

A stylized globe with a blue and orange color scheme. A blue arrow points upwards from the center of the globe, topped with a small blue airplane icon.

ACCELERATING
GROWTH
MOMENTUM

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cover rationale

Malaysia Airports is *Accelerating its Growth Momentum* in tandem with the rise in the global economy. With Asia as the concentration point of global aviation growth, we are in a strong position to leverage on this as we have built up our capacity and capability to compete effectively over the years. Being a global airport company with a dynamic portfolio, we are optimistic of success as we have the fundamentals in place to operate as a world-class airport business. Critical components that support this include an efficient airport network and system, a good working relationship with all the stakeholders, an excellent service capability as well as an ample infrastructure capacity to compete with international industry players. These elements put us in good stead in a highly competitive global aviation market and ensure that millions of users and travellers continue to enjoy access to airport facilities and services that are efficient, convenient, comfortable, and safe.

Vision

World-Class Airport Business

Mission

Providing World-Class Aviation Gateways;
Managing Cost-Effective Airport Network And Services;
Exceeding The Expectations Of Customers, Shareholders
And Other Stakeholders

REPORT PROFILE

This is the fifth Malaysia Airports Holdings Berhad (henceforth Malaysia Airports) Annual Sustainability Report. This report parallels and complements our 2013 Annual Report.

This report is written in accordance to the Global Reporting Initiative (GRI) G 3.1 and Airport Operators Sector Supplement (AOSS) reporting guidelines with an Application Level of B+. This report also contains some Standard Disclosures which are in compliance with the GRI G4 Sustainability Reporting Guideline.

The content of this report has been assured by an independent external third party agency to ensure accuracy and reliability of this report. In order to avoid duplication of information, some requirements of the GRI guidelines are reported in our 2013 Annual Report. These requirements are referenced in our GRI Content Index on Page 39.

This report reflects Malaysia Airports' activities in relations to ISO9001, OHSAS18001 and EMS14001 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 stations whereby Malaysia Airports holds a majority stake in and/or has direct managerial control over. Airports where Malaysia Airports has stakes in outside Malaysia have been excluded from discussion in this report. Coverage of the holding company's subsidiaries is also not exhaustive in this report.

This report covers Malaysia Airports' performances throughout January to October 2013 (and up to November and December 2013 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) World Environment Standing Committee (WESC) and the ACI Asia Pacific Regional Environment Committee (AP-REC).

Malaysia Airport's sixth Sustainability Report will be due in parallel with our 2014 Annual Report. 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>

MALAYSIA AIRPORTS FIVE PILLARS OF SUSTAINABILITY



MALAYSIA AIRPORTS HEAD OFFICE

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

OUR AIRPORTS

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

Our previous sustainability reports

2012 Connecting with U
2011 Clear Horizons
2010 The Romance of Aviation
2009 Licence to Grow

Point of contact for queries and feedback:

Sustainability Department
Malaysia Airports Holdings Berhad
Tel: 03-8777 7000 Fax: 03-8777 7210

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 comprising of five international and 16 domestic airports, and 18 short take-off and landing (STOL) ports. Overseas, Malaysia Airports also operates and manages Sabiha Gokcen International 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 holdings 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, provides maintenance and future development of Kuala Lumpur International Airport including KLIA's Low Cost Carrier Terminal (LCCT) and provision of airport related services.

Malaysia Airports Sdn Bhd (MASB)

This company manages, operates and maintenance of designated airports and provision of airport related services in Malaysia other than KLIA. The designated airports comprise of 4 international airports (PEN, LGK, KCH, BKI), 16 domestic airports and 18 STOL ports.

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 2013 Annual Report.

LIVING THE MALAYSIA AIRPORTS BRAND

Malaysia Airports embarked on its 'Brand Culture Transformation' journey in 2012, starting with various workshops with the Management, employees, external stakeholders, and union leaders to identify the root of our current culture, the perception towards our corporate brand and the brand's future state. The transformation journey resulted in the discovery of Malaysia Airports' Brand Essence, which is founded on the root strength of our company while promoting the desired attributes in our people. It is based on the concept of connecting our business to the stakeholders, community and environment in a balanced approach.

Our Brand Essence of 'Friendly and Firm', 'Business Driven and Responsible', and 'Progressive and Practical' explains very simply the current and desired culture that we all want to see in Malaysia Airports in order for us to continuously improve and move one step closer to our vision. Our shared values are embedded within the Brand Essence and have been used as guidelines in order for us to come up with actionable and measurable behaviours known as Individual Commitments.

Objectives of the brand transformation journey are:

- To define a clear brand positioning and future direction
- Instil a sense of pride and a sense of belonging in our employees for the Malaysia Airports brand
- Increase brand awareness and positivity of stakeholders' attitude towards the Malaysia Airports brand

A total of 36 workshops were held involving 976 participants from KLIA, PEN, LGK, KCH and BKI. Feedback from these engagement sessions were analysed alongside the vision of our top management.

STRATEGY & ANALYSIS

JOINT ADDRESS BY OUR CHAIRMAN AND MANAGING DIRECTOR

Dear Stakeholders,

It is our pleasure to present to you Malaysia Airports' fifth annual sustainability report. Sustainability is at the heart of the way we conduct ourselves and our day-to-day business. We believe that through exemplary governance and a well balanced approach towards every aspect of our business, we are able to profit both positively and more importantly, responsibly.

Malaysia Airports believes in the integration of socially and environmentally responsible practices in all our operations and management decisions. Our approach to sustainability is based on five key pillars. They are:

1. Practicing Sensible Economics
2. Creating an Inspiring Workplace
3. Environmental Consciousness
4. Community Friendly Organisation; and
5. Memorable Airport Experiences

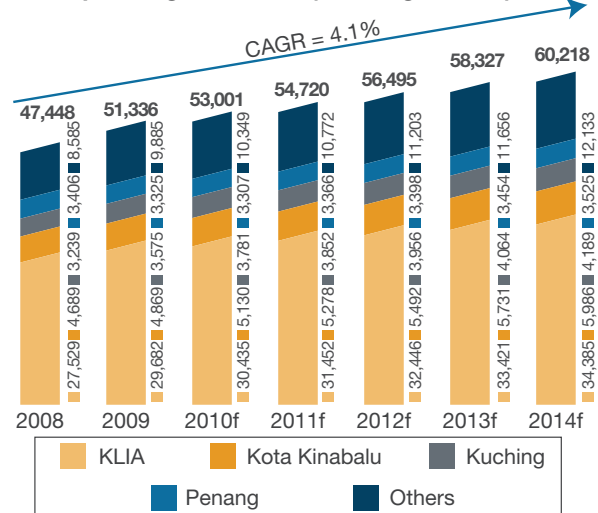
These five pillars represents every aspect of Malaysia Airports' business and social stakeholders. We believe that it is important that sustainability touches all aspects of our operations and management to ensure continued growth, not just for today, but for many more years to come.

As the main gateways to Malaysia, we believe that it is our responsibility to create positive and lasting impressions to all travellers passing through our airports, be it for business, for leisure or even if they are just passing through. Every passenger, regardless of their destination, is our guest and is therefore important to us. They are important revenue sources to us, and also our airline and business partners. Therefore, we have made tremendous efforts in ensuring that our



Runway to Success, 2010

Base passenger forecast (Passengers '000)



Runway to Success, 2010

airports provide the highest value in terms of comfort and commercial offerings, in order to optimise every passenger's travel experience.

Teamwork is of utmost important to us. As depicted in our five-year Business Plan, Malaysia Airports works with a large number of stakeholders in bringing these valuable services to our passengers. These stakeholders include our airline partners, private entities such as our concessionaires, and various government agencies. We believe that working together is important, as it allows us to leverage on each other's strengths in both management and operations.

In 2010, our Business Plan, Runway To Success, predicted a traffic growth of 60 million passengers per annum by year 2014. Our traffic performance of 79.5 million passengers in 2013 far surpasses this numbers. This sustained

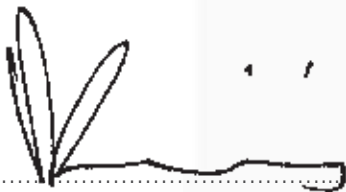
exponential growth is attributed to many factors, including evolving trends in the aviation industry.

As a service industry, our greatest assets are our people. We are proud that our workforce is comprised of some of the most talented aviation specialists in the region. In acknowledging the importance of our employees, a number of rewards and recognitions were awarded to outstanding and exemplary employees throughout the year, including the accolade of 'Employee of the Year,' which was given at our Appreciation Dinner held at Putrajaya International Convention Center (PICC) in October 2013.

Ethics and integrity is held with utmost importance by Malaysia Airports and we are committed to upholding transparency in every aspect of our business. A number of our policies and

processes were strengthened in 2013, with the aim of improving efficiency in key areas of our operations and comply with the latest requirements where procedures are concerned. In a fast paced industry such as ours, it is pertinent to be up to date, especially where it concerns the way we work with our respective stakeholders.

We would like to take this opportunity to convey our appreciation to all our stakeholders, for your support, understanding and partnership in our sustainability endeavours. As Malaysia Airports embarks upon accelerating our growth momentum, we are committed to moving forward responsibly. Thank you for embarking on this exciting journey of sustainability with us.



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



Tan Sri Bashir Ahmad bin Abdul Majid
Managing Director



BOARD OF DIRECTORS

Standing, from left to right

MOHD IZANI BIN GHANI
(Non-Independent Non-Executive)

CHUA KOK CHING
(Alternate Director to Datuk Seri Long See Wool)
(Non-Independent Non-Executive)

DATUK SERI LONG SEE WOOL
(Non-Independent Non-Executive)

TAN SRI DATO' SRI DR. WAN ABDUL AZIZ BIN WAN ABDULLAH
(Chairman)
(Non-Independent Non-Executive)

ESHAH BINTI MEOR SULEIMAN
(Non-Independent Non-Executive)

DATUK ZALEKHA BINTI HASSAN
(Independent Non-Executive)

DATUK SERI MICHEAL YAM KONG CHOY
(Independent Non-Executive)

ROSLI BIN ABDULLAH
(Non-Independent Executive)

TUNKU DATO' MAHMOOD FAWZY BIN TUNKU MUHIYIDDIN
(Non-Independent Non-Executive)

SABARINA LAILA BINTI DATO' MOHD HASHIM
(Company Secretary)

TAN SRI BASHIR AHMAD BIN ABDUL MAJID
(Managing Director)
(Non-Independent Executive)



NORAZURA BINTI TADZIM
 (Alternate Director to Eshah binti
 Meor Suleiman)
 (Non-Independent Non-Executive)

JEREMY BIN NASRULHAQ
 (Independent Non-Executive)



GOVERNANCE

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/Gender	Male	Female
Main board	9	2
Exco committee	5	2
Management committee (MCM)	19	9

Composition of governance, by age

Governance body/ Age group	30-39	40-49	50-59	60-69	Total
Main board**	–	2	3	6	11
Exco committee	1	2	2	2	7
Management committee (MCM)	4	13	9	2	28

**Including Chairman & MD

96.55%

Proportion of Malaysians in our senior management

MANAGEMENT TEAM



From left to right

- **MUSTAFA KAMAL HJ. ALANG OTHMAN**
General Manager, Aviation Security (AVSEC)
- **ZAINOL MOHD ISA**
General Manager, Malaysia Airports Sdn Bhd
- **HEZAL AHMAD**
General Manager, Overseas Ventures
- **MOHD SUHAIMI ABD MUBIN**
General Manager, Malaysia Airports (Sepang) Sdn Bhd
- **MOHD NASIR ISMAIL**
General Manager, MAB Agriculture-Horticulture Sdn Bhd
- **NORNAJIHAH ISMAIL, FCCA**
General Manager, Finance
- **MOHAMED SALLAUDDIN MOHAMED SHAH @ MAT SAH**
General Manager, Marketing
- **AHMAD TARMIZI MOHD HASHIM**
General Manager, Malaysia Airports Consultancy Services (MACS) Sdn Bhd
- **DATO' IR. HJ. ABDUL NASIR ABDUL RAZAK**
General Manager, Special Project, Construction
- **MUHAMMAD FAWZY AHMAD**
General Manager, Malaysia Airports (Niaga) Sdn Bhd
- **MUHAMAD KHAIR MIRZA**
Senior General Manager, Planning
- **DATO' ABDUL HAMID MOHD ALI**
Chief Operating Officer
- **IR. SURADINI ABDUL GHANI**
Senior General Manager, Human Resource
- **DATO' AZMI MURAD**
Senior General Manager, Operation Services



- **TAN SRI BASHIR AHMAD ABDUL MAJID**
Managing Director
- **IR. MOHD ZAIFUDDIN IDRIS**
Senior General Manager, Technical Services
- **FAIZAH KHAIRUDDIN**
Senior General Manager, Commercial Services
- **FAIZAL MANSOR**
Chief Financial Officer
- **VEELAYUDAN KRISHNAN NAIR**
General Manager, Research & Planning
- **IR. KHAIRIAH SALLEH**
General Manager, Engineering
- **NASREIN FAZAL SULTAN**
General Manager, Internal Audit
- **NIK ANIS NIK ZAKARIA**
General Manager, Corporate Communications
- **ABDUL MALIK MOHD YUNUS**
General Manager, Airport Fire & Rescue Services (AFRS)
- **SABARINA LAILA DATO' MOHD HASHIM**
General Manager, Secretarial And Legal Services Division
Cum Company Secretary
- **RANDHILL SINGH, IAP**
General Manager, Corporate Planning
- **BRIAN ISKANDAR ZULKARIM**
General Manager, Urusan Teknologi Wawasan Sdn Bhd
(UTW)
- **AZLAN ZAINAL ABIDIN**
General Manager, IT Division
- **ROKMAH ABDULLAH**
General Manager, Procurement & Contract
- **NOR AZLINA MOHD ISA, IAP**
General Manager, Planning & Development

MATERIAL ISSUE PRACTICING SENSIBLE ECONOMICS

We believe that one of the most important element in operating a profitable business with strong long-term growth potential is doing so in a responsible manner. While every effort is channelled towards smooth operations, we also recognise that things can go wrong and have installed mechanisms to ensure that such crises can be managed at times of need. In doing so, Malaysia Airports is committed to ensuring business continuity through careful planning and critical risk management exercises.

Committed to upholding the highest level of ethics and integrity in all our business transactions, a number of policies and procedures have been enhanced in 2013, particularly with regards to our procurement practices. As our business flourishes and grows, we are determined to ensure that every measure is taken to ensure that all our transactions are conducted transparently, while maintaining efficient quality of service.



Malaysia Airports and Mitsui Fudosan enters into a joint venture agreement to develop the largest factory outlet project in Southeast Asia

Malaysia Airports Holdings Berhad and Mitsui Fudosan Co. Ltd. has entered into a joint venture agreement and formed a joint venture company called MFMA Development Sdn. Bhd. (MFMA) for the development of the largest factory outlet project to be tentatively called 'Mitsui Outlet Park KL International Airport (KLIA)'.

This property is part of the KLIA Aeropolis Plan, a development mix of commercial real estate that will include offices, commercial establishments, a convention centre, logistics facilities, a theme park, golf courses, and many other projects. The project will be developed in approximately 180,000 sq meters of land, with approximately 46,300 sq meters of overall shop areas and about 260 shops in the final phase.

RISK MANAGEMENT

Development of Business Continuity Management (BCM) Program in all International Airports

Malaysia Airports' Business Continuity Management (BCM) was spearheaded in late 2006 and began with our flagship airport, KLIA adopting Disaster Recovery Institute (DRI) standards in its implementation. BCM plays an important role in resuming mission critical activities in the event of crisis or disaster within an agreed Recovery Objective Time (RTO) before achieving normalisation. By 2011, all our international airports, including our Low Cost Carrier Terminal (LCCT) had BCM implemented. Malaysia Airports is currently in the process of rolling out BCM to all our domestic airports.

BCM also plays an important role in achieving compliance with the ISO requirements of our Information Security Management System (ISMS) standards. To date, LGK, our IT and our Procurement Divisions are ISMS certified. We are also incorporating BCM into our existing web-based Risk Management Information System (Malaysia Airports Risk Scorecard – MArS). For 2013, we have reviewed KLIA and Penang International Airport's BCM plans. We also rolled out BCM to Kuala Terengganu Airport as part of our domestic implementation.

Two incidents in 2013 demonstrated the successful recovery strategy invoked by our BCM plan. In March, the BCM plan triggered our Baggage Handling System (BHS) team at KLIA to manually retrieve and transfer baggage from a broken-down conveyor due to a to the nearest available lines and to a designated makeup chute. This recovery strategy enabled the backlog of baggage stranded on the conveyor belt to be cleared by engaging our AFRS and UTW divisions for additional manpower. In November, the Track Transit System (TTS) used to transfer passengers to and from MTB and SAT building by Aerotrains was suspended due to technical glitch. This resulted in passengers' congestion at both buildings. While it took several hours for the technical team to rectify the problem, TTS Engineering team triggered their BCM plan by having four shuttle buses operated to ferry the passenger from both buildings to resume the services.

Malaysia Airports did not face any legal actions for anti-competitive behaviour, anti-trust and monopoly practices in 2013.

PROCUREMENT PRACTICES

EFFECTIVE CYCLE TIME (ECT)

ECT is a list of timelines in the form of maximum working days to complete various tasks within the procurement cycle from tendering process to the issuance of purchase order/letter of award and compilation of contract document. The ECT is structured as a tracking sheet and it is embedded in our Procurement Department's KPI.

Key service deliveries were identified based on PCD's processes from relevant units such as the one stop center, pre-tender, secretariat and post approval whereby practical effective cycle times were allocated to them to be monitored. The implementation of the cycle time was first done internally within PCD to gauge its effectiveness and practicality in 2012.

By the end of 2012, various samples were taken to measure the achieved cycle time for several categories of procurement processes. The results were encouraging where several improvements in the processes were identified and implemented. The effective cycle times has been incorporated in PCD's Standard Operating Procedures (SOPs) and eventually will become a sort of Service Level Agreement (SLA) for its internal customers.

Policies, practices and proportion of spending on locally-based suppliers in relation to their geographic locations of operation

At this moment there are no policies pertaining to locally-based suppliers in relation to geographic locations of operation. However, it is our practice to recommend locally-based company to be awarded a contract. We also refer to 'The Red Book' on Procurement Guidelines and Best Practices which has five chapters as follows:

1. The importance of Procurement
2. Guidelines on Supporting National Development
3. Procurement Best Practices
4. Approach to Procurement Best Practice Implementation
5. Getting Started - Ensuring Traction for a Procurement

PROCUREMENT INTEGRITY PACT

The procurement integrity pact intends to make public procurement transparent by binding both parties to ethical conduct. The initiative is in line with the objectives of the 'Fighting Corruption' National Key Result Area under the Government Transformation Program (GTP), introduced by the Prime Minister to strengthen internal processes and increase integrity value. Procurement Integrity Awareness Program was launched in October 2013 to a targeted group of employees with the objectives below:

- To actively enhance a culture of professionalism and integrity in procurement processes in MAHB.
- To prevent the incidence of misconduct and corruption linkages to others.
- To ensure MAHB's integrity and transparency is sustained in daily procurement practices through elements of honesty, efficiency and trustworthiness.

- Embedding Good Governance & Integrity in the Procurement Process.

The pact is emphasised on all procurement activities and includes transparent processes, compliance with 3Ps and internal control, prevention of misconduct and accountability. A number of declarations were made by our Procurement Department such as Integrity Declaration onto all procurement committees i.e. tender opening committees, evaluation & review committees and approving committees. We will expand our Integrity Declaration to all our procurement employees as well as employees with direct involvement in procurement activities and also to our vendors upon Quotation, Tender and RFP submission, and upon acceptance of Letter of Award.

Malaysia Airports has not taken up any public policy positions and/or participated in any public policy development and lobbying in 2013.

Malaysia Airports considers corruption very seriously. In 2013, merely 2.2% of misconduct incidents were found to be related to corruption and has resulted in actions including dismissals, terminations, and serious warnings.

ENHANCEMENT OF 3Ps

The 3Ps policy is a standard guideline and procedure in conducting procurement activities within Malaysia Airports. This year, the 3Ps policy is updated to capture our Board Procurement Committee & Management's requirements. This has resulted in an enhanced and improved 3Ps components.

The areas of enhancement of the 3Ps components include procurement code of ethics, general provision, policies, procedures, guidelines and appendices. The enhancement was carried out without affecting existing 3Ps. A proper compilation entitled 'Procurement Circulars' will be published by end of 2013 incorporating all changes, enhancements and improvements that has been made.

2013 INAUGURAL FLIGHTS

Air France launches its Paris-Kuala Lumpur route

On 23rd April 2013, Air France started serving three weekly flights to Paris on departure from Kuala Lumpur. With this new service, Air France now serves 15 destinations in eight Asian countries.

These flights complement KLM's 14 weekly frequencies to the Malaysian capital, whereby seven of them are operated by KLM codeshare partner, Malaysia Airlines. Air France-KLM operates over 200 weekly flights connecting Europe to Asia via the Paris-Charles de Gaulle and Amsterdam-Schiphol hubs.

Turkish Airlines continues to expand its network

Already having the world's fourth largest flight network and flying to 221 flight destinations in 98 countries, Turkish Airlines continues to grow by adding flights to Kuala Lumpur, Malaysia.

Beginning 25th April 2013, roundtrip flights between Istanbul and Kuala Lumpur operates three times per week on Mondays, Thursdays and Saturdays.

Malaysia Airports welcomes back Philippine Airlines to Kuala Lumpur

Philippine Airlines (PAL), the national flag carrier of the Philippines returns to KLIA after a seven year absence.

Effective 1st May 2013, PAL Express flies three times weekly to KLIA, relocating its operations from LCCT-KLIA to KLIA. With PAL now serving KLIA four times weekly (flying every Monday, Tuesday, Thursday and Saturday), passengers now have the privilege to fly daily from KLIA to Manila with PAL or PAL Express.

Royal Brunei Airline's Double Celebrations in 2013 : Welcoming Reception of the Royal Brunei Double Daily Inaugural Flight and 1st Dreamliner Flight To Kuala Lumpur

The passenger movements between Malaysia and Brunei is set to increase as Royal Brunei, the Brunei Darulsalam's flagship carrier, increased their flight frequency and received their 1st Dreamliner Flight to Kuala Lumpur.

The welcoming ceremony of the Royal Brunei Double Daily Inaugural Flight to Kuala Lumpur was held on 20 May 2013 and the Welcoming Reception of the Royal Brunei Airline 1st Dreamliner Flight to KLIA was held on 19 October 2013 at Gate C2, Satellite Building, KLIA.

Welcoming Reception of the Inaugural Flight of Malindo Air

Malindo Air, the Malaysia and Indonesia carrier, made its maiden landing of its first B737-900ER aircraft at KLIA on 15 March 2013. The B737-900ER aircraft has 12 business and 168 economy seats with a total of 180 seats.

KLIA welcomes maiden flight of Regent Airways from Bangladesh

Malaysia Airports ushered into the second half of 2013 with encouraging outlook for airline business growth with the entrance of another new airline, Regent Airways from Bangladesh.

Beginning August 2013, Regent Airways operates daily flight to KLIA. Carnival Travel Sdn Bhd has been appointed as the General Sales Agent for Regent Airways in Malaysia.

KLIA gets 13th Middle Eastern airline in Iraqi Airways

In September 2013, Iraqi Airways, the national carrier of Iraq re-commenced its operations to Kuala Lumpur, after a period of 34 years, offering two flights weekly on Baghdad – Kuala Lumpur route.

Iraqi Airways will operate to Kuala Lumpur on Tuesdays and Saturdays. The inclusion of Iraqi Airways takes the number of Middle Eastern airlines serving KLIA to 13, offering connections to various capital cities in the Middle East. The other Middle Eastern airlines flying to KLIA are Iran Air, Emirates, Gulf Air, Saudi Arabian Airlines, Etihad Airways, Qatar Airways, Kuwait Airways, Yemenia Yemen Airways, Mahan Air, Oman Air, Royal Jordanian and Egypt Air. Iraqi Airways is the 64th international airline operating at KLIA.

MATERIAL ISSUE

ENVIRONMENTAL CONSCIOUSNESS

Responsible environmental practices remains at the forefront of the way we conduct our day-to-day operations. We believe that an integral part of Malaysia Airports' growth is intertwined with the impact that we have onto the environment, and how much we give back to her. An environmentally conscious business therefore, must minimise elements that goes into their operations and more importantly, wastage that comes out of it.

Resource management and efforts to reduce waste generated is therefore at the very top of our environmental priority list. Throughout the year, energy audit assessments have been carried out, as well as campaigns to increase energy saving awareness. Besides that, we have also embarked on tapping into the clean and green possibilities offered by renewable energy.



Malaysia Airports organises its second annual Green Day program

Malaysia Airports launched its second annual "Green Day" program on 14 February, a two-pronged employee engagement activity which aims to stimulate environmental awareness and also to enhance camaraderie among its staff at HQ.

Through this program, Malaysia Airports shares, instills and stimulates its belief and commitment in environmental preservation with all the staff. Malaysia Airports has always placed employee engagement high on the organisation's agenda, and has

made Green Day as its annual program towards its relentless pursuit of organisational excellence.

Green Day 2013 featured exciting activities such as Walk For Green around the Malaysia Airports' Corporate Office, Malaysia Airports Recycling Program, launch of Malaysia Airports Cycling Team by KESUMA and also Eco Race Competition. The staff were also given the chance to mark their commitment in green future by planting trees around the recently launched Malaysia Airports Sports Field.

WASTES TO FORTUNE

Recycling Program @ Malaysia Airports Corporate Office

In an effort to reduce the amount of waste that our Corporate Office sends to landfill, we launched an in-house recycling program in April this year. The program, held on the third Friday of every month, collects waste paper products, plastic bottles and aluminium cans, weighs them and rewards the recycling departments on the spot.

An encouraging total of 28 departments and units participated in this recycling program. As per October 2013, the total collection of paper products and bottles were at 8,143.5 kg and 121.6 kg respectively. Months that clocked in high recycling numbers (April, June and July) is credited to the office's 5S efforts.



Comparatively, a total of 103.3 kg of plastic bottles were collected throughout the duration of our recycling program up to October

2013. Malaysia Airports aims to expand this recycling program to our airports in the very near future.



ACI ACERT

The Airport Carbon and Emissions Reporting Tool (ACERT) is a self-contained Excel spreadsheet that enables an airport operator to calculate its own greenhouse gas (GHG) emissions inventory. An initiative by the ACI World Environment Standing Committee (WESC), ACERT was initially developed by Transport Canada and its consultant EBA with the Canadian Airports Council. A global version was developed with the further assistance of Zurich Airport and Toronto Pearson Airport. The tool is now available at no cost to airports and can be used without emissions or environmental expertise, inputting readily available operational data. ACERT methodologies are consistent with the ACI Guidance Manual on Airport Greenhouse Gas Emissions Management (2009) and the Greenhouse Gas (GHG) Protocol. The tool is consistent with the ACI EUROPE Airport Carbon Accreditation Levels 1 and 2.

In 2012, Malaysia Airports disseminated a beta version of ACERT to ten of our airports for testing, the results of which, contributed to the development of the fully formed version later that year.

In 2013, Malaysia Airports used ACERT to gauge Scope One and Scope Two carbon footprint emissions at all our international and domestic airports. In order to ease the process at the operational level, we decided to simplify our ACERT data collection process by developing templates that are friendly to use by our ground staff. These internally developed templates collect data on operational fuel on a monthly basis, which are fed back to our corporate office for compilation. This data is then combined with data on

each airport's electricity usage which is currently being monitored and compiled by our Engineering Department's Energy Management Unit, and vehicle fuel use (extracted from our centralised fuel monitoring system) and entered into ACERT at our corporate office.

Data entered by our collection templates and processes successfully gave us a visual representation of the carbon footprint of our participating airports. Malaysia Airports intends to use data compiled in 2013 for internally developed carbon and energy reduction initiatives.

We do not use any aircraft pavement de-icing/anti-icing fluids as none of our airports in Malaysia experience cold weather seasons.

VENTURING INTO RENEWABLE ENERGY

Malaysia's First Airport Solar Power System at KLIA

Malaysia Airports is installing the first airport solar power systems in Malaysia at KLIA. The 19 MWDC system combines ground-mount (5MW), parking canopy (10MW) and satellite rooftop (4MW) mounting structures to maximise the return on investment and electricity savings. Designing a system that combines ground mount, roof-top and parking canopy mounting is unique, but it has allowed Malaysia Airports to harvest the most electricity from an area with

limited space. Parking canopies combine the benefits of covered parking with the economic benefit of generating less expensive electricity. Utilising airport roof-top space and land surrounding the airport, allows electricity to be generated at the point of consumption which further improves efficiency by removing the need for transmission lines.

The electricity generated from the ground-mount area will be fed into

TNB's grid system, whereas generation from parking canopy and satellite roof top will be utilised for our terminal building's own consumption. The solar power systems will save the airport approximately RM2.1 million (\$700,000 US) a year when compared to their current energy costs from the grid and the combined systems are the largest on Malaysian soil till date.

World Class Maintenance MD'S Award 2013 (Energy)

World Class Maintenance MD's Award 2013 or also known as WCM MD's Award 2013 (Energy) is an award organised by the Engineering Division of Malaysia Airports. This award recognises efforts made by the airports on their outstanding and significant contribution to energy saving initiatives and has demonstrated a high level of commitment and dedication to the electrical cost savings of Malaysia Airports.



**Winner for
BEST AIRPORT IN
ENERGY MANAGEMENT
2010 – 2012: KCH**

**Winner for
BEST WCM ENERGY
PROJECT
2010 – 2012: KUA**

**First Runner up for
BEST WCM ENERGY
PROJECT
2010 – 2012: KUL**

**Second Runner up for
BEST WCM ENERGY
PROJECT
2010 – 2012: KCH**

6.36kWh | **0.16m³**
(Jan-Aug 2013) | (Jan-Sept 2013)

Energy and Water consumption of each passenger passing through KLIA

5.26kWh | **0.05m³**
(Jan-Sept 2013) | (Jan-Oct 2013)

Energy and Water consumption of each passenger passing through BKI

2.98kWh | **0.04m³**
(Jan-Aug 2013) | (Jan-Oct 2013)

Energy and Water consumption of each passenger passing through KCH

5.31kWh | **0.05m³**
(Jan-Oct 2013) | (Jan-Oct 2013)

Energy and Water consumption of each passenger passing through PEN

4.44kWh | **0.06m³**
(Jan-Oct 2013) | (Jan-Oct 2013)

Energy and Water consumption of each passenger passing through LGK

MATERIAL ISSUE

CREATING AN INSPIRING WORKPLACE

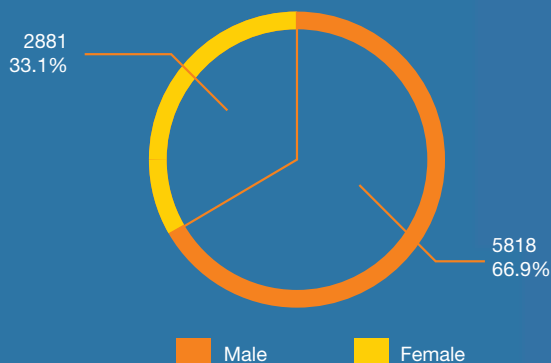
Malaysia Airports considers its employees as its greatest and more precious assets. We are proud to have among our workforce, some of the most knowledgeable and skilled professionals in the aviation industry today.

In 2013, Malaysia Airports focused strongly on the holistic and personal development of our employees. This includes offering educational assistance so that they may pursue higher education, and addressing stress that our employees may be facing at work and at home. Another exciting initiative that we have rolled out this year is the Customer Engagement program, which exposed our Corporate Office employees to the everyday life of KLIA's customer service ambassadors.



Total number of new employee hires and employee turnovers by age group

Total Workforce By Gender



Employee of the Year

Malaysia Airports' inaugural Employee of the Year award, was created to recognise outstanding employees who demonstrate consistent performance and high contribution to the company. This initiative also aims to recognise employees' excellence in their field of work and also reward those who have gone beyond their scope of duty. It is our hope that the features that made

A GREAT PLACE TO WORK

Malaysia Airports wins the Employer of Choice Silver Award

Malaysia Airports was conferred the Silver Award in the Employer of Choice Award category in the Malaysia HR Awards 2013. The event, held in October 2013, was organised by the Malaysian Institute of Human Resource Management (MIHRM). This is the 13th edition of the award ceremony and Malaysia Airports' first participation in the event.

The Employer of Choice award recognises sustained and continuous commitment by organisations and corporations for the development of its human talents. The criteria for the

award includes alignment and achievement of HR strategies with business objectives, goals and KPIs; demonstrating achievements in the areas of Talent Management, Leadership development and Performance Management; progressive HR management policies, strong support for Government's strategic reform initiatives and evidence of continuous application of HR System and Technology.

the benchmark for the recipient of this award will create a positive work culture and stimulate employees to challenge themselves to excel further.

Raja Azizi bin Raja Soh has been selected as Employee of the Year for 2012. The award ceremony was held in Putrajaya International Convention Centre (PICC) in conjunction of Malaysia Airports Appreciation Night. Together with the award, Raja Azizi received "Tan Sri Datuk Dr Aris Othman Outstanding Achievement" Trophy, a cheque worth of RM10,000, a certificate of recognition and the "Employee of the Year" blazer.

Raja Azizi has been working with Malaysia Airport for 18 years since 1995. He is currently attached with Baggage Handling System (BHS) Unit, Engineering Department at (MA) Sepang. Raja Azizi is one of the team members in BHS Unit to represent the company for the International ICC Convention 2012 where the team won

the "3 Gold Star" and "Best Top Ten in the Services Category" awards through the BHS MTB Transfer Improvement Project. He continues on being active by participating in the BHS improvement initiatives such as "Sorter Wheel Improvement", "PPI Unit Improvement" and "Main Sorter Filled Plate Improvement".

Raja Azizi was selected to receive the award for his excellent and dedicated work performance all year in 2012. The result of his personal assessment also showed that he has consistently passed 90% rate of evaluation for 3 years in a row. He is a hard-working individual, innovative, highly committed, and dedicated for company's progression by showing positive working culture that is praised by the Management and as example to other colleagues. He is also a Committee Member in Malaysia Airports Sports Team from year 2010-2012 and actively involved in organising Malaysia Airport Football Sports Events.

Malaysia Airports Long Service Award

In 2013, Malaysia Airports' Long Service Award has been enhanced to recognise three categories of services. The company's Long Service Awards are now extended to include employees who have been with the company for ten years and 20 years.

On 23rd September 2013, 233 of our employees received the Malaysia Airports Long Service Awards at a ceremony held at Sama-Sama Hotel KLIA. The ceremony saw 212 award recipients from our airports in Peninsular Malaysia, 14 recipients from our airports in Sarawak and seven recipients from our airports in Sabah. The recipients comprised of 137 employees who have served our company for 20 years, 96 employees who have served our company ten years, and 417 employees who have served our company for five years.

100% of our employees, regardless of gender and employment type, receive regular performance and career developments reviews.

Customer Engagement Program

In 2013, Malaysia Airports launched the KLIA Customer Engagement Duty Programme whereby staff based at our Corporate Office is required to perform a mandatory duty as Hospitality Ambassadors at KLIA. This on-the-job experience provides a platform for the staff to develop operational skills, social skills and knowledge on airport operations, forging more meaningful connections with the outside world whilst adding variety to their job.

This program started in January 2013 with approximately 500 employees from our corporate office. Two shifts were formed every day where every shift saw the participation of 15 corporate office employees. These employees, functioning as ambassadors, were placed at the Main Terminal Building (MTB), Contact Pier, Satellite and Low Cost Terminal (LCCT). The first shift spanned from 8.00 am till 3.00 pm and the second shift continued from 3.00 pm to 9.00 pm. Each cycle took five weeks to finish.

Currently into its fifth cycle, the program has evolved to have a single shift of 8.00am to 5.00pm. A total number of 23 corporate office employees are on duty in any given shift.

**Upholding
gender equality,
ratio of standard
entry level wage
for male and
female at
Malaysia Airports
in 1:1**

Minimum wage:
RM1,000 (grade 8)
National minimum wage:
RM900

Malaysia Airports forms partnership with Persatuan Bomba Sukarela Kudat for the provision of airport fire and rescue service (AFRS) at Kudat Airstrip

Malaysia Airports has roped in the help of Persatuan Bomba Sukarela (PBS) Kudat for the provision of Airport Fire and Rescue Service (AFRS) purposes at Kudat Airstrip with the signing of a Memorandum of Understanding (MoU) between the two parties today.

With the signing of MoU, Malaysia Airports will appoint 15 PBS Kudat personnel to perform and provide the AFRS at the Airstrip, which will be supervised and led by one Malaysia Airports' AFRS Officer. Malaysia Airports' AFRS has conducted a

training program on aircraft rescue and fire-fighting techniques including aircraft familiarisation, in order to qualify the PBS Kudat's personnel as AFRS personnel.

Malaysia Airports will also provide the necessary firefighting equipment and extinguishing agent for the performance of AFRS by the PBS Firemen at the Airstrip. All the selected PBS Kudat personnel will also be given incentive allowance by Malaysia Airports for performing the AFRS duties at the Airstrip.

A FOCUS ON PERSONAL DEVELOPMENT

Education Assistance Program (EAP)

The Education Assistance Program (EAP) is a program under Malaysia Airports Career Development Program (CDP) with the aspiration to promote and encourage continuing education for its employees.

This program is specifically designed to furnish eligible and qualified

employees with the opportunity for financial reimbursement for education. The EAP promotes personal development through formal education in the effort to add value to Malaysia Airports employees to enable the implementation of a successful career pathing and succession planning.

Education Assistance Program (EAP) Selection Criteria

- Employees of Malaysia Airports and its subsidiaries
- Has served the company for not less than 3 years
- Has been confirmed in employment
- Program enrolled must be job or career related
- Excellent/Very Good/Good performers in 3 consecutive years
- Less than 45 years old
- The Educational Institution / University must be recognised by the Government (Malaysia Qualifications Agency)

In 2013, seven candidates were accepted into the Education Assistance Program whereby six of them are undertaking their Bachelor Degrees and one candidate is undertaking a Diploma.

Employee Needs Assessment Inventory (ENAI) Counselling Management System (CMS)

ENAI is an early detection system for problems faced by the employees in the organisation. We believe that early detection can help Malaysia Airports in implementing appropriate intervention measures to address problems faced by employees. Using web based assessment and data analysis, ENAI CS applies Ecological Approach to intervention which includes individual and group counselling, workshops, awareness programs and applying changes in policies in order to address issues faced by employees.

In 2013, a pilot of the ENAI CMS was conducted at KCH for a duration of six months. 242 airport personnel

were selected to undergo the assessment with assistance from Faculty of Cognitive Science & Human Development, Universiti Malaysia Sarawak.

The pilot study found that among issues faced by employees are health, family, financial, spiritual, work issues, career, interpersonal relationships and workplace environment. Upon application of ENAI CMS intervention methods, the results shows significant risk towards productivity and work life balance.

88.5%

Percentage of employees covered by collective bargaining agreements

While Malaysia Airports does not provide retirement plans for our employees, we currently contribute to our employees' EPF a high rate of 15% for service below five years and 17% for service above five years.

Malaysia Airports Cycling Team (MACyT)

Following to the launch of Malaysia Airports Cycling Team (MACyT) in February 2013, several programs were organised to enhance their presence among the Malaysia Airports employees.

In May 2013, MACyT organised their first Charity Cycle at Rumah Amal Baitul Barokah WalMahabbah in Sepang. The objective of this program is to have a cycling event with a charity concept by collecting donation to be given to the home. 80 participants joined in on the program including Malaysia Airports staffs, KLIA Bikers and volunteers from Institute of Aviation Technology (MIAT). MACyT successfully raised RM5,200 which was donated to the home.



Tuesday Fun Rides were also organised by Malaysia Airports Cycling Team (MACyT) which were held weekly every Tuesday. This activity was created to increase staff

interest and participation in cycling and promote healthy lifestyles. For further information, please browse our MACyT link at <http://macyclingteam.blogspot.com/>

In compliance with Malaysian Labour Laws, Malaysia Airports does not employ any underaged personnel or tolerate any forced or compulsory labour.

Programs for skills management and lifelong learning provided at Malaysia Airports that support the continued employability of employees (upon retirement) and assist them in managing career endings

Malaysia Airports' pre-retirement program is designed for our employees who have reach 53 years of age and above. The program aims to provide these employees with knowledge and assist them in managing life after retirement both financially and socially. The duration of the program is three days and is conducted by an external consultant.

The following are modules covered in our pre-retirement program:

- Module 1: Spiritual preparation
- Module 2: Intellectual preparation
- Module 3: Emotional preparation
- Module 4: Financial preparation
- Module 5: Social preparation
- Module 6: Physical & health preparation
- Module 7: Career preparation
- Module 8: Social preparation

In 2013, four sessions of our pre-retirement program were conducted with a total 146 participants.

Fire Safety Awareness at all airports

The fire safety awareness is a program to equip Malaysia Airports' employees with basic knowledge and skills to put into use in the event of fire emergency. The program also teaches the staff on how to use the firefighting equipment and to handle casualties in the event of fire emergency. Ultimately, the Airport Fire & Rescue Service plans to roll out this program to include all the airport tenants.

The program aims to create greater awareness among Malaysia Airports' staff on safety and fire prevention towards zero fire accident. It also

targets to for at least 50% of airport staff to how to handling a fire extinguisher.

Since its implementation in July 2012, a total of 2,245 staffs or 31.2% of our staff has been certified under the program. The program is divided into two phases which consists of 2 hours of theoretical modules and practical modules respectively. Each staff will be required to attend the program once every two years and every subsequent attendance will be a refresher for them.

Reward for Non-Utilisation of Sick Leave

In pursuant to the announcement made by the Ministry of Health in July 2012 to encourage healthy employees, Malaysia Airports has introduced the Non-Utilisation of Sick Leave reward initiative starting with year 2012. The main objective of this initiative is to reward employees who have demonstrated high commitment towards a healthy lifestyle by not utilising any of his/her sick leave entitlement. It is our aim to promote a healthy work environment and lifestyle, plus encouraging good attendance and punctuality at the workplace.

Non-Utilisation Sick Leave Reward is based on these criteria:

- Applicable to permanent & confirmed employees of Malaysia Airports that have served a full 1 year service beginning 1st January 2012
- Employees must not been found guilty of any disciplinary action or any pending Domestic Inquiry cases
- Employees must have full compliance in punctuality and attendance at work
- Employee who has not utilised his/her sick leave & medical cost

For year 2012, 50 Malaysia Airports' employees have received this award.

TRIBUTE TO OUR LONGEST SERVING EMPLOYEES (AND THEY ARE STILL WITH US!)

"As an employee, you must love your job and what you are doing. To me, that is the first principle to working with any organisation.

On 2nd November 1970, I started my career as an Air Traffic Controller, and I loved doing it. Given the chance, I would happily do it all over again. That is how much I loved the job. I thrive on challenges. At work, I am faced with new challenges every day. No two flights are ever the same. There are always differences be it weather, timing, runway conditions, aircraft conditions etc.

14 years later, I moved into Airport Management, and I loved the job. In airport management, there are always new issues coming up. I am very fortunate to be a part of such an exciting industry. From international aviation stakeholders, to the needs and demands of our airline friends, there are always new and interesting things to learn and discover.

It used to be that we saw just full service carriers. Suddenly, the low cost carriers were introduced and changed the way the entire aviation world moved. Not long after that, mixed type operations emerged and the industry evolved again. Airports had to find ways to facilitate all these models. We have grown from managing one runway, to two runways to three runways now. It is a wonderful learning process for everyone.

When I first started out, the biggest aircraft in the sky was the Boeing 707. Today, it is the Airbus A380. Advancement in technology has also brought the aviation community so much closer together than ever before. Being a part of this industry's evolution makes me feel proud and incredibly satisfied. Even after all these years, I am still continuously and constantly learning.

I always think of the impact that my work has onto airport users and this makes me committed to my job. It has been over 40 years since I've started working and I love where I am now. I have seen Malaysia Airports grow and evolve so much through the decades. I am truly satisfied and thankful to everyone whom I have worked with and supported my career all these years."

Dato' Che Azmi Murad
Senior General Manager,
Operations Services
43 years in service

Bahari bin Abdullah

AVSEC Assistant
AVSEC
42 years in service

"I am very thankful to Malaysia Airports for the trust and opportunity given to me throughout my years of service in the company. The company has shown its concern on the employees' welfare by offering attractive medical scheme and other benefits. This has helped ease my family burden and improve my life condition."

Abdul Talwab Abd Manaf

Fireman
AFRS
42 years in service

"Working with Malaysia Airports has helped me improve my working skills and experience with training and improvement programs offered. Employees are given the opportunity to learn and gain new knowledge. This has motivates me to learn for self-improvement in performing my duty and responsibility at work."



MATERIAL ISSUES

COMMUNITY FRIENDLY ORGANISATION

Education, particularly in our local communities remains something which is intimately close to our hearts. Our Beyond Borders program enters a whole new cycle in 2013, bringing our award-winning approach to the English Language to a new set of schools in our local communities.

Various other initiatives have also been carried out in order to ensure that our airports positively impact our local communities at large. This includes organising sports competitions, reaching out to the neediest and contributions to welfare funds at a nationwide level.



In the effort to encourage a healthy lifestyle and positive sportsmanship within Malaysia Airports' staff and its surrounding local communities, we kick-started our first Football Invitation Tournament in November 2013.

The tournament was held at our Corporate Office's football field. A total of five teams from four of the current adopted and alumni schools of Malaysia Airports Beyond Borders Programme participated in this community engagement programme.

These schools were Sekolah Kebangsaan Bukit Changgang, Sekolah Kebangsaan Labohan Dagang, Sekolah Kebangsaan Olak Lempit, Sekolah Kebangsaan Labu Ulu. Football clinics were conducted for the participating schools prior to the event involving our own employees were given the chance to volunteer and provide assistance as coaches, trainers and match officials. SK Labu Ulu emerged as the champion.

In November 2013, Malaysia Airports' senior management visited and distributed donations in the form of essential items to two families at Bandar Baru Salak Tinggi and Kampung Lembah Paya, Salak. These items were contributed by our employees and represents our commitment to reach out to the neediest in our local communities.

Education Scholarship Program

The Education Scholarship Program (ESP) is an award that offers opportunities for high-achieving secondary school students to pursue tertiary studies at top local and foreign universities. In addition, recipients of the ESP will be offered a job attachment at Malaysia Airports upon completion of their studies.

There are currently nine students (one in North America, one in Europe, and seven in Malaysia) currently attached under the ESP program.

Courses pursued in the program includes finance, mathematics, engineering, information technology and economics.

School Bags for Standard One Pupils

In order to lessen the burden faced by employees having to spend more on the enrolment of their children who are of school-going age, Malaysia Airports distributed one set of school bag filled with stationeries to employees whose children will be enrolling to Standard One in 2014.

The school bag and stationery set includes one Malaysia Airports canvas school bag which is customised specially with appropriate number of compartments to suit a Standard One kid's needs, a pencil case, an eraser, a sharpener, two pencils and a ruler. Distribution of the set of school bags and stationery were conducted in mid December 2013.

Reaching out to Flood Victims

On 3rd December 2013, the states of Kelantan, Terengganu, and Kuantan were affected by flood situation which has affected one of our airport staff members in Terengganu, and ten of our airport staff members in Kuantan, where five of them had their homes completely submerged by the flood waters. Malaysia Airports quickly responded to the flood situation and mobilised internal communication for donations to be given to our colleagues who were affected.

Overwhelming response in donation items were received including provisions such as blankets, mattress, school uniforms and stationeries, foods, and clothing. The donations were channelled directing to our affected colleagues at homes by our volunteers. Alongside these donations, Malaysia Airports also gave cash assistance in the form of zakat contribution to the affected families.

Tabung Pahlawan installed at KLIA

Honouring veteran soldiers whom have served to ensure peace in the country, Malaysia Airports launched our Tabung Pahlawan in October 2013 in support of the Malaysian Ministry of Defence and Persatuan Bekas Tentera Malaysia. The purpose of this fund is to allow members of the public, passengers and customers at the airport to donate towards ensuring the welfare of our veteran soldiers.

Our Tabung Pahlawan is strategically located at KLIA and LCCT. The donation boxes also located at four other of our international airports, BKI, KCH, LGK and PEN and will be collecting contributions until 31st December 2013.

"Malaysia Airports is greatly concerned about the terrorist intrusion in Lahad Datu, Semporna and Kunak in Sabah. Malaysia Airports operates the Lahad Datu Airport, and ensures that it will do its utmost to preserve the security of the airport in support of the situation at Lahad Datu. We deeply empathise with the families of the security personnel who are affected. Therefore we would like to also join all Malaysians in helping to ease the burden of the families."

Tan Sri Dato' Sri Dr. Wan Abdul Aziz Wan Abdullah
Chairman of Malaysia Airports

* In conjunction with Malaysia Airports 11th Annual General Meeting which was held in February 2013 at Sama-Sama KLIA Hotel, Malaysia Airports contributed RM10,000.00 to Tabung Wira Lahad Datu Media Prima in honouring the services of the fallen and injured patriots of Malaysia in the line of duty defending the sovereignty of the country.

Media Hunt 2013

From a modest beginning in 2002 with only 30 teams taking part in the inaugural edition of our Media Hunt, the 2013 edition of this annually anticipated event saw 50 teams participating in this year's hunt which started from Malaysia Airports' Corporate Office in Sepang to Bukit Gambang, Kuantan.

This event is our way to thank you to our friends in the media for their continuous support and the good relationship that we shared and enjoyed throughout these years. This event also presents all of us with valuable networking opportunities not only with Malaysia Airports but also among fellow media members.

MALAYSIA AIRPORTS BEYOND BORDERS PROGRAM

From its modest start as a Khazanah's PINTAR-inspired program in 2007, Beyond Borders has now become one of Malaysia Airports' best known community engagement efforts. With the adoption of nine new schools in 2013, a total of 30 schools have been adopted so far nationwide.

Objectives of the Beyond Borders program

- Improve sustainable achievement in English language by underlying the foundation of the subject through listening, speaking, reading, and writing to the targeted students.
- Improve and enhance students' confidence to converse, read and write through classroom teaching and other creative means.

Striving to reach and help the communities closest to our airports improve and elevate their education quality and personal efficacy, Malaysia Airports has maintained the proximity to the airport as the main criterion for selection of these new schools. Other criteria include the academic performance of these schools based on enriching and enrichment programmes, whereby focus is channelled to schools that are underprivileged from academic and social aspects.

Nine of our airports have adopted schools this year. They are:

Airport	School
KUL	SK Labohan Dagang, Banting, Selangor
LGK	SK Temonyong, Langkawi, Kedah
KBR	SK Che Latiff, Kota Bharu, Kelantan
TGG	SK Duyong, Kuala Terengganu, Terengganu
MKZ	SK Bachang, Melaka
SDK	SK Merpati, Sandakan, Sabah
LBU	SK Patau-Patau, Labuan, Sabah
SBW	SK Sibujaya, Sibujaya, Sarawak
BTU	SK Kg. Jepak, Bintulu, Sarawak

"Beyond Borders as part of Malaysia Airports Corporate Responsibility initiatives has proven to be the best way for us to reach out to the community surrounding our airports. Successful academic records from all the adopted schools from previous programmes, and positive and encouraging feedbacks from all the participating individuals, be it the students, teachers or parents has inspired us to continue giving back to the school community through this channel."

Dato' Azmi Murad,
Senior General Manager,
Operations Services at the launch of
our 2013 Beyond Borders Program

"As a volunteer, this is my first time to be part of this program and I found that the teaching method is very different and creates an encouraging atmosphere. The pupils are very eager to learn the language and I have the opportunity to understand the younger generation as the programme is fun for both of the pupils and volunteer."

Issac Liew
Executive, Sustainability Department

"Beyond Borders programme this year is more structured and there are additional guidance provided to the volunteers. The programme is another platform and provides an opportunity for me to learn and communicate in English effectively with children, other than my colleagues."

Khairi Mustapar
Officer, IT Division

Programs/projects/activities which are on-going under our Beyond Borders program this year

- Beyond Borders Teachers' Workshop
- Beyond Borders English Language (BEL) Program
- Beyond Borders Young Readers' Program
- Beyond Borders Pen Pal Program
- Crossing the Border (Motivational Talk)

The activities tailored for Beyond Borders program are based on two conceptual frameworks. The first is through the Enrichment approach, where Malaysia Airports strive to enhance language excellence through engagement and support programs such as Beyond Borders English Language (BEL) Program, Teachers' Workshop and Young Readers' Program. The Beyond Borders Teachers' Workshop kick-off to focus on early training of the teachers, an important group in rolling out the Beyond Borders program at the adopted schools.

The second framework is using Artistic approach, where Malaysia Airports aims to discover and refine the students' articulation skills with expression via programs such as the drama competition Act-It-Up and the inaugural Tell-A-Story competition. Through these competitions, Malaysia Airports hopes to spur a sense of competitiveness amongst the schools and motivate them to improve their performance from time to time.

"Without courage success will not come. Beyond Borders helped me to build up my confidence level to excel in my daily routine job."

Zulfahimi Roslan

Officer, Quality Assurance, KLIA

"(The) Beyond Borders programme brings out the creativity in children and helps them to excel in English."

Gerina Ayup

Teacher, SK Kg. Jepak, Bintulu, Sarawak

"Beyond borders programme has given a chance for the students to enhance and improve their capacity and capability in learning English in a more engaging, interesting and pleasurable way. Students are given varieties of entertaining activities that stimulates their way of learning English and this really helps cultivating the interest in learning English more."

Aminah Ahamad Ghani@ Amy

Teacher, SK Merparti, Sandakan, Sabah

"(This program has) really enhance my ability to teach my students with the materials provided. The excitements in my students face are unimaginable."

Kamal Fatimi Bin Azmi

Teacher, SK Duyong, Terengganu

"Pupils show sign of increasing interest towards English and instil confidence among our Year 3 students. Our teachers gain insight knowledge and method of teaching through this programme."

Sharon Yeo Tink Tink

Teacher, SK Sibu Jaya, Sibu

"One of the benefits of this activity is to provide an opportunity for staff to do charity, at the same time it strengthen the relationship between MAHB staff with the community. Beyond Borders also help the school to improve their annual performance with fun activities to the kids in order to attract them to love the selected subject."

Nurul Akmar Nutman

Officer, Quality Assurance, LCCT

KLIA AWARDS

KLIA Awards 2012 presentation was held at Sama-Sama Hotel KLIA on 28 October 2013. The event was graced by YB Dato' Seri Hishammuddin Tun Hussein, Minister of Transport. The prestigious KLIA Awards is the ideal platform for Malaysia Airports to reward its partners with outstanding performances and services. The presentation of the KLIA Awards is aimed at recognising and motivating all KLIA business partners that relentlessly push the boundaries of distinction in their fields, enabling KLIA to further advance in service excellence.

Together, we share the commitment to enrich guests' travel experience and deliver a seamless connectivity on all routes and on all airlines. The annual KLIA Awards acknowledges our outstanding partners' contribution in pursuit of our vision. From the bottom of our heart, thank you and congratulations to all the winners of KLIA Awards 2012

AIRLINE OF THE YEAR

Malaysia Airlines

LOW COST AIRLINE OF THE YEAR

AirAsia

FOREIGN AIRLINE OF THE YEAR

Indonesia AirAsia

PROMISING NEW FOREIGN AIRLINE OF THE YEAR

Mandala Airlines

FOREIGN AIRLINE OF THE YEAR BY SECTOR

South East Asia - Lion Air

North East Asia - Cathay Pacific Airways

Europe - Lufthansa

South Asia - Biman Bangladesh Airlines

Middle East - Qatar Airways

Africa - Egypt Air

AIRLINE OF THE YEAR – CARGO

MASKargo (Malaysia Airlines Cargo Sdn. Bhd.) (318815-M)

FOREIGN AIRLINE OF THE YEAR – CARGO

Korean Air

F&B OUTLET OF THE YEAR – OVERALL

Dunkin Donuts – LCCT Outlet (Golden Donuts Sdn. Bhd.) (155220-W)

F&B OUTLET OF THE YEAR – HIGHEST PERCENTAGE OF GROWTH IN SALES

Jonker Walk Outlet – Contact Pier Domestic Outlet (D'Subha Multi Industries Sdn. Bhd.) (643865-A)

RETAIL OUTLET OF THE YEAR – OVERALL

Perfumes & Cosmetics – Satellite Building Outlet (Colours & Fragrance Sdn. Bhd.) (171634-D)

RETAIL OUTLET OF THE YEAR – HIGHEST PERCENTAGE OF GROWTH IN SALES

Charles & Keith Outlet – Satellite Building Outlet (Anaika Collection Sdn. Bhd.) (60014-M)

SERVICE EXCELLENCE AWARD – AIRPORT SERVICE QUALITY (ASQ) HIGHEST SCORE

Sinar Jernih Sdn. Bhd. (367852-P)

SERVICE EXCELLENCE AWARD – AIRPORT SERVICE QUALITY (ASQ) MOST IMPROVED SCORE

Persatuan Kebajikan Pemandu Teksi Lapangan Terbang Tambang Murah Sepang (1856-07-SEL)

STAR PERFORMER AWARD – AIRPORT SERVICE QUALITY (ASQ)

Zuraidah Abdullah (Express Rail Link Sdn. Bhd.) (375839-H)

CHAIRMAN'S AWARD

Y.Bhg Tan Sri Datuk Dr. Aris Othman

MATERIAL ISSUE

MEMORABLE AIRPORT EXPERIENCES

We believe that if we have a great time at our airports, so will our customers. Therefore, in a mission to make airport experiences as enjoyable as possible for everyone, we have embarked on several simple and practical reward based campaigns in 2013. These campaigns, focusing on customer service and hospitality has been tremendously successful in making the flying experience fun and exciting for our employees and customers alike. Effort has also been put into making our airports safer and more comfortable.

Ultimately, we believe that everyone having an enjoyable time at our airports makes great business sense. After all, the travel experience has always been one that everyone looks forwards to. Believing thoroughly in this, Malaysia Airports is determined to make our customers' airport experience an unforgettable one.



Miko Ng Siew Yen and Khairul Faris Shafiei

In conjunction with our T.O.U.C.H Campaign, an Ambassadors' Search was conducted whereby the winners were Miko Ng Siew Yen from Gold City and Khairul Faris Shafiei from Maxis Centre KLIA. As Campaign

Ambassadors, Khairul Faris Shafiei and Miko Ng Siew Yen were elected as mentors and role models to work with other frontliners to elevate the standard of customer service at KLIA and LCCT-KLIA.

Get to know Khairul Faris Shafiei, Customer Care Consultant, Maxis, KLIA

It has been almost a year now that Faris is working with Maxis in KL International Airport. His pleasant and outgoing personality is a remarkable asset to his job scope as a Customer Care Consultant.

Faris is indeed a role model to his colleagues as well as to other staff in KL International Airport. His friendly demeanour and modesty is commendable. His colleague, Jussey remembers his encounter with an angry client where he patiently finds his way to soothe them and making sure that their problems are being resolved. "His patience, positive attitude and not forgetting his pleasant smile is an asset to Maxis and we are lucky to have a colleague like him!" said Jussey.

Get to know Miko Ng Siew Yen, Sales Executive, Gold City, KLIA

Miko has 17 years of experience working in KLIA and now, and has been attached with Gold City for the past 7 years as a Sales Executive at the airport. Not only she is knowledgeable, but her pleasant beauty is as well an attraction to all customers.

Her magnificent product knowledge has set Miko apart as a multi-talented staff of Gold City. No matter what types of questions are thrown at her, Miko has the tendency to calmly explain and enlighten her customers with all the details they demand for. She once had an experience dealing with an 8 year old customer who intended to buy his mother a gold charm. She guided the boy into buying the best charm for his mother and in Miko's opinion, it was the most satisfying sale she had ever done. Miko is definitely an asset for the outlet in treating all the customers with so much warmth and humbleness.

MYSTERY SHOPPING PROGRAM 2013

The Mystery Shopping Program is a shopping audit tool which is conducted by an agency to act as shoppers or potential customers to assess the quality of service performance in retail industry. The Mystery Shopping Program 2013 KLIA and LCCT examines the retail, F&B and services outlets' overall experience in shopping, dining or services emphasising in the quality of service and assess the visibly obvious elements in the outlet such as level of cleanliness, product display and shop interior.

The importance of Mystery Shopping Program:

- To improve the service quality standards at KLIA and LCCT, this will have positive contribution towards ASQ ratings.
- To raise awareness amongst concessionaires of retail, F&B and services on the importance of the service quality standards and to give recognition to performers.
- To gauge the service quality gaps better service improvement.
- To assess the competitiveness of the outlets' service performance against the overall category in retail, F&B and services.

Since the Mystery Shopping Program started in 2011, the findings have impacted Commercial in the following ways:

- Development of Concessionaire Scorecard - an individual concessionaire grading report card with performance comparison with the overall category in retail, F&B and services. This has raised the awareness and identification of service quality gaps for customer service amongst concessionaires and outlets performance.
- Facilitates an open discussion forum during the MAHB Annual Concessionaires Conference between MAHB and Concessionaires as a platform to enrich business partnerships.
- Formulation of the T.O.U.C.H Campaign with core focus on customer service elements.
- Improvement in ASQ of KUL as well as boosting the overall image and shopping experience at KLIA and LCCT.

In 2013, a total of 828 visits have been conducted at KLIA and LCCT.

CARE-sys Awareness and Training Manual

Established in April 2013, CARE functions as a liaison unit that serves as a single point of contact in providing appropriate and relevant information to customers. Almost 2,000 cases have been handled by CARE, where by 100 percent have been resolved.

CARE manages all types of customers' feedback from all our communication platforms. It is our mission to ensure that all feedback is responded to by a stipulated time frame within our Service Level Agreement (SLA). CARE also establishes touch points for each case received and escalate them to relevant parties (Case Owners) for their input or action.

CARE also acts as:

- A mediator between customers and relevant stakeholders in reaching customers' expectation
- A centralised channel for customers' feedback management
- To monitor performance of airports in managing customers' feedback
- Customer service excellence in line with ASQ and ACSPP Elements.

CARE-sys is a tool that facilitates feedback management system to Log Cases, Escalate & provide Response. The system also enables us to prompt reminders via emails for both CARE and Case Owners to monitor the resolution management within SLA.

Airport Emergency Plan endorsement by DCA

In compliance with Annex 14 Chapter 9.1 of Aerodrome Emergency Plan, Malaysia Airports has established a manual document on our Airport Emergency Plan (AEP) that has been endorsed by the Department of Civil Aviation (DCA).

The AEP was developed with the objective to minimise effects of emergencies, particularly in respect of saving lives whilst maintaining the aircraft operations. The AEP outlines in detail actions, roles and responsibilities that needs to be carried out while handling a specific type of emergency at the airport.

In the event that the AEP is activated, Malaysia Airports would be directly involved in the accident operation and management, whereas DCA would functions as the authority body. A clear SOP has been designed and incorporated into the AEP. This SOP is to be executed by all agencies involved. The AEP also identifies key personnel who will be responsible at times of emergencies as well as their contact details.

KLIA's AEP was endorsed in 2010. The AEP for all airports other than KLIA was endorsed by DCA in 2012 – 2013.

Delivering Total Customer Satisfaction through Outstanding Service Practices with Unforgettable Smile yet Conversant and Humbly Pleasant [T.O.U.C.H]

Launched in September 2012, the T.O.U.C.H. Campaign seeks to inculcate and cultivate world class customer service practices amongst KLIA and LCCT-KLIA front liners. This is achieved through structured service standards and guidelines, assessment and recognition.

Critical goals of the campaign are:

- To instil standard attributes that would become part of every concessionaires' Standard Operating Procedures (SOP)
- To ensure T.O.U.C.H. attributes are in line with international standards of airports' customer service expectations and implement a standard of customer service practice that would be used by all front liners associated to our current and future airports
- To improve performance of every concessionaire by implementing T.O.U.C.H. attributes
- To standardise common greetings and farewell phrases, general gestures to illustrate warmth and courtesy, encourage front-liners to be friendly and helpful
- To champion the importance of product knowledge in achieving sales performance excellence and to raise the level of customer service

In order to prepare for this program, all outlet managers attended T.O.U.C.H training sessions on various aspects of T.O.U.C.H attributes such as communication skills, product knowledge, customer service, demeanour and overall appearance. Assessments were conducted twice a month to evaluate the performance of all our frontliners. Frontliners were rewarded with individual T.O.U.C.H. pins whenever they consistently showcased T.O.U.C.H. attributes. Frontliners who successfully collected all 5 T.O.U.C.H. pins received a cash reward of RM500.

Since the launch of the T.O.U.C.H Campaign in September 2012, Malaysia Airports has received two awards from the Marketing Excellence Awards 2013 in March 2013 for the categories of Excellence in Public Relations Internal/Employee Communications (Gold Award) and Excellence in Public Relations Corporate Communications (Silver Award). Additionally, we have also registered interest from several other companies to learn from our T.O.U.C.H campaign. As of 28 November 2013, the KLIA T.O.U.C.H. Facebook Page has reached 39,042 likes. This is the first social media platform for Malaysia Airports to exceed 10,000 likes.

As of November 2013, the campaign has elected over 100 Champion Pin Winners and 250 individual T.O.U.C.H. pin winners; and continues to be an integral part of the KLIA hospitality experience.

Two airports receive aerodrome certification and six SMS certification from DCA

Two more airports under Malaysia Airports' management have received Aerodrome Certification and another six certified airports received the Safety Management System (SMS) certifications today after successfully undergoing stringent audit by the Department of Civil Aviation (DCA). The six domestic airports which received SMS certification were MYY, TWU, TGG, IPH, MKZ and KBR.

The SMS indicates conformance to all safety requirements and achieving continuous improvement in safety performance. These include the essential features of safety such as policy, strategy and planning and implementation as well as promotion, records, staff training and competency. It also certifies that the airports have successfully implemented the 'Hazard Identification, Risk

Assessment and Risk Control (HIRARC) while the listing of Acceptable Level of Safety (ALOS) has conformed to the requirements of the DCA.

In the meantime, two airports, MKZ and KBR received the Aerodrome Certification from DCA. The certification is a testimony that these airports have successfully completed the comprehensive audit for the certification. The aerodrome certification meant the airports have met the stringent requirements based on Annex 14 Convention on International Civil Aviation. The objective of aerodrome certification is to establish a regulatory system to ensure that the facilities, equipment, services and operational procedures at certified aerodrome are in compliance with the Standard and Recommended Practices specified in the ICAO Annex 14 document.

Malaysia Airports' Indulge Till You Fly Campaign 2012/2013: The Dragons of Asia Award

Malaysia Airports' Indulge Till You Fly Campaign 2012/2013 came up tops under the Best of Country (Malaysia) Trade Campaign. This Award is presented to the campaign that best markets a product or service within any retail or trade channel.

"The Dragons of Asia Award acknowledges the importance of focusing on objectives and

results in marketing campaigns. I am proud that we emerged as the champion amongst champions in this particular category," said Puan Faizah Khairuddin, Senior General Manager Commercial Services.

Launched in 2010, Indulge Till You Fly Campaign is part of Malaysia Airports' drive to raise awareness of the dual roles of our international airports – as transportation hubs and as lifestyle destinations.

More notable initiatives undertaken in 2013

An 'Instant Feedback System' (IFS) was introduced at the washrooms of KLIA. This is a rating system where users of the washroom may rate the cleanliness of the washroom using smiley icons. These feedbacks are instantly captured at the backend and immediate action can be taken by cleaners if the cleanliness of the washroom received poor feedback.

We have introduced the Mobile Customer-Information-Centre (M-CIC), whereby our airport staffs is given a tablet that contains pertinent information of the airport as well as a mini customer satisfaction survey. The tablet allows our airport staff to be mobile and act as a "hospitality ambassador" in helping passengers to find their way and provide information related to flight, airport facilities, etc.

In an effort to inculcate a healthy lifestyle and showcase Malaysia, cultural dances performed by the airport staff themselves are showcased at KLIA where passengers can enjoy a slice of Malaysian culture and even join in. Aerobics exercise has also been introduced on a weekly/monthly basis to inculcate a healthy lifestyle where airport staff and passengers alike can sweat it off while having a little fun.

What our customers say about KLIA (Excerpts from Convergence: Our in-house airport magazine)

"The question of safety never crossed our minds since our arrivals. I guess that means the security measures in KLIA have been excellent thus far."

– **Bill and Eric Spragg**, Australia.

"It is always good to have free Wi-Fi. It shows that the airport has modern infrastructure and the airport management are forward thinking."

– **Bernd Koehn**, Germany.

"I frequently come to KLIA quite often, and normally park here for periods of around 9 hours or so. The car park is easy to find and to navigate around, and my experience so far has been superb."

– **Navin**, Malaysia.

"It (immigration) was a fast process, we didn't even have to wait on the way through – just what we need on a long journey to Australia. It was a good experience."

– **Heidi and Laurie**, Finland.

"It (wi-fi at KLIA) has been great so far. I managed to check our connecting flight details through this service, which was as scheduled, so I have peace of mind. Thanks MAHB!"

– **Tanya Nguyen and Travel Partners**, Vietnam.

"(The wi-fi at KLIA) Easily accessible anywhere in the airport. It is fast and more importantly, free!"

– **Gian Giron and Friends**, Philippines.

"There are ATMs everywhere and with so many people wanting to use them, it's great that we don't have to stand in long lines."

– **Yusri and Azrina**, Malaysia.

"Very good. Most arrivals get held up because of the security procedures but the flow in KLIA is very fast despite being such a large airport."

– **Hisha, Elsadiq, Dida and Tayseir**, Qatar.

"The banking facilities are good. In fact, we just had some money changed! It's great that they are available, and the one we went to was easy to locate."

– **Ingrid and Frithjof**, Germany.

Malaysia Airports enhances lifestyle experience with new mobile app

Passengers passing through KLIA can now spend more time at their favourite retail, dining and relaxation spots at the airport without having to take too much time locating them, all thanks to the location directory on the app. The mobile app provides added convenience to passengers as they will have the latest information on outlet locations, promotions, and

airport services and facilities at their fingertips.

The mobile app, developed by Malaysia Airports, is available for download from iTunes and Play Store. It can be operated on both iOS and Android platforms and comes with Facebook, Twitter and email social sharing functions.

Malaysia Airports practices sponsorship guidelines that aim to strengthen relationship with its stakeholders. Malaysia Airports' investments in sponsorship are made on case to case basis where the sponsorships correspond to its value and business objectives.

The guidelines are in place to ensure that our involvement in any sponsorship will achieve the best value, whether tangible or intangible, for Malaysia Airports and its surrounding airport community. Our involvement in any sponsorship should enhance Malaysia Airports' public image, reputation and standing.

The guidelines are also in line with our 'No Gift' Policy in the effort to uphold Corporate Governance and Transparency in our business conduct.

'We Are the Host' Training

In preparation for Visit Malaysia Year (VMY) 2014, front liners from all agencies at KLIA and BKI has undergone 'We Are the Host' training sessions conducted by the Malaysian Ministry of Tourism.

This training focuses on providing world class customer service to all travelers passing through our airports. This training complements the existing Customer Service and Courtesy & Care Program conducted internally by Malaysia Airports, aimed to enhance the knowledge of our airport employees in the area of hospitality.

KLIA ASQ Star Performer Award

At our recent KLIA Awards 2012, Malaysia Airports had introduced the KLIA ASQ Star Performer Award as a new award category under the Service Excellence Award. This award is to recognise and honour the outstanding achievement and efforts of individual who has shown personal qualities and exceptional skills in work performance.

The inaugural KLIA ASQ Star Performer Award 2012 was given to Zuraidah Abdullah, currently attached to Express Rail Link Sdn Bhd as Ticketing Officer. Zuraidah Abdullah joined Express Rail Link Sdn Bhd in 2008 and displayed excellent service and dedication in carrying out her duties. She is a committed individual with strong personal discipline as she has not taken a single sick leave or came late in the past three years.

AFRS Rating Program

In 2013, our Airports Fire and Rescue Service (AFRS) Department introduced a new Individual Physical Proficiency Test (IPPT) standard as part of their Rating Program. The new IPPT was developed with the objective of testing the level of physical fitness of AFRS personnel in performing strenuous rescue and fire-fighting duties.

The new IPPT standard was developed and endorsed by the National Sports Institute (ISN) and received approval by the Exco Committee in June 2013. This new IPPT standard has now been incorporated into our AFRS Rating Policy (Polisi Penarafan Anggota AFRS).

801 personnel including firemen and Senior Managers are subjected to the AFRS Rating Program and have undergone the Individual Physical Proficiency Test (IPPT).

PERFORMANCE DATA: EN

Indirect Energy Consumption by Primary Energy Source [EN4]

Airports	Power Producer	kwh/year
KUL	TNB/GDC	193,548,483 (Jan-Aug)
BKI	Sabah Elektrik	26,153,136 (Jan-Sept)
KCH	SESCO	10,494,814 (Jan-Sept)
LGK	TNB	6,714,709 (Jan-Oct)
PEN	TNB	23,299,809.56 (Jan-Oct)
AOR	TNB	2,887,196 (Jan-Oct)
BTU	SESCO	2,115,661 (Jan-Oct)
IPH	TNB	1,080,112 (Jan-Oct)
KBR	TNB	3,046,910 (Jan-Oct)
TGG	TNB	3,103,156.87 (Jan-Oct)
KUA	TNB	525,029.5 (Jan-Oct)
LBU	Sabah Elektrik	3,267,657 (Jan-Oct)
LDU	Sabah Elektrik	147,479 (Jan-Sept)
LMN	SESCO	255,522 (Jan-Sept)
MKZ	TNB	617,180 (Jan-Oct)
MYY	SESCO	3,298,728 (Jan-Oct)
SDK	Sabah Elektrik	1,755,467 (Jan-Oct)
SBW	SESCO	2,488,871 (Jan-Oct)
SBZ	TNB	13,559,961 (Jan-Oct)
TWU	Sabah Elektrik	2,660,284 (Jan-Oct)
HQ	TNB	1,915,205 (Jan-Sept)

Our airports with EMS14001:2004 Certification (SIRIM QAS International Sdn Bhd)

KLIA	KCH	AOR	LBU
PEN	LGK	TGG	BTU
BKI	MYY		

Total Water Withdrawal by Source (Jan-October 2013) [EN8]

Airports	Water Supplier	m3/year
KUL	Syarikat Bekalan Air Selangor Sdn Bhd	5,654,165.66 (Jan-Sept)
BKI	Jabatan Bekalan Air Sabah	270,965.44
KCH	Lembaga Air Kuching	171,711.51
LGK	Syarikat Air Darul Aman Sdn Bhd	93,997.11
PEN	Perbadanan Bekalan Air Pulau Pinang	205,788.20
AOR	Syarikat Air Darul Aman Sdn Bhd	48,200.56
BTU	Laku Management Sdn Bhd	27,189.85
IPH	Lembaga Air Perak	20,986.49
KBR	Air Kelantan Sdn Bhd	60,234.82
TGG	Syarikat Air Terengganu Sdn Bhd	28,907.26
KUA	Pengurusan Air Pahang Bhd	13,814.88
LBN	Jabatan Bekalan Air WP Labuan	38,745.67
LDU	Jabatan Bekalan Air Sabah	5,111.00
LMN	Laku Management Sdn Bhd	1,680.26
MKZ	Syarikat Air Melaka Berhad	2,929.22
MYY	Laku Management Sdn Bhd	53,808.18
SDK	Jabatan Bekalan Air Sabah	53,104.61
SBW	Lembaga Air Sibu	38,215.11
SBZ	Syarikat Bekalan Air Selangor Sdn Bhd	176,826.07
TWU	Jabatan Bekalan Air Sabah	103,409.06
HQ	Syarikat Bekalan Air Selangor Sdn Bhd	47,164.91 (Jan-Sept)

Figures converted to m³ from bills received

PERFORMANCE DATA: LA & HR

Total workforce by employment type, by gender [LA1]

Employment type	Male	Female
Management (26 – 33)	70	34
Management (24 – 25)	124	61
Executive (19 – 23)	429	285
Non-Executive (08 – 16)	5,195	2,501
Total	5,818	2,881

Total workforce by region, by gender [LA1]

Region	Male	Female
East Malaysia	1,204	481
West Malaysia	4,614	2,400
Total	5,818	2,881

Percentage of employees receiving regular performance and career developments reviews broken down by gender [LA12]

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

Percentage of total workforce represented in formal joint management-workers health and safety committees that help monitor and advice on occupational health and safety programs [LA6]

5%

Our airports with OHSAS18001:2007 Certification (SIRIM QAS International Sdn Bhd)

KLIA	KCH	AOR	LBU
PEN	LGK	TGG	BTU
BKI	MYY		

Average number of hours devoted to training personnel per year per employee by gender [LA10]

Employee category	Male (hours)	Female (hours)
Management (26 – 33)	24 hrs	24 hrs
Management (24 – 25)	40 hrs	40 hrs
Executive (19 – 23)	48 hrs	48 hrs
Non-Executive (08 – 16)	16 hrs	16 hrs

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 [HR3]

16 hrs (75% of employees trained)

Return to work and retention rates after parental leave [LA15]

	Male	Female
Employees that were entitled to parental leave	3,966	1,555
Employees that took parental leave	49	43
Employees who returned to work after parental leave has ended	49	43
Employees who returned to work after parental leave has ended, who were still employed 12 months after they returned to work	49	42

Definition of parental leave: Leave granted to men and women workers on the grounds of the birth of a child.

Total number of new employee hires and employee turnovers by age group [LA2]

Category (Age)	New Hire	Turnover
18-29	504	352
30-39	62	63
40-49	7	18
50-59	0	44
60-69	0	2
Total	573	479

Rate of injury, occupational diseases, lost days and number of work related fatalities by region & gender [LA7]

Percentage (%)	Injury	Occupational diseases	Lost days	Number of work related fatalities
Region				
– Peninsular	6	Nil	14	Nil
– Sabah	1	Nil	22	Nil
– Sarawak	0	Nil	–	Nil
Gender				
– Male	5	Nil	22	Nil
– Female	2	Nil	14	Nil

Education, training, counselling, prevention and risk control programs in place to assist workforce members, their families, and community members regarding serious diseases [LA8]

	Education/ Training		Counseling		Prevention/ Risk Control		Treatment	
	Yes	No	Yes	No	Yes	No	Yes	No
Program recipients	Yes	No	Yes	No	Yes	No	Yes	No
Workers	√		√		√		√	
Workers' families		√		√		√	√	
Community members		√		√	√			√

PERFORMANCE DATA: PR

The following product and service information is required by Malaysia Airports' procedures for product and service information and labelling at the contract tender process [PR3]

It is mandatory for all our suppliers and contractors to comply 100% with our requirement as stated in a contract pertaining the following:

	Yes	No
The sourcing of components of the product or service	√	-
Content, particularly with regard to substances that might produce an environmental or social impact	√	-
Safe use of the product or service	√	-
Disposal of the product and environmental/social impacts	√	-
Other (explain)	-	-

Total number of incidents for non-compliance with regulations concerning marketing communications [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 [PR8]

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

Airport Service Quality (ASQ) Ranking [PR5] KLIA

	2009	2010	2011	2012	2013		
					Q1	Q2	Q3
Overall ASQ rank worldwide	16	13	19	8	10	20	23
Overall ASQ rank in 25-40 mppa category	4	3	4	3	4	4	5

LGK

	2013		
	Q1	Q2	Q3
Overall ASQ rank worldwide	77	59	83
Overall ASQ rank in 0-2 mppa category	11	6	9

* In 2013, the most important basic elements addressed through the initiatives are cleanliness of the terminal, availability and cleanliness of washrooms, waiting time at various points within the terminal, availability of shopping and restaurants and internet access availability.

Our airports with QMS9001:2008 Certification (SIRIM QAS International Sdn Bhd)

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

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

LGK

GLOSSARY

AEP	Airport Emergency Program
AFRS	Airport Fire & Rescue Services
AVSEC	Aviation Security
DRI	Disaster Recovery Institute
RTO	Recovery Time Objective
BHS	Baggage Handling System
GRI	Global Reporting Index
AOSS	Airport Operators Sector Supplement
ACI	Airport Council International
WESC	World Environmental Standing Committee
AP-REC	Regional Environment Committee
BCM	Business Continuity Management
ISMS	Information Security Management System
TTS	Track Transit System
MTB	Main Terminal Building
SAT	Satellite Building
ECT	Effective Cycle Time
GTP	Government Transformation Program
RFP	Request for Proposal
KESUMA	Kelab Sukan Malaysia Airports
ACERT	Airport Carbon and Emissions Reporting Tool
EAP	Education Assistance Program
CDP	Career Development Program
PBS	Persatuan Bomba Sukarela
MoU	Memorandum of Understanding
BEL	Beyond Borders English Language
VMW	Visit Malaysia Year
ESP	Education Scholarship Program
F&B	Foods & Beverages
ASQ	Airport Service Quality
SOP	Standard Operating Procedures
DCA	Department of Civil Aviation
SLA	Service Level Agreement
IPPT	Individual Physical Proficiency Test

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1.1	1	Statement from the most senior decision-maker of the organisation.	√	004
2.1	2	Name of the organisation.	√	i
2.2	3	Primary brands, products and/or services.	Reported in AR	
2.3	4	Operational structure of the organisation.	Reported in AR	
2.4	5	Location of organisation's headquarters.	Reported in AR	
2.5	6	Number of countries where the organisation operates.	Reported in AR	
2.6	7	Nature of ownership and legal form.	Reported in AR	
2.7	8	Markets served.	Reported in AR	
2.8	9	Scale of the reporting organisation.	Reported in AR	
2.9	13	Significant changes during the reporting period regarding size, structure, or ownership.	Reported in AR	
2.10		Awards received in the reporting period.	Reported in AR	
3.1	28	Reporting period (e.g., fiscal/calendar year) for information provided.	√	001
3.2	29	Date of most recent previous report (if any).	√	001
3.3	30	Reporting cycle (annual, biennial, etc).	√	001
3.4	31	Contact point for questions regarding the report or its contents.	√	002
3.5	18	Process for defining report content.	√	001
3.6	20-21	Boundary of the reports.	√	001
3.7	20-21	Limitations on the scope or boundary of the report.	√	001
3.8	20-21	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities.	√	001
3.9		Data measurement techniques and the bases of calculations.	√	001
3.10	22	Effect of any re-statements of information provided in earlier reports.	√	001
3.11	23	Significant changes from previous reporting periods.	√	001
3.12	32	Table identifying the location of the Standard Disclosures in the report.	√	001

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G3.1	G4	Description	External Assurance	Page
3.13	33	Policy and current practice with regard to seeking external assurance for the report.	√	001
4.1	34,38	Governance structure of the organisation.	Reported in AR	
4.2	39	Indicate whether the Chair of the highest governance body is also an executive officer.	Reported in AR	
4.3	38	Number and gender of members of the highest governance body.	Reported in AR	
4.4	37,49,53	Mechanisms to provide recommendations or direction to the highest governance body.	Reported in AR	
4.5	51	Linkage between compensation for members of the highest governance body, senior managers and executives and the organisation's performance.	Reported in AR	
4.6	41	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Reported in AR	
4.7	40	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees.	Reported in AR	
4.8	56	Internally developed statements of mission or values, codes of conduct and principles.	Reported in AR	
4.9	45,47	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental and social performance.	Reported in AR	
4.10	44	Processes for evaluating the highest governance body's own performance.	Reported in AR	
4.12	15	Externally developed economic, environmental and social charters, principles or other initiatives.	√	001
	56	Describe the organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics.	√	003
EC5	EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant location of operation.	√	020
EC6	-	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	√	012
AO1	-	Total number of passengers annually	Reported in AR	
AO2	-	Annual total number of aircraft movements.	Reported in AR	
AO3	-	Total amount of cargo tonnage.	Reported in AR	

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G3.1	G4	Description	External Assurance	Page
EC7	-	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	√	007
EN4	-	Indirect energy consumption by primary energy source.	√	017
EN6	EN6	Initiatives to provide energy-efficient or renewable energy based products and services.	√	016
EN8	EN8	Total water withdrawal by source.	√	017
EN18	EN19	Initiatives to reduce greenhouse gas emissions and reductions achieved.	√	016
AO6	-	Aircraft and pavement de-icing/anti-icing fluid used and treated by m ³ and/or tonnes.	√	016
LA1		Total workforce by employment type, employment contract, and region, broken down by gender	√	035
LA2	LA1	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	√	036
LA15	LA3	Return to work and retention rates after parental leave, by gender.	√	035
LA4		Percentage of employees covered by collective bargaining agreements.	√	021
LA6	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 programs.	√	035
LA7	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.	√	036
LA8	-	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	√	036
LA10	LA9	Average hours of training per year per employee by gender, and by employee category.	√	035
LA11	LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	√	022
LA12	LA11	Percentage of employees receiving regular performance and career development reviews, by gender.	√	019
LA13	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.	√	007

GRI CONTENT INDEX

G3.1	G4	Description	External Assurance	Page
HR3	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	√	035
HR4	HR3	Total number of incidents of discrimination and corrective actions taken.	√	035
HR6	HR5	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	√	002
HR7	HR6	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	√	022
HR8	HR7	Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations.	√	035
SO1	SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	√	026
SO3	SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures.	√	012
SO4	SO4	Actions taken in response to incidents of corruptions.	√	012
SO5		Public policy positions and participation in public policy development and lobbying.	Reported in AR	
SO7	SO7	Total number of legal actions for anti-competitive behaviour, anti-trust and monopoly practices and their outcomes.	√	012
PR3	PR3	Type of product and service information required by the organisation's procedures for product and service information and labelling, and percentage of significant product and service categories subject to such information requirements.	√	037
PR5	PR5	Results of surveys measuring customer satisfaction.	√	037
PR6	-	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	√	033
PR7	PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	√	037
PR8	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	√	037

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 2013. The main objective of the verification process is 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 2013.

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 2013.

Verification team:

The verification team from SIRIM QAS International consisted of:

- 1) Ms. Aminah Ang - Team Leader
- 2) Ms. Aemida Abdul Kadir - Team member

Methodology

The verification process was carried out by SIRIM QAS International in December 2013. 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 G3.1 requirements including the Airport Operators Sector Supplement (AOSS).

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 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 did not involve verification of information reported in the Malaysia Airports Holding Berhad Annual Report 2013;
- 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; 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. These observations however do not affect our conclusions on the current report.

- Enhancement in the reporting of environmental performance. As some of the airports have been certified to the Environmental Management System standard ISO 14001, data on more of the environmental performance indicators should be available and considered for inclusion in the report. Environmental performance relating to indicators EN4 and EN8 only have been included in the current report.

- There has been an increasing demand for the reporting of GHG performance by organizations. Since Malaysia Airports has been using the Airport Carbon and Emissions Reporting Tool (ACERT) and has collected data for several years, it is recommended that Malaysia Airports publishes its GHG performance and includes this in future reports.

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 Holding Berhad Sustainability Report 2013 is fair and acceptable;
- The Sustainability Report is in accordance with the B+ Application Level of the GRI G3.1 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:

Approved by:



AMINAH ANG
Verification Team Leader
Sustainability Certification Section
Management System Certification Department
SIRIM QAS International Sdn. Bhd.
Date : 31 December 2013



PARAMA ISWARA SUBRAMANIAM
Senior General Manager
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SIRIM QAS International Sdn. Bhd.
Date : 31 December 2013

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