

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5235SS
COMPANY NAME : KLCC PROPERTY HOLDINGS BERHAD (“KLCCP”) &
KLCC REAL ESTATE INVESTMENT TRUST (“KLCC REIT”)
FINANCIAL YEAR : December 31, 2020

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 PURSUANT 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 the holders of Stapled Securities and stakeholders to achieve KLCCP Stapled Group's strategic objectives and to deliver sustainable growth to the holders of Stapled Securities.</p> <p>The Boards' main 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 aimed at providing effective oversight.</p> <p>In discharging its overall responsibilities, the Boards and Boards' Committees undertook the following activities during the financial year ended 31 December 2020 ("FY2020"):</p> <p>(a) <u>Governance and compliance</u></p> <p>The Boards remained committed to adhere to, and in compliance with the highest standards of corporate governance and integrity. The Boards' approach in disposing corporate governance to enable its objective can be achieved is by way of:</p> <ol style="list-style-type: none">1. Reviewed and approved changes needed in the Boards' and Boards' Committees composition (i.e. appointment and resignation of Directors);2. Oversaw the implementation of adequate procedures as stated in Section 17A of the Malaysian Anti-Corruption Commission (MACC) Act 2009 (Amendment 2018), as a defence against corporate liability and the process to obtain the ISO 37001:2016 Anti-Bribery Management System certification; and

3. Reviewed and approved the publication of Integrated Annual Report.

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

KLCCP Board reviewed, deliberated, and approved the business plan and budget for FY2021 as well as the 4-year financial forecasts for FY2022 - FY2025 at its Board meeting held during the year.

The Board of KLCC REIT Management Sdn Bhd (“KLCCRM”), as the Manager of KLCC REIT, reviewed, deliberated, and approved the budget for FY2021 as well as the 4-year financial forecasts for FY2022 - FY2025 at its Board meeting held during the year.

Both Management regularly update the relevant reports on the progress of the respective business operations and undertakings, in particular the relevant periodic financial performance review progress, status and summary of the same for deliberation by the Boards.

The Boards also focused on steering KLCCP Stapled Group through the Covid-19 pandemic to ensure sustainability of the Group’s businesses.

(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) Update on Risk Appetite,

for KLCCP Stapled Group.

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

KLCCRM Board approved the relevant principal risks for KLCC REIT investment activities.

Risk Appetite comprises statements, the associated metrics of risk tolerance and risk threshold to ensure the financial and non-financial risk exposures and type of risk to be pursued or retained in the areas of strategic, financial, operational, reputational, legal and regulatory compliance are properly defined.

Additionally, the Boards on quarterly basis, based on the recommendation of the ACs, reviewed and assessed the Key Risk Indicators’ Results with respect to the CRP for KLCCP and KLCCRM. Often, the Boards challenged and provided directions to the

	<p>Management on issues relating to the principal risks as highlighted by the ACs to the Boards.</p> <p>(d) <u>Succession planning</u></p> <p>The Board of KLCCP has 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> <p>The NRC 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 FY2020, were reviewed and evaluated by a special committee comprised of representatives from both Boards.</p> <p>In addition, the performance of each member of KLCCP management as well as their KPIs setting for FY2020 were reviewed and deliberated by a special committee.</p> <p>As per previous years, the CEO had an engagement session with the employees regarding KLCCP Stapled Group performance.</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 Stapled Group’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 Stapled Group's corporate website at www.klcc.com.my.</p> <p>The Chairman:</p> <ul style="list-style-type: none"> a) leads Board meetings' discussions, encourages debate on issues, and seeks views from the Directors on matters requiring decisions of the Boards; b) chairs the annual general meetings ("AGMs") of KLCCP and KLCC REIT and provides responses to the holders of Stapled Securities on issues raised by them; and c) 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.
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 1.3

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 Tan Sri 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 Stapled Group'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	:	
<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 1.4

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 his experience and qualifications are set out in the section on Profile of Management Team in KLCCP Stapled Group Integrated Annual Report 2020.</p> <p>Mr. Yeap Kok Leong, the external Company Secretary for KLCCP and KLCCRM, is the CEO & Managing Director of a leading company secretarial firm, Tricor Corporate Services Sdn Bhd. Mr. Yeap Kok Leong is a Fellow (FCIS) of The Malaysian Institute of Chartered Secretaries And Administrators (MAICSA), Member of Malaysian Institute of Accountants (MIA) and Associate (ACMA) and Chartered Global Management Accountant (CGMA) from The Chartered Institute of Management Accountants (CIMA).</p> <p>Below is a summary of the relevant activities 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;

	<p>d) Managed all board and committee meetings’ logistics, attendance of the Boards of Directors and Board Committees, and facilitated board communications;</p> <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) Advised and facilitated the conduct of annual Board Effectiveness Evaluation;</p> <p>h) Oversaw the contents and conduct of Engagement Sessions on Tender and Procurement Governance;</p> <p>i) Managed the annual general meetings of KLCCP and KLCC REIT; and</p> <p>j) Served as the focal person for communication and engagement on corporate governance issues.</p> <p>During FY2020, 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"> • Shares and Capital Maintenance – Compliance Requirement Under Companies Act 2016 & Practical Guide • Company Limited By Guarantee Under Companies Act 2016 • 2nd Malaysia Anti-Corruption Forum • PETRONAS Board Excellent Series: MFRS Updates • Annual External Environment Analysis Forum <p>(ii) Mr Yeap Kok Leong</p> <ul style="list-style-type: none"> • Guidelines for Reporting Framework for Beneficial Ownership of Legal Person in Malaysia • 15th ADP Partner Executive Convention
<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>	

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 FY2020, 6 Board meetings of KLCCP and 4 Board meetings of KLCCRM were held respectively. In addition, 7 AC Meetings of KLCCP and 6 AC Meetings of KLCCRM, as well as 4 NRC Meetings of KLCCP and 3 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 Secretary including whether any Director abstaining from voting or deliberating on a particular matter.</p> <p>The meeting agenda was set by the Chairman, assisted by the Company Secretary 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 in a timely manner 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	:	
<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 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's Board Charter, which was adopted on 27 November 2012. KLCCP's Board Charter was last reviewed and approved by KLCCP Board on 11 November 2019.</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 Stapled Group's corporate website at www.klcc.com.my. KLCCP 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 ("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 Group. 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 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 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 CoBE is available on KLCCP Stapled Group's corporate website at www.klcc.com.my.</p> <p>During the year, CoBE awareness programmes were rolled out to all new employees. In addition, CoBE refresher programmes for all existing employees were conducted in the months of March, May, August and September.</p> <p>As part of KLCCP Stapled Group implementation of adequate procedures as stated in Section 17A of the Malaysian Anti-Corruption Commission (MACC) Act 2009 (Amendment 2018), the Boards of KLCCP and its subsidiaries have executed the Corporate Integrity Pledge in combatting bribery and corruption as a defence against corporate liability. The amendment took effect on 1 June 2020. The Board of KLCCP had also approved for KLCCP to obtain certification of ISO 37001: 2016 Anti-Bribery Management System by December 2020 and for its subsidiaries to implement their respective Anti-Bribery Management Systems. On 11 December 2020, SIRIM QAS International Sdn Bhd</p>

	<p>awarded KLCCP and its identified subsidiaries, including KLCCRM, with the ISO 37001:2016 Anti-Bribery Management System certification.</p> <p>Apart from the above, the Directors also have their own code of conduct which is 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> <p>The Boards are also reminded not to deal in Stapled Securities when they are in possession of any price-sensitive information.</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 3.2

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 ("Whistle-blowing Policy") and Anti-Bribery and Corruption Manual ("ABC 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 Whistle-blowing Policy and the ABC Manual provide the avenue for employees or any parties to report on corruption, fraud, and dishonest practices at the workplace.</p> <p>The Whistle-blowing Policy and ABC Manual are available on KLCCP Stapled Group's corporate website at www.klcc.com.my and include the process and procedure that allow for independent investigation on any improper conduct with appropriate follow-up action.</p> <p>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 consist 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>The composition of KLCCP and KLCCRM Boards as at 31 December 2020 is as follows:</p> <table border="1" data-bbox="555 1010 1406 1272"> <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>14.28</td> </tr> <tr> <td>Non-Independent Non-Executive Directors</td> <td>3</td> <td>42.86</td> </tr> <tr> <td>Independent Directors</td> <td>3</td> <td>42.86</td> </tr> <tr> <td>Total</td> <td>7</td> <td>100.00</td> </tr> </tbody> </table> <p>The 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 interest of the companies.</p>		Designation	Number of Directors	Percentage (%)	Executive Director	1	14.28	Non-Independent Non-Executive Directors	3	42.86	Independent Directors	3	42.86	Total	7	100.00
Designation	Number of Directors	Percentage (%)																
Executive Director	1	14.28																
Non-Independent Non-Executive Directors	3	42.86																
Independent Directors	3	42.86																
Total	7	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 2021.																
Timeframe	:	Within 1 year																

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	:	Not applicable - Step Up 4.3 adopted	
Explanation on application of the practice	:		
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	:	Adopted
Explanation on adoption of the practice	:	The Board Charter of KLCCP limits the tenure of Independent Director to 9 years. The Board Charter is available on KLCCP Stapled Group's corporate website at www.klcc.com.my .

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 emphasized the necessary selection criteria for the appointment of Directors. Through Board Effectiveness Evaluation, the Directors are assessed annually and such findings are consolidated in a performance report which is analysed further and tabled to the NRCs for review and endorsement by the Boards.</p> <p>All nominees and candidates to be considered as member of the Boards are first vetted by the NRCs to identify qualities relating to their mix of skills, competencies, experience, integrity, time commitment, and other qualities required to effectively discharge their respective role as a director. The NRCs will then recommend the board 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 Stapled Group's corporate website at www.klcc.com.my.</p> <p>In FY2020, KLCCP NRC and the Board had deliberated and considered on the renewal of contract of the current incumbent for a key management personnel of a subsidiary company. Few options were considered before a decision was made to renew the contract of the said incumbent.</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	:	With the appointment of Puan Liza Mustapha on 12 October 2020, KLCCP and KLCCRM achieved 42.86% women representation on the Boards.	
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 shareholder, director, 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 Integrated Annual Report 2020.</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	:	The NRCs of KLCCP and KLCCRM are chaired by Cik Habibah Abdul, who is also designated as Senior Independent Director. Throughout the year, Cik Habibah had led deliberations on the review of salary structure, succession planning and appointment of a Director for the Boards. She was also responsible to ensure the annual review of Board effectiveness being carried out for an independent assessment of the performance of each individual Director as well as of the Boards and Boards' Committees. The roles of Senior Independent Director are provided in the Board Charter which is available on KLCCP Stapled Group'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 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	:	Applied
Explanation on application of the practice	:	<p>In FY2020, the Boards and Directors' Effectiveness Evaluation ("BEE") was carried out by an independent expert.</p> <p>The BEE assessment methodology involves the following tasks:</p> <ol style="list-style-type: none">(1) Documents review;(2) Online questionnaires;(3) Compliance assessment;(4) Confidential interviews; and(5) Observation and evaluation. <p>The BEE was carried out based on the followings 8 parameters:</p> <ol style="list-style-type: none">(1) Board Governance and Processes;(2) Board Leadership;(3) Board Composition and Skills;(4) Board Committees;(5) Board Dynamics and Culture;(6) Board and Management Relationship;(7) Board Agenda, Minutes and Information; and(8) Board Development. <p>The independent expert had provided their findings and recommendations for the Boards to consider.</p> <p>The BEE process is disclosed in the NRCs Report of KLCCP Stapled Group Integrated Annual Report 2020.</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 6.1

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, adhere to the Remuneration Framework for KLCCP Non-Executive Directors and are guided by the recommendation of the NRCs. The Remuneration Framework for KLCCP Non-Executive Directors is available on KLCCP Stapled Group's corporate website at www.klcc.com.my. The Non-Executive Directors remuneration for FY2020 is also set out in the NRCs Report of KLCCP Stapled Group Integrated Annual Report 2020.</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 is available on KLCCP Stapled Group'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	:	<p>Details of the Directors' Remuneration for KLCCP on named basis comprising remuneration received from KLCCP during 2020 are disclosed in the NRCs Report of KLCCP Stapled Group Integrated Annual Report 2020.</p> <p>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.</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 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	:	KLCCP opts not to disclose the top 5 Senior Management's remuneration as such disclosure is subject to Personal Data Protection Act 2010.	
		KLCCP has identified its top 5 Senior Management positions as follows: 1. Head of Strategy, Finance and Investor Relations Division/Chief Financial Officer; 2. Head of Development and Commercial Leasing Division; 3. Head of Legal and Corporate Services Division; 4. Head of Human Resource Division; and 5. Head Department, Group Enterprise Risk Management.	
<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 plans 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 2 Independent Non-Executive Directors and 1 Non-Independent Non-Executive Director, all of whom are equipped with the breadth of financial expertise and commercial acumen fundamentally required 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 Integrated Annual Report 2020.</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>KLCCP and KLCCRM had adopted the Framework on External Auditors that provides requirements that former key audit partners are subject to a cooling-off period of at least 2 years before he or she could be appointed as a member of the respective ACs.</p> <p>The purpose of the Framework is to safeguard independence and to avoid potential conflict/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>In addition, the TOR of the respective ACs has incorporated the above mentioned requirements which is available on KLCCP Stapled Group'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	:	KLCCP and KLCCRM had adopted the Framework on External Auditors to establish a formal policy and procedure for the respective ACs to assess the suitability, objectivity and independence of the external auditors annually based on the following key areas: (a) Quality of engagement team and services; (b) Adequacy of resources; (c) Quality of communication and interaction; and (d) Independence, objectivity and professionalism scepticism. 2 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.
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 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

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 8.5

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>All members of the ACs have vast experience and skills in accounting and finance as well as other relevant fields of expertise. They are highly-qualified to review the accuracy of KLCC REIT's financial statements and KLCCP Stapled Group's consolidated financial statements prior to recommending the same to the Boards for approvals.</p> <p>Trainings attended by the ACs members during 2020 are as follows:</p> <table border="1"> <thead> <tr> <th>Members</th> <th>Trainings Attended</th> </tr> </thead> <tbody> <tr> <td>Farina binti Farikhullah Khan</td> <td> <ul style="list-style-type: none"> • Corporate Liability Program: PETRONAS' Preparedness for Corporate Liability under S17A MACC Act 2009 (Amendment 2018) • Staying Ahead with Data Analytics • Anti- Money Laundering • PETRONAS Board Excellence Advance 1 : Best Practices for Board Excellence • Cyber Security Awareness • Effective Non-Executive Director • PETRONAS Board Excellence Series : MFRS Updates by KPMG • Goldman Sachs – Oil and Gas Outlook • Shariah Governance Policy Documents </td> </tr> <tr> <td>Liza binti Mustapha</td> <td> <ul style="list-style-type: none"> • PETRONAS Cultural Beliefs Refresh Exercise </td> </tr> <tr> <td>Habibah binti Abdul</td> <td> <ul style="list-style-type: none"> • Section17A of the MACC Amendment Act 2018 • Reinventing Cybersecurity with Artificial Intelligence • KLCC Group of Companies – External Environment Assessment Forum 2020 </td> </tr> </tbody> </table>	Members	Trainings Attended	Farina binti Farikhullah Khan	<ul style="list-style-type: none"> • Corporate Liability Program: PETRONAS' Preparedness for Corporate Liability under S17A MACC Act 2009 (Amendment 2018) • Staying Ahead with Data Analytics • Anti- Money Laundering • PETRONAS Board Excellence Advance 1 : Best Practices for Board Excellence • Cyber Security Awareness • Effective Non-Executive Director • PETRONAS Board Excellence Series : MFRS Updates by KPMG • Goldman Sachs – Oil and Gas Outlook • Shariah Governance Policy Documents 	Liza binti Mustapha	<ul style="list-style-type: none"> • PETRONAS Cultural Beliefs Refresh Exercise 	Habibah binti Abdul	<ul style="list-style-type: none"> • Section17A of the MACC Amendment Act 2018 • Reinventing Cybersecurity with Artificial Intelligence • KLCC Group of Companies – External Environment Assessment Forum 2020
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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> <ol style="list-style-type: none"> 1) KLCC Group Enterprise Risk Management Framework; 2) Risk Quantification Guideline; 3) Enterprise Risk Management Process Guideline; 4) Enterprise Risk Management Assurance Guideline; 5) Risk Assessment in Decision Making ("RADM") Guideline, RADM Communication Pack and RADM Question Bank 2018; 6) Partnership and Partner Risk Assessment Guideline; 7) Risk Library; 8) Crisis Management Framework ("CMF") and CMF Communication Pack 2018; 9) Business Continuity Management Framework; 10) Business Impact Analysis Guideline; 11) Business Recovery Strategy Guideline; 12) Business Continuity Plan Guideline; 13) Testing and Exercising Guideline; 14) Guide for Establishing and Operationalising Risk Appetite 2019 and Risk Appetite (Appendix A); 15) Risk Universe 2019; 16) Risk Policy and Communication Pack 2019; 17) Risk Definition 2018; and 18) INTERISK Manual.
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

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 ("ERM Framework") outlines the risk policy, risk governance and structure, risk measurement, and risk operation and system for the KLCCP Stapled Group. The ERM Framework 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, key risk indicators' and risk appetite 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 the recent 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 organizational 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>A Crisis Management Plan ("CMP") was established to address and respond to incidents where risk mitigation fails or when full prevention of the risk occurring is unlikely in the area of finance, human resource, ICT, facility management, and legal and regulatory compliance.</p> <p>The CMP includes objectives and scope of emergency/crisis management plan; emergency/crisis team structure with roles and responsibilities; activation thresholds and procedures; communication process with updated contact numbers and integration with relevant parties (i.e. government authorities and relevant stakeholders); strategies and actions for responding pre, during and post emergency/crisis; escalation process for escalating relevant emergency/crisis information to potential impacted parties within KLCCP Stapled Group and resource requirement during emergency/crisis.</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 Integrated Annual Report 2020.</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 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 respective KLCCP and KLCCRM 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 KLCC (Holdings) Sdn Bhd reports directly to the ACs.</p> <p>The appointment of the Head of GIAD is reviewed and recommended 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 Integrated Annual Report 2020.</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. Current structure under GIAD comprises 1 Head, 4 managerial, 8 executive and 2 non-executive positions.</p> <p>GIAD is led by Puan Zurina Othman, who holds a Bachelor of Science (Computer Science) from The American University, Washington D.C. She is also a Certified Internal Auditor (CIA) from the Institute of Internal Auditors Malaysia (IIAM) and Certified Information Systems Auditor (CISA) from the Information Systems Audit and Control Association (ISACA).</p> <p>The total costs incurred for the internal audit activities of KLCCP Stapled Group for the year was RM235,828.00.</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 COSO (i.e. The Committee of Sponsoring Organisations of The 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 communication channels between KLCCP Stapled Group and the stakeholders.</p> <p>The IRBD manages the investing community and conducted engagement between 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. Due to the Covid-19 pandemic, communication strategy has shifted to the virtual approach and IRBD team utilised various online platforms to connect with the stakeholders.</p> <p>During FY2020, the Boards ensured the supply of clear, comprehensive, and timely information to the stakeholders in the following manner:</p> <ul style="list-style-type: none">a) Publication of KLCCP Stapled Group Integrated Annual Report 2019 and provision of regular disclosures, including quarterly financial results and investor presentations of the KLCCP Stapled Group;b) Engagement with analysts, journalists through press releases and analysts' briefings following announcements of the quarterly financial results of KLCCP Stapled Group;c) Participation in investor conferences, namely, DBSV Pulse of Asia 2020, National C-Level REITS Conference 2020, Bursa-Daiwa-Affin Hwang Malaysia Corporate Day, CLSA Property/REITS Corporate Access Day, RHB Retail Talk Webinar, Maybank Investors Virtual Forum and Malaysian REIT Webinar 2020;d) Video/audio presentations to provide analysts/investors with updates on our quarter financial results and sustainability initiatives via KLCCP corporate website/email;e) Timely updates of the corporate website on financial information, financial reports, minutes of 2020 AGMs, stock

	<p>information, investor calendar, and investor presentation slides;</p> <p>f) Established an ESG World platform in the corporate website for investors' ease of access on KLCCP Stapled Group's ESG commitment, detailed review of the Group's ESG factors with links to data and information in the public domain for investors' verification;</p> <p>g) Announcements of dividends and income distributions as well as other disclosures under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;</p> <p>h) Organised virtual AGMs and engaged with the holders of KLCCP Stapled Securities 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; and ▪ The Chairman provided ample time to the holders of KLCCP Stapled Securities to raise questions and their concerns in a provided online platform which were addressed promptly and satisfactorily. <p>The Chairman also responded to inquiries made by the Minority Shareholder Watchdog Group (MSWG) in relation to KLCCP Stapled Group Integrated Annual Report 2019.</p> <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>	
<p>Timeframe :</p>	

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	:	Applied	
Explanation on application of the practice	:	<p>KLCCP Stapled Group has adopted integrated reporting in accordance with the International Integrated Reporting Framework and published its first Integrated Annual Report in 2019.</p> <p>The journey towards publishing the second integrated report continues in 2020, wherein this year’s integrated report has been further enhanced to demonstrate the relationships between resources, actions and the value created by the Group for the stakeholders as well as to connect the links between the Group’s financial and non-financial risks and opportunities.</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 12.1

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 2020 AGMs for KLCCP and KLCC REIT were held virtually on 23 June 2020. The Notice for both AGMs was issued more than 28 days prior to the date of the AGMs, allowing sufficient time for the holders of 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 the holders of Stapled Securities to make informed decisions in exercising their voting rights.</p> <p>Likewise, the Notice of 2021 AGMs for KLCCP and KLCC REIT also included details of the proposed resolutions together with explanatory notes for reference by the holders of Stapled Securities.</p> <p>KLCCP Stapled Group Integrated Annual Report 2020 together with the Notice of 2021 AGMs for KLCCP and KLCC REIT dated 19 March 2021 are available on KLCCP Stapled Group’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

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 the ACs and NRCs, attended and participated in KLCCP and KLCC REIT AGMs in 2020.</p> <p>The presence of all Directors presented opportunities for the holders of Stapled Securities to engage with all Directors and also allowed the holders of KLCCP 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	:	Applied
Explanation on application of the practice	:	<p>In light of the current Covid-19 pandemic and good Corporate Governance practice, KLCCP and KLCC REIT had conducted remote participation and remote online voting by the holders of Stapled Securities (i.e. voting in absentia) via electronic voting system at the 17th AGM of KLCCP and 7th AGM of KLCC REIT held in 2020 by leveraging on technology in accordance with the Constitution of KLCCP and the Trust Deed of KLCC REIT.</p> <p>The holders of Stapled Securities who attended the AGMs via remote participation could also submit their questions during the meetings for the Boards to respond.</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	:	

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT
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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