

SOCIAL
RELIABLE PARTNER

RELIABLE PARTNER

KLCCP Stapled Group is committed to taking an active and long-term role in managing the relationship 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.

SUSTAINABLE MATTERS



Supporting the UNSDGs

Supply Chain Management

Customer and Tenant Engagement

Corporate Social Investment

WHY IT MATTERS

- We are conscious of our role in delivering lasting impact to the community
- Our customers, tenants, shoppers, community create the vibrancy in KLCC Precinct for us and we in turn need to give them the experience of THE PLACE

VALUES CREATED

- Strategic business partnerships which contribute towards social development and long-term community value
- Made KLCC Precinct the people’s place where they can converge and enjoy the various experiences through excellent infrastructure, accessibility, connectivity with the attractions within the development



KLCCP Stapled Group supported the “Speak Up - There’s an Elephant in the Room” awareness campaign on life-limiting illnesses organised by Hospis Malaysia

SEC 01

SEC 02

SEC 03

SEC 04

SEC 05

SEC 06

SEC 07

SOCIAL RELIABLE PARTNER

OUR APPROACH

Our objective as a reliable property investment and development group is 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 also 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.

3-Year (2016-2018) Sustainability Roadmap

3-YEAR TARGET (against 2015 baseline)	STATUS	RESULTS
Strengthening retail occupancy rate to optimum level	● ○ ○	Achieved 98% occupancy rate
Increase % of accredited/certified hotel suppliers in food safety requirements by 3%	● ○ ○	Increased accredited suppliers by 6.5%

● ○ ○ Met 2018 target ○ ○ ● 2018 target not met

SUPPLY CHAIN MANAGEMENT

KLCCP Stapled Group has a robust system in place to continuously review our supply chain, take concrete actions to enhance the quality of services and products we procure, and work closely with our suppliers to improve their sustainable performances.

KLCCP Stapled Group maintains a list of registered suppliers/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 which includes technical and commercial evaluation. The evaluation criteria cover acceptable technical offer, benefits in terms of value for money, experience of suppliers/vendors, total project requirement and well-being. Suppliers' performance evaluation is also 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. We have also established several tender committees which made up of formally appointed cross-functional members from KLCCP Stapled Group's various business units to review, deliberate and endorse/approve tender documents for the sourcing of goods and services for the Group's projects and operational requirements.

LOCAL PROCUREMENT MANAGEMENT

KLCCP Stapled Group practices sustainable procurement by ensuring its entire procurement process takes into account the EES impacts of our business practices. Our procurement department ensures that we uphold responsible procurement practices and our initiatives start right at the supplier selection process till the procurement of supplies or services, where various sustainability considerations including fair labour practices and safety requirements are embedded into our terms and conditions. Our procurement team prioritises on minimising any non-compliance risks in the supply chain and encourage our business partners to make continuous improvement towards sustainable business conduct.

Sustainable Supply Chain and Ethical Behaviour

Procurements are made through the 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 contractors, consultants and suppliers have imposed provisions requiring them to adhere to and comply with CoBE. Non-compliance by them shall result in legal consequence which may include termination of contract.

Key Initiatives for the Year

INITIATIVES	BENEFITS
Reviewed and tightened procurement policies in shortlisting bidders – screening of suppliers' background and registration with regulated bodies	Able to select bidders that offer services at the best value for money
Established guidelines for separate tender evaluation teams – 2 teams for technical and commercial analysis respectively	Evaluation process will not be influenced by the other party
Reviewed and improved SOP on Tender Evaluation by incorporating anti-bribery due diligence on contractor's experience and workload	Thorough screening based on the improved SOP to weed out contractors who are inclined towards acts of bribery
Included anti-bribery assessment for Contractor's Risk Assessment (CORA) for all projects	
Assigning a Quantity Surveyor Consultant in certifying the percentage of completion for projects before payment process	Payment is released based on completion of projects to avoid any form of overpayment
Incorporated notice on good governance and anti-bribery at common/public area	Create awareness amongst employees and business partners in promoting integrity and adopting zero- tolerance stance against bribery and corruption
Inculcating CoBE culture to business partners - contractors/consultants/service providers to report on corruption via whistle-blower	

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:

Conflict of interest and fighting corruption and unethical practices	<ul style="list-style-type: none"> The contractor shall comply with all relevant requirements and policies throughout the contract period Have in place and maintain throughout the contract period its own policies and procedures to ensure compliance with relevant requirements and policies Promptly report any request or demand for undue financial or other advantage of any kind received in connection with the performance of the contract
Business Ethics	<ul style="list-style-type: none"> 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 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 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
Health, Safety and Environment (HSE)	<ul style="list-style-type: none"> HSE policy, targets and requirements Prevailing laws and regulations Risk assessment including preventing and mitigating measures Emergency response plan Incident reporting and investigation

SEC 01

SEC 02

SEC 03

SEC 04

SEC 05

SEC 06

SEC 07

SOCIAL

RELIABLE PARTNER

Supplier Diversity and Local Procurement

At KLCCP Stapled Group, we recognise that our suppliers are an extension of our organisation. We are committed to collaborating with a diverse supplier base and improve our collective environmental sustainability efforts. We also encourage sourcing of local products among the suppliers. In 2018, 90% of our products were sourced locally with a contract value of approximately RM700million, contributing positively to the local economy.

RESPONSIBLE PRODUCT SOURCING

We work together with our suppliers to develop a shared commitment to quality and safety of our product and services and ensure that all of our suppliers abide by our quality performance standards, requirements, processes and procedures. We source responsibly and apply rigorous systems to ensure our products meet or exceed the highest standards of quality and safety. It is part of our sustainability strategy to promote efforts towards prioritising on quality.

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.

There are a total of 53 local F&B suppliers out of which 35 are "High Risk" and 18 "Low Risk" which is scheduled to be audited. This year in MOKL Hotel, a total of 32 suppliers were audited.

Purchasing Policy and Scope

In MOKL Hotel, the Materials Management Department has a purchasing policy and procedures in place and spearheads the placement of orders for all goods and services required in the daily operations of the hotel. The department will ensure that there are competitive quotes from nominated or preferred suppliers capable of meeting the specifications in terms of quality, timely delivery, adherence to Food Safety, Environmental and OSH requirements and providing competitive price. This policy and procedure covers the requirements of the purchase requisition to the execution of the purchase order and was further enhanced to include green purchasing within the supplier chain.

Green Procurement

KLCCP Stapled Group acknowledges the increasing importance of green procurement and is further enhancing its efforts to move towards a more responsible procurement practice. We continue to expand 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.

MOKL Hotel further enhanced green purchasing within our supplier chain to comply and raise awareness of procurement as a pollution prevention tool and facilitate continual improvement in environmental performance through proactive green purchasing and contracting activities. In

compliance with the hotel's certification in ISO 14001 – Environment Management System, consideration of products that are environmentally friendly will be given priority and accredited suppliers are given "preferred" status. Special attention is given to ozone depleting materials. The policy further covers guidelines for Safety and Health requirements.

Our hotel team continues to seek-out suppliers who have accreditations in Hazard Analysis and Critical Control Point (HACCP) - ISO 22000 or 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 premise. Supplier audit findings were communicated to vendors via the Food Supplier Action Report for future improvement and guidance. In 2018, 42% of MOKL Hotel's nominated suppliers have accreditation or certification in food safety requirement.

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 fin in the hotel's Chinese restaurant and banquet. Our retail partner at 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.

CUSTOMER AND TENANT ENGAGEMENT

Connecting with our stakeholders especially with our tenants and customers is becoming more prominent, particularly in expanding the outreach and quality of service to build a shared sense of responsibility and societal development. Efforts to promote social betterment, building strong tenant relationship and managing customer expectations are conducted through extensive engagement with these stakeholders.

Valuing Tenants and Creating Premium Shopping Experiences

ASSET	INITIATIVES	BENEFITS
PETRONAS Twin Towers Menara 3 PETRONAS	Annual "Tenants' Nite" held for tenants of PETRONAS Twin Towers and Menara 3 PETRONAS	Building strong tenant relationship by expressing 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
Suria KLCC	Introduced 28 new tenants including 9 first-to-market stores in Malaysia, exclusive to Suria KLCC	Creating value across our retail mall to differentiate ourselves in the market and delivering a unique shopping experience tailored to customer preferences
	Escalator modernisation project which commenced in 2017 and will be completed in phases	Further enhancing safety of customers with higher balustrades and reliable safety features for the convenience of our shoppers
	Installation of the largest rotating double-sided LED screen in the world in the center court	Able to facilitate retailers' promotions and advertising and provide a better view for customers as they shop
	Embarked on eWallet payment service via Alipay	Providing customers with convenience of cashless payments
	Customer exit survey which is conducted monthly by an external consultant on 500 random customers	Gather valuable consumer behavioral and demographic data which gleans useful insights to solicit ideas for new stores, understanding customer preferences and demands
North west Development Carpark	Upgrading of the parking entry and exit terminals with integrated credit/debit card and Touch n Go readers	92% of customers support the convenience of this cashless initiative
	Created a mobile application for customers' ease of payment which will take effect from first quarter 2019	

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. Some of the significant initiatives embarked in delighting guests with quality service:

INITIATIVES	BENEFITS
Reconfigured the original mix of rooms and suites to meet the current and future demand	Completion of guestroom renovation showcasing 152 Club Rooms and Suites, 435 Deluxe and Park Suites, 1 Royal and Presidential Suite respectively Able to offer guests a resolutely new hotel experience which transcends accommodation driving a healthy pace gain for stronger demand of guestrooms resulting in a 7% increase in guest satisfaction to 92%
Upgraded guest service standards which were re-written using neuro-linguistic elements, implemented throughout the hotel	This enables the hotel staff to better understand the service standards where guests are rewarded with a special, unique and consistent experience at each visit
Launched exclusive new retail products, unique treatments and a series of educational wellness programs with visiting wellness practitioners	Created strong awareness and interest in MOKL's Spa. The Spa delivered an excellent performance in the face of strong new competition, posting revenue growth of 16.5%
Embraced new systems and digital technology: - Launch of new loyalty program – Fans of MO - Improved on-line conversion from MO.com platform - Smart technology for conference room facilities with eco-conscious initiatives - Smart Digital Thermostats in all guest rooms for room occupancy detection	Able to promote hotel offerings and provide world class hospitality services exceeding guests' expectations for a luxury hotel experience and making guests' journey seamless Offer guests more personalised stay tailored to their preferences upon arrival
Providing convenient accessibility for children, the elderly and disabled: - manual or powered wheelchairs - ramps in lobby - handicap-friendly front desk and check-in area - restroom with handicap-friendly cubicle	Place great care and attention in providing convenient accessible amenities within the hotel for all guests

SOCIAL
RELIABLE PARTNER

CORPORATE SOCIAL INVESTMENT

We recognise the importance in contributing towards the welfare of the community in which we operate in and continue to engage with the communities surrounding us to foster goodwill towards their well-being and social development. Being part of the society within which KLCCP Stapled Group operates in, we are conscious of our role in promoting social betterment of the community around it. We support various stakeholder engagement activities which include environmental sustainability, health and safety, social integration as well as reaching out to the underprivileged community.

Key Initiatives for the Year

PROGRAMME	DETAILS	IMPACT
<p>"Projek Apprentice" programme (2016-2018)</p> <p>- Student Training Placement within KLCC Group</p>	<ul style="list-style-type: none"> Focusing on students majoring in engineering, facilities management and other related courses In 2018, 7 students were on board the programme from University Teknologi PETRONAS (UTP) and University Teknologi Mara (UiTM) 	<p>Impact to KLCCP Stapled Group:</p> <ul style="list-style-type: none"> Enhance our Group's visibility in the market Able to identify future workforce to be absorbed into the Group <p>Impact to students:</p> <ul style="list-style-type: none"> Gain exposure to the working environment in the industry Assist them to understand and plan their career path
<p>Charity/ Donated Drives/ Fundraising/ Community Service</p>	<ul style="list-style-type: none"> Participated in beautifying and cleaning Zoo Negara Malaysia under the Glow Green program in March 2018 – painting, clearing and cleaning surrounding of the Zoo 	<p>RM3,410 was spent for beautifying the zoo with 69 employees participated in the engaging event</p>
	<ul style="list-style-type: none"> Involved in Reach Out Program – donation of food to the homeless 	<p>Contributed 35 packets of food per day to the homeless around Kuala Lumpur</p> <p>Approximately RM100,000 was spent for a year for the contribution</p>
	<ul style="list-style-type: none"> Participated in "Make a Wish Malaysia" for Xuan Ying in August 2018 – Sponsored a night stay at the MOKL Hotel with a party for herself and family 	<p>To grant a wish for the less fortunate - Provided encouragement and love to the 7 year-old who has been diagnosed with Acute Lymphoblastic Leukemia</p> <p>RM2,500 was spent for the accommodation, meals and decorations</p>
	<ul style="list-style-type: none"> Visited Rumah Kasih Murni at Keramat in October 2018 (orphanage) to replace old fans, changed lights to LED, installed new water pump, painted the home and followed by lunch with them 	<p>Contributed to the less fortunate in terms of monetary assistance to provide them with a more comfortable environment</p> <p>Spent a total of RM10,600 for the effort</p>
<p>Festive Celebrations with the underprivileged community</p>	<ul style="list-style-type: none"> Chinese New Year charity programme in collaboration with We Care Journey (children) – between 25 January - 18 February 2018 Hari Raya charity programme in collaboration with We Care Journey between 17 May - 14 June 2018 Deepavali charity programme in collaboration with Hospis Malaysia between 26 October - 7 November 2018 Christmas charity programme in collaboration with Hospis Malaysia between 23 November - 25 December 2018 	<p>Donated approximately RM34,710 to the needy and less fortunate</p>