

# EMERGING STRONGER TOGETHER

Sustainability Report 2020





## COVER RATIONALE

To ensure the sustainability of Malaysia Airports' business in a year during which the aviation industry was badly hit, we took immediate measures to strengthen our ability to ride out the challenging operating environment. Nevertheless, our business operates in an eco-system in which stakeholders are dependent on one another. By lending a helping hand to other stakeholders, we will weather the storms and emerge stronger together, and ready to soar again.

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## FEEDBACK

Malaysia Airports is committed to continuously improve our reporting and we value input from our stakeholders in making these enhancements. Should you have any queries or feedback on this report, please contact us through the following channels:

**Email** : CARE@malaysiaairports.com.my

**Address** : Malaysia Airports Holdings Berhad  
Malaysia Airports Corporate Office

Persiaran Korporat KLIA, 64000 KLIA Sepang, Selangor Darul Ehsan, Malaysia

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## A JOINT MESSAGE FROM OUR CHAIRMAN AND GROUP CEO



**DATO' SERI DIRAJA DR. ZAMBRY ABD KADIR**  
Chairman



**DATO' MOHD SHUKRIE MOHD SALLEH**  
Group Chief Executive Officer

### Dear Stakeholders,

In 2020, Malaysia Airports faced our biggest ever challenge – managing our business amidst the COVID-19 pandemic which had impacted the aviation industry globally. We took immediate and pro-active steps to put into place crisis management measures to ensure the survival and sustainability of the Group with the aim of recovering from the crisis and preparing for post-pandemic growth and transformation.

Nevertheless we remain committed and steadfast in our long-term goal of building a sustainable business that creates value for all stakeholders. Therefore, despite this being the first loss-making year in our corporate history, Malaysia Airports continued to make progress in the area of sustainability and in the key material matters of our business.

Sustainability has been at the heart of the discussions within Malaysia Airports, as well as between Malaysia Airports and our stakeholders throughout this unprecedented year as we looked to institute a 'ground zero reset' of the business. By engaging and including the interests of stakeholders in our business plans, we will strengthen our value proposition to stakeholders with the goal of **emerging stronger together**.

We are therefore pleased to share with stakeholders this Sustainability Report, which is our 12<sup>th</sup> such report, that views this year's events through a sustainability lens.

#### A new vision for a sustainable future

In 2019, Malaysia Airports had articulated an ambition to rank among the 'Top 5 Airports in the World' within the next five years. We conducted a brand audit on our vision and mission statement, to ensure better alignment with our focus areas for the future. At the beginning of 2020, we encapsulated our way forward with a new vision – 'A Global Airport Group that Champions Connectivity and Sustainability' – which now reflects our ambition more accurately. The vision is reinforced by our Brand Promise – 'Hosting Joyful Connections'.

In view of our vision and our focus on Sustainability, the Board of Directors and Executive Committee (ExCo) of Malaysia Airports have approved the formation of a Sustainability Committee. The Committee reports to the ExCo and the Board and will feature representation across all divisions and subsidiaries of Malaysia Airports. In addition to providing advice and support to the ExCo and Board on Sustainability, the Committee will also set up sustainability strategies, plans, initiatives, and analyse risks and opportunities linked to the United Nations Sustainable Development Goals, Malaysia Airports' Sustainability Framework and Sustainability Policy.

To further amplify our focus on sustainability, we also updated our Sustainability Policy to reflect our approach in embedding Environment, Social and Governance (ESG) matters in our decision making, and to emphasise the Group's efforts in supporting Malaysia's contribution towards achieving the United Nations Sustainable Development Goals.

### Review of Material Matters

In the course of the year, we organised workshops with our stakeholders to seek their views on their key concerns in relation to our business. This forms part of the review process of the Group's Material Matters to ensure that our stakeholders' input is taken into consideration when formulating the material matters of our business and the materiality matrix. The exercise was particularly important this year in view of the impact of the COVID-19 pandemic on our business and the aviation industry.

From the workshops, we were heartened that our stakeholders share our views on the enhanced importance of Airport Safety and Security, with the emphasis on implementing health and safety measures to prevent the spread of COVID-19 and maintain public confidence in the safety of our airports. This was seen as a key step towards restoring confidence in air travel.

In addition, our stakeholders also shared our approach in dealing with the crisis. Airport capacity was also highlighted as a key material matter by many stakeholders, indicating that while Malaysia Airports deals with near-term issues such as surviving and recovering from the crisis, they are also looking at the Group's efforts in long-term capacity building for future growth.

Key material matters such as airport capacity, airport safety and security, digitalisation and total airport experience are addressed in 'Future F.I.T.', the Group's 5-Year Strategy and Transformation Plan. The plan outlines the Group's strategic direction for two phases over the next five years from 2021 to 2025. Premised on three pillars – Financially sustainable, Impact



We believe our new vision statement and brand promise will enable stakeholders to understand more clearly our ambition and commitment in creating long-term sustainable value for the future for all our stakeholders.

driven and Technology focused - Phase 1 from now till 2022 sets out the direction for survival and recovery, while Phase 2 (2023-2025) outlines the growth and transformation phase of Malaysia Airports.

### Outcomes shaped by key stakeholder engagement

The nature of our business, particularly the aviation business, requires Malaysia Airports to engage closely with all stakeholders to ensure that our operations run in a manner which is safe, smooth and seamless. Recognising that each stakeholder offers a unique proposition and brings value to the company in different ways, in tackling issues of concern, we always strive to find synergistic solutions that offer win-win propositions. As a result, we have built strong relationships with stakeholders premised on mutual trust and respect and common goals.

This has proven to be valuable in tackling the pandemic, in which our chief concerns have been to protect the safety of passengers, our employees and other frontline stakeholders at the airports and to coordinate with other stakeholders to take urgent steps to mitigate the risks posed by COVID-19 at the airports.

### Airport Safety and Security, Digitalisation

In January<sup>1</sup>, when there were initial concerns about the novel coronavirus, we formed the KUL COVID-19 Committee to coordinate a response with the National Disaster Management Agency (NADMA), the Ministry of Health, the Royal Malaysian Police (PDRM), and other airport stakeholders. The Committee met weekly to formulate, implement, review and improve operational processes to incorporate the Standard Operating Procedures (SOPs) prescribed by the National Security Council into airport operations while maintaining service levels and passenger flows.

We also engaged extensively with the media and passengers to address their uncertainties and disseminate the new SOPs, leveraging on mainstream media, social media channels and

<sup>1</sup> All references to time periods are references to 2020 unless otherwise stated.

## A JOINT MESSAGE FROM OUR CHAIRMAN AND GROUP CEO

all available media assets at the airports (for example, flight information display screens, commercial screens, digital directories and printed materials) and workplace to reach the widest audience possible.

The new SOPs at airport terminals incorporate public health measures including physical distancing, the use of face masks, contact tracing, temperature checks at terminal entrances and the availability of hand sanitisers throughout the terminal. We also installed new safety equipment at the airports including state-of-the-art thermal scanners, security scanners as well as sneeze guards. Public areas were regularly sanitised and ultra-violet technology was used to sterilise handrails at walkalators and escalators, disinfect washrooms and disinfect all arriving baggage at KUL.

We also leveraged on prior investments in technology and digitalisation capabilities. We were therefore able to deploy our Airports 4.0 digitalisation initiatives for a contactless experience for airport users. For example, with the introduction of the Single Token Journey initiative, by leveraging on facial recognition technology, passengers are able to navigate the airport's touchpoints from check-in to boarding with a single identification verification. Other contactless measures include self check-in, self bag-drop, contactless security screening, and the use of e-wallets or mobile payment services at retail and food and beverage outlets.

Our investments in technology were instrumental in making available a wide array of options to put passengers' minds at ease over their safety while in the airport. Our early engagement and long-standing rapport with the stakeholders helped to ensure excellent cooperation and communication among all parties and a safe and seamless process for all airport users.

### Employee Engagement and Development

Internally, our employees were concerned about matters such as health and safety and job security. We fast tracked the procurement of personal safety equipment for our employees and worked tirelessly to keep people safe by leveraging on technology at the airports. Despite the challenges we faced, we avoided as far as possible from putting our employees on furloughs as we also had to balance ensuring airport readiness when the industry recovers. As a result, we kept all our staff employed with the only departures being due to natural attrition and non-performance.

As 'work from home' became the new norm at Malaysia Airports for employees who were not required to be present at the workplace, we worked hard to overcome communication challenges. We communicated to all employees regularly on

efforts to manage the business, and spoke to them in a frank, clear and transparent manner. We increased the frequency of our townhalls and used online platforms for communication, making the townhalls accessible to all employees.

The regular and open communication with our employees helped them stay focused and motivated to navigate the challenges during the year.

### Economic Performance

We are also pleased that MFMA Development Sdn Bhd, the joint venture between Malaysia Airports (30%) and Mitsui Fudosan Co. Ltd (70%), has expanded its scope in 2020 to develop the Mitsui Outlet Park Penang International Airport.

The joint venture which was formalised in 2013 had achieved a milestone with the opening of the Mitsui Outlet Park KLIA Sepang in 2015 as it was the first Mitsui Outlet Park in South East Asia as well as Mitsui Fudosan's first commercial property investment in the region. The expansion to Penang is an example of Malaysia Airports' continued commitment to stakeholders and our ability to bring strong value propositions to them.

### Progress on key material matters

While this Sustainability Report presents a comprehensive review of the progress we have made on the material matters, we would like to take this opportunity to highlight some of our work-in-progress and achievements.

### Total Airport Experience - Top 10 global ranking for KUL

One of our proudest achievements of the year was the return of KUL to the top 10 airports in the world (above 40 million mppa) as ranked by the Airports Council International through its Airport Service Quality (ASQ) rankings.



While our business is about large infrastructure, complex equipment, the latest in technology, and myriad regulations, processes, procedures and statistics, it is easy to lose sight of the fact that at our core, our business is about people and relationships. Strong stakeholder relationships are essential for the smooth functioning of the business.



KUL's overall score of 4.98 out of a possible 5.00 for 2020 is a big jump from 4.76 in 2019 when we ranked #17. This is driven primarily by several factors – fulfilling our brand promise 'Hosting Joyful Connections' as well the impact of the host culture transformation programme to improve service quality among frontline workers at the airport, the refurbishment of the washrooms at the airport as well as the many enhancements that have been implemented through the '#1improvement1week' initiative, all of which have been in progress since 2017 and 2018.

Over and above that in 2020 alone, we implemented new safety measures at our own cost amounting to RM15.0 million at KUL and other airports as part of the new normal in air travel and to assure passengers that their safety is our top priority.

The hard work and outstanding effort put in by all our employees and the other members of the KUL airport community in making the holistic improvements needed to stand among the top 10 airports in the world have certainly paid off, despite the additional challenges posed by the pandemic.

#### **Contribution to Local Community - Bumiputera Empowerment Agenda**

The Bumiputera Empowerment Agenda is an initiative we are nurturing to encourage participation and enhance visibility of local Bumiputera small and medium enterprises (SMEs) at our airports.

Leveraging on a partnership with Perbadanan Usahawan Nasional Berhad, Malaysia Airports proposed to open new avenues to facilitate the participation of Bumiputera SMEs

such as joint ventures, master concessions and franchise models. These new avenues require less capital investment and offer a more sustainable business cost structure and a high degree of visibility at the nation's gateways.

The proposal has been well received, and we look forward to a greater level of participation from these SMEs in future.

#### **Recognition - Gold Sustainability Rating**

Following a review of Malaysia Airports' sustainability practices and initiatives in the environment, social and governance spheres as well as the impact of the Group, RAM Sustainability assigned the Group an overall gold rating, the highest of three available ratings. Malaysia Airports also received a gold rating for the social and governance spheres as well as for positive impact. For the environment sphere, we received a silver rating. (RAM Sustainability is wholly owned subsidiary of the rating agency, RAM Holdings Berhad.)

The rating reflects Malaysia Airports' strong overall sustainability performance after taking into consideration its environment, social and governance and positive impact attributes. The rating also recognises that our sustainability performance is driven by robust governance and its positive impact on the economy and society. Among other matters, the rating report also highlights our dedication towards integrity and anti-corruption is shown by the adoption of the ISO 37001: Anti-Bribery Management Systems.

#### **Appreciation**

We would like to thank all our shareholders, our employees, partners, regulators, the airport community and other stakeholders for their support during this unprecedented year. We are grateful that together with our stakeholders, we have built a pathway towards a more sustainable future for Malaysia Airports.

Yours sincerely,

**Dato' Seri Diraja Dr.  
Zambry Abd Kadir**  
Chairman

**Dato' Mohd Shukrie  
Mohd Salleh**  
Group Chief  
Executive Officer









# Thank you!

Last year proved to be an arduous year due to the COVID-19 pandemic. We have had to drastically adjust our operations and innovate ourselves by exploring new business models, technologies and developments.

Amidst this landscape, Malaysia Airports continued to remain steadfast and resilient to ensure that we continually host joyful connections to guests, passengers and partners. Our commitment to this was recognised through various accolades, one of which was that KL International Airport (IATA Code: KUL) was hailed as one of the world's top 10 airports in the Airports Council International (ACI) Airport Service Quality (ASQ) ranking.

This hard-won achievement would not have been possible without the full support of the whole airport community. Everyone in the community displayed a strong spirit of collaboration and came together as one to elevate the airport service performance as we continue to serve the nation.

We are also extremely grateful to all airport frontliners who have tirelessly continued to devote their time and energy towards combatting the pandemic while ensuring a seamless airport experience within the new norms. We are humbled by your immense contribution and unwavering for the benefit of the nation.

## Together, WE can!

## AT A GLANCE

**Globally, Malaysia Airports is one of the largest airport operator groups, based on the total number of passengers handled, managing in total 39 airports throughout the country (five international airports, 16 domestic and 18 STOLports). The Group also owns and manages one international airport in Istanbul, Turkey.**

Our Malaysia operations comprises five key business activities which are airport services, duty free and non-dutiable goods, hotel, project and repair maintenance and agriculture and horticulture. For overseas operations, in addition to ownership and management of SAW, we also provide services for operations and maintenance of airports and airport-related services.

Listed on the Main Market of Bursa Malaysia since November 1999, at the end of 2020, Malaysia Airports' market capitalisation stood at RM 9.8 billion.

We are a constituent of the FTSE4Good Bursa Malaysia Index as well as Bursa Malaysia's benchmark index FTSE Bursa Malaysia Kuala Lumpur Composite Index (FBMKLCI).

As a signatory to the Aviation Industry Commitment to Action on Climate Change, we strive to create a pathway to carbon-neutral growth and a carbon-free future. Malaysia Airports also holds memberships in the Airports Council International (ACI), the ACI World Standing Committee and the ACI Asia Pacific Regional Environmental Committee.

### Competitive advantage

- Malaysia is located in a strategic location – in the heart of ASEAN, surrounded by high growth markets such as China and India.
- Competitive aeronautical and passenger charges – one of the lowest in the world.
- Well-equipped terminals with safety standards certified under ISO 45001:2018 as meeting the global standards and requirements of the British Standards Institution. The safety standards also meet the requirements of the Turkish authorities.
- Our flagship, KUL, is ranked within the Top 10 airports globally for >40 mppa under ACI's Airport Service Quality rankings.
- KUL's two terminals have a combined capacity of 75 mppa.
- KUL's three-runway system facilitates efficient flight operations.
- 100 km<sup>2</sup> land bank surrounding KUL allows for aviation-related and commercial development.
- SAW was one of the busiest airports in Europe in 2020.

Post COVID-19 pandemic, Malaysia Airports is well-positioned to benefit from the recovery of the aviation industry through the strong hub advantage of leading low-cost carriers while also leveraging on the connectivity and network of home-based full-service carriers for both its operations in Malaysia and Turkey.



### OUR VISION

**A Global Airport Group  
that Champions Connectivity  
and Sustainability**



### BRAND PROMISE

**Hosting Joyful Connections**



### CORE VALUES

**Integrity  
Customer-Centricity  
Accountability  
New Ideas**

# FY2020 KEY HIGHLIGHTS

	Scope	FY2020	FY2019	FY2018
<b>Group Financial Performance</b>				
Revenue (RM'mil)	Group	1,866.3	5,213.1	4,851.7
EBITDA (RM'mil)	Group	21.6	2,292.0	2,383.5
Profit for the Year (RM'mil)	Group	(1,116.2)	537.0	727.3
Total Equity (RM'mil)	Group	8,099.3	9,325.4	9,140.7
<b>Airport Performance</b>				
Group Passenger Movements (mil)	Group	43.0	141.2	133.2
Group Aircraft Movements	Group	600,073	1,281,000	1,232,735
Group Cargo Movements (metric tonnes)	Group	834,718	1,003,000	1,037,370
KUL ASQ rank (>40 mppa category)	KUL	10	17	14
KUL ASQ score	KUL	4.98	4.76	4.70
Total Direct Destinations	KUL	166	166	>120
	SAW	130	>160	>160
<b>Sustainability Performance</b>				
Energy Consumption (kWh/passenger)	Airports in Malaysia	15.9	5.1	5.3
	SAW	3.8	2.2	2.2
Solar Power Generated (MWh)	KUL	16,949	18,763	18,284
Water Consumption (litre/passenger)	Airports in Malaysia	365.5	104.7	127.3
	SAW	12.8	10.2	10.1
Total Waste Generated (kg/passenger)	KUL	0.36	0.23	0.27
	SAW	0.27	0.14	0.13
Recycling Rate (%)	KUL	8.3	13.8	5.7
	SAW	33.3	50.5	47.1
Total Employees	Group	10,333	10,724	10,799
Percentage of Female Employees (%)	Group	34.2	34.6	33.4
Community Investment (RM)	Group	417,839	1,066,847	1,373,919



## WHERE WE OPERATE



### AIRPORT SERVICES



#### INTERNATIONAL

##### MALAYSIA

- KL International Airport (KUL)
- Kota Kinabalu International Airport (BKI)
- Kuching International Airport (KCH)
- Langkawi International Airport (LGK)
- Penang International Airport (PEN)

##### TURKEY

- Istanbul Sabiha Gökçen International Airport (SAW)

##### INDIA

- Rajiv Gandhi International Airport (HYD)



#### DOMESTIC

- Melaka Airport (MKZ)
- Sultan Abdul Aziz Shah Airport, Subang (SZB)
- Sultan Abdul Halim Airport, Alor Setar (AOR)
- Sultan Ahmad Shah Airport, Kuantan (KUA)
- Sultan Azlan Shah Airport, Ipoh (IPH)

- Sultan Ismail Petra Airport, Kota Bharu (KBR)
- Sultan Mahmud Airport, Kuala Terengganu (TGG)
- Bintulu Airport (BTU)
- Limbang Airport (LMN)
- Miri Airport (MYN)

- Mulu Airport (MZV)
- Sibiu Airport (SBW)
- Labuan Airport (LBU)
- Lahad Datu Airport (LDU)
- Sandakan Airport (SDK)
- Tawau Airport (TWU)



#### SHORT TAKE-OFF AND LANDING PORTS (STOLPORTS)

- Pulau Pangkor (PKG)
- Pulau Redang (RDN)
- Pulau Tioman (TOD)
- Bakelalan (BKM)
- Bario (BBN)
- Belaga (BLG)

- Kapit (KPI)
- Lawas (LWY)
- Long Akah (LKH)
- Long Banga (LBP)
- Long Lellang (LGL)
- Long Semado (LSM)

- Long Seridan (ODN)
- Marudi (MUR)
- Mukah (MKM)
- Kudat (KUD)
- Long Pasia (GSA)
- Semporna (SMM)



## DUTY FREE AND NON-DUTIABLE GOODS

- KL International Airport (KUL)
- Kota Kinabalu International Airport (BKI)
- Kuching International Airport (KCH)
- Langkawi International Airport (LGK)
- Penang International Airport (PEN)
- Sultan Abdul Aziz Shah Airport, Subang (SZB)
- Istanbul Sabiha Gökçen International Airport (SAW)

## AGRICULTURE AND HORTICULTURE

- KL International Airport (KUL)
- Bintulu Airport (BTU)
- Miri Airport (MYM)
- Sibul Airport (SBW)

## HOTEL

Four locations in and around KUL and SAW:

- KLIA1 landside
- KLIA1 airside
- klia2 airside
- SAW landside

## PROJECT AND REPAIR MAINTENANCE

### AIRPORTS

- KL International Airport (KUL)
- Kota Kinabalu International Airport (BKI)
- Kuching International Airport (KCH)
- Langkawi International Airport (LGK)
- Penang International Airport (PEN)
- Sultan Abdul Aziz Shah Airport, Subang (SZB)
- Hamad International Airport (DOH)

### PORT

- Port of Tg Pelepas

### COMMERCIAL BUILDINGS

- Airbus Helicopters Malaysia
- Cainiao Aeropolis eWTP Hub
- Exxon Mobil
- Masjid As-Syakirin KLCC
- Maxis Tower
- Novugen Pharma (Malaysia)
- Persada PLUS
- Petronas Tower 3
- Sepang International Circuit
- SPIRIT Aerosystems Malaysia

# SUSTAINABILITY HIGHLIGHTS

2020 was an extraordinary year for Malaysia Airports as we faced unprecedented challenges brought about by the COVID-19 pandemic. We took steps to quickly adjust to the new normal and prepare growth for when passenger confidence in air travel is restored. While it has not been business as usual at Malaysia Airports, we remain steadfast in our commitment to embedding sustainability throughout the business.

This section of the Sustainability Report covers the Sustainability Highlights for 2020 according to the Sustainability Pillars, and links them to the relevant United Nations Sustainable Development Goals (UN SDGs), Material Matters and Key Stakeholders.

We also briefly introduce the sustainability activities of in our hotel business in Malaysia and our operations in Turkey at SAW.

## Sustainability Pillars and Highlights

PILLAR  
1

### Practising Sensible Economics

Riding Out the Storm Together

PILLAR  
2

### Environmental Consciousness

On the Road to Becoming a Greener Airport

PILLAR  
3

### Creating an Inspiring Workplace

Taking Care of Our Own

PILLAR  
4

### Community-Friendly Organisation

We Care  
Inclusivity at Malaysia Airports

PILLAR  
5

### Memorable Airport Experience

Making Strides in Service Quality  
Your Safety is Our Priority



### Sustainability Spotlight

Sama-Sama Hotels  
Istanbul Sabiha Gökçen International Airport



### Moving Forward

Future F.I.T.





## SUSTAINABILITY HIGHLIGHTS

PILLAR  
1

### Practising Sensible Economics

## Riding Out the Storm Together

### Airport retailers offered various forms of assistance by Malaysia Airports.

Businesses have traditionally only been interested in their own survival. However, in this age of interdependence, to safeguard their own existence, corporations will need to look beyond their bottom line to ensure their stakeholders thrive as well.



“We feel that it is important to stretch the Ringgit further in order to extend a helping hand to our partners so that we can all recover together and take advantage of any potential for future growths.”

Dato' Mohd Shukrie Mohd Salleh, Group CEO

Airport retailers have been affected by the COVID-19 pandemic. In response to this, Malaysia Airports implemented a series of initiatives to ease their burden.

**Digitalising retail:** The e-commerce platform shopMYairports was launched in September to increase retailers' revenue by selling to the wider public, particularly non-travellers. A similar platform, shop@SAW, was launched by SAW in Turkey. This is part of the Airports 4.0 digitalisation initiative.

**New rental model:** Under our Commercial Reset which was initiated in 2018, a Bridging Strategy and New Rental Model were introduced to attract sought-after brands and reputable companies, stimulate high CAPEX investment by tenants and encourage tenant retention. Tenants who sign up under the Reset are given flexibility as to the tenure of the tenancy and for rental to be calculated in relation to passenger movement. This will act as additional stimulus for retailers to recover in tandem with the recovery in passenger traffic. In 2020, a total of 354 retail outlets were awarded at our airports where 160 were for KUL and the remaining 194 spread across other airports in Malaysia.

**Relief packages:** We introduced several assistance and relief packages to ease the cash flow issues of tenants. These include deferring rental payments, extending credit terms, extending the tenure of newly signed contracts and deferring commencement of business. Malaysia Airports also offered a six-month rental moratorium and a subsequent customised Rental Relief Package which offered up to 100% rental rebate for six months in 2020.

**Airport-wide sales:** Two editions of the 'KLIA Crazy Sale' were held in 2020. It allowed the wider public to purchase items at duty-absorbed prices and provided retail partners with an additional sales avenue to clear excess inventory. Safety measures and physical distancing were strictly observed for public safety.

#### Material Matters:

Digitalisation  
Economic Performance  
Market Presence  
Total Airport Experience

#### UN SDGs:



SDG 1: No Poverty



SDG 8: Decent Work and Economic Growth



SDG 17: Partnerships for the Goals

#### Key Stakeholders:



Employees



Passengers



Tenants



Local Community



The Media







## SUSTAINABILITY HIGHLIGHTS

PILLAR  
2

### Environmental Consciousness

## On the Road to Becoming a Greener Airport

Malaysia Airports reiterates commitment to protecting the environment.

Air pollution, climate change and deforestation are just some of the threats to our environment. Left unfettered, the earth's future and that of future generations is uncertain. Everyone must play their part, no matter how small, to make a difference.



# 12,000MWh

ENERGY GENERATED PER YEAR

**New solar photovoltaic (solar PV) systems:** As part of Malaysia Airports' Green Airports Strategy, the installation of solar PV systems on the rooftops of five airports – BKI, KUA, LGK, MKZ and PEN – began in Q4 2020. This initiative is focused on increasing the airports' usage of green energy and supports the government's commitment to promote renewable energy and reduce carbon emissions by 50% from 2015 until 2030. Solar energy has been used at KUL since 2014.

**Environmental benefit:** This system can generate more than 12,000MWh of energy per year which translates into a reduction of 8,700 tonnes of CO2 emissions yearly. This is equivalent to 16% of the Green Airport Strategy's annual carbon emissions reduction target.

**Economic benefit:** The solar PV systems were installed without any investment from Malaysia Airports as part of the Energy Performance Contract framework established in 2016. The framework is based on a profit-sharing agreement between the building owner and the Energy Service Company (ESCO) where the initial cost of the project is borne by the ESCO. In addition, electricity will cost 30% less than current electricity rates, resulting in potential savings of RM 42.7 million for utility operational expenditures for the next 25 years.

**Other green initiatives:** The implementation of rain water harvesting, LED light bulbs, motion sensors to determine lighting and automated services such as escalators, the use of natural light where possible and use of white paint to reduce heat absorption at selected airports.

#### Material Matters:

Climate Change  
Economic Performance  
Emissions  
Energy Efficiency  
Regulatory Compliance

#### UN SDGs:



SDG 7: Affordable and Clean Energy



SDG 13: Climate Action

#### Key Stakeholders:



Regulators and Government



Employees



Passengers



Tenants



Investors



Local Community



## SUSTAINABILITY HIGHLIGHTS

PILLAR  
3

### Creating an Inspiring Workplace

## Taking Care of Our Own

### Protecting our workforce is protecting our business.

The welfare of a company's workforce should always be a priority. While in many countries there are legal provisions for this, there are still too many instances of employee exploitation. Slave labour, wrongful termination and all forms of discrimination are problems that are still rife all over the world. There is a need for businesses to revolutionise the way they view and treat their employees.

# ZERO

RETRENCHMENTS IN 2020  
SALARY CUTS IN 2020

Our employees make up one of our biggest groups of stakeholders. As a responsible employer it is our duty to protect them in times of crisis and prepare them for better days ahead.

**Reskilling and reassignment:** We reskilled and reassigned 88 Aviation Security personnel to become Airport Fire and Rescue Service (AFRS) personnel through the Basic Training for AFRS Integration Programme. The objective for this was to redistribute talent from areas that were over-staffed due to travel restrictions to areas that needed more manpower.

**Online training:** Malaysia Airports suspended all non-essential face-to-face training sessions for the safety of our employees. We introduced online training and learning modules which enabled employees to select training schedules that matched their work schedules. Our online workplace training programmes include e-learning courses, webinars, and videos that allow information to be presented and tested in many ways.

**Health and safety:** Malaysia Airports coordinated a series of COVID-19 screenings in collaboration with the Ministry of Health and the Social Security Organization under the *Saringan Prihatin* programme. We decontaminated and sanitised offices and common areas to ensure they were safe for use and placed hand sanitisers throughout the airport and in offices. All cleaning and sanitisation personnel were provided with Personal Protective Equipment. Malaysia Airports recently received the ISO45001:2018 certification from the British Standards Institution as testament to the emphasis we have placed on passenger and airport community safety since the onset of the COVID-19 pandemic.

**Guidelines:** To raise awareness and further educate our employees on COVID-19, we circulated a COVID-19 Prevention and Handling Guideline and a Return-to-work Protocol Guideline.

#### Material Matters:

Airport Safety and Security  
Employee Engagement and Development  
Human Rights

#### UN SDGs:



SDG 3: Good Health and Well-being



SDG 8: Decent Work and Economic Growth

#### Key Stakeholders:



Regulators and Government



Employees



Tenants







## SUSTAINABILITY HIGHLIGHTS

PILLAR  
4

### Community-Friendly Organisation

## We Care

**Giving back to the community is part of Malaysia Airports' DNA. In challenging times such as these, we continue to fulfil our corporate responsibility to do what we can for the community.**

Consumers and businesses all over the world have become very discerning in the companies they choose to associate with. Corporations that do not consider the welfare of the communities outside and inside itself, will have a difficult time earning the trust and goodwill of the public.



"We would like to show support to frontliners by contributing to their well-being. It is also our gesture of thanks for their tireless sacrifice."

Dato' Mohd Shukrie Mohd Salleh, Group CEO

**Comfort Kits:** To show our support for their efforts, Malaysia Airports contributed 2,000 comfort kits to frontliners in Hospital Sungai Buloh, 350 kits to frontliners in Tawau and Kota Kinabalu and 500 kits to passengers who were stranded at KLIA1. The comfort kits contained a sleeping bag, a face towel and a set of toiletries each. We also donated 500 cheer packages of chocolates sponsored by Eraman to the frontliners at Hospital Queen Elizabeth, Kota Kinabalu.

**#MYAirportCARES Iftar Meal Distribution:** Complimentary Iftar meals and dinners were provided to over 1,000 frontliners during the fasting month of Ramadan. All meals were provided through donations from Malaysia Airports' employees.

**#MYAirportCARES Ceria Ramadan:** We donated essential items and *Duit Raya* to about 88 underprivileged students from three primary schools in the communities surrounding KUL.

**#MYAirportCARES Ceria Aidiladha:** Malaysia Airports donated essential items and meat to help 55 families from Kampung Labu Lanjut, Sepang, a village located near Malaysia Airports' Corporate Office. This project was carried out to help alleviate the burden of community members who have been badly affected by the COVID-19 pandemic.

**Recognition:** Malaysia Airports won the Company of the Year award for Education & Community Initiatives in the Sustainability & CSR Malaysia Awards 2020. This honour was conferred on Malaysia Airports based on the 91 projects conducted in 2019 under our CR pillars: Education and Youth Leadership, Community Enrichment and Malaysia Branding.

### Material Matters:

Contributions to Local Community  
Human Rights

### UN SDGs:



SDG 1: No Poverty



SDG 2: Zero Hunger



SDG 10: Reduced Inequalities

### Key Stakeholders:



Employees



Passengers



Tenants



Local Community



The Media



## SUSTAINABILITY HIGHLIGHTS

PILLAR  
4

### Community-Friendly Organisation

## Inclusivity at Malaysia Airports

As Caring Hosts, Malaysia Airports strives to ensure every guest experience is a joyful one.

In an ideal world everyone would have access to travel. However, barriers to travel are exceedingly commonplace because the travel industry often fails to take accessibility into account when serving customers with disabilities.



“We understand that travelling through the airport can be overwhelming... With this new facility, we hope to ease the burden of the family during their journey and create a safe and calm space for our special guests.”

Dato' Mohd Shukrie Mohd Salleh, Group CEO

To increase inclusivity, we have taken concrete steps to provide guests with disabilities with a more positive experience at our airports.

**The Butterfly Effect:** This set of facilities and services were implemented to cater to passengers with hidden disabilities such as autism. **A Calm room** with interactive activities was set up in KLIA1 as a safe place for passengers to calm and prepare themselves before proceeding on their journey. **Sensory walls** were installed in key locations across KUL to help reduce agitation and provide sensory support. **Special training** was provided to Malaysia Airports staff by the Autism Behavioral Center to equip them with the skills and knowledge to provide the correct assistance when necessary. **Butterfly Lanyards** are provided to registered guests so they can get help when required in a safe and timely manner.

**Barrier-Free airport:** SAW became Turkey's first Barrier-Free Airport after it completed the infrastructure work required. These included building designated disabled parking spaces, tactile walkways and ramps with a 6% slope in and around designated areas of the airport. SAW also built **disabled-friendly** washrooms, check-in counters, food and beverage areas and elevators and escalators with audio warnings and notices in braille. Disabled and reduced mobility passengers were also allocated **reserved seats** at the departures and arrivals floor and baggage claim area.

#### Material Matters:

Contribution to Local Community  
Diversity  
Human Rights  
Total Airport Experience

#### UN SDGs:



SDG 3: Good Health and Well-being



SDG 9: Industry, Innovation and Infrastructure



SDG 10: Reduced Inequalities



SDG 11: Sustainable Cities and Communities

#### Key Stakeholders:



Employees



Passengers



Local Community



The Media





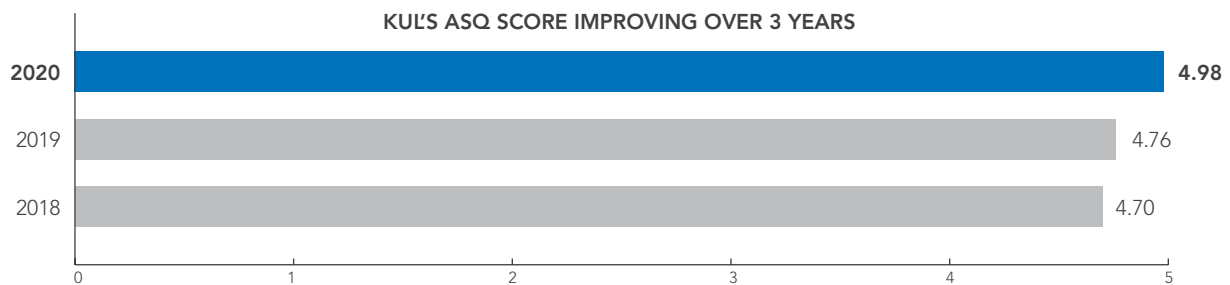
## SUSTAINABILITY HIGHLIGHTS

PILLAR  
5

### Memorable Airport Experience

## Making Strides in Service Quality

In 2020, KUL ranked among the top 10 globally in the Airport Service Quality (ASQ) rankings for airports in the >40 mppa category, up from #17 in 2019.



In 2018, Malaysia Airports launched the Happy Guests, Caring Hosts service culture transformation programme. It aimed to instil a 'customer first' mind-set among the KUL community comprising airline partners, government agencies and some 8,000 Malaysia Airports employees. By 2020, approximately 10,000 airport frontliners had received training under the programme, in KUL and other airports nationwide.

**#1improvement1week:** Malaysia Airports initiated the '#1improvement1week' programme to continuously improve passengers' experience at the airport. Approximately 150 improvements have been made since 2018 for a more seamless journey for passengers navigating the airport. 50 of them were implemented in 2020 focusing on the safety and security of passengers in the light of the COVID-19 pandemic. Among the more visible changes to passengers are the improved washroom facilities at KUL. A washroom refurbishment programme which was also launched in 2018 has modernised the facilities and benchmarked them against the top global airports.

**ASQ:** In the global ASQ survey by Airports Council International (ACI), KUL's return to the top 10 rankings globally and improvement in its ASQ scores are a testimony to the collective efforts of Malaysia Airports and the airport community in improving the service and facilities at the airport. In addition, LGK was inducted into the ACI Director General's Roll of Excellence based on its track record for winning multiple ASQ awards over a five-year period during the past 10 years.

**QoS:** In addition, in Q3 2020, KUL passed all elements of the QoS framework set by MAVCOM. This is further testimony to the improvements in service quality that has been achieved collectively by Malaysia Airports and the airport community at KUL.

**Recognition:** We are also pleased that our efforts have been recognised by a Silver award for 'Customer-centric Culture' at the prestigious International Customer Experience Awards in 2020.

#### Material Matters:

Airport Safety and Security  
Digitalisation  
Regulatory Compliance  
Total Airport Experience

#### UN SDGs:



SDG 3: Good Health and Well-being



SDG 9: Industry Innovation and Infrastructure

#### Key Stakeholders:



Regulators and Government



Employees



Airlines



Passengers



Tenants



Vendors and Service Providers



## SUSTAINABILITY HIGHLIGHTS

PILLAR  
5

### Memorable Airport Experience

## Your Safety is Our Priority

**New safety measures and standard operating procedures were implemented to protect our passengers and the airport community.**

Airport safety and security has never been more important. Traditional threats encompass terrorist attacks, human trafficking and the smuggling of goods. In 2020 however, the COVID-19 pandemic refocused travellers' attention on how airports keep travellers and their frontline workforce healthy and secure.



### OUR AIRPORT SAFETY STANDARDS ARE CERTIFIED UNDER ISO 45001:2018

as meeting the global standards and requirements of The British Standards Institution. The safety standards also meet the requirements of the Turkish authorities.

The safety of passengers and the airport community is our top priority. Thus, we rolled out new measures to create a contactless and sanitised airport environment to build public confidence in the safety of our airports. Many of these measures leverage on our prior investments in technology, in particular our Airports 4.0 digitalisation initiatives. A KUL COVID-19 Committee was specially formed to coordinate with government agencies and relevant stakeholders, while safety compliance officers were deployed on ground to ensure compliance with the new norms.

**Standard Operating Procedures (SOPs):** New SOPs include physical distancing, the use of face masks in the terminal, contact tracing, temperature checks at terminal entrances and the availability of hand sanitisers throughout the airport. The terminals are sanitised and disinfected regularly, with high-traffic areas and surfaces such as check-in counters and washrooms being sanitised at least eight times daily.

**Airports 4.0 initiatives:** Technology-driven measures have focused on creating a safe and contactless airport experience. These include the use of facial recognition technology, self check-in, self bag-drop, contactless security screening, automated ultra-violet disinfection, and the use of e-wallets or mobile payment services at retail and food and beverage outlets throughout the terminal.

An exciting Airports 4.0 initiative was SAW's introduction of the Aerobot, the airport's first social robot. The Aerobot communicates in over 20 international languages and assists passengers in wayfinding while reminding them about the new travel norms in place at SAW.

**Other safety measures:** Ultra-violet (UV) technology is used to sterilise handrails at walkalators, escalators and washrooms. Most recently, all arriving baggage at KUL go through a UV tunnel for sanitisation. We also implemented the use state-of-the-art thermal and security scanners and sneezeguards at KUL and 19 other airports.

#### Material Matters:

Airport Safety and Security  
Digitalisation  
Regulatory Compliance  
Total Airport Experience

#### UN SDGs:



SDG 3: Good Health and Well-being



SDG 9: Industry, Innovation and Infrastructure

#### Key Stakeholders:



Regulators and Government



Employees



Airlines



Passengers



Tenants







## SUSTAINABILITY HIGHLIGHTS



### Sustainability Spotlight

## Sama-Sama Hotels

### A hit with travellers.

Malaysia Airports' wholly owned subsidiary, KL Airport Hotel Sdn Bhd, operates three hotels in Malaysia under the brand 'Sama-Sama Hotel'.



# 93.2%

## SAMA-SAMA HOTEL KL INTERNATIONAL AIRPORT GUEST SATISFACTION RATE

**The hotels:** In Malaysia, the Sama-Sama Hotel KL International Airport is a five star hotel, while the Sama-Sama Express KL International Airport and Sama-Sama Express klia2 are airside transit hotels.

**Green practices:** The hotels avoid using plastic-based items and use biodegradable, non-woven, and paper-based products as an alternative. Hotel amenities are sourced from a local company known for using mostly natural preparations with minimal preservatives and additives. They also give priority to vendors who implement the best environmental practices.

**Corporate responsibility:** A celebration was held during Hari Raya at an orphanage in Banting, Selangor, and another during Deepavali at an orphanage and senior citizens home in Rembau, Negeri Sembilan. Frontliners working in the hotel and airport community were honoured for their efforts during the COVID-19 pandemic at two events at Sama-Sama Hotel KL International Airport.

**Cooperation with the government:** Sama-Sama Hotel KL International Airport was used as a quarantine hotel to support the government's mandatory quarantine for incoming travellers who fell under the persons-under-surveillance group.

**Other services:** KL Airport Hotel Sdn Bhd also operates the Airport Fast Track service at KLIA1, a premium kerbside-to-gate service that offers guests fast track lanes for check-in, customs and immigration, transportation services and buggy and concierge services.

**Awards:** Our hotels are popular with travellers and won several travel industry awards, as well as an award for occupational safety and health.

#### Material Matters:

Climate Change  
Contributions to Local Community  
Procurement Practices  
Total Airport Experience

#### UN SDGs:



SDG 3: Good Health and Well-being



SDG 12: Responsible Consumption and Production



SDG 13: Climate Action

#### Key Stakeholders:



Regulators and Government



Employees



Airlines



Passengers



Vendors and Service Providers



Local Community



#### AWARDS WON IN 2020

##### **SAMA-SAMA HOTEL KL INTERNATIONAL AIRPORT**

- 2020 Haute Grandeur Global Hotel Awards for Best Airport Hotel on Global Level
- 2020 Haute Grandeur Global Awards for Best Luxury Hotel in Asia
- 2020 Haute Grandeur Global Awards for Best Prime Location in Malaysia
- 2020 World Luxury Hotel Awards for Luxury Airport Hotel Global Winner
- 2020 Tripadvisor Traveller's Choice Hotel
- 2020 Tripadvisor Traveller's Choice Best of The Best Hotel
- 2020 Hotels.com Love by Guests Awards Winner
- 2020 Malaysia Society for Occupational Safety and Health (MSOSH) OSH Silver Award

##### **SAMA-SAMA EXPRESS KL INTERNATIONAL AIRPORT:**

- 2020 World Luxury Hotel Awards for Air Transit Hotel - Asia Continent Winner

##### **SAMA-SAMA EXPRESS klia2:**

- 2020 World Luxury Hotel Awards for Luxury Contemporary Hotel - South East Asia Regional Winner

## SUSTAINABILITY HIGHLIGHTS



### Sustainability Spotlight

## Istanbul Sabiha Gökçen International Airport

The airport (IATA Code: SAW) increased in prominence in 2020, contributing 40% of Malaysia Airports' passenger movements.

The airport is a fully owned asset of Malaysia Airports and is recognised as Turkey's emerging city airport. The earlier opening of borders in Europe and other airport-wide initiatives have seen SAW reinforcing Malaysia Airports' vision to become 'A Global Airport Group that Champions Connectivity and Sustainability'.



"SAW has shown commendable resilience in weathering the impact of the pandemic."

Dato' Mohd Shukrie Mohd Salleh, Group CEO

**Passenger movements:** Total passenger movements for SAW for 2020 stood at 17.2 million passengers, contributing to 40% of Malaysia Airports group passenger numbers for the year. Operations in SAW showed positive recovery signs in June following the relaxation of travel restrictions on 1 June. It achieved peak recovery rate at 73% of pre-COVID 19 levels in October, and in some months achieving 50% levels of the corresponding month in 2019.

**Travel hub:** The airport was declared Europe's fifth busiest airport by the European Organisation for the Safety of Air Navigation in October 2020 registering an average of approximately 500 flights per day. It had previously been ranked as one of the top ten busiest airports in Europe registering 35.6 million passengers in 2019.

**Duty-free tie-up:** The world's largest travel retail and duty-free player, Dufry, joined SAW's retail partner line-up in November. It will occupy a total of eight retail lots with 2,800 square metres of duty-free retail space in the departures area and 1,100 square metres of arrivals shops. Apart from the usual duty-free offerings of liquor, tobacco, perfume, cosmetics and confectionery, Dufry will also feature a refined selection of local food and souvenir brands which showcases Turkey's cultural heritage and specialties.

**World-class hospitality:** In January 2021, SAW handed over operations of its lounge areas at the terminal as well as all premium facilities, including fast track and meet and assist services to Plaza Premium Group. The Plaza Premium Group will invest in enhancements and upgrade services and facilities to create an elevated lounge experience and promote a seamless airport journey. It will also add an additional lounge at the international terminal, increasing the number of airports lounges at SAW from two to three.

### Material Matters:

Climate Change  
Diversity  
Economic Performance  
Energy Efficiency  
Emissions  
Market Presence  
Total Airport Experience  
Waste and Effluent Management  
Water Management

### UN SDGs:



SDG 8: Decent Work and Economic Growth



SDG 9: Industry, Innovation and Infrastructure



SDG 11: Sustainable Cities and Communities



SDG 12: Responsible Consumption and Production



SDG 13: Climate Action

**Inclusivity:** SAW is a certified Barrier Free Airport, highlighting its disabled-friendly design and facilities. It is the first airport in Turkey to receive this certification.

**Green building:** SAW became a LEED Gold® building under the U.S. Green Building Council's LEED® green building program in January. It is the first LEED-certified airport in Turkey. Its efforts to improve energy efficiency with a trigeneration unit, maximising the use of daylight and encouraging people to use public transportation contributed to the attainment of this certification.

**Green airport project:** SAW is a certified Green Airport under the Turkish Directorate General of Civil Aviation's Green Airport Project. The Green Airport Project aims to reduce the negative effects on the environment caused by airports and greenhouse gas emissions. Airports qualify as a Green Airport by fulfilling several requirements which include preparing a greenhouse gas management plan and a waste management plan and a dangerous goods inventory. SAW prepares and monitors the mandatory applications and keeps up-to-date plans for greenhouse gasses and waste annually.

**Airport safety:** SAW took concrete steps to increase the safety of guests, passengers and staff in light of the COVID-19 pandemic. During the lockdown, occupational health and safety trainings were conducted online to raise awareness of the pandemic. After the lockdown, workplace safety training was provided to all staff by the workplace doctor. Other safety measures enforced include shortened working hours to minimise contact, PCR tests for all personnel, monthly medical check-ups by the workplace doctor, postponement of face-to-face events and the use of plexiglass separators in areas where staff meet passengers. SAW also provides all staff members with masks to be changed every 4 hours daily and easily accessible alcohol-based hand sanitisers.

**Cross country learning:** In preparing our people for the future through our Talent Mobility and Talent Exchange Programmes, we encouraged various learning, coaching and knowledge sharing sessions through online and e-learning platforms as well as peer coaching sessions. To facilitate knowledge-sharing in airport operations, Malaysia Airports has an exchange programme for employees in Malaysia and Turkey which started in 2019. In 2020, four employees from our Malaysia operations were assigned to SAW while three from our Turkey operations were assigned to work in Malaysia for two years.

#### Key Stakeholders:



Regulators and Government



Employees



Airlines



Passengers



Tenants



Vendors and Service Providers



Investors



Local Community



# SAW

## QUICK FACTS AND FIGURES

### 2020

One of Europe's  
**Top 10**  
busiest airports  
in 2020



**58 international**  
DESTINATIONS

**34 domestic**  
DESTINATIONS

**36 countries**



**5** new  
routes



**17.2 million**  
passengers



**1st**  
Barrier  
Free  
Airport  
in Turkey



**587**  
TOTAL  
EMPLOYEES



**43%**  
FEMALE  
EMPLOYEES



**1st** AIRPORT IN  
TURKEY



## SUSTAINABILITY HIGHLIGHTS



### Moving Forward

## Future F.I.T.



“Future F.I.T. is Malaysia Airports’ answer to today’s unprecedented operating environment while laying the foundations for dynamic post-pandemic growth.”

Dato’ Mohd Shukrie Mohd Salleh, Group CEO

The COVID-19 pandemic presented an opportunity for Malaysia Airports to institute a ‘ground zero reset’ of our business. Building on the Group’s near-term plans to stabilise the Company, we reformulated our 5-Year Strategy and Transformation plan, known as Future F.I.T. to focus also on building capacity and capabilities today to capture post-pandemic opportunities.

Future F.I.T. outlines our roadmap for survival, recovery and growth as air travel recovers aims to make Malaysia Airports **F**inancially sustainable, **I**mpact driven and **T**echnology focused.

**What it entails:** A two-phase rollout which in the short term, from now till 2022, the Group’s focus is to survive and recover from the pandemic. Beyond that, from 2023 till 2025, the Group will turn to positioning ourselves for future business growth and sustainability.

**Phase 1 Survival and Recovery (2021-2022):** This crucial phase addresses our business and financial positioning which have been impacted by the pandemic and helps us navigate the through the resulting economic slowdown. During this period, the Group will focus on five main strategic themes namely, Survivability, Fixing the Basics, Horizontal Expansion, Digitalisation and Critical Asset Replacement.

**Phase 2 Growth and Transformation (2023-2025):** In Phase 2, Malaysia Airports will focus on positioning ourselves for future business growth and sustainability. This phase will be anchored by three strategic thrusts - Maximising Revenue Generation, Developing New Capabilities and Ensuring Business Sustainability.

**End state:** While Future F.I.T. lays down the groundwork for the Group to survive and recover from the pandemic, it is also the runway for Malaysia Airports’ future growth; taking us closer to realising our vision of becoming ‘A Global Airport Group that Champions Connectivity and Sustainability’ together with returning to profitability and staking our place among the Top 5 airports globally.

### Material Matters:

Airport Capacity  
Airport Safety and Security  
Economic Performance  
Digitalisation  
Total Airport Experience

### UN SDGs:



SDG 8: Decent Work and Economic Growth



SDG 9: Industry, Innovation and Infrastructure

### Key Stakeholders:



Employees



Airlines



Passengers



Tenants



Vendors and Service Providers



Investors



The Media





# REPORTING AND GOVERNANCE

## ABOUT THIS REPORT

### Introduction

(GRI 102-1, 102-32, 102-46, 102-54)

This Sustainability Report for Malaysia Airports Holdings Berhad (Malaysia Airports) for 2020 is presented in accordance with the GRI Sustainability Reporting Standards (GRI) – Core option and the relevant GRI Airport Operators sector disclosures (AO).

This report highlights the material matters relating to Malaysia Airports' stakeholders as depicted in the Materiality Matrix. It covers the key material matters as determined in consultation with internal and external stakeholders. The material matters included in this report have been deemed to be those which have the most impact on Malaysia Airports by Management.

This report has been approved by Malaysia Airports' Board of Directors and Management Executive Committee.

### Reporting Suite and Framework

This Sustainability Report forms part of Malaysia Airports' annual reporting suite for the financial year ending 31 December 2020 which comprises the following - Annual Report, Financial Statements, Sustainability Report and Airport Statistics. Together, they provide a comprehensive report of the Group's performance, activities and outlook as well as disclosure of the management of sustainability risks and opportunities within environmental, social and governance (ESG) parameters.

In addition, in line with the Malaysian Code on Corporate Governance and the Listing Rules of Bursa Securities Malaysia Berhad (Bursa Malaysia), we produce an annual Corporate Governance Report which is disclosed to Bursa Malaysia and the Securities Commission of Malaysia. This is a public document and is available through Bursa Malaysia's listing announcements as well as Malaysia Airports' corporate website.

The reports can be found online on our corporate website: [www.malaysiaairports.com.my](http://www.malaysiaairports.com.my)

### Scope and Boundary

(GRI 102-45, 102-46)

The consolidated financial statements of Malaysia Airports cover the entities contained in the group structure in the percentages shown in the corporate structure set out in Malaysia Airports' Annual Report for 2020. Unless otherwise indicated, this Sustainability Report covers Malaysia Airports' Group-wide operations as shown in the corporate structure set out in Malaysia Airports' Annual Report for 2020.

Malaysia Airports' operations in Malaysia is anchored by its subsidiaries, Malaysia Airports (Sepang) Sdn Bhd (MA Sepang) which manages KL International Airport comprising KLIA1 and klia2, and Malaysia Airports Sdn Bhd (MASB) which manages other airports in Malaysia apart from KUL. Unless otherwise stated, references to airport statistics, benchmarks, targets and activities refer to KUL being the largest operations hub of Malaysia Airports having the largest impact on stakeholders.

Where relevant, we have also highlighted the sustainability practices of Malaysia Airports' operations in Turkey, namely at Istanbul Sabiha Gökçen International Airport.

### Reporting Period and Cycle

(GRI 102-50, 102-51, 102-52)

This report covers the period from 1 January 2020 to 31 December 2020 unless otherwise stated and follows from our previous Sustainability Report for the year ended 31 December 2019. We have been producing an annual Sustainability Report since 2009.

### Independent Assurance Statement

(GRI 102-56)

At Management's request, SIRIM QAS International Sdn Bhd (SIRIM QAS International) has performed an independent verification and provided assurance of the accuracy and reliability of the information presented in this Sustainability Report. This is in line with our practice which has been in place since 2012 to seek external assurance for our Sustainability Report.

To ensure the objectivity and impartiality of SIRIM QAS International's verification statement, no member of the verification team nor any employee of SIRIM QAS International was involved in the preparation of this Sustainability Report. The assurance statement is included in this report.

# GOVERNANCE AND ACCOUNTABILITY

## GOVERNANCE AND ACCOUNTABILITY

(GRI 102-18)

Malaysia Airports recognises that to achieve our corporate vision to be a 'A Global Airport Group that Champions Connectivity and Sustainability', we need to do more than just create economic value for shareholders. Rather, there is a need to balance profitmaking and operational excellence with conducting our business in a manner that is transparent and responsible. In the journey to become a sustainable business for the long term, our operations need to be built on the foundations of good governance while considering environmental and social factors.

### Governance and Structure

(GRI 102-18, 102-20, 102-26)

Malaysia Airports recognises the importance of Environment, Social and Governance (ESG) factors in creating long-term sustainable value for stakeholders while ensuring our businesses remain relevant. As such, we constantly work to embed these sustainability factors throughout the Company's value creation model and value chain.

The Board of Directors provides strategic direction with regards to Malaysia Airports' ESG model through the Company's Sustainability Policy and Framework.

The Senior General Manager, Strategy (previously the Senior General Manager, Planning) of Malaysia Airports is responsible for ensuring the ESG model is translated into actionable tangible initiatives by business and support units in line with Malaysia Airports' five Sustainability Pillars. The incumbent is a member of the Management Executive Committee (ExCo), chaired by the Group CEO, and comprises the top management of Malaysia Airports. The incumbent is also responsible for highlighting and reporting on sustainability matters to the ExCo, and where relevant, to the Board of Directors.

The Sustainability Unit assists the Senior General Manager, Strategy in the day-to-day running and management of organisation wide sustainability initiatives. The Sustainability Department also provides consulting services and engages stakeholders on all matters related to sustainability.

In 2020, the ExCo approved the establishment of a Sustainability Committee to oversee all ESG matters and to ensure that they are streamlined. Currently, interdepartmental working committees and taskforces which support the Board

and management committees see to their own sustainability targets, implement initiatives and monitor and track progress towards achieving these targets. To this end, we recognise the need to have a formal management committee to oversee company-wide ESG initiatives.

A non-exhaustive list of these Board and management committees include:

**E**

#### Environmental matters

- Engineering Environment Committee

**S**

#### Social matters

- Board Nomination and Remuneration Committee
- Human Resources Committee

**G**

#### Governance matters

- Board Finance and Investment Committee
- Board Risk Management Committee
- Board Procurement Committee
- Corporate Risk Management Committee
- Information Security Management Committee

### Sustainability Policy and Framework

Malaysia Airports has been guided by a Sustainability Policy since 2010.

In January 2021, in line with our vision to become 'A Global Airport Group That Champions Connectivity and Sustainability', an update to the Sustainability Policy was approved by the Board. The new Policy integrates Malaysia Airports' widened ESG model to better align business decisions and strategies with ESG considerations and stakeholders' concerns and supports the Nation's commitment towards the UN SDGs.

The Sustainability Framework links our Sustainability Pillars to the material matters relating to Malaysia Airports' business as well as to the SDGs. It illustrates the connection between Malaysia Airports' ESG model and the material matters at the forefront of our business, and how business can ultimately contribute towards achieving the global sustainability agenda.

Our Sustainability Pillars are Practising Sensible Economics, Environmental Consciousness, Creating an Inspiring Workplace, Community-Friendly Organisation and Memorable Airport Experience.

## GOVERNANCE AND ACCOUNTABILITY

Five Sustainability Pillars	
<b>PILLAR 1</b>	<b>Practising Sensible Economics</b> Generate sustainable returns from business activities by strengthening and optimising revenue streams.
<b>PILLAR 2</b>	<b>Environmental Consciousness</b> Manage and reduce the impact on the environment from business activities.
<b>PILLAR 3</b>	<b>Creating an Inspiring Workplace</b> Value our employees, provide development opportunities and embed good governance.
<b>PILLAR 4</b>	<b>Community-Friendly Organisation</b> Support and strengthen community engagement and efforts to develop programmes to meet the needs of local communities.
<b>PILLAR 5</b>	<b>Memorable Airport Experience</b> Enhance the travel experience of airport guests to support our brand promise of hosting joyful connections.

The following policies, procedures, guidelines also serve to embed the ESG model in Malaysia Airports' operations and are available on our corporate website:

- Environmental Management Policy
- Environmental Protection Policy
- Procurement Policies, Procedures and Guidelines
- Anti-Corruption Policy Statement
- Gift Policy
- Fraud Policy
- Whistleblowing Policy
- Safety, Health and Environmental Policy
- Policy on Prevention and Eradication of Drug and Alcohol Abuse in the Workplace
- Sexual Harassment Policy
- Stop-Work Policy
- KUL Sustainability Charter
- Sustainability Policy
- Code of Ethics and Conduct

### KUL Sustainability Charter

The KUL Sustainability Charter was introduced in 2019, creating a leadership role for Malaysia Airports in sustainability matters within the airport community at KUL. The charter reflects new and evolving matters of concern to Malaysia Airports and its stakeholders, both internal and external namely employees, regulators, airline companies, investors, airport tenants, vendors, passengers, the local community and the media.

Through stakeholder consultation, we identified material matters, set goals and identified key initiatives to form the basis of the charter. Each of these are aligned to the Sustainability Pillars and SDGs.

### Sustainable Development Goals

As a Government-Linked Company, Malaysia Airports supports the Malaysian Government's commitment to the United Nation's 2030 Agenda for Sustainable Development. The United Nations had identified 17 Sustainable Development Goals (SDGs), representing a call for action by all countries – poor, rich and middle-income – to promote prosperity while protecting the planet. Ending poverty must go hand-in-hand with specific goals and strategies that build economic growth and address a range of social needs including education, health, social protection, and job opportunities, while tackling climate change and environmental protection.

In 2019, Malaysia Airports aligned its material matters, Sustainability Pillars and the KUL Sustainability Charter with all 17 SDGs. However, the SDGs highlighted in the Sustainability Report are the ones most relevant to Malaysia Airports.

### Sustainability Rating

Malaysia Airports was assigned a Gold Sustainability Rating by RAM Sustainability. The rating reflects Malaysia Airports' strong overall sustainability performance after taking into consideration its ESG and positive impact attributes.

Ratings are assigned to the overall Sustainability Rating and each of its four components – Environment, Social, Governance and Positive Impact. The three different rating levels that can be assigned are Bronze, Silver and Gold. Malaysia Airports was assigned Gold ratings for the Social, Governance and Positive Impact components and a Silver for Environment.

Malaysia Airports' Gold Sustainability Rating is driven by strong corporate governance, our commitment towards sustainability efforts and our contribution to the domestic economy as a national airport operator. Our focus on community and social contributions and forward-looking environmental policies and strategies also contributed to Malaysia Airports' achievement.

## Sustainability Framework





# MATERIALITY PROCESS

## MATERIALITY PROCESS

(GRI 102-42, 102-43, 102-49)

Material Matters identified as relevant to Malaysia Airports and its stakeholders are continuously monitored and managed as they form the basis of our value creation model and influence our business strategy and targets.

### Materiality Assessment Process

The material matters were identified and prioritised in 2018 following a materiality assessment process as described below.



A comprehensive list of material matters was identified based on a review and analysis and through engagement with internal and external stakeholders.

Key representatives of internal stakeholders met to review, discuss and prioritise the identified material matters to form a Materiality Matrix.

The Materiality Matrix was validated by senior management and approved by the Board.

### Materiality Matrix

The Materiality Matrix plots material matters in two dimensions – first, impact to Malaysia Airports and secondly, significance to key stakeholders. It guides Malaysia Airports in addressing and managing matters of utmost importance for the business as well as stakeholders.

### Review of Material Matters in 2020

A full review of our material matters was carried out this year through a materiality assessment workshop with our key stakeholders.

The workshop took place in September 2020 at Sama-Sama Hotel KL International Airport, and involved 60 individuals from various Key Stakeholder groups which included Regulators and Government, our employees, Airlines, Tenants and Vendors and Service Providers.

It provided a platform for participants to discuss their interests and concerns with regards to each of the material issues identified in light of the COVID-19 pandemic.

Matters such as the containment of the health crisis, the restoration of consumer confidence in air travel and the recovery of the industry emerged as some of the key interests among the attended stakeholders.

The review also analysed the Group's business direction, peers, regulatory environment and external environment.

All this, together with the results from Malaysia Airports' internal materiality assessment survey, were used to refresh the Materiality Matrix for 2020.

### Changes to Materiality Matrix in 2020

As a result of the review, this year's Materiality Matrix introduces a repositioning of several material matters, the most significant being Airport Capacity and Transportation and Connectivity.

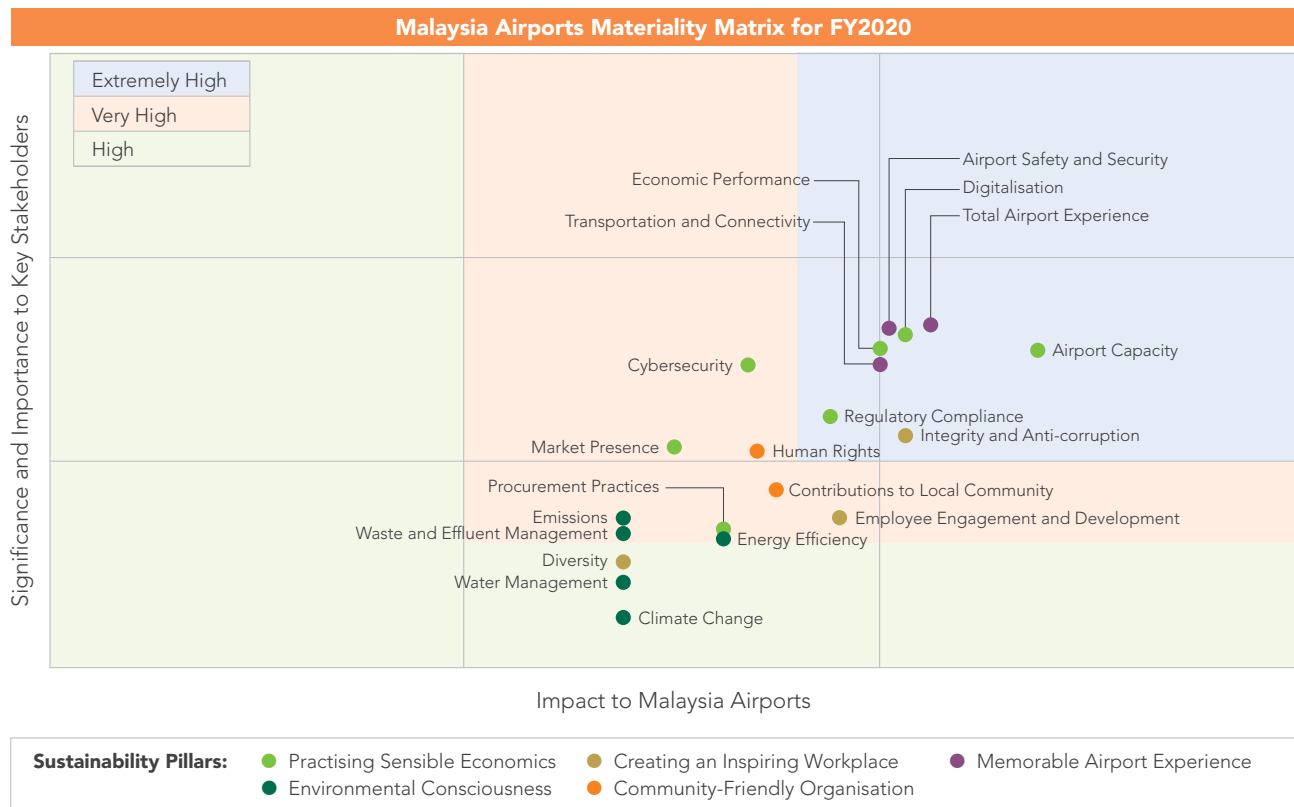
Airport Capacity remains in the Extremely High category and is perceived to be top priority for Malaysia Airports. This is reflective of our Future F.I.T. strategy in preparing the airports for future demand as public confidence gradually increases for air travel post COVID-19.

Transportation and Connectivity was moved from the Very High to the Extremely High category in the Matrix. Passengers increasingly expect a seamless airport journey, and for airports to be a user-friendly transportation hub with equal accessibility for all.

We also recognise that Airport Safety and Security remains in the Extremely High category as the COVID-19 pandemic has been an impetus for Malaysia Airports to relook and reinforce the way it protects passengers, staff and the airport community.

Beyond these shifts, the overall results of 2020 assessment remain largely consistent with the previous year, particularly about our most material issues. There were no new material matters identified for 2020 and no significant changes to the business model or operating boundaries.

In addition to the above, our Annual Report includes a discussion on the top eight material matters, linking the material matters with strategic themes and enablers, key stakeholders and capitals affected to demonstrate the dynamics of value creation by the Company.



### Mapping Material Matters to Sustainability Pillars

The 20 areas selected to represent our material matters are mapped to the Sustainability Pillars that are defined in the Malaysia Airports Sustainability Framework. Below is a brief description of each material matter and how they relate to the respective pillars. More detailed information on the activities and initiatives related to the material matters are available in the corresponding sections on each pillar.

# MATERIAL MATTERS

## PILLAR 1

### Practising Sensible Economics

As the nation's main airport operator, it is our duty to run a profitable business that has potential for strong long-term growth whilst we uphold our responsibility to cater to the needs of stakeholders. In today's uncertain economic climate, this means being able to survive and recover from the negative effects of the COVID-19 pandemic on the airline travel industry. The following material matters are associated with Pillar 1 as their characteristics have the most impact on the economics of the business.

#### 1. Airport Capacity

**Definition:** Refers to the airports' ability to cater for increasing passenger traffic and to manage capacity constraints through space optimisation and airport expansion.

**Explanation:** Airport capacity is an important factor in ensuring operational safety and efficiency, service standards as well as passenger comfort. It is also one of the factors airlines take into consideration when deciding on route development which is pertinent to the growth of our business.

#### 2. Cybersecurity

**Definition:** Refers to the continuous strengthening of our capabilities to protect the security and privacy of our stakeholders' business information and systems through cybersecurity.

**Explanation:** Airport operations are a national security matter. Increased digitalisation at Malaysia Airports for the convenience of our stakeholders comes with inherent risks related to cyber-related security threats. Cybersecurity is crucial to ensure the data of stakeholders and our own data and digitalised processes are always protected.

#### 3. Digitalisation

**Definition:** Refers to the digital framework encompassing enhancement, capacity development and digital innovations that aim at terminal optimisation, operational efficiency, revenue generation, regulatory compliance and health protection during the COVID-19 pandemic.

**Explanation:** Digitalisation is important to Malaysia Airports in the face of Industrial Revolution 4.0 to ensure up-to-date technologies are used to improve efficiency, reduce human error and to redirect resources to more crucial areas of our operations. Digitalisation has been especially important to Malaysia Airports in 2020 as it played a big part in enhancing the safety and security of passengers and the airport community during the COVID-19 pandemic.

#### 4. Economic Performance

**Definition:** Refers to the economic value generated and distributed by an organisation, its defined benefit plan obligations, the financial assistance it receives from any government and the financial implications of climate change.

**Explanation:** We are a public-listed entity and our primary responsibility is to create shared value for our stakeholders. How we perform is crucial to the existence of the business and the interests of our stakeholders which include amongst others healthy economic returns and continued employment and business opportunities.

#### 5. Market Presence

**Definition:** Refers to leveraging our business to create a fair and sustainable marketplace for us and other market participants.

**Explanation:** Malaysia Airports' ability to continue as an airport operator, asset owner and real estate developer is dependent on being able to carry on its operations in a sustainable manner. As such, we strive to reinforce a positive market presence by being a role model in sustainable practices that cut across all our pillars and have a positive effect in the long-term on our business.

#### 6. Procurement Practices

**Definition:** Refers to supporting local suppliers at significant location of operations.

**Explanation:** As the main airport operator, our spending on local suppliers directly impacts Malaysia Airports' economic performance and acts as a catalyst to create a thriving business environment where we operate. To ensure greater transparency and fairness in our procurement processes, we have in place policies to prevent anti-bribery and corruption that apply to our employees and suppliers. This is crucial to maintain healthy returns for our stakeholders and to create a sustainable pool of local suppliers.

#### 7. Regulatory Compliance

**Definition:** Refers to the compliance with all international and national laws and regulations, including environmental, social and operational regulations.

**Explanation:** Malaysia Airports operates within a highly regulated industry. It is imperative that we adhere to laws and regulations to ensure we can continue operations and to maintain our good reputation. Compliance was especially important in 2020 as we had a responsibility to help prevent the spread of COVID-19 at our airports.

**PILLAR**  
**2**

## Environmental Consciousness

The world's resources are finite and consumption of these resources have an effect on the environment. To ensure future generations can thrive, we need to grow responsibly and manage and reduce the impact of our business on the environment. The following material matters relate to how we manage these limited resources while interacting positively with the environment.

### 1. Emissions

**Definition:** Refers to the discharge of environmentally hazardous substances and greenhouse gas into the atmosphere. (E.g. dust, dark smoke, emissions with metallic compounds, carbon dioxide, methane, nitrous oxide.)

**Explanation:** Carbon emissions contribute towards climate change and as a participant of the ACI's Airport Carbon Accreditation (ACA) programme, we are committed to the development of our business towards carbon-neutral growth and aspire to a carbon-free future.

### 2. Climate Change

**Definition:** Refers to having a strategy in place that demonstrates Malaysia Airports' commitment to the aviation industry's aim to achieve carbon-neutral growth.

**Explanation:** In recent years, climate change has had an increasingly negative impact on the aviation industry. Inclement weather has been the most significant factor affecting aircraft operations and is accountable for passenger delays that result in lost revenue. Malaysia Airports is a member of Airports Council International (ACI) that has pledged to achieve carbon neutral airports. As we define a strategy that works best for us, we have chosen 'Climate Change' as a material matter as it the basis for many of our sustainability initiatives.

### 3. Energy Efficiency

**Definition:** Refers to efficient use and consumption of electricity and energy generated from renewable sources.

**Explanation:** All energy consumed contributes to carbon emissions which has an impact on climate change. Our stakeholders have decided that energy efficiency is a material matter for us and we are dedicated to using resources in a sustainable manner to reduce our carbon footprint.

### 4. Waste and Effluent Management

**Definition:** Refers to the treatment of hazardous and non-hazardous waste.

**Explanation:** How we treat our waste and how we approach recyclable items impact on our business, society and the environment in the long run. As such, our stakeholders have deemed this to be crucial to minimise our negative impact on the environment.

### 5. Water Management

**Definition:** Refers to the consumption and efficiency of water usage for industrial processes and general purposes.

**Explanation:** Water is a finite resource that is important for our operations. Water Management allows us to monitor water usage and facilitates our plans to use this resource in a more sustainable manner.





## MATERIAL MATTERS

### PILLAR 3

#### Creating an Inspiring Workplace

Our employees are an invaluable resource as well as a large stakeholder group. The material matters associated with this pillar

are concerned with the welfare and development of our workforce and embedding good governance.

#### 1. Diversity

**Definition:** Refers to diversity in workforce, Management and the Board which is characterised primarily by gender and age.

**Explanation:** We serve a diverse group of stakeholders, as such, it is important that we have a diverse workforce that can engage effectively with our stakeholders.

#### 2. Employee Engagement and Development

**Definition:** Refers to the level of commitment our employees have to Malaysia Airports' goals, vision and initiatives; our approach to the training and upskilling of our staff, and our management of their career progression.

**Explanation:** This is a material matter for us because engaged employees are more invested in our goals and initiatives and perform better at their roles. We believe that the continuous development of our employees' skills and career will have a positive impact on their commitment.

#### 3. Integrity and Anti-corruption

**Definition:** Refers to the act of upholding ethics in our everyday conduct in the workplace. This includes advocating anti-corruption across all levels of dealings. Acts of corruption include, among others, bribery, fraud, the offer or receipt of kickbacks in return for facilitating a transaction or appointment.

**Explanation:** Corruption in any form has a negative effect on the business and its ability to generate revenue and on non-complicit stakeholders. This has been included as a material matter to underline it as an issue that Malaysia Airports needs to address throughout the entire organisation and operations.

### PILLAR 4

#### Community-Friendly Organisation

The material matters grouped under this pillar illustrate Malaysia Airports' commitment and support to strengthen community

engagement and efforts to develop programmes to meet the needs of local communities.

#### 1. Contributions to Local Communities

**Definition:** Refers to Malaysia Airports' community building efforts.

**Explanation:** We are committed to strengthening the social well-being and community relationships with our stakeholders and the country we serve. As such we have chosen this to be one of our material matters.

#### 2. Human Rights

**Definition:** Refers to Malaysia Airports' commitment to safeguard our employees' right to work in a safe and secure environment that is free of discrimination, with access to a reasonable wage regardless of age, race, sex, nationality, ethnicity and religion.

**Explanation:** We have chosen this to be a material matter because it is essential that all our employees are able to work in an environment where they feel safe and valued without fear of persecution.

## PILLAR 5

### Memorable Airport Experience

In creating a memorable airport experience for our stakeholders, we recognise that the journey through the airport passes through many touchpoints and facilities. This pillar addresses our stakeholders' top concerns relating to security, service quality, guest experience and transportation links to the airport.

#### 1. Airport Safety and Security

**Definition:** Refers to the anticipation, recognition, evaluation and control of hazards or threats arising in or from the airport. The COVID-19 pandemic has heightened the need to safeguard the safety, security, health and well-being of airport users and the airport community.

**Explanation:** Airport Safety and Security matters are a concern for airports everywhere. Many aspects of our operations such as the timely and safe passage of our passengers and the wellbeing of our guests, employees and retailers while at the airport rely on safety and security measures being in place. In our consultation with stakeholders, 'Airport Safety and Security' was categorised in the Extremely High category because of the COVID-19 pandemic and its effect on the health and safety of our passengers and community.

#### 2. Total Airport Experience

**Definition:** Refers to the quality of services delivered to our customers to enhance their airport experience. During the pandemic, instilling passenger confidence in the airport includes conducting temperature checks, providing a contactless experience and the enforcement of public health measures.

**Explanation:** The positive experience of guests at the airport is shaped by operational excellence and exceptional service by our employees and other members of the airport community. Reporting on these matters enables Malaysia Airports to identify and rectify problems and continuously improve on all round quality.

#### 3. Transportation and Connectivity

**Definition:** Refers to ground transportation and connectivity for passengers, employees, visitors and suppliers within, to and from the airport.

**Explanation:** The airport experience begins before guests even set foot at the airport premises. As such, the ease of getting to the airport is an important factor. The more convenient their journey to the airport, the more likely they will use it.



# KEY STAKEHOLDERS

## KEY STAKEHOLDERS

(GRI 102-40, 102-42)

Our material matters are prioritised based on the interests and expectations of our stakeholders. We have identified nine key stakeholder categories that are most affected by our business operations.



## KEY STAKEHOLDER ENGAGEMENT

(GRI 102-42, 102-43, 102-44)

Several factors make Key Stakeholder engagement an integral part of our business and embedded in the way we operate.

First, the aviation industry in which we operate is highly regulated both in Malaysia as well as internationally.

Secondly, we are listed on Bursa Malaysia and our shareholders cover a wide range of institutional investors such as Government-Linked investment companies, investment funds, pension funds as well as retail investors, both domestic and overseas.

Thirdly, our business requires discussion, coordination and collaboration with many parties to ensure that complex processes are executed successfully.

Also, as we are a large employer of choice, we constantly engage our employees to understand their concerns. We also engage with the community around our airports to understand the impact of our business on them and to assist those in need.

Therefore, our Management and employees constantly engage our Key Stakeholders and work closely with them to understand their concerns for our business to succeed for the long term.

As Key Stakeholder engagement this year was dominated by our response to the COVID-19 pandemic, the table below focuses mainly on the concerns related to the pandemic.

## KEY STAKEHOLDER ENGAGEMENT




Key Stakeholders	Frequency of Engagement	Method of Engagement	Areas of Interest	Our Response	Sustainability Pillars and Material Matters
REGULATORS AND GOVERNMENT	<ul style="list-style-type: none"> <li>●</li> <li>●</li> </ul>	Engagement sessions, face-to-face meetings, and dialogue sessions  Consultation sessions on regulatory matters	Regulatory compliance	Conducted regular audits and inspections Carried out engagements and discussions with regulators on the finalisation and direction of the Operating Agreements, Regulated Asset Base framework and Quality of Service framework Adhered to industry standards and obtained certifications Adhered to international and national laws, regulations, and best practices Implemented appropriate work-from-home measures during the Movement Control Order, Controlled Movement Control Order and Recovery Movement Control Order based on instructions from the Ministry of Defense Our Aviation Security personnel worked closely with government agencies to enforce the Malaysian National Security Council's Movement Control Order SOPs and rescue flight operations Collaborated with the National Disaster Management Agency and Ministry of Health in managing Person-Under-Surveillance cases Installed thermal scanners to assist in the Ministry of Health's manual temperature screenings for passengers arriving at international airports in Malaysia	<b>Pillar 1</b> Airport Capacity Market Presence Regulatory Compliance  <b>Pillar 2</b> Climate Change Energy Efficiency Emissions Waste and Effluent Management Water Management  <b>Pillar 5</b> Airport Safety and Security Transportation and Connectivity
			Airport competitiveness	Assess opportunities and potential for collaboration with key stakeholders Actively seek foreign investment Implement incentive programmes to attract new carriers – Airline Incentive Programme, the Joint International Tourism Development Programme and Network Reconnecting Programme	
			Infrastructure development	Maximise land bank through KLIA Aeropolis and Subang Regeneration Initiative Leveraged technology for airport operations	
			Environmental and climate change	Engaged in environmental monitoring Adhered to local and national environmental regulations on energy, noise, water and effluent, air quality and waste management Conducted noise contour and impact surveys Initiated the renewal of KUL's Level 3 Airport Carbon Accreditation Continued to support Malaysia's renewable energy agenda through the production of solar power at klia2 Encouraged guests and the airport community to Recycle, Reduce and Reuse waste	
			Licensing	Obtained 17 Aerodrome Operator Licenses from the Malaysian Aviation Commission and Aerodrome Certification from the Civil Aviation Authority of Malaysia	

### Frequency of Engagement









- Daily
- Weekly
- Monthly
- Twice a year
- Quarterly
- Annually
- As and when required
- Ongoing



## KEY STAKEHOLDER ENGAGEMENT

Key Stakeholders	Frequency of Engagement	Method of Engagement	Areas of Interest	Our Response	Sustainability Pillars and Material Matters
EMPLOYEES	  	Town halls, engagement sessions  Focused group discussions on targeted issues  Employee performance review	Employee health and safety and wellbeing during and post COVID-19	Provided clear COVID-19 SOPs PCR testing for staff in collaboration with the Ministry of Health and Social Security Organisation Implemented the use of masks, faceguards, and goggles where necessary Have in place a work-from-home rotation schedule Engaged with employees on COVID-19 matters through the COVID-19 portal Provided awareness and updates on COVID-19 to employees Provided fitness and childcare facilities at HQ	<b>Pillar 1</b> Digitalisation Regulatory Compliance  <b>Pillar 3</b> Diversity Employee Engagement and Development Integrity and Anti-corruption  <b>Pillar 4</b> Human Rights  <b>Pillar 5</b> Airport Safety and Security
			Workplace safety during and post COVID-19	MySejahtera COVID-19 screening at Malaysia Airports' premises Revised Occupational Health and Safety Policy and Procedures to reflect COVID-19 safety measures implemented Certified under ISO 45001 Occupational Health and Safety Management System: Corporate Office and MA Sepang Decontamination and sanitisation of work and common areas Supplied alcohol-based sanitisers	
			Job security	There were zero retrenchments and zero salary cuts	
			Corporate integrity	Committed to the Malaysian Government-initiated Integrity Pact Have in place a Code of Ethics and Conduct, a Whistleblowing Policy, the Malaysia Airports Integrity Plan and Corruption Risk Management System and Policies Conducted a Corporate Integrity System Assessment Conducted Integrity Perception Surveys	
			Employee engagement	Conducted townhalls, walkabouts, 'Let's Connect Session' engagements, internal communications and union engagements	
			Training and career development	Introduced the use of Microsoft 365 to facilitate remote work, online meetings, and training Reskilled and retrained employees for redeployment to other divisions including 88 Aviation Security personnel to take on Airport Fire and Rescue Service duties	

### Frequency of Engagement

- |   |  |  |
|---|--|--|
|  Daily   |  Twice a year |  As and when required |
|  Weekly  |  Quarterly    |  Ongoing              |
|  Monthly |  Annually     |  |

Key Stakeholders	Frequency of Engagement	Method of Engagement	Areas of Interest	Our Response	Sustainability Pillars and Material Matters
AIRLINES	<p>●</p> <p>●</p> <p>●</p> <p>●</p> <p>●</p> <p>●</p>	Regular meetings and face-to-face discussions	Innovation and technology advancement	<p>Engaged airlines and communicated 'Airports 4.0' initiatives</p> <p>Leveraged on technology: single token journey, self-baggage-drop facilities, self-check-in kiosks, Passenger Reconciliation System, facial recognition for improved efficiency and passenger and airline crew safety</p> <p>Improved KUL's digital network – Total Airport Management System</p>	<p><b>Pillar 1</b> Airport Capacity</p> <p>Regulatory Compliance</p> <p><b>Pillar 5</b> Transportation and Connectivity</p>
		<p>Airline operating committees</p> <p>Local carrier airlines meetings</p> <p>Foreign carrier airlines meetings</p> <p>Security facilitation meeting</p> <p>Feedback surveys</p>	Airport safety	<p>Established a COVID-19 Crisis Management Team at MA Sepang</p> <p>Implemented the use of thermal and security scanners and sneezeguards at KUL and 19 other airports</p> <p>Implemented safety measures following the SOPs established by the government</p> <p>Carry out frequent Runway Safety inspections and Runway Safety Team meetings</p> <p>Put in place the Safety Management System and obtained Aerodrome certification</p> <p>Carry out regular safety and emergency simulation exercises by Airport Fire and Rescue Service</p> <p>Conduct Foreign Object Debris walkabouts</p> <p>Continued the KUL Runway Sustainability Master Plan</p>	
			Terminal and building infrastructure	<p>Embarked on renovating, refurbishing and modernising terminals</p> <p>Upgraded critical upgrading works based on the Group's Cost Optimisation Plan</p> <p>Optimised terminal operations through partial closure of underutilised areas of the terminals</p>	

## Frequency of Engagement

- Daily
- Weekly
- Monthly

- Twice a year
- Quarterly
- Annually

- As and when required
- Ongoing

## KEY STAKEHOLDER ENGAGEMENT

Key Stakeholders	Frequency of Engagement	Method of Engagement	Areas of Interest	Our Response	Sustainability Pillars and Material Matters
PASSENGERS	<ul style="list-style-type: none"> <li>●</li> <li>●</li> <li>●</li> <li>●</li> </ul>	Airport Service Quality surveys MAVCOM Quality of Service audits Social media Customer Feedback Management	Airport service quality and experience	Launched e-Commerce platforms, #shopMYairports and shop@SAW in Malaysia and Turkey respectively, to provide a seamless and contactless airport shopping experience Used the Airport Service Quality Benchmarking Programme to measure airport service quality at our airports Complied with MAVCOM's Quality of Service framework Improved digital processes which include single-token travel, self-baggage-drop facilities, self-check-in kiosks, Passenger Reconciliation System, facial recognition for improved efficiency and passenger Improved KUL's digital network – Total Airport Management System	<b>Pillar 1</b> Airport Capacity Cybersecurity Digitalisation Economic Performance Regulatory Compliance  <b>Pillar 4</b> Human Rights
			Customer service	Provide the public with updates via social media Engagement with passengers through Airport CARE Ambassadors Continued the Customer Affairs and Resolution Excellence Feedback Management System to manage and respond to feedbacks and queries Implemented cashless payment services for increased customer convenience	
			Cleanliness	Carried out washroom refurbishments and renovations Introduced 'Adopt Your Toilet' programme	
			Communication and announcements	Provide the public with updates via social media Provide guests with help and guidance via the Airport CARE InfoCentre at KUL Published 'Convergence' e-magazine Use of #MYairportsupdates to provide the public with a convenient way to access our updates on travel restrictions and SOPs Improved wayfinding signages	
			Passenger traffic	Implemented more digitalised initiatives to provide more seamless and contactless experience for passengers travelling	
			Airport security and safety	Embarked on the use of thermal scanners and sneeze guards Piloted single token journey initiative driven by facial recognition and other technology to improve passengers' journey throughout the airport Collaboration with the Ministry of Health and other relevant agencies and airlines to ensure that the risk of exposure to COVID-19 is minimised	

### Frequency of Engagement

- Daily
- Twice a year
- As and when required
- Weekly
- Quarterly
- Ongoing
- Monthly
- Annually

Key Stakeholders	Frequency of Engagement	Method of Engagement	Areas of Interest	Our Response	Sustainability Pillars and Material Matters
<b>TENANTS</b>	●	Standard consulting procedure	Airport operator	Practice standard contracting procedure Provided rebates on rental for premises at the airports Introduced new rental model for retail tenants as part of an ongoing effort to retain and attract business partners	<b>Pillar 1</b> Cybersecurity Digitalisation Economic Performance Procurement Practices  <b>Pillar 5</b> Airport Safety and Security Total Airport Experience
		Engagements, briefings, one-on-one communication plans and projections	Customer satisfaction	Enhanced the Commercial Reset Strategy Implemented a cashless payment ecosystem for increased customer convenience Launched #shopMYairports, an e-Commerce platform that enhances passengers' retail experience, allows the public to purchase duty absorbed goods and supports the recovery of airport retail tenants Departing international passengers can pre-purchase and pick up their duty-free goods at the airport through this platform as well Held the 'KLIA Crazy Sale' which allowed the non-travelling public to purchase duty-absorbed goods at the airport	
<b>VENDORS AND SERVICE PROVIDERS</b>	●	Tenders and requests for proposals	Procurement process	Regularly review and adhere to procurement policies, procedures and guidelines Implemented e-Procure and automated procurement process to improve efficiency and digitisation	<b>Pillar 1</b> Digitalisation Economic Performance Procurement Practices  <b>Pillar 3</b> Integrity and Anti-corruption
		Briefing on processes and updates on projects	Prompt payments	Implemented the Vendor Management System to keep track of procurements and payments	
<b>INVESTORS</b>	●	Analyst briefing sessions	Financial returns	Regular review of business and investment plans to match the current and predicted social-eco climate	<b>Pillar 1</b> Economic Performance Market Presence Regulatory Compliance  <b>Pillar 3</b> Integrity and Anti-corruption
		One-on-one engagements	Communication on Future F.I.T.	Regular review of business and investment plans to match the current and predicted social-eco climate Implemented Future F.I.T., a 5-year plan to see the business through survival and recovery Put in place measures to improve cost structure and reduce operating cost	
			Governance and transparency	Adhere to the Malaysian Code on Corporate Governance	
			Company reputation	Regularly publish literature and press releases that highlight our activities, awards and accolades	
			Regulatory compliance	Adhere to Bursa Malaysia's listing requirements Became a constituent of the FTSE4Good Bursa Malaysia Index Integrated Sustainability Reporting into our annual disclosures	
			Financial results	Announce financial results every quarter	

## Frequency of Engagement

● Daily  
● Weekly  
● Monthly

● Twice a year  
● Quarterly  
● Annually

● As and when required  
● Ongoing



## KEY STAKEHOLDER ENGAGEMENT

Key Stakeholders	Frequency of Engagement	Method of Engagement	Areas of Interest	Our Response	Sustainability Pillars and Material Matters
LOCAL COMMUNITY	<ul style="list-style-type: none"> <li>●</li> <li>●</li> <li>●</li> <li>●</li> <li>●</li> </ul>	Community engagement	Corporate citizenship	Continue to give back to local communities through our Corporate Responsibility Framework which focuses on Education and Youth Leadership; Community Enrichment and Malaysia Branding Distributed comfort kits to frontliners at various hospitals and stranded passengers at KLIA1 Donated essential items and food to 55 families in Sepang to help them overcome the negative effects of COVID-19	<b>Pillar 4</b> Contributions to the Local Community Human Rights
		Strategic partnerships News media Social media Website			
THE MEDIA	<ul style="list-style-type: none"> <li>●</li> <li>●</li> <li>●</li> <li>●</li> </ul>	Media briefings and interviews Website and events	Environmental social and governance issues	Issue press releases and conduct press briefings regularly Practise sound and transparent decision making	<b>Pillar 1</b> Economic Performance Market Presence
		Social media Press conferences	Media relations	Grant media interviews when appropriate and visit media occasionally	

### Frequency of Engagement

- Daily
- Twice a year
- As and when required
- Weekly
- Quarterly
- Ongoing
- Monthly
- Annually



## HOW IT ALL WORKS TOGETHER

This table summarises the way our business considerations, which are represented by material matters; and sustainability matters represented by the Sustainability Pillars; relevant SDGs, KUL Sustainability Charter Goals and our Key Stakeholders are intrinsically linked in Malaysia Airports' strategy.

SUSTAINABILITY PILLARS	UN SDGs	KUL SUSTAINABILITY CHARTER GOALS	MATERIAL MATTERS	KEY STAKEHOLDERS
<b>PILLAR 1</b> <b>Practising Sensible Economics</b> Generate sustainable returns from business activities by strengthening and optimising revenue streams	SDG 8: Decent Work and Economic Growth SDG 9: Industry, Innovation and Infrastructure SDG 11: Sustainable Cities and Communities	Goal 1: Optimising Economic Performance	Airport Capacity Cybersecurity Digitalisation Economic Performance Market Presence Procurement Practices Regulatory Compliance	Regulators and Government Employees Airlines Passengers Tenants Vendors and Service Providers Investors The Media
<b>PILLAR 2</b> <b>Environmental Consciousness</b> Manage and reduce the impact on the environment from business activities	SDG 6: Clean Water and Sanitation SDG 7: Affordable and Clean Energy SDG 11: Sustainable Cities and Communities SDG 12: Responsible Consumption and Production SDG 13: Climate Action	Goal 2: Improving Energy Efficiency Goal 3: Reducing Overall Carbon Footprint Goal 4: Enhancing Water and Waste Management	Climate Change Energy Efficiency Emissions Waste and Effluent Management Water Management	Regulators and Government Employees Airlines Passengers Tenants Vendors and Service Providers Investors Local Community The Media
<b>PILLAR 3</b> <b>Creating an Inspiring Workplace</b> Value our employees, provide development opportunities and embed good governance	SDG 5: Gender Equality SDG 9: Industry, Innovation and Infrastructure SDG 16: Peace, Justice and Strong Institutions SDG 17: Partnerships	Goal 5: Being a Responsible Service Provider Goal 6: Promoting Diversity and Inclusivity	Diversity Employee Engagement and Development Integrity and Anti-corruption	Regulators and Government Employees
<b>PILLAR 4</b> <b>Community-Friendly Organisation</b> Support and strengthen community engagement and efforts to develop programmes to meet the needs of local communities	SDG 1: No Poverty SDG 3: Good Health and Well-being SDG 4: Quality Education SDG 10: Reduced Inequalities SDG 17: Partnerships for the Goals	Goal 7: KUL Community Development Through Partnerships	Contributions to Local Community Human Rights	Regulators and Government Employees Local Community The Media
<b>PILLAR 5</b> <b>Memorable Airport Experience</b> Enhance the travel experience of airport guests to support our brand promise of hosting joyful connections	SDG 9: Industry, Innovation and Infrastructure SDG 11: Sustainable Cities and Communities SDG 16: Peace, Justice and Strong Institutions SDG 17: Partnerships for the Goals	Goal 8: Providing Exceptional Customer Experience Goal 9: Optimisation through Technological Advancement Goal 10: Strengthening Safety and Security at KUL	Airport Safety and Security Total Airport Experience Transportation and Connectivity	Regulators and Government Employees Airlines Passengers Tenants Investors The Media



PILLAR  
1

Practising Sensible Economics

Definition: Generate sustainable returns from business activities by strengthening and optimising revenue streams.

2020 was a year of unprecedented business upheavals as the COVID-19 pandemic upended businesses and industries the world over. In the face of such a challenging landscape, Malaysia Airports’ strategy for recovery is led by Future F.I.T. which outlines our strategy for survival, recovery and growth through practising sensible economics.

Pillar 1 aligns with the following UN SDGs, KUL Sustainability Charter Goals, Material Matters and Key Stakeholders.

UN SDGs	KUL Sustainability Charter Goals	Material Matters	Key Stakeholders
<div>SDG 8: Decent Work and Economic Growth</div> <div>SDG 9: Industry, Innovation and Infrastructure</div> <div>SDG11: Sustainable Cities and Communities</div> <div></div>	<div>Goal 1: Optimising Economic Performance</div>	<div>Airport Capacity</div> <div>Cybersecurity</div> <div>Digitalisation</div> <div>Economic Performance</div> <div>Market Presence</div> <div>Procurement Practices</div> <div>Regulatory Compliance</div>	<div>Regulators and Government</div> <div>Employees</div> <div>Airlines</div> <div>Passengers</div> <div>Tenants</div> <div>Vendors and Service Providers</div> <div>Investors</div> <div>The Media</div>

### AIRPORT CAPACITY

Definition: Refers to the airports' ability to cater for increasing passenger traffic and to manage capacity constraints through space optimisation and airport expansion.

GRI 103

Airport capacity is crucial to ensure operational safety and efficiency, service standards and passenger comfort. Airlines take this into consideration when deciding on route development which impacts our earnings. Before the onset of COVID-19, several of our airports had outgrown their designed capacities while others approached full capacity due to high traffic growth.

We are committed to catering to passengers, as well as the expected surge, once confidence in air-travel is restored and international borders re-open. As such, despite Group-wide cost containment measures, we forged ahead with critical projects in 2020 to ensure capacity and readiness.

#### Key Airport Capacity Initiatives and Impact for 2020

**Baggage Handling System upgrade:** Able to process baggage 30% faster at double the capacity, able to cater up to 49.5 mppa.

**Replacement of Aerotrains:** Improved capacity from 4,200 people to 5,400 people per hour per direction.

**Runway Rehabilitation:** As part of the KUL Runway Sustainability Plan, Runway 3 was fully rehabilitated by August, while work started on Runway 1 in November 2020. This initiative is vital to sustain the safety of flight operations at the airport.

**Airport Master Plans:** Airport master plans for KUL and five other airports – PEN, BKI, KCH, SBW and TWU - to cater for future growth were completed in 2020. Airport Capacity Planning is completed for KUL, PEN, BKI, SBW and TWU.

**Subang Airport Regeneration:** Began the master planning for the regeneration of Subang Airport which will revitalise the existing airport ecosystem, and position it as a vibrant city airport, a hub for business aviation and a complete aerospace ecosystem.





## PRACTISING SENSIBLE ECONOMICS

### CYBERSECURITY

Definition: Refers to the continuous strengthening of our capabilities to protect the security and privacy of our stakeholders, business information and systems through cybersecurity.

GRI 103

Malaysia Airports' increased reliance on technology through its digital transformation programme and the everchanging landscape of cyber-related threats puts our business, and that of our stakeholders, at risk. To this end, Malaysia Airports took steps in 2019 to employ the highest standards of cybersecurity to ensure the digital information and processes within our domain are sustainably safe guarded through the Cybersecurity Acceleration Programme. This was completed in 2020. Key achievements of this project include the improvement and standardisation of IT processes, the establishment of new cybersecurity related processes, the establishment of Malaysia Airports' own approach and methodology to cybersecurity business risk assessment and analysis, the enhancement of information security risk assessment practices across Malaysia Airports and accelerated learning and education through videos, posters, quizzes, cybersecurity week and trained change agents.

We adopt the following policies, standards and regulations to cybersecurity:

Communications and Multimedia Act 1998

Computer Crimes Act 1997

Personal Data Protection Act 2010

Copyright Act 1987

National Cyber Security Policy

Malaysia Cyber Security Strategy

Arahan MKN 24: Mekanisme Pengurusan Krisis Siber Negara

General Data Protection Regulation: GDPR 2016/679

Information Security Management Systems: ISO/IEC 27001,27002

ICAO Annex 17: Security – Safeguarding International Civil Aviation against Acts of Unlawful Interference

Payment Card Industry Data Security Standard

Malaysia Airports Information Security Policy



## DIGITALISATION

Definition: Refers to the digital framework encompassing enhancement, capacity development and digital innovations that aim at terminal optimisation, operational efficiency, revenue generation, regulatory compliance and health protection during the COVID-19 pandemic.

GRI 103

In response to COVID-19, we changed the way we operate to create an environment that was sanitised and predominantly contactless, to maintain public confidence in the safety of our airports. On-going investments in Airports 4.0 digitalisation initiatives contributed greatly to the success of this transformation. We were able to streamline passengers' journey through the airport and enabled our employees to adapt quickly to working from home effectively.

We apply these standards to our businesses:

### ISO/IEC 27001: 2013 Information Security Management Systems

Malaysia Airports Holdings Berhad

Malaysia Airports Sdn. Bhd

Site: LGK and PEN only

Malaysia Airports Consultancy Services Sdn. Bhd.

Site: Human Capital Division and Procurement & Contract Division only

Malaysia Airports (Sepang) Sdn. Bhd.

IT Division

### Key Digitalisation Initiatives for 2020

**KUL Network Refresh:** The IT network for KUL is now compatible with 5G, WiFi6 and Internet of Things (IoT).

**The Single Token Journey:** Promotes a contactless journey through the airport's pilot project in facial recognition technology.

**The Passenger Reconciliation System:** An automated security screening system that heightens security and airline operational efficiency.

**Automated ultra-violet disinfection:** Used to disinfect high-traffic areas and arriving baggage.

**Introduction of Aerobot at SAW:** A social robot that assists passengers in wayfinding.

**Launch of shopMyairports e-commerce platform:** Enables airport retailers to sell to the wider public.

**Microsoft Office 365 deployment:** Facilitated work-from-home measures and online training.

PRACTISING SENSIBLE ECONOMICS

ECONOMIC PERFORMANCE

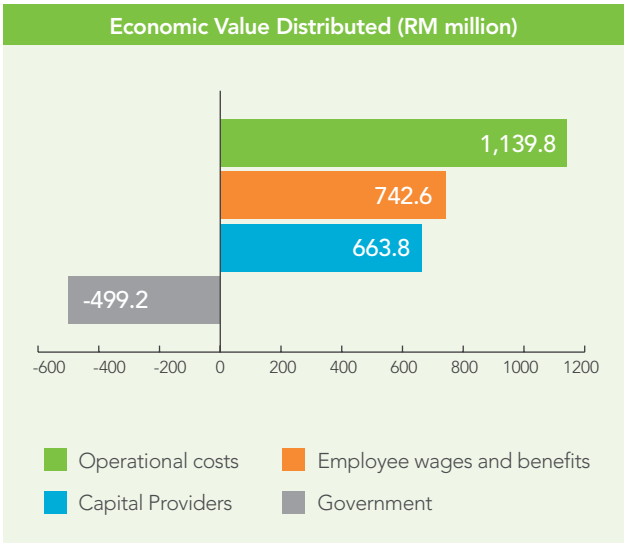
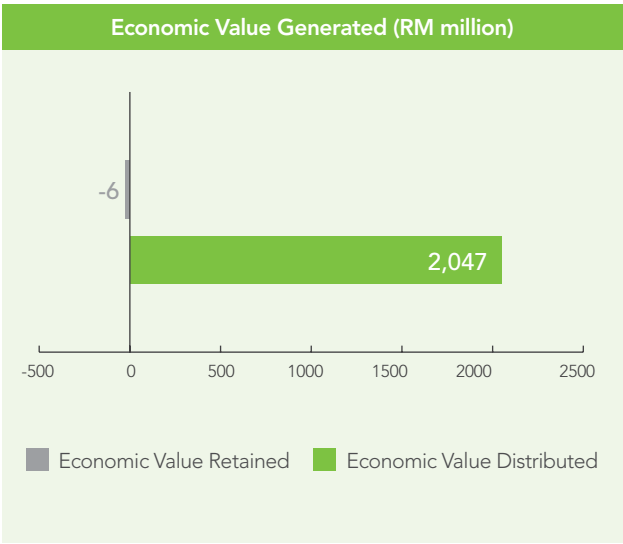
Definition: Refers to the direct economic value generated and distributed by Malaysia Airports.  
GRI 108, 201-1

Our economic performance is crucial in attracting investors to fund the growth of our businesses. As such, Malaysia Airports embarked on a range of initiatives under Future F.I.T. in an effort to mitigate the negative effects of the current economic and social environment on our business.

Key Economic Performance Initiatives for 2020

- Group-wide cost containment measures
- Deferment of selected major infrastructure developments
- Recouped receivables from key parties
- Negotiated on utility costs

Economic Performance in 2020



The reduction in economic value distributed to the Government is a result of tax credits that were largely due to the recognition of tax recoverable and deferred tax assets, as well as the deferment of fees due to the Government.

Economic value generated in 2020 was RM2,041 million. Our cost containment measures led to a 36.3% reduction in total costs or RM1,155.7 million in savings, surpassing our 20.0% target.

### MARKET PRESENCE

Definition: Refers to leveraging our business to create a fair and sustainable marketplace for us and other market participants.  
GRI 103, 202-2

Malaysia Airports' commitment to the sustainability agenda is reinforced by our Sustainability Policy. We align our business to global best standards and strive to reinforce a positive market presence by being a role model in sustainable practises. To that end, senior management positions at Malaysia Airports as at end 2020 consisted of only Malaysians.

### PROCUREMENT PRACTICES

Definition: Refers to supporting local suppliers at significant location of operations.  
GRI 103, 204-1

Malaysia Airport's rules for procurement are laid out in the Procurement Procedures, Policies and Guidelines or 3Ps. It covers all initiatives to source and acquire goods, services, or works from external sources including tenders or competitive bidding. The 3Ps are in place to ensure a balance between procurement price and factors such as quality, quantity, time and location. The Procurement Manual also aims to minimise the risk of fraud or collusion. Malaysia Airports views procurement as an area where integrity and anti-corruption are key factors for sustainability. The Procurement Manual is accessible via digital applications and Malaysia Airports' web portal for fast and easy reference.

Malaysia Airports is committed to the Malaysian Government's Integrity Pact that aims to fight corruption in public procurement.

There were no breaches to the Procurement Code of Ethics in 2020.

### Key Procurement Initiatives for 2020

Implemented cost optimisation measures to mitigate the effects of the Covid-19 pandemic through the Appeal for Goodwill initiative.

Leveraged on technology for better efficiency through eTender, eFormA, eCatalogue, eBidding and the Digital Interactive Group Procurement Manual with the objective of expediting current processes and improving efficiency, quality and transparency.

Deployed Robotic Process Automation as proof of concept on selected procurement processes which produced significant results - higher productivity, faster turnaround and cost savings. Full implementation was deferred in line with cost optimisation measures.

Our relationship with vendors and suppliers has a significant impact on the running of our business as it is critical for Malaysia Airports to be able to procure goods and services for the smooth running of operations. In 2020, we engaged a total of 1,055 suppliers, 98.0% of whom are local. We consider companies established under the laws of Malaysia as well as foreign companies with an office or operations base in Malaysia as 'local'.

### Breakdown of Expenditure on Suppliers for 2020

	2019		2020	
	Expenditure (RM million)	Expenditure (%)	Expenditure (RM million)	Expenditure (%)
Local	845.6	82	726.6	90
Foreign Direct Investment	135.6	13	14.1	2
Overseas	53.8	5	61.3	8
<b>TOTAL</b>	<b>1,035.0</b>	<b>100</b>	<b>802.0</b>	<b>100</b>



## PRACTISING SENSIBLE ECONOMICS

### REGULATORY COMPLIANCE

Definition: Refers to compliance with all international and national laws and regulations, including environmental, social and operational regulations.

GRI 103, 206-1

Malaysia Airports is governed under the provisions of the Malaysian Aviation Commission Act 2015, specifically Part VII of the Act which deals with competition. As the Malaysian Aviation Commission Act 2015 is excluded from the application of the Competition Act 2010, Malaysia Airports is therefore subject to the guidelines issued by MAVCOM relating to Part VII (Competition) of the Malaysian Aviation Commission Act 2015.

We comply fully with the applicable laws and guidelines.

On 1 June 2020, a new Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (MACC Act) came into force and companies such as Malaysia Airports may be liable to legal proceedings for corruption offences committed by persons associated with the Group. More information on this is available in the 'Integrity and Anti-corruption' section, a material matter under Pillar 4, 'Creating an Inspiring Workplace'.

No legal action was taken against Malaysia Airports for anti-competitive behaviour, anti-trust or monopoly practices in 2020.








# PILLAR 2

## Environmental Consciousness

Definition: Manage and reduce the impact on the environment from business activities.

Malaysia Airports understands that world's resources are finite, and therefore, based on sustainability principles such as circular economy, we strive to progress towards greater resource efficiency through continuous stakeholder engagement, and focus on key initiatives that address ESG issues.

Pillar 2 aligns with the following UN SDGs, KUL Sustainability Charter Goals, Material Matters and Key Stakeholders.

UN SDGs	KUL Sustainability Charter Goals	Material Matters	Key Stakeholders
SDG 6: Clean Water and Sanitation SDG 7: Affordable and Clean Energy SDG 11: Sustainable Cities and Communities SDG 12: Responsible Consumption and Production SDG 13: Climate Action     	Goal 2: Improving Energy Efficiency Goal 3: Reducing Overall Carbon Footprint Goal 4: Enhancing Water and Waste Management	Climate Change Energy Efficiency Emissions Waste and Effluent Management Water Management	Regulators and Government Employees Airlines Passengers Tenants Vendors and Service Providers Investors Local Community The Media

Note: Where possible we include data from our fully owned subsidiary Istanbul Sabiha Gökçen International Airport (SAW) in Turkey.

## ENVIRONMENTAL CONSCIOUSNESS

Travel restrictions and the closure of borders due to COVID-19 prevention measures led to a contraction in passenger movements across all airports in 2020. As a result, several of the statistics covered in this section show unusually large differences from the previous year.

### Passenger movements 2018 to 2020

	2018	2019	2020
KUL (million)	59.0	62.3	13.2
YoY change (%)	-	5.6	-78.9
*MASB (million)	39.1	42.9	12.6
YoY change (%)	-	9.7	-70.6
SAW (million)	34.0	35.9	17.2
YoY change (%)	-	5.6	-52.1
<b>Grand Total (million)</b>	<b>132.1</b>	<b>141.1</b>	<b>43.0</b>

\*Airports in Malaysia other than KUL

We apply these standards to our businesses:

### ISO 14001: 2015 Environmental Management Systems

Malaysia Airports (Sepang) Sdn. Bhd.

Malaysia Airports Sdn. Bhd.

Urusan Teknologi Wawasan Sdn. Bhd.

### ENERGY EFFICIENCY

Definition: Refers to efficient use and consumption of electricity and energy generated from renewable sources.

GRI 103, 302-1, 302-3, 302-4

Our Sustainability Policy reiterates the need for Malaysia Airports to be prudent in managing finite resources as stakeholders have determined that 'Energy Efficiency' is a material matter. We are dedicated to using these resources in a sustainable manner and reducing our carbon footprint.

Malaysia Airports embarked on energy optimisation initiatives in 2020 as part of our cost containment measures. These include a new joint venture with TNB Engineering Corporation for cooling energy supply. This will bring about sustainable energy cost savings of over RM50.0 million annually from modernising KUL's district cooling plant to improve its efficiency and to run fully on electricity.

In addition, we continued the installation of solar PV equipment at BKI, KUA, LGK, MKZ and PEN to harness the use of solar power for our operations.

### Fuel Consumption 2020 – Malaysia

	2017	2018	2019	2020
Total Fuel Consumption (litres)	488,133	491,403	478,952	365,521
YoY change (%)	-1.0	0.7	-2.5	-23.7
Fuel Intensity (litre/passenger)	0.0051	0.0050	0.0046	0.0142
YoY change (%)	-7.2	-1.9	-0.1	208.7

Note: Data for 2020 is incomplete for Sabah and Sarawak airports.

Malaysia Airports adheres to the Greenhouse Gas (GHG) Protocol Corporate Standard. The Standard classifies a company's Scope 1 GHG emissions for airports as direct emissions from sources owned and controlled by the airport operator, such as energy generation and fuel for airport vehicles and Scope 2 as indirect emissions from the generation of purchased energy by the airport operator. Fuel consumption contributes to our Scope 1 carbon emissions footprint.

**Fuel Consumption 2020 – Turkey**

	2018	2019	2020
Diesel (litres)	14,150	9,313	<b>5,826</b>
Natural gas (million cubic metres)	7.6	7.2	<b>7.5</b>
Total Fuel (million cubic metres)	7.6	7.2	<b>7.5</b>
Fuel Intensity (litre/passenger)	0.2	0.2	<b>0.4</b>

Note: SAW calculates Scope 1 and Scope 2 emissions according to the ISO 14064 Greenhouse Gas Management Standard. Fuel consumption contributes to our Scope 1 carbon emissions footprint.

Although there was a reduction in passenger movements at SAW, we increased our natural gas consumption to improve cost optimisation as the cost of purchased electricity went up by 20% while the price of gas was reduced by 12% as compared to 2019. In addition, we commissioned a new gas engine this year which has allowed us to produce electricity more efficiently through our trigeneration system which also led to us consuming more natural gas. Trigeneration systems harness excess heat, steam and other gases which would otherwise be lost in the power generation process to increase efficiency of power generation and reduce energy costs.

**Solar Power Generated 2020 – KUL**

	2017	2018	2019	2020
Total Solar Energy Production (MWh)	18,079	18,284	18,763	<b>16,949</b>
Total Savings (RM million)				<b>1.04</b>

**Total Energy Consumption 2020 – Malaysia**

	2017	2018	2019	2020
Total Energy Consumption (MWh)	491.5	525.6	541.5	<b>410.2</b>
YoY change (%)	-2.7	6.9	3.0	<b>-24.2</b>
Energy Intensity (kWh/passenger)	5.1	5.3	5.1	<b>15.9</b>

Note: Electricity usage contributes to our Scope 2 carbon emissions footprint.

**Breakdown in Energy Consumption 2020 – Malaysia**

Sector	MA Sepang				MASB			
	2017	2018	2019	2020	2017	2018	2019	2020
Total Energy Consumption (million kWh)	359.4	393.5	406.0	<b>307.5</b>	132.1	132.1	135.5	<b>102.7</b>
Energy Reduction YoY (%)	N/A	9.5	3.2	<b>-24.3</b>	N/A	0	2.6	<b>-24.2</b>
Energy Intensity (kWh/pax)	8.5	9.0	6.5	<b>23.4</b>	18.8	16.3	3.2	<b>8.1</b>

**Breakdown in Energy Consumption 2020 – Turkey**

	2018	2019	2020
Electricity (million kWh)	51.3	53.5	<b>39.3</b>
Heating (million kWh)	17.5	19.9	<b>18.8</b>
Cooling (million kWh)	5.2	4.7	<b>7.6</b>
Total Consumption (million kWh)	74.0	78.1	<b>65.7</b>
YoY change (%)	N/A	5.4	<b>-15.8</b>
Energy Intensity (kWh/passenger)	2.2	2.2	<b>3.8</b>

Reduced passenger movements at our Malaysia operations led to an unusual drop in our Total Fuel and Energy Consumption figures. It also caused our Fuel Intensity and Energy Intensity figures to increase.

There were no reports of non-compliance in 2020 with regards to Energy Efficiency at Malaysia Airports and SAW.



## ENVIRONMENTAL CONSCIOUSNESS

### EMISSIONS

Definition: Refers to the discharge of environmentally hazardous substances and greenhouse gas into the atmosphere such as dust, dark smoke, emissions with metallic compounds, carbon dioxide, methane and nitrous oxide.

GRI 103, 303-1, 305-2, 305-4

As a signatory of the Aviation Industry Commitment to Action on Climate Change (Geneva, 2008), Malaysia Airports is committed to reducing carbon emissions.

#### Emissions – KUL

	2015	2016	2017	2018
Scope 1 (tonnes)	2,409	2,192	2,193	<b>2,303</b>
Scope 2 (tonnes)	38,929	42,507	34,500	<b>33,149</b>
Total Scope 1 and 2 (tonnes)	41,338	44,699	36,693	<b>35,452</b>
Carbon emissions intensity (tonnes/passenger)	0.00085	0.00085	0.00063	<b>0.000591</b>

The table above shows the latest Emissions data which has been independently verified, namely 2018 data. Due to cost containment initiatives, the verification of 2019 Emissions data was deferred. We will report the updated numbers in the following Report.

KUL's Level 3 ACA Accreditation for 2020 is currently in the process of being verified.

### WASTE AND EFFLUENT MANAGEMENT

Definition: Refers to the treatment of hazardous and non-hazardous waste.

GRI 103, 306-2

Waste and how it is treated has a great impact on the local communities. We have chosen 'Waste and Effluent Management' as a material matter because how we treat our waste and approach recyclable items impacts our business, society and the environment in the long-run.

Malaysia Airports abides by the Environmental Quality Act 1974, the Solid Waste and Public Cleansing Management Act 2007 and the Environmental Quality (Scheduled Wastes) Regulations 2005.

#### Waste Management 2020 – KUL

	2017	2018	2019	2020
Total Waste Sent to Landfill (million kg)	14.4	15.8	14.5	<b>4.8</b>
Waste Intensity (kg/pax)	0.25	0.26	0.23	<b>0.36</b>
Recycled Waste (million kg)	1.3	0.9	2.0	<b>0.4</b>
Recycling Rate (%)	9.0	5.7	13.8	<b>8.3</b>
Recycled Waste Intensity (kg/pax)	0.022	0.016	0.033	<b>0.036</b>
Total Scheduled Waste Collected (tonnes)	20.3	27.7	19.5	<b>14.2</b>

The drop in Total Waste Sent to Landfill, Recycled Waste and Total Scheduled Waste Collected is caused by the fall in passenger movements. This has also driven our Waste Intensity figures up.

**Waste Management 2020 – SAW**

	2017	2018	2019	2020
Total Waste Sent to Landfill (million kg)	N/A	4.6	5.0	<b>4.6</b>
Waste Intensity (kg/pax)	N/A	0.13	0.14	<b>0.27</b>
Recycled Waste (million kg)	N/A	4.1	5.1	<b>2.3</b>
Recycling Rate (%)	N/A	47.1	50.5	<b>33.3</b>
Recycled Waste Intensity (kg/pax)	N/A	0.12	0.14	<b>0.13</b>
Total Hazardous Waste Collected (tonnes)	N/A	79.5	95.8	<b>48.7</b>

In Turkey, a change in local legislation brought on by COVID-19 resulted in some recyclable waste sent to the landfill as non-recyclable waste. This caused Total Waste Sent to Landfill figures to remain high while Total Recycled Waste figures dropped.

**Types of Scheduled Waste 2020 – KUL**

	Tonnes
Batteries	0.4
Ni-Cd Batteries	0.2
Mercury	4.6
Electrical Devices	1.7
Lubricating Oil	2.0
Waste Oil	1.4
Heavy Metal Resin	0.5
Contaminated Disposed Waste	1.6
Contaminated Waste	0.9
Waste of Paints	0.9
Biochemical Waste	0.4
<b>Grand Total</b>	<b>14.2</b>

Note: In Malaysia, scheduled waste is any waste that has hazardous characteristics that may potentially affect public health and the environment. There are 77 types of scheduled waste listed under the First Schedule of the Environmental Quality (Scheduled Wastes) Regulations 2005 and scheduled waste must be managed in accordance with the provisions of the Regulations.

**Types of Hazardous Waste 2020 – SAW**

	Tonnes
Waste of Paints	0.1
Cartridge, Toner	0.2
Lubricating Oil	6.3
Contaminated Package	1.7
Contaminated Waste	8.9
Inorganic Wastes Containing Dangerous Substances	1.5
Organic Wastes Containing Dangerous Substances	22.4
Pb Batteries	7.0
Fluorescence	0.6
<b>Total</b>	<b>48.7</b>

Note: In Turkey, hazardous and non-hazardous waste management is carried out according to the regulations published by the relevant government institutions. It is fulfilled by considering the practices such as storage type and storage period in the regulations. There are approximately 900 waste types under 20 main headings for hazardous and non-hazardous waste in the Waste Management Regulation.

Airports in Malaysia have their own Effluent Treatment Plant facilities and selected staff from each airport are required to attend a course for Certified Environmental Professionals in Sewage Treatment Plant Operation.

In 2020, MA Sepang was issued with a written warning by the Department of Environment about the non-availability of a competent person at their Effluent Treatment Plant. This issue however has been resolved and MA Sepang continues to ensure they comply with the legal requirement of having a competent person to operate, maintain, and monitor the performance of the facility.

## ENVIRONMENTAL CONSCIOUSNESS

### WATER MANAGEMENT

Definition: Refers to consumption and efficiency of water usage by Malaysia Airports.

GRI 103, 303-5

Water is a finite resource that is important for our business operations. In line with our Sustainability Policy that encourages us to continuously look for ways to improve our global environmental performance we have chosen 'Water Management' as a material matter as we monitor water usage and use water in a more sustainable manner.

### Key Water Management Initiative for 2020

**Water Recycling Program:** Initiated in 2019. Tendered out at the end of 2020 via an Energy Performance Contract. Contract preparations and applications for regulatory approvals are underway for KUL.

### Water Consumption 2020 – Malaysia

	2017	2018	2019	2020
Total Water Consumption (million cubic metres)	11.8	12.6	11.0	<b>9.4</b>
YoY change (%)	7.1	6.8	-12.7	<b>-14.5</b>
Water Consumption Intensity (litre/passenger)	122.3	127.3	104.7	<b>365.5</b>

### Water Consumption 2020 – SAW

	2017	2018	2019	2020
Total Water Consumption (million cubic metres)	N/A	0.35	0.37	<b>0.22</b>
YoY change (%)	N/A	N/A	6.1	<b>-39.9</b>
Water Consumption Intensity (litre/passenger)	N/A	10.1	10.2	<b>12.8</b>

Lower passenger numbers caused Total Water Consumption to fall and Water Consumption Intensity to rise across our airports in Malaysia and Turkey.

### Rainwater Harvested – klia2

	2017	2018	2019	2020
Total Rainwater Harvested (cubic metres)	87,247	56,011	69,827	<b>52,695</b>

There were no reports of non-compliance in 2020 with regards to Water Management at Malaysia Airports and SAW.

# PILLAR 3

## Creating an Inspiring Workplace

**Definition:** Our employees are an invaluable resource as well as a large stakeholder group. The material matters associated with this pillar are concerned with the welfare and development of our workforce and embedding good governance.

‘Creating an Inspiring Workplace’ is one of the Sustainability Pillars for Malaysia Airports as we are committed to the welfare and development of our employees, who are amongst our biggest group of stakeholders. It is our policy to nurture the professional and personal growth of our people and ensure that all Malaysia Airports employees work in a healthy, safe, secure and efficient manner.

**Pillar 3 aligns with the following UN SDGs, KUL Sustainability Charter Goals, Material Matters and Key Stakeholders.**

UN SDGs	KUL Sustainability Charter Goals	Material Matters	Key Stakeholders
SDG 5: Gender Equality SDG 9: Industry, Innovation and Infrastructure SDG 16: Peace, Justice and Strong Institutions SDG 17: Partnerships for the Goals	Goal 5: Being a Responsible Service Provider Goal 6: Promoting Diversity and Inclusivity	Diversity Employee Engagement and Development Integrity and Anti-corruption	Regulators and Government Employees
   			

Note: Where possible we include data from our fully owned subsidiary Istanbul Sabiha Gökçen International Airport (SAW) in Turkey.

## CREATING AN INSPIRING WORKPLACE

### DIVERSITY

Definition: Refers to diversity in workforce, Management and the Board which is characterised by the gender and age.  
GRI 102-8, 103, 202-2, 405-1

Our Sustainability Policy underlines the importance of Malaysia Airports taking on a leadership role in sustainability initiatives that reinforce the social well-being and community relationships with our stakeholders. As we serve a diverse group of stakeholders, it is important that we have a diverse workforce that can engage with them on various issues.

As an equal opportunity employer, we are committed to providing equal opportunity, without discriminating against gender, age, religion and physical disabilities.

#### Board Members by Gender 2020

	Malaysia		Turkey		Total
	BOD Headcount	Percentage (%)	BOD Headcount	Percentage (%)	
Female	3	34	0	0	3
Male	9	66	7	100	16
<b>Total</b>	<b>12</b>	<b>100</b>	<b>7</b>	<b>100</b>	<b>19</b>

#### Total Employees by Gender 2020

	Malaysia		Turkey		Total
	Employee Headcount	Percentage (%)	Employee Headcount	Percentage (%)	
Female	3,188	35	152	28	3,340
Male	6,033	65	389	72	6,422
<b>Total</b>	<b>9,221</b>	<b>100</b>	<b>541</b>	<b>100</b>	<b>9,762</b>

#### Total Employees by Age Group 2020

	Malaysia		Turkey		Total
	Employee Headcount	Percentage (%)	Employee Headcount	Percentage (%)	
Below 30	2,473	27	171	32	2,644
31-50	5,359	58	356	65	5,715
Above 50	1,389	15	14	3	1,403
<b>Total</b>	<b>9,221</b>	<b>100</b>	<b>541</b>	<b>100</b>	<b>9,762</b>



### Employee Distribution by Category 2020

	Malaysia				Total	Turkey				Total	Grand Total
	Permanent		Contract			Permanent		Contract			
	F	M	F	M		F	M	F	M		
Senior Management	-	-	-	7	7	2	10	-	-	12	19
Management	123	249	8	20	400	5	28	-	-	33	433
Executive	401	664	1	5	1,071	54	72	-	-	126	1,197
Non-Executive	2,643	5,065	12	23	7,743	91	279	-	-	370	8,113
Total	3,167	5,978	21	55	9,221	159	389	-	-	541	9,762

We did not hire any new part-timers and the trainee programme was deferred as part of cost containment initiatives. We also did not renew contracts that had run out during this period.

### Employees by Region 2020

	Number of Employees
Peninsular Malaysia	7,627
East Malaysia	1,594
Turkey	541

#### EMPLOYEE ENGAGEMENT AND DEVELOPMENT

Definition: Refers to the level of commitment our employees have to Malaysia Airports' goals, vision and initiatives; our approach to the training and upskilling of our staff, and our management of their career progression.

At Malaysia Airports, we nurture the talent of our people through constructive social development projects, positive team-building activities and skill-enhancing training and education programmes. We believe these are crucial for increasing employee engagement which translates into increased commitment to their roles and responsibilities and to the Company and our goals.

As the well-being of our employees was a top priority in 2020, we took the following measures to engage extensively with them and assure them that not only were we in this together, but that we would emerge stronger together.

#### Key Employee Engagement and Development Initiatives for 2020

**Health and safety:** We fast tracked the procurement of personal safety equipment for our employees and leveraged on technology at the airports to keep people safe.

**Resource optimisation:** We instituted other measures to manage costs such as a hiring and promotion freeze, strict management on performance and output, rearranging shift patterns, and consolidation of roles and responsibilities through organisational restructuring. Bonuses were also frozen as part of this measure.

**Job security:** Despite the challenges we faced, we kept all our staff employed with the only departures being due to natural attrition such as retirement and non-performance.

**Alternative working and engagement arrangements:** 'Work from home' became the new norm for employees who were not required to be present at the workplace. To overcome communication challenges, we communicated to all employees regularly on efforts to manage the business challenges, spoke in a frank, clear and transparent manner and increased the frequency of our townhalls and communication through online platforms. These townhalls, helped our people stay focused and motivated to navigate the state of flux that prevailed in the year.

## CREATING AN INSPIRING WORKPLACE

### Employee Remuneration and Benefits

GRI 202-1, 401-2, 403-6, 405-2

Our employees make up a big part of our airport community stakeholders. As such, employee remuneration and benefits are of great importance to us. We strive to be fair and just in the treatment of our employees regardless of gender, race, religion and physical capability.

The ratio between female and male total basic salary and remuneration at our Malaysia and Turkey operations is 1:1.

In Malaysia, Malaysia Airports' standard entry level wage regardless of gender is RM1,200 which is at par with Malaysia's Minimum Wage Order 2020. SAW complies with Turkish law which puts net minimum wage for 2020 at TL2,324 or RM1,199.

Note: Conversion rate used TL1.00 = RM0.5157

Malaysia Airports provides all full-time employees with attractive and competitive employment benefits as part of their terms of employment.

#### Some of the benefits offered to Malaysia Airports' employees in Malaysia

Life insurance under a Group Term Life Insurance scheme

Health care covering medical, dental and optical treatment

Parental leave for male employees

90 days maternity leave

Grandparental leave for employees who have become grandparents

Leave to perform the Umrah

Loans - housing, vehicle and festival loans, and school advance loans to help employees with their children's back-to-school expenses

Employee education assistance scheme and scholarships

Zakat contribution

Flexible working hours

Shorter working hours for pregnant women

Dedicated parking for pregnant women

Annual full medical check-ups for employees over 40 years old

Access to free medical treatment by Malaysia Airports' panel of doctors

Any employee who is diagnosed with a critical illness will receive an accelerated payment of 25% of the sum insured under the Group Term Life Insurance scheme

We contribute to the Malaysian Government's social security scheme, SOCSO, for enrolled employees

We contribute a monthly sum for all employees to the Employees Provident Fund (EPF), a retirement scheme which is run by the Malaysian Government. It is compulsory for all employees in Malaysia to enrol with EPF

### Some of the benefits offered to Malaysia Airports' employees in Turkey

Food service for all employees once a day

Transportation service for all employees

Parental leave for male employees as per Turkish Labour Law

16 weeks maternity leave as per Turkish Labour Law

Life insurance under a Group Term Life Insurance scheme for directors and above

Health insurance covering medical, dental and optical treatment for executives and above

Supplementary health insurance for non-executives that covers 80% of outpatient treatment costs and 100% of inpatient costs

Free employee parking

Fuel allowance for Assistant Managers

Fuel and car allowance for Managers and above

Training options for all employees

Annual salary increments and bonus based on performance evaluation

### Collective Bargaining

GRI 102-41

In Malaysia, 84% of eligible employees are covered under collective bargaining agreements that are in accordance with the Industrial Relations Act 1967 and cover our non-executive employees.

### Family-Friendly Organisation

GRI 401-3

Malaysia Airports promotes equality in the workplace. As such, all our employees are entitled to parental leave regardless of gender. In Malaysia, our employees are entitled to grandparental leave as well.

### Parental and Grandparental Leave 2020 – Malaysia

	Male	Female	Total
Total number of employees took parental leave			
Total number of employees that returned to work in the reporting period after parental leave ended	404	194	598
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	331	164	495
Total number of employees that took grandparental leave	122	32	154

In 2020, 598 or 6.5% of our employees in Malaysia took parental leave, and 154 or 1.7% of our employees took grandparental leave. 100% returned to work after that. 495 employees who had returned after taking parental leave remained in employment 12 months later including employees who took parental leave in 2019

## CREATING AN INSPIRING WORKPLACE

### Parental Leave 2020 – Turkey

	Male	Female	Total
Total number of employees took parental leave	11	10	21
Total number of employees that returned to work in the reporting period after parental leave ended	11	6	17
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	27	4	31

In Turkey, 21 employees representing 3.9% of our workforce took parental leave. 81% returned to work after that. 31 employees who had returned after taking paternal parental leave remained in employment 12 months later. This includes employees who took parental leave in 2019.

### Employee Turnover and New Hires

GRI 401-1

### Employee Turnover by Category 2020 – Malaysia

	Below 30 years		31-50 years		Above 50 years		Total
	Male	Female	Male	Female	Male	Female	
Senior Management	-	-	-	1	1	1	3
Management	-	-	9	5	17	8	39
Executive	4	10	10	6	14	4	48
Non-Executive	198	139	60	35	189	54	675
<b>Grand Total</b>	<b>202</b>	<b>149</b>	<b>79</b>	<b>47</b>	<b>221</b>	<b>67</b>	<b>765</b>

### Employee Turnover by Category 2020 – Turkey

	Below 30 years		31-50 years		Above 50 years		Total
	Male	Female	Male	Female	Male	Female	
Senior Management	-	-	2	-	2	-	4
Management	-	-	-	1	-	-	1
Executive	2	-	4	3	-	-	9
Non-Executive	24	28	11	9	1	-	73
<b>Grand Total</b>	<b>26</b>	<b>28</b>	<b>17</b>	<b>13</b>	<b>3</b>	<b>-</b>	<b>87</b>

To minimise the effects of the pandemic on the livelihoods of our employees, there were no retrenchments for 2020 in Malaysia and Turkey after COVID-19 was declared a global pandemic. Departures were a result of natural attrition and disciplinary action. The employee turnover rate for our Malaysia operations was 8.3% while the turnover rate for SAW was 16.1%. The overall retention rate for Malaysia Airports was 91.3%.

## New Hires

GRI 401-1

### New Hires by Category 2020 – Malaysia

	Below 30 years		31-50 years		Above 50 years		Total
	Male	Female	Male	Female	Male	Female	
Senior Management	-	-	1	-	-	-	1
Management	-	-	4	7	1	2	14
Executive	9	11	9	3	2	-	34
Non-Executive	206	133	18	3	1	-	361
<b>Grand Total</b>	<b>215</b>	<b>144</b>	<b>32</b>	<b>13</b>	<b>4</b>	<b>2</b>	<b>410</b>

### New Hires by Gender for 2020 – Malaysia

	2018	2019	2020
Female	386	397	<b>159</b>
Male	566	693	<b>251</b>
<b>Total</b>	<b>952</b>	<b>1,090</b>	<b>410</b>

### New Hires by Category 2020 – Turkey

	Below 30 years		31-50 years		Above 50 years		Total
	Male	Female	Male	Female	Male	Female	
Senior Management	-	-	-	-	-	-	-
Management	-	-	3	-	-	-	3
Executive	1	-	2	-	-	-	3
Non-Executive	1	2	1	1	-	-	5
<b>Grand Total</b>	<b>2</b>	<b>2</b>	<b>6</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>11</b>

### New Hires by Gender 2020 – Turkey

	2018	2019	2020
Female	69	35	<b>3</b>
Male	132	73	<b>8</b>
<b>Total</b>	<b>201</b>	<b>108</b>	<b>11</b>

There was a hold on all new non-essential employment as of April 2020 as part of our resource containment measures which led to more conservative hiring figures in both our Malaysia and Turkey operations. In Malaysia, 387 of new hires occurred in and before April while there were 13 new hires involving essential hires and pre-planned hires after April.



## CREATING AN INSPIRING WORKPLACE

### Employee Related Programmes

GRI 103, 404-1, 404-2, 404-3

All non-essential instructor-led training was put on hold as part of our efforts to keep our employees safe and as part of our resource optimisation initiatives. We implemented alternatives to adjust to the new normal and to help keep our employees well-skilled.

#### Key Employee Related Programme Initiatives for 2020

**Digital learning platform:** We accelerated our digital learning platform e-MAGE, and introduced 35 bite-size modules which garnered a 85% participation rate. In addition, 30% of classroom training was shifted online.

**Talent Mobility and Talent Exchange Programmes:** To prepare for the future, we encouraged various learning, coaching and knowledge sharing sessions through online and e-learning platforms as well as peer coaching sessions. Four employees from our Malaysia operations were assigned to SAW while three from our Turkey operations were assigned to work in Malaysia for two years.

**Reskilling:** 88 of our Aviation Security employees were retrained and reskilled as Airport Fire Rescue Service employees through the Basic Training for AFRS Integration Programme. We also launched targeted upskilling programmes to enable employees to remain relevant for current and future needs.

#### Total Employee Training Hours by Gender 2020 – Malaysia

	2019	2020
Male	118,441	<b>84,260</b>
Female	58,007	<b>41,772</b>
<b>Total</b>	176,448	<b>126,032</b>

#### Total Employee Training Hours by Category 2020 – Malaysia

	2019	2020
Management	26,444	<b>5,148</b>
Executive	59,342	<b>18,623</b>
Non-executive	90,662	<b>102,261</b>
<b>Total</b>	176,448	<b>126,032</b>

#### Average Training Hours 2020 – Malaysia

	2019	2020
Management	61.2	<b>12.0</b>
Executive	57.8	<b>17.0</b>
Non-Executive	18.0	<b>13.0</b>
<b>All employees</b>	27.1	<b>13.0</b>

#### Investment in Training and Development 2020 – Malaysia

	2018	2019	2020
Investment (RM million)	9.1	12.6	<b>2.8</b>

In Malaysia, Total Employee Training Hours were pared down this year because all non-essential face-to-face training was temporarily postponed as part of our resource containment initiatives and to help prevent the spread of COVID-19. As an alternative, trainings were held online which enabled staff to join at their own convenience. This led to an increase in total training hours by 12.8% compared to 2019 for our non-executive employees who would normally not have been able to participate due to work commitments.

Some of our online training courses included a refresher course for the 'Happy Guests, Caring Hosts' programme and various compliance related courses conducted through e-MAGE that were made compulsory for all Malaysia Airports' employees.

With much of our training held on-line this year, we were able to conserve resources in terms of Investment in Training and Development. With reduced face-to-face trainings, we saved on transportation, accommodation, venue and food and beverage costs.

**Training Effectiveness:**  
Training Effectiveness for 2020  
**83%**

**Performance Appraisal:**  
All employees received a performance appraisal in 2020 irrespective of employee category or gender

#### Total Employee Training Hours by Category 2020 – Turkey

	2019	2020
Management	5,910	<b>2,154</b>
Executive	1,220	<b>1,196</b>
Non-executive	408	<b>132</b>
<b>Total</b>	7,538	<b>3,482</b>

#### Average Training Hours 2020 – Turkey

	2019	2020
Management	15.0	<b>6.4</b>
Executive	12.4	<b>4.0</b>
Non-Executive	9.8	<b>9.7</b>
<b>All employees</b>	16.4	<b>6.0</b>

In Turkey, reduced training hours was due to the closure of SAW in the early stages of the pandemic for the safety of our passengers and the airport community, and a temporary hiatus on face-to-face trainings to reduce the risk of COVID-19 transmissions.

## CREATING AN INSPIRING WORKPLACE

### Occupational Health and Safety

GRI 103, 403-1, 403-5, 403-6

In Malaysia, Malaysia Airports complies with the Occupational Safety and Health Act 1994 (OSH Act) and has a dedicated Occupational Safety and Health Department to drive initiatives in this area. There are 26 Safety, Health and Environment Committees across our operations that investigate specific occupational safety and health concerns of employees at the workplace. The Committees are manned by 433 employees, representing 4.4% of our workforce across our business locations.

In Turkey, we have in place an Occupational Health and Safety Management System that was implemented in 2012 as part of SAW's risk management strategy. We also have an Occupational Health and Safety Committee at SAW that guides employees on Occupational Health and Safety issues and evaluates Occupational Health and Safety hazards and precautions in the workplace. In addition, the Board of Directors for SAW meets once every two months to review Occupational Health and Safety management issues. Occupational Health and Safety awareness is inculcated across SAW through various programmes and activities.

### Key Occupational Health and Safety Initiatives for 2020

**Audits:** We completed a total of 19 audits for 2020 based on OHSAS 18001 and ISO 45001. Five audits were conducted on site and 14 were conducted remotely.

**Training:** We launched five e-learning modules on noise awareness, Occupational Safety and Health Policy, Drug and Alcohol Policy, No Smoking Policy and Stop work policy.

**COVID-19 screening:** OSH coordinated a series of COVID-19 screenings together with the Ministry of Health and Social Security Organisation under Program Saringan Prihatin.

### Achievements in 2020

**ISO Certification:** The Group's Corporate Office and KUL were certified with ISO 45001 Occupational Health and Safety Management System by The British Standards Institution (BSI) for 2020.

**Awards:** Malaysia Airports was presented with the Malaysia Society for Occupational Safety and Health (MSOSH) Gold Class 1 Award for SDK, Gold Class 2 Award for both KUL and KBR, Gold Class 1 Award for the Group's Corporate Office and Silver Award for Sama-Sama Hotel KL International Airport. The MSOSH Award is an annual award presented to organisations that meet the stringent documentation and site verification audit by a panel of auditors from various governmental and non-governmental agencies.

### Work-related Injuries in 2020

There were no fatalities due to work-related injuries in both our Malaysia and Turkey operations. In Malaysia, eight cases of high-consequence work-related injuries were reported to the Department of Occupational Safety and Health (DOSH) at a rate of 0.8. There were 44 cases of work-related injuries involving employees at a rate of 4.4. We recorded zero occupational disease rates for 2020.

### Accident Rate 2020 – Malaysia

	2019	2020
Incident Rate	1.31	<b>0.80</b>
Frequency Rate	0.45	<b>0.32</b>
Severity Rate	423.65	<b>6.41</b>

**Accident Rate 2020 – Turkey**

	2019	2020
Incident Rate	16.00	<b>9.00</b>
Frequency Rate	76.10	<b>50.73</b>
Severity Rate	1.71	<b>2.44</b>

Although the incident and frequency rates for accidents were low in Malaysia, the severity rate was relatively high because the number of lost days following the accidents were high. A total of 159 lost days were recorded and reported to DOSH.

At SAW the severity rate is relatively lower compared to the frequency rate as there were fewer lost days attributed to these accidents.

**INTEGRITY AND ANTI-CORRUPTION**

Definition: Integrity refers to the act of upholding ethics in our everyday conduct in the workplace. This includes advocating anti-corruption across all levels of dealings. Acts of corruption include, among others, bribery, fraud, the offer or receipt of kickbacks in return for facilitating a transaction or appointment.

GRI 102-17, 103, 205

Integrity is the foundation of the relationship between Malaysia Airports and their employees. Truth and honesty, the main aspects of integrity, foster trust and confidence, creating a working atmosphere that inspires our people to work better together and achieve better results.

As a result, 'Integrity and Anti-corruption' continues to rank among the top material matters for Malaysia Airports.

All Malaysia Airports employees are expected to abide by our Code of Ethics and Conduct. We are also regulated internally by a detailed Fraud Policy and Guidelines on Gifts, Entertainment, Sponsorship and Conflict of Interest as well as an Anti-Bribery and Corruption Guide.

Malaysia Airports' Board of Directors and Senior Management view Integrity and Anti-corruption issues with utmost gravity. In the event of breaches, we take swift and stern action.

We apply the following standards to our businesses:

**ISO 37001:2016 Anti-Bribery Management Systems**

Malaysia Airports Holdings Berhad

Scope: All processes

Malaysia Airports (Sepang) Sdn. Bhd.

Scope: All processes

## CREATING AN INSPIRING WORKPLACE

### Key Integrity and Anti-corruption Developments

**What:** On 1 June 2020 a new Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (MACC Act) came into force. It introduces corporate liability on commercial organisations in Malaysia.

**Effect:** Companies such as Malaysia Airports may be liable to legal proceedings for corruption offences committed by persons associated with the Group.

**As a defence for the Group:** Adequate procedures were communicated, implemented and enforced effectively within the organisation to prevent associated persons from committing an act of corruption.

**Awareness:** To ensure wide-spread awareness on the new provisions of the law, in terms of Learning and Development, we developed online learning modules for employees to learn about these anti-corruption provisions, with 100% of employees having completed the e-learning course.

Corruption impacts the business and other non-complicit staff negatively. To minimise such occurrences, we put into place policies and measures to outline our stand on maintaining the highest standards of integrity and underscore our zero tolerance for corruption. These are in addition to Malaysian laws that impose penalties for corrupt practices.

### Key Integrity and Anti-corruption Initiatives for 2020

**Corruption Risk Management Workshop:** We organised a series of five Corruption Risk Management Workshops in January and February this year. By May 2020, all divisions had identified and registered 510 corruption risks in the Malaysia Airports' risk scorecard. From the 510 registered risks, 25 were identified as risks related to corporate liability under the newly enacted Section 17A of the MACC Act.

**Whistleblowing Policy:** A revised Whistleblowing Policy was approved by the Board of Directors on 30 November 2020.

**Guidelines:** As a follow through on our ISO certification obtained in 2019, Malaysia Airports developed Guidelines on Anti-Corruption Due Diligence to guide the relevant companies and divisions in the Group on fulfilling the requirements of Guidelines on Adequate Procedures and MS ISO 37001:2016 Anti-Bribery Management Systems.

**Organisational Anti-Corruption Plan:** We started the development of the Organisational Anti-Corruption Plan (OACP) with the completion of three workshops attended by OACP development committee members.

**Learning and Development:** We developed online learning modules to create awareness among employees on corruption.

20 concerns were raised through our Whistleblowing Programme which covered broad areas of improprieties such as grievance, non-compliance with policies and procedures, abuse of position related to misconduct and bribery or corruption. The concerns were channelled to the Internal Audit Division (four concerns), Corporate Integrity Division (one concern) and Human Capital Division (15 concerns) for further investigation and action.



# PILLAR 4

## Community-Friendly Organisation

Definition: Support and strengthen community engagement and efforts to develop programmes to meet the needs of local communities.

Our Sustainability Policy emphasises the need for us to go beyond profit-making objectives to be transparent, caring and responsible towards society. As such, being a 'Community-Friendly Organisation' is one of the pillars in our Sustainability Framework. In the present climate of economic uncertainty, we feel we should continue doing what we can for the needy.

**Pillar 4 aligns with the following UN SDGs, KUL Sustainability Charter Goals, Material Matters and Key Stakeholders.**

UN SDGs	KUL Sustainability Charter Goals	Material Matters	Key Stakeholders
SDG 1: No Poverty SDG 3: Good Health and Well-being SDG 4: Quality Education SDG 10: Reduced Inequalities SDG 17: Partnerships for the Goals	Goal 7: KUL Community Development Through Partnerships	Contributions to Local Community Human Rights	Regulators and Government Employees Local Community The Media
    			

## COMMUNITY-FRIENDLY ORGANISATION

### CONTRIBUTIONS TO LOCAL COMMUNITY

Definition: Refers to Malaysia Airport's community building efforts.

GRI 103

Our Corporate Responsibility Framework focuses community building efforts on three main areas: Education and Youth Leadership, Community Enrichment and Malaysia Branding. A dedicated Corporate Responsibility unit sits within the Corporate Communications division and is tasked with planning, organising and implementing corporate responsibility initiatives.

#### Focus Areas



#### EDUCATION AND YOUTH LEADERSHIP

Supporting the national education agenda by elevating academic performance and leadership development in students.



#### COMMUNITY ENRICHMENT

Elevating community livelihoods by providing a broad range of programmes from micro entrepreneurship support, environmental consciousness collaborations and other community goodwill activities.



#### MALAYSIA BRANDING

Collaborating with state tourism organisations, and relevant agencies to leverage our airports as gateways into Malaysia to promote our Malaysian culture, heritage and unique local brands.

At Malaysia Airports, giving back to the local community and building strong bonds with them is supported by our Sustainability Policy and our stakeholders.

To date, we have impacted 32 schools nationwide and indirectly impacted 30,000 people through Beyond Borders, our flagship Education and Youth Leadership programme. In addition, over 10,500 individuals have benefited from our Community Enrichment activities, while 14 projects have been completed for Malaysia Branding.

In 2020 our community and corporate responsibility programmes were rebranded under the #MYAirportCARES initiative. This initiative serves to elevate community livelihood by providing a broad range of programmes which include micro-entrepreneurship support, collaborations to promote environmental consciousness, and other community goodwill activities.

#### Supporting frontliners

Malaysia Airports greatly appreciates the dedication of all frontliners in the fight against the spread of COVID-19. To show our solidarity, gratitude and support, we prepared comfort kits that consisted of a sleeping bag, a face towel and a set of toiletries each for distribution to frontliners through our #MYAirportCARES initiatives.

#### Key Frontliner Appreciation Initiatives

**Distribution of #MYAirportCARES comfort kits:** We distributed 2,000 comfort kits to frontliners at Hospital Sungai Buloh, 350 kits to frontliners in Tawau and Kota Kinabalu and 500 kits to passengers who were stranded at KLIA1.

**#MYAirportCARES cheer packages for Hospital Queen Elizabeth, Sabah:** We also donated 500 cheer packages of chocolates sponsored by Eraman to the frontliners at Hospital Queen Elizabeth, Kota Kinabalu.

**#MYAirportCARES Iftar Meal Distribution:** Complimentary Iftar meals and dinners were provided to over 1,000 KUL frontliners during the fasting month of Ramadan. All meals were provided through donations from Malaysia Airports' employees.







## COMMUNITY-FRIENDLY ORGANISATION

### School and community donations

Malaysia Airports has a history of supporting schools and communities in and around the area of KUL in various ways which include providing assistance to them during festive seasons. This year we continued with this tradition through #MYAirportCARES.

#### Key School and Community Initiatives for 2020

**#MYAirportCARES Ceria Ramadan:** We brought festive cheer to 88 students from three schools in the vicinity of KUL – SK Sungai Melut, SK Bukit Tampoi and SK Cyberjaya. We presented them with essential items such as foodstuff, personal care and hygiene kits as well as festive chocolate hampers and *Duit Raya*. This programme is in its fifth year, and has brought cheer to underprivileged children within the communities surrounding the vicinity of our airports.

**#MYAirportCARES Ceria Aidiladha:** Malaysia Airports donated essential items and meat to 55 families in the KUL area. The donation is also meant help alleviate the burden of community members who have been badly affected by the COVID-19 pandemic.

**Other Initiatives:** Other activities undertaken by Malaysia Airports include blood donation drives, beach clean-up activities, gotong royong with local communities to help clean up schools and masjids and donation of food stuffs and groceries to the needy.



## THE BUTTERFLY EFFECT

### The Butterfly Effect

As Caring Hosts, Malaysia Airports strives to make every visit to our airports a joyful experience for all our guests. To that end, in our efforts to improve inclusivity, Malaysia Airports initiated The Butterfly Effect, a set of facilities and services put in place to cater specially to passengers with hidden disabilities such as autism. We also collaborated with the Autism Behavioral Center to teach and train the airport community how to identify these disabilities and how to support individuals with special needs.

#### Key Butterfly Effect Initiatives for 2020

**Butterfly Kit:** Passengers are given a Butterfly Kit which contains a special identification lanyard so they can be easily identified by the airport community.

**The Calm Room:** This is safe space for our special passengers located on Level 5 of KUL Terminal 1 which requires registration and an access code to enter.

**Sensory walls:** Designed to provide sensory feedback and stimuli, these walls are placed strategically throughout KUL.

**Special assistance:** The airport community is always on hand to help our passengers with any special assistance they may require.

**Priority lanes:** Passengers with the Butterfly Lanyard are given access to priority lanes to reduce hassle and waiting time at screening checkpoints.

### Recognition

Our education for children and community initiatives were recognised and awarded at the 2020 Sustainability and CSR Malaysia Awards hosted by the CSR Malaysia Publication and Corporate Sustainability and Responsibility Malaysia Welfare Society. This honour was conferred on Malaysia Airports based on the 91 projects conducted in 2019 under our CR pillars - Educational and Youth Leadership, Community Enrichment and Malaysia Branding.

# PILLAR 5

## Memorable Airport Experience

Definition: Enhance the travel experience of airport guests to support our brand promise of hosting joyful connections.

In line with our brand promise 'Hosting Joyful Connections', our priority has always been to create experiences that make a memorable impact on our stakeholders.

In 2020 the COVID-19 pandemic changed the way people looked at travel. There was an increasing demand for better health safeguarding, screening, physical distancing and less person-to-person contact to prevent the spread of the virus. In this regard, the material matters, 'Airport Safety and Security', 'Total Airport Experience' and 'Transportation and Connectivity' address our stakeholders' top concerns.

**Pillar 5 aligns with the following UN SDGs, KUL Sustainability Charter Goals, Material Matters and Key Stakeholders.**

UN SDGs	KUL Sustainability Charter Goals	Material Matters	Key Stakeholders
SDG 9: Industry, Innovation and Infrastructure SDG 11: Sustainable Cities and Communities SDG 16: Peace, Justice and Strong Institutions SDG 17: Partnerships for the Goals	Goal 8: Providing Exceptional Customer Experience Goal 9: Optimisation through Technological Advancement Goal 10: Strengthening Safety and Security at KUL	Airport Safety and Security Total Airport Experience Transportation and Connectivity	Regulators and Government Employees Airlines Passengers Tenants Investors The Media
   			



## MEMORABLE AIRPORT EXPERIENCE

### AIRPORT SAFETY AND SECURITY

Definition: Refers to the anticipation, recognition, evaluation and control of hazards or threats arising in or from the airport. The COVID-19 pandemic has heightened the need to safeguard the safety, security, health and wellbeing of airport users and the airport community.

GRI 103

Malaysia Airports is committed to providing the highest level of safety and security to all our guests and the airport community. COVID-19 has affected the way travellers view airport safety and while traditional threats such as cyber, insider and terrorism remain, the infectious disease and its transmission have taken main stage in the past year. To this end, Malaysia Airports put in place all the necessary precautions and safeguards to keep our users and community safe. Our airport safety standards are certified under ISO 45001:2018 as meeting the global standards and requirements of The British Standards Institution.

### Key COVID-19 Related Initiatives for 2020

**Corporate Crisis Management Team (CCMT):** In March, we activated the CCMT as part of our business continuity plans. The CCMT, which is chaired by the Group Chief Executive Officer, provided strategic direction and communications pertaining to recovery and sustainability of Malaysia Airports' business operations, maintenance of service levels and engagement with stakeholders. The CCMT convened regularly throughout the year, logging weekly meetings in 2020.

**KUL COVID-19 Committee:** This committee was formed to ensure a coordinated response by Malaysia Airports, government agencies and relevant stakeholders. Together, the multi-stakeholder committee brainstormed and rolled out new measures to comply with SOPs prescribed by the National Security Council, and to create a contactless and sanitised airport environment to build public confidence in the safety of our airports, while maintaining smooth operational flow.

**New SOPs:** These incorporate public health measures in the airport terminal which include physical distancing, the mandatory use of face masks by guests and the airport community in the terminal, contract tracing, entry and exit temperature screening for arriving and departing passengers, facilitation of COVID-19 testing by Ministry of Health officials for arriving passengers, the availability of hand sanitisers throughout the terminal and the issuance of personal protective equipment to employees based on their job requirements.

**Awareness:** To keep our passengers and airport community vigilant, we made frequent announcements within the terminals on social distancing, put up physical and digital signages and communicated with the public regularly via the mainstream media and social media. We increased internal communication to staff and airport stakeholders via email and weekly committee engagements.

**The Passenger Reconciliation System:** This automated security screening system heightens security and airline operational efficiency by scanning and matching information on passenger travel documents to the airline's passenger database in real time. It alerts the airline if, for example, there is a need to offload a passenger's baggage in the event of a no-show. It also enables the airport to operate an 'open gate' system.

**Leveraging technology:** New safety equipment has also been deployed at the airports including state-of-the-art thermal scanners and security scanners as well as sneeze guards.

**Sanitising and disinfecting the airport:** The airports' common amenities and facilities such as lifts, counter tops, trolleys, doorknobs and handrails are sanitised regularly. Public areas in the airports are sanitised eight times a day or once every three hours. Ultra-violet technology is used to sterilise handrails at walkalators and escalators, disinfect washrooms and disinfect all arriving baggage at KUL.

## Other Key Airport Safety and Security Initiatives for 2020

**Runway Rehabilitation:** Rehabilitation of Runway 3 was completed on schedule by August. This is part of the KUL Runway Sustainability Plan, which is vital to sustain the safety of flight operations at the airport. The rehabilitation of Runway 1 began in November.

**Increased Airport Fire and Rescue Service Personnel:** We retrained and reskilled 88 of our Aviation Security employees to become Airport Fire Rescue Service (AFRS) employees through the Basic Training for AFRS Integration Programme. This was to ensure the continued employability of our employees and to meet the demand for AFRS personnel at our airports.

## Wildlife Strikes and Oil Spills

AO9

Wildlife strikes at KUL fell from 52 in 2019 to 35 this year while oil spillages at KUL saw a 47.2% drop from 108 in 2019 to 57 in 2020. This has been attributed to the reduced number of flights caused by travel restrictions that are part of the nation's COVID-19 prevention measures.

## Foreign Object Debris

Foreign Object Debris (FOD) collected within the KUL boundary increased from 191,886 in 2019 to 221,237 in 2020. This 15.3% increase in FOD was due to an increase in cargo plastic collected at the cargo area.



## MEMORABLE AIRPORT EXPERIENCE

### TOTAL AIRPORT EXPERIENCE

Definition: Refers to the quality of services delivered to our customers to enhance their airport experience. During the pandemic, instilling passenger confidence in the airport includes conducting temperature checks, providing a contactless experience and the enforcement of public health measures.

GRI 103

In our efforts to deliver our brand promise of 'Hosting Joyful Connections' we understand that our guests' experience with us starts from their journey to the airport until they depart. To this end, we strive to provide our guests with a holistic memorable airport experience.

We apply the following standards to our businesses:

### ISO 9001: 2015 Quality Management Systems

Malaysia Airports Holdings Berhad

Malaysia Airports (Sepang) Sdn. Bhd.

Malaysia Airports Sdn. Bhd.

Malaysia Airports (Niaga) Sdn. Bhd.

Urusan Teknologi Wawasan Sdn. Bhd

Malaysia Airports Consultancy Services Sdn. Bhd

MAB Agriculture-Horticulture Sdn. Bhd.

### MS ISO 1900: 2005 Quality Management Systems – Requirements from Islamic Perspectives

Malaysia Airports Consultancy Services Sdn. Bhd.

The COVID-19 pandemic has changed the way passengers perceive airports and travel. At Malaysia Airports, we want our guests to feel safe and feel confident that they are protected during their time with us. As such we have stepped up to the plate to provide our guests with peace of mind through various customer-centric initiatives.

### Service Quality

2020 has been a year of progress for Malaysia Airports in terms of improving service quality. This comes on the back of efforts to inculcate our core values of integrity, customer centricity, accountability and new ideas amongst our employees in order to establish a high-performance culture that is caring and principled. It also represents the progress made in service quality since the Happy Guests, Caring Hosts' culture transformation programme began in 2018.

### Key Service Quality Initiatives for 2020

**The Single Token Journey:** This initiative promotes a contactless journey through the airport using facial recognition technology so that with a single identification verification, passengers can navigate all the airport's touchpoints from check-in to the boarding gate.

**'Happy Guests, Caring Hosts':** We formulated an online refresher course for the 'Happy Guests, Caring Host' programme and made it compulsory for all Malaysia Airports' employees to participate to ensure that our employees are 'ready for action' once the industry recovers.

**#1week1improvement initiative:** Malaysia Airports initiated this to continuously improve passengers' experience at our airports. Approximately 150 improvements have been made since 2018 for a more seamless journey for passengers navigating the airport. 50 of them were implemented in 2020 focusing on the safety and security of passengers in the light of the COVID-19 pandemic.

**Enhancements to Airport Infrastructure:** We proceeded to make enhancements to airport infrastructure to improve the experience of our guests in the future. This includes the completion of runway rehabilitation works, the replacement of the Baggage Handling System and Aerotrain, IT core network upgrading and the Commercial Reset.

**Washroom refresh:** Malaysia Airports launched the Washroom Improvement Programme in efforts to improve our washroom performance to meet the MAVCOM's Quality of Service framework. This enabled KUL to consistently pass monthly washroom inspections by MAVCOM in Q3 2020 and contributed to KUL being placed in the top 10 airports in the global Airport Service Quality (ASQ) survey for 2020 for airports >40 mppa.

**Social Media Engagement:** We used social media extensively to update our guests on COVID-19 related announcements, changes to Standard Operating Procedures and travel advisories made by the authorities especially during the Movement Control Order. We also used social media to answer enquires from our guests in a timely and efficient manner.

### Service Quality Achievements for 2020

**ASQ survey:** KUL was named one of the world's top 10 airports in the global ASQ survey by Airports Council International (ACI) in the over 40 million passengers per annum category. KUL's annual score of 4.98 out of a possible 5.00, coupled with a perfect 5.00 score recorded in Q4 2020, was a significant improvement over the previous year in which KUL scored 4.76 and ranked 17<sup>th</sup>. In addition, LGK was inducted into the ACI Director General's Roll of Excellence based on its track record for winning multiple ASQ awards over a five-year period during the past 10 years. These achievements are testament to KUL and LGK's continuous efforts to keep abreast of our passengers' expectations and needs especially in these challenging times.

**Quality of Service framework (QoS):** In Q3 2020, both terminals at KUL passed all elements of the QoS framework set by MAVCOM. This is further testimony to the improvements in service quality that has been achieved collectively by Malaysia Airports and the airport community at KUL.

**International Customer Experience Awards:** Our efforts have been recognised by a Silver award for 'Customer-centric Culture' at the prestigious International Customer Experience Awards in 2020.

### ASQ ranking and score for 2020

	2017	2018	2019	2020
Overall ASQ Ranking in the >40 mppa category	12	14	17	<b>10</b>
KUL Overall ASQ Score	4.65	4.70	4.76	<b>4.98</b>

### TRANSPORTATION AND CONNECTIVITY

Definition: Refers to ground transportation and connectivity for passengers, employees, visitors and suppliers within, to and from the airport.

GRI 103

Our guests' airport experience begins even before they step foot at the airport premises. The ease of getting to the airport is an important factor in this regard – the more convenient it is for passengers to get to and from the airport, the more likely they are to use the airport regularly making 'Transportation and Connectivity' material to our business.

We remain committed to providing a Memorable Airport Experience to our guests despite the year's challenging travel climate. To that end we maintained our existing ground connectivity network, which includes the number of operating routes and availability of public transportation such as Light Rail Transit and Express Rail Link services, for the convenience of travellers who were eligible to travel.

## GRI CONTENT INDEX

### GRI 102-55

References to page numbers are to pages in this Sustainability Report unless preceded by 'A' which denotes pages in the Annual Report and by 'AS' which denotes pages in the Airport Statistics. The Annual Report, Sustainability Report and Airport Statistics are part of Malaysia Airports' reports provided to shareholders for the year ended 31 December 2020.

GRI Standard	Description	Page number or URL	Omissions
	<b>General Disclosures</b>		
GRI 102: General Disclosures 2016 and Airport Operators Sector Disclosures (AO)	102-1 Name of organisation	Inner front cover	
	102-2 Activities, brands, products and services AO 3.2	8 A15-A16, A24-A25, A28-A29	
	102-3 Location of headquarters	Inner front cover	
	102-4 Location of operations	10-11	
	102-5 Ownership and legal form AO 3.2	A20-A21	
	102-6 Markets served AO 3.2	8, 10-11	
	102-7 Scale of organisation AO 3.2	9-11 A110-A120	
	102-8 Information on employees and other workers	68-69	
	102-9 Supply chain	59 A24-25, A27-29	
	102-10 Significant changes to the organisation and its supply chain	A80-A110	
	102-11 Precautionary Principle or approach	A183-A190	
	102-12 External Initiatives	56-57, 60, 62, 64, 71, 76-77, 84, 86	
	102-13 Membership of associations	8	
	102-14 Statement from senior decision-maker	2-5	
	102-15 Key impacts, risks and opportunities	2-5 A80-A110, A183-A190	
	102-16 Values, principles, standards and norms or behaviour	8, 36-39	



GRI Standard	Description	Page number or URL	Omissions
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	102-18 Governance structure	37 A155-A162	
	102-20 Executive-level responsibility for economic, environmental and social topics	36-37	
	102-22 Composition of the highest governance body and its committees	A121-A132, A159-A162	
	102-23 Chair of the highest governance body	A121	
	102-24 Nominating and selecting the highest governance body	A166, A169-A171	
	102-25 Conflicts of interest	A121-A132, A162, A167	
	102-26 Role of highest governance body in setting purpose, values and strategy	37 A156-A158	
	102-28 Evaluating the highest governance body's performance	A166, A175	
	102-32 Highest governance body's role in sustainability reporting	36	
	102-33 Communicating critical concerns	A158	
	102-35 Remuneration policies	A166, A176-A179	
	102-36 Process of determining remuneration	A166, A176-A179	
	102-40 List of stakeholder groups	46	
	102-41 Collective bargaining agreements	71	
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	102-43 Approach to stakeholder engagement	40, 46-52	
	102-44 Key topics and concerns raised	40, 46-52	
	102-45 Entities included in the consolidated financial statements	A20-A21	
	102-46 Defining report content and topic Boundaries	36	
	102-47 List of material topics	41-45, 53-87	

## GRI CONTENT INDEX

GRI Standard	Description	Page number or URL	Omissions
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	102-48 Restatements of information	74 Total employee training hours and average training hours for Malaysia have been restated due to the implementation of a new tracking system in 2020.	
	102-49 Changes in reporting	40 A66	
	102-50 Reporting period	36	
	102-51 Date of most recent report	36	
	102-52 Reporting Cycle	36	
	102-53 Contact point for questions regarding the report	Inside front cover	
	102-54 Claims of reporting in accordance with GRI standards	36	
	102-55 GRI content index	88-94	
	102-56 External assurance	36, 95-98	
	<b>Topic-Specific Disclosures: Economic</b>		
	<b>Economic Performance</b>		
GRI 103: Management Approach 2016	103 Management approach disclosure	58	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	58	
	<b>Market Presence</b>		
GRI 103: Management Approach 2016	103 Management approach disclosure	59	
GRI 202: Market Presence 2016	202-1 Ratio of standard entry level wage by gender compared to local minimum wage	70	
	202-2 Proportion of senior management hired from the local community	59	

GRI Standard	Description	Page number or URL	Omissions
	<b>General Disclosures</b>		
	<b>Procurement Practices</b>		
GRI 103: Management Approach 2016	103 Management approach disclosure	59	
GRI 204: Procurement Practices	204-1 Proportion of spending on local suppliers	59	
	<b>Anti-corruption</b>		
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GRI 205: Anti-Corruption 2016	205-1 Operations assessed for risks related to corruption	78 A180-A181	
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GRI 103: Management Approach 2016	103 Management approach disclosure	60	
GRI 206: Anti-Competitive Behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	60	
	<b>Topic-Specific Disclosures: Environmental</b>		
	<b>Energy</b>		
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GRI 303: Water 2018	303-5 Water consumption	66	

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GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	64	
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	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	70-71	
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GRI Standard	Description	Page number or URL	Omissions
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	403-5 Worker training on occupational health and safety	76	
	403-6 Promotion of worker health	70-71, 76	
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GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	74-75	
	404-2 Programmes for upgrading employee skills and transition assistance programmes	74-75	
	404-3 Percentage of employees receiving regular performance and career-development reviews	75	
	<b>Diversity and Equal Opportunity</b>		
GRI 103: Management Approach 2016	103 Management approach disclosure	68-69 A170-A171	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance body and employees	68 A170-A171	
	405-2 Ratio of basic salary and remuneration of women to men	70	
GRI 103: Management Approach 2016	Digitalisation	57 A42	
GRI 103: Management Approach 2016	Cybersecurity	56	
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## GRI CONTENT INDEX

GRI Standard	Description	Page number or URL	Omissions
	<b>General Disclosures</b>		
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	A09 Total number of wildlife strikes per 10,000 aircraft movements	85	

# INDEPENDENT ASSURANCE STATEMENT



**SIRIM QAS INTERNATIONAL SDN. BHD.** (410334-K)  
 SIRIM Complex,  
 1, Persiaran Dato' Menteri, Section 2,  
 40700 Shah Alam, Selangor Darul Ehsan, Malaysia.  
 Tel : 603-5544 6400 Fax : 603-5544 6810  
[www.sirim-qas.com.my](http://www.sirim-qas.com.my)

## INDEPENDENT ASSURANCE STATEMENT

### Scope and Objective

SIRIM QAS International Sdn. Bhd., a Conformity Assessment Body in Malaysia, with extensive expertise and experience in the provision of sustainability-related assurance services, was engaged by Malaysia Airports Holding Berhad (hereafter referred to as Malaysia Airports) to perform an independent verification and provide assurance of the Malaysia Airports Sustainability Report 2020. The main objective of the verification process is to provide assurance to Malaysia Airports and its stakeholders of the accuracy and reliability of the information presented in this report. This was confirmed through reviewing and verifying claims made in the report. The verification audit by SIRIM QAS International covered all sustainability-related activities which had been included in the Malaysia Airports Sustainability Report 2020. Further details provided in Appendix 1 of this statement.

The management of Malaysia Airports was responsible for the preparation of the Sustainability Report. The objectivity and impartiality of this verification statement is assured as no member of the verification team and no other employee of SIRIM QAS International was involved in the preparation of any part of the Malaysia Airports Sustainability Report 2020.

### Verification team

The verification team from SIRIM QAS International consisted of:

- 1) Ms. Aemida Abdul Kadir : Team Leader
- 2) Ms. Kamini Sooriamoorthy : Team Member



A wholly owned subsidiary of SIRIM Berhad

## INDEPENDENT ASSURANCE STATEMENT

### Methodology

The verification process was carried out by SIRIM QAS International in April 2021. It involved the following activities:

- Reviewing and verifying the accuracy of data collected from various sources and that are presented in the report;
- Reviewing of internal and external documentation and displays such as awards, press releases, media publications, internal newsletters, etc.;
- Interviewing of key personnel responsible for collating information and writing various parts of the report in order to substantiate the veracity of the claims;
- Evaluating the adequacy of the Sustainability Report of Malaysia Airports and its overall presentation against the GRI Standards and GRI Airport Operators Sector Disclosures.

During the verification process, issues were raised, and clarifications were sought from the management of Malaysia Airports relating to the consistency of some of the data and statements provided. The report was subsequently reviewed and revised by Malaysia Airports in response to the findings of the verification team. It can be confirmed that the changes that have been incorporated into the final version of the report satisfactorily address the issues that had been raised.

### Limitations

The verification process was subjected to the following limitations:

- The scope of work did not involve verification of information reported in Malaysia Airports Annual Report 2020;
- The restriction in reviewing confidential and other original data sources and only depending on the endorsed data from the data owner and data provider;
- The verification was designed to provide limited assurance irrespective of the organization's ability to achieve its objectives, targets or expectations on sustainability-related issues;
- Only the corporate office was visited as part of this assurance engagement. The verification process did not include physical inspections of any of Malaysia Airports' operating assets;

- The total computation of carbon footprint for Malaysia Airports has been based on the Airport Carbon Emission Reporting Tool (ACERT) under Airport Carbon Accreditation program. During the assessment, the verification by competent third-party personnel is in progress. Malaysia Airports will disclose their carbon footprint for 2020 in the next reporting period;
- With regards to environment-related data i.e. energy, waste and water consumption, data sources were limited to that provided during the conduct of the verification activities;
- The verification team did not verify any contractor or third-party data.

#### **Materiality Matters**

In 2020, Malaysia Airports has strengthened its materiality determination process to enable better disclosure of the level of impact of each material issue along with the value chain. Malaysia Airports had commissioned an independent study to align with industry peers regionally, and globally by considering the global trends and top risks into their materiality assessment process. Malaysia Airports continued prioritizing and focusing their sustainability journey in areas relevant to their material matters concluded from the materiality assessment together with that finalized as material in view of the global trends and risks.

#### **Conclusion**

Based on the scope of the verification process, the following represents SiRIM QAS International's opinion:

- The level of accuracy of data included in the Malaysia Airports Sustainability Report 2020 is fair and acceptable;
- The Sustainability Report was prepared in accordance with the GRI Standards: Core Option and GRI Airport Operators Sector Disclosures;
- The overall report content and quality were well established. The level of sustainability performance information in the report was found to be acceptable;
- The information has been presented in an appropriate manner;
- Most of the personnel responsible were able to reliably demonstrate the origin(s) and interpretation of data contained in the report;

## INDEPENDENT ASSURANCE STATEMENT

- Malaysia Airports has satisfactorily addressed, in the final version of the report, all issues that had been raised during the assessment;
- The report provides a reasonable and balanced presentation of the sustainability performance of Malaysia Airports.

Prepared by:

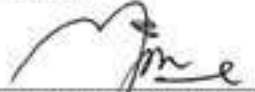


**AERNIDA ABDUL KADIR**

Verification Team Leader  
Management System Certification  
Department  
SIRIM QAS International Sdn. Bhd.

Date : 22 April 2021

Approved by:



**MOHD HAMIM BIN IMAM MUSTAIN**

Senior General Manager  
Management System Certification  
Department  
SIRIM QAS International Sdn. Bhd.

Date : 22 April 2021

**Note 1:**

This Independent Assurance Statement has been issued based on the content verified prior to the approval date. SIRIM QAS International Sdn Bhd will not be responsible for any changes or additions made after the referred date.





[www.malaysiaairports.com.my](http://www.malaysiaairports.com.my)

**MALAYSIA AIRPORTS HOLDINGS BERHAD**

Registration No. 199901012192 (487092-W)

Malaysia Airports Corporate Office,  
Persiaran Korporat KLIA,  
64000 KLIA, Sepang,  
Selangor Darul Ehsan, Malaysia.

Tel : +603-8777 7000

Fax : +603-8777 7778

 Malaysia Airports

 @MY\_Airports

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