MALAYSIA AIRPORTS

Hosting Joyful Connections

Sustainability Report 2021

SPURRING
BOLD ACTION

COVER RATIONALE

2021 was a year of dynamic change. As the world adapted itself to the 'new normal' and began the transition to endemicity, the aviation industry, particularly in the Asia Pacific region, continued to be impacted by travel restrictions.

At Malaysia Airports, our challenge was to build a sustainable business with the agility to navigate the current changes and the resilience to withstand future shocks and challenges. This called for the courage to challenge conventional wisdom and to take bold action. To put us in a prime position to capitalise on growth opportunities as borders reopen, we changed our mindset and adopted an entrepreneurial approach with the propensity to create value and unlock growth opportunities.

In this annual report, in addition to the narrative and financials, stakeholders are also given a visual description of the year's milestones and activities from the selected photographs. To better depict the vast untapped prospects within Malaysia Airports, our cover visual combines photographs and vectors, with the latter denoting the potential opportunities which are already taking shape, and with courage, conviction and imagination, will come to fruition for the benefit of stakeholders.

'**Spurring Bold Action**' encapsulates this watershed year at Malaysia Airports.

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A JOINT MESSAGE FROM
OUR CHAIRMAN AND MANAGING DIRECTOR

Dear Stakeholders

2021 was a pivotal point for Malaysia Airports. The theme 'Spurring Bold Action' encapsulates our approach for the year – we continued to deal with the impact of the pandemic and simultaneously looked to the future and accelerated the changes that were already underway to build a sustainable business to better withstand future shocks.

The pandemic has amply demonstrated the importance of having a strong foundation as the key to a sustainable business. This applies equally to our financial and business performance as well as to Environmental, Social and Governance (ESG) matters.

Right
DATO' SERI DIRAJA DR. ZAMBRY ABD KADIR
Chairman

Left
DATO' ISKANDAR MIZAL MAHMOOD
Managing Director

A JOINT MESSAGE FROM OUR CHAIRMAN AND MANAGING DIRECTOR

Malaysia Airports is guided by its Sustainability Policy and framework, with five Sustainability Pillars outlining our focus. To build ESG considerations into our business decisions, following engagement with stakeholders in 2018, we identified 20 material matters which impact our business and formulated a Materiality Matrix which is linked to the Sustainability Pillars. In addition, we identified our areas of contribution towards achieving the United Nations Sustainable Development Goals.

At the beginning of 2020, Malaysia Airports embraced a new corporate vision – 'A Global Airport Group that Champions Connectivity and Sustainability'. We further updated our Sustainability Policy in 2021 to reflect our commitment and efforts in building a sustainable business that creates value for stakeholders across the range of ESG matters in addition to creating economic value.

Malaysia Airports has been included in the FTSE4Good Bursa Malaysia Index since 2014, and remains till today as a component of the index which is designed to measure the performance of companies demonstrating strong ESG practices.

This is Malaysia Airports' 13th Sustainability Report, and we are pleased to share with stakeholders the highlights of the activities and achievements of 2021 and our progress in key material matters from a sustainability point of view.

STAKEHOLDER ENGAGEMENT

It was a proud moment for Malaysia Airports and the airport community when KUL and Langkawi International Airport (IATA Code: LGK) were named 'Best Airports' by Airports Council International (ACI) in the global Airport Service Quality (ASQ) awards series for 2021. Competing in the above 40 mppa and 2-5 million mppa categories respectively, KUL and LGK had both registered perfect scores of 5.0 out of 5.0 in the ASQ quarterly results for the year.

The ASQ programme benchmarks the world's best airports in terms of overall passenger satisfaction based on 33 elements in the passenger journey through the airport. Of these 33 elements, about a third are under Malaysia Airports' control, while the balance are joint responsibilities or are under the management of other airport stakeholders. We had engaged our stakeholders on service quality through the 'Happy Guests, Caring Hosts' cultural transformation programme since 2018, and the awards are testament to the teamwork and effort that has gone into providing guests with a truly memorable airport experience.

Our vision 'A Global Airport Group that Champions Connectivity and **Sustainability'** reflects our **commitment to ESG** matters.

Malaysia Airports has been **included in the FTSE4Good Bursa Malaysia Index** since 2014

The **'Best Airports' awards** are testament to the stakeholder engagement and teamwork between our people and the airport communities of KUL and LGK.

PILLAR 1
PRACTISING SENSIBLE ECONOMICS

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

PILLAR 2
ENVIRONMENTAL CONSCIOUSNESS

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

PILLAR 3
CREATING AN INSPIRING WORKPLACE

Our employees are an invaluable resource as well as a large stakeholder group.

PILLAR 4
COMMUNITY-FRIENDLY ORGANISATION

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

PILLAR 5
MEMORABLE AIRPORT EXPERIENCE

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

A JOINT MESSAGE FROM OUR CHAIRMAN AND MANAGING DIRECTOR

Alongside the Ministry of Tourism, Arts and Culture and the Ministry of Transport of Malaysia and other stakeholders, we celebrated the launch of pilot programmes to reopen the country to fully vaccinated travellers and to allow fully vaccinated Malaysians to travel. These include the Langkawi Domestic and International Travel Bubbles, the resumption of Umrah travel and the Malaysia-Singapore Vaccinated Travel Lane by Air (VTL-Air).

We were both present on the morning of 29 November 2021 at KLIA1 to welcome the travellers aboard the first VTL-Air flight. Amidst the palpable excitement and the fanfare that greeted the flight which included a water cannon salute as the aircraft approached the gate, we were also grateful for the untiring efforts of our staff, members of the KUL community and representatives of our stakeholders, who had worked together as a team to set up the processes, facilities and passenger flow that enabled the VTL-Air and the preceding initiatives to run smoothly from their onset.

ENVIRONMENTAL

In 2008, we became a signatory to the Aviation Industry Commitment to Action on Climate Change, a multi stakeholder industry declaration to create a pathway to carbon neutral growth and a carbon free future. Among our key initiatives were to establish in 2012 an Energy Management Policy for KUL, followed by an Environmental Protection Policy and Environmental Management Policy to uphold environmental protection as a core business value.

EMISSIONS

In 2015, we embarked on a multi-year effort to secure Airport Carbon Accreditation (ACA) for KL International Airport (IATA Code: KUL) to become part of a global initiative involving members of the Airports Council International (ACI) and gain recognition for our effort in managing and reducing CO2 emissions as part of airport industry's response to the challenge of climate change. Today, KUL continues to be accredited by the ACI for its carbon management plan and in early 2022, we received confirmation of the extension of KUL's certification at Level 3 of the ACA programme.

We were also honoured to receive a Gold Recognition from the ACI recently for our efforts on sustainable carbon management by utilising green energy Ground Power Units (GPUs) at KUL. The project integrates the generation of solar energy from rooftops of the terminal building with new GPUs to supply aircrafts at the apron with power, simultaneously reducing the use of diesel-powered GPUs and of the aircrafts' Auxiliary Power Units. It is estimated that the amount of 1,970 tCO2 reduction from using the green energy GPUs over three years from 2018-2020 is equivalent to planting 50,520 trees to absorb CO2 emissions which would have otherwise been emitted.

We received a **Gold Recognition** from the ACI for sustainable carbon management by utilising green energy Ground Power Units at KUL.

ACI confirmed of the extension of KUL's certification at **Level 3 of the ACA** programme.

A JOINT MESSAGE FROM OUR CHAIRMAN AND MANAGING DIRECTOR

ENERGY EFFICIENCY

In a joint venture with TNB Engineering Corporation, the district cooling plant at KUL is undergoing upgrading work to improve efficiency and eventually run fully on electricity. The modernised plant is expected to reduce KUL's operating cost by RM50.0 million annually over the entire 20-year concession which commenced on 1 July 2021. For our operations in Türkiye at Istanbul Sabiha Gökçen International Airport (IATA Code: SAW), annual cost savings from the use of LED light bulbs had increased by 75% YoY for 2021, partly caused by rising energy prices in Türkiye.

In 2020, we began installing solar PV equipment at seven airports across Malaysia to increase usage of renewable energy. In 2021, we completed the works at three of

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CERTIFICATE
of ACCREDITATION

25 April 2021 - 24 April 2022

This is to certify that *Airport Carbon Accreditation*, under the administration of WSP, confirms that the carbon management processes at

KUALA LUMPUR INTL AIRPORT

implemented by Malaysia Airports Holdings Berhad

have earned the accreditation level of **OPTIMISATION**, in recognition of the airport's exemplary work in reducing its CO_2 emissions and engaging other stakeholders to do the same, as part of the Global airport industry's response to the challenge of Climate Change.

airport
carbon
accreditation

www.airportCO2.org

Stefano Baronci
Director General
ACI Asia-Pacific

Simon Clouston
Director
WSP

A JOINT MESSAGE FROM OUR CHAIRMAN AND MANAGING DIRECTOR

Board Members by Gender

Malaysia Airports

6
(54.5%)

5
(45.5%)

■ Female ■ Male

Percentage of Employees per Employee Category by Gender (Malaysia)

Female 22%
Male 78%

Female 35%
Male 65%

Female 38%
Male 62%

Female 34%
Male 66%

■ Senior Management ■ Management ■ Executive ■ Non-Executive
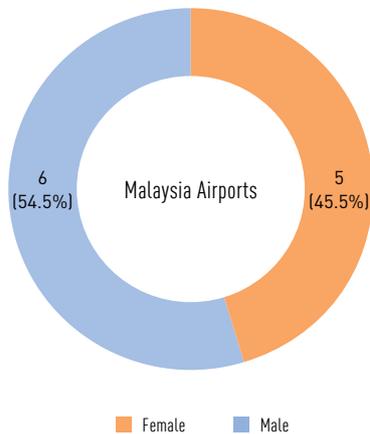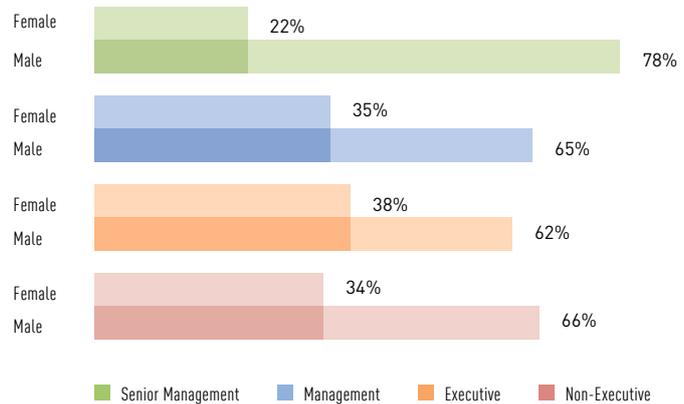
the airports, Penang International Airport (IATA Code: PEN), Sultan Ahmad Shah Airport, Kuantan (IATA Code: KUA) and Melaka Airport (IATA Code: MKZ), with a total capacity of 3,688 kWpeak. Together with klia2, the total solar energy generated was 17,399 MWh which has led to a reduction in carbon emissions by 12,073 tCO2. This is equivalent to planting 309,604 trees to absorb the carbon emitted if fossil fuels had been used to generate the power. The Group gained cost savings of RM1.2 million from the use of solar energy in 2021.

Kota Kinabalu International Airport (IATA Code: BKI) has also been recognised for its energy management capabilities. Following a recent audit under its ISO 50001:2011 for Energy Management Systems, the auditors have recommended an upgrade for the airport to ISO 50001:2018. It was also notable that the airport completed its certification with an outstanding track record of zero nonconformity reports.

WATER MANAGEMENT

Following a feasibility study, the project to install an alternative water supply plant at KUL proceeded with the award of the contract in September 2021, targeting completion in 2023. Following a feasibility study, the project to install an alternative water supply plant at KUL proceeded with the award of the contract in September 2021, with targeting completion in 2023. The Water Recycling Programme is one of the initiatives for the Group to optimise water usage at the airport through recycled water from its Southern Balancing Pond.

SOCIAL

In this sphere, the highlights include our employee retention, retraining and reskilling programme which has resulted in no retrenchments and no salary cuts throughout the 2020 and 2021. Airport safety was a key area, as well as our contributions to the community, particularly those impacted by the pandemic and floods.

DIVERSITY

At the Board of Directors level, 45.5% of Board members are female. For our operations in Malaysia, approximately 35% of employees are female whereas for our operations in Türkiye, the percentage of female employees is 30%.

EMPLOYEE ENGAGEMENT AND DEVELOPMENT

Despite staff costs making up a substantial portion of our core costs, we had made the strategic decision in 2020 not to retrench staff or introduce salary cuts, and maintained the policy throughout 2021. Instead, we took the opportunity to retrain, reskill and redeploy our people to fulfil the Group's needs. As a result, our average training hours across our operations in Malaysia increased 200% YoY from 13 to 39 hours.

Among the employees redeployed were 354 Aviation Security personnel who had been retrained for vacancies in other divisions within Malaysia Airports. They include 88 personnel

A JOINT MESSAGE FROM OUR CHAIRMAN AND MANAGING DIRECTOR

who were trained to fill Airport Fire and Rescue Services vacancies in 2021, ensuring fresh opportunities for our people while maintaining requisite levels of manpower and rescue and fire fighting capabilities.

Keeping our staff intact also enables us to scale up rapidly as air traffic grows. We were therefore primed for the resumption of interstate travel in Malaysia in October 2021 and for the reopening of international borders on 1 April 2022, with our people eagerly anticipating the busy days ahead.

OCCUPATIONAL SAFETY AND HEALTH

Our people together with the wider KUL community have been at the frontlines of the pandemic, and it was important for them to be protected. We collaborated with the Malaysian Ministry of Health to set up a vaccination centre at KUL to prioritise the vaccinations for our employees and the airport community. By end-2021, 100% of our staff in Malaysia who were eligible for vaccination had been fully vaccinated. This has prepared them for increased traffic while passengers can be more assured of their safety.

AIRPORT SAFETY AND SECURITY

Malaysia Airports also received the Airport Health Accreditation certification from Airports Council International for six airports – KUL, BKI, Kuching International Airport (IATA Code: KCH), LGK, PEN and SAW. This global certification for airports is recognition that the health and safety measures which have been put in place are in accordance with the guidelines and standards for safe travel as determined by ACI and the International Civil Aviation Organization (ICAO) as well as industry best practices.

MANAGEMENT OF STOLPORTS

As part of nation building and inclusive development, Malaysia Airports manages

▬

Malaysia Airports also **received the Airport Health Accreditation certification** from Airports Council International for six airports

▬

By end-2021,**100% of our staff** in Malaysia who were eligible for vaccination had been **fully vaccinated**

▬

Zero retrenchments and **zero** salary cuts in 2021

▬

We manage **17 STOLports** in rural areas as a corporate responsibility initative, ensuring connectivity for the communities to the rest of the nation

17 Short Take Off and Landing (STOL) ports in Malaysia. Located primarily in rural areas, the STOLports connect the rural communities to the rest of the nation and are key for the delivery of essential supplies like medicine, food and other basic necessities. STOLports also provide employment and economic opportunities for the rural communities and are important socio-economic contributors. Malaysia Airports' management of the STOLports is a corporate responsibility initiative, and no passenger service charges are collected from guests. In 2021, Malaysia Airports recorded close to 80,000 passenger movements in total at the STOLports. The STOLports also handled over 440,000 kg of cargo and mail.

CONTRIBUTIONS TO LOCAL COMMUNITY

In 2021, over 2,500 families, particularly those impacted by the pandemic, benefited from food aid under our MYAirportCARES corporate responsibility initiative. Breaking of fast meals were provided through staff donations for over 3,100 frontline staff and passengers at seven airports during Ramadan to show our appreciation for their dedication and service.

Flood relief was an important programme benefitting over 1,500 households in flood-hit areas near our airports in Malaysia the majority of whom were our employees living near the airports. Malaysia Airports and our local airport volunteers provided aid and support to those badly affected by floods, particularly around KUL, KUA and Sultan Abdul Aziz Shah Airport, Subang (IATA Code: SZB). The aid included rescue services, temporary shelter, food aid, basic necessities and house cleaning assistance. The Group also disbursed RM3.7 million in financial aid to a total of 1,034 employees to assist them in rebuilding their lives post-floods.

A JOINT MESSAGE FROM OUR CHAIRMAN AND MANAGING DIRECTOR

GOVERNANCE

In terms of governance, the Board of Directors has steered Malaysia Airports through a period of volatility and worked in tandem with Management to keep abreast of developments impacting our operating environment. Our Board discussions are lively and cover a wide range of ideas with all Board members encouraged to voice their opinions. It is important for us to understand one another's concerns and to address those concerns so that we know that our decisions were made with a collective voice. In this regard, the Board as a collective body and in committee had a full schedule of 50 meetings in 2021. Stakeholders can rest assured that our efforts remained unchanged in upholding corporate governance and oversight.

INTEGRITY AND ANTI-CORRUPTION

We also made progress in in this key area. We continued the implementation of the ISO 37001: 2016 Anti-Bribery Management Systems (ABMS) and in 2021, three subsidiaries – Malaysia Airports (Niaga) Sdn Bhd, Urusan Teknologi Wawasan Sdn Bhd and K.L. Airport Hotel Sdn Bhd – had undergone documentation readiness towards ABMS certification.

The Group also continued to roll out the Malaysia Airports Anti-Corruption Plan. In the course of the year, 74 divisions and departments Group-wide were assessed for corruption risks. 61 high level risks were assessed in Q1 2021 and they were mitigated to medium and low level risks by Q4 2021.

E-learning modules to raise awareness on Anti-Bribery and Anti-Corruption policies and Whistleblowing were made available on our online learning platform and almost all employees had completed the training modules by end-2021. Our vendors were also included in our training as we extended training on procurement integrity to them via webinars. A total of 248 representatives from the Group's vendors attended the on-line sessions, covering approximately 30% of registered vendors in our procurement system.

ECONOMIC

We also made progress in material matters which impact our capability to generate economic value for stakeholders.

ECONOMIC PERFORMANCE

Despite the reduction in Economic Value Generated of RM1,883.1 million arising from lower passenger volumes for Malaysia Airports in 2021, the Economic Value Distributed in 2021 remained relatively the same as 2020 leading to an improvement in Economic Value Retained of RM151.8 million in 2021 compared to RM6.1 million in 2020. Cost containment measures led to Malaysia Airports' total cost contracting by 18.4% YoY or RM378.5 million, with core costs contracting by a further 11.2% YoY or RM172.3 million, representing sustainable cost containment above and beyond the reduction of the 26% reduction we achieved in FY2020.

The rating agencies, RAM Holdings Berhad and Moody's, maintained Malaysia Airports' credit ratings in 2021 at AAA and A3 respectively despite the challenging operating conditions. In the debt markets, the Group raised RM800.0 million through the issuance of Senior Sukuk Wakalah, upsized from an initial target issue size of RM500.0 million in response to investor demand. This reflects the confidence of the markets in our strong fundamentals, business direction and track record of prudent financial management and disciplined use of financial resources which pre-dated the pandemic, but had become even more critical in the past two years.

AIRPORT CAPACITY

Following a tender exercise, the contract to replace the Aerotrains (Automated People Mover/Track Transit System) at KUL was awarded end-2021 and work is scheduled to commence in Q1 2022. In line with the KUL Runway Sustainability Plan, the rehabilitation of Runway 1 at KUL was completed on schedule in June 2021. With the rehabilitation of Runways 1 and 3 completed, KUL can handle up to 108 flight movements per hour.

A JOINT MESSAGE FROM OUR CHAIRMAN AND MANAGING DIRECTOR

DIGITALISATION AND CYBERSECURITY

Our Airports 4.0 digitalisation programme has been especially important to Malaysia Airports in 2021 as it played a big part in enhancing the safety and security of passengers and the airport community during the COVID-19 pandemic.

Following the successful pilot programme which ran in 2020, we began implementing Single Token Facial Biometric capabilities and Self Boarding eGates at KUL to simplify and speed up the passengers' journey through the airport. The Passenger Reconciliation System which launched in 2021 enhances security when passengers enter the terminal's security area as verification of travel documents by Aviation Security personnel is validated in real-time, enabling incidents such as no-shows to be identified and their baggage offloaded efficiently.

The Group also awarded the contract to implement the Airport Collaborative Decision Making initiative. The project will enable airport stakeholders to access and share real time information on aircraft turnaround and collaborate to improve operational efficiency.

The Group continued to enhance its Cybersecurity Acceleration Programme. The programme was recognised in the annual Malaysia Cyber Security Awards 2021 by CyberSecurity Malaysia, an agency of the Ministry of Communications and Multimedia Malaysia.

APPRECIATION

We would like to thank all our shareholders, employees, partners, government agencies and regulators, the airport community and other stakeholders for their support during this challenging year that saw constant change. We are grateful that together with our stakeholders, we continue to build a pathway towards a more sustainable future.

DATO' SERI DIRAJA DR. ZAMBRY ABD KADIR
Chairman

DATO' ISKANDAR MIZAL MAHMOOD
Managing Director

MALAYSIA AIRPORTS AT A GLANCE

Globally, Malaysia Airports is one of the world's largest airport operator groups, based on the total number of passengers handled, managing in total 39 airports throughout Malaysia (5 international airports, 17 domestic airports and 17 STOLports). The Group also owns and manages one international airport in Istanbul, Türkiye.

Airport Services
Manage, operate and maintain airports, and provide airport-related services to ensure that airports operate efficiently, safely and securely with high service levels

- Equity Invested
RM4,419.3
million

- Total Revenue
RM1,554.9
million

- EBITDA
RM214.3
million

Group Passenger Traffic Movements

25.7
17.2

Malaysia
10.7
million

Türkiye
25.4
million

● 2020　● 2021
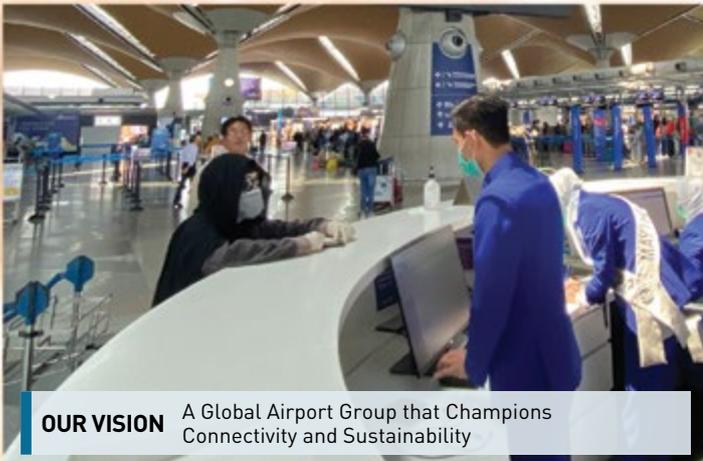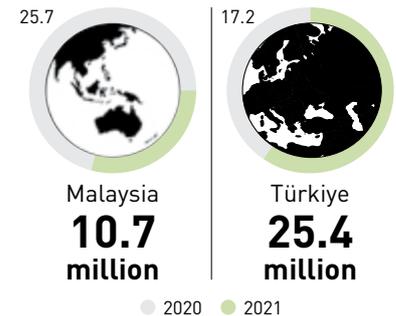
OUR VISION A Global Airport Group that Champions Connectivity and Sustainability

BRAND PROMISE Hosting Joyful Connections

Project and Repair Maintenance

Offer consultancy, facility management services and maintenance of information and communication technology business ventures and provision of mechanical and electrical engineering

- Total Revenue
RM195.1
million

- EBITDA
RM30.3
million

591 **Number of Employees** 642

● 2020　● 2021
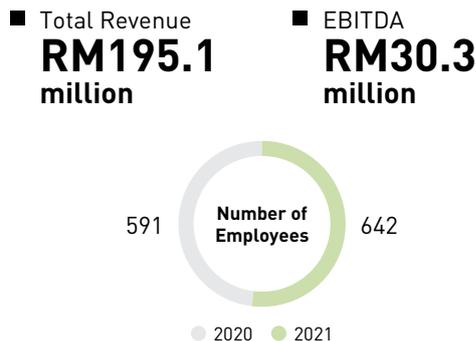
Hotel
Manage and operate hotels

- Equity Invested
RM92.7
million

- Total Revenue
RM41.7
million

- EBITDA
RM7.7
million

Number of Hotels
4
Number of rooms
720

Breakdown of rooms

592
128

Malaysia　Türkiye
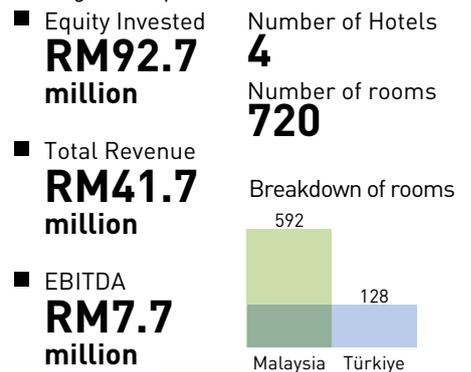
MALAYSIA AIRPORTS AT A GLANCE

Duty Free and Non-Dutiable Goods

Operate duty-free outlets and provide management services for food and beverage outlets at designated airports

■ Equity Invested
RM16.5 million

Number of Retail Outlets
2021 **42**
2020 **51**

■ Total Revenue
RM39.9 million

Retail Area
2021 **12,822** sqm
2020 **13,112** sqm

■ EBITDA
RM(40.4) million

Number of Employees
2021 **677** 2020 **775**

CORE VALUES **I**ntegrity, **C**ustomer-Centricity, **A**ccountability, **N**ew Ideas

Agriculture and Horticulture

Cultivate and manage oil palm and other agricultural products, in addition to undertaking horticulture activities, mainly landscaping services and products

■ Total Revenue
RM57.6 million

Oil Palm Planted Area
2021 **6,247.1** ha

■ EBITDA
RM24.4 million

Fresh Fruit Bunches
2021 **54,572.9** MT

Our Malaysia operations comprises five key business activities which are airport services, duty free and non-dutiable goods, hotel, project and repair maintenance and agriculture and horticulture. For overseas operations, in addition to ownership and management of Istanbul Sabiha Gökçen International Airport (IATA Code: SAW) in Istanbul, Türkiye, we also provide services for operations and maintenance of airports and airport-related services.

Listed on the Main Market of Bursa Malaysia since November 1999, at the end of 2021, Malaysia Airports' market capitalisation stood at RM9.9 billion.

We are a constituent of the FTSE4Good Bursa Malaysia Index and as a signatory to the Aviation Industry Commitment to Action on Climate Change, we strive to create a pathway to carbon neutral growth and a carbon-free future. Malaysia Airports also holds memberships in the Airports Council International (ACI) and the ACI Asia Pacific Regional Environmental Committee.

Competitive advantage

- Malaysia is located in a strategic location – in the heart of ASEAN, surrounded by high growth markets such as China and India.
- Competitive aeronautical and passenger charges - one of the lowest in the world.
- Well-equipped airports with safety standards certified by global bodies such as ISO, British Standards Institution, and ACI.
- Our flagship, KUL, is ranked No.1 globally for >40 mppa in the 2021 ACI's Airport Service Quality rankings.
- KUL's two terminals have a combined capacity of 75 mppa.
- KUL's three independent runway system facilitates efficient flight operations.
- 100 km² land bank surrounding KUL allows for aviation-related and commercial development.
- SAW's strong hub position within the region, evidenced by its consistent ranking as one of Europe's busiest airports.

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

WHERE WE OPERATE

Langkawi (LGK)
4.0 mppa

Alor Setar (AOR)
0.8 mppa

Kota Bharu (KBR)
1.5 mppa

Pulau Redang (RDN)

Penang (PEN)
6.5 mppa

Kuala Terengganu (TGG)
1.5 mppa

Ipoh (IPH)
0.5 mppa

Pulau Pangkor (PKG)

Kuantan (KUA)
1.3 mppa

Istanbul Sabiha Gökçen
International Airport (SAW)
Türkiye
41.0 mppa
100% shareholding

Rajiv Gandhi
International Airport (HYD)
INDIA
25.0 mppa
11% shareholding

Subang (SZB)
1.5 mppa

KL International Airport (KUL)

KLIA1 | klia2
30.0 mppa | 45.0 mppa

Melaka (MKZ)
1.5 mppa

Pulau Tioman (TOD)

AIRPORT SERVICES

INTERNATIONAL

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

TÜRKIYE
- Istanbul Sabiha Gökçen International Airport (SAW)

INDIA
- Rajiv Gandhi International Airport (HYD)

DOMESTIC

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

- Sultan Mahmud Airport, Kuala Terengganu (TGG)
- Bintulu Airport (BTU)
- Limbang Airport (LMN)
- Miri Airport (MYY)
- Mulu Airport (MZV)

- Sibu Airport (SBW)
- Labuan Airport (LBU)
- Lahad Datu Airport (LDU)
- Sandakan Airport (SDK)
- Tawau Airport (TWU)
- Mukah (MKM)

SHORT TAKE-OFF AND LANDING PORTS (STOLPORTS)

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

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

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

WHERE WE OPERATE

Kota Kinabalu (BKI)
9.0 mppa

Sandakan (SDK)
1.5 mppa

Labuan (LBU)
2.2 mppa

Lahad Datu (LDU)
0.1mppa

Limbang (LMN)
0.3 mppa

Lawas (LWY)

Miri (MYY)
2.0 mppa

Mulu (MZV)
0.05 mppa

Long Pasia (GSA)

Semporna (SMM)

Marudi (MUR)

Long Semado (LSM)

Tawau (TWU)
1.5 mppa

Long Seridan (ODN)

Bakelalan (BKM)

Long Lellang (LGL)

Bario (BBN)

Long Akah (LKH)

Long Banga

Bintulu (BTU)
1.0 mppa

Mukah (MKM)
0.3 mppa

Belaga (BLG)

Sibu (SBW)
1.8 mppa

Kapit (KPI)

Kuching (KCH)
5.3 mppa

DUTY FREE AND NON-DUTIABLE GOODS

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

AGRICULTURE AND HORTICULTURE

- KL International Airport (KUL)
- Bintulu Airport (BTU)
- Miri Airport (MYY)
- Sibu Airport (SBW)

HOTEL

Four locations in and around KUL and SAW:
- KLIA1 landside
- KLIA1 airside
- klia2 airside
- SAW landside

PROJECT AND REPAIR MAINTENANCE

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

PORT
- Port of Tg Pelepas

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

FY2021
KEY HIGHLIGHTS

	Scope	2021	2020	2019
Group Financial Performance				
Revenue (RM'mil)	Group	**1,673.0**	1,866.3	5,213.1
EBITDA (RM'mil)	Group	**220.3**	(1.2)	2,292.0
Profit for the Year (RM'mil)	Group	**(766.4)**	(1,116.2)	537.0
Total Equity (RM'mil)	Group	**7,252.5**	8,099.3	9,325.4
Group Financial Performance				
Group Passenger Movements (mil)	Group	**36.1**	43.0	141.2
Group Aircraft Movements	Group	**515,391**	600,073	1,281,000
Group Cargo Movements (metric tonnes)	Group	**1,096,925**	834,718	1,003,000
KUL ASQ rank (> 40 mppa category)	KUL	**1**	10	17
KUL ASQ score	KUL	**5.00**	4.98	4.76
Total Direct Destinations	KUL	**166**	166	166
	SAW	**144**	130	>160
Sustainability Performance				
Energy Consumption (kWh/passenger)	Airports in Malaysia	**32.6**	15.9	5.1
	SAW	**3.0**	3.8	2.2
Solar Power Generated (MWh)	KUL	**17,399***	16,949	18,763
Water Consumption (litre/passenger)	Airports in Malaysia	**718.1**	365.5	104.7
	SAW	**9.8**	12.8	10.2
Total Waste Generated (kg/passenger)	KUL	**0.68**	0.36	0.23
	SAW	**0.24**	0.27	0.14
Recycling Rate (%)	KUL	**6.3**	8.3	13.8
	SAW	**50**	33.3	50.5
Total Employees	Group	**9,837**	10,333	10,724
Percentage of Female Employees (%)	Group	**35**	34.2	34.6
Community Investment (RM)	Group	**1,279,816**	417,839	1,066,847

*   *Solar power generated in 2021 for KUL, KUA, MKZ and PEN*

SUSTAINABILITY HIGHLIGHTS

SPURRING BOLD ACTION TOGETHER

Stakeholder engagement is a cornerstone of Malaysia Airports' business. The aviation industry is complex, highly regulated and requires the input of different stakeholders while leaving little room and tolerance for error. Therefore our 'business as usual' activities already require frequent and extensive engagement with stakeholders.

Our proudest moments of 2021 were made possible with the close rapport and working relationships with stakeholders that we have built over the years.

In the following pages, we relate how together with stakeholders, we took bold action to pursue and achieve our goals. First, we outline how we worked with stakeholders to drive KUL and LGK to stand as 'Best Airports' in service quality among the world's top airports. Secondly, we illustrate our role in partnership with stakeholders in facilitating the recovery of travel in two pioneering initiatives - Vaccinated Travel Lane by Air and the Langkawi Domestic and International Travel Bubbles.

> We made big strides in 2021 with airport stakeholders working closely in the spirit of mutual cooperation and understanding to tackle challenges, and celebrate our successes together.

Dato' Seri Diraja Dr. Zambry Abd Kadir, Chairman

> **"The perfect ASQ score is a validation of the effort put in by the entire airport community. To be placed first alongside other global airports is also an honour for the country.**
>
> *Dato' Iskandar Mizal Mahmood, Managing Director*

Driving KUL and LGK to #1 in Service Quality

In 2021, KUL and LGK were named 'Best Airports' by Airports Council International (ACI) when they both ranked #1 in the Airport Service Quality (ASQ) survey. That was achieved on the back of a perfect score of 5.00 out of a possible 5.00 in the ASQ global benchmarking programme by ACI.

The ASQ programme benchmarks the world's best airports in terms of overall passenger satisfaction for terminal safety, facilities, services, and cleanliness. KUL competes in the >40 mppa category alongside the world's largest international airports while LGK is in the 2-5 mppa category.

Most of the Top-10 airports in the ASQ rankings scored perfect 5.00 scores in 2020, setting a very high bar. In 2019, KUL scored 4.76 while in 2020, its score had improved to 4.98. LGK scored 4.48 in 2019 and 4.71 in 2020.

The ASQ programme covers 33 service quality indicators in the passengers' journey through the airport. About a third of the indicators are fully within Malaysia Airports' control, while the majority of the indicators are either shared responsibilities with other stakeholders or wholly within the control of other stakeholders. Therefore, achieving the perfect score and #1 ranking required the wholehearted and concerted effort of all stakeholders.
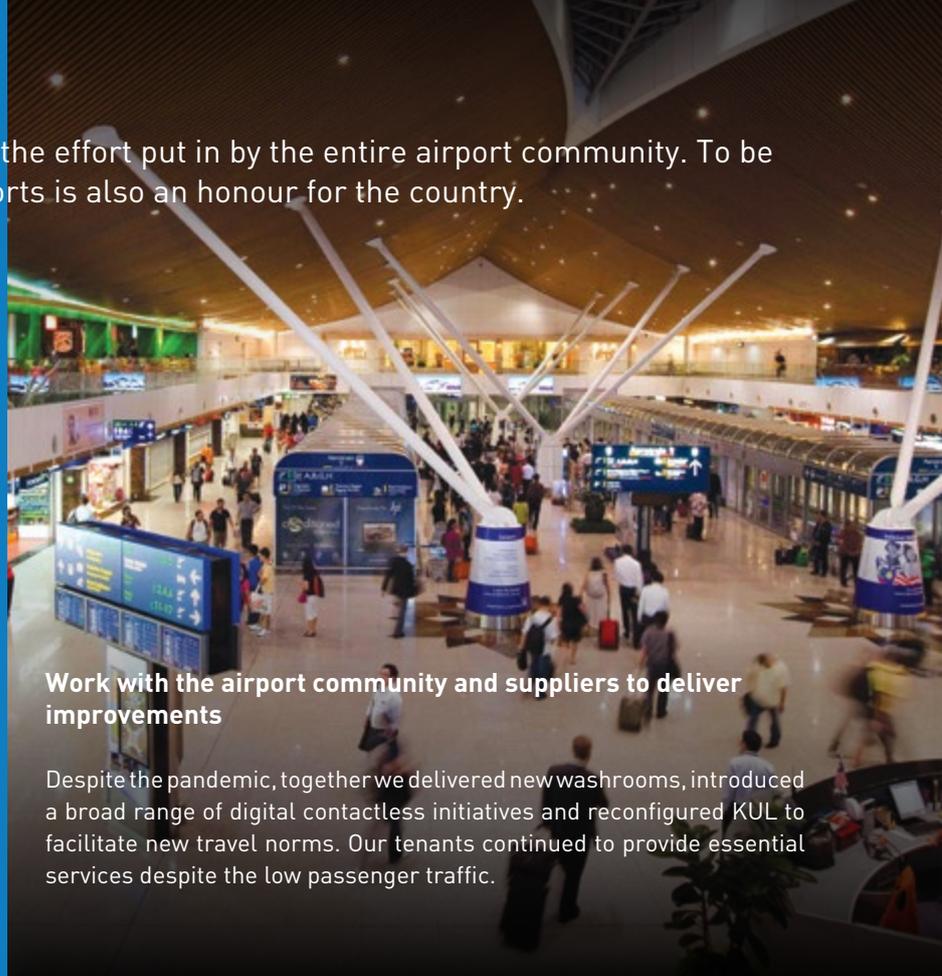
Work with the airport community and suppliers to deliver improvements

Despite the pandemic, together we delivered new washrooms, introduced a broad range of digital contactless initiatives and reconfigured KUL to facilitate new travel norms. Our tenants continued to provide essential services despite the low passenger traffic.
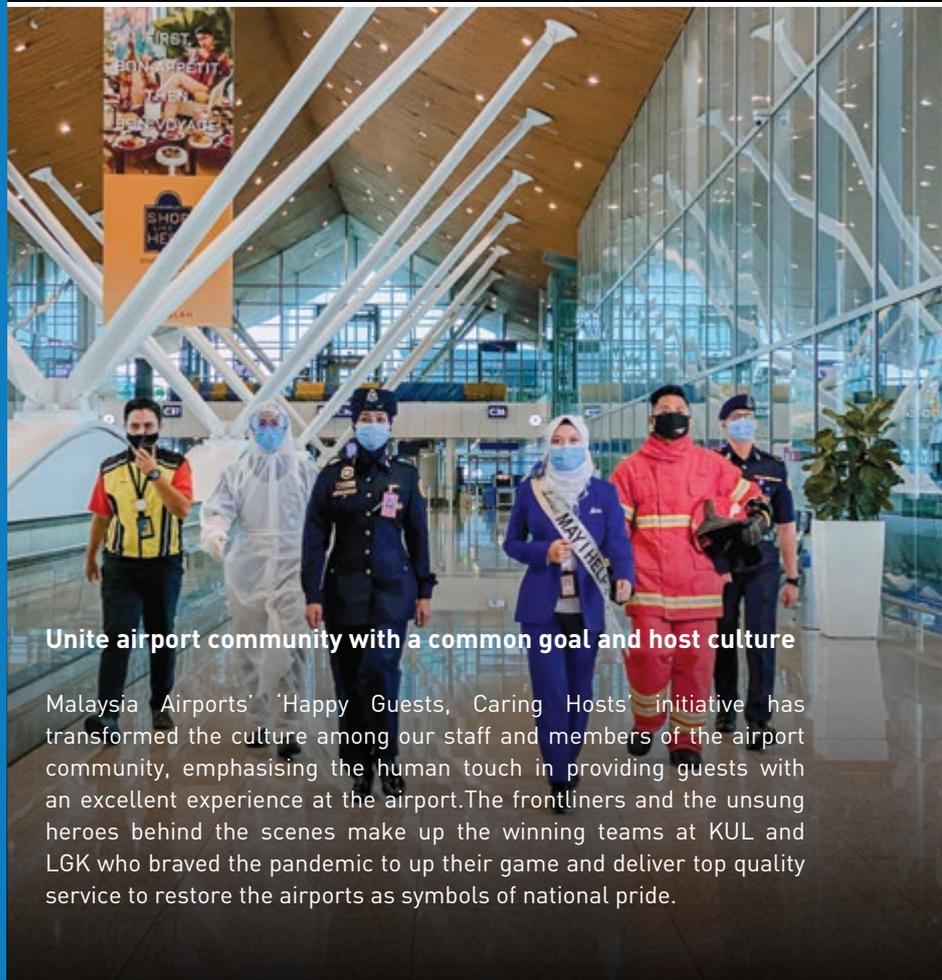
Unite airport community with a common goal and host culture

Malaysia Airports' 'Happy Guests, Caring Hosts' initiative has transformed the culture among our staff and members of the airport community, emphasising the human touch in providing guests with an excellent experience at the airport. The frontliners and the unsung heroes behind the scenes make up the winning teams at KUL and LGK who braved the pandemic to up their game and deliver top quality service to restore the airports as symbols of national pride.
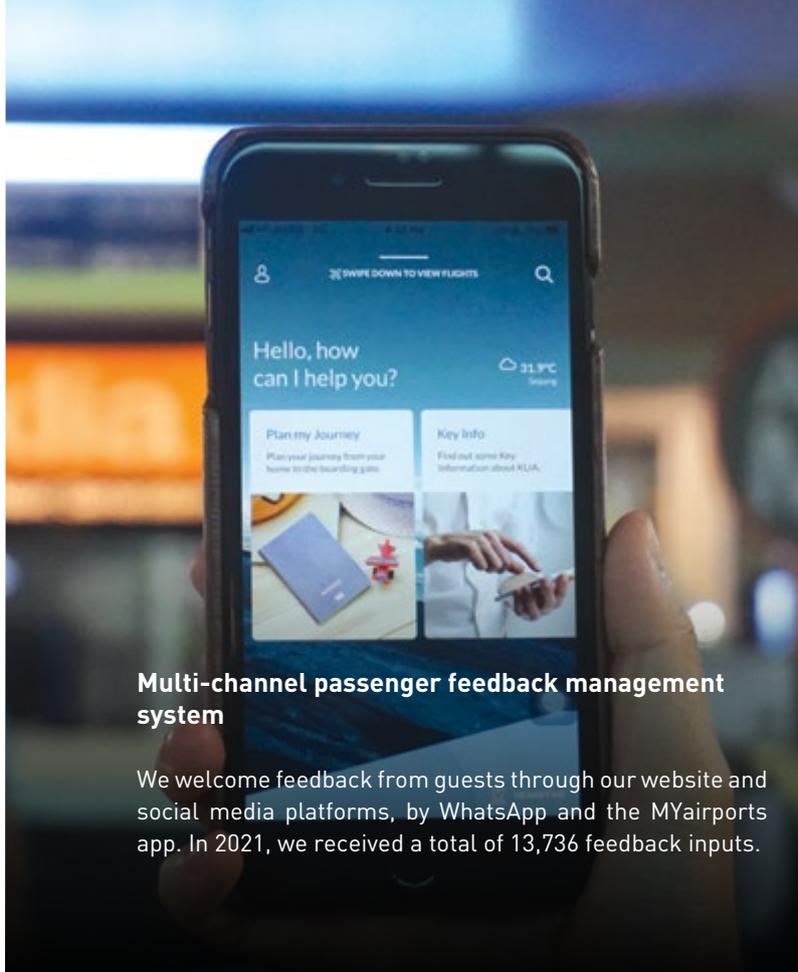
Multi-channel passenger feedback management system

We welcome feedback from guests through our website and social media platforms, by WhatsApp and the MYairports app. In 2021, we received a total of 13,736 feedback inputs.
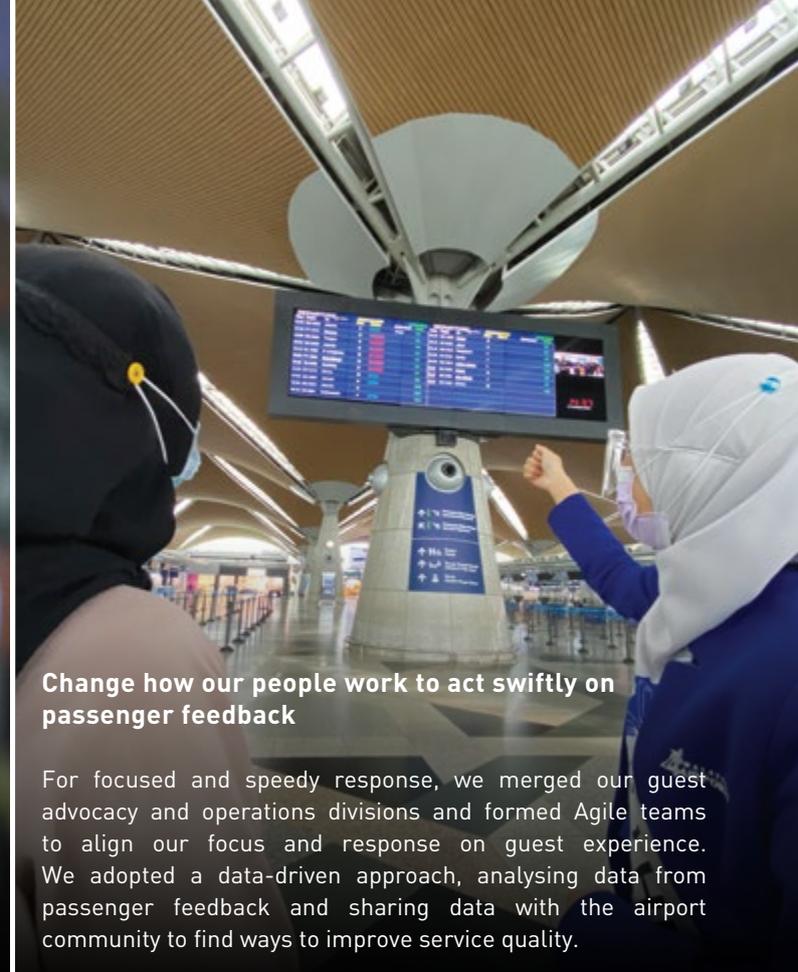
Change how our people work to act swiftly on passenger feedback

For focused and speedy response, we merged our guest advocacy and operations divisions and formed Agile teams to align our focus and response on guest experience. We adopted a data-driven approach, analysing data from passenger feedback and sharing data with the airport community to find ways to improve service quality.

Airport community brought the joy back to travel

We worked with tenants and service providers to provide entertainment, new F&B options and other services to passengers and other guests. Cultural performances introduced a relaxed ambience to the terminals, easing the stress of travel amidst the new SOPs.

Frequent communications with airlines, the media and passengers on new travel SOPs

To simplify the passengers' journey through the airport, we communicated extensively through traditional, online and social media as well as our communications platforms to keep passengers informed of new travel SOPs in a timely manner.

We ensured that our entire airport ecosystems was ready to welcome the influx of passengers. The entire airport community including airlines, government agencies and service providers are all working closely to ramp up our readiness and ensure that the quality of service remains at the highest level as we start receiving more international passengers.

Dato' Seri DiRaja Dr. Zambry Abd Kadir, Chairman

Moving in unison to break new ground – VTL-Air and Langkawi Travel Bubbles

Restarting travel within Malaysia began with the Langkawi Domestic Travel Bubble which launched on Malaysia Day (16 September 2021) allowing inter-state vacation travel for fully vaccinated travellers. Next, the Langkawi International Travel Bubble for fully vaccinated travellers from abroad launched on 15 November 2021. A fortnight later, the Vaccinated Travel Lane (VTL) by Air between Malaysia and Singapore launched on 29 November to enable fully vaccinated individuals to travel between the two countries without quarantine.

Behind the scenes, Malaysia Airports was at the centre of pre-launch preparations as our people worked together with government agencies, airlines, ground handlers, tenants and other members of the airport community to prepare the airports for increased traffic, particularly international passenger arrivals. Through the KUL COVID-19 Committee and the LGK airport stakeholder group which had already been running since the start of the pandemic, all stakeholders coordinated and synchronised their action plans and were kept abreast of developments.

We also communicated extensively through the media, airlines partners and our own communication channels to keep passengers posted on travel requirements and procedures.

The preparation and rollout of the initiatives were also instrumental in testing the readiness of the travel industry and government agencies for the new normal in travel and the move towards a safe and seamless reopening of Malaysia's borders.
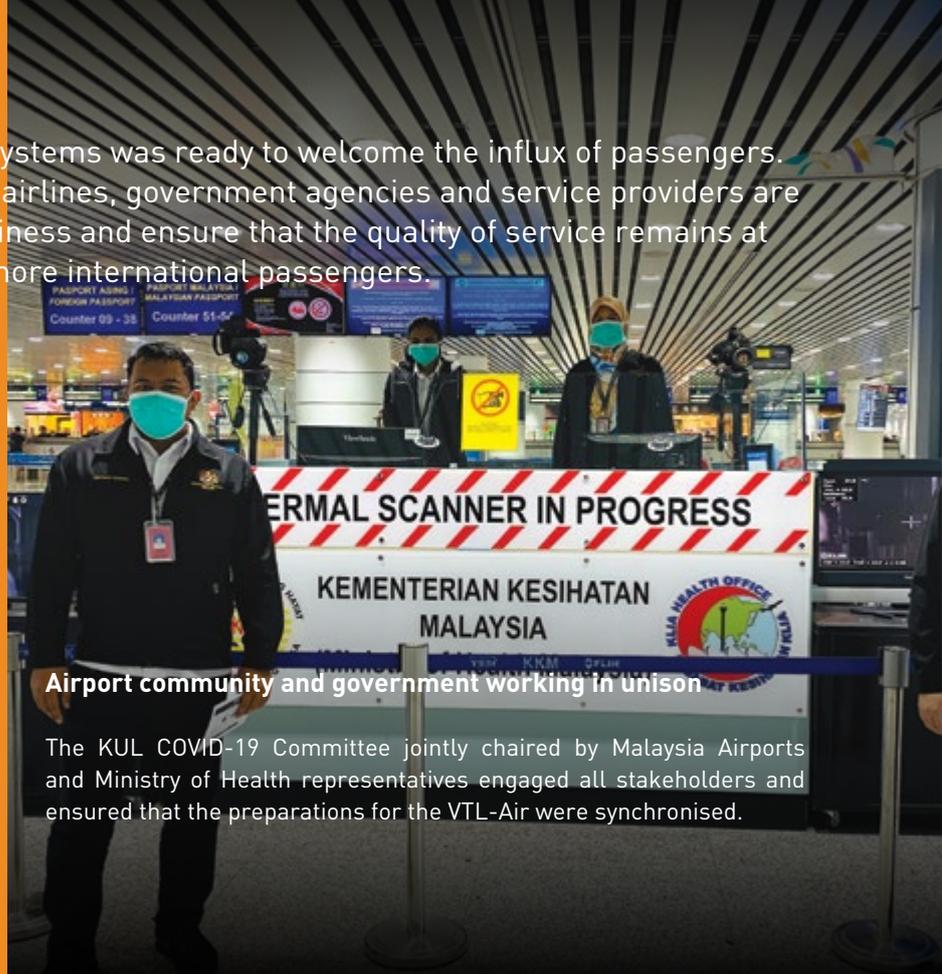
Airport community and government working in unison

The KUL COVID-19 Committee jointly chaired by Malaysia Airports and Ministry of Health representatives engaged all stakeholders and ensured that the preparations for the VTL-Air were synchronised.
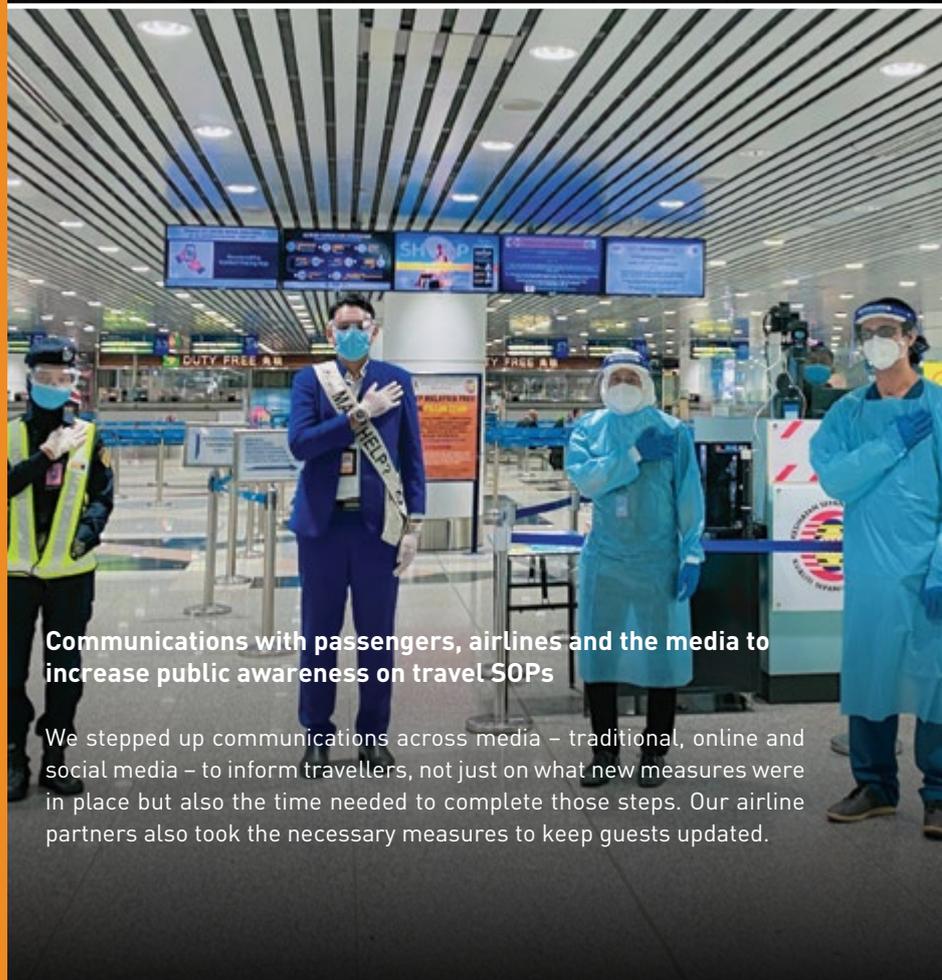
Communications with passengers, airlines and the media to increase public awareness on travel SOPs

We stepped up communications across media – traditional, online and social media – to inform travellers, not just on what new measures were in place but also the time needed to complete those steps. Our airline partners also took the necessary measures to keep guests updated.

Our people worked closely with tenants to deliver the facilities and processes

To ensure a high quality of service to passengers, we worked together to provide sufficient lounge capacity, health screening facilities and the availability of F&B options and other amenities at the airport.
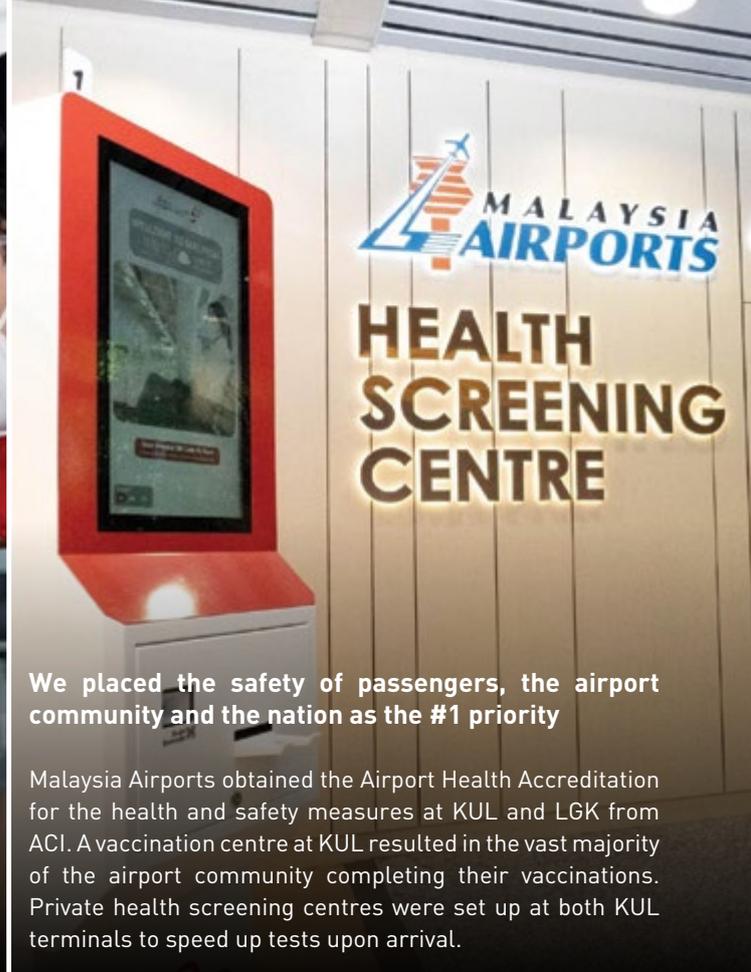
We placed the safety of passengers, the airport community and the nation as the #1 priority

Malaysia Airports obtained the Airport Health Accreditation for the health and safety measures at KUL and LGK from ACI. A vaccination centre at KUL resulted in the vast majority of the airport community completing their vaccinations. Private health screening centres were set up at both KUL terminals to speed up tests upon arrival.

The KUL community welcomed the arrival of the first VTL-Air flight on at 9.25 a.m. on 29 November 2021 – SQ108 with 240 passengers on board. The flight was greeted with a water cannon salute upon arrival at KUL.

ABOUT THIS REPORT

INTRODUCTION

GRI 102-1, 102-46, 102-54

Malaysia Airports Holdings Berhad (Malaysia Airports) has prepared this Sustainability Report for 2021 in accordance with the GRI Standards (GRI): Core option and the relevant GRI Airport Operators sector disclosures (AO).

This report highlights the material matters relating to Malaysia Airports' stakeholders as depicted in the Materiality Matrix which had been determined in consultation with internal and external stakeholders. This report covers the material matters which Management has determined to have the largest impact on Malaysia Airports and its stakeholders.

REPORTING SUITE AND FRAMEWORK

GRI 102-45

This Sustainability Report forms part of Malaysia Airports' annual reporting suite for the financial year ending 31 December 2021 which comprises the following - Annual Report, Financial Statements, Sustainability Report and Airport Statistics. Together, they provide a comprehensive report of the Group's performance, activities, and outlook as well as disclosure of the management of sustainability risks and opportunities within Environmental, Social and Governance (ESG) parameters. The entities covered by the Financial Statements are indicated in the group structure set out in the Annual Report.

In addition, in line with the Malaysian Code on Corporate Governance and the Listing Rules of Bursa Securities Malaysia Berhad (Bursa Malaysia), Malaysia Airports also produces an annual Corporate Governance Report which is disclosed to Bursa Malaysia and the Securities Commission of Malaysia. This public document is published on the Bursa Malaysia website as part of Malaysia Airports' listing announcements and is also available on Malaysia Airports' corporate website: www.malaysiaairports.com.my.

SCOPE AND BOUNDARY

GRI 102-46

This Sustainability Report covers the Group's airports operations in Malaysia which are anchored by its subsidiaries, Malaysia Airports (Sepang) Sdn Bhd (MA Sepang) which manages KL International Airport (IATA Code: KUL) comprising KLIA1 and klia2, and Malaysia Airports Sdn Bhd (MASB) which manages other airports in Malaysia apart from KUL. In addition, where relevant, we have also highlighted the sustainability practices of the non-airport operations in Malaysia as well as Malaysia Airports' operations in Türkiye, namely at Istanbul Sabiha Gökçen International Airport (IATA Code: SAW).

REPORTING PERIOD AND CYCLE

GRI 102-50, 102-51, 102-52

This report covers the period from 1 January 2021 to 31 December 2021 unless otherwise stated and follows from our previous Sustainability Report for the year ended 31 December 2020. We have been producing an annual Sustainability Report since 2009.

INDEPENDENT ASSURANCE STATEMENT

GRI 102-56

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

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

The assurance statement is included in this report.

GOVERNANCE AND ACCOUNTABILITY

GOVERNANCE AND ACCOUNTABILITY

GRI 102-18

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

GOVERNANCE AND STRUCTURE

GRI 102-18, 102-20, 102-26

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

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

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

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

Recognising the need to have a formal management committee to oversee and streamline ESG initiatives Group-wide, the ExCo approved the establishment of a Sustainability Committee in 2020.

In addition, Board and management committees also monitor sustainability targets and initiatives, and track the progress towards achieving these targets. These Board and management committees include:

ENVIRONMENTAL MATTERS

Engineering Environment Committee

SOCIAL MATTERS

Board Nomination and Remuneration Committee

GOVERNANCE MATTERS

Board Audit Committee
Board Finance and Investment Committee
Board Risk Management Committee
Board Procurement Committee
Whistleblowing Committee

SUSTAINABILITY POLICY AND FRAMEWORK

Malaysia Airports has been guided by a Sustainability Policy since 2010. The Group has also set out five Sustainability Pillars which underpin its sustainability agenda, namely Practising Sensible Economics, Environmental Consciousness, Creating an Inspiring Workplace, Community-Friendly Organisation and Memorable Airport Experience.

In January 2021, in line with our vision to become 'A Global Airport Group That Champions Connectivity and Sustainability', the Board approved an update to the Sustainability Policy. The new Policy integrates Malaysia Airports' widened ESG model to better align business decisions and strategies with ESG considerations and stakeholders' concerns, while supporting national commitments towards the United Nations (UN) Sustainable Development Goals (SDGs).

To amplify the Sustainability Policy, a Sustainability Framework has been established, linking our Sustainability Pillars to the material matters relating to our business as well as to the SDGs. The Framework also illustrates the connection between Malaysia Airports' ESG model and the material matters at the forefront of our business, and how our business operations can ultimately contribute towards achieving the global sustainability goals.

GOVERNANCE AND ACCOUNTABILITY

SUSTAINABILITY FRAMEWORK

17 Sustainable Development Goals

20 Material Matters

5 Sustainability Pillars

A GLOBAL AIRPORT GROUP THAT CHAMPIONS CONNECTIVITY AND SUSTAINABILITY

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

Code of Ethics

Conditions of Use

Environmental Management Policy

Environmental Protection Policy

Fraud Policy

Gift Policy

No Pets/Guide/Service/Hearing Animal Policy

No Smoking Policy

Policy on Prevention and Eradication of Drug and Alcohol Abuse in the Workplace

Privacy Notice

Privacy Notice for Shareholders

Procurement Policies, Procedures & Guidelines (3Ps)

Risk Management Policy Statement

Occupational Health and Safety Policy

Sexual Harassment Policy

Stop-Work Policy

Anti-Corruption Policy Statement

Sustainability Policy

Whistleblowing Policy

KUL Sustainability Charter

KUL SUSTAINABILITY CHARTER

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

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

GOVERNANCE AND ACCOUNTABILITY

PILLAR 1	PILLAR 2	PILLAR 3	PILLAR 4	PILLAR 5
Practising Sensible Economics	**Environmental Consciousness**	**Creating an Inspiring Workplace**	**Community-Friendly Organisation**	**Memorable Airport Experience**
Generate sustainable returns from business activities by strengthening and optimising revenue streams.	Manage and reduce the impact on the environment from business activities.	Value our employees, provide development opportunities and embed good governance.	Support and strengthen community engagement and efforts to develop programmes to meet the needs of local communities.	Enhance the travel experience of airport guests to support our brand promise of hosting joyful connections.
Airport Capacity Digitalisation Economic Performance Regulatory Compliance Procurement Practices Market Presence Cybersecurity	Waste and Effluent Management Emissions Climate Change Water Management Energy Efficiency	Integrity and Anti-Corruption Employee Engagement and Development Diversity	Human Rights Contributions to Local Community	Airport Safety and Security Total Airport Experience Transportation and Connectivity

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

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

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

SUSTAINABILITY RATING

In March 2021, Malaysia Airports was assigned a Gold Sustainability Rating by RAM Sustainability based on an assessment conducted in 2020. The rating which is the highest among three rating levels provided by RAM Sustainability reflects Malaysia Airports' strong overall sustainability performance after taking into consideration its ESG agenda and positive impact attributes.

The Gold Sustainability Rating is driven by strong corporate governance, commitment towards sustainability efforts and contribution to the domestic economy as a national airport operator, as well as the focus on community and social contributions and forward-looking environmental policies and strategies.

MATERIALITY PROCESS

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

MATERIALITY ASSESSMENT PROCESS

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

1 IDENTIFICATION

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

2 PRIORITISATION

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

3 VALIDATION

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

MATERIALITY MATRIX

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

REVIEW OF MATERIAL MATTERS IN 2021

In reviewing the material matters for 2021, the Group conducted a validation exercise which encompassed a review of business data and strategic plan for 2021 in the light of global mega trends as well as best practice and current developments in sustainability reporting. It also included a comparative analysis of Malaysia Airports' materiality matrix in relation to comparable industry peers.

In addition, the Group also considered that there were several factors that remained unchanged when compared with the previous year. In particular, the value creation model, key business areas, operating context and environment, and principal risks faced by the Group were largely unchanged.

As a result, the Group concluded that there were no material matters identified for 2021, and as such, the materiality matrix remains unchanged from 2020. We envisage a more comprehensive review of the material matters in 2022 as Malaysia reopens its international borders as there will likely be new considerations both on the part of the Group as well as that of stakeholders.

Airport Capacity continues to be a top priority for Malaysia Airports as passenger movement in 2021 had shown that there was strong demand for air travel when the public was allowed to travel.

Airport Safety and Security also remains in the 'Extremely High' category as COVID-19 concerns continued to impact air travel, and a key consideration for passengers' willingness to travel is the safety of the airport. It is also an important consideration for our staff and the airport community who are at the frontlines of the pandemic.

Total Airport Experience also remains an extremely high consideration and is reflective of our continued efforts to improve service quality at our airports.

MATERIALITY PROCESS

We would also like to highlight that the Group's Annual Report includes a discussion on the top eight material matters, linking the material matters with strategic themes and enablers, key stakeholders and capitals affected to demonstrate the dynamics of value creation by the Group.

Malaysia Airports Materiality Matrix for FY2021

Sustainability Pillars:

- Practising Sensible Economics
- Environmental Consciousness
- Creating an Inspiring Workplace
- Community-Friendly Organisation
- Memorable Airport Experience
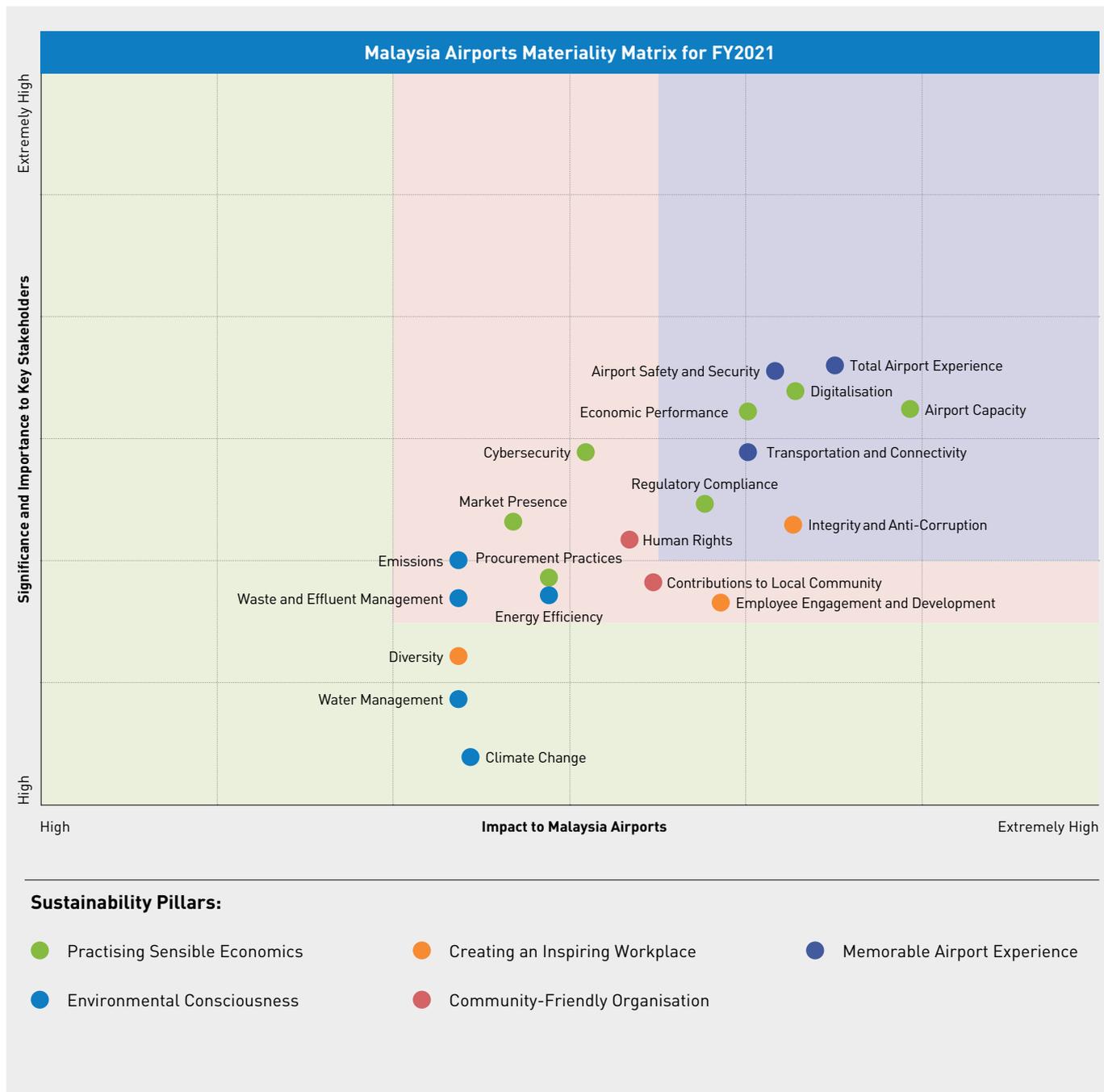
KEY STAKEHOLDERS

KEY STAKEHOLDERS

GRI 102-40, 102-42

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

Regulators and Government	Employees	Airlines
Passengers	Tenants	Vendors and Service Providers
Investors	Local Community	Media

KEY STAKEHOLDER ENGAGEMENT

GRI 102-42, 102-43, 102-44

Several factors make key stakeholder engagement an integral part of our business and embedded in the way we operate. First, the aviation industry is highly regulated on both domestic and international fronts.

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

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

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

Therefore, through regular and close engagement with our key stakeholders, we are able to understand their concerns and work closely with them for our business to succeed for the long term.

As key stakeholder engagement this year continues to be centred around our response to the COVID-19 pandemic, the table below focuses mainly on those concerns.

KEY STAKEHOLDER ENGAGEMENT

Key Stakeholders	Methods of Engagement	Areas of Interest	Our Response	Sustainability Pillars and Material Matters
Regulators and Government	◆ Engagement sessions, face-to-face and meetings, and dialogue sessions ◆ Consultation sessions on regulatory matters	Regulatory compliance	Conducted regular audits, inspections and consultations on the Quality of Service framework. Carried out engagements and discussions with regulators on the finalisation and direction of the Operating Agreements, KLIA Development Agreement and Land Lease Agreement. Adhered to industry standards and obtained certifications. Adhered to international and national laws, regulations, and best practices. Worked closely with government agencies to implement the Malaysian National Security Council's SOPs. Worked closely with government agencies to facilitate the Langkawi Travel Bubble (domestic and international), Vaccinated Travel Lane by Air. Worked closely with the National Disaster Management Agency and Ministry of Health in managing the screening of passengers at KUL as the international gateway.	**Pillar 1** Airport Capacity Market Presence Regulatory Compliance **Pillar 2** Climate Change Energy Efficiency Emissions Waste and Effluent Water Management **Pillar 5** Airport Safety and Security Transportation and Connectivity
		Airport competitiveness	Assessed opportunities and potential for collaboration with key stakeholders. Leveraged on government training programmes for staff learning and development.	
		Infrastructure development	Maximised off-terminal development around KUL and SZB. Leveraged technology for airport operations.	

Frequency of Engagement	◆ Regular	◆ Daily	◆ Annual	◆ Ad-hoc

KEY STAKEHOLDER ENGAGEMENT

Key Stakeholders	Methods of Engagement	Areas of Interest	Our Response	Sustainability Pillars and Material Matters
Regulators and Government (con't)		Environmental and Climate Change	Engaged in environmental monitoring.	
			Adhered to local and national environmental regulations on energy, noise, water and effluent, air quality and waste management.	
			Conducted noise contour and impact surveys.	
			Obtained the renewal of KUL's Level 3 Airport Carbon Accreditation.	
			Continued to support Malaysia's renewable energy agenda through the production of solar power at klia2.	
			Encouraged guests and the airport community to Recycle, Reduce and Reuse waste.	
		Licensing	Obtained Aerodrome Operator Licenses from the Malaysian Aviation Commission (MAVCOM) and Aerodrome Certification from the Civil Aviation Authority of Malaysia (CAAM).	
Employees	◆ Town halls, engagement sessions ◆ Focused group discussions on targeted issues ◆ Employee performance review	Employee health and safety and wellbeing during and post COVID	Established a Vaccination Centre at KUL to facilitate COVID-19 vaccination and booster shots for employees and airport community.	**Pillar 1** Digitalisation Regulatory Compliance
			PCR testing for staff in collaboration with the Ministry of Health and Social Security Organisation.	
			Implemented the use and provided supplies of masks, faceguards, and goggles where necessary.	**Pillar 3** Diversity
			Have in place a work-from-home rotation schedule.	Employee Engagement and Development
			Engaged with employees on COVID-19 matters through the COVID-19 portal.	Integrity and Anti-Corruption
			Provided awareness and updates on COVID-19 to employees.	**Pillar 4** Human Rights
			Provided fitness and childcare facilities at HQ.	
		Workplace safety during and post COVID	MySejahtera COVID-19 check-ins at Malaysia Airports' premises to facilitate contact tracing.	**Pillar 5** Airport Safety and Security
			Revised Occupational Health and Safety Policy and Procedures to reflect COVID-19 safety measures implemented.	
			Certified under ISO 45001 Occupational Health and Safety Management System: Corporate Office and MA Sepang.	
			Decontamination and sanitisation of work and common areas.	
			Supplied alcohol-based sanitisers.	

Frequency of Engagement		◆ Regular	◆ Daily	◆ Annual	◆ Ad-hoc

KEY STAKEHOLDER ENGAGEMENT

Key Stakeholders	Methods of Engagement	Areas of Interest	Our Response	Sustainability Pillars and Material Matters
Employees (con't)		Job security	There were zero retrenchments and zero salary cuts.	
		Corporate integrity	Committed to the Malaysian Government initiated Integrity Pact.	
			Have in place a Code of Ethics and Conduct, a Whistleblowing Policy, the Malaysia Airports Integrity Plan and our Corruption Risk Management System and Policies.	
			Conducted a Corporate Integrity System Assessment.	
			Conducted Integrity Perception Surveys.	
		Employee engagement	Conducted townhalls, walkabouts, 'Let's Connect Session' engagements, internal communications and union engagements.	
		Training and career development	Accelerated Learning and Development via online learning programmes.	
			Reskilled and retrained employees for redeployment to other divisions including 88 Aviation Security personnel to take on Airport Fire and Rescue Services duties.	
Airlines	◆ Regular meetings and face-to-face discussions ◆ Airline operating committees ◆ Local carrier airlines meeting ◆ Foreign carrier airlines meeting ◆ Security facilitation meeting ◆ Feedback surveys	Innovation and technology advancement	Implemented Network Reconnecting Programme to encourage carriers to resume flying into Malaysia and re-establish network connectivity.	**Pillar 1** Airport Capacity Regulatory Compliance **Pillar 5** Transportation and Connectivity
			Engaged airlines and communicated 'Airports 4.0' initiatives.	
			Leveraged on technology: single-token travel, self-baggage-drop facilities, self-check-in kiosks, Passenger Reconciliation System, biometrics for improved efficiency and passenger and airline crew safety.	
		Airport safety	Continued to engage airlines and airport community via the KUL COVID-19 Committee.	
			Carry out frequent Runway Safety inspections and Runway Safety Team meetings.	
			Put in place the Safety Management System and obtained Aerodrome certification.	
			Carry out regular safety and emergency simulation exercises by Airport Fire and Rescue Services.	
			Conduct Foreign Object Debris walkabouts.	
			Completed the refurbishment of Runway 1 in line with the KUL Runway Sustainability Master Plan.	

Frequency of Engagement	◆ Regular	◆ Daily	◆ Annual	◆ Ad-hoc

KEY STAKEHOLDER ENGAGEMENT

Key Stakeholders	Methods of Engagement	Areas of Interest	Our Response	Sustainability Pillars and Material Matters
Airlines (con't)		Terminal and building infrastructure	Continued critical upgrading works such as the replacement of the Aerotrain.	
			Optimised terminal operations through partial closure of underutilised areas of the terminals.	
Passengers	◆ Airport Service Quality surveys ◆ MAVCOM Quality of Service audits ◆ Social media ◆ Customer Feedback Management	Airport service quality and experience	Enhanced e-Commerce platforms, #shopMYairports and shop@SAW in Malaysia and Türkiye respectively, to provide a seamless and contactless shopping experience and enable tenants to reach non-travellers.	**Pillar 1** Airport Capacity Regulatory Compliance **Pillar 5** Transportation and Connectivity
			Establish private health screening facilities at the airports to provide more screening options to passengers.	
			Use the Airport Service Quality Benchmarking Programme to measure airport service quality at selected airports.	
			Comply with the MAVCOM's Quality of Service framework.	
			Improved digital processes which include single-token travel, self-baggage-drop facilities, self-check-in kiosks, Passenger Reconciliation System, use of biometrics for improved efficiency and passenger experience.	
		Customer service	Provide the public with updates via social media and the MYairports app.	
			Engagement with passengers by Airport CARE Ambassadors.	
			Continued the Customer Affairs and Resolution Excellence Feedback Management System to manage and respond to feedbacks and queries.	
			Implemented cashless payment services for increased customer convenience.	
		Cleanliness	Completed washroom refurbishments and renovations at KUL.	
			Introduced 'Adopt A Washroom' programme that in which management personnel volunteer to oversee certain washrooms to ensure their cleanliness.	

Frequency of Engagement	◆ Regular	◆ Daily	◆ Annual	◆ Ad-hoc

KEY STAKEHOLDER ENGAGEMENT

Key Stakeholders	Methods of Engagement	Areas of Interest	Our Response	Sustainability Pillars and Material Matters
Passengers (con't)		Communication and announcements	Provide the public with updates via social media.	
			Provide guests with help and guidance via the Airport CARE InfoCentre at KUL.	
			Produce inflight 'Convergence' magazine.	
			Use #MYairportsupdates to provide the public with a convenient way to access our updates on travel restrictions and SOPs.	
			Improved wayfinding signages.	
		Airport security and safety	Piloted single token initiative driven by facial recognition and other technology to improve passengers' journey throughout the airport.	
			Obtained Airports Council International's Airport Health Accreditation for 6 airports – KUL, BKI, KCH, LGK, PEN and SAW - to ensure compliance with global best practices as well as ACI and ICAO guidance on airport health safety measures.	
Tenants	◆ Standard consulting procedure ◆ Engagements, briefings, one-one communication ◆ Communication plans and projections	Airport operator	Practice standard contracting procedure.	**Pillar 1** Cybersecurity
			Provided rebates on rental for premises at the airports.	Digitalisation
			Introduced a new rental model for retail tenants as part of an ongoing effort to retain and attract business partners.	Economic Performance Procurement Practices
		Customer satisfaction	Enhanced the Commercial Reset strategy.	**Pillar 5**
			Implemented a cashless payment ecosystem for increased customer convenience.	Airport Safety and Security
			Enhanced #shopMYairports, an e-Commerce platform that v enhances passengers' retail experiences, allows the non-travelling public to purchase duty absorbed goods and supports the recovery of airport retail tenants.	Total Airport Experience
			Departing international passengers can pre-purchase and pick up their duty-free goods at the airport through this platform as well.	
			Held 3 'KLIA Crazy Sale' events which enabled the non-travelling public to purchase duty-absorbed goods .	

Frequency of Engagement	◆ Regular	◆ Daily	◆ Annual	◆ Ad-hoc

KEY STAKEHOLDER ENGAGEMENT

Key Stakeholders	Methods of Engagement	Areas of Interest	Our Response	Sustainability Pillars and Material Matters
Vendors and Service Providers	◆ Tenders and request for proposals ◆ Briefing on processes and updates on projects	Procurement process	Regular review and adhered to procurement policies, procedures, and guidelines.	**Pillar 1** Digitalisation Economic Performance Procurement Practices **Pillar 3** Integrity and Anti-Corruption
			Implemented e-Procure and automated procurement process to improve efficiency and digitalisation.	
			Briefed vendors on procurement anti-bribery and anti-corruption measures as part of Vendor Integrity programme.	
		Prompt payments	Implemented the Vendor Management System to keep track of procurements and payments.	
Investors	◆ Analyst briefing sessions ◆ One-on-one engagements	Financial returns Communication of strategic plan	Regular review of business and investment plans to match the current and predicted social-eco climate.	**Pillar 1** Economic Performance Market Presence Regulatory Compliance **Pillar 3** Integrity and Anti-Corruption
			Implemented a 5-year strategic plan to see the business survive and recover from the pandemic.	
			Put in place measures to improve cost structure and reduce operating cost.	
		Governance and transparency	Adhere to the Malaysian Code on Corporate Governance.	
		Company reputation	Regularly publish literature and press releases that highlight our activities, awards, and accolades.	
		Regulatory compliance	Adhere to Bursa Malaysia's listing requirements.	
			Became a constituent of the FTSE4 Good Bursa Malaysia Index.	
			Incorporated Sustainability Reporting into our annual disclosures.	
		Financial results	Announce financial results every quarter.	
Local Community	◆ Community engagement ◆ Strategic partnerships ◆ News media ◆ Social media ◆ Website	Corporate citizenship	Continue to give back to the local communities through our Corporate Responsibility Framework which focuses on: Education and Youth Leadership; Community Enrichment and Malaysia Branding.	**Pillar 4** Contributions to the Local Community Human Rights
			Provided food aid to 2,500 families impacted by COVID-19 measures.	
			Provided flood relief assistance to 1,500 families affected by the year-end floods.	
Media	◆ Media briefings/ interviews ◆ Website and events ◆ Social media ◆ Press conferences	Environmental social and governance issues	Issue press releases and conduct press briefings regularly.	**Pillar 1** Economic Performance Market Presence
			Practice sound and transparent decision making.	
		Media relations	Grant media interviews when appropriate and visit media occasionally.	

Frequency of Engagement	◆ Regular	◆ Daily	◆ Annual	◆ Ad-hoc

PRACTISING SENSIBLE ECONOMICS

ABOUT THIS PILLAR

KUL Sustainability Charter Goals

Goal 1: Optimising Economic Performance

UN SDGs

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

11 SUSTAINABLE CITIES AND COMMUNITIES

Material Matters

- Airport Capacity
- Cybersecurity
- Digitalisation
- Economic Performance
- Market Presence
- Procurement Practices
- Regulatory Compliance

Key Stakeholders

- Regulators and Government
- Employees
- Airlines
- Passengers
- Tenants
- Vendors and Service Providers
- Investors
- Media

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PILLAR

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Practising Sensible Economics

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

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As the nation's main airport operator, we aim to run a profitable business that has potential for strong long-term growth while upholding our responsibility to stakeholders. In 2021, although Malaysia Airports' business continued to feel the impact of the COVID-19 pandemic, the Group made progress despite the challenging operating environment.

Guided by the strategic plan formulated in 2020, we gained ground on Pillar 1's key material matters – Airport Capacity, Digitalisation and Cybersecurity – while paying close attention to the Group's Economic Performance. We also engaged with suppliers to strengthen our Procurement Practices and continued to support local vendors under Market Presence. Regulatory Compliance was also a key focus area, and we are pleased to note our full compliance with applicable laws and regulations.

AIRPORT CAPACITY

GRI 103

This refers to the airports' ability to cater for increasing passenger traffic and to manage capacity constraints through space optimisation and airport expansion. Airport capacity is an important factor in ensuring operational safety and efficiency, service standards as well as passenger comfort. It is also one of the factors airlines take into consideration when deciding on route development which impacts our earnings and growth.

Prior to the pandemic, there were areas of concern which had been highlighted relating to airport capacity. Some airports were approaching or operating beyond their planned capacity due to high traffic growth while critical assets such as the Baggage Handling System and Aerotrains at KUL were approaching their end-of-life and needed to be replaced.

In 2020, the Group made a decision to continue with critical projects such as the replacement of critical assets and runway rehabilitation while delaying those relating to airport expansion. As such, in 2021, we made progress in the critical projects to ensure capacity and readiness when air travel is restored.

Airport Capacity Highlights for 2021

- **Replacement of Aerotrains:** Following a tender exercise, the contract to replace the Aerotrains (Automated People Mover/Track Transit System) was awarded end-2021 and work is scheduled to commence in Q1 2022.

- **Runway Rehabilitation:** In line with the KUL Runway Sustainability Plan, the rehabilitation of Runway 1 at KUL was completed on schedule in June 2021. With the rehabilitation of Runways 1 and 3 completed, KUL can handle up to 108 flight movements per hour.

- **Airport Optimisation Plans:** The Airport Optimisation Plans were completed for BKI, KCH and TWU while the conceptual design for PEN has been completed.

PRACTISING SENSIBLE ECONOMICS

CYBERSECURITY

This refers to the continuous strengthening of our capabilities to protect the security and privacy of our stakeholders' business information and systems through cybersecurity. Airport operations are a national security matter. Increased digitalisation at Malaysia Airports for the convenience of our stakeholders comes with inherent risks related to cyber-related security threats. Cybersecurity is crucial to ensure the data of stakeholders and our own data and digitalised processes are always protected. Malaysia Airports continues to enhance its Cybersecurity Acceleration Programme which was launched in 2019.

APPLICABLE LAWS, REGULATIONS, POLICIES AND STANDARDS
Malaysia Airports Information Security Policy
Communications and Multimedia Act 1998
Computer Crimes Act 1997
Copyright Act 1987
Personal Data Protection Act 2010
National Cyber Security Policy
Malaysia Cyber Security Strategy
Arahan MKN 24: Mekanisme Pengurusan Krisis Siber Negara
ICAO Annex 17: Security – Safeguarding International Civil Aviation against Acts of Unlawful Interference
General Data Protection Regulation (EU): GDPR 2016/679
Information Security Management Systems: ISO/IEC 27001,27002
Payment Card Industry Data Security Standard

Cybersecurity Highlights for 2021

Established a Cybersecurity Five Year Plan: Improves cybersecurity processes and procedures, risk assessment, analysis, monitoring and investigation, as well as education and training of employees.

Implemented Security Incident and Event Management Tools: Improve real-time threat monitoring, investigations and alerts.

Conducted IT Business Continuity Plan Simulation Exercise: Ensure readiness of IT infrastructure, processes and procedures in cases of disruptions to IT infrastructure.

Received 'The Cybersecurity Project of the Year 2021' award: Our Cybersecurity Acceleration Programme was recognised in the annual Malaysia Cyber Security Awards 2021 by CyberSecurity Malaysia, an agency of the Ministry of Communications and Multimedia Malaysia.

DIGITALISATION

This refers to the digital framework encompassing enhancement, capacity development and digital innovations that aim at terminal optimisation, operational efficiency, revenue generation, regulatory compliance and health protection. Digitalisation is important to Malaysia Airports in the face of the Industrial Revolution 4.0 to ensure up-to-date technologies are used to improve efficiency, reduce human error and to redirect resources to more crucial areas of our operations. Our Airports 4.0 digitalisation programme has been especially important to Malaysia Airports in 2021 as it played a big part in enhancing the safety and security of passengers and the airport community during the COVID-19 pandemic.

Our digitalisation initiatives have enabled a predominantly contactless environment for operations efficiency and the safety of passengers and the airport community. In addition, our employees have also been able to adapt to working from home to comply with government directives.

APPLICABLE STANDARDS
ISO/IEC 27001: 2013 Information Security Management Systems
Malaysia Airports Holdings Berhad Sites: Human Capital Division, IT Division and Procurement & Contract Division only
Malaysia Airports Sdn Bhd Sites: LGK and PEN only
Malaysia Airports (Sepang) Sdn Bhd
Istanbul Sabiha Gökçen International Airport

Digitalisation Highlights for 2021

Airport – Collaborative Decision Making project was awarded: The project will enable airport stakeholders to access and share real time information on aircraft turnaround and collaborate to improve operational efficiency.

Single Token Journey and Self Boarding eGates expanded: Following the successful pilot programme which ran in 2020, Single Token Facial Biometric implementation started and Self Boarding eGates were installed at KUL at the boarding gates. This simplifies and speeds up the passengers' journey through the airport.

MYairports app enhanced: The app's capabilities were enhanced to incorporate better capabilities.

Passenger Reconciliation System launched: Enhances security when passengers enter the terminal's security area as verification of travel documents by Aviation Security personnel is validated in real-time, enabling incidents such as no-shows to be identified and their baggage offloaded efficiently.

Established programmes for learning and development and career progression for IT Division (ITD) professionals within the Group: ITD Learning and Development Framework and ITD Dual Career Ladder Plan for Technical Track launched in 2021.

Inculcate learning culture across ITD: 215 IT certification courses completed by staff in 2021.

Completed IT document scanning programme: 74% reduction in A4 paper usage.

ECONOMIC PERFORMANCE

GRI 108, 201-1

This refers to the economic value generated and distributed by Malaysia Airports. As a public-listed entity, our primary responsibility is to create shared value for our stakeholders. Our economic performance is crucial to the existence of the business and the interests of our stakeholders which include healthy economic returns, continued employment and business opportunities.

Economic Performance Highlights for 2021

Generated economic value: Despite the reduction in Economic Value Generated of RM1,883.1 million arising from lower passenger volumes for Malaysia Airports in 2021, the Economic Value Distributed in 2021 remained relatively the same as 2020 leading to an improvement in Economic Value Retained.

Group-wide cost containment measures: Cost containment measures led to Malaysia Airports' total cost contracting by 18.4% YoY or RM378.5 million, with core costs contracting by a further 11.2% YoY or RM172.3 million.

Bolstered cash position: At end-2021, Malaysia Airports' cash balances and money market investments stood at RM2,311.4 million compared to RM1,717.0 million at end-2020. Cash balances were bolstered by improvement in net cash from operating activities particularly with the improvement in revenues in Türkiye and the lowered costs in Malaysia.

Economic Value Generated (RM million)

| 151.8 | Economic Value Retained |
| Economic Value Distributed | *1,883.1 |

Economic Value Distributed (RM million)

**190.8	Government
Capital Providers	634.1
Employee wages	675.7
Operational costs	915.8
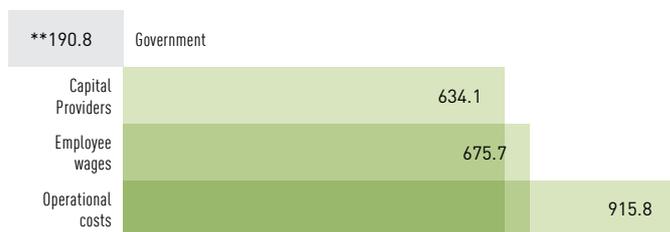
* The Economic Value Generated includes revenue, other income and share of results of associates and joint ventures
** The distribution to the Government is as a result of tax credits that were largely due to the recognition of the tax recoverable and deferred tax assets

PRACTISING SENSIBLE ECONOMICS

The economic value generated in 2021 was RM1,883.1 million. Cost containment measures led to Malaysia Airports' total cost contracting by 18.4% YoY or RM378.5 million, with core costs contracting by a further 11.2% YoY or RM172.3 million, representing sustainable cost containment above and beyond the reduction of the 26% reduction we achieved in FY2020.

The comprehensive measures taken in 2020 to protect our people and the business continue to deliver resilience through 2021. These measures, amongst others, continue to strengthen the Group's financial position and manage liquidity risk. These include:
• Operational expenses containment and cash conservation
• Addressing liquidity risk
• Divestment strategy
• Cash recovery initiatives

The Board and Management diligently monitor ongoing developments throughout the current pandemic and enhance the implementation of the above measures where possible.

MARKET PRESENCE
GRI103, 202-2

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

To that end, all senior management positions at Malaysia Airports as at end-2021 are held by Malaysians, except for two positions which are filled by non-Malaysians. The senior management personnel are identified in the Annual Report.

PROCUREMENT PRACTICES
GRI 103, 204-1

This refers to supporting local suppliers at significant locations of operations. As a large airport operator, the spending on local suppliers directly impacts our economic performance and acts as a catalyst to create a thriving business environment where we operate. To ensure greater transparency and fairness in our procurement processes, we have in place policies to prevent bribery and corruption that apply to our employees and suppliers. This is crucial to maintain healthy returns for our stakeholders and to create a sustainable pool of local suppliers.

APPLICABLE POLICIES AND STANDARDS
Malaysia Airports Procurement Policies, Procedures and Guidelines ISO 9001: Quality Management Systems ISO 27001: Information Security Management Systems ISO 37001: Anti-bribery Management Systems ISO 45001: 2018 Occupational Health & Safety Management Systems

Procurement Practices Highlights for 2021

Leveraging on technology for procurement: The use of eTender, eBidding and eRFQ resulted in cost savings and faster turnaround, improving average cycle time for the tender production process by 28%.

On-going procurement for critical projects: In 2021, there was on-going procurement processes for critical projects including Asset Replacement Programme - Aerotrain and Baggage Handling System; Airport Process Automation projects - Airport Collaborative Decision Making and Airport Integrated Security and Safety System.

On-going engagement with suppliers: The engagement promotes our suppliers' understanding of ESG aspects of procurement and compliance with Malaysia Airports' policies and processes including the Sustainability Policy and Environment Management System, social criteria, integrity and anti-corruption policies and applicable international standards.

Alignment with Group policies: Revisions in the procurement policies at SAW began in 2021 as part of the Group alignment process.

PRACTISING SENSIBLE ECONOMICS

Sustainable purchase requirements: At SAW, consumables, durables and materials for construction, maintenance and repair are evaluated against ESG criteria including Forest Stewardship Council certification, recycled content, energy star certification and rechargeable capabilities.

Engagement of 98% local suppliers: In 2021, we engaged a total of 879 suppliers, of which 98% are local.

No breaches of Procurement Code of Ethics: In 2021, there were no breaches of the Code.

Breakdown of Procurement Expenditure for 2021

Suppliers	Expenditure					
	2019		2020		2021	
	RM million	%	RM million	%	RM million	%
Local*	845.6	82	726.6	90	**606.3**	**97**
FDI**	135.6	13	14.1	2	**nil**	**nil**
Overseas	53.8	5	61.3	8	**20.4**	**3**
TOTAL	**1,035.0**	**100**	**802.0**	**100**	**626.7**	**100**

* *Companies established under the laws of Malaysia as well as foreign companies with an office or operations base in Malaysia are classified as 'local'.*
** *Foreign Direct Investment*

REGULATORY COMPLIANCE

GRI 103, 206-1

This refers to the compliance with all international and national laws and regulations, including environmental, social and operational regulations. Malaysia Airports operates within a highly regulated industry. It is imperative that we adhere to and comply fully with laws and regulations to ensure we can continue operations and to maintain our good reputation.

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

Regulatory Compliance Highlights for 2021

Compliance with new public health measures: In line with prevailing government Standard Operating Procedures (SOPs), Malaysia Airports made the necessary changes to its operations to comply with the SOPs. In addition, to remind airport users of the new regulations, an extensive communications programme was conducted within the airport premises as well as through mainstream and social media to inform the public of the relevant SOPs.

Compliance with anti-competition laws: No legal action was taken against Malaysia Airports of anti-competitive behaviour, anti-trust or monopoly practices in 2021.

ENVIRONMENTAL CONSCIOUSNESS

ABOUT THIS PILLAR

KUL Sustainability Charter Goals

Goal 2: Improving Energy Efficiency
Goal 3: Reducing Overall Carbon Footprint
Goal 4: Enhancing Water and Waste Management

UN SDGs

6 CLEAN WATER AND SANITATION | 7 AFFORDABLE AND CLEAN ENERGY | 11 SUSTAINABLE CITIES AND COMMUNITIES | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 13 CLIMATE ACTION

Material Matters

- Climate Change
- Energy Efficiency
- Emissions
- Waste and Effluent Management
- Water Management

Key Stakeholders

- Regulators and Government
- Employees
- Airlines
- Passengers
- Tenants
- Vendors and Service Providers
- Investors
- Local Community
- Media

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

ENVIRONMENTAL CONSCIOUSNESS

PILLAR 2	Environmental Consciousness
	Manage and reduce the impact on the environment from business activities.

Malaysia Airports understands that the world's resources are finite, and the consumption of these resources have an impact on the environment. Therefore, our Sustainability Policy reiterates the need for prudence in managing these resources. In addition to striving for greater resource efficiency, we engage stakeholders in this effort and focus on key initiatives to protect the environment.

PASSENGER MOVEMENTS

GRI 103

Passenger movements are an important metric in considering Malaysia Airports' performance with regards environmental matters as they demonstrate the scale of our operations. However, in 2021, our operations in Malaysia were impacted by domestic and international travel restrictions, which led to a 58.3% contraction in passenger movements across our airports in Malaysia. By contrast our operations in Türkiye demonstrated a recovery in passenger movements as travel restrictions eased significantly in Türkiye throughout 2021.

As a result of the big fluctuations in passenger numbers, several statistics in this section show significant year-on-year (YoY) changes. Additionally, as passenger numbers are the denominator for calculating intensity numbers, the low passenger numbers have driven up the intensity of several indicators.

Passenger Movements

	2019	2020	2021	YoY change
	(million)			(%)
KUL	62.3	13.2	**4.0**	(69.5)
MASB*	42.9	12.6	**6.7**	(46.7)
SAW	35.9	17.2	**25.4**	47.4
Total	**141.1**	**43.0**	**36.1**	**(16.0)**

*   Airports in Malaysia other than KUL

APPLICABLE STANDARDS
ISO 14001: 2015 Environmental Management Systems Malaysia Airports (Sepang) Sdn Bhd Malaysia Airports Sdn Bhd Urusan Teknologi Wawasan Sdn Bhd Istanbul Sabiha Gökçen International Airport

ENVIRONMENTAL CONSCIOUSNESS

Environmental Consciousness Highlights for 2021

ACI Asia-Pacific Green Airports Gold Recognition: Malaysia Airports' efforts on sustainable carbon management by utilising green energy Ground Power Units (GPUs) at KUL received a Gold Recognition from Airports Council International (ACI) Asia-Pacific, an acknowledgment of our efforts in transitioning towards a sustainable, low-carbon future.

The project integrates the generation of solar energy from rooftops of the terminal with new GPUs which supply aircrafts at the apron with power, simultaneously reducing the use of diesel-powered GPUs and of the aircrafts' Auxiliary Power Units.

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The project integrates the generation of solar energy from rooftops of the terminal with new GPUs and supply aircrafts at the apron with power, simultaneously reducing the use of diesel-powered GPUs and of the aircrafts' Auxiliary Power Units. It is estimated that the amount of 1,970 tCO2 reduction from using the green energy GPUs over three years from 2018-2020 is equivalent to planting 50,520 trees to absorb CO2 emissions which would have otherwise been emitted.

The project also reduces diesel spillage from GPUs which is a source of environmental contamination.

Airport Carbon Accreditation Level 3 renewed: The ACI has renewed Malaysia Airports' Level 3 certification under its Airport Carbon Accreditation programme.

Upgrading of BKI's Energy Management Systems to ISO 50001:2018: BKI has also been recognised for its energy management capabilities. Following a recent audit under its ISO 50001:2011 for Energy Management Systems, the auditors have recommended an upgrade for the airport to ISO 50001:2018. It was also notable that the airport completed its certification with an outstanding track record of zero nonconformity reports.

JV with TNB Engineering Corporation: KUL district cooling plant is undergoing upgrading work to improve efficiency and eventually run fully on electricity. The modernised plant is expected to reduce KUL's operating cost by at least RM50.0 million annually over the entire 20-year concession which commenced on 1 July 2021.

LED Transformation at SAW showing results: SAW's annual cost savings from the use of LED light bulbs has increased by 75% YoY for 2021, partly caused by rising energy prices in Türkiye.

Increase in use of solar energy: In 2020, we began installing solar PV equipment at seven airports across Malaysia to increase usage of renewable energy. In 2021, we completed the works at three of the airports, KUA, MKZ and PEN, with a total capacity of 3,688 kW peak. Together with klia2, the total solar energy generated was 17,399 MWh which has led to a reduction in carbon emissions by 12,073 tCO2. This is equivalent to planting 309,604 trees to absorb the carbon emitted if fossil fuels had been used to generate the power.

Cost savings from using solar energy: Malaysia Airports gained cost savings of RM1,150,014 from the use of solar energy.

Alternative water supply at KUL: Following a feasibility study, the project to install an alternative water supply plant at KUL proceeded with the award of the contract in September 2021, targeting completion in 2023. The Water Recycling Programme is one of the initiatives for Malaysia Airports to optimise water usage at the airport through recycled water from its Southern Balancing Pond.

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

This refers to efficient use and consumption of electricity and energy generated from renewable sources. All energy consumed contributes to carbon emissions which has an impact on climate change. Our stakeholders have decided that energy efficiency is a material matter for us and we are dedicated to using resources in a sustainable manner to reduce our carbon footprint.

The klia2 terminal building and SAW airport lead the way in sustainability with each having achieved Leadership in Energy and Environmental Design (LEED) Gold certification. klia2 was the fourth airport building in Asia Pacific to achieve

ENVIRONMENTAL CONSCIOUSNESS

the gold standard in 2017, while SAW was the first in Türkiye to do so in 2019. The global credential recognises their sustainability achievement, leadership and performance with regards indicators such as carbon, energy, water, waste, transportation, materials, health and indoor environmental quality.

Initiatives to reduce consumption of energy were also bearing fruit in 2021 at klia2, BKI and LGK. The replacement of LED downlights to a reduced wattage at BKI, stringent monitoring of use of energy at the airport premises at LGK and the installation of solar LED lights at airside areas of klia2 led to energy savings.

SAW is also certified as a Green Airport by the Turkish government by fulfilling several requirements which include preparing a greenhouse gas management plan, a waste management plan and a dangerous goods inventory. SAW monitors its compliance with the mandatory requirements and keeps up-to-date plans for greenhouse gasses and waste annually. The terminal building has onsite a trigeneration unit which enables electricity and heat to be produced at higher efficiency. This also saves heat in the colder months and lower usage of electricity in the summer, resulting in lower fuel and energy costs.

Fuel Consumption and Intensity – Malaysia

	2019	2020	2021	YoY change
		(litres)		(%)
Total Fuel Consumption	478,952	365,521	**261,267***	(28.5)
		(litre/passenger)		
Fuel Intensity	0.0046	0.0142	**0.024**	71.4

*   *incomplete figures for TWU*

Fuel Consumption and Intensity – SAW

	2019	2020	2021	YoY change
Fuel		(litres)		(%)
Diesel	9,313	5,826	**25,720**	341.5
		(million cubic metres)		
Natural gas	7.2	7.5	**7.1**	(5.3)
Total Fuel Consumption	7.2	7.5	**7.1**	(5.3)
		(litre/passenger)		
Fuel Intensity	0.2	0.4	**0.3**	(25)

Solar Power Generated – Malaysia

	2019	2020	2021
		(MWh)	
Solar Energy Generated	18,763	16,949	**17,399**

ENVIRONMENTAL CONSCIOUSNESS

Energy Consumption and Intensity

	2019	2020	2021	YoY change
Energy Consumption		(million kWh)		(%)
Malaysia	541.5	410.2	**350.5**	(14.6)
SAW	78.1	65.7	**76.0**	15.7
Energy Intensity		(kWh/passenger)		
Malaysia	5.1	15.9	**32.6**	105
SAW	2.2	3.8	**3.0**	(21.1)

Breakdown in Energy Consumption – Malaysia

	2019	2020	2021	YoY change
Energy Consumption		(million kWh)		(%)
KUL	406.0	307.5	**267.0**	(13.2)
Other airports	135.5	98.9	**83.4**	(15.7)
Energy Intensity		(kWh/passenger)		
KUL	6.5	23.4	**66.6**	184.6
Other airports	3.2	8.1	**12.4**	53.1

Breakdown in Energy Consumption – SAW

	2019	2020	2021
		(million kWh)	
Electricity	53.5	39.3	48.5
Heating	19.9	18.8	23.7
Cooling	4.7	7.6	3.8
Total Consumption	**78.1**	**65.7**	**76.0**

Savings from energy reduction initiatives – Malaysia

Energy reduction initiatives	Estimated savings in value (RM)	Estimated savings in consumption (kWh)
Replacement of LED downlight from 36W to 18W at BKI	5,109	15,768
Operations monitoring and control of facilities and equipment at LGK	93,466	256,074
Improvement on Compound Street Lighting at Airside klia2 (Solar LED)	6,597	12,960

Cost Savings from LED Transformation – SAW

	2019	2020	2021	YoY change
		(Turkish Lira TL)		(%)
Annual Savings	1,887,532	1,558,872	**2,723,968**	75.0

EMISSIONS

GRI 103, 303-1, 305-2, 305-3, 305-4

This refers to the discharge of environmentally hazardous substances and greenhouse gas into the atmosphere such as dust, dark smoke, emissions with metallic compounds, carbon dioxide, methane, nitrous oxide. Carbon emissions contribute towards climate change and as a participant of the ACI's Airport Carbon Accreditation (ACA) programme, Malaysia Airports is committed to reducing carbon emissions.

Emissions – KUL

	2017	2018	2019
Emissions	**(tCO$_2$e)**		
Scope 1	2,193	2,303	2,367
Scope 2	109,212	111,532	116,250
Scope 3	1,174,490	1,264,196	1,198,953
Total Emissions	**1,285,895**	**1,378,031**	**1,317,570**
	(tCO$_2$e/pax)		
Emissions Intensity	0.001903	0.001898	0.001903

The table above shows the latest Emissions data which has been independently verified by ACI in renewing KUL's ACA certification, namely 2019 data. Subsequent to that, due to the impact of COVID-19, ACI has asked that all 2020 data be excluded from the ACA certification exercise; instead 2021 emissions data will be used in the next certification renewal exercise which will be conducted in 2022.

WASTE AND EFFLUENT MANAGEMENT

GRI 103, 306-2

This refers to the treatment of hazardous and non-hazardous waste. The manner in which we treat our waste and approach recyclable items has an impact on our business, society and the environment in the long run. As such, our stakeholders have deemed this to be crucial to minimise the negative impact of waste materials on the environment.

In this regard, for operations in Malaysia, Malaysia Airports abides by the provisions of the Environmental Quality Act 1974, the Solid Waste and Public Cleansing Management Act 2007, and the Environmental Quality (Scheduled Wastes) Regulations 2005. Airports in Malaysia have their own Effluent Treatment Plants and staff at each airport are Certified Environmental Professionals in Sewage Treatment Plant Operation. For operations in Türkiye, hazardous and non-hazardous waste management is carried out in accordance with the Waste Management Regulations issued by the Turkish government.

The volume of waste materials has fallen sharply in tandem with the contraction of passenger numbers in 2021. As such the recycling programme at KUL has been scaled back accordingly. Nevertheless, during this period, Malaysia Airports has continued to engage with the airport community at KUL to raise awareness on waste recycling.

ENVIRONMENTAL CONSCIOUSNESS

Waste Management – KUL

	2019	2020	2021
	(million kg)		
Total Waste Sent to Landfill	14.5	4.8	**2.7**
Recycled Waste	2.0	0.4	**0.2**
	(tonnes)		
Total Scheduled Waste Collected	19.5	14.2	**10.4**
	(percentage %)		
Recycling Rate	13.8	8.3	**6.3**
	(kg/pax)		
Waste Intensity	0.23	0.36	**0.68**
Recycled Waste Intensity	0.033	0.036	**0.046**

Waste Management – SAW

	2019	2020	2021
	(million kg)		
Total Waste Sent to Landfill	5.0	4.6	**5.9**
Recycled Waste	5.1	2.3	**2.9**
	(tonnes)		
Total Scheduled Waste Collected	95.8	48.7	**54.7**
	(percentage %)		
Recycling Rate	50.5	33.3	**50**
	(kg/pax)		
Waste Intensity	0.14	0.27	**0.24**
Recycled Waste Intensity	0.14	0.13	**0.12**

Types of Scheduled Waste – KUL

Scheduled Waste	Tonnes
Mercury (bulbs)	3.4
Electrical Devices	3.0
Contaminated Disposed Waste (container)	1.4
Contaminated Disposed Waste (rags/plastic/papers)	1.3
Spent Lubricating Oil	0.9
Waste of halogenated organic solvents	0.3
Ni-Cd Batteries	0.03
Waste of Paints	0.03
Biochemical Waste (pesticides, herbicides/biocides)	0.01
Heavy Metal Resin	0.004
Total	**10.4**

Types of Scheduled Waste – SAW

Scheduled Waste	Tonnes
Organic Wastes Containing Dangerous Substances	42.0
Lubricating Oil	7.5
Inorganic Wastes Containing Dangerous Substances	2.5
Contaminated Package	1.3
Contaminated Waste	1.2
Fluorescence	0.1
Cartridge, Toner	0.05
Waste of Paints	0.02
Total	**54.7**

ENVIRONMENTAL CONSCIOUSNESS

WATER MANAGEMENT

GRI 103, 303-5

This refers to the consumption and efficiency of water usage for industrial processes and general purposes. Water is a finite resource that is important for our operations. In line with our Sustainable Policy, we monitor water usage and use water in a more sustainable manner.

Water Consumption – Malaysia

	2019	2020	2021	YoY change
	(million cubic metres)			(%)
Water Consumption	11.0	9.4	**7.7***	(9.75)
	(litre/passenger)			
Water Consumption Intensity	104.7	365.5	**718.1**	96.5

*   *incomplete pending figures for four months for KBR*

Low passenger numbers caused water consumption to fall but water consumption intensity to rise for Malaysia operations.

Water Consumption – SAW

	2019	2020	2021	YoY change
	(million cubic metres)			(%)
Water Consumption	0.37	0.22	**0.25**	13.6
	(litre/passenger)			
Water Consumption Intensity	10.2	12.8	**9.8**	(23.4)

At klia2, a rainwater harvesting system collects which collects rain flow and condensation from air handling units and channels the water for toilet flushing and landscape watering. At SAW the rainwater harvesting system collects rainwater from impervious areas such as the rooftops of the terminal building and recycles it to water the terminal's landscaped areas.

Rainwater Harvested – klia2

	2019	2020	2021
	(cubic metres)		
Rainwater Harvested	69,827	52,695	**41,993**

The savings from rainwater harvested for 2021 amounts to RM95,744 at the applicable average water tariff rate of RM2.28/m^3.

CREATING AN INSPIRING WORKPLACE

ABOUT THIS PILLAR

KUL Sustainability Charter Goals

Goal 5: Being a Responsible Service Provider
Goal 6: Promoting Diversity and Inclusivity

UN SDGs

| 5 GENDER EQUALITY | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 16 PEACE, JUSTICE AND STRONG INSTITUTIONS | 17 PARTNERSHIPS FOR THE GOALS |

Material Matters

- Diversity
- Employee Engagement and Development
- Integrity and Anti-Corruption

Key Stakeholders

Regulators and Government

Employees

Note: Where possible we have included data from our wholly owned subsidiary Istanbul Sabiha Gökçen International Airport (SAW) in Türkiye.

CREATING AN INSPIRING WORKPLACE

| **PILLAR 3** | **Creating an Inspiring Workplace** Our employees are an invaluable resource as well as a large stakeholder group. The material matters associated with this pillar are concerned with the welfare and development of our workforce and embedding good governance. |

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

Creating an Inspiring Workforce Highlights for 2021

Zero retrenchments: Malaysia Airports held steadfast to our 'zero retrenchments' policy throughout 2021, focusing instead on retraining and reskilling our employees. This ensures our readiness to accelerate our operations quickly upon the reopening of Malaysian borders.

Training and Reskilling: In 2021, Learning and Development was heavily promoted to our employees to retrain, reskill and upgrade their capabilities as we prepare for the recovery of air travel. Average training hours per employee for Malaysia operations rose 200% YoY from 13 hours to 39 hours.

In-house training capabilities enhanced: Leveraging on in-house subject matter experts, 90% of training programmes were conducted by internal staff. Online capabilities were also enhanced with 68% of 501 training courses were conducted online via webinars while all 42 awareness programmes were fully migrated to the online learning platform e-MAGE for convenient access by all our employees and were completed by 85% of employees throughout the Group.

Training extended to external participants: 23 training programmes were extended to external participants garnering 365 participants from external agencies. Among the most popular programmes were the AVSEC Screener Recertification and Certified Runway Inspectors programmes.

Leverage on government training resources: We enrolled our employees, particularly IT department, to take advantage of programmes made available by the Malaysian government's Human Resources Development Fund. In addition, our partnership with Human Resources Development Corp, a government agency, has opened up a new online learning platform, e-Latih, for our employees covering a wide range of topics. 528 employees completed 6,709 e-Latih courses in 2021.

Knowledge sharing: A knowledge sharing platform was established to enable our employees in Malaysia and at SAW to exchange best practices with nine sessions conducted in 2021.

Vaccination programme for Malaysia Airports employees: 100% of employees in Malaysia who are eligible for vaccine are fully vaccinated, with 23% completing their booster doses as at end-2021.

CREATING AN INSPIRING WORKPLACE

Occupational Safety and Health (OSH) e-learning modules: Five e-learning modules focussed on environmental safety, health matters and ISO45001 standards were launched to increase awareness on OSH and promote compliance Group-wide.

Alignment of SAW policies: SAW has aligned with Group-wide anti-corruption and integrity policies, taking into consideration the cultural differences and legal obligations mandated by Turkish law. Its Anti-Corruption Policy came into effect in June 2021.

Communications and Training on Anti-Bribery and Corruption: E-learning modules to raise awareness on Anti-Bribery and Corruption policies and Whistleblowing were rolled out to all employees.

Vendor Integrity: We extended training on procurement integrity to our vendors via webinars. A total of 248 representatives from our vendors attended the online sessions, covering approximately 30% of registered vendors in our procurement system.

**DIVERSITY**

GRI 102-7, 102-8, 103, 202-2, 405-1

This refers to the diversity in workforce, Management and the Board which is characterised primarily by gender and age. We serve a diverse group of stakeholders, as such, it is important that we have a diverse workforce that can engage effectively with our stakeholders on a range of issues.

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

Board Members by Gender

Malaysia: 5 (45.5%) Female, 6 (54.5%) Male
SAW: 7 (100%) Male

■ Female ■ Male
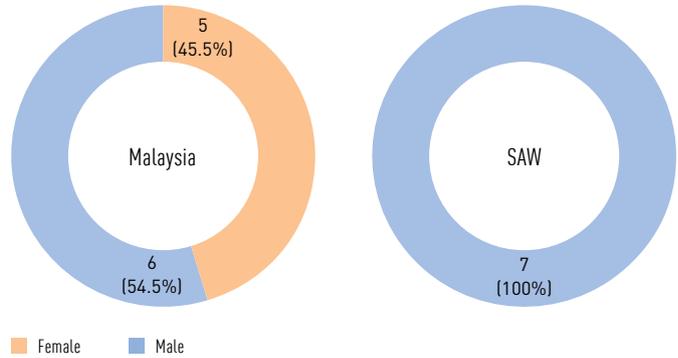
Board Members by Age Group

Malaysia:
30-50: 1 (9.1%)
Above 50: 10 (90.9%)

SAW:
30-50: 1 (14%)
Above 50: 6 (86%)

■ Malaysia ■ SAW

Employees by Region

517
Total
9,281
8,764
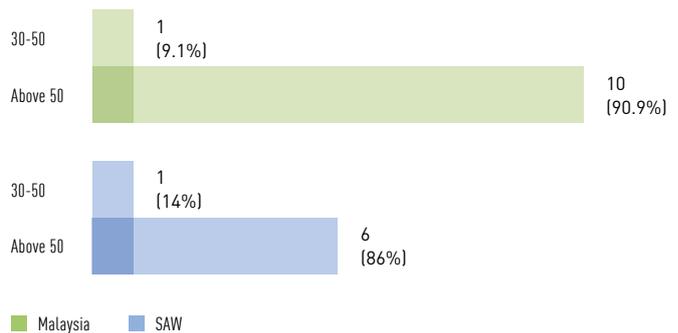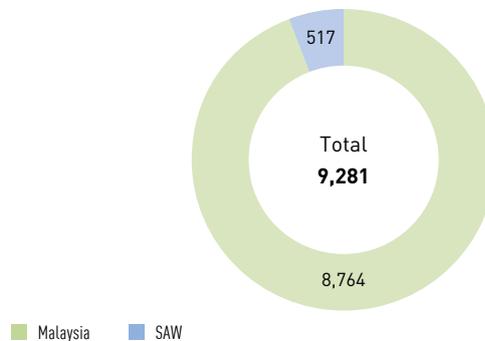
■ Malaysia ■ SAW

CREATING AN INSPIRING WORKPLACE

Employees by Gender
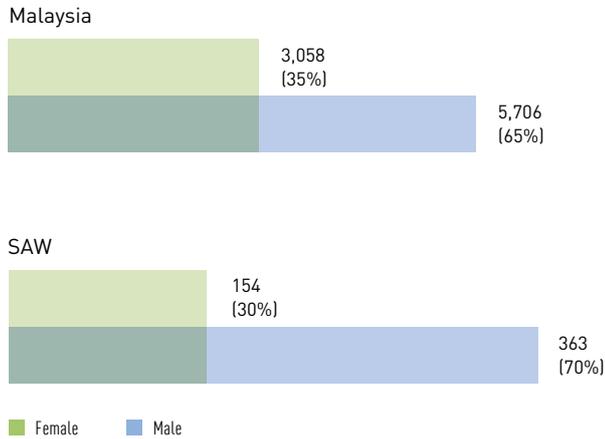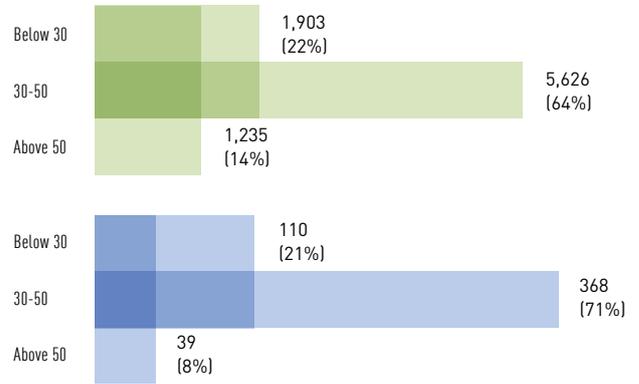
Malaysia

3,058
(35%)

5,706
(65%)

SAW

154
(30%)

363
(70%)

■ Female   ■ Male

Employees by Age Group

Below 30   1,903
(22%)

30-50   5,626
(64%)

Above 50   1,235
(14%)

Below 30   110
(21%)

30-50   368
(71%)

Above 50   39
(8%)

Percentage of Employees per Employee Category by Gender (Malaysia)

Female   22%
Male   78%

Female   35%
Male   65%

Female   38%
Male   62%

Female   34%
Male   66%

Percentage of Employees per Employee Category by Gender (SAW)

Female   25%
Male   75%

Female   17%
Male   83%

Female   44%
Male   56%

Female   26%
Male   74%

■ Senior Management   ■ Management   ■ Executive   ■ Non-Executive
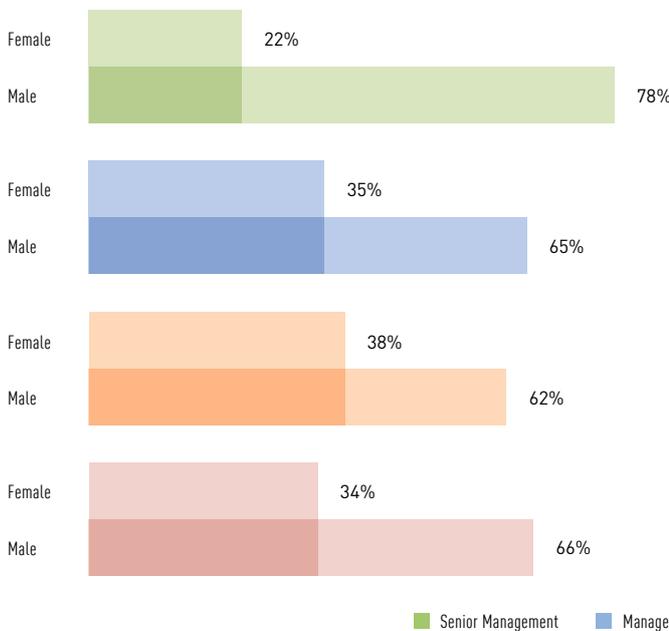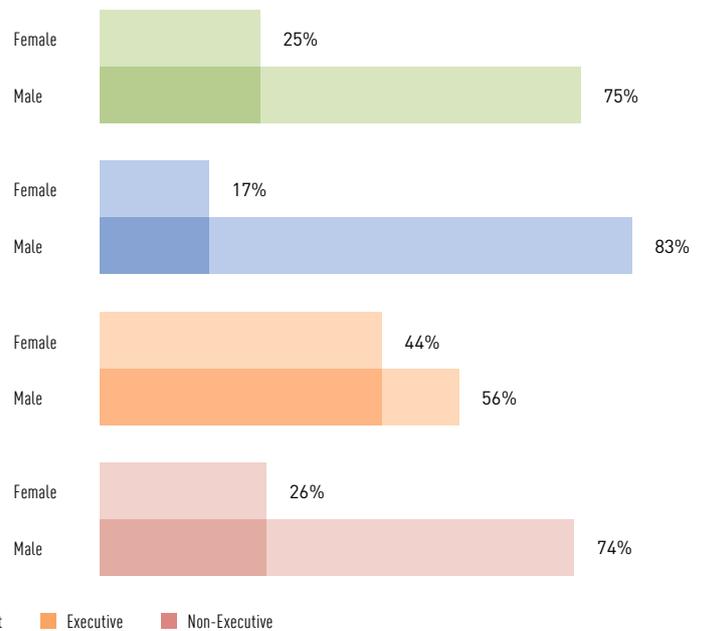
CREATING AN INSPIRING WORKPLACE

Employees by Employment Contract - Malaysia

Male
124
5,582

Female
21
3,037

■ Permanent   ■ Contract
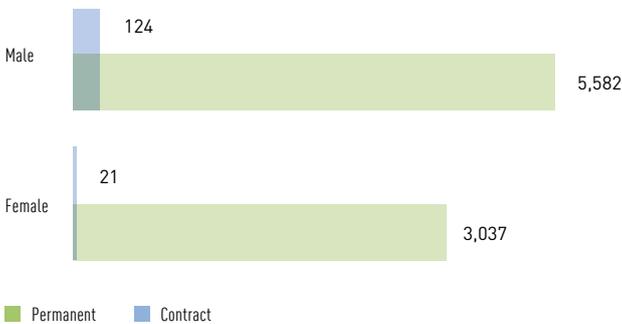
All employees at SAW are permanent, regardless of gender. Additionally, all employees in Malaysia and at SAW are employed on a full-time basis.

Malaysia Airports' Senior Management employees in Malaysia are all Malaysians and are hired from the local community except for two who are non-Malaysians. At SAW, 50% of the Senior Management are Turkish nationals hired from the local community.

EMPLOYEE ENGAGEMENT AND DEVELOPMENT
Employee Remuneration and Benefits

GRI 102-41, 202-1, 401-1, 401-2, 401-3, 403-6, 405-2

Malaysia Airports is an employer of choice and provides an attractive and competitive remuneration package and benefits to our employees. In addition, we strive to be fair and just in our treatment of employees regardless of gender, race, religion and physical capabilities.

The ratio between female and male total basic salary and remuneration for our operations in Malaysia and Türkiye is 1:1.

In Malaysia, we offer a standard entry level monthly wage regardless of gender of RM1,200 which is at par with the minimum wage in Malaysia under the Minimum Wage Order 2020. SAW complies with the minimum wage prescribed under Turkish law which is TL4,253 (RM1,218).

Our non-executive staff which form 84% of the workforce in Malaysia are covered by collective bargaining agreements in accordance with the Industrial Relations Act 1967.

Malaysia Airports' remuneration package provides support to our employees on family-related matters, and also places a high importance on health care and benefits. The following are some of the benefits made available to full-time employees in Malaysia:

FAMILY-FRIENDLY BENEFITS

90 days maternity leave

Paternal leave for male employees

Grandparental leave for employees who have become grandparents

Flexible working hours

Shorter working hours for pregnant women

Dedicated parking for pregnant women

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

HEALTH BENEFITS

Health care covering medical, dental and optical treatment

Life insurance under a Group Term Life Insurance scheme

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

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

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

OTHER BENEFITS

Employee education assistance scheme and scholarships

Leave to perform the Umrah

Zakat contribution

Statutory contribution to the Employees Provident Fund (EPF), a retirement scheme which is run by the Malaysian government and SOCSO, the Malaysian government's social security scheme

(Note: It is compulsory for all employers and employees in Malaysia to enrol with the EPF.)

CREATING AN INSPIRING WORKPLACE

The following are some of the benefits made available to employees at SAW:

FAMILY-FRIENDLY BENEFITS
Transportation service for all employees
Parental leave for male employees
16 weeks maternity leave
HEALTH BENEFITS
Life insurance under a Group Term Life Insurance scheme for directors and above
Health insurance covering medical, dental and optical treatment for executives and above
Supplementary health insurance for non-executives that covers 80% of outpatient treatment costs and 100% of inpatient costs
Food service for all employees once a day
OTHER BENEFITS
Free employee parking
Fuel allowance for Assistant Managers
Fuel and car allowance for Managers and above

Parental Leave

All employees of Malaysia Airports are entitled to parental leave with maternity and paternity leave offered to those who become parents. As testimony to our family-friendly policies, the vast majority of employees who took parental leave returned to work after the leave ended and continued to remain in employment 12 months later.

Parental Leave - Malaysia

	Female	Male	Total
Employees on parental leave	237	417	**654**
- Returned to work after parental leave	235	417	**652**
- Remained employed 12 months later*	186	397	**583**

*   *based on 598 employees who took parental leave in 2020.*

Parental Leave - SAW

	Female	Male	Total
Employees on parental leave	18	11	**29**
- Returned to work after parental leave	18	4	**22**
- Remained employed 12 months later	18	4	**22**

In addition to the above, in Malaysia, 130 employees (37 female and 93 male) became proud grandparents in 2021 and utilised their grandparental leave benefit.

CREATING AN INSPIRING WORKPLACE

New Hires and Employee Turnover

`GRI 401-1`

New Hires

With a hiring freeze in place in 2021, Malaysia Airports made very few new hires. Instead, we worked to retrain and reskill staff to fill vacancies and fulfil the needs of the Group.

New Hires by Age Group

Below 30	64
30-50	44
Above 50	7
Below 30	23
30-50	7
Above 50	0
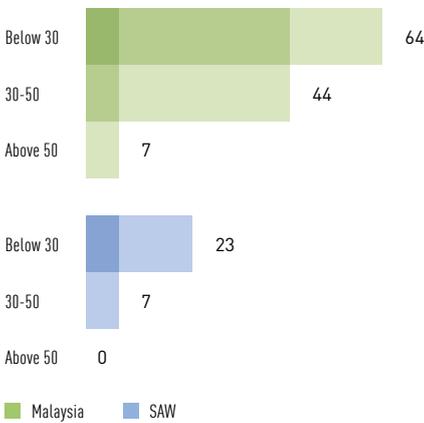
■ Malaysia ■ SAW

New Hires by Gender and Region

|	
Female	21
Male	94
Female	18
Male	12
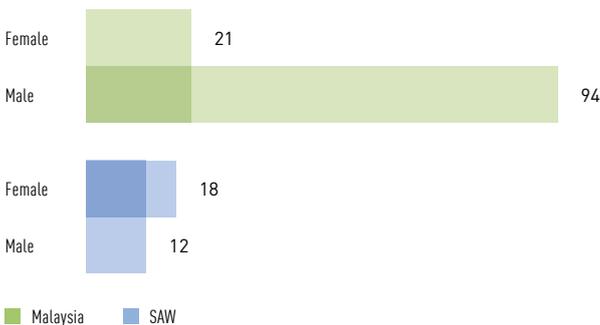
■ Malaysia ■ SAW

Employee Turnover

Throughout 2021, Malaysia Airports continued to maintain its 'zero retrenchment' policy despite the decline in passenger movements, particularly in Malaysia. As such, all staff departures are the result of natural attrition such as retirement and end of contractual periods as well as resignations. At SAW, the overall turnover rate is 11.4 % with 59 employees leaving.

Employee Turnover by Age Group

Malaysia **576**: 149, 155, 272

SAW **59**: 25, 30, 4

■ Below 30 ■ 30-50 ■ Above 50
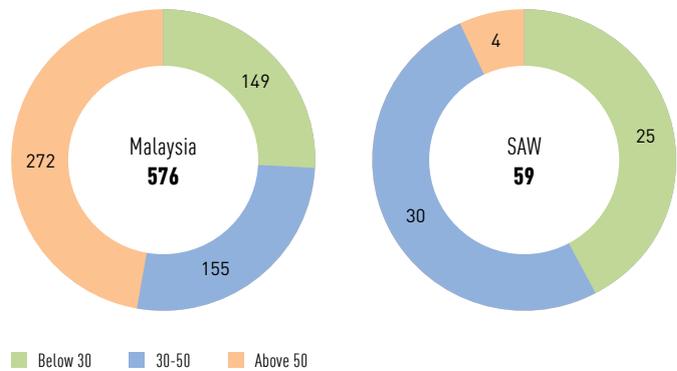
Employee Turnover by Gender

Malaysia **576**: 150, 426

SAW **59**: 20, 39

■ Female ■ Male
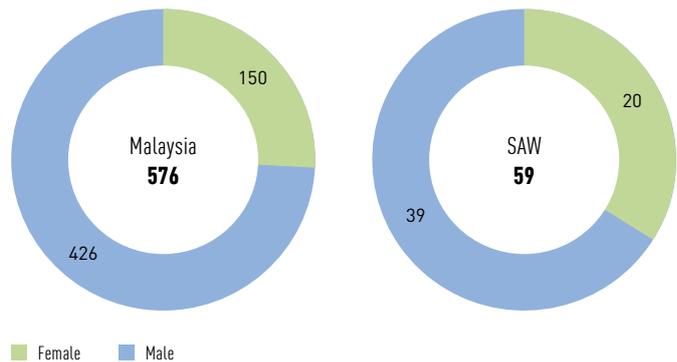
Learning and Development

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

In 2021, Learning and Development was heavily promoted to our employees to retrain, reskill and upgrade their capabilities as we prepare for the recovery of air travel. Average training hours per employee for Malaysia operations rose 200% YoY from 13 hours to 39 hours. In addition to learning and development opportunities, all employees in Malaysia regardless of gender received performance review and career development review in 2021.

CREATING AN INSPIRING WORKPLACE

Employee Training Hours by Gender – Malaysia

	Total Training Hours		
	2019	2020	2021
Female	58,007	41,772	**116,195**
Male	118,441	84,260	**242,195**
Average Training Hours Per Employee	**27.1**	**13.0**	**39.0**

Average Training Hours by Employee Category – Malaysia

	Average Training Hours		
	2019	2020	2021
Management	61.2	12.0	**38.0**
Executive	57.8	17.0	**44.0**
Non-executive	18.0	13.0	**38.0**

Investment in Training and Development – Malaysia

	Investment (RM million)		
	2019	2020	2021
Training and Development spend	12.6	2.8	**0.5**

Average Training Hours by Employee Category – SAW

	Average Training Hours		
	2019	2020	2021
Management	12.4	4.0	**2.3**
Executive	9.8	9.7	**3.1**
Non-executive	16.4	6.0	**1.0**
Average Training Hours – all employees	15.0	6.4	**5.0**

As a measure of training effectiveness, for Malaysia operations, we measure the results of the regulated training courses which we offer to employees. On average, the ratings for training effectiveness by participants at Level 3 was 82%.

CREATING AN INSPIRING WORKPLACE

Leadership Development

For leadership development, we leveraged on open-source learning platforms which offer online courses such as Coursera, Udemy and e-Latih. These covered various leadership skills including soft skills such as communications and team building as well as personal development. We also put in motion an Airport Managers training programme and a Next Top Airport Managers programme to train our next generation of leaders.

A degree in accounting programme to upskill employees in our Finance Division also kickstarted in 2021 with 20 participants enrolled. This programme is sponsored by Malaysia Airports.

Retirement Planning

Retirement planning and training is conducted for our employees upon them reaching retirement age. In 2021, Malaysia Airports engaged an agency of the Central Bank of Malaysia, Agensi Kaunseling dan Pengurusan Kredit (AKPK), that specialises in financial education and debt management for consumers, to conduct financial management courses for employees approaching retirement age. 24 sessions were conducted involving a total of 2,000 employees.
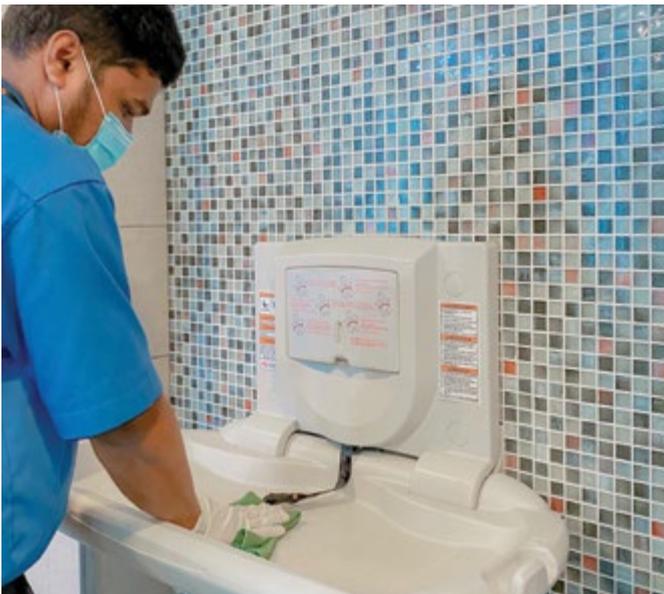
Occupational Health and Safety

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

For operations in Malaysia, Malaysia Airports has in place an Occupational Health and Safety (OSH) Management System in line with the Occupational Safety and Health Act 1994. In addition, the Malaysia Airports Sdn Bhd headquarters and nine airports are certified as complying with ISO 45001:2018 Occupational Health and Safety Management System by the British Standards Institution.

Malaysia Airports has a dedicated Occupational Safety and Health Department to drive initiatives in this area. In addition, 26 Safety, Health and Environment Committees involving 495 employees across our operations investigate specific occupational safety and health concerns of employees at the workplace.

In addition, the OSH team continued to promote awareness on COVID-19 safety protocols, coordinated with vendors of cleaning services to ensure safety of the workplace, and ensured adequate supply of personal protective equipment (PPE) for employees as needed.

20 OSH audits were completed remotely to strengthen compliance with legal requirements and the standards prescribed by the OSH Management System (ISO 45001).

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

Occupational Health and Safety awareness is inculcated across SAW through various programmes and activities. This includes periodic mandatory training on received by all employees covering workplace health and safety, firefighting, emergency management plan, First Aid, field speeches and workplace safety as well as COVID-19. More than 200 employees have completed these training programmes while in 2021, 11 received the training online.

CREATING AN INSPIRING WORKPLACE

APPLICABLE LAWS AND STANDARDS

Malaysia

Occupational Safety and Health Act 1994

Factories and Machinery Act 1967

Prevention and Control of Infectious Diseases Act 1988

ISO 45001:2018 Occupational Health and Safety Management System (Malaysia Airports Holdings Berhad, MA Sepang, MASB HQ, AOR, BKI, BTU, KCH, LBU, LGK, MYY, PEN and TGG)

SAW

Law on Occupational Health and Safety No.6331

ISO 45001 Occupational Health and Safety Management System (OHSMS)

OHSAS 18001 Occupational Health and Safety Management System

SMS Safety Management System

For operations in Malaysia, five cases of high-consequence work related injuries were recorded while there were no fatalities. 10 cases of work-related injuries were recorded. The data below is calculated against 23,247,744 hours worked in 2021.

For SAW, there were 6 occupational accidents in 2021 and the rate of occupational accidents decreased by 15% compared to the previous year.

Occupational Accident Rate – Malaysia

	Occupational Accident Rate		
	2019	2020	2021
Incident Rate	1.31	0.80	**0.54**
Frequency Rate	0.45	0.32	**0.22**
Severity Rate	423.65	6.41	**1.55**

Occupational Accident Rate – SAW

	Occupational Accident Rate		
	2019	2020	2021
Incident Rate	16.00	9.00	**7**
Frequency Rate	76.10	50.73	**24**
Severity Rate	1.71	2.44	**2.41**

CREATING AN INSPIRING WORKPLACE

INTEGRITY AND ANTI-CORRUPTION

`GRI 102-17, 103, 205`

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

Corruption in any form has a negative effect on our business and ability to generate revenue, and also compromises the trust we enjoy in our relationship with stakeholders. As such Malaysia Airports has in place policies on maintaining integrity at the workplace including the Malaysia Airports Anti-Corruption Plan as well as Anti-Bribery Management Systems.

SAW has aligned with Group-wide anti-corruption and integrity policies, taking into consideration the cultural differences and legal obligations mandated by Turkish law. Its Anti-Corruption Policy came into effect in June 2021.

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

APPLICABLE STANDARDS
ISO 37001:2016 Anti-Bribery Management Systems Malaysia Airports Holdings Berhad – all processes Malaysia Airports (Sepang) Sdn Bhd – all processes

Anti-Bribery Management Systems rollout

The implementation of the ISO 37001: 2016 Anti-Bribery Management Systems (ABMS) is rolled out in stages to cover the Group. In 2021, three subsidiaries – Malaysia Airports (Niaga) Sdn Bhd, Urusan Teknologi Wawasan Sdn Bhd and K.L. Airport Hotel Sdn Bhd – had undergone documentation readiness towards ABMS certification. This included workshops to assist the subsidiaries in preparing their ABMS manuals, and dissemination of the ABMS awareness video to all employees.

Corruption Risk Assessment

The Malaysia Airports Anti-Corruption Plan involves the implementation of several initiatives which at the end of 2021 are 74% completed.

74 divisions and departments Group-wide were assessed for corruption risks in 2021. 61 high level risks were assessed in Q1 2021 and they were mitigated to medium and low level risks by Q4 2021.

As part of risk management, corruption risks are reviewed and registered in the Malaysia Airports Risk Scorecard System, covering all of Malaysia Airports group of companies in Malaysia.

Corruption Risk Assessments – Malaysia

Division/units	Residual Risk Rating				
	E	H	M	L	Total
Malaysia Airports Holdings Berhad	0	0	42	65	**105**
MA (Sepang)	0	0	32	56	**88**
Airports	0	0	167	92	**262**
Subsidiaries*	0	0	8	8	**16**
Total	0	0	249	224	**473**

Note:　E = Extreme, H = High, M = Medium, L = Low
*　＊　Subsidiaries operating in Malaysia*

Communications and Training on Anti-Bribery and Corruption

E-learning modules to raise awareness on Anti-Bribery and Corruption policies and Whistleblowing are made available to all employees. As part of our Vendor Integrity Programme, we extended training on this subject to our vendors via webinars. A total of 248 representatives from our vendors attended the online sessions, covering approximately 30% of registered vendors in our procurement system.

In 2021, all employees in Malaysia (except for those employed by K.L. Airport Hotel Sdn Bhd) have received communications and training on the subject matter as shown in the table below.

Employees by Employee Category Who Have Received Anti-Corruption Communications and Training – Malaysia

	Employees	
	Headcount	%
General Managers, C-suite and above	33	0.4
Managers, Senior Managers	348	3.9
Executives, Senior Executives	1,041	11.6
Non-executive	7,521	84.1
Total	8,943	100.0

Incidents

There were no confirmed incidents of corruption in 2021 involving the Group, its employees and business partners. There were no public legal cases involving any of the above. One concern was raised via the Group's Whistleblowing Programme and was investigated internally.

COMMUNITY-FRIENDLY ORGANISATION

ABOUT THIS PILLAR

KUL Sustainability Charter Goals

Goal 7: KUL Community Development
Through Partnerships

UN SDGs

Material Matters

- Contributions to Local Community
- Human Rights

Key Stakeholders

- Regulators and Government
- Employees
- Local Community
- Media

COMMUNITY-FRIENDLY ORGANISATION

PILLAR **4**	**Community-Friendly Organisation** Support and strengthen community engagement and efforts to develop programmes to meet the needs of local communities.

Our Sustainability Policy emphasises the need for Malaysia Airports to go beyond profit-making objectives and to strengthen the social well-being of our local communities and build strong relationships with them. As such, being a 'Community-Friendly Organisation' is one of the pillars in our Sustainability Framework. In particular, in times of economic uncertainty, we have stepped forward to lend a helping hand to those in need.

CONTRIBUTIONS TO LOCAL COMMUNITY
GRI 103

This refers to Malaysia Airports' community building efforts. We are committed to strengthening the social well-being and community relationships with our stakeholders in the nations we serve. As such, 'Contributions to Local Community' is one of our material matters.

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

EDUCATION AND YOUTH LEADERSHIP

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

COMMUNITY ENRICHMENT

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

MALAYSIA BRANDING

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

COMMUNITY-FRIENDLY ORGANISATION

Contributions to Local Community Highlights

High Fliers programme: We are very proud to announce the graduation of 25 young leaders who began this programme in 2017. High Fliers is our five-year leadership development programme for children of eligible employees which aims to equip the cohort of teenagers with leadership skills and qualities.

MYAirportCARES: Food aid was distributed to families in need in the vicinity of our airports, particularly those impacted by the pandemic. In 2021, these initiatives benefited over 2,500 families living around KUL, AOR, KBR, KUD, MUR, MYY, SMM, SZB and TGG.

MYAirportCARES meals for over 3,100 frontline staff and passengers during Ramadan: We provided evening meals for Muslim and non-Muslim frontliners every Friday during the fasting month to show our appreciation for their dedication and service. The meals were funded by staff donations and were provided at seven airports - KUL, BKI, BTU, KBR, LDU, MYY and SBW.

Collaboration with Yayasan MyKasih: In support of the government's PRIHATIN Kasih Kerajaan, we collaborated with Yayasan MyKasih to deliver aid to 860 B40 families. Through Yayasan MyKasih's system, disbursements are made using the MyKad (Malaysian identity card) to distribute aid in a cashless, efficient, transparent and secure way, without any leakages.

Flood relief for over 1,500 families in flood-hit areas near airports in Malaysia: Malaysia Airports and its local airport volunteers provided aid and support to those badly hit by floods, particularly our employees around KUL, SZB and KUA. This included rescue services, temporary shelter, food aid, basic necessities and house cleaning as part of the MYAirportCARES initiative. The Group also disbursed RM3.7 million in financial aid to a total of 1,034 employees to assist them in rebuilding their lives post-floods.

Assistance to airport community impacted by COVID-19: As part of MYAirportCARES initiative, we engaged buskers from among the airport community who had been impacted by COVID-19 to perform at KLIA1 and klia2. This is also in line with our efforts to promote the nation's culture and heritage under our Malaysia Branding initiatives.

Supporting stakeholders' community efforts: In collaboration with the Ministry of Transport, we extended food aid to taxi and school bus drivers whose income had been affected by the pandemic. 1,000 recipients in Ipoh and Seremban benefited from the donation. In addition, we contributed oximeters to the Ministry of Health for use by COVID-19 patients in the Klang Valley, and also contributed towards the operations and maintenance of the Sultan Abdul Samad KLIA Mosque.

Strong staff support for community enrichment: Community enrichment programmes were organised by airport staff at 20 airports. The programmes included distributing food aid and daily necessities, blood donation drives, clean-up of community spaces, caring for the environment and frontliner appreciation initiatives. The airports involved were AOR, BKI, BTU, IPH, KBR, KCH, KUA, LBU, LDU, LGK, LMN, MKZ, MYY, PEN, SBU, SBW, SDK, SZB, TGG and TWU.

Communitas Awards for SAW: SAW received two Communitas awards in recognition of their leadership and achievements in Community Service and Corporate Social Responsibility.

Corporate Responsibility spend of RM1,279,816: In total, there were 21 projects corporate responsibility projects completed in 2021 in Malaysia with a total spend of RM1,279,816.

On-going initiatives to promote inclusivity
In addition to the projects highlighted above, Malaysia Airports continues to promote inclusivity, by making airports accessible and making every visit to our airports a joyful experience for all our guests in line with our brand promise 'Hosting Joyful Connections'.

Management of STOLports
As part of nation building and inclusive development, Malaysia Airports manages 17 Short Take Off and Landing (STOL) ports in Malaysia. Located primarily in rural areas, the STOLports connect the rural communities to the rest of the nation, and are key for the delivery of essential supplies like medicine, food and other basic necessities. STOLports also provide employment and economic opportunities for the rural communities and are important socio-economic contributors. Malaysia Airports' management of the STOLports is a corporate responsibility initiative, and no passenger service charges are collected from guests. In 2021, Malaysia Airports recorded close to 80,000 passenger movements in total at the STOLports. The STOLports also handled over 440,000 kg of cargo and mail.

COMMUNITY-FRIENDLY ORGANISATION

Assistance for guests with mobility issues: The initiatives to promote inclusivity include assisting guests who may face issues navigating the vast expanse of the airports. For example, at KUL, wheelchairs and baby strollers are available free of charge for guests to use. In addition, the buggy service at klia2 is popular with senior citizens, persons with disabilities and pregnant guests who may face mobility issues.

The Butterfly Effect: The Butterfly Effect was a project initiated at KUL to cater specially for passengers with hidden disabilities such as autism. The passengers are provided with a special identification lanyard so that the airport community can easily identify them. They have access to priority lanes, a calm room as well as special assistance from the airport community who have been trained to support individuals with special needs.

Barrier-free Airport: SAW has been certified as a barrier-free airport, the first Turkish airport to achieve this standard. This was part of its collaborative efforts with the Istanbul Mentally Handicapped Children Foundation (IZEV) to raise awareness for individuals with Down Syndrome which began in 2018. Past campaigns have included a photography exhibition 'Hayat ve Biz' ('Animals and Us') in which striking photographs of individuals with Down Syndrome were captured alongside animals. Another campaign featured Pink Floyd's hit song 'The Wall' with Turkish lyrics recorded by Turkish artists with Turkish lyrics, with a compelling video featuring those with Down Syndrome. The video has close to seven million views to date. The opening of the IZEV store at SAW in 2021 marks yet another milestone achieved in this collaboration.

MEMORABLE AIRPORT EXPERIENCE

ABOUT THIS PILLAR

KUL Sustainability Charter Goals

Goal 8:   Providing Exceptional Customer Experience
Goal 9:   Optimisation through Technological Advancement
Goal 10: Strengthening Safety and Security at KUL

UN SDGs

Material Matters

- Airport Safety and Security
- Total Airport Experience
- Transportation and Connectivity

Key Stakeholders

- Regulators and Government
- Employees
- Airlines
- Passengers
- Tenants
- Investors
- Media

MEMORABLE AIRPORT EXPERIENCE

PILLAR **5**	**Memorable Airport Experience**
	Enhance the travel experience of airport guests to support our brand promise of hosting joyful connections.

Malaysia Airports recognises that when guests journey through the airport, they pass through many touchpoints and facilities. In line with our brand promise 'Hosting Joyful Connections', Malaysia Airports has prioritised creating experiences that make a memorable impact on our stakeholders.

In 2021, as the world moves towards COVID-19 endemicity, the travel industry continues to evolve and adjust to a new normal. As a large airport operator, we continue to balance between the increasing demand for better health safeguards and screening on one hand, and on the other hand, enabling travel to return to pre-pandemic frequency, ease and convenience. This pillar addresses our stakeholders' top concerns relating to security, service quality, guest experience and transportation links to the airport.

AIRPORT SAFETY AND SECURITY

GRI 103

This refers to the anticipation, recognition, evaluation and control of hazards or threats arising in or from the airport.

Safety and security are a major concern because the timely and safe passage of our passengers and the well-being of the airport community rely on stringent safety and security measures being in place. The COVID-19 pandemic has placed safety concerns around infectious diseases and transmission at the top of the list alongside traditional threats such as cyber attacks and terrorism.

Airport Safety and Security' is placed in the Extremely High category of Malaysia Airports' Materiality Matrix.

APPLICABLE REGULATIONS AND STANDARDS

The applicable standards for safety of airports are contained in documents of the International Civil Aviation Organization (ICAO) and the local regulations issued by the Civil Aviation Authority of Malaysia (CAAM).

ICAO Annex 19 on Safety Management, 2nd edition July 2016

ICAO Document 9859 Safety Management Manual, 4th edition 2018

ICAO Document 9870 Manual on the Prevention of Runway Incursions, 1st edition 2007

CAAM Civil Aviation Directive 19 - Safety Management, Issue 02 Revision 00 17th December 2021

CAAM Civil Aviation Guidance Material 1902 - Safety Management System, Issue 01 Revision 00 17th December 2021

CAAM Airport Standards Directive 105 - Safety Management System at Aerodromes, 2nd edition April 2016

CAAM Airport Standards Directive 106 - Runway Safety Programme, 1st edition April 2016

Airports Council International (ACI) Airports Health Accreditation: KUL, BKI, KCH, LGK, PEN, SAW

ISO 45001

MEMORABLE AIRPORT EXPERIENCE

Airport Safety and Security Highlights

Compliance with new directives and guidance material: Malaysia Airports made the necessary amendments to its safety management procedures in line with CAAM's new directives and guidance material issued in 2021.

ACI Airports Health Accreditation: Six airports - KUL, BKI, KCH, LGK, PEN, SAW - received the international accreditation from Airports Council International providing assurance for passengers that globally recognised health and safety measures are in place in accordance with the ACI Aviation Business Restart and Recovery guidelines, ICAO Council's Aviation Recovery Task Force recommendations and industry best practices.

Rehabilitation of Runway 1 completed: The rehabilitation of Runway 1 was completed on schedule in line with the KLIA Runway Sustainability Master Plan that contains a full-fledged framework for the continuous safety of flight operations at the airport.

Foreign Object Debris Detection System (FODDS) Phase 2: The installation of high precision FODDS radars was completed in 2021. This enhances the accuracy and efficiency of runway safety surveillance as the smallest FOD items such as rice grains, pebbles and wildlife can be swiftly detected. Phase 1 of the project in 2019 in which the radars were installed at two towers at KUL was ground-breaking as KUL was the first airport in the world to use these high precision radars after the prototype at Narita Airport. The project is a tripartite collaboration between Malaysia Airports, Hitachi Kokusai Electric Co., Ltd. (HiKE) and Universiti Teknologi Malaysia (UTM).

Aerodrome Emergency Exercises implemented: A full-scale exercise was implemented at KUL, while there were 20 other sessions in the form of virtual tabletop exercises. All relevant external stakeholders were included in the exercises.

ORAT at Mukah Airport: The Operational Readiness, Activation and Transition (ORAT) exercise for the opening of the new Mukah Airport in 2021 was completed.

Replacement of AFRS vehicles: Malaysia Airports initiated a three-year programme to replace 17 aging Airport Fire and Rescue Services (AFRS) fire vehicles at 13 airports as the vehicles were reaching their maximum lifespan. In 2021, eight fire vehicles were replaced at IPH, KBR (2), LMN, MKZ, MYY, SDK and TGG.

Measures to reduce oil spillage: These include the introduction of a mobile fuel kiosk at klia2 for all airside ground handlers to refuel their vehicles at the airside area and a joint effort between Airside Services Department and Motor Transport Workshop to identify aging equipment which are at higher risk of causing oil leakage and spillage.

On-going Airport Safety and Security Initiatives

Audits and Assessments: SMS Assessments and Security Audits were conducted regularly at airports to assess compliance with Standards and Recommended Practices (SARPs) and to identify areas for potential improvement.

KUL Airside Safety Committee meetings: The committee meets quarterly to discuss safety issues at the airside including oil spillage.

Runway inspections: On-site inspections were conducted regularly by the Runway Safety Teams to ensure compliance with runway safety SARPs.

Wildlife strikes: Existing mitigation measures to reduce bird strikes continued to be practised to ensure the incidence rate remain within acceptable level of safety performance.

KUL Airport Safety and Security Metrics

	2019	2020	2021	ALoSP*
	(incidents/items)			
Wildlife strikes	52	35	**37**	71
Oil spillage	108	57	**58**	79
Foreign Object Debris collected**	191,886	221,237	**178,856**	n/a

* *Acceptable Level of Safety Performance (at KUL)*
** *Foreign Object Debris includes paper, plastic, metal, cans, wood and boxes*

Note on SAW: At SAW, the Group is responsible for terminal operations, while the airside is under the responsibility of the airport authority, HEAŞ. SAW's aerodrome is duly certified under the Turkish Directorate General of Civil Aviation's requirements and regulations. It also has a Safety Management System (SMS) in place and complies with the requirements of the ICAO Document 9859 Safety Management Manual as well as regulations on the Implementation of Safety Management System at Airports (SHT-SMS/Had) from the Directorate General of Civil Aviation of Türkiye.

TOTAL AIRPORT EXPERIENCE

GRI 103

This refers to the quality of services delivered to our guests to enhance their airport experience. The positive experience of guests at the airport is shaped by operational excellence and exceptional service by our employees and other members of the airport community. Reporting on these matters enables Malaysia Airports to consider feedback from guests, identify and rectify problems and continuously improve on service quality.

During the pandemic, we focus on instilling passenger confidence by vaccinating the airport community, maintaining public health measures and providing a contactless experience. In addition, in line with our brand promise 'Hosting Joyful Connections', we also maintain a high standard for services and facilities at the airports in the light of new travel norms and requirements.

APPLICABLE STANDARDS

ISO 9001: 2015 Quality Management Systems
Malaysia Airports Holdings Berhad

Malaysia Airports (Sepang) Sdn Bhd

Malaysia Airports Sdn Bhd

Malaysia Airports (Niaga) Sdn Bhd

Urusan Teknologi Wawasan Sdn Bhd

MAB Agriculture-Horticulture Sdn Bhd

Istanbul Sabiha Gökçen International Airport

MEMORABLE AIRPORT EXPERIENCE

Total Airport Experience Highlights

KUL and LGK have been named 'Best Airports' in their respective categories for 2021 in the global Airport Service Quality (ASQ) survey by Airports Council International (ACI). KUL and LGK achieved a perfect score of 5.00 in the airport categories serving over 40 million passengers per annum (mppa) and 2-5 mppa respectively. ASQ benchmarks the world's best airports in terms of overall passenger satisfaction based on 33 service quality indicators across passenger journey.

Voice of the Customer recognition: In 2021, ACI also awarded both KUL and LGK with the Voice of Customer recognition as airports that have demonstrated significant efforts to gather passenger feedback during the pandemic.

Vaccination of airport community: To ensure the safety of the airport community as well as guests, Malaysia Airports obtained the assistance of the Ministry of Health to set up a vaccination centre at KUL. Through this initiative, close to 15,000 Malaysia Airports staff and members of the KUL airport community completed their vaccinations.

Private health screening centres: To provide guests with a wider range of options for health screenings, Malaysia Airports has appointed a private operator to establish and operate health screening centres, at the Group's international airports. This is in addition to government-run health screening facilities at the terminals. The private health screening centres have also enabled the smooth operation of the Vaccinated Travel Lane by Air between Malaysia and Singapore.

Completion of washroom refurbishment at KUL: The final phase of the multi-year washroom refurbishment project was largely completed in 2021 with the handover of 90 sets of washrooms, with the remaining four sets completed in January 2022. The washrooms sport a new image, fresh ambiance and a modern contemporary outlook, and have been well received by the public and MAVCOM in its Quality of Service inspections.

Passenger flow management systems at KUL and SAW: Passenger flow management systems were introduced at both KUL and SAW as part of the Group-wide Airports 4.0 digitalisation initiatives. The new systems improve the travelling experience at the airports amidst new travel norms as they automatically detect congestion at touchpoints and provide real time information to the airport's main command centre so that quick action can be taken to manage and resolve the situation.

Newly renovated Food Garden at KUL: The food court at KLIA1, Food Garden, reopened its doors in November after renovation works. Food Garden now features an open kitchen and a tropical garden concept and will offer a new variety of food and beverage brands once all tenants begin operations.

Culture and entertainment at airports: Guests at KUL and LGK may catch the cultural and entertainment performances designed to enhance the ambiance at the airports and put the joy back into travel amidst the new travel norms. Live buskers at LGK added to the holiday spirit of the travellers who are mainly holiday makers. At KUL, airport users were entertained by live buskers, traditional and contemporary dance performances as well as exhibitions of traditional games.

Replacement of Automated People Mover: At the end of 2021, Malaysia Airports awarded the contract for the replacement of its Automated People Mover at KUL which is also known as the Aerotrain. The works are expected to take three years to complete. The current Aerotrains which have been in service since KUL opened in 1998, have transported more than 300 million passengers and are approaching their end-of-life stage.

MEMORABLE AIRPORT EXPERIENCE

Total Airport Experience Metrics

	2019	2020	2021
	Airport Service Quality programme scores (out of a possible 5.00)		
KUL	4.76	4.98*	**5.00***
LGK	4.48	4.71*	**5.00***

*   *combined scores for the two best quarters as per ACI's scoring criteria*

In addition, both KLIA1 and klia2 passed all the Quality of Service inspections by MAVCOM throughout 2021.

TRANSPORTATION AND CONNECTIVITY

GRI 103

This refers to ground transportation and connectivity for passengers, employees, visitors and suppliers within, to and from the airport. As the airport experience begins before guests even set foot at the airport premises, the ease of getting to the airport is an important factor. The more convenient their journey to the airport, the more likely they will use it.

Despite the drop in passenger movements in 2021 at our airports in Malaysia, the Group maintained its existing transportation and connectivity network. For our main hub at KUL, this includes the Express Rail Link, Light Rail Transit and bus services, as well as road connectivity through multiple highway links. Our airport in Türkiye, SAW, is well connected to downtown Istanbul via highways and is serviced by public transportation including taxis, rental cars, buses and private shuttle buses.

GRI
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References to page numbers are to pages in this Sustainability Report unless preceded by 'A' which denotes pages in the Annual Report and by 'AS' which denotes pages in the Airport Statistics. The Annual Report, Sustainability Report and Airport Statistics are part of Malaysia Airports' reports provided to shareholders for the year ended 31 December 2021.

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	102-3 Location of headquarters	Back cover	
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	Economic Performance		
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Feedback

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

Email   : CARE@malaysiaairports.com.my
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             Malaysia Airports Corporate Office
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INDEPENDENT ASSURANCE STATEMENT

Scope and Objective

SIRIM QAS International Sdn. Bhd., a Conformity Assessment Body in Malaysia, with extensive expertise and experience in the provision of sustainability-related assurance services, was engaged by Malaysia Airports Holdings Berhad (hereafter referred to as Malaysia Airports) to perform an independent verification and provide assurance of the Malaysia Airports Sustainability Report 2021. 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 the report. This was established through checking and verifying claims made in the report. The verification by SIRIM QAS International covered all sustainability-related activities which had been included in Malaysia Airports Sustainability Report 2021. Further details on selected topics reviewed were provided in Appendix 1 of this statement.

The management of Malaysia Airports was responsible for the preparation of the Sustainability Report. The objectivity and impartiality of this verification statement is assured as no member of the verification team and no other employee of SIRIM QAS International was involved in the preparation of any part of the Malaysia Airports Sustainability Report and Annual Report 2021.

Verification team

The verification team from SIRIM QAS International consists of:

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

Methodology

The verification process was carried out by SIRIM QAS International in March 2022 involved the following activities:

- Reviewing and verifying the accuracy of data collected from various sources and that are presented in the statement;
- Reviewing of internal and external documentation and displays such as awards, press releases, media publications, internal newsletters, internal systems, etc.;
- Interviewing of key personnel responsible for collating information and writing various parts of the statement 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 requirement 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 contents 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 changes that have been incorporated into the final version of the report has satisfactorily addressed the issues that had been raised.

Limitation

The verification process was subjected to the following limitations:

- The scope of work did not involve verification of information reported in Malaysia Airports Annual Report 2020/2021;
- The verification was designed to provide limited assurance in reference to International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, irrespective of the organization's ability to achieve its objectives, targets or expectations on sustainability-related issues;
- The corporate office of Malaysia Airports was visited as part of this assurance engagement. The verification process did not include physical inspections of any of operating Malaysia Airports operating assets;
- The total computation of carbon footprint for Malaysia Airports has been based on the Airport Carbon Emission Reporting Tool (ACERT) under Airport Carbon Accreditation program. During the assessment, the verification by competent third-party personnel for 2021 data is in progress; and
- The verification team did not verify any contractor or third-party data.

Conclusion

Based on the scope of the assessment process and evidence obtained, the following represents SIRIM QAS International's opinion:

- The level of accuracy of data included in Malaysia Airports Sustainability Report 2021 is fairly stated;
- The sustainability report was prepared in accordance with the GRI Standards: Core Option, and GRI Airport Operators Sector Disclosures;
- The level of sustainability performance information presented in the report was found to be properly prepared;
- The personnel responsible were able to demonstrate the origin(s) and interpretation of data contained in the report;
- The sustainability report provides a reasonable and balanced presentation of the sustainability performance of Malaysia Airports Holdings Berhad.

Statement Prepared by:

AERNIDA ABDUL KADIR
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Management System Certification Department
SIRIM QAS International Sdn. Bhd.
Date : 1 April 2022

Statement Approved by:

MOHD HAMIM BIN IMAM MUSTAIN
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Management System Certification Department
SIRIM QAS International Sdn. Bhd.
Date : 7 April 2022

Note 1:
This Independent Assurance Statement has been issued based on the content verified prior to the approval date.
SIRIM QAS International Sdn Bhd shall not be responsible for any changes or additions made after the referred date (1 April 2022).

Appendix 1		CLASSIFICATION OF DATA		
The topics and information covered in this assessment is tabulated below:		HIGH	MEDIUM	LOW
Pillar 1 Practicing Sensible Economics	Cybersecurity	■		
	Airport Capacity	■		
	Digitalisation		■	
	Procurement Practices	■		
Pillar 2 Environmental Consciousness	Passenger Movement		■	
	Energy Efficiency		■	
	Emissions		■	
	Waste & Effluent Management		■	
	Water Management		■	
Pillar 3 Creating an Inspiring Workplace	Diversity	■		
	Employee Engagement and Development	■		
	Integrity and Anti-Corruption	■		
Pillar 4 Community-Friendly Organization	Contributions to Local Community	■		
	Corporate Responsibility Spend		■	
Pillar 5 Memorable Airport Experience	Airport Safety & Security			■
	Total Airport Experience			■
	Total Airport Experience Matrix	■		
Istanbul Sabiha Gokcen, Turkey	-			■

Note 2:
Definition of LOW, MEDIUM and HIGH
LOW – Data and information reviewed has been based on information endorsed by the data owners. Verifiers did not have the access to the source of the data origin. It has been identified as one of the limitations during the conduct of the assessment.
MEDIUM – Data and information has been confirmed with the direct owners. However, the source of the data origin has been based on secondary data which is not accessible by the verifiers during the conduct of the assessment.
HIGH – Data and information reviewed has been confirmed with the direct owners. The source of the data origin was provided during the conduct of the assessment.

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