

OUR APPROACH TO SUSTAINABILITY

VISION

A Global Airport Group that Champions Connectivity and Sustainability

We share a collective responsibility with other industry players to ensure sustainable aviation practices. To this effect, Malaysia Airports has embarked on a crucial journey to enhance our sustainability framework, develop a comprehensive strategy and roadmap and engage with stakeholders towards achieving net-zero carbon emissions by 2050.

- Tan Sri Datuk Zainun Ali, Chairman

Malaysia Airports recognises that to achieve our corporate vision, we need to go beyond creating economic value for shareholders. Rather, there is a need to balance profit-making and operational excellence with conducting our business in a manner that is responsible, sustainable and creates long term value for stakeholders. In this regard, our operations must be built on the foundations of sustainability which combine business goals with solid Environmental, Social and Governance (ESG) considerations.

This Sustainability Review informs stakeholders on how sustainability works within Malaysia Airports, and summarises the key ESG achievements and performance highlights. That is followed by a discussion of the materiality process and how the material matters are determined and reviewed. We also outline our engagement with key stakeholders in this review.

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Sustainability Performance Highlights for 2023

ENVIRONMENTAL	SOCIAL	GOVERNANCE
<p>Net-Zero Carbon Emissions 2050 Pathway Launched May 2023</p>	<p>Female representation in Malaysia Airports Board of Directors: 40% Employees: 34%</p>	<p>Operations assessed for corruption-related risks 100%</p>
<p>Electric Ground Support Equipment (in collaboration with Malaysia Aviation Group) A National First</p>	<p>Supporting Local Suppliers via local procurement RM949.9 million 96% local suppliers</p>	<p>Boosting Cybersecurity capabilities Cybersecurity Acceleration Programme 2.0 launched</p>
<p>Completed installation of solar photovoltaic panels at BKL Group solar capacity 22.5 MWp</p>	<p>Community and Humanitarian Aid RM29 million</p>	<p>2 new subsidiaries certified for Anti-Bribery Management Systems - MA Niaga and UTW</p>



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ESG GOVERNANCE

Board direction and oversight

Recognising the importance of ESG considerations in creating long-term sustainable value for stakeholders, Malaysia Airports constantly works to embed these sustainability factors in the Company's value creation model and value chain. The Board of Directors provides overall strategic direction with regards to Malaysia Airports' ESG model through the Company's Sustainability Policy and Framework. In 2023, the Board had also delegated the oversight of Sustainability matters to the Board Risk Management Committee.

Following that, in November 2023, the Board formed a Board Sustainability Committee. The Board Sustainability Committee will review and monitor the effectiveness of the Group's sustainability strategies, policies, principles, practices, priorities and targets including its commitment to achieve net zero carbon emissions by 2050. The Committee is chaired by Puan Rohaya Mohammad Yusof and comprises two other members, Madam Cheryl Khor Hui Peng and Dato' Seri Ir Koe Peng Kang.

Management level

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

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

Other Board and Management committees

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

Environmental <ul style="list-style-type: none">Board Sustainability Committee	Social <ul style="list-style-type: none">Board Nomination and Remuneration Committee
Governance <ul style="list-style-type: none">Board Audit CommitteeBoard Risk Management CommitteeBoard Procurement CommitteeWhistleblowing Committee	

Sustainability Policy and Framework

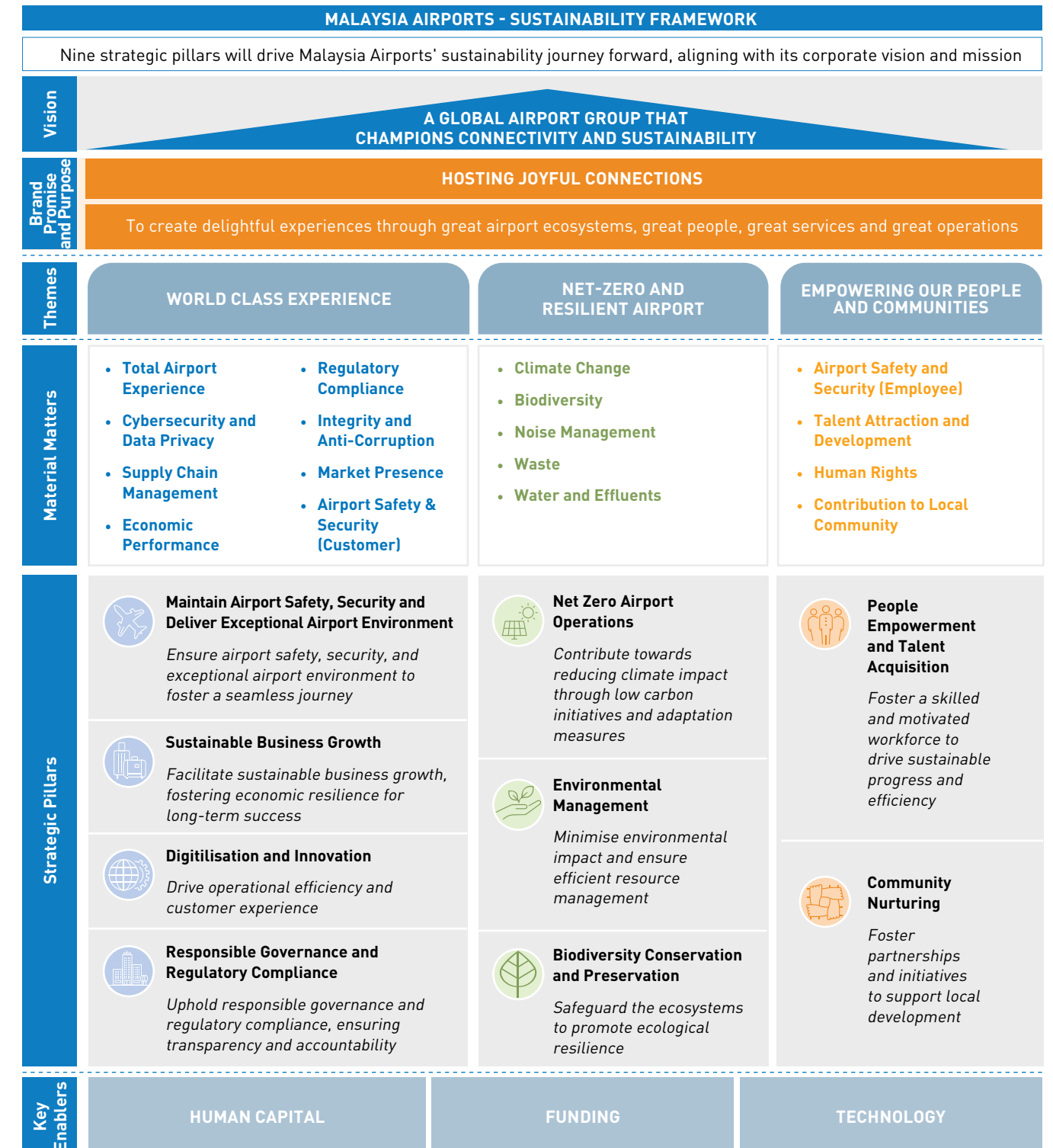
Malaysia Airports has been guided by a Sustainability Policy since 2010. The policy was updated in 2021 to align the Group's business decisions and strategies with ESG considerations and stakeholders' concerns. Additionally, as a Government-Linked Company, Malaysia Airports supports the Malaysian Government's national commitments towards the United Nations (UN) Sustainable Development Goals (SDGs).

Malaysia Airports has initiated the development of a revised Sustainability Framework in 2023 that aims to provide a more holistic approach in addressing the Group's Material Matters and aligning with our organisational strategy. The Sustainability Framework is anchored by three key sustainability pillars: Environmental, Social and Governance (ESG) with each comprising strategic priorities, Key Performance Indicators (KPIs), and targets. This approach strengthens the integration of ESG considerations into the Group's operation and aligns with the existing sustainability drivers. It also enables the Group to adapt to changes in the operating environment to unlock opportunities while managing potential risks that may impact our operations.

As we progress, the Sustainability Framework will serve as our compass that guides us in value creation for our stakeholders through sustainable operations. The Framework also takes into consideration the global agenda and our commitment to the UN SDGs. The new Sustainability Framework will be implemented in 2024 as per the illustration on page 127.

In line with the new Sustainability Framework, the Group also started to refresh its Material Matters and Materiality Matrix, and updated its Key Stakeholders. For further information about Material Matters and Key Stakeholders, please refer to pages 58 to 75 and 78 to 86 of this report.

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Note: The above illustration of Malaysia Airports' Sustainability Framework which is targeted to be implemented in 2024.

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

Environment	<ul style="list-style-type: none"> Energy Policy 	<ul style="list-style-type: none"> Environmental Management Policy
Social	<ul style="list-style-type: none"> No Smoking Policy Occupational Health And Safety Policy Policy On Prevention And Eradication Of Drug And Alcohol Abuse In The Workplace 	<ul style="list-style-type: none"> Risk Management Policy Statement Sexual Harassment Policy Stop - Work Policy Terms and Conditions
Governance	<ul style="list-style-type: none"> Code of Ethics Conditions of Use Fraud Policy Gift Policy 	<ul style="list-style-type: none"> Privacy Notice Anti-Bribery and Corruption Policy Statement Procurement Manual Sustainability Policy




United Nations Sustainable Development Goals

The United Nations has identified 17 SDGs, representing a call for action by all countries to promote prosperity while protecting the planet. Ending poverty must go hand-in-hand with specific goals and strategies that build economic growth and address a range of social needs including education, health, social protection, and job opportunities while tackling climate change and environmental protection.

Malaysia Airports has aligned its material matters, Sustainability Pillars with all 17 SDGs.

Sustainability Ratings

Malaysia Airports' efforts in sustainability receive independent ratings from local and international organisations which score the Group's impact in the environmental, social and governance spheres. These are the latest ratings assigned to Malaysia Airports.

 FTSE4Good This rating enables investors to evaluate a company's engagement with and control over ESG matters across various dimensions. FTSE Russell Rating Score for FY2023 2.9	 SUSTAINALYTICS The ESG Risk Ratings provided by Sustainalytics are designed to assist both companies and investors in identifying ESG issues that could potentially lead to financial risks. These ratings quantify the extent to which ESG issues threaten the overall value of a company. Sustainalytics Rating Score for FY2023 21.3	 MSCI The MSCI ESG Rating by Morgan Stanley Capital International is crafted to assess a company's ability to withstand long-term industry-specific ESG risks and its effectiveness in managing these risks in comparison to its industry peers. MSCI Rating Score for FY2023 BBB
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Accreditation

Airports Council International (ACI) has renewed Malaysia Airports' Level 3 certification under its Airport Carbon Accreditation programme, a global airport-specific carbon management initiative. The renewal follows an independent assessment by ACI under its carbon management certification standard for airports globally. Malaysia Airports has participated in the Airport Carbon Accreditation programme since 2016 in its efforts to transition towards a sustainable, low-carbon future.



KUL's certification at Level 3 'Optimisation' was renewed in 2022/2023 by ACI. The airport has maintained its Level 3 certification since 2018. In this programme, ACI utilises internationally recognised methodologies to independently assess and recognise the efforts of airports to manage and reduce their carbon emissions through seven levels of certification.

Reporting Framework and Independent Audit

In line with its progress in integrated reporting, the Group took a decision in 2022 to merge its annual and sustainability reports. This enables stakeholders to understand the business of the Group in a more comprehensive manner in line with the Group's corporate vision to be 'A Global Airport Group that Champions Connectivity and Sustainability'.

A sustainability review is provided in this report together with data tables on sustainability performance indicators.

The sustainability reporting in this report has been prepared with reference to the following frameworks:



In addition, the sustainability information contained in this report has been audited by SIRIM QAS International Sdn Bhd, an independent party.

Further information regarding the Group's sustainability efforts and results is available at our corporate website: www.malaysiaairports.com.my