

# PROSPERITY

## ADVANCING ECONOMIC RESILIENCE

We are committed to sustainable social and economic development across our business, operations and communities. We seek to share prosperity through our local hiring, investments in our operations and infrastructure, and contributions to non-profit organisations that help communities thrive and promote inclusive social development.

### OUR ALIGNMENT TO THE UNSDGs



### MATERIAL SUSTAINABLE MATTERS

- Financial Sustainability
- Economic, Social and Industry Growth
- Supply Chain Management
- Customer and Tenant Management
- Corporate Social Investment

### MAPPED TO OUR CAPITALS



### RELATED PRINCIPAL RISKS

- Finance
- Market
- Asset Management
- Facilities Management
- Supplier

### 5-YEAR SUSTAINABILITY ROADMAP (2019-2023)

- **Goal 1**  
Building a Smart, Safe and Sustainable KLCC Precinct



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**FOCUS FOR THE YEAR**

- ▶ Supporting the Government's effort in economic recovery by providing rental assistance to our retail tenants and through corporate social investment programmes
- ▶ Strengthening business resilience and continuity through close monitoring of our cash flow and cost optimisation
- ▶ Enhancing customer and tenant communication in building trust and elevating experience
- ▶ Progressing social agenda through community programmes for the needy and underprivileged

**OUR APPROACH**

The way we manage the business – through the life cycle of our assets, reflects our financial, physical, and social approach and priorities. We constantly look to strengthen our portfolio to ensure it meets the changing needs of our customers and communities. We always bring social, economic, and environmental benefits to the areas where we operate. Great design increases efficiency, encourages people to spend time in our spaces and enables buildings to adapt to changing customer needs. We design with long-term value in mind. We design our buildings to support wellbeing and productivity.

We aim to make meaningful contributions economically and socially and grow with our stakeholders which includes

our suppliers, customers, tenants and business partners to maintain long-term partnerships across our business portfolios.

We invest to attract and develop great people who add value to our business. We take engagement, wellbeing, diversity, and reward seriously and conduct regular reviews. We help those furthest from the jobs market access opportunities in our industry. We believe that everyone who works on our behalf must be treated and paid fairly and our business should reflect and support our diverse communities. We strive to maintain a high standard of health, safety and security in all the working environments we control and partner to help raise standards in our industry.

**We aim to make meaningful contributions economically and socially and grow with our stakeholders which includes our suppliers, customers, tenants and business partners to maintain long-term partnerships across our business portfolios.**

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## FINANCIAL SUSTAINABILITY

The COVID-19 continued to ravage the global economy and caused significant instability and high volatility in global capital markets and its impact is likely to be felt for a long time. At the home front, the prolonged disruption to businesses and services, along with border closure and movement control have outsized the impact on private consumption and business investment. Individuals and businesses affected by the crisis are at high risk of facing immediate cash flow constraints as their earnings continue to dwindle. In navigating the challenges brought about by the pandemic, KLCCP Stapled Group continued to focus its priority to drive sustainable growth and create significant value for its stakeholders through various strategic recovery efforts within our portfolio during the year.

We undertook several measures to mitigate the impact of the pandemic by closely monitoring our cash flow and focused on cost optimisation through the implementation of a series of cost containment measures by suspending all non-essential OPEX and CAPEX and temporary closure of unoccupied hotel rooms and amenities.

 To read more, refer to the Statement from the CFO in the KLCCP Stapled Group Integrated Annual Report 2021 on pages 70 to 71

**Our strategy to deliver sustainable growth and long-term value to our stakeholders were underpinned by four strategic pillars of maximising value of investments, resilience in soft market conditions, creating sustainable value and embracing digital for business enhancement which saw us responding to the harsh impact of COVID-19 on our businesses.**

We continue to ensure that our properties are maintained in pristine condition with re-configured office spaces aligned to the new normal and equipped with health and safety Standard Operating Procedures (SOPs) to drive longer term tenancy prospects and restore confidence of our tenants in returning to the workplace.

 To read more, refer to the Strategic Blueprint on pages 22 to 23.



## ECONOMIC, SOCIAL AND INDUSTRY GROWTH

### Contribution to Nation Building and Industry Growth

Our business is driven by our clear Statement of Purpose - We Create Places People look forward to, Progressing Lifestyle for a Sustainable Future. We create positive experiences for our stakeholders in the places they work, shop, socialise and live. Our chosen sectors offer us numerous market opportunities that we address by managing our portfolio of assets.

#### Maintenance of KLCC Park and Pedestrian Tunnels



**RM951,000**

### Commitment to Capital Market Development

We forge strong relationships with our shareholders as well as with our banks and sukuk holders who provide our equity and debt funding. As a listed company we have a responsibility to those individuals and institutions who have invested money in our business either through equity (our shareholders and joint venture partners) or debt (our banks and sukuk holders) to deliver long-term and sustainable returns on their investment.

We ensure regular communication with our investors through an extensive programme, mainly managed by a dedicated Investor Relations team. The engagements were conducted via various platforms – one-on-one meetings, conference calls, analysts' briefings, and site visits to KLCCP Stapled Group properties as well as at capital market conferences. The Annual General Meeting normally also provides an excellent opportunity to meet many of our retail shareholders and answer their questions about the business but due to the pandemic we transitioned to host the AGM in a fully virtual mode which allowed shareholders to participate online and raise their questions. We had 1,003 shareholders who logged

Our success is based on our expert team and solid balance sheet. Together, these provide resilience in uncertain conditions and the power to address opportunities. Across the Group, our approach is characterised by customer centricity and a culture of accountability with an enterprise mindset – all underpinned by an industry-leading approach to sustainability.

Ultimately, our aim is to create sustainable shareholder returns, together with significant social and economic value for our stakeholders.

We collaborate with our stakeholders, particularly our tenants and customers, to ensure we emerge from the COVID-19 pandemic in a strong position. As part of our obligation towards the nation's economic growth, we paid RM81.9 million in tax to the Government for the year.

on to the Remote Participation and Voting Facility and all 74 questions raised by the shareholders were answered during the live AGM proceedings, including those from our major shareholders, EPF, MSWG and PNB.

Our website contains comprehensive information about our strategy and performance, regulatory news and press releases as well as information about our debt and our approach to ESG issues.

During the year under review, the Senior Management and the Investor Relations team held meetings with representatives from 125 institutions and participated in 7 conferences and analysis briefings to update them on our performance and to provide an opportunity for them to ask questions. These investor interactions enable our investors to be updated on our business and allow us to understand their priorities and concerns. This feedback is vital to help shape our strategy and our communications and disclosure to make sure that we are meeting their expectations.

#### Key Events

- Citi Asia Pacific Property Conference 2021

- Daiwa Pan-Asia REIT Conference 2021

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## Digitalisation

The world around us is changing at a great pace and we are in continuous dialogue with our customers as we strive to understand and prepare to meet the longer-term trends within our industry.

By doing this, we are able to ensure that our portfolio continues to meet the needs our stakeholders play an integral part in providing customers' an experiential experience and that our business remains relevant.

We have embedded a culture of continuous improvement within the Group and are constantly questioning how and why we do things while pushing the boundaries to do better. This means we are constantly refining not just our existing portfolio but also how we design, plan and build our assets, with sustainability and technology at the heart of our thinking.

The creation of our Digital Roadmap (2020-2023) was an important part of this process, reflecting our belief that we should consider investments in data and technology in the same way that we consider investments in physical assets.

The industry within which we operate offers significant opportunities to make changes that not only help improve efficiencies, but also help us make better and more informed decisions. Key to this is a focus on enhancing operational excellence in the areas of project management, facilities management and safety and security.

### Managing KLCC Park Digitally via The KLCC Park System Automation

**1** Reduce risk of working at heights and in confined spaces

**2** Switching and Monitoring of all Pump Rooms  
Manual to Remote Operation

**3** 93% Reduction of Activities  
8,760 activities to 624 activities

**4** Reduce Cost and Risk

**KLCC PARK SYSTEM AUTOMATION**

## INITIATIVES FOR THE YEAR

<b>Digital Project Management Framework</b>	<ul style="list-style-type: none"> <li>Introduced a new Digital Project Management (DPMF) in July 2021 to assist new digital requests within the Group</li> <li>As a standard reference for digital project procedures in guiding the Business Units and Operating Performance Units with the DPMF phases and process for accommodating any new digital request</li> </ul>
<b>KLCC Parking alternative cashless payment method</b>	<ul style="list-style-type: none"> <li>KPM collaborated with SETEL Ventures Sdn Bhd (SVSB) to deliver a cashless and seamless parking payment experience for its customers with Setel mobile application</li> </ul>
<b>KLCC Parking Management Solution (PMS 2.0)</b>	<ul style="list-style-type: none"> <li>PETRONAS Digital Sdn Bhd (PDSB) completed assessment of 21 sites across the KPM network, application and server infrastructure and provided full report including system High Availability (HA) and Disaster Recovery (DR) requirements</li> </ul>
<b>MOKL Hotel – paperless initiatives</b>	<ul style="list-style-type: none"> <li>Introduced QR Code in all guestrooms' TV. The service allows guests to access latest information of the Hotel, Digital Map, In-room Dining and Minibar menu, Shop MO and Digital Library</li> </ul>

SUPPLY CHAIN MANAGEMENT



Sustainable Procurement and Supply Chain plays a significant role in our sustainability practices. Recognising that we are in a position to influence our suppliers to adhere to our principles and values, we included in all our contracts with our contractors, consultants and suppliers, the provisions requiring them to comply with our CoBE. We also promote transparent and fair practices by our supplier by including a provision on supplier code of conduct in the contract terms and conditions on fighting corruption, maintaining business ethics and prioritising HSE practices.

By doing this, we promote our sustainability standards beyond our own business, causing a ripple effect of change that we hope will affect the way that suppliers deal not only with us, but with their other customers and their own suppliers as well. This effect gives procurement one of the biggest levers to drive sustainability in our economy.

We are committed to doing business with other companies that share our values and beliefs. For effective sustainable supply chain management, we must secure buy-in from our suppliers to uphold our high standards.

INITIATIVES FOR THE YEAR

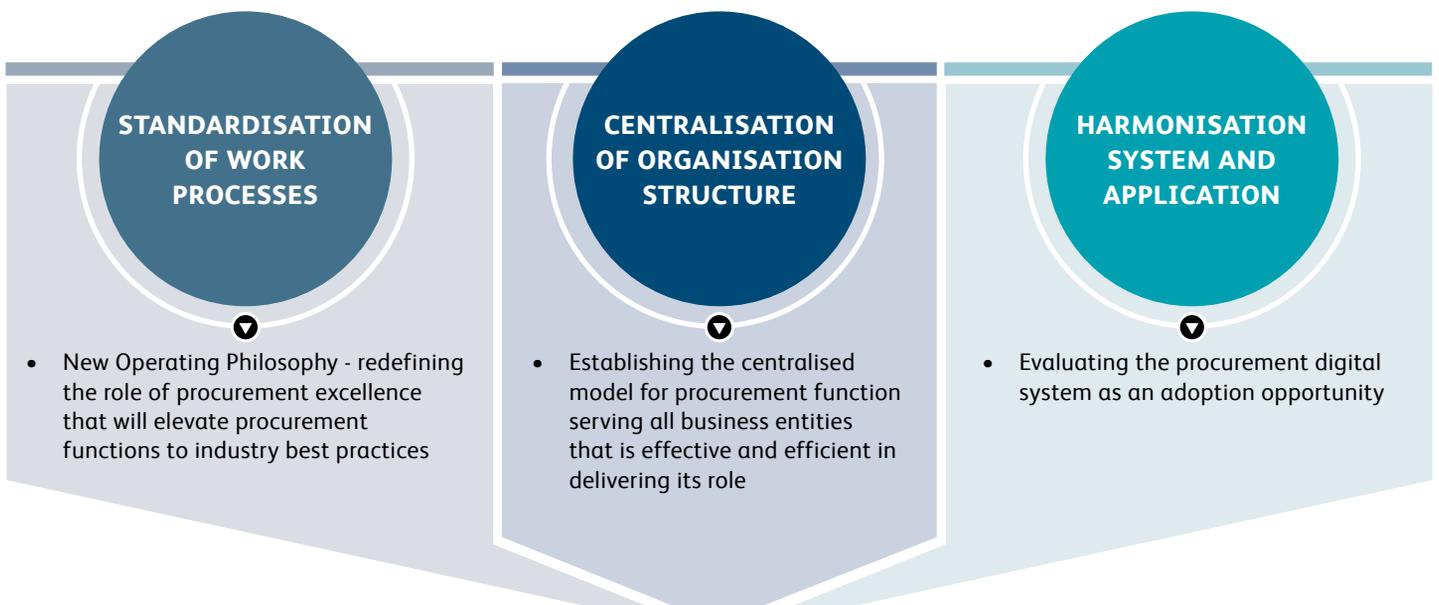
<p><b>Implementation Of Secure Managed File Transfer</b></p>	<ul style="list-style-type: none"> <li>• Group Procurement implemented the Secure Managed File Transfer (SMFT), a service to facilitate the exchange of large files between staff and external parties in managing submission of tender documents</li> <li>• SMFT enables transfer of files above 5MB which also reduces cost and save time</li> </ul>
<p><b>Supplier Audit</b></p>	<ul style="list-style-type: none"> <li>• KLCCUH conducted the Tier 1 audit on a quarterly basis with a total of 12 contractors during the the year. Functional Checklist was used as a tool for the audit</li> <li>• For MOKL Hotel, a total of 23 vendors was scheduled to be audited. Supplier audit findings were communicated via Food Supplier Action Report on specific actions to be taken</li> </ul>
<p><b>Supplier Evaluation</b></p>	<ul style="list-style-type: none"> <li>• KLCCUH conducted a bi-annual Supplier Performance Evaluation. A total of six suppliers were evaluated with the average rating of 2.5, Grade B (Generally Acceptable Contractor)</li> </ul>

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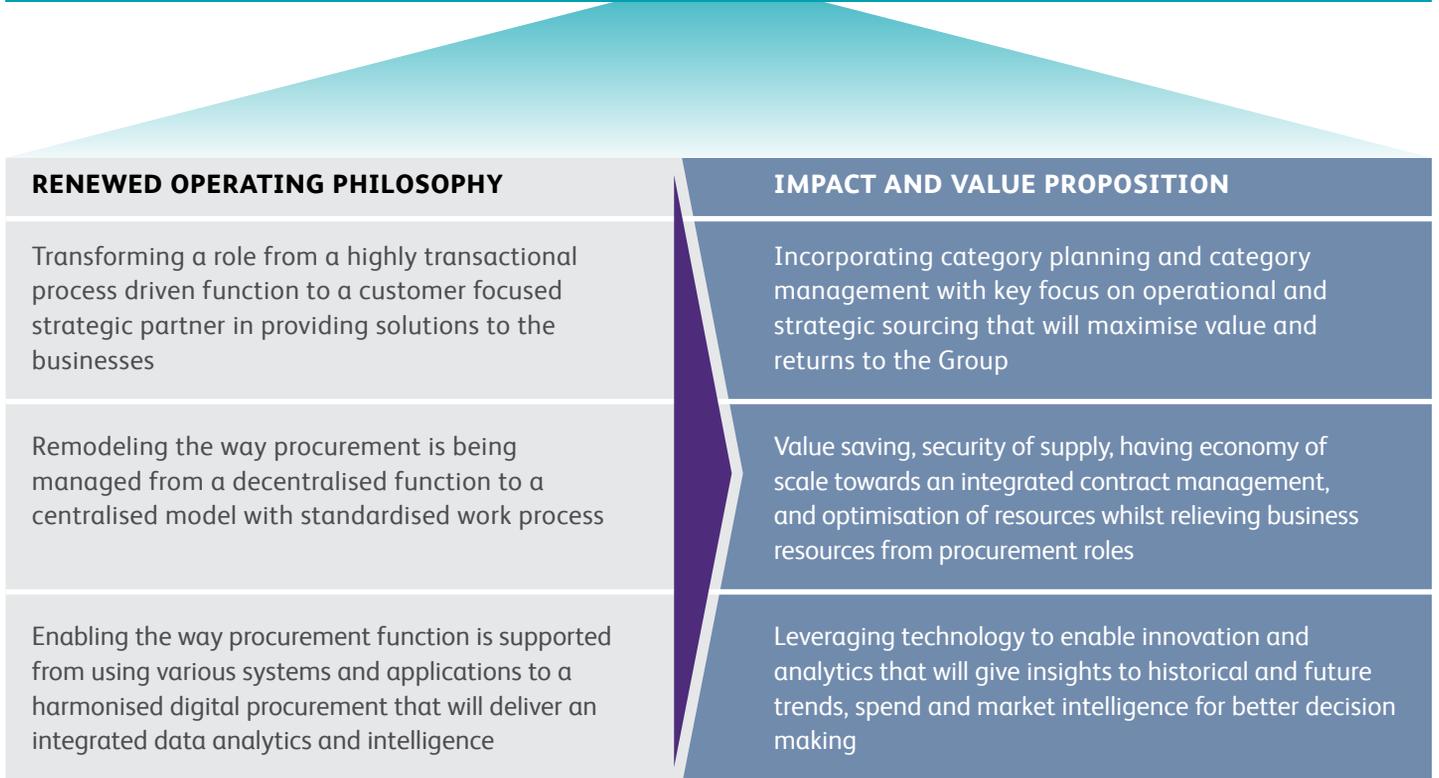
## A Harmonised Digital Procurement

As part of the KLCC Group’s transformation agenda which aims to achieve higher functional efficiency and effectiveness across our operations, we embarked on transforming our procurement functions to further enhance the procurement role to become a customer focused strategic partner in providing solutions to the businesses within the KLCC Group.

The transformation involved the Standardisation of Work Processes, Centralisation of Organisation Structure and Harmonisation of System and Application.



## A Transformative Role Towards Procurement and Contracting Excellence



**Customer and Tenant Management**

We believe in building a strong and trusting relationship with our customer and tenants as we continue to engage with them even during the difficult times. We value their patronage and take into consideration their feedback in our effort to expand our outreach and in building a shared sense of responsibility and progressing societal development. We conducted extensive engagements via numerous communication channels to promote social betterment,

building strong tenant relationship and meet the evolving customer behaviour and expectations.

We are also committed to provide the best customer experience and endeavour to exceed guests' expectations, through personalised services that cater to individual needs. We curated loyalty programmes to suit our guests and provide them with the best experience whether they are in offices, at our retail mall or during their stay at our hotel.

**INITIATIVES FOR THE YEAR**

	<b>Impact/Results</b>
<b>Ensuring the health and safety of office tenants during the COVID-19 pandemic</b>	<ul style="list-style-type: none"> <li>• Issued Return to Office (RTO) Facilities Preparedness Guidebook to create a positive and safe working environment</li> <li>• Installed Protection Paneling to the workstations to enhance protection and reduce staff risk from getting direct transmission of COVID-19 and other relevant virus transmission</li> <li>• Upgraded air filters to ensure healthy indoor air quality</li> <li>• Increased frequency of cleaning with a additional sanitiser dispensers at identified strategic locations</li> <li>• Implemented social distancing measures in our office buildings</li> </ul>
<b>Supporting retail tenant sustainability</b>	<ul style="list-style-type: none"> <li>• Extended RM127.1 million in rental assistance to our retail partners, – recognising that each tenant is unique in their own right</li> </ul>
<b>Mitigation against COVID-19 at Suria KLCC</b>	<ul style="list-style-type: none"> <li>• Earliest malls in the country to provide seamless temperature scanning for shoppers by installing several top-of-the-line scanners at major entrances. The scanner automatically alerts security personnel if anyone exceeds the temperature limit at the entrance</li> </ul>
<b>Attracting Shoppers Back</b>	<ul style="list-style-type: none"> <li>• Providing lively interactive and attractive decorations for festive seasons.</li> <li>• Cash reward campaign through 'The Great Giveaway and The Golden Ticket' campaigns</li> <li>• The Great Giveaway - rewarded 17 winners with RM5,000 Suria KLCC shopping vouchers and 34 winners with exclusive luxury prizes as they spent a minimum of RM150 as well as gave away 1,000 AsterSpring gift sets via spending tier of RM600</li> <li>• The Golden Ticket 2021 - 34 shoppers were rewarded with RM5,000 Suria KLCC shopping vouchers and 2,513 lucky winners with RM50 Suria KLCC shopping vouchers</li> <li>• Launched Safe &amp; Easy Shopping 2.0 video</li> </ul>
<b>Prioritising Health and Safety of Hotel Guests</b>	<ul style="list-style-type: none"> <li>• Reinforced our "WeCare programme" in providing awareness, guidelines and confidence to our guests and employees in preventing COVID-19 by taking the mandatory precautions</li> </ul>

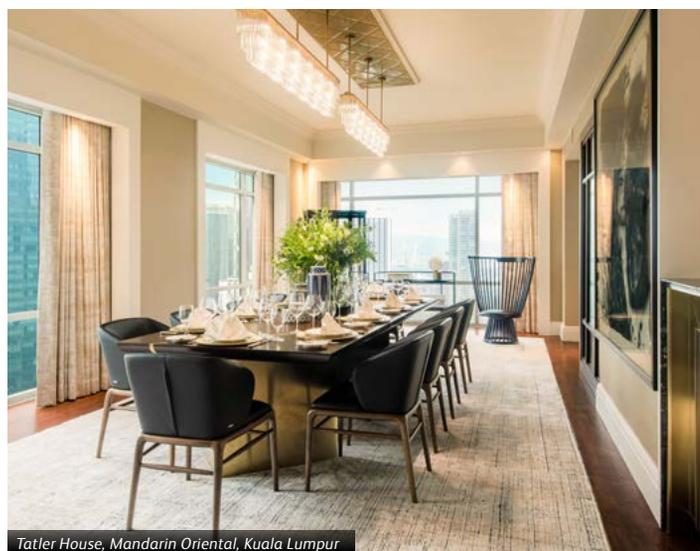
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## INITIATIVES FOR THE YEAR

	Impact/Results
<b>MOKL Hotel Promotional packages – capturing domestic market</b>	<ul style="list-style-type: none"> <li>Offered attractive discounts in both Deluxe and Club &amp; Suites promotions such as the Staycation at MO, Urban Resort, Deluxe School Staycation, Frontliner Appreciation and etc</li> <li>Embarked on a journey to transform the indoor golf into the new MOKL Hotel Kids Club in order to adapt itself to the new demand. The new “Little Explorer Club” located at Level 3 of the hotel, will add a new dimension to the recreational area which currently includes Spa, Fitness and Wellness, two tennis courts, an infinity swimming pool and the AQUA restaurant, a refreshing al fresco restaurant and bar</li> </ul>
<b>MOKL Hotel Strategic partnership and collaborations</b>	<ul style="list-style-type: none"> <li>Partnered with Tatler House – first of its kind in Malaysia, where the Presidential Suite was converted into space for exclusive events and guests</li> <li>The collaborations not only attracted local attention and demand to our hotel but have also attracted several high-end brands to organise pop-up events, special dinners and cocktails</li> </ul>
<b>MO Online Shop product offerings</b>	<ul style="list-style-type: none"> <li>Enhanced its product offerings which allowed guests to acquire their most desired products from various Mandarin Oriental hotels, ranging from bed linen to in room amenities</li> </ul>
<b>Communication with the parkers on the of Car Park Operation Status</b>	<ul style="list-style-type: none"> <li>Released several notifications via email, website and signages on Car park operation status</li> <li>Notices and signages regarding parking status while in the car park area and New Norm SOP’s (i.e., mySejahtera, social distancing and etc.,) were displayed on site during MCO the lockdown</li> </ul>
<b>Jump Card” service at NWD Car Park</b>	<ul style="list-style-type: none"> <li>Introduced “Jump Card” to customers to ease exit from the car park in the event of issues with their Touch ‘N Go, Mastercard, VISA or AMEX, as a replacement to the card used at the entry.</li> </ul>



“Little Explorer Club”, Mandarin Oriental, Kuala Lumpur



Tatler House, Mandarin Oriental, Kuala Lumpur

➤ CORPORATE SOCIAL INVESTMENT

KLCCP Stapled Group embraces social responsibility and maintains active engagement with our diverse group of stakeholders who have a direct or indirect impact to our business, reputation and our purpose in creating a sustainable future for all. We continue to establish mutually beneficial relationships through impactful communications and initiatives that suit the different needs of our stakeholders.



Community Investment



2021

**RM128.3**  
million

2020

**RM95.3**  
million

As a responsible corporate citizen, we recognise that we will be more enriched when those around us thrive. We have a duty to maintain the highest standards of social responsibility and integrity as an employer, a developer, a landlord and a solutions partner - our buildings are part of the local community and our city.

We strive to make our communities better places to live and work in and recognise we can only do this if we foster and maintain strong community relationships and listen to our stakeholders about what matters to them. None of this would be possible without our enthusiastic and committed employees who are committed to creating an inclusive environment that allows them to develop and play a meaningful part in our social value creation. Our community programmes are designed to ensure we make a positive contribution to the society in which we operate. We support our communities via projects such as fundraising events, community development and partnership in creating a conducive environment for all. Through our community engagement initiatives, we ensure that we support local issues and, in particular, help the underprivileged and the needy.

# PROSPERITY

## MOKL Hotel's Flood Donation Drive "Project Darul Makmur"

- Assisted staff's families who were affected by the floods in, Pahang
- Donated bedding supplies worth RM8,350 and used clothing through PETRONAS and the Malaysian Armed Forces

## MOKL Hotel - Donated Used Computer to School

- Donated 15 used computers to the Computer Empowerment Programme (CEP), an initiative by the Medical Awareness Camp Outreach (MACO), to equip underprivileged students with learning tools



## KLCC Group Flood Relief for affected employees

- A total of RM32,500 was distributed to support employees affected by the floods

## Sponsorship of Fire and Rescue Department of Malaysia's Fire Safety Awareness Campaign

- Sponsored RM5,000 to Fire and Rescue Department of Malaysia in support of its Fire Safety Awareness Campaign and to raise fund for its Firefighters' Welfare, Building and Education Fund



## Sponsorship for Petronita's Orchid Run & Ride Virtual Edition 2021

- Sponsored 140 runners from KLCC Group at a total cost of RM10,640
- Proceeds channeled to hospitals to support medical research and care and treatment programmes to manage increase in medical cases and psychological cases

## Charity/Donation Drives/Fundraising/Community Service

## Collaborated with Malaysia REIT Manager's Association (MRMA)

- Contributed RM100,000 Speedmart Vouchers to 10 ADUNs within Selangor and Kuala Lumpur to be distributed to the needy



## Suria KLCC donated food and beverage items for the benefit of the 3,500 medical frontlines at Hospital Sungai Buloh

## MOKL Hotel volunteered at Kuala Lumpur Convention Centre Vaccination Centre

- Total of 15 colleagues participated as facilities volunteers carrying out non-medical duties, including greeting, ushering, and assisting people with registration

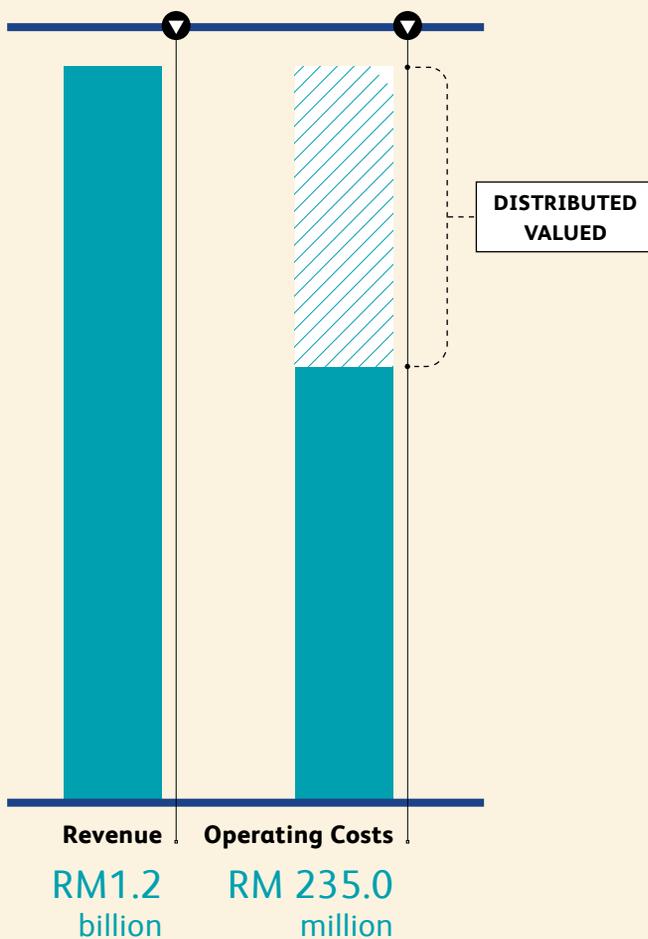
## MOKL Hotel provided healthy lunch for the volunteers at vaccination centre at Kuala Lumpur Convention Centre Vaccination Centre

- Sponsored 100 packed food worth RM1,161 for volunteers from International SOS, Medipulse Healthcare and MB Perkasa on 8 September 2021 at vaccination centre at Kuala Lumpur Convention Centre

# DELIVERING AND ADDING VALUE

In 2021, we generated a total revenue of RM1.2 billion. Of this, about 20% went to purchasing costs and other operating expenses. The remaining RM0.9 billion were distributed to our employees, shareholders, and other providers of capital, paid in taxes to government, or retained in the company.

## OUR VALUE GENERATION AND DISTRIBUTION



The graph shows our direct economic value generated in 2021 of which RM235.0 million went to operating costs and expenses.

The difference is our value distribution in 2021, excluding purchasing costs and operating expenses.

### TO SHAREHOLDERS

**RM606.6 million**  
was paid to shareholders. We aim to be an attractive investment for shareholders and were able to increase dividends in 2021, despite the pandemic

### TO EMPLOYEES

**RM104.2 million**  
was paid in employee wages and benefits

### TO KLCCP STAPLED GROUP

**RM25.9 million**  
was retained in the company

### GOVERNMENT

**RM45.9 million**  
taxation to the government

### TO BANKS

**RM105.2 million**  
was paid in interest expenses to banks

### TO COMMUNITIES

**RM128.3 million**  
was paid in donations, sponsorships and rental assistance to our retail partners.

# PROSPERITY

## Prosperity Goes Beyond Profit

The Group has adopted the definition of prosperity from the WEF Stakeholder Capitalism Metrics framework: “An ambition to ensure that all human beings can enjoy prosperous and fulfilling lives and that economic, social, and technological progress occurs in harmony with nature.” Prosperity for us highlights the importance of prosperous societies and the role of businesses in fueling economic growth, innovation and shared wealth.

## What Gets Measured Gets Done

Transparency through measurement is our key tool in running an accountable business. We use metrics from both reporting standards and ratings and have set up a system of establishing internal ownership of indicators in order to allow for systematic follow-up and improvement against best practices. We take guidance from the WEF Stakeholder Capitalism Metrics, with disclosures focusing on people, planet, prosperity, and principles of governance (Peace), as we support improved approaches on how to measure and drive sustainable performance.

## Combining Profit and Purpose

Our company purpose goes beyond profit. We apply knowledge to address business challenges so that when we succeed, society succeeds. Sustainability is deeply embedded in our strategy, priorities and actions. We strongly believe that long-term shareholder value creation is best optimised through a holistic approach in which we help people and the planet thrive, while maintaining or increasing prosperity.

## Supporting Local Communities

We aim to create shared value for the company and society. We engage in community projects such as through charity, donations fundraising and community service.

## Creating a Fair Workplace

We create safe and secure jobs for more than 90% employees and through innovative projects and initiative we also create jobs for future generations. We have the ambition to increase the proportion of women working at the Group, particularly in senior management positions.

## Tax Policy

The Group’s Tax Policy is approved by the Board and executed by the Management. Within the framework of tax laws and regulations, the Group optimises the tax cost in the same way as it does other costs. We seek open and transparent interaction with the tax authorities and policy makers. Our approach to tax risks is based on the Group’s overall risk strategy with continuous reviews to ensure control and risk mitigation as needed. We report in line with local regulations and our Code of Conduct and Business Ethics.