MALAYSIA AIRPORTS
Hosting Joyful Connections
ANNUAL REPORT 2023

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SUSTAINABILITY REVIEW

GOVERNANCE

Malaysia Airports is committed to promoting sound corporate governance practices and a culture of integrity and transparency throughout the Group. Good corporate governance is the bedrock that guides our strategic direction, decision-making process and accountability to enable the Group to deliver sustainable long-term value to stakeholders.

This Annual Report includes a Corporate Governance Overview Statement pages 208 to 250 and a Statement on Risk Management and Internal Control pages 255 to 261. In addition, highlights on the Group's progress with regards to 'Integrity and Anti-Corruption' and 'Regulatory Compliance' are contained in the Material Matters section of this report pages 73 and 71.

Therefore, this section of the Sustainability Review focuses on the progress made in maintaining data privacy, cybersecurity and ensuring supply chain integrity.

Data Protection and Cybersecurity

Malaysia Airports continuously strengthens its cybersecurity capabilities to protect the security and privacy of stakeholders' business information and systems as airport operations are a national security matter. As operations and data 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.

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 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 were made 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.

Training for employees
As our employees can be a strong line of defence against cybersecurity threats, an online learning programme is conducted quarterly, and 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.

Updating operating procedures
Malaysia Airports regularly updates applicable Standard Operating Procedures and General Procedures to include cybersecurity 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 has 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.

Risk assessments conducted regularly

Online learning programme conducted quarterly

Standard Operating Procedures and **General Procedures** are regularly updated

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Supply Chain Management and Procurement

Malaysia Airports' policy is to support local vendors in its procurement of goods and services. In 2023, for operations in Malaysia, a total of RM990.0 million was spent on procurement from 1,274 vendors. Out of those, 1,229 or 96% are local entities, covering a total spend of RM949.9 million. The Group's procurement policies also express a preference for local vendors for Sabah and Sarawak to encourage local vendor participation and to boost the local economy.

96%
of procurement
from local vendors

Sustainability questionnaires are included in tender documents to enable the Group to evaluate and gauge a vendor's level of sustainability awareness. A sustainability conscious/friendly database of vendors is also being created as reference for future vendor selection.

To enhance transparency and efficiency, procurement processes at our airports leverage on technology for e-procurement for better transparency and accuracy, faster decision-making and turnaround, and cost savings.

Integrity in procurement is a cornerstone of our corporate procurement procedures. In 2023, there were no breaches of the Group's Procurement Code of Ethics. We strictly enforce the rules and best practices contained in our policies and procedures to uphold supply chain integrity. These matters include:

Procurement Manual
The procedures contained in the documents ensure that Malaysia Airports' procurement is always obtained at best value and awarded only to the vendors, contractors, suppliers or service providers who offer the best contract package in terms of cost, service level and quality.

Vendor Code of Ethics
This Code of Ethics outlines Malaysia Airports' expectations for vendors to respect and adhere to ethical conduct when doing business with or on behalf of Malaysia Airports. Vendors must comply with all applicable laws and regulations, the requirements set out in the Code of Ethics and their contractual obligations to Malaysia Airports.

Anti-Bribery Management Systems
The Group has established the ISO 37001: 2016 Anti-Bribery Management Systems to strengthen the integrity of our businesses at airports.

Anti-Bribery and Corruption Policy Statement
The policy outlines the Group's zero-tolerance towards all forms of corruption.

Fraud Policy
Malaysia Airports maintains a zero-tolerance attitude towards fraud. In particular, the Fraud Policy prohibits dishonest and fraudulent activity, and establishes procedures for reporting fraudulent activities to the Management. The policy applies to any fraud, or suspected fraud, involving employees as well as consultants, vendors, contractors, external agencies doing business with the Group's employees and other parties with business relationships with the Group.

Prohibition on gifts
In line with the Group's Gift Policy and the Code of Ethics and Conduct, our employees must not solicit or receive any gifts from current or potential vendors, agents and business partners, either directly or indirectly which may influence the employee's judgement in a decision-making process or put the employee in a position of conflict.

Whistleblowing Policy
To amplify the Group's zero-tolerance towards fraud, the whistleblowing policy provides a structured reporting channel and guidance for employees and external parties to raise their concerns about any possible improprieties within the Group.

Provides **structured**
reporting channel
for employees and external parties

Standards and Certification

Malaysia Airports has also sought to certify its key businesses in accordance with applicable standards to enable leading industry best practices to be incorporated in its operations for Anti-Bribery and IT security.

The ISO 37001: 2016 Anti-Bribery Management Systems covers the Group headquarters, operations at KUL, and in 2023, covers also the retail sale of duty free and non-dutiable goods and the facilities management business in line with the roll out of the standards across the Group. The ISO/IEC 27001: 2013 Information Security Management Systems covers selected businesses and sites as shown in the table below.

Standards	Certified Businesses
ISO 37001: 2016 Anti-Bribery Management Systems	Malaysia Airports Holdings Berhad, Malaysia Airports (Sepang) Sdn Bhd, KLIA Aeropolis Sdn Bhd Malaysia Airports (Niaga) Sdn Bhd Urusan Teknologi Wawasan Sdn Bhd
ISO/IEC 27001: 2013 Information Security Management Systems & Safety Management Systems	Malaysia Airports Holdings Berhad (Sites: Human Capital Division Procurement & Contract Division and IT Division only) Malaysia Airports Sdn Bhd (Sites: LGK and PEN only) Malaysia Airports (Sepang) Sdn Bhd