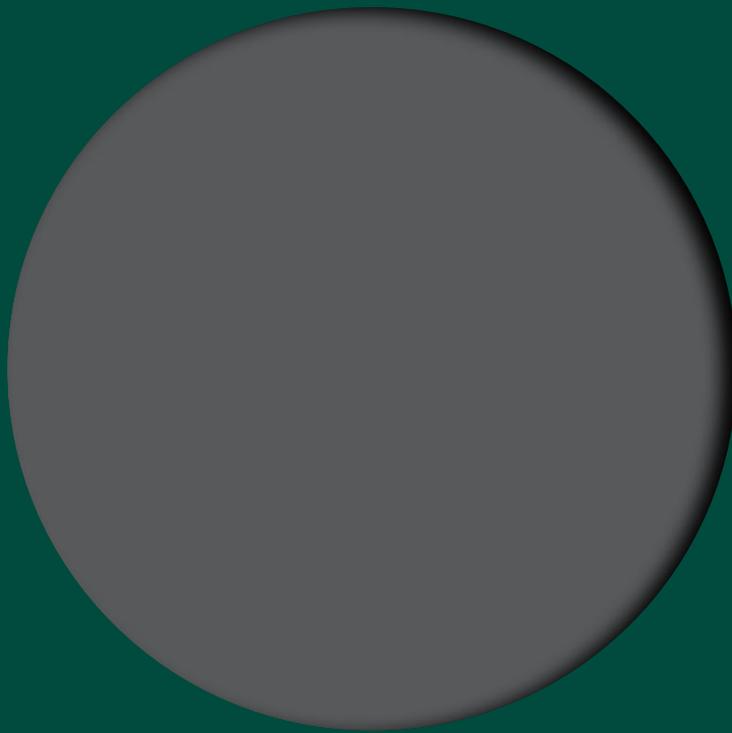




AT THE HEART OF OUR COMMUNITY

Sustainability Report 2014



AT THE HEART OF OUR COMMUNITY

In endeavouring to achieve our vision of becoming a global leader in creating airport cities, we take a holistic view and are always mindful of our responsibility towards the community that we serve. This is why we are committed to maximising economic benefits, while also carefully managing our impact on the community and environment, as well as inspiring the greatest resource we have - our people. We place ourselves at the heart of this ecosystem knowing that if we do good, then good will flow through the veins of its entire network.



INSIDE THIS REPORT

OUR VISION

**TO BE THE GLOBAL LEADER
IN CREATING AIRPORT CITIES**

OUR MISSION

**TOGETHER WE CREATE JOYFUL
EXPERIENCES BY CONNECTING
PEOPLE AND BUSINESSES**

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REPORT PROFILE

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THIS IS THE SIXTH MALAYSIA AIRPORTS HOLDINGS BERHAD (HENCEFORTH MALAYSIA AIRPORTS) ANNUAL SUSTAINABILITY REPORT. THIS REPORT PARALLELS AND COMPLEMENTS OUR 2014 ANNUAL REPORT.

This report has been prepared in accordance with the GRI G4 Sustainability Reporting Guidelines and the Global Reporting Initiative – Core Option. 2014 is the first year that we utilise the GRI G4 as a Guiding Principle in our reporting framework. G4 provides us with a framework to focus beyond data collection and management. This is a year of transition as we build linkages from GRI3.1 to G4 and move towards a more clearly defined plan in our sustainability journey.

The content of this report has been assured by an independent external third party agency to ensure accuracy and reliability. In order to avoid duplication of information, some requirements of the GRI guidelines are reported in our 2014 Annual Report. These requirements are referenced in our GRI Content Index on Page 46.

This report reflects Malaysia Airports' activities in relation to ISO9001, OHSAS18001 and ISO14001 standards where applicable. The Malaysian Ringgit (RM) is used as the standard currency in this report.

This report covers the airports within Malaysia Airports' corporate structure as reflected in the holding company's consolidated financial statements. Airports refer to situations where Malaysia Airports holds a majority stake and/or has direct managerial control. Airports outside of Malaysia owned/managed either fully or partially, have been excluded from discussion in this report. Coverage of the holding Group's subsidiaries is also not exhaustive in this report.

This report covers Malaysia Airports' performances throughout January to September 2014 (and up to December

2014 where data is available at time of assurance audit). All information in this report parallels our Annual Report for the corresponding year. Targets stated in this report are guided by milestones stated in our Business Direction document ('Runway to Success' published in 2010).

Malaysia Airports is a signatory of the Aviation Industry Commitment to Action on Climate Change (2008), a multi-stakeholder industry declaration to create a pathway to carbon neutral growth and a carbon-free future. Malaysia Airports also holds memberships in the Airports Council International (ACI) and the ACI Asia Pacific Regional Environment Committee (AP-REC).

This report and our previous reports are available via PDF and can be downloaded from Malaysia Airports' corporate website at <http://www.malaysiaairports.com.my>.

OUR AIRPORTS



- KL International Airport (KLIA/KUL)
- Penang International Airport (PEN)
- Langkawi International Airport (LGK)
- Kuching International Airport (KCH)
- Kota Kinabalu International Airport (BKI)
- Bintulu Airport (BTU)
- Labuan Airport (LBU)
- Lahad Datu Airport (LDU)
- Limbang Airport (LMN)
- Melaka Airport (MKZ)
- Miri Airport (MYY)
- Sandakan Airport (SDK)
- Sibiu Airport (SBW)
- Sultan Abdul Aziz Shah Airport (SZB)
- Sultan Abdul Halim Airport (AOR)
- Sultan Ahmad Shah Airport (KUA)
- Sultan Azlan Shah Airport (IPH)
- Sultan Ismail Petra Airport (KBR)
- Sultan Mahmud Airport (TGG)
- Tawau Airport (TWU)
- Mulu Airport (MZV)
- Pangkor STOLport (PKG)
- Redang STOLport (RDN)
- Tioman STOLport (TOD)
- Lawas STOLport (LWY)
- Marudi STOLport (MUR)
- Mukah STOLport (MKM)
- Kapit STOLport (KPI)
- Belaga STOLport (BLG)
- Bario STOLport (BBN)
- Long Seridan STOLport (ODN)
- Long Lellang STOLport (LGL)
- Long Semado STOLport (LSM)
- Ba'kelalan STOLport (BKM)
- Long Akah STOLport (LKH)
- Kudat STOLport (KUD)
- Long Pasia STOLport (GSA)
- Long Banga STOLport (LBP)
- Semporna STOLport (SMM)

MALAYSIA AIRPORTS HEAD OFFICE



MALAYSIA AIRPORTS HOLDINGS BERHAD

Malaysia Airports Corporate Office, Persiaran Korporat KLIA, 64000 KLIA, Sepang, Selangor

ORGANISATIONAL PROFILE

Malaysia Airports Holdings Berhad (Malaysia Airports) is a public listed company and has been trading on the Main Board of Bursa Malaysia Securities Berhad since 1999.

We operate and manage 39 airports in Malaysia including five international and 16 domestic airports, and 18 short take-off and landing (STOL) ports. Overseas, Malaysia Airports also operates and manages the Istanbul Sabiha Gokcen Airport in Turkey, and has shares in Indira Gandhi International Airport in New Delhi, and Rajiv Gandhi International Airport in Hyderabad, India.

As an investment holding company, Malaysia Airports has 100 percent ownership of the following subsidiaries, directly related to the context of this report:

MALAYSIA AIRPORTS (SEPANG) SDN. BHD.

This company manages, operates and provides maintenance for KL International Airport including klia2. It is also responsible for the provision of its airport-related services and future development.

MALAYSIA AIRPORTS SDN. BHD. (MASB)

This company manages, operates and provides maintenance for designated airports in Malaysia other than KLIA. It is also responsible for the provision of their airport-related services. The designated airports comprise four international airports (PEN, LGK, KCH, BKI), 16 domestic airports and 18 STOLports.

Malaysia Airports did not have any significant changes in size, structure or ownership during the reporting period. For list of awards received, please refer to our 2014 Annual Report.

OUR PREVIOUS SUSTAINABILITY REPORTS

- '13** Accelerating Growth Momentum
- '12** Connecting with U
- '11** Clear Horizons
- '10** The Romance of Aviation
- '09** Licence to Grow

POINT OF CONTACT FOR QUERIES AND FEEDBACK

Sustainability Department
Malaysia Airports Holdings Berhad



TEL : 03-8777 7000



FAX : 03-8777 7210



**TAN SRI DATO' SRI
DR. WAN ABDUL AZIZ
BIN WAN ABDULLAH**

Chairman

**DATUK BADLISHAM
BIN GHAZALI**

Managing Director

JOINT ADDRESS BY OUR CHAIRMAN AND MANAGING DIRECTOR

[G4-1, G4-56]



★ ★ ★ ★ ★ ★ ★ ★ ★ ★ **DEAR STAKEHOLDERS** ★ ★ ★ ★ ★ ★ ★ ★ ★ ★

IT IS WITH UTMOST PRIDE AND PLEASURE THAT WE PRESENT YOU MALAYSIA AIRPORTS' SIXTH ANNUAL SUSTAINABILITY REPORT. OUR CORE THEME THIS YEAR REMAINS TO BE CENTRED ON ECONOMIC, ENVIRONMENTAL AND SOCIAL ACTIVITIES THAT BENEFIT EMPLOYEES, OUR SURROUNDING COMMUNITIES AND THE COMPANY.

SUSTAINABLE DEVELOPMENT IS AT THE HEART OF OUR BUSINESS OPERATIONS AS WE ARE EVER MINDFUL OF THE EFFECTS OF CLIMATE CHANGE TO OUR CORE OPERATIONS. THROUGH UNPARALLELED DEDICATION AND FOCUS FROM OUR WORKFORCE, WE HAVE SEEN FRUITFUL RESULTS FOR THE YEAR AND WE CONTINUE TO STRIVE FOR EXCELLENCE IN PREPARATION OF ANOTHER CHALLENGING YET EXCITING YEAR AHEAD.

Passenger Growth

The year 2014 was unprecedented in the history of Malaysian aviation. We were at the heart of two major aviation disasters, the MH370 and MH17 incidents. These events saw a short-term slowdown in passenger growth on the back of volatile passenger sentiments. Much of our strategy was focused on enhancing connections at our airports and providing excellent passenger experience. We will see British Airways return to Malaysia in May 2015 after a 13-year hiatus. This is a positive indicator that our efforts in enhancing connectivity is bearing fruit. With passenger demands on the rise from both low-cost and full service, we will continue to enhance our connectivity and attractiveness of air travel.

The year 2014 also witnessed a major milestone for Malaysia Airports with the opening of our klia2 terminal, the world's largest purpose built low-cost carrier terminal. klia2 is a game changer in the aviation landscape offering a wealth of retail experience in a lifestyle airport setting.

JOINT ADDRESS BY OUR CHAIRMAN AND MANAGING DIRECTOR

Our Approach to Sustainability

IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES

VISION
TO BE THE GLOBAL LEADER
IN CREATING AIRPORT CITIES



MISSION
TOGETHER WE CREATE JOYFUL EXPERIENCES
BY CONNECTING PEOPLE AND BUSINESSES



BRAND DNA
FRIENDLY & FIRM / BUSINESS DRIVEN & RESPONSIBLE / PROGRESSIVE & PRACTICAL

Resource Management

Bearing this in mind, we continue to be guided by our five pillars of sustainability:

**PRACTICING
SENSIBLE
ECONOMICS**



**ENVIRONMENTAL
CONSCIOUSNESS**



**CREATING AN
INSPIRING
WORKPLACE**



**COMMUNITY-
FRIENDLY
ORGANISATION**



**MEMORABLE
AIRPORT
EXPERIENCES**



JOINT ADDRESS BY OUR CHAIRMAN AND MANAGING DIRECTOR

All our sustainability efforts are focused around these five pillars. The second pillar, Environmental Consciousness particularly took major emphasis this year whereby we developed plans around four focus areas of energy, waste, water and carbon management. We have reason to believe that these areas will be of major importance in the coming years where our business operations are concerned.

Employees Our Greatest Asset

With the new Malaysia Airports Vision that we unveiled in 2014 - "To be a Global Leader in Creating Airport Cities", we are highly optimistic that we will continue contributing positively to our natural economy and be one of the key economic accelerator for the nation.

We cannot do this without our dedicated and loyal workforce who make up the backbone of our business. We strongly believe that satisfied and engaged employees will produce amazing output and this is especially true for front-liners who strive daily to provide excellent customer care to passengers and customers.

We will continue to put major emphasis in enhancing talents within the workforce and to provide all employees with sufficient training and development in order for them to perform their duties well. We would like to take this opportunity to express our heartfelt appreciation to all employees at Malaysia Airports.

With continued support from all our internal and external stakeholders, we are upbeat that our sustainability efforts in the coming years will be a productive journey.

We thank all our readers for taking time to read our sixth annual sustainability report.



Tan Sri Dato' Sri Dr. Wan Abdul Aziz bin Wan Abdullah
Chairman



Datuk Mohd Badlisham bin Ghazali
Managing Director

GOVERNANCE

[G4-14, G4-LA12]

Malaysia Airports is committed to maintaining an organisation which is not only profitable but continues to strive for the highest level of governance. The Board of Directors strongly believes that good corporate governance is vital in delivering long-term sustainable business growth and creating economic value for all stakeholders.

The Board is fully committed towards achieving full compliance with the principles and recommendations of the Malaysian Code on Corporate Governance 2012 (“Code”), Bursa Malaysia Securities Berhad’s Main Market Listing Requirements (“Bursa Malaysia Listing Requirements”) and the adoption of recommendations on corporate governance in the “Green Book Enhancing Board Effectiveness” initiated by the Putrajaya Committee on GLC High Performance as part of the GLC Transformation Programme (“Green Book”) as well as the Corporate Governance Guide (“CG Guide”) issued by Bursa Malaysia.

Composition of governance, by gender

Governance body	Male	Female
Main Board	8	2
EXCO Committee	5	2
Management Committee (MCM)	17	10

Composition of governance, by age

Governance body	30-39	40-49	50-59	60-69	Total
Main Board**	0	2	2	6	10
EXCO Committee	1	2	3	1	7
Management Committee (MCM)	4	12	10	1	27

** Including Chairman & Managing Director

BOARD OF DIRECTORS

FROM LEFT TO RIGHT

- JEREMY BIN NASRULHAQ**
Senior Independent Non-Executive
- DATUK DR. ISMAIL BIN HJ. BAKAR**
Non-Independent Non-Executive
- MOHD IZANI BIN GHANI**
Non-Independent Non-Executive
- DATO' SITI ZAUYAH BINTI MD DESA**
Non-Independent Non-Executive



GOVERNANCE

5. DATUK BADLISHAM BIN GHAZALI

*Managing Director
Non-Independent Executive*

6. TAN SRI DATO' SRI DR. WAN ABDUL AZIZ BIN WAN ABDULLAH

*Chairman
Non-Independent Non-Executive*

7. DATUK SERI YAM KONG CHOY

Independent Non-Executive

8. DATUK ZALEKHA BINTI HASSAN

Independent Non-Executive

9. TUNKU DATO' MAHMOOD FAWZY BIN TUNKU MUHIYIDDIN

Non-Independent Non-Executive

10. ROSLI BIN ABDULLAH

Independent Non-Executive

11. SABARINA LAILA BINTI DATO' MOHD HASHIM

Company Secretary

12. NORAZURA BINTI TADZIM

*Alternate Director to Dato' Siti Zauyah binti Md Desa
Non-Independent Non-Executive*

13. DATUK RUHAIZAH BINTI MOHAMED RASHID

*Alternate Director to Datuk Dr. Ismail bin Hj. Bakar
Non-Independent Non-Executive*



GOVERNANCE

MANAGEMENT TEAM



Datuk Badlisham Ghazali
Managing Director



Faizal Mansor
Chief Financial Officer



Dato' Abd Hamid Mohd Ali
Chief Operating Officer



Dato' Azmi Murad
Senior General Manager
Operation Services



Faizah Khairuddin
Senior General Manager
Commercial Services



Muhamad Khair Mirza
Senior General Manager
Planning



Ir. Suradini Abdul Ghani
Senior General Manager
Human Resource Services



Ir. Mohd Zaifuddin Idris
Senior General Manager
Technical Services



Mohamed Sallauddin Mohamed Shah @ Mat Sah
General Manager
Marketing



Sabarina Laila Dato' Mohd Hashim
General Manager, Secretarial
and Legal Services
and Company Secretary



Nasrein Fazal Sultan
General Manager
Internal Audit



Dato' Ir. Hj Abdul Nasir Abdul Razak
General Manager
Special Projects
(Construction)



Rokmah Abdullah
General Manager
Procurement & Contract



Ir. Khairiah Salleh
General Manager
Engineering



Nik Anis Nik Zakaria
General Manager
Corporate Communications



Mustafa Kamal Hj. Alang Othman
General Manager
Aviation Security



Nornajihah Ismail
General Manager
Finance Services



Veelayudan Krishnan Nair
General Manager
Special Projects

GOVERNANCE



Nor Azlina Mohd Isa
General Manager
Planning & Development



Abd Malik Mohd Yunus
General Manager
Airport Fire & Rescue
Services



Randhill Singh
General Manager
Corporate Planning



Mohammad Suhaimi Abdul Mubin
General Manager
Malaysia Airports (Sepang)
Sdn. Bhd.



Zainol Mohd Isa
General Manager
Malaysia Airports Sdn. Bhd.



Ahmad Tarmizi Mohd Hashim
General Manager
Malaysia Airports Consultancy
Services Sdn. Bhd.



Mohd Nasir Ismail
General Manager
MAB Agriculture-Horticulture
Sdn. Bhd.



Brian Iskandar Zulkarim
General Manager
Urusan Teknologi Wawasan
Sdn. Bhd.



Vinie Chong Pui Ling, CFA
General Manager
Corporate Finance, Treasury &
Investor Relations



Zulhikam Ahmad
General Manager
Malaysia Airports (Niaga)
Sdn. Bhd.



Md. Shamsuri Md Isa
General Manager
Human Resource



Radin Asrul Adza
General Manager
Information Technology

97% *OF OUR SENIOR
MANAGEMENT
ARE MALAYSIANS*

STAKEHOLDERS' ENGAGEMENT

[G4-24, G4-25, G4-26, G4-27]

Malaysia Airports engages various internal and external stakeholders in many ways, such as through a customer feedback system on our website as well as direct and indirect meetings with investors, banks, governments, airlines, regulators, customers, employees, unions, media and others. We value two-way communication as we seek to understand stakeholders' expectations and address them more effectively to achieve sustainable long term relationships. In the coming years, we plan to expand the scope and number of stakeholders for consultation in the materiality assessment process.

Stakeholder Group	Types of Engagement
Airlines	<ul style="list-style-type: none"> • Airline Operator Committee General Meetings • Regular Updates to Airlines • Regular Updates to Board of Airlines Representatives
Airport Community	<ul style="list-style-type: none"> • Quarterly Facility Committee Meetings • ACI Annual Meetings
Employees	<ul style="list-style-type: none"> • Employee Engagement Survey (EES) by AON Hewitt (independent research agency) • Town Hall Meetings • Hari Raya Open House • Bi-Annual Sports Events • Bi-Annual Appreciation Dinners • Chart and Bite Sessions
General Public	<ul style="list-style-type: none"> • Twitter • Facebook • Instagram • Youtube • Website
Unions	<ul style="list-style-type: none"> • Union Meetings
Tenants	<ul style="list-style-type: none"> • Concessionaires Conference • T.O.U.C.H Programmes
Local communities	<ul style="list-style-type: none"> • Beyond Borders Programme • Community Football Competition
Passengers	<ul style="list-style-type: none"> • Passenger Feedback Forms • Airport Service Quality (ASQ) Surveys
Shareholders	<ul style="list-style-type: none"> • Annual General Meetings (AGM) • Quaterly Analyst Briefing • Other Investor Relation Events
Suppliers	<ul style="list-style-type: none"> • Vendor Performance Evaluation • Vendor Code of Conduct
Government/Regulatory Authorities	<ul style="list-style-type: none"> • Compliance with Listing Requirements under Bursa Malaysia • Regular Meetings with Ministry of Transport, Department of Civil Aviation & Attorney General's Chambers
Media	<ul style="list-style-type: none"> • Media visits • Media events (Press Conferences, Media Interviews, etc.)

MATERIALITY ASSESSMENT

Malaysia Airports define materiality as factors that have significant impact on society, environment, and issues that are relevant to our business and stakeholders. Our process to identify key material issues is based on the Reporting Principle and Guidance for Defining Content in the GRI G4 Sustainability Reporting Framework. We used the following external and internal sources in the materiality mapping process to identify the issues that are material to Malaysia Airports. The key issues below have been identified and prioritised as part of the company’s ongoing commitment to sustainability.

Internal	<ul style="list-style-type: none"> • Group policies • Regulatory framework
External	<ul style="list-style-type: none"> • GRI’s research study • Benchmarking study which compared the sustainability reports of other airport operators

In defining and developing a materiality matrix for the purpose of this report, Malaysia Airports has selected to adapt key focus areas as defined in the GLC Transformation Manuals, developed by the Putrajaya Committee for GLC High Performance (PCG). The GLC Transformation Manuals, commonly known as the “Coloured Books” sets out best practices across a wide range of focus areas including Procurement, Human Resources, Corporate Responsibility, Finance, Regulatory and Operations. These focus areas and best practices are crafted to satisfy the typical needs and expectation of both the internal and external stakeholders of the GLCs. Over the years, much of Malaysia Airports improvement initiatives have been guided by the Coloured Books. As such, the stakeholder matrix depicted below has been mapped according to key initiatives/areas of importance as derived from the Coloured Books.

In addition to the Coloured Book, we also actively engage in other areas such as continuously providing excellent Customer Service to our passengers as this strongly contributes to passenger satisfaction that in turn translates into favourable ranking in the Airport Service Quality (ASQ), which is one of our Headline KPIs. In line with the standards set by the International Civil Aviation Organisation (ICAO) and the Malaysian Department of Civil Aviation (DCA), Malaysia Airports has successfully obtained both the Aerodrome and SMS Certifications for its five international airports and 11 domestic airports. This indicates our conformance to all safety requirements and our efforts in achieving continuous improvement with regards to safety performance at our airports. We hold this close to our heart as we are a provider of public infrastructure and it is our utmost priority to keep it safe for all users at all times. These additional focus areas have been captured in the stakeholder matrix below.



Red Book (Review & Revamp Procurement)

- 1 Transparency & Governance
- 2 Bumiputera Empowerment Agenda
- 3 Total Cost of Ownership

Silver Book (Clarify Social Obligations)

- 1 Integrity & Ethical Business Behaviour
- 2 Community Involvement
- 3 Employee Rights & Working Conditions
- 4 Impact on Environment

White Book (Improve Regulatory Environment)

- 1 Regulatory Management

Purple Book (Optimising Capital Management Practices)

- 1 Capital Structure Initiatives
- 2 Capital Efficiency

Orange Book (Manage & Develop Human Capital)

- 1 Engage & Retain Leaders

Yellow Book (Enhance Operational Improvements)

- 1 Operational Improvement

MATERIALITY ASSESSMENT

Coloured Books Best Practices at Malaysia Airports	
Red Book	<p><u>Transparency & Governance</u></p> <ul style="list-style-type: none"> • Minimise opaqueness in the procurement process by adopting a clear disclosure policy and using e-procurement where possible. • Cultivate an ethical working environment that will reduce corruption, enable products to be purchased at competitive market prices, and ultimately improve profitability. <p><u>Bumiputera Empowerment Agenda</u></p> <ul style="list-style-type: none"> • Build strong, long term relationships with strategic suppliers and help to develop local suppliers. • Provide suppliers with continuous feedback on their performance relative to competitors to drive down cost and improve quality and service. • Help develop capable local and Bumiputera vendors, in support of our national agenda to develop more Bumiputera entrepreneurs under the Bumiputera Empowerment Agenda (BEA). <p><u>Total Cost of Ownership</u></p> <ul style="list-style-type: none"> • Achieve initial and ongoing cost savings by reducing the total cost of products procured, where all the costs associated with choosing a particular product or service are being considered, not just the initial price paid.
Silver Book	<p><u>Integrity & Ethical Business Behaviour</u></p> <ul style="list-style-type: none"> • Formalise and implement aspects of contributions policy throughout the organisation and conduct business in a socially responsible manner. <p><u>Community Involvement</u></p> <ul style="list-style-type: none"> • Support community programmes (e.g. donations to community, support of Government development policies etc.) that proactively contribute to society in ways that create value for shareholders and other key stakeholders. <p><u>Employee Rights & Working Conditions</u></p> <ul style="list-style-type: none"> • Retain our existing employees and/or attract new employees with competitive employee benefits and excellent working environment. <p><u>Impact on Environment</u></p> <ul style="list-style-type: none"> • Protect the environment by minimising the environmental impact of business operations, products and services.
White Book	<p><u>Regulatory Management</u></p> <ul style="list-style-type: none"> • Enhance GLCs' capabilities to develop regulatory strategy, dialogue with regulators, and ensure compliance to regulations.
Purple Book	<p><u>Capital Structure Initiatives</u></p> <ul style="list-style-type: none"> • Determine anticipated capital deficit/excess, set target credit rating/associated financial ratios and test various capital structures under different forecast scenarios, leading to the formulation of a relevant action plan. <p><u>Capital Efficiency</u></p> <ul style="list-style-type: none"> • Improve capital efficiency and create more value using less capital through the various levers that GLCs can use to ensure more efficient capital expenditure (CAPEX) and working capital management, and how to approach the disposal of non-core assets and activities.
Orange Book	<p><u>Engage & Retain Leaders</u></p> <ul style="list-style-type: none"> • Develop the human capital that will drive the transformation and addition to exercising governance over the leadership development process, and established the performance management framework that is an important part of a leadership development programme.
Yellow Book	<p><u>Operational Improvement</u></p> <ul style="list-style-type: none"> • Enhance operational efficiency/effectiveness to improve revenue and cost efficiency and also allocate more resources and capital to higher value adding activities.

MATERIAL ISSUES PRACTICING SENSIBLE ECONOMICS

RISK MANAGEMENT

In Malaysia Airports, our Business Continuity Management (BCM) Programme, which is driven by the Risk Management Division, nurtures business resilience initiatives at our operational airports. The implementation of BCM was done in accordance with the publication of ISO 22301, which sets the standard for a comprehensive BCM system, currently being used by many organisations of all sizes and types.

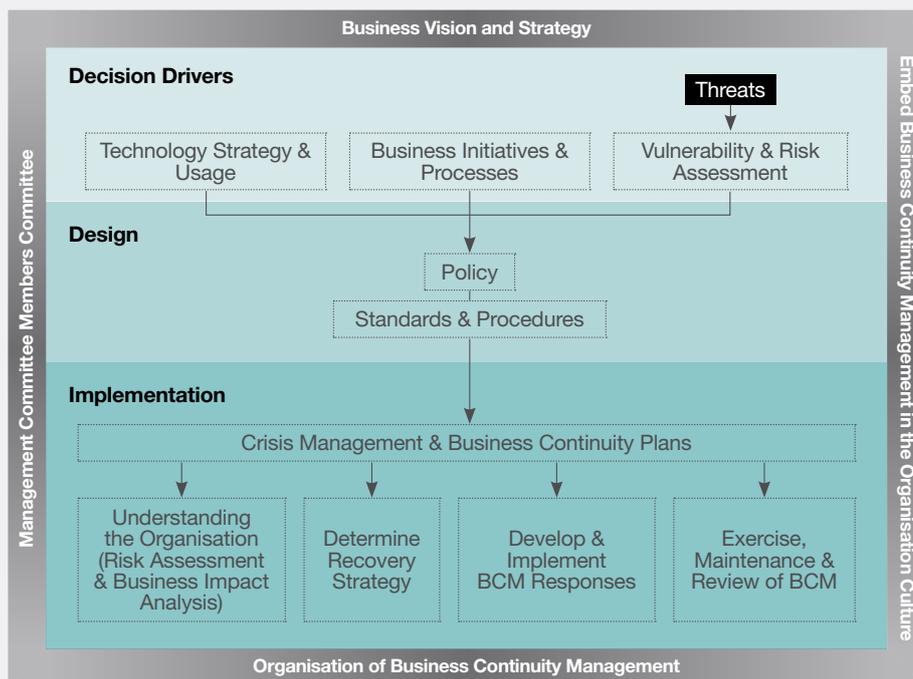
Malaysia Airports' BCM programme was developed with the objective to mitigate risk of business disruption, which may have an impact on our organisational structure. Severe impacts may include:

- Inability to carry out day-to-day airport operations
- Loss of earnings due to an inability to generate potential income
- Irreversible damage to Malaysia Airports' reputation, image and goodwill

In the context of BCM, 'disaster' is defined as a situation where widespread human, material economic or environmental losses have occurred which exceeds Malaysia Airports' capability to respond using normal operating procedures.

Enhancing Business Continuity Management: Risk Beyond Fields of Disaster

In order to mitigate risk and capitalise on opportunities, Malaysia Airports have enhanced the existing framework to a more dynamic process based on the Plan-Do-Act-Check model that reflects a continuous cycle. The BCM Framework applies the PDCA model for planning, establishing, implementing, operating, monitoring, reviewing, maintaining and continually improving the effectiveness of Malaysia Airports' BCM programme under the purview of Risk Management Department.

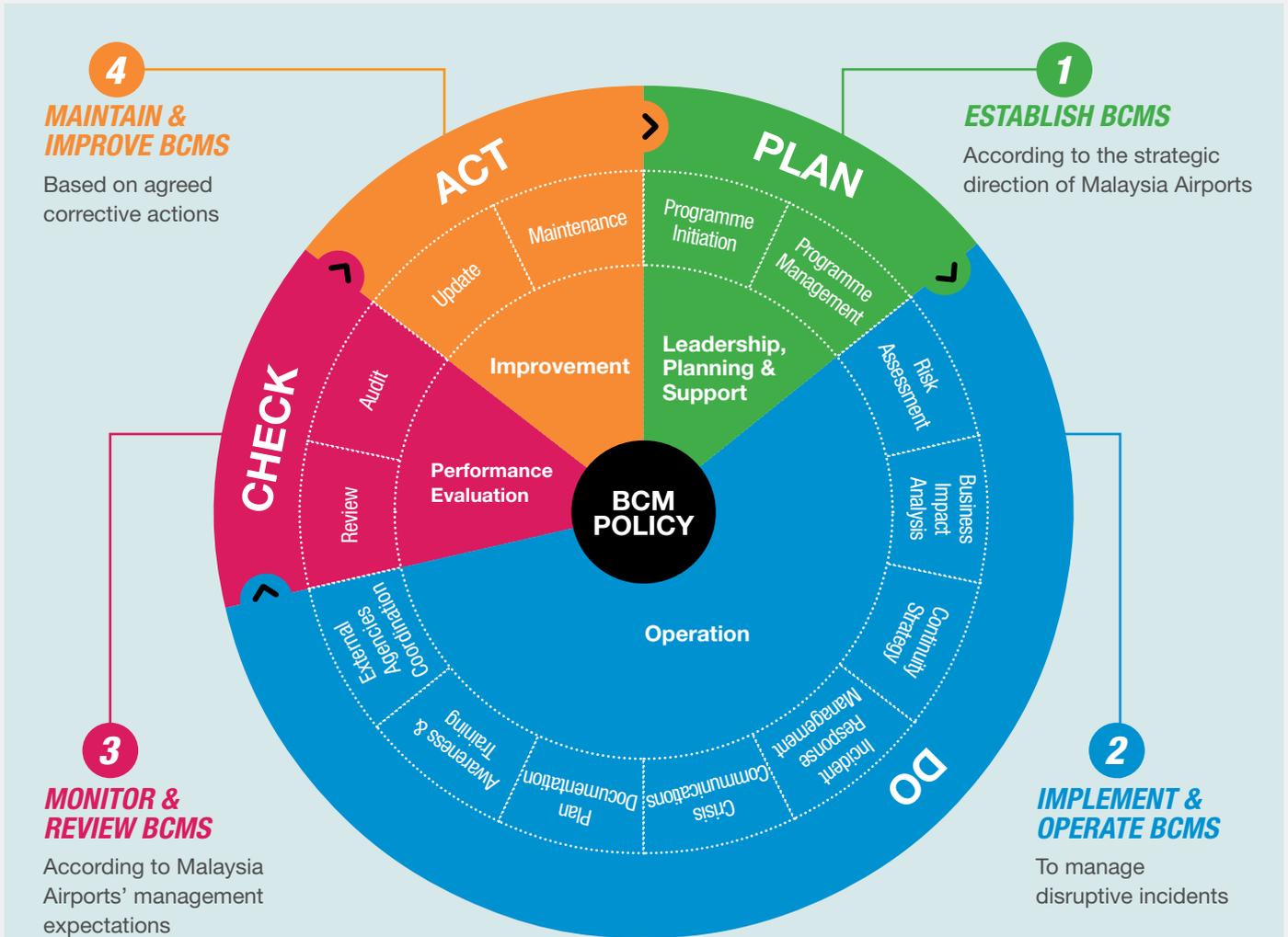


MALAYSIA AIRPORTS BCM FRAMEWORK 1.0: 2009

- Developed based on **DRII BCM Standards:2006** and **BS25999:2006**
- Comprises:
 - Incident Escalation Levels & Criteria
 - BCM Organisation Structure
 - BCM Policies & Standards
 - BCM Methodology

MATERIAL ISSUES PRACTICING SENSIBLE ECONOMICS

MAHB BCM FRAMEWORK 2.0: 2014



- Revised to reflect “Plan-Do-Check-Act-Model”, based on DR11 BCM Standards:2012 and ISO 22301:2012 “Societal Security – Business Continuity Management Systems – Requirements”.
- Updated BCM terminologies based on new BCM standards.
- Enhanced BCM Policy (including its guiding principles) and BCM Organisation Structure and roles and responsibilities based on previous BCM reviews and exercises.
- ‘BCM Methodology’ section in previous manual extracted into a separate document, BCM Standard Operating Procedure Manual, to reflect enhancement in BCM processes based on new BCM standards.

MATERIAL ISSUES PRACTICING SENSIBLE ECONOMICS

Synergising BCM Into klia2 Operational Readiness with External Stakeholders

Prior to the klia2 Opening Day on 2 May 2014, Risk Management Department had undertaken the initiative to develop a Business Continuity Plan, specifically to address possible crisis situation in or operational disruption to klia2.

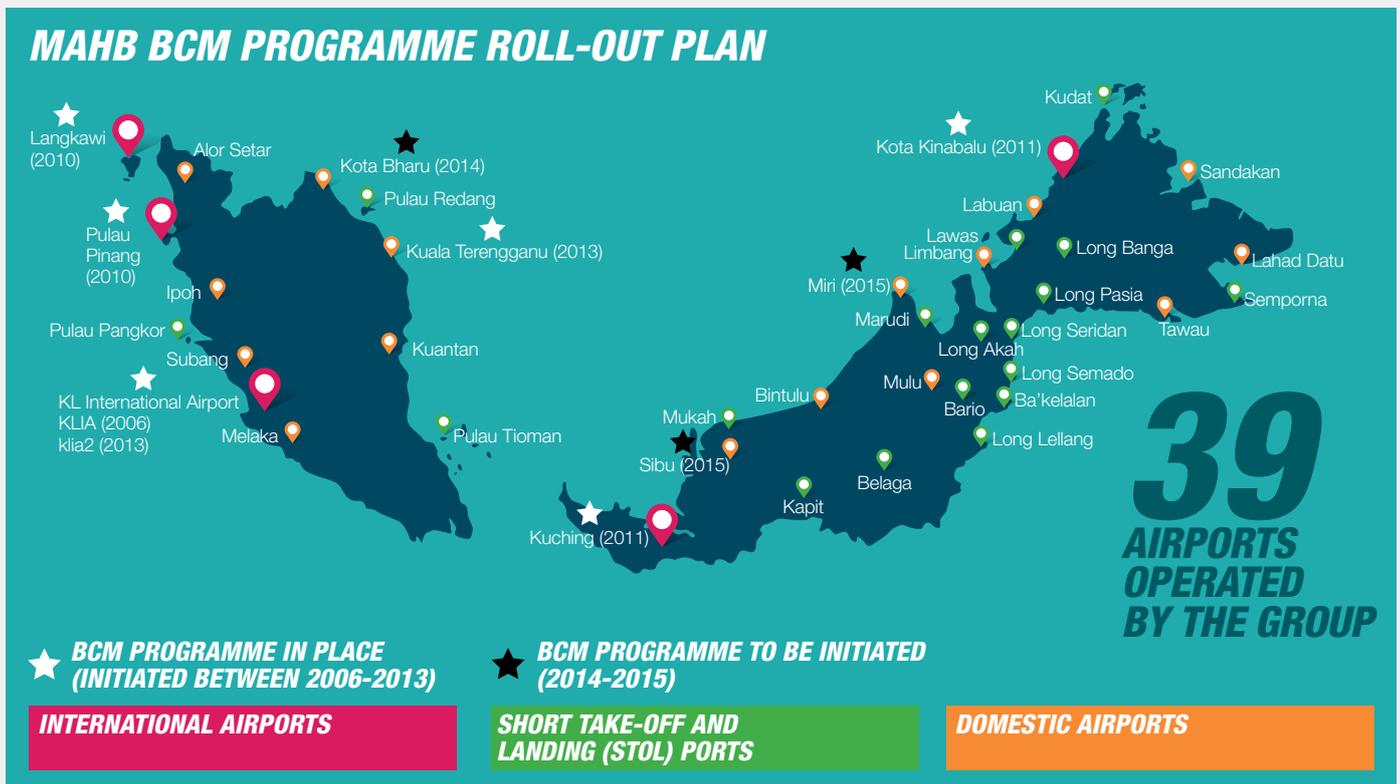
The BCP was carried out with the objectives to develop recovery processes, strategies and plans to address disruptive incidences impacting klia2 critical processes based on its Risk Assessment and Business Impact Analysis. The scope of the plan was set within the boundary of landside, terminal, airside and utility areas where critical processes were identified.

Following that, risk management department had coordinated a series of workshops involving internal and external stakeholders, mainly to ensure commitments and shared responsibilities. Among the participants are representatives from the Operational Readiness and Airport Transfer team, SITA, AirAsia and Segi Astana. The intended outcome of the workshops was to inculcate greater awareness, create a consistent understanding of the klia2 BCP, validate that the plans are resilient with anticipated actions, and identify the person responsible to execute recovery activities in case a crisis/disruption happens as well as to identify areas of improvement to the plans.

Following such preparation, the expectation was that risks were managed within the control of the key enablers and through continuous performance monitoring.

Our Commitment

To implement BCM to all international and domestic airports according to the roadmap below.



MATERIAL ISSUES PRACTICING SENSIBLE ECONOMICS

PROCUREMENT PRACTICES

Supporting Local Bumiputera Entrepreneurs through the Bumiputera Empowerment Agenda



Signing ceremony of the Memorandum of Understanding between Malaysia Airports Holdings Berhad and Ministry of International Trade and Industry (MITI).

Delivering high performance and catalysing inclusive growth, Malaysia Airports supports the Bumiputera Economic Empowerment Agenda through the creation of various opportunities for the local Bumiputera community to participate in business activities at our airports. Where sustainability is concerned, growth with diversity and inclusivity is critical towards a shared value creation.

The Bumiputera Economic Empowerment Agenda focuses on five major strategies:

01

ENABLING
BUMIPUTERA
HUMAN CAPITAL

02

STRENGTHENING
BUMIPUTERA
EQUITY OWNERSHIP
IN THE CORPORATE
SECTOR

03

STRENGTHENING
BUMIPUTERA
NON-FINANCIAL
ASSETS

04

ENHANCING
BUMIPUTERA
ENTREPRENEURSHIP
AND COMMERCE

05

STRENGTHENING
BUMIPUTERA
SERVICE DELIVERY
ECOSYSTEM

MATERIAL ISSUES PRACTICING SENSIBLE ECONOMICS

The Bumiputera Empowerment Agenda programme is geared towards helping to enhance Bumiputera entrepreneurship skills and competencies by providing a platform and opportunity to showcase their businesses in the international arena.

In 2014, six outlets were awarded to qualified Bumiputera companies to operate at klia2 terminal, out of a total of 11 outlets that have been awarded since the programme started.

This commercial Corporate Social Responsibility (CSR) programme is also being materialised through the successful collaboration between Malaysia Airports and Ministry of International Trade and Industry (MITI), with 17 shop outlets were allocated for SME Bumiputera business operation in klia2.

Our Commitment

Performance Measure	2013	2014
Number of SME Bumiputera under Malaysia Airports CSR Programme	KLIA: 4	KLIA: 3
	klia2: 5	klia2: 11

Supply Chain [G4-12]

Our supply chain comprises a wide pool of vendors and they are largely local. The procurement department handles diversified contracts and vendors ranging from food and beverage, retail, cleaning services and engineering services. Each year Malaysia Airports procures a diverse range of goods and services directly through our supply chain. Malaysia Airports is committed to enhancing the economic and social benefits of the airport while preventing or reducing its effects on the environment and local communities.

We view cases of fraud seriously and maintain a zero tolerance attitude towards fraud. In August 2014, we established the Corporate Integrity Unit (CIU) to further strengthen our effort in promoting integrity throughout the organisation. CIU is an independent function to further enhance Malaysia Airports' integrity and business ethics. It reports functionally to the Board Audit Committee and administratively to the Managing Director. The objectives are to implement integrity activities and promote ethical conduct within Malaysia Airports and create a business environment that is free from corruption.

An Integrity Pact is being developed to enhance the governance and practices with regards to integrity practices in Malaysia Airports. The Integrity Pact is a concept introduced by Transparency International to assist governments, business institutions and the public to curb corruption in the field of public contracting. The Integrity Pact establishes mutual contractual rights and obligations to reduce the high cost and distortionary effects of corruption in public contracting. It is a set of declaration by Malaysia Airports' employees involved in procurement activities as well as the vendors to refrain themselves from getting involved in corrupt practices throughout the procurement processes. The Integrity Pact implementation is intended to increase awareness among the employees and the vendors on corruption offences and subsequently eradicate corrupt practices such as:

- Offering, seeking and accepting bribes to or from companies, firms, individuals and Malaysia Airports' employees. Bribes can be in the form of money, gifts, donations, discounts, bonuses, jobs, services and/or favours as defined under Section 3 of Malaysian Anti-Corruption Commission Act 2009 [Act 694].
- Abuse of power by Malaysia Airports' employees in the selection process of companies and firms in which such Malaysia Airports' employees have vested interest.
- Conspiracy among companies, firms, individuals and Malaysia Airports' employees to obtain the procurement award.

MATERIAL ISSUES **PRACTICING SENSIBLE ECONOMICS**

PERSONAL DATA PROTECTION ACT [G4 – PR8]

With the enforcement of Personal Data Protection Act 2010 (PDPA), we are committed to the protection of our customers' personal information which is collected and processed, as well as disclosed to Malaysia Airports.

In March 2014, the Personal Data Protection Compliance Manual was made available and circulated to all employees who deal with personal data in their day to day job. The objectives of the manual are:

- i. To set the current benchmark for compliance with the Act;
- ii. To serve as a guide in order to achieve and maintain Malaysia Airports' continuous compliance with the Act;
- iii. To ensure that the processing of Personal Data carried out by Malaysia Airports' does not infringe a data subjects' right to privacy;
- iv. To ensure that the processing of personal data within Malaysia Airports' is according to policies and standard operating procedures; and
- v. To assist Malaysia Airports' employees in ensuring the proper processing of personal data within the company.

In ensuring continuous compliance with the Act, Malaysia Airports' had appointed a personnel who will be overseeing the responsibility for all issues related to the Act. Relevant and continuous scheduled training were also given to employees pertaining to this subject.

AIRLINE INCENTIVES

Part of Malaysia Airports' strategy to continue encouraging more new airlines and new connections at both our international and domestic airports, was to introduce airline incentive programmes. The earliest programme was introduced as early as 2002 and aimed at enhancing the competitiveness of the international airports. A major part of this early programme was to offer free landing and parking for three years for new operating foreign airlines as well as for new routes and increased frequencies.

In 2009, whilst the aviation industry was affected by the global economic crises, a new programme, the Airline Reward Programme (ARP 2009-2011) was made available to both foreign and local airlines to assist them during the uncertain economic period. This programme recognised the tremendous efforts the airline partners were expected to put in to continue to grow passenger traffic during this difficult period.

With the conclusion of the three-year ARP and the global economy's recovery, a refreshed programme was introduced. The Airline Incentive Programme (AIP 2012-2014) rewarded existing and new airlines for growth and was similarly extended to both foreign and local airlines.

**FOR 2013 TRAFFIC PERFORMANCE,
THE AIRLINES RECEIVED RM106 MILLION IN
INCENTIVES. TO DATE, SOME RM558.0 MILLION
IN INCENTIVE PAYMENTS HAVE BEEN ENJOYED
BY THE AIRLINE PARTNERS SINCE 2002.**



MATERIAL ISSUES

ENVIRONMENTAL CONSCIOUSNESS

[G4-EN3, G4-EN5, G4-EN6, G4-EN7, G4-EN8, G4-EN15, G4-EN16, G4-EN19, G4-EN23, A04]

As part of the company's overall business planning, Runway to Success: (2015-2020), the Sustainability related plans, initiatives and targets were developed by the Resource Management Task Force that was managed and coordinated by the Sustainability and Transformational Management Office (TMO). The task force was formed in cross-functional manner involving subject matter experts from various divisions pertaining to the four focus areas of resource management (Energy, Water, Waste and Carbon).

The development of strategic action plans for each focus area were guided by the fifth pillar of the Strategy Themes & Objectives of Runway to Success: 2015-2020, "Sustain Our Environment and Community". Strategic action plans were developed with the aim to achieve the following outcomes; cost savings and/or avoidance, reduction of carbon emissions, as well as an opportunity to promote our PR value as a "green" airport company.

Our employees are encouraged to adopt an environmentally responsible behaviour to promote environmental consciousness in business operations. Henceforth, related activities such as Engineering Seminar, ACI Environmental Seminar and a monthly recycling programme have been held to support the commitment towards environmentally sustainable development.

ENERGY MANAGEMENT [G4-EN3, G4-EN5, G4-EN6, G4-EN7]

Using energy more efficiently enables us to reduce our GHG emissions significantly at the airports. One mode of renewable energy that we have embarked on is solar power system at KL International Airport (KLIA).

Solar Power in KLIA

In an effort to go green, we have turned our rooftops, parking lots and 'buffer' areas at airports which are traditionally not multi-purpose facilities into a clean energy generation facility. In January 2014, the official launch ceremony of a solar power project was held at KLIA. The Joint-Venture agreement between Malaysia Airports and SunEdison was officiated by Y. Bhg. Datuk Loo Took Gee, Secretary General Ministry of Energy, Green Technology & Water.

The 19-Megawatt-peak (MWp) solar power capacity direct current system is interconnected to ground-mount (5MWp), parking canopy (10MWp) and rooftop (4MWp) clean energy which helps to reduce our energy cost. As at October 2014, the solar power systems at KLIA generated approximately 16.1MWp which also helped to save 12,092.2 tonnes of carbon dioxide equivalents (CO₂e) emissions. The electricity generated by the system is used for our terminal building's own consumption.

Performance Measure	2012	2013	2014
Total energy consumption (international and domestic airports)	404,531,551	415,595,876.07	383,262,151
Energy per pax (kWh/pax)	6.02	5.22	5.69

* The 2014 performance measure excludes electricity consumption and passenger numbers in klia2

MATERIAL ISSUES

ENVIRONMENTAL CONSCIOUSNESS

WATER MANAGEMENT [G4-EN8]

Our primary water resource comes from public utilities. Water is required to operate our daily operations in the terminals, offices, food and beverage venues, landscaping maintenance and other purposes.

We are committed to reduce, reuse, and recycle water as it becomes an increasingly scarce resource. We have set the goal of reducing our internal potable water consumption by 5% and increasing greywater usage by 20% between 2015 and 2020. By 2020, our demand should not exceed the equivalent of 0.05 m³ per passenger. We will also reuse rainwater, such as at klia2 terminal where it powers the cooling system of the cooling production plant. Each year 60,000 m³ of water is estimated to be conserved by reusing rainwater.

In addition, measures to lower water consumption through reduction of Non-Revenue Water via yearly maintenance practice has been implemented with a 2% annual reduction by 2020. An example of maintenance is the introduction of meter management replacement programme.

Performance Measure	2012	2013	2014
Total water withdrawal by source (m ³)	n.a.	7,116,955.87*	6,996,054.51 (Jan-Sept)
Total water withdrawal per pax (m ³ /pax)	n.a.	0.11	0.11

Note: This data refers to all international and domestic airports.

* Figures converted to m³ from bills received.

In our continued effort to create awareness on water saving practices, water saving messages are displayed in the washrooms at all international, domestic airports and corporate office. All used water generated from the airport is constantly monitored for quality and treated prior to discharge back into the river, thereby preventing pollution.

WASTE MANAGEMENT [G4-EN23]

Every day, an approximate 65 tonnes of solid waste is generated at our premises. We aim to reduce the absolute amount of waste generated at KLIA and corporate office by promoting recycling of waste through a number of measures designed to encourage separation of waste at source. This includes our 3Rs programme – recycling, reusing, and reducing. The remaining solid waste is disposed and handled by our appointed external contractor.

Performance Measure	2012	2013	2014
Waste produced (kg)	18,922,890	22,613,130	18,153,260 (Jan-Sept)
Waste per pax (kg/pax)	0.28	0.28	0.30
Scheduled waste produced (kg)	N/A	10,361	13,623 (Jan-Sept)

Malaysia Airports continues its in-house recycling programme for the third consecutive year. Our efforts in promoting recycling are reflected in the increase in the amount of waste recycled. The total collection of paper products and plastic bottles stood at 11,407.4 kg (Jan-Dec '14) and 105.2 kg (Jan-Dec '14) compared to 8,660.40 kg (Apr-Dec '13) and 141.60 kg (Apr-Dec '13) respectively.

MATERIAL ISSUES ENVIRONMENTAL CONSCIOUSNESS



Malaysia Airports plans to expand this initiative to our other airports in the coming year to further improve our waste management so that we can reach our target of recycling 50% of the waste generated at our airports by 2020.

TOWARDS CARBON NEUTRALITY [G4-EN15, G4-EN16, G4-EN19]

Malaysia Airports Carbon Data Inventory Using the Airport Carbon Emissions Reporting Tool (ACERT)

Malaysia Airports as a signatory of the Aviation Industry Commitment to Action on Climate Change (2008), is committed to achieving carbon neutrality status by 2020. Data inventory of airport-owned vehicles and transport (Scope 1) and electricity consumption (Scope 2) are the key segments of the development of our carbon foot-printing and reduction.

Since 2012, Malaysia Airports has deployed the usage of Airport Carbon Emission Reporting Tool (ACERT) for benchmark settings as well as to ensure more efficient data on carbon emission. With the ACERT in place, we are able to monitor Malaysia Airports' carbon emissions, as well as to review and assess the gaps towards significant carbon reduction.

Performance Measure	2013	2014
Total CO ₂ e emissions (tonnes)	311,929.20 ¹	288,006.30
Scope 1 CO ₂ e emissions (tonnes)	1,479.10	1,709.50
Scope 2 CO ₂ e emissions (tonnes)	310,450.10	286,296.80 ^{2,3}

¹ Data excludes of Malaysia Airports Headquarters, Company Subsidiaries

² Data excludes of klia2

³ Kuching, Miri, Sibul, Limbang, Sandakan, Tawau, Labuan and KLIA Airports December 2014 electricity consumption was using an average value of a three-month period

MATERIAL ISSUES

ENVIRONMENTAL CONSCIOUSNESS

In 2015, we will include our business partners', specifically airlines, (Scope 3A) fuel and energy consumption into our data inventory to better reflect the overall data inventory. Pursuant to that, we will approach our airlines partners to obtain the following data:

- Total aircrafts and service vehicles
- Aircraft landing and takeoff (LTO) emissions
- Airlines' fleet vehicle fuel consumption
- Airlines' electricity fuel consumption
- Airline ground service equipment

★★ THE 3RD ACI AIRPORT ENVIRONMENTAL SEMINAR CONCLUDED IN KUALA LUMPUR. ★★
THE 3RD ACI AIRPORT ENVIRONMENTAL SEMINAR WAS SUCCESSFULLY HOSTED BY MALAYSIA AIRPORTS FROM 18 – 19 FEBRUARY 2014 IN KUALA LUMPUR, MALAYSIA. THE SEMINAR WAS HELD FOR THE FIRST TIME IN ASIA-PACIFIC AND WAS ATTENDED BY OVER 80 PARTICIPANTS.



Speakers of the seminar included experts and members of the ACI World Environment Standing Committee from Zurich, Stockholm, Frankfurt, Seattle, Narita, and Hong Kong where they shared their airports' experience and best practices. A common voice from the discussions is the need to extend sustainability efforts beyond environmental issues, to include the economic and social development pillars and also the importance of communications and sustainability to obtain permission to grow.

ACI, in partnership with Transport Canada, had been able to develop a free software tool, the Airport Carbon and Emission Reporting Tool (ACERT) for airports to conduct in-house greenhouse gas emissions inventories. Malaysia Airports has adopted ACERT at 21 of its 39 airports in Malaysia.

In addition to that, the following two ACI committee meetings, ACI World Environment Standing Committee (WESC) and ACI Asia-Pacific Regional Environment Committee meeting (APREC) were successfully held from 16 – 17 February and 20 – 21 February respectively, alongside the ACI Airport Environmental seminar.

The meeting was chaired by Dr Narendra Hosabettu from Mumbai International Airport with the support of two vice-chairpersons – Kyoko Anzai from Narita and Mike Kilburn from Hong Kong. Attendees included members from Singapore, Macau, India, Thailand, UAE, New Zealand and the host, Malaysia.

The committee set out to define its work programme and considered topics as diverse as Benchmarking, Training, Airport Carbon Accreditation, Sustainability Reporting, an environmental award and the recycling of deplaned cabin waste at airports.

MATERIAL ISSUES

CREATING AN INSPIRING WORKPLACE

[G4-10, G4-11, G4-EC3, G4-EC5, G4-EC6, G4-LA1, G4-LA2, G4-LA3, G4-LA4, G4-LA9, G4-LA10, G4-LA11, G4-LA13]

A GREAT PLACE TO WORK

Malaysia Airports employees are our most valuable asset, as skilled employees prove to be a vital component in delivering a high level of competencies in our business practices.

In 2014, Malaysia Airports continued to drive successful programmes under the purview of the Human Resources division, where critical challenges identified were managed by practical actions. Through capitalisation of sustainable development activities, the company focuses on strategic initiatives; talent recruitment and retention, incentives and rewards for exceptional performance, as well as promoting education to enhance critical competencies.

Employee Size and Workforce Diversity

Recruitment plays an important role in attracting talented people into joining our company. In implementing the recruitment process, we promote workforce inclusivity and diversity from different groups of age, gender and region. We believe our offerings in employee benefits, incentives, as well as our reward and recognition programme will further enhance our attractiveness as the employer of choice.

Total Number and Rates of New Employee Hires and Turnover by Age Group, Gender and Region [G4-LA1]

Category (Age)	New Hire	Turnover	Region	Male		Female	
				New Hire	Turnover	New Hire	Turnover
18-29	1,574	472					
30-39	96	59					
40-49	20	17					
50-59	13	83					
60-69	3	3					
Total	1,706	634					
			West Malaysia	1,093	336	606	266
			East Malaysia	5	21	2	11
			Total	1,098	357	608	277

As we promote the diversity value among our employees, we embrace each other's differences in social and cultural background. In Malaysia Airports, senior management hired are mostly from the local community, coming from different backgrounds of race, religion, culture and social values. Our senior management team consists of the Managing Director, Chief Financial Officer (CFO), Chief Operating Officer (COO), five Senior General Managers and 19 General Managers. We offer the same employment and promotion opportunities to everyone with the establishment of mixed team based on diversity.

Proportion of Senior Management Hired From the Local Community

	Total
Number of Senior Management	27
Number of employees	10,318

In demonstrating our contribution to the economic wellbeing of our employees, the company pays an above average salary for entry level employees compared to the local minimum wage rate. In Malaysia Airports, we offer RM1,200 entry level wage compared to the national entry level wage of RM900, which is equivalent to 25% increase than the standard entry level wage. We believe that this competitive wage offering will contribute to the factor in building strong community relations and employee loyalty.

MATERIAL ISSUES CREATING AN INSPIRING WORKPLACE

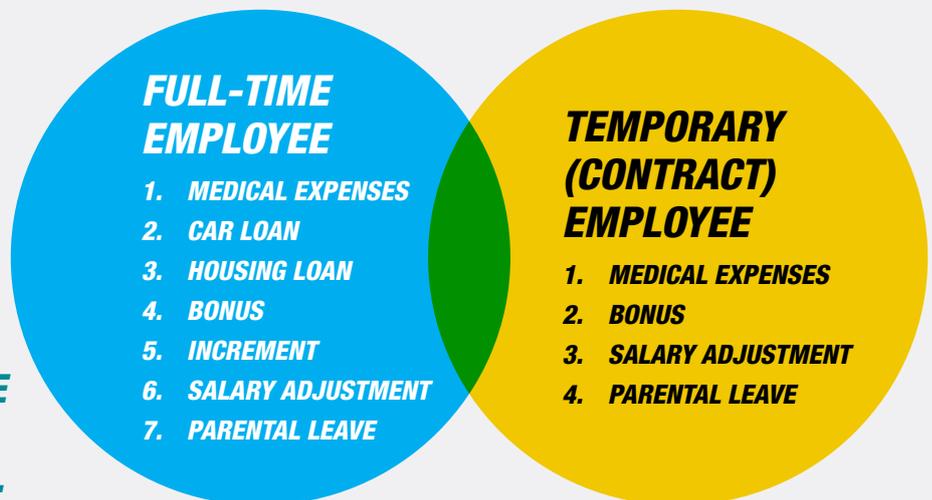
EMPLOYEE BENEFITS [G4-LA2, G4-LA4]

Employees Provident Fund Scheme

In Malaysia Airports, we do not have a defined benefit plan obligation that require a long term contribution such as pension or post-retirement benefit. It is, however, balanced through the Employees Provident Fund (EPF) obligation to our employees. Under this scheme, employees contribute 11% of their salary to the fund with Malaysia Airport’s contributing a high rate of 15% for employees who are in service for less than five years and 17% for employees in service for more than five years.

Retaining Talents

THE QUALITY OF BENEFITS OFFERED TO OUR FULL-TIME EMPLOYEES IS A KEY FACTOR IN RETAINING TALENT IN THE COMPANY. OUR FULL-TIME EMPLOYEES ARE GIVEN THE STANDARD BENEFITS THAT IS NOT MADE AVAILABLE TO TEMPORARY AND PART-TIME EMPLOYEES.



Return to Work and Retention Rates After Parental Leave [G4-LA3]

	Male	Female
Employees that were entitled to parental leave	4,140	1,657
The employees that took parental leave	59	49
Employees who returned to work after parental leave has ended	59	49
Employees who returned to work after parental leave has ended, who were still employed 12 months after they returned to work	59	49

Definition of parental leave: Leave granted to male and female employees on the grounds of the birth of a child.

In relation to managing and maintaining employee satisfaction while implementing a significant change in operation, we ensure that arrangement for discussions and negotiations are prepared to engage with those who are affected. Where such changes may include restructuring, closures or expansion that could substantially affect our employees, we have set the minimum notice period of 30 days for full-time employees and 14 days for temporary employees. This action, therefore allows for timely, necessary arrangements as well as to reduce the negative impacts to the employees.

MATERIAL ISSUES

CREATING AN INSPIRING WORKPLACE

Equal Remuneration for Women and Men [LA13]

In Malaysia Airports, there is no gender-specific criteria taken into account when assessing remuneration and work activities. Criteria such as level of knowledge and skills, responsibility, volunteer work, as well as the level of difficulty in performing their job are the major consideration in remuneration assessment. Our employees are being given equal remuneration regardless of gender.

	Basic Salary (Minimum Salary for Lowest Category)	Remuneration (Eg: Bonus)
Male & Female	RM1,200	On average 3.5 months

Collective Bargaining [G4-11]

Malaysia Airports encourages an open and transparent workplace culture that enables our employees to raise a variety of issues with the senior management easily and confidentially when required. 90% of our employees are covered by collective bargaining agreements.

REWARD AND RECOGNITION INITIATIVES

Long Service Award

The Long Service Awards is a reward initiative for permanent employees of Malaysia Airports' in recognition of their long period of service which displays loyalty and commitment to the company.

Under the Reward and Recognition System, employees with periods of service of five years, 10 years and 20 years will be rewarded with the Long Service Award. Employees with five years of service will be given a certificate, while employees with 10 and 20 years of service will receive RM1,000 and RM2,000 worth of Sijil Simpanan Premium and certificates, respectively.

The total number of employees that received the Loyal Service Awards in 2012 and 2013 were:

Category	2012	2013
5 years	517	95
10 years	96	202
20 years	137	77

Heroes of the Quarter

Heroes of the Quarter is one of the initiatives planned under the Reward and Recognition Cross Functional Team (CFT). The main objective is to recognise outstanding employees who have shown exemplary individual achievement and contribution; by going the extra mile and achieving beyond their scope of duty. This Reward and Recognition initiative exemplifies Malaysia Airports' value through the creation of significant positive impact for the company and the community.

The selection process for Heroes of the Quarter is based on the following criteria:

- Full time permanent employees of Malaysia Airports
- Willing to take initiative, accept and carry out additional responsibilities beyond his/her regular job assignment
- Demonstrates a positive attitude towards work responsibilities, co-workers, customers, and acts as a role model for others
- Not be found guilty of any disciplinary actions or have any pending Domestic Inquiry cases
- Documented incident summary and customer compliments must be attached as supporting documents

MATERIAL ISSUES CREATING AN INSPIRING WORKPLACE

In September 2014, eight of our Malaysia Airports employees were selected as Heroes of the Quarter and had the opportunity for casual Hi-Tea session in Sama Sama Hotel KLIA with Datuk Mohd Badlisham Ghazali, the Managing Director of Malaysia Airports. The session was organised as an appreciation for their courage to offer help in critical situations, volunteerism spirit, integrity and service quality.

Mohd Shafeeq Zulkifli and Mohd Ezri Roslan, MA (Sepang) Security Officers had shown their courage in helping to save two cars which caught fire near KLIA. Mohammad Syauqi Zakaria, Khairi Mustapha, and Zulfahimi Roslan had contributed by teaching English in rural schools in Sabah and Sarawak through the 'Beyond Borders Young Readers' programme.

Normunirah Mohd, a Security Assistant in Kuala Terengganu Airport was recognised for her integrity in carrying out her duty by returning RM20,000 cash that belonged to a passenger from China.

Saharudin Abdul Rahman, a Security Assistant in Alor Setar Airport was commended for detecting a Revolver S & W and improvised explosive devices while he was on baggage inspection duty. We also extended our appreciation to Fadzial Mat, from Langkawi International Airport who received recognition for Work Excellence from the State of Kedah for his good work during the 86th Birthday Celebration of the Sultan of Kedah.



Non-Utilisation of Sick Leave

Malaysia Airports continues to promote good attendance and punctuality among our employees by rewarding those who have demonstrated high commitment, towards work and exhibited good physical health. The reward is given to employees who have fulfilled the required criteria, including not utilising their sick leave entitlement throughout the year.

Performance Measure	2013
Number of employees who received the reward	326

MATERIAL ISSUES

CREATING AN INSPIRING WORKPLACE

A FOCUS ON PERSONAL DEVELOPMENT

Promoting Education, Public Awareness and Training

In driving human capital sustainability, Malaysia Airports' aim to improve our employees work quality, efficiency and expertise. Henceforth, necessary effort was developed whereby, employees management plan in the form of training is broken down at the individual level.

During the year, focused initiatives on employee personal development was implemented. This included Training Needs Analysis initiative, which was developed at the individual level, mainly to ensure that employees were trained for specific positions in their areas of expertise. We also continued to promote education among our employees by supporting the pursuit for higher education level as well as improving skills and knowledge.

Training Needs Analysis [G4 -LA9, G4 - LA10, G4 - LA11]

Malaysia Airports carried out targeted training needs analysis associated with the requirements to improve employee skills and knowledge in their areas of expertise. In 2014, we have integrated seminars into our training programmes which were primarily intended for employees with technical and operational backgrounds. Whereas, other departments were given opportunities to attend conferences and required trainings. This initiative was mainly to ensure that every employee would have equal opportunity for training and thus, provide the essential experiences and skills necessary for them to carry out their day-to-day jobs.

Our Commitment

To Enhance and Simplify Processes in Training Needs Analysis and Identify Suitable Programme for Employees

Performance Measure	2013	2014
Number of employees who attended training	14,833	17,066 *as at 30 November 2014

Average Hours of Training per Employee by Gender and Employee Category [G4 -LA9]

Employee category	Male (hours)	Female (hours)
Management (Grade 26-33)	13	13
Management (Grade 24-25)	13	13
Executive (Grade 19-23)	13	13
Non-Executive (Grade 08-16)	13	13

Percentage of Employees Receiving Regular Performance and Career Development Reviews Broken Down by Gender [G4 - LA11]

Employee category	Male (%)	Female (%)
Management (Grade 26-33)	100%	100%
Management (Grade 24-25)	100%	100%
Executive (Grade 19-23)	100%	100%
Non-Executive (Grade 08-16)	100%	100%

MATERIAL ISSUES CREATING AN INSPIRING WORKPLACE

In support for continued employability and managing career endings of our employees, Malaysia Airports’ pre-retirement programme is designed for employees who have reached 53 years of age and above. The programme aims to provide these employees with knowledge and assist them in managing life after retirement both financially and socially. The duration of the programme is three days and is conducted by an external consultant.

Performance Measure	2013	2014
Total number of employees who attended the pre-retirement programme	148	508

MBA & DBA Programmes – Collaboration Programme with MITRANS from UiTM

In advancing interdisciplinary expertise, Malaysia Airports had collaborated with MITRANS and Arshad Ayub Graduate Business School (AAGBS), which is Malaysia’s advisory transportation institute responsible for transportation research, consultancy and training. The collaboration aims to enhance knowledge and understanding in airport business, increase the overall education level and better connect industries with the programme through research and development activities.

Under the Academic Development Programme, 18 Malaysia Airports’ employees were awarded with a scholarship to continue their studies in Masters of Business Administration (MBA) with six other recipients to continue their studies in Doctors of Business Administration (DBA). The recipients were selected based on their academic excellence and work performance background. The part-time basis programmes will be for a duration of 18 months for the MBA programme and 36 months for DBA programme.

Both MBA and DBA programmes are supported with airport-related subjects intended to provide the candidates with greater research and development capability. The programmes will also expose the candidates to skills such as business planning and making better business decisions.

The development of both programmes is coordinated by the Special Project Unit from Human Resources Department.



The recipients of Masters of Business Administration and Doctors of Business Administration (Airport Concentration) together with the Programme Coordinator from Universiti Teknologi MARA (UiTM).

MATERIAL ISSUES **CREATING AN INSPIRING WORKPLACE**



SLDN trainees with the Chairman of Malaysia Airports, Tan Sri Dato' Sri Dr. Wan Abdul Aziz bin Wan Abdullah (fifth from left) and YB Dato' Sri Ismail bin Hj. Abd Muttalib, the Deputy Minister of Human Resources (fourth from right).

★ **NATIONAL DUAL TRAINING SYSTEM (NDTS) / SISTEM LATIHAN DUAL NASIONAL (SLDN)** ★
IN AN EFFORT TO RAISE THE QUALITY OF OUR SKILLED WORKERS, MALAYSIA AIRPORTS HAD COLLABORATED WITH JABATAN PEMBANGUNAN KEMAHIRAN UNDER THE UP-SKILLING PROGRAMME FOR “PEKERJA AM RENDAH” (GRADE 8-10). THE SIX-MONTH ON-THE-JOB TRAINING SYSTEM ALLOWS TRAINEES TO IMPROVE THEIR SKILLS AND KNOWLEDGE IN ORDER TO COPE WITH THE CHANGING DEMANDS OF THEIR JOB.

On 11 September 2014, a convocation ceremony was held in Sama Sama Hotel for the trainees upon the completion of the SLDN programme. The ceremony was graced with the presence of YB Dato' Sri Ismail bin Hj. Abd Muttalib, the Deputy Minister of Human Resources. In the ceremony, 46 employees from KLIA, Langkawi, Penang International Airport and Sultan Azlan Aziz Shah Airport, Subang, received their certificates.

Moving forward, the SLDN-Malaysia Airports collaboration is looking into the possibilities of connecting local trainees via Malaysia Airports Training Centre with other international airports, business players and industrial sectors to bridge the skills/competency gap that will ultimately contribute to efficient airport operations.

MATERIAL ISSUES COMMUNITY FRIENDLY ORGANISATION

[G4-S01, G4-S02]

Education is the root of all success. Malaysia Airports chooses to evoke thought creativity that nurtures self-development through education sponsorships. Similarly, we pursue strategic community programmes that address the needs of those residing within our sphere of operations.

In order to build strong ties with our stakeholders, various other initiatives and activities have been carried out for the betterment of local communities such as creating employment opportunities to local residents and contributing to charity groups.

EDUCATION SCHOLARSHIP PROGRAMME

The Education Scholarship Programme (ESP) is a platform for us to make a difference by nurturing young talents and contributing positively to the nation and its people. This is one of Malaysia Airports' primary social obligations, whereby we offer scholarships to the most deserving students to pursue tertiary studies at top local and foreign universities, enabling them to acquire the knowledge and competencies to become future leaders.

Our Commitment

To-date, we have awarded 39 scholarships, consistent with our commitment to develop next generation talents.

Performance Measure	2012	2013	2014	Progress
Number of ESP recipients	22	31	39	We will continue to invest in nurturing the potential of young people and develop the necessary traits to become well-rounded and responsible leaders.
Investment	RM1,130,977*	RM2,032,902*	RM2,719,359*	

* in year-to-year expenses

RAISING THE LOCAL EMPLOYABILITY LEVEL IN RURAL AREAS

Malaysia Airports has forged partnership through collaboration with the local authorities to improve the livelihood of the local community by providing job opportunities to them. We train and equip the personnel with the necessary firefighting skills in Airport Fire and Rescue Services (AFRS), a specialised expertise which can only be obtained through airport operations.

Our Commitment

Currently, Malaysia Airports forms partnership with local Persatuan Bomba Sukarela (PBS) from Kudat, Marudi, Lawas and Mukah for the provision of AFRS at the airstrips. Through our collaboration with PBS, since April 2013 we have impacted more than 60 rural residents who are currently our AFRS personnel.

Performance Measure	2013	2014	Progress
Number of AFRS personnel	35	28	<ul style="list-style-type: none"> Through key partnerships, we have been able to create employment opportunities to the rural residents. We will continue to support the rural residents by adding more airstrips within our sphere of operations.

MATERIAL ISSUES

COMMUNITY FRIENDLY ORGANISATION

BEYOND BORDERS

We have been striving to reach and support the communities closest to our airports through our signature education initiative, Beyond Borders programme with the objective of assisting underprivileged primary school students to improve their academic performance, particularly in the English language. Our employees support Beyond Borders through volunteering in its various activities. It is our aspiration to see students being empowered with knowledge, skills and self-esteem so that they can change their perspectives on education and life. Over 60 employees committed to volunteer in 2014 for this programme.

Our Commitment

More than 4,200 students from 29 schools nationwide have been involved in the programme since its introduction in 2007. This programme begins to deliver results as we can see encouraging progress of the students' command of English since its implementation.

Performance Measure	2013	2014	Progress
Percentage of passing grade for English Language final term examination.	52.34%	65.15%	<ul style="list-style-type: none"> 6 out of 7 schools had shown improvement in the subject.



MATERIAL ISSUES

COMMUNITY FRIENDLY ORGANISATION

Social Returns on Investment (SROI)

SROI provides the framework for measuring and accounting the economic, environment and social costs by using the impact map as a tool to evaluate value generated by a community activity and evaluate investments for the activity. As the SROI addresses a broader concept of value, it is intended to represent our company's investment in Corporate Responsibility (CR) programmes in the outcome of social values. Having identified the CR programmes, the analysis was carried out in two different types of SROI (Evaluative or Forecast), where each signifies the purpose of analysis.

Evaluative: The analysis is conducted based on actual outcomes that have already taken place.

Forecast: The analysis is conducted to predict how much social value will be created if the CR programmes meet their intended outcomes.

It tells the story of how change is being created by measuring the social, environment and economic impacts of that change. It uses monetary values to represent the extent of change. For example, if the intervention had cost RM10,000 but the monetary value in terms of the wider social, environmental and economic benefits totalled RM50,000, the SROI is said to have a 5:1 ratio of benefits to cost. In 2014, we have performed an SROI analysis for a few CR programmes to determine the effectiveness that the programmes have brought.

Programme	Conclusion
Beyond Borders	The programme aims to improve the teaching and learning of English in schools, and at the same time to enhance and improve both teachers' and students' capability and capacity to speak and write better in English. Based on our estimates, Social Returns on Investment is RM9.18 : RM1.00.
Commercial CR Programme	The Bumiputera Economic Development Plan (BEEP) aims to create a meaningful development of competitive and resilient SME in the travel retail industry towards increasing contribution to the Malaysian economy through this programme for local and bumiputera SME entrepreneurs. Based on rigorous research and best assumptions, our estimate of Social Returns on Investment is RM5.60 : RM1.00.
Education Scholarship Programme	The Education Sponsorship Programme (ESP) aims to offer opportunities for high-achieving secondary school students to pursue tertiary studies at top local and foreign universities. Our estimate of Social Returns on Investment is RM5.72 : RM1.00.

MATERIAL ISSUES MEMORABLE AIRPORT EXPERIENCES

PRIORITISING SERVICE EXCELLENCE

Malaysia Airports put very high priority on customer satisfaction. We therefore continue to work hard to improve our service profile to provide more comfort to passengers travelling through our airports.

We are deeply motivated to provide the highest level of service excellence in the form of security and airport experience to our passengers. Pursuant to that, we ensure that our Aviation Security Officers are well-trained in attending to security matters, as well as in activities involving participation from the passengers such as the Indulge Till You Fly Campaign and T.O.U.C.H programme that caters to the need of our customers and passengers at the airports.

As we are committed to strive for service excellence, we encourage passengers to provide feedback via iCARE. Located at the Information Counter in our international airports, iCARE is a tablet application that provides information on our airports, it also serve as a tool to better understand our customer needs and their expectations. Our CARE Ambassadors also promote the usage of iCARE to further enrich customer experience in klia2 terminal. We believe that the implementation of these initiatives will help contribute to the improvement of our performance measure in Airport Service Quality (ASQ).

Aviation Security (AVSEC) Support

An important element in passenger satisfaction is a feeling of being safe at the airports. Malaysia Airports' Aviation Security Department plays a vital role in delivering responsible services to provide a safe environment for our staff, passengers and customers at the airport. Hence, programmes and activities in relation to aviation security were developed to meet regulatory requirements under the National Civil Aviation Security Practices, as endorsed by the Department of Civil Aviation (DCA) and ICAO, as well as to improve the ASQ Security Elements.

Apart from enforcing security measures at the airports, AVSEC also plays a role in fulfilling security requirements during airport construction and renovation as outlined under Malaysian laws and ICAO standards. AVSEC also reviews the security standard operating procedures and evaluates contingency plans on a periodic basis.

Among initiatives carried out by AVSEC during the year were:



MATERIAL ISSUES

MEMORABLE AIRPORT EXPERIENCES

Recruitment of security personnel

In meeting the regulatory requirements and manpower readiness at klia2, AVSEC has completed the recruitment process of 504 security personnel deployed at the terminal. Sufficient numbers of security personnel will improve the efficiency and effectiveness of day to day operations with regards to security practices.

Improvement in passenger screening

In order to reduce waiting time during security inspection, stringent passenger screening procedures were developed by requesting passengers to remove all metal objects such as wristwatches, coins, belts, keys and other similar materials before passing through the departure screening checkpoint. This initiative aims to improve our ASQ Security Elements as well as to reduce body frisking/hand on processes.

Training certification

In 2014, the AVSEC had recruited 942 security personnel who underwent a six month initial training. The objectives of the training were to equip our security personnel with skills and knowledge in undertaking security practices, as well to fulfil the legal and compliance requirements.

The six-month training period consisted of training undertake at Police Training Centre in PULAPOL Langkawi (two-months), Aviation Syllabus training (two-months) and On-the Job training in KLIA (two-months). Upon completion of the training, security personnel were given a certificate by PDRM as an indication that they are competent to provide security operation services at KLIA and other airports.

Investigation Course

Apart from enforcing security measures, AVSEC also oversees investigative functions for unlawful interferences and incidents related to the carrying of dangerous goods by air, and minor criminal offenses. In 2014, Basic Investigation Course was organised for AVSEC officers to enhance their investigative skills on offences committed within the Security Restricted Area. Upon completion, they will attend the Advance Investigative Course.

With the view that investigative skills are important to drive better security levels at airports, AVSEC plans to conduct the training as frequent as three times annually.

Delivering Total Customer Satisfaction through Outstanding Service Practices with Unforgettable Smiles yet Conversant and Humbly Pleasant (T.O.U.C.H.)

We credit the success of this programme to the commitment of our frontliners and concessionaires working together on improving their understanding of service, in order to enhance their attentiveness to customer needs. The effectiveness of this campaign is measured through industry awards and recognition, number of champion and winner pins collected by campaign participants for displaying the T.O.U.C.H. attributes, as well as engagement through social media by Facebook likers.

MATERIAL ISSUES MEMORABLE AIRPORT EXPERIENCES

	2013	2014
List of Industry Awards and Recognitions	2013 Marketing Excellence Awards <ul style="list-style-type: none"> • Gold Award for Excellence in “Public Relations, Internal” • Silver Award for “Public Relations, Corporate Communications” 	2014 Marketing Excellence Awards <ul style="list-style-type: none"> • Gold Award for Excellence in Government Sector Marketing • Top 5 for Excellence in Public Relations 2014 The Loyalty & Engagement Awards <ul style="list-style-type: none"> • Fourth Place for “Best Employee Engagement Strategy”
Total Champion Pins	71	80
Total Winner Pins	122	584
Social Media (Facebook likers)	45,900	46,271 (Jan-Oct)

On March 2014, based on the successful performance of the T.O.U.C.H campaign, the programme had been extended to our International Airports in Penang, Langkawi, Kuching and Kota Kinabalu.

Our Commitment

To Encourage Frontliners to be Friendly and Helpful, by Championing Product Knowledge and Raising Customer Service Level.

Indulge Till You Fly 2013/2014 Campaign

To further raise awareness on the dual roles of our international airports as a transportation hub and a lifestyle destination, Indulge Till You Fly campaign were held in KLIA/LCCT-KLIA, Langkawi, Penang, Kuching and Kota Kinabalu International Airports for the fourth year in a row.



The Indulge Till You Fly campaign, which took place from July 2013 to February 2014, carried a “Wonderland” theme to promote participation from passengers, whilst offering attractive Grand Prize reward of a RM1 million shopping spree and the opportunity for a shopping experience to Hong Kong, Tokyo, New York, London, Paris, Dubai and Kuala Lumpur.

Throughout the campaign duration of 32 weeks, it received 251,091 total entries with the total sales amount of RM166 million. The encouraging result had shown an increase of total sales by 22% in comparison to the previous campaign.

In May 2014, the Indulge Till You Fly 2013-2014 winners’ award ceremony was held in KLIA Main where Mr. Donald Chung from Subang Jaya was announced as the Grand Prize winner.

MATERIAL ISSUES

MEMORABLE AIRPORT EXPERIENCES

Feedback Management System (CARE-sys)

In an effort to contribute significantly towards customer satisfaction, we have introduced CARE-sys, a comprehensive feedback management system. The objective of using CARE-sys is to create an organised platform to receive, attend and resolve customer feedback from all 39 airports. It is also used to facilitate efficient case allocation, better feedback resolution coordination and systematic feedback record management for Malaysia Airports.

Passengers can provide their feedback through various channels:

- Malaysia Airports' Official Website (www.malaysiaairports.com.my)
- E-mail (CARE@malaysiaairports.com.my)
- Official Malaysia Airports' Social Media Platforms (Facebook, Instagram, Twitter)
- Manual feedback forms (Available at Information Counters)
- iCARE (Dedicated tablet used for passenger surveys & feedback)
- Letters, faxes etc.

These feedback will be logged into CARE-sys for our record purposes. In addition, cases which need more information or investigation, will be sent to the respective Stakeholders for input.

According to the set Service Level Agreement, all feedback will be fairly treated and responded to within five (5) working days.

Our Commitment

To Respond to All Customer Feedback within Five Working Days

Malaysia Airports' CARE Ambassador programme in klia2

In realising Malaysia Airports' mission to create joyful experiences by connecting people and businesses, the CARE Ambassador programme was established mainly to assist passengers in their familiarisation with klia2 and enhance passenger experience at the new terminal. Beginning May 2014, a total of 17 CARE Ambassadors were placed in strategic locations within the klia2 terminal. The main scope of CARE Ambassadors includes:

- To enrich customer experience through service excellence
- To project Malaysia Airports as a customer-oriented and friendly gateway
- To understand the needs and expectations of airport users for customer retention through the usage of iCARE
- To enhance passenger service quality by implementing best practices of Customer Relationship Management
- To support the Airport Service Quality (ASQ) survey for the improvement of Malaysia Airports as a whole

Moving forward, the development of CARE Ambassador programme is expected to be extended to KLIA and other airports.

MATERIAL ISSUES

MEMORABLE AIRPORT EXPERIENCES



Airport Service Quality (ASQ)

In our relentless effort to enhance our customer service, since 2002 we have measured our service quality levels through the ACI Airport Service Quality (ASQ) survey. The ASQ survey measures passengers' satisfaction based on feedback gathered in 32 elements, which are touch-points related to airport services and products, based on the following aspects:

- Overall satisfaction of the airport
- Accessibility
- Check-in
- Passport/personal ID control
- Security
- Finding ways around the airport
- Airport facilities, environment and services

Airport Service Quality (ASQ) Ranking [PR5]

KLIA (KL International Airport)

	2009	2010	2011	2012	2013	2014
Overall ASQ rank worldwide	16	13	19	8	21	21
Overall ASQ rank in 25 - 40 mppa category	4	3	4	3	-	-
Overall ASQ rank in >40 mppa category	-	-	-	-	7	7

LGK (Langkawi International Airport)

	2013	2014
Overall ASQ rank Asia Pacific	32	34
Overall ASQ rank in 0-2 mppa category	8	9

Note:

In 2014, the most important basic elements addressed through the initiatives are cleanliness of the terminal, availability and cleanliness of washrooms, waiting times at various points within the terminal, the availability of shopping and restaurants and internet access and WiFi availability.

LGK won best small airport (0-2mppa) (Asia Pacific) in 2013 and 2014.

PERFORMANCE DATA: HUMAN RIGHTS, SOCIETY, PRODUCT RESPONSIBILITY

Human Rights

Percentage of security personnel trained in the organisation's human rights policies or procedures that are relevant to operations [G4 -HR7]

36.4%

The total number of hours devoted to employee training on policies and procedures regarding aspects of human rights that are relevant to operations, including the percentage of employees trained [G4 -HR2]

9 hrs (25.5%)

The total number of incidents of discrimination and corrective actions taken [G4 -HR3]

Nil

Society

Total number and percentage of operations assessed for risks related to corruption and the significant risks identified [G4 -S03]

Nil

Communication and training on anti-corruption policies and procedures [G4 -S04]

Management – 12%

Non-Management – 3%

Confirmed incidents of corruption and actions taken [G4 -S05]

Nil

Product Responsibility

Total number of incidents for non-compliance with regulations concerning marketing communications [G4-PR7]

Incidents	Total
Incidents of non-compliance with regulations resulting in a fine or penalty	Nil
Incidents of non-compliance with regulations resulting in a warning	Nil
Incidents of non-compliance with voluntary codes	Nil

Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data [G4-PR8]

Complaints	Total
Complaints received from outside parties and substantiated by the organisation	Nil
Complaints from regulatory bodies	Nil

Our airports with ISO9001:2008 Certification (SIRIM QAS International Sdn. Bhd.)

KLIA	KCH	AOR	LBU
PEN	LGK	TGG	BTU
BKI	MYY	IPH	SZB
KBR	KUA	MKZ	SBW
LMN	LDU	SDK	TWU
RDN	TOD	MZV	

Our airports with ISO14001:2004 Certification (SIRIM QAS International Sdn. Bhd.)

KLIA	KCH	AOR	LBU	PEN
LGK	TGG	BTU	BKI	MYY

Our airports with ISMS27001:2005 Certification (SIRIM QAS International Sdn. Bhd.)

LGK

Total annual number of wildlife strikes per 10,000 aircraft movements [G4-A09]

Component	2014
No. of Bird Hits	82
No. of Animal Hits	3
Strike Rate per 10,000 Aircraft Movements	3.05

GLOSSARY

AFRS	Airport Fire & Rescue Services
ASQ	Airport Service Quality
AVSEC	Aviation Security
AGM	Annual General Meeting
AOSS	Airport Operators Sector Supplement
ACI	Airport Council International
ARP	Airline Rewards Programme
AP-REC	Regional Environment Committee
AIP	Airline Incentive Programme
ACERT	Airport Carbon and Emissions Reporting Tool
AAGBS	Arshad Ayub Graduate Business School
BCP	Business Continuity Plan
BCM	Business Continuity Management
BEEP	Bumiputera Economic Empowerment Plan
CIU	Corporate Integrity Unit
CR	Corporate Responsibility
CSR	Corporate Social Responsibility
DBA	Doctorate of Business Administration
DCA	Department of Civil Aviation
EES	Employee Engagement Survey
ESP	Education Scholarship Programme
EPF	Employee Provident Fund
GRI	Global Reporting Index
ICAO	International Civil Aviation Organisation
KLIA	KL International Airport
MTB	Main Terminal Building
MBA	Master of Business Administration
MoU	Memorandum of Understanding
NDTS	National Dual Training System
PBS	Persatuan Bomba Sukarela
PDRM	Polis Diraja Malaysia (Royal Malaysian Police)
SAT	Satellite Building
SOP	Standard Operating Procedures
SLA	Service Level Agreement
STOL	Short Take-Off & Landing
SROI	Social Returns of Investment
TMO	Transformation Management Office
WESC	World Environmental Standing Committee

GRI CONTENT INDEX

Custom Content Index – ‘In Accordance’ Core

This Content Index provides an overview of the G4 Standard Disclosures made in this report and the Malaysia Airports Annual Report 2014.

GENERAL STANDARD DISCLOSURES			
General Standard Disclosures	Description	Page	External Assurance
STRATEGY AND ANALYSIS			
G4-1	Statement from the most senior decision-maker of the organisation.	7	√
ORGANISATIONAL PROFILE			
G4-3	Name of the organisation	5	√
G4-4	Primary brands, products and/or services		Annual Report
G4-5	Location of organisation’s headquarters		Annual Report
G4-6	Number of countries where the organisation operates		Annual Report
G4-7	Nature of ownership and legal form		Annual Report
G4-8	Markets served		Annual Report
G4-9	Scale of the reporting organisation		Annual Report
G4-10	Workforce	28	√
G4-11	Percentage of total employees covered by collective bargaining agreement	30	√
G4-12	Supply chain	21	√
G4-13	Significant changes during the reporting period	5	√
G4-14	Precautionary approach	10	√
G4-15	External charters, principles or other initiatives	3	√
G4-16	Membership of associations	3	√
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES			
G4-17	Entities included in the organisation’s consolidated performance		Annual Report
G4-18	Process for defining report content and aspect boundaries	3	√
G4-19	Material aspects	3	√
G4-20	Aspect boundaries within the organisation	3	√
G4-21	Aspect boundaries outside the organisation	3	√
G4-22	Effects of any restatement	There are no restatements of information	√
G4-23	Significant changes during the reporting period	3	√

GRI CONTENT INDEX

GENERAL STANDARD DISCLOSURES (CONT'D.)			
General Standard Disclosures	Description	Page	External Assurance
STAKEHOLDERS ENGAGEMENT			
G4-24	Stakeholder groups engaged by the organisation	14	√
G4-25	Basis for identification	14	√
G4-26	Approach to stakeholder engagement	14	√
G4-27	Key topics and concerns raised by stakeholder	14	√
REPORT PROFILE			
G4-28	Reporting period (e.g., fiscal/calendar year) for information provided	3	√
G4-29	Date of most recent previous report (if any)	3	√
G4-30	Reporting cycle (annual, biennial, etc)	3	√
G4-31	Contact point for questions regarding the report or its contents	3	√
G4-32	In accordance option chosen	3	√
G4-33	Assurance	3	√
GOVERNANCE			
G4-34	Governance structure of the organisation		Annual Report
ETHICS AND INTEGRITY			
G4-56	Organisations value principles and norms of behaviour	8	√

SPECIFIC STANDARD DISCLOSURES				
DMA and Indicators	Description	Page	Reason(s) for Omission(s)	External Assurance
CATEGORY: ECONOMIC				
MATERIAL ASPECT: ECONOMIC PERFORMANCE				
G4-EC3	Coverage of the organisation's defined benefit plan obligations	29		√
MATERIAL ASPECT: MARKET PRESENCE				
G4-DMA	Generic Disclosures on Management Approach	30		√
G4-EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant location of operation	30		√
G4-EC6	Proportion of senior management hired from the local community as significant locations of operation	28		√

GRI CONTENT INDEX

SPECIFIC STANDARD DISCLOSURES (CONT'D.)				
DMA and Indicators	Description	Page	Reason(s) for Omission(s)	External Assurance
CATEGORY: ECONOMIC (CONT'D)				
MATERIAL ASPECT: PROCUREMENT PRACTICES				
G4-DMA	Generic Disclosures on Management Approach			√
G4-EC9	Proportion of spending on locally-based suppliers at significant locations of operation		This information was not collected during the reporting year.	√
CATEGORY: ENVIRONMENTAL				
MATERIAL ASPECT: ENERGY				
G4-DMA	Generic Disclosures on Management Approach	24		√
G4-EN3	Energy consumption within the organisation	24		√
G4-EN5	Energy intensity	24		√
G4-EN6	Reduction of energy consumption	24		√
G4-EN7	Reductions in energy requirements of products and services	24		√
MATERIAL ASPECT: WATER				
G4-DMA	Generic Disclosures on Management Approach	25		√
G4-EN8	Total water withdrawal by source	25		√
G4-EN9	Water sources significantly affected by withdrawal of water		This information was not collected during the reporting year.	√
G4-EN10	Percentage and total volume of water recycled and reused		Not applicable	√
MATERIAL ASPECT: EMISSION				
G4-DMA	Generic Disclosures on Management Approach	26		√
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	26		√
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	26		√
G4-EN18	Greenhouse gas (GHG) emissions intensity		Not applicable	√
G4-EN19	Reduction of greenhouse gas (GHG) emissions	26		√
MATERIAL ASPECT: EFFLUENTS AND WASTE				
G4-DMA	Generic Disclosures on Management Approach	25		√
G4-EN22	Total water discharge by quality and destination		This information was not collected during the reporting year.	√
G4-EN23	Total weight of waste by type and disposal method	25		√

GRI CONTENT INDEX

SPECIFIC STANDARD DISCLOSURES (CONT'D.)				
DMA and Indicators	Description	Page	Reason(s) for Omission(s)	External Assurance
CATEGORY: SOCIAL SUB-CATEGORY: LABOUR PRACTICES AND DECENT WORK				
MATERIAL ASPECT: EMPLOYMENT				
G4-DMA	Generic Disclosures on Management Approach	28		√
G4-LA1	Total number and rate of new employee hires and employee turnover by age group, gender, and region	28		√
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	29		√
G4-LA3	Return to work and retention rates after parental leave, by gender	29		√
MATERIAL ASPECT: LABOR/MANAGEMENT RELATIONS				
G4-DMA	Generic Disclosures on Management Approach	29		√
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	29		√
MATERIAL ASPECT: OCCUPATIONAL HEALTH AND SAFETY				
G4-DMA	Generic Disclosures on Management Approach	43		√
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes	43		√
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region and by gender	43		√
MATERIAL ASPECT: TRAINING AND EDUCATION				
G4-DMA	Generic Disclosures on Management Approach	32		√
G4-LA9	Average hours of training per year per employee by gender, and by employee category	32		√
G4-LA10	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	32		√
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employment category	32		√

GRI CONTENT INDEX

SPECIFIC STANDARD DISCLOSURES (CONT'D.)				
DMA and Indicators	Description	Page	Reason(s) for Omission(s)	External Assurance
CATEGORY: SOCIAL SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK (CONT'D)				
MATERIAL ASPECT: DIVERSITY AND EQUAL OPPORTUNITY				
G4-DMA	Generic Disclosures on Management Approach	10		√
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	10		√
MATERIAL ASPECT: EQUAL REMUNERATION FOR WOMEN AND MEN				
G4-DMA	Generic Disclosures on Management Approach	30		√
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	30		√
SUB-CATEGORY: HUMAN RIGHTS				
MATERIAL ASPECT: INVESTMENT				
G4-DMA	Generic Disclosures on Management Approach	44		√
G4-HR2	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	44		√
MATERIAL ASPECT: NON-DISCRIMINATION				
G4-DMA	Generic Disclosures on Management Approach	44		√
G4-HR3	Total number of incidents of discrimination and corrective actions taken	44	No incidents of discrimination occurred during the reporting period	√
MATERIAL ASPECT: SECURITY PRACTICES				
G4-DMA	Generic Disclosures on Management Approach	44		√
G4-HR7	Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations	44		√

GRI CONTENT INDEX

SPECIFIC STANDARD DISCLOSURES (CONT'D.)				
DMA and Indicators	Description	Page	Reason(s) for Omission(s)	External Assurance
SUB-CATEGORY: SOCIETY				
MATERIAL ASPECT: LOCAL COMMUNITIES				
G4-DMA	Generic Disclosures on Management Approach	35		√
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programmes	35		√
G4-SO2	Operations with significant actual and potential negative impacts on local communities	35		√
MATERIAL ASPECT: ANTI-CORRUPTION				
G4-DMA	Generic Disclosures on Management Approach	44		√
G4-SO3	Total number and percentage of operations assessed for risk related to corruption and the significant risks identified	44		√
G4-SO4	Communication and training on anti-corruption policies and procedures	44		√
G4-SO5	Confirmed incidents of corruption and action taken	44		√
SUB-CATEGORY: PRODUCT RESPONSIBILITY				
MATERIAL ASPECT: PRODUCT AND SERVICE LABELING				
G4-DMA	Generic Disclosures on Management Approach	42		√
G4-PR5	Results of surveys measuring customer satisfaction	42		√
MATERIAL ASPECT: MARKETING COMMUNICATIONS				
G4-PR7	Total number of incidents for non-compliance with regulations concerning marketing communications	44		√
MATERIAL ASPECT: CUSTOMER PRIVACY				
G4-DMA	Generic Disclosures on Management Approach	44		√
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	44		√

GRI CONTENT INDEX

SECTOR SPECIFIC DISCLOSURES: AIRPORT OPERATOR				
DMA and Indicators	Description	Page	Reason(s) for Omission(s)	External Assurance
AO1	Total number of passengers annually			Annual Report
AO2	Annual total number of aircraft movements			Annual Report
AO3	Total amount of cargo tonnage			Annual Report
AO4	Quality of storm water by applicable regulatory standards		The information was not collected during the reporting year	√
AO5	Ambient air quality levels according to pollutant concentrations in microgram per cubic meter ($\mu\text{g}/\text{m}^3$) or parts per million (ppm) by regulatory regime		The information was not collected during the reporting year	√
AO6	Aircraft and pavement de-icing/anti-icing fluid used and treated by m^3 and/or tonnes		Not applicable	√
AO7	Number and percentage change of people residing in areas affected by noise		The information was not collected during the reporting year	√
AO8	Number of persons physically or economically displaced, either voluntarily or involuntarily, by the airport operator or on its behalf by a government or other entity, and compensation provided		Not applicable	√
AO9	Total annual number of wildlife strikes per 10,000 aircraft movements	44		√

INDEPENDENT ASSURANCE STATEMENT

Scope and Objective

SIRIM QAS International Sdn. Bhd., a third party Conformity Assessment Body in Malaysia, with extensive expertise and experience in the provision of sustainability-related assurance services, was engaged by Malaysia Airports Holding Berhad (hereafter referred to as Malaysia Airports) to perform an independent verification and provide assurance of the Malaysia Airports Sustainability Report 2014. The main objective of the verification process was to provide Malaysia Airports and its stakeholders with an independent opinion of the accuracy of the information presented in the report. This was confirmed through checking and verifying claims made in the report. The verification audit by SIRIM QAS International covered all sustainability-related activities which had been included in the Malaysia Airports Sustainability Report 2014.

The management of Malaysia Airports is responsible for the preparation of the Sustainability Report. The objectivity and impartiality of this verification statement is assured as no member of the verification team and no other employee of SIRIM QAS International was involved in the preparation of any part of the Malaysia Airports Sustainability Report 2014.

Verification team:

The verification team from SIRIM QAS International consisted of:

- 1) Ms. Aminah Ang : Team Leader
- 2) Mr. Akmar Hisham Saat : Team Member
- 3) Mr. Shaiful Azmir Abdul Rahman : Team Member

Methodology

The verification process was carried out by SIRIM QAS International in December 2014 and January 2015. It involved the following activities:

- Reviewing and verifying the accuracy of data collected from various sources and that are presented in the report;

- Reviewing of internal and external documentation and displays such as awards, reports, media publications, newsletters, etc.;
- Interviewing of key personnel responsible for collating information and writing various parts of the report in order to substantiate the veracity of the claims;
- Evaluating the adequacy of the Sustainability Report of Malaysia Airports and its overall presentation against the GRI G4.0 requirements and the G4.0 Airport Operators Sector Disclosure.

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

The verification process was subject to the following limitations:

- The scope of work only involved the verification of information reported in the Sustainability Report 2014;
- The verification was designed to provide limited assurance of whether the Sustainability Report is presented fairly, in all material aspects, and in accordance with the reporting criteria. It was not intended to provide assurance of the organization's ability to achieve its objectives, targets or expectations on sustainability-related issues;
- Only the corporate office was visited as part of this assurance engagement. The verification process did not include physical inspections of any of Malaysia Airports operating assets;
- The carbon footprint of Malaysia Airports was based on the Airport Carbon Emission Reporting Tool (ACERT) . However, the derivation of the footprint for scope 1 was not verifiable as the formulae used in the calculation were not accessible. Only the quantity of fuel that was verified.; and
- The verification team did not review any contractor or third party data.

Observations and areas for improvement:

The following observations should be considered as areas for improvement in future reporting.

- The views of a broader cross-section of internal stakeholders from within the organization as well as those of external stakeholders should be considered in the determination of "material aspects". The description of the process for such consultation should also be considered for inclusion in the report.
- Gathering of data on fuel consumption needs to be enhanced to ensure that the captured data is more accurate and verifiable.
- The quality of wastewater treated within airports should be disclosed.

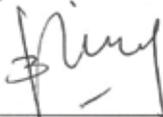
These observations however do not affect our conclusions on the current report.

Conclusion

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

- The level of accuracy of data included in the Malaysia Airports Sustainability Report 2014 is fair and acceptable;
- The Sustainability Report was prepared following the GRI G4.0 'In accordance with the Core' Requirements of the Sustainability Reporting Framework;
- The information has been presented in an appropriate manner;
- The personnel responsible were able to reliably demonstrate the origin(s) and interpretation of data contained in the report;
- Malaysia Airports has satisfactorily addressed, in the final version of the report, all issues that had been raised during the verification audit;
- The report provides a reasonable and balanced presentation of the sustainability performance of Malaysia Airports

Prepared by:



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Date : 20 January 2015

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