

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5235SS
COMPANY NAME : KLCC PROPERTY HOLDINGS BERHAD (“KLCCP”) &
KLCC REAL ESTATE INVESTMENT TRUST (“KLCC REIT”)
FINANCIAL YEAR : December 31, 2018

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

Application	: Applied
Explanation on application of the practice	<p>The Boards are responsible to holders of the Stapled Securities and stakeholders to achieve KLCCP Stapled Group's strategic objectives and to deliver sustainable growth to holders of the Stapled Securities.</p> <p>The Boards' core responsibilities include the setting of KLCCP Stapled Group's direction and long-term strategic plans, taking into account any changes in the external environment that may impact KLCCP Stapled Group's performance. The Boards also oversee the business operation, resource management, and assessment of risks aiming at providing effective oversight.</p> <p>Stakeholders are informed of KLCCP Stapled Group's performance through engagements and public releases of relevant information that are also available on KLCCP's corporate website at www.klcc.com.my.</p> <p>In discharging its overall responsibilities, the Boards and Boards' Committees undertook the following activities during the financial year ended 31 December 2018 ("FY2018"):</p> <p>(a) <u>Governance and compliance</u></p> <p>The Boards remain committed to achieve the highest standards of corporate governance and integrity. The Boards' approach in discharging its corporate governance duties include the following:</p> <ol style="list-style-type: none">1. Reviewed and approved changes needed in the Boards' composition (i.e. appointment and resignation of Directors);2. Reviewed and approved the publication of Annual Report; and3. Reviewed and endorsed the proposed amendments to KLCCP Constitution in order to harmonise with relevant regulatory changes.

(b) Business strategy, budget, funding and financial performance

The Boards reviewed, deliberated, and approved the business plans and budget for FY2019 as well as the 4-year financial forecasts for FY2020 - FY2023 at Board meetings held during the year.

Management frequently provided reports on the progress of the respective business operations, status (which included updates to the operation budget and funding in the form of periodic financial performance review reports) for deliberation by the Boards.

(c) Internal control and risk management

The Boards, with recommendation of the Audit Committees (“ACs”), deliberated and approved the following:

- (1) Update on Corporate Risk Profile (“CRP”); and
- (2) Enhanced Risk Appetite (“ERA”),

for KLCCP and KLCC REIT.

KLCCP Board approved the relevant principal risks for its business activities covering property investment, property development, and asset management.

KLCC REIT Management Sdn Bhd (“KLCCRM”) Board as the Manager of KLCC REIT approved the relevant principal risks for KLCC REIT investment activities.

ERA comprises risk appetite statements, and the associated metrics of risk tolerance and risk thresholds which manages the potential risk exposures covering the areas of strategic, financial, operational, reputational, and legal and regulatory compliance.

In addition, and on quarterly basis, the Boards, with recommendation of the ACs, reviewed and assessed the Key Risk Indicators’ Results with respect to the CRP for KLCCP and KLCC REIT. Often, the Boards challenged and provided directions to the Management on key issues relating to the principal risks as highlighted to the Boards.

(d) Succession planning

The Board of KLCCP delegated its duty on succession planning to the Nomination and Remuneration Committee (“NRC”). The NRC oversees matters related to the Directors and senior management, and annually reviews the required mix of skills, experience and other requisite qualities of Directors and senior management.

	<p>The NRC was continued to be updated on the approved Succession Management Framework of KLCCP. The NRC had acknowledged a list of successors for the identified critical positions in KLCCP.</p> <p>(e) <u>Supervision and assessment of management performance</u></p> <p>During the year, strategic tasks and performance of the CEO, which include Key Performance Indicators (“KPIs”) setting for FY2018, were reviewed and evaluated by a special committee comprised of representatives from both Boards.</p> <p>As per previous years, the CEO had an engagement session with the employees regarding KLCCP Stapled Group performance.</p> <p>In addition, the performance of each member of KLCCP management as well as their KPIs setting for FY2018 were reviewed and deliberated by a special committee.</p> <p>(f) <u>Effective communication with stakeholders</u></p> <p>Stakeholders are updated with the performance and results of KLCCP Stapled Group through engagements and public releases of the relevant information which are also available on KLCCP’s corporate website at www.klcc.com.my.</p>
<p>Explanation for departure :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>	
<p>Timeframe :</p>	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman of the Boards is responsible to lead and manage board performance by providing stewardship, leadership and guidance.</p> <p>The roles and responsibilities of the Chairman are clearly set out in Appendix A of the Board Charter which is available on KLCCP's corporate website at www.klcc.com.my.</p> <p>The Chairman:</p> <ul style="list-style-type: none">a) sets the board agenda with the Company Secretaries together with the CEO and ensures that board members are able to receive the meeting papers 6 days prior to the meeting date and that minutes of meetings are circulated within 14 days upon conclusion of the Board meetings;b) leads Board meetings discussions, encourages debate on issues, and seeks views from the Directors on matters requiring decisions of the Boards;c) chairs the annual general meetings ("AGMs") of KLCCP and KLCC REIT and provides responses to holders of the Stapled Securities on issues raised by them;d) instils leadership in promoting good governance practices and adherence across KLCCP Stapled Group. The Chairman makes sure that relevant corporate governance practices are adhered to and there is reasonable interaction between the Boards and Management as part of the effective decision-making process; ande) attends informal meetings and events throughout the year to help build constructive and productive relationships between the Board members and Management.
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure	:		
Timeframe	:		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.3

The positions of Chairman and CEO are held by different individuals.

Application	:	Applied
Explanation on application of the practice	:	<p>The positions of the Chairman and the CEO of KLCCP and KLCCRM are held by two different individuals. The Chairman of the Boards is Datuk Ahmad Nizam bin Salleh whilst Datuk Hashim bin Wahir is the CEO.</p> <p>The Board Charter of KLCCP provides that the chairmanship should be held by a Non-Executive Director. The roles of Chairman are distinguished from that of the CEO's with clear division of responsibilities as outlined in the Board Charter. The Board Charter is available on KLCCP's corporate website at www.klcc.com.my.</p> <p>The Chairman is primarily responsible for the orderly conduct and function of the Boards as well as ensuring their effectiveness thereof.</p> <p>The CEO has delegated authority from, and is accountable to, the Boards in managing the day-to-day running of KLCCP and KLCCRM businesses, implementing the approved policies by the Boards. The CEO is empowered to make decisions for operational matters defined in the companies' Limits of Authority approved by the Boards.</p> <p>In managing the business affairs, the CEO is assisted by the Management of KLCCP Stapled Group.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.4

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

Application	: Applied
Explanation on application of the practice	<p>KLCCP and KLCCRM appointed 2 qualified Company Secretaries, namely En. Abd Aziz Abd Kadir and Mr. Yeap Kok Leong, who are responsible for advising the Boards on regulatory requirements and corporate governance matters to ensure that the Boards discharge their duties and responsibilities effectively.</p> <p>En. Abd Aziz Abd Kadir is a Licensed Secretary by the Companies Commission Malaysia. Details of En. Abd Aziz Abd Kadir's experience and qualifications are set out in the section on Profile of Senior Management Team in the KLCCP Stapled Group Annual Report 2018.</p> <p>Mr. Yeap Kok Leong, the external Company Secretary for KLCCP and KLCCRM, is the Managing Director of a leading company secretarial firm, Tricor Corporate Services Sdn Bhd. Mr. Yeap Kok Leong is a Fellow (ICSA) and Member of the Malaysian Institute of Chartered Secretaries And Administrators.</p> <p>Below is a summary of the relevant activities in FY2018 carried out by En. Abd Aziz Abd Kadir as in-house Company Secretary of KLCCP and KLCCRM:</p> <ul style="list-style-type: none">a) Advised the Boards and the Directors on their roles and responsibilities, and provided regular updates on new statutory and regulatory requirements relating to the discharge of the Directors' duties and responsibilities;b) Ensured that the Boards and the Board Committees function effectively based on the Board Charter and the respective Terms of Reference ("TORs");c) Monitored the developments in corporate governance and facilitated the Boards' application of the best practices of the Malaysian Code on Corporate Governance ("MCCG") taking into account the Boards' needs and stakeholders' expectations;d) Managed all board and committee meetings logistics, attendance of the Boards of Directors and Board Committees, and facilitated board communications;

	<p>e) Attended all Board meetings and ensured that the deliberations and decisions made by the Boards and Board Committees are accurately minuted, and the records of the proceedings of the Board meetings are properly kept;</p> <p>f) Recorded the Directors' interests disclosures and advised the interested Directors the requirements on restrictions in voting or deliberation on related matters during the meetings;</p> <p>g) Facilitated the orientation of new Directors and assisted the Directors on their training and development needs;</p> <p>h) Advised and facilitated the conduct of annual Board Effectiveness Evaluation;</p> <p>i) Facilitated and collaborated with external professional trainers for in-house management training on Limited Liability Partnership and Corporate Rescue Mechanism;</p> <p>j) Conducted briefings on new Guidelines on Listed Real Estate Investment Trust and amendments to Bursa Malaysia Listing Requirements;</p> <p>k) Oversaw the contents and conduct of Engagement Sessions on Tender and Procurement Governance;</p> <p>l) Attended engagements with the Company Secretaries of PETRONAS Group on relevant company secretarial practices, issues and updates;</p> <p>m) Attended an engagement with the regulator;</p> <p>n) Managed the annual general meetings of KLCCP and KLCC REIT; and</p> <p>o) Served as the focal person for communication and engagement on corporate governance issues.</p> <p>During FY2018, the Company Secretaries undertook continuous professional development by attending the following trainings:</p> <p>(i) En. Abd Aziz Abd Kadir</p> <ul style="list-style-type: none"> • Emergence of Comprehensive & Progressive Agreement for Trans-Pacific Partnership (CPTTP): TPPA withdrawal by the US • New REIT Guidelines • Limited Liability Partnership & Corporate Rescue Mechanism • Companies Act 2016 • Drafting Resolution & Minutes Writing
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	(ii) Mr Yeap Kok Leong <ul style="list-style-type: none"> • Provision of Financial Assistance & Related Party Transaction • Share Buy-Back-Impact of Companies Act 2016 & Malaysian Code on Take Overs and Mergers 2016 • MIA International Accountants Conference – Riding The Digital Wave, Leading Transformation • Decoding Transaction & Related Party Transaction Rules 	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.5

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

Application	:	Applied
Explanation on application of the practice	:	<p>In FY2018, 5 Board meetings of KLCCP and 5 Board meetings of KLCCRM were held respectively. In addition, 5 AC Meetings of KLCCP and 4 AC Meetings of KLCCRM, as well as 5 NRC Meetings of KLCCP and 5 NRC Meetings of KLCCRM respectively were held during the year.</p> <p>Each meeting enables the Boards and Board Committees to properly discharge their duties. The Boards and Board Committees are provided with relevant information on matters for consideration in a timely manner, facilitating effective boardroom deliberation. All deliberations and decisions of the Boards are recorded by the Company Secretaries including whether any Director abstained from voting or deliberating on a particular matter.</p> <p>The meeting agenda was set by the Chairman, assisted by the Company Secretaries and CEO. The Boards' and Board Committees' Meeting Packs which consisted of agenda items, reports, and papers, are provided to the Directors 6 days prior to each meeting. Minutes of meetings of the Boards are circulated to Board members within 14 days upon the conclusion of meetings.</p> <p>The Boards have easy access to the Boards' and Board Committees' Meeting Packs which are available in the "Cloud Database" accessible through mobile devices. With technology, the Boards have the flexibility to review all the meeting materials, facilitating informed decision-making by the Boards.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1

The board has a board charter which is periodically reviewed and published on the company’s website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

Application	:	Applied	
Explanation on application of the practice	:	<p>The way the Boards function is guided by KLCCP Board Charter, which was adopted on 27 November 2012. KLCCP Board Charter was last reviewed and approved by the Boards on 13 November 2017.</p> <p>The Board Charter outlines among others, the respective roles, responsibilities and authorities of the Boards, Board Committees, Chairman, CEO as well as of the Senior Independent Non-Executive Director, in setting the direction, management and control of the organisation. It also outlines the Issues and matters reserved for the Board’s decisions.</p> <p>The Board Charter is available on KLCCP’s corporate website at www.klcc.com.my. The Board will review the Board Charter periodically and make any necessary amendment to ensure it remains consistent with the Boards’ objectives, current laws and practices.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

Application	: Applied
Explanation on application of the practice	<p>KLCCP Stapled Group adopted PETRONAS Code of Conduct and Business Ethics ("PETRONAS CoBE"), effective 1 April 2012 which sets out the standards of behaviour and ethical conduct that must be complied with by the Directors, management and employees of KLCCP Stapled Group. PETRONAS CoBE aims to ensure that the Directors, management and employees as well as third parties who perform work or services for KLCCP Stapled Group would act ethically and remain above board at all times, and their individual behaviour is in line with PETRONAS' Shared Values.</p> <p>The PETRONAS CoBE governs the daily conduct of the employees on matters relating to conflict of interest, anti-corruption, competition, anti-money laundering, international trade, and export controls, amongst others. The PETRONAS CoBE also emphasises and advances the principles of discipline, good conduct, professionalism, loyalty, integrity and cohesiveness that are relevant to the success and well-being of KLCCP Stapled Group. The link to PETRONAS CoBE is available on KLCCP's corporate website at www.klccp.com.my.</p> <p>Apart from the above, the Directors also have their own Code of Conduct which are set out in the Board Charter. KLCCP Stapled Group has implemented a Memorandum on Insider Trading whereby Directors and employees of KLCCP Stapled Group are prohibited from trading in the Stapled Securities, particularly when they are in possession of price-sensitive information and knowledge of facts which have not been publicly announced.</p> <p>Notices on Closed Period for trading in Stapled Securities are sent to the Directors and principal officers on a quarterly basis specifying the timeframe during which the Directors and principal officers are prohibited from dealing in Stapled Securities and to comply with relevant requirements governing their trading in Stapled Securities during the Closed Period.</p>

	The Boards are also reminded not to deal in Stapled Securities when they are in possession of any price-sensitive information.	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

Application	:	Applied
Explanation on application of the practice	:	<p>KLCCP Stapled Group adopted the PETRONAS' Whistle-blowing Policy ("Policy") and Anti-Bribery and Corruption Manual ("Manual") effective 27 November 2012 and 28 October 2013 respectively which provide and facilitate appropriate communication and feedback channels on misconducts or malpractices involving KLCCP Stapled Group and its employees as well as the public.</p> <p>The Policy and the Manual provide the avenue for employees or any parties to report on corruption, fraud and dishonest practices at the workplace.</p> <p>The Policy and Manual being available on KLCCP's corporate website at www.klcc.com.my include the process and procedure that allow for independent investigation on any improper conduct with appropriate follow-up action.</p> <p>During the year, Management in its endeavour to combat bribery, has introduced the Asset Declaration Form and Gift Register.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.1

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

Application	:	Departure																
Explanation on application of the practice	:																	
Explanation for departure	:	<p>The current KLCCP and KLCCRM Boards have a strong mix of experienced individuals as Directors who are able to offer balanced views and perspectives on the business and constructively-challenge the Management to reinforce check and balance.</p> <p>Current composition of KLCCP and KLCCRM Boards is:</p> <table border="1"> <thead> <tr> <th>Designation</th> <th>Number of Directors</th> <th>Percentage (%)</th> </tr> </thead> <tbody> <tr> <td>Executive Director</td> <td>1</td> <td>12.5</td> </tr> <tr> <td>Non-Independent Non-Executive Directors</td> <td>4</td> <td>50</td> </tr> <tr> <td>Independent Directors</td> <td>3</td> <td>37.5</td> </tr> <tr> <td>Total</td> <td>8</td> <td>100.00</td> </tr> </tbody> </table> <p>Existing Non-Independent Non-Executive Directors are willing to challenge the Management and debate constructively during Board meetings. The lack of majority Independent Directors in the current Boards' composition does not jeopardise their independent deliberations because all decisions are made in the best interests of the companies.</p>		Designation	Number of Directors	Percentage (%)	Executive Director	1	12.5	Non-Independent Non-Executive Directors	4	50	Independent Directors	3	37.5	Total	8	100.00
Designation	Number of Directors	Percentage (%)																
Executive Director	1	12.5																
Non-Independent Non-Executive Directors	4	50																
Independent Directors	3	37.5																
Total	8	100.00																
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>																		
Measure	:	The NRCs had deliberated on the possible improvement to the Boards' composition by having a majority of Independent Directors by the end of 2020.																
Timeframe	:	Within 2 years																

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.2

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

Application	:	Applied - Annual shareholders' approval for independent directors serving beyond 9 years	
Explanation on application of the practice	:	During FY2018, holders of the Stapled Securities had approved the re-appointment of Dato' Halipah binti Esa as Independent Non-Executive Director at KLCCP Annual General Meeting held on 12 April 2018.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.3 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.4

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Application	:	Applied
Explanation on application of the practice	:	<p>KLCCP and KLCCRM have put in place the necessary selection criteria for appointment of Directors. Through Board Effectiveness Evaluation, the Directors are assessed annually and the findings are consolidated in a performance report which is analysed and tabled to the NRCs for review and endorsement by the Boards.</p> <p>All nominees and candidates to the Boards are first considered by the NRCs taking into consideration the mix of skills, competencies, experience, integrity, time commitment, and other qualities required to effectively discharge his or her role as a director. The NRCs will then endorse the nominees and candidates for approval by the Boards.</p> <p>The Boards adopted the Board Diversity Policy in August 2016 which aspires to ensure diverse and inclusive boards that will leverage on differences in thoughts, perspectives, knowledge, skills, regional and industry experiences, cultural and geographical backgrounds, age, ethnicity and gender to achieve effective stewardship which in turn will enhance the companies' competitive advantage. The Board Diversity Policy is available on KLCCP's corporate website at www.klcc.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.5

The board discloses in its annual report the company’s policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

Application	:	Applied	
Explanation on application of the practice	:	<p>KLCCP Board Diversity Policy also addresses gender diversity in order to achieve effective Board stewardship.</p> <p>During the year, appointment of an additional woman Director has improved the women representation on the Boards with a gender diversity ratio of 37.5%.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

Application	:	Applied	
Explanation on application of the practice	:	<p>KLCCP and KLCCRM practice formal and transparent procedures on sourcing and appointment of new Directors - either via nominations by the holding company or independent sources. All appointments of new Directors are subject to screening and appropriate recommendation of the NRCs prior to consideration and approval of the Boards.</p> <p>The Boards' appointment process is disclosed in the NRCs Report of KLCCP Stapled Group Annual Report 2018.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.7

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

Application	:	Applied	
Explanation on application of the practice	:	<p>The NRCs of KLCCP and KLCCRM are chaired by Dato' Halipah Esa, who is also designated as Senior Independent Director.</p> <p>During the year, Dato' Halipah led deliberations on succession planning and appointment of Directors for the Boards. Dato' Halipah also led the annual review of Board effectiveness, in order to have an independent assessment of the performance of each individual Director as well as of the Boards.</p> <p>The roles of Senior Independent Director are provided in the Board Charter which is available on KLCCP's corporate website at www.klcc.com.my.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Practice 5.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

Application	:	Departure						
Explanation on application of the practice	:							
Explanation for departure	:	<p>The NRCs had deliberated and recommended that periodic Board effectiveness evaluation to be facilitated by independent expert would be necessary pursuant to the best practices of corporate governance.</p> <p>During FY2018, Boards and Boards Committees Evaluation (“Boards Evaluation”) which includes Directors’ Self/Peer Evaluation was carried out by the NRCs assisted by an external company secretarial firm. The Boards Evaluation was based on questionnaires tailor-made for KLCCP and KLCCRM, incorporating best practices of MCGG as the method of evaluation. The Directors have completed the Boards Evaluation documents, and have provided their comments and recommendations on Board’s improvements.</p> <p>The 2018 Performance Assessment on Boards and Boards Committees and individual Directors was based on the following criteria:</p> <table border="1"> <tr> <td>Board</td> <td> <ul style="list-style-type: none"> • Structure; • Operations and Interaction; • Communication; and • Roles and Responsibilities. </td> </tr> <tr> <td>AC</td> <td> <ul style="list-style-type: none"> • Terms of Reference and Composition; • Skills and Competencies; • Meeting Administration and Conduct; • Board Communication; • Internal Audit; and • External Audit. </td> </tr> <tr> <td>NRC</td> <td> <ul style="list-style-type: none"> • Terms of Reference and Composition; • Skills and Competencies; • Meeting Administration and Conduct; • Board Communication; • Nominating Matters; and </td> </tr> </table>	Board	<ul style="list-style-type: none"> • Structure; • Operations and Interaction; • Communication; and • Roles and Responsibilities. 	AC	<ul style="list-style-type: none"> • Terms of Reference and Composition; • Skills and Competencies; • Meeting Administration and Conduct; • Board Communication; • Internal Audit; and • External Audit. 	NRC	<ul style="list-style-type: none"> • Terms of Reference and Composition; • Skills and Competencies; • Meeting Administration and Conduct; • Board Communication; • Nominating Matters; and
Board	<ul style="list-style-type: none"> • Structure; • Operations and Interaction; • Communication; and • Roles and Responsibilities. 							
AC	<ul style="list-style-type: none"> • Terms of Reference and Composition; • Skills and Competencies; • Meeting Administration and Conduct; • Board Communication; • Internal Audit; and • External Audit. 							
NRC	<ul style="list-style-type: none"> • Terms of Reference and Composition; • Skills and Competencies; • Meeting Administration and Conduct; • Board Communication; • Nominating Matters; and 							

		<ul style="list-style-type: none"> • Remuneration Matters.
	Individual Directors /Peer Evaluation	<ul style="list-style-type: none"> • Board dynamic and participation; • Technical competencies; • Skills and contribution; • Integrity; and • Reinforce Independence of Independent Directors.
<p>The Boards Evaluation process is disclosed in the NRCs Report of KLCCP Stapled Group Annual Report 2018.</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	The first external review by such independent expert is expected to be undertaken within the next 2 years (by the end of 2020).
Timeframe	:	Within 2 years

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Boards delegated to NRCs the responsibility to consider and approve the remuneration arrangements of the Directors' and relevant Senior Management positions in KLCCP Stapled Group.</p> <p>The Boards, in determining the Directors' remuneration policies and procedures are guided by the recommendation of the NRCs. The Non-Executive Directors remuneration are set out in the NRCs Report of KLCCP Stapled Group Annual Report 2018.</p> <p>Remuneration of Senior Management of KLCCP Stapled Group is based on the remuneration policy approved by KLCCP Board and benchmarked against the industry practice. Benchmarking exercise is conducted on an annual basis with information from independent external party. The Senior Management are also remunerated based on performance.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

Application	:	Applied
Explanation on application of the practice	:	The Boards on 27 November 2012 and 21 August 2013 had established the NRCs of KLCCP and KLCCRM respectively which comprises exclusively of Non-Executive Directors with a majority of Independent Directors. The NRCs' roles and responsibilities are governed by their respective TOR which are available on KLCCP's corporate website at www.klcc.com.my .
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Application	:	Applied
Explanation on application of the practice	:	Details of the Directors' Remuneration for KLCCP on named basis comprising remuneration received from KLCCP during 2018 are disclosed in the NRCs Report of KLCCP Stapled Group Annual Report 2018. There were no Directors' Remuneration incurred/paid to the directors of KLCCRM as the meetings of Board and Board Committees of KLCCRM were held on the same date as the meetings of Board and Board Committees of KLCCP.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Pursuant to the NRCs' decision, KLCCP need not disclose the top 5 Senior Management's remuneration as it is not in the best interest of the Company and Senior Management.	
		KLCCP has identified its top 5 Senior Management as follows: 1. Chief Financial Officer; 2. Head of Legal and Corporate Services Division; 3. Head of Development Division; 4. Head Department, Group Enterprise Risk Management; and 5. Head of Human Resource Division.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	To date, KLCCP does not have any measure to meet the intended outcome.	
Timeframe	:	Others	Not Applicable

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.3 - Step Up

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.1

The Chairman of the Audit Committee is not the Chairman of the board.

Application	:	Applied	
Explanation on application of the practice	:	<p>The ACs of KLCCP and KLCCRM each comprises 3 Independent Non-Executive Directors, all of whom are equipped with the breadth of financial expertise and commercial acumen that are most needed for them to discharge their responsibilities and fulfil their roles as AC members.</p> <p>The Chairperson of the respective AC is not the Chairman of the Boards, so as not to impair the objectivity of the Boards' view of the ACs' findings and recommendations. Details of the composition and activities of the ACs are set out in the ACs Report of KLCCP Stapled Group Annual Report 2018.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee’s findings and recommendations. The company’s financial statement is a reliable source of information.

Practice 8.2

The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

Application	:	Applied
Explanation on application of the practice	:	<p>The respective TOR of the ACs provide the requirements that former key audit partners are subject to observe a cooling-off period of at least 2 years before he or she could be appointed as a member of the ACs.</p> <p>The purpose is to safeguard independence and to avoid potential disadvantage which may arise in view that a former key audit partner is deemed to be in an advantageous position to exert significant influence over the audit and preparation of the audited financial statements.</p> <p>The TORs of the ACs of KLCCP and KLCCRM are available on KLCCP’s corporate website at www.klcc.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

Application	:	Applied
Explanation on application of the practice	:	<p>In practice, the assessment on suitability, objectivity and independence of the external auditors is conducted annually. This is as provided in the respective TOR of the ACs and is based on the following considerations, among others:</p> <p>(a) the competence, audit quality and resource capacity of the external auditor in relation to the audit;</p> <p>(b) the nature and extent of the non-audit services rendered and the appropriateness of the fees; and</p> <p>(c) assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.</p> <p>Private sessions with the external auditors were also conducted by the ACs to gauge the extent of concerns of matters raised by the external auditors.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	The ACs of KLCCP and KLCCRM both comprise solely of Independent Directors.

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

Application	: Applied								
Explanation on application of the practice	<p>: Existing members of the ACs have vast experience and skills in accounting and finance as well as other relevant fields of expertise. All of them are highly-qualified to review the accuracy of KLCCP's and KLCCRM's and the consolidated KLCCP Stapled Group's financial statements prior to recommending the same to the Boards for approvals.</p> <p>Trainings attended by the ACs members during 2018 are:</p> <table border="1" data-bbox="571 1182 1396 2020"> <thead> <tr> <th data-bbox="571 1182 858 1243">Members</th> <th data-bbox="858 1182 1396 1243">Trainings Attended</th> </tr> </thead> <tbody> <tr> <td data-bbox="571 1243 858 1505">Farina binti Farikhullah Khan</td> <td data-bbox="858 1243 1396 1505"> <ul style="list-style-type: none"> • FIDE Core Programme Module B (Bank) • Islamic Finance for Board of Directors • Blockchain • Budget Talk • On Boarding Programme for New Directors </td> </tr> <tr> <td data-bbox="571 1505 858 1803">Dato' Halipah binti Esa</td> <td data-bbox="858 1505 1396 1803"> <ul style="list-style-type: none"> • World Capital Markets Symposium 2018 • PNB CEO Round Table 2018 • Integrated Reporting • 5th ASEAN Fixed Income Summit • ICDM Power Talk: Would a Business Judgment Rule Help Directors Sleep Better at Night? </td> </tr> <tr> <td data-bbox="571 1803 858 2020">Habibah binti Abdul</td> <td data-bbox="858 1803 1396 2020"> <ul style="list-style-type: none"> • Corporate Governance Breakfast Talk • Introduction to Corporate Liability Provision • MFRS Updates Training • MIA Conference 2018 • Tax Seminar by Ernst & Young Tax </td> </tr> </tbody> </table>	Members	Trainings Attended	Farina binti Farikhullah Khan	<ul style="list-style-type: none"> • FIDE Core Programme Module B (Bank) • Islamic Finance for Board of Directors • Blockchain • Budget Talk • On Boarding Programme for New Directors 	Dato' Halipah binti Esa	<ul style="list-style-type: none"> • World Capital Markets Symposium 2018 • PNB CEO Round Table 2018 • Integrated Reporting • 5th ASEAN Fixed Income Summit • ICDM Power Talk: Would a Business Judgment Rule Help Directors Sleep Better at Night? 	Habibah binti Abdul	<ul style="list-style-type: none"> • Corporate Governance Breakfast Talk • Introduction to Corporate Liability Provision • MFRS Updates Training • MIA Conference 2018 • Tax Seminar by Ernst & Young Tax
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Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company’s objectives is mitigated and managed.

Practice 9.1

The board should establish an effective risk management and internal control framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The Boards have established sound risk management practices to safeguard KLCCP Stapled Group’s business interests from risk events that may impede the achievement of business strategies and growth opportunities as well as providing assurance to all stakeholders.</p> <p>The Boards have also established the following governance framework and guidelines which are expected to provide a structured and consistent approach in managing risks, and guidance on resuming key business function in the event of crisis:</p> <ul style="list-style-type: none"> • KLCC Group Enterprise Risk Management Framework • Risk Quantification Guideline • Enterprise Risk Management Process Guideline • Enterprise Risk Management Assurance Guideline • Risk Assessment in Decision Making Guideline 2018 • Partnership and Partner Risk Assessment Guideline • Risk Library • Crisis Management Framework 2018 • Business Continuity Management Framework • Business Impact Analysis Guideline • Business Recovery Strategy Guideline • Business Continuity Plan Guideline • Testing and Exercising Guideline • INTERISK Manual
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	

Timeframe	:		
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Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The Enterprise Risk Management Framework outlines the risk policy, risk governance and structure, risk measurement, and risk operation and system for the Group. It is implemented to identify, assess, monitor, report and mitigate risks impacting the Group's business and supporting activities in accordance with ISO 31000:2009 – Principles and Guidelines on Implementation.</p> <p>The Boards also have established Risk Management Oversight Structure for effective and strategic risk communication between the Boards, ACs and the Management on a quarterly basis where the status of the principal risks and key risk indicators' performances are reported and deliberated.</p> <p>The Boards carried out annual reviews of the Group's risk profiles in compliance with the ERM Framework where the risk profiles were reviewed, assessed and updated to safeguard KLCCP Stapled Group's investment and key business activities, and to ensure the risk exposures are relevant and up-to-date taking into account emerging risks.</p> <p>The Boards also have put in place a structured process for risk assessment as part of decision-making where 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 in order to provide a balanced view for informed decision-making through richer risk conversation and considerations of risk reward trade-off.</p> <p>The Group has an organisational structure with defined lines of responsibilities, delegation of authority, and accountability. A hierarchical reporting structure has been established to provide documentary and auditable trail of accountability. Limits of Authority manuals are in place to define the lines of accountability and responsibility in relation to the Group's operations and functions.</p>

	<p>The Boards are of the view that the risk management and the internal control system is sound and effective to safeguard the Stapled Securities holders' investment, the interest of customers, employees and other stakeholders and the Group's assets.</p> <p>The Boards have established Business Continuity Plan ("BCP") to provide guidance in resuming key business functions in the event a crisis occurs that has a major or severe impact on business in terms of financial, operation and reputation.</p> <p>The Boards carried out BCP simulation exercises for specific identified scenarios to ensure practicality of the BCP for its implementation during crisis. The BCP simulation exercises include testing of the recovery strategy at virtual office and the effectiveness of identified Primary and Alternate Workforce for business resumption of the Critical Business Function.</p> <p>Further details on how key risk areas were evaluated and the controls in place to manage those key risks can be found in Statement of Risk Management and Internal Control in KLCCP Stapled Group Annual Report 2018.</p>
<p>Explanation for departure :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>	
<p>Timeframe :</p>	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

Application	:	Applied
Explanation on application of the practice	:	<p>Governed by the KLCCP Internal Audit Charters, Group Internal Audit Division (“GIAD”) maintained their independence, impartiality, proficiency, and due professional care by having their plans and reports directly under the purview of the ACs.</p> <p>To support the ACs in discharging their responsibilities, the Head of GIAD of KLCCH reports directly to the ACs.</p> <p>The appointment of the Head of GIAD is reviewed and endorsed by the ACs. The Head of GIAD has unrestricted access to the ACs, the Boards, and Management. The Head of GIAD and a majority of internal auditors under GIAD are members of the Institute of Internal Auditors Malaysia.</p> <p>Further details of the internal audit activities are set out in the ACs Report and Statement on Risk Management and Internal Control of the KLCCP Stapled Group Annual Report 2018.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.2

The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

Application	:	Applied
Explanation on application of the practice	:	<p>None of the internal audit personnel has any relationships or conflicts of interest that could impair their objectivity and independence in conducting their internal audit functions.</p> <p>Currently, GIAD comprises 10 managerial and executive positions, and 2 non-executive positions.</p> <p>The GIAD is led by Encik Khairul Nizam bin Ghazali, who holds a Certification of Control Self-Assessment (CCSA) from the Institute of Internal Auditors (IIA), Bachelor of Commerce (Accounting) and is a member of the Institute of Internal Auditors Malaysia.</p> <p>The internal audit function of KLCCP Stapled Group is carried out in accordance with a risk-based approach steered by internal policies, procedures and the Internal Control – Integrated Framework issued by the Committee of Sponsoring Organisations of Treadway Commission.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

Application	:	Applied
Explanation on application of the practice	:	<p>The Boards recognised the importance of maintaining transparency and accountability to their stakeholders. KLCCP Investor Relations and Business Development Department ("IRBD") plays its role to ensure proper channels of communication between KLCCP Stapled Group and the stakeholders.</p> <p>The IRBD manages the investing community and conducted engagement between the Management and analysts/fund managers/media in the form of briefings, announcements and press statements to keep the stakeholders updated and well-informed on the progress and affairs of KLCCP Stapled Group.</p> <p>During FY2018, the Boards ensured the supply of clear, comprehensive, and timely information to the stakeholders via the following manners:</p> <ul style="list-style-type: none">a) Publication of KLCCP Stapled Group Annual Report 2017 and provision of regular disclosures including quarterly financial results and investor presentations of the KLCCP Stapled Group;b) Engagement with analysts, journalists through press release and analysts' briefing following announcement of the quarterly financial results of KLCCP Stapled Group;c) Participation in investor conferences, namely, Invest Malaysia 2018, CIMB Malaysia Corporate Day, Maybank IB REITs Corporate Day, Malaysia C Suite Investor Corporate Day, Nomura Global Real Estate Forum, Tokyo, Macquarie ASEAN Conference 2018, Singapore and JP Morgan Asia Yield 1x1 Forum (via telepresence);d) Participation in the Shariah Investing Fair and Bursa Malaysia-i Shariah Investing Webinar 2018 series is to enhance engagement with retail investors in collaboration with Malaysian REIT Managers Association (MRMA) and Bursa

	<p>Malaysia;</p> <p>e) KLCCP Stapled Group also maintains a corporate website at www.klcc.com.my to disseminate information and communicate periodical updates and announcements to the investing community;</p> <p>f) Frequent updating of information relevant to Investor Relations, such as financial information, financial reports, minutes of 2018 AGMs, stock information, calendar, and presentation slides on the quarterly financial results through the corporate website;</p> <p>g) Announcement of dividends and income distributions as well as other disclosures under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;</p> <p>h) Periodically, visits to properties of KLCCP Stapled Group are also organised for the investment community to foster better understanding and appreciation of KLCCP Stapled Group’s businesses and operations;</p> <p>i) Outreach engagement with the sell side analysts to identify the value gap between perceived complexity of the stapled structure and the fair valuation of KLCCP Stapled Group</p> <p>j) Engagement with shareholders through 2018 AGMs where:</p> <ul style="list-style-type: none"> ▪ The CEO delivered a management presentation on “Year in review of KLCCP Stapled Group” as well as strategic direction moving forward; ▪ The Chairman had provided ample time to holders of the Stapled Securities to raise questions and their concerns which were then answered properly and clarified by the Chairman, CEO and other Directors; ▪ The Chairman also responded to inquiries made by the Minority Shareholder Watchdog Group (MSWG) in relation to KLCCP Stapled Group Annual Report 2017. <p>In addition, shareholders and investors can also make inquiries about KLCCP Stapled Group via ir@klcc.com.my.</p>
<p>Explanation for departure :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>	

Timeframe	:		
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Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	KLCCP Stapled Group Annual Report has yet to fully adopt Integrated Reporting based on a globally recognised framework.	
		Currently, certain contents of the existing KLCCP Stapled Group Annual Report are based on the guiding principles and contents element of integrated reporting.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	To fully adopt Integrated Reporting for KLCCP Stapled Group Annual Report based on a globally recognised framework as soon as possible.	
Timeframe	:	Others	5

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

Application	:	Applied
Explanation on application of the practice	:	<p>The 2018 AGMs for KLCCP and KLCC REIT were held on 12 April 2018. The Notice for both AGMs was issued more than 28 days prior to the date of the AGMs, allowing sufficient time for holders of the Stapled Securities to consider the proposed resolutions tabled at the AGMs.</p> <p>In addition, the Notice of KLCCP and KLCC REIT AGMs also included details and relevant explanatory notes to the proposed resolutions to enable holders of the Stapled Securities to make informed decisions in exercising their voting rights.</p> <p>Likewise, the Notice of 2019 AGMs for KLCCP and KLCC REIT have included details of the proposed resolutions together with explanatory notes for reference by holders of the Stapled Securities.</p> <p>KLCCP Stapled Group Annual Report 2018 together with the Notice of 2019 AGMs for KLCCP and KLCC REIT dated 28 February 2019 are available on KLCCP’s corporate website at www.klcc.com.my.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied	
Explanation on application of the practice	:	<p>All Directors, including members of ACs and NRCs, attended at and participated in KLCCP and KLCC REIT AGMs in 2018.</p> <p>The presence of all Directors presented opportunities for holders of the Stapled Securities to engage with each Director and also allowed holders of the Stapled Securities to raise questions and concerns directly to the Directors.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	There is no necessity to implement “voting in absentia” and remote shareholders’ participation at General Meetings of KLCCP and KLCC REIT.	
	:	“Voting in absentia” and remote shareholders’ participation at KLCCP and KLCC REIT AGMs are only necessary when AGMs are held at a remote location as well as when the rules and regulations in relation thereto are in place.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	To consider the viability of “voting in absentia” to encourage shareholders’ engagement.	
Timeframe	:	Others	When the need arise.

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES
PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA
MALAYSIA**

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

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