

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5235SS
COMPANY NAME : KLCC PROPERTY HOLDINGS BERHAD (“KLCCP”) &
KLCC REAL ESTATE INVESTMENT TRUST (“KLCC REIT”)
FINANCIAL YEAR : December 31, 2021

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. Boards also ensure that the conduct of the businesses of the Group is in compliance with the relevant laws, policies, standards and guidelines applicable to the Group.</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. The Boards are assisted by the respective Board Committees which operate under clearly defined Terms of Reference.</p> <p>In discharging its overall responsibilities, the Boards and Boards' Committees undertook the following activities during the financial year ended 31 December 2021 ("FY2021"):</p> <p>(a) <u>Governance and compliance</u></p> <p>In April 2021, Board members together with senior management attended training on critical legal areas revolving ethics and integrity, personal data protection laws, anti-competition laws, sanctions and export control. The Boards reviewed and approved the Bribery and Corruption risk assessment for FY2021.</p> <p>The Boards also reviewed the adequate procedures activities undertaken by management for the ISO 37001 Anti Bribery Management System during FY2021.</p>

	<p>(b) <u>Business strategy, business planning & budget, financial performance</u></p> <p>KLCCP Board reviewed, deliberated, and approved the business plan and budget for FY2022 as well as the 4-year financial forecasts for FY2023 - FY2026 at its Board meeting held during the year.</p> <p>The Board of KLCC REIT Management Sdn Bhd (“KLCCRM”), as the Manager of KLCC REIT, reviewed, deliberated, and approved the budget for FY2022 as well as the 4-year financial forecasts for FY2023 - FY2026 at its Board meeting held during the year.</p> <p>The Management regularly updates 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.</p> <p>The Boards also focused on steering KLCCP Stapled Group through the Covid-19 pandemic to ensure sustainability of the Group’s businesses.</p> <p>(c) <u>Internal control and risk management</u></p> <p>The Boards have carried out the following:</p> <ul style="list-style-type: none"> (i) Annual review of the Risk Appetite to ensure the risk statements and thresholds are reflective of the internal and external changes; and (ii) Annual review of Corporate risk profile in compliance with the ERM Framework where the principal risks 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>Additionally, the Boards on quarterly basis, based on the recommendation of the Board Audit Committees (“BACs”), 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 Management on issues relating to the principal risks as highlighted by the BACs to the Boards.</p> <p>(d) <u>Succession planning</u></p> <ul style="list-style-type: none"> (i) Discussed updates on succession management (i.e. KLCCP Leadership Bench Strength) following the approved Succession Management Framework.
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	<ul style="list-style-type: none"> (ii) Discussed the updates on Talent Readiness Assessment and Matching to the identified Success Profiles. (iii) Discussed the updates on organisation effectiveness review for enhancement of role demarcation and redefining of Critical Position Profiles (e) Reviewed the overall staff performance appraisal distribution. (f) <u>Effective communication with stakeholders</u> <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>
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 1.2

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. 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, allowing sufficient time for deliberations on key issues, and seeks views from the Directors on matters requiring decisions of the Boards; (b) with the assistance of the CEO and the Company Secretary, sets the board meeting agenda for each meeting and ensure the directors receive complete and accurate information in a timely manner; (c) 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 (d) instils leadership in promoting and implementing good governance practices 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 En Md. Shah bin Mahmood 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	:	
<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 Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
Application :	Applied
Explanation on application of the practice :	<p>The Chairman of KLCCP and KLCCRM Boards is Tan Sri Ahmad Nizam Salleh who is not a member of the Nomination and Remuneration Committee ("NRC"), Board Audit Committee ("BAC") and Board Risk Committee ("BRC").</p> <p>To instil good corporate governance practice, the Board Charter was revised in 2021 by inclusion of requirement that the Chairman shall not be a member of any Board committees. In addition, the Chairman was not invited to attend any Board Committees' meetings during the year.</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 1.5

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 two (2) qualified Company Secretaries, namely En. Abd Aziz Abd Kadir (LS0001718) (SSM Practicing Certificate No. 201908001622) and Mr. Yeap Kok Leong (MAICSA 0862549) (SSM Practicing Certificate No. 202008001750), 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. The Boards have unrestricted access to the advice and services of the Company Secretaries.</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 2021.</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’ interest 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) Reviewed 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 FY2021, 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"> • The New Reality of Cyber Hygiene • Data Centric Leadership • Business Must Go On : The Digital Signature Way • Petronas BAC Forum • Corporate Governance Masterclass <p>(ii) Mr Yeap Kok Leong</p> <ul style="list-style-type: none"> • Tricor Hive Sdn Bhd – Appointments & Revocation of Proxy Appointments – Case Study • Tricor Trustco (Labuan) Ltd’s Kuala Lumpur Marketing Office – Discretionary Trust – Case Study • Mia International Accountants Conference – Navigating A Sustainable Future With Agility And Resilience • ADP Partner Executive Convention (ADP Global Payroll) – Making Waves
<p>Explanation for departure</p>	<p>:</p>

<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 1.6

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 FY2021, 5 Board meetings of KLCCP and 5 Board meetings of KLCCRM were held respectively. In addition, 5 BAC Meetings of KLCCP and 6 BAC Meetings of KLCCRM, as well as 5 NRC Meetings of KLCCP and 4 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.</p> <p>All Board meetings were conducted separately from board committee meetings. At each Board meeting, the Chairman ensures adequate time is allocated for thorough deliberation of key issues including the Committee Chairs to report on the contents of discussions and any recommendations to the Board which require approval and the actions to be taken by the Board.</p> <p>The meeting agenda was set by the Chairman, assisted by the Company Secretary and CEO. As part of the initiative to enhance the Boards effectiveness, CEO briefings to the Boards are now part of the Boards' agendas, which provide a platform for the CEO to apprise the Boards on the business and operations of the Group.</p> <p>The Boards' and Board Committees' Meeting Packs which consisted of agenda items, reports, and papers, are provided to the Directors six (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> <p>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>

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 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 reviewed by the Board periodically and the latest revision was approved by KLCCP Board on 9 December 2021.</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 as well as Anti-Bribery and Corruption Manual ("ABC Manual") effective 28 October 2013. The CoBE and ABC Manual set out the standards of behaviour and ethical conduct that must be complied with by the Directors, management and employees of KLCCP Group. The CoBE and ABC Manual aim 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 and ABC Manual govern the daily conduct of the employees and directors on matters relating to abuse of power, conflict of interest, giving and receiving gifts, bribery and corruption, competition, anti-money laundering, international trade, and facilitation of payments, amongst others. The CoBE and ABC Manual also emphasise and advance the principles of discipline, good conduct, professionalism, loyalty, integrity and cohesiveness that are relevant to the success and well-being of KLCCP Stapled Group.</p> <p>The CoBE and ABC Manual are available on KLCCP Stapled Group's corporate website at www.klcc.com.my.</p> <p>During the year, CoBE and ABC Manual awareness programmes were rolled out to all new employees. In addition, CoBE and ABC Manual refresher programmes for all existing employees were conducted in the months of April, August, September and October.</p> <p>The Boards place emphasis on combatting bribery and corruption. As part of KLCCP Stapled Group's implementation of adequate procedures, the Boards of KLCCP and its subsidiaries (including KLCCRM) have executed an Integrity Pledge in combatting bribery and corruption. In addition, KLCCP, KLCCRM and other subsidiaries of the Group had</p>

	<p>issued a Policy Statement on Anti-Bribery and Corruption with zero tolerance to any form of bribery and corruption culture.</p> <p>In December 2020, the Group and its identified subsidiaries (including KLCCRM) received its first ever ISO certification, which is ISO 37001:2016 Anti Bribery Management System (“ABMS”). In 2021, the Group had successfully completed a surveillance audit on ABMS conducted by a competent Certification Body, which is SIRIM QAS International Sdn Bhd. KLCCP and its identified subsidiaries have successfully undergone the Surveillance Audit for FY 2021.</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>	
<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

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 had adopted the PETRONAS' Whistle-blowing Policy ("Whistle-blowing Policy") effective 27 November 2012. KLCCP Stapled Group adopted the enhanced PETRONAS Whistleblowing Policy on 4 May 2021 which provide and facilitate appropriate communication and feedback channels involving KLCCP Stapled Group and its employees as well as the public.</p> <p>The enhanced Whistle-blowing Policy provides for avenues for employees, directors and any parties (including public) to report on amongst others, corruption, fraud, dishonest practices, misconducts and / or malpractices at the workplace.</p> <p>The enhanced Whistle-blowing Policy is available on KLCCP Stapled Group's corporate website at www.klcc.com.my and include the process and procedure that allow for independent investigation, even by anonyms reports, on any improper conduct with appropriate follow-up action, without reprisal.</p> <p>Management in its endeavour to combat bribery, has introduced the Integrity pledge, Asset Declaration Form, Gift Register, Bribery and Corruption Risk assessment, and Anti-Bribery Management System.</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

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.1

The board together with management takes responsibility for the governance of sustainability in the company including setting the company's sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

Application	:	Applied
Explanation on application of the practice	:	<p>KLCCP Stapled Group has a governance structure in place where the Board represent the highest authority and is ultimately accountable for managing sustainability matters within the Group.</p> <p>The Sustainability Steering Committee ("SSC") reports to the CEO who in turn reports the progress/updates to the Boards annually and seeks their advice on related issues.</p> <p>Strategic material matters for the Group are deliberated constantly via multiple engagements such as during the SSC meetings, 5-year Business Plan & Budget meetings, quarterly risk assessments meetings and etc. Sustainability agenda has been entrenched into our business model aligned to our corporate strategy, culture and values and form the integral part of the "Business as Usual" for the 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

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.2

The board ensures that the company’s sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Boards endorse KLCCP Stapled Group Sustainability Report each year prior to publication. The Sustainability Report comprises the Group’s sustainability strategies, priorities and targets, and performance are communicated to our internal and external stakeholders via:</p> <ul style="list-style-type: none"> • Internal – Intranet portal, emails, monthly bulletin, employee engagement, presentation to leadership team and etc. • External – Corporate website, annual report, press releases, investor presentations, quarterly analysts briefings, KLCCP’s dedicated ESG World Platform and etc. 	
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 company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.3

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

Application	:	Applied	
Explanation on application of the practice	:	The Boards are appraised, and they provide their views and opinions on any of the Group's sustainability issues during the Board meetings.	
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 company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.4

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company's material sustainability risks and opportunities.

Application	:	Applied	
Explanation on application of the practice	:	<p>The current performance review i.e. Balanced Score Card for the Senior Management takes into account sustainability risks such as HSE risks, financial and people development.</p> <p>The Board Effectiveness Evaluation for FYE 2021 included assessment on Boards' understanding on sustainability issues that are critical to the company's 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 company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.5- Step Up

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>KLCCP Stapled Group’s Sustainability Steering Committee (SSC) is co-chaired by the Chief Financial Officer and Head of Health, Safety and Environment. The SSC reports to the CEO who in turn reports the progress to the Board.</p> <p>In 2021, KLCCP and KLCCRM established Board Risk Committees to provide direction, guidance and oversight on Environmental, Social & Governance (ESG), compliance and sustainability matters. The Committee operate within clearly defined written terms of reference as approved by the Board.</p> <p>The approved TORs of the respective Board Committees are available for reference on KLCCP Stapled Group’s website at www.klcc.com.my.</p>

Intended Outcome

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

Practice 5.1

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination and Remuneration Committees (“NRCs”) continue to discharge their functions and to ensure that the board composition and tenure of each director are reviewed periodically.</p> <p>The Boards recognised that the Directors’ performance is used as a basis in recommending their re-election to the shareholders. This, in turn, is determined through the BEE before any recommendation is made to the Board for deliberation and approval.</p> <p>In first quarter of 2021, the Boards deliberated and approved the Board, Board Committees and Directors’ Effectiveness Evaluation (“BEE”) for FYE 2020. The Boards also endorsed, based on recommendations of the NRCs, the annual re-election of Directors for AGM 2021 of KLCCP and meeting of member of KLCCRM held in April 2021.</p> <p>During the year, there were several changes to the board compositions of KLCCP and KLCCRM as follows:</p> <ul style="list-style-type: none">(a) Datuk Hashim Wahir retired as an Executive Director / CEO on 30 April 2021.(b) En. Md. Shah Mahmood was appointed as a CEO and Executive Director on 1 May 2021 and 10 May 2021 respectively.(c) Puan Chong Chye Neo was appointed as an Independent Non-Executive Director on 10 May 2021.(d) Datuk Pragasa Moorthi a/l Krishnasamy resigned as a Non-Independent Non-Executive Director on 31 August 2021.(e) Dato’ Sr. Mazuki A Aziz was appointed as an Independent Non-Executive Director on 9 December 2021.(f) Datin Noor Lily Zuriati Abdullah was appointed as an Independent Non-Executive Director on 9 December 2021. <p>Total six (6) Directors of KLCCP are subject to retirement pursuant to the KLCCP Constitution at the forthcoming 19th AGM of KLCCP to be held in April 2022, namely:</p> <ul style="list-style-type: none">(a) Tan Sri Ahmad Nizam Salleh,(b) Cik Habibah Abdul,(c) En. Md. Shah Mahmood,

	<p>(d) Puan Chong Chye Neo, (e) Dato' Sr. Mazuki A Aziz, and (f) Datin Noor Lily Zuriati Abdullah.</p> <p>Tan Sri Ahmad Nizam Salleh, Cik Habibah Abdul, En. Md. Shah Mahmood, and Puan Chong Chye Neo took part in the BEE for FYE 2021 which was implemented in November 2021. Dato' Sr. Mazuki A Aziz and Datin Noor Lily Zuriati Abdullah did not participate in the BEE for FYE 2021 as they were appointed as Directors on 9 December 2021.</p> <p>Save for Cik Habibah Abdul who has indicated of her intention not to seek re-election at the forthcoming 19th AGM of KLCCP, the remaining 5 Directors have indicated their willingness to seek re-election at the forthcoming AGM of KLCCP to be held in April 2022.</p> <p>Prior to recommending the re-election of the Directors, save for Datin Noor Lily and Dato' Sr. Mazuki who were appointed on 9 December 2021, the NRCs reviewed the individual directors' performance based on the results of the BEE for FY2021. The NRCs are of the opinion that the Directors had discharged his/her duties effectively and had provided valuable contribution to the leadership of the Group.</p> <p>With that, the Board and NRC of KLCCP collectively resolved to recommend the re-election of abovenamed Directors at the 19th AGM 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

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

Practice 5.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Boards of KLCCP and KLCCRM currently comprise nine (9) Directors, whereby six (6) board members are Independent Non-Executive Directors and three (3) board members are Non-Independent Non-Executive Directors.</p> <p>The Independent Non-Executive Directors represent 66.67% of the Boards composition, namely:</p> <ul style="list-style-type: none">(a) Cik Habibah Abdul;(b) Puan Farina Farikhullah Khan;(c) Dato' Jamaludin Osman;(d) Puan Chong Chye Neo;(e) Dato' Sr. Mazuki A Aziz; and(f) Datin Noor Lily Zuriati Abdullah.
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 5.3

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 provide justification and seek annual shareholders' approval through a two-tier voting process.

Application	:	Not applicable - Step Up 5.4 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 5.4 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

<i>Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.</i>	
Application	: Adopted
Explanation on adoption of the practice	: To-date, KLCCP and KLCCRM have six (6) Independent Non-Executive Directors, none of whom have served beyond nine (9) years. The policy to limit the tenure of independent directors to nine (9) years is included in the KLCCP's Board Charter. KLCCP 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 5.5

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.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

Application	:	Applied
Explanation on application of the practice	:	<p>KLCCP and KLCCRM practice a formal and transparent procedures and emphasize the necessary selection criteria for the appointment of Directors. 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>Before any proposed appointment, the Boards also take into account other requirements such as professionalism, integrity, competencies, and ensure that no person shall be appointed as a director on the board if the person is or becomes an active politician, heads of state, heads of government and ministers.</p> <p>The Boards and NRCs continuously review the Board Skills Matrix, which serve to identify the skills, knowledge, experience and capabilities desired of the Boards to enable to meet both current and future challenges of the Group. It reflects the appropriate mix of skills, expertise and experience required to address existing and emerging business and governance issues. In the selection of suitable candidates, the Boards and NRCs referred to the Board Skills Matrix.</p> <p>The Board Skills Matrix consists of several criteria, namely Finance & Accounting, Business Management, Property & Real Estate, Engineering, Information Technology/Digital, Quantity Survey/Project Management and Legal.</p> <p>The Boards also considered, among others, whether a director is 'over-stretched' in terms of his/her commitments to meet the expectations of the role.</p>

	<p>The Board agreed that all Directors appointed during the year under review had met the required skills in the Board Skills Matrix.</p> <p>The same practice is also applicable in recommending the appointment of a new CEO of KLCCP and KLCCRM during the year.</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

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

Practice 5.6

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.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

Application	:	Applied
Explanation on application of the practice	:	<p>In view of the need to ensure proper processes are in place to manage composition and also succession issues at board level, an appropriate process for the selection, nomination and appointment of suitable candidates to the Boards has been put in place.</p> <p>The Boards do not solely rely on recommendations from existing Board Members, Management or Major Shareholders in identifying candidates for appointment of directors.</p> <p>While the Boards are responsible for the appointment of new Directors, the NRCs are entrusted with the responsibility of screening and conducting an initial selection by assessing and considering the capabilities, commitment and qualities of candidates to be appointed as Board Members.</p> <p>In 2021, KLCCP and KLCCRM undertook the appointment of a new Executive Director cum CEO namely En. Md. Shah bin Mahmood as a successor for Datuk Hashim bin Wahir who retired on 30 April 2021. The NRCs and Boards involved in a rigorous process to identify suitable internal and external candidates who must fulfill the requirements and guidelines imposed by the Securities Commission Malaysia and Bursa Securities.</p> <p>Further, there were also changes to the Board compositions during the year under review which involved the appointments of three (3) Independent Non-Executive Directors (“INEDs”). The selection and nomination of INEDs to the Boards were conducted together with the appointed external search firm, Institute of Corporate Directors Malaysia.</p> <p>Prior to the submission of its recommendations to the Boards on the selection and appointment of INEDs, the NRCs took into account of the approved Board Skills Matrix, Board Diversity Policy, competencies, experiences, integrity, and also considered, inter-alia, the current</p>

	<p>directorships of companies held by the candidates and any potential conflict of interest/risk.</p> <p>Aside from that, the NRCs also made additional verifications prior to the appointments, which includes background checks on the individual's character and bankruptcy search to qualify as Directors.</p> <p>The potential candidates were required to declare/confirm that he/she meets the criteria of an Independent Director in accordance with the Main Market Listing Requirements of Bursa Securities and the Listed REIT Guidelines issued by Securities Commission Malaysia, prior recommending to the Board for its approval on his/her proposed appointment as INEDs.</p> <p>All necessary information would be obtained from the newly appointed Directors for the Company's records and for meeting the statutory requirements and other applicable rules and regulations.</p> <p>Having considered all aspects, the NRCs then submitted its recommendations to the Boards for approval. Following each appointment, a letter of appointment would be issued, and the Company Secretary undertook the necessary actions as authorised by the Boards, to ensure the appointments are in accordance with the statutory requirements and as prescribed by the Main Market Listing Requirements of Bursa Securities.</p>	
<p>Explanation for departure</p>	<p>:</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>:</p>	
<p>Timeframe</p>	<p>:</p>	

Intended Outcome

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

Practice 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

Application	:	Applied	
Explanation on application of the practice	:	The Notice of AGMs for 2021 was issued on 19 March 2021 which is prior to the release of the latest Malaysian Code on Corporate Governance (as at 28 April 2021). The information for the Directors standing for re-election as well as the reasons from the Board to support the re-election of directors have been disclosed the Explanatory Notes to the Notice of AGMs for 2022.	
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 5.8

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 Cik Habibah Abdul, who is also designated as Senior Independent Non-Executive Director.</p> <p>Throughout the year, Cik Habibah had led deliberations on the review of salary structure, succession planning and appointment of new Directors for the Boards. She was also responsible to ensure the yearly Board, Board Committees and Directors' Effectiveness Evaluation is being carried out to assess the performance of each individual Director as well as of the Boards and Boards' Committees.</p> <p>The roles of Senior Independent Non-Executive Director are provided in the Board Charter 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

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

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Applied	
Explanation on application of the practice	:	Total five (5) women Directors in KLCCP and KLCCRM Boards, namely Cik Habibah Abdul, Pn. Farina Farikullah Khan, Pn. Liza Mustapha, Puan Chong Chye Neo and Datin Noor Lily Zuriati Abdullah, representing 55.56% of 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 5.10

The board discloses in its annual report the company's policy on gender diversity for the board and senior management.

Application	:	Applied	
Explanation on application of the practice	:	KLCCP and KLCCRM have adopted PETRONAS policy of achieving 30% women representation on the Boards and the same is reflected in the KLCCP Board Diversity Policy 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 6.1

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 its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>							
Application	: Applied						
Explanation on application of the practice	: <p>For FY2021, the Board, Board Committees and Directors' Effectiveness Evaluation (BEE) was conducted internally through an assessment process led by the NRCs.</p> <p>The NRCs set the criteria used for the BEE. The BEE questionnaires covered the following:</p> <table border="1"> <tr> <td>Board</td> <td> <ul style="list-style-type: none"> ▪ Overall Board Effectiveness ▪ Organisation of the Board ▪ Board Composition ▪ Looking Forward (Succession Planning & Development) ▪ Communication with Shareholders ▪ Board Audit Committee Evaluation ▪ Nomination and Remuneration Committee Evaluation </td> </tr> <tr> <td>Directors' Self & Peer Evaluation</td> <td> <ul style="list-style-type: none"> ▪ Fit and Proper, and Participation ▪ Board Chairman Evaluation ▪ Chief Executive Officer Evaluation ▪ Reinforce Independence of Independent Directors </td> </tr> <tr> <td>Individual Director Self Evaluation</td> <td> <ul style="list-style-type: none"> • Calibre and Competency </td> </tr> </table> <p>The BEE was distributed to the Directors via a secured digital platform. The BEE analysis was presented to the NRCs for deliberation. A summarised report of the BEE was tabled to the Boards with a view to discuss on areas of improvement.</p>	Board	<ul style="list-style-type: none"> ▪ Overall Board Effectiveness ▪ Organisation of the Board ▪ Board Composition ▪ Looking Forward (Succession Planning & Development) ▪ Communication with Shareholders ▪ Board Audit Committee Evaluation ▪ Nomination and Remuneration Committee Evaluation 	Directors' Self & Peer Evaluation	<ul style="list-style-type: none"> ▪ Fit and Proper, and Participation ▪ Board Chairman Evaluation ▪ Chief Executive Officer Evaluation ▪ Reinforce Independence of Independent Directors 	Individual Director Self Evaluation	<ul style="list-style-type: none"> • Calibre and Competency
Board	<ul style="list-style-type: none"> ▪ Overall Board Effectiveness ▪ Organisation of the Board ▪ Board Composition ▪ Looking Forward (Succession Planning & Development) ▪ Communication with Shareholders ▪ Board Audit Committee Evaluation ▪ Nomination and Remuneration Committee Evaluation 						
Directors' Self & Peer Evaluation	<ul style="list-style-type: none"> ▪ Fit and Proper, and Participation ▪ Board Chairman Evaluation ▪ Chief Executive Officer Evaluation ▪ Reinforce Independence of Independent Directors 						
Individual Director Self Evaluation	<ul style="list-style-type: none"> • Calibre and Competency 						

	<p>The areas of strength and area for improvement were identified as follows:</p> <p>(a) <u>Areas of Strength:</u></p> <ul style="list-style-type: none"> • Independence of Independent Directors; • Balanced Board Composition; • Effective Board Committees <p>(b) <u>Area for improvement:</u></p> <ul style="list-style-type: none"> • Directors Development <p>The following are the enhancement identified to be undertaken by the Board:</p> <p>(1) Board Strategic Awayday; and (2) Directors Development programme.</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

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 7.1

The board has remuneration 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 remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. 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 takes into account the demands, complexities and performance of the Group as well as skills and experience required which adherence 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.</p> <p>Remuneration of Senior Management of KLCCP Stapled Group is based on the remuneration policy approved by KLCCP Board. 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 7.2

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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	KLCCP maintains the practice of single resolution for the approval of fees of Non-Executive Directors ("NEDs") with detailed remuneration components. PETRONAS to continue to vote as a controlling shareholder at AGM on remuneration of Directors.	
		At this juncture, KLCCP do not have any plan to table separate resolutions on the approval of the fees of each NED and may explore ways to meet the intended outcome in future.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	KLCCP does not have any plan to meet the intended outcome at this juncture and may explore ways to meet the intended outcome in future.	
Timeframe	:	Others	-

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 8.1

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>The remuneration of the Boards is based on the KLCCP Non-Executive Directors' ("NEDs") Remuneration Framework ("Framework") which is available on KLCCP Stapled Group's corporate website at www.klcc.com.my.</p> <p>Summary of KLCCP NEDs Remuneration Framework:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Element</th> <th></th> </tr> </thead> <tbody> <tr> <td>Retainer fee</td> <td>The NEDs are to be paid a fixed retainer fee.</td> </tr> <tr> <td>Special Fee</td> <td>Special Fee is payable to the NEDs with special experience and skills critical for the company's success.</td> </tr> <tr> <td>Meeting Allowance</td> <td>The NEDs shall be paid attendance allowance for every meeting (Board & Board Committees Meetings) attended.</td> </tr> <tr> <td>Petrol Allowance</td> <td>The NEDs are each given petrol card with a fixed maximum amount per annum.</td> </tr> <tr> <td>Others</td> <td>The NEDs of KLCCRM are only entitled to Meeting Attendance Allowance as well as Special Fee (where applicable). The said allowance / fee is payable only when the meetings of Board or Board Committees of KLCCRM are held on a different date than the meetings of the Board or Board Committees of KLCCP.</td> </tr> </tbody> </table> <p>The then Executive Director cum KLCCP CEO and KLCCRM CEO, Datuk Hashim Wahir who retired on 30 April 2021, was an employee of KLCC (Holdings) Sdn Bhd ("KLCC"). KLCCP reimburses KLCC for the services rendered by Datuk Hashim Wahir in the form of management fees. During the year under review, KLCCP reimbursed KLCC an amount of RM290,000 for this purpose.</p> <p>The current Executive Director cum KLCCP CEO and KLCCRM CEO, En. Md. Shah bin Mahmood is appointed as a CEO on 1 May 2021 and an Executive Director on 10 May 2021. He is the Group CEO of KLCC</p>	Element		Retainer fee	The NEDs are to be paid a fixed retainer fee.	Special Fee	Special Fee is payable to the NEDs with special experience and skills critical for the company's success.	Meeting Allowance	The NEDs shall be paid attendance allowance for every meeting (Board & Board Committees Meetings) attended.	Petrol Allowance	The NEDs are each given petrol card with a fixed maximum amount per annum.	Others	The NEDs of KLCCRM are only entitled to Meeting Attendance Allowance as well as Special Fee (where applicable). The said allowance / fee is payable only when the meetings of Board or Board Committees of KLCCRM are held on a different date than the meetings of the Board or Board Committees of KLCCP.
Element														
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	<p>(Holding) Sdn Bhd (“KLCCH”) and is assigned to KLCCP and KLCCRM to undertake all responsibilities of the Executive Director and CEO. KLCCP reimbursed KLCCH for the services rendered by En. Md. Shah bin Mahmood in the form of management fees with an amount of RM495,000.</p> <p>The director’s fee and meeting allowance for the Non-Independent Non-Executive Director, Pn Liza Liza Mustapha, who is also an employee and nominee of PETRONAS, are paid directly to PETRONAS as fees for representation in the Boards.</p> <p>The Directors’ remuneration incurred by KLCCP and the Group (including meeting allowance incurred by KLCC REIT) respectively for the financial year ended 31 December 2021 is enumerated in the table of this Corporate Governance Report. The allowance for Directors is inclusive of meeting allowances for Board meetings, BAC meetings, and NRC meetings held during FY2021. The petrol allowance which is paid via petrol card is classified under “Other emoluments”.</p> <p>The details for directors’ remuneration is also disclosed in the Nomination and Remuneration Report of KLCCP Stapled Group Integrated Annual Report.</p>
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No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Datuk Hashim Wahir (retired / resigned as Executive Director w.e.f. 30 April 2021)	Executive Director	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2	Md. Shah Mahmood (appointed as Executive Director w.e.f. 10 May 2021)	Executive Director	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
3	Tan Sri Ahmad Nizam Salleh	Non-Executive Non-Independent Director	240,000	17,500	-	-	-	6,000	263,500	240,000	17,500	-	-	-	6,000	263,500
4	Habibah Abdul	Independent Director	120,000	52,500	-	-	-	6,000	178,500	120,000	56,000	-	-	-	6,000	182,000
5	Farina Farikhullah Khan	Independent Director	120,000	49,000	-	-	-	6,000	175,000	120,000	52,500	-	-	-	6,000	178,500
6	Dato' Jamaludin Osman	Independent Director	120,000	28,000	-	-	-	6,000	154,000	120,000	28,000	-	-	-	6,000	154,000
7	Liza Mustapha	Non-Executive Non-Independent Director	120,000	38,500	-	-	-	N/A	158,500	120,000	42,000	-	-	-	N/A	162,000
8	Datuk Pragasa Moorthi a/l Krishnasamy (resigned w.e.f. 31. August 2021)	Non-Executive Non-Independent Director	80,000	10,500	-	-	-	6,000	96,500	80,000	10,500	-	-	-	6,000	96,500

9	Chong Chye Neo (appointed w.e.f. 10 May 2021)	Independent Director	77,096.80	10,500	-	-	-	4,000	91,596.80	77,096.80	10,500	-	-	-	4,000	91,596.80
10	Dato' Sr. Mazuki A. Aziz (appointed w.e.f. 9 December 2021)	Independent Director	7,419.35	-	-	-	-	500	7,919.35	7,419.35	-	-	-	-	500	7,919.35
11	Datin Noor Lily Zuriati Abdullah (appointed w.e.f. 9 December 2021)	Independent Director	7,419.35	-	-	-	-	500	7,919.35	7,419.35	-	-	-	-	500	7,919.35
12	Input info here	Choose an item.	Input info here													
13	Input info here	Choose an item.	Input info here													
14	Input info here	Choose an item.	Input info here													
15	Input info here	Choose an item.	Input info here													

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 8.2

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	:	<p>KLCCP opts not to disclose the Senior Management's remuneration components (including their salary, bonus, benefits in-kind and other emoluments) to the public at large as such disclosure are subject to Personal Data Protection Act 2010 and it is not in the best interest of KLCCP and Senior Management personnel.</p> <p>KLCCP has identified its top 5 Senior Management positions (excluding CEO who is also an Executive Director) as follows:</p> <ol style="list-style-type: none">1. Head of Strategy, Finance and Investor Relations Division/Chief Financial Officer;2. Head of Development Division;3. Head of Legal and Corporate Services Division;4. Head of Human Resource Division; and5. 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	:	KLCCP does not have any plan to meet the intended outcome and may explore ways to meet the intended outcome in future.
Timeframe	:	Others -

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Choose an item.	Choose an item.				
2	Input info here	Input info here	Choose an item.	Choose an item.				
3	Input info here	Input info here	Choose an item.	Choose an item.				
4	Input info here	Input info here	Choose an item.	Choose an item.				
5	Input info here	Input info here	Choose an item.	Choose an item.				

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 8.3 - 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	:	

No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here						
2	Input info here	Input info here						
3	Input info here	Input info here						
4	Input info here	Input info here						
5	Input info here	Input info here						

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 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	Pn. Farina Farikhullah Khan who is an Independent Non-Executive Director chairs the Board Audit Committees (“BACs”) of KLCCP and KLCCRM. The Chairperson of the respective BACs is not the Chairman of the Boards, so as not to impair the objectivity of the Boards’ view of the BACs’ findings and recommendations. This has always been the practice of KLCCP and KLCCRM, which is reflected in the Terms of Reference of the respective BACs.	
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 9.2

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

Application	:	Applied	
Explanation on application of the practice	:	The respective BACs' Terms of Reference ("TOR") of KLCCP and KLCCRM has been revised to reflect the cooling-off period for the appointment of a former audit partner as a board audit committee member from 2 years to 3 years. The revised TORs of the BACs are 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

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 9.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

Application	:	Applied
Explanation on application of the practice	:	<p>KLCCP and KLCCRM have adopted the Framework on External Auditors, which has provided a formal policy and procedure for the respective BACs to assess the suitability, objectivity and independence of the external auditors annually based on the following key areas:</p> <ul style="list-style-type: none">(a) Quality of engagement team and services;(b) Adequacy of resources;(c) Quality of communication and interaction; and(d) Independence, objectivity and professionalism scepticism. <p>The BACs also reviewing the fees and list of non-audit services provided by external auditor to KLCCP, KLCCREIT and the Group.</p> <p>Two (2) private sessions with the external auditors were also conducted by the BACs to gauge the extent of concerns of matters raised by the external auditors.</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 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	The BACs of KLCCP and KLCCRM comprise solely of Independent Directors, namely: (a) Pn. Farina Farikhullah Khan, Chairperson (b) Cik Habibah Abdul, and (c) Puan Chong Chye Neo.

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 9.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent 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 BACs 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 BACs members during 2021 are as follows:</p> <table border="1"><thead><tr><th>Members</th><th>Trainings Attended</th></tr></thead><tbody><tr><td>Farina Farikhullah Khan (Chairman)</td><td><ul style="list-style-type: none">• JC3's 2nd Workshop on Climate Change – Series 3• Regulations and Third Party Access Regime• Implementing Amendments in the Malaysian Code on Corporate Governance• Energy Transition• PETRONAS Board Excellence Programme- Advance 2: Effective Strategy for Stakeholder Management• FIDE Elective Program Nominating and Remuneration Committee: Beyond Box-Ticking & Enhancing Effectiveness• The Board's Role and Responsibilities in Crisis Communication• 5 Critical Laws and Cybersecurity• The 6th PETRONAS Board Audit Committee Forum• Cyber Security Awareness</td></tr></tbody></table>	Members	Trainings Attended	Farina Farikhullah Khan (Chairman)	<ul style="list-style-type: none">• JC3's 2nd Workshop on Climate Change – Series 3• Regulations and Third Party Access Regime• Implementing Amendments in the Malaysian Code on Corporate Governance• Energy Transition• PETRONAS Board Excellence Programme- Advance 2: Effective Strategy for Stakeholder Management• FIDE Elective Program Nominating and Remuneration Committee: Beyond Box-Ticking & Enhancing Effectiveness• The Board's Role and Responsibilities in Crisis Communication• 5 Critical Laws and Cybersecurity• The 6th PETRONAS Board Audit Committee Forum• Cyber Security Awareness
Members	Trainings Attended					
Farina Farikhullah Khan (Chairman)	<ul style="list-style-type: none">• JC3's 2nd Workshop on Climate Change – Series 3• Regulations and Third Party Access Regime• Implementing Amendments in the Malaysian Code on Corporate Governance• Energy Transition• PETRONAS Board Excellence Programme- Advance 2: Effective Strategy for Stakeholder Management• FIDE Elective Program Nominating and Remuneration Committee: Beyond Box-Ticking & Enhancing Effectiveness• The Board's Role and Responsibilities in Crisis Communication• 5 Critical Laws and Cybersecurity• The 6th PETRONAS Board Audit Committee Forum• Cyber Security Awareness					

	Liza Mustapha (resigned as BAC member w.e.f. 9 December 2021)	<ul style="list-style-type: none"> • PETRONAS Board Excellence Programme- Advance 2: Effective Strategy for Stakeholder Management • The 6th PETRONAS Audit Committee Forum • KLCCP Stapled Group Corporate Governance Online Masterclass • PETRONAS Board Excellence Programme - Advanced 1: Best Practices for Board Excellence • Invest Malaysia 2021 Virtual Series 1 – Rebuilding A Sustainable Economy
	Habibah Abdul	<ul style="list-style-type: none"> • Board Audit Committee Priorities 2021 • MIA International Conference • Towards a Comprehensive System of Corporate Reporting • PETRONAS Board Excellence Programme: Advanced 2 -Effective Strategy for Stakeholder Management • Energy Transition • KLCC Group of Companies: External Environment Assessment • 5 Critical Laws and Cybersecurity
	Chong Chye Neo (appointed as BAC member w.e.f. 9 December 2021)	<ul style="list-style-type: none"> • Joint Committee for Climate Change (JC3) Flagship Conference • Risk Management in Technology – 1 year on • Masterclass: Digital Disruption – Winning Strategies for Legacy Companies • Masterclass: The Effective Board – 3 Integral Components Required for Board Effectiveness & Communication • KLCCP Stapled Group Corporate Governance Online Masterclass
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 10.1

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 implemented KLCC Group Enterprise Risk Management ("ERM") Framework ("Framework") which outlines the risk policy, risk governance and structure, risk measurement and risk operations and system. The ERM processes include identifying, assessing, monitoring, reporting and mitigating identified risks impacting KLCCP Stapled Group's business and supporting activities in accordance with ISO 31000:2009 - Principles and Guidelines on Implementation.</p> <p>In addition, the following governance frameworks and guidelines are put in place to provide a structured and consistent approach in managing risks:</p> <ol style="list-style-type: none">1) Risk Quantification Guideline;2) Enterprise Risk Management Process Guideline;3) Enterprise Risk Management Assurance Guideline;4) Risk Assessment in Decision Making ("RADM") Guideline, RADM Communication Pack and RADM Question Bank 2018;5) Partnership and Partner Risk Assessment Guideline;6) Risk Library 2020;7) Crisis Management Framework ("CMF") and CMF Communication Pack 2018;8) Business Continuity Management Framework;9) Business Impact Analysis Guideline;10) Business Recovery Strategy Guideline;11) Business Continuity Plan Guideline;12) Testing and Exercising Guideline;13) Guide for Establishing and Operationalising Risk Appetite and Risk Appetite (Appendix A);14) Risk Universe 2020;15) Risk Policy and Communication Pack 2019;16) Risk Definition 2018; and17) INTERISK Manual.

	<p>The Boards continue to uphold and implement strong control structure to identify, evaluate and manage weaknesses of KLCCP Stapled Group’s internal control system.</p> <p>The internal audit function of KLCCP Stapled Group is provided by the Group Internal Audit Division (“GIAD”) of KLCC (Holdings) Sdn Bhd. The GIAD provides an independent, objective assurance on the efficiency and effectiveness of governance, risk management and internal controls which includes anti-corruption and whistle-blowing.</p> <p>Governed by the Internal Audit Charters, the GIAD is independent of the activities being audited and performs its duties with objectivity, proficiency, and due professional care.</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

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 10.2

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 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 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 Board carried out annual review of the Group's risk appetite to reflect the nature and extent of risks the Group is willing to pursue to achieve its strategic objectives. The risk appetite was established covering 5 main areas which flows across our business:</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</p>

manuals are in place to define the lines of accountability and responsibility in relation to the Group's operations and functions.

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.

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.

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.

The Board carried out annual review of the Group's risk appetite to reflect the nature and extent of risks the Group is willing to pursue to achieve its strategic objectives. The risk appetite was established covering 5 main areas which flows across our business:

1. Strategic

Measures the degree of variability in investment returns and capital efficiency that the Group is willing to take in ensuring achievement of business objectives.

2. Financial

Measures capital, profitability and liquidity position in pursuing the Group's business objectives.

3. Operational

Measures the direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events which affects the achievement of Group's business objectives.

4. Reputational

Measures the risk of failure to meet stakeholder expectations as a result of any event, behaviour, action or inaction of the Group that may form negative view towards the Group by stakeholders.

	<p>5. <u>Legal and Regulatory Compliance</u></p> <p>Measures the risk of non-compliance with prevailing laws and regulations governing the business.</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>Explanation for departure</p>	<p>:</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>:</p>	
<p>Timeframe</p>	<p>:</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 10.3 - 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	:	Adopted
Explanation on adoption of the practice	:	<p>The Boards of KLCCP and KLCCRM had on 9 December 2021 approved the establishment of Board Risk Committees ("BRCs") effective 9 December 2021. Both BRCs comprise solely Independent Directors. The purpose of the establishment of BRCs is to oversee the Group's risk management framework, policies and practices as well as governance, compliance and sustainability matters.</p> <p>The respective Terms of Reference of BRCs are made available on KLCCP Stapled Group's corporate website at www.klcc.com.my.</p>

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 11.1

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>The internal audit function of KLCCP Stapled Group is provide by the Group Internal Audit Division (“GIAD”) of KLCC (Holdings) Sdn Bhd.</p> <p>Governed by the respective KLCCP and KLCCRM Internal Audit Charters, the GIAD maintained their independence, impartiality, proficiency, and due professional care by having their plans and reports directly under the purview of the BACs.</p> <p>To support the BACs in discharging their responsibilities, the Head of GIAD reports directly to the BACs.</p> <p>The appointment of the Head of GIAD is reviewed and recommended by the BACs. The Head of GIAD has unrestricted access to the ACs, the Boards, and Management. The Head of GIAD and all GIAD staff are members of the Institute of Internal Auditors Malaysia.</p> <p>The BACs of KLCCP and KLCCRM review annually on the adequacy of the scope, function and resources of the internal audit to ensure that the responsibilities of GIAD are fully discharged.</p> <p>For the financial year ended 31 December 2021, the GIAD had executed the following internal audit works:</p> <ol style="list-style-type: none">(1) Conducted assurance activities based on the approved annual audit plan 2021;(2) Conducted periodic monitoring and reporting on the implementation status of agreed corrective action items by the managements of KLCCP and KLCCRM to ensure key risks and control weaknesses were addressed effectively and timely, where the status of implementation of the said agreed corrective actions were reported to the ACs on a quarterly basis;(3) Re-evaluated the annual audit plan for 2021 to address emerging key risks affecting the organisation due to changes in business environment for deliberations and approvals by the BACs;(4) Prepared annual audit plans for 2022 to ensure that all high-risk areas in significant businesses and support units were assessed and identified for the BACs’ deliberations and approvals; and

	<p>(5) Appointed a qualified and independent external assessor, i.e. Institute of Internal Auditor (“IIA”) Malaysia to:</p> <ul style="list-style-type: none"> • Assess the internal audit activity as to its conformance with the IIA International Standards for the Professional Practice of Internal Auditing (“IPPF/ Standards”); • Evaluate the efficiency and effectiveness of the internal audit activity in carrying out its Mission (as set forth in its Audit Charter and expressed in the expectations of KLCCH’s stakeholders); and • Identify opportunities to enhance the management of resources and work processes, as well as its value to KLCCH in the activity of internal audit. <p>Further details of the internal audit activities are set out in the BACs Report and Statement on Risk Management and Internal Control of the KLCCP Stapled Group Integrated Annual Report 2021.</p>	
<p>Explanation for departure</p>	<p>:</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>:</p>	
<p>Timeframe</p>	<p>:</p>	

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 11.2

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 Group Internal Audit Division (“GIAD”) comprises 1 Head, 4 managerial, 7 executive and 1 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 RM276,074.</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 12.1

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 important 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 FY2021, 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 2020 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 CITI Asia Pacific Property Conference 2021 and Daiwa Pan-Asia REIT Conference 2021;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 2021 AGMs, stock information, investor calendar, and investor presentation slides;f) Constant updates on KLCCP's 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

	<p>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 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 Stapled Securities to raise questions and their concerns in a provided online platform which were addressed promptly and satisfactorily. <p>The Boards also responded to inquiries made by the Minority Shareholder Watchdog Group (MSWG), Employees Provident Fund (EPF) and Permodalan Nasional Berhad (PNB) in relation to KLCCP Stapled Group Integrated Annual Report 2020 in the AGMs held in 2021.</p> <p>In addition, shareholders and investors can also make inquiries about KLCCP Stapled Group via investor_relations@klcc.com.my and the IR team will respond to any queries and clarifications addressed.</p>
<p>Explanation for departure</p>	<p>:</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>:</p>
<p>Timeframe</p>	<p>:</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 12.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>This is the third year for KLCCP & KLCCREIT in adoption of Integrated Reporting (IR) Framework set out by the International Integrated Reporting Council's (IIRC), including disclosures based on the six capitals. KLCCP Stapled Group's first adoption towards this Reporting Framework was applied in the 2019 Integrated Annual Report, which was published in February 2020.</p> <p>In preparing the Sustainability Report, this year we aligned our reporting to the United Nation's 2030 Agenda of five critical dimensions: Prosperity, Planet, People, Partnership and Peace, also known as the 5Ps that shape and represent the 17 Sustainable Development Goals, in line with our commitment to contribute towards the UNSDGs whilst alignment with the value creation process of the <IR> Framework. We also mapped our sustainability reporting to the World Economic Forum's Stakeholder Capitalism Metrics (WEF SCM) to provide a more impactful ESG reporting.</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 13.1

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 2021 AGMs for KLCCP and KLCC REIT were held virtually on 22 April 2021. The Notice for both AGMs was issued 19 March 2021, more than 28 days prior to the date of the AGMs. This allowed sufficient time for the holders of Stapled Securities to consider the proposed resolutions tabled at the AGMs.</p> <p>In addition, the Notice of 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>KLCCP Stapled Group Integrated Annual Report 2021 together with the Notice of AGMs 2022 for KLCCP and KLCC REIT dated 28 February 2022 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 13.2

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>For 2021, the 18th AGM of KLCCP and 8th AGM of KLCC REIT were held virtually at the Broadcast Venue. All Directors, including the Chairs of the BACs and NRCs, attended and participated in KLCCP and KLCC REIT AGMs.</p> <p>The presence of all Directors provided opportunities for the holders of Stapled Securities to engage with all Directors and also allowed the holders of Stapled Securities to raise questions and concerns directly to the Directors.</p> <p>In addition, the Executive Director cum CEO responded to the questions raised by the Minority Shareholders Watch Group, Employees Provident Fund and Permodalan Nasional Berhad, as well as questions submitted by the holders of Stapled Securities via digital platform.</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 13.3

Listed companies should leverage technology to facilitate–

- voting including voting in absentia; and
- remote shareholders' participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

Application	:	Applied
Explanation on application of the practice	:	<p>At the 18th AGM of KLCCP and 8th AGM of KLCC REIT held in 2021, KLCCP and KLCC REIT leveraged on technology to facilitate for the conducting of Remote Participation and Voting (“RPV”) by the holders of Stapled Securities in accordance with the Constitution of KLCCP and the Trust Deed of KLCC REIT.</p> <p>The entire AGMs proceedings were held through RPV facilities provided by the Share Registrar of KLCCP and KLCC REIT, Tricor Investor & Issuing House Services Sdn Bhd (“Tricor”) via its TIIH Online website at https://tiih.online. The holders of Stapled Securities who intended to attend and vote at the virtual AGMs were required to register with Tricor via TIIH Online website.</p> <p>With the RPV facilities provided by Tricor, the following measures were implemented to encourage attendance and participation from the holders of Stapled Securities at the AGMs:</p> <ul style="list-style-type: none">(a) Comprehensive Administrative Details were circulated to the holders of Stapled Securities to facilitate remote participation and e-Voting;(b) Electronic lodgement of Proxy Forms was provided via Tricor’s TIIH Online website;(c) Electronic submission of questions by holders of Stapled Securities via TIIH Online prior to the date of meeting or during the live meeting;(d) The AGM proceeding was live streamed to TIIH Online for remote participant to watch live. <p>Tricor had put in place information security measures to prevent cyber threats and data breaches.</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 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
Application :	Applied
Explanation on application of the practice :	<p>At the AGMs of KLCCP and KLCC REIT held in 2021 which were conducted virtually via online platform, the Boards shared with the holders of Stapled Securities about KLCCP Stapled Group past year's business performance, strategies and the outlook going forward of the Group.</p> <p>The holders of Stapled Securities were also given opportunities to pose any questions pertaining to financial and non-financial matters as well as long term strategies of KLCCP Stapled Group via an online platform (i.e. query box) provided during the AGMs.</p> <p>The responses to the questions were then published on KLCCP Stapled Group corporate website within 5 working days including any questions that had yet to respond at the AGMs.</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 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
Application	: Applied
Explanation on application of the practice	: <p>The details of the virtual AGMs for 2021 and guidance notes on the conduct of AGMs were stated explicitly in the Administrative Details together with the Notice of AGMs. The holders of Stapled Securities were guided accordingly for their participation in the AGMs.</p> <p>The proceedings of the AGMs were live broadcasted, and the holders of Stapled Securities were able to join the live streamed AGMs via web portal or mobile application which was facilitated by Tricor Investor & Issuing House Services Sdn Bhd, being the Share Registrar of KLCCP and KLCC REIT and also the poll administrator for the AGMs.</p> <p>The Chairman shared at the AGMs on questions submitted by Employees Provident Fund, Minority Shareholders Watch Group and Permodalan Nasional Berhad. The questions and the corresponding replies were also read out by the CEO during the AGMs.</p> <p>In addition, all questions submitted by the holders of Stapled Securities prior to and during the AGMs as well as the Boards' responses to the questions were posted and read out the CEO at the online broadcasting AGMs.</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

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

Practice 13.6

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
Application	: Applied
Explanation on application of the practice	: The AGMs of KLCCP and KLCC REIT were held on 22 April 2021. The proceedings of the AGMs including the responses to the questions raised by the holders of Staple Securities and proxies before and during the AGMs were recorded in the minutes of AGMs. The minutes of AGMs were uploaded on KLCCP Stapled Group's corporate website at www.klcc.com.my on 10 June 2021 which is within 30 business days after the AGMs.
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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