![Malaysia Airports logo with KLIA Next Gen Hub and klia2]

KUL
SUSTAINABILITY
CHARTER

Charter Contents

Introduction

The air transport sector plays a significant role in supporting the economic growth of Malaysia. The benefits that aviation brings are far-reaching. It connects people around the world and brings tourists into Malaysia. The Kuala Lumpur International Airport 1 and 2 (collectively known as "KUL") welcomes over 50 million visitors annually.

Beyond that, the sector creates hundreds of thousands of jobs locally through direct and indirect employment; and facilitates business growth through global trade.

The economic and social benefits of aviation are clear. However, the impact of aviation is not all positive. The benefit it brings also comes with environmental costs. In 2017, the global aviation produced 859 million tonnes of CO_2, accounting for roughly 2% of all human-induced CO_2 emission globally.[1] Carbon emission will continue to rise – if no action is taken – as global air traffic is expected to nearly double in 2036.[2] A sector-wide coordination and collaboration are needed to reduce the negative impacts while supporting growth.

As such, Malaysia Airports Holdings Berhad ("MAHB") is leading the development of the KUL Sustainability Charter (the "Charter") to collaborate with members of the KUL community – consisting of airlines, ground handlers, tenants, vendors, and service providers, among others – in creating a sustainable airport ecosystem.

The Charter is a guideline for the KUL community in applying and achieving best sustainability practices, taking into consideration a range of economic, environmental, and social ("EES") matters in all aspects of the airport operation. The Charter ultimately outlines commitments by the KUL community in upholding the principles of EES through collaborative actions along the airport value chain. It is intended to take a forward-looking approach to sustainable planning by developing an airport-wide sustainability scheme, with detailed goals and initiatives. Where applicable, measurable performance targets are included.

The Charter is not a stand-alone management plan by MAHB, as collaborative actions between the KUL community are paramount for the materialisation of the Charter's objectives. The focus is on maximising efficiency on existing processes, and incorporating sustainability considerations into each KUL community's action, decision, and operation along the airport value chain.

The Charter supports the strategic objectives of International Civil Aviation Organisation (ICAO) in addressing the United Nations' Sustainable Development Goals (UN SDGs) and is also developed in consideration of Malaysia's private sector commitment towards the UN SDGs as parts of the United Nations overarching '2030 Agenda for Sustainable Development' of which Malaysia is a signatory.

Why is sustainability important for the KUL community?

Sustainability refers to development that meets the needs of the present without compromising the ability of future generation to meet their own needs.[3]

Sustainability is crucial for the KUL community because an interdependency exists between their economic, environmental, and social commitments and performance, and sustainability advocates for action plans to balance performances in this three categories, for the KUL community.

Similarly, sustainability recognises the interdependency between all stakeholders in the airport value chain, and advocates for collaborative actions between the KUL community to balance their short, medium and long-term interests.

Concerns about climate change is not foreign to the air transportation industry, and is brought into a sharper focus in recent years, following the flood incident in Kansai airport. Weather is the most significant factor affecting aircraft operations, accounting for 70% to 80% of passenger delays and costing airlines hundreds of millions of dollars per year in lost revenue.[4] If airport development is negligent on environmental considerations, the resulting impacts would necessarily translate to spillover effects to the airport, airlines, and across different subsectors and stakeholders. These effects would most probably render economic and social losses, in addition to further aggravating climate change. Climate change, in turn, would also further impact the air transportation industry.

[3] *The Brundtland Report, 1987.*
[4] Rosenberger, J.M., Schaefer, A.J., Goldsman, D., Johnson, E.L., Kleywegt, A.J. and Nemhauser, G.L., 2002. A stochastic model of airline operations. Transportation science, 36(4), pp.357-377.

The KUL Sustainability Charter

Operations in KLIA and KLIA 2 have a wide reach, and affect both internal and external stakeholders. The Charter gauges concerns from both internal and external stakeholders through a materiality assessment process, entailing analysis on industry trends and best practice as well as stakeholder consultations. The material sustainability matters identified in the process reflect areas or considerations which are of collective importance to the airport stakeholders.

Through stakeholder consultations, the KUL community identified material sustainability matters, goals, and initiatives to form the basis of this Charter. For each of the goals, the relevant identified material sustainability matters and associated initiatives are all linked to one of the five sustainability pillars as accorded in MAHB's Sustainability Policy. The five pillars are (1) Practising Sensible Economics, (2) Environmental Consciousness, (3) Creating An Inspiring Workplace (4) Community-friendly Organisation, and (5) Memorable Airport Experience.

The Charter considers all short, medium and long-term initiatives, which may be existing or upcoming. Implementation of the Charter will be spearheaded by MAHB, with performance tracking assumed by initiative owners from MAHB's respective department, and participation taken up by the KUL community. The Charter will be a "living document", which will be continuously updated by MAHB to reflect and incorporate new and evolving matters of relevance.
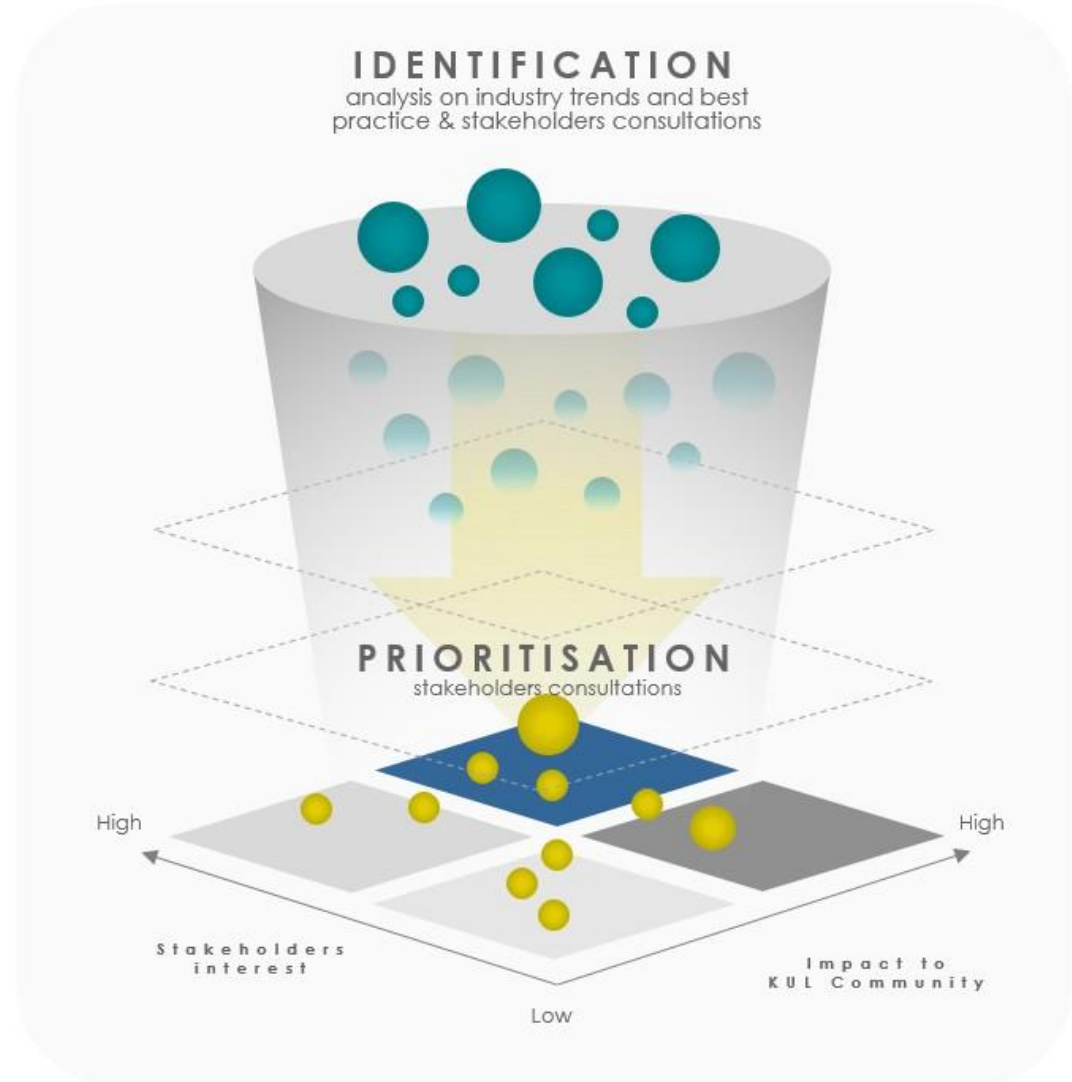
The KUL Sustainability Charter
(cont'd.)

KUL Goals

Through stakeholder consultations, 10 Goals have been identified in the Charter to guide the KUL community in focusing efforts and resources where they matter most. These goals have been mapped to the 5 Sustainability Pillars, as follows:

Practising Sensible Economics

01 Optimising economic performance

Environmental Consciousness

02 Improving energy efficiency

03 Reducing overall carbon footprint

04 Enhancing waste and water management

Creating An Inspiring Workplace

05 Being a responsible service provider

06 Promoting diversity and inclusivity.

Community-Friendly Organisation

07 KUL Community development through partnerships

Memorable Airport Experience

08 Providing exceptional customer experience

09 Optimisation through technological innovation

10 Strengthening safety and security at KUL

Pillar 1:
Practising Sensible Economics

Practising sensible economics means that we run a profitable business with the potential for a strong long term growth. We strengthen our aero and non-aero business, underpinned by good governance to ensure a healthy financial bottom line for KUL airports, whilst upholding our responsibility to cater to the aviation needs of our local communities.

Our efforts are aligned with the following United Nations' Sustainable Development Goals (SDG):
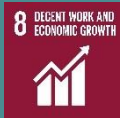
SDG 8 DECENT WORK AND ECONOMIC GROWTH
Promote inclusive and sustainable economic growth, employment and decent work for all

SDG 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Build resilient infrastructure, promote sustainable industrialisation and foster innovation

SDG 11 SUSTAINABLE CITIES AND COMMUNITIES
Make cities inclusive, safe, resilient and sustainable

Goal 01

Optimising economic performance

Maintaining strong economic performance is fundamental to the sustainability of the KUL community's business operations. Continuous efforts are needed to optimise operational efficiency whilst unlocking new business opportunities for the growth of the KUL community.

Material Sustainability Matters	Key Initiatives
Airport Capacity	Airport capacity optimisation
	Airport expansion plan
Economic Performance	Maximise commercial revenue through targeted segmentation of customers and products
Efficiency and Reliability	Process improvement based on data analysis
	Airport collaborative decision making
	Enhancing Aeronautical Ground Lighting (AGL)
Market Presence	Role model in sustainable practices

Pillar 2:
Environmental Consciousness

We practice environmental consciousness insofar as we encourage the KUL community to balance their economic goals against environmental considerations.

Our efforts are aligned with the following United Nations' Sustainable Development Goals (SDG):

SDG 6 CLEAN WATER AND SANITATION
Ensure access to water and sanitation for all

SDG 7 AFFORDABLE AND CLEAN ENERGY
Ensure access to affordable, reliable, sustainable and modern energy for all

SDG 11 SUSTAINABLE CITIES AND COMMUNITIES
Make cities inclusive, safe, resilient and sustainable

SDG 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Ensure sustainable consumption and production patterns

SDG 13 CLIMATE ACTION
Take urgent action to combat climate change and its impacts

Goal 02

Improving energy efficiency

KUL's main energy consumption is in the form of electricity. To instill environmental consciousness to the KUL community, efforts are directed towards effectively monitoring, analysing and optimising electricity usage to ensure the efficient use of energy whilst contributing to the broader goal of climate change mitigation.

Material Sustainability Matters	Key Initiatives
Energy Efficiency	Optimising energy usage
	Energy Management Information System (EMIS)

Goal 03

Reducing overall carbon footprint

Airport is the connecting node for key aviation stakeholders, including airlines, ground handlers, air traffic controllers and passengers. Airport thus have a role to play to encourage sector-wide emissions reductions.

Material Sustainability Matters	Key Initiatives
Energy Efficiency	Control and limit number of vehicles operating at the airside
	Use of renewable energy
	Introduce low emission vehicles

Goal 04

Enhancing waste and water management

Airports generate a tremendous amount of wastes from a variety of places, including airport offices, shops, restaurants, flight kitchens, cargo operations areas, maintenance areas, and hangars. In 2017, KLIA Main Terminal and klia2 collectively generated 13,841 tonnes of waste.

Material Sustainability Matters	Key Initiatives
Waste and Effluent Management	Waste management
	Zero single-use plastics for retailers
	Reduce, Reuse & Recycle (3R)
	Water management Plan
	Rain water harvesting
	Condensate water recycling

Pillar 3:
Creating An Inspiring Workplace

The KUL Community is made up of people from diverse backgrounds, reflecting Malaysia's colourful cultural identity. We believe that playing upon each other's strengths creates an exciting environment to develop one's career and to make KUL a great place to work.

Our efforts are aligned with the following United Nations' Sustainable Development Goals (SDG):

SDG 5 GENDER EQUALITY
Achieve gender equality and empower all women and girls

SDG 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Build resilient infrastructure, promote sustainable industrialisation and foster innovation

SDG 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Promote just, peaceful and inclusive societies

SDG 17 PARTNERSHIPS FOR THE GOALS
Revitalise the global partnership for sustainable development

Goal
05

Being a responsible service provider

The impacts of corruption for an airport is far-reaching, jeopardising the economic development and sustainability of the airport. Corruption involves the misappropriation of funds, the misuse of power, bribery and dishonesty in financial matters. Being a responsible service provider requires the KUL community to uphold the highest standards of good governance and principles of integrity in conducting business dealings. Embedding the values of honesty, transparency and accountability is vital in developing a responsible KUL culture.

Material Sustainability Matters	Key Initiatives
Integrity and Anti-Corruption	Corporate Integrity Pledge (CIP)
	Anti-Bribery Management System
	Educating workforce, vendors and partners

Goal
06

Promoting diversity and inclusivity

Human elements make up a big part of service excellence. This is especially true for the airport environment, where every day, we welcome passengers and colleagues of different backgrounds and needs. Our sustained growth and value creation are dependent on the diversity and the strength of our workforce, thus, we continue to provide equal opportunity, celebrating differences in gender, age, religion and physical disabilities

Material Sustainability Matters	Key Initiatives
Diversity	Provision of facilities and family-friendly policies for working women
	Providing opportunities for people with special needs

Pillar 4:

Community-Friendly Organisation

As a responsible corporate entity, we implement activities and programmes to reach out to the local community to promote their personal and professional developments. We are committed to creating an environment where the local community from all walks of life benefits from our operations and activities.

Our efforts are aligned with the following United Nations' Sustainable Development Goals (SDG):

SDG 1 NO POVERTY
End poverty in all its forms everywhere

SDG 3 GOOD HEALTH AND WELL-BEING
Ensure healthy lives and promote well-being for all at all ages

SDG 4 QUALITY EDUCATION
Ensure inclusive and quality education for all and promote lifelong learning.

SDG 8 DECENT WORK AND ECONOMIC GROWTH
Promote inclusive and sustainable economic growth, employment and decent work for all

SDG 10 REDUCED INEQUALITIES
Reduce inequality within and among countries

SDG 17 PARTNERSHIPS FOR THE GOALS
Revitalise the global partnership for sustainable development

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Goal
07

KUL Community development through partnerships

Being true to our mission that is together we create joyful experiences by connecting people and businesses, we actively engage our local community to understand their concerns and needs. Our existing CSR Framework aptly reflects the nature of our efforts to develop the local community.

Material Sustainability Matters	Key Initiatives
Contributions to the Local Community	Upskill local - to elevate academic performance and unravel future talent
KUL Community Engagement and Development	Job creation / Apprentice program through collaboration with government-linked companies and private sector
	Increase common engagement

Pillar 5:
Memorable Airport Experience

Ensuring memorable experiences makes KLIA and klia2 competitive and attractive for passengers. Being able to deliver memorable airport experiences is the indicator that KUL airports are on the right track in providing quality services to our guests.

Our efforts are aligned with the following United Nations' Sustainable Development Goals (SDG):

SDG 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Build resilient infrastructure, promote sustainable industrialisation and foster innovation

SDG 11 SUSTAINABLE CITIES AND COMMUNITIES
Make cities inclusive, safe, resilient and sustainable

SDG 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Promote just, peaceful and inclusive societies

SDG 17 PARTNERSHIPS FOR THE GOALS
Revitalise the global partnership for sustainable development

Goal **08**

Providing exceptional customer experience

KUL airports welcome more than 50 million passengers annually and this figure is expected to continue on an upward trend. For many, air travel is a somewhat stressful experience, from travelling to the airport, checking-in and going through security checks. Providing pleasant experiences for all visitors at the airport is vital for the KUL community to attract more visitors and to capture growth opportunities.

Material Sustainability Matters	Key Initiatives
Customer Experience	Develop a common KUL Culture
	"Meeter and Greeter" facilities
	Provide amenities for convenience and accessibility
	Enhance the interior aesthetic and overall environment
	Improve wayfinding
	Survey on the passenger experience
	Improve on airport cleanliness
	Improve queuing time

Goal **09**

Optimising operational efficiency through technological innovation

Airports around the world are pushing the boundaries of innovation by investing in research and development on new technologies to gain competitive advantage. The constrained airport environment is the perfect testing ground for cutting-edge inventions such as the use of artificial intelligence, virtual reality, driverless vehicles, biometrics and smart infrastructures. These inventions allow for better crowd management and improved operational efficiency, all while trying to provide a seamless travelling experience for our guests.

Material Sustainability Matters	Key Initiatives
Digitalisation	Automation in baggage handling system
	Automated airport gate and stand allocation
	Single token travel

Pillar 5:
Memorable Airport Experience

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Strengthening safety and security at KUL

KUL airports make up a densely populated area, with more than 50 million passengers passing through annually. Therefore, KUL airports are at a higher risk of being the potential target for cyber-crimes, robberies, smuggling of illegal items (i.e. drugs and weapons) and terrorism. An efficient safety system and strict security procedures are required to deter threats while protecting KUL airports from any form of organised attacks. Public safety is of paramount importance.

Material Sustainability Matters	Key Initiatives
Airport Safety and Security	Safety Campaign
	Safety training and competency
	Innovation and technology (Flight Drive Debris System)
	Collaboration with stakeholders
	Wildlife hazard management
	Aerodrome Safety Management System (ASMS)
	Improve cyber security maturity level

Contact us

Please feel free to share with us your feedbacks
on the KUL Sustainability Charter.

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