

# THE HEART OF OUR BUSINESS



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## THE HEART OF OUR BUSINESS

AT MALAYSIA AIRPORTS, SUSTAINABILITY IS AT THE HEART OF OUR OPERATIONS. RESPECTING BOTH PEOPLE AND PLANET IS CRUCIAL TO DEVELOPING A BUSINESS THAT ACHIEVES LONG-TERM SUCCESS.

AS WE STEP UP OUR EFFORTS TO ENSURE OUR PASSENGERS AND CUSTOMERS ENJOY AN IMMERSIVE AIRPORT EXPERIENCE, WE WILL CONTINUE TO OPERATE IN A WAY THAT RECONISES OUR IMPACT ON THE WORLD AROUND US, AND ON OUR LOCAL COMMUNITIES. WE AIM TO CREATE A BUSINESS ENVIRONMENT THAT VALUES AND INSPIRES OUR EMPLOYEES, DEVELOPING A COMPANY THAT DELIVERS STEADY RETURNS TO ITS SHAREHOLDERS.

## GENERAL STANDARD DISCLOSURES

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# REPORT PROFILE

[102-12, 102-13, 102-46, 102-47, 103-1, 102-49, 102-50, 102-51, 102-52, 102-53, 102-54, 102-55]

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## THIS IS THE EIGHTH MALAYSIA AIRPORTS ANNUAL SUSTAINABILITY REPORT. THIS REPORT PARALLELS AND COMPLEMENTS OUR 2016 ANNUAL REPORT.

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This report has been prepared in accordance with the GRI Standards Sustainability Reporting Guidelines and the Global Reporting Initiative – Core Option. This is the first year we utilise the GRI Standards as a Guiding Principle in our reporting framework. The GRI Standards provide us with a greater flexibility and transparency to report our materiality. This is a year of transition as we build linkages from G4 to GRI Standards and move towards a clearer defined plan in our sustainability journey. The Sustainability Report also includes indicators from the GRI Airport Operators Sector Disclosures. This year, Malaysia Airports has taken a universal approach to the Sustainable Development Goals (SDGs) for more effective and meaningful reporting. In this report, we continue our commitment in sustainability development and set this as a platform for us to strengthen our present sustainability initiatives.

SIRIM QAS International Sdn. Bhd. has provided independent assurance in respect to this Sustainability Report, including our GRI Standards Core - Level reporting. A copy of SIRIM's independent assurance statement is on page 68. In order to avoid duplication of information, some requirement of the GRI guidelines are reported in our 2016 Annual Report. These requirements are referenced in our GRI Content Index on page 62.

As signatories to the Aviation Industry Commitment to Action on Climate Change (2008), this Sustainability Report serves as our declaration to create a pathway to carbon-neutral growth and a carbon-free future. Malaysia Airports also hold memberships in the Airports Council International (ACI) and the ACI Asia Pacific Regional Environment Committee (AP-REC).

This report and our previous reports are available in PDF format and can be downloaded from Malaysia Airports' corporate website at <http://www.malaysiaairports.com.my>

For enquiries on Malaysia Airports, you can reach us via:

**Email - [care@malaysiaairport.com.my](mailto:care@malaysiaairport.com.my)**

**Facebook - [Malaysia Airports](#)**

**Twitter - [@MY\\_Airports](#)**

**Instagram - [Malaysia Airports](#)**

### Reference and Guidelines

This report reflects Malaysia Airports' activities in relation to ISO9001, OHSAS18001 and ISO14001 standards where applicable. The Malaysian Ringgit (RM) is used as the standard currency in this report.

### Scope & Boundary

This report covers the airports within Malaysia Airports' corporate structure in Malaysia as reflected in the holding company's consolidated financial statements. Airports refer to situations whereby Malaysia Airports holds a majority stake in and/or has direct managerial control over. Airports outside Malaysia owned/managed either fully or partially, have been excluded from discussion in this report. Coverage of the holding company's subsidiaries is also not exhaustive in this report.

### Reporting Period

This report covers Malaysia Airports' performances throughout 1 January 2016 to 31 December 2016. All information in this report parallels our Annual Report for the corresponding year. Targets mentioned in this report are guided by milestones stated in our business plan document - Runway to Success 2020 (RtS2020).



## OUR AIRPORTS



### MALAYSIA AIRPORTS HEAD OFFICE

Malaysia Airports Holdings Berhad

Malaysia Airports Corporate Office, Persiaran Korporat KLIA, 64000 KLIA, Sepang, Selangor

### Our Airports

KL International Airport (KLIA/KUL)  
 Penang International Airport (PEN)  
 Langkawi International Airport (LGK)  
 Kuching International Airport (KCH)  
 Kota Kinabalu International Airport (BKI)  
 Bintulu Airport (BTU)  
 Labuan Airport (LBU)  
 Lahad Datu Airport (LDU)  
 Limbang Airport (LMN)  
 Melaka Airport (MKZ)  
 Miri Airport (MYY)  
 Sandakan Airport (SDK)  
 Sibu Airport (SBW)

Sultan Abdul Aziz Shah Airport (SZB)  
 Sultan Abdul Halim Airport (AOR)  
 Sultan Ahmad Shah Airport (KUA)  
 Sultan Azlan Shah Airport (IPH)  
 Sultan Ismail Petra Airport (KBR)  
 Sultan Mahmud Airport (TGG)  
 Tawau Airport (TWU)  
 Mulu Airport (MZV)  
 Pangkor STOLport (PKG)  
 Redang STOLport (RDN)  
 Tioman STOLport (TOD)  
 Lawas STOLport (LWY)  
 Marudi STOLport (MUR)

Mukah STOLport (MKM)  
 Kapit STOLport (KPI)  
 Belaga STOLport (BLG)  
 Bario STOLport (BBN)  
 Long Seridan STOLport (ODN)  
 Long Lellang STOLport (LGL)  
 Long Semado STOLport (LSM)  
 Ba'kelalan STOLport (BKM)  
 Long Akah STOLport (LKH)  
 Kudat STOLport (KUD)  
 Long Pasia STOLport (GSA)  
 Long Banga STOLport (LBP)  
 Semporna STOLport (SMM)

# ORGANISATIONAL PROFILE



Malaysia Airports Holdings Berhad (Malaysia Airports) is a public listed company and has been trading on the Main Market of Bursa Malaysia since 1999.

We operate and manage 39 airports in Malaysia including five international, 16 domestic airports, and 18 short take-off and landing ports (STOLports). Abroad, Malaysia Airports operates and manages the Istanbul Sabiha Gokcen International Airport in Turkey and has shares in the Rajiv Gandhi International Airport in Hyderabad, India.

As an investment holding company, Malaysia Airports has 100 percent ownership of the following subsidiaries, directly related to the context of this report:

### Malaysia Airports (Sepang) Sdn. Bhd.

This company manages, operates, maintains and provides airport-related services at KL International Airport (KLIA), including klia2.

### Malaysia Airports Sdn. Bhd. (MASB)

This company manages, operates, maintains and provides airport-related services in designated airports in Malaysia other than KLIA and klia2. The designated airports comprise four international airports (PEN, LGK, KCH, BKI), 16 domestic airports and 18 STOLports.

Malaysia Airports did not have any significant changes in size, structure or ownership during the reporting period. For list of awards received, please refer to our 2016 Annual Report.

## Our previous sustainability reports

- 2015 Our Foundation for the Future  
.....
- 2014 At the Heart of Our Community  
.....
- 2013 Accelerating Growth Momentum  
.....
- 2012 Connecting with U  
.....
- 2011 Clear Horizons  
.....
- 2010 The Romance of Aviation  
.....
- 2009 Licence to Grow  
.....

## Point of contact for queries and feedback:

**SUSTAINABILITY DEPARTMENT  
MALAYSIA AIRPORTS HOLDINGS BERHAD**

**Email:** [sustainability@malaysiaairports.com.my](mailto:sustainability@malaysiaairports.com.my)  
**Tel:** 03-8777 7000  
**Fax:** 03-8777 7210

## JOINT ADDRESS BY OUR CHAIRMAN AND MANAGING DIRECTOR

ACA Level 2:  
**Reduction**  
2015 & 2016



**FTSE4GOOD**  
Bursa Malaysia  
Index  
Recognised  
for the **5<sup>th</sup>**  
**consecutive**  
**year**



**Datuk Mohd Badlisham  
bin Ghazali**  
Managing Director

**Tan Sri Dato' Sri Dr Wan Abdul Aziz  
bin Wan Abdullah**  
Chairman

“

### Dear Stakeholders

On behalf of the Board of Directors, we are pleased to present to you Malaysia Airports' eighth annual Sustainability Report, which also marks our first year of reporting in accordance to the Global Reporting Initiative GRI Standards guidelines – Core Reporting and the Airport Operators Sector Supplement. ”

Corporate sustainability is an important element in our business strategy. It provides us with a foundation to deliver our responsibilities and stay mindful of the social and environmental needs of our stakeholder. In realising our goals, we carefully assess the material issues that are crucial to the business and our stakeholders. We are proud of with the progress we have made.

The safety of our airport users and those affected by all our undertakings is paramount and at the forefront of everything we do. We put the highest priority in ensuring the safety and efficiency of our airport operations. Priority was placed on widening the scope of the Safety Management System and on promoting safety awareness across the entire airport community.

Despite the challenging economic conditions last year, we registered positive business results thanks to the dedication and commitment of our employees. This year, we have achieved many significant milestones such as the launch of our five-year business plan, Runway to Success 2020 (RtS2020), which charts our business direction from 2016 to 2020. Another major milestone was the successful launch of KLIA Aeropolis in line with our vision of becoming the global leader in creating airport cities. On top of this, we achieved several firsts in financial and airport performance. For the first time, we crossed the RM1.0 billion mark for our earnings before interest, tax, depreciation and amortisation (EBITDA) for our Malaysia operations, as well as the 50 million mark for passenger traffic movements at KLIA. We have also celebrated the ground breaking ceremony to commemorate the



## JOINT ADDRESS BY OUR CHAIRMAN AND MANAGING DIRECTOR

commencement works the Mitsui Outlet Park KLIA Phase 2 extension. All these achievements have demonstrate our capability to position ourselves as a global leader in creating airport cities.

As we navigate this evolving business landscape, continued and concerted efforts from our employees are vital in order to deliver our commitments on sustainability. Our employees seek out the most innovative solutions to deliver the best possible service to customers, passengers and businesses alike. As such, we continue to invest and develop our employees to ensure that they deliver excellence.

As we are committed to deliver high quality services to our passengers. We are embedding a customer-centric culture in airport operations to provide an innovative airport experience for all passengers, airlines and retailers. Passenger experience is at the core of our Total Airport Experience (TAE) strategic pillar under RtS2020.

We take our environmental responsibilities very seriously. In 2016, Malaysia Airports renewed its certification at Level 2 of the Airport Carbon Accreditation and plan to further engage the airport community against climate change in the following years. We have established a target to have a 10% reduction in carbon emissions per passenger by 2020 and will be implementing a range of energy efficiency initiatives over the coming years to achieve this goal.

This year is our fifth time as a constituent stock of the Bursa Malaysia FTSE4Good Index. This is a testament to our position as a sustainable company while underscoring the value we bring to our stakeholders and community at large. The index is a globally recognised standards for inclusion in Malaysia's Environmental, Social, Governance (ESG) Index.

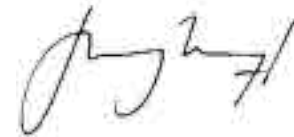
Having continually put emphasis on good governance, we have adopted all relevant guidelines such as the Malaysian Code on Corporate Governance 2012 (MCG 2012) and we have constantly strive

to enhance our efforts in maintaining a high standard of governance throughout the organisation. This serves as a fundamental component in fulfilling our responsibility to protect and enhance the shareholders' and stakeholders' value.

We would like to thank all our stakeholders for their continued support and we welcome feedback on our sustainability reporting and performance. In particular, we would like to thank our employees for their contribution to our achievements throughout of the year.



**Tan Sri Dato' Sri Dr Wan Abdul Aziz bin Wan Abdullah**  
Chairman



**Datuk Mohd Badlisham bin Ghazali**  
Managing Director



## APPROACH TOWARDS SUSTAINABILITY

Our sustainability approach is based on the practice of high standards of governance across our entire operations. We believe only corporations that act in the best interest of stakeholders and community will continue to grow and thrive. Aligned to the five pillars of sustainability, our strategy aims to create value for our stakeholders. Integration of sustainability into business operations is facilitated by our Sustainability team. We also have aligned our initiatives with selected United Nations 17 Sustainable Development Goals where we are able to exert influence and bring about change through our business.



Sustainable Development Goals (SDGs) was introduced at the United Nations Conference on Sustainable Development in September 2015 with the objective of producing a set of universal goals that meet the urgent environmental, political and economic challenges faced today. The SDGs replaced the Millennium Development Goals (MDGs) which started a global effort in 2000 to tackle the indignity of poverty. SDGs will be carried out from 2016 to 2030 to establish a sustainable society across the world. Major parts of the SDGs include goals, such as ending extreme poverty, fighting inequality and injustice, and dealing with climate change. Malaysia Airports supports these efforts by the United Nations (UN) and will do its best to maintain the company's sustainable management activities in line with the UN's initiative. For instance, in 2016, we categorised Malaysia Airports' sustainability plans and the UN SDGs into several areas, develop tasks which will be executed every year.



1. End poverty in all its forms everywhere
2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture
3. Ensure healthy lives and promote well-being for all at all ages
4. Ensure inclusive and quality education for all and promote lifelong learning
5. Achieve gender equality and empower all women and girls
6. Ensure access to water and sanitation for all
7. Ensure access to affordable, reliable, sustainable and modern energy for all
8. Promote inclusive and sustainable economic growth, employment and decent work for all
9. Build resilient infrastructure, promote sustainable industrialisation and foster innovation
10. Reduce inequality within and among countries
11. Make cities inclusive, safe, resilient and sustainable
12. Ensure sustainable consumption and production patterns
13. Take urgent action to combat climate change and its impacts
14. Conserve and sustainably use the oceans, seas and marine resources
15. Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss
16. Promote just, peaceful and inclusive societies
17. Revitalise the global partnership for sustainable development



## SUSTAINABILITY POLICY

**MALAYSIA AIRPORTS' CORE BUSINESS IS THE MANAGEMENT AND OPERATION OF THE NATION'S 39 INTERNATIONAL, DOMESTIC AND RURAL SERVICES AIRPORTS. WE ASPIRE TO CREATE SUSTAINABLE STAKEHOLDER VALUE AS A WORLD-CLASS AIRPORT OPERATOR. OUR STAKEHOLDERS ARE OUR PEOPLE, OUR COMMUNITY, OUR CUSTOMERS, OUR ENVIRONMENT, OUR INVESTORS, OUR REGULATORS AND OUR COUNTRY. WE ARE PROUD OF OUR AIRPORTS AND COMMITTED TO CREATING SUSTAINABLE WORLD CLASS AVIATION GATEWAYS AS THE NATION'S SYMBOL OF PRIDE.**

Malaysia Airports is committed to achieving environmental and social sustainability in operating its businesses. Through doing so, we aim to create sustainable development in all aspects of our business.

In upholding our commitment to sustainability, Malaysia Airports will:

- Integrate sustainability as a consideration in all planning and development decisions, including management, communication, procurement and operation, as well as support sustainable practices in our business marketplace.
- Operate in a healthy, safe, secure and efficient manner. Sustainability is central to the way we think, the way we conduct ourselves, and the approach we perform our day to day business.
- Nurture the professional and personal growth of our people through constructive social development projects, positive team-building activities and skill-enhancing training and education programmes.
- Develop and effectively implement an Environmental Action Plan for all our airports, as well as commit to measuring and monitoring sustainability practices to the extent possible.
- Rehabilitate the social, natural and economic environment affected by our activities and continuously look for opportunities to improve our global environmental performance.
- Honour our commitment to creating a pathway towards carbon-neutral growth and aspire for a carbon-free future, as signatory to the Aviation Industry Commitment to Action on Climate Change (Geneva, April 2008).

- Take a leadership role in sustainability initiatives that strengthen the social well-being and community relationships with our stakeholders and the country we serve.
- Celebrate our local art, culture and heritage and promote the use of locally and sustainably sourced products, services and labour.

Successful implementation of this policy will enhance Malaysia Airports' reputation, customer loyalty, passenger experience and create long-term value for our stakeholders and our country. We believe in working closely with all stakeholders to enhance the sustainability of Malaysia as a place to live and work, to trade and to host local and international tourists.

w.e.f 1 January 2012

# SUSTAINABILITY GOVERNANCE

[102-11, 405-11]

We firmly believe that good corporate governance practice is fundamental for a smooth, effective and transparent operation of a company. They are essential to a company's ability to attract investment, protect the rights of its shareholders and stakeholders and enhance shareholder value. Comprehensive corporate governance practices are ingrained in our management structure and value system, ensuring Malaysia Airports operates according to the highest ethical standards and develops in the most sustainable manner possible.

The Board is the highest governance body of the Malaysia Airports Group, responsible for enhancing long-term shareholder value, directing growth strategies, supervising executive management and ensuring corporate governance policies and practices are implemented within the company.

## Our Governance Framework

We operate with a clear and effective governance structure together with a strong governance system which is applied throughout the Group. Responsibility for good governance lies with our Board.

### BOARD AUDIT COMMITTEE (BAC)

Reviews and evaluates performance of External Auditors and Internal Audit Division in ensuring efficiency and effectiveness of the Company's operations, adequacy of internal control system, compliance to established policies and procedures, transparency in decision-making process and accountability of financial and management information.

### BOARD NOMINATION AND REMUNERATION COMMITTEE

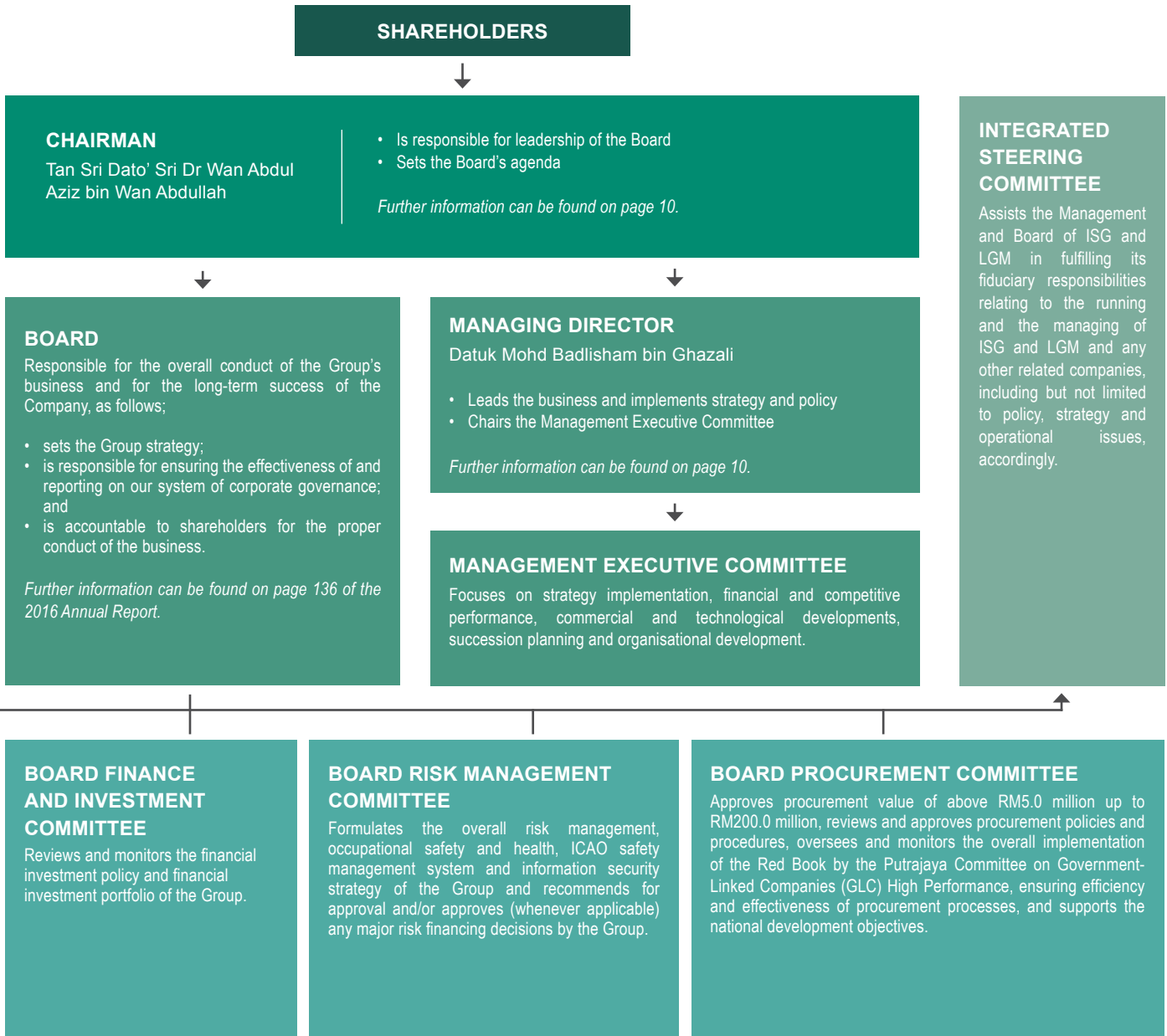
Reviews, assesses and recommends to the Board, remuneration packages of the Managing Director and Senior Management as well as to review matters relating to employees of Malaysia Airports Group, limited to Collective Agreement for Non-Executives, Terms and Conditions of Executives, bonus and annual increment for employees.

Determines criteria for Board or Board Committees' membership, structure, responsibilities and effectiveness; reviews the term of office and performance of BAC and to formulate and review policies and procedures on human resource matters with regard to recruitment, appointment, promotion and transfer of Managing Director and Senior Management.

### PRINCIPLES AND ADOPTION OF RECOMMENDATIONS ON CORPORATE GOVERNANCE (CORPORATE GOVERNANCE GUIDELINES)

- Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Malaysia Listing Requirements)

# SUSTAINABILITY GOVERNANCE



- Corporate Governance Guide: Towards Boardroom Excellence – 2<sup>nd</sup> Edition (CG Guide 2) issued by Bursa Malaysia
- Malaysian Code on Corporate Governance 2012 (MCCG 2012)
- Corporate Governance Blueprint issued by the Securities Commission of Malaysia
- The Green Book: Enhancing Board Effectiveness by the Putrajaya Committee on GLC High Performance (Green Book)
- Corporate Disclosure Guide issued by Bursa Malaysia



## SUSTAINABILITY GOVERNANCE

### Role of Chairman



The Chairman leads the Board and is responsible for ensuring that both the Board and individual Directors perform their duties effectively and make active contributions to the Board's affairs. He fulfils this by facilitating and encouraging all Directors, in particular INEDs and other NEDs, to voice their views and concerns openly. He also ensures the formation of constructive relations between Executive and NEDs so that the decisions made by the Board fairly reflect a consensus. The Chairman keeps abreast of the development and operations of the Group via his frequent communication with the Managing Director and the Chief Financial Officer, which takes place on average at least once each week. During the year, the Chairman also seeks an independent evaluation of Management's performance from the NEDs, in the absence of the Executive Director. He also leads the discussions on Board evaluation which is being conducted every year. With the assistance of the Company Secretary, the Chairman also ensures that good corporate practices and procedures are established and implemented throughout the Group.

### Role of the Managing Director



The Managing Director leads the day-to-day management of the Group. He is responsible for implementing the strategies and policies agreed by the Board, and leading the Management to fulfil the objectives set by the Board. The Board has entrusted the Managing Director with the authority to operate the business and he is accountable to and reports to the Board on the performances of the business. The Managing Director is supported by the Chief Operating Officer, the Chief Financial Officer, the Group Executives and other members of the Group Management Board. This Management structure facilitates clear reporting and provides the Board with high quality information and recommendations to enable informed decisions in all aspects of the Company's business and strategy.

## SUSTAINABILITY GOVERNANCE



### Whistleblowing Policy

Our Board has in place a Code of Ethics, setting out the standards of ethics and conduct expected from Directors and employees to engender good corporate behaviour. To augment the Code of Ethics, the Company's Whistleblowing Policy adopted by the Board, outlines when, how and to whom a concern may be properly raised about the actual or potential corporate fraud or breach of ethics involving employees, Management or Directors in the Group. It allows the whistleblower the opportunity to raise concern outside the Management line. The identity of the whistleblower is kept confidential and protection is accorded to the whistleblower against any form of reprisal or retribution. All concerns reported by the whistleblower are addressed to the Whistleblowing Independent Committee (WIC). The WIC will assess all information received and act in accordance to its terms of reference. Subsequently, the WIC will submit a report to the BAC at every BAC meeting.

In 2016, a total of 13 information was received, which covers broad area of concerns as mentioned above, and where appropriate, actions have been taken to address the issues raised.

Complaints can be channelled online at [www.malaysiaairports.com.my](http://www.malaysiaairports.com.my) via the Whistleblowing Programme Reporting of Concern Form, or emailed to [wic\\_secretariat@malaysiaairports.com.my](mailto:wic_secretariat@malaysiaairports.com.my), or by calling the hotline at 019-659 2263.



## GOVERNANCE BOARD OF DIRECTORS



**Tan Sri Dato' Sri Dr Wan Abdul Aziz bin Wan Abdullah**  
Chairman/Non-Independent Non-Executive  
Aged 64



**Datuk Badlisham bin Ghazali**  
Managing Director/  
Non-Independent Executive  
Aged 54



**Dato' Sri Dr Mohamad Isa bin Hussain**  
Non-Independent Non-Executive Director  
Aged 59



**Datuk Ruhaizah binti Mohamed Rashid**  
Non-Independent Non-Executive Director  
Aged 59



**Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin**  
Non-Independent Non-Executive  
Aged 58



**Dato' Mohd Izani bin Ghani**  
Non-Independent Non-Executive  
Aged 49



**Datuk Seri Yam Kong Choy**  
Senior Independent Non-Executive Director  
Aged 63



**Datuk Zalekha binti Hassan**  
Independent Non-Executive  
Aged 63



**Rosli bin Abdullah**  
Independent Non-Executive  
Aged 63



## GOVERNANCE BOARD OF DIRECTORS



**Dato' Ir. Haji Mohamad bin Husin**  
Independent Non-Executive  
Aged 63



**Datuk Azailiza binti Mohd Ahad**  
Independent Non-Executive  
Aged 55



**Dato' Chua Kok Ching**  
(Alternate Director to Datuk Ruhaizah binti  
Mohamed Rashid)  
Non-Independent Non-Executive  
Aged 58



**Mohd Shihabuddin bin Mukhtar**  
(Alternate Director to Dato' Sri Dr Mohamad  
Isa bin Hussain)  
Non-Independent Non-Executive  
Aged 37



**Jeremy bin Nasrulhaq**  
Senior Independent Non-Executive  
(Resigned with effect from  
1 November 2016)  
Aged 64



**Norazura binti Tadzim**  
(Alternate Director to Dato' Sri Dr Mohamad  
Isa bin Hussain)  
Non-Independent Non-Executive  
(Resigned with effect from 6 February 2017)  
Aged 39



**Tan Sri Bashir Ahmad bin Abdul Majid**  
Advisor to the Board  
Aged 67



**Sabarina Laila binti Dato' Mohd Hashim**  
Company Secretary  
Aged 49

### Composition of governance, by gender

Governance Body/Gender	Male	Female
Main Board	8	3
ExCo Committee	7	1
Management Committee (MCM)	17	8

### Composition of governance, by age

Governance body/Age group	40 - 49	50 - 59	60 - 69	Total
Main Board**	1	5	5	11
ExCo Committee	0	7	1	8
Management Committee (MCM)	6	18	1	25

\*\* Including Chairman & MD

## MANAGEMENT TEAM



**Datuk Badlisham bin Ghazali**  
Managing Director  
Aged 54

01



**Raja Azmi Raja Nazuddin**  
Chief Financial Officer  
Aged 50

02



**Ir. Suradini Abdul Ghani**  
Senior General Manager,  
Non-Aviation Business  
Aged 57

03



**Ir. Mohd Zaifuddin Idris**  
Senior General Manager,  
Technical Services  
Aged 52

04



**Mohammad Nazli Bin Abdul Aziz**  
Senior General Manager,  
Commercial  
Aged 50

05



**Zainol Mohd Isa**  
General Manager, Malaysia  
Airports (Sepang) Sdn. Bhd.  
Aged 57

06



**Mohammad Suhaimi Abd Mubin**  
General Manager,  
Malaysia Airports Sdn. Bhd. (MASB)  
Aged 50

07



**Datuk Abdullah Kadir Bacha**  
General Manager, Stakeholder  
Relations & Regulatory Affairs  
Aged 64

08



**Mohamed Sallauddin  
Mohamed Shah**  
General Manager, Marketing  
Aged 54

09



**Sabarina Laila Mohd Hashim**  
General Manager, Secretarial & Legal  
Services Division and Company Secretary  
Aged 49

10



**Nasrein Fazal Sultan**  
General Manager,  
Internal Audit  
Aged 53

11



**Ir. Khairiah Salleh**  
General Manager,  
Engineering MAHB  
Aged 52

12



**Nik Anis Nik Zakaria**  
General Manager,  
Corporate Communications  
Aged 53

13



**Nornajihah Ismail**  
General Manager,  
Finance  
Aged 47

14



**Veelayudan Krishnan Nair**  
General Manager,  
Research & Planning  
Aged 59

15



**Nor Azlina Mohd Isa**  
General Manager, Engineering  
Malaysia Airports (Sepang) Sdn. Bhd.  
Aged 42

16

## MANAGEMENT TEAM



**Abd Malik Mohd Yunus**  
General Manager, Airport Fire & Rescue Services (AFRS)  
Aged 56

17



**Randhill Singh**  
General Manager, Corporate Planning  
Aged 40

18



**Zulhikam Ahmad**  
General Manager, Malaysia Airports (Niaga) Sdn. Bhd. (Eraman)  
Aged 45

19



**Radin Asrul Adza Radin Soenarno**  
General Manager, Information Technology  
Aged 50

20



**Rosli Mohd Isa**  
General Manager, Aviation Security (AVSEC)  
Aged 57

21



**Noorazzudin Omar**  
General Manager, Sama-Sama Hotels  
Aged 45

22



**Ibrahim Chang Boon Teck**  
General Manager, Procurement and Contract  
Aged 51

23



**Ahmad Nazri Hamzah**  
General Manager, Commercial Operations  
Aged 50

24



**Hani Ezra Binti Hussin**  
General Manager, Commercial Business  
Aged 42

25



**Dato Azmi Bin Murad**  
Executive Director ISG & LGM  
Aged 65

26



**Ahmad Tarmizi Mohd Hashim**  
Executive Director Malaysia Airports Consultancy Services Middle East LLC  
Aged 57

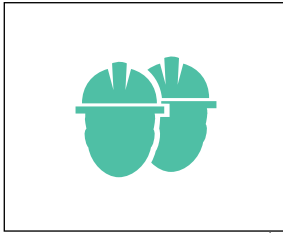
27

**96.3%**  
OF OUR SENIOR MANAGEMENT  
ARE MALAYSIANS



## AWARDS & RECOGNITIONS

01



**RECOGNITION FOR  
COMMENDABLE SAFETY  
AND HEALTH RECORDS  
AND IMPROVEMENT IN  
SAFETY AND HEALTH  
MANAGEMENT SYSTEM**

02



**LISTED FOR THE  
FIFTH TIME AS TOP 20  
CONSTITUENTS OF THE  
FTSE4GOOD BURSA  
MALAYSIA ESG INDEX**

03



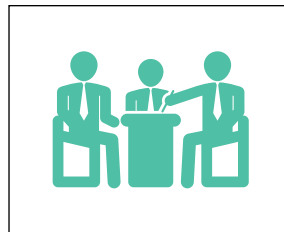
**ACCA MALAYSIA  
SUSTAINABILITY  
REPORTING AWARDS  
(MASRA) 2015 & 2016**  
Malaysia Airports was  
announced as one  
of Malaysia's Top 20  
companies for excellent  
sustainability reporting

04



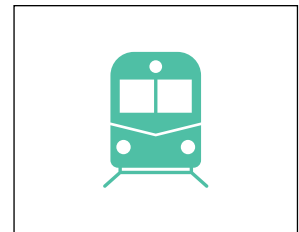
**AIRPORT CARBON  
ACCREDITATION  
LEVEL 2 (REDUCTION)**  
Achieved Airport Council  
International's Level 2  
Certification for KLIA in 2016

05



**EMPLOYER BRAND  
AWARDS - MALAYSIA  
AIRPORTS WAS AWARDED  
AS ONE OF MALAYSIA'S  
'BEST EMPLOYER  
BRAND' 2016**

06



**BAGGED INDUSTRY  
AWARD IN THE  
CATEGORY AT  
SPAD LAND PUBLIC  
TRANSPORT  
SYMPOSIUM 2016**

07



**SOCIAL MEDIA  
EXCELLENCE AWARD  
FOR THE 'BEST  
CORPORATE SOCIAL  
MEDIA ENGAGEMENT'**

08



**ESQR'S QUALITY  
CHOICE PRIZE 2016**  
Recognised for quality  
management at the 2<sup>nd</sup>  
European Society of Quality  
Research (ESQR) event

# STAKEHOLDER ENGAGEMENT

[102-40, 102-42, 102-43, 102-44]



Stakeholders
Airlines
Airport Community
Regulators and Government Authorities
Employees
General Public
Tenants
Local Communities
Passengers
Shareholders

In Malaysia Airports, we place great emphasis on stakeholder engagement. By understanding expectations and responding to concerns, we aim to deepen stakeholders' trust in us. It is also an integral part of how we assess most material issues faced in our businesses. Over the years, we have forged strong relationships with different stakeholders through various communication platforms such as meetings, interviews, focus groups, forum and many other channels.

In preparing for this and our previous report, we sought the views of a host of stakeholders on our current sustainability performance, as well as the issues and challenges they believe we need to address. The selection of stakeholders was based on the relevance and understanding of the Group's business and sustainable development.

Below, we encapsulate the process we have gone through to arrive at the material issues and the content featured in this report.

# STAKEHOLDER ENGAGEMENT

[102-40, 102-42, 102-43, 102-44]

Stakeholders	Engagement Method	Stakeholder Expectations	Our Response
<b>Airlines</b>	<ul style="list-style-type: none"> <li>• Airline Operator Committee General Meetings</li> <li>• Regular Updates to Airlines</li> <li>• Regular Updates to Board of Airlines Representatives</li> </ul>	<ul style="list-style-type: none"> <li>• Quality of airport services, contribution to their competitiveness</li> </ul>	<ul style="list-style-type: none"> <li>• Innovation</li> <li>• Renovation of terminals and capacity enhancement</li> </ul>
<b>Airport Community</b>	<ul style="list-style-type: none"> <li>• Quarterly Airport Facilitation Meetings</li> <li>• ACI Annual Meetings</li> <li>• Participation in Conferences and Forums</li> </ul>	<ul style="list-style-type: none"> <li>• Economic and social benefits for the territories, partners in airport development, in KLIA</li> </ul>	<ul style="list-style-type: none"> <li>• Economic and social policy</li> </ul>
<b>Regulators and Government Authorities</b>	<ul style="list-style-type: none"> <li>• Public-private partnership activities</li> <li>• Compliance with Bursa Malaysia</li> <li>• Regular meetings and dialogues</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with the law</li> <li>• Economic and social cooperation</li> </ul>	<ul style="list-style-type: none"> <li>• System for monitoring and controlling compliance</li> <li>• Economic strategy of the company</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Employee Engagement Survey (EES) by AON Hewitt</li> <li>• Town hall meetings</li> <li>• Internal Communication</li> <li>• Engagement sessions with senior management</li> </ul>	<ul style="list-style-type: none"> <li>• Social balance</li> <li>• Professional career paths</li> <li>• Motivation</li> <li>• Health</li> <li>• Quality of life at work</li> </ul>	<ul style="list-style-type: none"> <li>• Opportunity for career development</li> <li>• Health &amp; safety policy employee benefits</li> </ul>
<b>General Public</b>	<ul style="list-style-type: none"> <li>• Online and Social Media Platform (Malaysia Airports' official website, Twitter, Facebook, Instagram, Youtube)</li> <li>• Customer Affairs &amp; Resolution Excellence (CARE)</li> </ul>	<ul style="list-style-type: none"> <li>• Quality of service standards for the general public</li> </ul>	<ul style="list-style-type: none"> <li>• Fast and reliable customer service</li> </ul>
<b>Tenants</b>	<ul style="list-style-type: none"> <li>• Concessionnaires Conference</li> </ul>	<ul style="list-style-type: none"> <li>• Comprehensive practices, values and selection criteria</li> <li>• Respecting their interests in public tenders</li> </ul>	<ul style="list-style-type: none"> <li>• Purchasing code of ethics appended to the internal regulations</li> </ul>
<b>Local Communities</b>	<ul style="list-style-type: none"> <li>• Beyond Borders Programme</li> </ul>	<ul style="list-style-type: none"> <li>• Social benefit for the communities</li> </ul>	<ul style="list-style-type: none"> <li>• CSR policy</li> </ul>
<b>Passengers</b>	<ul style="list-style-type: none"> <li>• Airport Service Quality (ASQ) Surveys</li> <li>• Customer Experience Management</li> </ul>	<ul style="list-style-type: none"> <li>• Quality of airport services</li> </ul>	<ul style="list-style-type: none"> <li>• Providing memorable airport experience to passengers</li> </ul>
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>• Quarterly Analyst Briefing</li> <li>• Annual General Meeting (AGM)</li> <li>• Investor relations activities/ events</li> </ul>	<ul style="list-style-type: none"> <li>• Economic performance</li> <li>• Interest of small shareholders</li> </ul>	<ul style="list-style-type: none"> <li>• Code of Ethics, Board of Directors guidelines, corporate governance and risk management</li> </ul>



# MATERIALITY ASSESSMENT

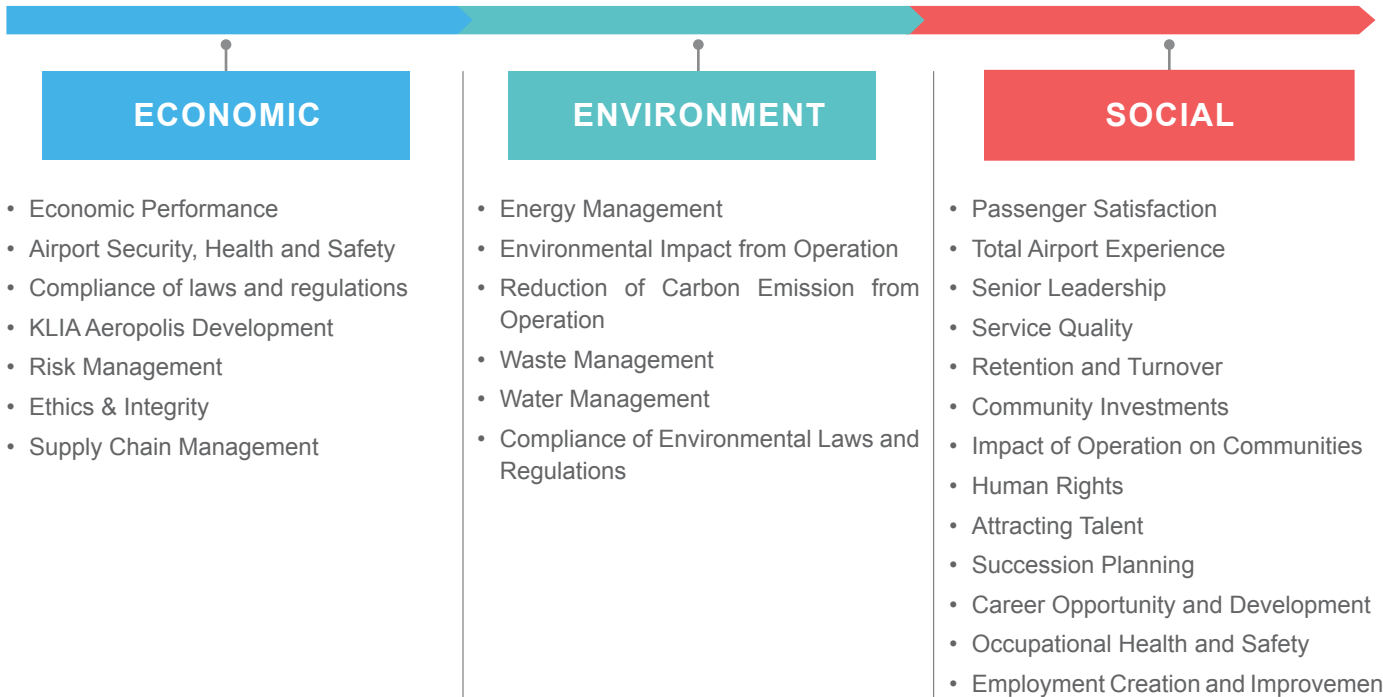
[102-47]



To successfully deliver our business value proposition to our shareholders and stakeholders, we identify and respond to material issues. Engaging with our key stakeholders also help us validate our sustainability reporting. The content of this Sustainability Report has been shaped by our annual materiality assessment. This assessment satisfies the GRI principles for defining report content, sustainability context, materiality, completeness and stakeholder inclusiveness through a cycle of identification, prioritisation, validation and review.

The materiality assessment resulted in a list of priority issues that reflected the most significant elements of our business and highlighted the expectations and concerns of our internal and external stakeholders. The materiality matrix below provides a list of current sustainability priorities within our businesses. We prioritise each material topic by rating its significance from our stakeholders’ perspectives and its potential to impact our company. Sustainability topics that exceed the materiality threshold are then mapped to the GRI aspects. We validate our materiality assessment by consulting with internal and external stakeholders.

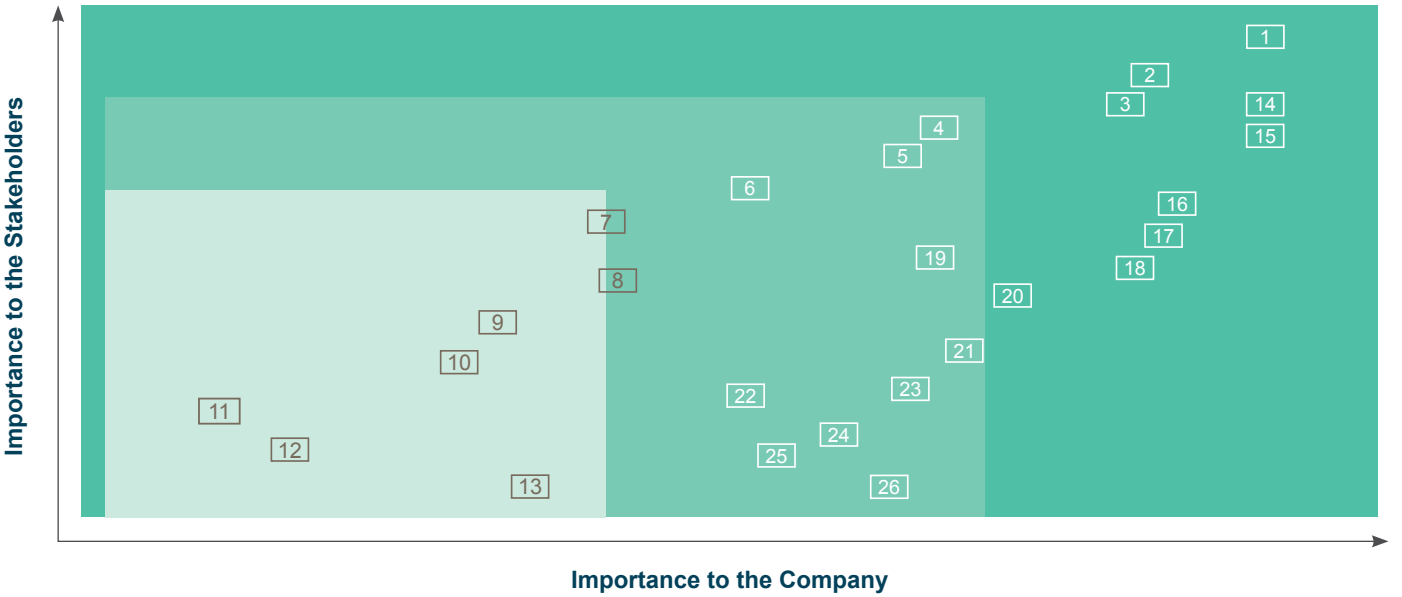
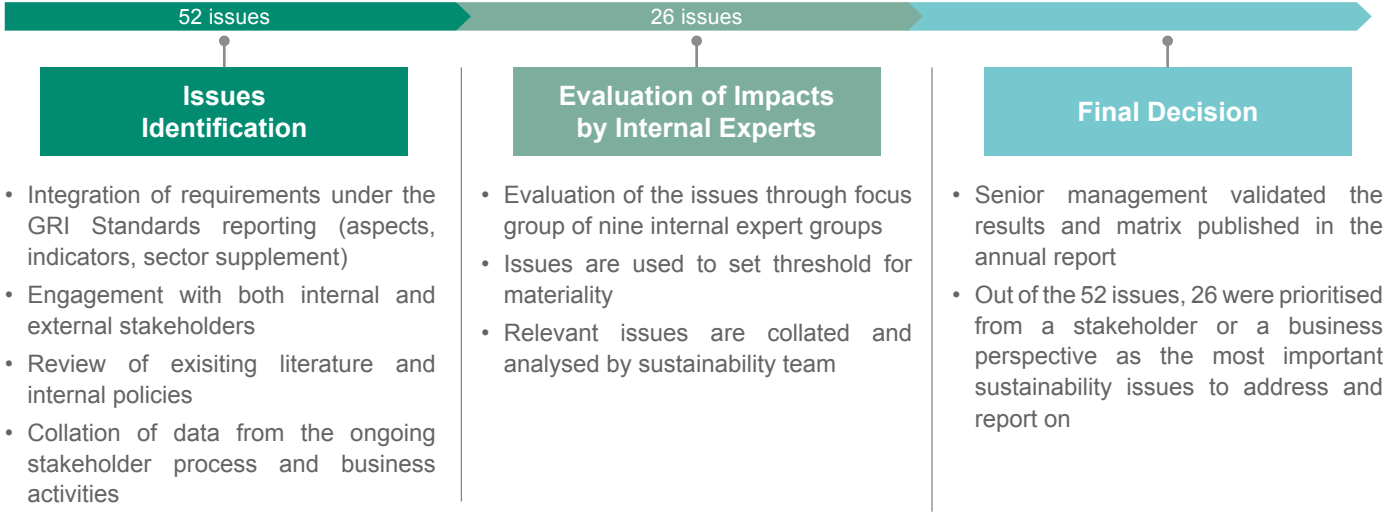
The final list of material issues were reviewed by the senior management and reassessed by the sustainability team during the preparation of this Sustainability Report.



# MATERIALITY ASSESSMENT

[102-47]

## IDENTIFYING ISSUES IN THE CONTEXT OF SUSTAINABILITY



1	Economic Performance
2	Airport Security, Health and Safety
3	Total Airport Experience
4	Compliance of Laws and Regulations
5	Senior Leadership
6	Attracting Talent
7	Career Opportunity and Development
8	Human Rights
9	Employment Creation and Improvement

10	Supply Chain Management
11	Impacts of Operation on Communities
12	Community Investments
13	Retention and Turnover
14	Passenger Satisfaction
15	Risk Management
16	Service Quality
17	Ethics and Integrity
18	Succession Planning
19	KLIA Aeropolis Development

20	Occupational Health and Safety
21	Compliance of Environmental Laws and Regulations
22	Reduction of carbon emission reduction from operation
23	Energy Management
24	Waste Management
25	Water Management
26	Environmental Impact from Operation

# PRACTICING SENSIBLE ECONOMICS

[201-1, 201-2, AO1, AO2, AO3]

## Link to SDGs



- [Goal 8] Promote inclusive and sustainable economic growth, employment and decent work for all
  - 8.3** Promote development-oriented policies that support productive activities, decent job-creation, entrepreneurship, creativity and innovation, and encourage formalisation and growth of micro-, small- and medium-sized enterprises including through access to financial services
- [Goal 9] Build resilient infrastructure, promote sustainable industrialisation and foster innovation
  - 9.2** Promote inclusive and sustainable industrialisation, and by 2030 raise significantly industry's share of employment and GDP in line with national circumstances, and double its share in LDCs
- [Goal 11] Make cities inclusive, safe, resilient and sustainable
  - 11.2** By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
  - 11.6** By 2030, reduce the adverse per capita environmental impact of cities by paying special attention to air quality, municipal and other waste management

The aviation sector plays an important role in developing the Malaysian economy especially in the tourism, hospitality and trade industry. Research from Oxford Economics shows that the aviation sector contributed RM7.3 billion (1.1%) to Malaysian GDP in 2011. This total is contributed from the output of the aviation sector (airlines, airports and ground services), spending by the employees and its supply chain. We are proud that Malaysia Airports is regarded as one of the important contributor both directly and indirectly to Malaysia's economy.

For the financial year ending 31 December 2016 (FY2016), we generated RM4.2 billion in revenue for the Group which increased by 7.8% compared to the prior year. In the same year, more than 118.6 million passenger movements were registered for the Group, and 89.0 million of the passenger movements were from our Malaysia operations. Our Malaysia operations exceeded all expectations, benefiting from the expansion of the global airline industry and sustained economic growth within the region. Meanwhile, our flagship airport, KL International Airport (KLIA) caters to more than 60 airlines serving more than 130 direct destinations. Our future growth in Malaysia will be driven by the increase in domestic as well as international tourism, growing popularity of Malaysia as an Asian travel hub, rising importance of Kuala Lumpur as an international financial centre and the nation's effort to transform the country into a high-income country by 2020.

**118.6 million**  
passenger traffic movements in 2016



**KLIA**  
**> 60**  
airlines serving > 130 direct destinations



## PRACTICING SENSIBLE ECONOMICS

### FINANCIAL PERFORMANCE [201-1]

In RM Million	2014	2015	2016
<b>Economic Value Generated</b>			
Revenues	4,309.0	4,207.3	4,393.5
<b>Economic Value Distributed</b>			
Operating costs	1,588.5	2,415.0	1,797.5
Employee wages and benefits	619.3	744.0	770.3
Payments to providers of capital	151.3	741.9	689.8
Payments to government	357.3	287.9	472.6
<b>Economic Value Retained</b>	<b>1,592.6</b>	<b>18.5</b>	<b>663.3</b>

### TOTAL PASSENGER MOVEMENTS [AO1]

2014	2015	2016
106,979,886	112,115,347	118,628,474

### TOTAL COMMERCIAL AIRCRAFT MOVEMENTS [AO2]

2014	2015	2016
1,114,110	1,157,545	1,164,234

### TOTAL CARGO MOVEMENTS (METRIC TONNES) [AO3]

2014	2015	2016
1,049,842	1,021,009	948,613



# PRACTICING SENSIBLE ECONOMICS

## RUNWAY TO SUCCESS 2020 (RtS2020)

### STRATEGY FOR GROWTH

In April 2016, we launched our five-year business plan, RtS2020 which charts our business direction from 2016 to 2020. The plan is centred on two main thrusts – one is to strengthen our core business and the other is to expand and diversify our operations. Each thrust consists of two strategic pillars - the first is to strengthen our core, and the second is to expand and diversify. In strengthening our core, we have identified two strategic priorities which are the establishment of KLIA as a preferred ASEAN hub, and enhancing total airport experience for passengers, airlines and retailers. The second thrust focuses on the strategic priorities of developing KLIA Aeropolis, as well as increasing our international footprint.

These four strategic priorities are formulated to transform Malaysia Airports into an ecosystem manager, service leader and an organisation with strong value creation, thus allowing us to emerge as a regional key economic enabler. Our target for RtS2020 is to grow to 155 million passengers handled in a year and achieve RM7.5 billion and RM3.0 billion in revenue and earnings before interest, tax, depreciation and amortisation (EBITDA) respectively for the Group.

### RtS2020 Strategy House



\* KUL is the International Air Transport Association's (IATA) airport code for KL International Airport (KLIA)

## PRACTICING **SENSIBLE ECONOMICS**

### RUNWAY TO SUCCESS 2020 (RtS2020)

#### **THRUST 1 - STRENGTHEN THE CORE**

Our drive to strengthen our core business consists of establishing KLIA as a hub and improving the airport experience for all our stakeholders – passengers, airlines and retailers. The elevation of KLIA as a preferred ASEAN hub will focus on strategic route development, excellent connectivity and seamless transfers at our terminals. As a service organisation, our customers are our priority. Whether travellers, airlines, retailers or visitors, they will benefit from increased attention to service as we strive to create a Total Airport Experience (TAE). The successful execution of these priorities will transform KLIA into a digitised, innovative and differentiated hub, improving both our aeronautical and non-aeronautical revenue.



#### **KUL\* HUB**

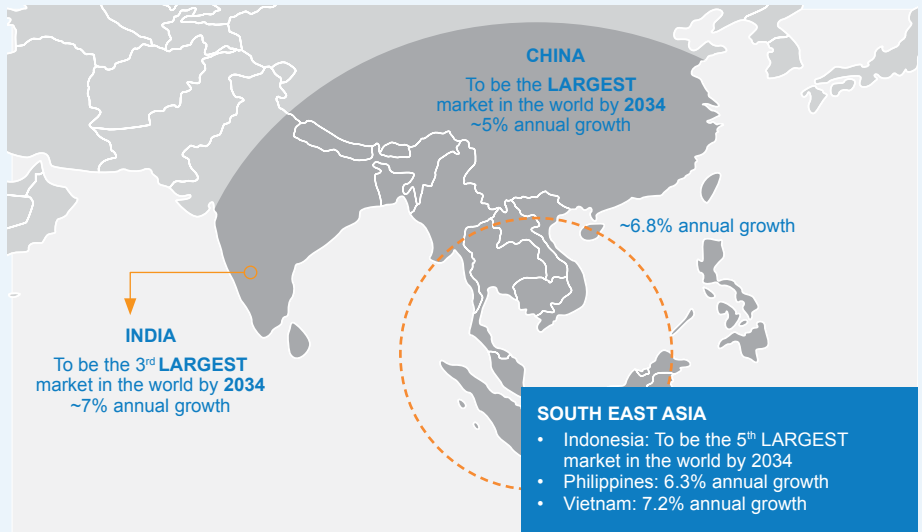
##### **Capitalising on Our Strategic Advantages**

Malaysia Airports stands out from its peers because our airports are not only among the best in their class, but also offer excellent network of full service and low-cost carriers. Passengers and airlines enjoy excellent value from our competitive charges that are among the lowest in the world. KLIA's location within Asia Pacific is especially advantageous as it is one of the fastest growing regions and the largest contributor to the air market in recent years. Its combined terminal capacity of 75 million passengers is also a strong factor in attracting airlines to operate from KUL\* especially with its three independent runway system that enhances flight operation efficiencies at our airports and facilitate further growth.

\* KUL is the International Air Transport Association's (IATA) airport code for KL International Airport (KLIA)

# PRACTICING SENSIBLE ECONOMICS

## RUNWAY TO SUCCESS 2020 (RtS2020)



### Targeting Key Contributors to Air Travel Market Growth

Malaysia is fortunate to be surrounded by high-growth markets in the air travel industry such as China, India and ASEAN. China is slated to be the largest market in the world by 2034. While within ASEAN, Indonesia is expected to be the fifth largest market in the world within the same period.

This goal is achievable through two main initiatives:

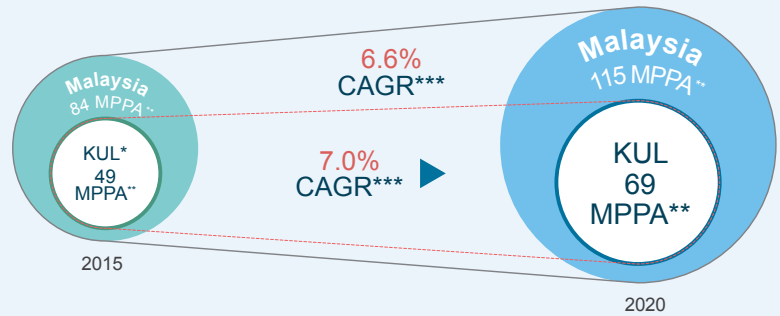
**Strategic Route Development**

Our aim is to improve short to medium-haul connectivity in high growth markets, which will complement long-haul traffic. This initiative is focused on engagement with airlines and stakeholders to capture key markets and enhancing government-to-government engagement for air traffic rights and visa approval processing.

**Seamless Airside Transfer & Interlining**

The goal is to enable and encourage seamless transfers between airlines and shorter inter-terminal transit time. The ultimate goal will be to facilitate airside baggage transfers thus eliminating clearance requirements. Meanwhile the short-term initiative will be via assisted landside baggage transfers through concierge services.

### RtS2020 Target for KUL\* Hub



\* KUL is the International Air Transport Association's (IATA) airport code for KL International Airport (KLIA)

\*\* Million passengers per annum      \*\*\* Compound Annual Growth Rate

## PRACTICING SENSIBLE ECONOMICS

### RUNWAY TO SUCCESS 2020 (RtS2020)

#### TOTAL AIRPORT EXPERIENCE

Total Airport Experience (TAE) is about reimagining the airport experience for all our stakeholders. Passenger experience will be at the core of our TAE initiatives with retailers and airlines playing a defining and supporting role. It encompasses enhancing passenger journey across all touchpoints delivering better airport-retailer and airport-airline relationship as well as transforming Malaysia Airports into a customer-centric organisation.

#### DELIVERING BETTER OUTCOMES TO ALL STAKEHOLDERS – AIRLINES, PASSENGERS AND RETAILERS

These are three main initiatives that will improve TAE in KLIA which will then be replicated across all airports managed by Malaysia Airports.

##### Passenger Experience



Our aim is to enhance passenger experience through:

- Better connectivity
- Enhanced check-in processes
- Development of mobile applications

Operation improvements will be characterised by:

- New signature customer experiences
- Malaysian hospitality

##### Retailer Experience



Our aim is to increase sales for retailers:

- By providing more avenues for passenger to spend through personalised promotions and targeted offers based on passenger analytics

We will also work towards providing end-to-end retailer support through:

- Differentiated airport retail propositions
- Effective marketing to tendering process
- Set-up and operational support

##### Airline Experience



Our aim is to increase operational efficiencies through:

- Faster turnaround at automated bag-drops and encouraging use of self-service kiosks and common-use facilities
- Improved slot management
- Better ground handlers performance monitoring

We will also enhance operational support by:

- Improving airline-relationship management through effective and supportive processes, covering set-up and mobilisation to renewal and expansion
- Improving account planning to generate market demand through yield management and route development incentives



## PRACTICING **SENSIBLE ECONOMICS**

### RUNWAY TO SUCCESS 2020 (RtS2020)

#### **THRUST 2 - EXPAND AND DIVERSIFY**

Our drive to expand and diversify our operations consists of the development of KLIA Aeropolis, as well as increasing our international footprint. KLIA Aeropolis is a key enabler of our vision to 'Be the Global Leader in Creating Airport Cities' and focuses on the development of logistics and aviation parks complemented by world-class commercial and retail complexes. It will establish KLIA as a destination in its own right and is closely linked to Malaysia's development agenda. Our overseas diversification will see us create a portfolio of airport-related assets by identifying the best opportunities internationally and leveraging on our expertise in airport management to improve their financial performance. The successful execution of these priorities will speed the growth of both our own business and the economic development of our nation.



#### **KLIA AEROPOLIS**

Airports are increasingly important links to global markets and a major factor in a country's competitiveness. With KLIA's 22,000-acre land bank, we have the advantage of a high potential asset. 60% of this land bank will be earmarked for airport and aeroautical use.

The KLIA Aeropolis development initiative will stimulate economic activities through three identified clusters:

- Air Cargo & Logistics
- Aerospace & Aviation
- MICE & Leisure

# PRACTICING SENSIBLE ECONOMICS

## RUNWAY TO SUCCESS 2020 (RtS2020)

### KLIA Aeropolis Concept Masterplan



Air Cargo & Logistics



Aerospace & Aviation



MICE & Leisure

KLIA Aeropolis will be a hub for aviation, aerospace and logistics as well as an engine for tourism growth by establishing an integrated cargo network, creating an aviation business ecosystem, providing a joyful and immersive tourist experience and supporting the business community.

# PRACTICING **SENSIBLE ECONOMICS**

## RUNWAY TO SUCCESS 2020 (RtS2020)

The KLIA Aeropolis development initiative will stimulate economic activities through the three identified clusters. It is also a manifestation of the Malaysian government’s commitment in responding to regional demands for an aerospace and aviation hub, and logistics expansion as a result of e-commerce growth, all within Asia and ASEAN.

**These three key clusters support various national development plans, namely:**

- The Logistics Trade and Facilitation Masterplan (2015-2020)
- The National Aerospace Blueprint (2015-2030)
- The Kuala Lumpur Tourism Master Plan (2015-2025)

**Air Cargo & Logistics** 

The **Air Cargo and Logistics** cluster involves:

- Developing an integrated freight and logistics infrastructure to boost international gateway connectivity
- Capitalising on the below-the-plane cargo and e-commerce megatrend to support the Logistics and Trade Facilitation Masterplan 2015-2020 and ASEAN international trade
- Increasing cargo growth to 8% annually by 2020

**Aerospace & Aviation** 

The **Business and Aviation Parks** cluster will:

- Leverage on aviation intensive businesses such as fixed base operator, MRO and OEM and an alignment with the National Aerospace Blueprint 2015-2030. The aim is to capture ~50% of southeast Asia’s MRO services
- Develop offices for aviation-related businesses to stimulate offshoots to pursue business park development beyond 2020
- Support the creation of ~40,000 jobs and create ancillary business demand

**MICE & Leisure** 

The **MICE, Leisure and Complementary Business** cluster will:

- Extend aviation city to incorporate diversified service activities to create an attractive destination targeting locals, passengers and tourists
- Support the Tourism NKEA and KL Tourism Masterplan 2015-2025 which aims to quadruple tourism receipts from 2013 to 2025



## PRACTICING **SENSIBLE ECONOMICS**

### RUNWAY TO SUCCESS 2020 (RtS2020)

#### INTERNATIONAL EXPANSION

We aim to increase our international footprint by building a balanced portfolio of investments beyond Malaysia, from equity acquisitions to management contracts.

#### International Strategy Going Forward

To expand global business, we will continue to extract value from our investment in Istanbul Sabiha Gokcen International Airport thus enjoying organic growth. In 2015, Malaysia Airports successfully acquired 100% stake at Turkey's Istanbul Sabiha Gokcen (ISG) International Airport. This acquisition gives us access to an attractive offshore asset and will enhance our presence in Istanbul's second largest airport. We are open to investing in airports that can be repositioned, allowing us to leverage on our airport management experience to improve efficiency, with the goal of boosting profits.

#### Grow ISG



We will continue to extract value from our investment in Istanbul Sabiha Gokcen International Airport thus enjoying organic growth.

#### Invest in Strategic Assets



Our strategy is to invest in greenfield assets in emerging markets and brownfield assets in developed markets.

#### Export Expertise



We will export our consultancy capabilities and leverage our airport operator capabilities to improve newly-acquired asset efficiency and uplift profitability.



# PRACTICING SENSIBLE ECONOMICS

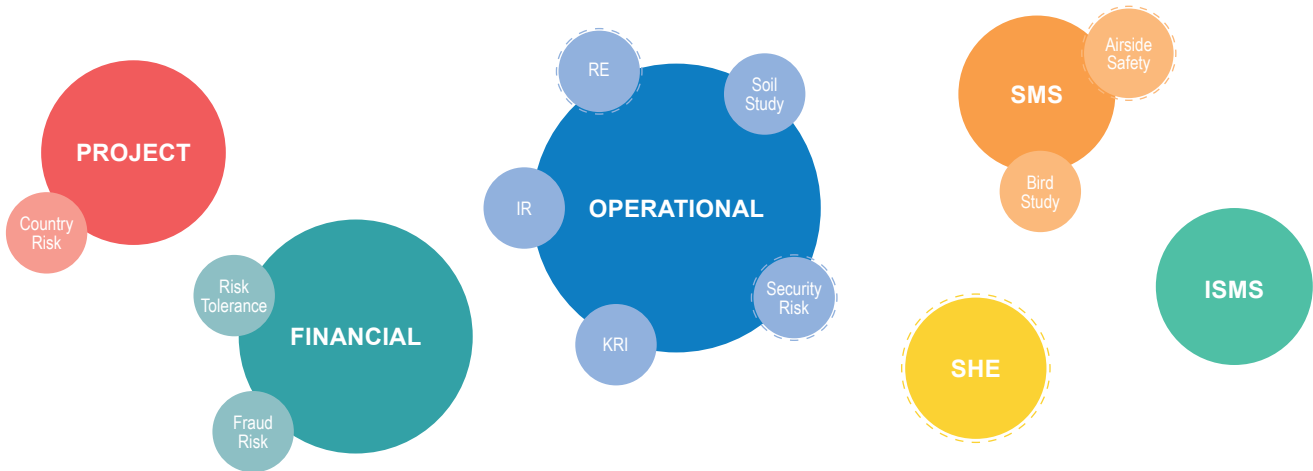


## Risk Management

Malaysia Airports is committed to maintain a sound system of internal controls to safeguard the company’s assets and ensure that significant risks are identified and adequately managed. For this purpose, Malaysia Airports has adopted a holistic approach towards better aligning with the RtS2020 goals and aims at managing risks from a multi-pronged perspective.

Some of the types of risk assessments practiced in Malaysia Airports include airside safety management system risk assessments led by the Airside Safety Management System team, project risk assessments conducted by project teams, occupational safety, health and environment risk assessments led by Human Resources division, security risk assessments led by the Aviation Security division and risk engineering surveys managed by the Risk Management and the Engineering divisions.

Types of risk assessments in Malaysia Airports

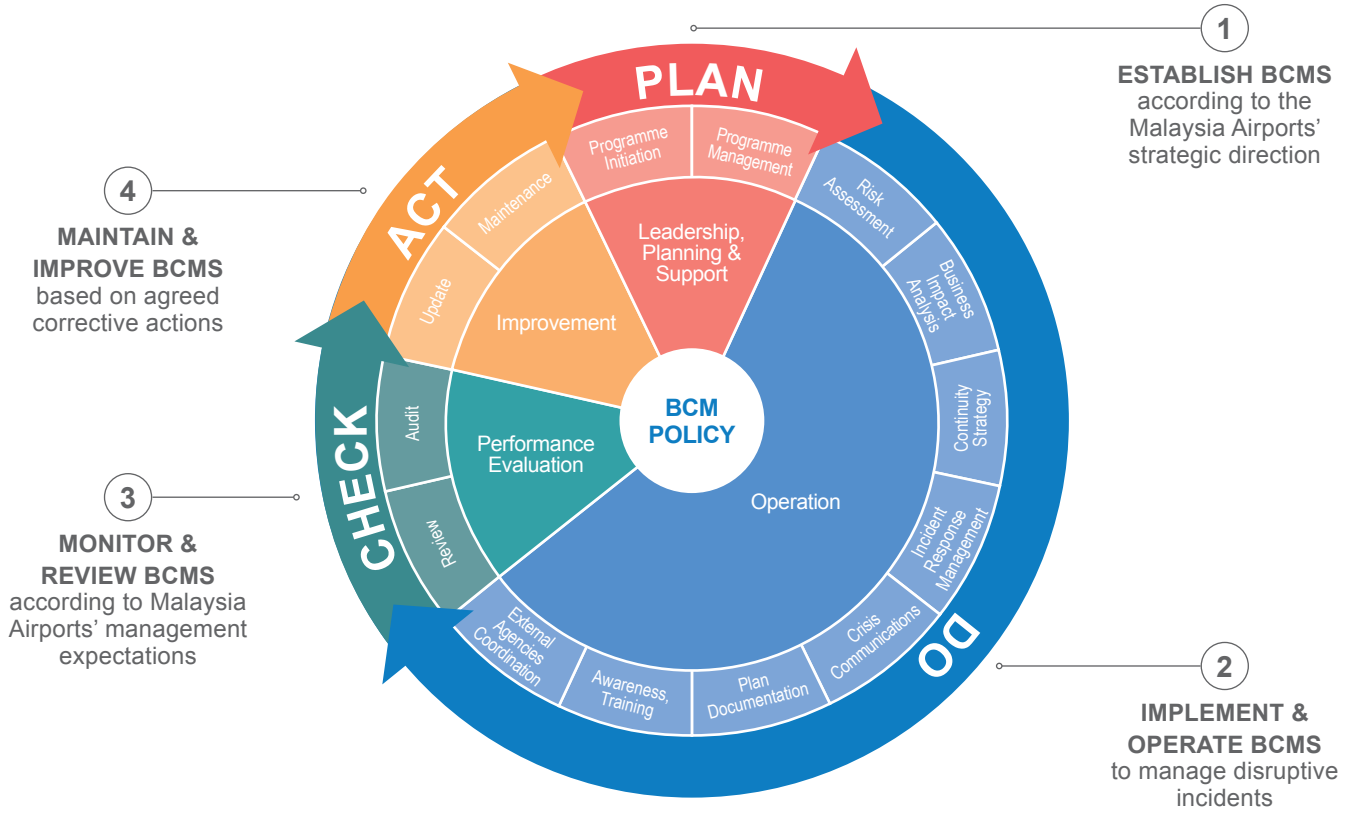


Note: This is not exhaustive

A risk policy is in place and as much as possible; controls are built into the processes to manage the risks identified.

Risk Management in Malaysia Airports also includes operational business continuity planning. In line with industry’s best practices, a holistic risk management process has been adopted which identifies those airport processes bearing significant importance to the Company and the impact to its operations as well as providing a framework for building operational resilience.

# PRACTICING SENSIBLE ECONOMICS



The Board regularly reviews the key risks to the business and effectiveness of the risk management process in managing these risks, including financial, operational and compliance controls. For this purpose, the Board, through the Board Risk Management Committee regularly assess the potential risks arising from time to time. The Company maintains and continuously updates a system of policies and procedures, ensuring that Management directives are cascaded and corporate objectives are achieved.





## PRACTICING **SENSIBLE ECONOMICS**

### **Flood Mitigation Action Plan** [201-2]

To actively address the pressing issues of unpredictable rainfalls and flash floods, upgrading works were initiated at airports to decrease the likelihood of disruption in operation. In 2015, Malaysia Airports invested RM1.5 million in the anti-flood mitigation system at the Penang International Airport which had facilitated the quick clearance of floodwaters to mitigate these risks and unwanted impacts. Among the construction works were installation of an on-site floodwater detention tank on the underground level of the car park. In 2016, we enhanced the flood mitigation system further by constructing two open drains to channel overflowing water from the monsoon drains at the kerbside.



## PRACTICING **SENSIBLE ECONOMICS**

### Safe Airport

For more than four decades, aviation security has undergone significant changes especially since the event of 11 September 2001. Air transport has been a high-profile target for acts of aggression by groups that seek to publicise their cause and further their aims on the international stage. While the number of attacks have declined significantly, the threat has not. Malaysia Airports takes a serious approach in delivering the highest level of safety and security for our employees, passengers and stakeholders by identifying and eliminating obstacles and threats to its operations and safety hazards in advance.

As the major airport operator in Malaysia, we comply with the safety regulations and standards set by the Department of Civil Aviation (DCA) Malaysia. The Safety Management System (SMS) under the Aerodrome Certification have been designed in accordance with DCA standards to make greater efforts and adopt new measures to continue improving aviation safety. The use of SMS and Aerodrome Certification provides us with a framework by which we are able to systematically identify, assess and manage foreseeable aviation-specific safety issues as well as work health and safety risks. Currently, we have 16 certified SMS and 17 Aerodrome airports.

**List of International and Domestic Airports with SMS & Aerodrome Certifications**

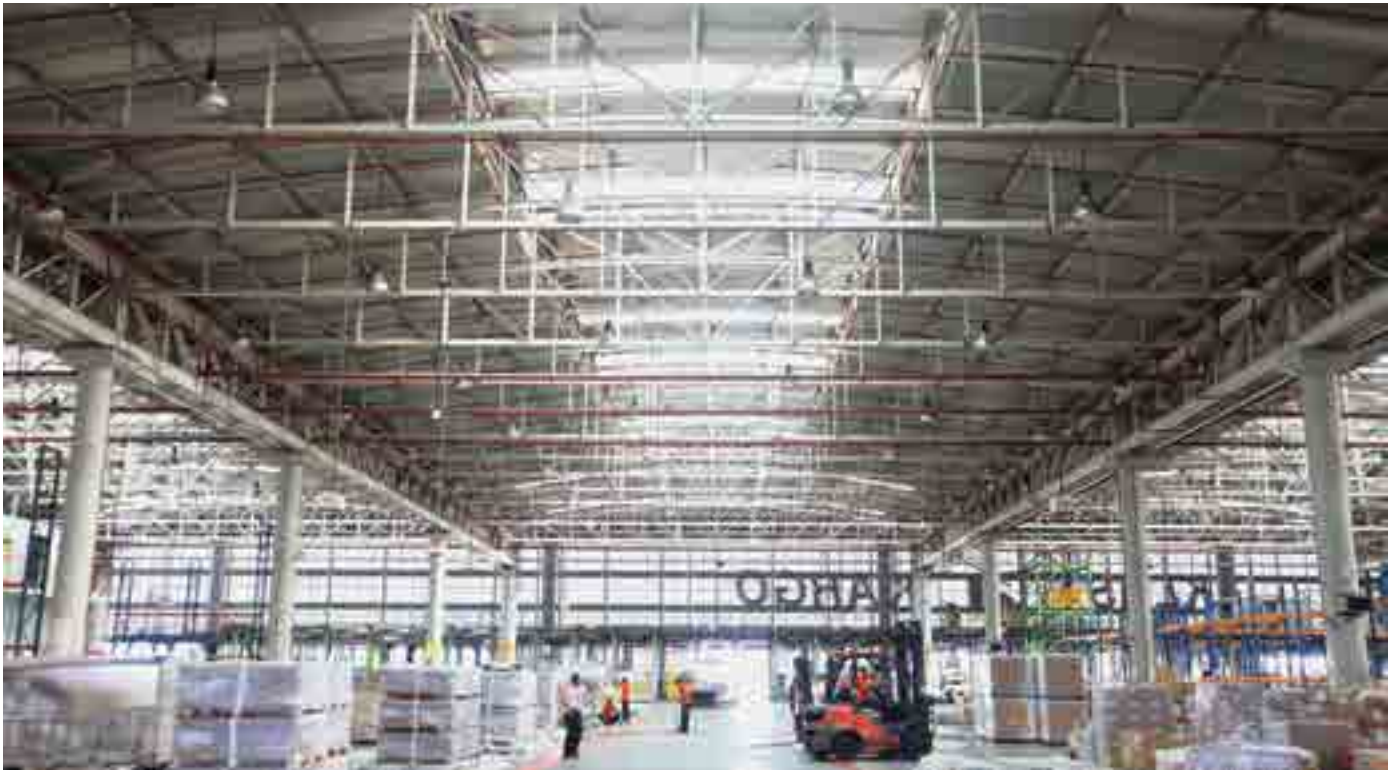
KUL	BKI	AOR	MKZ		KUL	BKI	AOR	MKZ
KCH	TGG	KBR	TWU		KCH	TGG	KBR	TWU
LGK	SDK	SBW	LMN		LGK	SDK	LMN	IPH
PEN	MYY	BTU	IPH		PEN	MYY	BTU	
SMS-certified airports					Aerodrome-certified airports			

In 2016, our Airport Fire Rescue Services (AFRS) division also carried out all safety drills and simulation exercises conducted to meet the requirements of ICAO and DCA. These include a one-time full-scale fire simulation exercise once in every two years, one-time partial-exercise once every year and a bi-annual table-top exercise, at all our airports.

As part of our on-going commitment to airfield and runway safety, we established a dedicated team called Runway Safety team (RST). The team consists of multidisciplinary stakeholders from air traffic controllers, airline pilots and aerodrome operators. The Aerodrome Safety Management System (ASMS) office will act as the coordinator to provide guidance and training in accordance to the ICAO standards. Through this collaborative and consultative approach, the team has supported safe airport operations together with improved operational efficiency. Currently, we have established 17 RSTs at five international airports and 12 domestic airports.



## PRACTICING SENSIBLE ECONOMICS



### Supply Chain [102-9]

Our value chain consist of a network of suppliers, business partners and customers, who contribute to and shape the products and services we offer. Given the extent of our value chain network, we are aware of the broader impact of our operations and ability to positively influence the environmental, social and governance (ESG) performance of our value chain, while cultivating an appreciation of these attributes among our customers. By working with our suppliers and partners, we continue to drive economic opportunity and the development of skills and expertise locally. Regular engagement with stakeholders across our value chain minimises potential reputational and ESG risks, and helps us better understand our customers' requirements for quality product and service delivery.

Effective value chain with our suppliers enable us to efficiently deliver our products and services while uploading the high standard of our service brands. We adopt a decentralised approach to supply chain management, whereby subsidiaries

are given a certain level of autonomy in sourcing for suppliers and identifying partners based on their practical business needs. In managing our supply chain, we require our business partners and suppliers to abide by the ethical procurement standards and principles stipulated in the Procurement Policies, Procedures and Guidelines (3Ps) developed internally. It establishes standard policies, procedures and guidelines for reference in conducting procurement activities within the Group.

Malaysia Airports expects its vendors to uphold to the principles as set out in the Vendor Code of Ethics. The Vendor Code of Ethics outlines the minimum expectation for vendors to respect and adhere to when dealing with Malaysia Airports. All vendors must comply with all the applicable laws and regulations, requirements in the Vendor Code of Ethics and its contractual obligations to Malaysia Airports.

This Vendor Code of Ethics is intended to complement Malaysia Airports Code of Ethics and Conduct, Procurement Policies, Procedures & Guidelines (3Ps), Procurement Code of Ethics and the company's other policies.

## PRACTICING SENSIBLE ECONOMICS

The Malaysia Airports Vendor Code of Ethics (Vendor Code) came into effect on 19 December 2016. The requirement to comply with the Vendor Code of Ethics is stipulated in the Integrity Agreement, a mandatory document to be signed by the vendors who participate in Malaysia Airports procurement activities.

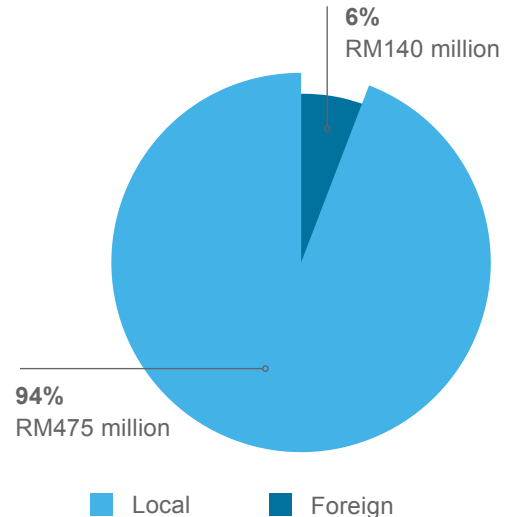
Besides the 3Ps and Vendor Code, the implementation process of the Integrity Pact is currently on-going in Malaysia Airports. The Integrity Pact is a set of declaration made by Malaysia Airports' employees who are involved in the procurement activities, as well as Malaysia Airports' vendors who declare that they will refrain from getting involved in any corrupt practices throughout the procurement process.

Suppliers are required to comply with the spirit of Corporate Governance in respect of procurement processes, while ensuring the procurement of works, services, supply and professional services are obtained at a reasonable price, in economic quantity, high quality and timely delivery.

Being a company that heavily relies on outsourcing for services related to facility and systems management and maintenance, Malaysia Airports places strong focus for open and fair competition on the selection of business partners and their operation in line with airport rules and regulations. Related agreements bear all necessary provisions in order to ensure that the required service level is adequately defined, quantified and in line with the required performance thresholds.



### Procurement Expenditure Spent on Local Suppliers and Non-Local Suppliers in FY2016



Number of vendors awarded: 1,216 vendors

Number of new contracts and values: 231 contracts; RM184 million

Number of existing contracts and values: 159 contracts; RM250 million

We apply contract management best practices that include performance monitoring mechanisms that are in place to ensure the attainment of the service level for the benefit of the airport community and end customers. Through a corporate-wide methodology and in-house developed monitoring tools, we monitor contractor performance with respect to pre-determined critical service parameters. The methodology described in corporate procedures, promotes win-win partnerships with our contractors and is applied to a significant number of contractual agreements related to airport critical infrastructure, technical, facility and environmental management systems.

Our tendering process plays an important role in ensuring that we partner with sustainable suppliers. In the tendering process, we evaluate and benchmark suppliers' safety, environmental, community, employee and governance performance on top of professional competence and project track records. In the future, we will focus on reducing procurement cycle time through enhancement of overall procurement operations.

Given the size of our operations, our supply chain is equally wide. We use local suppliers as much as possible to support local economies and the communities we work with.



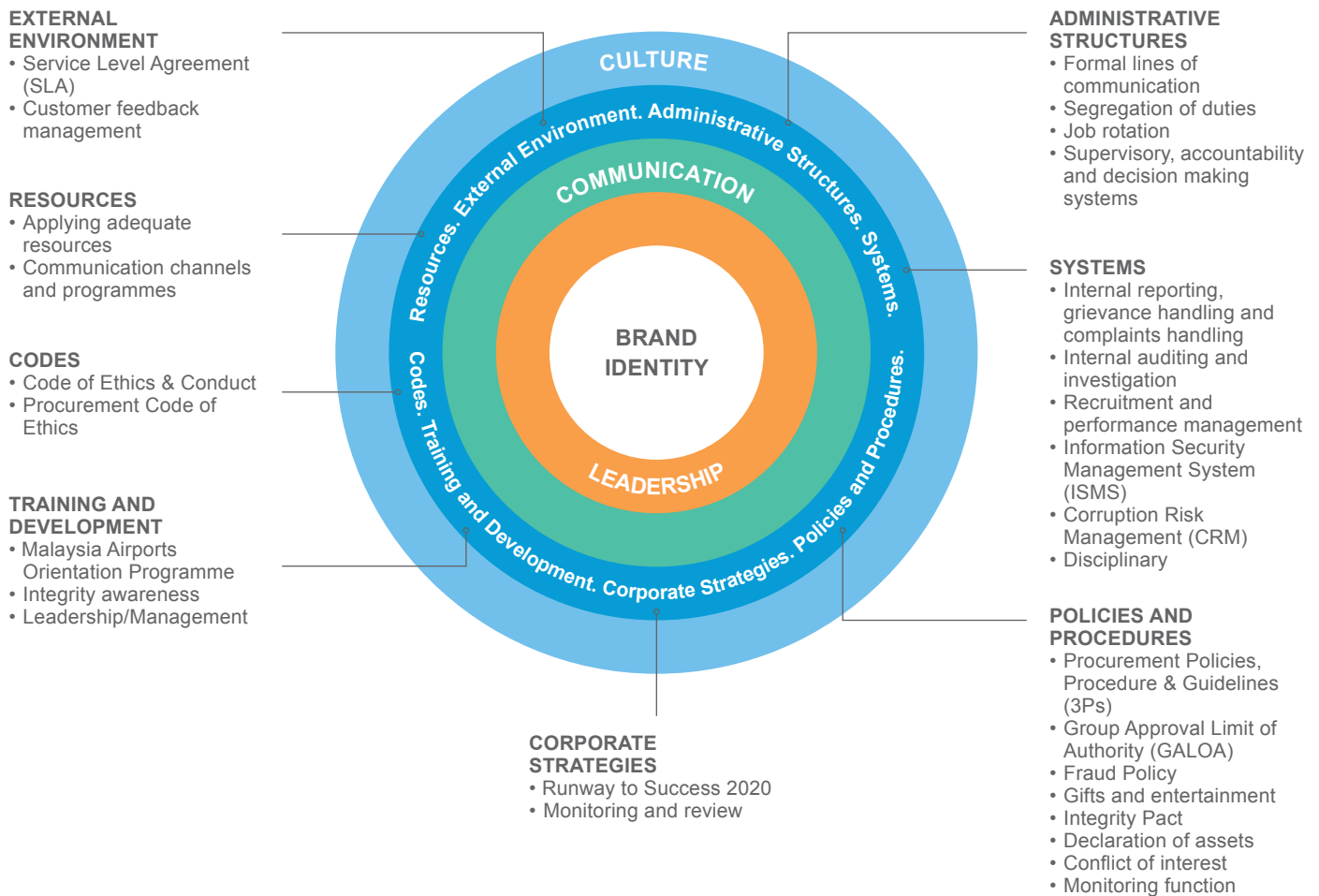
# PRACTICING SENSIBLE ECONOMICS

## Corporate Integrity

Integrity and accountability are important values at Malaysia Airports. We are committed to ethical business practices and high-quality governance in all our dealings. The success of our company depends on our people and how we conduct our business.

In relation to this, we have developed an integrity plan that outlines the strategies and activities to inculcate integrity and ethical culture in Malaysia Airports in 2016. The strategies integrate existing policies and involves all levels of Malaysia Airports' employees. The entrenchment and strengthening of Malaysia Airports' integrity can be achieved through a comprehensive framework as illustrated below:

**MALAYSIA AIRPORTS INTEGRITY FRAMEWORK**



## PRACTICING **SENSIBLE ECONOMICS**

### Approach

In order to implement sustainability management, Malaysia Airports established the Integrity Plan by adopting four approaches – Education, Prevention, Enhancement, Recognition & Punitive.

These four approaches outline what we believe any integrity framework should encompass to best tackle the fight against corruption, malpractices and abuse of power.

Approach	Mechanism	Strategies
<b>EDUCATION</b>	Develop, plan and implement integrated programs to raise the level of knowledge, awareness and skills of Malaysia Airports' employees in integrity management.	<ol style="list-style-type: none"> <li>1. Enhance ethics and integrity to create an integrity culture.</li> <li>2. Reducing corruption and malpractices.</li> <li>3. Promote awareness of policies and regulations in force.</li> </ol>
<b>PREVENTION</b>	Detect and identify gaps in practices, systems and work procedures to increase the level of efficiency and eliminate avenues for corruption, fraud and abuse of power.	<ol style="list-style-type: none"> <li>1. Effective integrity monitoring and reporting system.</li> <li>2. Identify and manage high risk areas of possible corruption.</li> <li>3. Efficient and effective policies, procedures and guidelines.</li> <li>4. Avoid corruption and conflict of interest in business dealings.</li> </ol>
<b>ENHANCEMENT</b>	This approach stresses the need to adhere to every established policy and procedure governing work processes, systems, code of ethics and client's charter.	<ol style="list-style-type: none"> <li>1. Sustainability of business.</li> <li>2. Enhance transparency and accountability.</li> <li>3. Assessment on level of ethics and integrity.</li> </ol>
<b>RECOGNITION AND PUNITIVE</b>	Develop a mechanism that will increase the ability to detect and penalise those involved in activities that contradict integrity principles and place Malaysia Airports in jeopardy. It also includes initiatives to accord recognition to any party committed to upholding Malaysia Airports' integrity.	<ol style="list-style-type: none"> <li>1. Penalise ethical violations.</li> <li>2. Effective detection system.</li> <li>3. Integrity evaluation and recognition system.</li> <li>4. Offer rewards for reporting corruption, fraud and abuse of power.</li> </ol>

## ENVIRONMENTAL CONSCIOUSNESS

[302-1, 302-3, 302-4, 302-5, 303-1, 305-1, 305-2, 305-5, 306-2, AO4]

### Link to SDGs



- [Goal 6] Ensure access to water and sanitation for all
- 6.4** By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity, and substantially reduce the number of people suffering from water scarcity
  - 6.5** By 2030, implement integrated water resources management at all levels, including through transboundary cooperation as appropriate
- [Goal 7] Ensure access to affordable, reliable, sustainable and modern energy for all
- 7.3** Double the global rate of improvement in energy efficiency by 2030
- [Goal 12] Ensure sustainable consumption and production patterns
- 12.2** By 2030, achieve sustainable management and efficient use of natural resources
  - 12.5** By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
- [Goal 13] Take urgent action to combat climate change and its impacts
- 13.2** Integrate climate change measures into national policies, strategies, and planning

As an airport operator, we understand our environmental impact and make every possible attempt to minimise the potential risk associated with our operations. To achieve this goal, we established an Environmental Management Committee to oversee the implementation of our environmental policies and their practicability. Chaired by the Managing Director, the committee meets regularly to set targets, review performance and outline future plans. At the operational level, airport managers are responsible for driving environmental initiatives and raising awareness on environmental protection. There was no legal action taken against Malaysia Airports nor any fine or monetary sanction imposed related to environmental aspects during the year.

Malaysia Airports strives to implement its environmental management systematically on the basis of its environmental vision of 'To create an environmental friendly and sustainable airport cities' which is aligned to its ultimate vision of 'To be the global leader in creating airport cities'. More specifically, the vision will be supported by the mission, policy and four goals including the following: Sustain Our Environment and Community, Support and Achieve National and Industry stated Goals on Carbon Reduction, Effectively and Efficiently Manage Our Resources and Waste, and Contribute to Community Eco-Development by 2020. To achieve these goals, the committee has specifically outlined its targets on the identified core airport environmental aspects on Energy, Water, Carbon, Waste, Noise, Air Quality, Biodiversity, as well as Land and Water Contamination.

# ENVIRONMENTAL CONSCIOUSNESS

[302-1, 302-3, 302-4, 302-5, 303-1, 305-1, 305-2, 305-5, 306-2, AO4]



## TO CREATE AN ENVIRONMENTALLY-FRIENDLY AND SUSTAINABLE AIRPORT CITIES

### MISSION

Fostering airport community by working together to improve the economic, environmental and social well-being

### POLICY

Compliance, Leadership, Business, Stakeholders & Community Engagement, Objective & Targets, Monitoring & Reporting, and Training

### STRENGTHEN THE CORE



Sustain our environment and community



Effectively & efficiently manage our resources and waste

### EXPAND AND DIVERSIFY



Support and achieve national and industry stated goals on carbon reduction



Contribute to community eco-development

SAVED  
**14,728**  
tonnes  
of CO<sub>2</sub>e in 2016



GENERATED  
**57,154**  
MWh  
of clean energy



### Energy Management [302-1, 302-3, 302-4, 302-5]

The main energy consumption stems from the fuel consumed by our airport-owned vehicles and electricity usage across our operations. Our efforts are directed towards monitoring, analysing and optimising the use of energy sources that we use, drive down operational costs and contribute to a greener environment. We have installed a solar power generation system for effective use of renewable energy in November 2013. The 19 Mega Watt peak Direct Current (MWDC) system combines ground-mount (5MWp), long-term car park (10MWp) and satellite rooftop (4MWp) mounting structures to maximise the return on investment and electricity savings. Utilising airport roof-top space and the land surrounding the airport allows electricity to be generated at the point of consumption, removing the need for costly transmission lines. Traditionally, rooftops, parking lots and other 'buffer' areas at airports are not multi-purpose facilities, however we have turned them into a clean energy generation facility. To date, we have seen the total solar power systems generated clean energy of approximately 19,876 MWh which also helped to save 14,728 tonnes of carbon dioxide equivalents (CO<sub>2</sub>e) emissions per annum in 2016. From January 2014 to December 2016, the solar power systems generated clean energy of approximately 57,154 MWh which was equivalent to a reduction of 42,351 tonnes of carbon dioxide equivalent (CO<sub>2</sub>e) emission. The reduction is comparable to energy consumption from 2,868 houses for one year and 6,989 tonnes of coals burned for power generation.



## ENVIRONMENTAL CONSCIOUSNESS

[302-1, 302-3, 302-4, 302-5, 303-1, 305-1, 305-2, 305-5, 306-2, AO4]

This year, we initiated the energy dashboard monitoring system that provides efficient reporting and billing which enables immediate action to be taken to reduce energy demand. It is estimated that this new initiative can result in 5% - 10% savings in energy consumption. This initiative has been executed at Roof Top, Satellite Building KLIA (4MW) and Long-Term Car Park KLIA (10MW).



Performance Measure	2014	2015	2016
Total Energy Consumption (International and Domestic Airports) (kWh)	486,025,486	496,445,802	505,106,878
Variance (%)	-	2.1	1.7
Energy per Pax (kWh/pax)	5.83	5.92	5.67
Variance (%)	-	1.5	(4.2)
Total Solar Energy Production (MWh)	18,713	18,565	19,876
Variance (%)	-	(0.8)	7.1
Total Solar Energy CO2 Emissions savings equivalent (Tonnes)	13,866	13,757	14,728
Variance (%)	-	(0.8)	7.1

Despite the marginal increase of total energy consumption, the energy intensity has slightly reduced nearly 4.2% in 2016. We believe that this is complemented by our efforts in solar energy usage. We will continue to improve our energy performance by adopting energy efficiency approach such as energy efficient lighting and renewable energy at all our international and domestic airports.

In compliance with EMEER 2008, we are committed to ensure that we comply with the requirements issued by the Energy Commission. We regularly review and update our total electricity consumption to the Energy Commission when the total electricity consumption exceeds 3 million kWh at one metering point or more for six consecutive months.

### Water Management [303-1]

We have continuously worked to reduce the amount of water utilised throughout our operations by implementing various measures. This includes raising awareness among all airport users to conserve their water consumption when using the restrooms and kitchen facilities. In addition, a significant amount of work has gone into managing the pipe network so that possible leaks may be detected and promptly addressed. Furthermore, we have also practice using condensated water harvesting for irrigation of non-public green

## ENVIRONMENTAL CONSCIOUSNESS

[302-1, 302-3, 302-4, 302-5, 303-1, 305-1, 305-2, 305-5, 306-2, AO4]

areas at the airport to further reduce potable water consumption. During the reporting year, the total water consumption amounted to 11.0 million m<sup>3</sup>. We realised that this is a huge increase in water consumption, however, we will continue our efforts in reducing the water consumption through various approaches such as monitoring water leak detection work which is also in line with our aim to reduce non-revenue water by 2% annual reduction target by 2020.

Performance Measure	2014	2015	2016
Total water withdrawal by source (m <sup>3</sup> )	9,350,674.57	10,296,513.53	11,036,822
Variance (%)	-	10.1	7.2
Total water withdrawal per pax (m <sup>3</sup> /pax)	0.11	0.12	0.12
Variance (%)	-	9.1	0

Note: This data refers to all MA (Sepang) and MASB airports

\* Figures converted to m<sup>3</sup> from bills received

### Waste and Recycling [306-2]

In accordance with our commitment to comply with environmental regulations, standards and best practices, we managed the contracted service providers to ensure that waste is handled appropriately at the terminals. This year, we succeeded in reducing waste per passenger to an all time low of 0.33 kg/pax. This is a significant improvement from the high of 0.44 kg/pax in 2014. This was achieved through a dedicated focus by our operations and terminal teams with our waste contractor. However, the amount of recycled waste has significantly increase from 210 tonnes in 2014 to 1,238 tonnes in 2016. The tremendous increase is mainly due to the inclusion of klia2 where recycling by the vendors is highly encouraged.

Performance Measure	2014	2015	2016*
Waste produced (kg)	21,655,790	18,012,550	17,850,315
Variance (%)	-	(16.8)	(0.9)
Waste per pax (kg/pax)	0.44	0.37	0.33
Variance (%)	-	(15.9)	(10.8)
Recyclable waste produced (kg)	210,184	160,678	1,238,765
Variance (%)	-	(23.6)	671.0

\* Inclusive of klia2

Our efforts to recycle is going beyond the terminal. We encourage our employees at the Corporate Office to recycle as much as possible and as a result we have collected over 18 tonnes of recyclable materials in 2016.

Performance Measure	2014	2015	2016
Paper products (kg)	11,407	11,769	18,257
Variance (%)	-	3.2	55.1
Plastic products (kg)	105	46	188
Variance (%)	-	(56.2)	308.7
Others (kg)	-	-	136
Variance (%)	-	-	-

# ENVIRONMENTAL CONSCIOUSNESS

[302-1, 302-3, 302-4, 302-5, 303-1, 305-1, 305-2, 305-5, 306-2, AO4]

## Carbon Management [305-1, 305-2, 305-5]

### Renewal of Airport Carbon Accreditation Programme for KLIA

In addressing the climate change, Malaysia adopted the Paris Agreement at the COP21 in Paris on 12 December 2015. In the agreement, all countries agreed to work to limit the global temperature rise to below 2 degrees Celsius and given the risks, to strive for 1.5 degrees Celsius. As part of the company's on-going commitment to measure and manage our greenhouse gas emissions under our direct control, we have implemented several initiatives in monitoring our carbon emissions. We also proactively participated in the Airport Council International Asia Pacific – Airport Carbon Accreditation Programme to reduce carbon emissions from the sector and shift towards carbon neutrality. In April 2016, KLIA continues to be certified at Level 2: Reduction. We will also continue to explore opportunities in energy efficiency equipment and renewable energy rather than rely on fossil fuel based sources.



*Datuk Badlisham bin Ghazali, Managing Director of Malaysia Airports presenting the trophy to the Champion of Malaysia Airports' recycling initiative during CR Day 2016*

Despite the increase of total carbon emissions, we will continue to improve our carbon emission performance in line with the energy performance by adopting energy efficiency approach such as energy efficient lighting at all our international and domestic airports. We target to reduce our carbon footprint by 1% and benchmark against other international airports in the world.



Performance Measure	2014	2015	2016*
Total CO2e emissions (tonnes)	361,854	369,331	375,585
Variance (%)	-	2.1	1.7
Scope 1 CO2e emissions (tonnes)	1,710	1,466	1,301
Variance (%)	-	(14.3)	(11.3)
Scope 2 CO2e emissions (tonnes)	360,145	367,865	374,284
Variance (%)	-	2.1	1.7
Emission intensity (tonnes CO2e/pax)	0.004	0.004	0.004
Variance (%)	-	-	-

Scope 1 (CO2, CH4, and N2O): Fuel and Diesel use


Scope 2: Electricity

Emission intensity: Scope 1 (CO2, CH4, and N2O) and Scope 2 (CO2) emissions

# ENVIRONMENTAL CONSCIOUSNESS

[302-1, 302-3, 302-4, 302-5, 303-1, 305-1, 305-2, 305-5, 306-2, AO4]

The Malaysia Airports' Environmental Management Policy outlines the key environmental risks for the company, of which the most significant sources of emissions are due to energy use in buildings. Therefore, to support the environmental sustainability, an Environmental Management Policy has been introduced to describe our intentions.



**ENVIRONMENTAL MANAGEMENT POLICY**

Malaysia Airports is committed to operate its Airports and other Business units in full compliance with applicable environmental national and international statutory and regulatory requirements, hence we shall:

**Compliance**  
Ensure compliance to all applicable environmental legislation, standards and other requirements.

**Leadership**  
Incubate and demonstrate strong, visible leadership and behaviour towards environmental stewardship through protection, conservation and sustainable practices.

**Business**  
Integrate a sustainable environmental values and best practices in our core Business.


**Stakeholders & Community Engagement**  
Proactively communicate and engage our environmental strategic goals and expectations to our community and stakeholders.


**Objectives and targets**  
Incorporate continuous improvements by setting clear objectives and targets in our environmental approaches and performance.

**Monitoring & Reporting**  
Ensure effective monitoring and reporting of environmental performances and occurrences to the community and stakeholders.

**Training**  
Nurture employees' for personal growth through skill-enhancing training and education programmes.

Successful implementation of this policy will enhance our reputation in managing our environment and create long term value for our stakeholders and our country. We believe that it is pertinent that our employees and our community understand Malaysia Airports' impacts onto the environment and how we can contribute positively to a better and greener workplace in the long run.

  
 DATUK MOHD BADLISHAM BIN GHAZALI  
 MANAGING DIRECTOR  
 MALAYSIA AIRPORTS HOLDINGS BERHAD  
 1 FEBRUARY 2017





# CREATING AN INSPIRING WORKPLACE

[102-8, 102-41, 201-3, 202-2, 401-1, 401-2, 401-3, 402-1, 403-2, 404-1, 404-2, 404-3, 405-2]

## Link to SDGs



- [Goal 1] End poverty in all its forms everywhere
  - 1.1 By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than \$1.25 a day.
- [Goal 5] Achieve gender equality and empower all women and girls
  - 5.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
  - 5.c Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels
- [Goal 8] Promote inclusive and sustainable economic growth, employment and decent work for all
  - 8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value
  - 8.6 By 2020, substantially reduce the proportion of youth not in employment, education and training
  - 8.7 Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms
  - 8.9 By 2030, devise and implement policies to promote sustainable tourism which creates jobs, promotes local culture and products
- [Goal 10] Reduce inequality within and among countries
  - 10.4 Adopt policies especially fiscal, wage, and social protection policies and progressively achieve greater equality



## A Great Place To Work

Our employees are a valuable resource and a key business differentiator for Malaysia Airports. Our success lies in every employee and we aim to treat them equally, provide them with a safe and sustainable working environment and help them to further develop their skills.

We value our people and encourage the development of talented and motivated employees to support their continued performance and growth for our diverse operations. We strive to build a sense of purpose and achievement among our people in the work we do. We value our people and acknowledge their efforts with competitive remuneration and benefits, on-going opportunities for training and development, and long term career prospects. We are committed to building and sustaining a high performance culture by allowing our employees to demonstrate their capabilities and pursue professional growth through comprehensive development and training programmes.

## CREATING AN INSPIRING WORKPLACE

[102-8, 102-41, 201-3, 202-2, 401-1, 401-2, 401-3, 402-1, 403-2, 404-1, 404-2, 404-3, 405-2]

### Employee Size and Workforce Diversity

We provide employment opportunity to more than 60,000 people across various businesses in the airport, of which we employed more than 9,000 directly in 2016. We believe that increasing diversity and ensuring equal opportunity for all staff are essential to bringing in dynamic views and perspectives that contribute to our competitiveness and sustainable growth. Due to the nature of our business operations, our employees are predominantly male at the operational level, particularly in areas such as airport security services and technical services. However, we make continuous efforts to ensure workplace diversity and provide fair rewards for employees regardless of their background. No gender-specific criteria are taken into account when assessing remuneration and work activities. Our policy stipulates that, discrimination will not be tolerated in all aspects or stages of employment. Our attrition rate was 8.7% for 2016 which is slightly higher than the previous year mainly due to expiration of contractual employees.

### Attracting the Right Talent

We invest in significant efforts to attract and recruit people with leadership capabilities and deep functional expertise. Every individual who applies for a job with Malaysia Airports is evaluated according to their merit to eliminate any bias or unlawful discrimination. To meet our current and future human resourcing requirements, we undertake resourcing activities at the local level that are aligned to our broader business strategy. Internal candidates are prioritised for roles and supplemented by external recruitment in the local labour market. All our talent managers receive guidance and training on how to manage unconscious bias and consider each applicant on merit alone.

### Enhancement of Employee Satisfaction

Our Employee Engagement Survey (conducted by an independent third party) is the primary method Malaysia Airports uses for engaging with its employees. In 2016, our Employee Engagement Index was at 64% and remained above the country norms although it slightly dropped within the range of Malaysia country norms. The survey assisted us in identifying a number of different issues affecting our employees across 39 airports. Key findings of the survey will be communicated with management and employees. The EES saw an employee response rate of 92% across the company. For 2017, the EES will focus on brand identity, senior leadership, work task and human resource efficiency as being the key areas to the success of the company.

	2014	2015	2016	Range
Employee Engagement Survey (%)	74	66	64	Moderate – Top Quartile
Malaysia Country Norms (%)	57	61	59	Moderate Zone
GLC Malaysia (%)	62	61	57	Moderate Zone
GLC Malaysia High Performer (%)	69	84	84	Moderate – Top Zone

Remarks:

- Bottom Quartile: < 50%
- Moderate Zone: 50% - 70%
- Top Quartile: > 70%

## CREATING AN INSPIRING WORKPLACE

[102-8, 102-41, 201-3, 202-2, 401-1, 401-2, 401-3, 402-1, 403-2, 404-1, 404-2, 404-3, 405-2]

### Employee Benefits [201-3, 401-2, 402-1, 405-2]

In a competitive marketplace, we offer a slightly higher standard entry level wage of RM1,200 which is above the minimum national entry level wage of RM1,000 per month. This demonstrates the company's contribution towards its employees' welfare and its commitment to attract and retain the best talents. Apart from a set of standard and compulsory benefits including base salary, bonus, medical coverage, insurance benefits and employees provident fund scheme, we also provide a range of financial assistance and subsidies for eligible employees such as housing loan, festive loans, car loan and staff educational assistance scheme. On another note, we also render financial assistance in the form of zakat contribution to employees and their family members who are less fortunate. No gender-specific criteria are taken into account when assessing remuneration and work activities.

### Health, Safety and Well-being

The health, safety and well-being of our people are crucial to our organisation. Regardless of where our people are located or the type of work they undertake, we strive to create a working environment that is free from occupational illness or injury. Identifying and managing material risks is a critical component in our management approach. By understanding and managing our risks, we provide greater protection for our people, communities and assets.



In response to the employee engagement survey results, we launched a health and well-being programme for our employees. This programme aims to increase health awareness and knowledge, promote physical health and activity, support employees to achieve better health and create a healthier and happier workplace for all as well as enhance cross functional working relationships and social interaction with colleagues. The programme initiatives include a free body mass index (BMI) level monitoring, body fat level monitoring, visceral fat level monitoring and blood pressure monitoring for all employees.

## CREATING AN INSPIRING WORKPLACE

[102-8, 102-41, 201-3, 202-2, 401-1, 401-2, 401-3, 402-1, 403-2, 404-1, 404-2, 404-3, 405-2]



### Celebrating and Supporting Family Members of Employees

Realising of the challenges faced by some of our employees with young children, a child care centre and kindergarten was built near the Corporate Office for the benefit of our employees. The well-furnished child care centre and kindergarten was designed to provide fun, comfortable and safe environment for the children to learn and play. This year, we celebrated the inaugural graduation ceremony for 80 children, both from the Aerokids Kindergarten and AeroTots Child Care Centre.

### Pregnant Employees Parking

We truly understand that expectant mothers have special needs to ensure their safety and that of their unborn child. As such, the Safety, Health and Environment division has made a special provision by allocating ten dedicated parking bays located near the lobby to reduce the walking distance to the office.

### Collective Bargaining [102-41]

Malaysia Airports encourages an open and transparent workplace culture that enables our employees to raise a variety of issues with the senior management easily and confidentially when required. As such, 90% of our employees are covered by collective bargaining agreements.



## CREATING AN INSPIRING WORKPLACE

[102-8, 102-41, 201-3, 202-2, 401-1, 401-2, 401-3, 402-1, 403-2, 404-1, 404-2, 404-3, 405-2]

### REWARDS AND RECOGNITIONS

#### Long Service Award

We recognise the contribution of our employees, especially those who have continued serving with us for a long time. This year, we celebrated 511 employees who received their Long Service Awards at a ceremony held at Sama-Sama Hotel KLIA. The total number of employees who received Long Service Awards are as follows:

Category	2014	2015	2016
5 years	95	543	142
10 years	202	375	330
20 years	77	194	39



Tan Sri Dato' Sri Dr Wan Abdul Aziz bin Wan Abdullah, Chairman of Malaysia Airports (second from left) presenting the Long Service Award for 20 Years of Service to Wai Meng Lai (third from right) accompanied by Managing Director of Malaysia Airports, Datuk Mohd Badlisham bin Ghazali

## CREATING AN INSPIRING WORKPLACE

[102-8, 102-41, 201-3, 202-2, 401-1, 401-2, 401-3, 402-1, 403-2, 404-1, 404-2, 404-3, 405-2]

### A FOCUS ON PERSONAL DEVELOPMENT

#### Promoting Education and Providing Public Awareness & Training

[404-1, 404-2, 404-3]

We recognise that the sustainability of our business is highly dependent on the performance of our employees. As such, we concentrate on hiring outstanding people and training them into highly qualified human resources. In supporting continued professional development, we invested about RM7.2 million particularly for employee learning and development. We have introduced various career development programmes to enhance their skills and provide opportunities for them to elevate their professional careers. This includes essential training provided to operational employees, such as fire and rescue, security as well as training in areas such as airside driving and emergency planning training.

In a highly specialised industry such as aviation, it is vital that our talent keeps abreast of the latest market trends and equip themselves with new skills. Thus, continuous professional and personal training is of great importance and significant resources are allocated for pertinent activities. We recognise that strong leaders are the basis of a strong team. In line with this, the company introduced a first-of-its-kind leadership programme called, Next Leadership Programme (Navigator) and Leadership Programme (Next Gen). These programmes are tailor-made for our high-calibre managerial staff and young talent with the main objective of recognising well-rounded leaders who are able to contribute effectively to the company's long-term sustainability.

Year	Programme	Level
December 2016 – May 2017	Next Leadership Programme (Navigator)	Senior Managers & Managers (Talent)
October 2016 – July 2017	Leadership Programme (Next Gen)	Senior Executives

Through these programmes, the participants succeeded in bridging leadership gaps and were inspired to effectively engage their teams to deliver improved results.

#### National Dual Training System (NDTS)/ Sistem Latihan Dual Nasional (SLDN)

In an effort to raise the quality of our skilled workers, Malaysia Airports collaborated with Jabatan Pembangunan Kemahiran under the Up-Skilling Programme for 'Pekerja Am Rendah' (Grade 8-10). The six-month on-the-job training system allowed trainees to improve their skills and knowledge in order to cope with the changing demands of their job. On 27 September 2016, a convocation ceremony was held in Sama Sama Hotel KLIA for the trainees upon the completion of the SLDN programme. 38 employees from the Finance division received their certificates. Moving forward, the SLDN-Malaysia Airports collaboration is looking into the possibilities of connecting local trainees via Malaysia Airports Training Centre with other international airports, business players and industrial sectors to bridge the skills/competency gap that will ultimately contribute to efficient airport operations.



SLDN trainees captured during the SLDN Graduation Ceremony

## COMMUNITY-FRIENDLY ORGANISATION

[413-1, 413-2]

### Link to SDGs



- [Goal 1] End poverty in all its forms everywhere
- 1.1 By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than \$1.25 a day
- [Goal 4] Ensure inclusive and quality education for all and promote lifelong learning
- 4.1 By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes.
- 4.2 By 2030, ensure that all girls and boys have access to quality early childhood development, care and pre-primary education so that they are ready for primary education
- [Goal 17] Revitalise the global partnership for sustainable development
- 17.7 Encourage and promote effective public, public-private, and civil society partnerships, building on the experience and resourcing strategies of partnerships

Malaysia Airports is committed to being a responsible corporate citizen by giving back and investing in the community in which we operate. Our strategy is to generate sustainable value for both the community and economic growth through effective use of our capabilities and resources. In the past, we have supported various community causes through corporate donations and employee volunteering. We continue to invest in community outreach programmes, education and other CSR initiatives to contribute towards the betterment of local communities.

### INVESTING IN OUR COMMUNITIES

#### Education Scholarship Programme (ESP)

Obtaining a quality education is the foundation to improving people's lives and enhancing sustainable development. This year, we continued to sponsor the students by investing RM1,967,248 in 12 outstanding talented scholars with the goal of contributing to the development of local communities and creating an educational environment that meets the expectations of the local communities.

Year	2014	2015	2016
Existing ESP recipients	22	17	12
Investment	RM2,462,500	RM2,597,163	RM1,967,248
	in year-to-year expenses	in year-to-year expenses	in year-to-year expenses

#### Raising the local employability levels in rural area

Malaysia Airports promotes the creation of employment for local community by forging partnership with the local authorities. We joined hands with the local Persatuan Bomba Sukarela (PBS) from Kudat, Marudi, Lawas and Mukah to provide the necessary firefighting skills in airport fire and rescue services training to personnel employed from within the local community. With this initiative, we hope to promote continued, inclusive and sustainable economic growth, full and productive employment as well as decent work for all.

Year	2014	2015	2016
Number of AFRS personnel	28	56	55

## COMMUNITY-FRIENDLY ORGANISATION

[413-1, 413-2]

> **24,500**

lives Touched



Total cash and  
in-kind donations  
**RM391,865**



Total number  
of employee  
volunteering hours  
> **4,534 hours**



Number of  
Volunteers

> **36**



### Beyond Borders

Major progress have been made towards increasing access to education at all levels and increasing enrolment rates in schools. Basic literacy skills have improved tremendously, yet bolder efforts are needed to make even greater strides in achieving universal education goals. Our Beyond Borders programme has proven to be the best way for us to reach out to the community surrounding our airports. 2016 marks the final year for Phase Three of Beyond Borders school adoption programme. The students' proficiency in English has shown a positive improvement with commendable UPSR results particularly in the subject of English language. The average passing rate has improved by 20.8 percentage points from 52.3% to 73.1% from 2013 to 2016.

In accomplishing these goals, Malaysia Airports created several programmes such as I Start First Motivation, Beyond Borders English Language Programme (BEL), Living in English, English Day as well as Read and Rewards. Based on the survey conducted, all the teachers' feedback strongly agreed that the programme had a positive impact the students.

Malaysia Airports also believes that employees should be encouraged to be involved in our CSR programme. Beyond Borders has created a great platform for employee volunteerism with a total of 4,534 volunteering hours clocked-in.

Year	2014	2015	2016
Average passing rate in English language	65.15%	71.24%	73.12%



The Champions of the Act-It-Up drama competition from SK Merpati, Sandakan posing for the cameras during the Beyond Borders Graduation Awards 2016 ceremony



## MEMORABLE AIRPORT EXPERIENCE



At Malaysia Airports, we strive to become a customer-centric organisation. We continually enhance our efforts to meet the diverse needs of all stakeholders who use our airports every day. We have in place a customer charter which sets out the commitments we have made to ensure we provide the highest level of service.

We have a dedicated Customer Affairs & Resolution Excellence (CARE) unit in Malaysia Airports that is responsible for responding to passenger feedback through various media including phone calls, emails and social media platforms.

New initiatives introduced last year include the enhancement of the CAREsys Feedback Management System with new features such as a new reporting and analysis tool, service level agreement (SLA) management, and unlimited licensing.

In 2016, CARE handled 10,000 cases, with a resolution rate of 96%. Feedback on the quality and range of services provided by CARE was solicited through a satisfaction survey whereby a satisfaction rating of 3.4 out of 5 was achieved.

## MEMORABLE AIRPORT EXPERIENCE

### ☰ TOTAL FEEDBACK

■ 10,059 ■ 7584



■ 1260 ■ 1192

COMPLAINTS



■ 322 ■ 280

COMPLIMENTS



■ 4891 ■ 4123

ENQUIRIES



■ 234 ■ 205

SUGGESTIONS

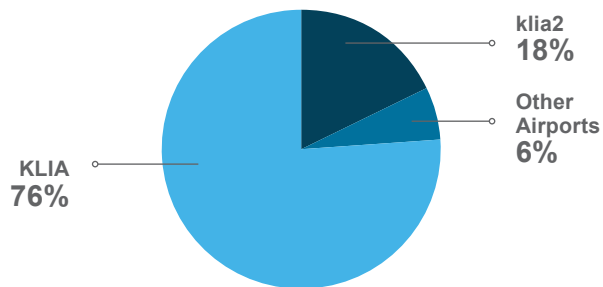


■ 3352 ■ 1784

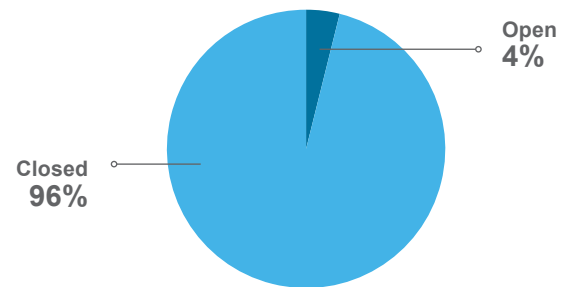
LOST  
AND FOUND

■ 2016 ■ 2015

Feedback  
By Airports



Feedback  
By Status



Malaysia Airports had also organised the first CARE Summit 2016 with the aim of rewarding stakeholders who excelled in customer service.



Stakeholders from various divisions with their certificate of recognition at the CARE Summit 2016

## MEMORABLE AIRPORT EXPERIENCE

### Malaysia Airports Recognised For Best Practices In Complaint Management



*Ir Khairiah Salleh, General Manager of Engineering, Malaysia Airports (right) receiving the award from the Chairman of Land Public Transport Commission (SPAD), Tan Sri Dato' Seri Dr Syed Hamid Bin Syed Jaafar Albar (centre) together with the CEO of SPAD, Mr. Mohd Azharuddin bin Mat Sah*

We also bagged the industry award in the 'Best Practices of Complaint Management' category for Train Transit System (TTS) at the Land Public Transport Commission (SPAD)'s Land Public Transport (LPT) Symposium 2016 Gala Dinner & Industry Awards held at Kuala Lumpur Convention Centre. This award recognises effort made by operators who have showcased efficiency and excellence in their daily operations by adopting an innovative approach in solving challenges to raise service standards within the LPT industry. Our Engineering team managed to display a high level of efficiency in resolving all complaints within 7-15 working days which is below the 20 days industry benchmark. This is also in line with our on-going efforts in enhancing service excellence at our airports as part of our Total Airport Experience (TAE) initiative.

### Championing Proudly Malaysian Labels



*Senior General Manager of Commercial Services, Mohammad Nazli Abdul Aziz (second from left) captured with the Senior Management team during the launch the Proudly Malaysian Campaign in conjunction with the nation's 59<sup>th</sup> Merdeka and 53<sup>rd</sup> Malaysia Day celebrations in KLIA*

In conjunction with the nation's 59<sup>th</sup> Merdeka and 53<sup>rd</sup> Malaysia Day celebrations, Malaysia Airports launched a new initiative aimed at championing Malaysian labels and entrepreneurs. We believe that this will further enhance the customer experience by leveraging on our strategic role to provide platforms and channels to showcase Malaysian products and talents to both local and international audience. As the gatekeeper of the country's key entry and exit points, we believe Malaysia Airports is well positioned to champion all-things Malaysia.

## PERFORMANCE DATA - WORKPLACE PERFORMANCE

Analysis of workforce	Unit	2016	2015	2014	2013	2012
Total employees	Number	9,548	10,238	10,318	8,699	8,605
By gender						
- Male	Number	6,397	6,618	6,882	6,061	5,804
- Female	Number	3,151	3,620	3,436	2,638	2,801
Senior management	Number	27	26	27	27	27
By employment type						
Management (26-33)	Number	113	113	113	103	101
Management (24-25)	Number	224	219	208	166	171
Executive (19-23)	Number	937	893	869	720	695
Non-Executive (08-16)	Number	8,274	9,013	9,128	7,710	7,638
By age group						
- 18-29	Number	3,590	4,391	4,936	3,779	3,794
- 30-39	Number	2,952	2,817	2,489	2,209	2,112
- 40-49	Number	1,138	1,139	1,095	1,027	1,175
- 50-59	Number	1,780	1,877	1,794	1,679	1,518
- 60-69	Number	88	14	4	5	6
By region						
- West Malaysia	Number	7,856	8,388	8,506	7,014	6,955
- East Malaysia	Number	1,692	1,850	1,812	1,685	1,650
New hires	Number	420	345	1,706	573	1,478
By gender						
- Male	Number	260	232	1,098	299	942
- Female	Number	160	113	608	274	536
Turnover	Number	832	680	634	479	527
By gender						
- Male	Number	255	423	357	144	320
- Female	Number	577	257	277	335	207
Collective bargaining	%	90	90	90	89	89
Attrition rate	%	8.7	6.8	6.1	5.5	6.1



## PERFORMANCE DATA - WORKPLACE PERFORMANCE

[404-3]

Employees Training	Unit	2016	2015	2014	2013	2012
Total spend on training & development	RM	7,216,598	7,746,488	9,553,917	8,221,860	7,673,005
Average hours of employee training	Hour	12.4	10.6	11.3	13.8	17.2
Employee receive regular performance and career developments						
By gender						
- Male	%	100	100	100	100	100
- Female	%	100	100	100	100	100
By employment type						
Management (26-33)	Hour	18.1	12.2	10.7	9.5	10.0
Management (24-25)	Hour	18.0	10.2	11.7	12.0	13.5
Executive (19-23)	Hour	16.5	9.6	11.5	14.6	14.6
Non-Executive (08-16)	Hour	7.7	10.9	11.2	13.8	18.1

**Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities** [403-2]

**Total workforce (total employees plus supervised workers)**

	Types of Injury	Rates of Injury (%)	Occupational diseases (%)	Lost Days	Number of work related fatalities (%)	Absenteeism (%)
Region	LTI Cases					
- Peninsular	11	5.24	Nil	376	Nil	-
- Sabah	-	-	Nil	-	Nil	-
- Sarawak	-	-	Nil	-	Nil	-
By gender						
- Male	9	-	Nil	224	Nil	-
- Female	2	-	Nil	152	Nil	-

**Independent contractors working on-site**

## PERFORMANCE DATA - WORKPLACE PERFORMANCE

	Types of Injury	Rates of Injury (%)	Occupational diseases (%)	Lost Days	Number of work related fatalities (%)	Absenteeism (%)
Region	LTI Cases					
- Peninsular	-	-	-	-	-	-
- Sabah	-	-	-	-	-	-
- Sarawak	-	-	-	-	-	-
By gender						
- Male	-	-	-	-	-	-
- Female	-	-	-	-	-	-

LTI: Loss Time Injury  
Total incident recorded is 210 cases

### Return to work and retention rates after parental leave [401-3]

Family-friendly practice	Unit	2016	2015	2014	2013
Employees who took parental leave	Number	263	244	108	92
Rate of return to work after leave	%	100	100	100	100
Rate of retention after 12 months	%	100	100	100	98

## PERFORMANCE DATA - OTHERS

[403-1, 412-2, 406-1, 205-1, 410-1, 205-2, 205-3, 417-3, 418-1]

Percentage of total workforce represented in formal joint management-workers health and safety committees that help monitor and advice on occupational health and safety programmes [403-1]

4.8%

The total number of hours devoted to employee training on policies and procedures regarding aspects of human rights that are relevant to operations, including the percentage of employees trained [412-2]

700 hours (9%)

Percentage of security personnel trained in the organisation's human rights policies or procedures that are relevant to operations [410-1]

41%

The total number of incidents of discrimination and corrective actions taken [406-1]

Nil

Communication and training on anti-corruption policies and procedures [205-2]

Management – 59%  
Non-Management – 21%

Total number and percentage of operations assessed for risks related to corruption and the significant risks identified [205-1]

No incidents of risks related to corruption reported in 2016

Confirmed incidents of corruption and actions taken [205-3]

Nil

**Our airports with OHSAS 18001:2007 Certification (SIRIM QAS International Sdn. Bhd.)**

KLIA	KCH	AOR	LBU
PEN	LGK	TGG	BTU
BKI	MYY		

**Total number of incidents for non-compliance with regulations concerning marketing communications [417-3]**

Incidents	Total
Incidents of non-compliance with regulations resulting in a fine or penalty	NIL
Incidents of non-compliance with regulations resulting in a warning	NIL
Incidents of non-compliance with voluntary codes	NIL

**Our airports with ISO9001:2008 Certification (SIRIM QAS International Sdn. Bhd.)**

KLIA	KCH	AOR	LBU
PEN	LGK	TGG	BTU
BKI	MYY	IPH	SZB
KBR	KUA	MKZ	SBW
LMN	LDU	SDK	TWU
RDN	TOD	MZV	

**Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data [418-1]**

Complaints	Total
Complaints received from outside parties and substantiated by the organisation	NIL
Complaints from regulatory bodies	NIL

**Our airports with ISO14001:2004 Certification (SIRIM QAS International Sdn. Bhd.)**

KLIA	KCH	AOR	LBU
PEN	LGK	TGG	BTU
BKI	MYY		

**Our airports with ISO27001:2005 Certification (SIRIM QAS International Sdn. Bhd.)**

LGK

## PERFORMANCE DATA - OTHERS

[403-1, 412-2, 406-1, 205-1, 410-1, 205-2, 205-3, 417-3, 418-1]

### Total annual number of wildlife strikes per 10,000 aircraft movements [AO9]

Component	2014	2015	2016
No of Bird Hits	99	101	41
No of Animal Hits	3	5	6
Strike Rate per 10,000 Aircraft Movements	3.00	3.00	1.15

### Airport Service Quality

#### KLIA

	2009	2010	2011	2012	2013	2014	2015	2016
Overall ASQ Ranking Worldwide	16	13	19	8	21	21	30	36
Overall ASQ Ranking in 25 – 40 mppa Category	4	3	4	3	-	-	-	-
Overall ASQ Ranking in >40 mppa Category	-	-	-	-	7	7	7	9

#### LGK

	2013	2014	2015	2016
Overall ASQ Ranking in Asia Pacific	32	34	38	44
Overall ASQ Ranking in 0 – 2 mppa Category	8	9	-	-
Overall ASQ Ranking in 2 – 5 mppa Category	-	-	6	3

#### PEN

	2014	2015	2016
Overall ASQ Ranking in Asia Pacific	40	44	46
Overall ASQ Ranking in 5 – 15 mppa Category	21	24	20



## GLOSSARY

<b>AFRS</b>	Airport Fire & Rescue Services
<b>ASQ</b>	Airport Service Quality
<b>ACA</b>	Airport Carbon Accreditation
<b>AVSEC</b>	Aviation Security
<b>AGM</b>	Annual General Meeting
<b>AOSS</b>	Airport Operators Sector Supplement
<b>ACI</b>	Airport Council International
<b>CARE</b>	Customer Affairs & Resolution Excellence
<b>AP-REC</b>	Regional Environment Committee
<b>AIP</b>	Airline Incentive Programme
<b>ACERT</b>	Airport Carbon and Emissions Reporting Tool
<b>ESQR</b>	European Society of Quality Research
<b>BCP</b>	Business Continuity Plan
<b>BCM</b>	Business Continuity Management
<b>BEEP</b>	Bumiputera Economic Development Plan
<b>CIU</b>	Corporate Integrity Unit
<b>CR</b>	Corporate Responsibility
<b>CSR</b>	Corporate Social Responsibility
<b>DBA</b>	Doctor of Business Administration
<b>DCA</b>	Department of Civil Aviation
<b>EES</b>	Employee Engagement Survey
<b>ESP</b>	Education Scholarship Programme
<b>EPF</b>	Employee Provident Fund

<b>GRI</b>	Global Reporting Initiative
<b>ICAO</b>	International Civil Aviation Organisation
<b>KLIA</b>	KL International Airport
<b>MTB</b>	Main Terminal Building
<b>RST</b>	Runway Safety Team
<b>MoU</b>	Memorandum of Understanding
<b>NDTS</b>	National Dual Training System
<b>PBS</b>	Persatuan Bomba Sukarela
<b>PDRM</b>	Royal Malaysia Police
<b>SAT</b>	Satellite Building
<b>SDGs</b>	Sustainable Development Goals
<b>SOP</b>	Standard Operating Procedures
<b>SLA</b>	Service Level Agreement
<b>STOL</b>	Short Take-Off & Landing
<b>TAE</b>	Total Airport Experience
<b>ESG</b>	Environment, Social and Governance
<b>MDGs</b>	Millennium Development Goals
<b>UN</b>	United Nations
<b>WIC</b>	Whistleblowing Independent Committee
<b>WESC</b>	World Environmental Standing Committee
<b>MaSRA</b>	Malaysia Sustainability Reporting Awards
<b>GDP</b>	Gross Domestic Product

## GRI CONTENT INDEX

### Custom Content Index – ‘In Accordance’ Core

This Content Index provides an overview of the GRI Standards Disclosures made in this report and the Malaysia Airports Annual Report 2016.

### GENERAL STANDARD DISCLOSURES

General Standard Disclosures	Description	Page	External Assurance
<b>ORGANISATIONAL PROFILE</b>			
102-1	Name of the organisation	3	√
102-2	Activities, brands, products, and services		Annual Report
102-3	Location of headquarters		Annual Report
102-4	Location of operations		Annual Report
102-5	Ownership and legal form		Annual Report
102-6	Markets served		Annual Report
102-7	Scale of the organisation		Annual Report
102-8	Information on employees and other workers	46	√
102-9	Supply chain	35	√
102-10	Significant changes to the organisation and its supply chain	3	√
102-11	Precautionary principle or approach	8	√
102-12	External initiatives	1	√
102-13	Membership of associations	1	√
<b>STRATEGY AND ANALYSIS</b>			
102-14	Statement from senior decision-maker	4	√
<b>ETHICS AND INTEGRITY</b>			
102-16	Values, principles, standards, and norms of behavior	6	√
<b>GOVERNANCE</b>			
102-18	Governance structure		Annual Report
<b>STAKEHOLDERS ENGAGEMENT</b>			
102-40	List of stakeholder groups	17	√
102-41	Collective bargaining agreements	56	√
102-42	Identifying and selecting stakeholders	17	√
102-43	Approach to stakeholder engagement	17	√
102-44	Key topics and concerns raised	17	√

# GRI CONTENT INDEX

## GENERAL STANDARD DISCLOSURES

General Standard Disclosures	Description	Page	External Assurance
<b>REPORT PRACTICE</b>			
102-45	Entities included in the consolidated financial statements		Annual Report
102-46	Defining report content and aspect boundaries	1	√
102-47	List of material topics	20	√
102-48	Restatements of information	Significant restatements of data compared to prior years are noted in the section where they appear	√
102-49	Changes in reporting	1	√
102-50	Reporting period	1	√
102-51	Date of most recent previous report	1	√
102-52	Reporting cycle	1	√
102-53	Contact point for questions regarding the report.	3	√
102-54	Claims of reporting in accordance with the GRI Standards	1	
102-55	GRI content index	62	√
102-56	External assurance	68	√
103-1	Explanation of the material topic and its boundary	20	√
103-2	The management approach and its components	20	√
103-3	Evaluation of the management approach	20	√

## SPECIFIC STANDARD DISCLOSURES

DMA and Indicators	Description	Page	Reason(s) for Omission(s)	External Assurance
<b>DMA and Indicators</b>				
<b>CATEGORY: ECONOMIC</b>				
<b>GRI 201: ECONOMIC PERFORMANCE</b>				
M.A.D.	Management approach disclosures	21		√
201-1	Direct economic value generated and distributed	22		√
201-2	Financial implications and other risks and opportunities due to climate change	33		√
201-3	Defined benefit plan obligations and other retirement plans	47		√

## GRI CONTENT INDEX

### SPECIFIC STANDARD DISCLOSURES

DMA and Indicators	Description	Page	Reason(s) for Omission(s)	External Assurance
<b>GRI 202: MARKET PRESENCE</b>				
M.A.D.	Management approach disclosures	45		√
202-1	Range of standard entry level wage by gender compared to local minimum wage	47		√
202-2	Proportion of senior management hired from the local community	56		√
<b>GRI 204: PROCUREMENT PRACTICES</b>				
M.A.D.	Management approach disclosures	36		√
204-1	Proportion of spending on local suppliers	36		√
<b>GRI 205: ANTI-CORRUPTION</b>				
M.A.D.	Management approach disclosures	59		√
205-1	Operations assessed for risk related to corruption	59		√
205-2	Communication and training about anti-corruption policies and procedures	59		√
205-3	Confirmed incidents of corruption and action taken	59		√

### CATEGORY: ENVIRONMENTAL

<b>GRI 302: ENERGY</b>				
M.A.D.	Management approach disclosures	40		√
302-1	Energy consumption within the organisation	41		√
302-3	Energy intensity	41		√
302-4	Reduction of energy consumption	41		√
302-5	Reductions in energy requirements of products and services	41		√
<b>GRI 303: WATER</b>				
M.A.D.	Management approach disclosures	41		√
303-1	Water withdrawal by source	41		√
303-2	Water sources significantly affected by withdrawal of water	41	This information was not collected during the reporting year	√
303-3	Water recycled and reused	41		√



# GRI CONTENT INDEX

## SPECIFIC STANDARD DISCLOSURES

DMA and Indicators	Description	Page	Reason(s) for Omission(s)	External Assurance
<b>GRI 305: EMISSION</b>				
M.A.D.	Management approach disclosures	43		√
305-1	Direct greenhouse gas (GHG) emissions (Scope 1)	43		√
305-2	Energy indirect (Scope 2) GHG emissions	43		√
305-4	GHG emissions intensity	43		√
305-5	Reduction of GHG emissions	43		√
<b>GRI 306: EFFLUENTS AND WASTE</b>				
M.A.D.	Management approach disclosures	42		√
306-1	Water discharge by quality and destination		This information was not collected during the reporting year	√
306-2	Waste by type and disposal method	42		√
<b>CATEGORY: SOCIAL</b>				
<b>GRI 401: EMPLOYMENT</b>				
M.A.D.	Management approach disclosures	46		√
401-1	New employee hires and employee turnover	56		√
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	47		√
401-3	Parental leave	58		√
<b>GRI 402: LABOR/MANAGEMENT RELATIONS</b>				
M.A.D.	Management approach disclosures	47		√
402-1	Minimum notice periods regarding operational changes	47		√
<b>GRI 403: OCCUPATIONAL HEALTH AND SAFETY</b>				
M.A.D.	Management approach disclosures	59		√
403-1	Workforce representation in formal joint management-worker health and safety committees.	59		√
403-2	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities.	57		√
<b>GRI 404: TRAINING AND EDUCATION</b>				
M.A.D.	Management approach disclosures	50		√
404-1	Average hours of training per year per employee	57		√
404-2	Programs for upgrading employee skills and transition assistance programs	50		√
404-3	Percentage of employees receiving regular performance and career development reviews	57		√

## GRI CONTENT INDEX

### SPECIFIC STANDARD DISCLOSURES

DMA and Indicators	Description	Page	Reason(s) for Omission(s)	External Assurance
<b>GRI 405: DIVERSITY AND EQUAL OPPORTUNITY</b>				
M.A.D.	Management approach disclosures	8		√
405-1	Diversity of governance bodies and employees	8		√
405-2	Ratio of basic salary and remuneration of women to men	47		√
<b>GRI 406: NON-DISCRIMINATION</b>				
M.A.D.	Management approach disclosures	59		√
406-1	Incidents of discrimination and corrective actions taken	59	No incidences of discrimination occurred during the reporting period	√
<b>GRI 410: SECURITY PRACTICES</b>				
M.A.D.	Management approach disclosures	59		√
410-1	Security personnel trained in human rights policies or procedures	59		√
<b>GRI 412: INVESTMENT</b>				
M.A.D.	Management approach disclosures	59		√
412-2	Employee training on human rights policies or procedures	59		√
<b>MATERIAL ASPECT: LOCAL COMMUNITIES</b>				
M.A.D.	Management approach disclosures	51		√
413-1	Operations with local community engagement, impact assessments, and development programmes	51		√
413-2	Operations with significant actual and potential negative impacts on local communities	51		√
<b>GRI 417: MARKETING AND LABELING</b>				
M.A.D.	Management approach disclosures	59		√
417-3	Incidents of non-compliance concerning marketing communications	59		√
<b>GRI 418: CUSTOMER PRIVACY</b>				
M.A.D.	Management approach disclosures	59		√
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	59		√

## GRI CONTENT INDEX

## SECTOR SPECIFIC DISCLOSURES: AIRPORT OPERATOR

DMA and Indicators	Description	Page	Reason(s) for Omission(s)	External Assurance
AO1	Total number of passengers annually	22		√
AO2	Annual total number of aircraft movements	22		√
AO3	Total amount of cargo tonnage	22		√
AO4	Quality of storm water by applicable regulatory standards		The information was not collected during the reporting year	√
AO5	Ambient air quality levels according to pollutant concentrations in microgram per cubic meter ( $\mu\text{g}/\text{m}^3$ ) or parts per million (ppm) by regulatory regime		The information was not collected during the reporting year	√
AO6	Aircraft and pavement de-icing/anti-icing fluid used and treated by $\text{m}^3$ and/or tonnes.		Not applicable	√
AO7	Number and percentage change of people residing in areas affected by noise		The information was not collected during the reporting year	√
AO8	Number of persons physically or economically displaced, either voluntarily or involuntarily, by the airport operator or on its behalf by a government or other entity, and compensation provided		Not applicable	√
AO9	Total annual number of wildlife strikes per 10,000 aircraft movements	60		√



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## INDEPENDENT ASSURANCE STATEMENT

### Scope and Objective

SIRIM QAS International Sdn. Bhd., a third party 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 2016. 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 checking 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 2016.

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 2016.

### Verification team

The verification team from SIRIM QAS International consisted of:

- 1) Ms. Aernida Abdul Kadir : Team Leader
- 2) Mr. Shaiful Azmir A. Rahman : Team Member



## Methodology

The verification process was carried out by SIRIM QAS International in January and April 2016. 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 Sustainability Reporting Guidelines and the Global Reporting Initiative – Core Option 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 accuracy of some of the data and statements contained in the report. 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.

The verification process was subjected to the following limitations:

- The scope of work did not involve verification of information reported in the Malaysia Airports Annual Report 2016;
- The verification was designed to provide limited assurance of whether the Sustainability Report is presented fairly, in all material aspects, and in accordance with the reporting criteria. It was not intended to provide assurance 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 was based on the Airport Carbon Emission Reporting Tool (ACERT). Only amount of fuel (scope 1)



and electricity (scope 2) consumption verified and these data has been used as inputs into the tool;

- The verification team did not review any contractor or third party data.

### 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 2016 is fair and acceptable;
- The Sustainability Report was prepared following the GRI Standards Sustainability Reporting Guidelines and the Global Reporting Initiative – 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;
- Malaysia Airports has satisfactorily addressed, in the final version of the report, all issues that had been raised during the verification audit;
- The report provides a reasonable and balanced presentation of the sustainability performance of Malaysia Airports.

Prepared by:



**AERNIDA ABDUL KADIR**

Verification Team Leader  
Sustainability Certification Section  
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Department

SIRIM QAS International Sdn. Bhd.

Date - 10 April 2017

Approved by:



**NOR AFIZA BINTI SAIM**

Senior General Manager  
Management System Certification  
Department

SIRIM QAS International Sdn. Bhd.

Date - 10 April 2017





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