ENVIRONMENT





SUPPORTING THE LINSDG







MATERIAL MATTERS

1

Climate Change

2

Environmental Management

MAPPED TO OUR CAPITALS



RELATED PRINCIPAL RISKS

1

Finance

2

Asset Management

3

Facility Management

4

Health, Safety and Environment

5

Security

We charted our climate change journey in enhancing our existing carbon management practices and affirming our stand in combating global climate change in support of the 2015 Paris Agreement

Protection of the environment and climate change is fast becoming a global agenda. Responding to this call, Malaysia is also stepping up efforts in combating global climate change with the implementation of several initiatives which include the proposed development of the Climate Change Act, Tax incentives on energy efficient set-ups, encouraging renewable energy development and eliminating single-use plastics. This is all towards Malaysia's stand in achieving a low carbon economy status by 2050.

With the growing awareness on these environmental concerns and in support of the Government's initiatives, KLCCP Stapled Group is taking the effort to address and mitigate the adverse effect resulting from our business operations and the risks aggressively.

Our commitment in environmental stewardship is focused on improving our environmental practices and operational sustainability through:

- Driving down energy consumption in our operations
- Minimising use of water throughout our assets
- Minimising quantities of waste generated at our assets
- Influencing suppliers/contractors on commitment in conserving the environment
- Promoting biodiversity

WHY IT MATTERS TO US

- Shows our support towards the global agenda on Climate Change and the country's initiatives towards energy efficiency, environment and climate change action
- Growing level of environmental awareness to protect the planet
- Cultivates an eco-mindset among employees



VALUES WE CREATE

- Creating a greener environment for the well-being of our community through responsible practices in reducing GHG emission, energy consumption, water use and waste management
- Gained cost savings from reduced energy consumption, water use and use of renewable energy in our operations
- Conservation of natural habitat and ecosystem within our KLCC Park, providing a green convenient, tranquil and conducive destination for our community
- Increased awareness amongst employees through participation in various organised environmental programmes

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 Code of Conduct and Business Ethnics (CoBE) and as a real estate owner, developer and manager, we aim to minimise disruptions to the environment and its adverse impact to the community by reducing the environmental footprint of our buildings and use energy, water and resources more efficiently.

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We strive to ensure our decisions contribute to improvements in environmental sustainability, working in-tandem with our tenants in green building initiatives, 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 on environmental best practices throughout its operations.



FOCUS FOR THE YEAR

Establishment of our climate change position statement

We duly recognise our corporate responsibility as a player in the real estate sector in mitigating climate change impact and to add value to the community where we operate

- Understanding the requirements of the Task Force on Climate Related Financial Disclosures (TCFD) and the impact of climate change on our financial
- Energy Management Committee analysis on energy performance of our buildings and new energy conservation initiatives conducted by each facility
- Replacement of fluorescent lights with LED lights at office, retail and hotel premises
- Stepped up efforts in eliminating single-use plastics at MOKL Hotel by progressively changing towards using recyclable items

OUR 5-YEAR TARGET (2019-2023) (AGAINST 2015 BASELINE)

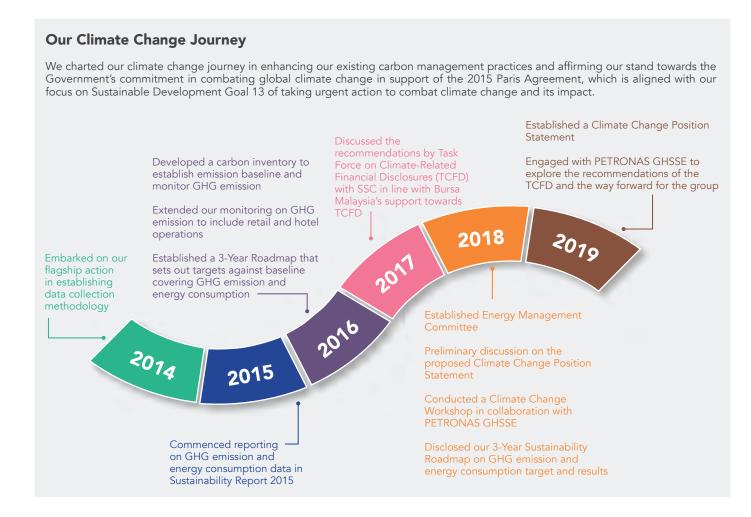
Reduction Reduction of Reduction of of energy carbon emission water consumption consumption Office: 8.0% Office: 1.0% Office: 6.8% Retail: 18.0% Retail: 7.0% Retail: 5.0% Hotel: 3.0% Hotel: 20.0% Hotel: 1.8% Reduction of Removal of waste generation single-use plastics Office: 12.0% Hotel: 90.0% Retail: 18.0%

Hotel: 15.0%

CLIMATE CHANGE

Climate risk has become a key consideration for companies across the globe as extreme weather events and shifting weather patterns threaten economies and the built environment. Buildings play a critical role in reducing the drivers of climate change and for building urban resilience.

We address climate change risks through the reduction of our energy consumption and Greenhouse Gas emission in the business operations. Despite our emission being small, we remain conscious of how we operate and align ourselves to best practices. Carbon management for us is in relation to utilities (electricity, natural gas, chilled water) and diesel.



GHG Emission

Based on our carbon inventory and emission baseline, we monitor our carbon emission and track our porgress on a quarterly basis.

We anticipate, mitigate and develop adaptation strategies to face the upcoming carbon risks and opportunities which may affect our tenants, users, guests and community. We monitor our GHG emission based on:

- Scope 1 Direct Combustion (natural gas and diesel consumption); and
- Scope 2 Indirect Combustion (electricity and chilled water consumption)

We have successfully achieved a reduction of 15.8% in our GHG emission since 2018 as a result of our continued proactive measures in minimising our carbon footprint.

						OR THE YEAR			
GREENHOUS GAS			d Car Park	Ret		Но	_	To	_
EMISSION		2019	2018	2019	2018	2019	2018	2019	2018
SEGMENTS (mtCO ₂ e)	Scope 1	4.45	4.66	1,692	1,635	2,142	1,192	3,838.45	2,831.66
	Scope 2	67,610	82,667	21,239	27,141	16,086	16,583	104,935	126,391

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Renewable Energy

The photovoltaic system located at the rooftop of our retail mall, Suria KLCC continues to contribute towards the mall's electricity saving of approximately 16.3 million kWh, equivalent to a total saving of RM1.6 million since 2014. The reduction of GHG emission is approximately 360,000 kg carbon dioxide (CO₂) per year.

SOLAR ENERGY PERFORMANCE					
	2019	2018			
Energy Generated from Solar (kWh)	511,695	512,257			
Savings (RM)	238,000	187,000			

Efficient Energy Management

As one of our sustainability agendas and a pillar to our carbon emission reduction strategy, we continue to implement energy efficient initiatives across our business operations to achieve our energy reduction target. We monitor and track our energy consumption to measure our energy efficiency and its impact on our overhead, cost, return of investment and the commensurate reduction of GHG emission.

INITIATIVES FOR THE YEAR	
PETRONAS Twin Towers	 Upgrading of Building Control System with additional field devices to provide means of monitoring and control of the current Mechanical and Electrical system LED light fitting at common areas
Menara 3 PETRONAS	LED light fitting for WFT floors and common areas and upgrading of Energy Management System
Menara Dayabumi	 Switching off escalators operation during night time (7.30 p.m. to 6.30 a.m.) 50% of all office lighting turned off during lunch hour LED light installation at Lobby (Passenger and Service Lift and washrooms) Installation of daylight dimming sensor (LED type) at ground floor level, motorcycle parking area and driveway Lighting system rewiring for lighting zone control at car park Resetting room temperature set point from 23°C to 24°C
Menara ExxonMobil	 Use of portable aircond units after office hours and on weekends by PETRONAS-ICT Call Centre and shutting off of office lighting after office hours LED light fittings at WFT floors
Suria KLCC	 Changing energy saving LED lights Two phases of escalator modernisation at Ampang Mall completed. The new equipment and system allows smooth operation, thus less breakdown and more energy efficient Suria KLCC Sustainable Energy Management Workshop – Learned the concept of Sustainable Energy Management systems, design a project management structure, control and analyse the performance of Energy Conservation methods
MOKL Hotel	 Replacement of 3,358 numbers of fluorescent lights installed at the offices, corridors and emergency staircases) with LED light Replacement of hot water copper pipes. (Natural gas consumed by boiler to generate steam for hot water) Introduction of "Opt-Out", whereby the hotel would only change linen and towels once in every three days unless opted out by guests. The program has been very successful with 98% of guests participating. Reduction in amount of linen washed estimated at 30,000 kg per month

	PERFORMANCE FOR THE YEAR						
		ENERGY	CONSUMPTION	BY SEGMENTS	('000 kWh)		
Office an	d Car Park	Ret	tail	Но	otel	Tot	tal
2019	2018	2019	2018	2019	2018	2019	2018
74,697	88 044	9,400	14 293	9,949	13.621	94,046	115,958

During the year, our overall energy consumption recorded a decrease of 18.9%, from 115,958kWh in 2018 to 94,046kWh in 2019. This significant reduction was contributed by the ongoing energy saving measures implemented throughout our operations.

ENVIRONMENTAL MANAGEMENT

Conservation of natural resources is one of KLCCP Stapled Group's main agendas in our environmental management efforts. The environmental management practices that we have in place enable us to reduce our environmental impacts and minimise environmental degradation resulting from our business operations. The tracking and monitoring of our environmental performance also enable us to gauge the efficiency of the resources used and for our operations to achieve cost optimization.

Water Management

Water is a key element in our everyday life. Despite its abundance in some areas, millions of people around the world are still facing water scarcity due to lack of infrastructure, uneven distribution and access, contamination and adverse weather condition. Rapid industrialisation, deforestation, unsustainable agricultural practices and fast growing populations are putting pressure on companies to understand how water issues can de-stabilise, radically alter, or halt business performance.

Despite having plenty of rainfall, Malaysia still encounters water shortages in some states for a certain period each year. Water rationing and unscheduled interruptions over recent years have adversely affected various industries and investors' confidence.

Though our business operations are located within water abundance areas, we are equally concerned about the recurring water crisis faced by the people in some areas. In responding to this issue, we are taking several initiatives to effectively and efficiently manage our water use as water resources is critical to our business sustainability and investments. As a real estate owner, developer and manager, we aim to keep consumption to a minimum, reuse water and prevent water pollution. Efficient water management also translates to less energy which reduces carbon footprint and in turn lowers our operational cost.

INITIATIVES FOR THE	E YEAR
PETRONAS Twin Towers	 Replacement of water tap at Prayer hall at Level 13, Tower 2 Installation of aerator at hand basin in the washroom Water reduction campaign for efficient use of water to building tenants progressively conducted. The use of "do's and don'ts sticker in washrooms to boost awareness
Menara 3 PETRONAS	 Installation of aerator at hand basin in the washroom Installation of water leak detection at all mechanical floors and water storage tank
Menara Dayabumi	Replacement of domestic water tank at Level 35
Menara ExxonMobil	Installation of water tap sensor at wash basin
Suria KLCC	Installation of tenants' water meter fully completedFixing of leakages along the pipes in progress
MOKL Hotel	 Replacement of hot water copper pipes at common area at guest room floors to eliminate leaking issues Monthly potable water quality lab sampling (Chemical and biological) at determined locations

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PERFORMANCE FOR THE YEAR							
	WATI	ER CONSUMPTI	ON BY SEGMEN	TS (m³)			
Office and Car Park		Retail		Hotel		Total	
2018	2019	2018	2019	2018	2019	2018	
589,491	405,000	497,347	154,948	154,530	1,184,451	1,241,368	
	2018	d Car Park Ret	WATER CONSUMPTI d Car Park Retail 2018 2019 2018	WATER CONSUMPTION BY SEGMEN d Car Park Retail Ho 2018 2019 2018 2019	WATER CONSUMPTION BY SEGMENTS (m³) d Car Park Retail Hotel 2018 2019 2018 2019 2018	WATER CONSUMPTION BY SEGMENTS (m³) d Car Park Retail Hotel Tot 2018 2019 2018 2019 2019	

We continue to use water prudently throughout our operations and our initiatives to effectively and efficiently manage our water use. This resulted in a 4.6% reduction from 1.241.368m³ in 2018 to 1,184,451m³ during the year. We recorded a 21% decrease in water used as compared to our 2015 baseline.



CASE HIGHLIGHT | MANAGING WATER SUPPLY DISRUPTION AT KLCC PRECINCT

Water connects every aspect of our lives. Access to safe water is critical as it contributes to the people's well-being and for businesses that use water as an essential part of their operations, efficient water management is vital for business sustainability.

For the first time in 20 years, KLCC Precinct experienced a prolonged water supply disruption from 24 to 27 April, 2019. Though KLCCP Stapled Group's operations are located within abundance water supply area, the Group practices prudent water use and is always ready for any eventualities as water supply can be disrupted at any time due to various unexpected reasons.

On April 18, 2019, the Group received a notification from Syabas, Malaysia's water supply company, notifying consumers on the upgrading and maintenance work at the Sungai Selangor Water Treatment Plant that will disrupt water supply to the KLCC Precinct and the surrounding area.

Upon receiving this notification, KLCC Urusharta Sdn Bhd (KLCCUH), the Group's facilities management company, immediately alerted all parties concerned and a meeting was held to strategise the planning and approach in mitigating the risks to ensure business continuity.

Statistics

12Facilities affected

Facilities directly impacted

3,607 m³Amount of water delivered

101
Tanker trips to supply water

The affected facilities within the KLCC Precinct included:

- PETRONAS Twin Towers
- Menara Maxis
- District Cooling Centre
- Suria KLCC
- Menara 3 PETRONAS
- Impiana KLCC Hotel
- Menara ExxonMobilTraders Hotel Kuala Lumpur
- Mandarin Oriental, Kuala Lumpur
- Kuala Lumpur Convention Centre
- Common Facilities (mosque, park)

KLCCUH's preparation in managing the water disruption involved:

- Conducted coordination meeting with Syabas and all focal persons of each facility to establish communication before and during the crisis
- Determined the water consumption during the four days of disruption
- Hired tankers to deliver water purchased from Syabas
- Installation of breeching inlets at main incoming supply to all buildings and facilities
- Calculated water tank capacity and water consumption rate for each facility
- Communication to tenants to alert on upcoming water supply disruption and mitigation plans
- Monitored water supply from Syabas on the first day of disruption
- Monitored water level daily, every 30 minutes and notified all facilities on water level from time to time
- Monitored water quality before transferring into buildings' water tanks



CASE HIGHLIGHT | MANAGING WATER SUPPLY DISRUPTION AT KLCC PRECINCT (CONT'D)

39 hours after Syabas' announcement on the completion of the upgrading work on the Sungai Selangor Water Treatment Plant, water supply was back to normal on 26 April at 3.00 p.m.

In strategising the mitigation strategy, three important aspects were emphasised:

- Establishment of effective communications before and during the event which include team coordination, engagement with tenants, users and Syabas
- ii. The resources, i.e. the people on the ground who was handling the crisis and the contractors who must be well-prepared and know what to do
- iii. Methodology: Installation of breeching inlets at the main intake point to facilitate transfer of water from mobile tankers into the main tanks in the buildings.

The challenges encountered:

- Traffic congestion which affected the delivery schedule of water, thus resulting in the delay of supply to the facilities concerned
- Longer waiting time taken by vendor to fill their tanks as the queue was long
- Difficulty in securing water tankers in Kuala Lumpur as the demand was very high and those within the city centre area were fully booked

The mitigation plan:

- Assistance from Auxiliary Police and KLCC Security was sought to clear the roads free from vehicle to ease movement of water tanker
- Requested for tankers to queue as early as between 1.00 a.m. and 2.00 a.m. and to deliver immediately to avoid the peak hours
- Water tankers from Johor Bahru, which is outside the city centre area were commissioned to deliver water to the affected facilities

Lessons learnt from the crisis:

- The crisis must be handled in a calm and structured manner as early planning was possible and ample notice was given by Syabas
- Full cooperation from all parties is required and every personnel must know their area of responsibilities
- Commitment from all personnel in promptly reporting the status of supply from time to time to the operator of the affected facilities is critical to ensure the smooth and undisruptive operations of businesses
- Avalaibility of information on water consumption for each building is critical in facilitating the commissioning of sufficient water tankers
- Alternate workplace readiness at all times is vital as there may be a need in time of crisis
- The critical need for an establishment of an integrated platform for communication for the KLCC Precinct to facilitate timely, accurate and consistent communication



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ENVIRONMENT

Waste Management

KLCCP Stapled Group continued its effort in managing waste disposal in a responsible manner to ensure the wellbeing of our tenants, guests, customers and the community at large. Besides being one of the key platforms in which we create sustainability awareness among employees, it is also part of our commitment and contribution towards our environment for the benefit of our future generation.

As a property investment and development group, 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 whilst hazardous waste generated include used fluorescent bulbs, used batteries, spent lubricating oil, spent 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 licensed with DOE. All scheduled waste will be weighed and inventory will be tracked on a monthly basis. Collection of scheduled waste are undertaken within 180 days by Kualiti Alam, and e-consignment note are filed into DOE's eSwis website.

INITIATIVES FOR TH	INITIATIVES FOR THE YEAR				
Menara Dayabumi	 Campaign on using reusable container instead of using plastics Awareness on zero waste among all employees 				
Suria KLCC	 Replacement of normal bins to sorting bins in August 2019 Sorting of food waste at Signature Food Court where the waste is collected and sent to vendor to be processed into organic fertiliser 				
MOKL Hotel	 WWF-Malaysia and MOKL Hotel's Memorandum of Understanding – signed on November 5, 2019 where MOKL Hotel and WWF-Malaysia will jointly build a food waste task force and develop measurable and achievable goals to improve the flow of food within the hotel property Eliminating Single-Use Plastics – signed up to the Plastic Action platform, supporting circular economy by moving to 100% reusable or recyclable product and packaging design models by 2020 629 guestrooms, spa and fitness and wellness facilities implemented the Nordaq FRESH water system, replacing single-use plastics water bottles Food and beverage and Banquet – Natura bottled water was implemented, displacing 74,000 single-use plastics bottles per year 				

		PERFORM	ANCE FOR THE YEAR			
	W	ASTE GENERATION	N AND DISPOSAL BY S	SEGMENTS		
Office and Car Park (metric tonnes)			tail tonnes)	Hotel (metric tonnes)		
Total Hazardous \	Total Hazardous Waste Generated		Waste Generated	Total Hazardous Waste Generated		
2019 3.449	2018 9.88	2019 0.937	2018 0.755	2019 2.220	2018 0.50	
• • • • • • • • • • • • • • • • • • • •	Total Hazardous Waste Disposed		Total Hazardous Waste Disposed		Waste Disposed 2018	
2019	2018	0.557	0.970	2.219	0.50	
2.860	9.88			Waste Intensit	y (kg/per room)	
		Recycled w	aste (tonnes)	2019	2018	
		2019	2018	1.30	2.35	
		4,227	4,232	Waste Dive	ersion (%)	
		-1	-,	2019	2018	
				63.0	25.76	

Our hazardous waste generation recorded a 47% decrease compared to 2018. This significant decrease was due to the various initiatives undertaken during the year which include recycling efforts and the increased awareness among tenants and employees on the importance to reduce, reuse and recycle.



CASE HIGHLIGHT | ELIMINATING SINGLE-USE PLASTICS AT MOKL HOTEL



The MOKL Hotel has, over the years since being certified with ISO 14001 - Environmental Management System, taken steps to reduce the amount of single-use plastics. Some of the hotel's best practices since 2003 were to do away with newspaper bags, garment and coat covers, laundry bags, slipper bags, carrier bags, shirt bags, etc.

In 2018, the Malaysian Government announced the target year of 2030 for the overall elimination of single-use plastics. In 2019, Mandarin Oriental Hotel Group (MOHG) announced its commitment to be 100% single-use plastics free by March 2021. These announcements further spurred MOKL Hotel into implementing more impactful initiatives such as the 100% elimination of single-use plastics water bottles throughout the entire hotel.

The hotel used approximately 600,000 units of 500 ml single-use plastics water bottles per year. These bottles were used mainly in the 629

guest rooms, Banquet and Spa and the Fitness and Wellness areas. That constitutes about 20 tonnes of single-use plastics bottles per year that were recycled, or unintentionally thrown into dumpsites. The total cost of consuming water from these plastic bottles were approximately RM340,000 per year.

For the guest rooms, Sweden's Nordaq FRESH glass bottled water system was implemented. As MOKL Hotel is the largest hotel, in number of rooms for MOHG, introducing an in-house self-bottled water system was a daunting thought which fortunately was realised in June 2019. A bottling room was set up on Level 5 of the hotel with three employees to man the operations. Controlled conditions of the room ensures that the bottled water is of the highest quality and safe for consumption. Monthly water tests, by a third party are conducted to further validate the quality of the drinking water.

MOKL Hotel employees are trained in food safety practices and comply to the requirements of food handlers. Approximately 900 x 750 ml glass bottles are filled and capped daily, amounting to about 328,500 bottles filled yearly. The clockwork process ensures that the hotel's in-house guests are always welcomed by freshly bottled water.

For the huge banqueting areas of the hotel that has approximately 150,000 covers per year, USA's Natura Water was first introduced in 2012 for the second floor function rooms and in September 2019, the ground and first floor ballrooms followed suit. A bottling center was established on the second floor, manned by the banqueting employees. For Spa, Fitness and Wellness as well as Heart-of-House employees' areas, Coway direct-supply water purifier was installed in strategic locations throughout the hotel. Reusable water bottles were given to all employees and for guests, specially designed takeaway water bottles were made for sale at the Spa, Fitness and Wellness area.

MOHG's commitment towards elimination of 100% single-use plastics by March 2021, saw MOKL Hotel identifying 90 items that needed to be discontinued, replaced with reusable items or single-use substitutes such as bioplastics. As at end of December 2019, MOKL Hotel has been able to achieve 65% compliance.

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Responsible Material Use

At KLCCP Stapled Group we continue to promote the use of environmentally-friendly products throughout our operations as part of our effort in contributing towards minimising the adverse impact to the environment for the well-being of our community.

INITIATIVES FOR TH	E YEAR
Re-use of furniture and use of eco-friendly materials	 Re-use of office furniture such as tables and sofas at our facilities management office Office fit-out materials for WFT project are of low Volatile Organic Compound (VOC) at PETRONAS Twin Towers, Menara 3 PETRONAS, Menara ExxonMobil and Menara Dayabumi Changing from chemical cleaning method to steam cleaning method when overhauling air-conditioning units at MOKL Hotel
Life Cycle Analysis	Implementation of the 5-year Asset Integrity Plan at PETRONAS Twin Towers, Menara Dayabumi and Menara 3 PETRONAS where mechanical and electrical equipment are serviced to prolong equipment lifespan
Monitoring of Indoor Air Quality	 Indoor air quality (IAQ) measurement were taken three times in the year for PETRONAS Twin Towers to ensure the parameters adhere to acceptable limits Installation of carbon dioxide (CO₂) sensors in Building Control Systems in each Air Handling Unit room to regulate fresh air supply if the CO₂ reading approaches unacceptable limits Advised vendors to adhere to the guidelines on IAQ control i.e. to use adequate ventilation during indoor work, airing of furniture before installation, to use material of low contaminant exposure and to conduct air purging on the affected floor





Biodiversity

Promoting a healthy environment through the conservation of biodiversity is vital to create a well-functioning ecosystem. Though KLCCP Stapled Group's investments and development are centered within the city centre, our interface with biodiversity is nominal and our biodiversity effort is reflected through the 50-acre KLCC Park wherein we maintained the park as a green lung to conserve the habitat of local and migratory birds and animals and promote a healthy ecosystem for the park.

In addition to this biodiversity effort, we also undertook several initiatives that were aimed at inspiring our employees and community to create a greener environment for the well-being of our community.

INITIATIVES FOR THE YEAR	
Herb Garden	Maintaining a Herb Garden at PETRONAS Research Centre
Rehabilitation of Raja Muda Forest Reserve	• MOKL Hotel collaborated with Global Environment Centre, a non-profit organisation established in 1998 on the rehabilitation of Raja Muda Musa Forest Reserve. This 23,486 hectares' peat swamp is located in the north-western part of the Selangor state. 30 employees of MOKL Hotel took part in the project which involved planting of trees at assigned areas of the forest
Environment Voluntary Work at Kota Kinabalu Wetland Ramsar Site, Sabah	 Participated by 88 KLCCUH employees Activities include cleaning of the mangroves, an area between the land and sea of flora and fauna Spent a total of RM40,000 for the effort
Earth Hour	Switching off of non-essential lights for an hour at all our buildings to create awareness on the need to conserve natural resources and in support of the global climate change agenda
Waste Not Want Not Charity Sale	MOKL Hotel's organised its annual fund raising activity to raise funds for CSR events as well as to encourage employees to reuse, reduce and recycle