



Whether for a quick bite or a leisurely meal with friends and family before flying off, we have you covered. Our airports offer a wide range of Malaysian and international food and beverage offerings to suit and satisfy all taste buds

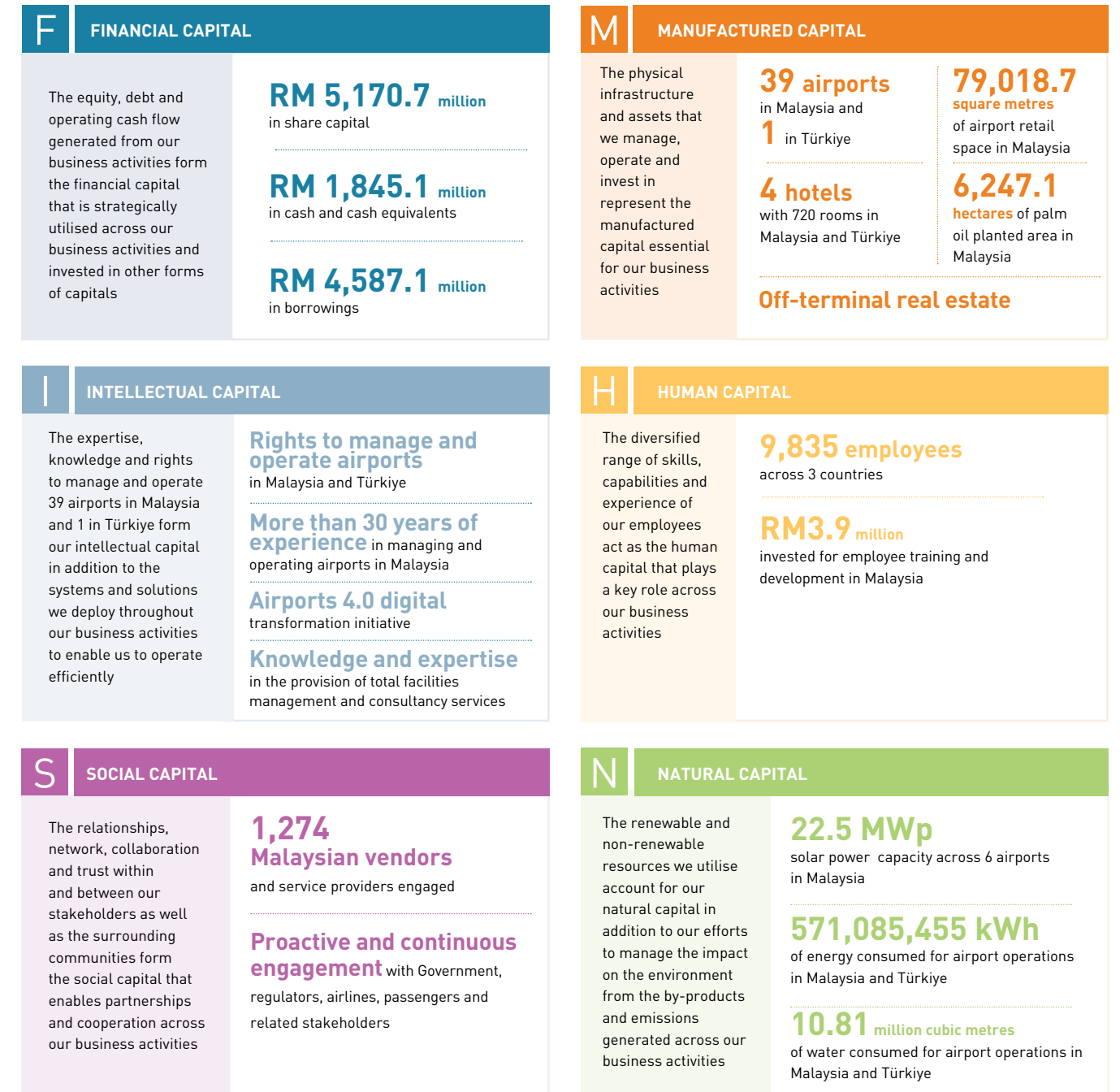
OUR APPROACH TO VALUE CREATION

Malaysia Airports seeks to create positive sustainable value for our stakeholders. Our approach to value creation integrates a balanced consideration of the operating environment, risks, areas of interest of our stakeholders as well as material matters that impact our business and our stakeholders.



OUR APPROACH TO VALUE CREATION

We create value by transforming the six capitals across our business activities to generate impactful outputs and outcomes for our stakeholders.



VALUE CREATION MODEL

VALUE CREATION MODEL

OUR VISION ▶ A Global Airport Group that Champions Connectivity and Sustainability

OUR BRAND PROMISE ▶ Hosting Joyful Connections

OUR CAPITALS ...

... AND OUR STRATEGIES

INPUTS

F FINANCIAL CAPITAL
 As at 1 January 2023:
 • RM5,114.3 million in share capital
 • RM1,529.6 million in cash and cash equivalents
 • RM4,841.8 million in borrowings

M MANUFACTURED CAPITAL
 • 39 airports in Malaysia and 1 in Türkiye
 • 79,018.7 square metres of airport retail space in Malaysia
 • 4 hotels with 720 rooms in Malaysia and Türkiye
 • 6,247.1 hectares of palm oil planted area in Malaysia
 • Off-terminal real estate

I INTELLECTUAL CAPITAL
 • Rights to manage and operate airports in Malaysia and Türkiye
 • More than 30 years of experience in managing and operating airports in Malaysia
 • Airports 4.0 digital transformation initiative
 • Knowledge and expertise in the provision of total facilities management and consultancy services
 • Stakeholder relationships

H HUMAN CAPITAL
 • 9,835 employees across 3 countries
 • RM3.9 million invested for employee training and development in Malaysia

S SOCIAL CAPITAL
 • 1,274 Malaysian vendors and service providers engaged
 • Proactive and continuous engagement with Government, regulators, airlines, passengers and related stakeholders

N NATURAL CAPITAL
 • 22.5 MWp solar power capacity across 6 airports
 • 571,085,455 kWh of energy consumed for airport operations in Malaysia and Türkiye
 • 10.81 million cubic metres of water consumed for airport operations in Malaysia and Türkiye



Underpinned By

OPERATING ENVIRONMENT

For details on our Operating Environment, please refer to pages 16 to 17

GOVERNANCE

For details on our Governance, please refer to pages 208 to 250

RISKS

For details on our Risks, please refer to pages 257 to 259

Sustainability Framework

Malaysia Airports developed a new Sustainability Framework that aims to provide a more holistic approach in addressing the Group's material matters and aligning with our organisational strategy.

World Class Experience

- M1 Total Airport Experience
- M2 Airport Safety & Security (Customer)
- M3 Economic Performance
- M4 Cybersecurity and Data Privacy
- M5 Regulatory Compliance
- M7 Integrity & Anti-Corruption
- M9 Supply Chain Management
- M12 Market Presence

Net-Zero and Resilient Airport

- M6 Climate Change
- M10 Biodiversity
- M11 Noise Management
- M13 Waste
- M15 Water Effluent

Empowering our People and Communities

- M2 Airport Safety & Security (Employee)
- M8 Talent Attraction & Development
- M14 Human Rights
- M16 Contribution to Local Community

ENABLE OUR BUSINESS ...

... TO CREATE VALUE FOR OUR STAKEHOLDERS

KEY BUSINESS ACTIVITIES



Airport Services



Duty Free and Non-dutiable Goods



Hotel



Project and Repair Maintenance



Agriculture and Horticulture

OUTPUTS

- RM4,914.2 million in revenue
- RM2,285.2 million in EBITDA

- 119.5 million total passenger movements
- 72 airlines (excluding full freighters)
- 707 airport retail outlets throughout Malaysia
- 74.4% average hotel occupancy rate in Malaysia, 96% in Türkiye
- 36,725.0 metric tonnes of fresh fruit bunches
- Aeropolis development around KUL and SZB

- Digital airport solutions and systems including Self-Service Check-In, Self-Service Bag Drop, MYairports App, STARdesk, ISG Portal, shopMYairports and shop@SAW
- 14 clients in Malaysia and 1 in Qatar

- 442,027 training hours for employees in Malaysia
- 8,143 employees in Malaysia trained on occupational health & safety

- RM429,927.56 invested for community enrichment programmes in Malaysia
- RM949.9 million spent on Malaysian vendors and service providers
- Strong relationships with stakeholders

- 27,725.39 MWh of solar power generated in Malaysia
- 104,864 tonnes in Scope 1 and Scope 2 carbon emissions at KUL*
- 3.4% of waste at KUL recycled

* Emissions data is up to FY2022 and is independently verified as part of the renewal of KUL's Airport Carbon Accreditation (ACA) at Level 3: Optimisation in FY2023.

OUTCOMES

- RM180.2 million in dividends
- RM474.4 million in User Fees and taxes contributed to the Government

- 147 destinations comprising of 113 international and 34 domestic destinations
- KUL ranked #9 globally in Airport Service Quality (ASQ) among airports with above 40 million passengers per annum (mppa)
- LGK ranked #1 globally in Airport Service Quality (ASQ) for the 2-5 mppa category

- Efficient airport operations complying to international and local regulatory requirements
- Enhanced airport experience, capacity and security leveraging on digitalisation, technology and automation

- Average of 51 training hours per employee in Malaysia
- Zero workplace fatalities

- 3,343 beneficiaries from 53 community enrichment programmes in Malaysia
- 96% of procurement spending on Malaysian vendors and service providers

- 11.6% reduction in Scope 1 and Scope 2 carbon emissions (vs 2019) at KUL*
- 14,915.42 tonnes of carbon emissions avoided from use of solar power in Malaysia
- Renewal of KUL's Airport Carbon Accreditation at Level 3: Optimisation

STAKEHOLDER GROUPS IMPACTED

S2

S6

S1

S2

S3

S7

S1

S2

S3

S5

S2

S4

S8

S11

S2

S6








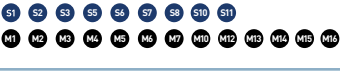








OUR STRATEGY

Malaysia Airports realigned its strategies in 2023 to focus on improving passenger experience. Leveraging on the Group's strengthened financial and operational foundations, Malaysia Airports is now primed to unlock a great airport ecosystem.

Prior to this in 2022, Malaysia Airports was focused on navigating post-pandemic challenges and opportunities. The Group returned to profitability as a lean and resilient entity, demonstrating its ability to capitalise on business opportunities and the sustainability of its cost containment measures.

In light of the Group's enhanced financial performance and improved operating environment in 2023, Malaysia Airports was well positioned to capitalise on growth opportunities to generate value for its stakeholders. Therefore, a 3-Year Strategic Plan (2024 - 2026) was developed, taking into consideration the external environment, risks and opportunities as well as matters that may affect the achievement of strategic objectives and the Group's ability to create value over time.

With the aim of 'Reimagining Passenger Experience', the Group has turned its focus towards elevating the overall passenger experience across its airport network. The implementation and execution of the strategic plan is key to driving sustained long-term value for its primary stakeholders. The 3-Year Strategic Plan (2024 - 2026) is anchored on eight strategic themes:

STRATEGIC THEMES	LINKS
 Reimagining Passenger Experience Establish an exciting and comprehensive programme to improve and modernise our terminal identity, look and feel, and design for greater efficiency and an enhanced passenger journey	
 Enhancing Airline and Hub Connectivity Attract reputable carriers to operate into Malaysia, enhance accessibility, and strengthen connectivity to the West, West Asia and India to support KUL's growth as a regional hub	
 Rejuvenating Commercial and Retail Enhance the non-aeronautical business through the revitalisation of commercial offerings and spaces at airports including the rejuvenation of the Eraman brand and outlets	
 Accelerating Off-Terminal Opportunities Create economic value through the synergistic airport-aeropolis ecosystem development at KLIA Aeropolis, KLIA's Aeronautical Support Zone and Subang Airport	
 Penang International Airport (PEN) Terminal Expansion Project Expansion of PEN or Northern Getaway Development (NGD) Project outlines the terminal, aviation facilities and public infrastructure expansion whilst tapping on commercial opportunities at airside and landside	
 Strengthening International Business Strengthen business performance by improving connectivity and elevating passenger experience in Istanbul Sabiha Gökçen International Airport (SAW)	
 Commitment to ESG Integrate Environmental, Social and Governance (ESG) practices throughout the Group's businesses to create and deliver long-term value to its stakeholders	
 Focusing on Execution Boost organisational resources and capabilities to effectively facilitate the implementation of the key People Agenda	

OUR STRATEGY



REIMAGINING PASSENGER EXPERIENCE

Establish an exciting and comprehensive programme to improve and modernise our terminal identity, look and feel, and design for greater efficiency and an enhanced passenger journey.

Key Activities that Created Value in 2023

Introduced new airport services for a more seamless and enhanced passenger journey

- Implemented premium bus shuttle service and lounges for business and first class passengers.
- A very significant number of new Retail, Food & Beverage outlet openings; described in more detail in the Rejuvenating Commercial and Retail section on pages 49 to 50.
- A number of simple uplifts to the ambience in KUL Terminals 1 and 2; a Welcoming Wall at kerbside arrival area, vibrant local art showcases and performances through RUANG@KUL and RENTAK@KUL, free buggy services as well as the Aero FastTrack paid service.

Adopted the latest airport technology innovations

- Self-Service Bag Drop, Self-Service Check-In and biometric facial recognition system at KUL.
- Service Ticketing Automation & Resolution (STARdesk), our new digital platform which integrates customer feedback from various electronic and social media channels for a speedy response and resolution.
- Upgraded passenger Wi-Fi at KUL to the latest Wi-Fi 6 standard to provide faster and seamless connectivity.

Short to Medium Term Focus

- Embark on Terminal Identity, Modernisation and Efficiency 2026++ (TIME26++), for four key passenger segments namely Economy Passengers, First and Business Passengers, Passengers Requiring Assistance (reduced mobility, families with children, elderly) and Group Passengers
 - While covering all our airports, it will have a focus on KUL to prepare for Visit Malaysia Year 2026
 - To improve the passenger's experience, new products and services will be delivered through six work streams:
 - Redesign and Refurbish
 - Ambience & Entertainment
 - Fixing the Basics
 - New Services
 - Seamless Journey
 - Digitalisation
 - Redesign and Refurbish: Redesigning passenger flow, throughput capacity, interior design and wayfinding with the outcome of a warm arrival and departure statement that promotes an efficient, modern and easy to use experience at five critical touch points namely:
 - Check-in Hall
 - Immigration Departure
 - Immigration Arrival
 - Baggage Reclaim
 - Arrival Hall

OUR STRATEGY



REIMAGINING PASSENGER EXPERIENCE

Short to Medium Term Focus

- **Ambience & Entertainment:** Curated Malaysia Cultural Heritage programmes all year round with local art and culture communities via cultural performances, exhibitions, festive celebrations as well as bespoke Malaysia motive decorations to promote Malaysian culture and heritage.
 - **Fixing the Basics:** Continuous facility upgrades to further uplift facility standards such as new and lighter airport trolleys, upgrading of airport seats with charging ports and improvement of airport wayfinding signages.
 - **New Services:** New product offerings to elevate passengers experience through the airport for the following segments
 - **Family with Children:** Designated parking closer to the terminal, installation of kids playground, dedicated family with children lanes through the airport.
 - **Group Travellers:** A dedicated group check-in terminal to facilitate group processing and needs.
 - **Premium Travellers:** Private premium terminal and private car service to aircraft and arrival providing personalised travel experience.
 - **Seamless Journey:** Redesign processing touchpoints namely check-in, security screening and immigration to reduce queue times thus increase dwell times for passengers to relax, shop and dine at the airport.
 - **Digital Experience:** Drive the Self-Service Check-In and Self-Service Bag Drop systems adoption by establishing strategic partnerships with key airlines and extend Self-Service Bag Drop across all our international airports.
- 2) Complete the interim phase of the Subang Airport Regeneration Plan which will double the terminal capacity from 1.5 million passengers per annum (mppa) to 3 mppa.

Key Performance Indicators

		FY2023	FY2022
Operational			
Airport Service Quality (ASQ) Score	KUL	4.99	4.99
	LGK	5.00	5.00
Digitalisation			
MYairports Total Active Users	MY	56,833	20,687
STARdesk Complaints Resolution Rate (%)	MY	93.4	Nil*

* STARdesk officially launched in May 2023

Links to :

Capitals:



Stakeholders:



Material Matters:



OUR STRATEGY



ENHANCING AIRLINE AND HUB CONNECTIVITY

Attract reputable carriers to operate into Malaysia, enhance accessibility, and strengthen connectivity to the West, West Asia and India to support KUL's growth as a regional hub.

Key Activities that Created Value in 2023

Catalysed traffic recovery and enhance network connectivity through strategic collaboration with airlines and other stakeholders

- Collaborative efforts with stakeholders to enhance Malaysia's appeal as a destination:
 - Became a member of the Matching Grant Evaluation Committee (Penilai Geran Sepadan Penerbangan Antarabangsa dan Charter - GSPC) under Tourism Malaysia to evaluate proposals by airlines to ensure tourism promotion strategies are aligned.
 - Joint pursuit and strategic collaboration with State Tourism Offices i.e. Penang Global Tourism to attract Qatar Airways to resume their services into PEN by showcasing the market potential and demand for air travel.
 - The creation of the National Air Connectivity Development Committee (NACDC) spearheaded by the Ministry of Transport (MOT) in collaboration with key industry stakeholders aimed at bolstering connectivity into Malaysia.
- The Group network of airports has seen encouraging signs of increasing air travel demand with annual passenger traffic and capacity recovery in FY2023 reaching 84.6% and 88.5% of 2019 levels respectively:
 - Commencement of ten new international services into KUL (Shenzhen Airlines, Super Air Jet, TransNusa, SalamAir, Sichuan Airlines, Xiamen Air, Air China), BKI (T'way Air), KCH (Indonesia AirAsia) as well as PEN (Xiamen Air).
 - Resumption of daily services by Qatar Airways into PEN and several Chinese carriers into Malaysia i.e. Air China into KUL, China Southern Airlines into BKI and PEN, following relaxation of travel restrictions by the Chinese government.
- To foster traffic rebound and growth, two incentive programmes are in place:
 - Launch of the new Airline X-celeration Programme in January 2023 aimed to incentivise airline partners to diversify their network offerings by introducing new services.
 - Continuation of the Special Incentive Programme introduced in July 2022, geared towards expediting airlines' operational plans and enhancing hub capabilities through collaborative efforts.

Short to Medium Term Focus

- 1) Strengthen Western Connectivity by leveraging on KUL's strategic location and actively engaging key oneworld carriers to establish operations into KUL. This effort will be supported by an enhanced incentive programme to attract and retain these carriers.
- 2) Enhance West Asia Network Expansion from Malaysia by capitalising on the growth of West Asian and Middle Eastern carriers' mega hub network.
- 3) Pursuit of India-based carriers into the Group's airports, leveraging on India's promising market potential.
- 4) Continuous collaboration with Tourism Malaysia and State Tourism offices by actively engaging key airlines along with NACDC's support.
- 5) Hosted Routes Asia 2024 in LGK in February 2024 together with Tourism Malaysia. This event brings together airlines, airports and tourism authorities to drive Asia Pacific's air service development and continue to fuel the region's aviation recovery. Besides serving as a networking and knowledge sharing platform, we believe that we will be able to enhance our visibility, strengthen our relationship with key industry partners and position ourselves as a leader within the industry.

OUR STRATEGY



ENHANCING AIRLINE AND HUB CONNECTIVITY

Key Performance Indicators

		FY2023	FY2022
Operational			
Passenger Movements (million)	MY	81.9	52.7
Commercial Aircraft Movements	MY	685,323	549,473
No. of Airlines (excluding full freighters)	MY	72	66

Links to :

Capitals:



Stakeholders:



Material Matters:



OUR STRATEGY



REJUVENATING COMMERCIAL AND RETAIL

Enhance the non-aeronautical business through the revitalisation of commercial offerings and spaces at airports including the rejuvenation of the Eraman brand and outlets.

Key Activities that Created Value in 2023

Increased operational occupancy of commercial spaces in line with the air traffic recovery in Malaysia

- Accelerated the opening of outlets to achieve an operational occupancy rate of 81% at the end of 2023 from 55% in Q1 2023, enabled by 'E-Procure', an online tender process to reduce lead times for the tender process as well as the establishment of a 'Fit In-Fit Out' team to assist tenants with the renovation of the premises.

Elevated the retail and food and beverage (F&B) landscape of airports in Malaysia with the opening of new brands as well as refreshed outlets to provide an exciting shopping and dining experience for passengers

- Opening of new outlets at KUL Terminal 1 including Jamie Oliver's Pizzeria, Taco Bell, Illy Café, Hard Rock Café, and local champions i.e. Jibby Chow, Serai, Flight Club Signature and Kitchen by OpenHouse. Several outlets underwent refreshed new looks i.e. Burger King, Noodles Signature, Starbucks and O'Briens.
- Opening of new outlets at KUL Terminal 2 including Din by Din Tai Fung, The Refinery, KREATE, Ahh-Yum, Taste of India, Jollibee, Subway, The Coffee Bean & Tea Leaf and Starbucks.
- Launched McDonald's, Starbucks and Dunkin' Donuts at BKL, as well as Subway and Noodles at TWU.
- New concepts established for Polo Ralph Lauren, Michael Kors, Bulgari, Tory Burch, TUMI, Sunglass Hut, Kashkha and Gold City featuring enhanced store facades for an elevated shopping experience and ambience at KUL Terminal 1.
- Opening of Lego, Royal Selangor, Bath & Body Works and Victoria's Secret at PEN; as well as Habib Jewels at LGK.
- Established 'Sense of Malaysia' outlets across five international airports in Malaysia including KUL Terminal 2, BKL, KCH, LGK and PEN to showcase the richness of Malaysian culture and heritage featuring local souvenirs, crafts as well as delicacies.

Strengthened Eraman's performance and brand presence with revitalised outlets, improved offerings, expanded partnerships, leveraging on technology

- Launch of Eraman's flagship Duty Free Emporium stores at KUL Terminal 1 Satellite Building, featuring a completely revamped and fresh concept design, self-checkout counters as well as a wide range of products featuring local and international brands.
- Expanded Eraman's retail and F&B segment in Malaysia with the opening of a new chocolate store at PEN, new Burger King franchise outlets at both KUL Terminal 1 and Terminal 2 as well as Singgah, a new in-house brand at KUL Terminal 1.
- Expanded Eraman's partnership with Plaza Premium Group by leveraging on Plaza Premium's loyalty programme 'Smart Traveller' to make available selected Eraman duty free and duty paid products for points redemption by Smart Traveller members.
- Partnered with leading international and local financial institutions such as UOB, Maybank and Mastercard on Eraman's strategic campaigns to drive sales and foster brand loyalty.
- Expanded Eraman's product offerings on shopMYairports, aligning with the Click & Collect initiative.

OUR STRATEGY



REJUVENATING COMMERCIAL AND RETAIL

Short to Medium Term Focus

- 1) Accelerate the opening of more new brands and outlets as part of the Commercial Reset initiative to further raise the retail profile of KUL and other airports in Malaysia, expand the variety of commercial offerings while elevating the shopping and dining experience for passengers.
- 2) Rejuvenate Eraman's outlet concept while selected retail and F&B stores across KUL and other airports in Malaysia to undergo brand refresh.
- 3) Enhance Eraman's outlet digitalisation with self-service checkout at main stores, system automation, collaboration with brands for interactive digitalisation, contactless technologies as well as focus on digital marketing.

Key Performance Indicators

		FY2023	FY2022
Performance Indicator			
Non-Aeronautical Revenue (RM million)	Group	1,894.9	1,206.5
Retail Sales of Duty Free and Non-Dutiable Goods Revenue (RM million)	Eraman	571.1	262.4

Links to :

Capitals:



Stakeholders:



Material Matters:



OUR STRATEGY



ACCELERATING OFF-TERMINAL OPPORTUNITIES

Create economic value through the synergistic airport-aeropolis ecosystem development at KLIA Aeropolis, KLIA's Aeronautical Support Zone and Subang Airport.

Key Activities that Created Value in 2023

Unlocking KLIA Aeropolis and driving Malaysia Airports' renewable energy (RE) roadmap

- Secured approval-in-principle of the Pindaan Kebenaran Merancang (Planning Approval) for KLIA Aeropolis from Majlis Perbandaran Sepang (Sepang Town Council) in January 2024.
- Established a strategic partnership for a 30MW Solar Photovoltaic project on a 166-acre site, expandable up to 60MW, to power KUL. This would be amongst the largest solar farms for self consumption. Upon the initial phase launch, ratio of solar to the energy mix for KUL will surge from 4.2% currently to 22.4%, with solar contributing up to 72% during peak hours.

Catalysed economic growth at SZB

- Secured approval of the Pindaan Kebenaran Merancang for Subang Airport Regeneration Plan (SARP) from Majlis Bandaraya Shah Alam (Shah Alam City Council) pertaining to the Business Aviation and Aerospace segment in January 2024.
- Enhance SZB's credibility through undertaking infrastructure and facilities developments to facilitate the SARP development, tailored to the Business Aviation and Aerospace segments. This solidifies SZB as the 'Preferred Aerospace and Business Aviation hub' in the region.

Short to Medium Term Focus

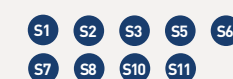
- 1) Catalyse phase 1 of Aeropolis Industrial Park of 200 acres, positioning it as the regional hub for air-centric and high value industries by attracting leading global aerospace and high-tech firms to establish operations.
- 2) Elevate KUL's appeal by injecting vibrancy, drawing visitors and creating a population base, whilst prioritising RE and green initiatives at Aeropolis Resort City, an integrated leisure-commercial destination. This strategic focus aligns with Visit Malaysia 2026.
- 3) Propel progress in the Business Aviation and Aerospace Ecosystem Zones within SARP with rigorous detailed design, strategic planning, streamlined infrastructure works and timely facilities development. This supports:-
 - Completion of Dassault Aviation's ExecuJet MRO Facility, set to be operational in 2024.
 - Completion of Collins Aerospace' MRO Build-to-Suit Facility, expected to be operational by 2024.
 - Further growth stimulation within the industry ecosystem with a ready-built multi-tenanted facility for regional operators requiring smaller footprint.
- 4) Maximise land utilisation at SZB through the development of two plots, prioritising global anchors, including Business Jet original equipment manufacturer (OEM)-owned maintenance, repair and overhaul (MRO) facilities and international Business Aviation charters.
- 5) Complete relocation of DHL from SZB to KUL by April 2024. The new KUL gateway will be DHL Express' first fully auto-sort gateway in Malaysia, increasing processing capacity by >400%. This reinforces KUL's link to the global logistics network.

Links to :

Capitals:



Stakeholders:



Material Matters:



OUR STRATEGY



PENANG INTERNATIONAL AIRPORT (PEN) TERMINAL EXPANSION

Expansion of PEN or Northern Getaway Development Project outlines the terminal, aviation facilities and public infrastructure expansion whilst tapping on commercial opportunities at airside and landside.

Key Activities that Created Value in 2023

Expansion PEN’s terminal capacity from 6.5 million passengers per annum (mppa) to 12 mppa to accommodate the increase of passenger traffic

- Secured approval from Cabinet of Malaysia in February 2023 with a favourable capital recovery mechanism, to pursue the expansion and upgrade plans for PEN.
- Secured approval for the Planning, Design Management and Pre-Construction process including project feasibility study as well as permits from relevant authorities and agencies.

Short to Medium Term Focus

- Commence the procurement process to start the overall project including the pre-qualification, tendering, and appointment of the service providers.
- Embark on project implementation, to be carried out in three packages namely Ancillary Works, Apron and Facilities Works as well as Main Terminal Works and Associated Works.
- Commence of the physical construction works in Q3 2024.

Key Performance Indicators

Performance Indicator	Future State	Current State
Terminal Capacity (mppa)	12.0	6.5
Total Gross Floor Area (GFA) (sqm)	115,672*	54,582
Aircraft Stands (nos)	28**	16
Terminal Car Park Lots (lots)	3,623	2,324

* GFA inclusive of 20% commercial space

** Operational aircraft stands inclusive of six remote bays

Links to :

Capitals:



Stakeholders:



Material Matters:



OUR STRATEGY



STRENGTHENING INTERNATIONAL BUSINESS

Strengthen business performance by improving connectivity and elevating passenger experience in Istanbul Sabiha Gökçen International Airport (SAW).

Key Activities that Created Value in 2023

Drove aeronautical and non-aeronautical revenue through improved business performance and operational efficiencies.

- Opening of SAW’s second runway in December 2023 to enhance airside operations and terminal capacity with 80 landings and take-offs per hour.
- Expanded SAW’s network by introducing diversified network routes with 12 additional international destinations to Plovdiv, Rhodes, Mytilene, Amman, London-Heathrow, Kazan, Podgorica, Al-Qassim, Alexandria, Kutaisi, Dortmund, and Birmingham.
- Secured the commencement of two new airlines operating into SAW namely British Airways and Royal Air Maroc.
- Sustained partnerships with HMSHost, a leading global restaurateur travel experience company, with the launch of four new F&B stores and the renewal of 22 existing stores in SAW.

Elevated the passenger journey experience at SAW

- Enhanced the ambience, amenities and service quality by maximising the seating areas, installing 25 charging stations across the terminal, adding more screening devices at the immigration areas, and refurbishing passengers’ washrooms.
- Launched ‘SAW Care’ hotline, an enhanced Customer Relationship Management platform to manage passenger inquiries and complaints holistically.
- Introduced a digital solution namely XOVIS, a passenger flow management system to monitor and manage crowd movements at the terminal.
- Implemented a smart parking system for passengers who use the long-term parking subscription and complimentary services at SAW.
- Implemented ‘E-Translator’, a real-time language translation that provides a language accessibility to passengers and to ensure effective communication across language barriers, which has also been awarded as the ‘Aviation Technology Project of the Year’.
- Recruited additional terminal inspection officers and dedicated ‘Ask Me’ personnel to ensure passengers experience good service quality, a seamless journey as well as an improved customer experience.

Short to Medium Term Focus

- Attract new airlines and destinations through targeted marketing in the Europe, Middle East and Africa (EMEA) as well as the Commonwealth of Independent States (CIS) region.
- Create new slots for Middle Eastern and cargo carriers through partial or fully removal of runway closure period.
- Embark on terminal capacity expansion by undertaking various terminal decongestion projects to improve passenger processing time by approximately 20%.
- Commence the second phase of the car park expansion project, adding 650 parking spaces and the third phase to follow with 800 more parking spaces by summer 2024.
- Upgrade technology infrastructure to improve free Wi-Fi access.
- Enhance retail business via reconfiguration of the Duty-Free stores for increasing dwell time.

OUR STRATEGY

STRENGTHENING INTERNATIONAL BUSINESS

Key Performance Indicators

Performance Indicator		FY2023	FY2022
Passenger Movements (million)	SAW	37.6	31.2
Commercial Aircraft Movements	SAW	222,250	195,388
No. of Airlines	SAW	45	44
Aeronautical Revenue (RM million)	SAW	1,056.8	789.3
Non-Aeronautical Revenue (RM million)	SAW	680.8	520.3

Links to :

Capitals:

F M I H S N

Stakeholders:

S1 S2 S3 S5 S7

Material Matters:

M1 M2 M3 M4 M12



OUR STRATEGY

COMMITMENT TO ESG

Integrate Environmental, Social and Governance (ESG) practices throughout the Group's businesses to create and deliver long-term value to its stakeholders.

Key Activities that Created Value in 2023

Launched the Group's 'net-zero carbon emissions by 2050' goal which aims to reduce the environmental impact of the Group's business activities

- Launched the Environmental Masterplan 2.0 which sets out the Group's environmental policies, targets and roadmaps from 2023 until 2030 as the first phase of the net-zero journey and activated the Environment Task Force to streamline the initiatives, reporting and engagements with relevant stakeholders.
- Secured a six-month subscription for February-July 2023 for low carbon or 'green electricity' from Tenaga Nasional Berhad (TNB) under TNB's Green Electricity Tariff programme.
- Expanded the solar power programme through the installation of solar photovoltaic panels at BKI in 2023, leading to a total solar power capacity of 22.5 MWp at six airports nationwide.
- Launched Malaysia's first Electric Ground Support Equipment (e-GSE) infrastructure through collaboration with Malaysia Aviation Group (MAG).

Valued the relationship with employees by creating an inspiring workplace that promotes diversity, development, safety and transparency

- 40% of the total Board members and 34.3% of the total Group's workforce are female.
- Continued broadcast of OSH alerts across the Group to increase awareness among staff, particularly to provide information on communicable diseases as well as safety and health guidelines.

Promoted sound governance practices and integrity culture

- Launched Cybersecurity Acceleration Programme 2.0 to safeguard and strengthen the organisation against cyber threats and attacks.
- Continued roll out of ISO 37001: 2016 Anti-Bribery Management Systems across the Group, with MA Niaga and UTW as the newly certified subsidiaries in 2023.

Short to Medium Term Focus

- 1) Establish KUL Electric Vehicle Transformation Plan which aims to provide more infrastructure on EV Charging Stations and engagement with Ground Handlers on their fleet transformation.
- 2) Establish a Greenhouse Gas (GHG) data inventory for MASB Airports by conducting GHG Assessments in BKI, KCH, LGK and PEN.
- 3) Drive the Asset Replacement Programme for MA (Sepang) and MASB airports with a focus on energy savings and optimisation through the replacement of lights as well as Air Conditioning and Mechanical Ventilation.
- 4) Utilise the KUL Airport Collaborative Decision Making (A-CDM) Project to monitor and assess operational efficiency for aircraft Landing and Take-Off, with an aim to reduce Scope 3 emissions.

OUR STRATEGY

COMMITMENT TO ESG

Key Performance Indicators

		FY2023	FY2022
Environmental			
Reduction in Scope 1 and 2 Carbon Emissions (%)*	KUL	Nil	11.6%
Energy Consumption (kWh/passenger)	Airports in Malaysia	6.3	8.0
	SAW	1.4	1.6
Solar Power Generated (MWh)	KUL	27,725	19,122
Total Waste Generated (kg/passenger)	KUL	0.13	0.12
Recycling Rate (%)	KUL	3.4	4.4
Cost Savings from Using Green Energy (RM million)	Airports in Malaysia	2.13	1.46
Social			
Community Investment (RM)	Group	29.1 mil	1.1 mil
Occupational Accident Rate			
Incident Rate	MY	1.01	0.45
Frequency Rate	MY	0.40	0.18
Severity Rate	MY	7.31	5.13
Governance			
Employees briefed on anti-corruption policies**	Group	8,350	8,454

* Emissions data is up to FY2022 and is independently verified as part of the renewal of KUL's Airport Carbon Accreditation (ACA) at Level 3: Optimisation in FY2023.

** Management, Executive and Non-Executive

Links to :

Capitals:

F M I H S N

Stakeholders:

S1 S2 S3 S5 S7 S8
S9 S10 S11

Material Matters:

M1 M2 M3 M4 M5 M6 M7 M8 M9 M10
M11 M12 M13 M14 M15 M16

OUR STRATEGY

FOCUSING ON EXECUTION

Boost organisational resources and capabilities to effectively facilitate the implementation of the key People Agenda.

Key Activities that Created Value in 2023

Focussed hiring on core and critical roles to respond to the increasing passenger traffic and improve guest experience at the airports

- Regulatory Compliance being key to our operations, led to the hiring of 142 AVSEC and 55 AFRS personnel respectively across all airports.
- Our enhanced focus on Customer centricity saw the establishment of 52 CEM sector leaders positions at KUL to drive immersion into positive guest experience at the airports.
- Elevated our resources in the Bussing Operations with higher headcount to facilitate and improve bussing experience for passengers at KUL Terminal 1, as efficient connection is core to the passenger experience, right from the touchpoints at the Terminal through the boarding on the plane.

Developed skills and competencies to support talent growth and excellence

- Building a healthy talent pipeline for our young talent is key to the success of our future talent pool, hence we

have participated actively in the MyStep Programme and hired 125 personnel to support workforce needs as well as supporting the national agenda.

- Project Management is central to our operations as we enhance our productivity through meticulous analysis of our processes in our effort for continuous improvement. In 2023, we focussed on capability development targeting on supporting our talent with professional growth through Project Management Professional (PMP)® Certification, which was attended by 27 project managers.
- Developed a signature Leadership Programme, with the main objective of nurturing visionary leaders across our middle management level with 123 Managers and Senior Managers trained on the Malaysia Airports Visionary & Effective Leadership (MARVEL) Programme.

Forged Better Industrial Harmony, Inclusivity & Safety @ Work

- Successfully signed Collective Agreement 10 between the Group and Unions.

Short to Medium Term Focus

- Strengthen resources and build organisational capabilities through hiring of best talents and growing a healthy leadership bench strength with a robust succession planning process in place in developing a strategic talent pipeline. This is mapped to support the efficient execution of our business plans.
- Systematic Workforce planning to resource a productive operating model that is agile to respond to the changing market landscape.
- Continue to enhance the quality of our talent pool with support for talent professional growth and excellence through Project Management Professional (PMP)® Certification for project managers, aligned with the core requirement of our business and operations.
- Embed the fundamentals of having strong leadership skills through the development of the current and future leaders using multiple development channels and intervention. (e.g. talent assessment, training programs, coaching and mentoring, with structured approach to the development of individual development plans (IDP).

Key Performance Indicators

		FY2023	FY2022
Total training hours (hours)	MY	442,027	297,545
	SAW	2,024	6,260
Average total hours of training per employee (hours)	MY	51.0	35.0
	SAW	3.8	12.2

Links to :

Capitals:

F M I H S N

Stakeholders:

S1 S2 S3 S5 S6 S7 S8 S11 S10

Material Matters:

M1 M2 M3 M4 M5 M6 M7 M10 M12 M13 M14 M15 M16

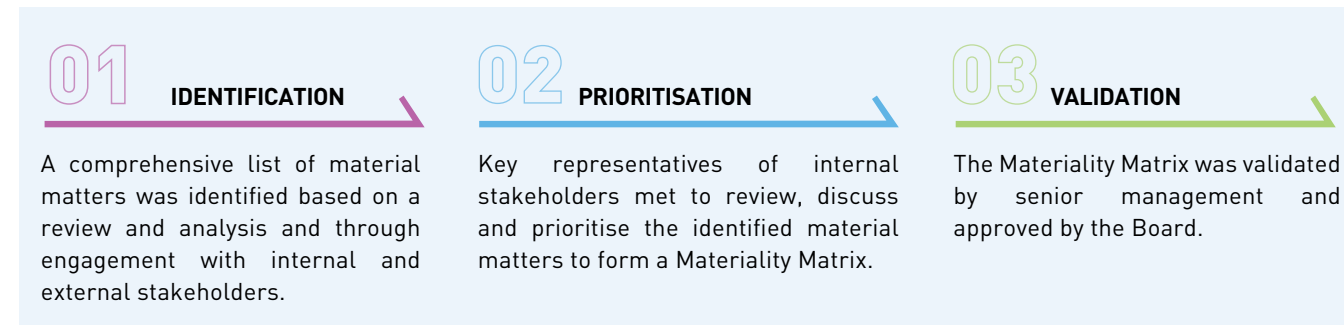
MATERIAL MATTERS

Malaysia Airports together with its stakeholders have identified a set of material matters which are significant to the Group's ability to create value for its stakeholders. While the Group continuously manages and monitors its material matters, we report on the top matters which have significant impact on our value creation model and influence our business strategy and targets.

MATERIALITY PROCESS

Materiality Assessment

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



MATERIALITY MATRIX

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

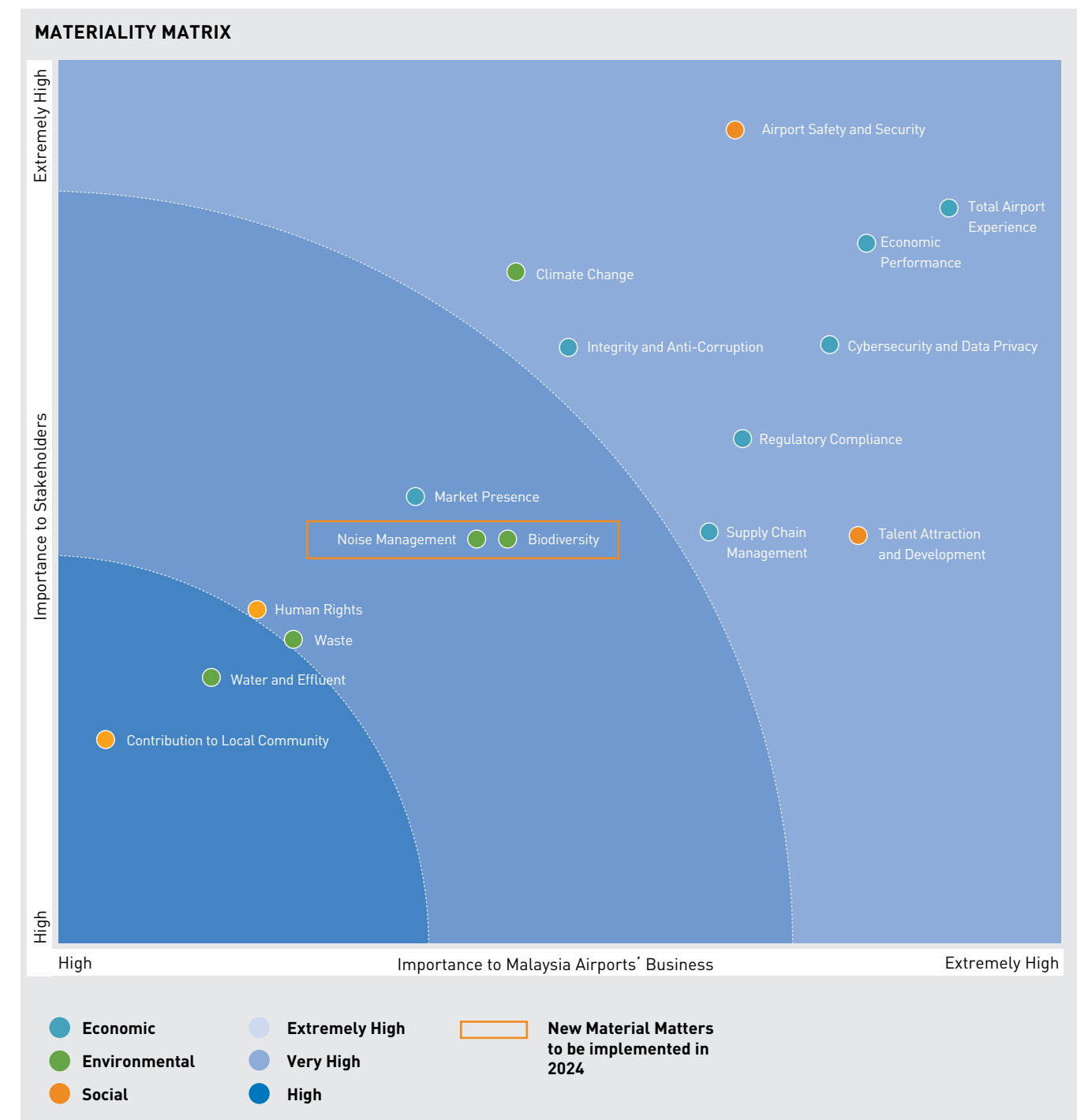
REVIEW OF MATERIAL MATTERS IN 2023

In 2023, Malaysia Airports started to refresh the Materiality Matrix in line with our commitment to address evolving challenges arising from changes in the operating environment and to align our strategic priorities with stakeholders' concerns. Two new material matters, noise management and biodiversity, have been identified as a result of the review.

Following the review of key stakeholders for the Group, a workshop was organised to determine the material matters for the Group moving forward. At the workshop, an inventory of material matters was presented to the stakeholders to facilitate a prioritisation exercise. The stakeholders then prioritised the material matters by ranking the importance of each item as well as the impact of each matter on them.

Based on the prioritisation exercise, the Group developed a refreshed Materiality Matrix as depicted below which was then validated by the senior management and approved by the Board Sustainability Committee.

MATERIAL MATTERS



MATERIAL MATTERS

M1 TOTAL AIRPORT EXPERIENCE

Total Airport Experience refers to matters impacting the experience of our passengers as they journey through the airports that we manage. This encompasses Malaysia Airports' efforts in managing airport capacity, enhancing service quality, digitalisation of airport services and transportation and connectivity for the convenience and comfort of our passengers. This Material Matter will be discussed below under four separate headings for clarity – Airport Capacity, Airport Service Quality, Digitalisation, and Transport and Connectivity.

STAKEHOLDERS INVOLVED

S1 S2 S3 S4 S5 S7 S9

CAPITALS AFFECTED AND TRADE-OFFS:

F I S F H
 ⊕ ⊕ ⊕ ⊖

LINK TO STRATEGY AND KEY ENABLERS

- Reimagining Passenger Experience
- Enhancing Airline and Hub Connectivity
- Rejuvenating Commercial and Retail
- Penang International Airport (PEN) Terminal Expansion Project
- Focusing on Execution

LINK TO UN SDGS



HIGHLIGHTS

AIRPORT CAPACITY

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

Airport expansion projects

In 2023, there were four on-going expansion projects to increase the capacity of the airports namely:

- KBR from 1.5 million passengers per annum (mppa) to 4 mppa. The expansion works is progressing and is scheduled to be completed in early 2025.
- PEN from 6.5 mppa to 12 mppa. Cabinet and other approvals have been obtained, and in March 2024, Malaysia Airports announced a pre-qualification exercise to appoint contractors for the project.
- SZB from 1.5 mppa to 3.0 mppa. The Subang Airport Regeneration Plan was approved by the Government in 2023, and renovation works are in progress to enable jet operations to commence at the airport in 2024.
- TWU from 1.5 mppa to 3.0 mppa. The allocation for the upgrading of the airport was approved in 2023.

Terminal optimisation projects

Terminal optimisation projects are on-going at BKI, IPH and TOD to optimise the capacity of the existing facilities.

KEY PERFORMANCE INDICATORS AND TARGETS

The current capacity of all airports under the Group is shown in the section 'Where We Operate' on pages 8 to 9.

MATERIAL MATTERS

M1 TOTAL AIRPORT EXPERIENCE

DIGITALISATION

Digitalisation refers to the digital framework encompassing enhancement, capacity development and digital innovations across Malaysia Airports' operations including terminal optimisation, operational efficiency, revenue generation, regulatory compliance and health protection. In the face of the Industrial Revolution 4.0, it is crucial to ensure up-to-date technologies are used to improve efficiency, reduce human error and to redirect resources to critical areas of operations.

HIGHLIGHTS

Airport Collaborative Decision Making (A-CDM) at KUL

The project will enable aviation players at KUL to access and share real time data, collaborate to improve planning and operational efficiency as well as optimise resources and capacity. The Operational Readiness and Airport Transfer (ORAT) for the A-CDM commenced in November 2023. The system was launched in March 2024.

Self-Service Bag Drop rolled out

The Group launched Self-Service Bag Drop at KUL in May 2023, a self-service bag check system which lets passengers check-in their baggage faster and more efficiently, taking only 45 seconds to check-in each bag.

This self-service option allows passengers to directly drop their baggage, elevating their experience, improving airport operations and enabling faster passenger processing. This initiative was successfully rolled out in May 2023 at the KUL Terminal 1 with six units at the Row B check-in counter following an official launch with Malaysia Airlines. In future, Malaysia Airports will expand the availability of Self-Service Bag Drop at KUL Terminal 1 and Terminal 2 in 2024 and other international airports from 2025 until 2027.

Self-Service Check-In

The Self-Service Check-In system underwent enhancements commencing in October 2023, transforming from a single-function enrolment kiosk to a dual-function system that includes both check-in and enrolment capabilities. Additionally, it has integrated biometric features with the Self Service Bag Drop system where enrolled passengers can simply scan their faces to facilitate the baggage drop process. Malaysia Airlines, located at KUL Terminal 1, has successfully utilised this upgraded version and kiosk. The adoption of this innovation has led to a gradual increase in utilisation, due to its expanded functionalities. This is a truly transformational initiative that focuses on delivering a seamless passenger experience, optimising operational efficiency, embracing digital capabilities, and fostering collaboration. Malaysia Airports has been recognised by the IDC Future Enterprise Awards 2023 as the Winner for the Best in Future of Customer Experience for the Seamless Journeys through the MYairports App.



MATERIAL MATTERS

M1 TOTAL AIRPORT EXPERIENCE

HIGHLIGHTS

STARdesk

Successfully launched the STARdesk system in May 2023 to encourage passengers to submit their feedback through the MYAirports mobile app regarding issues that they encounter at the airport. By implementing this centralised ticketing system and streamlining processes, Malaysia Airports has enhanced response times, communication, and issue resolution, resulting in higher customer satisfaction levels as indicated by key metrics such as Net Promoter Score and Customer Satisfaction. The project also focused on gaining deeper insights into customer needs and preferences through analytics and data management, allowing for personalised experiences.

SMARTQ

The Smart Queue Monitoring System, equipped with 3D IoT sensors, serves as a digital solution for efficiently tracking passenger flow, queue length, process and waiting times, data analysis and people movement at the airports. It was successfully implemented in September 2023. The ability to monitor passenger queue management at airports empowers the operations team to oversee and enhance the overall passenger journey experience. The system also facilitates airports in meeting MAVCOM requirements by providing reporting and passenger flow data.

Airport Integrated Safety & Security System (AIS3)

The project is still in implementation mode and target to complete by Q3 2024. As part of our effort to future-proof safety and security, this project embarked in 2022 to modernise its security systems and infrastructure with Artificial Intelligence (AI) technologies while complying to the latest local and international standards and policies. Continuous deployment and enhancement of AI and Video Analytics to ensure higher accuracy and larger coverage of the use cases and adding more use cases in the future for better surveillance and outcome.

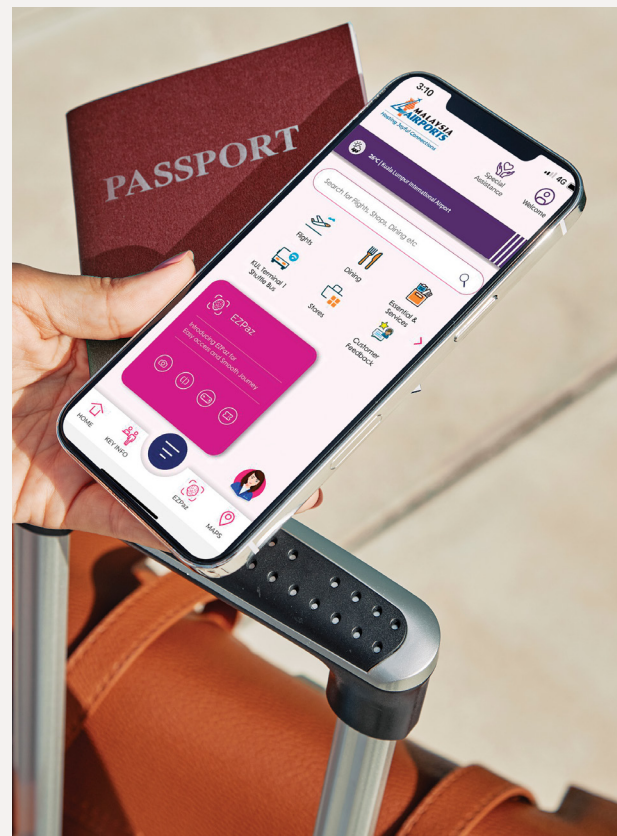
Internet of Things (IoT) Platform

The project was implemented in 2023 to monitor the status and location of all the buses at near real-time accuracy by using Internet of Things (IoT) technology. It provides our Management and operations teams an informative dashboard and for passengers, it provides information on buses and other key matters at the terminals as the platform is integrated with

the MYairports app and digital displays at strategic locations in KUL Terminal 1. The project started in May 2023 and completed in Dec 2023 while the digital display integration is expected to go live in mid-2024.

Technology refresh for KUL and SAW

The Wi-Fi technology at KUL was upgraded to the latest Wi-Fi 6 standard. This improves the passenger experience and ensures faster, seamless connectivity. The availability of fast and reliable Wi-Fi also encourages the use of our mobile app, MYairports, which was also enhanced during the year. At SAW, we began providing free Wi-Fi throughout the airport to enhance the overall passenger experience, increase satisfaction and build loyalty. The airport's mobile app was also upgraded to enable passengers find their luggage, check their car park status, make e-payments for car parking.



MATERIAL MATTERS

M1 TOTAL AIRPORT EXPERIENCE

HIGHLIGHTS

Moving forward

Among the key focus areas is the strategic integration of cloud-based multi-airport Flight Information Display System (FIDS) and Resource Management System (RMS) for holistic airport management. In our operations in Malaysia, we manage international and domestic airports on a network basis, and hence, they vary in terms of passenger volume, profitability, digital maturity and other characteristics. Nevertheless airports require modernisation commensurate with their level of activity and economic magnitude. The right business model is therefore crucial to achieve the value of digital solutions.

As such Malaysia Airports is examining 'common use' facilities for better control and management of their assets, such as counters, gates, the baggage handling systems, telephone systems and information display systems, which aim to benefit the economics of the airports. In every aspect of today's airport terminal, the advantages of utilising technology properly are becoming increasingly apparent.

In the network of 39 airports in Malaysia, 21 are equipped with FIDS while the remaining STOLports rely on manual systems.

Currently the FIDS at the 21 airports is provided by several vendors offering a variety of products. Moving forward, the Group is planning to design and construct a new architecture for a cloud-based system for FIDS and RMS which will be hosted in the public cloud and readily accessible for other operational requirements. A cloud-based platform offers an optimal setting for the integration, facilitation, and exchange of data and collaboration. By integrating these systems, airports can improve resource utilisation, minimise delays, and enhance the overall efficiency and passenger experience.

The implementation of cloud-based multi-airport FIDS and RMS will be conducted in stages by the airport. The FIDS application must first be deployed at KUL in order to leverage the FIDS software framework at our main hub. By utilising the FIDS framework in conjunction with a subscription model at KUL airport, it is possible to optimise the design and architecture of FIDS without the necessity of creating new FIDS for every other airport in Malaysia, thereby creating a sustainable framework for modernising the airports and ensuring that the benefits of digital solutions are distributed equitably across the network.

KEY PERFORMANCE INDICATORS AND TARGETS

Key Performance Indicators	2023	2022	2021
Total active users			
MYAirports	56,833	20,687	5,992
shopMYairports	11,435	10,139	4,764

MATERIAL MATTERS

M1 TOTAL AIRPORT EXPERIENCE

TRANSPORTATION AND CONNECTIVITY

Transportation and Connectivity refer to ground transportation and network connectivity that link our airports to passengers, employees, airlines, visitors and suppliers within, to and from the airport. Good ground connectivity streamlines the passengers' airport experience before they even set foot at the airport premises as the ease of getting to the airport is an important factor. The more convenient their journey to the airport, the more likely they will use it. In terms of network connectivity, with more connections available to passengers, they are able to enjoy the convenience of a greater number of options for their journey and potentially benefit from more competitive pricing.

HIGHLIGHTS

Connectivity for airports in Malaysia

Connectivity for airports in Malaysia continues to improve. In 2023, encouraging traffic demand coupled with the resumption and the launch of new airlines has contributed to a 9.1% increase in airlines operating within Malaysia Airports' network of local airports to 72 airlines from 66 airlines in 2022.

At SAW, at the end of 2023, there were 45 airlines flying into the airport, which was 76% of the pre-pandemic number of 59 airlines.

Multi-storey carpark at PEN

The newly constructed seven-storey carpark at PEN Airport opened for public use in April 2023. The new facility enhances the availability of parking for motor vehicles by providing 1,742 car parking bays including 22 for the disabled, and 660 bays for motorcycles.

Ground network in Malaysia

The Group has maintained the existing transportation and connectivity network that enables passengers to get to the airports easily. For our main hub at KUL, this includes the Express Rail Link, bus and taxi services, as well as road connectivity for private vehicles through multiple highway links. E-hailing services are also a popular mode of transportation to the airport.

Ground connection to SAW

The metro rail line linking SAW to downtown Istanbul which began operations in 2022 provides a fast and convenient connectivity for passengers. SAW is also well connected to downtown Istanbul via highways and is serviced by public transportation including taxis, rental cars, buses and private shuttle buses.



MATERIAL MATTERS

M1 TOTAL AIRPORT EXPERIENCE

AIRPORT SERVICE QUALITY

Airport Service Quality refers to matters impacting the experience of our passengers as they journey through the airports that we manage. This encompasses Malaysia Airports' efforts in managing airport capacity, enhancing service quality, digitalisation of airport services and transportation and connectivity for the convenience and comfort of our passengers. This Material Matter will be discussed below under four separate headings for clarity – Airport Capacity, Airport Service Quality, Digitalisation, and Transport and Connectivity.

HIGHLIGHTS

Global leaders in service quality

KUL scored 4.99 out of 5.00 in the Airport Service Quality (ASQ) survey by Airports Council International (ACI), while LGK returned a perfect score of 5.00. This ranked KUL at #9 in the above 40 mppa category while LGK ranked #1 in the 2-5 mppa category.

The scores achieved by both airports in 2021 and 2022, this indicates the sustained consistency of high service quality across all 31 of ASQ's indicators despite annual passenger traffic expanding at KUL and LGK post-pandemic.

Level 2 ACI accreditation for KUL for customer experience

With the increase in passenger movements, it was crucial that passenger experience at our main hub at KUL continues to adhere to international best practice and standards. Hence, in early 2023, Malaysia Airports embarked on ACI's Airport Customer Experience Accreditation (ACEA) programme that builds airports' long-term capacity to enhance customer experience management. By the end of 2023, KUL had made significant progress, with ACI accrediting our airport at Level 2 of the ACEA programme's five levels, reflecting the airport's success in orchestrating a seamless passenger-centric journey to enhance customer satisfaction.

STARdesk electronic feedback management platform

As we recognise the importance of our ability to collect, consolidate and address passenger feedback, we deployed STARdesk, an electronic feedback management platform at KUL, in May 2023 to encourage passengers to submit their feedback through the MYAirports mobile app regarding issues that they encounter at the airport. This enables our customer experience team to validate and respond to passenger feedback within 15 minutes. The feedback received on the platform is also analysed to enable Malaysia Airports to recognise trends, identify common pain points and take proactive action.

Aerotrain replacement project

The replacement of the Aerotrain at KUL Terminal 1, is progressing to complete in 2025. In the meantime, Malaysia Airports has taken multiple steps to enhance the interim Shuttle Bus Service. This includes boosting the capacity of the shuttle bus fleet and to ensure that even at peak periods, there are buses standing by for passengers and that capacity limits are adhered to so that passengers complete the four-minute bus trip in comfort. Recently the Group introduced the Aero FastTrack service, a paid premium option for passengers requiring a swift transfer to or from the Satellite Building. In early 2024, a Premium Shuttle Bus complete with lounge facility for departing and arriving first and business class passengers was also introduced.

Baggage handling improvements

The replacement of the Baggage Handling System (BHS) at KUL Terminal 1 is currently in progress. In the meantime, we launched the Self-Service Bag Drop in May 2023, a self-service bag check system which enables passengers to self-check their baggage in a speedy and efficient manner, taking only 45 seconds to check-in each bag. This reduces queuing time at the airport for passengers. At SAW, the IT and control systems in the BHS were upgraded to enhance accuracy and efficiency in baggage handling.

Expansion of retail, F&B and hospitality outlets

The Group has recruited new retail, F&B and hospitality tenants under its Commercial Reset programme, enhancing the customer experience at the airports. Retail brands that opened new stores include Polo Ralph Lauren, Michael Kors, Bulgari, Tory Burch and TUMI. Airport outlets of F&B brands that opened in 2023 include international chains Din by Din Tai Fung, Hard Rock Café, Jamie Oliver's Pizzeria and Paul Le Café, and Malaysian franchises, AHH-YUM, Grandmama's, Jibby Chow and Kitchen by Open House. In addition, Plaza Premium First and TFS Travel Club Lounge & Bar lounges and the Kepler Transit Hotel welcomed passengers at KUL Terminal 1 in 2023.

MATERIAL MATTERS

M1 TOTAL AIRPORT EXPERIENCE

KEY PERFORMANCE INDICATORS AND TARGETS

Airport Service Quality Ranking and Score

Airport	2023	2022	2021
KUL			
Rank	9	9	1
Score	4.99	4.99	5.00
LGK			
Rank	1	1	1
Score	5.00	5.00	5.00

Airport Service Quality Scores for Key Indicators - KUL

ASQ Score	2023	2022	2021
Courtesy & helpfulness of staff	4.99	4.99	4.99
Comfort of waiting/gate areas	4.98	4.99	4.98
Speed of baggage delivery	N/A	N/A	4.97
Waiting time to check-in	4.98	4.98	4.94
Waiting time at passport check	4.99	4.99	4.98
Ambience of the airport	4.99	5.00	4.98

Type of Feedback Received

Type of feedback	2023	2022	2021
Enquiries	12,423	17,315	12,782
Lost and Found	3,631	2,022	412
Complaints	3,806	1,619	227
Compliments	1,634	561	265
Suggestions	342	205	50
Total	21,836	21,722	13,736

MATERIAL MATTERS

M2 AIRPORT SAFETY AND SECURITY

Airport Safety and Security refers to the anticipation, recognition, evaluation and control of hazards or threats arising in or from the airport. Safety and security are a major concern because the timely and safe passage of our passengers and the well-being of the airport community rely on stringent safety and security measures being in place.

STAKEHOLDERS INVOLVED

S1 S3 S5 S9

CAPITALS AFFECTED AND TRADE-OFFS:

M I H S F
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LINK TO STRATEGY AND KEY ENABLERS

- Reimagining Passenger Experience
- Focusing on Execution

LINK TO UN SDGS



HIGHLIGHTS

Aerodrome Emergency Exercises

Malaysia Airports completed 100% of its 74 scheduled Aerodrome Emergency Exercises. This includes 12 full scale exercises, 11 partial exercises, 24 tabletop exercises and 24 building fire drills. All relevant external stakeholders were included in the exercises, enhancing the knowledge and readiness towards emergency preparedness. One of the full scale exercises was conducted with the National Disaster Management Agency as part of the National Disaster Preparedness Year 2023 at TGG.

Airport Fire and Rescue Service (AFRS) vehicles

Malaysia Airports initiated a three-year programme in 2021 to replace aging AFRS fire vehicles at the airports as the vehicles were reaching their maximum lifespan. In 2023, 17 fire vehicles were replaced at the following airports – AOR (2), BTU (2), IPH (2), KBR (2), LDU, LMN, MKZ, MYY, MZV, SBW, SDK, TGG and TWU.

Training of AFRS personnel

With the rise in air traffic in 2023, Malaysia Airports recruited 55 new personnel to fill AFRS vacancies to maintain requisite levels of AFRS manpower and Rescue and Fire Fighting capabilities. The Group also provided training for eight employees to be certified as AFRS Subject Matter Experts by international bodies.

STOLport security documentation

Documentation for STOLport Security Programmes for five STOLports and STOLport Contingency Plans for seven STOLports were prepared and submitted to CAAM for endorsement in line with applicable regulations.

Airport Safety and Security Initiatives Audits and Assessments

Safety Management Systems Assessments and Security Audits were conducted regularly at airports to assess compliance with Standards and Recommended Practices and to identify areas for potential improvement. In 2023, among the focus areas was the inspection of security equipment, security restricted areas and controlled areas within the airports.

KUL Airside Safety Committee meetings

The committee meets quarterly to discuss safety issues at the airside.

MATERIAL MATTERS

M2 AIRPORT SAFETY AND SECURITY

HIGHLIGHTS

Runway inspections and surveillance

On-site inspections were conducted regularly by the Runway Safety Teams to ensure compliance with runway safety Standards and Recommended Practices (SARPs). In addition, Malaysia Airports continues to deploy the Foreign Object Debris Detection System (FODDS) following the installation of high precision FODDS radars at KUL in 2023. This enhances the accuracy and efficiency of runway safety surveillance as the smallest FOD items such as rice grains, pebbles and wildlife can be swiftly detected.

Wildlife strikes

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

KEY PERFORMANCE INDICATORS AND TARGETS

Key Performance Indicators

	2023	2022	2021
Number of Aerodrome Emergency Exercises conducted	74	72	21
Percentage of targeted safety exercises completed (%)	100	100	100
Number of Safety Management System Certified Airports	18	16	16



MATERIAL MATTERS

M3 ECONOMIC PERFORMANCE

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

STAKEHOLDERS INVOLVED

S1 S2 S4 S6 S7

CAPITALS AFFECTED AND TRADE-OFFS:

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LINK TO STRATEGY AND KEY ENABLERS

- Rejuvenating Commercial and Retail
- Accelerating Off-Terminal Business
- Strengthening International Business
- Penang International Airport (PEN) Terminal Expansion Project

LINK TO UN SDGS



HIGHLIGHTS

Economic value generated

For the financial year ending 31 December 2023 (FY2023), economic value generated by Malaysia Airports Holdings Berhad increased to RM5.4 billion compared to RM3.4 billion in the previous year. Most of the economic value generated were redistributed to our employees, capital providers and the Government. Malaysia Airports Holdings Berhad retained an economic value of RM1.7 billion as a result of the distribution above, which had also increased by 65.1% from FY2022.

KEY PERFORMANCE INDICATORS AND TARGETS

Economic Performance

	2023	2022	2021	Change 2023 vs 2022
	RM' million			%
Economic Value Generated				
Revenue*	5,443.1	3,415.6	*1,883.1	59.4%
Economic Value Distributed				
Operating costs	(1,774.2)	(1,231.8)	(915.8)	44.0%
Employee wages and benefits	(953.5)	(751.4)	(675.7)	26.9%
Payments to providers of capital	(666.3)	(193.6)	(634.1)	>100%
Payments to Government	(357.8)	(214.4)	**190.8	66.9%
Economic Value Retained	1,691.4	1,024.4	(151.8)	65.1%
**Community Investments	29.1	1.1		>100%





* The Economic Value Generated includes revenue, other income and share of results of associates and joint ventures

** Total community investments refer to actual expenditures in the reporting period, not commitments. This includes voluntary donations plus investment of funds in the broader community where the target beneficiaries are external to the organisation.

MATERIAL MATTERS

M4 CYBERSECURITY AND DATA PROTECTION

Cybersecurity and data protection are a key consideration which refers to Malaysia Airports' capabilities in protecting the security and privacy of stakeholders' business information and systems. Airport operations are a national security matter and as processes and transactions are increasingly digitalised and data is shared among airport stakeholders for efficiency and effectiveness of our airports, there are increased risks relating to cyber-related security threats and exposure of data to third parties. As such, cybersecurity is crucial to ensure the data of stakeholders and the Group's own data and digitalised processes are always protected.

STAKEHOLDERS INVOLVED S1 S3 S9	CAPITALS AFFECTED AND TRADE-OFFS: M I F + + -
LINK TO STRATEGY AND KEY ENABLERS <ul style="list-style-type: none">Reimagining Passenger Experience	LINK TO UN SDGS    

HIGHLIGHTS

Malaysia Airports has in place a Cybersecurity Acceleration Programme to safeguard the Group from threats. Following a comprehensive review of the programme, the Group launched the Cybersecurity Acceleration Programme 2.0 to strengthen the organisation against ever-evolving cyber threats and attacks. For our operations in Türkiye, in 2023, we made technology investments to improve and enhance our cybersecurity capabilities.

Enterprise risk assessments

Risk assessments are regularly conducted by all divisions and subsidiaries. The cybersecurity-related risk has been assessed at the corporate level for all systems managed by the Group's IT Division and identified risks will be rectified in ongoing mitigation projects.

Employee Training

As our employees can be a strong line of defence against cybersecurity threats, an online learning programme is conducted quarterly, and all employees must pass the exam quiz to gauge their understanding of all topics they have learned. Cybersecurity posters are also produced quarterly to enhance employees' knowledge on protecting data confidentiality, preserving data integrity and promoting data availability for authorised users.

Operating procedures updates

Malaysia Airports regularly updates applicable Standard Operating Procedures and General Procedures to include cybersecurity security elements for the development and testing team and other related parties. There are also knowledge sharing sessions with all relevant stakeholders on cybersecurity and IT governance.

SAW investments in cybersecurity

Investments in upgrading the airport's cybersecurity capabilities have resulted in better visibility and awareness of cyber threats. In addition, data relating to the attacks is gathered and analysed to enhance protection and to assess and detect future threats. Training for employees is also conducted to increase their awareness on cyber threats. The airport also conducts internal audits, and ensures that corrective and preventive actions are taken to minimise the risk of cybersecurity breaches.

MATERIAL MATTERS

M5 REGULATORY COMPLIANCE

As Malaysia Airports operates within a highly regulated industry, it is imperative that the Group adheres to and complies fully with international and national laws and regulations on aviation as well as regulations promoting environmental, social and governance stewardship.

STAKEHOLDERS INVOLVED S2 S4 S9	CAPITALS AFFECTED AND TRADE-OFFS: M I F + + -
LINK TO STRATEGY AND KEY ENABLERS <ul style="list-style-type: none">Enhancing Airline and Hub ConnectivityRejuvenating Commercial and RetailStrengthening International BusinessAccelerating Off-Terminal OpportunitiesCommitment to ESG	LINK TO UN SDGS    

HIGHLIGHTS

Compliance with all applicable laws and regulations

Malaysia Airports has in place a strong governance structure that emphasises adherence to and full compliance with all applicable laws and regulations that relate to all aspects of our operations.

Compliance with anti-competition laws

Malaysia Airports is governed under the provisions of the Malaysian Aviation Commission Act 2015, specifically Part VII of the Act which deals with competition. As the Malaysian Aviation Commission Act 2015 is excluded from the application of the Competition Act 2010, Malaysia Airports is therefore subject to the guidelines issued by MAVCOM relating to Part VII (Competition) of the Malaysian Aviation Commission Act 2015. No legal action was taken against Malaysia Airports for anti-competitive behaviour, anti-trust or monopoly practices in 2022.

KEY PERFORMANCE INDICATORS AND TARGETS

Key Performance Indicators and Targets

	2023	2022	2021
Number of non-compliance with applicable laws or regulations	None	None	None
Amount of fines or non-monetary sanctions in relation to non-compliance	None	None	None

MATERIAL MATTERS

M6 CLIMATE CHANGE

We address climate change by managing the impact of our business from the use of energy and the emissions associated with the business.

- Energy refers to the consumption and efficient use of electricity and energy generated from renewable and non-renewable sources.
- Emissions refer to the discharge of environmentally hazardous substances and greenhouse gas into the atmosphere such as dust, dark smoke, emissions with metallic compounds, carbon dioxide, methane, nitrous oxide.

STAKEHOLDERS INVOLVED

S1 S2 S9

CAPITALS AFFECTED AND TRADE-OFFS:

F M F N
⊕ ⊕ ⊖

LINK TO STRATEGY AND KEY ENABLERS

- Commitment to ESG

LINK TO UN SDGS



HIGHLIGHTS

Increased Renewable Energy Capacity

In 2023, Malaysia Airports further expanded its solar power programme to achieve a total solar power capacity of 22.5 MWp. This has the potential to reduce Scope 2 carbon emissions by up to 15%.

Malaysia Airports Net Zero 2050 Pathway

The roadmap is a long-term pathway that spans the period of 2023-2050 to reduce the Group's Scope 1, Scope 2 and Scope 3 carbon emissions in a phased and systematic manner. The roadmap includes targets and milestones for each phase which cumulates in net zero Scope 1 and Scope 2 emissions by 2040 and net zero Scope 3 emissions by 2050.

Level 3 ACA accreditation for KUL

KUL's certification at Level 3 'Optimisation' of Airports Council International (ACI)'s Airport Carbon Accreditation (ACA) programme 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.

MATERIAL MATTERS

M7 INTEGRITY AND ANTI-CORRUPTION

Integrity and Anti-Corruption refer to upholding ethics and advocating anti-corruption in our everyday conduct across all levels of dealings in the workplace. Corruption in any form has a negative effect on our business and ability to generate value, and also compromises the trust we enjoy in our relationship with stakeholders.

STAKEHOLDERS INVOLVED

S5 S6

CAPITALS AFFECTED AND TRADE-OFFS:

I H F
⊕ ⊕ ⊖

LINK TO STRATEGY AND KEY ENABLERS

- Commitment to ESG

LINK TO UN SDGS



HIGHLIGHTS

Anti-Bribery Management System

The implementation of the ISO 37001: 2016 Anti-Bribery Management Systems (ABMS) is rolled out in stages to cover the Group. Two of the Group's subsidiaries in Cluster 2, namely Malaysia Airports (Niaga) Sdn Bhd and Urusan Teknologi Wawasan Sdn Bhd, successfully received full certification with zero non-conformance recorded.

ABMS training and awareness sessions were also conducted for all subsidiaries to provide information and exposure on ABMS.

Corruption Risk Assessment

A total of 101 corruption risk scorecards for the Group's operations are registered in Malaysia Airports risk scorecard system of which 100% successfully underwent assessments in 2023 for corruption risks and reviews of their internal controls. This excludes the Group's foreign operations in Türkiye and MACS ME.

Lower corruption risk

The Group also successfully conducted a Corruption Risk Assessment Workshop to review the corruption risks as

recommended by the Guidelines on Adequate Procedures pursuant (5) of Section 17A(5) of the Malaysian Anti-Corruption Commission (MACC) Act 2009 which recommends that a comprehensive risk assessment is done every three years, with intermittent assessment conducted when necessary. Guided by the zero-tolerance approach by the Board of Director coupled with Management commitment and various key initiatives implemented in fighting corruption, Malaysia Airports has successfully mitigated its overall corruption risk category from high to medium based on the MACC Risk Assessment in 2023.

Corruption-Free Pledge

The Group's Board of Directors and Management reaffirmed their commitment to maintain a corruption-free workplace, witnessed by the senior members of the MACC. The Corruption-Free Pledge is also circulated digitally across the Group and digitally signed by the employees in the Group to hold each of them accountable and responsible for maintaining a corruption-free workplace within the Group. The Group also provides briefings online and in person on anti-bribery and corruption matters. In 2023, 99.65% of the employees in the Group completed these briefings.

KEY PERFORMANCE INDICATORS AND TARGETS

	2023	2022	2021
Employees briefed on anti-corruption policies*	8,350	8,454	8,943
Number of confirmed incidents of corruption	0	0	0
Number of concerns raised through Whistleblowing Programme	32	6	1

* Management, Executives and Non-Executives

MATERIAL MATTERS

M8 TALENT ATTRACTION & DEVELOPMENT

This refers to our human resource policies and management with reference to three major areas.

- Employment refers to the fair treatment of employees with regard to terms and conditions of employment.
- Training and Education refers to the Group's approach to training and upgrading employee skills, and performance and career development reviews and the management of career endings due to retirement or termination.
- Labour Management Relations refers to our consultative practices with employees and their representatives, including the approach to communicating significant operational changes.

STAKEHOLDERS INVOLVED S5 S11	CAPITALS AFFECTED AND TRADE-OFFS: I F H S ⊕ ⊕ ⊖
LINK TO STRATEGY AND KEY ENABLERS <ul style="list-style-type: none">• Commitment to ESG	LINK TO UN SDGS <div><div>3 GOOD HEALTH AND WELL-BEING</div><div>4 QUALITY EDUCATION</div><div>5 GENDER EQUALITY</div><div>8 DECENT WORK AND ECONOMIC GROWTH</div><div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div><div>10 REDUCED INEQUALITIES</div><div>11 SUSTAINABLE CITIES AND COMMUNITIES</div><div>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</div></div>

HIGHLIGHTS

Fair treatment for employees

Malaysia Airports provides fair treatment to all employees as per terms and conditions of employment. It also complies with the Employment Act 1955 and the Industrial Relations Act 1967. These two laws provide stipulations regarding employment terms and conditions, rights of employees and maintainomg industrial harmony between employers and employees, and where applicable, trade unions.

Sponsorship for degree programme

Collaboration with UiTM to develop employees by providing them with the opportunity to pursue a part time degree in Accounting. It is a five-year course starting in 2021 and to complete by 2025.

ISG-Malaysia Airports Cross Fertilisation Programme

Short term and long term talent exchange programme between employees in Malaysia and Türkiye to enhance their leadership and functional skills.

Pre-retirement planning

Malaysia Airports has implemented a pre-retirement programme to assist employees in preparing for their retirement phase. The programme is designed to provide employees with the necessary support and resources to plan for a smooth transition into retirement. It aims to empower employees to make informed decisions regarding their financial security, health, and overall well being during their retirement years.

MATERIAL MATTERS

M9 SUPPLY CHAIN MANAGEMENT

This refers to procurement practices as well as ensuring that suppliers act in accordance with the Group's policies and procedures, while adhering to good sustainability practices.

- Procurement practices refers to supporting local suppliers at significant locations of operations.
- Supplier environmental assessment refers to the negative environmental impacts either through its own activities or as a result of its business relationships with other parties.
- Supplier social assessment refers to the negative social impacts either through its own activities or as a result of its business relationships with other parties.

STAKEHOLDERS INVOLVED S8	CAPITALS AFFECTED AND TRADE-OFFS: F M F N I ⊕ ⊕ ⊖
LINK TO STRATEGY AND KEY ENABLERS <ul style="list-style-type: none">• Commitment to ESG	LINK TO UN SDGS <div><div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div><div>11 SUSTAINABLE CITIES AND COMMUNITIES</div><div>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</div><div>17 PARTNERSHIPS FOR THE GOALS</div></div>

HIGHLIGHTS

Incorporation of a Sustainability Questionnaire in tender documents as part of the evaluation process to gauge a potential vendor's level of sustainability awareness and the creation of sustainability conscious/friendly database as reference for future vendor selection.

Vendor assessment

Integration of a weighted scoring system into the tender evaluation process.

Immerse yourself in the mesmerising blend of Malaysia's vibrant tapestry right here at our airports, where dining and shopping experiences can be an exquisite adventure through the best Malaysia has to offer



STAKEHOLDER ENGAGEMENT

The airports business operates in an ecosystem involving multiple stakeholders. While each stakeholder has its roles and responsibilities, there is a high level of interdependence among airport stakeholders. Stakeholders often work in tandem to ensure safety, efficiency and service quality across a broad range of airport operations and collaborate to address ESG concerns. As such, stakeholder engagement very much an essential aspect of Malaysia Airports’ business.




Key Stakeholders

In 2023, as part of the initiatives relating to the review of the Group’s Sustainability Framework, we re-categorised our key stakeholders. With this, the Group will streamline engagement with stakeholders and better identify and address their concerns.

As a result, there are 11 categories of key stakeholders of the Group in the airport ecosystem that are both key to the business and are most impacted by our business operations:

Key Stakeholders	Description
 S1 Airlines	The various companies and entities operating within the aviation industry, including commercial airlines, cargo carriers and related service providers.
 S2 Regulatory Authorities	Government bodies or agencies responsible for overseeing and enforcing regulations, standards and policies relating to aviation and airport operations including policy makers and technical regulators.
 S3 Passengers	Individuals who travel through airports either as departing, arriving or transferring passengers.
 S4 Business Partners	Entities with which the airport collaborates in various capacities to support its operations, services and commercial activities. Business partners play a crucial role in enhancing the overall airport experience for passengers and visitors while also contributing to the airport’s revenue generation.
 S5 Employees	Individuals employed within the organisation, spanning from entry-level employees to executives, whose interests and welfare are crucial considerations in organisational planning and decision-making.
 S6 Capital Providers	Entities or individuals who supply financial resources to businesses or projects in exchange for a return on investment.
 S7 Tenants	Businesses, organisations and service providers that operate within airport premises under lease agreements or concession agreements.
 S8 Vendors and Service Providers	Businesses, organisations and service providers that provide essential services and products that keep Malaysia Airports’ operations running smoothly as well as the satisfaction of passengers.

STAKEHOLDER ENGAGEMENT

Key Stakeholders	Description
 S9 Associations and Professional Bodies	Organisations representing specific industries, professions or interests relating to aviation, travel and airport operations. These organisations play a crucial role in the aviation ecosystem by advocating for the interests of their members, promoting industry standards and best practices, and facilitating collaboration and networking within the sector.
 S10 Media	Various communications channels and entities that play a significant role in shaping public perception. Media stakeholders encompass a range of platforms such as newspapers, television networks, radio stations, online new outlets, social media platforms and travel-related publications.
 S11 Local Community	Residents, businesses and organisations located in the vicinity of the airport or those directly impacted by its operations.

Key Stakeholder Engagement

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

Secondly, we are listed on Bursa Malaysia and our shareholders cover a wide range of institutional investors such as Government-Linked investment companies, investment funds, pension funds as well as retail investors, both domestic and overseas, and the Group is covered by a wide range of investment analysts. The Group also maintains close contact with its bond holders and bankers.

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

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

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

As key stakeholder engagement this year is centred around the Group’s transition from recovery to growth, and our renewed focus on passenger experience, the table below focuses mainly on those concerns.

STAKEHOLDER ENGAGEMENT

Material Matters			
M1 Total Airport Experience	M5 Regulatory Compliance	M9 Supply Chain Management	M13 Waste
M2 Airport Safety & Security	M6 Climate Change	M10 Biodiversity	M14 Human Rights
M3 Economic Performance	M7 Integrity & Anti-Corruption	M11 Noise Management	M15 Water Effluent
M4 Cybersecurity and Data Privacy	M8 Talent Attraction & Development	M12 Market Presence	M16 Contribution to Local Community
Frequency of Engagement			
■ Regular ■ Daily ■ Annual ■ Ad-hoc			



AIRLINES

■ Regular meetings and face-to-face discussions ■ Security facilitation meeting		
■ Airline operating committees ■ Foreign carrier airlines meeting		
■ Local carrier airlines meeting ■ Feedback surveys		
Areas of Interest	Our Response	Links to:
Innovation and technology advancement	<ul style="list-style-type: none">Establish partnerships and joint collaboration with strategic airlines to accelerate their operational plans.Introduce Airline X-celeration Programme, a new incentive programme for airline partners (including new, resumption and expansion) to speed up their growth and expansion in Malaysia.Collaborated on implementation of Airport Collaborative Decision Making (A-CDM) at KUL for improved efficiency, safety and quicker turnaround times.Promote Self-Service Check-In and Self-Service Bag Drop for passengers to enjoy a seamless and quicker journey through the airport.	Strategic Pillars Pillar 1: Maintain Airport Safety, Security and Deliver Exceptional Airport Environment Pillar 2: Sustainable Business Growth Pillar 3: Digitilisation and Innovation Pillar 4: Net Zero Airport Operations
Airport safety	<ul style="list-style-type: none">Continued to engage airlines and airport community via airside committees.Carry out frequent Runway Safety inspections and Runway Safety Team meetings.Put in place the Safety Management System and obtained Aerodrome certification.Carry out regular safety and emergency simulation exercises by Airport Fire and Rescue Service.Conduct Foreign Object Debris walkabouts.	Material Matters M1 M2 M3 M4 M6
Terminal and building infrastructure	<ul style="list-style-type: none">Continued critical upgrading works such as the replacement of the track transit system and baggage handling system, while providing interim solutions for passenger convenience and comfort.Expansion of selected airport terminals to expand capacity and facilities.	
Sustainability	<ul style="list-style-type: none">Collaborated with Malaysia Aviation Group to launch Malaysia's first Electric Ground Power Unit (e-GPU) that runs on electricity instead of diesel as a more sustainable alternative.	



STAKEHOLDER ENGAGEMENT



REGULATORY AUTHORITIES

■ Engagement sessions, face-to-face and meetings, and dialogue sessions ■ Consultation sessions on regulatory matters		
Areas of Interest	Our Response	Links to:
Regulatory compliance	<ul style="list-style-type: none">Conducted regular audits, inspections and consultations on the Quality of Service framework.Carried out engagements and discussions with regulators on the finalisation and direction of the Operating Agreements, KLIA Development Agreement and Land Lease Agreement.Adhered to industry standards and obtained certifications.Adhered to international and national laws, regulations, and best practices.Worked closely with CAAM on the implementation of the A-CDM at KUL.Worked closely with the National Disaster Management Agency and other agencies in implementing Aerodrome Emergency Exercises.	Strategic Pillars Pillar 2: Sustainable Business Growth Pillar 3: Digitalisation and Innovation Pillar 4: Responsible Governance and Regulatory Compliance Pillar 5: Net Zero Airport Operations
Airport competitiveness	<ul style="list-style-type: none">Collaborated with the Ministry of Transport to establish the National Air Connectivity Development Committee which comprises various stakeholders which have direct impact on the travel and tourism industry.Assessed opportunities and potential for collaboration with key stakeholders to improve connectivity into Malaysia besides making Malaysia a chosen tourism destination.Leveraged on government training programmes for staff learning and development.	Pillar 6: Environmental Management Pillar 8: People Empowerment and Talent Acquisition
Infrastructure development	<ul style="list-style-type: none">Maximised land bank through KLIA Aeropolis and Subang Airport Regeneration initiatives.Leveraged technology for airport operations.	Material Matters M1 M3 M5 M6 M8 M11 M12 M13 M15
Environmental and Climate Change	<ul style="list-style-type: none">Engaged in environmental monitoring.Adhered to local and national environmental regulations on energy, noise, water and effluent, air quality and waste management.Conducted noise contour and impact surveys.Obtained the renewal of KUL's Level 3 Airport Carbon Accreditation.Continued to support Malaysia's renewable energy agenda through the production of solar power at KUL.Encouraged guests and the airport community to Recycle, Reduce and Reuse waste.	
Licensing	<ul style="list-style-type: none">Obtained Aerodrome Operator Licenses from the Malaysian Aviation Commission (MAVCOM) and Aerodrome Certification from the Civil Aviation Authority of Malaysia (CAAM).	

STAKEHOLDER ENGAGEMENT

PASSENGERS		
<div><div>Airport Service Quality surveys</div><div>MAVCOM Quality of Service audits</div><div>Social media</div><div>Customer Feedback Management</div></div>		
Areas of Interest	Our Response	Links to:
Airport service quality and experience	<ul style="list-style-type: none">Enrolled KUL in Airports Council International's Airport Customer Experience Accreditation programme to improve our capabilities in line with international standards and industry best practice.Expanded Wi-Fi capabilities at airports for passenger convenience.Enhanced shopping, dining and hospitality options at airports for passengers' convenience and comfort.Enhanced e-Commerce platforms, #shopMYairports and shop@SAW in Malaysia and Türkiye respectively, to provide a seamless and contactless shopping experience and enable tenants to reach non-travellers.Enhanced airside Shuttle Bus Service for better efficiency and convenience at KUL, introduced Fast Track and Premium services.Introduced new passenger lounges and airside hotel for passenger comfort and convenience.Comply with the MAVCOM's Quality of Service framework.Improved digital processes which include the Self-Service Check-In and Self-Service Bag Drop for improved efficiency and passenger experience.	Strategic Pillars Pillar 1: Maintain Airport Safety, Security and Deliver Exceptional Airport Environment Pillar 3: Digitalisation and Innovation Material Matters M1 M2 M4
Customer service	<ul style="list-style-type: none">Implemented STARdesk an online feedback platform that passengers to provide feedback using the MYAirports app for faster and better management and resolution, as well as the capability to spot trends and take proactive action.Provide the public with updates via traditional media, social media and the MYairports app.Engagement with passengers by Airport CARE Ambassadors.	
Cleanliness	<ul style="list-style-type: none">Maintain washroom cleanliness and facilities as they are key to positive passenger experience.Continue to maintain 'Adopt A Washroom' programme in which Management-level employees volunteer to oversee certain washrooms to ensure their cleanliness.	
Communication and announcements	<ul style="list-style-type: none">Provide the public with updates via social media.Provide guests with help and guidance via the Airport CARE InfoCentre at KUL.Produce inflight 'Convergence' magazine.Improved wayfinding signages.	
Airport security and safety	<ul style="list-style-type: none">Continue to enhance Self-Service Check-In which is driven by facial recognition and other technology to improve passenger experience.	

STAKEHOLDER ENGAGEMENT

BUSINESS PARTNERS		
<div><div>Engagement sessions, face-to-face and meetings, and dialogue session</div></div>		
Areas of Interest	Our Response	Links to:
Airport Operations	<ul style="list-style-type: none">To promote operational efficiency, the Airport Collaborative Decision Making (A-CDM) serves as a bridging process to connect airport stakeholders on a single platform for increased efficiency.	Strategic Pillars Pillar 1: Maintain Airport Safety, Security and Deliver Exceptional Airport Environment Pillar 2: Sustainable Business Growth Material Matters M1 M3
EMPLOYEES		
<div><div>Town halls, engagement sessions</div><div>Employee performance review</div><div>Focused group discussions on targeted issues</div></div>		
Areas of Interest	Our Response	Links to:
Employee health and safety and wellbeing	<ul style="list-style-type: none">OSH training and briefings for all employees to promote a safe and healthy workplace.Continue to provide awareness and updates on COVID-19 to employees.Provided fitness and childcare facilities at HQ.	Strategic Pillars Pillar 1: Maintain Airport Safety, Security and Deliver Exceptional Airport Environment Pillar 4: Responsible Governance and Regulatory Compliance Pillar 8: People Empowerment and Talent Acquisition Material Matters M1 M7 M8 M14
Employment terms and benefits	<ul style="list-style-type: none">Complete three collective agreements with employees unions - KESMA, KEPEMAB and KEPMAS.	
Corporate integrity	<ul style="list-style-type: none">Committed to the Malaysian Government initiated Integrity Pact.Have in place a Code of Ethics and Conduct, a Whistleblowing Policy, the Malaysia Airports Integrity Plan and our Corruption Risk Management System and Policies.Conducted a Corporate Integrity System Assessment.Conducted Integrity Perception Surveys.	
Employee engagement	<ul style="list-style-type: none">Conducted townhalls, walkabouts, 'Let's Connect Session' engagements, internal communications and union engagements.	
Training and career development	<ul style="list-style-type: none">Accelerated Learning and Development via online learning programmes.Average training hours for employees in Malaysia rose by 45.7% YoY to 51 hours per employee, compared to 35 hours per employee in 2022.	

STAKEHOLDER ENGAGEMENT

CAPITAL PROVIDERS		
<div> <div>Analyst briefing sessions</div> <div>One-on-one engagements</div> </div>		
Areas of Interest	Our Response	Links to:
Financial returns Communication of strategic plan	<ul style="list-style-type: none"> Regular review of business and investment plans to match the current and predicted social-eco climate. Formulated a 3-year strategic plan to pursue growth. Put in place measures to improve cost structure and reduce operating cost. 	Strategic Pillars Pillar 2: Sustainable Business Growth Pillar 4: Responsible Governance and Regulatory Compliance Material Matters M3 M5 M7
Governance and transparency	<ul style="list-style-type: none"> Adhere to the Malaysian Code on Corporate Governance. 	
Company reputation	<ul style="list-style-type: none"> Regularly publish literature and press releases that highlight our activities, awards, and accolades. 	
Regulatory compliance	<ul style="list-style-type: none"> Adhere to Bursa Malaysia's listing requirements. Became a constituent of the FTSE4 Good Bursa Malaysia Index. Incorporated Sustainability Reporting into our annual disclosures. 	
Financial results	<ul style="list-style-type: none"> Announce financial results every quarter. 	

TENANTS		
<div> <div>Standard contracting procedure</div> <div>Engagements, briefings, one-one communication</div> <div>Communication plans and projections</div> </div>		
Areas of Interest	Our Response	Links to:
Commercial terms	<ul style="list-style-type: none"> Practice standard contracting procedure. Introduced a new rental model for retail tenants as part of an ongoing effort to retain and attract business partners. 	Strategic Pillars Pillar 1: Maintain Airport Safety, Security and Deliver Exceptional Airport Environment Pillar 2: Sustainable Business Growth Pillar 3: Digitalisation and Innovation Material Matters M1 M3
Customer satisfaction	<ul style="list-style-type: none"> Enhanced the Commercial Reset strategy. Workflow improvements to reduce lead time for tender process via automated tender process e-Procure and establish 'Fit in-Fit Out' team for speedy outlet renovations. Implemented a cashless payment ecosystem for increased customer convenience. Enhanced #shopMYairports, an e-Commerce platform that enhances passengers' retail experiences, allows the non-travelling public to purchase duty absorbed goods and supports the recovery of airport retail tenants. Departing international passengers can pre-purchase and pick up their duty-free goods at the airport through this platform as well. 	

STAKEHOLDER ENGAGEMENT

VENDORS AND SERVICE PROVIDERS		
<div> <div>Tenders and request for proposals</div> <div>Briefing on processes and updates on projects</div> </div>		
Areas of Interest	Our Response	Links to:
Procurement process	<ul style="list-style-type: none"> Regular review and adhered to procurement policies, procedures, and guidelines. Implemented e-Procure and automated procurement process to improve efficiency and digitalisation. Briefed vendors on procurement anti-bribery and anti-corruption measures as part of Vendor Integrity programme. 	Strategic Pillars Pillar 2: Sustainable Business Growth Pillar 4: Responsible Governance and Regulatory Compliance Material Matters M9
Prompt payments	<ul style="list-style-type: none"> Implemented the Vendor Management System to keep track of procurement and payments. 	

ASSOCIATIONS AND PROFESSIONAL BODIES		
Engagement sessions, face-to-face and meetings, and dialogue sessions		
Areas of Interest	Our Response	Links to:
Regulatory Requirements, Airport Guidelines	<ul style="list-style-type: none"> To benchmark against other airports on the best practices for operations, security, economic and environmental affairs. 	Strategic Pillars Pillar 1: Maintain Airport Safety, Security and Deliver Exceptional Airport Environment Pillar 2: Sustainable Business Growth Pillar 4: Responsible Governance and Regulatory Compliance Pillar 5: Net Zero Airport Operations Pillar 6: Environmental Management Pillar 7: Biodiversity Conservation and Preservation Material Matters M1 M2 M3 M4 M6 M10 M11 M13 M14 M15

STAKEHOLDER ENGAGEMENT

MEDIA		
<div><div>■ Media briefings/interviews</div><div>■ Press conferences</div><div>■ Website and events</div><div>■ Social media</div></div>		
Areas of Interest	Our Response	Links to:
Environmental, social and governance issues	<ul style="list-style-type: none">Issued press releases and conducted press briefings regularly.Practised sound and transparent decision making.	Strategic Pillars Pillar 2: Sustainable Business Growth Material Matters M3
Media relations	<ul style="list-style-type: none">Granted media interviews when appropriate and visit media occasionally.	

LOCAL COMMUNITY		
<div><div>■ Community engagement</div><div>■ Strategic partnerships</div><div>■ News media</div><div>■ Social media</div><div>■ Website</div></div>		
Areas of Interest	Our Response	Links to:
Corporate citizenship	<ul style="list-style-type: none">Continue to give back to the local communities through our #MyAirportCARES programme.Provided education aid to 600 B40 students.Provided over 1,800 students from 40 primary and secondary schools guided airport tours through the #MYAirportCARES School Airport Tour programme.	Strategic Pillars Pillar 9: Community Nurturing Material Matters M16

FINANCIAL REVIEW

Breakthrough results for FY2023

Malaysia Airports recorded one of its highest ever net profit in history of RM543.2 million, surpassing FY2019's net profits. Our operations in Türkiye continued to be profitable, recording its second year of profits. The Group also declared a single-tier final dividend of 10.80 sen per ordinary share.

REVENUES

For the financial year ended 31 December 2023 (FY2023), Malaysia Airports recorded revenue of RM4,914.2 million, 57.2% higher year-on-year (YoY). This was due to a 42.4% YoY increase in passenger movements to 119.5 million passengers as airline services and connectivity to our airports continued to increase, as well as higher commercial and retail contribution.

On a segmental basis, revenue from airport operations increased significantly by 60.6% YoY to RM4,598.9 million. Aeronautical segment revenue increased by 63.2% YoY to RM2,704.0 million, buoyed by the increase in passenger movements which was driven by the reopening of China's borders in early 2023, the increase in airline seat capacity as the airlines continued to reactive their aircraft as well as new airline operations into our airports.

Non-aeronautical segment revenue also increased significantly by 57.1% YoY to RM1,894.9 million. This growth can be attributed to Malaysia Airports' Commercial Reset initiative, which revitalised our commercial and retail spaces, enhancing the overall passenger experience across our airports. Additionally, the resurgence in air traffic and heightened demand from international travellers, particularly the return of Chinese tourists, further fueled this growth.

Revenue from non-airport operations rose YoY by 19.8% to RM315.3 million due to higher revenue from the hotel and project and repair maintenance businesses. The revenues from the hotel business had increased 45.9% YoY to RM128.9 million while the project and repair maintenance business contributed RM154.6 million in revenue, an increase of 20.0% YoY. Revenue from our agriculture and horticulture business declined by 31.2% YoY to RM31.6 million due to lower commodity prices and a labour shortage which impacted production.

On a geographical basis, Malaysia operations continued to demonstrate robust growth in revenue of 79.3% YoY to RM3,052.9 million, while revenue from operations in Türkiye grew 32.9% YoY to RM1,761.2 million. Operations in Qatar recorded a 1.8% YoY increase in revenue to RM100.1 million.

EBITDA

Malaysia Airports reported Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) of RM2,285.5 million in FY2023, a significant improvement of 92.7% YoY compared to FY2022.

EBITDA for operations in Malaysia of RM1,002.1 million in FY2023, more than a three-fold increase over FY2022, driven by revenue growth. Türkiye operations reported a YoY increase of 35.5% in EBITDA to RM1,274.9 million in line with higher international passenger growth. However, Qatar operations recorded a slight decrease in EBITDA to RM8.5 million, down by RM3.0 million compared to FY2022.

PBT AND PAT

The Group recorded a Profit Before Tax and Zakat (PBT) of RM506.1 million, a significant improvement from the PBT of RM184.6 million in FY2022. This improvement was attributed to an increase in revenue, other income and share of profit from associates and joint ventures, coupled with higher gain on fair value of the investment in GMR Hyderabad International Airport Limited recorded in FY2023.

Malaysia operations recorded a PBT of RM384.6 million, a significant turnaround compared to LBT of RM263.2 million in FY2022. Our operations in Türkiye recorded its second year of profits with PBT of RM113.1 million, compared to PBT of RM436.8 million in FY2022. In FY2022, owing to a Force Majeure relief granted to SAW, our operations in Türkiye had made a one-off gain of RM535.9 million which cushioned the