



PEACE

Responsible Governance

► **CORPORATE GOVERNANCE**
[GRI 2-9, 2-25, 2-26, 405-1]

WHY IT IS IMPORTANT

Corporate governance is crucial in shaping the trajectory of a company. Through well-structured corporate governance frameworks, companies are able to ensure that policies and procedures are adhered to across the entire value chain, protecting the organisation's financial and non-financial well-being while protecting stakeholders' interests and contributing positively to sustainability. A critical component of corporate governance is the identification and proactive management of risks that could impact the company's ability to achieve its strategies. Meanwhile, transparent communication of these strategies fosters stakeholder trust and confidence, essential for the Group's sustained growth.

OUR APPROACH

Risk and Crisis Management

An effective and sound risk management system is important to achieve our business strategies and objectives, hence is integral to KLCCP Stapled Group's business. We leverage the KLCC Group Enterprise Risk Management (ERM) Framework which sets out our risk policy, risk governance and structure, risk measurement, risk operations and system. The ERM Framework ensures the Group's strategic and operational activities are within strategic mandates, risk appetites and corporate objectives.

KLCC Stapled Group is committed to providing a reasonable level of confidence that risks and their associated controls are adequately, effectively and safely managed through a comprehensive assurance programme.

To support the above, there is an established Risk Management Oversight Structure encompassing the Boards, Board Risk Committees (BRC), and the Risk Management Committee (RMC). This structure assigns responsibility for risk management whilst facilitating the assessment and communication of risk-related matters from the operational levels to the Boards. The KLCCP and KLCCRM Boards have developed the KLCC Resiliency Model which covers:



Enterprise Risk Management



Crisis Management

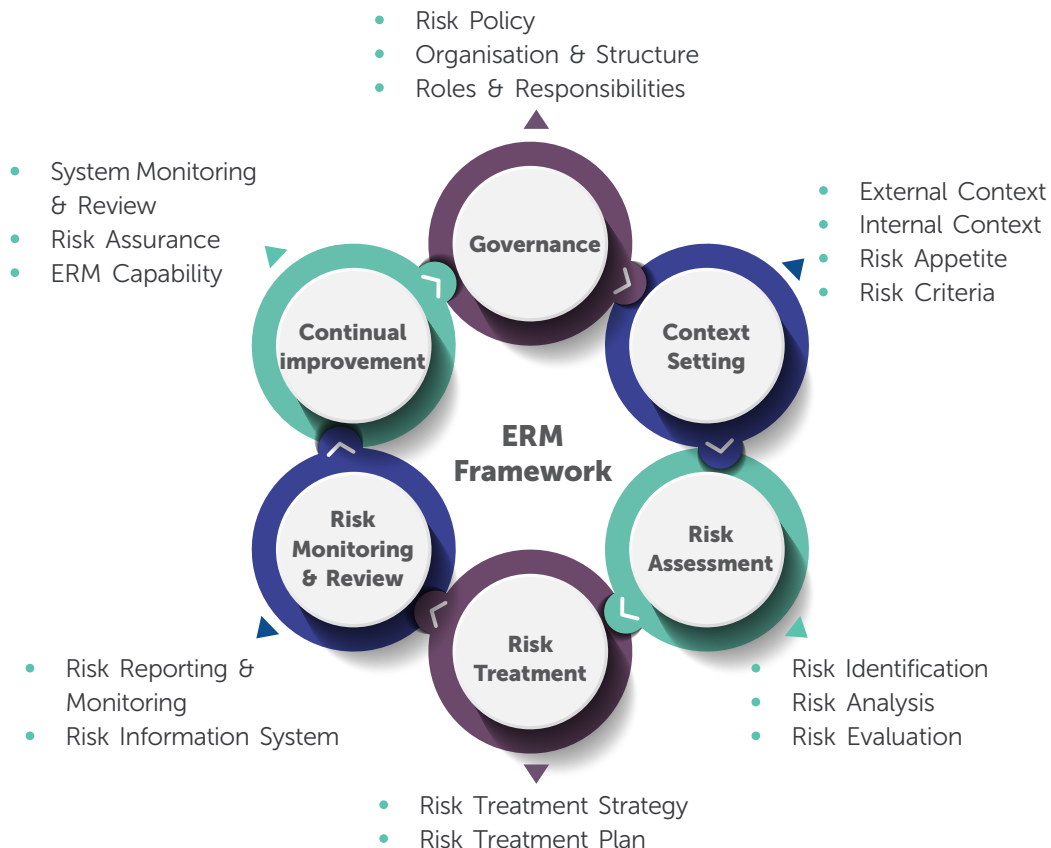


Business Continuity Management

Enterprise Risk Management

The ERM Framework is a structured and holistic approach to identify, assess, treat and monitor risks thereby reduce the likelihood and impact of identified risks while enhancing the Group's ability to achieve our strategic objectives. Aligned with the ISO31000 standard, the Framework manages risks in an integrated, systematic and consistent manner, anchoring on the key elements of Governance, Context Setting, Risk Assessment, Risk Treatment, Risk Monitoring & Review and Continual Improvement.

Elements of the ERM Framework



2023 in Focus [GRI 2-4, 3-3]

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Activities	Description
Annual review of Risk Appetite	<ul style="list-style-type: none"> Our Governance, Risk and Assurance (GRA) Department reviewed the Group's risk appetite to ensure our financial and non-financial risk exposure and tolerance to achieve our strategic objectives are properly defined and reflective of internal and external changes. The updated risk appetite statement, risk tolerance and risk threshold were presented to the Risk Management Committee, Board Risk Committee and the Boards of KLCCP and KLCCRM. <p>The risk appetite covers five main areas:</p> <ul style="list-style-type: none"> Strategic Risk Measures the variability in investment returns and capital efficiency that the Group is willing to take in ensuring we achieve our business objectives. Financial Risk Measures the Group's capital, profitability and liquidity position in pursuing our business objectives. Operational Risk Measures direct and indirect loss resulting from inadequate or failed internal processes, people and systems or from external events which affect the achievement of our business objectives. Reputational Risk Measures the risk of failure to meet stakeholder expectations because of events, behaviours, actions or inactions that create a negative perception of the Group. Legal and Regulatory Compliance Risk Measures the risk of non-compliance with prevailing laws and regulations governing the business.
Annual review of Risk Profile	<ul style="list-style-type: none"> GRA Department coordinates the risk profiling exercise to review, assess and update the principal risks to safeguard KLCCP Stapled Group's investment and key business activities and to ensure our risk exposures are relevant in light of current and emerging risks. The updated risk profiles were presented to the RMC, BRC and the Boards.
INTERISK System	<ul style="list-style-type: none"> KLCCP Stapled Group uses the INTERISK system to manage and monitor our risk profiles. Embedding the ISO 31000 risk management standard, INTERISK drives active risk conversation/analysis monitoring through a dashboard, reinforces effective risk governance and assurance practices, and provides a seamless flow of information and processes along the risk management value chain

KEY INITIATIVES IN 2023

Governance

We deployed a centralised digital governance management platform called myGOVERNANCE.

Risk Management Process

We conducted Risk Maturity Survey to gauge the level of mindset and risk institutionalisation amongst employees of KLCC.

Continual Improvement

We established Lesson Learnt @ Zest, a centralised digital platform that manages lesson learnt across the Group.



Crisis Management

KLCCP Stapled Group has in place a comprehensive set of procedures to prepare the organisation to respond to and manage crises while protecting people, the environment as well as the Group's assets and reputation.

The Crisis Management Plan ("CMP") encompasses:

- Emergency/crisis team structure with roles and responsibilities
- Activation thresholds and protocols
- Communication process with updated contact numbers and integration with relevant parties (i.e. government authorities and relevant stakeholders)
- Strategies and actions for responding before, during and after the emergency/crisis
- Process for escalating relevant emergency/crisis information to potential impacted parties within KLCCP Stapled Group and resource requirement during emergency/crisis

The CMP addresses emergency scenarios in HSE, Finance, Human Capital, Digital, Facility Management, and Legal & Regulatory. It is tested annually to ensure the readiness and effectiveness of the communication process and recovery action plan in responding to a crisis. Through the exercise, risk owners are made aware of their roles and prepared to respond in the event of an emergency/crisis.

Business Continuity Management

KLCC Stapled Group has established a Business Continuity Plan (BCP) as part of our Business Continuity Management (BCM) in response to incidents that affect our Information and Communications Technology (ICT), business supply chain, assets and people.

The BCP is designed to provide guidance in resuming key business functions in the event the CMP is unable to contain a crisis that has escalated into a prolonged disaster with catastrophic financial, operational and/or reputational impacts.

The BCP is reviewed annually by conducting Business Impact Analysis (BIA) for all divisions, departments, and OPU's in accordance with the BCM framework, following which the results are presented to the Risk Management Committee and Approving Authority. Through the BIA, critical business functions are identified, and the impact of their unavailability is ascertained. This helps in prioritising timelines for the resumption of activities and specifying the minimum resources requirements (e.g. people, equipment, assets, facilities, technology, vital records, interdependencies) to be allocated to recover and resume these functions following prolonged business disruption.

This year, a Call Tree Verification exercise was conducted to validate the phone numbers and contacts of relevant personnel and stakeholders. This was to ensure that Critical Business Function (CBF) staff are contactable to carry out their designated roles in the event of a crisis. As part of the exercise, CBF staff were also trained to respond promptly to the activation of a BCP.

2023 in Focus [GRI 2-4, 3-3]

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Board Diversity and Capacity Building

A diverse Board is imperative to respond to the complexities and interconnectedness of challenges facing businesses today. To ensure a well-balanced mix of expertise and skillsets, we are committed to preserving diversity across backgrounds, age, gender and ethnicity on top of experience and perspectives. This diversity facilitates the Board in navigating the sustainability landscape encompassing environmental, social and governance dimensions. Inclusivity in decision-making enhances creativity, innovation and risk management, ultimately leading to more robust and sustainable business practices.

Our Board Diversity Policy, approved by KLCCP Board and is applicable to KLCCRM, reflects the government's aspiration for women to represent at least 30% of boards of directors. We have been exceeding this minimum since 2020, with women currently making up 50% of our Boards. The policy is described in detail in the Corporate Governance Report for 2023.

The Board has also adopted a policy to limit the tenure of Independent Non-Executive Directors (INED) to nine years, as recommended by the Malaysian Code on Corporate Governance (MCCG). Currently, none of the INEDs on our Board exceed this ceiling.



50% Women Directors on Boards



63% Independent Non-Executive Director on Boards

Cognisant that effective sustainability leadership requires ongoing education, we provide targeted training for our Board members. On 5 December 2023, we organised two sessions on the topics of Conflicts of Interest and Sustainability, each taking up a half-day. The morning session focused on ethical governance, specifically on managing risks related to conflicts of interest; while the afternoon session centred on cultivating impactful leadership by equipping board members with the knowledge and tools needed to integrate sustainability principles into decision-making.



Board Training on Conflicts of Interest and Creating Impactful Leadership for Sustainability Capacity Building

KEY PERFORMANCE INDICATORS

Indicator:	2023	2022	2021
Board Diversity			
Gender Profile			
Percentage of Board Members – Male	50%	50%	44%
Percentage of Board Members – Female	50%	50%	56%
Workforce by Age Group			
Percentage of Board Members – Below 30	0	0	0
Percentage of Board Members – 30-39	0	0	0
Percentage of Board Members – 40-49	0	0	11%
Percentage of Board Members – 50-59	38%	38%	33%
Percentage of Board Members – Above 60	62%	62%	56%
Workforce by Ethnicity			
Percentage of Board Members – Bumiputera	88%	88%	89%
Percentage of Board Members – Chinese	12%	12%	11%
Percentage of Board Members – Indian	0	0	0
Percentage of Board Members – Others	0	0	0
Percentage of Board Members – Non-Malaysian	0	0	0
Tenure			
Percentage of Board Members – < 5 Years	75%	100%	89%
Percentage of Board Members – 5 to 10 Years	25%	0	11%
Percentage of Board Members – > 10 Years	0	0	0

Map to

Stakeholders:



UNSDG:



Capitals:



2023 in Focus [GRI 2-4, 3-3] Peace

BUSINESS ETHICS

[GRI 2-27, 205-1, 205-2, 205-3]

WHY IT IS IMPORTANT

True to our commitment to transparency and responsible business practices, KLCCP Stapled Group places paramount emphasis on upholding rigorous standards of business ethics.

In an ever-evolving business landscape where stakeholders increasingly prioritise social responsibility, our commitment to business ethics becomes a key differentiator. As we strive for sustainable growth, we recognise that ethical behaviour is not just a compliance requirement but an essential element that ensures the resilience and longevity of the Group.

OUR APPROACH

Integrity and Corruption Management

KLCCP Stapled Group's continuous efforts to manage our integrity risk reflect a commitment to conducting business with integrity in support of the Group's zero tolerance against all forms of bribery and corruption.

We recognise that bribery and corruption pose a constant threat to our operations, the risks varying across different landscapes including jurisdictions, business sectors, people and transactions. To manage these risks, we adhere to the KLCC Code of Conduct and Business Ethics (CoBE) which is based on the values of Loyalty, Integrity, Professionalism and Cohesiveness.

Top Leadership Commitment

KLCCP's Policy Statement on Anti-bribery and Corruption was reviewed and endorsed by the CEO in November 2023. The policy states our commitment to complying with applicable laws and regulations, which include the KLCC CoBE and Anti-bribery and Corruption Manual. Consequence management will be applied on any employee who contravenes the CoBE. We also provide a channel for employees and the public to report any improper conduct observed within the KLCC Group of companies.



PETRONAS Code of Conduct and Business Ethics



The PETRONAS Code of Conduct and Business Ethics is a general reference for use in all the countries in which PETRONAS conducts operations. It does not describe all applicable laws or PETRONAS policies or give full details on any particular law or policy. It does not constitute legal advice. It does not constitute or create a contract of employment. PETRONAS reserves the right to modify, revise, cancel or waive any policy, procedure or condition without notice and without revision of the Code. Moreover, the provisions of the Code may be modified by PETRONAS to adapt them to local laws and conditions.

Anti-Bribery Management System

KLCCP and its subsidiaries, KPM and KLCCUH, are certified to ISO 37001:2016 ABMS standards. The recertification audit conducted by SIRIM in November this year showed that our systems and controls are adequate and effective in ensuring compliance with the standard.

We implement Adequate Procedures as per the T.R.U.S.T. Principles based on the Guidelines supported by the MACC Act 694, i.e. Top Leadership Commitment, Risk Assessment, Undertake Control Measures, Systematic Monitoring, Review and Enforcement, Training and Communication.

Top Leadership Commitment

Actions taken in 2023

- The Group CEO endorsed our Policy Statement on Anti-bribery and Corruption in November 2023.
- Heads of divisions and operating units set the tone from the top during "Leaders' Integrity Time Out" and "Integrity Moments" with respective constituents.

Risk Assessment

- A risk assessment on bribery and corruption was conducted to identify, analyse, assess and mitigate all related risks.
- The Bribery and Corruption Risk Profiles for all entities were endorsed by the Risk Management Committee for oversight by the CEO and governing body.
- Risk mitigation owners are responsible for implementing the necessary risk controls.

Undertake Control Measures

- No Gift Policy
- Whistleblowing Policy
- Pre-employment due diligence checks for high-risk/sensitive positions
- Integrity Pledge by all employees
- Due diligence on business associates
- Asset Declaration by employees
- Limits of Authority

Systematic Monitoring, Review and Enforcement

- Documents review by Compliance function
- Internal audits in September 2023
- Recertification Audit by SIRIM in November 2023
- Top Management review in December 2023
- Governing body review in November 2023

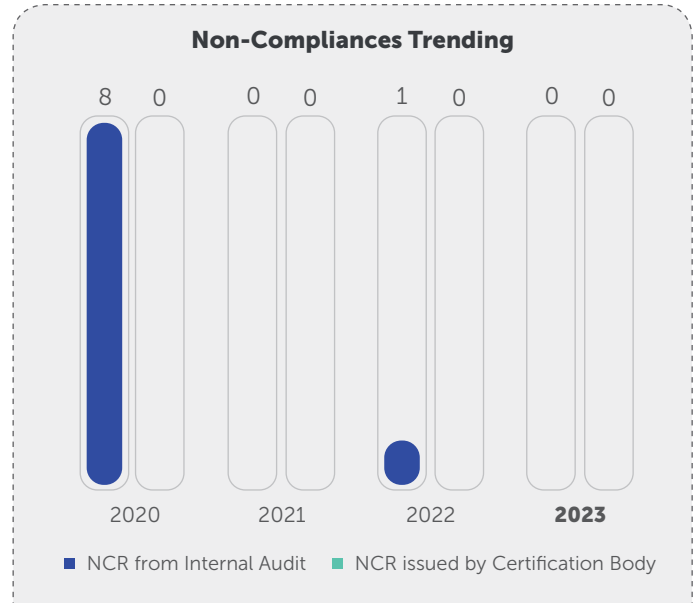
Training and Communication

- Engagement on Corporate Governance and Integrity for governing body
- Integrity awareness induction for new employees
- Internal Audit training for ABMS internal auditors
- Refresher on anti-bribery and corruption for all employees
- Anti-bribery and corruption and related policies awareness sessions for third parties and service providers
- Competency training for Compliance function
- Monthly integrity strengthening communication to all employees

2023 in Focus [GRI 2-4, 3-3]
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Our commitment to enhancing integrity is evident through regular ABMS awareness and refresher sessions provided to all employees. These sessions not only reinforce our stance against corruption but also ensure that everyone is well-versed in our anti-bribery policies, Corporate Liability under S17A, and our Whistleblowing mechanism.

As a result of our anti-bribery and corruption efforts, the Group has maintained a record of zero substantiated corruption cases for four consecutive years.



KEY INITIATIVES IN 2023



ABMS specific awareness and knowledge transfer

We curated training for specific target group to ensure effectiveness of the training.

ABMS Compliance Program

We established the ABMS Compliance Programme to ensure Adequate Procedures as per T.R.U.S.T Principles and an effective monitoring system ('TRUST-T' via Microsoft Power Automate and Power BI) are in place. 'TRUST-T' is a digital tool that tracks, monitors and automates reminders to entities to implement the ABMS T.R.U.S.T Action Plan according to planned dates. TRUST dashboards create insights on the Group's overall ABMS implementation status.



100% COMPLETION

KEY PERFORMANCE INDICATORS

Indicator:	2023	2022	2021
Anti-Corruption			
Percentage of employees who have received anti-corruption training	97%	97%	54%
Total number of operations within reporting entity	3	3	3
Total number of operations assessed for corruption related risks within reporting entity	3	3	3
Percentage of operations assessed for corruption-related risks ^[1]	100%	100%	100%
Total number of substantiated corruption incidents	0	0	0
Percentage of action taken on substantiated corruption incidents	n/a	n/a	n/a

^[1] Operations covered under the assessment include KLCCP, KLCCUH and KPM. Suria KLCC and MOKUL Hotel does not contribute towards the indicated percentage.

Map to

Stakeholders:



UNSDG:



Capitals:



2023 in Focus [GRI 2-4, 3-3]
Peace

CYBER SECURITY AND DATA PRIVACY
[GRI 418-1]

WHY IT IS IMPORTANT

KLCCP Stapled Group prioritises the protection of our systems and data, recognising the critical role that cybersecurity and data privacy play in sustaining our business operations and fostering trust with our stakeholders. Our commitment to these principles underscores our dedication to maintaining the highest standards of security and privacy, ensuring the longevity and resilience of our Group.

OUR APPROACH

We understand that our digital infrastructure is a vital asset that must be safeguarded against evolving cyber threats. To this end, we have implemented robust cybersecurity measures aimed at fortifying our systems and preventing unauthorised access. Regular assessments, updates and monitoring protocols are integral to our strategy of identifying and mitigating potential vulnerabilities, ensuring the ongoing integrity of our systems. Our efforts to safeguard our digital infrastructure led to the Group achieving zero Cyber Security incidents in 2023.

Education and Awareness

We prioritise the continuous education of our employees on Cyber Security through regular training. Each employee in KLCCP underwent 8.72 hours of dedicated learning, while Suria KLCC and MOKUL Hotel recorded, 3.68 and 0.5 hours per employee average respectively in 2023, ensuring a well-informed and vigilant workforce.

Phishing Tests

To gauge employees' awareness levels, we conduct phishing tests regularly. These simulations help to identify potential vulnerabilities and empower our teams to recognise and respond to phishing attempts effectively.



#DSCyberSecSeries: Recap of Phishing Indicators - Q1-Q3 2023

Hi, I'm Dania and I'm back to refresh your phishing knowledge. Do you recall the phishing emails that were sent out in Q1 - Q3? Congratulations if you were able to distinguish and identify genuine emails vs phishing emails. Today, let's look at the phishing indicators to continuously amplify our role as human firewall.

Throwback #1: Phishing Test 34
Celebrate the Chinese New Year by Qualifying to Win \$888

Throwback #2: Phishing Test 35
Please add me to your LinkedIn network

Throwback #3: Phishing Test 36
Violation of the general terms and conditions !

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SWITCH Training

Our employees undergo specialised SWITCH training, equipping them with the latest knowledge and skills in Cyber Security. This training ensures that our workforce remains at the forefront of evolving cyber threats and mitigation strategies.



Enterprise Cyber Security Governance Framework

Our Cyber Security efforts are guided by the Enterprise Cyber Security Governance Framework. Comprising a comprehensive set of policies, procedures and controls, the framework presents a consistent and standardised approach to Cyber Security across the Group.

The framework also prioritises the protection of sensitive information shared with external parties. Our Vendor Contract Agreements integrate Non-Disclosure Agreements (NDAs), reinforcing the commitment to data privacy and setting clear expectations for our partners and vendors.

Cyber Security Business Impact Assessment (CS-BIA)

As part of our proactive approach, we conduct regular Cyber Security Business Impact Assessment (CS-BIA) on applications used within the Group. Potential risks are, therefore, identified and addressed promptly, minimising the likelihood of security incidents.

KEY PERFORMANCE INDICATORS

Indicator:	2023	2022	2021
Cyber Security			
Phishing test failure rate:			
Office and Car Park	3.39%	3.58%	–
Retail	8.20%	–	–
Hotel	1.80%	4.40%	–
Training on Cyber Security – average learning hours per employee			
Office and Car Park	8.72	6.70	–
Retail	3.68	–	–
Hotel	0.50	–	–
Total number of substantiated Cyber Security incidents	0	0	0

Map to

Stakeholders:



UNSDG:



Capitals:

