

**OUR PEOPLE ARE OUR CORE STRENGTH AND OUR ORGANISATION'S SUCCESS HIGHLY DEPENDS ON THEIR CAPABILITIES AND COMMITMENT. OUR EMPLOYEES STAND GUIDED BY A STRICT COMPLIANCE TO CoBE WITHOUT ANY COMPROMISE TO THE ORGANISATION'S INTEGRITY**

**OUR PEOPLE**

**3** GOOD HEALTH AND WELL-BEING

**5** GENDER EQUALITY

**8** DECENT WORK AND ECONOMIC GROWTH

**Material Sustainable Matters**

- Our People
- Human Rights & Labour Practices

At KLCCP Stapled Group, we embrace the Cultural Beliefs which unleash potential in our employees to deliver excellent results while creating better day-to-day experiences.

**Context**

Every company aspires to promote greater inclusiveness and retain best talent, develop and nurture a highly engaged and capable workforce to form an efficient organisation. As part of the Government's initiatives under the Economic Transformation Plan (ETP), 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. Under the plan, our country has also taken proactive steps in attracting and nurturing the millennials who are motivated to take ownership of their work and empowered by the 'work hard, play hard' culture, and demand quick career progression.

## OUR PEOPLE

Acknowledging this, we elevate the robustness of our workforce to deliver superior performance against these challenges in the pursuit of continued sustainability of our organisation and making our workforce the capital driver for success.

### Our Approach

At KLCCP Stapled Group, our key focus for employees is to build the most diverse and inclusive workplace with appropriate capability development efforts and fair employment practices for our people to make better and informed decisions for superior business performance against the challenges in the real estate and property sector. 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.

### EQUALITY, DIVERSITY AND INCLUSION

We view equality, diversity and inclusion within our workplace as a 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. We value the diversity of our employees and treat all with respect and dignity and provide equal opportunities for employees to contribute to the organisation based on their expertise, experience and talent. As at 31 December 2017, KLCCP Stapled Group has a total of 1,139 employees.

### Type of Employment

Close to 91% of our workforce constitute permanent employees. This demonstrates KLCCP Stapled Group's commitment to provide opportunities and nurture local talent by promoting talent retention within the organisation and ensuring that employees make the best of our organisation.



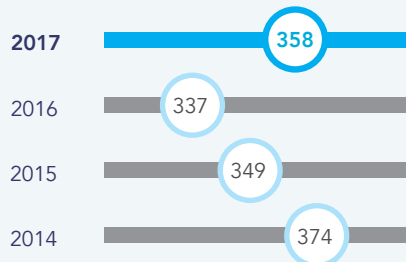
**i** Divisional Away Day brought employees together in fostering stronger teamwork

OUR PEOPLE

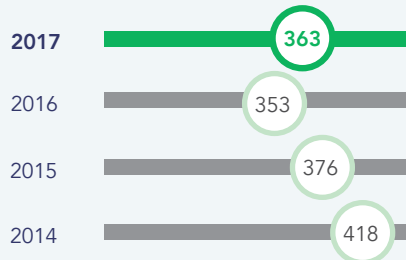
**Age Profile**

We have a diversified workforce across all age-groups. In 2017, about 31% fall below the age group of 30 while about 69% range from 30-60 years old.

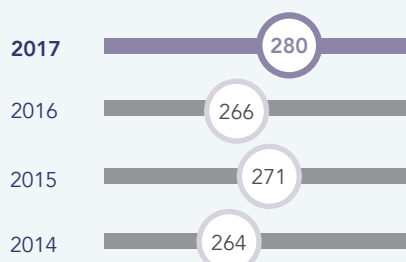
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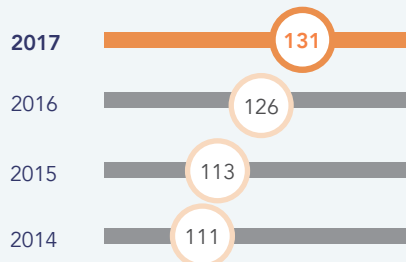
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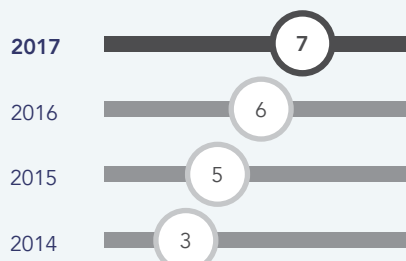
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**50 – 59**

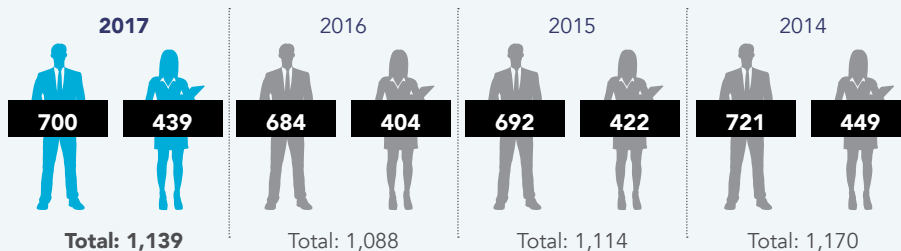


**60 above**



**Gender Diversity**

KLCCP Stapled Group is committed to provide equal employment opportunities and practices merit-based promotion regardless of gender. Out of all our employees, 61% are male while 39% are female. The share of women employees has grown about 9% in 2017 compared to 2016. For managerial position and above, male account for 59% with female at 41%.



**Top Management**



**Senior & Mid Management**

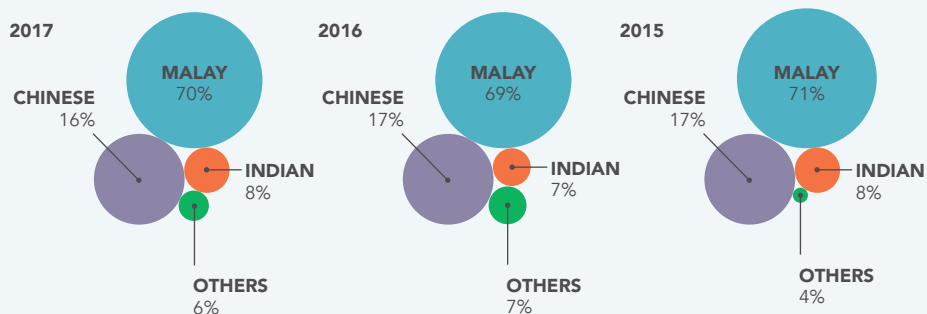


**Other Levels**



**Ethnicity and Disability Inclusion**

KLCCP Stapled Group embraces an inclusive workplace practices by having a diverse racial workforce. Our workforce is inclusive of the three major races in the country with the remaining being the natives of Sabah and Sarawak, East Malaysia. We also provide fair employment opportunities for the disabled. As at 2017, we have two employees who collectively have been with the organisation for 29 years.



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1 The KLCC Group Townhall provides a platform for employees to engage with the Management Leadership Team

SKILLS & CAPABILITY DEVELOPMENT

Workforce Training and Investment

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 training and development strategy is results driven in order to meet the needs of the business. We are focused on developing talent with the right competencies, knowledge and leadership skills at all levels. We groom and grow our internal talents by setting high standards of expectations and encourage employees to take personal ownership of their career that is 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 our efforts of enhancing the functional and technical competencies of employees, in 2015, we embarked on the development of Skill Group (SKG) competencies to assess the baseline competency levels of employees. In 2016, the SKG competencies for the Finance fraternity was completed whereby employees underwent an assessment to identify gaps for closure. The effort is continued this year with the SKG assessment for the Legal and Corporate Services and the Human Resource fraternity.

In 2017, KLCCP Stapled Group continued its leadership development programmes in order to help prepare its new and existing leaders for successful performance in future roles. The programmes bring together leaders across the entire organisation in a learning context where they are faced with business and leadership concepts, allowing them to position themselves and get better equipped for current and future leadership roles. For the executive levels, the programmes are intended towards the fundamentals of leadership in order to prepare themselves into future leadership roles whereas for managerial levels and above, the programme is tailored towards

enhancing the effectiveness of their current leadership roles. In 2017, 131 employees were given the opportunity to attend various leadership programmes – Leap Strategic Excellence, Maximising Your Leadership Values, Coaching for Action and Women in Leadership to name a few.

During the year, the Human Resource division introduced the “brown bag” learning series sessions where the learning is facilitated during the lunch hour to ensure time is well spent. This voluntary learning session encourages employees to attend as it is organised at the workplace, making it hassle-free and non-disruptive to other work engagements. In relation to the Group’s effort of supporting the Government’s initiative in providing employment opportunity for young graduates in the country, KLCCP Stapled Group participated in the *Skim Latihan 1 Malaysia* (SL1M) whereby candidates were interviewed in December 2017 for the 2018 intake. A total of 20 SL1M trainees are expected to join various business units within our organisation in the coming year.

In MOKL Hotel, the approach to learning and development also emphasises on continuous and experiential learning over traditional classroom methods. Training for competency rather than hours of training continues to be their option to ensure success. Their training is personalised rather than a ‘one-size-fits-all’ approach and focuses on the skills and abilities needed for each position. On-the-job



2 Sporting activities held annually to promote work-life balance for employees



↑ Employees participated in a cooking class organised by MOKL Hotel

training and Group Training Techniques are the programmes developed for our hotel employees to enhance the department's trainer skills in order for them to conduct training according to the hotel standards. Trainings conducted are divided into two categories – Generic Quality Trainings and Fire Life, Health, Safety, Security and Environment trainings. The hotel also undergoes training with the Malaysian Employers Federation that covers the entire spectrum of Industrial Relations, Human Resources Management and Development and Occupational Safety & Health (OSH).

Our retail employees continued their Competency Based Learning Curriculum with a focus on Customer Experience Excellence for Concierge and Front Liners, English programmes for Front Liners, Objective Setting and Planning, Standard Operating Procedures Drafting Guide, Procurement Optimisation workshops and Specialised Trainings for competent handling of Photovoltaic Solar Panel.

For KLCCP Stapled Group, the high performance culture remains a big agenda as it is merit-based where top performers are rewarded for their contributions whilst poor performers will be required to undergo a performance improvement plan to give them an opportunity to improve and get back on track.

In 2017, we invested RM2.1 million on learning and development which saw 96% of employees undergoing training programmes that were planned for the year with an average of 31 hours per employee. This saw a total of close to 900 man-days for a total of 500 training programmes provided by the Group.

### Student Internship Programme

KLCCP Stapled Group also partners with local tertiary education institutions to offer student internship opportunities for students interested in the real estate sector. In 2017, there were 15 interns assigned to various departments within the organisation.

At MOKL Hotel, a structured 6-month global internship programme for key operational departments is available in line with the hotel school internship schedule. Successful interns will be given an opportunity to apply for the Management Development Programs upon their graduation. During the year, five students who have shown outstanding performance during the internship training were absorbed into employment at the hotel.

### TALENT MANAGEMENT

Dynamic, talented and dedicated employees play a crucial role in our organisation's long-term success. KLCCP Stapled Group continues to retain experienced and skilled employees for long-term and aspires to attract highly qualified and motivated new generation professionals as it is becoming more and more difficult to attract and retain talented young employees. We see the recruitment, promotion and retention of young talents as a key strategic task. This requires flexible talent management that meets the current challenges of the labour market and transparent career opportunities. We have in place a Talent Strategy Blueprint detailing the strategies on attracting, retaining and developing talents, spanning a 5-year horizon. The blueprint outlines the HR roadmap and milestones focusing on three strategic thrusts – getting the right talents, putting them in the right environment and building credible leaders.

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KLCCP Stapled Group identifies talent from within the organisation as well as externally. In 2017, our Human Resource Division participated in two career fairs – Mega Career and Study Fair and Malaysia’s 100 Career Fair 2017 to attract potential candidates to be part of the Group. Our talent management programmes covers all stages from entry-level talent development programmes to top-tier executive programmes which are varied year-on-year to remain relevant to the changing needs of our employees and business while being impactful and meaningful.

We recognise that a systematic approach is necessary in ensuring leadership continuity. Hence, we constantly strengthen our performance management system, engaging our high-performing employees to set stretched key performance indicators and assume bigger roles and responsibilities. Career development planning based on employees’ development needs and the input of their superiors are also important for us to build our pool of future leaders. Our Human Resource Planning and Development Committee (HRPDC) also 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 2017, KLCCP Stapled Group identified 8 critical positions with 18 successors to fill the next leadership roles within the organisation. The succession management ratio for the Group as at 31 December 2017 stands at a ratio of 1 to 2.3. KLCCP Stapled Group was also recognised in Malaysia’s 100 Leading Graduate Employers, the most popular employers to work for, voted by Malaysian students and fresh graduates.

Performance Appraisals

As KLCCP Stapled Group is committed to meritocracy, our rewards and compensation policies emphasise on employees’ performance, taking into account the challenges faced and efforts put in. Our employees’ performance management was reviewed periodically and incorporated into a well-structured appraisal system through the Online Employee Management System (EMS) which covers all levels of employees. The EMS comprises of 3 stages – goal setting, periodic review and year-end review. Following the year-end review, a challenge session at division level with the Heads of Department and Heads of Division ensues, followed by a challenge session at organisation level prior to the final round of challenge at the HRPDC. In 2017, 100% of our employees completed their performance appraisals via the EMS.

Our hotel performance appraisal system for the Management team supports the Mandarin Oriental Hotel Group (MOHG) Performance Management process, called “PROFILE”. The annual performance and succession planning reviews were completed at all levels of the organisation and feedback were given to ensure that employees are aware of their potential career progress.

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📌 The KLCC Group’s Long Service Award recognised the long-serving employees, their commitment and loyalty to the Group

## WORKFORCE ENGAGEMENT

Our employees play pivotal roles in advancing our business towards sustainable growth with the unique and valuable skill sets that they bring. To that end, we consistently engage our employees and empower our Management to interact transparently with their teams. Close employee relation is critical in maintaining employee motivation while fulfilling their needs. KLCCP Stapled Group engage with its employees in a myriad of ways – informal interaction through occasional activities such as birthday celebrations get together, or a more formal annual retreat, annual dinner or open days. We constantly come up with new initiatives to foster valuable relationships with our people.

Our engagements focuses on employees' well-being, performances, results and outlooks, and recognition. During the year, we continued our proactive engagement with our workforce through various avenues for effective flow of information and alignment to business goals and strategies across our operations.

In 2017, 84% of employees participated in the Employee Feedback Questionnaire (EFQ) achieving a satisfaction score of 85%, an improvement of 5% from 2016. As at year end, the attrition rate for KLCCP Stapled Group stood at 6.7% compared to the property and development industry average of 11%.

### Key Initiatives for the Year

<b>Recognition of employees' loyalty and contribution to organisation</b>	<ul style="list-style-type: none"> <li>• Long Service Awards – provision of additional reward for retirees and service for 10-35 years</li> <li>• Laureate Awards and Annual Dinner</li> </ul>
<b>Promote camaraderie, teamwork and cohesiveness</b>	<ul style="list-style-type: none"> <li>• CEO Townhall</li> <li>• HR Open Day</li> <li>• CoBE Week</li> </ul>
<b>Encourage stronger interpersonal networks and improved communication</b>	<ul style="list-style-type: none"> <li>• HR Roadshow</li> <li>• A Coffee Date with HR</li> <li>• Leadership Development Workshop &amp; Teambuilding</li> <li>• Cultural Exchange Ambassador</li> <li>• Induction for new employees</li> <li>• Round Table Conference</li> <li>• Employees Briefing</li> <li>• Management Retreat</li> <li>• Divisional Away Day</li> <li>• Social &amp; Recreational Day</li> <li>• Health Talks</li> </ul>
<b>Employees' feedback on organisational culture</b>	<ul style="list-style-type: none"> <li>• Peer Review Survey</li> <li>• Online Employee Engagement Survey</li> <li>• PETRONAS Organisation Climate Survey (POCS)</li> </ul>
<b>Promote work-life balance</b>	<ul style="list-style-type: none"> <li>• Talent competition</li> <li>• Cooking Class for hotel employees</li> <li>• Sports and Games</li> </ul>

### Enhancing Service Delivery to Employees

In an effort of improving service delivery to employees, our Human Resource Division embraced digitalisation by continuing its efforts to relook at its current processes for automation. The journey started in 2012 via the outsourcing of its administrative and transactional activities through a shared services company, PETRONAS Human Resource Centralised Services ("PETRONAS HRCS"). In 2017, our HR Division embarked on several digitalisation initiatives namely the eRecruitment system and the eLearning modules which promote self-learning and learning on-the-go. The year also saw the revamp of the intranet portal which serves as a communication and engagement platform between employees and Management with interactive features to align to current trends.

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### KLCC Young Professional Executive Club (YPEXC)

Nurturing young talents is an agenda of KLCCP Stapled Group as our young professionals constitute 27% of the workforce. In developing our future leaders, we provide an avenue for them to unlock their potential and leadership capabilities. Young Professional Executive Club (YPEXC) is a platform for the young executives to elevate their talent and focus on promoting KLCC values, work-life balance and breakthrough performance culture.

#### Key Initiatives for the Year

<b>YPEXC Clan Jumpa</b>	<ul style="list-style-type: none"> <li>• Address concerns and issues on YPEXC activities and its members</li> <li>• Encourage camaraderie among members and strengthen YPEXC community ties</li> </ul>
<b>YPEXC Away Day</b>	<ul style="list-style-type: none"> <li>• Held at the Avillion Port Dickson between 7-8 April 2017</li> <li>• Enabled members to interact in a different setting and to spur creative thinking to improve personal and professional skills</li> </ul>
<b>Help the Homeless</b>	<ul style="list-style-type: none"> <li>• During the month of Ramadhan, 60 YPEXC members in collaboration with Traders Hotel Kuala Lumpur contributed blankets and pillows to the homeless in the city</li> <li>• Donated mats, clothes, toys, bags and food</li> <li>• Collaborated with Prince Court Medical Centre (PCMC) and provided free glucose and blood pressure checkup and medical advice</li> <li>• Efforts in engaging with and giving back to society</li> </ul>
<b>Sampul Raya</b>	<ul style="list-style-type: none"> <li>• Distributed a total of 1,200 <i>sampul raya</i> to the employees of KLCC Group, in the month of Ramadhan for the <i>Hari Raya</i> Festive season</li> </ul>
<b>Bubur Lambuk Distribution</b>	<ul style="list-style-type: none"> <li>• A total of 1,200 packed <i>Bubur Lambuk</i> were distributed to KLCC Group's of employees in an effort to foster effective teamwork as well as promoting the presence of YPEXC</li> </ul>
<b>Property Games &amp; Wellness Carnival 2017</b>	<ul style="list-style-type: none"> <li>• Collaborated with the HR Division and KLCC Sports and Recreational Club (KSRC) to organise several activities for KLCC Group of employees and their children</li> <li>• Activities held were 3km Fun-Run and 400metre Sprint, Petanque and Tug of War, <i>Sukan Rakyat</i>, Wellness Challenge and kids event such as face painting, colouring competition, sand art and bouncy castle</li> <li>• This event achieved its objective of promoting healthy lifestyle amongst our employees and families</li> </ul>
<b>HR Open Day</b>	<ul style="list-style-type: none"> <li>• Collaborated with HR Division in organising activities during the CoBE Week to alleviate the understanding of CoBE among employees</li> <li>• Activities organised were "CoBE Mannequin Challenge" and "Keva Plank Challenge" which fostered teamwork and improving teamwork performance</li> </ul>

#### Employee Wellness

The ability to provide a healthy life that includes work-life balance is a vital part of our commitment to our employees. We believe that investing in employees' health and well-being benefits both the employees and organisation. Healthy employees show better productivity, improved morale, positive contribution to work environment, and drive down overall healthcare costs. We are committed to creating a healthy workplace that encourages our employees to stay healthy and engage in a wide range of health programmes and initiatives.

#### Workforce Health

KLCCP Stapled Group acknowledges the importance of its employees' well-being and encourage all its employees to live a healthy lifestyle by providing entry passes to the Twin Towers Fitness Centre (TTFC) which includes gym facilities, squash and badminton courts and studios for group fitness classes and sports activities. Our Group also registered itself with the Malaysia's Healthiest Workplace Survey conducted by AIA Malaysia and RAND Europe, a leading research organisation with counsel from an Advisory Board. This is the first survey in Asia and Malaysia that examines employees' health as well as workplace health strategies and initiatives. Employees were required to complete the Employee Health Survey online and upon completion they received a personal health report covering topics on Body Mass Index (BMI), cholesterol, glucose, blood pressure, physical activities, nutrition, mental well-being and age vitality.



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Our HR division also encouraged all employees to attend the various Health Talks and Medical Helpdesk held during the year e.g. Nutrition and Your DNA Talk in order to promote knowledge sharing, gain better understanding of our current state of health and maintaining a healthier and productive workplace. During the year, our hotel participated in the Blood Donation Campaign held in collaboration with the National Blood Bank and also organised MOHG Global Employees' Wellness Week with programmes on health talks, grooming classes, wellness class, sports and social activities as well as healthy food offerings.

### Sports and Recreational Activities

Employees of KLCCP Stapled Group are also encouraged to participate in sports, recreational and social activities held annually. During the year, KLCC Group organised a Property Games and Wellness Carnival for the employees as part of the efforts in promoting wellness and sports development. This was also complimented with a fitness programme called Fit4Life 2.0 which aims to provide an avenue for all employees to participate in physical exercise activities after working hours. This programme is conducted by professional trainers and is a highly effective programme for those who aim to get an ideal weight with an appropriate diet plan and physical exercise.

MOKL Hotel has its own in-house committee to organise social and recreational activities for their employees. Activities are carried out almost every month and this includes invitations to participate in external activities organised by external hotels and other organisations. Regular activities organised by the team are

volleyball, takraw, football, futsal, fishing, table tennis, snooker, paintball, bowling, badminton and KARAOKE challenge. Some of their external activities participated are Inter-Hotel Bowling Tournament by Melia Hotel & Malaysian Association of Hotels (MAH), Inter-Hotel British Pool Championship by St Giles Premier Hotel & MAH, PETRONAS Sports Carnival and Inter-Hotel Football/Futsal/Veteran Football. Our retail employees organise quarterly get-togethers, jogs in the KLCC Park, movie outings and bowling to encourage bonding and understanding between managers and their teams.

### HUMAN RIGHTS AND LABOUR PRACTICES

A strong commitment to human rights is an integral part of KLCCP Stapled Group's business etiquette. We also demonstrate responsible workplace practices with respect to employment and fully comply with the legislations on the welfare and rights of our employees and workers as well as our service providers at our project sites. In 2017, there were no incidents and grievances of discrimination, child labour and forced labour reported in KLCCP Stapled Group.

### RESPONSIBLE EMPLOYMENT PRACTICES

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



↑ Outdoor activities that promote camaraderie among employees of the Group

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responsible employment practices. We also benchmarked against the property development and management industry wherein the Group's policy is above the 50th percentile of the property development and management industry. As part of the PETRONAS Group, we keep abreast with the compliance or adoption of policies in PETRONAS through quarterly meetings with the PETRONAS Group Human Resource Management in order to align ourselves with our parent company whilst taking into account the relevance of the industry KLCCP Stapled Group is operating in. We also focus on the areas of leadership and talent management where best practices from PETRONAS are shared and implemented in KLCCP Stapled Group.

During the year, we participated in the quarterly Property and Construction Industry Networking HR Meeting to benchmark against industry best practices in the areas of remuneration and benefits. For the same purpose, we also participated in the annual Korn Ferry Hay Group's Market Remuneration Survey and Willis Towers Watson Remuneration Survey to benchmark ourselves within and other industries. Our remuneration packages comply with Malaysia's Minimum Wage regulation while the overtime compensation, working hours and fatigue management are in accordance with the Employment Act. Our benefits typically exceed the requirements stipulated within the Employment Act. 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 review conducted annually. This is to ensure our competitiveness in attracting talent for sustained growth.

In an effort to foster responsible employment practices whilst enhancing employee welfare and catering to the growing needs of our people, KLCCP Stapled Group during the year has enhanced several benefits by extending flexible optical or dental benefits for employees as well as their dependents, increasing maternity leave to three months, and introduction of half day leave. Our Group also provides flexible work arrangements (FWA) for employees with special family needs to manage their personal and work commitments more effectively giving a well-balanced lifestyle.

Our HR Division had also introduced a "HR Dashboard" to highlight to the respective heads of business units in respect to their division employees' statistics in terms of gender composition, manpower costs, attrition rate and disciplinary issues. This information helps the superiors to make necessary analysis on fair contribution of employees in terms of gender, manpower cost, acceptable attrition rate and disciplinary acts. This ensures the respective heads make better business decisions on human capital.

### Anti-Child and Anti-Forced Labour

In Malaysia, risks and incidents of child and forced labour is mitigated through various legislations, for example the Employment Act 1955 (ACT 265), Minimum Retirement Age Act 2012 (ACT 753), Occupational Safety and Health Act 1994 (ACT 514), Factories and Machinery Act 1967 (ACT 139), Merchant Shipping Ordinance 1952, and the Children And Young Persons (Employment) Act 1966 (ACT 350). The Children And Young Persons (Employment) Act 1966 prohibits employment of children below 18 years of age. The legislations has a clear set of laws for the employment of children below 15 years and between 15 and 18 years old, including their number of working days, working hours and type of work to be engaged in. KLCCP Stapled Group ensures that all employees are issued employment contracts specifying clear employment terms and conditions.

### Respect for Freedom of Association

KLCCP Stapled Group respects all employees' fundamentals rights to freedom of association and the rights to be members of trade unions. Although KLCC Stapled Group is not a unionised organisation, we stand guided by the Industrial Relations Act which allows trade unions to act on behalf of employees for collective bargaining, providing them with an additional avenue to seek redress for disputes.

### Grievance Mechanism

We aim to address any grievance or complaints amongst employees or third party fairly and effectively. The grievance mechanism that we have in place enables employees to raise issues such as dissatisfaction regarding conditions of employment, relationship with colleagues or supervisor, or discrimination. In our efforts to establish fairness in the workplace, our employees can voice their grievances through multiple communication channels such as submission of official grievance form or even through face to face conversation with HR representative. When a grievance report is filed, our HR team will closely monitor any concerns and conduct an investigation with due process which may include disciplinary actions within the framework of local laws and practices, if necessary.