



# SUSTAINABILITY

## OUR COMMITMENT FOR

### SUSTAINABILITY STRATEGY AND APPROACH

**Sustainability is a big agenda for KLCCP Stapled Group and is in the heart of everything that we do. As one of the leading real estate players, we are committed to managing our business in a responsible manner taking into consideration the risks and opportunities impacting our business and the industry at large. We strongly believe that sustainability is a force that will shape the future of our business and the way we live. Thus, we continue to focus on addressing our material matters that may impact our business and stakeholders.**



# Y STATEMENT

## A SUSTAINABLE FUTURE



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GOVERNANCE**



Our full fledged  
Sustainability Report  
2019 is available at  
[www.klcc.com.my/  
sustainability.php](http://www.klcc.com.my/sustainability.php)

# SUSTAINABILITY STATEMENT

KLCCP Stapled Group's ultimate objective is to create, deliver and share value with our stakeholders, to be future ready and be part of a sustainable society. As we progress towards achieving this objective and to further strengthen our sustainability approach, we continue to pursue our sustainability agenda through the Group's corporate strategy and culture which is deeply embedded in our business model. We champion sustainability development premised on our strategies and initiatives to drive our sustainable goals economically, environmentally and socially, across all our business operations, maintaining high standards of conduct and maximising long-term value creation for the benefit of our stakeholders.

In line with this year's theme, "The Place: Spaces Inspired for the People", we have continued to elevate our services and offerings to create a progressive lifestyle experience for our customers within the KLCC Precinct. We aspire to transform KLCC Precinct into a smart city, creating a sustainable environment and enriching the lives of our community.

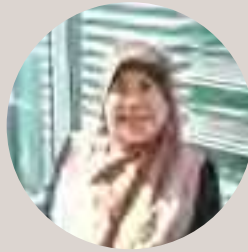


To read more, refer to Material Matters on pages 56 to 59 and Stakeholder Management on pages 67 to 69

## SUSTAINABILITY STEERING COMMITTEE CO-CHAIRMAN MESSAGE



**Annuar Marzuki Abdul Aziz**  
Head, Strategy, Finance and Investor Relations



**Zalina Ibrahim**  
Head, Health, Safety and Environment

At KLCCP Stapled Group, we place sustainability high on our agenda as it is an integral part of our business strategy. We align our business, processes and our corporate culture to adopt strategies that support sustainable development and investment for the Group and the community at large.

Today, the sustainability agenda has become even more pressing, driven by global economic volatility, climate change risk, infringement in business ethics and integrity, and changing consumer expectations on the role of businesses. Consequently, many of the EES and governance issues are coming under close scrutiny by regulators and investors.

As one of the leading real estate players, KLCCP Stapled Group echoes and supports the country's stand and commitment in combating global climate change by addressing climate change risks through reduction of energy consumption and carbon emission across our business operations. We are also committed to good governance practices with our Boards setting the right tone from the top. With digitalisation at the forefront of today's businesses, we are taking a proactive approach to ensure our leaders and employees integrate digital technology into the business operations, fundamentally evolving towards a digitally competent organisation.

Communication with stakeholders is imperative for understanding and managing their expectations. With the rapid changes in the real estate industry, our stakeholders are continuously seeking for greater levels of transparency with respect to the EES issues. Through our regular stakeholder engagement and materiality assessments, we have identified and deliberated the emerging trends and other material matters which shaped our sustainability strategy and helped us set time-based targets with intended results and impact. With the conclusion of our 3-Year (2016-2018) Sustainability Roadmap, which saw us achieving targets against a 2015 baseline, we embarked on a 5-Year (2019-2023) Sustainability Roadmap covering three main goals – Building a Smart, Safe and Sustainable KLCC Precinct; Building an Agile, Inclusive and Sustainable Workforce; and Combating Climate Change and Reducing Environmental Impact. Aligned to our five prioritised UNSDGs, we aim to monitor our progress year-on-year against the set targets.

Our sustainability journey which began in 2014 have seen us made significant progress through the years, reflecting our people's efforts and commitment towards building a sustainable future. This forms a strong foundation that will steer us towards achieving our 2023 targets. Testament to our steadfast commitment in advancing sustainability practices within the organisation, KLCCP Stapled Group has been recognised both locally and globally by the industry, for demonstrating strong and transparent EES practices.

In what has been another successful year in our sustainability journey, we continue to work hard to deliver value for our stakeholders. We hope this report gives you a deeper insight into our sustainability performance for the year and our aspirations in building a sustainable future. We will maintain our commitment towards sustainable development, and be ambitious and share our experiences, whether challenging or successful, to accelerate wider progress.

# SUSTAINABILITY STATEMENT

## THE REAL ESTATE LANDSCAPE

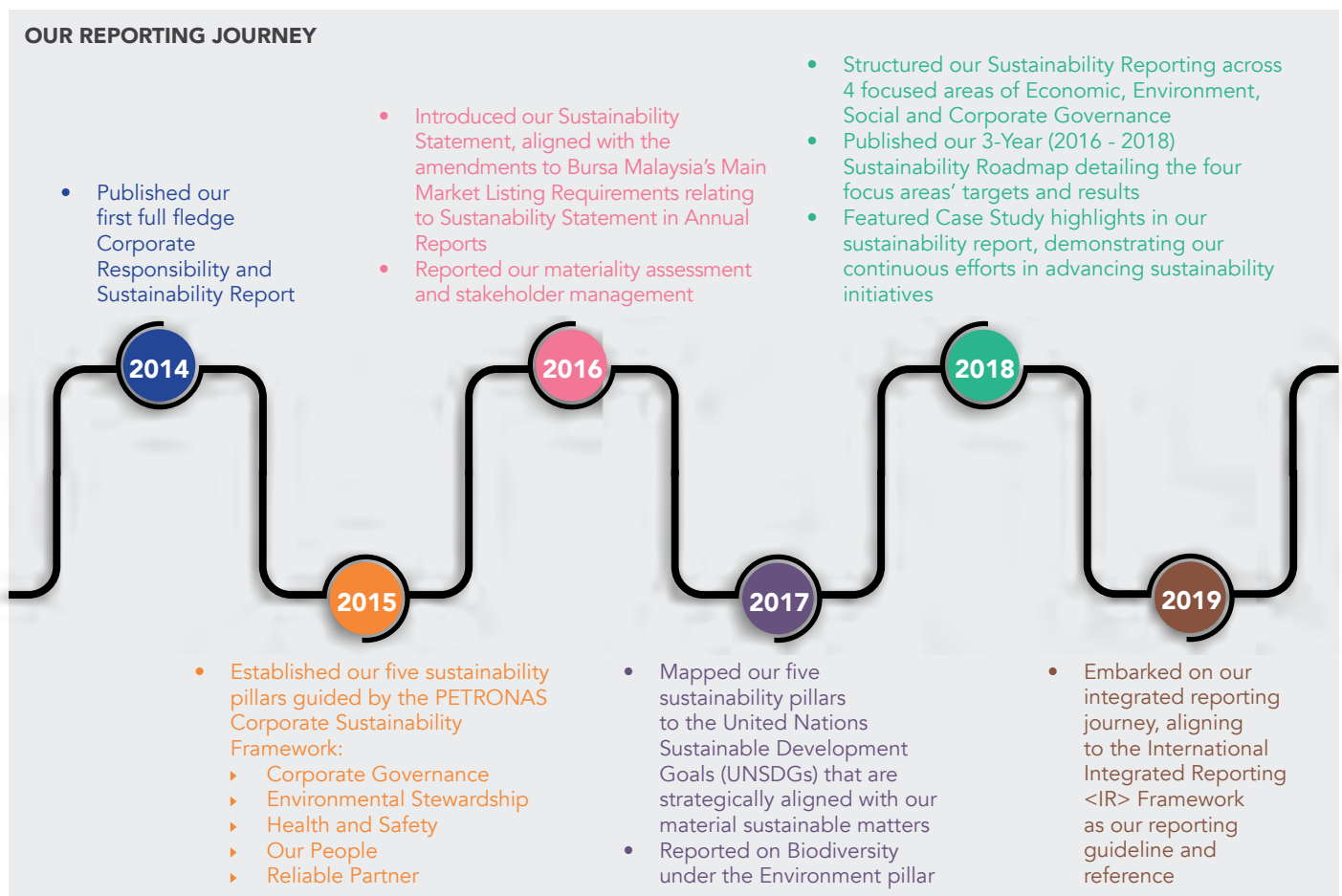
The year 2019 saw a myriad of challenges for the real estate and construction sector with subdued economy and market volatility impacting the global and domestic economies. The office segment faced downward pressure on rentals due to growing mismatch between supply and demand. The retail segment continued to face intense competition but saw a moderate growth during the year contributed by cautious consumer spending while the hotel segment faced strong competition from the new luxury hotels which came into the market.

Despite these challenges, the real estate and construction sector is moving towards implementing innovative solutions and adopting new technological advancements in the ways of doing business in order to stay relevant and ahead of its competitors. It is seeing a shift from a mindset of “using” social media to a mindset of adapting and thriving in an ecosystem where a highly connected, social, empowered consumer is now the norm.

The country’s continued commitment in combating climate change has also seen the real estate sector giving more attention towards environmental conservation and stepping up efforts in support of this move. Malaysia, as a Paris Agreement signatory has pledged to reduce its GHG emission intensity in relation to Malaysia’s 2005 gross domestic production by 45% by 2030. This commitment represents Malaysia’s pledge to contribute to the mitigation of adverse climate change impacts. There was also increased awareness in voluntary disclosure of climate-related risks and information in line with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) which could see more companies embarking on this initiative.

## OUR REPORTING JOURNEY AND MILESTONES

Our significant progress in our sustainability journey saw us achieve milestones through the years in our pursuit to advance our sustainability reporting and practices. This year, as we embark on our Integrated Reporting journey, we look ahead to progressively adopting best practices towards transparent and effective corporate reporting.



# SUSTAINABILITY STATEMENT

## OUR MILESTONES

2015

- 1<sup>st</sup> Malaysian REIT included on FTSE4Good Bursa Malaysia Index
- Attained Provisional GBI Certification for PETRONAS Twin Towers (Gold) and Menara 3 PETRONAS (Silver)

2016

- Formalised the Sustainability Governance Structure and formation of Sustainability Steering Committee (SSC) and Sustainability Working Committee (SWC)
- Developed a Sustainability Framework and a 3-Year Sustainability Roadmap
- Conducted the first Materiality Assessment with SSC and SWC
- Inclusion onto FTSE4Good Emerging Index – One out of only two Malaysian companies in the real estate and construction

2018

- Conducted our inaugural online Materiality Assessment survey covering employees of KLCCP Stapled Group and our business partners, Suria KLCC and MOKL Hotel
- Maintained our inclusion on the FTSE4Good Emerging Index and FTSE4Good ASEAN 5 with an improved score

2017

- Inclusion of Biodiversity theme into our Corporate Sustainability Framework

2019

- Established our 5-Year Roadmap aligned with prioritised UNSDGs
- Attained full GBI certification for PETRONAS Twin Towers (Gold) and Menara 3 PETRONAS (Silver)
- Positioned within the top 11 percentile among our supersector peers under FTSE4Good Index Series



To read more on our Sustainability Framework, kindly refer to our Sustainability Report 2019 at [www.klcc.com.my/sustainability.php](http://www.klcc.com.my/sustainability.php)

### SCOPE OF REPORTING

Our scope of reporting in the KLCCP Stapled Group's Sustainability Report 2019 underlines our sustainability performance as well as its strategies and practices, while highlighting the economic, environmental and social impacts of our business activities. This report is based on KLCCP Stapled Group's financial year from 1 January to 31 December 2019.

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 Integrated Annual Report.

### GOVERNANCE STRUCTURE

The Groups' sustainability governance structure which was formalised in 2016 was designed to build on the capacity to pursue sustainable goals. KLCCP Stapled Group's Sustainability Steering Committee (SSC) forms the core of the governance structure and plays a very important role in driving sustainability within the organisation. The SSC is co-chaired by Annuar Marzuki Abdul Aziz, Head, Strategy, Finance and Investor Relations and Zalina Ibrahim, Head, Health, Safety and Environment. Members of the SSC comprises heads from all major business functions which ensures the development of sustainability strategies represent the wider interests of the Group.

Key responsibilities of the SSC:

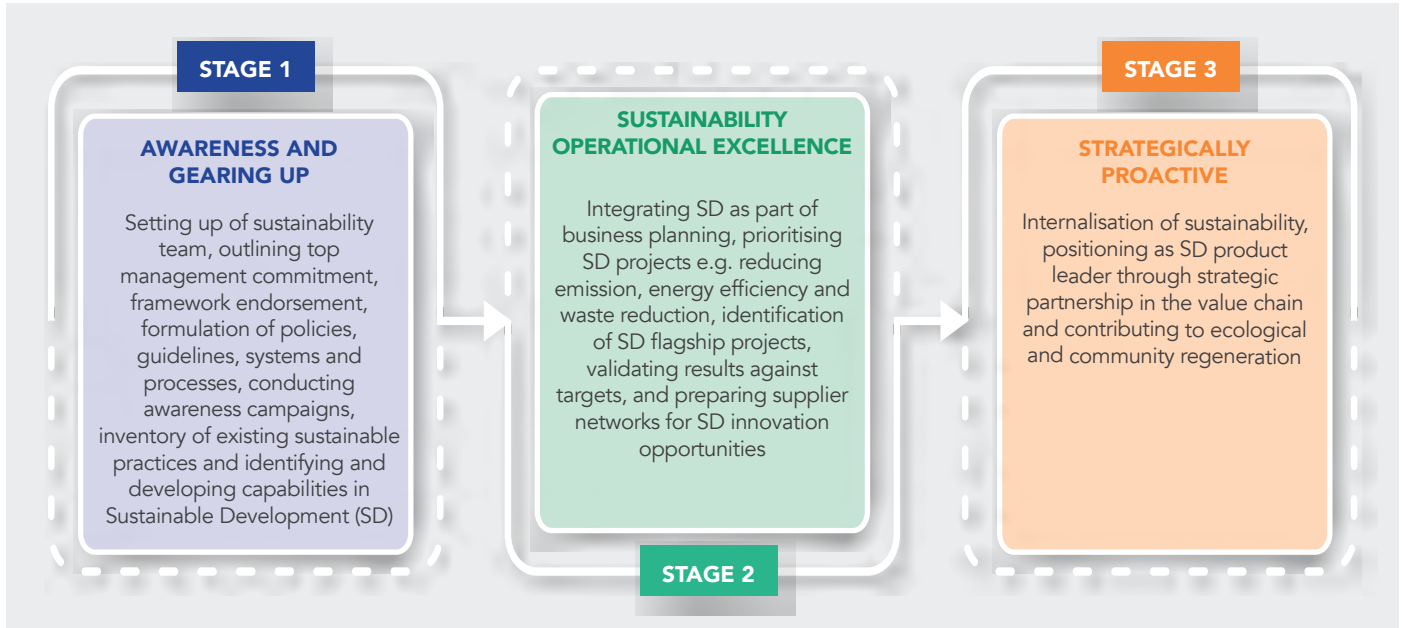
- Reports to the Chief Executive Officer (CEO) and ensures accountability, oversight and review in the identification and management of material matters within the Group
- Overseeing the corporate sustainability strategy and progress of the Group's sustainability performance
- Identifying and prioritising material matters
- Reviewing and endorsing policies, practices, targets and achievements for key sustainability initiatives and ensures regulatory sustainability requirements and reporting are met

# SUSTAINABILITY STATEMENT

The SSC is supported by a working committee in ensuring sustainability is considered and integrated throughout our business operations. The CEO is responsible for driving the implementation of sustainability strategies for KLCCP Stapled Group and together with the SSC, reports the progress to the Boards of KLCCP and KLCCRM (the Boards) annually and seeks their advice on related issues. The Boards represent the highest authority and is ultimately accountable for managing sustainability matters within the Group.



# SUSTAINABILITY STATEMENT



## PROGRESS TO DATE

Underpinned by our Sustainability Framework and our five sustainability pillars, our sustainability journey began way back when KLCCP first started its operations in 2004. However, subsequent to KLCCP becoming a stapled security in 2013, we then embarked on a longer-term view of sustainability and began our journey in embedding it as part of our business model. We officially commenced documenting our journey in 2014 where we framed our Sustainability Journey in three stages, reflecting our commitment towards achieving our goals to deliver long-term values to our stakeholders.

To-date, we have progressed substantially in Stage 2 of our Sustainability Journey which has seen us integrating sustainability as part of our business strategy, prioritising our efforts in reducing emission and energy consumption, reducing water use and responsibly managing our waste.

Our key achievements in 2019 included:

- Supported our tenant initiatives in greening the PETRONAS Twin Towers and Menara 3 PETRONAS which obtained the GBI Gold and Silver rating respectively.
- Identified several flagship projects in the areas of environmental conservation and business innovation i.e. zero single-use plastics at our hotel, recycling of waste through placement of sorting bins throughout our retail mall, enhancement of KLCC Precinct security through installation of dynamic and high technology security features and implementation of cashless payment initiatives at our North West Development car park.

- Completed the transformation of office space into the Workplace For Tomorrow (WFT) for our tenants in PETRONAS Twin Towers, Menara 3 PETRONAS and Menara ExxonMobil.
- KLCCP Stapled Group is ranked at the top 11<sup>th</sup> percentile among our supersector peers in the FTSE4Good Index Series.

2019 also saw us establishing our 5-year Roadmap (2019-2023), upon the completion of our 3-year (2016-2018) roadmap which saw the Group achieving the targets set across the Economic, Environment, Social (EES) and Corporate Governance areas. The 5-year roadmap is aligned to our strategies in future-proofing our position to becoming the Solutions Partner for all our stakeholders, focusing on three main goals – Building a Smart, Safe and Sustainable KLCC Precinct; Building an Agile, Inclusive and Sustainable Workforce; Combating Climate Change and Reducing Environmental Impact.

**We aligned our goals to 5 prioritised UNSDGs where we believe we can make the most difference to our stakeholders.**



We continue to ensure the sustainability of our business is centred on EES and Corporate Governance issues and opportunities that matter most to our stakeholders and work collaboratively with our business partners and community to create a positive lasting legacy.

# SUSTAINABILITY STATEMENT

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

<p><b>GOAL 1: Building a Smart, Safe and Sustainable KLCC Precinct</b></p> 			
   	<p><b>MATERIAL MATTERS:</b></p> <ul style="list-style-type: none"> <li>Financial Sustainability</li> <li>Economic, Social and Industry Growth</li> <li>Security, Safety and Health</li> <li>Customer and Tenant Management</li> <li>Corporate Social Investment</li> <li>Risk and Crisis Management</li> </ul>	<p><b>FOCUS AREAS:</b></p> <ul style="list-style-type: none"> <li>Smart Park</li> <li>Smart Security System</li> <li>Innovation and Digitalisation</li> </ul>	<p><b>5-YEAR TARGET [2019-2023]:</b></p> <p>To be a digitally competent organisation</p>
<p><b>GOAL 2: Building an Agile, Inclusive and Sustainable Workforce in a VUCA (Volatility, Uncertainty, Complexity and Ambiguity) world</b></p> 			
	<p><b>MATERIAL MATTERS:</b></p> <ul style="list-style-type: none"> <li>Our People</li> <li>Security, Safety and Health</li> <li>Human Rights and Labour Practices</li> </ul>	<p><b>FOCUS AREAS:</b></p> <ul style="list-style-type: none"> <li>People and Culture Fit</li> <li>Career Potential</li> <li>Work Life Balance</li> <li>HSSE Maturity Culture</li> </ul>	<p><b>5-YEAR TARGET [2019-2023]:</b></p> <ul style="list-style-type: none"> <li>To invest RM9.3 million for training and development programmes in future skills</li> <li>To foster a culture that embodies high performance, integrity, HSE, innovation and rewards and recognition</li> <li>To create a purposeful workforce - empowered, agile and enabled</li> <li>To achieve Generative HSSE Culture</li> </ul>
<p><b>GOAL 3: Combating Climate Change and Reducing Environmental Impact</b></p> 			
	<p><b>MATERIAL MATTERS:</b></p> <ul style="list-style-type: none"> <li>Climate Change</li> <li>Environmental Management</li> </ul>	<p><b>FOCUS AREAS:</b></p> <ul style="list-style-type: none"> <li>Carbon Emission</li> <li>Energy Consumption</li> <li>Water Use</li> <li>Waste Generation</li> <li>Zero Single-Use Plastics</li> </ul>	<p><b>5-YEAR TARGET [2019-2023]:</b></p> <ul style="list-style-type: none"> <li>To reduce carbon emission by: <ul style="list-style-type: none"> <li>• 8.0% from 2015 baseline for office</li> <li>• 18% from 2015 baseline for retail</li> <li>• 3.0% from 2015 baseline for hotel</li> </ul> </li> <li>To reduce energy consumption by: <ul style="list-style-type: none"> <li>• 6.8% from 2015 baseline for office</li> <li>• 5.0% from 2015 baseline for retail</li> <li>• 1.8% from 2015 baseline for hotel</li> </ul> </li> <li>To reduce water consumption by: <ul style="list-style-type: none"> <li>• 1.0% from 2015 baseline for office</li> <li>• 7.0% from 2015 baseline for retail</li> <li>• 20.0% from 2015 baseline for hotel</li> </ul> </li> <li>To reduce total waste generation by: <ul style="list-style-type: none"> <li>• 12.0% from 2015 baseline for office</li> <li>• 18.0% from 2017 baseline for retail</li> <li>• 15.0% from 2015 baseline for hotel</li> <li>• 90% removal of single-use plastic in hotel operations</li> </ul> </li> </ul>



# ECONOMIC



# ECONOMIC

As a real estate player, KLCCP Stapled Group plays a part in contributing towards the nation's economic and industry growth. Since its inception, KLCCP Stapled Group has achieved significant milestones, being the largest Malaysian REIT with a diversified asset portfolio, strategically located in Kuala Lumpur's most premium location. We are committed to deliver sustainable returns and long term value to our holders of Stapled Securities

## ECONOMIC



### SUPPORTING THE UNSDGs



### MATERIAL MATTERS

1

Financial Sustainability

2

Economic, Social and Industry Growth

### MAPPED TO OUR CAPITALS



### RELATED PRINCIPAL RISKS

1

Finance

2

Market

3

Asset Management

4

Facilities Management

“ We continue to explore new digital solutions to tackle challenges, improve processes and explore new business opportunities ”

### WHY IT MATTERS TO US

- Ensure improving sustainable returns and yields for our holders of Stapled Securities through stable dividend payout
- High quality office buildings and good track record enable us to secure high quality tenants
- Maintaining a healthy working capital, assets, liabilities and cash flow to produce a conducive business environment and long-term stability
- Playing our role in nation-building and contributing towards industry growth



### VALUES WE CREATE

- Our strong fundamentals and management capabilities underpin our sustainable growth which is reflected through our stable performance for the year
- Diversified portfolio of iconic and high quality assets offering balance between commercial and public spaces
- Efficient business operations and contributing towards achieving long-term goals
- Spurring commercial and residential development and heightened economic activities surrounding the KLCC Precinct

### OUR APPROACH

In the pursuit of creating values and delivering long-term financial sustainability to our stakeholders, KLCCP Stapled Group is committed to manage its business responsibly, aligning our business processes and strategies to support sustainable development and growth across our operations. We remain committed in driving sustainable growth through efficient cost management, service level improvements and capitalising on growth opportunities to maximise and enhance stakeholder value and investment.



### FOCUS FOR THE YEAR

- Implementation of digitalisation initiatives at NWD car park – cashless payment, LED advertising panel
- Space reconfiguration at Suria KLCC to reinvent shopping experience
- Completing WFT project at PETRONAS Twin Towers, Menara 3 PETRONAS and Menara ExxonMobil


# ECONOMIC



## FINANCIAL SUSTAINABILITY

KLCCP Stapled Group continues to leverage on its premium assets to deliver sustainable returns and ensure that our assets are well maintained in pristine condition. Our strategies of maximising values of investment saw us collaborating with our strategic brand retailers and business alliance partners on solutions to embed resilience for the longer term and create sustainable value, leveraging opportunities and technology.

These strategic priorities coupled with our diligent monitoring of financial, operational initiatives and cost optimisation efforts resulted in KLCCP Stapled Group delivering a stable and sustainable total annual return of 7.9% to the holders of Stapled Securities.

KEY HIGHLIGHTS		
 <b>RM1.4 billion</b> Revenue	 <b>RM686.0 million</b> Dividends	 <b>RM102.9 million</b> Taxes

## ECONOMIC, SOCIAL AND INDUSTRY GROWTH

KLCCP Stapled Group’s role in spurring growth and strengthening the infrastructure surrounding the city centre for accelerated economic expansion and development has long been recognised. The integrated KLCC Development, with a myriad of attractions, has evolved to become The Place that people look forward to come to, offering the best in shopping, dining, entertainment, meeting facilities and a host of other offerings.

KLCCP Stapled Group’s participation as a sponsor in the Le Tour de Langkawi 2019 has given us the opportunity to showcase KLCC Precinct as an iconic destination. The event successfully achieved a 5.9 billion global reach featuring over 1,000 stories across 11 different platforms including digital and traditional media with RM26.6 million of PR value generated from the local media.

## ECONOMIC



### Digitalisation

With digitalisation at the forefront of today businesses, KLCCP Stapled Group is also stepping up its pace to accelerate its effort in leveraging on digital technology to enable, improve and transform towards efficiency of its business operations and functions.

INITIATIVES FOR THE YEAR	
<b>e-Library for Statutory Document</b>	<ul style="list-style-type: none"> <li>KLCCUH established an e-Library to have their statutory documents in a digital platform for easy retrieval and standard reference for its employees in managing and operating the facilities</li> </ul>
<b>End User Productivity Tools – myMinutes, myMemo, myExplorer, myEvents</b>	<ul style="list-style-type: none"> <li>Leveraged on PETRONAS' end user productivity tools to unite and foster a cohesive ONE PETRONAS experience by centralising information, improving user experience and connecting users</li> </ul>
<b>MyMO Communication Platform</b>	<ul style="list-style-type: none"> <li>MOKL Hotel's employee engagement platform which allows two-way communication on hotel's events and quick reference guide to emergency situations</li> </ul>
<b>HSE Incidents Management Reporting</b>	<ul style="list-style-type: none"> <li>Leveraged on Group HSSE PETRONAS' digital platform to standardise HSE incidents management reporting for all operational units within the Group</li> </ul>

# ENVIRONMENT



# ENVIRONMENT

We are committed to protect and conserve our environment by implementing best practices across our operations supported by the application of environmentally friendly solutions. We strive towards promoting environmental sustainability with focus on delivering sustainable developments, enhancing a sustainable society and cultivating a green and safe corporate culture. We continue to take proactive measures in minimising environmental impact through efficient management of our operations in the areas of Greenhouse Gas emission (GHG), energy efficiency and responsible water and waste management.

# ENVIRONMENT



## SUPPORTING THE UNSDGs



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

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.

# ENVIRONMENT

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

## CLIMATE CHANGE

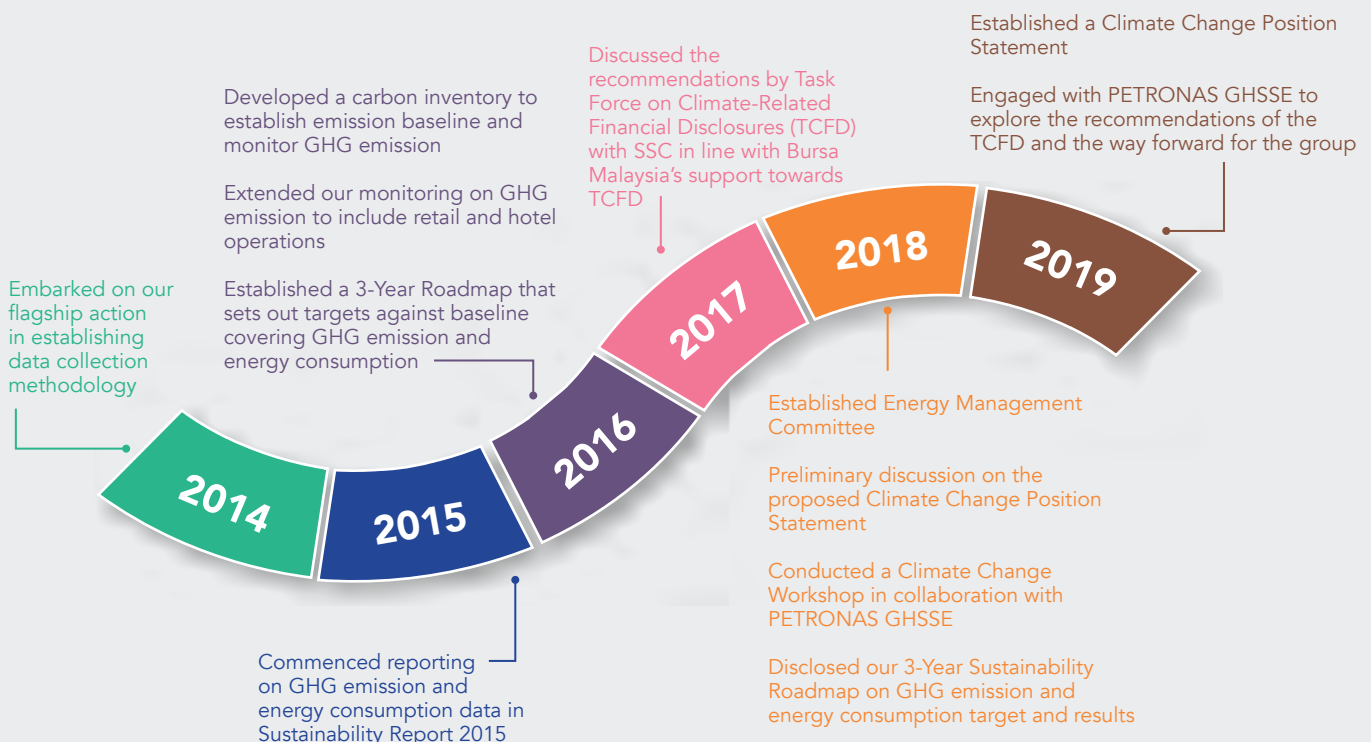
We address climate change risks through the reduction of our energy consumption and Greenhouse Gas emission in the business operations. Despite our emission being small, we remain conscious of how we operate and align ourselves to best practices.

Based on our carbon inventory and emission baseline, we monitor our carbon emission on quarterly basis and track our progress under Scope 1 and 2. We have successfully achieved a reduction of 15.8% in our GHG emission from 2018 as a result of our continued proactive measures in minimising our carbon footprint. 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.

The photovoltaic system located at the rooftop of Suria KLCC contributed 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 (CO<sub>2</sub>) per year.

## Our Climate Change Journey

We charted our climate change journey in enhancing our existing carbon management practices and affirming our stand towards the Government's commitment in combating global climate change in support of the 2015 Paris Agreement, which is aligned with our focus on Sustainable Development Goal 13 of taking urgent action to combat climate change and its impact.



## ENVIRONMENT

KEY HIGHLIGHTS									
<b>Greenhouse Gas Emission by Segments (mtCO<sub>2e</sub>)</b>		<b>Office and Car Park</b>		<b>Retail</b>		<b>Hotel</b>		<b>Total</b>	
		<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<i>Scope 1</i>	<b>4.45</b>	4.66	<b>1,692</b>	1,635	<b>2,142</b>	1,192	<b>3,838.45</b>	2,831.66
	<i>Scope 2</i>	<b>67,610</b>	82,667	<b>21,239</b>	27,141	<b>16,086</b>	16,583	<b>104,935</b>	126,391
<b>Energy Consumption by Segments ('000) (kWh)</b>		<b>Office and Car Park</b>		<b>Retail</b>		<b>Hotel</b>		<b>Total</b>	
		<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
		<b>74,697</b>	88,044	<b>9,400</b>	14,293	<b>9,949</b>	13,621	<b>94,046</b>	115,958
<b>Solar Energy Performance ('000) (kWh)</b>		<b>Energy Generated from Solar</b>			<b>Savings (RM)</b>				
		<b>2019</b>	<b>2018</b>		<b>2019</b>	<b>2018</b>			
		<b>511,695</b>	512,257		<b>238,000</b>	187,000			

### INITIATIVES FOR THE YEAR

- Upgrading of Building Control System with additional field devices to provide means of monitoring and control of the current Mechanical and Electrical system at PETRONAS Twin Towers
- LED lights fitting at all our assets – office, retail and hotel
- Initiatives at Menara Dayabumi:
  - ▶ Switching off operation of escalators during night time (7.30 p.m. to 6.30 a.m.)
  - ▶ 50% of all office lighting turned off during lunch hour
  - ▶ Lighting system rewiring for lighting zone control at car park
  - ▶ Resetting room temperature set point from 23°C to 24°C
- Use of portable aircond units after office hours and on weekends by PETRONAS-ICT Call Centre and shutting-off office lighting after office hours at Menara ExxonMobil
- Completion of two phases of escalator modernisation at Ampang Mall at Suria KLCC
- Introduction of “Opt-Out” at MOKL Hotel, 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

### ENVIRONMENTAL MANAGEMENT

The environmental management practices that we have in place enable us to reduce our environmental impact 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 optimisation.

#### Water Management

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. With the ongoing initiatives, our overall water consumption for 2019 was reduced by 4.6%.



# ENVIRONMENT

## KEY HIGHLIGHTS

### Water consumption by segments (m<sup>3</sup>)

	2019	2018
Office and car park	<b>624,503</b>	589,491
Retail	<b>405,000</b>	497,347
Hotel	<b>154,948</b>	154,530
<b>TOTAL</b>	<b>1,184,451</b>	1,241,368

## INITIATIVES FOR THE YEAR

- Replacement of water tap and installation of aerator at hand basin at PETRONAS Twin Towers and Menara 3 PETRONAS
- Water reduction campaign with tenants at PETRONAS Twin Towers
- Installation of water leak detection at all mechanical floors and water storage tank at Menara 3 PETRONAS
- Replacement of domestic water tank at Menara Dayabumi
- Installation of water tap sensor at wash basin at Menara ExxonMobil
- Installation of tenants' water meter at Suria KLCC
- Replacement of hot water copper pipes at common area at guest room floors at MOKL Hotel



## 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.

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 ExxonMobil
- Traders 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

### Statistics

**12**

Facilities affected

**6**

Facilities directly impacted

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

Amount of water delivered

**101**

Tanker trips to supply water

## ENVIRONMENT



### 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:

- i. 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 breaching 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 undistruptive operations of businesses
- Availability 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



# ENVIRONMENT

## Waste Management

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.

KEY HIGHLIGHTS						
WASTE GENERATION AND DISPOSAL BY SEGMENTS						
Office and Car Park (metric tonnes)		Retail (metric tonnes)		Hotel (metric tonnes)		
<b>Total Hazardous Waste Generated</b>		<b>Total Hazardous Waste Generated</b>		<b>Total Hazardous Waste Generated</b>		
2019	2018	2019	2018	2019	2018	
<b>3.449</b>	9.88	<b>0.937</b>	0.755	<b>2.220</b>	0.50	
<b>Total Hazardous Waste Disposed</b>		<b>Total Hazardous Waste Disposed</b>		<b>Total Hazardous Waste Disposed</b>		
2019	2018	2019	2018	2019	2018	
<b>2.860</b>	9.88	<b>0.557</b>	0.970	<b>2.219</b>	0.50	
		<b>Recycled waste</b>		<b>Waste Intensity (kg/per room)</b>		
		2019	2018	2019	2018	
		<b>4,227</b>	4,232	<b>1.3</b>	2.35	
				<b>Waste Diversion (%)</b>		
				2019	2018	
				<b>63</b>	25.76	

## INITIATIVES FOR THE YEAR

<b>Menara Dayabumi</b>	<ul style="list-style-type: none"> <li>• Campaign on using reusable container instead of using plastic</li> <li>• Awareness on zero waste among all employees</li> </ul>
<b>Suria KLCC</b>	<ul style="list-style-type: none"> <li>• Replacement of normal bins to sorting bins in August 2019</li> <li>• Sorting of food waste at Signature Food Court where the waste is collected and sent to vendor to be processed into organic fertiliser</li> </ul>
<b>MOKL Hotel</b>	<ul style="list-style-type: none"> <li>• 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</li> <li>• Eliminating Single-Use Plastic – signed up to the Plastic Action platform, supporting circular economy by moving to 100% reusable or recyclable product and packaging design models by 2020</li> <li>• 629 guestrooms, spa and fitness and wellness facilities implemented the Nordaq FRESH water system, replacing single-use plastic water bottles</li> <li>• Food and beverage and Banquet – Natura bottled water was implemented, displacing 74,000 single-use plastic bottles per year</li> </ul>

## ENVIRONMENT



### 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 plastic. 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 plastic water bottles throughout the entire hotel.

The hotel used approximately 600,000 units of 500 ml single-use plastic 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 plastic 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.

# ENVIRONMENT

## 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 THE YEAR	
<b>Re-use of furniture and use of eco-friendly materials</b>	<ul style="list-style-type: none"> <li>• Re-use of office furniture such as tables and sofas at our facilities management office</li> <li>• 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</li> <li>• Changing from chemical cleaning method to steam cleaning method when overhauling air-conditioning units at MOKL Hotel</li> </ul>
<b>Life Cycle Analysis</b>	<ul style="list-style-type: none"> <li>• 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</li> </ul>
<b>Monitoring of Indoor Air Quality</b>	<ul style="list-style-type: none"> <li>• Indoor air quality (IAQ) measurement were taken three times in the year for PETRONAS Twin Towers to ensure the parameters adhere to acceptable limits</li> <li>• Installation of carbon dioxide (CO<sub>2</sub>) sensors in Building Control Systems in each Air Handling Unit room to regulate fresh air supply if the CO<sub>2</sub> reading approaches unacceptable limits</li> <li>• 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</li> </ul>



## ENVIRONMENT



### 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 in the 50-acre KLCC Park wherein we maintain 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	
<b>Herb Garden</b>	<ul style="list-style-type: none"> <li>Maintaining a Herb Garden at PETRONAS Research Centre</li> </ul>
<b>Rehabilitation of Raja Muda Forest Reserve</b>	<ul style="list-style-type: none"> <li>MOKL Hotel collaborated with Global Environment Centre, a non-profit organisation established in 1998 on the rehabilitation of Raja Muda Musa Forest Reserve</li> <li>This 23,486 hectares' peat swamp is located in the north-western part of the Selangor state</li> <li>30 employees of MOKL Hotel took part in the project which involved planting of trees at assigned areas of the forest</li> </ul>
<b>Environment Voluntary Work at Kota Kinabalu Wetland Ramsar Site, Sabah</b>	<ul style="list-style-type: none"> <li>Participated by 88 KLCCUH employees</li> <li>Activities included cleaning of the mangroves, an area between the land and sea of flora and fauna</li> <li>Spent a total of RM40,000 for the effort</li> </ul>
<b>Earth Hour</b>	<ul style="list-style-type: none"> <li>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</li> </ul>
<b>Waste Not Want Not Charity Sale</b>	<ul style="list-style-type: none"> <li>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</li> </ul>

# SOCIAL



As a real estate player, our business strategy takes into perspective the risks and opportunities impacting the real estate industry and organisation, while keeping abreast with the changing customer behaviours and expectations of our stakeholders. Our commitment towards promoting social sustainability focuses on managing and identifying business impact on our employees, workers in the value chain, customers, and the local communities whilst maintaining long-term partnerships across our business portfolios. As such, our social commitment is anchored on three sustainability pillars – Security, Safety and Health, Our People and Reliable Partner.

**OUR SOCIAL COMMITMENT THROUGH THREE SUSTAINABILITY PILLARS**

**1**  
**SECURITY, SAFETY AND HEALTH**  
 Protecting our assets, operating reliably, effectively and efficiently, across the Health, Safety and Environment (HSE) spheres

**2**  
**OUR PEOPLE**  
 Nurturing a diverse and talented workforce to drive business growth strategies

**3**  
**RELIABLE PARTNER**  
 Strengthening financial position, business competitiveness and spurring socio-economic growth

## SOCIAL - SECURITY, SAFETY AND HEALTH

# SECURITY, SAFETY AND HEALTH

The focus on security, safety and health at KLCCP Stapled Group is paramount and critical particularly since we operate in the real estate development and investment industry where increasing number of security threats, work-related injuries, illnesses and inherent risks are becoming more apparent. As such, creating a positive culture on security, safety and health whilst empowering everyone within the organisation to be part of a solution, enables us to strengthen our HSE capability and culture.



### SUPPORTING THE UNSDGs



### MATERIAL MATTERS

1

Security, Safety and Health

### MAPPED TO OUR CAPITALS



### RELATED PRINCIPAL RISKS

1

Health, Safety and Environment

2

Security

3

Facility Management

4

Project Management

“ We place utmost priority in workplace health, safety and security and scale up towards a HSSE Generative Culture ”

### WHY IT MATTERS TO US

- Protecting our people and caring for their well-being is essential to our business operations
- Safety at worksite is one of the highest safety issues due to the increasing number of work-related injuries, illnesses and inherent risks associated with working in the real estate sector



### VALUES WE CREATE

- Strengthened HSE capability and culture and occupational health of employees
- Sustained HSE excellence with every employee ensuring HSE accountability
- Being the HSE leader in the industry, surpassing our peers

### 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. Our business activities are conducted in accordance with our KLCC HSE Policy and comply with the highest standards of occupational safety and health regulations. This is supported by our HSE Management System (HSEMS), HSE Mandatory Control Framework (MCF) 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.

We place utmost importance on safety management to prioritise safe work practices, building HSE capability and culture within our organisation and safeguarding of occupational health in sustaining ideal health levels of our employees, visitors to our properties and at project sites. Regular HSE programmes are conducted to strengthen our HSE culture and capability and ensure our operations are carried out with the highest safety standards. We make continuous improvement in our HSE practices, measure and track our performance against industry best practices in our effort to raise the bar on HSE.



### FOCUS FOR THE YEAR

- Strengthening the KLCC Precinct Security with functional and dynamic technology and competent security forces through the implementation of Smart Security and Surveillance Systems



## SOCIAL - SECURITY, SAFETY AND HEALTH

### Safety and Health Management

Managing the safety of our people, assets and the environment is KLCCP Staped Group's top priority. Our emphasis is to develop effective controls on identified HSE risks. In addition to workplace safety, KLCCP Staped Group also placed emphasis on employees' health. In 2019, our HSE strategic focus was on four core areas:

- Internalise HSE Culture through leadership and ownership at middle management level
- Concentration on Contractor Management in both facilities management and construction field
- Cultivate consistent operating discipline in HSEMS and MCF
- Strengthening internal HSE Capabilities

KEY HIGHLIGHTS									
Fatalities		Loss Time Injury (LTI) Incidents		Loss Time Injury Frequency (LTIF)		Loss of Primary Containment (LOPC)		Potential Incident/ Near Miss (PI/NM)	
2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
0	0	7	5	0.78	0.47	0	0	1,805	2,245

INITIATIVES FOR THE YEAR	
<b>Top Management HSE Walkabout</b>	<ul style="list-style-type: none"> <li>• Six HSE Walkabouts conducted in 2019 to promote leadership visibility in driving HSE</li> </ul>
<b>HSE Awareness Programmes for employees</b>	<ul style="list-style-type: none"> <li>• Fire Safety and Awareness Session with Jabatan Bomba dan Penyelamat Malaysia</li> <li>• Effective Intervention towards Crime Prevention for everyone</li> <li>• Self-defense workshop by She Fights</li> <li>• HSE induction for new employees</li> <li>• Education and competency program: Re-inforce ZeTo Rules and First Aid training for first aiders</li> </ul>
<b>HSE Communication</b>	<ul style="list-style-type: none"> <li>• News updates on HSE via KLCC Group intranet portal</li> <li>• HSE sharing sessions with business units facilitated by the HSE team</li> </ul>
<b>Safety Engagement with Contractors/ Suppliers</b>	<ul style="list-style-type: none"> <li>• Monthly engagement with suppliers</li> <li>• Suppliers Performance Appraisal (SPA) carried out twice a year</li> <li>• Contractors safety briefings</li> </ul>
<b>Workplace Health</b>	<ul style="list-style-type: none"> <li>• Health Risk Assessment - to identify all health hazards within the organisation and provide a basis for the business to conduct health hazard studies</li> <li>• MOKL Hotel Annual Medical Surveillance carried out by an occupational health doctor registered with DOSH</li> </ul>
<b>Emergency Preparedness</b>	<ul style="list-style-type: none"> <li>• Emergency evacuation drill held at Suria KLCC and at Menara Dayabumi</li> <li>• Simulation exercises held at MOKL Hotel to test the effectiveness of the Business Continuity Management</li> </ul>
<b>Investigations and Findings of Reported Incidents</b>	<ul style="list-style-type: none"> <li>• We successfully attained four Silver investigators who are qualified with accreditation to lead any lost time injury incident within the Group</li> </ul>

## SOCIAL - SECURITY, SAFETY AND HEALTH

### Security Management

In respect to Security Management, at KLCCP Stapled Group, we have the responsibility of keeping our guests, tenants, customers and visitors safe. We have in place the KLCC Precinct Security Master Plan which comprises the Security Surveillance System for the Common Areas of the KLCC Precinct. We also collaborate with the Police and PETRONAS Group Security to manage the customers' and visitors' safety and security across all asset classes.

INITIATIVES FOR THE YEAR	
<b>Establishment of Crime Prevention through Environmental Design (CPTED)</b>	<ul style="list-style-type: none"> <li>Allocated several "Planter Box" close to the entrance of PETRONAS Twin Towers and Menara 3 PETRONAS to provide Hostile Vehicle Mitigation (HVM)</li> </ul>
<b>Implementation of Visitor Management System (VMS) Database</b>	<ul style="list-style-type: none"> <li>Implemented VMS at PETRONAS Twin Towers for streamlining the process for visitors check-in</li> </ul>
<b>Integrated Command Centre (ICC)</b>	<ul style="list-style-type: none"> <li>Built to house the security management team and the new security control surveillance system and server room where the access into the entire precinct can be controlled and monitored</li> </ul>
<b>Implementation of Security Systems and Technology</b>	<ul style="list-style-type: none"> <li>Implementation of enhanced security system within our KLCC Precinct common areas:                             <ol style="list-style-type: none"> <li>Smart Security Surveillance System (CCTV)</li> <li>Automated Number Plate Recognition (ANPR) System</li> <li>Help Point System</li> <li>Guard Tour and Communication System</li> </ol> </li> </ul>

### Cyber Security and Data Privacy

With cyber-attacks becoming more prevalent and damaging, KLCCP Stapled Group also reinforced its systems and procedures to detect, respond and mitigate potential cyber disruptions for upholding information security protection. KLCCP Stapled Group worked towards creating awareness within the organisation by conducting cybersecurity workshops.

INITIATIVES FOR THE YEAR	
<b>Implementation of KLCC Group Cyber Security Action Plan</b>	<ul style="list-style-type: none"> <li>To ensure our organisation's data is safe from attacks from both internal and external factors and to also safeguard necessary integrated technologies, prevent hacking and ensure business continuity</li> </ul>

## SOCIAL - OUR PEOPLE

# OUR PEOPLE

At KLCCP Stapled Group, our key focus is to create a culture that shapes our people towards performance excellence, a dynamic environment that promotes diversity and inclusivity, with opportunities for holistic growth for our people to grow and build their careers, aligned to their unique needs and development abilities. Attracting the best of the millennials is also critical to us as their career aspirations and attitudes about work with knowledge of new technologies has changed the working landscape. In order for us to be able retain and attract the best talents, we need to revolutionise our workplace.



### SUPPORTING THE UNSDGs



### MATERIAL MATTERS

1

Our People

2

Human Rights and Labour Practices

### MAPPED TO OUR CAPITALS



### RELATED PRINCIPAL RISKS

1

Human Capital

“ We have a culture that values our people and offers mutual support contributing to a unique environment that gives meaning to employees’ work ”

### WHY IT MATTERS TO US

- Our people define the culture of the organisation and their diverse capabilities enable us to deliver quality outcomes and achieve business results
- We aim to be the Employer of Choice to be able to attract, nurture and retain the best talent in the industry



### VALUES WE CREATE

- Greater inclusiveness towards talent retention
- More focused and engaged workforce making results matter
- Attitude and ability that enables employees to embrace technology, collaborate with others and work effectively in a modern, digital environment
- A purposeful workforce who are empowered, agile and enabled in a VUCA (Volatility, Uncertainty, Complexity and Ambiguity) world

### OUR APPROACH

Our employees stand guided by a strict compliance to CoBE without any compromise to the organisation’s integrity. At KLCCP Stapled Group, we embrace the Cultural Beliefs which unleash potential in our employees to deliver excellent results. We believe human capital is fundamental for us and we are guided by a high performance culture based on meritocracy, performance and delivery, subscribing to our KLCC Shared Values of Innovative, Cohesiveness, Loyalty, Integrity, and Professionalism, which are reflected in our daily work practices. Our Human Resource policies adhere to the strict guidelines on non-discrimination and fairness.

We are also committed to provide opportunities and nurture local talent by promoting talent retention within the organisation and ensure that employees make the best of our organisation. KLCCP Stapled Group strongly believes in investing in training and development initiatives as this leads our organisation towards gaining competitive advantage for future growth and success. Our retail and hotel, Suria KLCC and MOKL Hotel have their own structured approach in enhancing the capabilities of employees within their respective areas. We also proactively engage with our workforce through various avenues focusing on employees’ well-being, performances, results and recognition.

## SOCIAL - OUR PEOPLE



### FOCUS FOR THE YEAR

- Revised succession management evaluation criteria to be more stringent in selection of qualified and competent talent for business sustainability
- Upskilling of employees towards digital mindset to remain relevant with the evolving needs of the industry and workplace
- Enhancing employee benefits to meet their needs and provide flexibility and supportive work environment

### Equality, Diversity and Inclusion

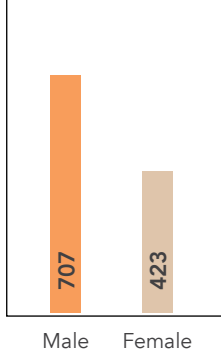
We view equality, diversity and inclusion within our workplace as business imperative and continuously strive to provide equal opportunity in recruitment, career development, promotion, training and reward for all employees regardless of age, gender, race, religion, sexual orientation or disability.



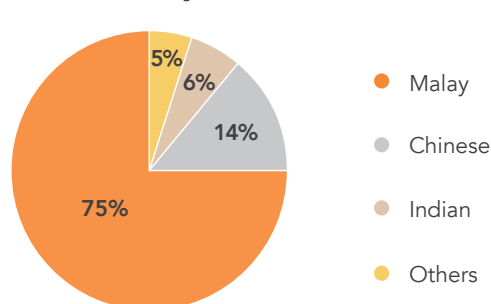
### AGE PROFILE

Age	2019
Below 30	353
30 – 39	346
40 – 49	273
50 – 59	155
60 above	3

### Workforce Diversity



### Ethnicity



Note: We also provide fair employment opportunities for the disabled and as at 2019, KLCCP Stapled Group has two disabled employees.

### Women Empowerment

At KLCCP Stapled Group, we create diverse opportunities to empower women to be at the forefront and take leadership positions.



### Skills and Capability Development

We nurture talents through focused and strategic training, giving every employee the opportunity to learn and grow to build their careers while following their passion. We groom and grow our internal talents by setting high standards of expectations and encourage employees to take personal ownership of their careers.



## SOCIAL - OUR PEOPLE

INITIATIVES FOR THE YEAR	
<b>KLCC Group Elite Leadership Programme (KELPRO)</b>	<ul style="list-style-type: none"> <li>Focused on junior employees who are high performers with high potential of becoming future leaders who are subjected to a 1.5 year program</li> </ul>
<b>Leadership Programme</b>	<ul style="list-style-type: none"> <li>Three leadership programmes designed for managerial levels and above - Strategic Excellence Programme, Tactical Excellence Programme and Managerial Excellence Programme</li> <li>MOKL Hotel's "Move Up" and "Move Forward" Development Programme – Designed for supervisors, junior managers and experienced managers to assist in building competencies, development and enhancement of leadership and business skills</li> </ul>
<b>e-Learning through Harvard ManageMentor (HMM) digital platform</b>	<ul style="list-style-type: none"> <li>Self-directed learning platform through Harvard ManageMentor which include 41 topics covering areas such as strategic thinking, business plan development, writing skills, customer focus, presentation skills, and marketing essentials</li> </ul>
<b>Human Rights training for hotel management employees</b>	<ul style="list-style-type: none"> <li>All employees attended training on human rights through the Code of Conduct training</li> </ul>
<b>Industrial Relations Conference 2019 for Suria KLCC</b>	<ul style="list-style-type: none"> <li>Equipped Human Resource professionals with the latest development in the fields of Industrial Law and Human Resource practices</li> </ul>
<b>Suria KLCC Marketing and Leasing Certification Programme</b>	<ul style="list-style-type: none"> <li>Expands knowledge, skills and offers a series of introductory and advanced learning sessions from experienced mall practitioners which covers the fundamentals of mall management and comprehensive course materials, case studies and interaction sessions</li> </ul>

### Talent Management

At KLCCP Stapled Group, we see recruitment, promotion and retention of young talents as a key strategic enabler which underpin the success of the organisation in its future growth. We have a robust talent management system in place which comprise a 5-year Talent Strategy Blueprint, Talent Management Programmes and a Succession Planning Strategy. Our Talent Strategy Blueprint details the strategies on attracting, retaining and developing talents, spanning a 5-year horizon. The blueprint outlines the HR roadmap and milestones focusing on three strategic thrusts - getting the right talents, putting them in the right environment and building credible leaders.

#### TALENT STRATEGY BLUEPRINT

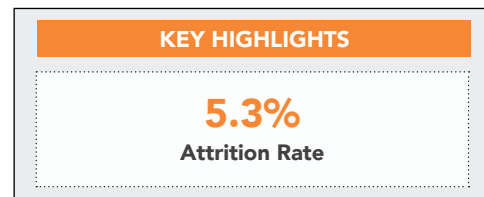


In 2019, we revised our succession management evaluation criteria to be more stringent to maintain an effective succession plan for key positions and critical portfolios in order to enhance and retain qualified and competent talents for business sustainability.

## SOCIAL - OUR PEOPLE

### Workforce Engagement

At KLCCP Stapled Group, we enrich our employees through work-life balance, building a workforce that embraces our Cultural Beliefs in delivering performance. We have a low attrition rate reflective of the trust the employees have in our organisation and for providing them a workplace that inspires.



INITIATIVES FOR THE YEAR	
Employee Engagement	Employee Wellness
<ul style="list-style-type: none"> <li>• CEO Townhall</li> <li>• KLCC Group Annual Dinner and Long Service Awards</li> <li>• KLCC Majlis Berbuka Pusa</li> <li>• KLCC Group Ladies Event</li> <li>• HR Showcase</li> <li>• Informative Talks/Forums</li> </ul>	<ul style="list-style-type: none"> <li>• Blood Donation Campaign</li> <li>• KLCC Group Family Carnival and Property Games</li> <li>• MESTIfit4Health Campaign</li> <li>• MOKL Sports and Recreational Activities</li> <li>• MO-Fit Program</li> </ul>

### HUMAN RIGHTS AND LABOUR PRACTICES

We demonstrate responsible workplace practices and fully comply with legislations on the welfare and rights of our employees as well as service providers at our project sites. Since human rights is paramount to us and in line with PETRONAS' best practice, KLCCP Stapled Group will be looking into adopting the PETRONAS' Human Rights Commitment in near future.

### Responsible Employment

KLCCP Stapled Group is a performance-driven organisation, adopting fair and responsible employment practices. We abide by the Malaysian Labour Laws and offer fair and competitive remuneration packages based on employees' competencies and expected roles and responsibilities which are aligned to industry's best practices and market benchmarks with reviews conducted annually.

INITIATIVES FOR THE YEAR
<ul style="list-style-type: none"> <li>• Enhancement to Group Term Life Assurance</li> </ul>
<ul style="list-style-type: none"> <li>• Flexible Work Arrangement for Pregnant Ladies</li> </ul>
<ul style="list-style-type: none"> <li>• Working Arrangement for Employee with Dependent affected by Contagious Diseases</li> </ul>



### Non-Discrimination

Pursuant to our CoBE, we do not tolerate unlawful discrimination in the workplace or on the job. We aim to address any grievance or complaints amongst employees or third party fairly and effectively. The grievance mechanism that we have in place enables employees to raise issues such as dissatisfaction regarding conditions of employment, relationship with colleagues or supervisor, or discrimination.

## 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.



### SUPPORTING THE UNSDGs



### MATERIAL MATTERS

1

Supply Chain Management

2

Customer and Tenant Management

3

Corporate Social Investment

### MAPPED TO OUR CAPITALS



### RELATED PRINCIPAL RISKS

1

Market

2

Asset Management

3

Facility Management

4

Supplier

“ We create a myriad of experiences to tantalise, engage and connect with our customers and community seamlessly ”

### WHY IT MATTERS TO US

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



### VALUES WE CREATE

- Strategic business partnerships which contribute towards social development and long-term community value
- Produced the safest possible food for our guests without compromising the quality
- 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

### 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.



### FOCUS FOR THE YEAR

- Continue to seek out suppliers who have accreditation/certification to provide quality products at competitive prices
- Constantly creating unique experiences for customers and hotel guests through curated collaborations with renowned brands and leveraging on digital technology

### SUPPLY CHAIN MANAGEMENT

We have 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. We ensure our entire procurement process takes into account the EES impacts of our business practices. KLCCP Stapled Group practices sustainable procurement by ensuring its entire procurement process covers every element of the value chain:

- Sustainable Supply Chain and Ethical Behaviour
- Suppliers's Code of Conduct
- Suppliers Diversity and Local Procurement
- Supplier Audits
- Purchasing Policy and Scope
- Green Procurement

## SOCIAL - RELIABLE PARTNER

### INITIATIVES FOR THE YEAR

- Awareness Session on Procurement Procedure for new employees
- Training on understanding of procurement process to minimise errors and improve quality of work and time management
- Conducted Contractor Risk Assessment (CORA) to identify potential risk of non-performing contractor

### Food Safety and Quality

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 ISO 22000 certification – 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.

### CUSTOMER AND TENANT MANAGEMENT

At KLCCP Stapled Group, we connect with our stakeholders especially our tenants and customers in expanding the outreach and quality of service to build a shared sense of responsibility and societal development. We conduct extensive engagement with these stakeholders to promote social betterment, building strong tenant relationship in meeting the evolving customer behaviour and expectations.

#### KEY HIGHLIGHTS

**43%**  
MOKL Suppliers with  
Accreditation/Certification in  
Food Safety Requirement

#### KEY HIGHLIGHTS

**76%**  
Customer  
Satisfaction  
Score

**92%**  
Hotel Guest  
Satisfaction  
Score

### INITIATIVES FOR THE YEAR

- Annual "Tenants' Nite" for tenants of PETRONAS Twin Towers, Menara 3 PETRONAS and Menara Dayabumi to build strong tenant relationship
- Launched Luxury Men's Precinct in Suria KLCC
- Reconfiguration of anchor-to-specialty stores at Suria KLCC to broaden the retail offer
- Escalator modernisation project at Suria KLCC
- Quarterly engagements with retailers to help them deliver experiences that are complementary to Suria KLCC's overall strategy and retail space
- Fans of MO - Members of the programme receive an extensive range of complimentary privileges and personalised recognition
- Newly renovated Mandarin Grill reopened serving authentic Italian cuisine with a modern contemporary approach
- Digital marketing efforts which enable guests to identify our hotel's world class hospitality services
- Digital LED Signage at NWD car park to improve visual messaging to customers and make car park livelier
- Introduction of ICONIK parking mobile application featuring online ticket payment system, availability of parking bays, information on parking sites and parking rates

### CORPORATE SOCIAL INVESTMENT

Being part of the society within which KLCCP Stapled Group operates, we are conscious of our role in promoting social betterment of the community around us. We support various stakeholder engagement activities which include environmental sustainability, health, social integration and reaching out to the underprivileged community.

#### KEY HIGHLIGHTS

**RM2.0 million**  
Invested in  
Community Investment

### INITIATIVES FOR THE YEAR

- "Projek Apprentice" programme (2017-2019) - Student Training Placement within KLCC Group
- Charity/ Donation Drives/ Fundraising/ Community Service
  - ▶ Hospis Malaysia Event in conjunction with Palliative Care Awareness Month
  - ▶ Cleaning of Dewan Orang Ramai and Surau Al Falah at Kampung Peragap, Temerloh, Pahang
  - ▶ Cleaning and organising student dormitories at Maahad Tahfiz Syababul Furqan, Sungai Besar Kuala Selangor
  - ▶ Refurbishment of Perpustakaan Mini YSS-KPKT 2019 at Projek Perumahan Rakyat (PPR) Lembah Subang II, Selangor
- Festive Celebrations with the underprivileged community
- Chinese New Year, Hari Raya and Christmas campaigns by Suria KLCC



# CORPORATE GOVERNANCE



# CORPORATE GOVERNANCE

KLCCP Stapled Group is subject to corporate governance requirements set out by the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad and best practices as stipulated by the Malaysian Code of Corporate Governance (MCCG) issued by the Securities Commission Malaysia. With greater accountability and transparency, KLCCP Stapled Group strives to strengthen its corporate governance, anchoring it to its organisational culture and aligning it to our shared values that will ultimately secure the confidence and support of the Group's holders of Stapled Securities.

## CORPORATE GOVERNANCE



### SUPPORTING THE UNSDGs



### MATERIAL MATTERS

1

Corporate Governance and Business Ethics

2

Risk and Crisis Management

### MAPPED TO OUR CAPITALS



### RELATED PRINCIPAL RISKS

1

Market

2

Finance

3

Asset Management

4

Security

“Institutionalising integrity in our people and promoting high standards of leadership governance continued to be our priorities”

With Malaysia moving in the right direction with institutional reforms forming the bedrock of the country's governance resilience, KLCCP Stapled Group believes in good governance practices as a critical benchmark in determining its success and management stability. Whilst rules and regulations are important in improving integrity, our Boards are also there to set the right tone from the top.

### WHY IT MATTERS TO US

- Our reputation and Shareholders' trust and confidence in us is imperative to our future growth and attainment of long-term goals
- Building a culture of trust and accountability sets an organisation up for success
- Increased agility for our organisation to deliver on its purpose and goals

### VALUES WE CREATE

- Integrity and ethical practices amongst management, employees, business partners and stakeholders
- Sustainable financial performance delivering long-term values and returns to our holders of Stapled Securities
- Accountability on control systems which commensurate with the risks involved

### OUR APPROACH

At KLCCP Stapled Group, corporate governance practices are more than just compliance. It is our corporate culture encompassing values, attitude and behavior that we embrace in all areas of conduct and it forms a foundation for our organisation's success. We take 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 the CoBE which guides the organisation in fulfilling its business obligations with utmost integrity and transparency. Our commitment in driving the culture of openness, transparency and accountability are reflected through our adoption of the "No Gift Policy" and Whistleblowing Policy and our adherence to the Anti-Bribery and Corruption Policy and Guidelines (ABC Manual).



### FOCUS FOR THE YEAR

- Heighten awareness and instill integrity culture among employees
- Rolling out the Declaration of Conflict of Interest Group-wide where employees can declare a situation of conflict of interest
- Review of the Risk Appetite to ensure the financial and non-financial risk exposure and type of risk to be pursued or retained in achieving its strategic objectives are properly defined

# CORPORATE GOVERNANCE

## CORPORATE GOVERNANCE AND BUSINESS ETHICS

KLCCP Stapled Group implements good corporate governance that promotes openness and transparency in all aspects of our business, addressing the risk of corruption and bribery, misconducts and conflict of interests.

KEY HIGHLIGHTS	
<p><b>Top 2</b>                      Most Transparent Corporate Reporting                      amongst 100 Public Listed                      Companies Assessed by Malaysian Institute of                      Corporate Governance (MICG)</p>	<p><b>Top 20 Finalists</b>                      in PwC'S Building                      Trust Awards 2019</p>

INITIATIVES FOR THE YEAR	
<b>Corporate Governance</b>	<ul style="list-style-type: none"> <li>Reviewed Terms of Reference (TOR) of respective NRCs and endorsed by NRCs, and subsequently approved by the Boards</li> <li>KLCCP and KLCCRM adopted the policy to limit the tenure of Independent Non-Executive Directors up to nine years as recommended by the MCCG</li> </ul>
<b>Business Ethics and Transparency</b>	<ul style="list-style-type: none"> <li>Conducted four awareness and refresher programmes on the company's CoBE covering topics on anti-bribery and corruption</li> <li>Held awareness programmes on the Personal Data Protection Act (PDPA)</li> <li>Rolled out the Declaration of Conflict of Interest Group-wide where employees can declare a situation of conflict of interest as prescribed in the CoBE and ABC manual</li> </ul>
<b>Anti-Bribery and Corruption</b>	<ul style="list-style-type: none"> <li>The Boards of KLCCP and KLCC REIT executed the Integrity Pledge in combatting bribery and corruption and also approved for the Group to work towards attaining the ISO 37001: 2016 certification on Anti-Bribery Management System</li> </ul>
<b>Audit Committee and External Auditor</b>	<ul style="list-style-type: none"> <li>KLCCP and KLCCRM adopted their respective Framework on External Auditors to establish a formal policy and procedure for the respective ACs to assess the suitability, objectivity and independence of the external auditors in tandem with the practice of MCCG</li> </ul>



To read more, refer to our Corporate Governance Overview Statement on pages 169 to 176

## RISK AND CRISIS MANAGEMENT

Risk management is an integral part of KLCCP Stapled Group's business at both strategic and operational levels. An effective and sound risk management system is important for us to achieve our 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 Committee, ("ACs"), and the Management represented by Risk Management Committee ("RMC") and Top Management. The structure is 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 Enterprise Risk Management, Crisis Management and Business Continuity Management.

## CORPORATE GOVERNANCE

INITIATIVES FOR THE YEAR	
<b>Enterprise Risk Management</b>	<ul style="list-style-type: none"> <li>Reviewed the Risk Appetite to provide comprehensiveness to the current risk appetite statements</li> </ul>
<b>Crisis Management</b>	<ul style="list-style-type: none"> <li>Conducted fire drill and evacuation exercises for tenants at PETRONAS Twin Towers, Menara 3 PETRONAS, Menara Maxis and Menara Dayabumi to test the effectiveness and robustness of the Crisis Management Plan</li> <li>Conducted briefing on Fire and Life Safety, table top exercise, Emergency Response Plan (ERP) Awareness to promote awareness of the danger of fire hazards, guidance on effective operation of the fire extinguishers and carried emergency evacuation procedures within the workplace</li> </ul>
<b>Business Continuity Management</b>	<ul style="list-style-type: none"> <li>Conducted a Call Tree Verification exercise to ensure phone numbers and contact lists of relevant personnel and stakeholders are correct</li> </ul>
<b>Risk Assessment in Decision Making (RADM)</b>	<ul style="list-style-type: none"> <li>A structured process for risk assessment as part of decision making. This risk assessment process is to be carried out prior to any decision point to assist decision makers in making well informed decision taking into consideration calculated risks</li> </ul>

### Integrity Action Plan

KLCCP Stapled Group's continuous effort in managing integrity risk within the organisation reflects our commitment to conduct business with high integrity and in support of the Group's zero tolerance against all forms of bribery and corruption.

INITIATIVES FOR THE YEAR	
Risk Category	Action Plan
<b>Bribery</b> ▶ To mitigate poor enforcement	<ul style="list-style-type: none"> <li>Conducted background screening on new recruits and employees on need basis</li> <li>Conducted CoBE upskilling and Whistleblowing Policy awareness programmes for all employees</li> <li>Briefing on CoBE for vendors and contractors during tender process</li> </ul>
<b>Non-Compliance</b> ▶ To mitigate weak internal control	<ul style="list-style-type: none"> <li>Inclusion of owner's representative in the Variation Order (VO) Committee for all projects</li> <li>Reviewed and tightened procurement, certification of work done, QA/QC and payment procedures</li> <li>Conducted engagement with PETRONAS on Vendor Relationship Management (VRM) to review the process and identify the technology to be used in the establishment of in-house corporate cost database</li> </ul>
<b>Abuse of Power</b> ▶ To mitigate acceptance culture	<ul style="list-style-type: none"> <li>Declaration of Assets rolled out to new employees</li> </ul>



To read more on our sustainability journey, initiatives and performance, kindly refer to our Sustainability Report 2019 at [www.klcc.com.my/sustainability.php](http://www.klcc.com.my/sustainability.php).