

Stewardship

NOVEMBER 2022

ENGAGEMENT

COMPANY

Malaysia Airports Holding

THEME

Climate

ENVIRONMENTAL, SOCIAL OR GOVERNANCE?

Environmental

SDG



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Flying cleaner, paying less

Airports account for ‘only’ 10 per cent of CO₂ emissions within the aviation sector. Airlines account for the rest. But the former can use its influence to push airlines to reduce their emissions. And that is exactly what we asked Malaysia Airports to do.

Jags Walia, portfolio manager of the Kempfen Listed Infrastructure strategy initially contacted the company. “Airports can entice airlines to reduce their emissions. An efficient means of doing this is the price of landing fees: charging higher fees for dirtier aircraft and lower fees for cleaner ones. Amsterdam Schiphol Airport (one of Europe’s largest airports) has been doing this for years, but Malaysia Airports Holding - a company that has been included in our Listed Infrastructure strategy portfolio since 2020 - would be the first to introduce this system in Asia.”

The company has direct control over its own CO₂ emissions, the so called Scope 1 (direct

emissions) and 2 (indirect emissions from purchased energy). These have fallen by over 20% in the last 4 years, excluding the impact of the corona epidemic. Walia: “We now discussed what they can do on Scope 3 emissions, the emissions from associated companies, in this case: airline emissions.”

Engagement 2.0

Our conversations with Malaysia Airports in 2021 showed that they were open to our engagement, but the airport was quick to point out that involving the regulator in such a decision was absolutely essential. This was right up Walia’s street: “If we think that an engagement can only be successful if a





regulatory body, in this case the aviation regulator, is involved, we are happy to take that extra step. So we said: ‘Please introduce us!’”

And it worked. In early 2022 Walia sat down with the regulator MAVCOM (Malaysian Aviation Commission). “The conversation was not just about emissions and climate, it’s a win for their business too. Malaysia Airports’ different landing fees would make it a regional leader in sustainability and therefore more attractive for airlines to use as a hub. And that in turn could have a positive impact on foreign investment,” says the portfolio manager.

On the road to change

In our dialogue with the Malaysian Aviation commission we were able to discuss our ideas for making Malaysia’s largest airport more sus-

It’s a win for their business too

tainable. This conversation too had a positive impact. In September 2022, it was announced that the regulator would hold a consultation with the country’s four largest airlines to gauge their views on different landing fees for cleaner and dirtier aircraft. Walia: “We are not there yet, but both the company and the regulator were open to our ideas, which is encouraging. The outcome of the consultation round is expected in early 2023. Therefore, we will continue to monitor developments and are also in discussions with the company on a number of other climate-related issues, such as expanding the use of biodiesel.”

Van Lanschot Kempen engages with the companies in which we invest and encourages them to make sustainable changes. Our colleagues talk to companies about numerous strategic, financial, social, corporate governance and environmental issues.

We have established a framework for our engagement, in which key milestones are an important measure of progress. If the dialogue does not lead to improvement, we may disinvest from the company. Thus we want to contribute to the balance between People, Planet & Prosperity and increase our commitment and impact.



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