MALAYSIA AIRPORTS

SUSTAINABILITY REPORT 2018

BECOMING **CARING HOSTS**

TABLE OF CONTENTS

(GRI 102-3,102-53)
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4
CREATING AN INSPIRING WORKPLACE

5
COMMUNITY-FRIENDLY ORGANISATION

6
MEMORABLE AIRPORT EXPERIENCE

GRI CONTENT INDEX

INDEPENDENT ASSURANCE STATEMENT

COVER RATIONALE

Becoming Caring Hosts

Malaysia Airports has put in place a strong foundation for stakeholders to grow in tandem with us. As caring hosts, we nurture our stakeholders and take pride in seeing them flourish and thrive. This year's theme reaffirms our commitment to build a sustainable business together with our stakeholders.

2

ABOUT THIS REPORT
(GRI 102-1,46,54,56)

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

The Sustainability Report for Malaysia Airports Holdings Berhad (Malaysia Airports) for 2018 is presented in accordance with the Global Reporting Initiative (GRI) Standards – 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. This covers the key material matters as determined after internal consultation within Malaysia Airports as well as consultation with external stakeholders. Management has also determined the material matters which have the most impact on stakeholders for inclusion in this report.

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

SCOPE
(GRI 102-45, 102-46)

The consolidated financial statements of Malaysia Airports cover the entities contained in the group structure in the percentages shown in the corporate structure set out on Malaysia Airports' Annual Report for 2018 (Annual Report).

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

REPORTING PERIOD AND CYCLE
(GRI 102-50, 102-51, 102-52)

This report covers the period from 1 January 2018 to 31 December 2018 unless otherwise stated. This follows from our previous Sustainability Report for the year ended 31 December 2017. 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.

A JOINT MESSAGE FROM OUR CHAIRMAN AND GROUP CEO
(GRI 102-14)

DEAR VALUED STAKEHOLDERS,

Sustainability is crucial to our business. We operate in a highly regulated environment, and we have long recognised that given our strategic role, it is critical that we go beyond compliance and focus on holistic value creation for our stakeholders and address economic, environment and social risks.

This underpins the strategic importance of airports as a gateway to the nation and the nation's gateway to the world. It is also testament to the role that airports play in the growth of communities served by our operations and the people we employ. It also underscores the potential impact of our operations on the environment and the areas surrounding airports as well as communities who live in its vicinity.

It therefore gives us great pleasure in presenting Malaysia Airports' Sustainability Report for 2018.

Tan Sri Datuk Zainun Ali

Chairman

Raja Azmi Raja Nazuddin

Group Chief Executive Officer

In 2018, we initiated an exercise to re-examine the company's strategic priorities. We engaged extensively with stakeholders to determine the material matters for long term sustainable value creation, as well as risks and challenges which may derail our business. This resulted in the formulation of an interim corporate strategy, the Strategy House, which enhances the Runway to Success 202 and focuses on addressing pressing business issues resulting from both internal and external changes.

The Strategy House is a significant step towards embedding sustainability in our core DNA. The vision, mission and pillars of the Strategy House will be achieved via a strong and sound governance structure as well as encompassing a well-rounded sustainability policy. The other significant feature is that the building blocks upon which the strategy is built upon include material sustainability matters covering economic, environmental, and social issues which have the potential to impact both ourselves and our stakeholders. The material matters are guided and achieved by looking at both internal and external risks and opportunities as well as engaging with stakeholders.

In addition, we also began work to formulate a Sustainability Charter for our KUL community covering KLIA and klia2. This enabled us to review, refresh and re-prioritise our sustainability goals, targets and initiatives, beginning with our operations at KUL. As a result, we reformulated our Materiality Matrix, namely the matters of concern to stakeholders which potentially impact them as well as our business. "Integrity and Anti-Corruption" and "Airport Safety and Security" were highlighted and ranked as top concerns of stakeholders, reinforcing our belief that good governance is good business.

Internally, in 2018 also, we boosted the capabilities of our Sustainability Department and increased the number of employees to three. With the new hires in the Sustainability Department, we see more focus on sustainability at all levels of the company and embed this focus throughout our business in line with our Sustainability Policy. We will also look to enhance our sustainability reporting.

We have always been a leader in sustainability reporting, having produced an annual sustainability report since 2009 addressing economic, environmental and social issues that our business faces. Our journey has therefore been documented as we progressed. This Sustainability Report for 2018 is our 10th such report and we have been reporting in accordance with Bursa Malaysia's requirements and additionally, in accordance with the GRI standards.

The development, growth and success of KUL could have only been made possible by us joining forces with our stakeholders to create value. It has always been foremost in our minds that KUL will only succeed if the people, partners, businesses and communities that we serve also prosper. Given this symbiotic relationship, sustainability forms the cornerstone of our business.

2018 was a landmark year for Malaysia Airports as KUL celebrated its 20th anniversary.

Since KUL opened its doors on 30 June 1998, it has developed into a major aviation hub for the region. In its first year, KUL served 13 million passengers and 38 airlines while in 2018, we recorded approximately 60 million passengers and 69 airlines. KUL is now the world's 12th busiest airport for international passengers and among the Top 14 airports in the world for Airport Service Quality (over 40 million passengers per annum).

The continued success of KUL over two decades is testament to our commitment to put in place the building blocks upon which our business can continue to grow, thrive and create value for all stakeholders. Among our partners, there are many who have witnessed robust growth in tandem with KUL's development. We were pleased therefore that when we celebrated KUL's 20th anniversary, it was also a celebration of the 20th anniversaries of Airport Coach Sdn Bhd, Plaza Premium Group and our own Sama-Sama Hotels.

Indeed, many of Malaysia Airports' key achievements for 2018 can be traced back to policies, decisions and activities which reflect our aim to create value for all stakeholders.

A JOINT MESSAGE FROM OUR CHAIRMAN AND GROUP CEO

From an investor's standpoint, in 1999, we were the first Asian airport to go public, and the sixth in the world to do so. In 2014, Malaysia Airports was included in the Environmental, Social and Governance FTSE4Good Bursa Malaysia Index, and we remain till today components of the index, a recognition of our efforts to build a sustainable business. If an investor had purchased our stock at the Initial Public Offering in 1999, the investor's RM1 investment would be worth RM5.23 at the end of 2018 (including dividends), an increase in value of 523.2%.

On 10th August 2018, our market capitalisation hit its all-time high reaching RM16.4 billion. We were recognised for value creation for shareholders when we won the award for the "Highest Return to Shareholders Over Three Years" for the Transportation & Logistics Sector at The Edge Billion Ringgit Club 2018.

The great strides we have made in protecting the environment at and around KUL is among our proudest achievements. The importance of protecting the environment had been part of the airport from its genesis, when the architect Kisho Kurokawa's "Airport in the Forest, Forest in the Airport" was selected as the winning design for KUL.

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. We established an Energy Management Policy for KUL and subsequently unveiled our Environmental Protection Policy and our Environmental Management Policy to uphold environmental protection as a core business value.

In 2015, we embarked on a multi-year effort to secure Airport Carbon Accreditation (ACA), a global initiative involving members of the Airports Council International (ACI) and recognition was earned for our effort in managing and reducing CO_2 emissions as part of airport industry's response to the challenge of climate change. In 2018, KUL

KLIA's 20th anniversary celebration

continued to be recognised for its carbon management plan and was upgraded to "Level 3 – Optimisation" of the ACA's four level programme.

In the course of our work, we are often in the field meeting with stakeholders and receiving their feedback. We are often heartened by their stories and would like to share one of them with our stakeholders in relation to our Short Take Off and Landing port (STOLport) in Bario, Sarawak.

This is one of 18 STOLports that serve the remote interior areas of Malaysia which are difficult to reach via land transport, particularly in the states of Sabah and Sarawak. We manage these STOLports as part of our nation-building and corporate social responsibility efforts as passengers are not charged any Passenger Service Charges (PSC) for use of the STOLports.

In September 2018, we completed the refurbishment of the STOLport in Bario, Sarawak, which serves a population of 7,500 spread over 40 villages in the highlands of Sarawak. A flight from the nearest city, Miri, takes only 50 minutes compared to a 12-hour overland journey by four-wheel drive. In 2018, the Bario STOLport served 23,317 passengers.

The development, growth and success of KUL could have only been made possible by us joining forces with our stakeholders to create value.

Bario STOLport served 23,317 passengers in 2018

A warm welcome at Bario STOLport

We had the opportunity to meet the members of the rural indigenous community we serve at an event to mark the renewed facilities. It was heartening and heart-warming for us to hear their stories of how the STOLport contributes to their livelihoods and well-being in many aspects such as commerce, education, supply of food and medicine and in medical emergencies. It has also helped grow eco-tourism by enabling tourists to reach this remote area easily. The STOLport also provides the locals with job opportunities in maintenance and upkeep, security as well as establishing food and retail kiosks.

In closing, we would like to thank all stakeholders for their contribution to and support for our efforts in building a sustainable business. While we provide the means for our customers, partners, employees, stakeholders to soar, we remain grounded in our commitment to build a strong and enduring business that will continue to create value for all of us.

Tan Sri Datuk Zainun Ali
Chairman

Raja Azmi Raja Nazuddin
Group Chief Executive Officer

We are very privileged to welcome Tan Sri Datuk Zainun Ali as our new Chairman. She has had a distinguished career in the judicial and legal service as well as on the bench where she retired as a Federal Court judge. She is also a member of the advisory board of the United Nations Global Judicial Integrity Network. I believe that her vast experience and international perspective will spur our sustainability agenda, particularly as our stakeholders listed "Integrity and Anti-Corruption" as one of their main concerns.

Raja Azmi Raja Nazuddin

2018 SNAPSHOT
(GRI 102-7, 102-8, 102-13, AO1, AO2, AO3)

Malaysia Airports Holdings Berhad is a public limited company incorporated under the Companies Act of Malaysia and listed on the Main Market of Bursa Malaysia. We are a component of Bursa Malaysia's benchmark index FTSE Bursa Malaysia Kuala Lumpur Composite Index (FBMKLCI), as well as the FTSE4Good Bursa Malaysia Index.

We are the main airport operator in Malaysia where we manage 39 airports nationwide. Our main hub is KUL which includes both KLIA and klia2. In addition to KUL, we also manage four other international airports, 16 domestic airports and 18 STOLports. Malaysia Airports also owns and manages Sabiha Gokcen International Airport in Turkey (please note that this report does not cover Malaysia Airports' operations outside of Malaysia).

39
Airports managed
in Malaysia

9,668
Employees
in Malaysia

863,954
Commercial aircraft
movements

972,104
Cargo movements
(tonnes)

Malaysia Airports is a member of the worldwide association of airport operators. Within ACI, we are members of the World Standing Committee and the Asia Pacific and Regional Environment Committee. Malaysia Airports is also a signatory to the Aviation Industry Commitment to Action on Climate Change.

For a more comprehensive corporate profile, please refer to the Annual Report or our corporate website.

99,101,808
Total passenger movements

51,708,189
International passenger movements

47,393,619
Domestic passenger movements
(including STOLports)

160,104
STOLport passenger movements

COMPANY PROFILE
(GRI 102-2)

Malaysia Airports is involved in five key business activities:

▶ Airport services

▶ Duty free and non-dutiable goods

▶ Hotel

▶ Project and repair maintenance

▶ Agriculture and horticulture.

Our business model, focuses not only on airport business, but also on commercial and growth opportunities presented by both the travel and the aviation industry. The diversification of our business activities has not only allowed us to keep aviation charges at a competitive level, but also to maintain robust returns to our shareholders through synergistic values created. This model has allowed us to cross-subsidise the vital, but less lucrative operations of our smaller landing strips and airports.

Our competitive advantage:

▶ Strategically located in the heart of ASEAN and surrounded by high growth markets such as China and India

▶ Competitive aeronautical and passenger charges – one of the lowest in the world

▶ Excellent network of full-service and low-cost carriers

▶ Well-equipped terminals with convenient facilities

▶ klia2 – World's largest purpose-built terminal for low-cost carriers

▶ KUL - Three-runway system allows for efficiency in flight operations

▶ KUL – 12th best connected airport in the world

▶ Aeropolis – 100sq km land bank surrounding KLIA allows for commercial development

Our CARE Airport Ambassadors at klia2

Key Business Activities

1
AIRPORT SERVICES

Manage, operate and maintain airports, and provide airport-related services.

2
DUTY FREE

Operate duty free outlets and provide management service in respect of food and beverage outlets at designated airports.

3
HOTEL

Manage and operate hotels.

4
PROJECT AND REPAIR MAINTENANCE

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

5
AGRICULTURE AND HORTICULTURE

Cultivate and sell oil palm and other agricultural products and to carry out horticulture activities.

Refer to the Management Discussion and Analysis section in the Annual Report for more information on the performance and key developments in each of the five business activities

12

COMPANY PROFILE
(GRI 102-4, 102-6, 102-7)

Where we operate in Malaysia

Langkawi
4.0 mppa
2018: 2.7 mil

Alor Setar
0.8 mppa
2018: 0.8 mil

Kota Bharu
1.5 mppa
2018: 1.7 mil

Pulau Redang

Penang
6.5 mppa
2018: 7.8 mil

Kuala Terengganu
1.5 mppa
2018: 0.9 mil

Ipoh
0.5 mppa
2018: 0.3 mil

Pulau Pangkor

Kuantan
1.3 mppa
2018: 0.3 mil

Subang
1.5 mppa
2018: 2.0 mil

KL International Airport

Pulau Tioman

KLIA Main
30.0 mppa
2018: 28.1 mil

Melaka
1.5 mppa
2018: 0.05 mil

klia2
45.0 mppa
2018: 31.9 mil

KUL in 2018

Number of Malaysia Airports employees working at KUL premises
3,949

Size of KUL
100 km^2

Runways
3 primary
- Runway 14L/32R   4,019m x 75m
- Runway 14R/32L   4,000m x 75m
- Runway 15/33   3,960m x 60m

Minimum connection time between flights
60 minutes

Cargo movements
714,669 tonnes

Passenger movements
59,988,409
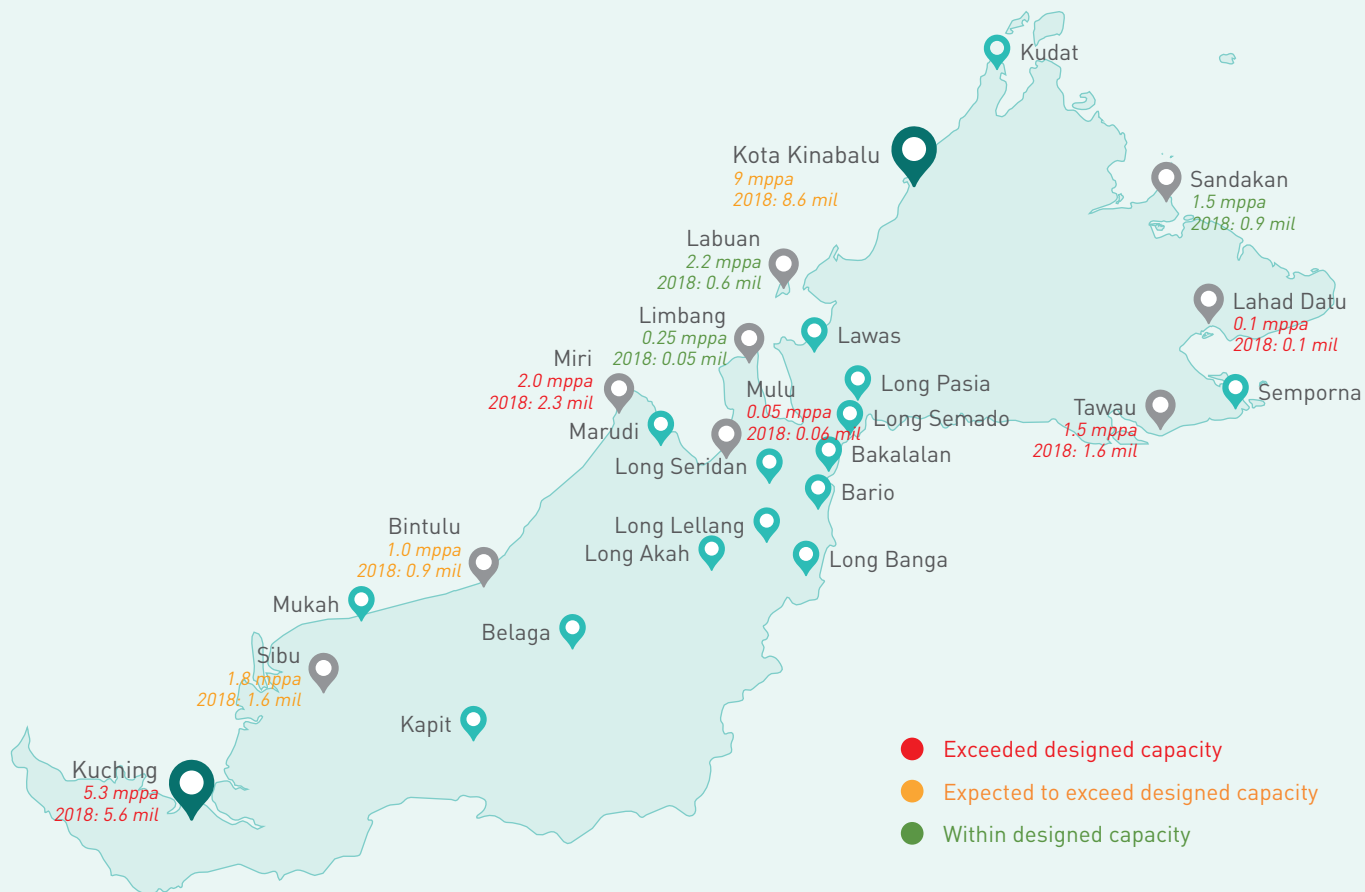
Commercial aircraft movements
398,752

Number of airlines served
69

Number of destinations served
136

Kudat

Kota Kinabalu
9 mppa
2018: 8.6 mil

Sandakan
1.5 mppa
2018: 0.9 mil

Labuan
2.2 mppa
2018: 0.6 mil

Lahad Datu
0.1 mppa
2018: 0.1 mil

Limbang
0.25 mppa
2018: 0.05 mil

Lawas

Miri
2.0 mppa
2018: 2.3 mil

Mulu
0.05 mppa
2018: 0.06 mil

Long Pasia

Long Semado

Semporna

Tawau
1.5 mppa
2018: 1.6 mil

Marudi

Long Seridan

Bakalalan

Bario

Bintulu
1.0 mppa
2018: 0.9 mil

Long Lellang
Long Akah

Long Banga

Mukah

Belaga

Sibu
1.8 mppa
2018: 1.6 mil

Kapit

Kuching
5.3 mppa
2018: 5.6 mil

● Exceeded designed capacity
● Expected to exceed designed capacity
● Within designed capacity

LEGEND

		PENINSULA MALAYSIA	SABAH	SARAWAK	
📍	**INTERNATIONAL**	**PENINSULA MALAYSIA** • KL International Airport (KUL) • Langkawi International Airport (LGK) • Penang International Airport (PEN)	**SABAH** • Kota Kinabalu International Airport (BKI)	**SARAWAK** • Kuching International Airport (KCH)	
📍	**DOMESTIC**	**PENINSULA MALAYSIA** • 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)	**SABAH** • Labuan Airport (LBU) • Lahad Datu Airport (LDU) • Sandakan Airport (SDK) • Tawau Airport (TWU)	**SARAWAK** • Bintulu Airport (BTU) • Limbang Airport (LMN) • Miri Airport (MYY) • Mulu Airport (MZV) • Sibu Airport (SBW)	
📍	**SHORT TAKE-OFF AND LANDING PORTS (STOLPORTS)**	**PENINSULA MALAYSIA** • Pulau Pangkor (PKG) • Pulau Redang (RDN) • Pulau Tioman (TOD)	**SABAH** • Kudat (KUD) • Long Pasia (GSA) • Semporna (SMM)	**SARAWAK** • Bakalalan (BKM) • Bario (BBN) • Belaga (BLG) • Kapit (KPI) • Lawas (LWY) • Long Akah (LKH)	• Long Banga (LBP) • Long Lellang (LGL) • Long Semado (LSM) • Long Seridan (ODN) • Marudi (MUR) • Mukah (MKM)

REPORTING AND GOVERNANCE

GOVERNANCE AND ACCOUNTABILITY
(GRI 102-18)

To achieve our vision "To be the Global Leader in Creating Airport Cities", we recognise that it is not sufficient for us to only create value for shareholders. Instead, we need to build a business that is premised on good governance and creating sustainable value for our stakeholders for the long term, striking a balance between making profits and managing our impact on stakeholders. In particular, to build a sustainable business for the long term, we need to address and manage key economic, environmental, social and governance issues impacting stakeholders.

Sustainability and Strategy
(GRI 102-18, 102-20, 102-26)

Malaysia Airports' approach to sustainability is embedded throughout the organisation and is anchored by high standards of governance. The Board has endorsed the Strategy House for Malaysia Airports, setting out our strategy moving forward by incorporating sustainability. The Strategy House highlights the importance of governance and sustainability as key drivers of Malaysia Airports' strategy. It also emphasises the importance of stakeholder engagement while setting out economic, environmental and social matters as material matters for Malaysia Airports. This will ensure that our business plans and activities will always take into consideration good governance and sustainability throughout the organisation.

Anchoring the Strategy House are policies that Malaysia Airports already has in place. The Board of Directors had previously outlined policies which provide strategic direction relating to sustainability namely its economic, environmental, social and governance (EESG) concerns. They include the following:

▶ Sustainability Policy
▶ Environmental Management Policy
▶ Procurement Policies, Procedures and Guidelines
▶ Code of Ethics and Conduct
▶ Fraud Policy
▶ Guidelines on Gifts
▶ Occupational Safety and Health Policy

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

The Chief Strategy Officer of Malaysia Airports is the senior management personnel responsible for Sustainability matters, and is tasked to ensure that the Sustainability Policy is translated into actionable items by business units in line with the five pillars. The Chief Strategy Officer is a member of the Management Executive Committee (ExCo) which comprises the top management of Malaysia Airports, and is chaired by the Group CEO. The Chief Strategy Officer is also responsible to highlight and report on Sustainability to the Board of Directors.

Assisting the Chief Strategy Officer on the day-to-day management and coordination of company-wide initiatives is the Sustainability Department which is part of Malaysia Airports' Corporate Planning Division. The Sustainability Department is staffed by three personnel and is headed by a Senior Manager. The Sustainability Department provides consulting services and engages with stakeholders on sustainability matters.

In addition, throughout the organisation, there are committees at both Board and management levels, including inter-departmental committees and taskforces, set up to look into specific sustainability issues and support Malaysia Airports' sustainability agenda. At management level, these committees comprise departments which own sustainability targets, implement initiatives, monitor and track progress and also those who play supporting roles to further these efforts.

Examples of such Board and management committees include the following:

Economic matters
- Board Finance and Investment Committee
- Board Risk Management Committee
- Board Procurement Committee
- Corporate Risk Management Committee
- Information Security Management Committee
- Internal Audit Management Committee
- Management Procurement Committee
- Whistleblowing Independent Committee

Environmental matters
- Environmental Management Committee

Social matters
- Board Nomination and Remuneration Committee
- Human Resources Committee

Sustainability Policy and Framework
(GRI 102-16)

We have in place a Sustainability Policy which states our aspiration to create sustained stakeholder value as a world-class airport business operator.

The policy outlines our economic, environmental and social commitments as well as our commitment to be a responsible corporate citizen. We believe that the policy, if implemented successfully will enhance our reputation, build customer loyalty, enhance passenger experience and create long term value for our stakeholders and for Malaysia.

The Sustainability Policy is made available on our corporate website. The five pillars ensure that we create value in a holistic manner that encompasses our key stakeholders. The matters contained in this report are also set out in accordance with the five pillars.

Our Sustainability Framework as well as our progress towards achieving our sustainability goals are available on our corporate website.

To further expand on the Sustainability Policy, we established a Sustainability Framework which sets out our broad priorities into five pillars:

PRACTISING SENSIBLE ECONOMICS
Over the years, we have successfully evolved into a diversified airport operator group with solid fundamentals. Moving forward, we aim to create more opportunities and value for our stakeholders.

ENVIRONMENTAL CONSCIOUSNESS
Committed to growing responsibly, we continue to manage and reduce impact on the environment caused by our business operations.

CREATING AN INSPIRING WORKPLACE
Our employees are our most valuable asset, as skilled employees prove to be a vital component in delivering high level competencies in our business practices.

COMMUNITY-FRIENDLY ORGANISATION
We continue to build on our proud tradition of giving back to the broader community by supporting and strengthening community engagement especially within the vicinity of our operations.

MEMORABLE AIRPORT EXPERIENCE
Our mission is centred on creating joyful experiences especially at our airports. Our aim is to become a service leader by embedding a customer-centric culture into our operations.

REPORTING AND GOVERNANCE
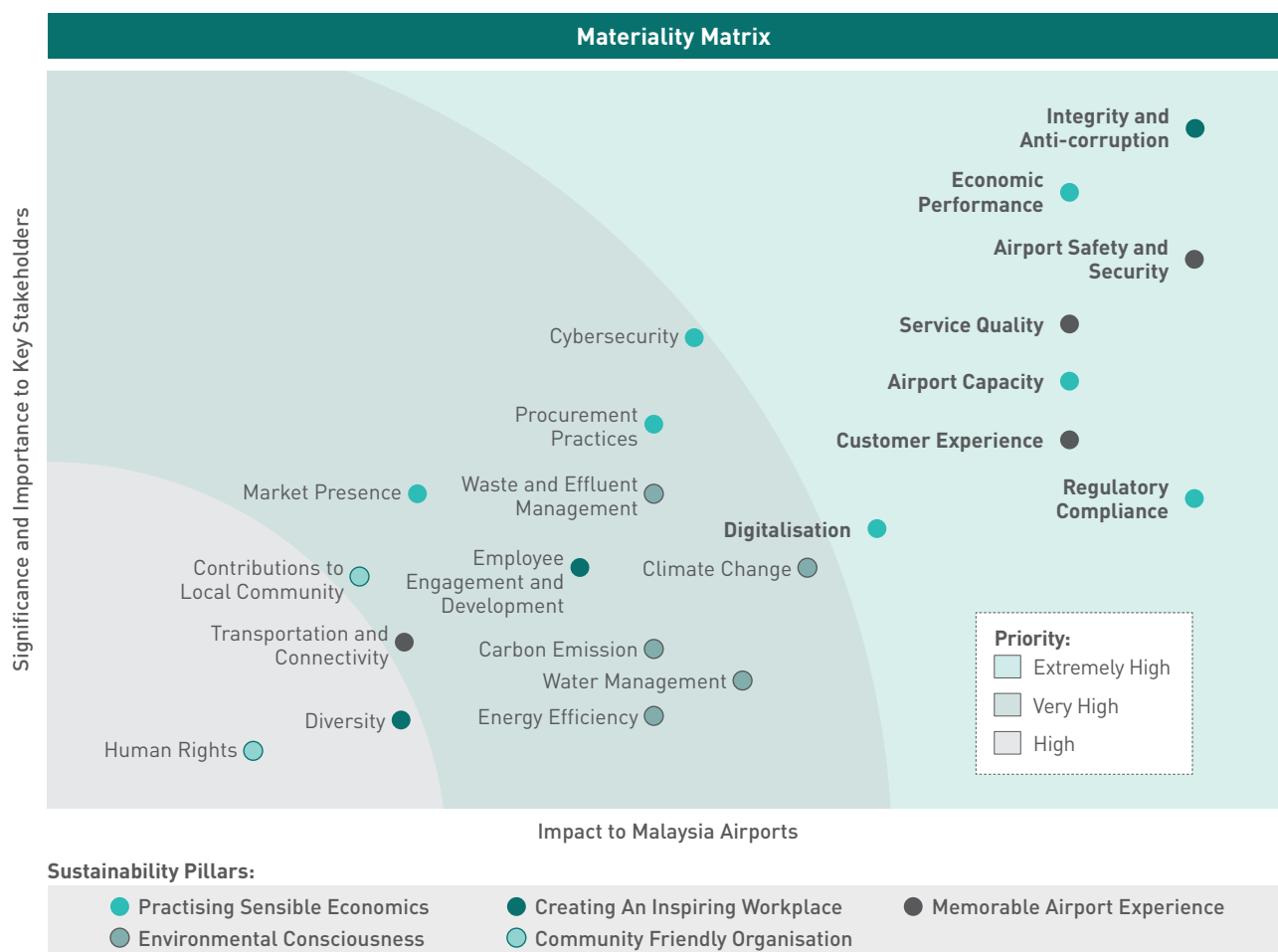
MATERIALITY PROCESS
(GRI 102-47, 102-49)

Malaysia Airports already has a Materiality Matrix and consults regularly with stakeholders. In 2018 however, we embarked on an initiative to develop the KUL Sustainability Charter which applies to Malaysia Airports and the airport community at KUL (collectively the "KUL Community"). This will essentially be a framework that guides the KUL community on setting sustainability goals and formulating strategies and implementing initiatives towards achieving those goals.

The Charter will outline the KUL Community's commitments in upholding the principles of economics, environmental and social sustainability through collaborative actions along the entire airport supply chain.

To kickstart the process of formulating the Charter, we engaged the stakeholders, both in internal and external, in two workshops. In the workshops, the stakeholders participated in discussions to better understand materiality, identify and prioritise material matters, and map material matters to goals and targets. Arising from the discussions, we revised the Materiality Matrix for Malaysia Airports.

Materiality Matrix

Significance and Importance to Key Stakeholders

Integrity and Anti-corruption
Economic Performance
Airport Safety and Security
Service Quality
Airport Capacity
Customer Experience
Regulatory Compliance
Cybersecurity
Procurement Practices
Market Presence
Waste and Effluent Management
Digitalisation
Contributions to Local Community
Employee Engagement and Development
Climate Change
Transportation and Connectivity
Carbon Emission
Water Management
Diversity
Energy Efficiency
Human Rights

Priority:
- Extremely High
- Very High
- High

Impact to Malaysia Airports

Sustainability Pillars:
- Practising Sensible Economics
- Creating An Inspiring Workplace
- Memorable Airport Experience
- Environmental Consciousness
- Community Friendly Organisation

The revised Materiality Matrix renews our focus on matters over which our stakeholders have concerns. This approach also dovetails with our Strategy House. The implementation of the Strategy House will bring sustainability and these material matters to the forefront of our business and will funnel into the goals, targets and results of our business.

MATERIALITY AND SUSTAINABLE DEVELOPMENT GOALS

Malaysia, together with other members of the United Nations, had affirmed its commitment to the United Nation's 2030 Agenda for Sustainable Development which sets out 17 Sustainable Development Goals (SDGs) to bring about development that meets the needs of the present without compromising the ability of future generations to meet their own needs. To build an inclusive, sustainable and resilient future for people globally, and for our planet, the members of the United Nations believe that it is crucial to harmonise three core elements: economic growth, social inclusion and environmental protection.

The countries' commitment towards the SDGs commenced on 1 January 2016 and each country must take steps and mobilise resources towards the attainment of the SDGs. As a Government-Linked Company (GLC), we have aligned our sustainability agenda with that of the Malaysian Government's commitment to SDGs and are contributing towards the achievement of the goals.

Out of the 17 SDGs, our contribution is targeted at 15 of them. In 2018, we are committed to contribute to more SDGs and we have aligned them against our sustainability pillars.

Scan here for our
**Sustainability
Policy**

Scan here for our
**Sustainability
Framework**

REPORTING AND GOVERNANCE

STAKEHOLDERS
(GRI 102-40, 102-42)

As we are responsible for the nation's airports, our business has the potential to impact many stakeholders. We have identified nine major groups as our key stakeholders, namely those who are most likely to be impacted by our operations.

Key Stakeholders of Malaysia Airports

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

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

There are several factors which make stakeholder engagement an integral part of our business and is embedded in the way we operate. First, the aviation industry in which we operate is highly regulated both in Malaysia as well as internationally. Secondly, we are listed on Bursa Malaysia and our shareholders cover a wide range of institutional investors such as Government-linked investment companies, investment funds, pension funds as well as retail investors, both local and overseas. Thirdly, our business requires discussion, coordination and collaboration with many parties to ensure that complex processes are executed successfully. Also, as we are a large employer of choice, we constantly engage our employees to understand their concerns. We also engage with the community around our airports to understand the impact of our business on them and to assist those in need.

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

Key stakeholders	Method of engagement	Areas of interest	Our response
Employees	• Town halls, engagement sessions and employee activities • Focused group discussions on targeted issues • Employee portal • Employee engagement survey • Employee performance review	• Employee wellbeing • Workplace safety • Work-life balance • Training and career Development • Corporate integrity • Employee engagement	• Wellness programmes • Employee benefits and medical coverage • Whistleblowing policy • Occupational safety and health assessment • Childcare centre/kindergarten • Training needs analysis and performance appraisal • Integrity Pledge • Code of Ethics and Conduct
Airlines	• Regular meetings and face-to-face discussions • Airline operating committees • Local carrier airlines meeting • Foreign carrier airlines meeting • Security facilitation meeting • Airline operator committee general meeting • Feedback surveys	• Innovation and technology advancement • Airport safety • Terminal and building infrastructure	• KLIA Awards • Runway Safety programme and Runway Safety Team meetings • Safety drills • SMS and Aerodrome certification • Renovating and modernising Terminals • Malaysian Aviation Consumer Protection Code 2016

REPORTING AND GOVERNANCE

Key stakeholders	Method of engagement	Areas of interest	Our response
Regulators and government	• Regular engagement, communication and dialogue • Consultation on regulatory matters	• Regulatory compliance • Airport competitiveness • Land development and gazetting airport area • Carbon emissions • Licensing	• Environment Strategy Roadmap (2016-2020) • Airport Carbon Accreditation Programme • Carbon Score Card to Ministry of Transport • Harnessing renewable energy • Regular audits and inspections • Communication, navigation and surveillance • Performance verification • Standards and certifications • Aerodrome Operator Licensing and Registration • Public-private partnership • Foreign investments
Investors	• Analyst briefing sessions • Roadshows • One-on-one engagements • Conference calls • Site visits	• Financial returns • Governance and transparency • Company reputation • Regulatory compliance	• Business and investment plans • FTSE4Good Bursa Malaysia Index • Malaysian Code on Corporate Governance 2017 • Publications and press releases • Awards and accolades • Sustainability reporting practice
Tenants	• Standard Contracting Procedure • Annual Concessionaire Conference and Half-Yearly Mini Concessionaire Conference	• Airport planning and development • Airport security and safety • Comprehensive internal practices • Landlord-Tenant Relationship • Customer satisfaction	• Increased security measures in KLIA (e.g. CCTV surveillance) • Annual emergency evacuation exercises • Contractual covenant • Standard contracting procedure • Annual Concessionaire Conference and Half-Yearly Concessionaire Mini Conference • Cashless payment system • ASQ surveys

Key stakeholders	Method of engagement	Areas of interest	Our response
Vendors and Service Providers	• Networking sessions • Tenders and request for proposals • Site visits • Procurement audit	• Procurement process • Prompt payments • Compliance	• Procurement Policies, Procedures and Guidelines • eProcure • Vendor Management System • Procurement and Vendor Code of Ethics • Integrity Pact
Passengers	• Airport Service Quality (ASQ) programmes • Social media • Complaint management	• Airport Service Quality • Total Airport Experience • Customer service • Cleanliness • Communication and announcements • Immigration and transit • Passenger traffic • Curbside congestion • Airport security and Safety	• ASQ Benchmarking Programme • Airport Customer Satisfaction Performance Programme • Customer Real Time Feedback Survey System • Cashless payment services • Pay It Forward campaign and washroom refurbishment • Customer experience management • Customer Affairs and Resolution Excellence (CARE) and iCARE • E-Convergence magazine and digital communication mediums (e.g. digital standee) • Airport CARE InfoCentre at KLIA Main terminal • Track transit and crowd management system • Identification of critical checkpoints and infrastructure (e.g. curbside, immigration and waiting areas) • MYairports mobile application

REPORTING AND GOVERNANCE

Key stakeholders	Method of engagement	Areas of interest	Our response
Local community	• Community engagement and outreach • Strategic partnerships • News media • Social media • Website	• Employment opportunities • Access to education • Environmental impact • Corporate citizenship	• Increasing employability in rural areas • Scholarship programmes • Ministry of Education Appreciation Award • Environmental monitoring • Corporate Social Responsibility programmes • Corporate donations
Media	• Media briefings/interviews • Website and events • Social media • Press conference	• Economic, Environmental and Social issues • Financial results • Media relations	• Regular press releases and press briefings • Sound and transparent decision making • Announcement of quarterly financial results • Interviews and visits

STANDARDS AND CERTIFICATION
(GRI 102-12)

As our operations connects a myriad of stakeholders across continents and across industries, it is important for us to operate in accordance with global standards. In this regard, our stakeholders can be assured of the quality, safety, reliability and efficiency of our services, and that they are in line with standards prevailing and adhered to by large airport operators globally.

We adhere to internationally adopted ISO standards for our operations. ISO9001, 14001 and 18001 which relate to integrated management systems apply across our operations. In addition, we adhere to international standards for information security, energy management, halal requirements, anti-bribery management systems and also in relation to Malaysian Sustainable Palm Oil.

The table below outlines the application of international standards in our operations.

Standards	Goals	Impact	Scope and Boundary
ISO 9001:2015 Quality Management Systems	• Drive the continual improvement of management systems • Provide guidance on improving quality of products and services	• Help organizations improve their quality management systems. • Comply with international standards and regulation • Reduce errors	IPH, KUA, KBR, MKZ, MZV, LDU, LMN, SZB, Corporate Office, Malaysia Airports (Niaga) Sdn. Bhd, Malaysia Airports (Properties) Sdn. Bhd, Malaysia Airports Consultancy Services Sdn. Bhd
ISO 9001 :2015 ISO 14001 : 2015 OHSAS 18001 : 2007 Integrated Management Systems	• Integrates all of Malaysia Airports' systems and processes into one complete framework to work as single unit objectives	• More efficient and integrated implementation • Increased efficiency and effectiveness, reduce costs while minimizing the disruption caused by multiple external audits previously	AOR, BTU, BKI, LGK, MYY, KCH, PEN, LBU, TGG, MA Sepang, Urusan Teknologi Wawasan Sdn Bhd
ISO/IEC 27001: 2013 Information Security Management Systems	• Set of policies and procedures for systematically managing and securing Malaysia Airports' sensitive data.	• Helps Malaysia Airports improve its quality management systems. • Comply with international standards and regulation • Reduce errors	PEN, LGK, Corporate Office (PCD and HR), MA Sepang

REPORTING AND GOVERNANCE

Standards	Goals	Impact	Scope and Boundary
ISO 50001 : 2011 Energy Management Systems	• Develop a policy for more efficient use of energy • Fix targets and objectives to meet the policy • Use data to better understand and make decisions about energy use • Measure the results • Review how well the policy works • Continually improve energy management	• Energy saving initiatives successfully reduced electricity consumption	BKI
MS ISO 1900 : 2005 Quality Management Systems - Requirements from Islamic Perspectives	• The standard ensures that the appropriate universally accepted values are incorporated into the quality management processes of Malaysia Airports including halal aspects of delivering products and services.	• This standard certifies the organisation to be Shariah compliant	Malaysia Airports Consultancy Services Sdn. Bhd
ISO 37001 : 2016 Anti-Bribery Management Systems	• Establish related policies to meet Anti-Bribery requirements • Amendment related policies to accommodate Anti-Bribery requirements	• Answer the Government's call for GLCs to adopt Anti-Bribery Management Systems • Support the already available anti-corruption initiatives at Malaysia Airports • To manage Anti-Bribery, Anti-Corruption and Corporate Liability under same framework	Corporate Office and MA Sepang

PRACTISING SENSIBLE ECONOMICS
(GRI 103, 205-1,2)

In our Sustainability Policy, we had spoken of our aim to integrate sustainability as a consideration in all planning and development decisions including procurement and operations, as well as support sustainable practices in our business marketplace. Therefore, sustainability is central to the way we think, the way we conduct ourselves and the approach we adopt to perform our day to day business.

It therefore follows that "Practising Sensible Economics" is a pillar of our Sustainability Framework. Over the years we have successfully evolved into a diversified airport operator group with solid fundamentals. Moving forward, we aim to create more opportunities and value for our stakeholders.
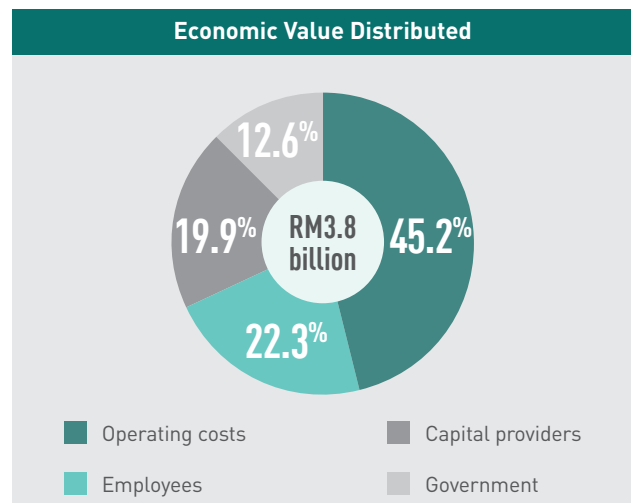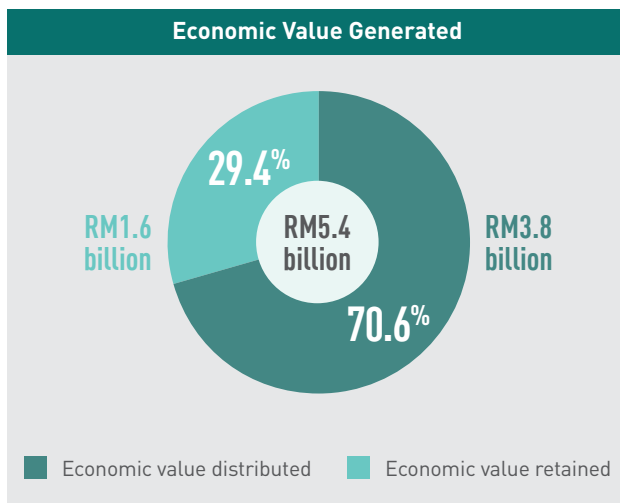
ECONOMIC PERFORMANCE
(GRI 102-48, 103, 201-1)

In 2018, the economic value generated by Malaysia Airports was RM5.4 billion, a 10.6% YoY increase from RM4.9 billion in 2017. This was driven primarily by growth in international passenger movements as well as recognition of unrealised gains on the fair value of investment in GMR Hyderabad International Airport.

Out of the economic value generated, Malaysia Airports retained RM1.6 billion for reinvestment into the business, an increase of 44.0% YoY.

The remaining RM3.8 billion distributed for operational costs, as well as towards stakeholders namely employees (wages and benefits), providers of capital (payments to debtholders) and the Government (taxation and user fees).

The basis upon which the financials of Malaysia Airports were derived are contained in the audited financial statements which are included in the Financial Statements section of the Annual Report. The economic performance for 2017 was restated due to the transition to the Malaysian Financial Reporting Standards. The restatement enables 2018 numbers to be compared with 2017 numbers.

Economic Value Generated

29.4% RM1.6 billion — RM5.4 billion — 70.6% RM3.8 billion

- Economic value distributed
- Economic value retained

Economic Value Distributed

12.6% — 19.9% — RM3.8 billion — 45.2% — 22.3%

- Operating costs
- Employees
- Capital providers
- Government

PRACTISING SENSIBLE ECONOMICS

ANTI-COMPETITION
(GRI 103, 206-1)

Malaysia has laws in place regulating anti-competitive behaviour, anti-trust and monopoly practices, primarily the Competitions Act 2010. However, aviation services in Malaysia are governed under the provisions of the Malaysian Aviation Commission Act 2015, particularly under Part VII of the Act which deals with competition. The Malaysian Aviation Commission Act 2015 has been excluded from the application of the Competition Act 2010.

Malaysia Airports is therefore subject to the guidelines issued by MAVCOM relating to Part VII (Competition) of the Malaysian Aviation Commission Act 2015. We comply fully with the applicable laws and guidelines.

In 2018, there was no legal action taken against Malaysia Airports for anti-competitive behaviour, anti-trust or monopoly practices.

PROCUREMENT PRACTICE
(GRI 103, 204-1)

Our Sustainability Policy states that Malaysia Airports will integrate sustainability as a consideration in all planning and development decisions and support sustainable practices in our business marketplace. One of the key areas mentioned in this regard is procurement.

Our rules for procurement are specifically laid out in the Procurement Procedures, Policies and Guidelines, a document known as the "3Ps". These cover the entire spectrum of finding and acquiring goods, services, or works from external sources as well as the tendering or competitive bidding process. The 3Ps are aimed at ensuring that Malaysia Airports obtains the best possible price while considering aspects such as quality, quantity, time, and location. The 3Ps also aim to minimise the risk of fraud or collusion which may cause us to suffer losses.

The 3Ps are supplemented by other measures to improve efficiency and transparency as well as reduce risks. They include:

▶ Standard Operating Procedures for procurement matters
▶ IT systems such as a vendor management system and e-procurement which uses technology for catalogues, requests for quotations and tenders
▶ Independent evaluation committees
▶ Tighter controls in procurement such as requiring strong justification to obtain approvals
▶ Establishment of procurement Service Level Committed
▶ Compliance with the Anti-Bribery Management System
▶ Compilation of detailed spend analysis data to improve efficiency
▶ Training for vendors and business partners

In 2018, we conducted training for 71 vendors on our procurement practices and procedures. This transparency of our internal processes will enable them to understand the processes better and help us reduce risks.

By exercising tighter controls over procurement, there is better information for decision-making and hence, fairer distribution of awards. This also helps prevent abuse, corruption and wastage. We are also better able to optimise our budgets and reduce costs.

Integrity in Procurement

Malaysia Airports views procurement as an area in which integrity and anti-corruption are key factors for sustainability.

In 2017, Malaysia Airports committed to the Integrity Pact, an initiative of the Malaysian Government aimed at fighting corruption in public procurement. The Integrity Pact is a concept introduced by Transparency International and establishes mutual contractual rights and obligations between the parties involved in public procurement to curb corruption in public procurement.

The Procurement and Contract Division is responsible for incorporating the Integrity Pact into our procurement processes. To implement the Integrity Pact, we require our employees and vendors to make declarations to refrain from corrupt practices throughout the procurement process. They are also responsible to lodge a report with the authorities on any corrupt practices.

For the Integrity Pact to be effective, we took steps to increase awareness among Malaysia Airports employees and vendors on corruption offences such as the following:

▶ Offering, seeking and accepting bribes to or from companies, firms, individuals and our employees. Bribes can take many forms for example money, gifts, donations, discounts, bonuses, jobs, services and favours as defined under Section 3 of Malaysian Anti-Corruption Commission Act 2009
▶ Abuse of power by our employees for example selecting bidders in which our employees have vested interests, and
▶ Conspiracy among vendors and our employees to obtain a procurement award.

In addition to our employee briefings, the Corporate Integrity Unit also conducted briefings to our vendors. The Vendor Integrity Programme saw 71 vendors from various types of businesses attended the briefing on Vendors Code of Ethics, corruption and whistleblowing. Educating the vendors on our policies and procedures will help them recognise any deviation and subsequently eradicate corrupt practices.

The impact of the Integrity Pact is to enhance transparency in the procurement process to curb corruption and avoid the high costs and distortionary effects of corruption.

PRACTISING SENSIBLE ECONOMICS
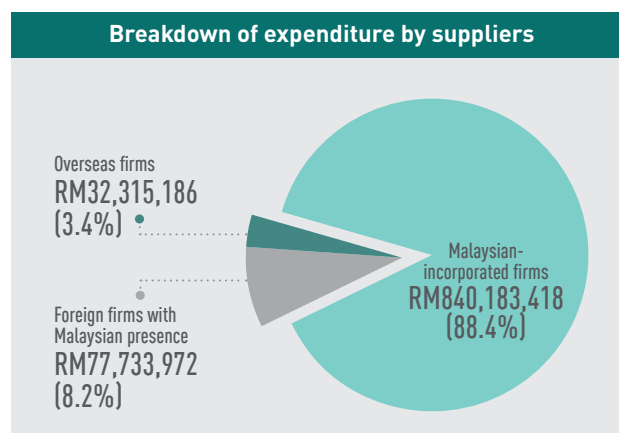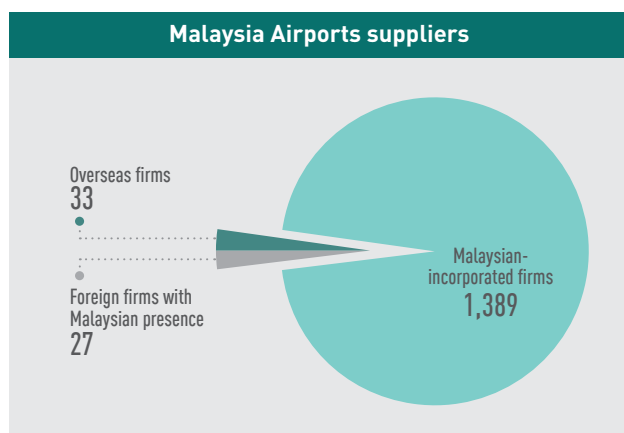
Local Suppliers
(GRI 204-1)

It is critical for Malaysia Airports' business operations to be able to get the goods and services needed for the smooth running of our operations. In this regard, our relationship with vendors and suppliers can have significant impact.

In 2018, Malaysia Airports engaged with a total of 1,449 suppliers – of whom 98% are local. We consider companies established under the laws of Malaysia as well as foreign companies with a presence such as an office or operations base in Malaysia as "local".

RM840,183,418 was spent on Malaysian-incorporated suppliers, constituting 88.4% of procurement expenditure while procurement from foreign firms with a local presence in Malaysia amounted to RM77,733,972 being 8.2% of procurement expenditure. Therefore in total, 96.6% of procurement expenditure was spent locally. The remaining 3.4% was spent on non-local suppliers, amounting to RM32,315,186.

Malaysian-incorporated suppliers' share of the procurement expenditure of Malaysia Airports in 2018 grew six percentage points YoY from 82% in 2017 to 88.4%.

Malaysia Airports suppliers

Overseas firms
33

Foreign firms with
Malaysian presence
27

Malaysian-
incorporated firms
1,389

Breakdown of expenditure by suppliers

Overseas firms
RM32,315,186
(3.4%)

Foreign firms with
Malaysian presence
RM77,733,972
(8.2%)

Malaysian-
incorporated firms
RM840,183,418
(88.4%)

*Represents Malaysia Airports' operations in Malaysia except Malaysia Airports Niaga Sdn Bhd and Malaysia Airports Consultancy Services Sdn Bhd.

The impact of our focus on local suppliers is that we are helping to build a strong cadre of Malaysian-based suppliers with products or services that add value towards a circular economic growth within the country. They are also employers of Malaysian workers. This is an important dynamic to understand since, in the long run, a healthy relationship with vendors and suppliers is a competitive advantage.
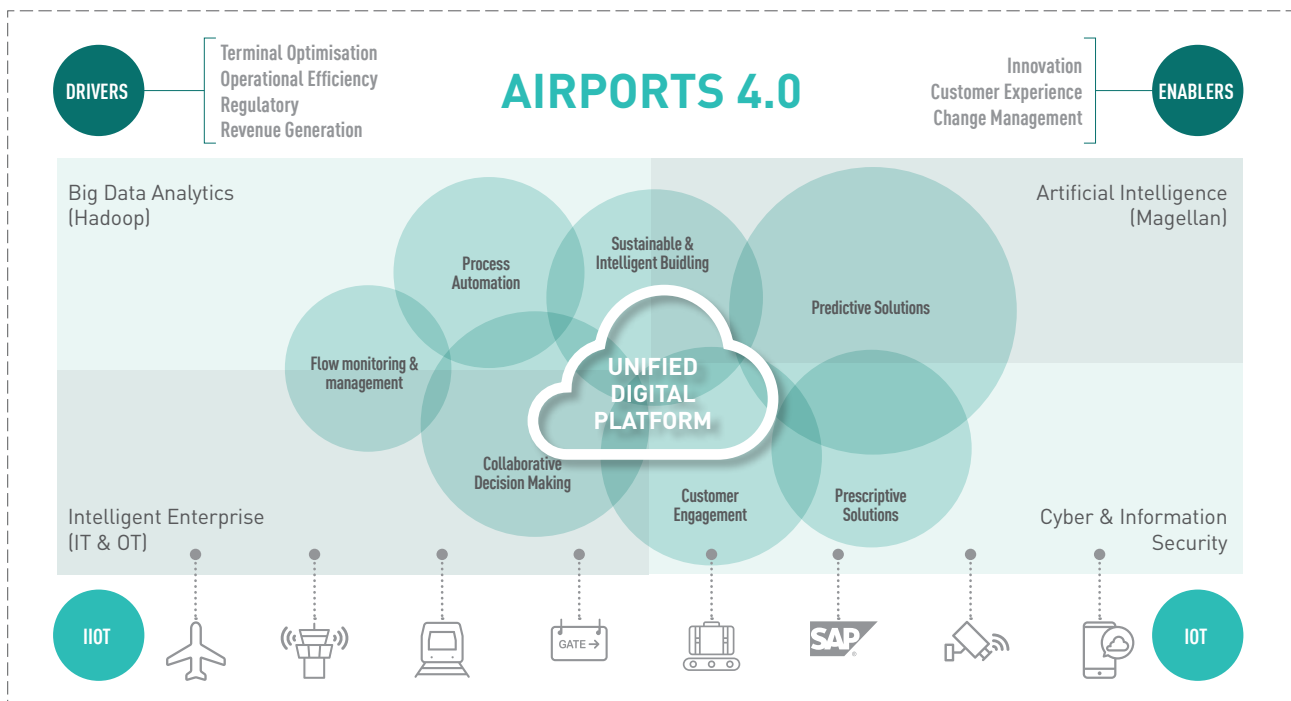
AIRPORTS 4.0
(GRI 103)

In order to continue to create value for our stakeholders, it is essential that Malaysia Airports runs our business using the latest tools available, in particular, information technology. Much has been said about the Industrial Revolution 4.0 in which artificial intelligence will play a defining role. Similarly, in the aviation industry, digital transformation is very much in progress among all industry players.

Therefore, we have embraced digital transformation and initiated Airports 4.0 as an umbrella programme for all digital transformation initiatives. Airports 4.0 encompasses the use of Big Data Analytics and the Internet of Things devices to enhance airport operations. Among the issues addressed by Airports 4.0 currently are using Big Data Analytics to anticipate foot traffic flows, managing facilities for passenger comfort and reducing queue time and congestion.

We expect Airports 4.0 to feature prominently in our business transformation through the next five years till 2023.

Airports 4.0 initiatives will have a positive impact on many other aspects of our business for example service quality, customer experience, optimisation of facilities and resources, obtaining customer feedback and monitoring carbon emissions – all of which rely on Big Data Analytics and technology solutions for improved efficiency.

PRACTISING SENSIBLE ECONOMICS

MYairports App

MYairports is a mobile app that acts as a comprehensive yet user friendly airport travel guide. It helps our guests navigate their way from home till the boarding gate in the shortest time possible. MYairports gives live updates on flight information, indicates to guests the time left to board flights, highlights shopping and dining promotions and broadcasts important airport information. MYairports is available in three languages – Bahasa Malaysia, English and Mandarin. Future editions of the app will include live tracking of queue times at check-in and immigration counters and security checkpoints as well as an e-commerce feature to enable guests to shop more easily. At the end of 2018, there were 12,780 downloads of MYairports app for both Android and iOS.

Download now at:

Google play
*ANDROID VER 6 & ABOVE

Download on the App Store

Washroom Inspection Management System (WIMS)

WIMS is a digital tool that helps Malaysia Airports improve the cleanliness of the washrooms. WIMS enhances the current Washroom Response Management System by giving users the opportunity to leave their feedback through digital panels at the washrooms. The feedback will alert the airport facilities management team to take immediate action as needed. This leads to cleaner washrooms and a better experience for our guests. WIMS also improves the method of washroom inspection as required by MAVCOM and the Ministry of Housing and Local Government.
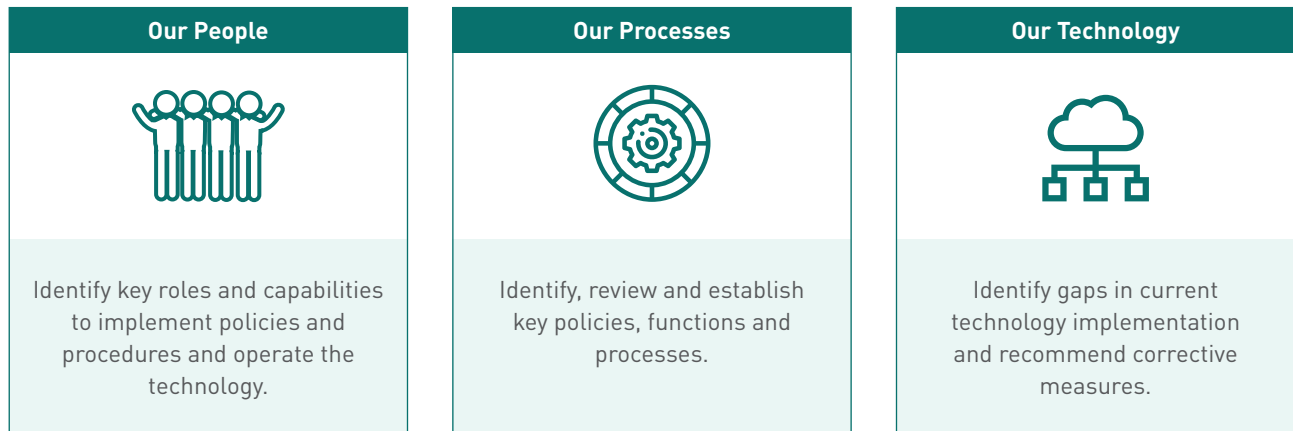
CYBERSECURITY
(GRI 103)

Owing to the nature of airport operations and in line with the increased use of technology in Airports 4.0, Malaysia Airports relies heavily on Information Technology (IT) to operates its business. In view of our heavy usage of IT and the importance of IT to keep our airports operating in a safe, efficient and coordinated manner, it is important that we have in place the highest level of cybersecurity measures. Such measures will ensure that our IT assets, operations and the safety of the people using our airports and the airport community are protected at all times.

Our IT Division is primarily in charge of cybersecurity and key matters are reported to the Board Risk Management Committee and the Executive Management Committee. The maturity level of cybersecurity controls in place at Malaysia Airports is measured against a Cybersecurity Maturity Index which mirrors the Cybersecurity Framework of National Institute of Standards and Technology (NIST CSF).

In view of acceleration the Malaysia Airports cybersecurity efforts, we launched a Cybersecurity Acceleration Programme Project that would enhance our capabilities in three critical areas:

Our People	Our Processes	Our Technology
Identify key roles and capabilities to implement policies and procedures and operate the technology.	Identify, review and establish key policies, functions and processes.	Identify gaps in current technology implementation and recommend corrective measures.

The impact of this programme is that we will instil best cybersecurity practices and awareness to all divisions in Malaysia Airports and reduce risks posed by cyber-related attacks. This will ensure our airports the highest level of security and safety for all our stakeholders and rise up Malaysia Airports cybersecurity maturity index.

These are the applicable policies, standards and regulations for cybersecurity:

▶ Communications and Multimedia Act 1998

▶ Computer Crime Act 1997

▶ Personal Data Protection Act 2010

▶ Copyright Act 1987

▶ National Cyber Security Policy (NCSP)

▶ Arahan MKN 24: Mekanisme Pengurusan Krisis Siber Negara

▶ General Data Protection Regulation (GDPR 2016/679)

▶ Information Security Management Systems (ISO/IEC 27001, 27002)

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

▶ Payment Card Industry (PCI) Data Security Standard (DSS)

▶ Malaysia Airports Information Security Policy

ENVIRONMENTAL CONSCIOUSNESS
(GRI 103, 307-1)

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

Our Sustainability Policy reinforces our commitment in achieving environmental sustainability in operating our business. The policy specifically provides for us to develop and effectively implement an Environmental Action Plan for all our airports and commit to measuring and monitoring the results. It also calls for us to rehabilitate the natural environment affected by our activities and continuously look for opportunities to improve our global environmental performance.

The policy also reiterates our commitment as a signatory to the Aviation Industry Commitment to Action on Climate Change (Geneva, 2008), namely to create a pathway towards carbon-neutral growth and aspire to achieve a carbon-free future.

In line with the Sustainability Policy, our Sustainability Framework includes "Environmental Consciousness" as one of our five sustainability priorities. It states our commitment to grow responsibly and to continue to manage and reduce the impact of our business on the environment. Our Energy Policy and Environmental Management Policy were also formulated to reduce our impact on the environment in line with our commitments to stakeholders.

In addition, in 2015, we established an Environmental Management Committee (EMC), a cross-departmental committee, to drive our efforts and monitor the results in this area. In 2016, we announced our Environment Strategy Roadmap, a five-year strategic plan which sets out the pathway to better environmental stewardship in key areas. 2016 was selected as the baseline year as it was the starting point of the roadmap.

In 2018, Malaysia Airports had not identified any non-compliance with any applicable environmental laws or regulations.

For this section, unless otherwise stated, the data in this section refers to all airports in Malaysia managed by Malaysia Airports, excluding STOLports.

The indicators in this Report are measured in both absolute terms as well as in comparison with the passenger movements. This puts the indicators within the context of the growing size of our operations. We also provide past years' data to enable comparisons to be made year on year (YoY).

Passenger Movements			
2018	**59,988,409**	**39,113,399**	**99,101,808**
2017	58,554,627	38,082,195	96,636,822
2016	52,643,511	36,333,420	88,976,931

MASB

KUL

ENERGY
(GRI 302-1, 302-3)

Fuel Consumption

Fuel consumption contributes to our Scope 1 carbon emissions footprint. In 2018, total fuel consumption for all airport is 491,403.17 litres, which increased by 0.67% from 2017. However, although total consumption increased, the fuel intensity decreased by 1.8% compared to 2017.

Fuel Performance Measure	2016	2017	2018
Total consumption (litre)	493,142.11	488,132.87	491,403.17
YoY change %	–	-1.02 %	0.67 %
Fuel intensity (litre/pax)	0.0055	0.0051	0.0050

*total fuel consumption for all airports

Electricity Consumption

Electricity consumption is also one of the main indicators tracked for energy usage for our operations. Electricity usage contributes to our Scope 2 carbon emissions footprint. In 2018, total electricity usage in all airports amounted to 525,650,443 kWh, an increase of 6.93% compared to 2017. However, set against the growing scale of our operations, our energy intensity per passenger increased from 5.09 kWh per passenger in 2017 to 5.30 kWh per passenger in 2018, a 4.13% increase YoY. This is despite an increase in passengers in 2018 by 3% YoY and by 11% compared to the baseline year 2016.

Electricity Performance Measure	2016	2017	2018
Total consumption (kWh)	505,106,878	491,593,827	525,650,443
YoY change %	–	-2.68 %	6.93 %
Electricity intensity (kWh/pax)	5.68	5.09	5.30

*total energy consumption for all airports

Among the energy saving initiatives in place in 2018 which include:
▶ The continued use of photovoltaic solar panels with a capacity of 19 MWp (Mega Watt peak) as a renewable energy source of electricity at KUL.
▶ The upgrading of apron high mast floodlights at KLIA and Penang International Airport to LED-fitted bulbs since July 2018.
▶ Upgrading the interior lighting to more energy-efficient LED bulbs.
▶ More efficient scheduling of air handling units (AHU) for centralised air-conditioning systems, and the replacement of legacy air-conditioning systems to highly efficient chillers and AHUs.

ENVIRONMENTAL CONSCIOUSNESS

At Kota Kinabalu International Airport (KKIA), the airport continues to be certified with ISO50001:2011 which helps create energy efficiency through the development of an energy management system. Its effort were recognised in the National Energy Awards 2018 when it emerged runner-up for energy efficiency and management for large buildings.

Solar Power Generated	2014	2015	2016	2017	2018
Total solar energy production (MWh)	18,293	18,565	19,876	18,078	18,284
Grand total (MWh)					93,096

*solar energy for KLIA and klia2

Generating Clean Energy Through Solar Panels

Solar panels at Satellite Building, KLIA Rooftop

Since 2014, we have utilised solar panels to generate electricity at KUL. In 2018, the solar panels generated 18,284 MWh of clean energy to KLIA and klia2, reducing our carbon emissions and environmental impact as well as saving RM2,291,178.12 in terms of costs. From 2014 to 2018, we generated 93,096 MWh of solar power. This also contributes to Malaysia's goal of achieving 20% clean energy generation by 2030.

This generated solar 93,096 MWh can light up approximately

930,960,000

100-watt lightbulbs for one hour period.

WATER
(GRI 103, 303-5)

One of our concerns for 2018 was the water consumption to support our operations. While we need water to support our growing operations and passengers, we are mindful of the need to conserve water.

In 2018, the total consumption rose to 12,617,275 cubic metres (m^3), a YoY increase of 6.77%. Water consumption intensity also rose to 127.32 litres per passenger, an increase of 4.12% over 2017.

To mitigate our growing water needs, we had initiated a rainwater harvesting system that collects rainwater from impervious areas and stores it. In 2018, 56,011 cubic metres water was consumed from rainwater harvesting which is used for toilet flushing at klia2, reducing the need for municipal water by 0.53%. Rainwater harvesting also mitigates against flooding as the rainwater is diverted from impervious areas such as the terminal buildings, tarmac and runways to our storage tanks.

Water Consumption	2016	2017	2018
Total consumption (cubic metres - m^3)	11,037,000	11,817,000	12,617,275
YoY change %	-	7.07 %	6.77 %
Water intensity (litre/pax)	124.04	122.28	127.32

*total water consumption for all airports

Rainwater Harvesting	2017	2018
Rainwater harvested (cubic metres - m^3)	87,247	56,011

*rainwater harvesting only at klia2

Rainwater harvesting is done at klia2

ENVIRONMENTAL CONSCIOUSNESS

CARBON EMISSIONS
(GRI 103, 305-1, 305-2, 305-4)
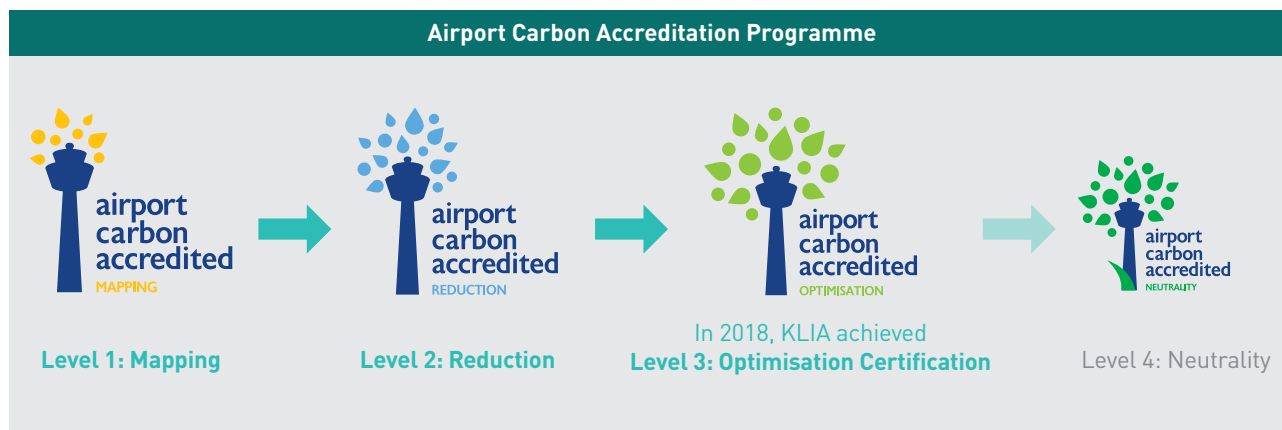
Carbon emissions data is obtained from the total consumption of energy, fuel and waste. To calculate the carbon emissions for this report, it is classified into Scopes 1, 2 and 3 of the Greenhouse Gas (GHG) Protocol, and the numbers shown are only for KLIA.

The GHG Protocol Corporate Standard classifies a company's GHG emissions for airports into three scopes. Scope 1 emissions are direct emissions from sources owned and controlled by the airport operator, such as energy generation and fuel for airport vehicles. Scope 2 emissions are indirect emissions from the generation of purchased energy by the airport operator. Scope 3 emissions are all indirect emissions (apart from Scope 2) that occur in the value chain of the airport operator, such as sources owned and controlled by airport tenants and other stakeholders including aircraft activity in the airport area, airline and other tenant vehicles, ground service equipment, and ground access vehicles for employees and passengers including buses and trains.

Carbon Emissions	2016	2017	2018
Scope 1 (tonnes)	2,001	1,645	1,661
Scope 2 (tonnes)	35,936	34,325	88,562
Total scope 1&2 (tonnes)	37,936	35,970	90,223
Carbon emissions intensity (scope 1&2)	1.49	1.27	3.21

For KLIA to achieve ACA Level 3 (Optimisation) certification, we are required to capture Scope 3 indirect emissions from sources such as tenants, airlines and ground handlers. A total of 910,553 tCO_2e was recorded from May 2017 to April 2018. Scope 3 data from May 2018 until April 2019 will be reported in our next report.
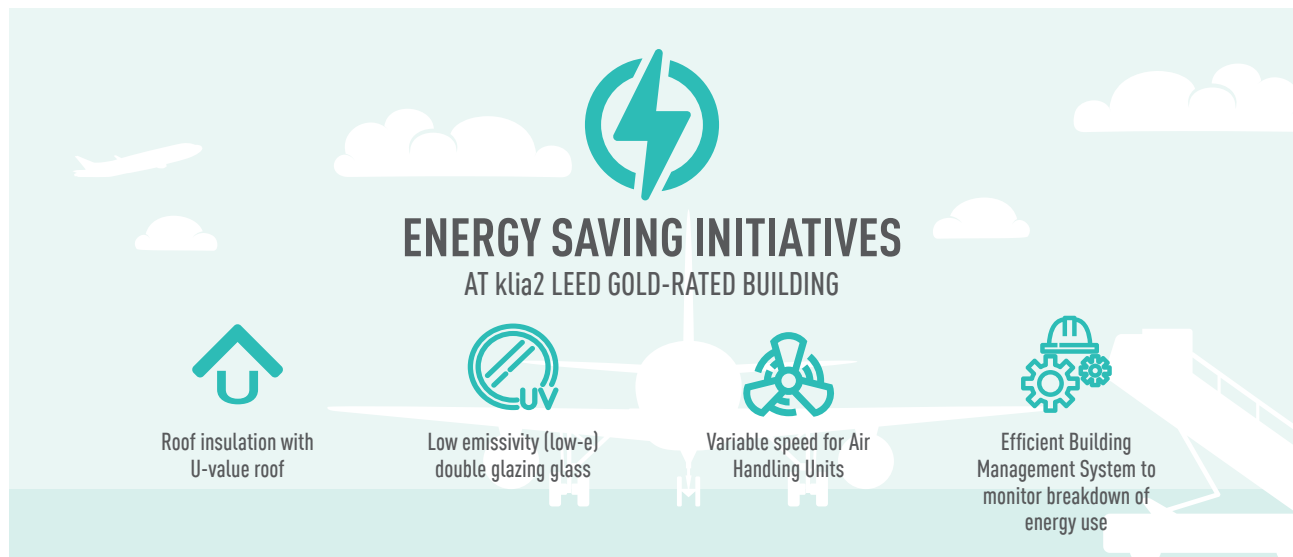
In 2018, KLIA achieved Level 3: Optimisation certification under the ACA programme which has four levels of carbon management in its framework. This means that in addition to mapping the carbon footprint and implementing an effective carbon management procedure which produce results, Malaysia Airports engages with third parties at KLIA to reduce their carbon footprint.

**Airport Carbon Accreditation Programme**

Level 1: Mapping → **Level 2: Reduction** → In 2018, KLIA achieved **Level 3: Optimisation Certification** → Level 4: Neutrality

Green Building Recognition

Our klia2 Terminal Building continues to be recognised as a green building by LEED, having achieved the LEED Gold rating in June 2017. The klia2 Integrated Complex was awarded the LEED Silver rating in June 2017. The terminal was constructed to embody sustainability by virtue of its design, construction and operations. Its design concept applies sustainable architecture, green-building and energy-efficiency in most aspects of its development and construction processes. These initiatives help conserve energy by optimising the design, functions and processes towards keeping the heat out and optimising the cooling systems at the terminal building.

ENERGY SAVING INITIATIVES
AT klia2 LEED GOLD-RATED BUILDING

Roof insulation with U-value roof

Low emissivity (low-e) double glazing glass

Variable speed for Air Handling Units

Efficient Building Management System to monitor breakdown of energy use

Departure hall at klia2 terminal

38
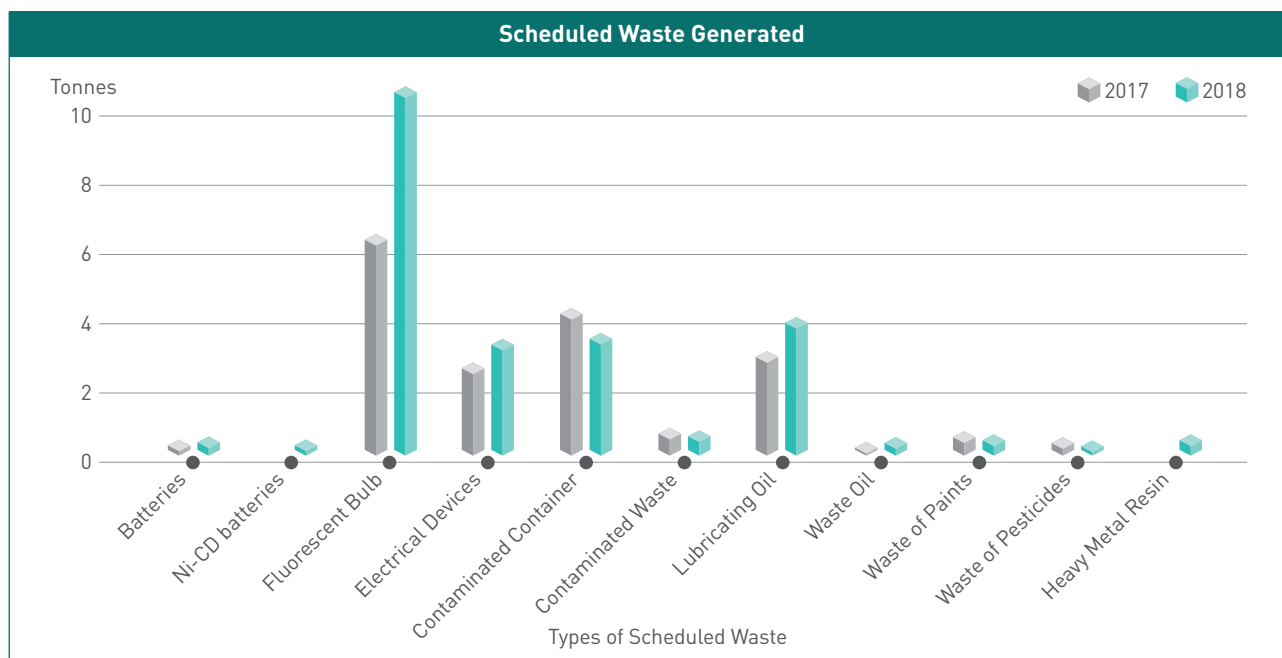
ENVIRONMENTAL CONSCIOUSNESS

WASTE AND RECYCLING
(GRI 103, 306-1, 306-2)

Waste Management
In the last two decades, waste management has been a major concern. Malaysia has developed a comprehensive set of legal provisions related to the management of toxic and hazardous wastes. Scheduled waste is any waste that has hazardous characteristics and may potentially affect public health and environment. There are 77 types of scheduled waste listed under the First Schedule of the Environmental Quality (Scheduled Wastes) Regulations 2005 and the scheduled waste must be managed in accordance with the provisions of the Regulations. In KLIA and klia2, there was a total of 11 types of waste collected in 2018. These include batteries, contaminated waste and containers, electronic waste and pesticides. Scheduled waste collection is done twice a year in March and September.

*scheduled waste for KLIA and klia2 Main Terminal

Recycling
Recycling waste reduces the amount of waste we send to landfills. The data on recycling efforts relates only to KUL.

At the end of 2018, we recycled 1,540,189kg of waste, an increase of 19.15% YoY compared to 2017. In terms of the percentage of waste recycled, this has also shown an increase. In 2018, we recycled 9.62% of our total waste compared to 9.34% in 2017. On a per passenger basis, with the increase in volume of passengers, the amount of waste recycled per passenger has also improved from 0.022 kg in 2017 to 0.026 kg in 2018, an 18% increase.

In 2018, both KLIA and klia2 recycled 48.8 metric tonnes of metal, 338.9 metric tonnes of plastics and 1,751.2 tonnes of paper.

Recycled Waste	2016	2017	2018
Total waste generated to landfill (kg)	15,995,406	13,841,395	16,004,079
YoY change %	-	-13.47 %	15.62 %
Total recycled waste (kg)	922,216	1,292,615	1,540,189
Recycling rate from total waste %	5.77 %	9.34 %	9.62 %
Total waste per pax (kg/pax)	0.30	0.24	0.27
Total recycled per pax (kg/pax)	0.018	0.022	0.026

*Waste and recycling for KLIA and klia2 only

Recycled Items	2017	2018
Metal (kg)	157,100	48,761
Plastics (kg)	668,100	338,913
Paper (kg)	497,600	1,751,181

*Recycled items for KLIA and klia2 only

NOISE
(GRI 103)

Noise pollution is an environmental concern in the areas at and around our airports. Our Environment Management Strategy sets the target of keeping noise at KUL within the permissible sound levels. Permissible sound levels are determined by Department of Environment (DoE) according to the category of land use and location. The data shown for noise refers to KUL sound levels.

The sound levels at and around KUL are measured at 20 monitoring stations within KUL boundaries and up to 20 km outside KUL. The sound levels are recorded for both day and night time and are compared against the applicable permissible sound levels.

In 2018, a third party study by Alam Sekitar Malaysia Sdn Bhd (ASMA) was conducted at the 20 monitoring stations. The results of the study showed that aircraft noise contributed quite significantly to noise levels at several locations, particularly the locations which were close to the aircraft path and where the latitude of the aircraft was lower to ground level. However, in many locations, there were several other factors contributing to noise levels including weather conditions, road vehicles and human activities.

Malaysia Airports and our stakeholders also took action to mitigate noise levels within KUL. Among the initiatives introduced in 2018 was to reduce the number of airport announcements at KUL as part of our efforts to join the global "silent airport" movement which is aimed at reducing noise pollution.

Moving forward, we will conduct a further study to map out the noise contours for KUL and the surrounding area. By this, we will be able to understand better the spread of noise around the airport and identify the areas which are exposed to the same levels of noise so that we can implement noise mitigation measures which are more targeted.

CREATING AN INSPIRING WORKPLACE

Our employees are among our key stakeholders. In pursuing our objective of building a sustainable business, our Sustainability Policy sets out our commitment towards our employees namely that we will nurture the professional and personal growth of our people through constructive social development projects, positive team-building activities and skill-enhancing training and education programmes.

In line with our Sustainability Policy, our Sustainability Framework lists "Creating an Inspiring Workplace" as among our five priorities. This puts employees at the forefront of our priorities, and recognises that skilled and engaged employees are a vital component in delivering our goals and achieving our targets. Their efforts and commitment will be critical factors to enable us to operate with a high level of competency and with the passion and mind-set that is needed for our success.

The matters stated under this section relate to all of Malaysia Airports' employees in Malaysia unless specifically stated otherwise.

INTEGRITY AND ANTI-CORRUPTION
(GRI 102-17, 103)

In our engagement with stakeholders, it is clear that integrity and anti-corruption are among their top concerns. We have included anti-corruption as one of the material matters in our Materiality Matrix, highlighting that as an issue that Malaysia Airports needs to address throughout the entire organisation and operations.

The Board of Directors and senior management view integrity and anti-corruption issues with utmost gravity. In addition to laws of Malaysia imposing penalties for corrupt practices to which we are subject, we have in place policies and measures to outline our stand on maintaining the highest standards of integrity and underscore our zero tolerance for corruption.

In particular, we have in place a Code of Ethics and Conduct by which every employee is required to abide. To amplify the Code of Ethics and Conduct, we have a specific Fraud Policy and guidelines on gifts, entertainment, sponsorship, conflict of interest as well as an anti-bribery and corruption guide.

We also have in place a Whistleblowing Policy to ensure that all our employees and external parties that we deal with who may have genuine concerns about any aspect of our operations feel confident to come forward and voice those concerns.

A Whistleblowing Independent Committee has been set-up to administer, deliberate, appoint the investigating team (where necessary) and decide the next course of action for concerns raised by the employees and external parties.

A breach of the Policies will subject our employees to severe disciplinary action including termination of employment.
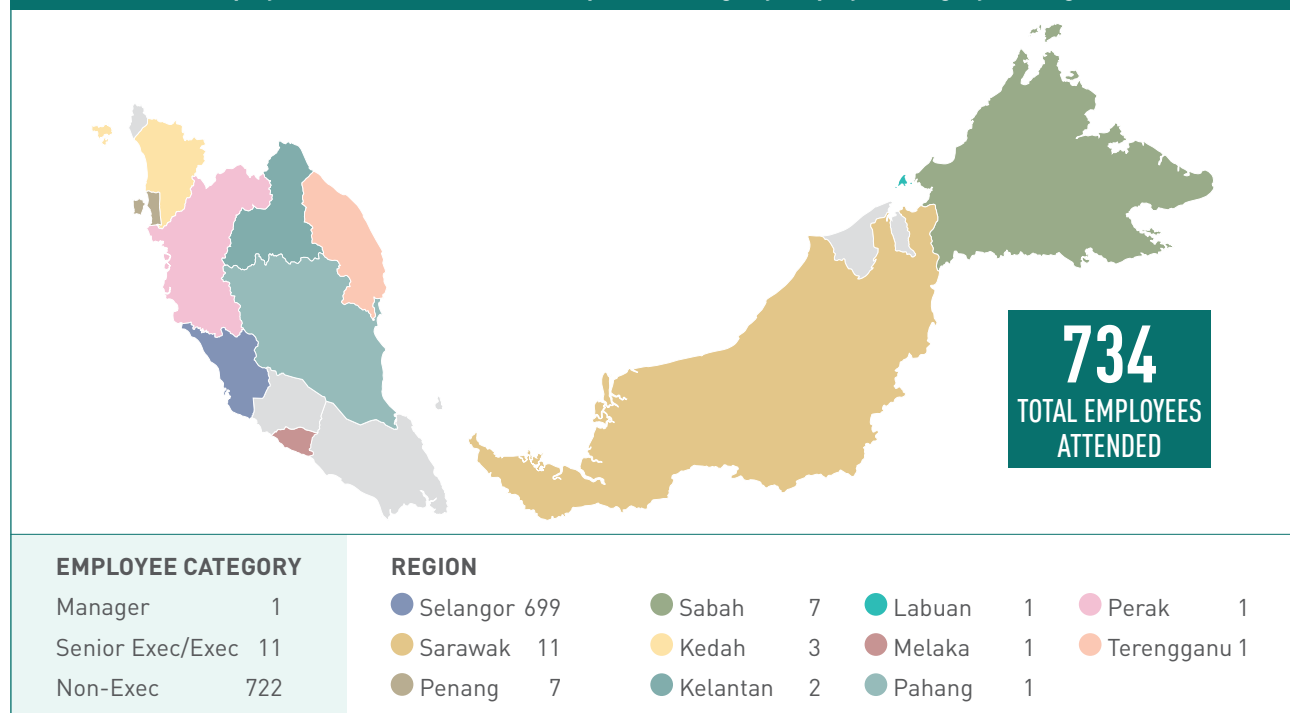
In terms of communication with our employees and training on anti-corruption policies and procedures, all our employees are reminded of the contents of the Code of Ethics and Conduct and company policies. In addition, in 2018, we conducted Integrity, Corruption and Whistleblowing briefing sessions attended by 734 employees. The target group for 2018 briefings was Aviation Security personnel based at KUL.

We also identified Integrity Movers who are employees nominated by heads of departments to be the Integrity Movers in their departments. Integrity Movers will act as the key communicator on ethics and integrity matters at their workplace. Workshops were held during the year to equip them with the knowledge on ethics, integrity, corruption as well as the company's policies such as the Code of Ethics and Conduct.

Our Corporate Integrity Unit continuously assesses our operations for risks related to corruption. In 2018, 27 divisions under Malaysia Airports Holdings Berhad and 28 divisions under MA (Sepang) were assessed for bribery risks under the ISO37001: 2016 Anti-Bribery Management Systems certification process. There were no significant risks related to bribery identified through the risk assessment.

In the event we discover breaches, we take swift and stern action. In 2018, six cases of corruption relating to bribery and false claims were discovered and we dismissed four employees on those grounds. The cases were related to bribery and false claims. There were no business partners whose contracts were terminated on grounds of corruption. There were also no public legal cases regarding corruption against Malaysia Airports or its employees.

Employees who attended anti-corruption briefings by employee category and region

734 TOTAL EMPLOYEES ATTENDED

| EMPLOYEE CATEGORY		REGION							
Manager	1	Selangor	699	Sabah	7	Labuan	1	Perak	1
Senior Exec/Exec	11	Sarawak	11	Kedah	3	Melaka	1	Terengganu	1
Non-Exec	722	Penang	7	Kelantan	2	Pahang	1		

CREATING AN INSPIRING WORKPLACE

DIVERSITY
(GRI 103, 405-1)
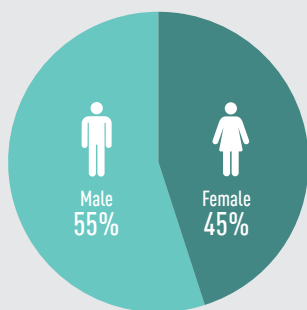
Our success is to a great extent due to the commitment and effort put in by our talented workforce. As we serve a diverse group of stakeholders, it is important that we have a diverse workforce that is able to engage with our stakeholders. Diversity in the workplace is also important for employees because it manifests itself in building a great reputation for the company, leading to increased profitability and opportunities for employees. A diverse workplace offers more exposure to employees from different cultures and backgrounds and provides the opportunity for our employees learn from fellow employees whose work styles and attitudes may vary from their own.

At Malaysia Airports, we believe in empowering women and have taken steps to address addressing structural issues such as social norms and attitudes as well as developing progressive policies that promote equality between women and men.
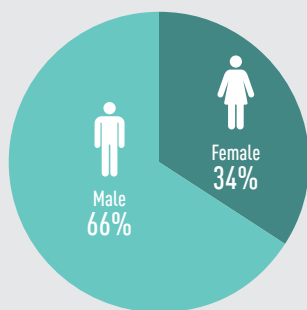
Percentage of employees by gender

Board of Directors

Male 55%
Female 45%

Employees

Male 66%
Female 34%
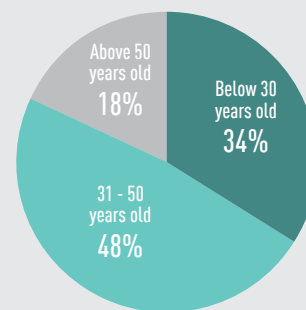
*   100% of the Board of Directors are Malaysian and above the age of 50 years old

Employees by age group

Above 50 years old 18%
Below 30 years old 34%
31 - 50 years old 48%

A Diverse Workforce
(GRI 102-8, 202-2)

Our commitment is to provide equal opportunity, and we do not discriminate on gender, age, religion and physical disabilities. 100% of Malaysia Airports' senior management employees in Malaysia are Malaysians or Malaysian permanent residents.

Employees	Full Time					Part Time		Trainee		
	Permanent		Contract		Total					Grand Total
	F	M	F	M		F	M	F	M	
Senior Management			1	5	6					6
Management	118	230	10	26	384					384
Executive	385	620	1	9	1,015				3	1,018
Non-Executive	2,551	5,109	158	150	7,968	11	16	87	178	8,260
	3,054	5,959	170	190	9,373	11	16	87	181	**9,668**

Employee Distribution	2015	2016	2017	2018
Total Employees	10,238	9,548	9,295	9,668
Employment Level				
Management	332	337	350	390
Executive	893	937	988	1,018
Non-Executive	9,013	8,274	7,957	8,260
Region				
Peninsular Malaysia	8,388	7,856	7,425	7,984
Sabah and Sarawak	1,850	1,692	1,870	1,684
Gender				
Male	6,618	6,397	6,166	6,346
Female	3,620	3,151	3,129	3,322
Age				
Below 30 yrs	4,391	3,590	3,505	3,284
31-50 yrs	3,956	4,090	4,076	4,683
Above 50 yrs	1,891	1,868	1,714	1,701

CREATING AN INSPIRING WORKPLACE

EMPLOYEE REMUNERATION AND BENEFITS
(GRI 202-1, 401-2, 403-6, 405-2)

Malaysia Airports' standard entry level wage regardless of gender is RM 1,200. Our entry level wage is 20% higher compared to Malaysia's Minimum Wage Order 2018, which stipulated RM1,000 as the minimum wage.

To attract and retain employees, Malaysia Airports provides all full-time employees in Malaysia with employment benefits as part of the terms of employment. These benefits are attractive and competitive compared to those offered by Malaysian employers. They include:

- Life insurance under a Group Term Life Insurance scheme
- Health care covering medical, dental and optical treatment
- Parental leave for male employees
- 90 days maternity leave
- Grand-parental leave for employees who become grandparents
- Leave to perform Umrah
- Loans - housing, vehicle and festival loans, and school advance (loans to employees to assist them with their children's back-to-school expenses)
- Employee Education Assistance scheme and scholarships
- Zakat contribution
- Flexible working hours for pregnant women

The joy of new grandchildren
We feel so enriched when our workplace policies help create unforgettable and priceless moments for our employees.

Our grandparental leave policy enables our employees to take time off from work to celebrate the birth of their grandchildren. It is a joyous time for them to welcome a new baby into their extended family.

Two of our employees who took grandparental leave in 2018, Puan Norjanah binti Bujang and Puan Nor Laila binti Said, kindly shared their moments of joy with us in celebrating the birth of their granddaughters, Alisha Sofia binti Mohamad Shahid and Nur Ariana binti Kamarulzaman.

To promote health, Malaysia Airports provides employees and other workers at the airports and its corporate offices with access to free medical treatment by its panel of doctors. Some clinics are located within the airports while others are located nearby. The employees and workers covered by the panel doctors do not have to pay for medical treatment as Malaysia Airports is billed directly.

For disability and invalidity, an 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. In addition, we contribute to the Malaysian Government's social security scheme (SOCSO) for enrolled employees.

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

In addition to salaries and benefits, Malaysia Airports also rewards its employees with annual bonus and increments. The bonus and increments are determined by management based on a performance appraisal, which is conducted for all employees.

At Malaysia Airports, we believe in empowering women and have taken steps to address addressing structural issues such as social norms and attitudes as well as developing progressive policies that promote equality between women and men.

In terms of total basic salary and remuneration, the ratio between female and male employees across Malaysia Airports is shown below, with the ratio being 1:2.

Gender	Headcount	Total Remuneration (RM)
Female	3,322	10,843,487
Male	6,346	22,836,684
Total	**9,668**	**33,680,171**

In relation to basic salary and remuneration, the average salary ratio of male and female employees is as follows:
▶ Executive 1.1:1
▶ Non-executive 1.2:1

Collective Bargaining Agreements
(GRI 102-41)

We have in place eight collective bargaining agreements which came into force on 1 January 2017 and remain in place for three years. These agreements are in accordance with the Industrial Relations Act 1967 and cover our non-executive employees. 85% of eligible employees are covered under the collective bargaining agreements.

Collective Bargaining	2016	2017	2018
% of eligible employees covered	87	86	85

CREATING AN INSPIRING WORKPLACE

Family-friendly Organisation
(GRI 401-3)

All our employees are entitled to parental leave regardless of gender. In 2018, 509 employees representing 5.3% of our workforce took parental leave and 100% returned to work after that. After 12 months, all of them remained in employment with Malaysia Airports, resulting in a retention rate of 100%.

We understand that caring for young children is a challenge which may result in our employees leaving our service to focus on raising their children. Since 2016, we have established our own AeroTots nursery and AeroKids kindergarten near our Corporate Office for our employees' children. As a result we have been able to retain our employees and help them balance between work and family commitments.

Parental Leave	Male	Female
Employees who took parental leave		
Employees who returned to work after parental leave	395	114
Employees who remained employed 12 months after took parental leave		

AeroTots Nursery and AeroKids Kindergarten

AeroTots Nursery and AeroKids Kindergarten occupy 1,740 sqm next to our Corporate Office. AeroTots Nursery caters to babies and children aged from two months to three years while AeroKids Kindergarten caters to children between the ages of four and six years.

In 2018, a total of 83 children were enrolled in AeroTots and AeroKids. A total of 18 employees are hired to run the nursery and kindergarten. The facilities are geared towards holistic learning and include six air-conditioned classrooms, a dining hall and kitchen, an outdoor playground, a library, an audio visual room, a prayer room, and washrooms.

EMPLOYEE TURNOVER AND NEW HIRES
(GRI 401-1)

The turnover rate for 2018 was 7.5%, with 729 people leaving our employment. This was mainly due to expiration of the employees' contracts. Our company's overall retention rate is 92.5% and reflects sustainable employee loyalty. Hiring and retaining talented employees is crucial to the success and growth of any business. Good leadership, engagement, and recognition are crucial when it comes to employee retention.

In 2018, Malaysia Airports received a Special Recognition Award for Commitment to Engagement from Aon Hewitt, a leading global professional services firm. This recognises the big strides that Malaysia Airport has taken in employee engagement.

Turnover	Below 30		31 - 50 yrs		Above 50		Grand Total
Level of Position	F	M	F	M	F	M	
Senior Management						2	2
Management			7	19	3	11	40
Executive	11	10	11	22	5	12	71
Non-Executive	170	202	25	89	30	100	616
Grand Total	181	212	43	130	38	125	729

Employee Distribution	2015	2016	2017	2018
Employee Turnover	680	832	744	729
Gender				
Male	423	255	491	467
Female	257	577	253	262

CREATING AN INSPIRING WORKPLACE

New Hires
(GRI 401-1)

In 2018, Malaysia Airports recruited 952 new employees, of which 89% are youths aged below 30 years. These young talents and fresh graduates are curious, ambitious and driven to commit to Malaysia Airports' mission, vision and purpose as well as adding value to our business.

In 2018, Malaysia Airports was named as one of Malaysia's 100 Leading Graduate Employers by Grad Malaysia, a leading graduate recruitment specialist.

(GRI 401-1)

New Hires	Below 30		31 - 50 yrs		Above 50		Grand Total
Level of Position	F	M	F	M	F	M	
Management		1	8	21	1	5	36
Executive	28	38	9	9	1	2	87
Non-Executive	324	461	15	27		2	829
Grand Total	352	500	32	57	2	9	952

Employee Distribution	2015	2016	2017	2018
New Hires	345	420	800	952
Gender				
Male	232	260	491	566
Female	113	160	309	386

OCCUPATIONAL SAFETY AND HEALTH
(GRI 103, 403-1, 403-5, 403-6)

Occupational Safety and Health is an important aspect of Malaysia Airports' operations. We comply with the Occupational Safety and Health Act 1994 (OSH Act) and have set up a dedicated Occupational Safety and Health Department to drive initiatives in this area. There are 27 Safety, Health and Environment (SHE) Committees across our operations to look into specific occupational safety and health concerns of employees at the workplace. The Committees are manned by 484 employees (4.88% of our workforce) across our workplace.

In terms of workplace accidents and work-related illnesses, we saw 99 cases, out of which 15 were major and 84 were minor. Out of the 99 cases, 9 were loss time injuries namely those which resulted in work time being lost. A total of 234 days were lost to these cases. For occupational diseases, we recorded three cases. No fatalities were recorded in 2018.

Compared against the number of workers in Malaysia Airports, our accident and occupational disease rate are shown in the chart below.

Accident Rate	2018
Incident Rate (IR)	0.91
Frequency Rate (FR)	0.36
Severity Rate (SR)	9.46

Occupational Disease Rate	2018
Incident Rate (IR)	0.30
Frequency Rate (FR)	0.12
Severity Rate (SR)	4.89

Note:
IR rate per 1000 workers
FR and SR rate per 1,000,000 workers

In line with the OSH Act, we have put in place measures to prevent work place accidents and occupational diseases. Over and above that, our Occupational Safety and Health Department in collaboration with the SHE committees also take steps to involve our employees in safety and wellness initiatives to promote a culture of safety, good health and well-being throughout Malaysia Airports. Among the safety and wellness initiatives in 2018 are as follows:

Road Safety Awareness Campaign
During this campaign we ran road safety talks and encouraged our employees to commit to a "zero accidents" target. We targeted increasing awareness and changing driving behaviour as the main drivers towards zero accidents. As our operations run round the clock, we also highlighted the importance of our employees being fit and safe to drive. This campaign ran at Kuantan and Penang airports as well as Malaysia Airports' Corporate Office.

CREATING AN INSPIRING WORKPLACE

Corporate Office Health & Wellness Day

We organised a Health & Wellness Day at our corporate office to promote a healthy lifestyle among Malaysia Airports' employees. Stress management was on the agenda as well as screening for risk factors or early signs of non-communicable diseases. 477 employees took part in the health screening.

Health Stop Monitoring by OSH Committee Members

The OSH Committees at Kota Kinabalu and Sandakan airports also carried out health screening for their colleagues to check on their blood pressure, blood glucose and body mass index. This was to facilitate early detection of non-communicable diseases such as diabetes and high blood pressure. This was a continuation of a health screening programme initiated in 2017.

Safety and Wellness Campaign

Various activities were carried out by OSH Committees to promote safety and wellness across our workplace in 2018. Among the initiatives were health and safety talks, FOD walk, fun runs, health screenings, blood donation drives, exhibition by health and safety agencies operating at our airports. This involved our employees at airports and also the other members of the airport communities such as employees of airlines, tenant and contractors.

Malaysia Airports also supported the initiative of the Malaysian Society for Occupational Health Day by taking part in the OSH Day 2018 in which a simultaneous safety briefing was conducted throughout Malaysia, making it to the Malaysian Book of Records for the Largest Simultaneous Safety Briefing.

Corporate Office Health & Wellness Day

Safety and Wellness Fun Run

EMPLOYEE RELATED PROGRAMMES

Training and Education
(GRI 103, 404-1, 404-2, 404-3)

We conduct training programmes regularly to strengthen our employees' competency, develop their skills development and enable them to work to their full potential. Training and education therefore covers not only technical and job-specific skills but also soft skills such as leadership, communication, presentation and other competencies that enhance their capabilities.

The goal of our training and education programmes is therefore to equip them with the knowledge and skill-sets to thrive in the rapidly changing business environment in which Malaysia Airports operates. This also requires us to innovate as to the training needs of our people and how they are learning.

In 2018, in line with our business needs, the following were our main training programmes:

▶ Joyful Experience Programme for new front-liners, namely those who have guest-facing roles at our airports to boost their ability to create a memorable airport experience for our guests
▶ Lean Six Sigma (Green and Yellow belts) in line with our strategy to improve quality and reduce waste in our operations
▶ Aviation Security (AVSEC) Screener training to update our people's understanding of security threats and risks and improve our screening capabilities at security checkpoints
▶ Self-Contained Breathing Apparatus recertification training particularly for our Airport Fire and Rescue Safety personnel
▶ Safety and health programmes in line with our focus on these areas in airport operations

Employee Training					
753 PROGRAMMES CONDUCTED		**13,189** EMPLOYEES TRAINED		**86%** EFFECTIVENESS RATE	
9,022 NON-EXECUTIVES	**2,749** EXECUTIVES	**1,418** MANAGEMENT		**8,208** MALE	**4,981** FEMALE

We track the effectiveness and impact of all training and education programmes. Upon completion of the training, the participants provide their feedback on the course content and delivery as well as the impact of the training. We gather all the feedback and use that to improve our programmes.

In addition we seek feedback from the supervisors of the employees who have undergone training to gauge the programmes' effectiveness. In particular, we ask if they are able to observe changes in employee behaviour patterns upon completion of the training. In this respect, for 2018, average result of the training effectiveness was 86%.

CREATING AN INSPIRING WORKPLACE

In 2018, a total of 753 programmes were conducted throughout Malaysia Airports in Malaysia. Our total investment in training and development programmes increased 20% year on year to RM9,092,562.

In addition to job skills, for employees who are 49 years of age and above, we offer a specialised programme which provides training on how to manage and have an enriching life after retirement.

Training	2016	2017	2018
Spent on Training and Development (RM)	7,216,598	7,577,115	9,092,562
Average training hours			
Employee	12.4	14.6	10.8
Management	18.05	15.3	10.2
Executive	16.5	14.7	11.1
Non-Executive	7.7	14.2	10.8

Education Assistance Programme
(GRI 404-2)

Malaysia Airports also invests in its high-performing employees by giving financial assistance to these employees who pursue a diploma or degree while working. Employees in this programme may use the financial assistance to pay for course-related expenditure such as registration, academic and examination fees. In return for the financial assistance, employees agree to serve Malaysia Airport for a period of five years.

In 2018, four employees joined this programme. Three employees pursued their Master's degree while another pursued a diploma.

Since we introduced this programme in 2009, we have provided financial assistance to 42 employees. 11 of them are in the midst of their studies and expect to complete their courses by 2019.

The impact of this programme has been very encouraging as we add value to their careers, and help them pursue their dreams. In return we find that these employees are highly motivated and engaged. 19 of the 42 employees in this programme were promoted within or after their study periods.

On-the-job Training
(GRI 103)

In line with our commitment to taking a leadership role in sustainability initiatives that strengthen the social well-being and community relationships with our stakeholders and the country we serve, we offer on-the-job training to enhance the employability of these individuals.

Malaysia Airports currently runs two such programmes. The first is our Internship programme. We offer internship opportunities to students who are pursuing qualifications such as certified certification, diplomas and degrees. They must be in their final semester of their courses and have achieved a CGPA of 3.0 and above. The internship period is for a minimum of 10 weeks and the interns receive a monthly allowance of between RM200 to RM350.

In 2018, we offered internships to 111 students, being 61 female and 50 male students.

The impact of this programme is that we help to support education initiatives by providing an avenue for students to receive practical training. This allows them to put into practise the knowledge gained from the academic portion of their coursework. In addition, having practical experience enhances their employability.

The second on-the-job training programme is "Skim Latihan 1Malaysia" (1Malaysia Training Scheme). This programme is run under the auspices of the Ministry of Entrepreneur Development of Malaysia. Malaysia Airports has participated in this programme since its inception in 2011.

Under the scheme, Malaysia Airports offers on-the-job training together with soft skills training to unemployed graduates from local and overseas universities. Each intake is for six months duration. In 2018, we accepted 508 trainees under this scheme.

Malaysia Airports views this programme as a win-win situation. On one hand, the six-month stint provides practical and soft skills to graduates to improve their employability. On the other hand, this is a source of potential manpower for us. In 2018, we absorbed 54 trainees and offered employment to them.

In addition, supporting this Government initiative allows us to claim a double tax deduction per headcount. In 2018, we invested RM7 million in this programme to provide soft skills training, food and beverage and monthly allowances to the trainees.

This programme is also part of the Government's Bumiputera Empowerment Agenda, aimed at empowering indigenous people of Malaysia. In 2018, out of the 508 trainees, 505 were Bumiputera.

Educational Scholarship Programme
Malaysia Airports' Educational Scholarship Programme is a platform for us to create a difference by nurturing young talents while contributing positively to the nation and its people. The programme was initiated offers financial assistance to talented Malaysian to pursue undergraduate degrees both locally as well as overseas. The scholarship takes the form of a full bursary that covers all tuition fees, living allowances, book allowance, laptop allowances and project paper allowance.

The preferred courses of study are:
▶ Engineering (Electrical & Electronic, Civil and Mechanical)
▶ Management (Accounting, Economics, Business Administration, Finance and Marketing)
▶ Information Technology

CREATING AN INSPIRING WORKPLACE

Since the inception of the scholarship programme in 2010, Malaysia Airports has sponsored 50 scholars as well as provided them with employment opportunities. Scholars under this programme agree to serve Malaysia Airports or its subsidiaries for specific periods upon completion of their studies.

In 2018, we awarded scholarships to six talented Malaysians to pursue four undergraduate degrees in the fields of engineering, computer science, law and accountancy. In 2018 also, five of our scholars graduated and four are currently employed by Malaysia Airports or its subsidiaries. Our investment each year in the scholarship programme amounts to approximately RM150,000.

Performance Appraisal
(GRI 404-3)

Performance appraisal is yet another important aspect of career development and sustainable growth. We conduct annual performance appraisals for all employees. This enables us to have a dialogue with our people to provide feedback on their performance and help them develop further. It also enables us to identify gaps and take steps to address them promptly. In 2018, all employees received a performance appraisal, irrespective of employee category or gender.

Workforce received performance appraisal (%)	2016	2017	2018
Male	100	100	100
Female	100	100	100

COMMUNITY-FRIENDLY ORGANISATION
(GRI 103)

Malaysia Airports' Sustainability Policy reiterates our aim to take a leadership role in sustainability initiatives that strengthen the social well-being and community relationships with our stakeholders and the country we serve.

One of the strategies in our Sustainability Framework is "Community-Friendly Organisation" which is structured into three pillars: Education and Youth Leadership; Community Enrichment and Malaysia Branding.

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

For the Education and Youth Leadership pillar, we focus on elevating the academic achievements, leadership and character development of students.

For community enrichment, we give back to the society through elevating community livelihood, micro industry development, environmental initiatives, as well as involving employees in volunteerism activities.

For Malaysia Branding, we bring the culture of Malaysia to the airports as we aim to promote and preserve local traditional arts and culture to local and international audiences.

In 2018, we continued to make progress in this area, contributing substantial financial resources amounting to RM1,373,919. Our employees contributed their time, amounting to 105,125 employee volunteer hours.

EDUCATION AND YOUTH LEADERSHIP

Under the Education and Youth Leadership pillar, Malaysia Airports has three main programmes. They are:
▶ Beyond Borders
▶ High Fliers
▶ Airport@Sports

BEYOND BORDERS
Give them wings. Let them fly.

Beyond Borders
Beyond Borders is our flagship programme under this pillar. Under this school adoption programme, Malaysia Airports adopts and nurtures selected schools in three-year cycles with the aim of empowering the children in our adopted schools, enriching their learning environment and elevating academic standards.

The key feature of this programme is the close partnership between Malaysia Airports and the school community comprising school administrators, teachers, students and parents. In 2018, we continued our focus on improving

English proficiency at the schools as well as boosting the confidence of the students while also working hand-in-hand with the teachers.

Since the programme's inception in 2007, a total of 32 schools have come under our wing. The current cycle of Beyond Borders runs from 2017 till 2019. This is our fourth cycle and involves four primary schools in the vicinity of KLIA:

▶ Sekolah Kebangsaan Dengkil
▶ Sekolah Jenis Kebangsaan (Cina) Wah Lian
▶ Sekolah Jenis Kebangsaan (Tamil) Dengkil
▶ Sekolah Jenis Kebangsaan (Asli) Bukit Bangkong

The combined enrolment of the four schools is close to 2,000 students.

In 2018, we conducted training courses for the teachers and also ran various English language programmes for the students to encourage them to use the language and improve their reading, comprehension, writing and speaking skills. The programmes were:

▶ Basic English Language (BEL) Programme - we provided training to 25 teachers from the four schools. The three-day training programme was aimed at helping the teachers improve the teaching and delivery of English lessons.
▶ Read and Reward – we donated English storybooks to the schools and encouraged the students to read and write a book report for every book read. At the end of the year, we rewarded the most prolific readers in each school with prizes.
▶ Living in English – we donated English workbooks to the schools for teachers to use in the delivery of English lessons. This was primarily targeted at the 288 Year 5 students across the four schools in early preparation for their Year 6 UPSR examinations, a standardised Government test.
▶ Beyond Borders "Act It Up Drama" Competition – this was the culmination of the year's programmes at each school. We organised a drama competition in which the students acted out stories from the books we donated. The drama competition also demonstrated the improvement that the students had shown from the year's programmes.

Sekolah Kebangsaan Sg Melut (Asli) field trip to our fire station at KLIA

In addition to the English language programme, we also conducted a programme, "Developing Extraordinary Students", for the 288 Year 5 students in the four schools. Trainers from among our employees conducted the one-day workshop at each of the schools.

We also organised field trips for the students to attend events such as "My Digital Maker Fair" by Malaysian Digital Economy Corporation and a show by the Swiss Dream Circus.

Our funding for Beyond Borders in 2018 amounted to RM188,206.

High Fliers

High Fliers is our five-year leadership development programme for children of eligible employees. The current cohort began this programme in 2017 and will continue through 2021. A total of 25 young leaders are enrolled in this programme and are in their second year of secondary school.

In 2018, we organised two leadership programmes for them. The first was a motivational and leadership camp at the Outward Bound School in Lumut. The young leaders were challenged and put through their paces in an outdoor programme that was designed to build their resilience, improve social skills and enhance their personal growth.

The second programme was a Design Thinking Innovation workshop. Here the young leaders were introduced to design thinking. They also learnt how to apply design thinking to tackle problems and find creative solutions to the problems.

Malaysia Airports invested a total of RM117,354 in our young "High Fliers" in 2018.

Airport@Sports

This programme aims to elevate sporting standards among students. This programme also encourages participation in sports as a means to build character. For 2018, Airport@ Sports continued to focus on two sports – football and rugby.

In football, we organised a series of football clinics for four primary schools located near KLIA which are Sekolah Kebangsaan Kota Warisan, Sekolah Kebangsaan Salak, Sekolah Kebangsaan Bandar Baru Salak Tinggi and Sekolah Kebangsaan Kampung Labu Lanjut. These clinics were designed to improve the football skills of the students. This is the second year that we have run this programme and a total of 80 students took part in the programme.

For rugby, we continued with our fourth year of sponsorship of the Super Schools Rugby Fifteens, a tournament for the top rugby playing schools in Malaysia. With this tournament,

COMMUNITY-FRIENDLY ORGANISATION

Skuad Ceria brings joy to kids at KidZania

students in rugby playing schools in Malaysia train to qualify for the tournament. In 2018, seven schools competed in the tournament for the Malaysia Airports Chairman's Challenge Trophy. Malay College Kuala Kangsar emerged victorious and lifted the trophy this year.

Malaysia Airports invested a total of RM50,121 in its Airport@ Sports programme.

COMMUNITY ENRICHMENT

Under this pillar, Malaysia Airports has two major programmes – Skuad Ceria and Airport@Community.

Skuad Ceria
This is our employee-volunteerism programme. Through Skuad Ceria, we encourage our employees to volunteer in community engagement and goodwill activities, as well as environmental consciousness initiatives.

Skuad Ceria aims to enhance and strengthen relationships with the community. It is also aligned with our mission of creating joyful experiences. This promotes a caring society among our employees and increases awareness about the

communities and environment around our workplace. Skuad Ceria also encourages teamwork, bringing employees from various divisions and departments, working together towards a shared goal.

Our main focus for 2018 was engagement with children within the communities in activities that bring joyful memories and cheer. A key activity was visits to the paediatric ward where our employees conducted story telling sessions for the children to cheer them up. This was much appreciated by the children and their parents, as well as the hospital staff.

Another highlight was the inaugural "Bring Your Kids to Work" programme aimed at the children of our employees. The Skuad Ceria team offered the children a glimpse into Malaysia Airports' operations in activities, providing them an enjoyable learning experience.

The Skuad Ceria team also provided memorable and joyful experiences to orphans and underprivileged children in numerous events. These include providing festive cheer, a field trip to KidZania Kuala Lumpur, and helping children shop for festive clothes and back to school supplies.

Story-telling sessions by Skuad Ceria at the paediatric ward

Skuad Ceria volunteers were also involved in programmes aimed at raising environment consciousness and preservation among the communities near the airports. Our outreach programmes with them included the clean-up of areas around our airports, coral reef conservation and preservation project, and mangrove replanting. Working hand in hand with them with the shared goal to preserve the environment truly strengthened our bond with the communities.

Skuad Ceria volunteers also collaborated with Mercy Malaysia, an international disaster relief organisation, to provide disaster relief and preparedness training for our employees. A total of 11 employees underwent the training and are now able to safeguard their homes and families within our communities in case of a natural disaster such as floods and landslides.

In 2018, Malaysia Airports invested RM58,556 in promoting employee-volunteerism through Skuad Ceria.

Airport@Community
Airport@Community is a programme in which Malaysia Airports funds community enrichment projects which benefit the community in and around airports nationwide.

In addition to KUL, the airports involved in Airport@ Community in 2018 were Alor Setar, Bintulu, Ipoh, Kota Bharu, Kota Kinabalu, Kuala Terengganu, Kuantan, Kuching, Labuan, Lahad Datu, Langkawi, Malacca, Miri, Penang, Sandakan, Sibu, Subang and Tawau airports. Over 69 projects were undertaken for Community Enrichment activities.

Among the highlights of 2018, we focused on communities in need and provided assistance to them especially during festival periods where our assistance brought festive cheer to them. We also provided orphans and disadvantaged school children with clothing and food. We also bought back-to-school supplies for disadvantaged school children to prepare them for the new school year.

We also provided financial assistance under our "Joyful Home" programme to improve the livelihoods of deserving recipients. A fisherman, a tailor and a personal tutor were the recipients for this year. At the same time, we leveraged the high visibility and traffic spaces in our airports to help promote the products and services of local micro-entrepreneurs. These are local products made by small-batch producers. Our assistance will help them improve their reach to customers and also drive sales.

COMMUNITY-FRIENDLY ORGANISATION

Contributions to the community for home repairs

We also initiated a toilet etiquette campaign dubbed "Pay It Forward" involving students in 10 schools near KLIA. The students were invited to tour KLIA and received a briefing on the importance of toilet etiquette. We aimed to raise their civic consciousness by demonstrating the importance of keeping public facilities such as toilets clean for the betterment of the community.

To enhance the impact of the Pay It Forward campaign, we distributed posters to the schools and organised essay competitions on the topic of toilet etiquette in all 10 schools following their visit to KLIA. A winning essay was selected from each school and the winners were given prizes. This programme has raised the awareness among the students and teachers of the 10 schools on the importance of keeping public facilities such as toilets clean and increased advocacy for proper toilet etiquette.

In November 2018, we sponsored the Forum Perdana Ehwal Islam by Jabatan Kemajuan Islam Malaysia (JAKIM) at our Sultan Abdul Samad KLIA Mosque. The forum was telecast live on Radio Television Malaysia (RTM). The panellists discussed various areas relating to the workplace in the light of Islamic teachings such as integrity, work ethics, ambition and contributing towards mankind and humanity.

The event garnered great interest among our stakeholders in the Sepang vicinity, with 800 people attending the forum. This event is part of the "Forum Perdana Ehwal Islam" series conducted by JAKIM and RTM.

Malaysia Airports invested a total of RM538,152 in Airport@ Community projects in 2018. In addition, we also contributed RM317, 550 from our Asnaf Fisabillah zakat fund for various community development projects and events. These projects are adopted to enhance the socio-economic of the local Islamic community.

Forum Perdana Ehwal Islam at Sultan Abdul Samad KLIA Mosque

MALAYSIA BRANDING

Joyful Malaysia

As we have the capability to reach a large local and international audience at our airports, we have taken advantage of our strategic reach to promote Malaysian culture and heritage as well as the Malaysia brand. These initiatives are grouped under the "Joyful Malaysia" umbrella.

One of the key highlights of Joyful Malaysia for 2018 was the Malaysian Traditional Dance Festival held at the KLIA Main Terminal. This was the second year we had organised this event in collaboration with Majlis Belia Malaysia (Malaysian Youth Council) to preserve and further promote our local traditions and culture. Over 200 youth participants from all over Malaysia comprising 25 groups competed in this event. Visitors to KLIA Main Terminal were able to witness this vibrant and colourful showcase of Malaysian culture and talent. This programme also encourages youth groups to continue to learn traditional Malaysian dances and keep these traditions alive.

In the area of arts and culture, we continued to support local community efforts to showcase their culture by facilitating performances at the concourse areas of airports.

Joyful Malaysia campaign was the other major initiative in which we promote local culture and home-grown products, in collaboration with State Tourism authorities, industry players and the Federal Agricultural Marketing Authority (FAMA). We provides venue space which is given free of charge. At KLIA, three events were organised to promote the culture and products from the states of Penang, Perlis and Kelantan in 2018.

Hari Sukan Negara (National Sports Day) 2018 was also an exciting event at KLIA. Malaysia Airports employees and the airport community took part in sports events to promote exercise and healthy lifestyles.

In 2018, Malaysia Airports invested RM103,980 for Joyful Malaysia initiatives.

Joyful Malaysia promotion of local products at KLIA

MEMORABLE AIRPORT EXPERIENCE

(GRI 103, AO9)

Our mission is centred on creating joyful experiences especially at our airports. Our aim is to become a service leader by embedding a customer-centric culture into our operations.

In our Sustainability Policy, we recognise our customers as one of our major groups of stakeholders. Our customers include the passengers using our airports as well as the airport community who perform roles and functions in and around our airports. To address their needs and concerns and the impact our business has on them, our Sustainability Framework includes "Memorable Airport Experience" as one of the five sustainability pillars.

This pillar is also in line with Malaysia Airports' corporate mission which is "Together we create joyful experiences by connecting people and businesses".

In creating a memorable airport experience for our stakeholders, we recognise that the journey through the airport for our customers passes through many touchpoints and facilities. We have adopted a three-pronged approach covering Airport Safety and Security, Service Quality and Guest Experience to address our customers' top concerns. If implemented well, we believe that our customers will enjoy a truly memorable experience at our airports.

AIRPORT SAFETY AND SECURITY

Airport Safety and Security matters have the potential for major impact on our stakeholders as many aspects of our operations rely on safety and security measures being in place. In our consultation with stakeholders, Airport Safety and Security was among the top on their list of material concerns.

Aerodrome Certification

Aerodrome certification is crucial as it signifies that our airports are certified for safe, secure and efficient operations and that they adhere to international standards and guidelines. Once certified, our airports signify to other organisations using our facilities and services that the aerodrome's facilities, operations, personnel competency and procedures meet standard requirements that ensure the safety of air travel.

Malaysia Airports complies with the national and international standards and guidelines set by the Civil Aviation Authority of Malaysia (CAAM) and the International Civil Aviation Organisation (ICAO). In particular, we comply with Malaysia's Civil Aviation Acts and Regulations, CAAM Airport Standards Directives and ICAO's Standard And Recommended Practices (SARPs). Part of the certification requires Malaysia Airports to continuously monitor compliance with the requirements of CAAM and ICAO.

All airports in Malaysia managed by Malaysia Airports have been certified since 2004 with the exceptions of three airports – Sultan Ahmad Shah Airport in Kuantan (KUA), Lahad Datu Airport (LDU), Labuan Airport (LBU) and the 18 STOLports. With these certifications, safety management systems are addressed accordingly with the Runway Safety Team, Safety Action Group and the process of Hazard Identification Risk Assessment and Risk Control and Acceptable Level of Safety Performance. Sultan Ahmad Shah Airport in Kuantan (KUA), Labuan Airport (LBU), Lahad Datu Airport (LDU) and the 18 STOLports are currently undergoing the process of certification and are scheduled to be certified by 2025.

The impact of aerodrome certification is that it ensures that our airports are meeting both national and international standards on aspects of airport operations, thereby reducing the possibility of safety risks. It also demonstrates standardisation with other airports, which improves safety for everyone, in line with ICAO's requirement that all airports which are open to public use provides uniform conditions for aircrafts across all certified aerodromes.

Safety Management System (SMS) Certified Airports

KUL KLIA/ klia2	**KBR** Sultan Ismail Petra
BKI Kota Kinabalu	**TGG** Sultan Mahmud
PEN Penang	**SBW** Sibu
KCH Kuching	**BTU** Bintulu
LGK Langkawi	**MYY** Miri
MKZ Melaka	**TWU** Tawau
IPH Sultan Azlan Shah	**SDK** Sandakan
AOR Sultan Abdul Halim	**LMN** Limbang

Safety Management System

Safety Management System (SMS) is another aspect of airport safety and security. Malaysia Airports complies with ICAO Annex 19 on Safety Management and is guided by the SMS guidelines contained in ICAO Document 9859 on Safety Management Manual. This provides for the development, establishment and progressive enhancement of safety mitigation strategies to avoid unwarranted accidents or incidents. The Safety Management Manual provides a structured management approach to control safety risks in airport operations which include safety hazard identification, implementation of action to maintain an acceptable level of safety and continuous monitoring of safety levels at our airports.

16 airports in Malaysia are SMS-certified airports while the remaining ones are being planned for SMS certification in stages. SMS certification also ensures that there is continuous improvement to the overall level of safety as required by the certification standards.

MEMORABLE AIRPORT EXPERIENCE

Runway Safety

Malaysia Airports complies with the CAAM Airport Standards Directive 106 – Runway Safety Programme and is also guided by the runway safety guidelines in the ICAO Document 9870 – Manual on the Prevention of Runway Incursions. In line with these runway safety standards, we have established Runway Safety Teams at 17 airports, namely all 16 SMS-certified airports in Malaysia and also Subang Airport.

Each Runway Safety Team comprises CAAM air traffic controllers, aircraft pilots and our employees. The Runway Safety Teams meet four times a year for KUL, three times a year for the other international airports and twice a year for the other 12 domestic airports. When these teams meet, they discuss methods to improve the collection of runway safety data, ensure that signage and markings are ICAO-compliant and visible, identify new methods or technologies to improve runway safety and review existing procedures to ensure compliance with ICAO standards.

The impact of these measures is that our airports adhere to national and international best practice on runway safety. The measures also help to prevent and mitigate occurrences relating to runway safety such as runway incursions and excursions, thereby reducing the number of runway related accidents and incidents.

Runway Friction Tests

The friction between the aircraft tyres and the runway surface is one of the key factors affecting the ability of an aircraft to take off, land and come to a stop. Malaysia Airports complies with the ICAO Airport Services Manual Part 2 (Pavement Surface Conditions) that requires runways to meet certain friction levels according to the ICAO standards. At KUL, our Engineering department schedules and carries out regular runway friction tests on all three runways using our "Continuous Friction Measuring Equipment". The frequencies of these tests are based on runway landing data and these tests are done to ensure the safe departure and arrival of all aircraft at KUL, even in wet weather.

Foreign Object Debris Detection System

In 2018, KUL became the region's first airport, and the second airport globally, to install a Linear-Cell Radar over Fibre Foreign Object Debris (FOD) Detection System for Runway 14R/32L. The FOD detection system, worth RM100 million, is a tripartite collaborative effort by Hitachi Kokusai Electric (HiKE), Universiti Teknologi Malaysia (UTM) and Malaysia Airports. The equipment and three-year trial is fully funded by the Ministry of Internal Affairs and Communications, Japan. The trial runs from January 2018 until December 2020.

FOD refers to a substance, debris or article alien to an aircraft or its system which would potentially cause damage to the aircraft. Examples of FOD commonly detected airside at airports include loose hardware, pavement fragments, catering supplies, building materials, rocks, sand, pieces of luggage, and even wildlife.

Despite regular inspections by our airside employees and dedicated FOD contractors, in 2018, 120,117 FOD items were collected within the KUL boundaries especially at runways and taxiways. This is a large YoY increase of more than 500% compared to 18,883 FOD items in 2017. The increase is mainly due to improvements in operational procedures and processes, more frequent inspections and continuous prioritisation of safety aspects.

The FOD detection system by HiKE represents the most advanced runway surveillance and safety technology in development currently. The system potentially enhances detection of FODs and improve safety of aircrafts operating at KUL.

Safety and Security Exercises

As an airport operator, Malaysia Airports must ensure our readiness and preparedness as well as that of emergency services during emergency events. One of the measures to test our response to emergencies is to run safety and security exercises together with other emergency services at our airports. The data in this section applies to KUL and other airports managed by MASB in Malaysia.

Full-Scale Aircraft Crash Exercise at KUL

The full-scale exercise at KUL was conducted in October 2018. Code-named "EX-Perisai Pantera", the exercise took the form of a "Full-Scale Aircraft Crash Exercise", which involves simulating an aircraft crash at KUL.

Led by our Airport Fire and Rescue Services (AFRS), the exercise involved more than 1,000 participants from various agencies such as the CAAM, Royal Malaysian Police, Fire and Rescue Department of Malaysia, National Disaster Management Agency, SMART Selangor, Ministry of Health Malaysia, Emirates Airline, Malaysia Civil Defence Department, Airline Operators Committee and Department of Information.

The exercise was conducted in accordance with the Airport Emergency Plan for KUL. The Airport Emergency Plan is a document that encompasses contingency plans mapping out the actions of the operation units at the airport, Government agencies and airlines in the event of an airport emergency. The actions are set out according to the defined guidelines of the general functions and responsibilities of each of these parties.

Prior to the full-scale exercise at KUL, a one-day seminar was conducted to prepare the participants. The seminar discussed the importance of ensuring all measures are guided by the guidelines, policies and mechanism outlined in the Airport Emergency Plan. There were also sessions on the airport immediate emergency response plan, air crash on-airport emergency plan, disaster management, and traumatic medical emergency response plan. The related personnel also convened for a table top exercise to align various Standard Operating Procedures.

MEMORABLE AIRPORT EXPERIENCE

Malaysia Airports complies with mandatory safety requirements relating to safety and security exercises as specified by ICAO and CAAM. These requirements are set out in ICAO Annex 14 Chapter 9.1 and Civil Aviation (Aerodrome Operations) Regulations 2016. Among the requirements are for certain safety and security exercises to be conducted at specified frequencies as follows:

▶ Full scale exercises – at least once every two years
▶ Partial exercises – at least once a year
▶ Table-top exercises – bi-annually

In 2018 the following exercises were conducted:
▶ 15 full scale exercises (including one at KUL)
▶ 8 partial exercises (none involving KUL)
▶ 23 table top exercises (one involving KUL)
▶ 24 evacuation drills (five at KUL)

The impact of conducting these exercises is that Malaysia Airports employees as well as other emergency services are able to better understand the roles and responsibilities of each party during emergencies. There is also an opportunity to improve the coordination, communication and cooperation among the parties. This also improves safety for all airport users.
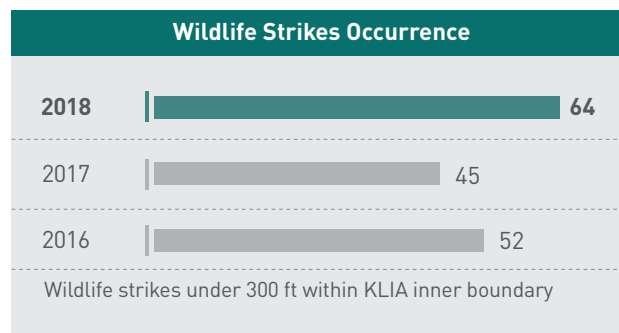
Wildlife Strikes
(GRI A09)

Wildlife strikes such as bird strikes are a hazard to aircraft as well as a concern for wildlife conservation. A bird strike can cause serious consequences such as uncontained engine failure, stalled engines, damaged airframes and others. That can cause serious damage to airlines and passengers.

To ensure the safety of the aerodome boundary, it is important to manage the wildlife in the vicinity. This is particularly important for KUL which sits along the migratory route that birds take from the northern hemisphere to the southern hemisphere in September to March each year. The data for wildlife strikes is derived from KUL only.

Our target for wildlife strikes under the Environment Strategy Roadmap is to keep the number of occurrences to below 71 per year. This safety performance target ensures

Wildlife Strikes Occurrence

2018	**64**
2017	45
2016	52

Wildlife strikes under 300 ft within KLIA inner boundary
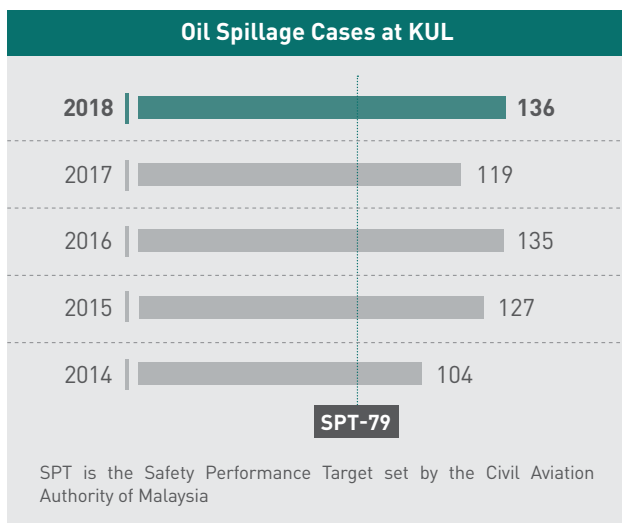
that KUL is well within the "very low risk" category based on the international benchmark set by the Airports Council International (ACI) Bird Strikes Index in which one strike per 1,000 aircraft movements is regarded as very low risk.

In 2018, a total of 64 cases of bird strikes were reported within the inner boundary (under 300 feet) of KLIA. This refers cases in the critical area of one km from the runway perimeter fencing and below the height limit of 300 feet. All the cases were recorded during landing or departure, out of which four cases resulted in damage to aircraft engines and flaps. A total of 36 bird carcasses were found on the runway.

Compared to the total aircraft movement at KUL for 2018, this means that the bird strike rate is 0.16 strikes per aircraft movement. It is well below the ACI Bird Strikes Index "very low risk" limit of one strike per 1,000 aircraft movements. This is also within the target of 71 annual cases set out in the Environment Strategy Roadmap.

To ensure a more coordinated effort to manage wildlife hazards at and around the airport, our Airside Services Department has established the KLIA Wildlife Hazard Management Committee. The committee comprises internal and external stakeholders in wildlife management. The internal stakeholders include Malaysia Airports departments such as Airside Services, Engineering, Utilities & Environment, Landside, Airport Fire and Rescue Services & Aviation Security. External stakeholders include the Civil Aviation Authority of Malaysia, Department of Wildlife and National Parks (PERHILITAN), the Sepang Municipal Council, airlines and ground handlers.

Oil Spillage Cases at KUL

2018 ████████████████ **136**
2017 ████████████ 119
2016 ███████████████ 135
2015 █████████████ 127
2014 ██████████ 104

SPT-79

SPT is the Safety Performance Target set by the Civil Aviation Authority of Malaysia

Main Sources of Oil Spillage

AIRCRAFT
33

OTHERS
66

JOINT CONTAINER PALLET LOADER
23

TOW TUG
14
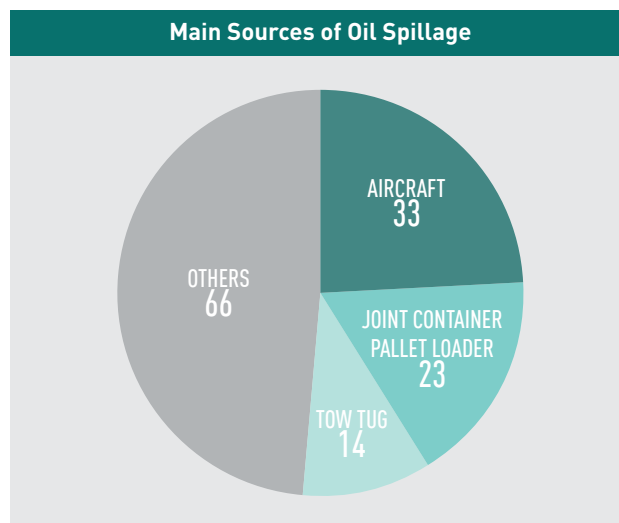
The committee meets twice a year to discuss mitigation action plans based on wildlife hazards statistics at the airport as well as in the areas surrounding the airport.

Oil Spillage

In our operations, the main source of contamination is oil spillage. Under our Environment Strategy Roadmap, we set safety performance targets for land and water contamination. The targeted performance target is to keep oil spillage cases to below 79 a year by 2020. The data shown for oil spillage refers only to KUL unless otherwise indicated.

In 2018, we recorded 136 oil spillage cases at KUL, YoY increase of 14.3% compared to 119 cases in 2017. As we have always recorded more cases than the safety performance target, this remains an area of concern for us.

In terms of the main sources of oil spillage for 2018, aircraft, Joint Container Pallet Loaders (JCPL) and tow tugs in combination caused 70 cases (51.5%) of oil spillages. The Airside Safety Committee meets on this and other matters and our concerns are discussed and shared with Ground Handlers to improve their performance and safety record in this area.

We have also taken stern action where necessary including grounding equipment, conducting investigations and suspending and revoking airside driving permits and airside vehicle permits. From time to time, vehicles are required for inspection. For cases of recurring spillages, our Airside team will require the equipment to be grounded for investigation purposes.

SERVICE QUALITY

2018 was a year that saw a significant in terms of service quality for Malaysia Airports, namely the roll-out of the Airport Quality of Service (QoS) framework by the Malaysian Aviation Commission (MAVCOM) in September.

The QoS framework outlines key performance indicators (KPIs) and service levels for airports in four service quality categories:
► Passenger comfort and facilities
► Operator and employee facilities
► Queuing times, and
► Passenger and baggage flows

There are a total of 28 sub-sections for the KPIs, for example, washroom cleanliness, WiFi connectivity, queue times for check-in and security screenings, as well as

MEMORABLE AIRPORT EXPERIENCE

aerotrain and aerobridge operations. Assessment of service quality is made through passenger surveys as well as MAVCOM inspections.

If Malaysia Airports fails to meet the service levels set by MAVCOM, there will be financial penalties. The penalty may be as high as 5% of the aeronautical revenue for KUL. A penalty amounting to 5% of total aeronautical revenue for KUL can amount to over RM60 million.

The first phase of the QoS framework was implemented at KUL in September and measured service quality elements such as:
▶ The cleanliness of passenger toilets
▶ The condition of employee toilets, and
▶ The reliability of ramp Wi-Fi at both KLIA Main Terminal and klia2.

In October, more service quality elements were added:
▶ Availability and reliability of the Aerotrain at KLIA Main Terminal
▶ Availability and reliability of people movers (lifts, escalators, walkalators)
▶ Availability and reliability of passenger boarding bridges (aerobridges)
▶ Efficiency of the Visual Docking Guidance System for aircraft, and
▶ Operator readiness prior to aircraft on-chocks time upon arrival

In September and October, Malaysia Airports exceeded the QoS targets. However in November, the QoS results showed that KLIA exceeded targets in seven out of eight elements while klia2 exceeded all targets.

The impact of exceeding these service targets is the consistency of service levels at the airport for our stakeholders and an enhanced guest experience for passengers.

Another aspect of service quality is that Malaysia Airports participates in the Airport Service Quality (ASQ) programme by the Airports Council International (ACI). Our participation in ASQ is limited to KUL and Penang airports. As the ASQ programme compares service quality at airports worldwide and ranks them annually according to the survey results.

KUL ASQ Scores Improved in 2018		
	2017	**2018**
Courtesy & helpfulness of airport employees	4.44	4.50
Comfort of waiting/gate areas	4.29	4.37
Speed of baggage delivery service	4.36	4.43
Waiting time to check-in queue/line	4.19	4.25
Waiting time at Passport/ Personal ID	4.29	4.37
Ambience of the airport	4.57	4.59

Our performance in the QoS framework as well as the ASQ programme are testament to the improvements we have implemented throughout 2018 to enhance service quality. In the course of the year, we implemented initiatives targeted at improving service levels at critical passenger touchpoints.

The impact of being a part of ASQ is that we are able to better track our performance and changes in performance over time, as well as compare and benchmark ourselves against other airports. By focusing on passengers' requirements, we are able to improve our service based on specific ASQ scores.

The ASQ rankings is a selling point when marketing our airports to airlines, passengers, the authorities and the general public. Given the breadth of stakeholders we serve, service quality is key to maintaining our reputation and credibility with them. Research by Airports Council International (ACI) has also indicated that happy passengers produce more non-aeronautical revenue for us, for example at our retail and F&B outlets, while unhappy passengers spend less. It is estimated that a 1% decrease in the customer satisfaction index will lead to a 1.5% revenue loss.

2018 Focus Areas For Service Quality Improvements			
Infrastructure	Ambience of Terminal	Wayfinding	Passenger Experience

2018 Main Initiatives For Service Quality Improvements

▶ Check-in Counter Guiding System at KLIA

▶ Addition of self-baggage drop facilities at klia2

▶ Improved security screening instruction video while queuing for security at KLIA to speed-up processes

▶ Additional immigration auto gates for Malaysia passport holders at KLIA

▶ Installation of new and improved signs at KLIA and klia2

▶ "Silent Airport" campaign – reduce the number of announcements at KLIA and klia2 to create a quiet and relaxed ambience

▶ Additional charging stations at KLIA and klia2

▶ New, comfortable garden benches at inter terminal shuttle waiting area, KLIA and klia2

▶ Refurbishment of toilets at KLIA

▶ Improved toilet ambiance at klia2 with aviation themed decorations

▶ Implementation of Big Data Analytics through the Washroom Response Management System to improve washroom cleanliness based on data-driven decisions

▶ Reduced waiting time for baggage i.e. first bag/last bag times at KLIA and klia2

▶ More efficient use and assignment of carousels for inbound flights for optimisation of ground handling capacities

▶ Launch of MYairports app

"While we are forging ahead with our Airports 4.0 initiative to improve service efficiency through a digitalised airport environment and big data analytics, it will not take away the value of human interaction."

Raja Azmi Raja Nazuddin
Group Chief Executive Officer

MEMORABLE AIRPORT EXPERIENCE

"ASQ is the only worldwide programme to survey passengers at the airport on their day of travel. It measures passengers' views of 34 key performance indicators, including airport access, check-in, security screening, restrooms, stores, restaurants, additionally capturing passenger comments of their best and worst experience at the airport. Each airport uses the same methodology, creating an industry database that allows airports to compare themselves to other airports around the world. The ASQ Programme also has a feature that facilitates sharing of best practices among airport operators."

Airports Council International

GUEST EXPERIENCE

On 17 July 2018 we embarked on a "Guest Experience Enhancement and Guest Centricity Culture" project for KUL in line with our mission to provide joyful experiences and reaffirms our commitment to service excellence. The project was driven by our Guest Advocacy Division. It was completed in December 2018.

The project comprised two tracks:

| Guest Experience Enhancement and Guest Centricity Culture Programme	
Track 1: Service Operational Excellence ▶ Identified six distinct personas based on 500 hours of ethnography studies. These six personas are Active Explorer, Budget Traveller, Chair Warmers, Demanding Elites, Emotional Traveller and Efficient Expert. ▶ Discovery of the likes and dislikes of all six personas across their "emotional journey" during departure, arrival and transit at KUL. ▶ Mapping all six personas' "state of emotion" across all touchpoints that revealed the consolidated pain points for improvement prioritisation. ▶ Determination of quick wins and long-term solutions to address the pain points via ideation board. ▶ Formalisation of weekly MA (Sepang) Quick Win Committee to execute quick win initiatives identified on wayfinding, terminal ambience, passenger comfort, employees courtesy and helpfulness, toilet and terminal cleanliness.	**Track 2: Customer-Centric Culture** ▶ Baseline assessment conducted via 3,500 employees from our Corporate Office and subsidiaries at KUL. ▶ Baseline result categorised into two parts i.e. Engagement for result and seven culture dimensions benchmarked against Best-in-Class airports and Best-in-Class from the hospitality industry. ▶ Consensus on aspiration of targeted culture change, pledged by our senior management on seven dimensions shift i.e. Flexibility, Delegating, Risk Permitting, Doing, Direct, Collaborative and External focus. ▶ Establishment of Host Culture termed as "Happy Guests, Caring Hosts" which will be nurtured via structured programmes over a two to three year emotional journey to be embraced by the 20,000 people forming the KUL community. ▶ Establishment of a Host Culture Transformation Centre with 40 catalysts who will be cascading the host culture understanding to the KUL community. ▶ Development of "Amethyst" application i.e. a dashboard to drive empowerment and guest-centric culture change. ▶ Launch of "Happy Guests, Caring Hosts" Culture by the Transport Minister of Malaysia on 13 December 2018.
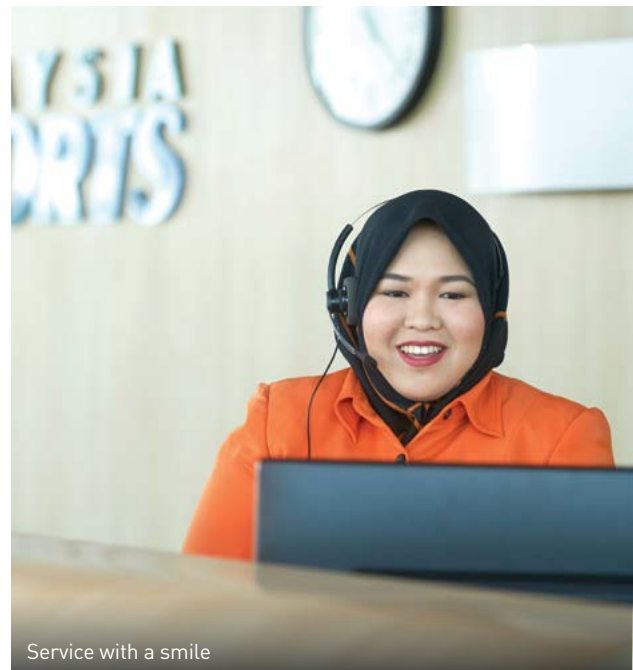
MEMORABLE AIRPORT EXPERIENCE

Launch of "Happy Guests, Caring Hosts" Culture by the Transport Minister of Malaysia

"Happy Guests, Caring Hosts" in action

Service with a smile

Enjoying the buggy service at klia2

"Happy Guests, Caring Hosts" shifts our focus from merely providing guests with operational excellence to one that is more experiential and places importance on the human element. Our Guest Advocacy Division provides strategic direction and drive guest improvement initiatives.

The division is supported by 40 employees who serve as catalysts and 800 activists from the whole airport community. They will receive coaching, training and assessments to play the role of educating and inspiring the airport community to internalise the "Happy Guests, Caring Hosts" philosophy. They will also play a role in brainstorming new ideas.

In 2018, we extended our Airport CARE Ambassadors to Penang, Kota Kinabalu and Kuching International Airports. The ambassadors assist guests with queries on flight information, departure and arrival services, airport facilities and general matters with which they may require assistance.

We also launched several services and facilities to ease the journey through the airport for senior citizens, families with small children and persons with disabilities.

For senior citizens and families with small children, we are investing RM5 million over three years to ramp up our popular free buggy service at klia2 by increasing the frequency and availability of the buggy service. We also make available free wheelchairs and baby strollers at klia2.

To better serve guests with disabilities and reduced mobility, we already have in place facilities for persons with physical disabilities. We are expanding our services by introducing a range of services for guests with cognitive disabilities such as Autism and Down Syndrome, and training 200 Airport Care Ambassadors so that they are better able to assist these guests as they travel through the airport.

In 2018 also, we launched MYairports, an app that helps passengers navigate their way from their homes until their boarding gates in the shortest time possible. In addition to navigation assistance, the app also provides live updates on information such as flight information, shopping and dining promotions and other important airport announcements. From its launch in June 2018 till end December 2018, the number of app downloads was 12,780.

One of the ways in which we are able to improve our services is by seeking feedback and acting on the feedback. In 2018 our customer feedback management system received 13,983 feedback inputs, a YoY increase of 2.18% compared to 13,685 in 2017. Overall 99% of the feedback received was resolved.

MEMORABLE AIRPORT EXPERIENCE

The number of compliments increased by 210% YoY to 1,150 from 371 in 2017. On the other hand, the number of complaints decreased by 32% YoY to 1,476, from 2,165 in 2017.

We continued to engage with our customers through social media in which we are active on several platforms where we reach out to 2,861,730 followers.

We provide regular updates to passengers on airport and flight information such as weather disruptions, flight delays, infrastructure upgrades, traffic delays and also announcements on new facilities, outlets, destinations and promotions.

Customer satisfaction

Our customer satisfaction score has shown an improvement from 68.4% (2016) to 72.6% (2017) to 81.4% in 2018, which indicates that we are continuously improving our assistance and feedback to all our customers.

The customer satisfaction survey measures three aspects of our response to customers – accuracy, timeliness, and overall satisfaction.

In October 2018, we initiated another survey platform to collect more responses to our surveys online. The response is still picking up and we are also making an effort to gain more responses as well as better insight into customers' needs, expectation and requirements with regards to our services.

Our customer feedback is gathered under the CAREsys umbrella which covers 12 customer touchpoints. The touchpoints are divided into three main categories, i.e. conventional (physical feedback forms, letters), digital (email, chat, web form, WhatsApp) and social media (Facebook, Instagram, Twitter, LinkedIn, Weibo, blog).

Initially, our primary avenue for feedback was the physical feedback form, with an average of 130 forms per month. However, as we increased our digitalisation efforts in line with Airports 4.0, the trend has move to digital, with emails being the main avenue for feedback. Since then, the feedback via our corporate website has also increased by 10%.

The digitalisation initiative helped to improve operational efficiency cut down our response time as we omit processes such as logging the manual feedback forms, deciphering the handwriting, and storing the physical copies of the forms.

At our annual CARE Summit in 2018, we acknowledged our top front liners from all service functions. The best 30 nominees from a total of 70 nominations were given the opportunity to attend a workshop "Be Different, Be Extraordinary" by our internal experts to further strengthen their skills. This also created a pool of change agents who could be role models for their colleagues. 10 of them received the "Best Front Liner Award 2018" which entitled each of them to a trophy, certificate and monetary reward of RM500.

Types of Feedback Received in 2018	
Enquiries	5,999
Lost & Found	5,015
Complaints	1,476
Compliments	1,150
Suggestions	343
TOTAL	**13,983**

MALAYSIA AIRPORTS SOCIAL MEDIA ACCOUNTS

Malaysia Airports
2,575,922

@MY_Airports
133,427

@malaysiaairports
95,447

Malaysiaairports
55,647

GRI CONTENT INDEX

References to page numbers are to pages in this Sustainability Report unless preceded by "A" which denotes pages in the Annual Report or "F" which denotes pages in the Financial Statements. The Annual Report, the Financial Statements and Sustainability Report are part of Malaysia Airports' reports provided to shareholders for year ended 31 December 2018.

GRI Standard	Description	Page number or URL	Omissions
	General Disclosures		
GRI 102: General Disclosures 2016 Airport Operators Sector Disclosures (AO)	102-1 Name of the organisation	2	
	102-2 Activities, brands, products, and services AO 3.2	10-11 A36-A38	
	102-3 Location of headquarters	Inside front cover	
	102-4 Location of operations	12-13	
	102-5 Ownership and legal form AO 3.2	A26-A29 F26-F27	
	102-6 Markets served AO 3.2	12-13 A22-A25, A34-A36	
	102-7 Scale of organisation AO 3.2	8-9, 12-13 A108, A110	
	102-8 Information on employees and other workers	43	
	102-9 Supply chain	A34-A36	
	102-10 Significant changes to the organisation and its supply chain	A76-A105	
	102-11 Precautionary Principle or approach	A196-A206	
	102-12 External initiatives	23-24	
	102-13 Membership of associations	9	

GRI CONTENT INDEX

GRI Standard	Description	Page number or URL	Omissions
	General Disclosures		
	102-14 Statement from senior decision-maker	4-7	
	102-15 Key impacts, risks and opportunities	A76-A105, A196-A206	
	102-16 Values, principles, standards, and norms of behaviour	15 https://www.malaysiaairports.com.my/about-us/corporate-profile/our-policies (Sustainability Policy) https://www.malaysiaairports.com.my/sustainability (Sustainability Framework)	
	102-17 Mechanisms for advice and concerns about ethics	40-41 A191 https://www.malaysiaairports.com.my/about-us/corporate-integrity/whistleblowing	
	102-18 Governance structure	14-15 A161-A176	
	102-20 Executive-level responsibility for economic, environmental, and social topics	14-15	
	102-22 Composition of the highest governance body and its committees	A126-A136	
	102-23 Chair of the highest governance body	A126	
	102-24 Nominating and selecting the highest governance body	A165, A168-A169, A172-A176	
	102-25 Conflicts of interests	A187-A188	
	102-26 Role of highest governance body in setting purpose, values, and strategy	14 A160-A163, A174	
	102-28 Evaluating the highest governance body's performance	A179-A180	

GRI Standard	Description	Page number or URL	Omissions
	General Disclosures		
	102-32 Highest governance body's role in sustainability reporting	2	
	102-33 Communicating critical concerns	A174	
	102-35 Remuneration policies	A165, A182-A185	
	102-36 Process of determining remuneration	A165, A182-A185	
	102-40 List of stakeholder groups	18	
	102-41 Collective bargaining agreements	45	
	102-42 Identifying and selecting stakeholders	19	
	102-43 Approach to stakeholder engagement	19-22 A37-A40, A188-A191	
	102-44 Key topics and concerns raised	19-22 A37-A40	
	102-45 Entities included in the consolidated financial statements	A26-A31	
	102-46 Defining report content and topic Boundaries	2	
	102-47 List of material topics	16 A41-A58	
	102-48 Restatements of information	25 Restatement of economic performance for 2017 due to transition to Malaysian Financial Reporting Standards to enable comparison of 2018 numbers vs 2017	
	102-49 Changes in reporting	16	

GRI CONTENT INDEX

GRI Standard	Description	Page number or URL	Omissions
	102-50 Reporting period	2	
	102-51 Date of most recent report	2	
	102-52 Reporting cycle	2	
	102-53 Contact point for questions regarding the report	Inside front cover	
	102-54 Claims of reporting in accordance with the GRI Standards	2	
	102-55 GRI content index	75-82	
	102-56 External assurance	2, 83-86	
	Topic-Specific Disclosures: Economic		
	Economic Performance		
GRI 103: Management Approach 2016	103 Management approach disclosures	25	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	25	
	Market Presence		
GRI 103: Management Approach 2016	103 Management approach disclosures	42-46	
GRI 202: Market Presence 2016	202-1 Ratio of standard entry level wage by gender compared to local minimum wage	44	
	202-2 Proportion of senior management hired from the local community	43	

GRI Standard	Description	Page number or URL	Omissions
	Procurement Practices		
GRI 103: Management Approach 2016	103 Management approach disclosures	26-28	
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	28	
	Anti-corruption		
GRI 103: Management Approach 2016	103 Management approach disclosures	26-27, 40-41	
GRI 205: Anti-Corruption 2016	205-1 Operations assessed for risks related to corruption	41	
	205-3 Confirmed incidents of corruption and actions taken	41	
	Anti-Competitive Behaviour		
GRI 103: Management Approach 2016	103 Management Approach	26	
GRI 206: Anti-Competitive Behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	26	
	Topic-Specific Disclosures: Environmental		
	Energy		
GRI 103: Management Approach 2016	103 Management approach disclosures	32-34	
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	33	

GRI CONTENT INDEX

GRI Standard	Description	Page number or URL	Omissions
	302-3 Energy intensity	33	
	Water		
GRI 103: Management Approach 2016	103 Management approach disclosures	32, 35	
GRI 303: Water 2018	303-5 Water consumption	35	
	Emissions		
GRI 103: Management Approach 2016	103 Management approach disclosures	32, 36-37	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	36	
	305-2 Energy indirect (Scope 2) GHG emissions	36	
	305-4 GHG emissions intensity	36	
	Effluents and Waste		
GRI 103: Management Approach 2016	103 Management approach disclosures	32, 38	
GRI 306: Waste 2016	306-2 Waste by type and disposal method	38-39	
	Environmental compliance		
GRI 103: Management Approach 2016	103 Management approach disclosures	32	
GRI 307: Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	32	

GRI Standard	Description	Page number or URL	Omissions
	Topic-Specific Disclosures: Social		
	Employment		
GRI 103: Management Approach 2016	103 Management approach disclosures	40-54	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	47	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	44-45	
	401-3 Parental leave	46	
	Occupational Health and Safety		
GRI 103: Management Approach 2016	103 Management approach disclosures	49	
GRI 403: Occupational Health and Safety 2016	403-5 Worker training on occupational health and safety	49-50	
	403-6 Promotion of worker health	45, 49-50	
	Training and Education		
GRI 103: Management Approach 2016	103 Management approach disclosures	51	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	52 Data on average training hours by gender not available	
	404-2 Programmes for upgrading employee skills and transition assistance programmes	52	

GRI CONTENT INDEX

GRI Standard	Description	Page number or URL	Omissions
	404-3 Percentage of employees receiving regular performance and career development reviews	53	
	Diversity and Equal Opportunity		
GRI 103: Management Approach 2016	103 Management approach disclosures	42	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance body and employees	42-43	
	405-2 Ratio of basic salary and remuneration of women to men	45	
GRI 103: Management Approach 2016	Airports 4.0	29-30	
	Cybersecurity	30-31	
	Noise	39	
	Community-friendly organisation	55-61	
	Airport safety and security	62-67	
	Service quality	67-70	
	Guest experience	71-74	
	Sector-Specific Disclosures: Airport Operator		
Airport Operators Sector Disclosures (AO)	A01 Total number of passengers annually	8-9 A233-A234 URL:mahb.listedcompany.com/ operating-statistics.html	
	A02 Total annual number of aircraft movements		
	A03 Total amount of cargo tonnage		
	A09 Total annual number of wildlife strikes per 10,000 aircraft movements	66	

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INDEPENDENT ASSURANCE STATEMENT

Scope and Objective

SIRIM QAS International Sdn. Bhd., a third party Conformity Assessment Body in Malaysia, with extensive expertise and experience in the provision of sustainability-related assurance services, was engaged by Malaysia Airports Holding Berhad (hereafter referred to as Malaysia Airports) to perform an independent verification and provide assurance of the Malaysia Airports Sustainability Report 2018. The main objective of the verification process is to provide assurance to Malaysia Airports and its stakeholders of the accuracy and reliability of the information presented in this report. This was confirmed through checking and verifying claims made in the report. The verification audit by SIRIM QAS International covered all sustainability-related activities which had been included in the Malaysia Airports Sustainability Report 2018.

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 2018.

Verification team

The verification team from SIRIM QAS International consisted of:

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

A wholly-owned subsidiary of SIRIM Berhad

INDEPENDENT ASSURANCE STATEMENT

Methodology

The verification process was carried out by SIRIM QAS International in February and March 2019. It involved the following activities:

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

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

Materiality

In 2018, Malaysia Airports has strengthened its materiality determination process with the development of KUL Sustainability Charter, the framework that guides Malaysia Airports on setting sustainability goals, formulating strategies and implementing the relevant initiatives towards achieving their sustainability goals. The Charter will outline Malaysia Airports commitment in upholding the principles of economics, environmental and social sustainability through the entire airport supply chain. Stakeholders engagements were launched to gauge its stakeholders' perceptions of materiality issues that matters and from this exercise, the significant issues were presented on a materiality matrix. Accordingly, these materiality issues were then mapped into the Sustainability Development Goals (SDGs), relevant to the company.

Limitations

The verification process was subjected to the following limitations:

- The scope of work did not involve verification of information reported in the Malaysia Airports Annual Report 2018;
- The verification was designed to provide limited assurance of whether the Sustainability Report is presented fairly, in all material aspects, and in accordance with the reporting criteria. It was not intended to provide assurance of the organization's ability to achieve its objectives, targets or expectations on sustainability-related issues;
- Only the corporate office was visited as part of this assurance engagement. The verification process did not include physical inspections of any of Malaysia Airports' operating assets;
- The total computation of carbon footprint for Malaysia Airports has been based on the Airport Carbon Emission Reporting Tool (ACERT) under Airport Carbon Accreditation program. It covers scope 1, 2 and scope 3 in accordance with ISO 14064-1 standard requirements;
- With regards to energy and water consumption data, data sources were limited to that provided during the conduct of the verification activities;
- The verification team did not review any contractor or third party data.

Conclusion

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

- The level of accuracy of data included in the Malaysia Airports Sustainability Report 2018 is fair and acceptable;
- The Sustainability Report was prepared in accordance with the GRI Standards: Core Option and GRI Airport Operators Sector Disclosures.
- The overall report content and quality were well established. The level of sustainability performance information in the report was found to be acceptable;
- The information has been presented in an appropriate manner;
- Most of the personnel responsible were able to reliably demonstrate the origin(s) and interpretation of data contained in the report;

INDEPENDENT ASSURANCE STATEMENT

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

Prepared by:

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

Date : 15 March 2019

Approved by:

HJ BASORI BIN HJ SELAMAT
Acting Senior General Manager
Management System Certification
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SIRIM QAS International Sdn. Bhd.

Date : 15 March 2019

This Sustainability Report was printed entirely on environment-friendly paper