and the effectiveness of identified Primary and Alternate Workforce for business resumption of the Critical Business Function.

At MOKL Hotel, the Crisis Management Team, Emergency Response Team and Business Recovery Team are responsible in dealing with incidents and crisis related to hotel operations. Senior leadership is part of this organisation as well as other department heads who, under the guidance of the Deputy Crisis Management Team member and Crisis Management Leader conduct over 24 yearly Emergency Response Plan scenarios and simulations involving hotel leadership and staff participation to increase the hotels readiness. All simulations are documented and then audited by senior leadership and independent auditor yearly.



## ENVIRONMENTAL

# STEWARDSHIP

Environmental stewardship is a core responsibility of KLCCP Stapled Group to promote a sustainable society and cultivate a green and safe corporate culture. We continue to take proactive measures in improving environmental performance and efficiency of the assets we manage in the areas of greenhouse gas emissions, energy efficiency, responsible water and waste management.

**O**ur retail and hotel properties and asset management company continue to support and step up KLCCP Stapled Group's efforts in responsible energy management, water efficiency and environmental conservation programmes in its many areas of operations to make a positive difference and ensure that the best practices have minimum adverse effects on the general well-being of customers, guests and employees.

### Material Sustainable Matters

- Climate Change
- Environmental Management

### Context

With growing awareness worldwide of environmental concerns, it is imperative to address how the needs of the present can be met without compromising the ability of future generations to meet their own needs with emphasis on protection of natural resources and the environment. Critical business needs for water, energy, and raw products must coincide and be balanced with care for stakeholders and the environment. The efficient use of environmental resources such as energy and water contribute to operational efficiency and long-term sustainability of KLCCP Stapled Group.



*Envirocomm 2016, held at the Endau-Rompin (PETA) Johor focuses on elements of environmental conservation and supporting local communities.*

### Our Approach

At KLCCP Stapled Group, we acknowledge our responsibility and emphasise the needs in raising awareness and understanding of environmental sustainability amongst our business units, stakeholders and the broader community. In line with our CoBE and as a real estate owner, developer and manager, we aim to minimise disruptions to the community, lowering the environmental footprint of

our buildings and use energy, water and resources more efficiently.

With inherent focus on mitigating the environmental related challenges, and in achieving operational sustainability, KLCCP Stapled Group has embarked to strengthen its foothold in the areas of energy efficiency and waste management in all its assets and operations. In our 3-year Sustainability Roadmap, we have identified our baseline and targets for improving our

# Sustainability Report

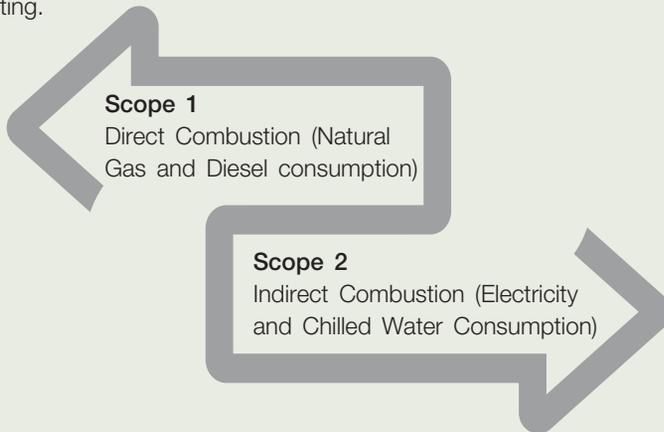
environmental sustainability performance in these areas. We strive to ensure our decisions contribute to improvements in environmental sustainability, working in-tandem with our tenants, the local authority, government and other stakeholders in achieving our targets.

KLCCP Stapled Group is committed in achieving its aspiration to be recognised as a responsible organisation that places great importance to environmental best practices throughout our operations.

## CLIMATE CHANGE

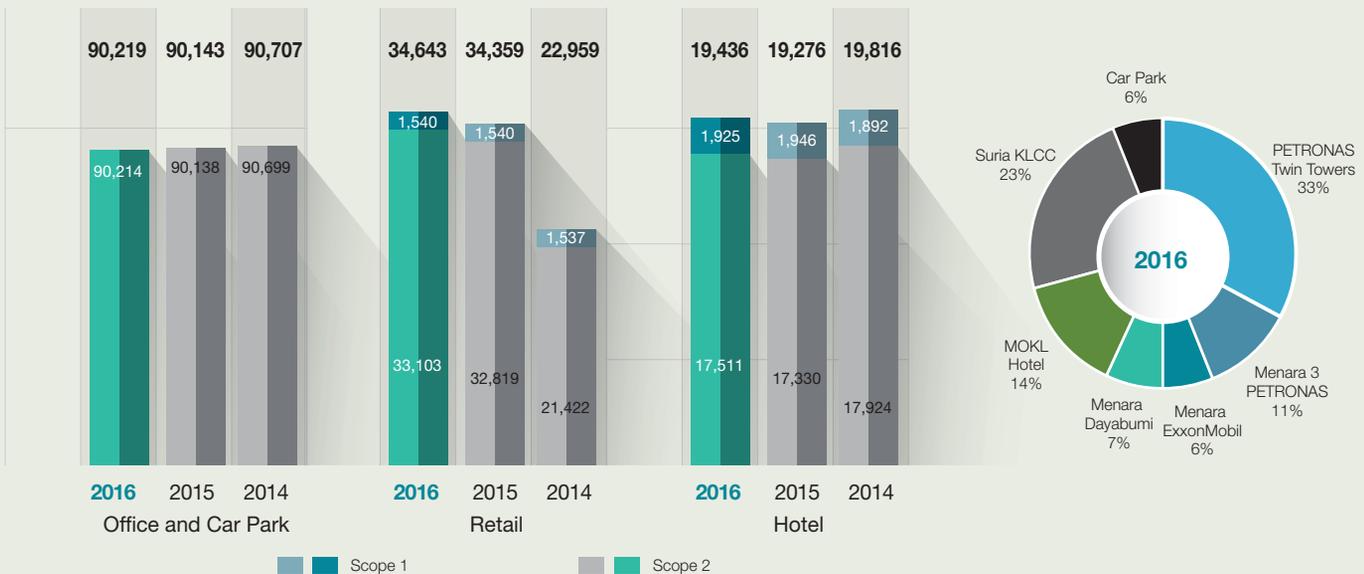
Climate change results in extreme weather and global warming and this will have impact on our wear and tear of assets and cost associated with repair and maintenance. Increased demand on ventilation and air-conditioning will also result in higher energy consumption. With climate change fast becoming a global agenda, Malaysia has committed to combating global climate change with a pledge to cut its greenhouse gas emissions (GHG) by 45% by 2030. As a good corporate citizen, KLCCP Stapled Group is committed to address climate change risks through reduction of its energy consumption and carbon emissions in its business operations and externally certified Environmental Management System (EMS) 14001 certification. To-date, our facility management company, KLCC Urusharta Sdn Bhd and our hotel, MOKL Hotel are ISO 14001 EMS certified.

Our monitoring and reporting of GHG emissions is based on Scope 1 and Scope 2 reporting.



### Performance for the year

GreenHouse Gas (GHG) Emissions (mt CO<sub>2</sub>-e)



# Sustainability Report

KLCCP Stapled Group anticipates, mitigates and develops adaptation strategies to face the upcoming carbon risks or opportunities, which may affect our tenants, users, guests and community.

## Measuring Carbon Emissions

Our carbon management is in relation to utilities (electricity, natural gas, chilled water) and diesel. In compliance with the PETRONAS Technical Standards, we have developed a carbon inventory to establish our emissions baseline and monitor our carbon emissions on a quarterly basis and tracking our progress. The consumption of each business based on utilities and diesel are compiled with a GHG emissions factor assigned and thereafter monitored. Energy reduction initiatives are then put in place to drive our action towards our reduction target. This year, we extended our monitoring on carbon management to include our hotel and retail operations.

Overall, KLCCP Stapled Group's GHG emissions for 2016 totaled 144,297.47 metric tonnes of carbon dioxide equivalent (mt CO<sub>2</sub>-e), a marginal increase from 2015 mainly due to the

increase in chilled water usage at our office properties and electricity consumption at the car park. Out of the overall total emissions, 63% is from the office and car park whilst retail and hotel contribute 23% and 14% respectively. Indirect GHG emissions from electricity and chilled water account for 98% with the rest being direct emissions, from diesel usage for the generator set at our offices and natural gas consumption from the food and beverage (F&B) outlets at Suria KLCC and MOKL Hotel.

## Energy Management and Efficiency

Our energy management strategy is one of the pillars to our carbon emissions reduction strategy. Energy management is unquestionably of great importance to KLCCP Stapled Group as we rely on energy across our business operations of property development and facilities management. Reducing energy consumption in our commercial buildings is vital to achieve KLCCP Stapled Group's energy efficiency goals and impact on overhead, cost, return on investment and the commensurate reduction of GHG emissions.

By implementing energy efficient fixtures and renewable energy technology in our properties, KLCCP Stapled Group seeks to conserve energy consumption and embrace green excellence in our assets for a lower carbon economy. This will in turn contribute to occupier satisfaction and productivity as it impacts the indoor air quality, lighting and noise levels, thermal comfort, links to nature and proximity to amenities.

In 2016, KLCCP Stapled Group introduced targets to reduce energy across our business operations from the baseline year of 2015 in its Sustainability Roadmap. We will be monitoring our progress in energy reduction through the planned initiatives and against our baseline year henceforth, in our commitment to reduce energy use in our operations.

Following the achievement of the Provisional GBI certification for PETRONAS Twin Towers and Menara 3 PETRONAS in 2015, we continued to implement initiatives during the year towards our target of attaining full GBI certification by 2018, for both these properties and enhance operational efficiency in our retail and hotel assets.

## Key initiatives for the year

### PETRONAS Twin Towers

- Installation of LED lighting at staircases, lobby and office floors at Tower 2
- Upgrading of Building Management System (BMS) – installation of Energy Management System (EMS), to track and control energy consumption

### Menara 3 PETRONAS

- Upgrading of BMS – installation of EMS, to track and control energy consumption
- Switching off 50% of common area lighting after office hours
- Implementation of LED lighting at common area at 50% coverage
- Switching from High Tension starters to Soft Starters for four units of chiller to reduce consumption of electricity
- Replacement of two units of cold water pump

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## Suria KLCC

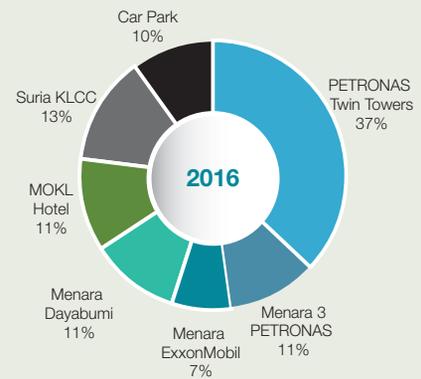
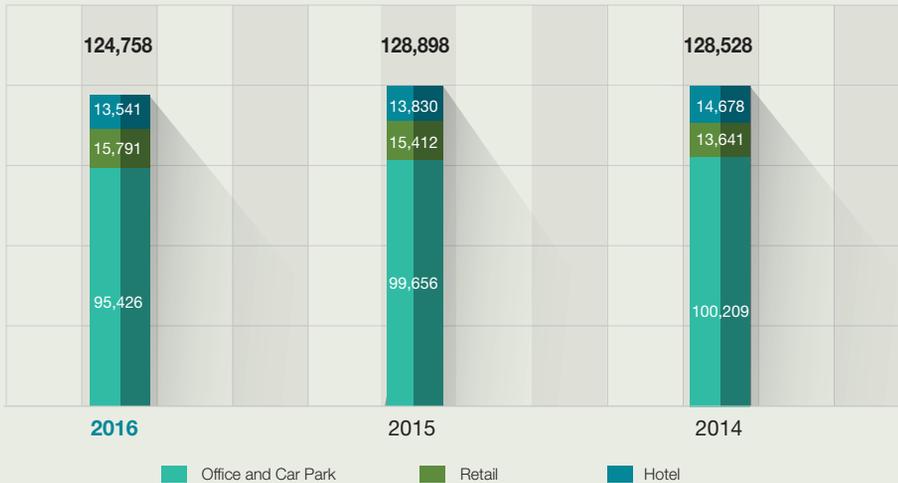
- Replaced 20% of the mall's normal lights to LED lights
- Upgrading of Fire Alarm System
- Upgrading of the building heat exchangers and replacement of fan coil unit at retail outlets

## MOKL Hotel

- Installation of LED lights for renovated rooms and upgrading of Integrated Room Management System – energy savings software and hardware
- Replacement of central BMS to ensure real time energy management and monitoring
- Installation of three high efficiency primary chilled water pumps with state of the art fresh air primary air handling units to improve overall indoor air quality
- Replacement of kitchen induction hobs with improved efficiency of 90% of the input energy from the gas range of 55%

## Performance for the year

Electricity Consumption ('000 kWh)



Energy consumption registered a 3.2% decrease from 128,898,361 kWh in 2015 to 124,758,292 kWh in 2016. This was largely contributed by the reduction of 4.2% in the office and car park segment, particularly from the initiatives undertaken at PETRONAS Twin Towers and Menara 3 PETRONAS towards attaining full GBI certification. Retail segment saw a 2.5% increase from 2015 to 2016 as a result of the upgrading works in the shopping mall

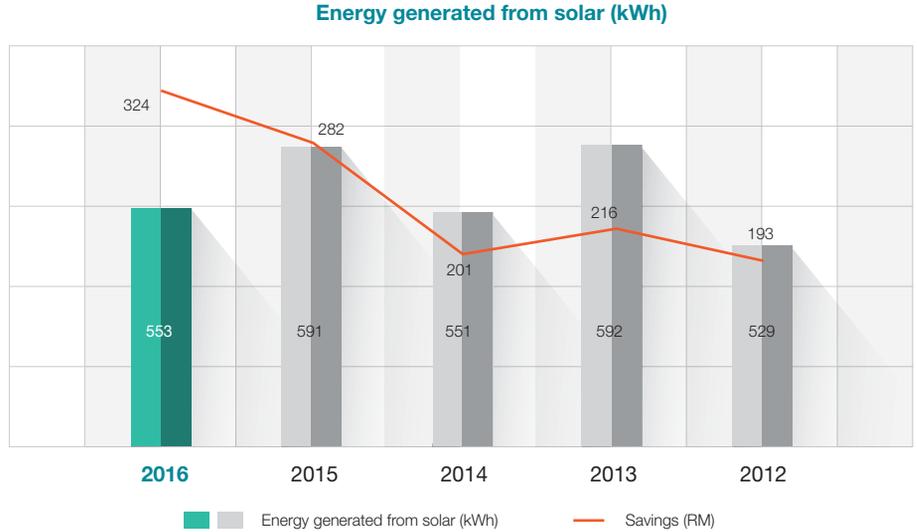
requiring testings whilst hotel segment saw a 2.1% reduction from the installation of LED lights and installation of high efficiency induction hobs.

## Renewable Energy

The solar photovoltaic installed at the rooftop of Suria KLCC in 2012 continued to reap electricity savings for the mall. The clean energy generated from the system contributes to the GHG emissions reduction by approximately

# Sustainability Report

360,000 kg carbon dioxide (CO<sub>2</sub>) per year and supplies about 30% of Suria KLCC's power requirements. From 2012 to 2016, energy generated from the solar panels totaled of 2,817,146 kWh, equivalent to 1,926.93 mt CO<sub>2</sub>-e and a cost savings of approximately RM1.2 million.



## ENVIRONMENTAL MANAGEMENT

### Water Management

Water use is an environmental sustainability concern that has recently taken on increased relevance. Severity of weather conditions has caused communities, industries, and regulators to place additional efforts into conservation strategies. Water resources have become increasingly stressed by population growth, contamination of resources, and depletion of groundwater supplies.

Water is a key resource in our operations and we realise the need to manage our water effectively and maintain the quality of water for the users at all our buildings. As a real estate owner, developer and manager, we are committed to reduce water consumption, reuse water and prevent water pollution.

As part of our target to achieve full GBI certification for PETRONAS Twin Towers and Menara 3 PETRONAS, KLCCP Stapled Group continued to enhance our initiatives in reducing our water consumption.

### Key initiatives for the year

#### Office

- Installation of water aerators for ablution
- Identifying and resolution of water gushing issue at lower floors, preventing water wastage

#### Retail

- Installation of water meter in all F&B outlets to track consumption
- Replacement of old water pipes to avoid leakage

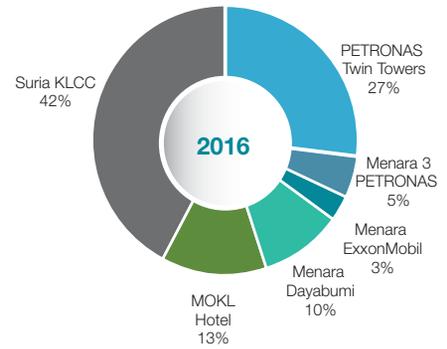
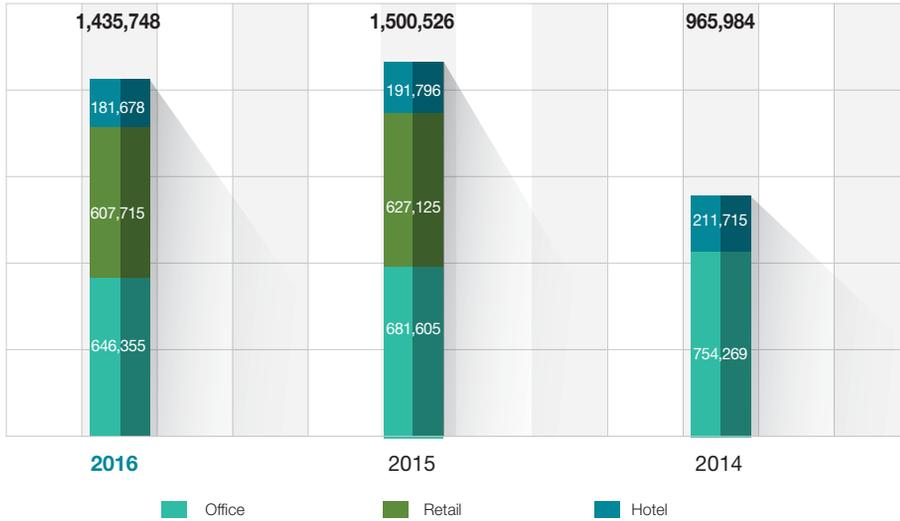
#### Hotel

- Installation of water restrictors in all renovated rooms to manage flow rates
- Installation of water restrictors at all kitchens to concealed type and use of "seat" between pipe and faucet to stop drips in the kitchens

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## Performance for the year

Water Consumption (m<sup>3</sup>)



Note:

1. Data collection for retail commenced in 2016

With our ongoing initiatives, overall water consumption for 2016 reduced by 4.3% being largely contributed by the 5.3% reduction in MOKL Hotel. The office and retail assets also registered reductions of 5.2% and 1.6% respectively in 2016. With a footfall exceeding 48 million, Suria KLCC is the largest consumer of water amongst our assets at 42% with PETRONAS Twin Towers, the highest of the office assets at 27% of the overall consumption for the year.

## Waste Management

KLCCP Stapled Group practices responsible waste management to ensure the well being of our tenants, guests, customers and the community at large. This is also part of our commitment and contribution towards our environment for the benefit of our future generation.

As a real estate owner and developer, our approach to waste management covers construction waste produced during

development and renovation of our buildings, municipal waste produced during operation of our buildings by the various users and occupants, which includes domestic and hazardous waste. Domestic waste comprises solid waste, compostable materials, recyclable materials and reusable materials waste whilst hazardous waste generated include used fluorescent bulbs, used batteries, spent lubricating oil, spent organic solvents and electronic wastes.

In respect to hazardous waste, KLCCP Stapled Group complies with the Scheduled Wastes Regulation 2005 (Environmental Quality Act 1974) by the Department of Environment (DOE), Malaysia. All the generated hazardous waste from our respective assets are disposed to the waste facility managed by Kualiti Alam, Sdn Bhd, registered and licenced with DOE. All scheduled waste are weighed and inventory tracked on a monthly basis. Collection of scheduled

waste is undertaken within 180 days by Kualiti Alam and e-consignment note are filed into DOE's eSwis website.

At our offices, as part of our sustainability practices and in line with our targets of achieving the full GBI certification for PETRONAS Twin Towers and Menara 3 PETRONAS, we have a Waste Management and Recycling Plan in place which outlines measures to achieve our identified goals on waste management.



MOKL Hotel segregates their domestic and recycled waste using specifically allocated waste bins.

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Short Term Goals	Long Term Goals
Identification of the type of waste produced for identified area	Minimising generation of unnecessary waste
Establishing the amount of waste for every type of waste produced	Minimising the quantities of waste generated ending up as landfill
Generate statistical database for deriving a custom and successful waste management and recycling plan	Recovering, reusing and recycling waste generated onsite where possible
Establishing baseline waste production	

At our hotel, general waste is segregated at source, particularly in the main waste generation areas of housekeeping and kitchen. The housekeeping attendants on each floor have separate bags for discarding recycled waste versus solid waste. Kitchens are all equipped with separate bins for the separation of wet food waste, recycle waste and wet waste.

Waste for landfill or recycling are submitted by the waste vendor and tracked on a monthly basis. The data is collected and trended for any abnormalities prior to corrective actions being taken. During the year, the waste vendor was requested to place a weighing machine at the Waste Management Center for more accurate data on recycled waste.



Recycled waste bins are placed at the North-West Development car park to encourage the public to dispose their waste responsibly.

KLCCP Stapled Group requires our main contractor to implement responsible waste management procedures to minimise construction waste and effectively manage the disposal of such waste to dumping sites approved by the authority. The contractor is required to submit the designated location of the dumping sites and proof of authority approval prior to disposing the waste from our construction sites.

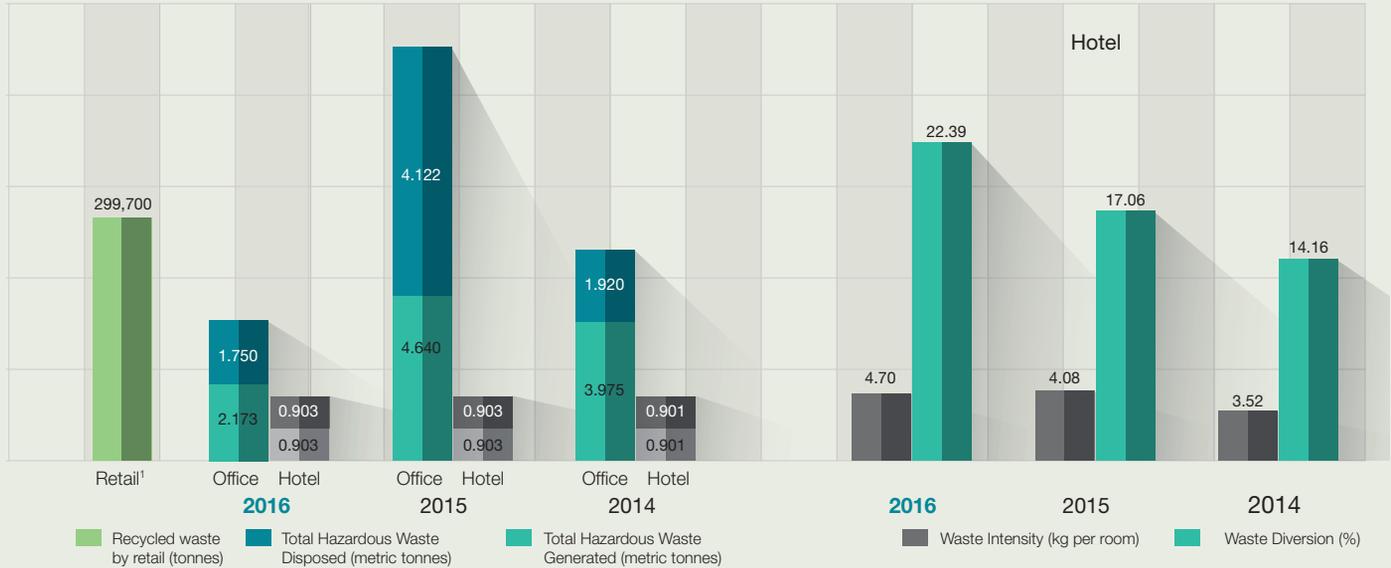
## Key initiatives for the year

<b>Recycling</b>	<ul style="list-style-type: none"> <li>Recycle bins are placed within the car park area of the North-West Development</li> <li>Smart purchasing and diligent practices by employees and suppliers</li> <li>Implementation of food compost machine</li> </ul>
<b>Waste Segregation</b>	<ul style="list-style-type: none"> <li>Enhancement of Standard Operating Procedure at PETRONAS Twin Towers</li> <li>Coaching of contractors on waste collection</li> <li>Campaigns and notifications to educate tenants</li> </ul>
<b>Waste Reduction</b>	<ul style="list-style-type: none"> <li>Garment bags, laundry bags, newspaper bags at hotel guestrooms are made from non-woven material, which allows for wash and reuse</li> <li>Paperless internal meetings and storage of documents and materials on shared drives or referencing from smart devices</li> <li>Flyers for hotel guest information take the form of Electronic Direct Marketing</li> <li>Glass bottled water (Natura – patented three-step filtration process with high grade long-lasting carbon filter) in hotel meeting and function rooms</li> <li>Digital Library for all in-house guests – digital download of newspapers and magazines, in various languages, reduce wastage of hardcopy newspapers</li> <li>Auto dosing systems to minimise chemical waste</li> </ul>

# Sustainability Report

## Performance for the year

### Waste Management



Note:

<sup>1</sup> data collection commenced only in 2016

In 2016, KLCCP Stapled Group generated approximately 3.076 metric tonnes of hazardous waste from its office and hotel operations. This was a reduction of 45% from 2015 as a result of the initiative of changing fluorescent tubes to LED lights. Of the hazardous waste generated, approximately 87% was disposed to approved facilities. As at December 2016, MOKL Hotel's Waste Intensity (landfill waste per overall guests room nights) was at 4.7 kg per room compared to 4.08 kg per room in 2015. This increase was mainly due to the ongoing first phase renovation of the guest rooms which commenced in June 2016. With MOKL Hotel's increased focus on the requirement to practice the 3R of Reduce, Reuse and Recycle, the Waste Diversion improved to 22.39% from 17.06% in 2015, thus contributing less to landfill waste.

### Responsible Material Use

As a real estate owner, developer and manager, KLCCP Stapled Group takes pride in ensuring the assets and facilities managed are in pristine condition and cater to the comforts of our users and occupants whilst adhering to environmental friendly products and material use. The use of sustainable building materials in our assets and the eco-friendly products which we promote throughout our operations play a part in driving environmental values and behaviours within the organisation and delivering environmental, social and business benefits.

### Promoting the Use of Biodegradable Products

KLCCP Stapled Group continues to promote the utilisation of biodegradable and eco-friendly products throughout our business operations. At the KLCC Park, we have imposed in our contract with the vendor for the use of environment friendly products in the landscape maintenance and pest control.

KLCCP Stapled Group acknowledges the increasing importance of green procurement and in stepping up our efforts to move towards a more responsible procurement practice. We are currently expanding our procurement scope by procuring products and services to support the green building initiatives especially at the PETRONAS Twin Towers, Menara Dayabumi and the Car Park of the North-West Development.

At our hotel, the contracts with vendors include utilisation of green product requirement. In compliance with the hotel's certification in ISO 14001 – Environment Management System, consideration of products that are environmentally friendly will be given priority. Special attention is paid on ozone depleting materials. The policy further covers guidelines for Safety and Health requirements.

Our hotel team continues to seek-out suppliers who have accreditations or

# Sustainability Report

## Key initiatives for the year

### PETRONAS Twin Towers

- Fit out materials such as carpet flooring and adhesive used are from recycled materials and low in Volatile Organic Compound (VOC)
- Materials for ceiling insulation were of recycled content materials and non-toxic
- All wiring outlet plates are PVC free to minimise outgassing of toxic substances and the lifecycle issues are also considered in the production and disposal processes

### MOKL Hotel

- Laundry chemicals used are under the Ecolab's Ensure Program, biodegradable products, phosphorous free, Alkylphenol Ethoxylates (APE) free and Nitrioltriacetic Acid (NTA) free and uses much lower temperatures for an effective wash
- Dry cleaning section switched from dower dry cleaning machines to machines using hydrocarbon – safer for our colleagues and the environment
- Biodegradable shower cap, sanitary bags made from cornstarch and toothbrush handle made from straw fibre for hotel guests usage
- Spa products used in The Mandarin Oriental Spa – Cartons and brochures are sourced from Forest Stewardship Council (FSC) accredited stock
- Housekeeping of rooms using Ecolab's range of chemicals reduces our environmental footprint through earth friendly formulas, containing no APE

certifications and who can provide quality products at competitive prices. The team continues to provide guidance to nominated F&B suppliers in food safety requirements by performing scheduled value added audits and inspections of their premises.

Other sustainable practices by our hotel team include sourcing from locally farmed or grown products – farmed fishes, vegetables and fruits, herbs and spices and non serving of shark's fins in the hotel's Chinese restaurant and banquet.

Suria KLCC places high priority for suppliers who have proven track record, credentials and certification. Performance of service providers are guided and monitored through scheduled audit checks and inspections.

## Inculcating Eco-Minds

Our environmental sustainability involves KLCCP Stapled Group playing its part as a good corporate citizen and encourage our employees to develop environmental and community outreach initiatives to appreciate and inculcate the back-to-nature awareness. Through such activities, we endeavour to make a difference and inspire others to do the same in our quest for a sustainable future.

## Envirocomm 2016

The Envirocomm 2016 programme was successfully held at the Endau-Rompin (PETA) Johor National Park from 24th to 26th November 2016, focusing on the elements of environmental conservation while supporting the local communities. The Endau-Rompin Johor National Park is one of the very few remaining large tracts of lowland tropical rainforest in the Malaysia Peninsular with a total area of 19,562 hectares.

Environmental awareness programmes were organised with the aim of



MOKL Hotel's Back to Nature encouraged employees' participation in environmental conservation activities.



Planting of fruit tree at the Orang Asli village school during Envirocomm 2016 in Endau-Rompin (PETA) Johor.

# Sustainability Report

connecting with nature and to create awareness on the importance of conserving nature through a number of outdoor activities such as jungle trekking and water tubing. As a property development and investment company, KLCCP Stapled Group has a role in protecting and preserving the environment as well as to inculcate culture of learning on bio-diversity and environmental protection among its employees. The programme contributed greatly not only to the preservation of environment through tree planting activity but also provided exposure for the employees to experience the importance of bio-diversity and park preservation.

Employees were also given the opportunity to perform outreach services for the *Orang Asli* community residing in Kampung PETA, the nearby village and presented them with a token of contribution from the employees. The highlight of Envirocomm 2016 was the tree planting ceremony, where 20 fruit trees were planted at the village school.

## MO Charity Run

In December 2016, MOKL Hotel, in support of World Wide Fund for Nature, Malaysia (WWF), held the MO Charity Run at the Forest Research Institute, Malaysia (FRIM) to raise funds and to create awareness on the importance of environment conservation among employees and the community. The 9km trail run received overwhelming participation from both employees and members of the public. A total of RM31,828 was raised and donated to WWF-Malaysia to support its conservation efforts.

## Other Community Relations Programmes

<b>Waste Not Want Not Charity Bazaar</b>	<ul style="list-style-type: none"> <li>• Encouraged employees to “Recycle and Reuse”.</li> <li>• Employees, suppliers and business partners donated usable items to be sold and raised funds for the less fortunate.</li> </ul>
<b>Earth Hour</b>	<ul style="list-style-type: none"> <li>• Targeted lights and shut-down of non-essential equipment in the commercial and retail space and at the hotel.</li> <li>• Worked to engage and educate our tenants, guests and visitors to encourage participation</li> <li>• Concerted effort made to identify and eliminate electricity usage resulting in savings</li> </ul>
<b>Give a Book, Take a Book</b>	<ul style="list-style-type: none"> <li>• Encouraged employees to read more. This also helps the environment by allowing employees to borrow or donate books from the library located in the staff cafeteria</li> </ul>
<b>Back to Nature</b>	<ul style="list-style-type: none"> <li>• Employees visited a Syabas plant to learn about how water is processed and channeled to the users</li> <li>• Cleaning of the surrounding areas of the waterfall at the Forest Research Institute Malaysia</li> </ul>



MOKL Hotel successfully raised RM31,828 through the MO Charity Run and the proceed was donated to WWF Malaysia in support of their conservation efforts.



# SECURITY, SAFETY AND HEALTH

Safety is the pre-requisite for sustainable operations excellence and integrity. Protecting our people and caring for their well being through robust health and safety policies and practices is essential to our business operations. As a property owner, developer and manager, KLCCP Stapled Group imposes strict adherence to the KLCCP Health, Safety and Environment (HSE) Policy in all areas of our operations. Regular HSE programmes are conducted to strengthen our HSE culture and capability and ensure our operations are carried out with the highest safety standards.

## Material Sustainable Matters

- Security, Safety and Health Management

## Context

Work health, safety and security is a priority for the real estate and construction industry due to the increasing number and rate of work-related injuries, illnesses and inherent risks associated with working in the industry. There is an ever-present chance of serious injury not only for workers but also site visits and those travelling and working around sites or even at the workplace. Safety considerations are embedded in all that we do be it at the workplace or project sites and every person is entrusted to take collective ownership in upholding safety at all times at KLCCP Stapled Group.

## Our Approach

KLCCP Stapled Group is committed to conducting business in a manner that protects the health, safety and security of our employees, tenants, contractors, suppliers and the community who visit our properties and is compatible with environmental and economic needs of the communities in which we operate. Our business activities are conducted in accordance with our policies on Health,



The HSE Walkabout was held around the KLCCP Stapled Group facilities to further reinforce company values on HSE.

Safety and Environment (HSE) and comply with the highest standards of occupational safety and health regulations.

We place utmost importance on safety management to prioritise safe work practices, building HSE capability and culture within our organisation and occupational health in sustaining ideal health levels of our employees, visitors to our properties and at project sites.

We believe continuous improvement of our HSE and engagement with our stakeholders is essential to create a leading organisation and to make it the responsibility of every employee, ensuring accountability within the organisation. We measure and track our performance against industry best practices in our effort to raise the bar on HSE.

# Sustainability Report

## HSE Governance

HSE at KLCCP Stapled Group is driven from both top down and bottom up through the various HSE committees within the organisation. At the group level, the HSE Management Review is chaired by the CEO and its members comprise heads of business units and representatives from our joint ventures and hotel operations. The HSE Management Review which is a requirement under ISO 14000, OHSAS 18000 and the PETRONAS HSEMS, oversees all HSE matters, review of HSE performance and all ongoing improvement efforts.

In compliance with OSHA 1994, the entities under KLCCP Stapled Group have their respective HSE Committees. The HSE Committees are chaired by the respective Division Heads and comprise representatives from the Employer and Employees. These committees meet every quarter to proactively discuss on mitigating potential HSE risks and investigate root causes of incidents, and reports back to group level. The members of the committee actively undergo training on the roles and responsibilities of the National Institute of Occupational Safety and Health.

With this governance structure, KLCCP Stapled Group ensures effective practice and implementation of HSE culture.

## SECURITY, SAFETY AND HEALTH MANAGEMENT

Managing the safety of our people, assets and the environment is KLCCP Stapled Group's top priority. Our emphasis is to develop effective controls on identified HSE risks.

KLCCP Stapled Group has a robust safety system in place, demonstrating our strong commitment to uphold the KLCC HSE Policy which governs and reinforces our commitment towards safeguarding the employees, preserving the reliability of assets, facilities and operations. This is supported by our HSE Management System, HSE Mandatory Control Framework and PETRONAS Technical Standards to strengthen HSE Governance within the KLCCP Stapled Group while providing clear requirements on operational safety, environment and health for consistent and effective implementation.

Our employees, and third party personnel serving at our properties and development sites are required to comply with our standards and rules on HSE. We comply to the Zero Tolerance (ZeTo) Rules, a principle to ensure all activities are carried out in a safe manner and where any non-compliance is not tolerated.

In addition to workplace safety and health, KLCCP Stapled Group also placed emphasis on employee health. Ergonomics, stress, and anxiety can have significant impact on job performance, employee satisfaction, and retention, which ultimately affect organisational goals and objectives. Our facilities management company, KLCC Urusharta in collaboration with PETRONAS group HSE engaged with tenants and employees at PETRONAS Twin Towers on ergonomic awareness – work station condition, body posture and type of tools used at the work station, namely computers and chairs. The attendees were requested to complete a survey on their workstation furniture to ensure comfortable disposition while performing their work. A total of 1,084 self assessments were completed. There were also awareness sessions conducted through Health Clinics at PETRONAS Twin Towers and Menara Dayabumi to enlighten employees and tenants on ergonomics solution and revolution.



Site inspections for audit purposes were held to ensure strict compliance and to evaluate effectiveness of our HSE Management System.

# Sustainability Report

## Key initiatives for the year

<b>HSEMS Auditor's Training</b>	<ul style="list-style-type: none"> <li>The HSEMS auditors from the various business units underwent training to detail out the gaps in HSE safety management for the organisation and solutions in mitigating the gaps</li> </ul>
<b>Top Management HSE Walkabout</b>	<ul style="list-style-type: none"> <li>Management takes the time to walk around the facility to monitor and positively reinforce company values on HSE</li> <li>A total of seven walkabouts were conducted in 2016 across the organisation covering project sites and commercial buildings to ensure all HSE aspects are in control and risks being mitigated. 41 observations were noted and remedied to avoid injury or harm at the workplace</li> </ul>
<b>Implementation of HSE Best Practices</b>	<ul style="list-style-type: none"> <li>Performed Hazard Identification Risk Assessment and Control for all operations and activities</li> <li>Internal Audit Process for operations to evaluate the effectiveness of HSE Management System</li> <li>HSE Joint Audit with Group Internal Audit (GIA) for Menara 3 PETRONAS and MOKL Hotel</li> <li>HSE audits for retailers' outlets contractors and retailers' contractors</li> </ul>
<b>Emergency Preparedness</b>	<ul style="list-style-type: none"> <li>Fire and evacuation drills held in all premises</li> <li>Bomb threat training for retail mall</li> <li>Simulation exercises held for our office, hotel and car park operations to test effectiveness of the Emergency Response Plan, Crisis Management Plan and Business Continuity Plan</li> </ul>
<b>HSE Contractor Management</b>	<ul style="list-style-type: none"> <li>Instilling HSE requirements in all contracts by stipulating provisions on safety</li> <li>Contractors undergo safety briefing prior to performing job</li> <li>Permit to Work must be obtained by all contractors</li> <li>Licensed and competent workers to be hired for skilled job</li> <li>Contractor Evaluation conducted bi-annually to assess compliance and performance</li> </ul>

## Strengthening HSE Capability and Culture

KLCCP Stapled Group prides itself on the safety culture it has developed within the organisation over the years and continues to drive efforts to create greater awareness amongst employees and contractors towards values, attitudes, goals and proficiency of the organisation's health and safety programmes. Our Management is committed to workplace safety and encourages the safety culture with everyone playing a part in keeping themselves and others safe.

For workplace safety, we continued our initiatives in ensuring strict adherence to ZeTo Rules, safety management systems, enforcing safety culture, compliance and leadership and lessons learnt. In 2016, employees and management of KLCCP Stapled Group participated in the PETRONAS HSE StandDown 2016 for all in the

organisation to stop, step back and reflect on the rising number of HSE incidents faced within the PETRONAS group. This entailed a live streaming of the PETRONAS President's message followed by a break-out session facilitated by the HSE team. All findings were compiled and submitted to PETRONAS Group HSE.

# Sustainability Report

## Key initiatives for the year

<b>Instilling HSE in each employee via Key Performance Indicators in Employee Performance Contract</b>	<ul style="list-style-type: none"> <li>Reporting on Potential Incident/Near Miss (PI/NM) of potential hazards or incidents at our properties or sites to prevent injury/illness or recurring of similar incidents</li> <li>In 2016, 21 PI/NM were reported and corrective actions were identified, implanted, monitored and reviewed for effectiveness</li> </ul>
<b>HSE Awareness and Training Programs</b>	<ul style="list-style-type: none"> <li>Safety orientation programme for contractors and new on-boarding employees</li> <li>Capability development training and adherence to safety measures for employees and contractors in high risk areas i.e. working at heights, plants, severe weather conditions, unhealthy air</li> <li>HSE programmes for F&amp;B tenants in collaboration with authorities, Gas Malaysia and Energy Commission on Natural Gas Safety Awareness</li> <li>In 2016, a total of 5,611 employees, tenants and contractors underwent HSE training. The training covered             <ul style="list-style-type: none"> <li>Scheduled waste management and handling procedures</li> <li>Safety briefing for all contractors – conducted prior to performing their jobs</li> <li>First Aid, CPR and Automated External Defibrillator (AED) training</li> <li>Usage of Self-Contained Breathing Apparatus (SCBA)</li> <li>HSE Awareness Talk for non-HSE staff</li> </ul> </li> </ul>
<b>HSE Communication</b>	<ul style="list-style-type: none"> <li>Regular updates on HSE news and events and lessons learnt in KLCC Group intranet portal</li> <li>HSE alerts on HSE incidents within the PETRONAS group communicated to all employees for awareness</li> <li>HSE sharing sessions with business units facilitated by the HSE team on environmental awareness and conservation and basic hazards and risk at workplace</li> </ul>

KLCCP Stapled Group's performance monitoring includes permanent and contract employees involved in the daily operations as well as contractors and consultants at project sites.

## Performance for the year

	2016	2015	2014	2013
No. of fatalities	0	0	0	0
Loss Time Injury (LTI) Incidents	4	8	2	4
Loss Time Injury Frequency (LTIF)	0.46	0.23	0.14	0.41
Loss of Primary Containment (LOPC)	0	0	0	0

KLCCP Stapled Group continued to record an impressive zero fatal incidents rate in 2016. This was contributed by stringent safety measures implemented throughout our business operations. This achievement was also the result of employees' awareness and commitment towards the importance of upholding and embracing safety culture in all aspects of their work be it at sites or offices.

# Sustainability Report

During the year, KLCCP Stapled Group recorded 4 LTI incidents with a LTIF of 0.46 which is an increase from 2015 largely contributed by manual handling, kitchen activities and housekeeping chores. LOPC was maintained at zero.

## Security Management

As global security threats are on the rise and as our properties in the KLCC Development is located in the iconic belt, KLCCP Stapled Group has a duty of care to ensure its properties are safe. We are committed to ensure our tenants, shoppers, guests and employees feel safe at all times.

In 2016, our facility management company undertook a review of the KLCC Precinct Security Master Plan to enhance the Security Surveillance System and HELP Points within the KLCC Precinct Common Area. We are also collaborating with the police and PETRONAS Group Security to manage the customer safety and security across all asset classes. We also reviewed various measures to ensure security standards across all asset classes in relation to monitoring systems, physical controls, emergency and crisis management plans and administrative systems.

### PETRONAS Twin Towers

- Installation of air gates, head count system used during emergency evacuation and upgrade of the Public Address (PA) System

### Mandarin Oriental, Kuala Lumpur

- Crisis Management Team Alert System, Key Management System, Management of Lost and Found, Deployment of Walkie Talkie for Security Communication, Management of Assets with Gate Pass System, Management of Fire Fighters and First Aid Equipment, Addressable Fire Alarm Panel and Audit exercise

*To ensure effective roll-out of best practices on building safety and asset integrity:*

- 24 hours coverage of hotel security
- Deployment of security personnel on Route Assignment
- Visitor Management System
- CCTV coverage and maintenance system
- Deployment of Team Forced Guards for Building Parameter Security
- All entries to hotel and basement covered by CCTV coverage
- Security assessment by awarded company

### Suria KLCC

- Upgrade of CCTV at control room
- Tightened security at all entrances



OUR

# PEOPLE

Our people are the most important asset in our organisation. Our employees are guided by our clear vision and mission and we subscribe to the same Shared Values of Innovative, Cohesiveness, Loyalty, Integrity and Professionalism which are reflected in our daily work practices. In line with our mission to promote superior performance, we embraced the PETRONAS Cultural Beliefs transforming our work culture in delivering superior results.

**O**ur employees stand guided by the CoBE and we ensure strict compliance without any compromise to the organisation's integrity.

### Material Sustainable Matters

- Diversity and Inclusion
- Skills and Capability Development
- Human Rights and Labour Practices

### Context

Our employees are our pillars of strength in the continued sustainability of our organisation and they continue to be the capital driver for success. Acknowledging this, we elevate the robustness of our workforce to deliver superior performance against the challenges in the real estate and property sector.

### Our Approach

At KLCCP Stapled Group, equality, diversity and inclusion are mandatory principles to facilitate our people's growth. With our people being the cornerstone of KLCCP Stapled Group's achievements, we are committed to develop a motivated and highly professional and competent workforce by continuously improving the organisational culture and empowering our employees through training and development. We believe human capital is fundamental for



*Employees engagement were conducted to promote camaraderie, teamwork and cohesiveness among employees for mutually beneficial outcomes.*

companies alike and we are guided by a high performance culture based on meritocracy, performance and delivery, binding upon our KLCCP Stapled Group Shared Values and the PETRONAS Culture Beliefs.

Our Human Resource policies and initiatives on employee engagement,

talent management and retention embed principles of building a conducive workplace for our employees' development and well-being as well as to remain as an employer of choice. We hone a progressive, empowered and resilient workforce to enable us to achieve organisational and business excellence.

# Sustainability Report



KLCCP Stapled Group proactively promotes an engaged workforce to ensure effective flow of information and alignment to the organisation's business goals and strategies.

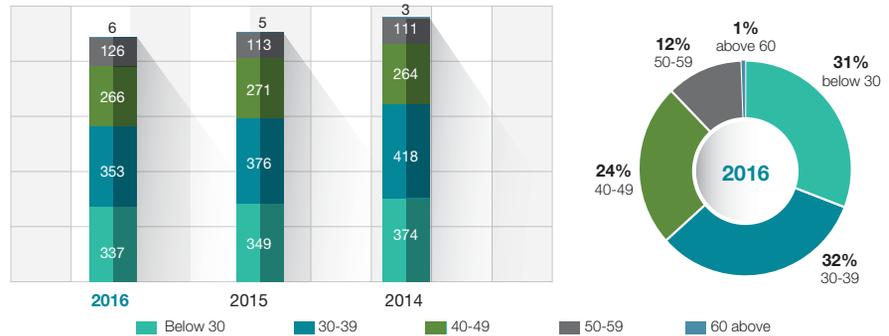
## DIVERSITY AND INCLUSION

Having an inclusive culture and upholding equality is important to KLCCP Stapled Group. We foster a harmonious relationship with our employees through our guidance of the KLCC Shared Values and the CoBE. Our employees represent a workforce of diverse racial, religious and cultural backgrounds. Regardless of ethnicity, age and gender, employees contribute to the organisation based on their expertise, experience and talent.

Equal opportunities without discrimination are provided to employees to be part of the workforce as well as to move up the career ladder. Our recruitment process adheres to guidelines on non-discrimination and fairness and we maintain a free harassment work environment.

### Age

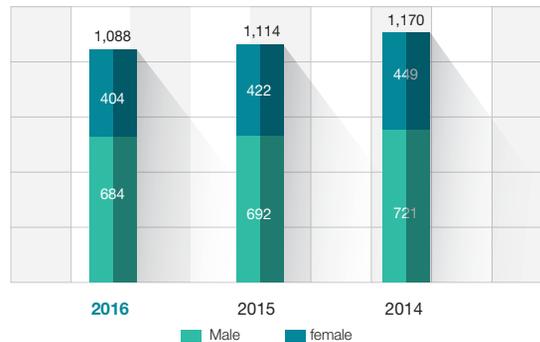
We have a diversified workforce across all age-groups. In 2016, approximately 30% of our current workforce and 78% of new recruits consists of Generation Y (Gen Y).



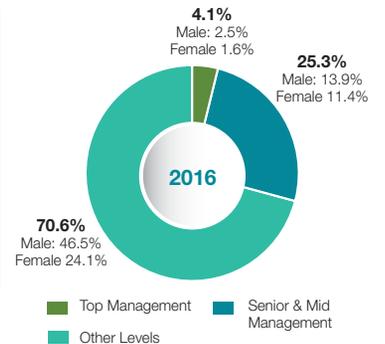
### Gender Diversity

KLCCP Stapled Group has a higher proportion of male employees within the organisation whilst 48% of senior managerial and above positions are held by female employees. Nevertheless, we are committed to provide equal employment opportunities based on merit.

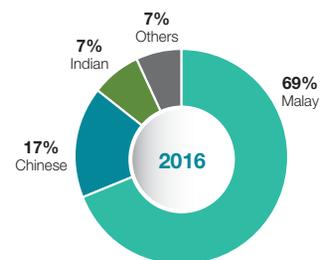
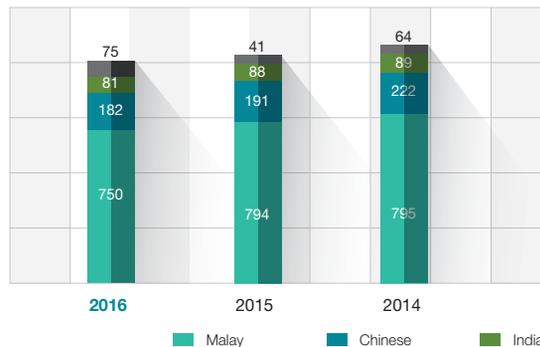
Workforce by Gender



Employee Position and Gender Profile



### Ethnicity



# Sustainability Report

## SKILLS AND CAPABILITY DEVELOPMENT

We have placed strong emphasis in developing the skills and capabilities of our employees. Investing in our people from a wide variety of diverse backgrounds creates value for our business, tenants, customers and community. Training needs analysis is conducted annually to establish the necessary training intervention to level up competencies and professional knowledge. We continue our efforts in upskilling and providing learning opportunities for our employees to equip them in performing their work at optimum levels via the 70:20:10 learning model wherein 70% of learning is through on-the-job training, 20% via coaching and mentoring and 10% via classroom training. In 2016, we invested more than RM1 million on learning and development which saw 98% of employees undergoing training programmes that were planned for the year with an average of 22 hours per employee.

Building strong leadership bench strength is part of the organisation's succession planning efforts to ensure a steady stream of leaders and the efforts are reviewed annually. Efforts in building core capabilities for KLCCP Stapled Group are focused on 5 core capabilities – investment management, project management, asset management (marketing and leasing), asset/facilities management and property development to provide competitive edge in the industry. In 2015, we embarked on enhancement of the functional and technical competencies of employees via development of Skill Group (SKG) competencies to assess the baseline competency levels of employees. In 2016, the SKG competencies for the finance fraternity was completed. A total of 34 employees underwent the assessment

with gaps identified for closure. This was followed by the commencement of the SKG assessment for the Legal and Corporate Services fraternity.

During the year, the Human Resource Division expanded the employee benefits by introducing an education assistance incentive for employees to undertake a Bachelors or a Masters degree to further enhance their knowledge, skills and capabilities in their respective fields. Employees will be given a one-off cash incentive upon successful completion of the programmes.

On-the-job training and Group Training Techniques are the programmes developed for our hotel employees to enhance the department trainer skills in order for them to conduct training according to the hotel standards. Trainings conducted are divided into 2 categories – Generic Quality Training and Fire Life, Health, Safety, Security and Environment training. Employees of MOKL Hotel also undergo training with the Malaysian Employers Federation that covers the entire spectrum of Industrial Relations, Human Resources Management and Development and Occupational Safety and Health (OSH).

Our retail employees were introduced to Competency Based Learning Curriculum with a focus on Customer Experience Excellence for Concierge and Front Liners, English programmes for Front Liners, Objective Setting and Planning, Standard Operating Procedures Drafting Guide, Procurement Optimisation workshops and Specialised Trainings for competent handling of Photovoltaic Solar Panel.

KLCCP Stapled Group also partners with local tertiary education institutions to offer student internship opportunities for students interested in the real estate sector. In 2016, there were 7 interns assigned to various departments within the organisation.

## Talent Management

With scarcity of talent being an issue in today's employment world, KLCCP Stapled Group continues to seek dynamic and talented employees to provide an impetus to competitive edge and propel the organisation to its next phase of growth. During the year, the HR Division established a Talent Strategy Blueprint detailing the strategies on attracting, retaining and developing talent spanning a 5-year horizon. The blueprint outlines the HR roadmap and milestones focusing on 3 strategic thrusts – getting the right talents, putting them in the right environment and building credible leaders.

KLCCP Stapled Group identifies talent from within the organisation and also externally through a multi-pronged talent recruitment methodology – build, buy or rent. In 2016, our HR Division also participated in the Mega Career Fair, Property and Construction Industry Networking HR Meeting and the Malaysian Institute of Human Resource Management Congress to seek out talents and benchmark against HR best practices. Our talent management programmes provide developmental opportunities to nurture employees' capability and leadership qualities through formal trainings, on-the-job exposure, job rotation and mentoring-coaching. The Human Resource Planning and Development Committee (HRPDC) reviews the succession plans on an annual basis for key positions in the organisation.

Our compensation packages are aligned to industry's best practices and market benchmarks with review conducted annually. We offer fair and competitive remuneration packages based on employees' competencies and expected roles and responsibilities. This is to ensure our competitiveness in attracting talent for sustained growth.

# Sustainability Report



*The Long Service Awards presentation was held annually to appreciate and recognise employees' loyalty and contributions to the organisation.*

As part of equipping managers of KLCCP Stapled Group to manage their talents, our Human Resource Division conducted a series of workshops called "HR in Me" with the objectives of understanding HR policies and procedures and to apply their learning in managing their talents.

## Performance Appraisals

KLCCP Stapled Group has a well structured appraisal system through the Online Employee Management System (EMS) and covers executive and non-executive permanent employees within the organisation. The EMS comprises of 3 stages – goal setting, periodic review and year-end review. Following the year-end review, a challenge session at division level with the Heads of Department and Heads of Division ensues, followed by a challenge session at organisation level prior to the final round of challenge at the HRPDC.

KLCCP Stapled Group remains committed to meritocracy and our yearly performance assessment, rewards and compensation packages emphasise on employee performance as well as on the efforts on how it was achieved. In 2016, 100% of our employees completed their performance appraisals via the EMS.

## Workforce Engagement

It is important for every employee to have a sense of belonging to an organisation that they work for and establish a connection with the community in their workplace. An engaged organisation creates a positive work environment that includes informal interaction among employees through occasional activities such as birthday celebrations get together, or a more formal annual retreat, annual dinner or open days will give employees something to look forward to as a break from their daily work.

In KLCCP Stapled Group, we engage with employees for mutually beneficial outcomes in terms of self development and growth. Our engagements focus on employees' well being, performances, results and outlooks, and recognition. During the year, we continued our proactiveness in engaging our workforce through various avenues for effective flow of information and alignment to business goals and strategies across our operations.

In 2016, 75% of employees participated in the Employee Feedback Survey achieving a satisfaction score of 80%, an improvement of 9% from 2015. As at year end, the attrition rate for KLCCP Stapled Group stood at 8.6% as compared to the property and development industry average of 18%.



*The Laureate Awards were presented to business units that performed with excellence in their respective areas of operations.*

# Sustainability Report



The KLCC YPEXC Treasure Hunt was conducted to promote togetherness and teamwork among its members and other employees of the organisation.

## Key initiatives for the year

<b>Recognition of employees' loyalty and contribution to organisation</b>	<ul style="list-style-type: none"> <li>• Long Service Awards – provision of additional reward for retirees and service for 35 years</li> <li>• Laureate Awards and Annual Dinner</li> </ul>
<b>Promote camaraderie, teamwork and cohesiveness</b>  <b>Encourage stronger interpersonal networks and improved communication</b>	<ul style="list-style-type: none"> <li>• CEO Townhall</li> <li>• HR Open Day</li> <li>• Leadership Away Day, social outings or get-together</li> <li>• Induction for new employees</li> <li>• Round Table Conference</li> <li>• Employees Briefing</li> <li>• Management Retreat</li> <li>• Away Day</li> <li>• Health Talks</li> </ul>
<b>Employees' feedback on organisational culture</b>	<ul style="list-style-type: none"> <li>• Peer Review Survey</li> <li>• Online Employee Engagement Survey</li> <li>• Organisational Survey</li> </ul>
<b>Promote work-life balance</b>	<ul style="list-style-type: none"> <li>• Talent competition</li> <li>• Cooking Class for hotel employees</li> <li>• Sports and Games</li> </ul>

## Sustainability Report

### KLCC Young Professional Executive Club (YPEXC)

Nurturing young talents is an agenda of KLCCP Stapled Group as our young professionals constitute 31% of the workforce. In developing our future leaders, we provide an avenue for them to unlock their potential and leadership capabilities. Through the Young Professional Executive Club (YPEXC), a platform for the young executives to elevate their talent, this community focused on promoting KLCC values, work-life balance and breakthrough performance culture.



KLCCP Stapled Group promotes healthy lifestyle and well-being among employees through its wellness programmes.

### Key initiatives for the year

<b>Corporate Wellness</b>	<ul style="list-style-type: none"> <li>• Create awareness and promote healthy lifestyle among employees</li> <li>• Improve employees' well-being and contributing towards increased productivity</li> </ul>
<b>YPEXC Clan Jumpa</b>	<ul style="list-style-type: none"> <li>• Address concerns and issues pertaining to YPEXC and its members</li> <li>• Encourage camaraderie among members and strengthen YPEXC community ties</li> </ul>
<b>Feed the Homeless</b>	<ul style="list-style-type: none"> <li>• During the month of Ramadhan, 20 YPEXC members in collaboration with the Human Resource Division volunteered in the distribution of <i>Bubur Lambuk</i> and charity packs to the community in the Kuala Lumpur vicinity</li> <li>• This programme was part of YPEXC efforts in engaging with and giving back to society</li> </ul>
<b>Leadership in YPEXC Training – Lego Method</b>	<ul style="list-style-type: none"> <li>• Foster effective teamwork and provide hands-on skill and knowledge discovery in improving teamwork performance</li> <li>• Develop and improve leadership skills among YPEXC members</li> <li>• 72 members participated</li> </ul>
<b>YPEXC Toastmasters</b>	<ul style="list-style-type: none"> <li>• Develop and improve confidence level in presentation and communication skills</li> <li>• 12 sessions were conducted in 2016</li> </ul>
<b>Engagement with Top Mangement</b>	<ul style="list-style-type: none"> <li>• Share knowledge and experience that YPEXC members can emulate in carrying their responsibilities at work or home</li> </ul>
<b>Walk A Hunt</b>	<ul style="list-style-type: none"> <li>• YPEXC members together with their seniors spent half a day for the hunt activity and raised funds for a charitable cause</li> <li>• Promote togetherness and bonding between YPEXC members and other employees within the organisation</li> </ul>

### Employee Wellness

We believe that the integration of healthy living initiatives benefits both employers and employees and is critical to our business viability and success. A healthy workforce results in reduced downtime due to illness, improved morale, productivity boost and higher employee retention. We are committed to promoting a culture that is employee-centred which provides supportive environments where safety is ensured and employee access is granted to engage in a myriad of workplace health programmes.

# Sustainability Report

## Workforce Health

The workplace is an important setting for health protection, health promotion and disease prevention programmes. KLCCP Stapled Group provides comprehensive employee health insurance coverage and appropriate preventive screenings. All new employees of KLCCP Stapled Group are required to undergo a pre-employment medical check-up whilst those aged 35 to 45 years are encouraged to undergo medical screening every two years and above 45 years, annually. In 2016, KLCCP Stapled Group extended the provision of dental benefits to the non-executives. The Human Resource Division also introduced an incentive to encourage more staff to live a healthy lifestyle in providing access to the Twin Towers Fitness Centre which includes gym facilities, squash and badminton courts and studios for group fitness.

## Sports and Recreational Activities

KLCCP Stapled Group organises social and recreational activities for its employees as part of its efforts in promoting wellness and personal development. Kelab Sukan dan Rekreasi PETRONAS Wilayah Tengah (KSRRP) 2016 Sports and the Property Wellness and Sports Carnival promoted cohesiveness and team camaraderie. The "Trim to Win" wellness programme is in its third year now and has been successful in promoting more health-conscious and intum more productive employees. MOKL Hotel organised the second MO FIT programme in conjunction with the Hotel's Wellness programme to promote a "Healthy Lifestyle". These included weight reduction, body fat reduction and muscle mass increase.



## HUMAN RIGHTS AND LABOUR PRACTICES

KLCCP Stapled Group demonstrates responsible workplace practices with respect to employment. We fully comply with the legislations on the welfare and rights of our employees and workers as well as our service providers at our project sites.

We abide by the Malaysian Labour Laws encompassing the Employment Act 1955 (ACT 265), Trade Union Act 1959 (ACT 262), Industrial Relation Act 1967 (ACT 177), amongst others, together with all related regulations and guidelines, which promote fair and responsible employment practices. We also have an established Board Nomination and Remuneration Committee in ensuring compliance to policies and implementation of best practices. Our remuneration practices comply with Malaysia's Minimum Wage regulation and overtime compensation in accordance with the Employment Act. Our benefits typically exceed the requirements stipulated within the Employment Act.

In 2016, there were no incidents and grievances of discrimination, child labour and forced labour reported in KLCCP Stapled Group.

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*MOKL Hotel held their MO Fit Programme to promote a healthy lifestyle and one of the challenges included climbing up to the hotel's rooftop.*



*KLCCP Stapled Group employees are encouraged to participate in sports and recreational activities conducted annually.*

## Anti-Child and Anti-Forced Labour

In Malaysia, risks and incidents of child and forced labour is mitigated through various legislations, for example the Employment Act 1955 (ACT 265), Minimum Retirement Age Act 2012 (ACT 753), Occupational Safety and Health Act 1994 (ACT 514), Factories and Machinery Act 1967 (ACT 139), Merchant Shipping Ordinance 1952, and the Children And Young Persons (Employment) Act 1966 (ACT 350). The Children And Young Persons (Employment) Act 1966 prohibits employment of children below 18 years of age. The legislations has a clear set of laws for the employment of children below 15 years and between 15 and 18 years old, including their number of working days, working hours and type of work to be engaged in.

KLCCP Stapled Group ensures that all employees are issued employment contracts specifying clear employment terms and conditions.

## Respect for Freedom of Association

KLCCP Stapled Group respects all employees' fundamentals rights to freedom of association and the rights to be members of trade unions. Although KLCCP Stapled Group is not a unionised organisation, we stand guided by the Malaysia Labour Laws which allows trade unions to act on behalf of employees for collective bargaining, providing them with an additional avenue to seek redress for disputes.



RELIABLE

# PARTNER

KLCCP Stapled Group is committed to taking an active and long term role in managing the relationships with our stakeholders and working as a reliable partner with the communities to engage both citizens and community partners to ensure continuous improvement in our approach to sustainability and in giving back to the community surrounding us. We aim to continue establishing and maintaining a mutually beneficial relationship with our diverse stakeholders.

### Material Sustainable Matters

- Financial Sustainability
- Economic and Industry Growth
- Supply Chain Management
- Community, Customer and Tenant Engagement

### Context

As a property investment and development group, creating value and delivering lasting impact to the community is integral to our role as a reliable partner. We believe that building dynamic, long-lasting partnerships help us achieve our sustainability goals and be a supporter of the community, strategically, financially and socially.

### Our Approach

KLCCP Stapled Group is committed to maintain a favourable impact on the society. We serve by making meaningful contributions economically and socially and growing with our stakeholders to maintain long-term partnerships across our business portfolios. We work with our stakeholder groups to build and strengthen mutually beneficial relationships by building trust and commitment and growing with our partners to maintain long term partnerships across our business portfolios. We collaborate with our tenants to meet their sustainability



*Children of Yayasan Sunbeams with the management of Suria KLCC during a Chinese New Year shopping treat.*

goals and we are supportive of our tenants' energy conservation efforts. We aim to provide communicative channels for feedback from tenants and customers to be integrated into sustainable decision making.

We invest in community and sustainable development programmes in the areas of education, health, environment and special community needs. Our

contributions include the development of infrastructure, the support for charity associations through fundraising activities, as well as education and environmental initiatives.

# Sustainability Report



The 100-acre KLCC Development offers an exciting and vibrant place for people to work, live, visit, shop and play.

## FINANCIAL SUSTAINABILITY

With tough operating conditions in 2016, responding to the volatile macro-economic environment was crucial for us to sustain competitive advantage and remain resilient in our operations to combat the headwinds and continue our drive for excellence. Our financial performance was our focus to deliver our commitment of stable and sustainable returns to the holders of Stapled Securities.

We took cognisance of our collective strength and focused on managing our costs in our value chain, creating differentiation in re-positioning our assets and services to compete on our potential and quality as well as enhancing dynamic culture and capabilities of our people in creating a proactive approach to sustain and deliver results.

For the financial year 2016, KLCCP Stapled Group delivered an increase in distribution per stapled security of 2.9% to 35.65 sen underpinned by its resilience in the revenue and profits of the office and retail segments. This is in line with our continued quest in delivering value and growth to the holders of Stapled Securities.

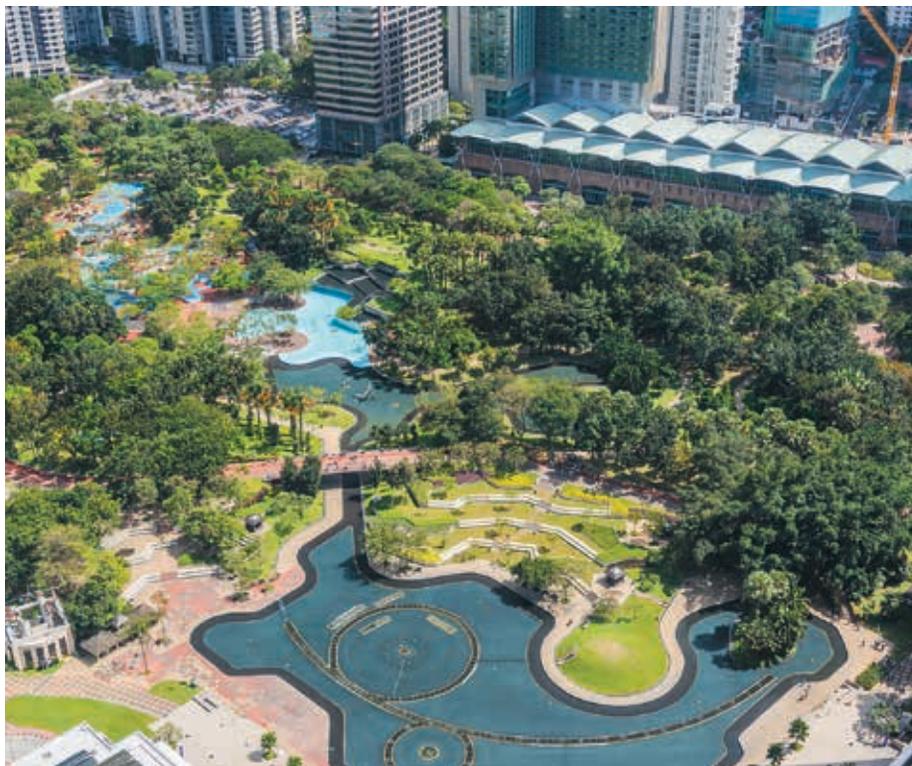
## PROMOTING ECONOMIC AND INDUSTRY GROWTH

KLCCP Stapled Group has been involved in nation building, realising the vision of making Kuala Lumpur a world class city. The development within KLCC Precinct has marked a milestone in the growth of Kuala Lumpur and is the benchmark for the urban spatial planning and development in Malaysia. Designed to be a city within a city, the KLCC Development sits on a 100-acre

precinct and is an integrated mixed development with residential, hotel, convention, retail and leisure components. Our properties within the KLCC Precinct have bridged people together and built a stronger sense of community where people can work, live, shop, play, meet, visit and eat. Our development within the KLCC Precinct has also created significant value enhancements to the properties surrounding and in the periphery of the KLCC Precinct.

KLCCP Stapled Group is committed to building and managing our properties to ensure safety, accessibility, vibrancy to meet social integration and enhance lives of its tenants, shoppers, guests and community.

# Sustainability Report



The 50-acre KLCC Park was voted the 'Best Public Space' at the 8th International Conference on World Class Sustainable Cities 2016.

## Malaysia's Iconic Experience in Kuala Lumpur

Malaysia's Iconic Experience in Kuala Lumpur (MIEKL) is KLCCP's 'Iconic Malaysia' project in collaboration with its business partners to promote the Kuala Lumpur City Centre precinct as a must-visit destination. This is to create awareness and promote the attractions in KLCC Precinct as well as provide convenient access to information on the places of interest to further boost the tourism industry. Various communication modes such as website, touch-screen kiosks, product pamphlets and digital screen advertisement have been established to ensure easy access of information to both local and international visitors.

## KLCC Park

The KLCCP Stapled Group continued to promote public awareness on environmental protection and the importance of environmental conservation and this is reflected through its exemplary efforts in the upkeep and maintenance of the 50-acre KLCC Park. The KLCC Park signifies the Group's contribution towards social and community wellbeing by providing a green, convenient, tranquil and conducive destination in the midst of a bustling and dynamic city centre.

KLCCP Stapled Group also collaborates with local authorities and the KLCC community to observe effective compliance for provision of local facilities. The common cost sharing

management policy between landowners of commercial properties known as the Common Estate Committee for the upkeep and maintenance of the park continues to promote positive impact on the commercial environment for local and foreign tourists and shoppers. In 2016, KLCCP Stapled Group incurred RM1.2 million for the upkeep and maintenance of KLCC Park.

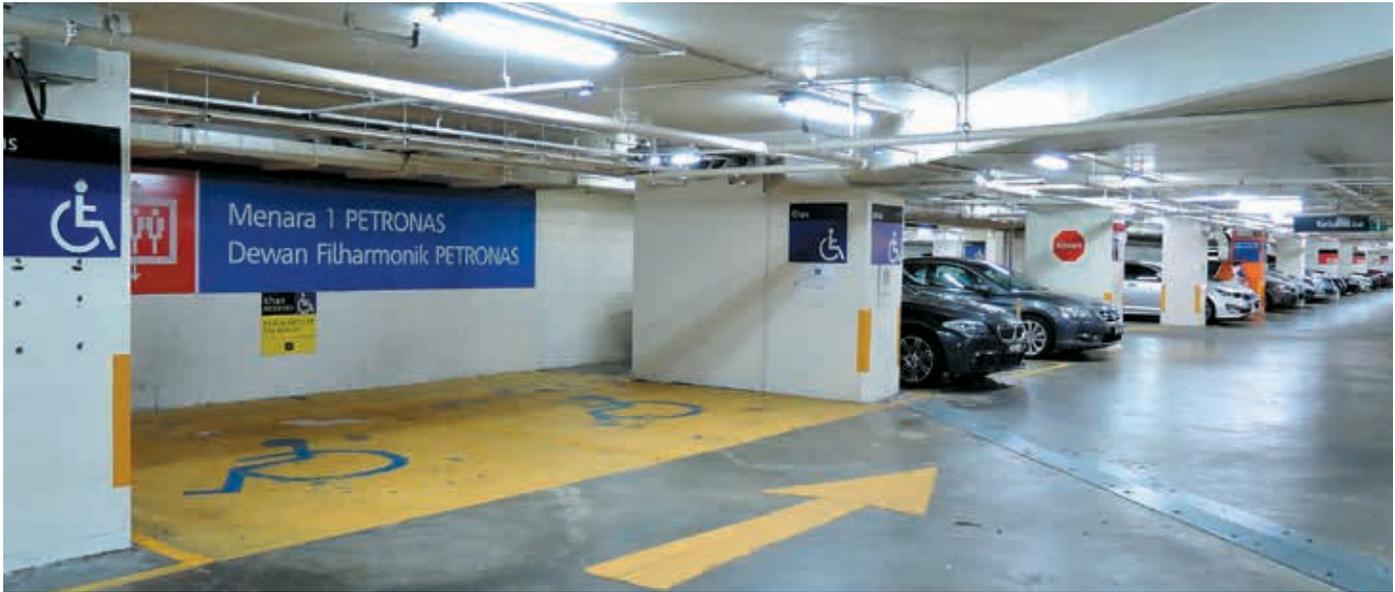
At the 8th International Conference on World Class Sustainable Cities, KLCC Park was voted the "The Best Public Space" in Kuala Lumpur, bringing our efforts in managing the park to fruition. This is part of our sustainable enhancement to the community, to be inherited by future citizens of the city.

## Pedestrian Walkways

As part of the "building to building" connectivity where pedestrian can walk in comfort under a covered walkway from one point to another, the pedestrian tunnel connecting Kompleks Dayabumi and the National Mosque was refurbished and opened to public in 2016. KLCCP Stapled Group provides maintenance services of security, utilities and cleaning services of the walkway as part of its CSR contribution for the benefit of the Kuala Lumpur city. KLCCP Stapled Group also continues to provide maintenance services of the pedestrian walkway connecting Kompleks Dayabumi to the Pasar Seni Light Rail transit.

In 2016, KLCCP Stapled Group incurred approximately RM38,000 for the costs of maintenance of the pedestrian walkways.

# Sustainability Report



A total of 43 disabled parking bays are made available at the KLCC's North-West Development car park.

## Accessibility in Built Environment

As a premier iconic venue, KLCCP Stapled Group places great care and attention to providing convenient accessibility within our properties for children, the elderly and the disabled. In addressing the needs of these groups, we have made available child-friendly and disabled-friendly amenities within and surrounding our precinct such as ramps for wheelchairs, disabled-friendly washrooms for our customers, tenants and guests, baby strollers and wheelchair services, elevators at the pedestrian bridge and designated parking bays on every floors of the

basement car park as well as other car parks within the KLCC Precinct. At our hotel, three disabled rooms are made available on the 9th floor. In addition, there are also public toilets with disabled facilities and ramps around public areas for ease of mobility. In our basement car park, a total of 43 disabled parking bays are allocated for handicapped drivers, spread over four floors.

Ladies parking is also allocated at Level P1 of our North-West Development car park to provide a convenient and much safer parking facility for our female customers. A total of 142 parking bays constituting 7% of the total visitor parking bays is allocated under this initiative.

## Membership and Roles

KLCCP Stapled Group seeks to promote industry growth through the various industry associations it supports that are aligned with our Shared Values. Our memberships enable us to contribute towards the development of the real estate, retail and hotel industries, directly or indirectly through our participation in event, discussions and working groups network with our industry peers. Through the memberships, we are also able to promote professionalism as well as share best practices in the industry.



Speed humps and pedestrian crossings are placed at strategic locations within the KLCC's North-West Development car park for customers' safety.



Ladies parking bays are allocated at Level P1 of the KLCC's North-West Development car park, providing a safer alternative for single lady drivers.

# Sustainability Report

## **KLCC Property Holdings Berhad (KLCCP)**

### **Council of Tall Buildings and Urban Habitat (CTBUH)**

KLCCP has been a member of the Council at Patron Level since 1996 and has been actively participating as participants and speakers in conferences organised by the Council throughout the year namely the CTBUH Malaysia Chapter Inaugural Event and the CTBUH Conference 2016. Our contribution has helped put the latest information from research and advanced design practice into the hands of professionals throughout the world.

### **Federation Internationale des Administrateurs de Bien-Conselis Immobiliers (FIABCI) Malaysian Chapter**

KLCCP is a member of FIABCI Malaysian Chapter and supports the Federation through its various events, seminars and talks organised annually. We also receive updates from FIABCI through their newsletter and emails.

## **KLCC REIT**

### **Malaysian REIT Managers Association (MRMA)**

KLCC REIT Management Sdn Bhd is a member of the Malaysian REIT Managers Association (MRMA). MRMA also represents its members' interests through engagement with the government and regulators for functional regulations, viable structures and tax harmonisation. This ensures Malaysian REITs remain competitive within the region and internationally.

## **Suria KLCC**

- **Persatuan Pengurusan Kompleks Malaysia**
- **International Council of Shopping Centres**

Suria KLCC has been a member of the Persatuan Pengurusan Kompleks (PPK) Malaysia since 1995 and a member of the International Council of Shopping Centres (ICSC) since 2003. As a member of PPK and ICSC, Suria KLCC is able to network with the management of other shopping centres in Malaysia and also benchmark with the retail industry best practices worldwide. Suria KLCC also receives information pertaining to the shopping centre industry, statistical data and other statistical research from the ICSC.

## **Mandarin Oriental, Kuala Lumpur (MOKL Hotel)**

- **American Malaysian Chamber of Commerce**
- **British Malaysian Chamber of Commerce**
- **Kuala Lumpur Tourism Association**
- **Jactim Foundation**
- **Malaysian Association of Hotel Owners**
- **Malaysian International Chamber of Commerce and Industry**
- **The Japanese Chamber of Commerce**
- **Persatuan Hotel Malaysia**

MOKL Hotel's membership in these associations enables them to expand their business networking, leverage on the associations' database and solicit potential business.

MOKL Hotel participates in initiatives carried out by the associations from time to time, contribute opinions and comments when requested. MOKL Hotel also participates in any surveys initiated.

# Sustainability Report

## SUPPLY CHAIN MANAGEMENT

Managing our supply chain effectively is integral to our business strategy. This means having a robust system in place to continuously review our supply chain, taking concrete actions to enhance the quality of services and products we procure, and working closely with our suppliers to improve their sustainable performances.

KLCCP Stapled Group is committed to responsible procurement practices and supply chain management. We engage with our suppliers to educate them on responsible practices and ethical tendering process. KLCCP Stapled Group further enhanced its vendor management by implementing best practices as well as continuing its existing programmes to ensure

responsible procurement practices are being upheld within the organisation.

KLCCP Stapled Group maintains a list of registered vendors. Due diligence of contractors and suppliers are undertaken prior to them being registered/licensed with KLCCP Stapled Group. Suppliers are selected in accordance with established procurement processes and are determined through a tender engagement process. Factors influencing supplier selection include cost, performance and project experience. Suppliers' performance evaluation is performed in a frequent and consistent manner to measure the post award performance of a vendor against defined performance criteria. The evaluation includes discussion on the performance results and identification of improvement opportunities.

## Sustainable Supply Chain and Ethical Behaviour

Procurements are made through tendering and bidding process that screens the bidders capability and credibility through transparent procurement guidelines, processes and procedures to ensure bidders are evaluated fairly. All contracts with our contactors, consultants and vendors have imposed provisions requiring them to adhere to and comply with CoBE. Non-compliance by contractors shall result in legal consequence which may include termination of contract.

## Supplier's Code of Conduct

To ensure transparent and fair practices by vendors, the bid documents include a provision in the contract terms and conditions on:

<b>Conflict of interest and fighting corruption and unethical practices</b>	<ul style="list-style-type: none"> <li>• The contractor shall comply with all relevant requirements and policies</li> <li>• Promptly report any request or demand for undue financial or other advantage of any kind received in connection with the performance of the contract</li> </ul>
<b>Business Ethics</b>	<ul style="list-style-type: none"> <li>• The contractor shall take no action on behalf of the Employer in the performance of the works or rendition of the works or the conduct of operation that would subject either party to liability or penalty under any laws, rules, regulations or decrees of any governmental authority;</li> <li>• All invoices, financial settlements, reports and billings by the contractor shall properly reflect the facts about all activities and transactions handled for the employer's accounts; and</li> <li>• The contractor agrees to notify the employer promptly upon discovery of any instance where the contractor has not complied with the requirements of the contract</li> </ul>
<b>Health, Safety and Environment (HSE)</b>	<ul style="list-style-type: none"> <li>• HSE policy, targets and requirements</li> <li>• Prevailing laws and regulations</li> <li>• Risk assessment including preventing and mitigating measures</li> <li>• Emergency response plan</li> <li>• Incident reporting and investigation</li> </ul>

# Sustainability Report



Suria KLCC's Child Safety Seat campaign was held in conjunction with the Hari Raya celebration to create awareness among parents on the importance of having their children secured in the seat when travelling in a car.

## Supplier Diversity and Local Procurement

At KLCCP Stapled Group, we encourage sourcing of local products among the suppliers. In 2016, 95% of our products were sourced locally, contributing positively to the local economy.



Children of Sekolah Bimbingan Jalinan Kasih, Chow Kit had a thrilling time at Petrosains during their visit to the centre.

## Supplier Audits

As food and beverage contributes approximately 40% of our hotels' revenue, food hygiene and safety is critical in sustaining MOKL Hotel's revenue. MOKL Hotel's Supplier Chain Management focuses on food and beverage suppliers in respect to compliance to food safety requirements. This is also in line with our certification in ISO 22000 – Food Safety Management and Halal Assurance Management System. We have in place a policy and the procedures include supplier audits for local F&B suppliers. These local suppliers are classified into "High Risk" or "Low Risk", depending on product type supplied. The audits are conducted yearly for "High Risk" and conversely once every 2 years for "Low Risk". Suppliers are encouraged to obtain accreditation (HACCP – MS 1480/ISO 22000) and accredited suppliers are preferred and given "nominated supplier" status. The premises of the suppliers are audited based on food safety management, raw materials, product and materials, structure and facilities, pest control, cleaning and housekeeping.

## COMMUNITY, CUSTOMER AND TENANT ENGAGEMENT

### Connecting With Our Communities

Creating value and delivering a lasting and positive impact to the community surrounding us as a reliable partner is integral to the success of our business. We continued to engage with the communities surrounding us to foster goodwill and to contribute towards their well-being and social development. We support various stakeholder engagement activities which include environmental sustainability, health and safety, social integration as well as reaching out to the underprivileged children.

# Sustainability Report

## Key initiatives for the year

<b>Visit to Petrosains and PETRONAS Twin Towers for school children</b>	<ul style="list-style-type: none"> <li>• We selected 2 schools, Sekolah Bimbingan Jalinan Kasih which included street children of Chow Kit and Sekolah Kebangsaan Bukit Lanjan, Damansara which were mainly <i>orang asli</i> children</li> <li>• This programme was in the spirit of sharing and giving towards the underprivileged and school children deprived of opportunities to experience fun learning outside their classrooms</li> <li>• A total of 80 school children attended the visits</li> </ul>
<b>Charity Run</b>	<ul style="list-style-type: none"> <li>• MOKL Hotel's Charity Run was in support of World Wide Fund for Nature, Malaysia (WWF-Malaysia). A total of RM31,828 was raised and donated to WWF-Malaysia to support its conservation efforts</li> <li>• Donated RM13,000 for the Bursa Bull Charge Run which were channeled to 10 deserving beneficiaries and 28 philanthropies</li> </ul>
<b>Opening of an early intervention centre for autistic children at Kerteh, Terengganu</b>	<ul style="list-style-type: none"> <li>• Suria KLCC, in collaboration with the National Autistic Society of Malaysia (NASOM) set up the Centre to help more autistic children seek assistance from professionally trained teachers and care takers</li> </ul>
<b>'Child Safety Seat' community programme</b>	<ul style="list-style-type: none"> <li>• Introduced in conjunction with <i>Hari Raya</i> celebration with the objective of educating parents on the importance of securing their children in child safety seats when travelling back to their hometowns</li> <li>• 60 child safety seats were given away to parents who participated in a question and answer segment on Suria FM radio station</li> <li>• This programme was supported by the Department of Road Safety, Ministry of Transport Malaysia</li> </ul>
<b>Donation Drives and Fundraising</b>	<ul style="list-style-type: none"> <li>• Contributed RM5,000 for the PETRONAS' Orchid Fun Run and Ride 2016 which was channeled to four charitable bodies – the National Autism Society of Malaysia (NASOM), Pediatric and Congenital Heart Centre (PCHC) of the National Heart Institute (IJN), the National Intra Ocular Lens Bank, Ministry of Health Malaysia and Institute Telinga Pendengaran dan Pertuturan (Institute HEARS). 100 employees participated in the 5km run</li> <li>• Suria KLCC ran a programme called "Light A Pelita" to help raise funds for Pertiwi Soup Kitchen. Shoppers were encouraged to donate a minimum of RM10 for each pelita. More than RM10,000 was raised at the end of this campaign</li> <li>• MOKL Hotel raised funds to build Kirtarsh Home in Rawang that was destroyed by fire. They also donated food, sundries and clothes. The hotel started donating monthly basic non-perishable food items to the Home since June 2016</li> </ul>

## Sustainability Report

### Bringing Festive Joy to the Underprivileged Community

KLCCP Stapled Group continued the traditions of sharing festive joy with the less fortunate, inculcating the spirit of giving and sharing among employees. We organised a *Majlis Berbuka Pusa* with 30 children from Pertubuhan Kebajikan Anak-Anak Yatim Ummi Selangor and residents of Old Folks Home. The employees visited the home for a *buka puasa* and presented the home with donation from the organisation and employees.

MOKL Hotel organised a *Berbuka Pusa* with residents of Old Folks Home. Two homes were invited, Pusat Jagaan Al Fikrah and Persatuan Kebajikan Siti Nor Aini. About 30 people attended and the special guests were given the *duit raya* and goodie bags of dates and cookies.

Suria KLCC invited 30 children from Yayasan Sunbeams, home to displaced, abused and neglected children of single-parents for a day of shopping in preparation for the Chinese New Year. The children were each given a token sum to purchase new clothes for Chinese New Year. In addition, a total of RM3,800 worth of shopping vouchers were also donated to the home to purchase necessities.

### Valuing Our Tenants And Customers Through Enhanced Premium Services

KLCCP Stapled Group continues to build strong tenant relationship through the "Tenants' Nite" held annually for tenants of the PETRONAS Twin Towers and Menara 3 PETRONAS. The event is an avenue to express our appreciation and recognition of tenants' support and pay tribute to the roles played by tenant representatives and floor safety managers and assistants at our commercial properties in the tenant-building working relationship.



*Buka Pusa event is held annually to inculcate the spirit of sharing and giving among employees during the fasting month of Ramadan.*



*MOKL Hotel held the Buka Pusa with residents of Old Folks Home.*

## Sustainability Report



*Suria KLCC shopping mall offers an exciting shopping experience with new and unique choices of retail brands, F&B outlets and services.*

In light of the tough operating conditions in the retail landscape for 2016, Suria KLCC stepped up its engagement with the tenants and supported them with extensive research on changing demographics and shopper preferences on weathering the challenging retail sector. The leasing team at Suria KLCC continued to implement an active leasing strategy to attract new international brand retailers to be part of the mall's tenants to provide shoppers with a selection that combines brands and shopping experiences with new and unique choices. Suria KLCC saw the formation of a luxury men's zone on Level 1 as planned with the opening of Dior Homme, Hugo Boss, Dunhill, Coach Men, Boggi Milano, Brooks Brothers, Truefitt and Hill, Mont Blanc, Rolex, Omega and Rimowa. With its strong brand image and experienced retail team, Suria KLCC saw 24 new tenants come on board and was also able to secure several new key brands, namely Saint Laurent, Dior (ladies) and Marc Jacobs which opened on the ground floor.

In providing a parking experience from "just parking" to a "car park that cares", KPM installed a Customer Satisfaction Kiosk to ascertain the level of customer satisfaction from transient and season card holders. KPM achieved a customer satisfaction of 64% for 2016. The wireless credit card service was also introduced at the car park and was fully operational in April 2016. Besides providing convenient alternative payment mode, it also reduced regular cash handling by the car park personnel. For customers' convenience, autopay machines at the car park are tagged with numbers for easy identification which allows customers to correctly identify their exit points. Appropriate exit signages were placed at strategic locations to assist customers exiting or entering the premises. With safety of their customers in mind, KPM placed pedestrian crossing and speed humps at the busiest entry and exits of the mall and at most intersections in the parking site to enable pedestrians to cross safely across the flow of vehicular traffic.

### **Delighting Guests with Quality Service**

The quality service at our MOKL Hotel underpins everything that we do, and we are committed to exceeding guests' expectations on a daily basis. Our hotel focuses on providing personalised service to every guest every day, and on the sincerity of the people who deliver it. We encourage colleagues to know our guests, to anticipate what they want, in order to provide them with the best experience throughout their stay at MOKL Hotel.

Feedback from our guests is vital to our success. MOKL Hotel conducts a customer satisfaction and loyalty survey with the help of a third-party organisation that sends an online questionnaire following a guest's stay. Our hotel receives over 3,000 guest satisfaction surveys annually, which are measured and analysed to help ensure constant improvement. MOKL Hotel's overall satisfaction ratings indicate a consistently high level of guest satisfaction and loyalty to the brand. In 2016, we achieved an overall satisfaction rate of 87%, surpassing the previous year's performance of 82%.

In 2016, MOKL Hotel launched its F&B loyalty programme Elite Club, introduced a new Peter Burwash Tennis Centre to further enhance the Level 3 recreation offerings and to differentiate the hotel from its competitors, launched its re-conceptualised two outlets to attract a younger leisure crowd and commenced on its final phase of the renovations of the guest rooms. These new enhancements will keep the hotel's guests and patrons engaged as the hotel improves its offerings.

## Sustainability Performance Data

### ENVIRONMENTAL IMPACT

	2016	2015	2014
<b>Energy Used (kWh)</b>			
Office and Car Park	95,426,259	99,656,156	100,209,159
Retail	15,791,308	15,412,290	13,641,121
Hotel	13,540,725	13,829,915	14,678,407
<b>Total Energy Used</b>	<b>124,758,292</b>	128,898,361	128,528,687
<b>GHG Emissions (mt CO<sub>2-e</sub>)</b>			
<b>Scope 1</b>			
Office	5.47	5.47	8.32
Retail	1,540	1,540	1,537
Hotel	1,925	1,946	1,892
<b>Total Scope 1 Emissions</b>	<b>3,471</b>	3,491	3,437
<b>Scope 2</b>			
Office and Car Park	90,214	90,138	90,699
Retail	33,103	32,819	21,422
Hotel	17,511	17,330	17,924
<b>Total Scope 2 Emissions</b>	<b>140,827</b>	140,287	130,045
<b>Renewable Energy Generated (kWh)</b>			
Retail	553,093	591,216	551,162
<b>Water Used (m<sup>3</sup>)</b>			
Office	646,355	681,605	754,269
Retail	607,715	627,125	–
Hotel	181,678	191,796	211,715
<b>Total Water Used</b>	<b>1,435,748</b>	1,500,526	965,984
<b>Waste Management</b>			
<b>Hazardous Waste Generated (metric tonnes)</b>			
Office	2.173	4.640	3.975
Hotel	0.903	0.903	0.901
<b>Hazardous Waste Disposed (metric tonnes)</b>			
Office	1.750	4.122	1.920
Hotel	0.903	0.903	0.901
<b>Waste Intensity (kg per room)</b>			
Hotel	4.70	4.08	3.52
<b>Waste Diversion (%)</b>			
Hotel	22.39	17.06	14.16

## Sustainability Performance Data

### SOCIAL IMPACT

	2016	2015	2014
<b>Our Workforce</b>			
<b>Workforce by Age Group</b>			
Below 30	337	349	374
30 - 39	353	376	418
40 - 49	266	271	264
50 - 59	126	113	111
60 above	6	5	3
<b>Total workforce</b>	<b>1,088</b>	<b>1,114</b>	<b>1,170</b>
<b>Workforce by Gender</b>			
Male	684	692	721
Female	404	422	449
<b>Workforce Position and Gender Profile</b>			
<b>Top Management:</b>			
Male	27	7	10
Female	18	4	6
<b>Senior Management:</b>			
Male	151	93	126
Female	124	78	100
<b>Other Levels:</b>			
Male	506	592	585
Female	262	340	343
<b>Workforce by Ethnicity</b>			
Malay	750	794	795
Chinese	182	191	222
Indian	81	88	89
Others	75	41	64
<b>Health and Safety</b>			
Number of fatalities	0	0	0
Loss Time Injury (LTI) Incidents	4	8	2
Loss Time Injury Frequency (LTIF)	0.46	0.23	0.14
Loss of Primary Containment (LOPC)	0	0	0

## Sustainability Performance Data

### SUSTAINABILITY BENCHMARKS, AWARDS AND CERTIFICATIONS

Sustainability Benchmarks	2016	2015	2014
FTSE4Good Bursa Malaysia Index	Listed since 2015		
FTSE4Good Emerging Index	Listed in 2016		
Sustainability Awards and Certifications	2016	2015	2014
KLCC Urusharta Sdn Bhd			
National Occupational Health and Safety Excellence Award 2014			Achieved in 2014
ISO 14001:2004 (Environmental Management System)	Achieved since 2014		
OHSAS 18001:2007 (Occupational Health and Safety Management System)	Achieved since 2014		
Mandarin Oriental, Kuala Lumpur			
ISO 14001:2004 (Environmental Management System)	Achieved since 2003 (latest recertification in 2015)		
ISO 22000:2005 (Food Safety Management Systems)	Achieved since 2008 (latest recertification in 2015)		
OHSAS 18001:2007 (Occupational Health and Safety Management Systems)	Achieved since 2003 (latest recertification in 2015)		
KLCC Parking Management Sdn Bhd			
ISO 9001:2015 (Quality Management System)	Achieved in 2016		
ISO 14001:2015 (Environmental Management System)	Achieved in 2016		
OHSAS 18001:2007 (Occupational Health and Safety Management System)	Achieved in 2016		
MOSHPA OSH Excellence Award	Achieved since 2015		