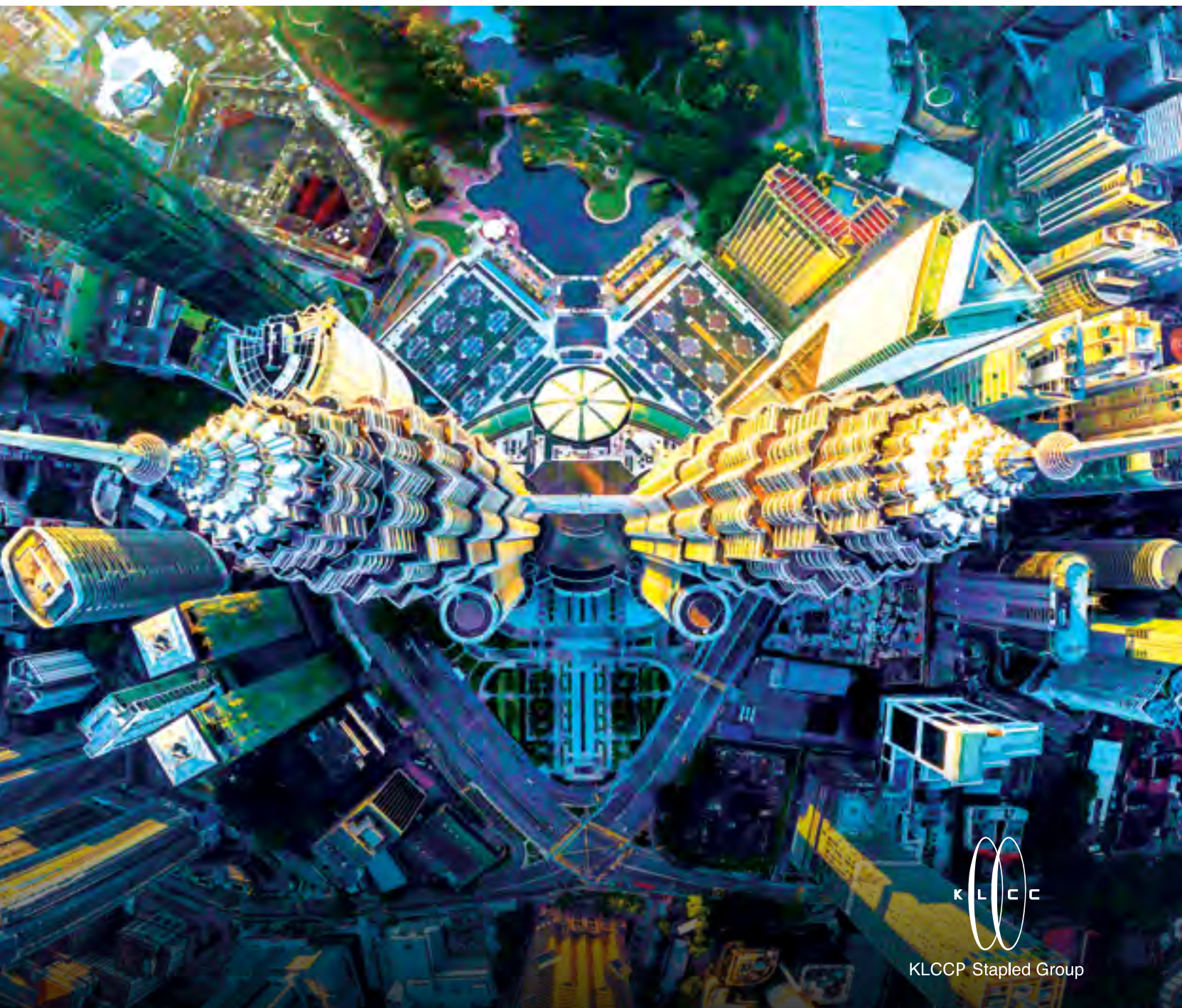


THE PLACE

SPACES INSPIRED FOR THE PEOPLE



KLCCP Stapled Group

SPACES INSPIRED FOR THE PEOPLE

Our spaces are **game changers** – they **challenge the norm** and **shape a new world**.

A place where conversations matter, that brings people together, **building on knowledge, connecting ideas** and **inspiring action**.

Our spaces **drive trends and styles**, from physical design to technology, **converging cultural diversity, commercial vibrancy** and **sustainable living**.

We fill our spaces with people and life.

We are **inspired by YOU** and in turn, we imagine more, making our unique spaces a world-class customer experience into the future.



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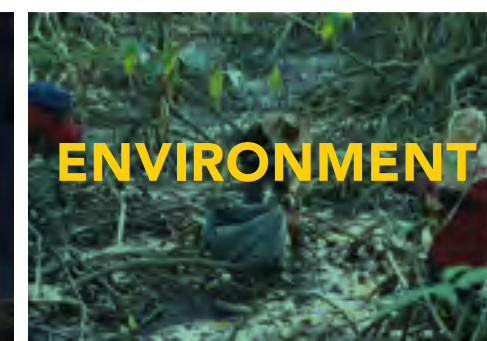
- Strategy and Approach
- Economic
- Environment
- Social
- Corporate Governance



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AT A GLANCE

7
Properties

11.9
million Gross Floor
Area (sq. ft.)

RM15.9
billion Portfolio Value

Diversified
office-focused REIT

6 MENARA MAXIS

5 MANDARIN ORIENTAL, KUALA LUMPUR

MENARA 3 PETRONAS

4 SURIA KLCC

1 PETRONAS TWIN TOWERS

● OFFICE AND RETAIL ● OFFICE ● RETAIL ● HOTEL

1 **PETRONAS TWIN TOWERS**
An iconic landmark, the world's tallest twin towers

2 **MENARA 3 PETRONAS**
Premium office and retail space seamlessly connected to Suria KLCC

3 **MENARA EXXONMOBIL**
Office tower currently tenanted by major oil and gas corporations

4 **SURIA KLCC**
The premier shopping destination in the heart of Kuala Lumpur

5 **MANDARIN ORIENTAL, KUALA LUMPUR**
A 5-star award winning luxury hotel

6 **MENARA MAXIS**
Home to one of the leading communications service provider in Malaysia

7 **KOMPLEKS DAYABUMI**
An integrated office and retail development
(located outside the KLCC Precinct)

OUR PURPOSE

WE CREATE PLACES PEOPLE LOOK FORWARD TO, PROGRESSING LIFESTYLE FOR A SUSTAINABLE FUTURE

WHO WE ARE

Malaysia's largest REIT and only Stapled Security in the country, comprising KLCC Property Holdings Berhad (KLCCP) and KLCC Real Estate Investment Trust (KLCC REIT). KLCC REIT focuses on active asset management and acquisition growth strategies, whilst KLCCP is the development arm of the Stapled Group. At the forefront of Malaysia's real estate industry, our unique structure allows us to maximise the value we create for all our stakeholders.

WHAT WE DO

We own, manage, develop and invest in a portfolio of premium assets comprising office, retail and hotel properties in the heart of Kuala Lumpur. This is complemented by our award winning asset management services provided by KLCC Urusharta Sdn Bhd and KLCC Parking Management Sdn Bhd. This synergy of property investment and asset management strengthens the earning potential of our stable of iconic properties.

HOW WE DO IT

We are committed to creating a progressive lifestyle experience within the KLCC Precinct while enhancing the value of our property portfolio. We are focused on optimising sustainable value creation through a strategic approach that capitalises on our unique Stapled Group structure and our competitive differentiators, well positioned for the future.



NATION BUILDING
A progressive symbol of Malaysia – Malaysia's iconic belt, point of business as the oil and gas hub and centre of MICE activities



SOCIAL DEVELOPMENT
An inclusive space that bridges people together and builds a stronger sense of community – Place to Work, Shop, Stay, Dine and Play



CATALYST FOR SURROUNDING DEVELOPMENT
A game-changer spurring the growth of millions of sq. ft. of commercial build-up, creating significant value enhancements



CUSTOMER EXPERIENCE
A must-visit destination where there is a perfect experience for everyone – Malaysia's Iconic Experience in Kuala Lumpur (MIEKL)



CONNECTIVITY
Excellent urban connectivity within and surrounding the KLCC Precinct – connected with various city centre roads, integrated with LRT station and pedestrian walkways



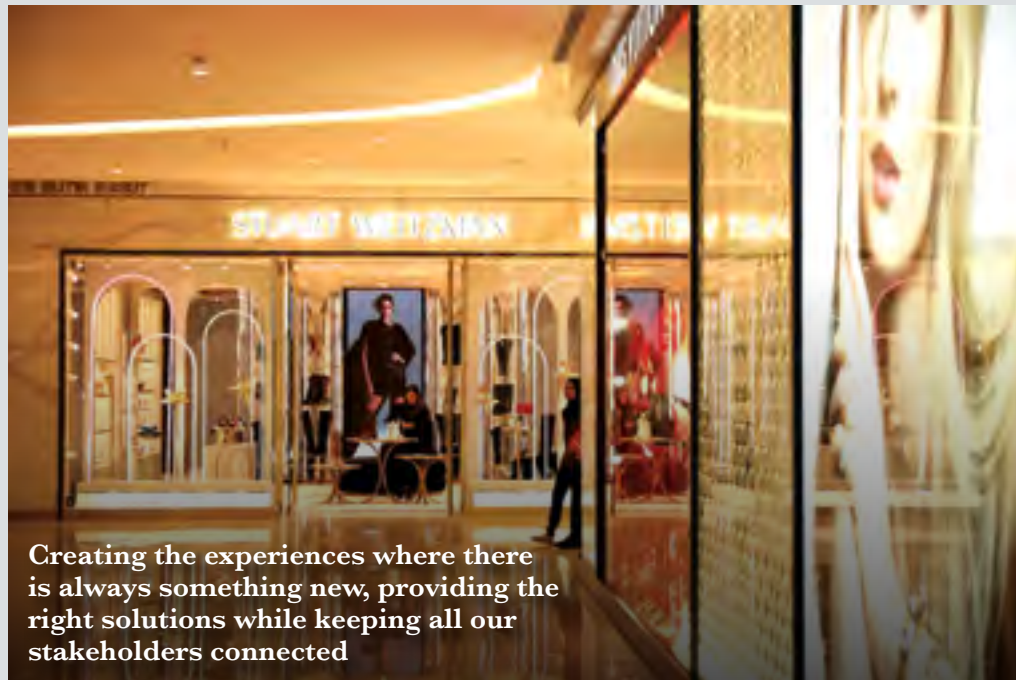
SUSTAINABLE DEVELOPMENT
A balanced ecosystem between commercial, public space and natural greenery

2019 KEY HIGHLIGHTS

KLCCP STAPLED GROUP

KLCC REIT

SUSTAINABILITY



RM **591.4** mil
Revenue

(2018: RM588.5 mil)

RM **561.6** mil
Net Property
Income

(2018: RM558.4 mil)

15.8%
Reduction in
GHG Emission

(2018: 5.0%)

4.6%
Reduction in
Water Use

(2018: 6.7%)

25.00 sen
Distribution Per Unit

(2018: 23.35 sen)

RM **9.2** bil
Property
Value

(2018: RM9.2 bil)



RM **1.4** bil
Revenue

(2018: RM1.4 bil)

RM **0.9** bil
Profit for
the year

(2018: RM0.8 bil)



RM **4.47**
Net Asset Value
per Unit

(2018: RM4.48)

18.9%
Reduction in Energy Consumption

(2018: Increase by 3.6%)

38.00 sen
Distribution Per
Stapled Security

(2018: 37.00 sen)

RM **15.9** bil
Property
Value

(2018: RM15.7 bil)

RM **7.32**
Net Asset Value per
Stapled Security

(2018: RM7.25)



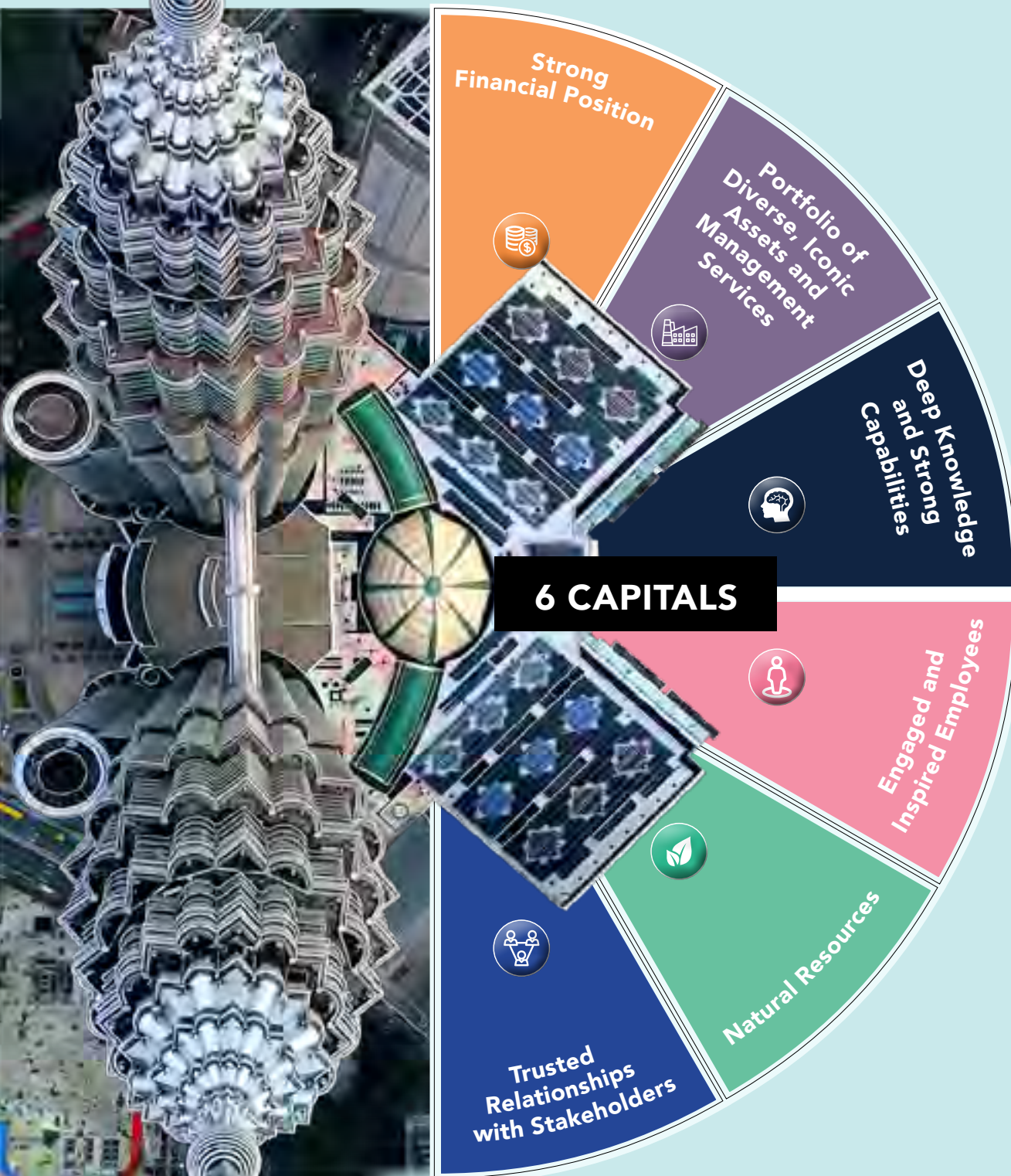
RM **1.8** mil
Staff Learning and
Development

(2018: 1.4mil)

RM **2.0** mil
Community
Investment

(2018: RM2.0 mil)

Value Creating Business Model



Strong Financial Position
Our flexible capital structure and strong balance sheet allows us to be agile in responding to opportunities and mitigating risks

Portfolio of Diverse, Iconic Assets and Management Services
We have a diverse portfolio within the sought after KLCC Precinct comprising iconic and high quality assets and management services, which generate earnings for the Group

Deep Knowledge and Strong Capabilities
We have deep knowledge from the years of experience in the industry. Our capabilities, supported by established processes and policies are instrumental to our ability to create value

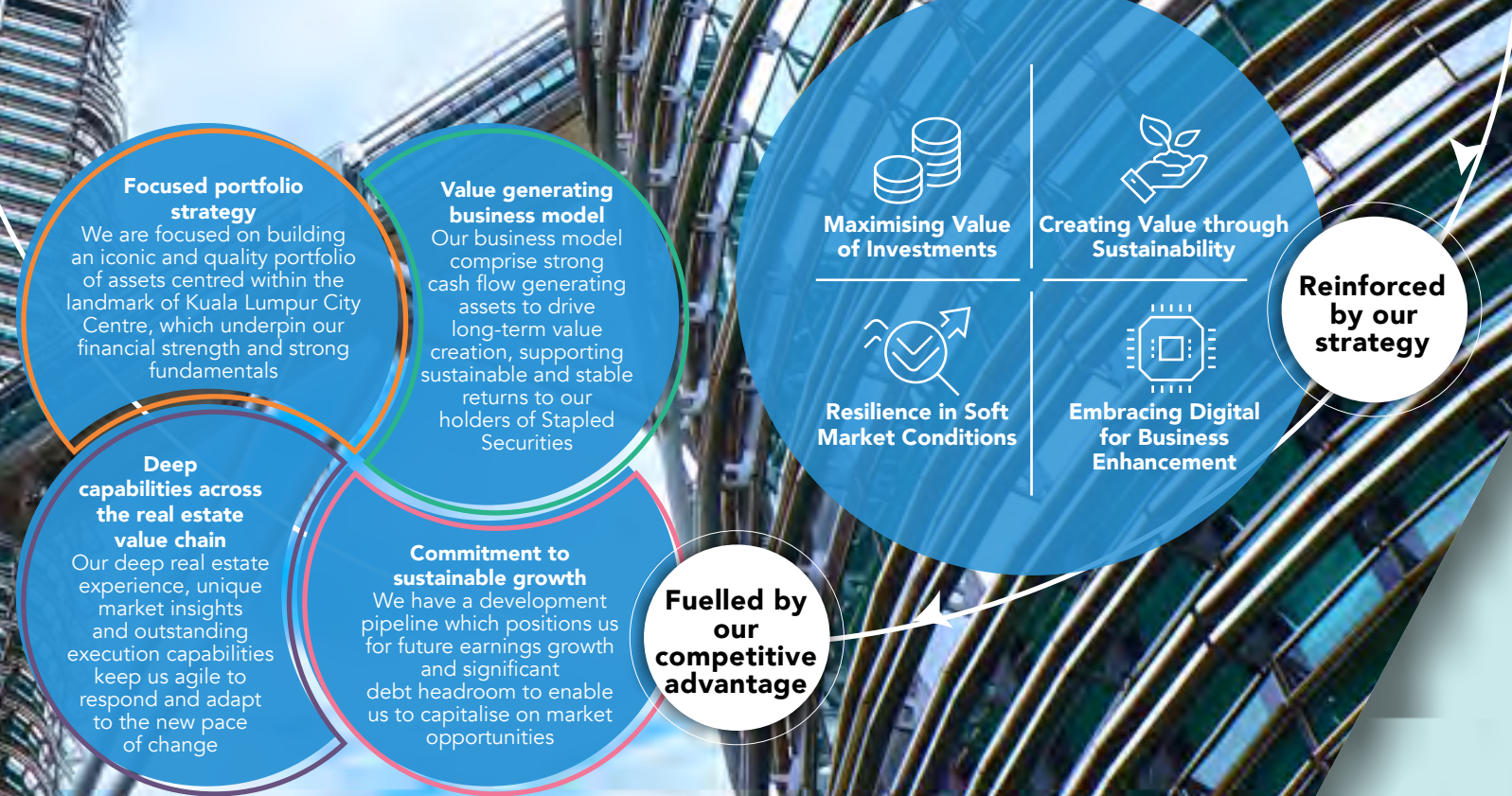
Engaged and Inspired Employees
Our dedicated people share our passion in creating vibrant and inspiring spaces for people to look forward to. The skills and experience they bring, together with a unifying KLCC culture enables us to create value

Natural Resources
We rely on natural resources like electricity and water as an owner, developer and manager of our properties. We consciously manage and work towards minimising our environmental impact

Trusted Relationships with Stakeholders
Our trusted relationships with our investors, partners, employees, regulators and the communities in which we operate provides us the social license to operate and access to capital



BUSINESS ACTIVITIES AND PRACTICES



SHAREHOLDERS

RM1.4 billion
Revenue

38.00 sen
Distribution per Stapled Security

7.9%
Annual total return

CUSTOMERS

99%
Retail occupancy

92%
Hotel guest satisfaction

76%
Customer satisfaction

REGULATORS

RM102.9 million
Tax paid to Government

Robust risk management and governance framework

COMMUNITY

RM2.0 million
Spent on community investment

RM1.5 million
Spent on maintenance of KLCC Park

ENVIRONMENT

18.9%
Reduction in energy consumption

15.8%
Reduction in GHG emission

4.6%
Reduction in water use

EMPLOYEES

95%
Employee retention rate

RM1.8 million
Spent on staff learning and development

VALUE CREATED

OUR STRATEGY

Our strategy is to deliver sustainable long-term value to our holders of Stapled Securities and stakeholders across the economic, environment, social and governance spheres. With deep real estate experience, unique market understanding and insights and outstanding execution capabilities, we create synergy within our property portfolio, anticipate future tenant and customer needs to deliver financial and societal value to all stakeholders. We achieve this through our four strategic pillars.

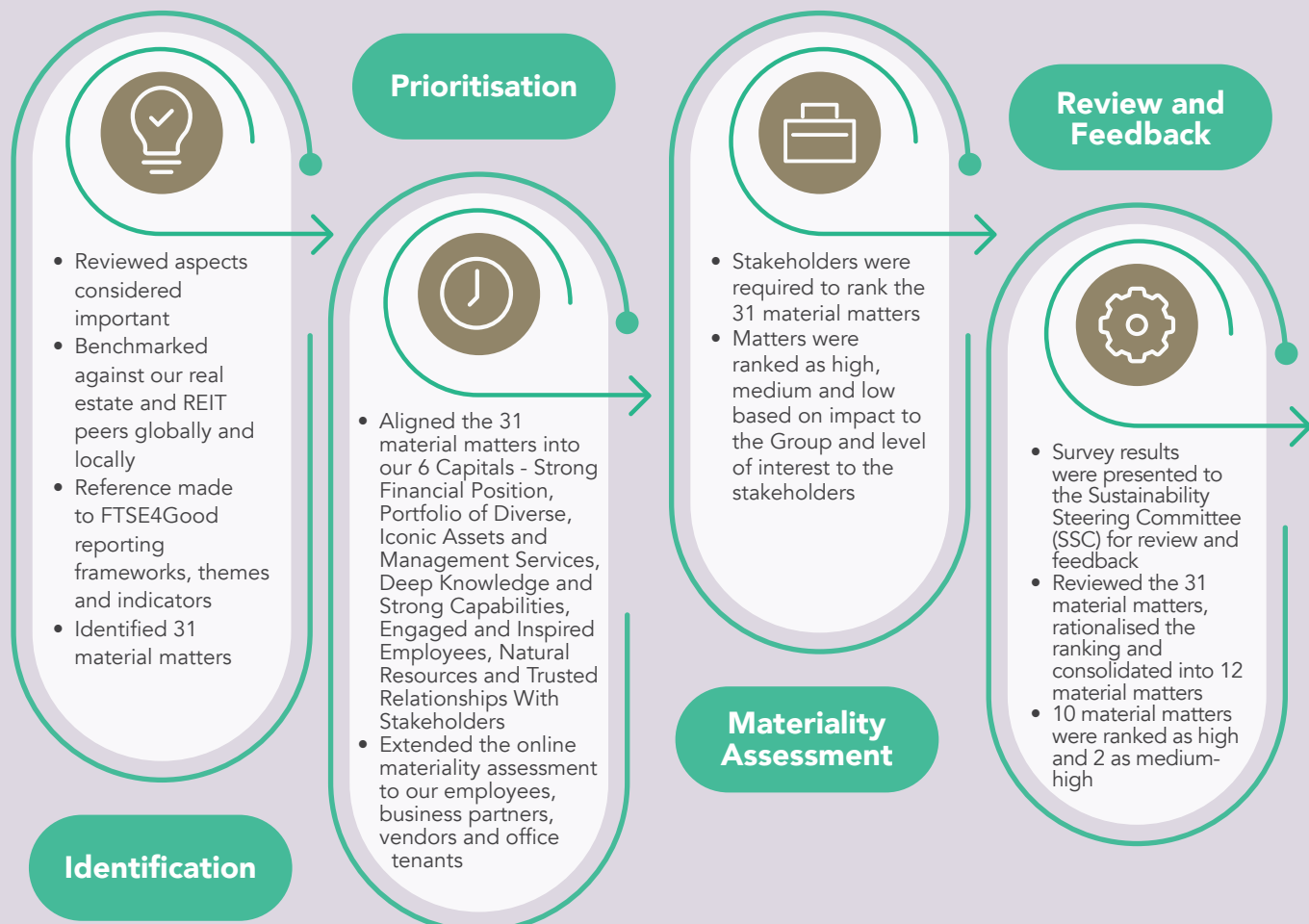
Our strategic pillars are underpinned by our four strategic priorities which drive financial and operational excellence, our provision of services as a reliable solutions partner to our stakeholders, partners and suppliers and vibrancy of our spaces – progressing lifestyle ensuring high levels of customer satisfaction.

In support of the strategic priorities, we conducted a materiality assessment to identify matters material to both stakeholders and the Group.

MATERIAL MATTERS 2019

In identifying the top material matters for KLCCP Stapled Group, we revisit our material matters annually, taking into consideration the emerging issues impacting our organisation, the external environment and sustainable matters being championed by the country. 2019 marked our second year of conducting an online materiality assessment where we incorporated additional material matters which were relevant to our business context. In 2018, the assessment was confined to our stakeholder group of employees. However in 2019, we extended our assessment to a larger group of stakeholders to include business partners, vendors and office tenants to gather a broader and inclusive stakeholder view.

In addressing the identified material matters, we evaluated our sustainability context, stakeholder issues and the associated risks and opportunities for KLCCP Stapled Group to streamline our actions to benefit all stakeholders concerned. We considered both internal and external factors affecting the industry in our review and assessed its impact on our business and stakeholders.



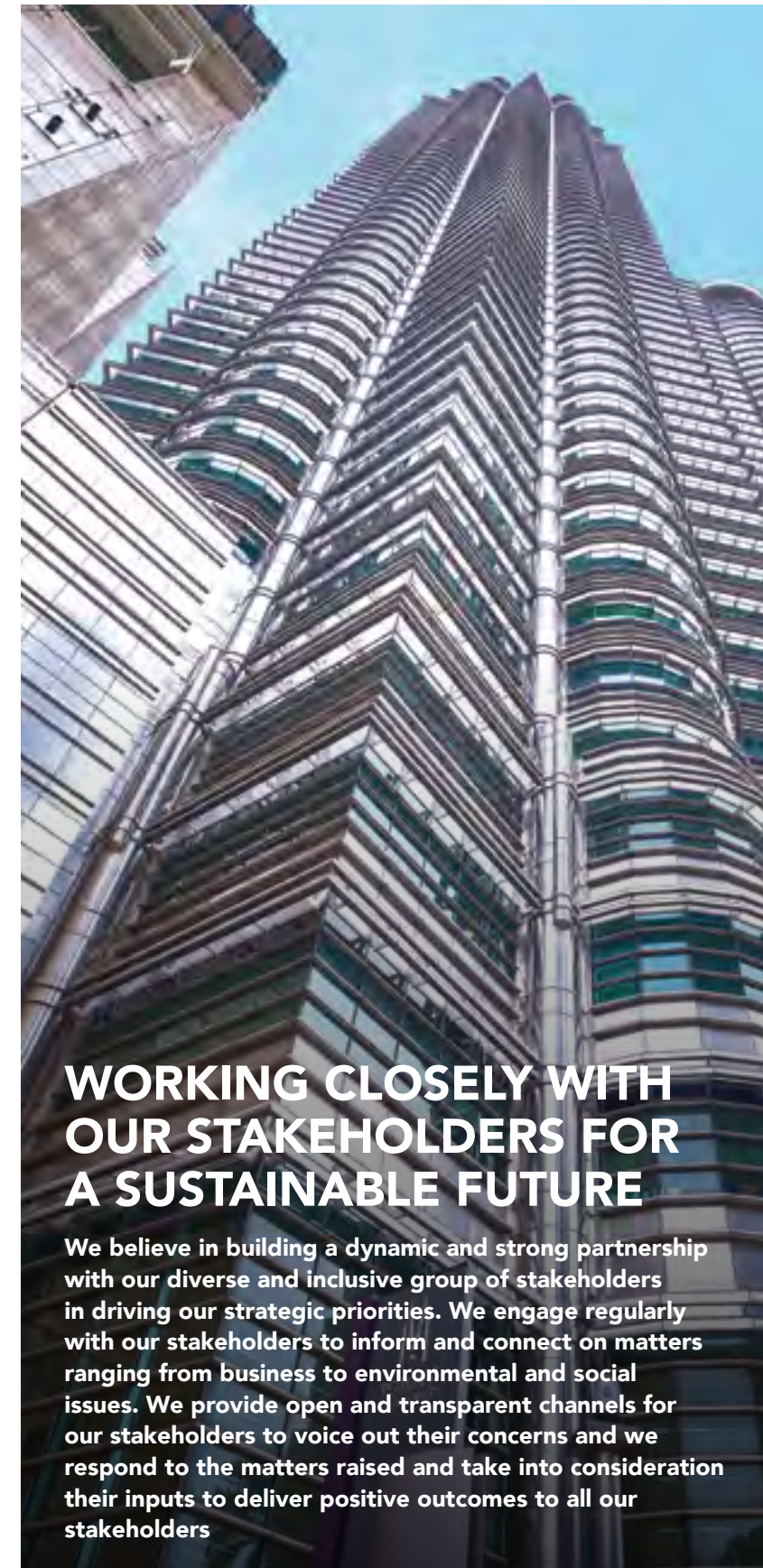
OUR STRATEGY

OUR STRATEGY

WE HAVE FOCUSED STRATEGIC PILLARS	THAT SET PRIORITIES	AND TAKES INTO CONSIDERATION OUR MATERIAL MATTERS	AND THE ASSOCIATED RISKS & OPPORTUNITIES		IN ORDER TO MANAGE OUR MATERIAL ISSUES
			RISKS	OPPORTUNITIES	
<ul style="list-style-type: none"> Maximising Value of Investments Optimise rental, occupancy rates and NLA of the property portfolio in pursuing high returns and yields Resilience in Soft Market Conditions Ensure business agility and adaptability to new pace of change to sustain in challenging operating environment and future-proof the business Creating Value Through Sustainability Incorporating non-financial factors into our investment decision making, by balancing the economic, environment and social needs of our stakeholders, contributing to the well-being of the community Embracing Digital For Business Enhancement Integration of digital technology into areas of the business towards a connected and seamless experience 	<ul style="list-style-type: none"> Leverage industry-leading capabilities and relationships to drive growth and opportunities Our capabilities, reputation and relationships with customers, communities, employees and partners are critical to the successful execution of our strategy. We seek to attract, develop and retain the best talent in the Malaysian real estate sector and be a solutions partner to our supply chain Customer-led provision of vibrant spaces which inspire We aspire to be the market leader in providing spaces for our customers and communities which create the best experiences for them. We use data and leverage innovative digital technologies to bring the “experiential” into the experience Active management of capital and risks We optimise capital utilisation and institutionalise a risk management culture towards protection of our assets, reputation and sustainability of shareholder value Pursue organic and inorganic growth Explore potential acquisition of properties that fit the investment strategy and criteria to enhance returns to holders of Stapled Securities and capitalise on opportunities for future income and NAV growth 	<p>ECONOMIC Financial Sustainability Economic, Social and Industry Growth</p> <ul style="list-style-type: none"> Committed in delivering stable and sustainable returns to holders of Stapled Securities Delivering on our role in contributing towards industry and the nation's growth With the rapid change in technological advances, digitalisation is key to future business success and keeping our assets relevant <p>ENVIRONMENT Climate Change Environmental Management</p> <ul style="list-style-type: none"> We are concerned about our environmental footprint and committed to reduce environmental impact for our future generation <p>SOCIAL Our People Human Rights and Labour Practices</p> <ul style="list-style-type: none"> Our people define the culture of the organisation and contribute towards business success Respect the rights and dignity of every individual within our business operations <p>Security, Safety and Health</p> <ul style="list-style-type: none"> Our people are our invaluable assets and caring for their well-being is paramount to our business operations The Group's data is highly confidential and leakage of data could jeopardise the Group's integrity <p>Customer and Tenant Management</p> <ul style="list-style-type: none"> Our customers inspire us to continue to create a progressive lifestyle experience <p>Supply Chain Management</p> <ul style="list-style-type: none"> Crucial to have a supply chain of credible suppliers Enable us to support diverse local suppliers Procuring high quality products and services is our priority <p>Corporate Social Investment</p> <ul style="list-style-type: none"> Portray us as a responsible and caring organisation Giving back and creating a positive and lasting impact to the community 	<p>ECONOMIC</p> <ul style="list-style-type: none"> Inability to compete in a challenging market Insufficient working capital to cover business obligations resulting in financial insolvency Delivering lower distribution per Stapled Security <p>ENVIRONMENT</p> <ul style="list-style-type: none"> Rising energy costs with potential energy tariff increases-energy needed to deliver services to our tenants, guests, shoppers, primarily for our buildings Negative impact to the environment and surrounding community resulting from our operations <p>SOCIAL</p> <ul style="list-style-type: none"> Failure to retain employees Employees not well-equipped with skillsets required with advancements in technology Reputational damage if perceived to practice discrimination <ul style="list-style-type: none"> Threats to employees' health & safety – work related illnesses, accidents & occupational hazards Threats to safety of our guests, tenants, customers, assets with rising global security threats and being located on the iconic belt Cyber disruption to data security <ul style="list-style-type: none"> Failure to keep pace or stay ahead of the rapid transformation of customer expectations & digital revolution Impedes market leader position from intensifying competition and disruption to business trends <ul style="list-style-type: none"> Lead to potential conflict of interest, corruption & unethical practices Quality & safety of our products & services at stake <ul style="list-style-type: none"> Result in unfavorable image for the Group 	<ul style="list-style-type: none"> Unlocking value through optimisation of our portfolio of assets Reshaping competitive edge by recognising our collective strength and leveraging on our core competencies to promote economic and industry growth Technology is a driver of change that brings new opportunities to deliver enhanced products and services to elevate stakeholders' experience A responsible organisation who is committed to operate and grow in a socially responsible and sustainable development Elevate women leadership within the Group, in line with the nation's aspiration Upgrade data protection infrastructure to provide a secured network for data storage and transfer Differentiate the consumer offering with a focus on experience and convenience Innovate hotel's services and offerings to provide quality guest experience Own a database of reputable & reliable suppliers Better collaboration with suppliers in managing procurement processes Wide selection of suppliers for the procurement of quality products and services at lower cost Enhance brand visibility to a wider community Increase employees' awareness and involvement in corporate social investments 	<ul style="list-style-type: none"> We reposition our assets to drive enduring demand for our spaces towards delivering financial and societal value We maintain an optimal capital structure to support business Awareness on regulatory risk and opportunities that climate change presents in our business Inculcate a culture that values our people, offers mutual support, promotes trust, rewards employees' efforts and provide a social environment that gives meaning to employees' work Build a strong HSE culture, improve processes & monitor compliance to HSE standards and procedures Implement and upgrade security systems and features to strengthen security surveillance within KLCC Precinct Transform office spaces at all our buildings to create collaborative workspace which cater to personalised needs, promote productivity and building efficiency Review & tighten procurement policies to ensure compliance Transparent & fair practices through supplier's code of conduct Support various stakeholder engagement activities which include environmental sustainability, health and safety, social integration as well as reaching out to the underprivileged community <ul style="list-style-type: none"> Implement digital infrastructure across our business operations to keep customers engaged and connected Implement initiatives to reduce carbon emission, energy consumption, water use and waste generation Align our Human Resource practices, policies and compensation benefits to keep pace with our competitors and be attractive to potential talents Foster continuous engagement and provide opportunities for women to take up leadership roles Reinforce our systems and procedures to detect, respond and mitigate potential cyber security disruption Curate collaborations with strategic brand partners to bring the differentiation in products and services Incorporate technological advancements in asset enhancement initiatives Pursue suppliers' accreditation for quality products at competitive prices
		<p>ENVIRONMENT Climate Change Environmental Management</p> <ul style="list-style-type: none"> We are concerned about our environmental footprint and committed to reduce environmental impact for our future generation 	<p>ENVIRONMENT</p> <ul style="list-style-type: none"> Rising energy costs with potential energy tariff increases-energy needed to deliver services to our tenants, guests, shoppers, primarily for our buildings Negative impact to the environment and surrounding community resulting from our operations 	<ul style="list-style-type: none"> In support of country's pledge to cut carbon emission intensity, minimising pollution and environmental impact In support of country's environmental agenda in eliminating single use plastic A responsible organisation who is committed to operate and grow in a socially responsible and sustainable development 	<ul style="list-style-type: none"> Awareness on regulatory risk and opportunities that climate change presents in our business Implement initiatives to reduce carbon emission, energy consumption, water use and waste generation
		<p>SOCIAL Our People Human Rights and Labour Practices</p> <ul style="list-style-type: none"> Our people define the culture of the organisation and contribute towards business success Respect the rights and dignity of every individual within our business operations <p>Security, Safety and Health</p> <ul style="list-style-type: none"> Our people are our invaluable assets and caring for their well-being is paramount to our business operations The Group's data is highly confidential and leakage of data could jeopardise the Group's integrity <p>Customer and Tenant Management</p> <ul style="list-style-type: none"> Our customers inspire us to continue to create a progressive lifestyle experience <p>Supply Chain Management</p> <ul style="list-style-type: none"> Crucial to have a supply chain of credible suppliers Enable us to support diverse local suppliers Procuring high quality products and services is our priority <p>Corporate Social Investment</p> <ul style="list-style-type: none"> Portray us as a responsible and caring organisation Giving back and creating a positive and lasting impact to the community 	<p>SOCIAL</p> <ul style="list-style-type: none"> Failure to retain employees Employees not well-equipped with skillsets required with advancements in technology Reputational damage if perceived to practice discrimination <ul style="list-style-type: none"> Threats to employees' health & safety – work related illnesses, accidents & occupational hazards Threats to safety of our guests, tenants, customers, assets with rising global security threats and being located on the iconic belt Cyber disruption to data security <ul style="list-style-type: none"> Failure to keep pace or stay ahead of the rapid transformation of customer expectations & digital revolution Impedes market leader position from intensifying competition and disruption to business trends <ul style="list-style-type: none"> Lead to potential conflict of interest, corruption & unethical practices Quality & safety of our products & services at stake <ul style="list-style-type: none"> Result in unfavorable image for the Group 	<ul style="list-style-type: none"> Transform our workforce with the right mindset and culture – empowered, agile and enabled in the VUCA (volatility, uncertainty, complexity & ambiguity) world Elevate women leadership within the Group, in line with the nation's aspiration Upgrade data protection infrastructure to provide a secured network for data storage and transfer Differentiate the consumer offering with a focus on experience and convenience Innovate hotel's services and offerings to provide quality guest experience Own a database of reputable & reliable suppliers Better collaboration with suppliers in managing procurement processes Wide selection of suppliers for the procurement of quality products and services at lower cost Enhance brand visibility to a wider community Increase employees' awareness and involvement in corporate social investments 	<ul style="list-style-type: none"> Inculcate a culture that values our people, offers mutual support, promotes trust, rewards employees' efforts and provide a social environment that gives meaning to employees' work Build a strong HSE culture, improve processes & monitor compliance to HSE standards and procedures Implement and upgrade security systems and features to strengthen security surveillance within KLCC Precinct Transform office spaces at all our buildings to create collaborative workspace which cater to personalised needs, promote productivity and building efficiency Review & tighten procurement policies to ensure compliance Transparent & fair practices through supplier's code of conduct Support various stakeholder engagement activities which include environmental sustainability, health and safety, social integration as well as reaching out to the underprivileged community <ul style="list-style-type: none"> Align our Human Resource practices, policies and compensation benefits to keep pace with our competitors and be attractive to potential talents Foster continuous engagement and provide opportunities for women to take up leadership roles Reinforce our systems and procedures to detect, respond and mitigate potential cyber security disruption Curate collaborations with strategic brand partners to bring the differentiation in products and services Incorporate technological advancements in asset enhancement initiatives Pursue suppliers' accreditation for quality products at competitive prices
		<p>CORPORATE GOVERNANCE Corporate Governance and Business Ethics Risk and Crisis Management</p> <ul style="list-style-type: none"> Best corporate governance practices reflect the Group's transparency and integrity An effective and sound risk management and internal control system supports our business strategy and underpins our business model 	<p>CORPORATE GOVERNANCE</p> <ul style="list-style-type: none"> Breach of compliance to evolving regulatory and reporting landscape may give rise to regulation, integrity and reputational risks Breach of trust and confidence of stakeholders 	<ul style="list-style-type: none"> Able to set the tone from the top and drive a culture strong in governance Good governance practices represent a critical benchmark in an organisation's success and management stability 	<ul style="list-style-type: none"> Anticipate and be responsive to changes in regulations that may impact our business transparency and disclosures Benchmark against international best practices and implement responsible corporate conduct across the business segments Promote trust & integrity with the establishment of our Integrity Action Plan Developed an integrated robust risk management system for business resiliency focusing on Enterprise Risk Management, Crisis Management & Business Continuity Management

STAKEHOLDER MANAGEMENT

STAKEHOLDER MANAGEMENT



WORKING CLOSELY WITH OUR STAKEHOLDERS FOR A SUSTAINABLE FUTURE

We believe in building a dynamic and strong partnership with our diverse and inclusive group of stakeholders in driving our strategic priorities. We engage regularly with our stakeholders to inform and connect on matters ranging from business to environmental and social issues. We provide open and transparent channels for our stakeholders to voice out their concerns and we respond to the matters raised and take into consideration their inputs to deliver positive outcomes to all our stakeholders



**SHAREHOLDERS/
INVESTORS/BUSINESS
PARTNERS**

Our shareholders, investors and business partners define the trust, reputation and credibility of our organisation and provide access to funding to grow our business

HOW WE ENGAGE

- Annual General Meeting
- Investors and analysts' briefings
- Results announcements
- Investor relations events
- Corporate website
- Annual report

KEY TOPICS AND CONCERNS

- Financial management
- Sustainability practices
- Business strategy and long-term growth
- Current and future project costs and development
- Governance practices
- Negative reports in social media

OUR RESPONSES

- Continued to update through quarterly results announcement, analysts' briefings, Board meetings and AGM
- Updated Economic, Environmental, Social and Governance practices through our Sustainability Report, corporate website and emails
- Developed and implemented robust corporate strategies providing clear business direction

VALUES CREATED

- Sustainable returns
- Promoted transparent practices
- Long-term growth and stability
- Enhanced brand positioning



EMPLOYEES

Our employees are the Group's greatest asset. Through their dedication, passion and belief in our shared values, we deliver desired results

HOW WE ENGAGE

- Townhall session by CEO
- Dialogue and engagement
- Training/workshop/teambuilding
- Emails/HR Careline/memos
- Intranet portal
- Employee satisfaction survey
- Annual dinner
- Recreation and sports club events

KEY TOPICS AND CONCERNS

- Group's long-term growth and performance
- Skills and capability development
- Career progression
- Employee benefits
- Security, Safety and Health

OUR RESPONSES

- Updated employees through internal communication platforms on financial performance, growth plans and employment matters
- Offered employees structured training and leadership programmes, workshops and on-the-job-training to equip employees with the relevant skills
- Employees' career progression was raised to be discussed by the Human Resource Planning and Development Committee
- Conducted various HSE awareness programmes and sharing sessions

VALUES CREATED

- Upgrading of skills and career development
- Well-informed employees
- Workplace safety and wellness
- Competitive remuneration



**GOVERNMENT/
LOCAL AUTHORITIES/
REGULATORS**

The Government, local authorities and regulators provide the regulatory framework in which we operate in respect to compliance and risk mitigation

HOW WE ENGAGE

- Feedback through emails/letters
- Participate in formal meetings, policy briefings and consultations
- HSE inspections of business premises
- Collaboration with local authorities in managing the safety and security of KLCC Precinct

KEY TOPICS AND CONCERNS

- Contribution to economic, and industry growth
- Compliance to Government policies, laws and regulatory requirements
- Adoption of best practices

OUR RESPONSES

- Briefing to the relevant ministries, Government departments and agencies
- Monitored compliance through internal assessment
- Reported on compliance in Annual Report and corporate website

VALUES CREATED

- Spurring economic and social development
- Advocate and strengthen law and regulatory enforcement



**CUSTOMERS
AND GUESTS**

Our customers and guest drive the pace of the market dynamics that underpins the growth and success of our business

HOW WE ENGAGE

- Customer feedback management - hotline, surveys, email queries
- Awareness campaigns on environmental conservation i.e. waste recycling, zero single-use plastics
- Loyalty programmes
- Dialogue and engagement sessions
- Social media

KEY TOPICS AND CONCERNS

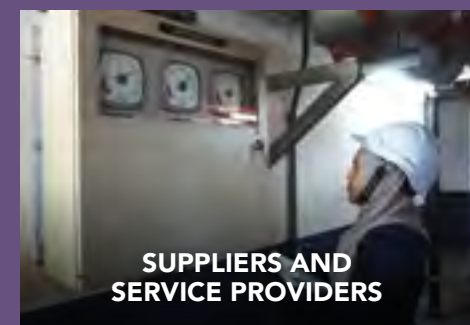
- Safety and security
- Customer satisfaction on product and services offered
- Innovative offerings that provide convenience i.e. wifi, cashless parking payment
- Condition of the amenities provided in our properties

OUR RESPONSES

- Enhanced security features within KLCC Precinct
- Broaden retail offer and introduced a diverse mix of prominent local and international brands
- Improved service quality and launched innovative signature offerings across all F&B outlets at our hotel
- Embarked on digitalisation initiatives to enhance customer experience

VALUES CREATED

- Attractive and competitive offerings at marketplace
- Innovative and trend setting products and services
- Safe and secured place to work, shop, stay and play



**SUPPLIERS AND
SERVICE PROVIDERS**

Our suppliers and service providers drive our sustainable value chain with valued expertise and support, contributing to the quality of services and products we procure

HOW WE ENGAGE

- Meetings and workshops
- Safety briefings
- Evaluation/performance review
- Corporate presentations
- Supplier training programmes
- Supplier evaluation and audit

KEY TOPICS AND CONCERNS

- Fair competition and compliance to procurement guidelines
- Potential business opportunities
- Transparency of tender processes
- Group's compliance with laws and regulations

OUR RESPONSES

- Provided equal opportunities for eligible suppliers to present their proposal
- Request for information to meet the project/service requirements

VALUES CREATED

- Created business opportunities and growth
- Elevated marketability of suppliers/ service providers



COMMUNITY

The community define our social relevance, how we connect and foster goodwill and deliver a lasting positive impact by addressing their needs

HOW WE ENGAGE

- CSR programmes
- Engagement via emails/letters/social media/website/leaflet/kiosks
- Annual events i.e. National Day, New Year Countdown and festive celebration

KEY TOPICS AND CONCERNS

- Contribution to the community
- Health, safety and environmental impact

OUR RESPONSES

- Conducted CSR programmes i.e. fundraising activities, internship for university students, environmental conservation programmes, and maintenance of public amenities
- Enhanced security measures within KLCC Precinct

VALUES CREATED

- Promoted social well being
- Safer and secure environment
- Greener and healthier environment



MEDIA

The media shapes market perception and is a key multiplier of information to the public and build positive dialogue with our organisation

HOW WE ENGAGE

- Emails
- Press releases
- Press conferences
- Interviews
- Media events

KEY TOPICS AND CONCERNS

- Financial performance, growth strategy and future plans
- Media investment i.e. media buy, sponsorship of pull-outs
- Participation in events and engagement with media

OUR RESPONSES

- Issued press releases on quarterly results and events
- Emailed response on specific media queries i.e. project development, financial/industry performance, growth prospects
- Participated in media events
- Purchased advertorial space

VALUES CREATED

- Enhanced brand reputation and market perception
- Supported business growth

ABOUT THIS REPORT

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 (EES) IMPACTS OF OUR BUSINESS ACTIVITIES

We are pleased to share our sustainability report which communicates our value creation efforts to our stakeholders addressing matters that are most material to them as well as our business. The Group's sustainability journey is detailed herein with insights into our performance on the EES aspects of our Group's operations.



REPORTING PERIOD AND CYCLE

We are committed to reporting our sustainability performance annually and this report is based on financial period from 1 January to 31 December 2019.



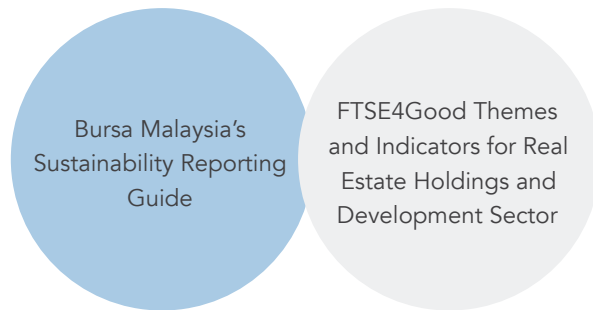
REPORTING SCOPE

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.



GUIDELINES AND STANDARDS

Our report has been prepared in accordance with the following guidelines/framework:



SUPPORTING THE UNSDGs

We aligned our sustainability goals to five prioritised UNSDGs in promoting sustainable development taking into account the context of our operating and business environment and aligning it to our risk profile and strategic objectives.



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.

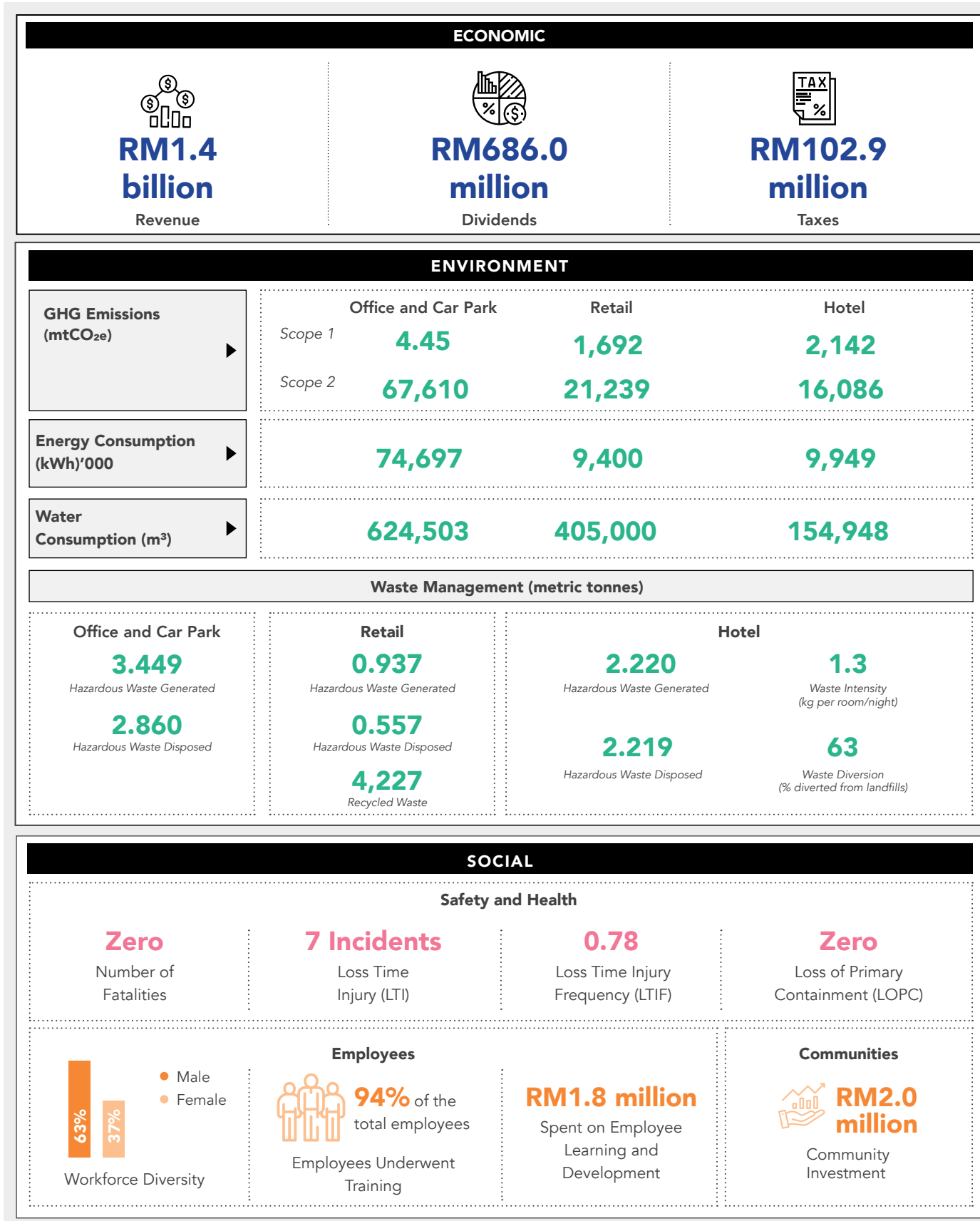
Communication with stakeholders is imperative for understanding and managing their expectations. With the rapid changes in the real estate industry, our stakeholders are continuously seeking for greater levels of transparency with respect to the EES issues. Through our regular stakeholder engagement 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.

2019 SUSTAINABILITY PERFORMANCE HIGHLIGHTS



SUSTAINABILITY STATEMENT

OUR COMMITMENT FOR A SUSTAINABLE FUTURE

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.

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.

THE REAL ESTATE LANDSCAPE

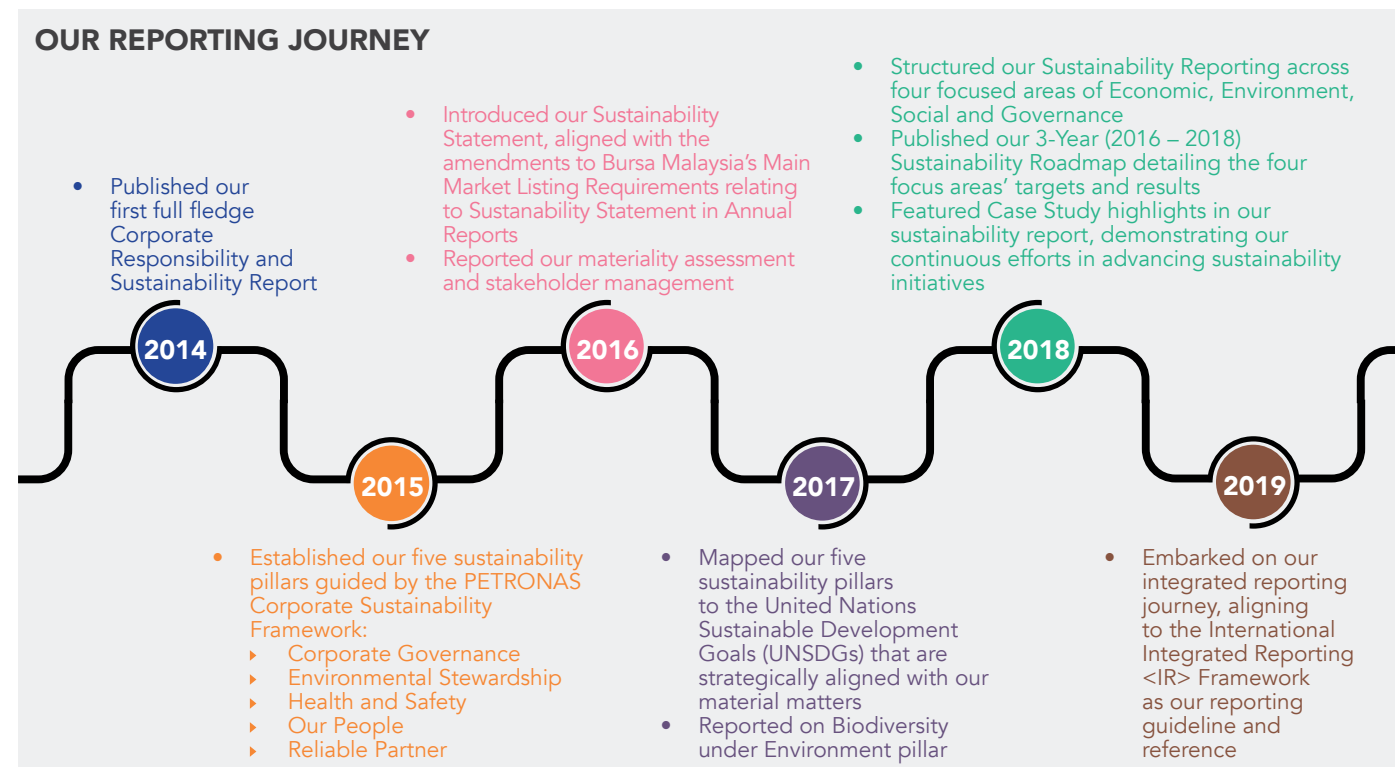
The year 2019 saw a myriad of challenges for the real estate and construction sector with subdued economy and market volatility impacting the global and domestic economies. The office segment faced downward pressure on rentals due to growing mismatch between supply and demand. The retail segment continued 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.

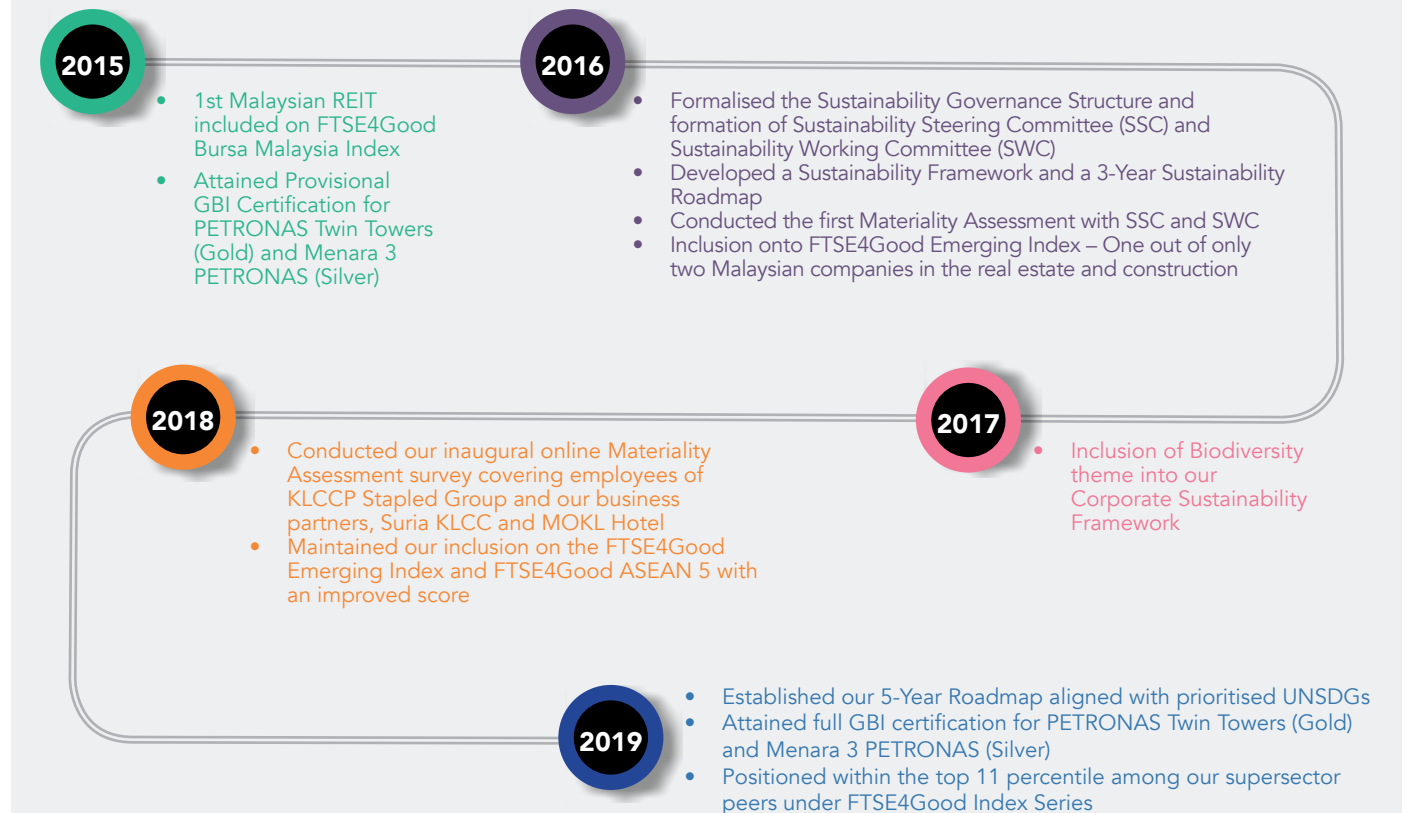
OUR REPORTING JOURNEY AND MILESTONES

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



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

SUSTAINABILITY FRAMEWORK

In 2016, we established the KLCCP Stapled Group's Corporate Sustainability Framework (CSF) which encapsulates our principles on sustainability and aligns to our priority areas under the EES sustainability aspects. The CSF serves as a guide in managing the strategic and operational risks and opportunities which supports our business strategies, sustainability approach and objectives. Premised on the PETRONAS' Corporate Sustainability Framework, we adopted it to our context with eight focused areas – Governance and Business Ethics, Climate Change, Natural Resource Use, Health, Safety, Security and Environment, Workforce Development, Human Rights, Shareholder Value and Corporate Social Investment.

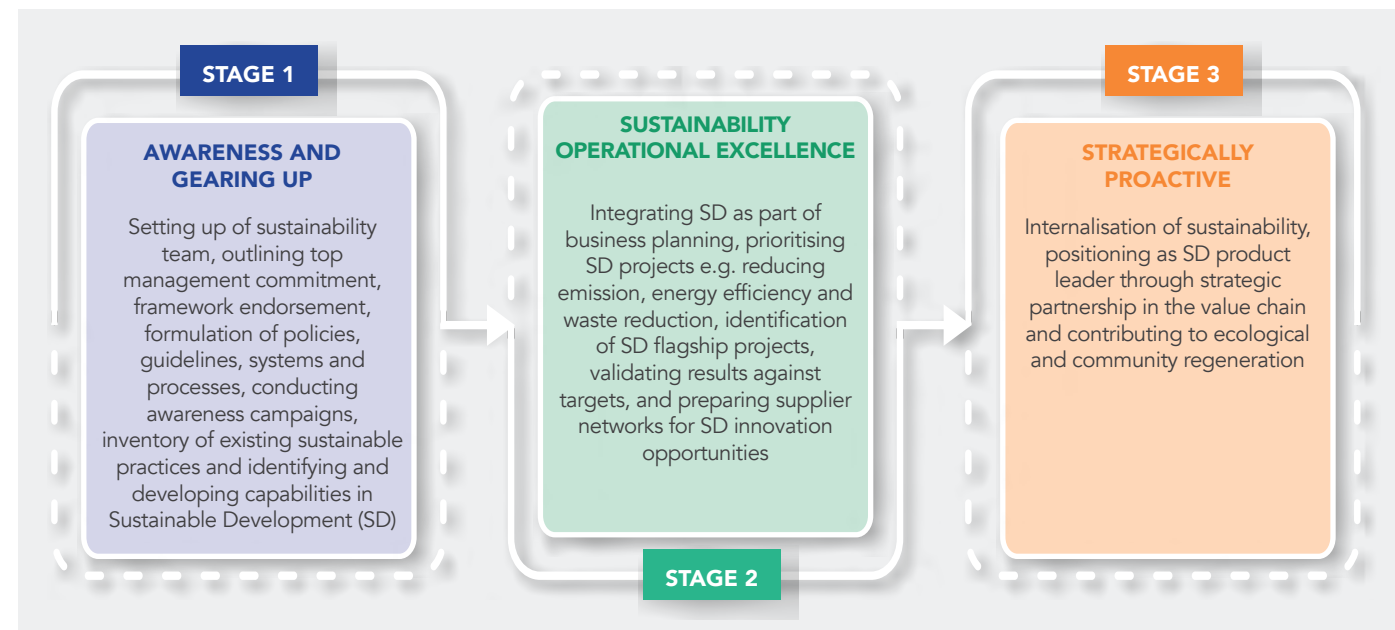
Following the changes made by FTSE Russell in 2017, we included Biodiversity as one of our key focus areas into our CSF. Although the impact of biodiversity is nominal for KLCCP Stapled Group as our investments and developments are centred within the city centre, on the basis that Malaysia is identified as a Primary Impact Country, biodiversity is classified as high priority for the Real Estate Holding and Development sector. Our CSF now constitutes nine focused areas, applicable across all our business operations.

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



SUSTAINABILITY STATEMENT

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 (NWD) 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 11th 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.

5-YEAR SUSTAINABILITY ROADMAP (2019-2023)

GOAL 1: Building a Smart, Safe and Sustainable KLCC Precinct



 MATERIAL MATTERS: Financial Sustainability Economic, Social and Industry Growth Security, Safety and Health Customer and Tenant Management Corporate Social Investment Risk and Crisis Management	FOCUS AREAS: Smart Park Smart Security System Innovation and Digitalisation	5-YEAR TARGET (2019-2023): To be a digitally competent organisation
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GOAL 2: Building an Agile, Inclusive and Sustainable Workforce in a VUCA (Volatility, Uncertainty, Complexity and Ambiguity) world



 MATERIAL MATTERS: Our People Security, Safety and Health Human Rights and Labour Practices	FOCUS AREAS: People and Culture Fit Career Potential Work Life Balance HSSE Maturity Culture	5-YEAR TARGET (2019-2023): To invest RM9.3 million for training and development programmes in future skills To foster a culture that embodies high performance, integrity, HSE, innovation and rewards and recognition To create a purposeful workforce – empowered, agile and enabled To achieve Generative HSSE Culture
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GOAL 3: Combating Climate Change and Reducing Environmental Impact



 MATERIAL MATTERS: Climate Change Environmental Management	FOCUS AREAS: Carbon Emission Energy Consumption Water Use Waste Generation Zero Single-Use Plastics	5-YEAR TARGET (2019-2023): To reduce carbon emission by: <ul style="list-style-type: none"> 8.0% from 2015 baseline for office 18.0% from 2015 baseline for retail 3.0% from 2015 baseline for hotel To reduce energy consumption by: <ul style="list-style-type: none"> 6.8% from 2015 baseline for office 5.0% from 2015 baseline for retail 1.8% from 2015 baseline for hotel To reduce water consumption by: <ul style="list-style-type: none"> 1.0% from 2015 baseline for office 7.0% from 2015 baseline for retail 20.0% from 2015 baseline for hotel To reduce total waste generation by: <ul style="list-style-type: none"> 12.0% from 2015 baseline for office 18.0% from 2017 baseline for retail 15.0% from 2015 baseline for hotel 90.0% removal of single-use plastics in hotel operations
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ECONOMIC

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



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 stakeholders value and investments.



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

OUR 5-YEAR TARGET (2019-2023)

To be a **Digitally Competent Organisation** –
Focus area: Smart Park, Innovation and Digitalisation

As technology advancement is moving at a rapid pace, it is imperative for KLCCP Stapled Group to seize the opportunity and be part of the race in embracing the right digital solutions across our businesses. We aim to reach our goals to stay in the forefront of digitalisation, implementing and creating value from new dynamic technology to create the best solutions for our businesses, today, tomorrow and in the future.

ECONOMIC

ECONOMIC

FINANCIAL SUSTAINABILITY

The continued economic uncertainty coupled with the challenging market landscape during the year contributed to the slower pace in industry growth. This was further impacted by the cautious market conditions and uncertain political landscape.

In responding to these challenges, 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.

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 and more importantly, putting Malaysia on the world sporting and tourism map. As the biggest cycling event in the country, the race has garnered a lot of interest among the cycling community both locally and abroad. The event successfully achieved a 5.9 billion global reach featuring over 1000 stories across 11 different platforms including digital and traditional media with RM26.6 million of PR value generated from the local media.



Driving Sustainable Growth

OUR COMMITMENTS	VALUES	IMPACT
Customer Experience	<ul style="list-style-type: none"> Workplace that promotes greater interaction and collaboration, productivity and efficiency Innovative retail mix and digitalised customer services Attractive hotel offerings from dining, spa, meetings and conventions Digitalised and innovative car park facilities which include License Plate Recognition (LPR), digital LED signage ICONIK mobile application for online ticket payment 	<ul style="list-style-type: none"> Creating a conducive working environment for over 12,000 PETRONAS' Group employees. Achieved 100% completion of WFT 120,000 sq. ft. of space reconfiguration at Suria KLCC for F&B and new concept specialty stores featuring approximately 80 exclusive sought-after brands stores for the fashion savvy Immersive digital customer experience and empowers retailers' marketing strategies Achieved 92% hotel guest satisfaction Achieved a monthly average of 30,000 customers using cashless payment method
Nation Building	<ul style="list-style-type: none"> A smart and safe Precinct Iconic attractions ranging from shopping to entertainment and relaxation to exploration Enhancing connectivity and creating greater convenience and accessibility to various points within the city and the suburbs 	<ul style="list-style-type: none"> Visitors safety and well-being were heightened <ul style="list-style-type: none"> 1,076 CCTVs within and surrounding the KLCC Precinct 139 Help Points installed at KLCC Park and Northwest Development (NWD) Car Park Approximately 3 million visitors annually to the various attractions in KLCC Precinct
Spurring Growth (complementing existing developments)	<ul style="list-style-type: none"> Kuala Lumpur Convention Centre's new expansion provide larger meeting venue that can accommodate large scale conventions and exhibitions 	<ul style="list-style-type: none"> 36 conventions and exhibitions held at Kuala Lumpur Convention Centre with over 100,000 visitors and delegates

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 a more efficient and sustainable business operations and functions. We continue to explore new digital solutions to tackle challenges, improve processes and explore new business opportunities.

During the year, we embarked on several digitalisation initiatives to improve our processes and service level for more effective transactions and immersive customers experience.

ECONOMIC

ECONOMIC

INITIATIVES FOR THE YEAR	DETAILS AND BENEFITS
e-Library for Statutory Document	<ul style="list-style-type: none"> KLCCUH established an e-Library to have their statutory documents in a digital platform for easy retrieval and standard reference for KLCCUH's employees in managing and operating the facilities
End User Productivity Tools – myMinutes, myMemo, myExplorer, myEvents	<ul style="list-style-type: none"> In 2019, we have 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 List of tools available for employees are: <ol style="list-style-type: none"> myMinutes - a web application that allows employees to better capture and document the meeting outcomes and actions, and subsequently delivered to reviewers from which they can view and comment myMemo - a web application that allows employees to send, receive and track electronic memos and recipients can view the memo and take action myExplorer - dedicated application for information dissemination across our organisation where employees can personalise news by subscribing to channels or topics based on interest and division my Events - an application that allows employees to create and participate in events across the Group
MyMO Communication Platform	<ul style="list-style-type: none"> This platform which was launched in 2019 is specially created for our hotel employees to keep them engaged with up-to-date hotel happenings or other information It is an interactive platform that allows two-way communication, and provides information such as hotel's events, birthdays, anniversaries, training sessions, safety tips, environmental best practices and food safety reminders which are scheduled on a weekly basis It also includes a chat line and a quick reference guide to emergency situations
HSE Incidents Management Reporting	<ul style="list-style-type: none"> KLCCP Stapled Group leveraged on several digital platforms under Group HSSE PETRONAS: <ol style="list-style-type: none"> PETRONAS HSSE IM - HSSE Incident Management (HSSE IM) System - a system to record, report and track actions on HSE and Security incidents for PETRONAS group wide PETRONAS HSSE MARS - HSSE Monitoring and Reporting System (HSSE MARS) - an integrated and centralised system for PETRONAS to monitor, record and report the HSSE performance indicator PETRONAS HSSE UAUC - HSSE Unsafe Act Unsafe Condition System (HSSE UAUC) - a centralised platform to report, track and provide analytics of unsafe act, unsafe condition and safe observation for PETRONAS group wide Able to standardise HSE incidents management reporting for all operational units within the Group

Commitment to Capital Market Development

KLCCP Stapled Group's is committed to promote REIT as an investment asset class to retail investors. We continue to engage with retail investors and together with our Malaysian REIT counterparts through the Malaysia REIT Managers Association (MRMA) and in collaboration with Asia Pacific Real Estate Association, we hosted the inaugural Malaysia REIT Forum 2019. The Forum was intended as a platform to grow awareness of REITs and attended by over 250 participants, comprising mainly C-Suite, property developers, government regulators, investment bankers, domestic fund managers and research analysts.

We also participated in the MRMA Bursa Retail Workshops held at Universiti Sains Islam Malaysia (USIM) where we shared on Shariah-Compliance Investment through Islamic REIT and gave an insight on Malaysian REITs to retail investors in Bintulu, Sarawak. Both events received an encouraging participation from over 100 retail investors.

Promoting Industry Growth Through Affiliations

KLCCP Stapled Group actively share our knowledge and expertise with our peers in the industry on various Thought Leadership platforms and associations such as The Malaysian REIT Managers Association (MRMA), FIABCI Malaysian Chapter and the Council of Tall Buildings and Urban Habitat (CTBUH). This is part of our contribution towards nation building and industrial advancement.

MEMBERSHIP	
KLCC Property Holdings Berhad	<p>Council of Tall Buildings and Urban Habitat (CTBUH) KLCCP has been a member of the Council at Patron Level since 1996 and has been actively participating as participants and speakers in conferences organised by the Council</p> <p>Federation Internationale des Administrateurs de Bien-Conselis Immobiliers (FIABCI) Malaysian Chapter KLCCP is a member of FIABCI Malaysian Chapter and supports the Federation through its various events, seminars and talks organised annually</p> <p>Malaysian Investor Relations Association (MIRA) KLCC Property Holdings Berhad registered as a member since 2014. MIRA is the first and only professional association committed to developing and advancing the status and integrity of IR professional</p>
KLCC REIT	<p>Malaysian REIT Managers Association (MRMA) KLCC REIT Management Sdn Bhd is a member of the Malaysian REIT Managers Association (MRMA). MRMA also represents its members' interests through engagement with the Malaysian Government and regulators for functional regulations, viable structures and tax harmonisation. This ensures Malaysian REITs remain competitive within the region and internationally</p>
Suria KLCC	<p>Persatuan Pengurusan Kompleks Malaysia International Council of Shopping Centres Suria KLCC has been a member of the Persatuan Pengurusan Kompleks (PPK) Malaysia since 1995 and a member of the International Council of Shopping Centres (ICSC) since 2003</p>
Mandarin Oriental, Kuala Lumpur (MOKL Hotel)	<p>Malaysia Association of Hotels (MAH) Malaysian Association of Hotel Owners (MAHO) The Japanese Chamber of Commerce American Malaysia Chamber of Commerce British Malaysia Chamber of Commerce</p>

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 disruptions to the environment and its adverse impact to the community by reducing the environmental footprint of our buildings and use energy, water and resources more efficiently.

ENVIRONMENT

ENVIRONMENT

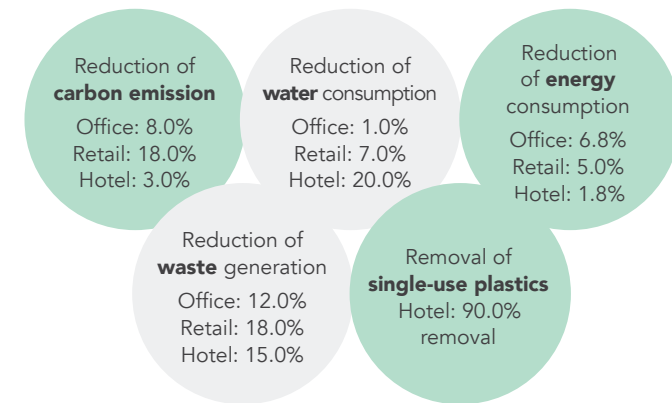


MOKL Hotel's employees took part in the Rehabilitation of Raja Muda Forest Reserve Project which involved replanting of trees in the forest

We strive to ensure our decisions contribute to improvements in environmental sustainability, working in-tandem with our tenants in green building initiatives, the local authority, Government and other stakeholders in achieving our targets.

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

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



CLIMATE CHANGE

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

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

FOCUS FOR THE YEAR

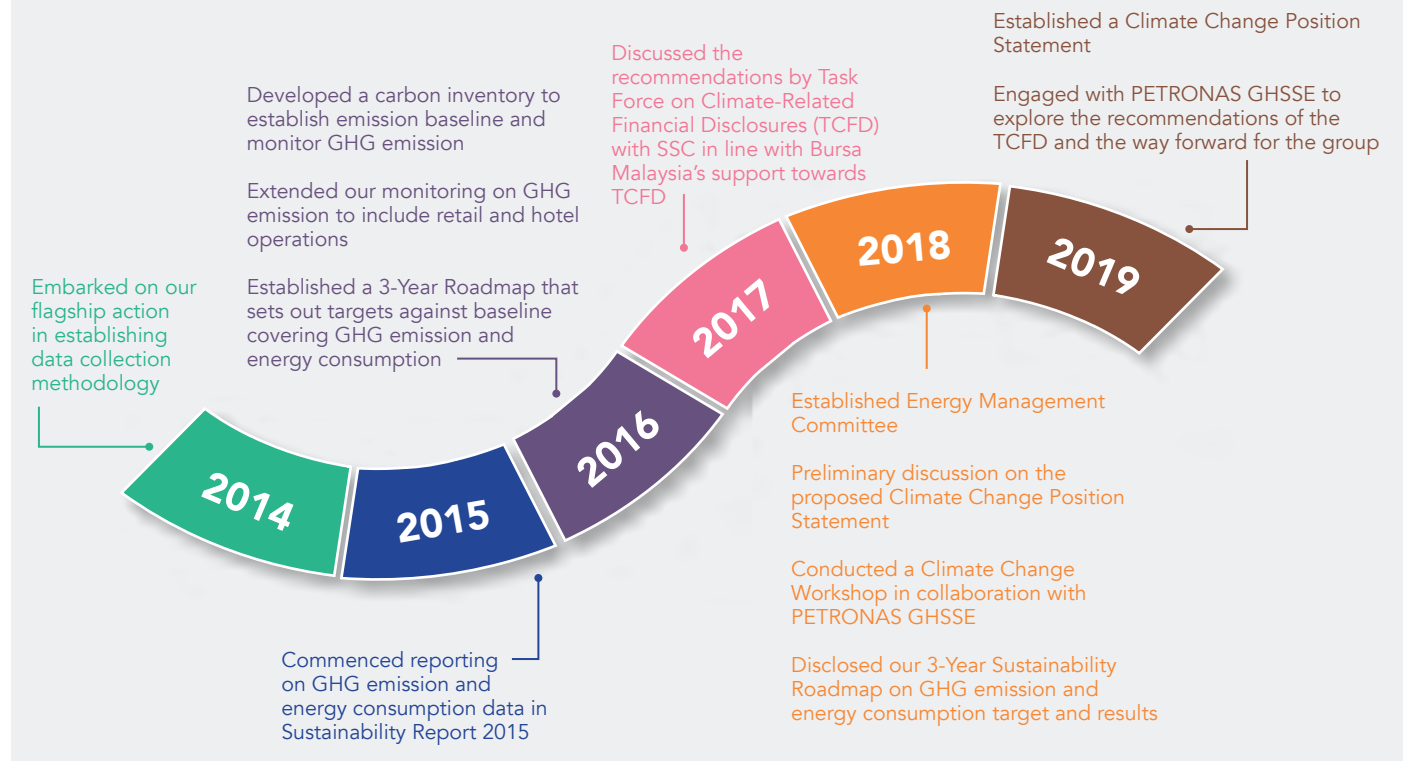
- Establishment of our climate change position statement

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

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

Our 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.



GHG Emission

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

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

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

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

PERFORMANCE FOR THE YEAR									
GREENHOUSE GAS EMISSION BY SEGMENTS (mtCO _{2e})	Scope	Office and Car Park		Retail		Hotel		Total	
		2019	2018	2019	2018	2019	2018	2019	2018
		Scope 1	4.45	4.66	1,692	1,635	2,142	1,192	3,838.45
Scope 2	67,610	82,667	21,239	27,141	16,086	16,583	104,935	126,391	

ENVIRONMENT

Renewable Energy

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

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

Efficient Energy Management

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

INITIATIVES FOR THE YEAR	
PETRONAS Twin Towers	<ul style="list-style-type: none"> Upgrading of Building Control System with additional field devices to provide means of monitoring and control of the current Mechanical and Electrical system LED light fitting at common areas
Menara 3 PETRONAS	<ul style="list-style-type: none"> LED light fitting for WFT floors and common areas and upgrading of Energy Management System
Menara Dayabumi	<ul style="list-style-type: none"> Switching off escalators operation during night time (7.30 p.m. to 6.30 a.m.) 50% of all office lighting turned off during lunch hour LED light installation at Lobby (Passenger and Service Lift and washrooms) Installation of daylight dimming sensor (LED type) at ground floor level, motorcycle parking area and driveway Lighting system rewiring for lighting zone control at car park Resetting room temperature set point from 23°C to 24°C
Menara ExxonMobil	<ul style="list-style-type: none"> Use of portable aircond units after office hours and on weekends by PETRONAS-ICT Call Centre and shutting off of office lighting after office hours LED light fittings at WFT floors
Suria KLCC	<ul style="list-style-type: none"> Changing energy saving LED lights Two phases of escalator modernisation at Ampang Mall completed. The new equipment and system allows smooth operation, thus less breakdown and more energy efficient Suria KLCC Sustainable Energy Management Workshop – Learned the concept of Sustainable Energy Management systems, design a project management structure, control and analyse the performance of Energy Conservation methods
MOKL Hotel	<ul style="list-style-type: none"> Replacement of 3,358 numbers of fluorescent lights installed at the offices, corridors and emergency staircases) with LED light Replacement of hot water copper pipes. (Natural gas consumed by boiler to generate steam for hot water) Introduction of "Opt-Out", whereby the hotel would only change linen and towels once in every three days unless opted out by guests. The program has been very successful with 98% of guests participating. Reduction in amount of linen washed estimated at 30,000 kg per month

ENVIRONMENT

PERFORMANCE FOR THE YEAR							
ENERGY CONSUMPTION BY SEGMENTS ('000 kWh)							
Office and Car Park		Retail		Hotel		Total	
2019	2018	2019	2018	2019	2018	2019	2018
74,697	88,044	9,400	14,293	9,949	13,621	94,046	115,958

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

ENVIRONMENTAL MANAGEMENT

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

Water Management

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

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

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

INITIATIVES FOR THE YEAR	
PETRONAS Twin Towers	<ul style="list-style-type: none"> Replacement of water tap at Prayer hall at Level 13, Tower 2 Installation of aerator at hand basin in the washroom Water reduction campaign for efficient use of water to building tenants progressively conducted. The use of "do's and don'ts sticker in washrooms to boost awareness
Menara 3 PETRONAS	<ul style="list-style-type: none"> Installation of aerator at hand basin in the washroom Installation of water leak detection at all mechanical floors and water storage tank
Menara Dayabumi	<ul style="list-style-type: none"> Replacement of domestic water tank at Level 35
Menara ExxonMobil	<ul style="list-style-type: none"> Installation of water tap sensor at wash basin
Suria KLCC	<ul style="list-style-type: none"> Installation of tenants' water meter fully completed Fixing of leakages along the pipes in progress
MOKL Hotel	<ul style="list-style-type: none"> Replacement of hot water copper pipes at common area at guest room floors to eliminate leaking issues Monthly potable water quality lab sampling (Chemical and biological) at determined locations

ENVIRONMENT

ENVIRONMENT

PERFORMANCE FOR THE YEAR							
WATER CONSUMPTION BY SEGMENTS (m ³)							
Office and Car Park		Retail		Hotel		Total	
2019	2018	2019	2018	2019	2018	2019	2018
624,503	589,491	405,000	497,347	154,948	154,530	1,184,451	1,241,368

We continue to use water prudently throughout our operations and our initiatives to effectively and efficiently manage our water use. This resulted in a 4.6% reduction from 1,241,368m³ in 2018 to 1,184,451m³ during the year. We recorded a 21% decrease in water used as compared to our 2015 baseline.

CASE HIGHLIGHT | MANAGING WATER SUPPLY DISRUPTION AT KLCC PRECINCT

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

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

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

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

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 m³ Amount of water delivered	101 Tanker trips to supply water

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

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

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

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

The challenges encountered:

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

The mitigation plan:

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

Lessons learnt from the crisis:

- The crisis must be handled in a calm and structured manner as early planning was possible and ample notice was given by Syabas
- Full cooperation from all parties is required and every personnel must know their area of responsibilities
- Commitment from all personnel in promptly reporting the status of supply from time to time to the operator of the affected facilities is critical to ensure the smooth and 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

ENVIRONMENT

Waste Management

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

As a property investment and development group, our approach to waste management covers construction waste produced during development and renovation of our buildings, municipal waste produced during operation of our buildings by the various users and occupants, which includes domestic and hazardous waste. Domestic waste comprises solid waste, compostable materials, recyclable materials and reusable materials whilst hazardous waste generated include used fluorescent bulbs, used batteries, spent lubricating oil, spent solvents and electronic wastes.

In respect to hazardous waste, KLCCP Stapled Group complies with the Scheduled Wastes Regulation 2005 (Environmental Quality Act 1974) by the Department of Environment (DOE), Malaysia. All the generated hazardous waste from our respective assets are disposed to the waste facility managed by Kualiti Alam, Sdn Bhd, registered and licensed with DOE. All scheduled waste will be weighed and inventory will be tracked on a monthly basis. Collection of scheduled waste are undertaken within 180 days by Kualiti Alam, and e-consignment note are filed into DOE's eSwis website.

INITIATIVES FOR THE YEAR	
Menara Dayabumi	<ul style="list-style-type: none"> Campaign on using reusable container instead of using plastics Awareness on zero waste among all employees
Suria KLCC	<ul style="list-style-type: none"> Replacement of normal bins to sorting bins in August 2019 Sorting of food waste at Signature Food Court where the waste is collected and sent to vendor to be processed into organic fertiliser
MOKL Hotel	<ul style="list-style-type: none"> WWF-Malaysia and MOKL Hotel's Memorandum of Understanding – signed on November 5, 2019 where MOKL Hotel and WWF-Malaysia will jointly build a food waste task force and develop measurable and achievable goals to improve the flow of food within the hotel property Eliminating Single-Use Plastics – signed up to the Plastic Action platform, supporting circular economy by moving to 100% reusable or recyclable product and packaging design models by 2020 629 guestrooms, spa and fitness and wellness facilities implemented the Nordaq FRESH water system, replacing single-use plastics water bottles Food and beverage and Banquet – Natura bottled water was implemented, displacing 74,000 single-use plastics bottles per year

PERFORMANCE FOR THE YEAR					
WASTE GENERATION AND DISPOSAL BY SEGMENTS					
Office and Car Park (metric tonnes)		Retail (metric tonnes)		Hotel (metric tonnes)	
Total Hazardous Waste Generated		Total Hazardous Waste Generated		Total Hazardous Waste Generated	
2019	2018	2019	2018	2019	2018
3.449	9.88	0.937	0.755	2.220	0.50
Total Hazardous Waste Disposed		Total Hazardous Waste Disposed		Total Hazardous Waste Disposed	
2019	2018	2019	2018	2019	2018
2.860	9.88	0.557	0.970	2.219	0.50
		Recycled waste (tonnes)		Waste Intensity (kg/per room)	
		2019	2018	2019	2018
		4,227	4,232	1.30	2.35
				Waste Diversion (%)	
				2019	2018
				63.0	25.76

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



CASE HIGHLIGHT | ELIMINATING SINGLE-USE PLASTICS AT MOKL HOTEL



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

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

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

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

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

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

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

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

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	
Re-use of furniture and use of eco-friendly materials	<ul style="list-style-type: none"> Re-use of office furniture such as tables and sofas at our facilities management office Office fit-out materials for WFT project are of low Volatile Organic Compound (VOC) at PETRONAS Twin Towers, Menara 3 PETRONAS, Menara ExxonMobil and Menara Dayabumi Changing from chemical cleaning method to steam cleaning method when overhauling air-conditioning units at MOKL Hotel
Life Cycle Analysis	<ul style="list-style-type: none"> Implementation of the 5-year Asset Integrity Plan at PETRONAS Twin Towers, Menara Dayabumi and Menara 3 PETRONAS where mechanical and electrical equipment are serviced to prolong equipment lifespan
Monitoring of Indoor Air Quality	<ul style="list-style-type: none"> Indoor air quality (IAQ) measurement were taken three times in the year for PETRONAS Twin Towers to ensure the parameters adhere to acceptable limits Installation of carbon dioxide (CO₂) sensors in Building Control Systems in each Air Handling Unit room to regulate fresh air supply if the CO₂ reading approaches unacceptable limits Advised vendors to adhere to the guidelines on IAQ control i.e. to use adequate ventilation during indoor work, airing of furniture before installation, to use material of low contaminant exposure and to conduct air purging on the affected floor



MOKL Hotel's employees joined hands in environmental conservation efforts to increase awareness and create a committed culture

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 through the 50-acre KLCC Park wherein we maintained the park as a green lung to conserve the habitat of local and migratory birds and animals and promote a healthy ecosystem for the park.

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

INITIATIVES FOR THE YEAR	
Herb Garden	<ul style="list-style-type: none"> Maintaining a Herb Garden at PETRONAS Research Centre
Rehabilitation of Raja Muda Forest Reserve	<ul style="list-style-type: none"> MOKL Hotel collaborated with Global Environment Centre, a non-profit organisation established in 1998 on the rehabilitation of Raja Muda Musa Forest Reserve. This 23,486 hectares' peat swamp is located in the north-western part of the Selangor state. 30 employees of MOKL Hotel took part in the project which involved planting of trees at assigned areas of the forest
Environment Voluntary Work at Kota Kinabalu Wetland Ramsar Site, Sabah	<ul style="list-style-type: none"> Participated by 88 KLCCUH employees Activities include cleaning of the mangroves, an area between the land and sea of flora and fauna Spent a total of RM40,000 for the effort
Earth Hour	<ul style="list-style-type: none"> Switching off of non-essential lights for an hour at all our buildings to create awareness on the need to conserve natural resources and in support of the global climate change agenda
Waste Not Want Not Charity Sale	<ul style="list-style-type: none"> 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

SOCIAL

SOCIAL - SECURITY, SAFETY AND HEALTH

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

<p>1 SECURITY, SAFETY AND HEALTH</p> <p>Protecting our assets, operating reliably, effectively and efficiently, across the Health, Safety and Environment (HSE) spheres</p>	<p>2 OUR PEOPLE</p> <p>Nurturing a diverse and talented workforce to drive business growth strategies</p>	<p>3 RELIABLE PARTNER</p> <p>Strengthening financial position, business competitiveness and spurring socio-economic growth</p>
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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

3 GOOD HEALTH AND WELL-BEING

MATERIAL MATTERS

1 Security, Safety and Health

MAPPED TO OUR CAPITALS

Human Capital, Intellectual Capital

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 as well as occupational health of employees
- Sustained HSE excellence with every employee ensuring HSE accountability
- Being the HSE leader in the industry, surpassing our peers

SOCIAL - SECURITY, SAFETY AND HEALTH

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.

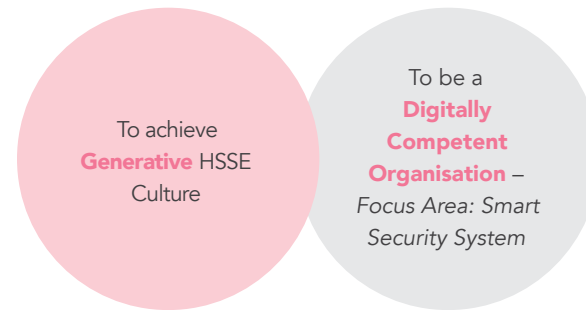
We place utmost importance on safety management to prioritise safe work practices, building HSE capability and culture within our organisation and safeguarding of occupational health in sustaining ideal health levels of our employees, visitors to our properties and at project sites. Regular HSE programmes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

OUR 5-YEAR TARGET (2019-2023)



KLCCP Stapled Group is working towards a step change improvement in HSSE by increasing the level of HSSE maturity culture within our organisation. Currently, our HSSE maturity level stands at 4.11 reflecting a maturity state of 'Proactive'. Our ultimate target is to be on track to develop a 'Generative' (5.00) HSSE culture within our organisation.

In our journey towards becoming a digitally competent organisation, KLCCP Stapled Group also targets to implement a complete Smart Security System within the KLCC Precinct to transform towards a more secured and sustainable business operations.

Safety and Health Management

Managing the safety of our people, assets and the environment is KLCCP Stapled Group's top priority. Our emphasis is to develop effective controls on identified HSE risks. In addition to workplace safety, KLCCP Stapled Group also placed emphasis on employees' health. Ergonomics, stress, and anxiety can have significant impact on job performance, employee satisfaction, and retention, which ultimately affect organisational goals and objectives. In 2019, our HSE strategic focus and initiatives were emphasised within 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

SOCIAL - SECURITY, SAFETY AND HEALTH

INITIATIVES FOR THE YEAR	DETAILS	BENEFITS
HSE CULTURE		
Top Management HSE Walkabout	<ul style="list-style-type: none"> • Leadership walkabouts were conducted group-wide by the Management Leadership Team – from project sites to plant environment and from buildings to parking management sites • A total of six HSE Walkabouts were conducted in 2019 by the Management Leadership Team 	<ul style="list-style-type: none"> • To promote leadership visibility in driving HSE at our workplace and provide clarity to employees and contractors in preventing fatalities and accidents at workplace
HSE Awareness Programmes	<ul style="list-style-type: none"> • HSE Awareness Sessions for employees: <ol style="list-style-type: none"> Fire Safety and Awareness Session with Jabatan Bomba & Penyelamat Malaysia – briefing on fire safety general guideline and requirement, fire preventive measures at premise, and usage of fire rescue equipment and tools Effective Intervention towards Crime Prevention for Everyone by Director of Code Red Survival Academy - created awareness and equipped employees with basic safety and survival skills to protect themselves and their families from threat of crime Self-Defense Workshop by She Fights which was open to all genders covering theory, live demo and defense techniques • HSE induction for new employees, KLCCUH on-boarding training on daily basis for new tenants and contractors, Stress Management Training for floor marshals and assistant floor marshals, Mandatory Control Framework awareness training for KPM employees • Education and competency programmes: <ol style="list-style-type: none"> Re-inforce ZeTo Rules Training with consequence management for KPM employees in February 2019 First aid training for first aiders, HSEMS Tier 2 auditor training, ISO 14001 and OHSAS 18001 Lead Auditor trainings, and PETRONAS Assurance Delivery Training for all employees 	<ul style="list-style-type: none"> • An on-going initiative to train and educate our people, raise awareness, and develop HSE competencies within the organisation
HSE Communication	<ul style="list-style-type: none"> • Updates on HSE news, events and lessons learnt are published on the KLCC Group intranet portal • HSE alerts on HSE incidents within the PETRONAS Group are communicated to all employees for awareness • HSE sharing sessions with business units facilitated by the HSE team on environmental awareness and conservation, basic hazards and risk at workplace 	<ul style="list-style-type: none"> • Promotes awareness and understanding of health management and safety as well as specific risk issues • Improves the overall effectiveness and efficiency of the implementation of the HSEMS
Safety Engagement with Contractors/Suppliers	<ul style="list-style-type: none"> • KLCCUH conducts monthly engagement with suppliers on HSE matters • Suppliers Performance Appraisal (SPA) was also conducted which was carried out twice a year to address areas of improvement • Suria KLCC conducted safety briefings for contractors on a daily basis - a total of 9,118 briefings were held in 2019 	<ul style="list-style-type: none"> • Better understanding of HSEMS, MCF and other HSE requirements translating to zero fatalities

SOCIAL - SECURITY, SAFETY AND HEALTH

SOCIAL - SECURITY, SAFETY AND HEALTH

INITIATIVES FOR THE YEAR	DETAILS	BENEFITS
HEALTH		
Workplace Health	Health Risk Assessment <ul style="list-style-type: none"> In line with PETRONAS HSE Capability Program, Health Risk Assessment (HRA) was identified as one of the competency required for KLCCP Stapled Group HRA is conducted to identify all health hazards within the organisation and provide a basis for the business to conduct health hazard studies The health hazard studies cover: <ol style="list-style-type: none"> Physical assessment [noise and radiation exposure monitoring] Chemical exposure monitoring Biological hazards [microbes, poisons] Ergonomics [improper work station and use of tools] Psychosocial [fatigue, stress, excessive working time] In 2019, five HSE personnel successfully completed the HRA training and certified to conduct future HRA for KLCCP Stapled Group From the HRA performed, no health incidents were recorded for the Group in 2019 	<ul style="list-style-type: none"> To reduce and prevent occupational health diseases and incidents reported
	Annual Medical Surveillance <ul style="list-style-type: none"> MOKL Hotel conducted a medical surveillance on selected employees from the laundry and engineering department which was carried out by an occupational health doctor registered with DOSH Employees who are detected with a medical condition which places him/her at increased risk of impairment to health from chemical exposure, may be required temporarily removal from their workstations or tasks As at 2019, 18 employees underwent the medical surveillance with no reported risk 	<ul style="list-style-type: none"> Able to carry out a systematic assessment of employees exposed or potentially exposed to occupational hazards This assessment monitors individuals for adverse health effects and determines the effectiveness of exposure prevention strategies
OPERATIONS		
Emergency Preparedness	<ul style="list-style-type: none"> Emergency evacuation drill was held at Suria KLCC in April 2019 and at Menara Dayabumi in October 2019 12 simulation exercises were held at MOKL Hotel to test the effectiveness of the Business Continuity Management 	<ul style="list-style-type: none"> Provides common understanding of emergency response management and consistent approach in managing risk to all employees Better able to respond and manage crises in the risk areas to protect and save people, environment, assets and reputation
Investigations and Findings of Reported Incidents	<ul style="list-style-type: none"> Tripod Beta Investigation Tool and Analysis which was previously introduced, identifies active and latent failures in hazards that cause or contribute to any incidents A Tripod Beta Investigator, who is qualified with accreditation, investigates, analyses and improves the quality of incident analysis and incident report writing using the tool As of 2019, KLCCP Stapled Group successfully attained four Silver investigators who will lead any lost time injury incident within the Group The investigations from the incidents were discussed at various platforms i.e. within the HSE team, OPU level and tracked accordingly by corporate HSE 	<ul style="list-style-type: none"> Lessons learnt from LTI incidents and near miss incidents were highlighted and shared with all employees within the Group for reflective learning

PERFORMANCE FOR THE YEAR									
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

During the year, KLCCP Stapled Group recorded seven LTI incidents with a LTIF of 0.78 contributed by mishap of contractors at worksite. Our Group has worked on the tightening of permit to work enforcement and intensified training development to reduce the LTI incidents. LOPC was maintained at zero.

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	DETAILS	BENEFITS
Establishment of Crime Prevention through Environmental Design (CPTED)	<ul style="list-style-type: none"> During the year, we have successfully allocated several "Planter Box" close to the entrance of PETRONAS Twin Towers and Menara 3 PETRONAS to provide Hostile Vehicle Mitigation (HVM). We also installed pedestrian barrier, heavy duty boom gate and raised the curb within KLCC Precinct 	<ul style="list-style-type: none"> Provides shield, security and mitigates vehicles from ramming into the buildings Permit increased control of pedestrian circulation and reduces unauthorised entry
Implementation of Visitor Management System (VMS) Database	<ul style="list-style-type: none"> In compliance with Personal Data and Protection Act 2010 (PDPA 2010), KLCCUH implemented VMS where visitors are required to fill in an online consent form through the database to gain access into our office buildings 	<ul style="list-style-type: none"> Streamlining the process for visitors check-in and ensure greater security and better visitor management and tracking
Integrated Command Centre (ICC)	<ul style="list-style-type: none"> ICC was 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 	<ul style="list-style-type: none"> Effectively manage KLCC Precinct security operations and respond to emergencies immediately
Implementation of Security Systems and Technology	<ul style="list-style-type: none"> Implementation of enhanced security system within our KLCC Precinct common areas (basement parking, KLCC Park, Persiaran PETRONAS/KLCC): <ol style="list-style-type: none"> Smart Security Surveillance System (CCTV) – digital cameras with analytical software and facial recognition, security detection and alarm system, electronic access control and fencing system Automated Number Plate Recognition (ANPR) System – monitor entry and exit of vehicle to and from NWD car park Help Point System – emergency communication platform for visitors Guard Tour and Communication System 	<ul style="list-style-type: none"> Enables an enhanced security monitoring with live video surveillance, allowing real-time monitoring and high definition picture quality, with assistance available 24/7 making our precinct a more secure destination for our people

SOCIAL - SECURITY, SAFETY AND HEALTH

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	DETAILS	BENEFITS
KLCC Group Cyber Security Action Plan	<ul style="list-style-type: none"> In 2019, KLCCP Stapled Group developed the KLCC Group Cyber Security Action Plan The Action Plan strengthens the existing systems and procedures to address the root cause of cyber security issues It also lays out specific initiatives to review and establish SOP on new security surveillance system, document sharing guidelines, third party/vendor access, classification of email and implement secondary data center for new security surveillance systems The Action Plan addresses five categories of cyber risk concerns: <ol style="list-style-type: none"> Ransomware Phishing Hacking Data Leakage Insider Threat As part of the initiative, we have conducted cybersecurity workshops for all business units in 2019 and rolled out the ICT Security Policy Compliance programme 	<ul style="list-style-type: none"> To manage the cyber security risk within the KLCCP Stapled Group in ensuring our organisation's data is safe from attacks from both internal and external factors To also safeguard necessary integrated technologies, prevent hacking and ensure business continuity

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 to 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

SOCIAL - OUR PEOPLE

SOCIAL - OUR PEOPLE

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 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 employees through various avenues focusing on their well-being, performances, results and recognition.

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

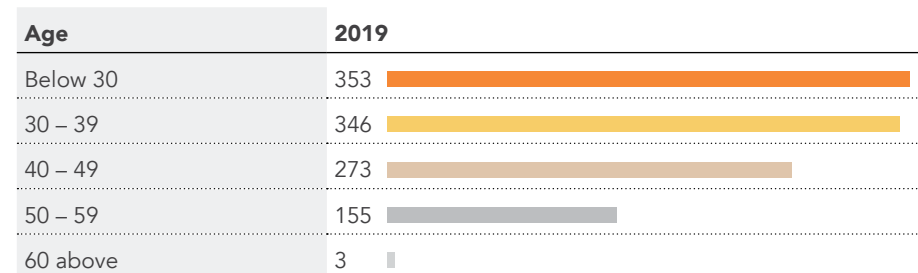
OUR 5-YEAR TARGET [2019-2023]



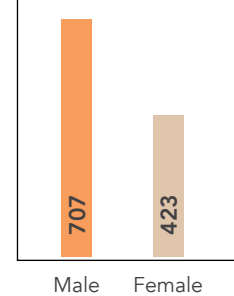
Equality, Diversity and Inclusion

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. As at 2019, KLCCP Stapled Group has a total of 1,130 employees out of which 94% of our workforce constitute permanent employees. Contract employees are still hired based on their specific skills for certain projects for a particular duration.

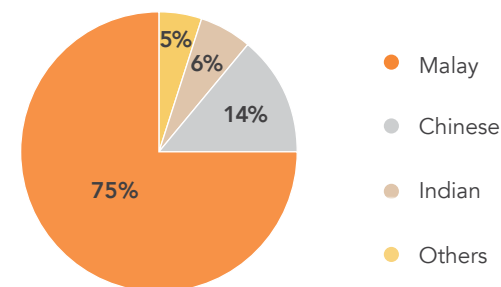
Age Profile



Workforce Diversity



Ethnicity

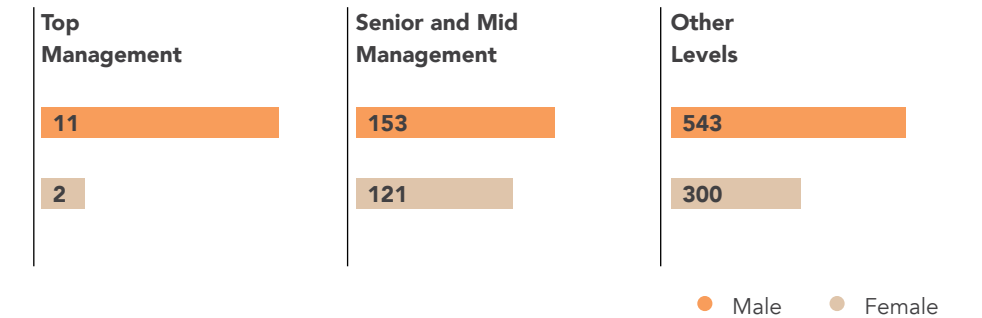


* We also provide fair employment opportunities for the disabled and as at 2019, KLCCP Stapled Group has two disabled employees.



Women Empowerment

As part of the Government's initiatives, Malaysia has made significant progress in the past years in increasing the number of women in the workforce and in leadership roles to enhance the contribution of women to Malaysia's economy and promote inclusiveness in the workforce. At KLCCP Stapled Group, we create diverse opportunities to empower women to be at the forefront and take leadership positions. To-date, 43% of our senior management leaders are women.



Skills and Capability Development

Skills and capability development is another focused area which we take pride in. 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, reinforced through the 70:20:10 learning philosophy wherein 70% is experiential learning, 20% through coaching, mentoring and networking while the 10% is through formal classroom training. In 2019, we invested RM1.8million on learning and development which saw 94% of employees undergoing training programmes that were planned for the year with an average of 35 hours per employee. This saw a total of 137 training programmes provided by the Group.

INITIATIVES FOR THE YEAR	DETAILS AND BENEFITS
KLCC Group Elite Leadership Programme (KELPRO)	<ul style="list-style-type: none"> 2019 focused on looking out for junior employees who are high performers with high potential of becoming future leaders in the organisation Talents are subjected to a 1.5 year programme to prepare themselves to take up future leadership roles The first batch will see their accomplishment of this programme in 2020 with three modules left to be completed
Leadership Programme Strategic, Tactical and Managerial Excellence Programme	<ul style="list-style-type: none"> There were three leadership programmes designed for managerial levels and above with the objective of training them to perform their roles effectively: <ol style="list-style-type: none"> Strategic Excellence Programme – tailored for General Managers and above focusing on strategic thinking in developing vision for value creation Tactical Excellence Programme – tailored for Senior Managers to deliver tactical performance by gaining new knowledge and critical skills in the areas of human leadership and business leadership Managerial Excellence Programme – designed for Managers to review their management style, explore the latest thinking and models for effective management and leadership, and develop their skills to become excellent in their role

SOCIAL - OUR PEOPLE

SOCIAL - OUR PEOPLE

INITIATIVES FOR THE YEAR	DETAILS AND BENEFITS
Leadership Programme "Move Up" and "Move Forward" Development Programme at MOKL Hotel	<ul style="list-style-type: none"> "Move Up" Development Programme <ol style="list-style-type: none"> Designed for supervisors and junior managers to assist in building competencies, achieving goals and development of leadership skills This programme consists of eight modules and conducted yearly. In 2019, 24 employees completed the programme "Move Forward" Development Programme <ol style="list-style-type: none"> Designed for experienced managers to further enhance their business skills and leadership qualities This one year programme is conducted regionally and only one employee was sent for this programme who had successfully completed it
KLCC Student Internship Programme	<ul style="list-style-type: none"> We partner with local tertiary education institutions to offer student internship opportunities for students interested in the real estate sector In 2019, there were 20 interns assigned to various departments within the organisation
Human Rights training for hotel management employees	<ul style="list-style-type: none"> All employees attended training on human rights through the Code of Conduct training which covers: <ol style="list-style-type: none"> Right to be heard Fair treatment No discrimination Avenue to raise issues Right for learning and development
MOKL Hotel partnership for Student Employment Programme	<ul style="list-style-type: none"> Established partnership with Taylor's University in its Student Employment Programme which aims to enhance the opportunities available to top students of Taylor's University School of Hospitality, Tourism and Culinary Arts Endorsed a cohort of 12 students who were trained, groomed and put through the process of familiarisation with the Group's vision, mission, Legendary Quality Experience and its guiding principles throughout the duration of their 2-year Bachelor Degree programme Under this programme, 5 students were absorbed into employment at supervisory level
MOKL Hotel Student Internship Programme	<ul style="list-style-type: none"> Collaborated with other higher learning institutions such as KDU College & University, Berjaya College & University, and Kolej University Tunku Abdul Rahman. The students were trained to learn from practical work experience in areas related to their specialisation In 2019, MOKL Hotel recruited 12 students who have shown outstanding performance during their internship training
On-the-job training and Group Training Techniques for hotel employees	<ul style="list-style-type: none"> Enhance the department trainer's skills in order for them to conduct training according to the hotel standards Trainings are conducted in two categories: <ol style="list-style-type: none"> Generic Quality Trainings – Culture, Customer Service, Integrated Management System and Standard Operating Procedure Fire, Life, Health, Safety, Security and Environment trainings – Occupational Safety, Emergency Response, Food Handling, Wellness and Business Continuity Management
Suria KLCC Marketing and Leasing Certification Programme	<ul style="list-style-type: none"> Designed to elevate the level of professionalism for mall management 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
Industrial Relations Conference 2019 for Suria KLCC	<ul style="list-style-type: none"> Conference held in relation to Industrial, Employment and Labour Law Equipped Human Resource professionals with the latest development in the fields of Industrial Law and Human Resource practices
Halal Internal Auditing (HIA) Workshop for Suria KLCC	<ul style="list-style-type: none"> Described the requirements of halal certification and Malaysia Halal Standards Enhanced the Halal knowledge and competencies for employees to be able to conduct the internal halal audit programme within the organisation in obtaining and maintaining halal certification from the authority
e-Learning through Harvard ManageMentor (HMM) digital platform	<ul style="list-style-type: none"> In 2019, we introduced a self-directed learning platform through Harvard Manage Mentor which includes 41 topics covering areas such as strategic thinking, business plan development, writing skills, customer focus, presentation skills, and marketing essentials Each online topic includes practical advice and tools required and they are all interactive exercises with expert commentary and real-life examples for better learning and understanding



KLCC Group's Family Carnival and Property Games promote togetherness and work-life balance among employees

Talent Management

At KLCCP Stapled Group, we see the 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 is a 5-year Talent Strategy Blueprint, Talent Management Programmes and a Succession Planning Strategy. Our Talent Strategy Blueprint outlines strategies to attract, retain and develop talents, spanning a 5-year horizon. Anchoring on the theme of Right Talent, Right Leader and Right Environment, talents are managed from hire to retire. We recognise that a systematic approach is necessary in ensuring leadership continuity. Hence, we constantly strengthen our performance management system, engage our high-performing employees to set stretched key performance targets and assume bigger roles and responsibilities.



Our Human Resource Planning and Development Committee (HRPDC) continuously reviews our succession planning strategy on an annual basis to identify and develop high potential employees to ensure sufficient talent pool for future succession and leadership needs. 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.

Workforce Engagement

Having an engaged and passionate workforce is crucial to the success of any organisation. At KLCCP Stapled Group, we enrich our employees through work-life balance, building a workforce that embraces our Cultural Beliefs in delivering performance. We are proud to have achieved an attrition rate of 5.3% compared to the property and development industry average of 12%. This is reflective of the trust the employees have in our organisation and for providing them a workplace that inspires.

SOCIAL - OUR PEOPLE

SOCIAL - OUR PEOPLE

	INITIATIVES FOR THE YEAR	DETAILS AND BENEFITS
EMPLOYEE ENGAGEMENT	CEO Townhall	<ul style="list-style-type: none"> An avenue for communicating the company's performance and plans for the future and addressing employees' concerns
	KLCC Group Annual Dinner and Long Service Awards	<ul style="list-style-type: none"> Employees' loyalty and contribution to the organisation are recognised and appreciated There were seven new awards categories introduced to recognise and appreciate employees' performance and contribution to the company
	KLCC Majlis Berbuka Puasa	<ul style="list-style-type: none"> Annual affair inculcating the spirit of sharing and giving amongst employees during the fasting month of Ramadhan
	KLCC Group Ladies Event	<ul style="list-style-type: none"> An inaugural event specially created for female employees Event focused on creating awareness on sexual harassment and workplace bullying Educated and empowered female employees on the art of self-defense and women's right in the workplace
	HR Showcase	<ul style="list-style-type: none"> Enlightened employees on services provided by HR and arranged a special room for employees to enquire work related matters or address any grievances or complaints There were booths in relation to health and wellness services via collaboration with AIA Vitality to increase awareness amongst employees
	Informative Talks/Forums	<ul style="list-style-type: none"> Provided insight on relevant topics and enrich discussion to acknowledge thoughtful ideas in the areas of technical, financials, personal development, economy, and real estate industry
	Division Away Day	<ul style="list-style-type: none"> Provided opportunity for employees to spend more time together, build trust, increase communication and encourage teamwork
	MOKL Hotel Round Table Conference	<ul style="list-style-type: none"> An avenue for employees (by department) to raise any issues relating to their challenges at work, general concerns or enquiries Issues raised in this conference will be recorded and tracked in the Master Improvement List and answered by the respective division heads
	MOKL Hotel Social Get Together Fund	<ul style="list-style-type: none"> Subsidy extended to all departments to enable employees to organise social outings or get-together to foster a better working relationship
EMPLOYEE WELLNESS	Blood Donation Campaign	<ul style="list-style-type: none"> A charity event held in collaboration with the National Blood Bank which also benefited employees' emotional health and physical wellbeing
	KLCC Group Family Carnival and Property Games	<ul style="list-style-type: none"> An annual event aimed at promoting togetherness amongst families and encourage sports development
	MESTIfit4Health Campaign	<ul style="list-style-type: none"> KPM initiated this one-year program with its launch held in February 2019 with the aim to keep KPM employees fit, healthy and at the same time reward them Initiatives for the year include: <ol style="list-style-type: none"> Zumba classes Awareness health program Fitness test Aerobic Badminton Intensive Exercise Program Some of the highlights of this program include rewards for the most active employees of the month and Monthly HSE News on MESTIfit4health They also organised KLCC Health Screening Day 2019 where basic tests were conducted during the event which include body mass index, blood pressure test and glucose level test In the end of the program, the winner was awarded a fitness watch
	MOKL Hotel Sports and Recreational Activities	<ul style="list-style-type: none"> Activities organised by external hotels and other organisations to promote wellness and social interaction Regular activities organised – volleyball, takraw, football, futsal, fishing, table tennis, snooker, paintball, bowling, badminton and KARAOKE challenge
	MO-Fit Program	<ul style="list-style-type: none"> Aimed at providing an avenue for all employees to participate in physical exercise activities after working hours

HUMAN RIGHTS AND LABOUR PRACTICES

A strong commitment to human rights is an integral part of KLCCP Stapled Group's business etiquette. 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 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 encompassing the Employment Act 1955 (ACT 265), Trade Union Act 1959 (ACT 262), Industrial Relation Act 1967 (ACT 177), amongst others, together with all related regulations and guidelines which promote fair and responsible employment practices. We 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. This ensures our competitiveness in attracting talent for sustained growth.

In an effort to motivate and retain employees, KLCCP Stapled Group also emphasises on enhancing employee welfare and catering to the growing needs of our people. We believe offering benefits to our people is important because it shows them that we are investing in not only their needs and overall health, but also their future.

INITIATIVES FOR THE YEAR	DETAILS AND BENEFITS
Enhancement to Group Term Life Assurance	<ul style="list-style-type: none"> KLCCP Stapled Group increased the value of coverage for life insurance for all levels of employees to compensate their next-of-kin in the event the employee passes away
Flexible Work Arrangement for Pregnant Ladies	<ul style="list-style-type: none"> Female employees who are in advanced stage of pregnancies (seven months and above) are allowed to leave work an hour earlier than the prescribed working hours They will be entitled to overtime claim should the company request them to work in excess of their normal working hours This flexibility creates a working condition that does not put the pregnant employees or their babies' health at risk
Work Arrangement for Employee with Dependent affected by Contagious Diseases	<ul style="list-style-type: none"> Established a guideline on work arrangement for employee with dependent affected by contagious diseases – employee may opt to work from home, subject to superior's approval up to five working days per occasion This arrangement ensures other employees are safe from the contagious disease which can affect the company's business operations

Non-Discrimination

In Malaysia, the basic concept of equality is contained in the Federal Constitution which generally prohibits discrimination against a person or class of persons. Pursuant to our CoBE, we do not tolerate unlawful discrimination in the workplace or on the job. We aim to address any grievances 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.

In our efforts to establish fairness in the workplace, our employees can voice their grievances through multiple communication channels. Our HR team closely monitors any concerns and conducts an investigation with due process which may include disciplinary actions against employees with wrongful conduct, within the framework of local laws and practices, if necessary.

In 2019, there were no incidents and grievances of discrimination, child labour and forced labour reported in KLCCP Stapled Group.

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 comprising 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

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.



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. We source responsibly and apply rigorous systems to ensure our products meet or exceed the highest standards of quality and safety.

All contracts with our contractors, consultants and suppliers contain provisions requiring them to adhere to and comply with our CoBE. To ensure transparent and fair practices by vendors, the supplier's code of conduct include a provision in the contract terms and conditions on fighting corruption, maintaining business ethics and prioritising HSE 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' Code of Conduct
- Supplier Diversity and Local Procurement
- Supplier Audits
- Purchasing Policy and Scope
- Green Procurement

INITIATIVES FOR THE YEAR	DETAILS AND BENEFITS
Awareness Session on Procurement Procedure	<ul style="list-style-type: none"> • We conducted awareness sessions for new employees on: <ol style="list-style-type: none"> i. Introduction and overview of KLCC procurement governance and tender management ii. Enhancing the understanding on KLCC procurement scope and coverage and the roles of Tender and Procurement Department
Training on Understanding of the Procurement Process	<ul style="list-style-type: none"> • Introduction to Purchase Request Bid and Contract Document • Described key activities of Quotation Process rationale and implications of non-compliance to the process • Aimed at minimising errors and improving quality of work and time management
Contractor Risk Assessment (CORA)	<ul style="list-style-type: none"> • Conducted in line with PETRONAS' practice and to enhance the understanding on Contractor Risk Assessment overview and process • Helps us identify potential risk of non-performing contractor and adopt and implement risk management best practices by identifying, assessing, treating and monitoring risks as well as effectively responding to crisis
SAP Profile Verification (SPV) and Roles of End Users	<ul style="list-style-type: none"> • Educate, create awareness and enhance the understanding of the roles and responsibilities of end users

Food Safety and Quality

Guests are becoming more aware of safety and quality standards and have growing expectations on hotels' food safety and quality. We are conscious of our responsibility to maintain our guests' trust and ensure the highest product quality and food safety standards.

MOKL Hotel's Supply 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. 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 two years for "Low Risk". Suppliers are encouraged to obtain accreditation (HACCP – ISO 22000) and accredited suppliers are preferred and given "nominated supplier" status.

In 2019, 43% of MOKL Hotel's nominated suppliers have accreditation or certification in food safety requirement, improving from 2018 at 42%.

SOCIAL - RELIABLE PARTNER

The premises of the suppliers are audited based on food safety management, raw materials, structure and facilities, pest control, cleaning and housekeeping. There are a total of 54 local F&B suppliers out of which 38 are "High Risk" and 16 "Low Risk" which is scheduled to be audited. This year in MOKL Hotel, a total of 36 suppliers were audited.

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 services 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 and meet the evolving customer behaviour and expectations. We are also committed to exceeding guests' expectations, focusing on providing personalised service to them on a daily basis. We make effort to know our guests, anticipate what they want to provide them with the best experience throughout their stay at our hotel. As of 2019, we achieved a customer satisfaction score of 76% and hotel guest satisfaction score of 92% testament to our pursuit of continuously improving customer experience.

ASSET	INITIATIVES	DETAILS AND BENEFITS
PETRONAS Twin Towers Menara 3 PETRONAS	Annual "Tenants' Nite" held for tenants of PETRONAS Twin Towers, Menara 3 PETRONAS and Menara Dayabumi	<ul style="list-style-type: none"> 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	Luxury Men's Precinct	<ul style="list-style-type: none"> Launched the Luxury Men's Precinct in April 2019 The first of its kind in a shopping mall in the country and has increased the foot traffic and recorded double-digit sales growth post launch
	Reconfiguration of anchor-to-specialty	<ul style="list-style-type: none"> A strategic anchor-to-specialty reconfiguration exercise to broaden the retail offer and introduce a diverse mix of prominent local and international brands spanning a space of approximately 120,000 sq. ft. to house 80 specialty stores including fashion, F&B and cosmetics
	Escalator modernisation project which commenced in 2017 and will be completed in phases	<ul style="list-style-type: none"> Further enhancing safety of customers with higher balustrades and reliable safety features for the convenience of our shoppers Currently, work in progress for Ampang Mall escalators with Park Mall fully completed
	Proactive engagement with retailers	<ul style="list-style-type: none"> Quarterly engagements with retailers to help them deliver experiences that are complementary to Suria KLCC's overall strategy and retail space Create awareness amongst them to use the right marketing mix and skills of interacting with customers first-hand

SOCIAL - RELIABLE PARTNER

ASSET	INITIATIVES	DETAILS AND BENEFITS
MOKL Hotel	Fans of MO	<ul style="list-style-type: none"> Members of the programme receive an extensive range of complimentary privileges and personalised recognition, including Partner Benefits from global luxury brands and organisation In 2019, members can also choose to participate in a wide variety of selected hotel and partner experiences designed to further enhance their stay Only Fans of M.O. members have access to this exclusive range of both paid and complimentary experiences, which are updated every three months
	Refurbished Mandarin Grill	<ul style="list-style-type: none"> Newly renovated Mandarin Grill reopened in July 2019 serving a contemporary modern Italian cuisine
	Festive Selections	<ul style="list-style-type: none"> Lunar New Year – an exquisite selection of delicacies and sweet treats which were meticulously crafted by the culinary maestros Ramadan Iftar Banquet – offered a selection of specially curated Iftar menus to choose from and guests were spoilt for choices over favourite Ramadan dishes and desserts Mid-Autumn Festival – handcrafted mooncakes from award-winning Lai Po Heen which came with gift boxes designed by a local artist
	Digital Marketing Efforts	<ul style="list-style-type: none"> The marketing efforts enabled guests to identify our hotel's world class hospitality services and the effort delivered exceptional results with success in driving more bookings through the hotel's website
North West Development Car Park	Digital LED Signage	<ul style="list-style-type: none"> Implementation of additional digital LED signages between August and December 2019 to improve visual messaging to customers and make the car park livelier with the new technology of LED
	Introduction of ICONIK mobile Application	<ul style="list-style-type: none"> Created a mobile application known as ICONIK in mid-2019 which features online ticket payment system, availability of parking bays and information on parking sites including parking rates Provides another method of payment and elevate customer experience at KLCC ICONIK also enable users to use the mobile application to register and scan the barcode on the physical ticket which then allow users to pay for their parking using a credit/debit card, without having to use the auto pay machines

CORPORATE SOCIAL INVESTMENT

We recognise the importance in contributing towards the welfare of the community in which we operate 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, social integration and reaching out to the underprivileged community with a total investment of RM2.0 million in 2019.

SOCIAL - RELIABLE PARTNER

SOCIAL - RELIABLE PARTNER

PROGRAMME	DETAILS	IMPACT/RESULTS
<p>"Projek Apprentice" programme (2017-2019)</p> <ul style="list-style-type: none"> Student Training Placement within KLCC Group 	<ul style="list-style-type: none"> Focused on students majoring in engineering, facilities management and other related courses In 2019, eight 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"> Enhanced 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"> Gained exposure to the working environment in the industry Assisted them to understand and plan their career path
<p>Charity/Donation Drives/Fundraising/Community Service</p>	<p>Hospis Malaysia Event between 11 April to 13 April 2019</p>	<ul style="list-style-type: none"> In conjunction with Palliative Care Awareness Month, Hospis Malaysia initiated a palliative care awareness campaign featuring real-life stories of patients with life-limiting illnesses and highlighting the work of palliative care practitioners and the importance of placing the patient at the centre of care plan Suria KLCC supported the cause by providing venue for the event to take place at its Centre Court where the visibility of the event reached a wider audience support and exposure to create awareness and educate the public about palliative care It was an initiative aimed at raising funds through direct donation and at the same time creating awareness and seeking public support towards "palliative care" programme. Proceeds of RM21,300 were raised and channeled to the respective foundation
	<p>Dewan Orang Ramai and Surau Al Falah at Kampung Peragap, Temerloh, Pahang on 6 September 2019</p>	<ul style="list-style-type: none"> Participated by 50 KLCCUH employees Activities include general cleaning, grass weeding, cleaning of perimeter drain, window washing and carpet cleaning A total of RM12,450 was spent for this effort
	<p>Visit to Tahfiz at Maahad Tahfiz Syababul Furqan, Sungai Besar Kuala Selangor on 23 June 2019</p>	<ul style="list-style-type: none"> Cleaning and organising student dormitories and general cleaning of the school building A total of RM2,642 was spent for this effort
	<p>Projek Perpustakaan Mini YSS-KPKT 2019 at Projek Perumahan Rakyat (PPR) Lembah Subang II, Selangor on 20 and 24 August 2019</p>	<ul style="list-style-type: none"> Organised in collaboration with Yayasan Sukarelawan Siswa (YSS) under the Ministry of Education and supported by Dasar Komuniti Negara of Kementerian Perumahan Dan Kerajaan Tempatan (KPKT) Refurbishment and set up works for Perpustakaan Mini PPR Lembah Subang II: <ol style="list-style-type: none"> Donation and aids of basic necessities – painting, housekeeping, arrangement of interior setup Donation of books and encyclopedias A total of RM25,000 was spent for this effort



KLCCUH supported the setting up of a mini library at Projek Perumahan Rakyat (PPR) Lembah Subang, Selangor for the B40 group to provide free and conducive learning infrastructure for residents

PROGRAMME	DETAILS	IMPACT/RESULTS
<p>Festive celebrations with the underprivileged community</p>	<p>Suria KLCC Chinese New Year campaign between 19 January to 22 February 2019</p>	<ul style="list-style-type: none"> A collaboration with Hospis Malaysia to raise funds through sales of merchandise and direct donation from shoppers and visitors Shoppers were encouraged to support the cause by contributing RM15 and in return receive O'Briens sandwich voucher as a token of appreciation. There were also souvenirs give-away by Suria KLCC to commemorate the campaign A total of RM10,000 was successfully raised from this campaign
	<p>Suria KLCC Hari Raya campaign between 10 May to 10 June 2019</p>	<ul style="list-style-type: none"> Suria KLCC had pledged its support towards spreading some festive cheer through the 'Share The Care' fundraising effort The aim was to raise awareness amongst the public about Food Aid Foundation, the first NGO organisation dedicated to reduce food wastage and end hunger in Malaysia Shoppers were encouraged to support the cause by donating RM10 each A total of RM10,000 were raised and channeled to the Food Aid Foundation to purchase food items, finance emergency relief and support its operations to alleviate hunger and malnourishment in the country
	<p>Suria KLCC Christmas campaign between 22 November to 29 December 2019</p>	<ul style="list-style-type: none"> In conjunction with Christmas celebration, Suria KLCC brought joy and hope to the terminally-ill children by contributing cash donation to the Children's Wish Society (CWS) of Malaysia A cheque amounting to RM20,000 was presented to the CWS which significantly helped them fulfil the wish lists of the terminally-ill children which include iPads, tablets, smart phones, Lego sets, bicycles and many more The objective was to enhance public awareness on the importance of building a caring society as well as making a difference in the lives of these unfortunate children and bringing a smile to them

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

CORPORATE GOVERNANCE AND BUSINESS ETHICS

KLCCP Stapled Group implement 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. Our commitment in combatting corruption was recognised when KLCCP Stapled Group was ranked Second in the Malaysian Institute of Corporate Governance's (MICG) assessment of top 100 Public Listed Companies. This milestone achievement is a testament of our commitment in combatting corruption through strategic approaches such as conducting bribery risk assessments, implementing the recommended controls, training and communication on the Group's policies and procedures and establishing an effective monitoring and reporting system.

To further embed the culture of integrity among employees, new hires underwent training on CoBE and on the Anti-Bribery and Corruption. The CoBE and the ABC guidelines were also extended to our business partners, contractors as well as all third parties who have dealings with us or are representing us in business transactions.

INITIATIVES FOR THE YEAR	
Corporate Governance	<ul style="list-style-type: none"> Terms of Reference (TOR) of the respective NRCs were reviewed and endorsed by the NRCs, and subsequently approved by the Boards. This implementation is in line with the MCCG best practices, specific requirements of the MMLR, and the Companies Act 2016 KLCCP and KLCCRM adopted the policy to limit the tenure of Independent Non-Executive Directors up to nine years as recommended by the MCCG
Business Ethics and Transparency	<ul style="list-style-type: none"> Four awareness and refresher programme was conducted: <ul style="list-style-type: none"> Continuation of the awareness and refresher programme on the company's CoBE which also covered topics on anti-bribery and corruption. Held in March, May, August and September for all employees of the Group. Awareness on the Personal Data Protection Act (PDPA) was also conducted in conjunction with the CoBE programme 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 in areas such as accepting of gifts, having relatives within the PETRONAS Group or subsidiaries, taking up other employment or gainful activity, etc. During the year, 95% of total employees submitted the Declaration of Conflict of Interest
Anti-bribery and corruption	<ul style="list-style-type: none"> The Boards of KLCCP executed the Integrity Pledge in combatting bribery and corruption also approved for the Group to work towards attaining the ISO 37001: 2016 certification on Anti-Bribery Management System
Audit Committee and External Auditor	<ul style="list-style-type: none"> 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

 To read more, refer to our Corporate Governance Overview on pages 169 to 176 of the KLCCP Stapled Group Integrated Annual Report 2019 at www.klcc.com.my/investor-relations/annual_report.html


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 three key areas comprising Enterprise Risk Management, Crisis Management and Business Continuity Management.

INITIATIVES FOR THE YEAR	
Enterprise Risk Management	<ul style="list-style-type: none"> Reviewed the Risk Appetite to provide comprehensiveness to the current risk appetite statements in ensuring the financial and non-financial risk exposure and type of risk to be pursued or retained by KLCCP Group Stapled Group in achieving its strategic objectives are properly defined. The risk appetite statement, risk tolerances and risk threshold are reviewed and presented to the Risk Management Committee, Audit Committee and the KLCC Property Holdings Berhad and KLCC REIT Management Sdn Bhd Boards
Crisis Management	<ul style="list-style-type: none"> KLCCP Stapled Group 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 Briefing on Fire and Life Safety program, table top exercise, Emergency Response Plan (ERP) Awareness were conducted 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
Business Continuity Management	<ul style="list-style-type: none"> A Call Tree Verification exercise was conducted to ensure phone numbers and contact lists of relevant personnel and stakeholders are correct and preparedness of the critical business function staff during crisis
Risk Assessment in Decision Making (RADM)	<ul style="list-style-type: none"> 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 risk to provide a balanced view for informed decision making through richer risk conversation and considerations of risk reward trade off Risk assessment is carried out prior any decision point using the risk assessment guideline which is aligned to ISO 31000 Three phases in conducting risk assessment include the planning, assessment, monitoring and review

 To read more, refer to our Statement on Risk Management and Internal Control on pages 187 to 191 of the KLCCP Stapled Group Integrated Annual Report 2019 at www.klcc.com.my/investor-relations/annual_report.html

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
Bribery ▶ To mitigate poor enforcement	<ul style="list-style-type: none"> Conducted background screening on new recruits and employees on need basis Conducted CoBE upskilling and Whistleblowing Policy awareness programme for all employees in September Briefing on CoBE was conducted for vendors and contractors during tender process
Non-Compliance ▶ To mitigate weak internal control	<ul style="list-style-type: none"> Inclusion of owner's representative in the Variation Order (VO) Committee for all projects Reviewed and tightened procurement, certification of work done, QA/QC and payment procedures Tender and Procurement Department and PETRONAS ICT engaged 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
Abuse of Power ▶ To mitigate acceptance culture	<ul style="list-style-type: none"> Declaration of Assets was rolled out to new employees

SUSTAINABILITY PERFORMANCE DATA

SUSTAINABILITY PERFORMANCE DATA

ECONOMIC

	2019	2018	2017	2016	2015
Dividend (RM'mil)	686.0	668.0	652.6	643.3	625.5
Taxes (RM'mil)	102.9	104.5	104.0	103.2	108.5
Revenue (RM'bil)	1.42	1.41	1.37	1.34	1.34
Infrastructure Maintenance (RM'000)	1,575,000	1,647,000	716,000	1,238,000	-

ENVIRONMENTAL

	2019	2018	2017	2016	2015
Energy Consumption (kWh) ('000)					
Office and Car Park	74,697	88,044	82,900	95,426	99,656
Retail	9,400	14,293	14,851	15,791	15,412
Hotel	9,949	13,621	14,141	13,541	13,830
Total Energy Used	94,046	115,958	111,892	124,758	128,898
Energy Intensity (kWh/m²)					
PETRONAS Twin Towers (Tower 1)	124	130	-	-	-
PETRONAS Twin Towers (Tower 2)	147	143	-	-	-
Menara 3 PETRONAS	99	148	-	-	-
Menara Dayabumi	119	143	-	-	-
Menara ExxonMobil	264	265	-	-	-
Suria KLCC	199	196	-	-	-
MOKL Hotel	147	151	-	-	-
GHG Emission (mtCO_{2e})					
Scope 1					
Office and Car Park	4.45	4.66	9.63	5.47	5.47
Retail	1,692	1,635	1,573	1,540	1,540
Hotel	2,142	1,192	1,913	1,925	1,946
Total Scope 1 Emissions	3,838	2,832	3,496	3,471	3,491
Scope 2					
Office and Car Park	67,610	82,667	87,078	90,214	90,138
Retail	21,239	27,141	27,462	33,103	32,819
Hotel	16,086	16,583	18,003	17,511	17,330
Total Scope 2 Emissions	104,935	126,391	132,543	140,828	140,287
Energy Generated from Solar (kWh)					
Retail	511,695	512,257	510,000	553,093	591,216
Water Used (m³)					
Office and Car Park	624,503	589,491	591,444	646,355	681,605
Retail	405,000	497,347	569,490	607,715	627,125
Hotel	154,948	154,530	169,103	181,678	191,796
Total Water Used	1,184,451	1,241,368	1,330,037	1,435,748	1,500,526

Note: The change in 2018 data was due to the standardisation of calculation method

	2019	2018	2017	2016	2015
Waste Management					
Hazardous Waste Generated (metric tonnes)					
Office and Car Park	3.449	9.88	9.133	2.173	4.640
Hotel	2.220	0.50	0.746	0.903	0.903
Retail	0.937	0.755	0.920	-	-
Hazardous Waste Disposed (metric tonnes)					
Office and Car Park	2.860	9.88	10.284	1.750	4.122
Hotel	2.219	0.50	0.970	0.903	0.903
Retail	0.557	0.970	0.920	-	-
Waste Intensity (kg per room)					
Hotel	1.30	2.35	3.80	4.70	4.08
Waste Diversion (%)					
Hotel	63.00	25.76	23.13	22.39	17.06
Waste recycled (tonne)					
Retail	4,227	4,232	3,819	299,700	-

SOCIAL

	2019	2018	2017	2016	2015
Our People					
Workforce by age group					
Below 30	353	362	358	337	349
30 - 39	346	343	363	353	376
40 - 49	273	281	280	266	271
50 - 59	155	136	131	126	113
60 above	3	4	7	6	5
Total workforce	1,130	1,126	1,139	1,088	1,114
Workforce by gender					
Male	707	699	700	684	692
Female	423	427	439	404	422
Employee Position & Gender Profile					
Top Management: Male	11	12	20	27	7
Female	2	2	6	18	4
Senior Management: Male	153	151	151	151	93
Female	121	122	115	124	78
Other Levels: Male	543	536	529	506	592
Female	300	303	318	262	340
Workforce by ethnicity					
Malay	821	822	797	750	794
Chinese	170	169	185	182	191
Indian	72	68	86	81	88
Others	67	67	71	75	41

SUSTAINABILITY PERFORMANCE DATA

SOCIAL

Health and Safety	2019	2018	2017	2016	2015
Number of fatalities	0	0	0	0	0
Loss Time Injury (LTI) Incidents	7	5	9	4	8
Loss Time Injury Frequency (LTIF)	0.78	0.47	1.19	0.46	0.23
Loss of Primary Containment (LOPC)	0	0	0	0	0
Potential Incident/Near Miss (PI/NM)	1,805	2,245	528	21	2,643

SUSTAINABILITY BENCHMARKS, CERTIFICATIONS AND AWARDS

Sustainability Benchmarks	2019	2018	2017	2016	2015	2014
FTSE4Good Bursa Malaysia Index	Excluded	Constituent until December 2018				
FTSE4Good Emerging Index	Excluded	Listed since 2016				

Sustainability Certifications	2019	2018	2017	2016	2015	2014
KLCC Urusharta Sdn Bhd						
Green Building Index PETRONAS Twin Towers	Final GBI Gold Rating					
Menara 3 PETRONAS	Final GBI Silver Rating					
ISO 18788:2015 Private Security Operations Management System certified by SIRIM	Achieved in 2019 (recertification in 2022)					
ISO 14001:2015 (Environmental Management System)	Achieved since 2014 (latest recertification in 2019. Valid until 22 July 2020)					
ISO 9001:2015 (Quality Management System)	Achieved since 2002 (latest recertification in 2019. Valid until 4 April 2020)					
OHSAS 18001:2007 (Occupational Health and Safety Management System)	Achieved since 2014 (latest recertification in 2019. Valid until 28 July 2020)					
Mandarin Oriental, Kuala Lumpur						
ISO 14001:2015 (Environmental Management System)	Achieved since 2003 (latest recertification in 2018. Valid until 31 October 2021)					
ISO 22000:2005 (Food Safety Management Systems)	Achieved since 2008 (latest recertification in 2018. Valid until 19 June 2021)					
OHSAS 18001:2007 (Occupational Health and Safety Management Systems)	Achieved since 2003 (latest recertification in 2018. Valid until 11 March 2021)					
KLCC Parking Management Sdn Bhd						
ISO 14001:2015 (Environmental Management System)	Achieved since 2016 (latest recertification in 2018. Valid until 31 August 2020)					
ISO 9001:2015 (Quality Management System)	Achieved since 2016 (Valid until 24 August 2022)					
ISO 45001:2018 (Occupational Health and Safety Management System)	Achieved since 2016 (latest recertification in 2018. Valid until 3 October 2022)					

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