CORSIA
A321neo
Diversity
Net Zero
Technology
eBoarding Pass
Gender Pay Gap
Carbon Intensity
Carbon Offsetting
Operational Safety
Women in Aviation
Operational Efficiency
Anti-Human Trafficking
Sustainable Aviation Fuel
Anti-Bribery & Anti-Corruption

Sustainability
Report
2023

capital A

INSIDE THIS REPORT

Introduction

Economic

Environmental

Social

Appendices

ABOUT THIS REPORT

(GRI 2-1, 2-2, 2-3)

Capital A Berhad (Capital A or the Group)'s Sustainability Report 2023 marks the first standalone publication of our sustainability journey, demonstrating our long-term commitment to transparent and accountable reporting. In this report, we provide updates on the sustainability initiatives executed to propel our business.

This report provides an overview of our economic, environmental and social (EES) approach, performance and achievements to create long-term sustainable value for our stakeholders. We demonstrate our ability to carefully manage pertinent sustainability risks and opportunities that impact both our business operations and stakeholders.

The focus this year is on championing the spirit of doing more with less to resonate with our practice of delivering positive sustainable action with the resources we have. In addition, we describe new initiatives introduced as well as the progress and achievements of existing initiatives throughout the year.

This report should be read along with our 2023 Annual Report for more comprehensive disclosure on our operating and financial performance.

REPORTING FRAMEWORK, GUIDELINES & INDICES

This report was developed based on various international and local sustainability guidelines and standards to provide our stakeholders with meaningful disclosures. The list includes Bursa Malaysia Securities Berhad (Bursa Malaysia)'s Main Market Listing Requirements on Sustainability Statements in Annual Reports with guidance from its Sustainability Reporting Guide (3rd Edition). We have also referred to the Global Reporting Initiative (GRI) Standards 2021.

Other frameworks and guidelines taken into consideration include:
- FTSE4Good Bursa Malaysia (F4GBM) Index
- Dow Jones Sustainability Index (DJSI)
- Task Force on Climate-related Financial Disclosures (TCFD)
- United Nations' Sustainable Development Goals (UN SDGs)
- Malaysian Code on Corporate Governance (MCCG)

REPORTING SCOPE AND BOUNDARIES

This report covers the sustainability performance of Capital A and its subsidiary companies for the reporting period from 1 January 2023 to 31 December 2023, unless stated otherwise. Throughout the report, the terms "we" or "the Group" refer to Capital A while each subsidiary is referred to by its own name, and the airlines collectively are referred to as AirAsia. Where relevant and available, this report provides comparative historical data.

Disclosures for the airlines include AirAsia Malaysia (MAA), AirAsia Thailand (TAA), AirAsia Indonesia (IAA), AirAsia Philippines (PAA) and AirAsia Cambodia. In 2021 and 2022, we reported only on MAA, IAA and PAA, with TAA statistics reported separately in Asia Aviation Public Company Limited's sustainability statement. This year, TAA has been reincorporated into our reporting scope in line with the Group's

acquisition of full equity in the airline, while AirAsia Cambodia has only recently been set up in late 2023.

All monetary values in this report are expressed in Ringgit Malaysia (RM), consistent with the Malaysian Financial Reporting Standards, unless stated otherwise.

FORWARD-LOOKING STATEMENTS

This report contains certain forward-looking statements which reflect the Group's expectation of future value creation as well as financial and non-financial performance. Such statements are based on current assumptions and circumstances which could change, hence necessarily involve uncertainties. Unforeseen events and risks may arise beyond the Group's control, leading to actual results differing from those stated in the statements.

ASSURANCE

To ensure the accuracy and integrity of our disclosures, this report has been reviewed by Capital A's Sustainability Working Group (SWG), audited by the Group's internal audit department in line with the International Professional Practices Framework, and endorsed by the Board of Directors. The Board has, further, validated the report's relevance to the Group's business and performance. Moving forward, we aim for a more comprehensive internal audit to further strengthen the credibility of our sustainability reports.

CONTACT US

In order to continuously improve our reporting and sustainability efforts, we welcome ideas and comments from our stakeholders. Please direct your enquiries, feedback or comments on Capital A's 2023 Sustainability Report to:

✉ sustainability@airasia.com

🌐 Website: https://www.capitala.com/sustainability.html

Message from the Chief Sustainability Officer

(GRI 2-22)

Welcome to our first standalone sustainability report, published in a year that holds special significance for all of us at Capital A. This is the first year since 2019 that all AirAsia airlines have been able to fly uninterrupted by lockdowns at our hubs and stations. It is also the year that our entities charted a return to profitability. In sustainability, we finally reaped the fruits of a strategic realignment that we started over two years ago to prioritise the management of our ESG risks and to communicate better. This earned us improvements in ESG scores across all our tracked indices and won us our first Gold Environmental Sustainability Rating from the Centre for Aviation (CAPA).

Of the progress made this year, there are three areas that I wish to highlight. The first relates to the phenomenal effort that our aviation arm has put into rebuilding our network. Getting aircraft that have been mothballed for two years back to tip-top shape remains challenging, given a continued global shortage of skilled manpower, parts and maintenance slots. However, in measuring our guest experience, we found that our airline group had maintained an overall on-time performance of 77% in tandem with a strong recovery of our Net Promoter Score to 52 from a low of 36 in 2022. This was while retaining our 7* safety rating by AirlineRatings.com. Our carbon intensity measures have also fallen below 2019 levels, indicating a full recovery in operational efficiency performance.

Alongside reactivation of our fleet, we also had to recruit rapidly while keeping sight of our diversity target to employ at least 30% women in all job categories. Some significant wins were in raising the number of women in leadership positions in our aviation arm to 15.2% from 10.5% the previous year and increasing female pilot representation to 7% from 6.6%. We also successfully raised the representation of women in IT to 23.9% from 17.7% in 2022.

Third, we launched a fresh approach to communicating our sustainability and net zero commitments, sharing our perspectives on aviation sustainability at numerous national and international fora. In all our AOC countries, we have been able to establish new relationships with stakeholders in the environmental sector, from government officials to carbon market players. AirAsia representatives were also appointed as experts to ICAO's Committee for Environmental Protection.

As we move into the new year, we will be continuing the core initiatives that have been set in motion and raising the bar on others. Ongoing initiatives would include securing regulatory approvals for our plan to manage our CORSIA offset and reduction exposure, and taking our aviation sustainability awareness campaign regional. At ADE, we are finalising plans to introduce renewable energy at our maintenance facilities while GTR aims to expand its fleet of e-vehicles. With our digital business streamlined to drive growth, we are also investing in enhancing our information security infrastructure. We can also expect to see renewed activity at AirAsia Foundation to develop partnerships on sustainable travel.

These initiatives will enable us to continue raising the bar on sustainability performance across the Group and keep air travel safe, secure and accessible.

With regards,
Yap Mun Ching
Chief Sustainability Officer
Capital A Berhad
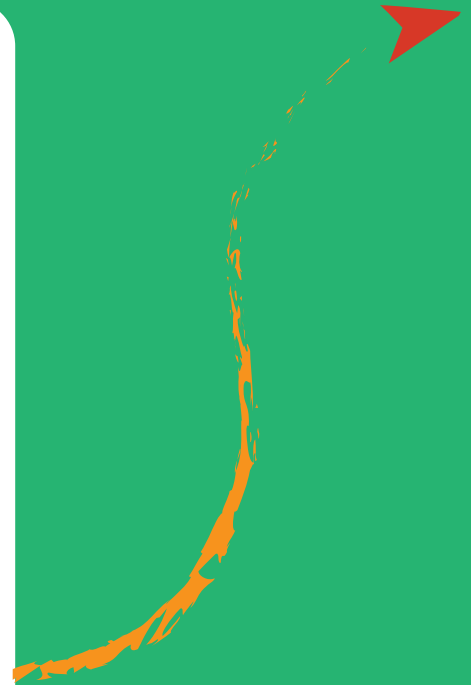
**1st
GOLD**
Environmental
Sustainability Rating
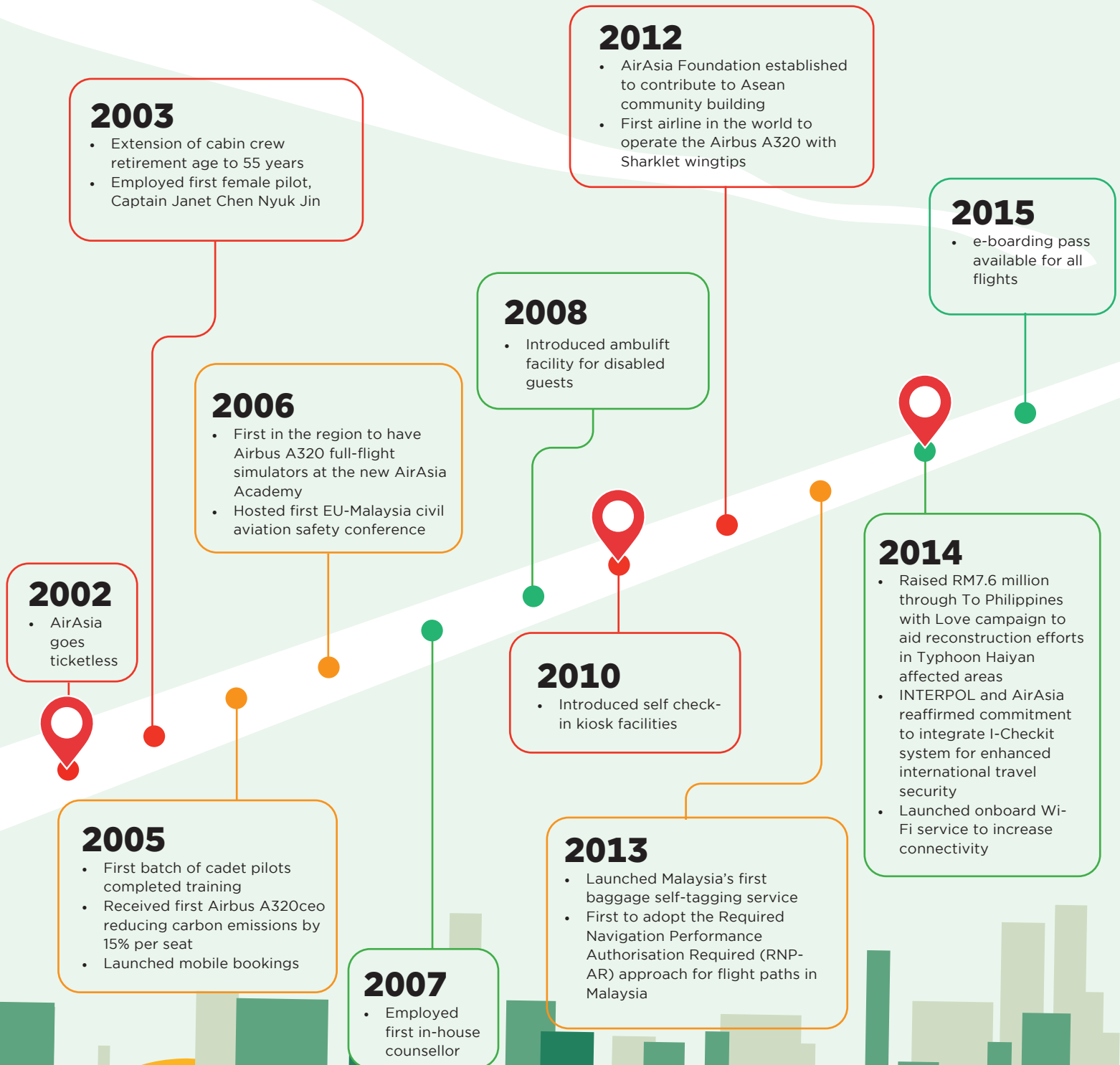from the Centre for
Aviation (CAPA)

Female pilot
representation:
7%
(2022: 6.6%)

Women in
leadership positions:
32%

Our Sustainability Journey

2003
- Extension of cabin crew retirement age to 55 years
- Employed first female pilot, Captain Janet Chen Nyuk Jin

2012
- AirAsia Foundation established to contribute to Asean community building
- First airline in the world to operate the Airbus A320 with Sharklet wingtips

2015
- e-boarding pass available for all flights

2008
- Introduced ambulift facility for disabled guests

2006
- First in the region to have Airbus A320 full-flight simulators at the new AirAsia Academy
- Hosted first EU-Malaysia civil aviation safety conference

2002
- AirAsia goes ticketless

2010
- Introduced self check-in kiosk facilities

2014
- Raised RM7.6 million through To Philippines with Love campaign to aid reconstruction efforts in Typhoon Haiyan affected areas
- INTERPOL and AirAsia reaffirmed commitment to integrate I-Checkit system for enhanced international travel security
- Launched onboard Wi-Fi service to increase connectivity

2005
- First batch of cadet pilots completed training
- Received first Airbus A320ceo reducing carbon emissions by 15% per seat
- Launched mobile bookings

2013
- Launched Malaysia's first baggage self-tagging service
- First to adopt the Required Navigation Performance Authorisation Required (RNP-AR) approach for flight paths in Malaysia

2007
- Employed first in-house counsellor

Onwards
#NeverStop

2019
- Received the first Airbus A321neo, which brings 20% fuel savings per seat
- Launched artificial intelligence (AI) powered chatbot, AVA, to improve the customer experience
- Published the Group's Environmental Policy
- Opened the first social enterprise hub, Destination GOOD

2017
- Launched anti-human trafficking training, #KnowtheSigns
- RNP-AR approach extended to other flight paths in Asean

2022
- Appointed the Group's Chief Sustainability Officer
- Officially a TCFD supporter
- Published the Group's Sustainability Policy
- Launched the Group's sustainability strategy for the next five years under Sustainability Redbook
- Participated In the Bloomberg Gender Equality Index for the first time
- Introduced Digital Trip Files to reduce paper printing and manual workflow on the ground

2020
- Listed on FTSE4Good Bursa Malaysia (F4GBM) Index for the first time
- Revised and strengthened the Anti-Bribery and Anti-Corruption Policy

2018
- Opened a creche at RedQ to support Allstar parents
- Launched Malaysia's first airport facial recognition system, Fast Airport Clearance Experience System (FACES)
- Debuted the new Mirus Hawk seats that avoid 200 tonnes of carbon emissions per aircraft per year

2023
- Hosted our first Sustainability Day for key stakeholders
- Publication of Doing More with Less: AirAsia's Guide to Aviation Sustainability
- Contributed to the national State Action Plan version 4, incorporating updated emissions mitigation measures and more ambitious targets
- Introduced the Group's Diversity Recruitment Guidelines
- Appointed to the ICAO Committee on Aviation Environmental Protection Experts' Working Group
- Appointed as an adviser on the national climate change advisory panel
- CAPA Gold Environmental Sustainability Rating

2016
- First airline in Asean to fly the Airbus A320neo aircraft, improving fuel efficiency by 16%-20% and saving up to 666 litres of fuel per flight

2021
- Announced goals towards net zero carbon emissions by 2050
- Established the Board Risk Management and Sustainability Committee (RMSC)
- Aligned with the Task Force on Climate-related Financial Disclosures (TCFD) for the first time
- Published the Group's gender pay gap analysis
- Introduced the Group's Anti-Harassment Policy
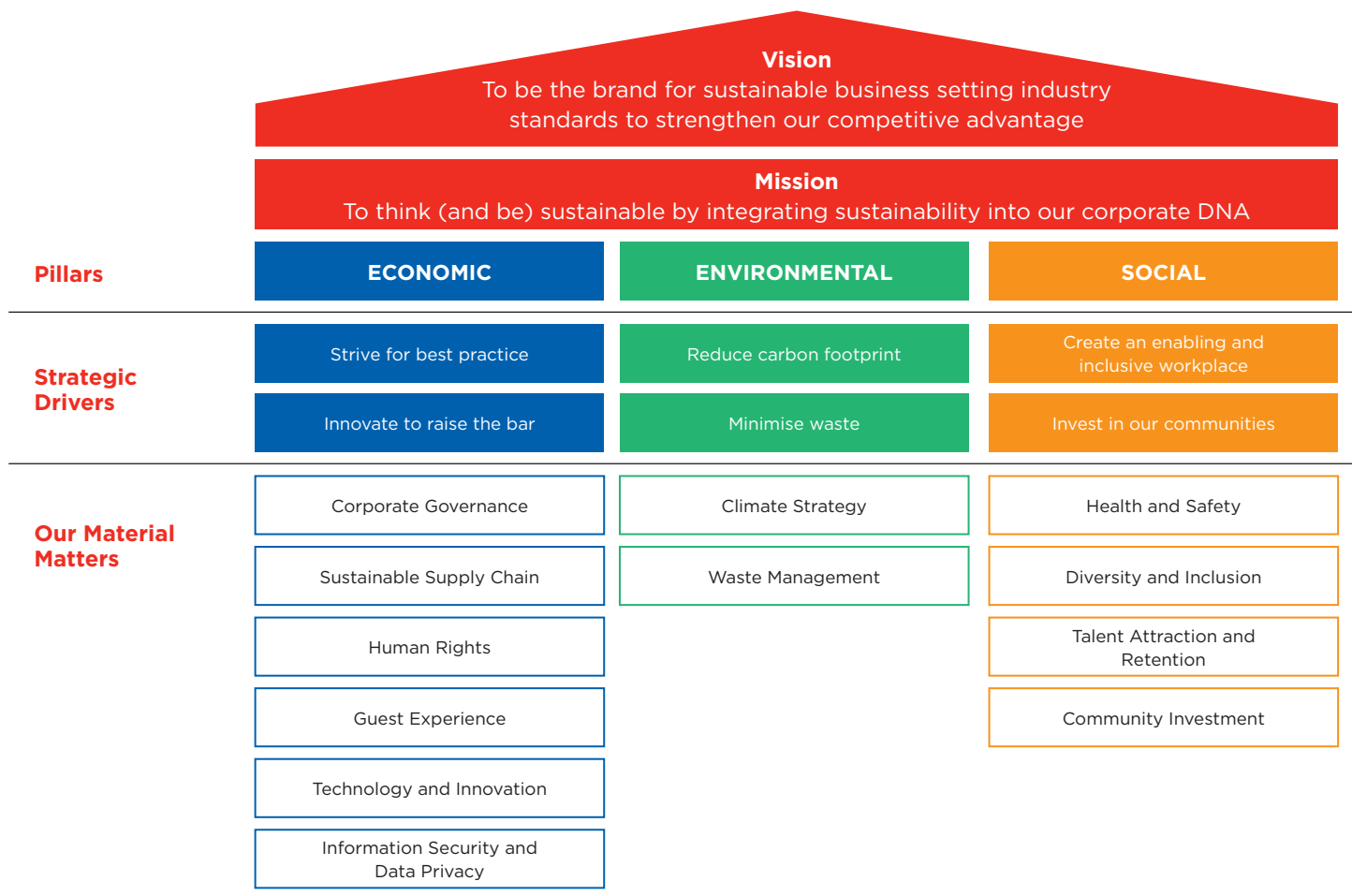
Awards & Recognition

Recognition received for efforts carried out in 2022 that were assessed in 2023:

1

CAPA
Centre for Aviation

Gold rating
In the CAPA-Envest Global Airline Sustainability Benchmarking & Rating Report 2023

2

FTSE4Good Bursa Malaysia Index

3.2/5
A three percentage point improvement from 2021

3

London Stock Exchange Group (LSEG)

71%
Ranked 15th out of 124 passenger transportation service companies assessed

4

S&P Global Corporate Sustainability Assessment

40%
Maintained score from previous year

5

The Stock Exchange of Thailand

81%
A 14 percentage point increase from the reporting year 2021

6

Maybank
Investment Banking & Advisory

59%
Above the average ESG score

7

Bloomberg Gender
Equality Index (GEI)

65%
in 2022 - results for 2023 to be released in Q2 2024

Sustainability Redbook & Framework

`GRI 2-23, 2-24`

Throughout the years, we have progressively strengthened the foundation laid to embed sustainability in our business. In 2022, we developed a Sustainability Redbook, which sets out our EES roadmap up to the year 2035. This roadmap will guide us towards the Group's vision of delivering positive impact for the business, environment and communities, anchored on the framework below.

Vision
To be the brand for sustainable business setting industry standards to strengthen our competitive advantage

Mission
To think (and be) sustainable by integrating sustainability into our corporate DNA

Pillars	ECONOMIC	ENVIRONMENTAL	SOCIAL
Strategic Drivers	Strive for best practice	Reduce carbon footprint	Create an enabling and inclusive workplace
	Innovate to raise the bar	Minimise waste	Invest in our communities

Our Material Matters			
	Corporate Governance	Climate Strategy	Health and Safety
	Sustainable Supply Chain	Waste Management	Diversity and Inclusion
	Human Rights		Talent Attraction and Retention
	Guest Experience		Community Investment
	Technology and Innovation		
	Information Security and Data Privacy		

Key SDG Alignment

5 GENDER EQUALITY | 8 DECENT WORK AND ECONOMIC GROWTH | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 11 SUSTAINABLE CITIES AND COMMUNITIES | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 13 CLIMATE ACTION | 16 PEACE, JUSTICE AND STRONG INSTITUTIONS | 17 PARTNERSHIPS FOR THE GOALS

Our Sustainability Redbook was designed to complement the Group's five-year business strategy, outlining a net zero roadmap as we progress towards our sustainability objectives. Under the economic, environmental and social pillars, we identified six strategic drivers to deliver outcomes categorised under 12 material topics. We have set internal time-bound targets for the short, medium and long term to track our progress towards our goals.

As the sustainability landscape is dynamic, we will keep reviewing our goals and targets to improve the Sustainability Redbook and align our business objectives with the global sustainability agenda.

Environmental

Net Zero Emissions
- Cap emissions at 85% of 2019 levels
- Invest in Sustainable Aviation Fuel for utilisation in the near future
- Utilise bio-fuels to operate ground vehicles
- Explore and purchase suitable carbon offsets for residual carbon emissions
- 15% of power consumption mix to be renewable energy
- All new buildings to be Green certified and utilise at least 30% renewable energy
- Achieve full paperless operations
- Convert all on-site servers to cloud-based servers

Circular Economy
- Reduce waste to landfill by 10% per annum
- Zero single-use plastics
- Cap food waste at 15%
- 30% of total procurement to be from ESG-compliant suppliers
- 10% of materials to be biodegradable or recycled

Under the environmental and social pillars, we have centred our targets for 2026 on four focus areas for better impact:

OUR AMBITIONS FOR 2026

SUSTAINABILITY POLICY

Our Sustainability Policy highlights our commitment to minimising our environmental footprint, securing the integrity of our systems, investing in our talent, and serving our communities. The policy was approved by the Risk Management and Sustainability Committee and AirAsia Aviation Group Limited Sustainability Committee in the first quarter of 2023, further strengthening our commitment towards advancing our sustainability agenda. It will be reviewed periodically to ensure that it remains up to date with our progress.

Our overall ambition is to do more with the resources we have and be the brand for sustainable business. Moving forward, we will continue to internalise and work towards targets set in the Sustainability Redbook while increasing sustainability awareness across our operations to Win As One.

Social

People and Talent
- Achieve a minimum of 30% women representation across all employee levels including the Board
- Support women in STEM by achieving a minimum of 10% women pilots and engineers, and 30% women in tech
- Invest 2% of total manpower budget into training & development
- Achieve 1.5 human capital return on investment ratio
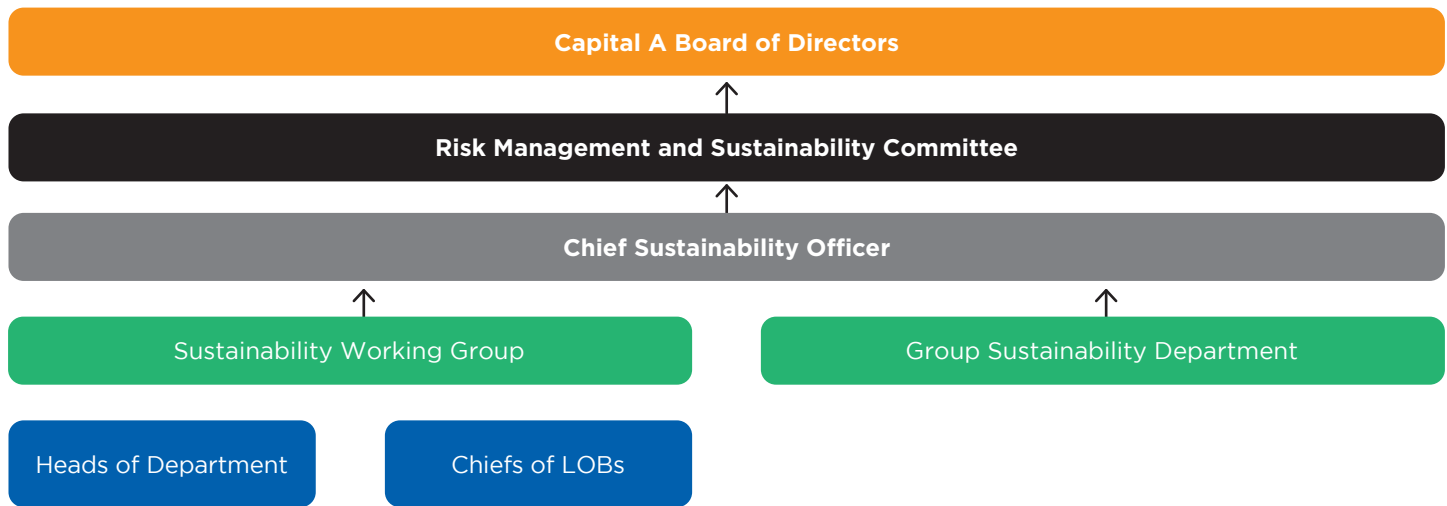
Communities
- Positively impact 100 million people
- Generate RM12 million revenue per annum from social and micro, small & medium enterprises (MSMEs)

For more information on our Sustainability Policy, please visit https://www.capitala.com/misc/Capital_A_Sustainability_Policy_2023.pdf

SUSTAINABILITY GOVERNANCE

GRI 2-14

Capital A Board of Directors

Risk Management and Sustainability Committee

Chief Sustainability Officer

Sustainability Working Group	Group Sustainability Department

Heads of Department	Chiefs of LOBs

Capital A's Board of Directors has overall responsibility for the Group's sustainability strategy and approach to climate change with the assistance of the Risk Management and Sustainability Committee (RMSC). The RMSC, which meets every quarter, is responsible for providing Board-level oversight and assessing the Group's strategic direction, policies, principles and practices on sustainability and risk management matters.

INTRODUCTION OF TWO ESTEEMED SUSTAINABILITY BOARD ADVISERS

Our Aviation arm, AirAsia Aviation Group Limited (AAAGL), has a standalone Board Sustainability Committee (BSC) to ensure board oversight and guidance specific to aviation sustainability. In the second quarter of 2023, we appointed two distinguished advisers

Tan Sri Dr Jemilah Mahmood

Professor of Planetary Health and member of advisory councils for Foreign Policy Malaysia, Health White Paper and Malaysian Red Crescent

Dr Veerathai Santiprabhob

Former Governor of the Bank of Thailand

Their unwavering commitment to sustainability, coupled with their extensive expertise serving in public institutions position them as invaluable assets to our committee.

The RMSC is supported by the Chief Sustainability Officer (CSO) who leads the Sustainability Department and spearheads Capital A's sustainability efforts through the Group's sustainability strategies and initiatives. The Sustainability Department's tasks include reporting, identifying key sustainability risks and opportunities, stakeholder engagement and the implementation of sustainability initiatives. The CSO also provides regular updates on sustainability progress to the RMSC and Board of Directors, and supports the RMSC in making informed decisions that incorporate sustainability perspectives into business decisions.

In addition, the CSO chairs the Sustainability Working Group (SWG), a cross-functional committee comprising heads of department and sustainability representatives from all LOBs. At quarterly SWG meetings, matters such as new reporting requirements, best practices and ongoing sustainability initiatives are discussed.

During the reporting year, the SWG and the RMSC convened to discuss the following matters:

ESG assessment outcomes

Sustainability strategy, targets and initiatives

Sustainability performance and updates

For more information on our governance, please refer to our Annual Report 2023.

STAKEHOLDER ENGAGEMENT

GRI 2-29

Our stakeholders are important to us as they have significant interest in while impacting and influencing our business. We ensure that all our stakeholders' concerns, interests and expectations are addressed through regular communication across multiple platforms.

Stakeholder Group	Engagement Channels	Areas of Interest	How We Respond
Board of Directors	• Board meetings • Annual General Meetings • Corporate events • Extraordinary General Meetings	• Financial performance • Corporate governance (CG) & strategies • Business development & partnerships • Human capital management • Environmental practices	• Focus on enhancing our branding and expanding lines of business • Sustainability practices
Employees (Allstars)	• Wokplace from Meta • Employee appraisals • Community engagement • Online surveys • Townhalls • Management Retreats • Cultural, sports, well-being & appreciation events • Open office layout • Google Chat is used as part of Business Continuity Plan	• Diversity, inclusion & equal opportunity • Corporate CG practices • Training & career development • Work-life balance • Financial performance • Fair remuneration & compensation • Security, safety & welfare • Mental health support system	• Foster inclusivity and positive relationships through employee engagement programmes • Provide frequent updates on the Group's performance and changes in policies and procedures • Provide various training and skills enhancement opportunities • Ensure fair compensation • Provide safe and healthy working environment • Daycare centre/ creche and lactation room
Business Partners	• Regular meetings • Financial institutions & aircraft investor credit roadshows • Workshops & seminars • Global aviation finance conferences • Technical support based in RedQ • Commercial support with GE based in KL & Airbus based in Singapore	• Agreeable terms and contracts • Service delivery and cost • Risk management • Regulatory compliance	• Strengthen partnerships with agreeable terms and contracts
Customers (Guests)	• Continuous customer satisfaction surveys • Online submissions • Customer support live chat channels • Social media channels • Messenger channels • AirAsia sales offices, travel & service centres	• Customer experience • Process efficiency • Competitive pricing & experience throughout physical / digital journey • Data privacy & security • Safety & well-being • Loyalty rewards	• Provide fast and prompt attention to customer needs • Continue to increase customer satisfaction through process efficiency • Protect customers' data as well as their health and safety

Stakeholder Group	Engagement Channels	Areas of Interest	How We Respond
Investors	• Investor meetings & conference calls • Annual General Meetings & Extraordinary General Meetings • Investor Relations website • Investor briefings by Senior Management • Annual Reports	• Financial performance • CG practices • Long-term business strategy • Brand management • Operational performance • Occupational health & safety • Customer relationship management • Innovative initiatives • Environmental management	• Actively communicate with investors • Provide timely updates on business performance & strategies • Focus on enhancing our branding and expanding lines of business • Ensure safe & healthy working environment • Sustainability practices
Market Analysts	• Analyst briefings, meetings & conference calls • Media interviews & releases • Investor Relations website • Annual Reports	• Financial performance • CG practices • Long-term business strategy • Brand management • Operational performance • Guest experience • Environmental management • Data privacy & security	• Continued engagement with analysts • Timely updates on business performance & strategies • Focus on enhancing our branding and expanding lines of business • Sustainability practices
Regulators / Governmental Bodies	• Regular dialogue through face-to-face meetings & official correspondence • Parliamentary sessions • Formal meetings with government officials initiated by Capital A • Tours and familiarisation visits to Capital A premises	• CG practices • Policy & regulatory compliance • Risk & crisis management • Data privacy & security • Environmental management	• Engage closely with regulators and governmental bodies • Announce or report relevant information in a timely manner • Maintain standards and certifications
Social Enterprises	• Corporate community programmes • Funding of social enterprises through AirAsia Foundation • Regular dialogue • Events	• Ethics & integrity • Innovation • Job creation • Economic development	• Create support system for social enterprises • Actively communicate with social entrepreneurs • Increase employability through job creation
Suppliers	• Regular dialogue and reviews • One-to-one meetings	• Agreeable terms & contracts • Service efficiency, value, delivery & cost • Health & safety	• Ensure consistent communication with suppliers on contracts and Supplier Code of Conduct • Compliance with required policies • Provide safe and healthy workplace
Local Communities	• Community development programmes • Corporate social responsibility initiatives • Partnerships and employee volunteerism • Websites and social media platforms	• Community engagement • Rural development & empowerment • Environmental impact	• Undertake empowerment programmes, volunteerism and donations • Provide humanitarian assistance and post-disaster relief

MEMBERSHIP OF ASSOCIATIONS

GRI 2-28

MALAYSIA

- Member of the CEO Action Network (CAN) since 2020.
- Appointed as a council member of the ASEAN Business Advisory Council (ASEAN-BAC) for the 2023-2026 term.
- Advisor to the Ministry of Natural Resources, Environment and Climate Change (NRECC)'s national advisory panel on climate change.
- Chair of the national task force on CORSIA by the Civil Aviation Authority of Malaysia (CAAM).
- Technical expert to the International Civil Aviation Organisation's Committee on Environmental Protection.
- Member of the Aviation Suppliers Association (ASA), a global trade association of aviation-related suppliers.

THAILAND

- Regularly engaged with the Civil Aviation Authority of Thailand (CAAT).
- Member of the Airlines Association of Thailand.
- Appointed as a committee member and secretary of the Airlines Association of Thailand.

INDONESIA

- Engage closely with the Directorate General of Civil Aviation of Indonesia (DGCA) and Indonesia Air Carriers Association (INACA) on aviation related initiatives and activities.
- Appointed as an Expert to the INACA on creating a competitive business environment for the aviation industry.
- President of the ASEAN Tourism Association (ASEANTA) for 2023-2025 to revitalise the tourism and travel industries.

PHILIPPINES

- Engage closely with the Civil Aviation Authority of the Philippines regarding aviation-related matters.
- Active member of the Air Carriers Association of the Philippines (ACAP) and the Board of Airline Representatives (BAR) to promote tourism and trade.
- Member of the Cebu Chamber of Commerce and Industry and the Davao City Chamber of Commerce and Industry.
- Cooperate in tourism initiatives with the Philippine Tourism Promotions Board (TPB) alongside various hotel and restaurant associations and travel agency associations.

MATERIAL MATTERS

Materiality assessments are integral to our sustainability strategy as they enable us to identify EES issues that might affect our business and our stakeholders. To ensure that the ESS issues remain relevant and aligned with current sustainability trends and regulatory shifts, we conduct a materiality assessment every two years, and review the material matters annually.

MATERIALITY ASSESSMENT

In 2023, we undertook a comprehensive materiality exercise to identify EES issues that are relevant to our business and stakeholders' expectations. The assessment, involving a total of 1,101 key internal and external stakeholders, followed the following three steps:

Stakeholder Feedback Profile

- 68.2%
- 22.7%
- 1.5%
- 1.3%
- 1.7%
- 1.5%
- 1%
- 0.7%
- 0.4%
- 0.5%
- 0.5%

- ● Employees/Allstars
- ● Customers/Guests
- ● Investors/Shareholders
- ● Supplier/Vendors
- ● Business Partners
- ● Local Communities/ NGOs/Social Enterprises
- ● Regulators/ Governmental Bodies
- ● Financial Institutions/ Analysts
- ● Media
- ● Board of Directors
- ● Top Management of LOBs

Identify

Following a review of our existing material matters, we researched potential material issues based on emerging risks, Bursa Malaysia's common set of prescribed sustainability matters, international sustainability rankings and indices as well as peer companies' sustainability disclosures. A total of 12 material matters were identified.
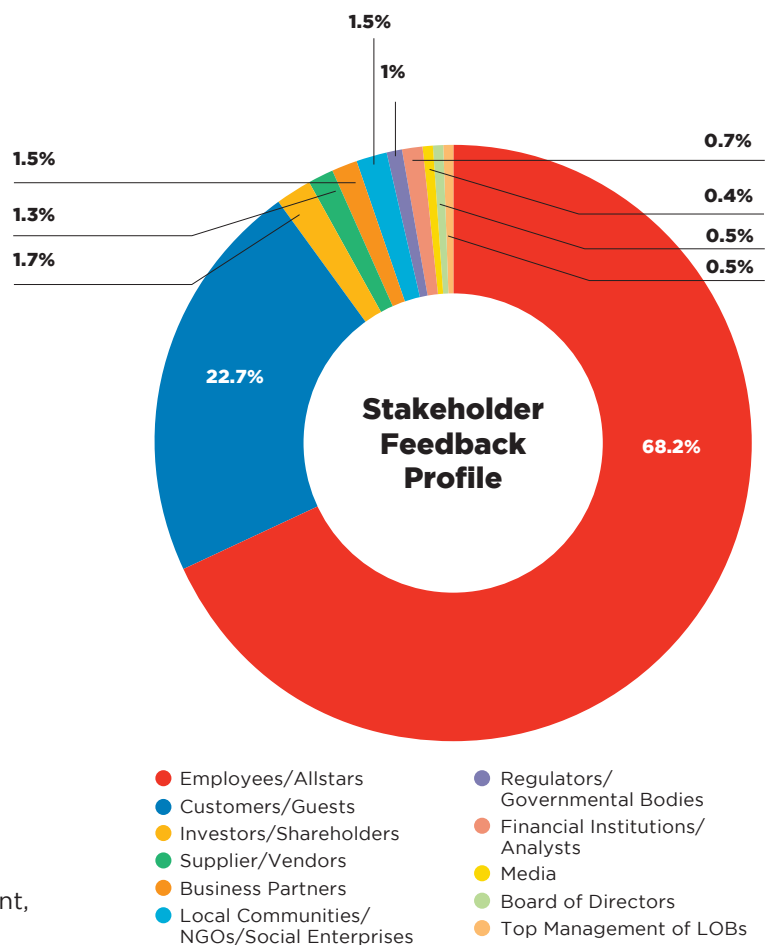
Prioritise

An online materiality survey was distributed to all key stakeholders, inviting them to rank our 12 identified material matters according to the level of importance to them as well as our performance thus far. Results of the assessment were plotted in a materiality matrix graded from high to very high importance.

Validate

The final list of material matters, together with stakeholder feedback and the materiality matrix, were presented to the Board of Directors for review and validation.

Economic ■ Environmental ● Social ▲

Influence on Stakeholder Assessments and Decisions (Y-axis, from High to Very High)

Significance of Capital A's EES Impact (X-axis, from High to Very High)

Chart labels:
- Health & Safety (Social, top right)
- Information Security and Data Privacy (Economic)
- Guest Experience (Economic)
- Human Rights (Economic)
- Corporate Governance (Economic)
- Sustainable Supply Chain (Economic)
- Waste Management (Environmental)
- Technology and Innovation (Economic)
- Climate Strategy (Environmental)
- Talent Attraction and Retention (Social)
- Diversity & Inclusion (Social)
- Community Investment (Social)

2023 Materiality Assessment Updates

- **"Health & Safety"** has become the most important material matter from the perspective of stakeholders.
- **"Human Rights"** and **"Diversity & Inclusion"** have emerged as new material matters.
- **"Guest Experience", "Information Security"** and **"Corporate Governance"** continue to remain among our Top 5 material matters.
- **"Supply Chain Management"** has been renamed **"Sustainable Supply Chain".**
- **"Technology & Innovation"** has been added as a separate material matter.

Note:
In line with Bursa Malaysia's enhanced sustainability requirements under the Listing Requirements on common material matters:
1. "Anti Corruption" is covered under "Corporate Governance"
2. "Energy Management" and "Water" are managed under "Climate Strategy"
3. "Labour Practices and Standards" are managed under "Diversity & Inclusion" and "Human Rights"

Corporate Governance

Description

Delivering integral and transparent operations by upholding the highest standards of corporate governance and ethical conduct to ensure the trust and best interest of our stakeholders.

Why It Matters

Given that our business covers a broad range of portfolios (airlines, aircraft MRO, ride-hailing, delivery, fintech, e-commerce, logistics, edutech, etc.), it is important for us to practise the highest standard of integrity.

Risks

Any legal or regulatory breach in compliance, as well as corruption, resulting in reputational and/or financial loss.

Opportunities

Adherence to the highest standards and best practices.

Sustainable Supply Chain

Description

Reinforcing a sustainable supply chain through our Supplier Code of Conduct where our suppliers are expected to meet our expectations of ESG best practices.

Why It Matters

As a responsible organisation with a wide range of critical suppliers across our LOBs, our supply chain can impact the Group's sustainability progress.

Risks

Unsustainable procurement resulting in loss of competitive advantage.

Opportunities

By integrating sustainability practices into the supply chain, we are able to mitigate risks associated with environmental, social and regulatory factors.

Human Rights

Description

Commitment to respecting the fundamental rights and freedoms of Allstars as well as to preventing human trafficking, forced labour, child labour and discrimination in our business and value chain.

Why It Matters

Like all businesses, we face the risk of being exposed to human rights abuse in our own operations and supply chain, especially given that the aviation industry affects several industries with human rights impact.

Risks

Violations of human rights might lead to reputational damage, loss of stakeholders' trust and a breach of Employment Law.

Opportunities

Reputation as a fair employer attracts various benefits and high-quality talents.

Guest Experience

Description

Building trust and loyalty with customers through the continuous improvement of our customer experience and service quality for greater satisfaction.

Why It Matters

The happiness and satisfaction of our customers is key to cultivating a strong brand image, retaining valued clientele, and establishing our brand as their preferred choice for air travel.

Risks

Inability to meet customers' demands might damage our brand and reputation, leading to the loss of customers.

Opportunities

Regular interaction with customers and taking action on their feedback enables continuous improvement of our products and services to deliver exceptional customer service.

Technology & Innovation

Description

Harnessing the capabilities of technology to innovate, build partnerships and unlock new opportunities for business growth in our transformation to become a digital lifestyle and travel brand.

Why It Matters

Technology and Innovation are key to our success and sustainable growth. By providing seamless digital solutions, we ensure the company's competitive advantage against competitors.

Risks

Loss of competitive advantage and relevance, and market share erosion.

Opportunities

Creating a digital experience that is both seamless and distinctive for customers.

Information Security & Data Privacy

Description

Safeguarding data privacy and information security of Allstars, customers and all third parties by upholding robust cybersecurity systems.

Why It Matters

Given the extensive volume of data pertaining to Allstars and customers, it is essential for us to safeguard sensitive information and uphold regulatory compliance.

Risks

Exposure to data breaches and leakage due to ineffective cybersecurity measures resulting in the loss of business and customer information and trust.

Opportunities

Execution of strategic information security programme to achieve world-class standards.

Climate Strategy

Description

Taking responsibility for our climate impact by putting in place a net zero strategy and managing our climate-related risks and opportunities. It encompasses the management of our greenhouse gas emissions, energy consumption and water usage.

Why It Matters

With the increase in climate change events in recent years, it is important to mitigate and adapt to climate-related risks, and ensure proper resource management for business resilience.

Risks

Deprioritised from getting business funding by financial institutions as well as reputational damage.

Opportunities

Effective emissions management and strategic net zero roadmap will help raise our ESG valuation.

Waste Management

Description

Monitoring and managing waste generated by practising the principles of reduce, reuse and recycle. It includes waste from our offices, operations and packaging.

Why It Matters

Efficient waste management prevents unnecessary waste generation while contributing to operational efficiency and cost savings, enhancing brand reputation and supporting long-term sustainability.

Risks

Failure to meet stakeholders' expectations in terms of managing waste may pose reputational risks.

Opportunities

Effective waste management inculcating sustainable practices in Allstars and communities.

Health & Safety

Description

Prioritising and protecting the health and safety of Allstars and customers throughout our operations. We inculcate a culture of safety through robust operational and occupational management systems and awareness initiatives.

Why It Matters

Ensuring the health and safety of our stakeholders is of utmost importance as it directly influences our licence to operate and the trust customers place in us.

Risks

Unsustainable Occupational Safety, Health and Environment (OSHE) performance resulting in business and operational impact.

Opportunities

Inculcation of a safety culture among Allstars leading to increased operational reliability.

Diversity & Inclusion

Description

Embracing a diverse and inclusive workforce where representation is reflected at all levels and Allstars are treated with respect and dignity, receiving equal opportunities.

Why It Matters

Diversity across a company brings in different ideas and experiences, and widens access to the best talent, leading to an improved company culture.

Risks

Lack of diversity can limit the variety of perspectives and ideas, hindering innovation and creativity.

Opportunities

By leveraging diversity and inclusion, we can create a more equitable workplace and drive positive business outcomes.

Talent Attraction & Retention

Description

Attracting top talent and investing in the training and development of our talent pool while nurturing Allstars to achieve personal and professional growth.

Why It Matters

The implementation of our business strategies relies heavily on our Allstars. As a responsible employer, we aim to provide a safe and decent working environment for our people.

Risks

Insufficient pool of competent persons to drive sustainable values across the LOBs.

Opportunities

Robust talent management plans to produce capable talent.

Community Investment

Description

Empowering and investing in our communities through initiatives that support gender equity, sustainable travel and Asean community building.

Why It Matters

It is important to foster the sustainable development of communities to contribute to the long-term sustainability of the regions in which we operate.

Risks

Potential financial/ brand implications when there is imbalance in social, economic and environmental needs.

Opportunities

Partnerships with social enterprises and local communities strengthens our relationships, reputation and sustainability outcomes.

For further information on our risk management please refer to the Statement on Risk Management & Internal Control section of the Annual Report 2023.

Economic

Corporate Governance

At Capital A, we are committed to maintaining robust corporate governance in every line of business. Our strong leadership, transparency and effective risk management are cornerstones upon which we operate to create stakeholder trust and confidence in our ability to create long-term value.

2023 Performance Overview

100%
new joiners completed live training on the Code

100%
new Allstars completed ABAC policy training

Digitalised
reporting of Gift Declaration process

ESG risk categories
incorporated into ERM

Climate-related risks
in Business Continuity Plan (BCP)

Our Management Approach

- Code of Conduct and Ethics (the Code)
- Anti-Bribery and Anti-Corruption (ABAC) Policy
- Whistleblowing Policy
- Conflict of Interest Policy
- Disciplinary Policy
- Anti-Fraud Policy
- Gift Declaration Form
- Remuneration Policy
- Board Diversity Policy
- Enterprise Risk Management (ERM) Policy ISO 31000:2018 - Risk management
- Compliance Risk Management Policy
- Supplier Code of Conduct Policy

Supporting the UN SDGs

8 DECENT WORK AND ECONOMIC GROWTH
16 PEACE, JUSTICE AND STRONG INSTITUTIONS

ETHICS AND INTEGRITY

As a company that has a diverse range of operations, we continuously review our business practices and work diligently to conduct our business ethically and with integrity. Guided by comprehensive internal controls and robust risk management, we ensure all our businesses adhere to the following codes and policies:

Code of Conduct and Ethics

Allstars are expected to uphold our reputation by maintaining integrity in their dealings with all stakeholders, guided by the Code, which addresses key ethical principles including bribery and corruption, confidentiality of information, conflicts of interest, money laundering, insider trading, whistleblowing and the preservation of safety, health and the environment.

2023 Performance

☑ **100%** of new joiners completed live training on the Code as part of their onboarding. They were also required to acknowledge that they accept and will uphold its standards.

We are in the process of developing an e-learning module on the Code and Disciplinary Policy which will be incorporated into the onboarding programme.

GRIEVANCE MECHANISMS

GRI 2-16, 2-25, 2-26

We have in place several channels for internal and external stakeholders to raise any concerns they may have relating to misconduct or improprieties.

1. AskPAC

Allstars are encouraged to report any incident that violates the principles of the Code through our AI chatbot in the AskPAC system. These concerns are received and assessed by the Employee Relations, People Department (PD) team which then assigns personnel to investigate and resolve the issues. All concerns raised are treated with the utmost confidentiality. In 2023, we received a total of 281 reports related to harassment, fraud, misappropriation or abuse of company benefits and others. As part of the due diligence process, each case was thoroughly investigated with escalations undertaken where necessary. Cases are resolved with either a debriefing note, warning or dismissal. We constantly strive to improve our internal processes and emphasise our zero tolerance for impropriety.

Steps in Handling Misconduct

Case received
Case reported through email, AskPAC, whistleblower or physical meeting with Employee Relations, PD.

Assessment of case severity
An inquiry will be conducted for both major and minor cases where an investigation will be conducted, issuance of Notice to Explain (NTE), followed appropriate disciplinary action as a closure.

Investigation
Investigations are led by either the Employee Relations, People Department or Regional Fraud Investigation Unit depending on the type of offence/misconduct. An NTE will be issued to the employee of concern to obtain their explanation.

Resolution
Once the employee responds to the NTE, a disciplinary action will be taken depending on the severity of the misconduct. The case will be closed after the disciplinary action is taken. An appeal may be submitted depending on the disciplinary action taken, in which the said appeal will be reviewed. The employee will receive a response indicating either the acceptance or rejection of the appeal.

2. WHISTLEBLOWING

We promote secure channels for internal and external stakeholders to raise concerns about unethical, illegal or inappropriate business conduct. As per our Whistleblowing Policy, the identity of those making reports is kept confidential or strictly on a need-to-know basis to protect the whistleblower from any possible reprisal or negative reaction from persons implicated.

whistleblower@airasia.com

https://www.capitala.com/whistleblowing_form.html

In 2023, we received a total of 13 reports through the whistleblowing channels, most of which related to abuse of authority, bribery, refund status, flight delays or cancellations. Every report was thoroughly investigated by the respective departments and resolved appropriately with follow-up actions. Notably, one employee faced dismissal for abusing their authority.

Nature of Whistleblowing Cases

2	2	9

- Abuse of authority/benefits
- Bribery
- Others
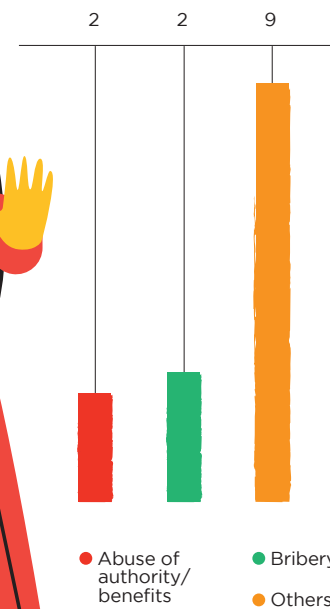
ANTI-CORRUPTION

We adopt a zero-tolerance approach towards fraud, bribery and corruption. Our Anti-Bribery and Anti-Corruption (ABAC) Policy complies with Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018) that introduces corporate liability, and similar laws/regulations in the countries where we operate. To remain resilient against corruption, and in line with the Board's emphasis on integrity as well as ethical values across the Group, we assessed various departments within the Group for risks related to corruption. For more information on Capital A's ABAC policy, please refer to the Corporate Governance Overview Statement of the Annual Report 2023.

Anti-Bribery and Anti-Corruption Policy

All new Allstars are introduced to our ABAC Policy during their onboarding, with live sessions conducted by Employee Relations, PD and our Regional Fraud Investigation Team. New recruits are also required to complete their ABAC online training on the Group's task management platform, Workday. Additionally, new cabin crew receive a one-hour Do it Right training, which includes a section on ABAC. The policy is available on our website and intranet for easy reference at any time. We are in the process of developing an e-learning module on the ABAC Policy which is to be launched in January 2024.

2023 Performance

In line with our enhancement to the ABAC Policy in July 2023, we introduced a Gift Declaration Form. Previously, the Group's No Gift Policy which was adopted in 2020, states that no gifts, entertainment or corporate hospitality can be received or provided at all. However, this stance was revisited and revised after considering business etiquette and local cultural practices, subject to declarations being made. Allstars will need to raise requests for the receipt or provision of gifts. This request will be forwarded to Group Risk for approval/rejection.

Our revised policy includes recent examples of Allstars either receiving or giving gifts as guidance on how to avoid non-compliance with our ABAC enhancement.

☑ **100%** of new joiners were trained on and acknowledged the ABAC Policy as part of their onboarding

☑ **757** new cabin crew completed the Do It Right anti-corruption training

☑ **2** cases of bribery and corruption were identified and resolved

For more information on our Anti-Bribery and Anti-Corruption Policy, visit https://www.capitala.com/corporate_governance.html

RISK MANAGEMENT

In 2022, a digitised Enterprise Risk Management (ERM) Policy was established for the Group in line with our business growth and diversification, as well as for the incorporation of ESG elements. This year, the ERM Policy was further enhanced by emphasising the concept of a risk culture and incorporating ESG risk categories to manage material ESG risks within the Group. The enhanced ERM policy is aligned with the ISO 31000:2018 standards and the universally accepted risk management approach involves identification, analysis and response to risk as depicted in the diagram below:

Risk Identification → **Risk Assessment** → **Risk Control** → **Risk Monitoring** → **Risk Reporting**

The Risk Management and Sustainability Committee (RMSC) provides assurance to the Board that adequate policies and processes have been designed and implemented to manage risks in the Group. The RMSC meets every quarter to ensure our ERM is aligned with ESG risk management. The Chairman of RMSC is responsible for updating the Board on decisions and/or recommendations by the committee.

To ensure good risk management, three lines of defence have been put in place:

Management and departments
The management and respective departments are responsible for identifying and evaluating risks under their purview

→

Risk Management & RMSC
The Group Risk Department & RMSC facilitate and monitor risk management processes and reporting

→

Group Internal Audit Department (GIAD)
The GIAD and external auditors provide assurance on the effectiveness and adequacy of the ERM framework

For more information on our risk management processes and initiatives in 2023, please refer to the Statement on Risk Management & Internal Control in our Annual Report 2023.

Managing Our ESG Risks

In 2023, we incorporated our ESG risks into our ERM Policy by introducing Environment, Social and Governance risk categories in the Risk Guidelines. This initiative will prompt regular reviews of the Group's ESG risks.

Moving into 2024, the Group Risk department plans to introduce ESG risk awareness at workshops on the new ERM Policy which will be rolled out to all entities within the Group.

Addressing Climate-Related Risks

As climate change issues continue to become more prominent, we have assessed the impact and probability of climate-related risks on our operations. Relevant departments identify and monitor the climate risks to which we are exposed. Operations teams such as the Network Management Centre (NMC) and Sustainability and Risk department contribute to the monitoring of regulatory, physical and global emerging risks. For physical risks, NMC along with Group Risk has a Business Continuity Plan (BCP) activation watchlist for natural events such as volcanic eruptions, floods and typhoons. The identified risks are described in the TCFD table on page 61.

Business Continuity Management

Business Continuity Management is an essential element in fortifying organisations against unforeseen disruptions, guaranteeing uninterrupted operations. Capital A uses the Business Impact Analysis (BIA), an instrumental tool within the BCP framework, to evaluate critical functions. The BIA outlines the functionality of people, processes and systems and evaluates the impact of any shortcomings in these functionalities. All key functional heads review the BCP on a half-yearly basis.

In 2023, we enhanced our BCP to address specific challenges, ie those posed by heatwaves, floods and wildfires. These strategic measures underscore our dedication to ensuring the robustness of our operations in the face of climate-related disasters.

Heatwave Preparedness

In response to the increasing threat of heatwaves, we have enhanced our BCPs to integrate measures that safeguard our infrastructure and the well-being of our employees. These include the provision of adequate cooling facilities and streamlined communication channels during extreme heat events, specifically for Operations.

Flood Resilience

Recognising the potential impact of floods on our operations, we have fortified the flood response strategies within our BCPs. These measures include improved drainage systems through active consultation with the Airport Authority, relocation of critical equipment to higher ground and the establishment of alternative operational hubs to ensure continuity in the event of flooding.

Wildfire Contingency Plans

Our comprehensive approach to wildfire contingency includes implementation of early detection systems, evacuation protocols for affected areas and active collaboration with local firefighting authorities. The aim is to minimise disruptions and maintain the safety of our operations in wildfire-prone regions.

As we navigate the complexities of climate-related risks, these measures not only safeguard our operations but also contribute to the broader goal of promoting sustainable and climate-resilient practices within the Group.

Moving Forward

We are committed to maintaining strong corporate governance practices and a rigorous risk management process to safeguard the integrity of our operations. In doing so, we will foster greater trust among our employees and other key stakeholders in our ability to create long-term sustainable value for all.

Sustainable Supply Chain

(GRI 3-3)

Given Capital A's diverse lines of business, we have a wide range of suppliers who are critical to our success and sustainability journey. We therefore seek to foster strong relationships with them and help them to grow as they help us build our businesses. Where feasible, we source from local suppliers in each country of operation in order to stimulate the local economy. While supporting our suppliers' growth, we also use our influence to shape a sustainable supply chain through responsible and ethical sourcing, as guided by our Supplier Code of Conduct (SCOC).

2023 Performance Overview

1,499
new suppliers

22,656
total suppliers

2,912
local suppliers

42%
expenditure on local suppliers

111
critical suppliers

Our Management Approach

- Supplier Code of Conduct
- Anti-Bribery and Anti-Corruption Policy
- Environmental Policy Statement

Supporting the UN SDGs

8 DECENT WORK AND ECONOMIC GROWTH

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

While most of Capital A's procurement activities are overseen by our Group Procurement department, ADE, GTR and Santan maintain their own specialised procurement teams for the acquisition of specific goods and services tailored to their operations.

Group Procurement

- General items, apparel and merchandise
- Technology & digital goods and solutions
- Aircraft fuel, construction, rental and renovation
- Professional and facility services
- Inflight food and beverages

ADE
ASIA DIGITAL ENGINEERING

- Aircraft and related parts and equipment

GTR
MALAYSIA . A SATS COMPANY

- Ground handling equipment (GSE)
- Material handling equipment (MHE)
- Maintenance of GSE and MHE
- Aircraft interior cleaning materials and chemicals
- Maintenance material handling system

santan
Good Food . Good Coffee . Good Value

All catering:
- Raw Materials
- Food & Beverages
- Amenities
- Packaging

GOVERNING OUR SUPPLY CHAIN

As the central body for supply chain management at Capital A, Group Procurement acts as a shared service provider to all Group entities for the procurement of high-value common goods and services. It also standardises processes through the use of a cloud-based procurement management system to streamline purchasing and sourcing needs across all entities. Nevertheless, it is the individual entities' responsibility to procure strategic or tactical goods and services specific to their requirements. This year, we expanded our disclosure to include our ground services, GTR.

ADE — ASIA DIGITAL ENGINEERING

Capital A's engineering arm ADE has its own procurement team to handle the process from identifying the right suppliers of aircraft-related goods (parts/components) and services to managing the goods and services received.

GTR — MALAYSIA | A SATS COMPANY

GTR has its procurement team that manages all purchases including ground handling equipment and services.

santan — Good Food . Good Coffee . Good Value

Group procurement undertake procurement process for inflight based on the requirement set by Santan's Product team, which covers food, beverages, packaging, etc. Santan's Quality Assurance monitors the standard, consistency, safety and quality of suppliers & products procured.

SUPPLIER CODE OF CONDUCT
(GRI 408-1,409-1)

Capital A's Supplier Code of Conduct (SCOC) Policy sets a clear expectation of all our suppliers across all entities on conducting business responsibly and ethically with zero tolerance for bribery or corruption. The policy covers human rights, health and safety, sustainable procurement and other ESG practices. The SCOC is communicated to suppliers and vendors through Capital A's public corporate website, contracts, purchase orders and emails to ensure awareness of our expectations when conducting business with us.

Upon signing a contract with Capital A, suppliers and vendors engaged by Group Procurement are required to acknowledge the SCOC. ADE adopts a similar practice while inflight food provider Santan is working on this. GTR is establishing its own standalone SCOC which is expected to be implemented by the second quarter of 2024.

To achieve inclusivity as a Group, Capital A is working to have the SCOC translated into Thai language in 2024.

Embedding ESG Values into our Supply Chain

In our journey to embed ESG values among all our suppliers, we are serious about implementing our SCOC which covers business ethics, legal compliance, social responsibility, and environmental risks.. Besides SCOC, our suppliers are required to read and acknowledge our ABAC policy as part of their registration process. Annual evaluations are carried out on our critical suppliers to ensure quality service, compliance with relevant laws and regulations, safety and ESG values. In the event that suppliers do not meet our evaluation criteria, we will work closely with them to improve their scores and performance.

SUPPLIER SELECTION PROCESS

(GRI 308-1, 308-2, 414-1, 414-2)

To mitigate risks in our supply chain, we take a stringent approach to the selection of suppliers, and require them to adhere to the SCOC. In 2023, we welcomed 1,499 new suppliers.

We have adopted an e-procurement system that allows suppliers to undertake the following processes efficiently:

Step 1

Request for Quotation or Proposal

Potential suppliers are invited to participate in a Request for Quotation or Proposal. All potential suppliers and vendors must comply with the Group's SCOC.

Step 2

Assessment and Evaluation

Submissions are evaluated and assessed based on suppliers' ability to meet our specifications, target price, quantity, quality, delivery location and other operational/commercial requirements, as well as financial health as required. Suppliers also have to accept our SCOC and meet our ESG requirements.

Step 3

Selection and Approval

Recommended suppliers are presented to the relevant procurement approvers or stakeholders for review and approval. A contract will be put in place for clarity of responsibilities and accountabilities for both the Group and the supplier, with support from our Legal Team.

SUPPLIERS ACROSS THE COUNTRIES WE OPERATE IN

In 2023, we had a total of 22,656 suppliers. At Capital A, we champion the economic development of the countries we operate in by procuring goods and services from local suppliers where possible.

Total Number of Suppliers

Year	Number of Existing Suppliers	Number of New Suppliers	Total
2021	88%	12%	20,631
2022	88.8%	11.2%	23,245
2023	93.4%	6.6%	**22,653**

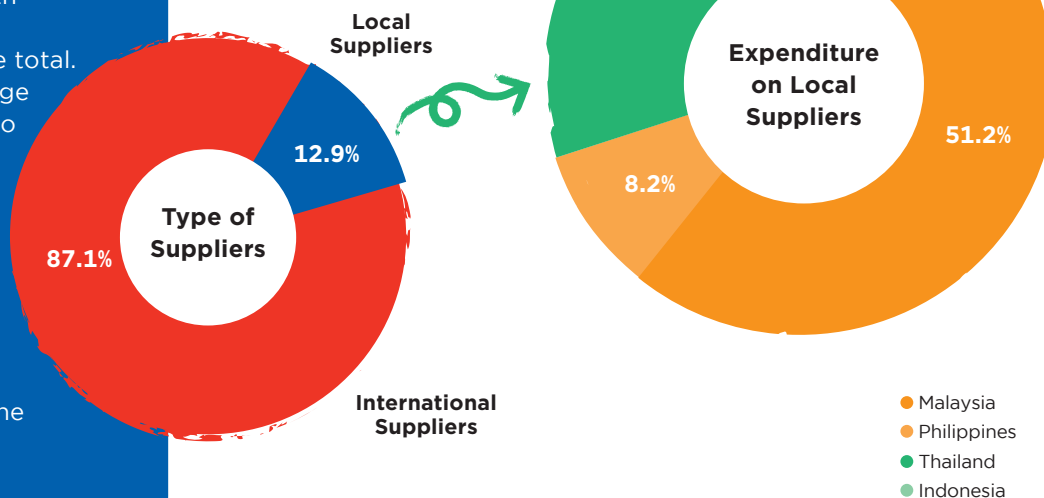● Number of Existing Suppliers   ● Number of New Suppliers
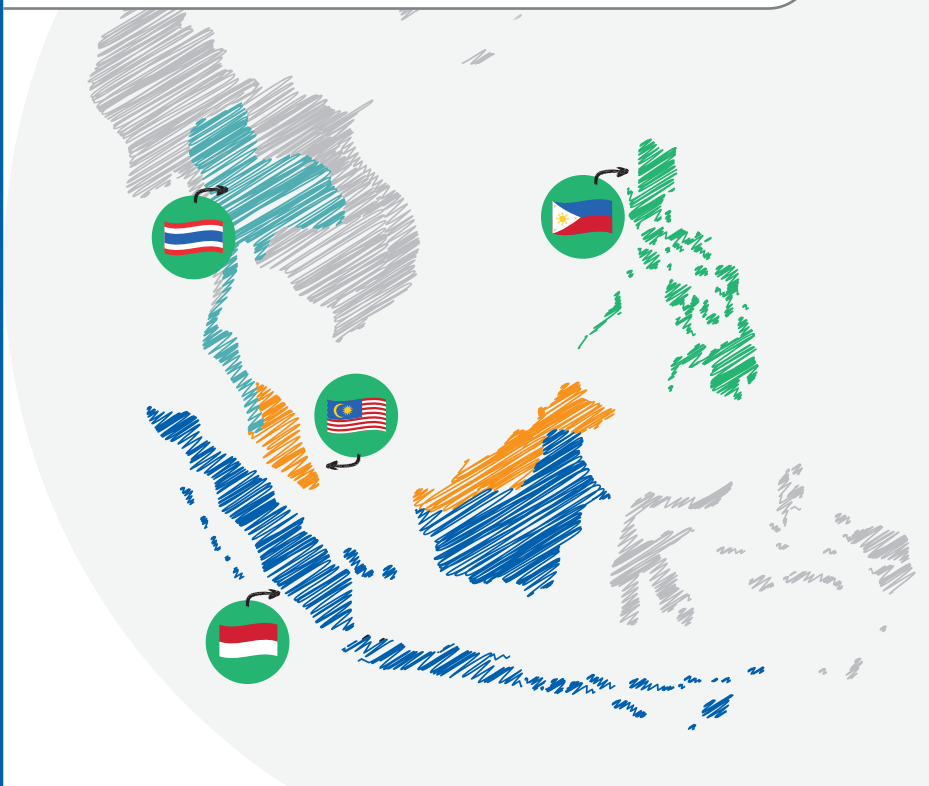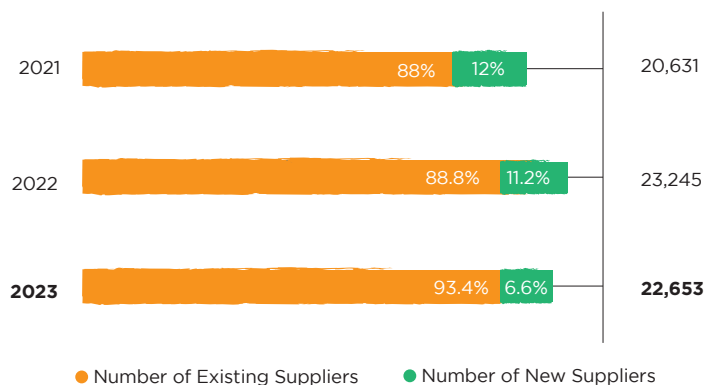
Supporting Asean Suppliers

As an Asean brand that seeks to promote the regional economy, we support suppliers in Asean, especially in the countries in which we operate: **Malaysia, Thailand, Indonesia** and **Philippines.**

SUPPORTING LOCAL SUPPLIERS

(GRI204-1)

This year, Group Procurement invested in 2,912 local suppliers across the four AOCs, with the value of procurement accounting for 42% of the total. This marks a six percentage point decrease YoY due to ongoing projects driving efficiency improvements across the Group. Malaysia accounted for 51.2% of the Group's total expenditure in local suppliers, followed by 29.7%, 10.8% and 8.2% in Thailand, Indonesia and the Philippines respectively.

Type of Suppliers
- Local Suppliers: 12.9%
- International Suppliers: 87.1%

Expenditure on Local Suppliers
- Malaysia: 51.2%
- Thailand: 29.7%
- Indonesia: 10.8%
- Philippines: 8.2%

Legend:
- ● Malaysia
- ● Philippines
- ● Thailand
- ● Indonesia

ADE

5% (In 2022: 4%)
Expenditure on local suppliers

The nature of ADE's business is such that it relies heavily on high-value aircraft components from international original equipment manufacturers (OEMs). However, this year ADE significantly increased its number of local suppliers by 73%, engaging with a total of 69 local suppliers and 94 international suppliers. In terms of value, local suppliers accounted for 5% of its expenditure on the procurement of aircraft components. At Capital A, we ensure that we support the local economy while still delivering high standards of aircraft quality and safety.

GTR

3% (In 2022: 1%)
Expenditure on local suppliers

GTR's business also relies heavily on goods and services obtained from the international market. Although most of its suppliers are local - the number increasing from 531 in 2022 to 633 in 2023 - most of its GSE items are procured from foreign suppliers.

santan

98% & 100% (In 2022: 100% inflight)
Expenditure on local suppliers for inflight and catering respectively

Santan depends primarily on local suppliers to maintain the freshness and quality of food delivered to inflight and catering customers. In 2023, Santan engaged a total of 159 local and four international suppliers.

OUR CRITICAL SUPPLIERS

Critical suppliers are those who deliver services and products that are crucial to our business operations. Since each business function possesses distinct requirements for its operations, Group Procurement, ADE and Santan establish unique criteria for identifying their crucial suppliers. This year, we identified 111 critical suppliers for the three entities as shown below:

Group Procurement
10 (In 2022: 11) critical suppliers

Group Procurement identifies its critical suppliers as vendors who are above a minimum spend value. We decreased the number of critical suppliers by one due to improved business continuity achieved with one of the suppliers.

ADE
ASIA DIGITAL ENGINEERING
82 (In 2022: 91) critical suppliers

ADE defines its critical suppliers as vendors whose products are unique and/or not easily substituted to ensure smooth running of our business, regardless of spend value.

The number of critical suppliers decreased after the suppliers' evaluation.

santan
Good Food . Good Coffee . Good Value

12 (In 2022: 6) critical suppliers for Inflight

7 critical suppliers for catering business

The Supplier Quality Programme categorises suppliers based on their food safety risk and the volume of contributions they provide.

The increase in the number of suppliers was driven by menu diversification, contingency measures, and cost considerations.

CRITICAL SUPPLIER EVALUATION

Group Procurement
Group Procurement carries out an annual performance assessment of our critical suppliers to ensure standards are met. The assessment covers criteria such as price, quality, delivery, financial health, business integrity, compliance with relevant laws, safety and ESG practices with weighted scores ranging from poor to excellent. In 2023, a total of 10 critical suppliers received performance evaluations.

ADE
ADE conducts a critical supplier evaluation every two years to assess the quality, cost competitiveness and reliability of suppliers' goods and services. Critical suppliers who underperform or do not perform as per the assessment will be removed from the vendor list.

Santan
Santan evaluates its suppliers at the end of every year to assess key criteria such as quality, pricing and on-time delivery. Suppliers who underperform will be imposed a penalty. As of July 2023, Santan has improved its evaluation process, with Quality Assurance personnel conducting spot checks on suppliers that have repetitive food complaints within three months. A total of 12 and seven critical suppliers from inflight and RedCanteen received performance evaluations in 2023. Corrective action requests (CARs) are raised for suppliers that do not meet the evaluation criteria and are kept open for three months until no repeat complaint is recorded. Suppliers found with recurrent food safety issues will be issued a warning letter. If these issues persist beyond the specified timeline, penalties will be incurred.

ADE — ASIA DIGITAL ENGINEERING

Pioneering Innovations in Aircraft Parts Procurement

ADE launched AEROTRADE, the first business-to-business online marketplace in Asia tailored to alleviate challenges encountered by airlines, OEMs and distributors when procuring and selling aircraft parts. This is done by overriding legacy procurement processes and offering a one-stop solution that streamlines both the buying and selling processes, ensuring a seamless experience for various stakeholders. Initially developed for ADE's internal surplus inventory, the platform has since expanded its reach to include other aviation entities in the region.

By facilitating the resale of inventories including surplus items, AEROTRADE contributes to optimising the use of resources, reducing the need for additional production and minimising overall waste. Being a digital platform, it enables online transactions, thus also eliminating the requirement for paper documentation.
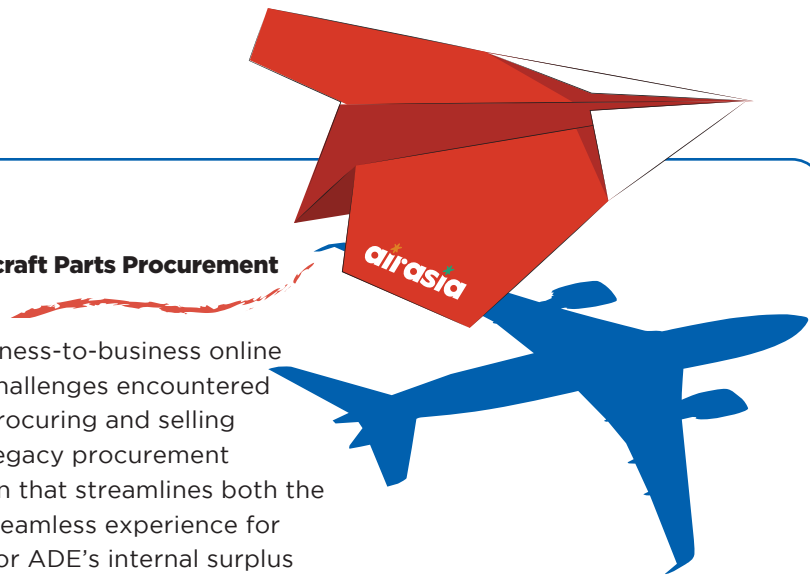
AEROTRADE's performance in 2023

>130 Suppliers and buyers onboarded

> USD240 million Worth of inventory for Airbus and Boeing aircraft

>1,500 Unique part numbers transacted

Plans for future expansion of the platform include further enhancements to streamline and automate procurement, logistics, and inventory management-related activities.

Moving Forward

We are committed to strengthening our sustainable supply chain by embedding ESG values to create long-term relationships with our suppliers and vendors. We are still in a relatively nascent stage of development in terms of our strategies and developing more holistic and integrated approaches for all our lines of business. Capital A constantly enhances the sustainability of our supply chain by equipping employees with knowledge on sustainable procurement and designing a more thorough and targeted questionnaire during the supplier selection process.

As for GTR, the team has been focused on supporting recovery demand from operations post pandemic. In 2024, it will shift its focus towards sustainable and ethical sourcing, strengthening collaborations with key suppliers through technology, joint planning, and information sharing to improve its supply chain performance. It will also increase the use of data analytics and predictive modelling to enhance demand forecasting accuracy and optimise inventory end at inventory.

Human Rights

(GRI 3-3)

We believe unequivocally in the rights inherent to all human beings irrespective of race, sex, nationality, religion or any other status. We condemn any human rights violations and expect our partners and suppliers to do the same. Capital A's commitment to human rights is incorporated in our Sustainability Policy.

2023 Performance Overview

2,965
Allstars completed anti-harassment training

7,835
Allstars completed anti-trafficking e-learning module

Our Management Approach

• Sustainability Policy
• Anti-Harassment Policy
• Employee Handbook
• Code of Conduct and Ethics
• Supplier Code of Conduct

Supporting the UN SDGs

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

(GRI 408-1, 409-1)

Our approach to human rights is aligned with international labour laws and is highlighted in our Code of Conduct and Ethics. We embed human rights commitments into our corporate practice by including human rights criteria in our employee handbook and Supplier Code of Conduct. This includes not condoning any form of forced labour or child labour. All our regional operations adhere to local laws with regard to the minimum working age and basic minimum wage on top of providing a stable work environment with equal opportunity for learning and personal growth. We also have strict policies on harassment, and play an active role to prevent human trafficking.

ANTI-HARASSMENT

(GRI 2-26, 406-1)

To provide greater clarity on acceptable and unacceptable behaviours in and outside the workplace, we developed an online learning module specifically on Anti-Harassment in 2022, which all new recruits are required to complete. In 2023, 2,965 Allstars completed the course to add to the 4,437 Allstars who completed the training last year. We have also taken active steps to prevent any possibility of sexual harassment at the workplace. Posters are displayed throughout our RedQ office which highlight the different types of harassment and the reporting channels available for Allstars to file their complaints. Allstars can put forward concerns related to human rights, including harassment and discrimination, through communication channels such as AskPAC and our Whistleblowing channel. In 2023, we received 20 reports on harassment, 10 of which were sexual harassment. All the complaints were resolved accordingly.

ANTI-HUMAN TRAFFICKING

As our airlines begin to go full scale with operations, our exposure to human trafficking risk increases. In 2023, we revived awareness of our anti-trafficking e-learning module, #KnowtheSigns, through a reminder campaign in conjunction with World Day Against Trafficking in Persons. Infographics on the signs of human trafficking and key information on reporting guides for identified cases were displayed at Cabin Crew reporting areas of all AOCs. The infographics were also made into wallet-sized cards, with a total of 7,400 distributed to all frontliners including cabin crew, security and guest services for the ease of reference.

Human trafficking is widespread in Asean, and needs to be checked because it is a gross violation of human rights while also leading to the possibility of cyber scams. Since the initiation of the training in 2017, we have trained 27,504 Allstars. We are continuously strengthening our efforts as we plan to update our e-learning module once every three years to reflect the latest trafficking trends for Allstars to be well equipped. The e-learning module has also been incorporated into Capital A's onboarding programme and is compulsory for frontliners to complete once every two years.

#KNOW THE SIGNS

Our Progress

7,835
Allstars completed the module

↑ **634%**
increase from 2022

>4,170
Training hours on anti-human trafficking

The module covers:

Identification of signs of human trafficking	Actions to take for an identified human trafficking case	Understanding human trafficking on planes and trends in the region

PAA Anti Human Trafficking Campaign

The Philippine Government takes a strong stance against human trafficking, evident in its Tier 1 ranking, the highest ranking in the U.S. State Department's Trafficking in Persons (TIP) Report.

To further equip our Allstars, we engaged in discussions with frontline agencies combating this issue including the Bureau of Immigration (BI), the National Bureau of Investigation (NBI), and Manila International Airport Authority (MIAA).

Acknowledging our responsibility in preventing human trafficking, the talks were aimed at educating Allstars on combating this crime and providing more insight into prevention efforts.

With the participation of 300 Allstars, the sessions covered topics such as profiling, identifying and handling potential victims of human trafficking. PAA is committed to working alongside all stakeholders to actively prevent human trafficking.

Moving Forward

Human rights issues are complex and any situation that happens on the ground needs proper remediation through cooperation and dialogue. We work continuously to improve and strengthen our approach in response to changing situations. In 2024, we aim to enhance human rights awareness in other key relevant departments.

TRANSFORMING INTO A DIGITAL TRAVEL AND LIFESTYLE BRAND

Guest Experience

Capital A strives constantly not just to meet but exceed the needs and expectations of our guests and customers through the delivery of quality service and products. As we expand into digital ventures, we are enhancing our customers'/guests' experience through new products and offerings in our travel and lifestyle app, AirAsia MOVE.

2023 Performance Overview

20.2 mil
guests used AskBo

31.9 mil
guests performed self check-in

18 mil
e-Boarding Passes shared

>1.2 mil
active FACES guests

4.5
mishandled baggage/1,000 passengers (global average: 7.6)

77%
on-time performance

88%
load factor for short-haul flights

52 NPS score

Our Management Approach

- ISO 10002-2018 Customer Satisfaction and Complaints Management
- AirAsia Complaints Handling Policy Statement

Supporting the UN SDGs

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

17 PARTNERSHIPS FOR THE GOALS

REDEFINING TRAVEL AND LIFESTYLE

Capital A is dedicated to delivering courteous and seamless travel experiences across all facets of our operations, as we redefine travel and lifestyles within the region. Through ongoing investments into our digital portfolios and aviation services, we seek to create an ecosystem of thoughtfully curated experiences at every interaction point for our guests. We also employ an increasing array of data analysis tools such as artificial intelligence (AI), big data and predictive analytics to analyse and anticipate customers' behaviour, thereby enhancing their journey with us.

We maintain various customer touchpoints on which customers can engage with us as well as provide feedback. This helps us to improve our service delivery while solidifying their trust in us.

Customer Touchpoints

Chatbot **Live chat** **Email channel**

E-form **Voice mail** **WeChat**

WhatsApp

TRANSFORMING INTO A
DIGITAL TRAVEL AND LIFESTYLE BRAND

AIRLINES

Customer experience is a top priority at Capital A and is one of the most challenging to fulfill as it involves meeting the needs and expectations of millions of customers. As our business ramps up and passengers return in the millions, one of the key lessons we have learnt over the past three years is the importance of leveraging the power of technology and improving our interfaces to meet our service pledge. In 2023, many of our touchpoints were enhanced with AI functionalities to enable guests to manage their travel experience independently and conveniently, from their booking process all through to the completion of their journey with us.

The diagram provides a snapshot of some of the touchpoints which were enhanced in 2023.

1 **airasia MOVE**

In September 2023, airasia SuperApp refreshed its name to AirAsia MOVE, reflecting the new direction being taken by the super app and BigPay to be travel focused. To create a seamless journey for our passengers, we added the following new features to our app:

New Feature	2024 Plans
Integration of BigPay into the app in Malaysia for easy balance viewing while making flight bookings	To enable easy BigPay Lite Wallet sign-up within the app
Two-factor authentication (2FA) for secure login/sign-up through email and SMS OTP verification	To allow managing accounts linked with multiple emails
Booking status card enhancement, where Guests can find real-time updates on their booking status displayed on the home screen	To improve booking cards and enable booking sharing with friends and family for easier group management.
Card authentication and payment security enhancement validation to reduce fraudulent activities	To focus on cleaning up invalid saved cards and encouraging users to re-authenticate their cards
Account security improvement and security integration to combat fraud	Converge email and SMS OTP across regions for a smoother login/sign-up experience

Following the updates to our app, in 2023, we received an NPS score of 49, with a CSAT score of 55% for live chat and 44% for email.

2 **AskBo**

In February 2023, we introduced our latest AI chatbot, AskBo, to replace our first iteration, affectionately known as AVA. While AVA met our original design scope, we acknowledged the limits of our first-generation chatbot. Drawing on valuable insights from AVA, we introduced AskBo, named after our airline group CEO Bo Lingam, to address more complex queries, efficiently and swiftly.

AskBo was developed with refined AI and machine learning capabilities built on a thorough analysis of guests' needs and primary concerns by our customer experience team. Among the new capabilities featured are:

- live updates on flight status in multiple languages
- notifications alerting guests to any operational changes
- baggage information
- real-time automatic updates of departure timing directly into the electronic boarding pass

The introduction of these functionalities has significantly boosted efficiency in handling queries, lowered our costs and enhanced overall customer satisfaction by delivering instant, consistent and personalised interactions. Our customers' view of AskBo's performance is measured via dedicated AskBo CSAT Scores (see results below).

Bye Bye AVA, Hello AskBo!

ASK BO

In 2023, AskBo successfully assisted

☑ **20.2 million** guests
☑ **14 million** queries resolved

TRANSFORMING INTO A
DIGITAL TRAVEL AND LIFESTYLE BRAND

3 SELF-SERVICE SOLUTIONS

Technology also helped us provide more independence to our guests in preparing for their upcoming travel and reduce or even entirely eliminate queueing time at airport check-in counters and checkpoints. We enhanced our self-service solutions to offer more convenience based on the travel patterns of our customers.

Self Check-In

To drive up utilisation rates, we focused on addressing two adoption barriers.

1) Securing agreement of the authorities to accept digital boarding passes (e-BPs)

2) Increasing the number of passengers in group bookings permitted for self check-in from 18 to 50

This drove adoption rates up across the board, especially in Malaysia, where the enhancements were first introduced.

Utilisation Rate

82%   48%   59%   49%

MAA   TAA   IAA   PAA   AOC
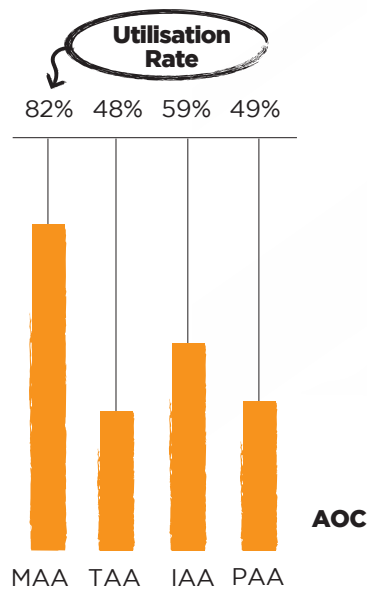
2023 Results

☑ **31.9 million**
self check-ins

☑ **200,000**
paper boarding passes eliminated

e-Boarding Pass

Enhancements this year included:
- Enabling e-BPs to be generated, downloaded and shared for multiple passengers travelling on the same booking using the same mobile
- Adding a live flight status field
- Including latest boarding gate updates

Utilisation Rate

44%   26%   35%   30%

MAA   TAA   IAA   PAA   AOC
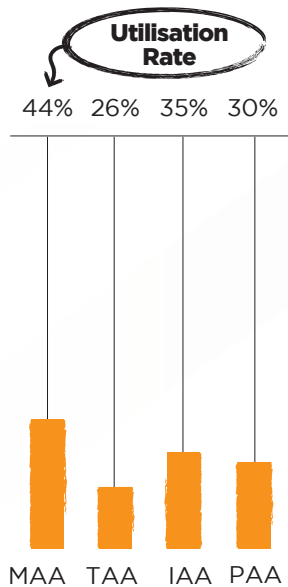
2023 Results

☑ **18 million**
e-BPs shared

Flight Notifications

We enhanced notifications on our mobile app to be more proactive, displaying:

- Baggage acceptance at Self Baggage Drop or at check-in counter
- Boarding gate and Flight disruption updates
- Travel requirements

4 FACES

AirAsia introduced its biometric facial recognition technology, FACES, in 2021 revolutionising the check-in experience by incorporating contactless processes such as baggage drop, identity validation, and pre-security clearance. The primary objective is to harness innovation and technology, digitising our operational procedures and enhancing security measures to ensure a safe and seamless travel experience.

AirAsia also worked with Malaysia Airports to integrate FACES with MAHB's facial recognition-based token registration technology, EZPaz, at klia2 for improved pre-security clearance measures.

This year, we laid the groundwork to expand FACES to other Malaysian hub airports in 2024. FACES will also be expanded for international flights.

In 2023, FACES registered

☑ **1.2 million**
enrolments

☑ **20% domestic travellers**
in Malaysia

5 ADVANCED BAGGAGE TRACING SYSTEM

In 2023, AirAsia embarked on a major initiative to upgrade our baggage tracking system. Although AirAsia's baggage handling track record has been stellar, this upgrade will prepare us for growth in the next decade.

Among the enhancements include decentralised baggage tracking capabilities. At present, baggage tracking can only be performed using desktop machines. Our advanced baggage tracing system will enable our ground service Allstars to track baggage via a mobile phone app. In March 2023, we finalised our software solution and commenced the upgrading process.

These improvements helped keep our baggage mishandling rate well below global averages. According to the SITA Baggage IT Insights 2023 Report, the global baggage mishandling rate rose to 7.6 bags per thousand in 2022.

AirAsia	Global Average (2022)
4.5	**7.6**
Mishandled baggage per 1,000 passengers	**Mishandled baggage per 1,000 passengers**

IMPROVING SCHEDULE RELIABILITY

Other than the booking experience, the most important factor influencing customer experience is our on-time performance (OTP). Over the past three years, airlines around the world have struggled to improve OTP as the industry continues to reel from the impact of the pandemic shutdowns. AirAsia experienced many delays in aircraft coming on line, largely due to supply chain issues such as availability of manpower and parts, as well as maintenance slots at many of our partners and vendors. In addition, as aircraft were coming into service after long periods of hibernation, we discovered many additional findings after extensive maintenance checks which had to be rectified.

Nonetheless, we were able to keep our OTP rate steady in 2023 even as we rebuilt our network and increased our load factors. Comparing the two years, our performance is as follows:

OTP
77%
2023
(2022: 77%)

Load Factor
88%
2023
(2022: 84%)
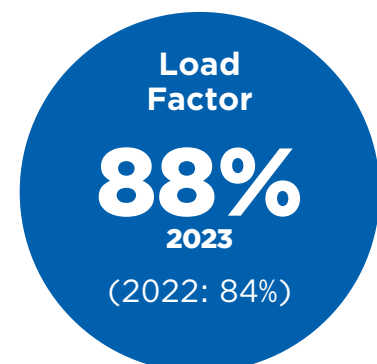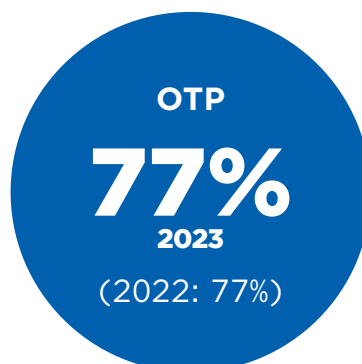
TRANSFORMING INTO A
DIGITAL TRAVEL AND LIFESTYLE BRAND

Although there was no year-on-year improvement in our OTP, we consider this a relative success when viewed in the context of the significant network-rebuilding that had to be undertaken together with high demand. Comparing the two years, our load factor increased by four percentage points, which translates to 32.7 million more guests in 2023 than the previous year.

Among the tools deployed to manage our OTP performance is an algorithm to predict delays four hours in advance of a flight. This allows our Network Management Centre to mitigate and minimise the impact of the delays. Our Customer Happiness team will notify guests in advance and our Guest Services team will prepare for new check-in times. In addition, our Operations leaders conduct regular walkabouts to assess various touchpoints and to identify any potential delay factors, particularly at kiosks and self baggage drop areas. During peak periods, additional assistance is deployed at these locations to facilitate a smoother guest experience.

As we head into 2024, we have worked hard to educate and train our Allstars on data literacy to ensure that they have the skills to better monitor and improve our performance as we continually strive to achieve our OTP target of 85% or above.

MEASURING GUEST SATISFACTION

To track the results of ongoing improvements, the Customer Happiness Team conducts continuous customer satisfaction surveys. Survey forms are automatically sent to guests once they have completed their bookings and when they complete their journeys. The results of these surveys are used to calculate our Net Promoter Score (NPS) and Customer Satisfaction (CSAT) scores.

Accountability for our guest satisfaction levels lies with the CEOs of our airlines and MOVE businesses. Each month, NPS and CSAT scores are shared with the CEOs during strategy meetings, as well as through monthly NPS reports. Reviews are conducted monthly at our Customer Experience Steering Board meetings.

Net Promoter Score
metric used by AirAsia and AirAsia MOVE to measure the entire customer experience across all touchpoints from booking to end of transaction.

Customer Satisfaction Score
assesses customer satisfaction of specific touchpoints.

Measure	2022	2023
NPS	36	52
CSAT (Livechat)	47%	67%
CSAT (AskBo)	N/A	82%

In 2023, we gathered a total of 2.8 million responses across our NPS and CSAT surveys. From the feedback provided, we can confirm that our guest satisfaction levels have risen as a result of improved on-time performance and ease of use of our self-service solutions. Further improvements will be made to continue our upward journey.

bigpay

As one of the fastest-growing fintech apps in the region, BigPay hosts products and solutions that help customers manage their daily financial needs. In 2023, BigPay introduced several new features to further enhance the customer experience for more convenient transactions.

Integration with AirAsia MOVE
In October 2023, BigPay was integrated into AirAsia MOVE to enable seamless payments using the one-stop travel platform. By linking BigPay to the app, guests will be able to check their credit balance, make payments more conveniently, and access exclusive rewards.

Cross-border DuitNow QR Payments
In an effort to improve financial connectivity within the Asean region, BigPay has introduced instant QR payments featuring competitive foreign exchange rates. The aim is to provide added convenience for cross-border transactions without the need for cash or cards while travelling. As of 2023, QR payments have been made accessible in Thailand, Singapore, Indonesia and China.

BigPay tracks its performance and customer satisfaction through an annual customer satisfaction survey.

In 2023, more than 34,000 users responded, indicating:

94%
Customer satisfaction
(↑3.2ppts from 2022)

100%
complaints received were addressed

santan
Good Food . Good Coffee . Good Value

As the in-flight catering provider for AirAsia, Santan is committed to consistently satisfying guests while upholding the taste and quality of its signature meals. In 2023, the team revamped its menu, introducing new food items, including vegetarian, vegan and superfood options such as Pak Nasser's Plant-Based Nasi Lemak and the Schroom Wrap, to accommodate a broader spectrum of dietary preferences. Additionally, Santan unveiled its instant freeze-dried coffee, devoid of artificial flavours, sweeteners and other additives. This new selection allows guests onboard to enjoy drinking a fresh cup of coffee as much as they would when on the ground.

Feedback is gathered through customer surveys as well as reviews on platforms like Google and Shopee Food, along with online surveys. To continuously evaluate our service, we implement a mystery shopper programme, motivating our outlet staff to consistently perform at their best.

In 2023, we received over 200 comments, predominantly positive, praising our food and customer service. However, 18% of the feedback were suggestions on improving meal portions and 82% on pricing.

In the latest update, Santan has strategically restructured its business model to focus on catering services and the provision of ready-to-eat frozen food to the retail sector. As a result, we are significantly expanding our Santan catering and cafe services at various locations including our RedQ office, the LOB office at Wisma Tunes, the ramp cafeteria, GTR office, corporate events, and other occasions. Additionally, we are extending our catering services externally to places like KPJ Hospital. Furthermore, Santan is actively supporting local businesses by collaborating with ZUS Coffee and Penang Chendul for both inflight and on-ground services.

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GTR
MALAYSIA | A SATS COMPANY

Ground Team Red (GTR) strives to deliver the highest quality of ground handling services and productivity by embracing technology. The company currently serves AirAsia as well as 16 other local and global customers. The team distributes an NPS survey to its foreign carrier customers on a quarterly basis, while AirAsia's assessment on satisfaction is done collaboratively with its internal Customer Happiness team.

Gathering feedback from more than 3,500 respondents through the NPS survey, it attained a score of 49. Although slightly below target, GTR considers this an accomplishment, given the notable 23-point improvement from 2022, especially considering the challenges of fully restoring operations post-hibernation, such as manpower and equipment shortages. By reviewing its NPS scores on a weekly basis, the goal in 2024 is to enhance this process further by ensuring response to feedback within 48 hours.

49
NPS score in 2023
(2022: 26; Target: 50)

GTR AMBASSADOR PROGRAMME

The programme's main objective is to identify high-potential exemplary Allstars with leadership qualities and nurture them to become mentors as well as GTR's customer-facing representatives.

The first phase of the programme was launched in 2023 with modules that cover:
- problem-solving and conflict resolution
- handling difficult customers
- effective communication

56
participants
successfully completed
the training in 2023 across
all hubs in Malaysia

As at the end of January 2024, GTR had trained 40 Allstars. The positive feedback on this programme reinforces GTR's commitment to cultivating a leader that can prioritise customer satisfaction.

teleport

By optimising its service to help freight forwarders, e-commerce marketplaces and third-party logistics, Teleport is working to be Asean's leading logistics provider. With the introduction of three new freighters in 2023, it strives to help consumers save time, money and effort on each shipment. Its mission is to move things across the region better than anyone else through its competitive network advantage.

Customers are asked for feedback at the close of any engagement with Teleport across platforms such as email, live chat and social media. They are also requested to rate Teleport on a scale of one to five. To continuously deliver the best service to customers, Teleport has restructured its customer care team to handle complaints 24/7. This was reflected in a high customer satisfaction score in 2023:

86.6%
customer satisfaction score
(Target: >80%)

100%
**complaints received were
addressed**

![airasia academy logo]

airasia academy places great importance on the learning experience of its students through education technology (edtech). Committed to UN SDG 4: Quality Education, airasia academy uses a hybrid model of on-demand learning (ODL) and instructor-led training to bridge the gap between tertiary education and advanced industries. This hybrid model allows learners from diverse backgrounds to access high quality training from anywhere in the world.

Upskilling, training and developing employees creates a significant competitive advantage for any organisation, especially in today's technology-driven world. airasia academy provides a platform that does precisely this, targeting the Asean workforce.

Feedback forms are sent to participants of instructor-led training programmes whereas on-demand learning subscribers are free to use the forum to give feedback and make requests. In 2023, the academy achieved:

750,000
ODL platform users in 2023
(↑59% from 473,000 users in 2022)

93%
learner satisfaction rate
(Target: 80%)

Technology & Innovation

(GRI 3-3)

Advancing as a digital lifestyle company, technology and innovation have emerged as primary focal points shaping the future of our businesses, encompassing both internal operations and product offerings. This year, we are dedicating a standalone section on technology to present a more comprehensive overview of how advanced technologies and innovation are driving business throughout the entire Group, enhancing efficiency, cost-savings and convenience.

2023 Performance Overview

Avoided printing
2.9 mil
passenger manifests

99.9%
Google Cloud migration

14.2 mil
monthly active users on AirAsia MOVE

Our Management Approach

- Information Security Policy
- Data Governance Policy
- Access Control Policy
- ISO/IEC 27001:2023 - Information security, cybersecurity and privacy protection - Information security management systems
- Personal Data Protection Act 2010
- Data Security and Privacy

Supporting the UN SDGs

Capital A has seen positive outcomes from our digital transformation and is now focused on scaling up the process as we sustain an innovation culture within the organisation including our LOBs. Various digital systems introduced in the past are widely adopted - e.g. guests normalising self check-in, and employees managing work efficiently with the cloud-based system. Meanwhile, many more major innovations are being integrated into our operations bringing more value to everyone.

DIGITAL TRANSFORMATION OF OUR OPERATIONS

AIRLINES

Digital transformation is revolutionising the way airlines operate and manage their customer traffic. Since the start of our journey, AirAsia has introduced multiple innovations to increase travel convenience, improve processes and reduce resource utilisation, especially paper.

We continue our mission to digitalise the travel experience of AirAsia guests through innovative self-service solutions that minimise waiting times, manpower requirements and physical documents. In the Guest Experience chapter, we detail the self-service solutions that have enhanced the customer experience and contributed to improving our Net Promoter Score while delivering sustainability gains in cutting paper use.

Less visible but equally impactful is progress made in updating legacy ground operations procedures around documentation and filing. This drive, which began in 2020, has seen AirAsia replace thousands of paper documents with digital versions to ease information accessibility and alleviate storage constraints. Below are some highlights of our ongoing efforts.

Digital Trip Files (DTF)

Trip files are sets of documents that are required to be filed to regulators to record each flight arrival. Every trip file contains an average of 20 A4 sheets of printed material.

Between 2021 and 2022, AirAsia began to engage with regulators in all our AOC countries to advocate a transition to DTF, taking advantage of the opportunity provided by the pandemic to catalyse digitalisation of legacy processes. Once fully implemented, DTF will enable AirAsia to cut millions of sheets of printing annually and save hundreds of man-hours required to perform administrative functions. Unlike physical documents which require storage facilities, DTF can be stored in a secure cloud platform, enabling all the benefits of digitisation such as easily accessible file directories and online search functions.

Throughout 2023, our trial continued with civil aviation authorities in Malaysia, Thailand, Indonesia and Philippines. During this period, digital copies of all trip files were created and stored in internal servers. A major enhancement was to move the digital files from internal to cloud servers for better data protection.

We expect to receive final approval for a full transition to digital filing from mid-2024 in Malaysia, where the initiative first kicked off, followed by other AOC countries.

Expected outcome

Elimination of 6.5 million
sheets of A4 documents per year

Passenger Manifests

Passenger manifests are typically printed one day in advance of a flight as backup for any unexpected system down time.

In 2022, AirAsia implemented a system that enabled the auto-upload of manifests to be stored in local drives. Manifests are also automatically shared with immigration departments 30 minutes after a flight departure.

2023 outcome

Avoided printing of
2.9 million
A4 documents

Ground Ops Manual Bot

AirAsia's GOMBot is a new interactive search engine application platform that uses artificial intelligence (AI) to assist ground service Allstars retrieve information from manuals and SOPs through their devices.

This tool will enhance our Allstars' ability to assist guests following accurate procedures without the need to print physical copies of manuals annually at all AirAsia stations.

2023 outcome

GOMBot went live
at all AOCs in September 2023

RedApp

RedApp eliminates counter congestion by allowing most processes to be completed anywhere within the terminal. This solution enables ground service Allstars to conduct tasks typically undertaken at check-in counters including check-in, ancillary upgrades, payment and flight changes.

2023 outcome

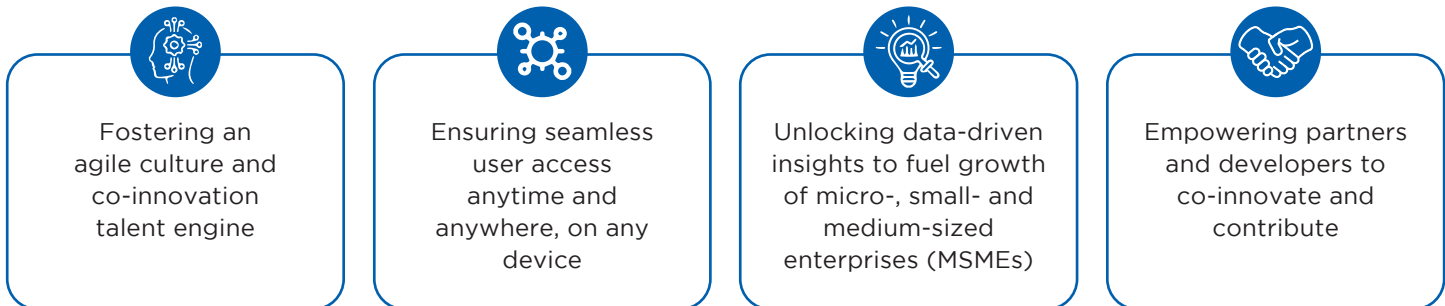**RedApp went live**
at all AOCs in March 2023

CLOUD-POWERED ECOSYSTEM

The collaboration between Google Cloud and AirAsia MOVE in April 2022 was to transform our workplace into an integrated cloud-powered system for the data storage of our systems as well as communication channels.

The five-year strategic collaboration combines core competencies of both organisations around the following four pillars:

Fostering an agile culture and co-innovation talent engine	Ensuring seamless user access anytime and anywhere, on any device	Unlocking data-driven insights to fuel growth of micro-, small- and medium-sized enterprises (MSMEs)	Empowering partners and developers to co-innovate and contribute

One of the primary benefits of cloud computing is the ability to scale resources up or down based on demand, which means we do not need to invest in additional hardware or servers when launching extensive promotions such as our low-fare or free seat campaigns. According to the International Data Corporation, the use of cloud services will help us to shave 30% or more of our cost as compared to using on-premise, traditional IT infrastructure.

The ability of Allstars to access the entire Google Suite tools has boosted productivity by streamlining communications, reducing server downtime and facilitating collaboration. As of end 2023, we had successfully migrated 99.9% of our data storage onto Google Cloud, up from 98% at the end of 2022.

Our approach as we move into 2024 is to continue with our Cloud First Policy where we prioritise solutions that support cloud hosting.

ADE

In 2023, ADE embarked on a journey to go beyond traditional engineering and maintenance practices to introduce several digital solutions, showcasing its ability to develop groundbreaking technologies for maintenance, repair and operations (MRO) and beyond.

Two key initiatives are:

ELEVADE FLEET

This aircraft health management software allows aircraft health status and component monitoring in real time. Its cabin monitoring module utilises radio-frequency identification (RFID) scanning technology powered by Zebra Technologies designed to make the inspection of aircraft life vests faster and more efficient.

With this technology, cabin life vest inspection can be reduced from

20 minutes → 2 minutes
per aircraft (for an A320 aircraft)

This not only enhances the experience for maintenance personnel but also saves valuable time, leading to improved passenger safety and adherence to regulations.

ELEVADE PEOPLE

This in-house web/mobile-based time tracking system is designed to manage employees' shifts. ELEVADE PEOPLE simplifies attendance management and provides visibility with a geo-location function for employers to station their employees based on the required tasks needed. Via collaboration with DARTS People Services, ELEVADE PEOPLE has been successfully deployed for over 2,800 Allstars in Thailand and China, starting in December 2023.

In efforts to minimise paper-based documentation and reduce its carbon footprint, ADE aims to implement a more digital workflow in its operations. This begins by digitising all manufacturer's aircraft manuals and also planning to embrace AI and machine learning for handwriting recognition for the conversion of the existing paper-based documents.

Automated Warehouse Management

Since 2020, we have transitioned our warehouse management system from a physical process to a digital automated storage and retrieval system (ASRS), automating manual processes, data capture and inventory control. With its efficiency to maximise storage space, we have over 70,000 line items in our ASRS at RedChain.
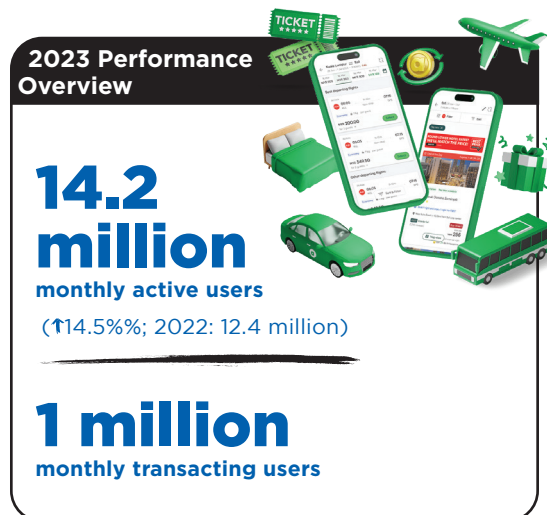
Utilisation of a barcode system entails carefully labelling and documenting each item. All transactions occur in real time and are traceable, providing valuable insights for inquiries and contributing to decision-making for future strategies.

This technology aids in:

- **Minimising workplace hazards and injuries** by eliminating the need to lift heavy items at height and heavy equipment manoeuvring

- **Eliminating labour-intensive duties** such as repetitive physical work and manual data entry which lead to human typo error and wrong information unintentionally

- **Ensuring accurate storage and management** of inventory and significant reduction on spares picking and binning processes

- **Streamlining material scheduling** via real-time monitoring and availability

- **Reducing the use of paper** for record and inventory keeping by 50%

AirAsia MOVE, formerly known as airasia Superapp is the newest online travel agent+ (OTA+) in town, providing the lowest AirAsia fares as well as best flights + hotel package deals with personalisation for travellers at the best value in Asean and beyond. It envisions travel complemented by a community-led experience through features such as AirAsia Chat, games, gifting, and a strong loyalty programme that rewards users across its expansive ecosystem.

2023 Performance Overview

14.2 million
monthly active users
(↑14.5%%; 2022: 12.4 million)

1 million
monthly transacting users

MOVE currently has 15 million monthly active users, more than 80% of whom area based in Asean. MOVE's ecosystem includes OTA services such as flight bookings from over 700 airlines, including the World's Best Low-Cost Carrier AirAsia and 900,000 hotels world-wide plus ride-hailing, dining experiences, insurance, duty-free shopping and more. It has been recognised by World Travel Awards as 'Asia's Leading Online Travel Agency 2023' in its first nomination in the OTA category.

BigPay also relies on Google Cloud as the primary infrastructure for its technology stack. A series of initiatives has successfully reduced monthly operating costs by nearly 35%. These efforts encompass re-sizing its technology environments, decreasing computer server provisioning, enhancing the efficiency of database queries, and expediting deployments. Additionally, BigPay has secured Committed Use Discounts with Google, resulting in savings of up to 40% on regular usage costs.

In order to deliver an enhanced user experience and align with Bank Negara Malaysia's standards for bolstering security by minimising reliance on SMS one-time passwords (OTP), BigPay has transitioned all transaction authentication to a two-factor authentication system with OTP generated within the BigPay mobile app itself. This not only accelerates the transaction workflow by eliminating external SMS dependencies but also fortifies security through the implementation of stringent device-binding controls that are consistently upheld.

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teleport

With the mission to move items across the region better than anyone else, Teleport has been focusing on improving the scalability and automation of systems to enhance delivery operational efficiency and throughput. Accordingly, many manual operational processes were automated in 2023.

The following are key initiatives by Teleport to save time, money and effort on air logistics leveraging the use of technology:

Parcel Scanning Application

Through an internal logistics tracking app, Teleportal, a parcel scanning app was developed to:

1) assist operations in picking up parcels efficiently and accurately
2) alert operations if a parcel that is not in the order is picked up
3) alert operations if all parcels in the order are not picked up
4) track parcel count at each milestone of the journey to prevent loss or misplacement

The app has been 100% adopted in the production segment of operations, where it is helping to prevent any surplus or shortage in pickups.

Order Management System

To better manage critical documentation, Teleport developed a comprehensive module for merchant orders and tracking information which automatically:

1) assigns codes to parcels
2) detects dangerous goods and prohibited items
3) generates export and import customs clearance documents

Using the module, the customer experience and operations teams have reduced the time taken to manage orders and customs documents by 60 minutes.

Hub Operations Application

A comprehensive application for hub managers to view and digitally manage all inbound and outbound tasks on a given day. Features of this app help:

1) Hub managers to assign service providers for pickup, select the vehicle size, track the departure and arrival time
2) Validate the parcel count against what was delivered
3) Keep track of unmanifested (excess) parcels picked up
4) Track the OTP of the service providers

Mid-Mile Tracking Application

Digitally tracks the status of individual parcels, whether uplifted onto or offloaded from flights, and the parcel's current location (transit airport). Also allows the relevant teams to capture the reason for offloading the cargo or not uplifting it as per the plan.

This application was developed and piloted in 2023 and is scheduled to be launched in the first quarter of 2024.

These digital initiatives saved:

Thousands
of manual man-hours

A minimum of
59,736,000
sheets of A4 paper

airasia academy

In today's dynamic and fast-changing corporate environment, it is essential for companies to continuously upskill and reskill employees to remain relevant. airasia academy helps to meet this need by curating a range of learning content that is accessible and affordable, providing an inclusive ecosystem within the digital economy.

For larger organisations, airasia academy's Learning Management System allows for bulk purchase of courses and the ability to track employees' learning and development. Additionally, it provides white labelling services so that customers can curate their own content, learning, student and instructor management system.

As an edtech hub, airasia academy constantly seeks to advance learning accessibility for everyone. In 2024, it intends to introduce fully virtual instructors, automated course recommendations, and employ educational avatars to enhance the interactivity and engagement of learning. This will also contribute to minimising its carbon footprint.

airasia DRONE

AirAsia Drone was established with a vision to pioneer the commercial application of emerging technologies in advanced air mobility and to expand AirAsia's connected network beyond airports. The Drone team focuses on three main areas:

Remote Pilot Training Organisation	Unmanned Aircraft Systems (UAS/Drones)	Electric Vertical Take-off & Landing (eVTOL/air taxi)

The idea of utilising UAS was raised during the pandemic to deliver medical supplies and vaccines as it was a fast, mainly contactless method of delivery especially to rural Malaysia. Once it became apparent that UAS could be used beyond delivery purposes, a team was set up to explore opportunities in this budding aviation sector.

At present, we provide high quality remote pilot training leveraging AirAsia's strong aviation background and decades of expertise.

Our performance on remote pilot training for 2023 is as follows:

1st Remote Pilot Training Organisation (RPTO) to be recognised by CAAM

>600 commercial remote pilots trained in 2023

>10 client organisations secured with training services contract

For UAS services, we are in the final stages of obtaining approval from CAAM, for example, the Special UAS Project (SUP) approval to operate delivery drones in commercial settings. Concurrently we are conducting a proof of concept (POC) to use nested drone technology for visual inspection in a high voltage electrical substation. This POC is done in collaboration with a major power and utilities company in Malaysia. For air taxi services, we co-authored a white paper highlighting the case for cross-border eVTOL use, and are working closely with CAAM to progress this new technology.

We have collaborated with numerous industry experts across the three key major areas to achieve our objectives, as indicated below:

Our Partnerships	
Remote Pilot Training Organisation	1. Universiti Malaysia Pahang Al-Sultan Abdullah (UMPSA) 2. Universiti Sains Malaysia (USM) 3. ProDrones - DJI Academy (UTC) 4. Aeros GeoTech
UAS Services	1. Swoop Aero 2. Vector KL 3. Grid Vision T & D
Air Taxi / eVTOL	1. Vertical Aerospace 2. AvolonE 3. Skyports Infrastructure

In line with Capital A's advancement as a tech-forward company, AirAsia Drone prides itself on being the epitome of creativity and innovation in the emerging sustainable tech industry. With an unwavering focus on excellence, AirAsia Drone is at the forefront of revolutionising the unmanned aircraft landscape, ensuring that we not only meet but exceed the evolving needs of our clients and the industries we serve.

Moving Forward

As we progress in broadening the digital facets of our business, we remain committed to refining and enhancing our processes for greater efficiency. We firmly believe in our capacity to innovate, aiming to transcend the conventional model of an airline-focused business and usher in a transformative era.

Information Security & Data Privacy

(GRI 3-3)
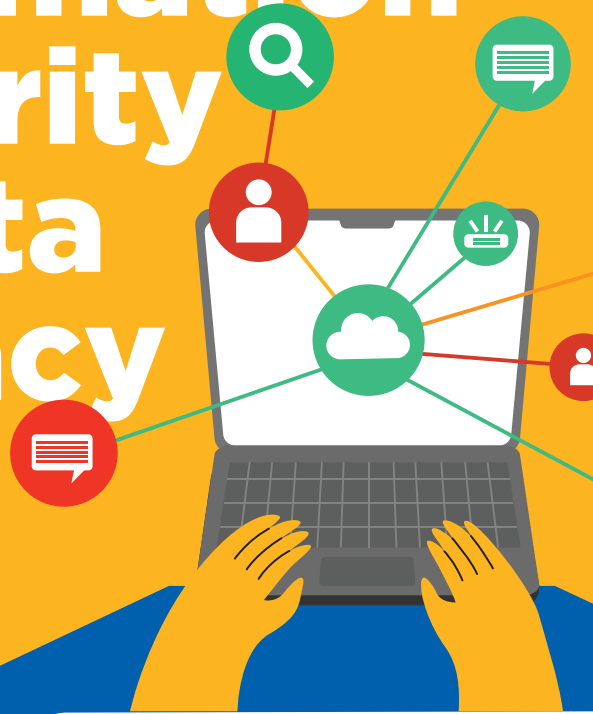
Our customers' information security and data privacy are top priorities. To uphold the integrity of our data, we continue to invest in increasingly advanced cybersecurity systems and processes. Our commitment to security is evident in efforts to adhere to industry best practices and align with top frameworks.

2023 Performance Overview

>82%
Allstars completed information security awareness training

No material breaches
of financial, customer or employee data

Our Management Approach

- ISO/IEC 27001 Information Security Management System with certification on core services
- Information Security Policy
- Data Governance Policy
- Personal Data Protection Act 2010 and other acts in the jurisdictions where we operate
- Payment Card Industry Data Security Standard
- Quarterly reviews with the Risk Management & Sustainability Committee (RMSC)

Supporting the UN SDGs

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

GROUP INFORMATION SECURITY

Our Group Chief Information Security Officer (CISO) oversees our information security and data privacy management across the lines of business, with Board oversight from the Capital A Risk Management and Sustainability Committee (RMSC), as well as other subsidiary and related boards. Capital A's information security organisation is founded on four key pillars.

Key Areas

1 Governance, Risk Management and Compliance

2 Data Security & Privacy Protection

3 Security Testing

4 Information Security Operations

1 GOVERNANCE, RISK MANAGEMENT AND COMPLIANCE

Information Security Governance, Risk and Compliance (GRC) is responsible for managing Capital A's cyber governance and risk management while ensuring compliance with industry and government regulations. GRC also provides a structured approach to aligning information security with organisational objectives.

We empower all Allstars, from non-executives to senior management, with the knowledge to protect their data, as well as data belonging to the Group and our stakeholders.

Initiative	Description	2023 Updates
Implementation of Phishing Simulation	Simulated phishing attempts against employees to measure employee readiness and deliver targeted training for those who fail. Results are measured over time.	Initiated in November 2023 to enhance organisational security awareness and culture.
Implementation of automated security compliance and risk workflow	This application is capable of managing multiple compliance requirements such as ISO 27001 on information security management and Payment Card Industry Data Security Standard (PCI-DSS). This application will serve as the entry point of all information security risks for all airlines and other LOBs. The application is also capable of demonstrating the compliance posture with security standards adopted and implemented by the organisation.	The new software tracks, controls and consolidates documentation for audit validation.
Implementation of compliance assessment through an issue tracking software, Jira	Information security checklist which underlines all the best practices according to the Information Security Policy. The security assessment in Jira includes new additions such as data and access management.	Report on Compliance was launched in February 2023 to address information security concerns before any project goes live in a production environment.

Third-Party Risk Assessment (TPRA)

The Group's InfoSec team conducts an annual TPRA on all its service providers, the assessment consisting of three phases:

1 **Questionnaire:** a set of questions that helps to identify areas of weakness or gaps from third-party processes

2 **Risk Identification:** the risk owner identifies potential risks and ensures security controls are in place

3 **Risk Assessment & Approval:** if the residual risk remains "Very High" or "High", the risk owner must seek Group CISO approval. The risk owner is also responsible for the implementation of all action items in the plan

TRANSFORMING INTO A
DIGITAL TRAVEL AND LIFESTYLE BRAND

2 DATA SECURITY & PRIVACY PROTECTION

Capital A adheres to the Malaysian Personal Data Protection Act 2010 and complies with other regulations on data protection in the respective countries of operations. We have in place a formal structure for data governance which ensures the availability, usability, integrity, and security of data.

All Allstars are made aware of our data governance processes through annual training. A Data Access Approval System has been created and integrated with our IT Service Desk to automate the process to review and approve requests to access data belonging to the Group. Below are some updates on our data protection initiatives.

	Initiative	Description	Outcome	2023 Updates
	Implementation of a governance framework for Data Mesh architecture	The framework ensures data made available through Data Mesh architecture are properly secured and do not pose privacy risks.	Vetting of all data assets made available through Google Dataplex.	Labelling in our Data MeshTag template was rolled out in Q3 2023.
	Implementation of Privileged Access Management (PAM) system	PAM is a set of security controls that are put in place to protect, monitor and manage privileged access to sensitive information and systems.	IT admin users will no longer hold any privileged accounts or have access to critical IT systems. Their access and activities performed in critical IT systems will be approved and monitored.	Initiated deployment of PAM with targeted completion by January 2024.

Enhancements on Data Security Systems

In 2023, we undertook several initiatives to safeguard the data security of our Allstars and customers.

Scanning of emails and documents to prevent unmasked credit card numbers.

Stringent automated data approval system applied to all Allstars before any requested company data is released.

Limiting access to documents on Google Drive for internal or authorised personnel.

Personal data is retained only for as long as necessary and data purging is done through security assessments.

3   SECURITY TESTING

The primary objective of Information Security Testing is to provide assurance on the adequacy of security controls by coordinating security reviews through vulnerability assessment and penetration testing (VAPT) of the Group's IT infrastructure, network and web applications.

VAPT allows us to have a more detailed view of the threats facing our applications. Our penetration testers are responsible for identifying vulnerabilities within the Group's computing environment and for writing VAPT reports. These reports are sent to the respective system or application owner for remediation.

Our Infosec Testing enhancement strengthens the organisation's computing environment from cyber attack and cyber crime within technologies usage and users knowledge.

The Information Security Testing team also maintains our Bug Bounty program, a monetary award given to ethical hackers who identify vulnerabilities in our external facing systems.

In 2023, the Information Security Testing team introduced Adversary Simulation with the addition of our Red Team. Red Teams go beyond simple risk assessments and simulate multi-layer attacks, strengthening our controls, detection and response mechanisms. The Information Security Team has also added a Threat Intelligence Team and tools for monitoring and preparing for early identification of emerging cyber security threats and vulnerabilities.

4   INFORMATION SECURITY OPERATIONS

In line with the US National Institute of Standards and Technology Cybersecurity Framework, Security Operations has been structured with five fundamental functions (illustrated below). All the functions are performed concurrently and continuously to create an operational culture dedicated to managing information security risk.

5 FUNDAMENTAL FUNCTIONS

I

Identify
Develop an understanding of all systems

P

Protect
Implement appropriate safeguards

D

Detect
Conduct appropriate activities to identify the occurrence of information security events

R

Respond
Undertake appropriate action in response to the detection of information security events

R

Recover
Maintain and practise plans for resilience and to restore any capabilities/services that were impaired due to information security events

TRANSFORMING INTO A
DIGITAL TRAVEL AND LIFESTYLE BRAND

Below are some key initiatives implemented to strengthen our information security operations.

Initiative	Description	2023 Updates
Enhancements of Endpoint Detection and Response (EDR) system	EDR helps to detect, investigate and respond to security incidents such as malware and ransomware on endpoint devices, e.g., laptops, mobile devices, servers and cloud resources.	Expanded our Cyber Threat Intelligence, Identity Protection, Cloud Native Application Protection Platform, File Integrity Monitoring, Exposure Management and External Attack Surface Management.
Implementation of User Account / Identity Protection (IDP) system	IDP provides visibility while monitoring and identifying vulnerabilities and misconfiguration.	The new software tracks, controls and consolidates documentation for audit validation.
Upgrade of Web Application Security Solution	A set of security solutions that is put in front of public facing websites and API to protect from malicious attacks.	We migrated from multiple service providers to a few remaining endpoints. We now have consolidated controls and metrics on our web application firewall.

bigpay   Protecting the Data of Customers

As a neobank, BigPay continuously tightens its security protocols to protect customers' data. Towards the end of December 2022, it onboarded a Security Operations Centre (SOC) to monitor production logs. Throughout 2023, BigPay continued to define its SOC capability. Meanwhile, efforts to prevent scams include education via marketing campaigns, multifactor authentication on app login and transactions, and device binding to ensure only one account is logged into one app.

CYBERSECURITY AWARENESS

Capital A continues to raise awareness and enhance knowledge of cybersecurity among our Allstars. Training and other programmes are carried out to cultivate a culture of compliance with security measures and protocols. In 2023, more than 23,000 Allstars attended a minimum two hours of information security training. Some key programmes tailored to specific stakeholder groups are highlighted below.

Information Security Awareness Education
Mandatory training for new joiners and existing Allstars, designed to help them understand the role they play in helping to combat information security breaches.

The e-module is now hosted on airasia academy and has an 82% completion rate in 2023.

Posts on Workplace
Bi-weekly sharing of new trends, best practices and reminders on information security via our internal communications platform to ensure our Allstars stay abreast of key information security topics.

Cyber Drill (Table Top)
Tabletop exercises simulate security procedures, processes and solutions to function the way they were meant to be. The information security team will simulate a real cyber attack on business entities' digital systems and technologies. The respective teams need to respond, troubleshoot and remediate the issue. Results from the exercise will help the information security team to address the gaps identified.

Secure Coding Awareness Training
The training shares the principle of designing code that adheres to code security best practices, safeguards and protects published code from known, unknown and unexpected vulnerabilities such as security exploits, embedded credentials, shared keys, confidential business data and personally identifiable information. The training is intended for developers and software engineers.

CYBERSECURITY BREACHES

GRI 418-1

There have been no material breaches of financial, customer or employee data in 2023. As with any organisation of our size, we detected and remediated a number of security events; however, none involved any material breach of information. To prevent cyber attacks, we have identified compromised guest accounts and account takeovers on our super app. We have also implemented Dark Web monitoring of the stolen identities and continue to invest in further enhancing our account protection mechanisms.

Extra measures were implemented in 2023 to manage cyber risks and avert any security breach.

Upgrade of devices, servers/cloud, and networks as well as their monitoring. We have initiated a Zero Trust Architecture project to embed security throughout all users, devices, network and applications.

Expanded our **security monitoring solutions** internally (servers, devices, cloud) and externally (threat management, attack surface management, Dark Web monitoring, identity protection) and consolidated and upgraded our single source of truth Security Information and Event Management (SIEM) solution.

Implemented more **robust controls on authentication and authorisation**, including protecting the most critical roles with a Privileged Access Management solution.

Enhanced our security architecture, **security testing, Security GRC, and Security Operation teams and tools.**

Moving Forward

In light of the evolving cybersecurity landscape and ever-present threats to our digital assets, we aim to strengthen our information security and data privacy further. In 2024, we will reinforce our Data Governance Committee and Data Security and Privacy Working Group to reflect the structural changes in the business. This initiative is a proactive step to fortify our defences, instil confidence among our stakeholders, and uphold the trust they place in us.

Environmental

Climate Strategy

(GRI 3-3)

NET BY

Capital A remains committed to addressing the impact of climate change and has set the goal of achieving Net Zero carbon emissions by 2050. We have outlined four aviation pathways towards this end, which are complemented by other initiatives under our Environmental Policy Statement to reduce our greenhouse gas (GHG) emissions and energy consumption, while ensuring that we also use water responsibly and protect biodiversity. In 2023, no sanctions nor any non-compliance was recorded in relation to environmental regulations or requirements.

For ease of comparison, we have restated the 2022 environmental data to include TAA statistics.

2023 Performance Overview

4.8 mil tonnes
of Scope 1 CO_2 emissions

9,971.6 tonnes
of Scope 2 CO_2 emissions

1.18 mil tonnes
of Scope 3 CO_2 emissions

129,469 tonnes CO_2 avoided through fuel efficiency programmes

64.4 gCO_2/ASK

74 gCO_2/RPK

Our Management Approach

- Environmental Policy Statement
- Sustainability Policy
- Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) requirements
- International Civil Aviation Organization requirements
- Environment Manual
- Environmental Quality Act 1974

Supporting the UN SDGs

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION
17 PARTNERSHIPS FOR THE GOALS

2023 Overview

As global resolve to tackle climate change strengthens, 2023 saw fresh commitments towards advancing emissions mitigation and energy transition targets, two of which are of particular significance to Capital A.

The first is an agreement reached at the Third ICAO Conference on Aviation and Alternative Fuels (CAAF/3) in November on a new collective aspiration to reduce CO_2 emissions in international aviation by 5% by 2030 through the use of cleaner aviation fuels. The second is the outcome of the 28th session of the Conference of Parties to the UN Framework Convention on Climate Change (COP28) a month later that approved a roadmap for transitioning away from fossil fuels in a just and orderly manner. The COP28 declaration further strengthens the impetus for the aviation industry to seek alternative fuel solutions to address long-term net zero goals.

In Asean, various country specific developments took place to boost national frameworks to deliver on international obligations. These included Malaysia's National Energy Transition Roadmap, published in August 2023, outlining among others a plan

ZERO 2050

to introduce a sustainable aviation fuel (SAF) blending mandate starting at 1% and increasing up to 47% by 2050. However, the document recognises current challenges in identifying suitable feedstock that meets sustainability criteria, and does not stipulate an implementation start date.

Similarly in September, the Philippines' Department of Energy announced that it was exploring the use of SAF to decarbonise the country's aviation sector. A study by the Civil Aviation Authority of the Philippines (CAAP), in collaboration with the European Aviation Safety Agency (EASA), indicates market interest in SAF but that significant steps are required to secure feedstock supplies and invest in new production infrastructure.

These developments reiterate the importance of aviation stakeholders taking clear steps towards incentivising and supporting SAF development as a long-term solution towards net zero. Their relevance is also underscored by CORSIA entering its first phase next year.

CORSIA Implementation Phases & Years	
Pilot	2021-2023
First	2024-2026
Second	2027-2035

For our part, AirAsia is pursuing a dual track approach to strengthening our climate strategy. In tandem with deepening our engagement with key stakeholders, we also began the process of developing a mechanism to fund our transition in the long term.

STAKEHOLDER ENGAGEMENT

Efforts to deepen our engagement focus primarily on high-level policymakers and decision-makers. Throughout the year, we initiated dialogues and joined meetings with officials from Asean ministries of transportation, civil aviation authorities and other industry players.

This was aided by AirAsia's active participation in the EU-Southeast Asia Cooperation on Mitigating Climate Change Impact from Civil Aviation (EU-SEA CCCA CORSIA) project implemented by EASA. In 2023, we attended multiple workshops and delivered four sharing sessions on AirAsia's best practice application of operational efficiency measures and in building national CORSIA awareness.

In recognition of our track record in advancing aviation sustainability, two AirAsia representatives - from our Flight Operations and Sustainability departments - have been appointed as technical experts to ICAO's Committee on Environmental Protection (CAEP), specifically in Working Group 2 (WG2) on Airport and Operations; and Working Group 4 on CORSIA. AirAsia delivered our first presentation on our operational efficiency programme at the ICAO CAEP WG2 meeting in Bangkok in November.

What is CAEP?

The Committee on Aviation Environmental Protection (CAEP) assists the ICAO Council in formulating new policies and adopting new Standards and Recommended Practices (SARPs) related to aircraft noise and emissions, and to the environmental impact of aviation more generally.

CAEP conducts studies related to noise, air quality and initiatives to reduce international aviation carbon emissions such as aircraft technology, operational improvements, SAF and CORSIA. Recommendations arising from the studies are reviewed and adopted by the ICAO Council which in turn reports to the ICAO Assembly, where international policies on aviation environmental protection are defined.

Highlights of government engagements at the national level include:
- Chairing quarterly meetings of the Malaysia National CORSIA Task Force
- Meetings with the Malaysian Minister of Natural Resources and Environmental Sustainability (MNRES) and submitting a white paper on 'Aviation and Malaysia's Green Economy'
- Meetings with the Malaysian Minister of Transport and submitting AirAsia's Proposals for Malaysia's Sustainable Aviation Blueprint
- Appointment to Malaysia's Climate Change Advisory Panel
- First meeting with Philippines' Secretary of Environment to present PAA's CORSIA approach

ADDRESSING CLIMATE CHANGE

Public outreach activities were also organised to develop a better understanding of aviation sustainability broadly and CORSIA in particular. In June, we hosted our first Sustainability Day at AirAsia RedQ inviting targeted stakeholder groups including analysts, investors, financial institutions, regulatory bodies and the media. The event, attended by over 200 participants from AirAsia's four operating countries, included a conference covering topical issues on environmental and social sustainability as well as a visit to RedChain, AirAsia's engineering complex. Attendees were introduced to a critical part of AirAsia's supply chain, namely the management of aircraft maintenance parts and components by AirAsia Digital Engineering.

In conjunction with the event, AirAsia also published our Guide to Aviation Sustainability, a handbook that was distributed to event participants and made available for download from Capital A's sustainability website. Meanwhile, sustainability briefings were organised by TAA at its annual Investor Day and in targeted stakeholder engagement sessions.

During the year, Capital A CEO Tan Sri Tony Fernandes and CSO Yap Mun Ching were invited to headline numerous international conferences as keynote and panel speakers. Among the influential platforms where they shared AirAsia's sustainability journey were:

- Sustainability Week Asia and US by Economist Impact;
- Aviation Festival Asia;
- Asia House London;
- China Aviation Trends Forum;
- ASEAN Business Advisory Council; and
- the inaugural Indonesia Carbon Digital Conference.

FUNDING AIRASIA'S CLIMATE TRANSITION

To manage climate-related financial risks, AirAsia has expanded our net zero model developed in previous years to quantify our carbon compliance exposure from CORSIA and prospective SAF mandates. Forecasts were generated using different scenarios with variances in growth rates, prices of CORSIA-eligible carbon credits, CORSIA-eligible fuels and SAF utilisation mandates. From this, we developed AirAsia's incremental net zero reduction targets aligned to ICAO's Long Term Aspiration Goal (LTAG) neutral scenario as follows.

Total Emissions Reduction Target (Baseline Year: 2019)

| Year	Reduction
2025	5%
2030	20%
2035	35%
2040	55%
2045	75%
2050	100%
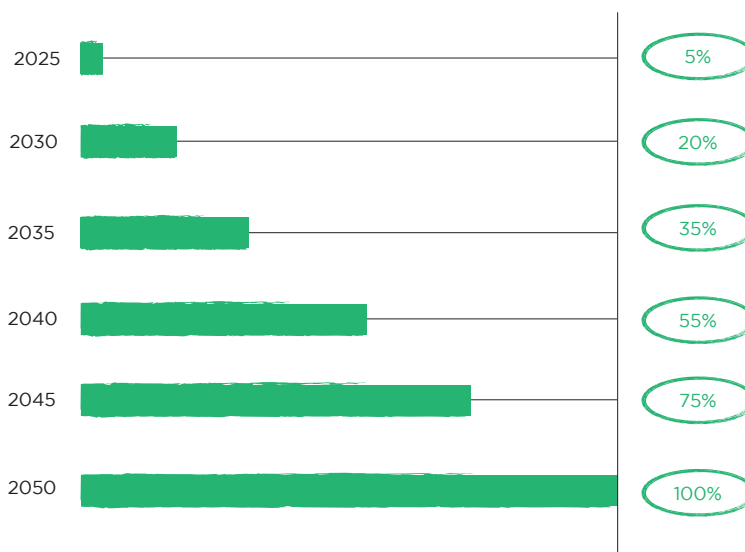
Data from scenario analyses of our expanded net zero model were used to forecast the cost of purchasing SAF and carbon credits to meet our projected compliance requirements. These forecasts were subsequently used to design a new funding mechanism to finance AirAsia's decarbonisation plan.

As a result of this exercise, we plan to introduce a new carbon fee to supplement AirAsia fares. Structured to create minimal impact on airfares, the fee will be earmarked for decarbonisation purposes. As of writing this report, our fee proposal is being evaluated by civil aviation authorities in AirAsia's operating countries for implementation from 2024 onwards.

UPDATES ON NET ZERO APPROACHES

AirAsia's emissions reduction goals will be delivered through four pathways: upgrading our fleet, continuous improvement of our operational efficiency programme, utilisation of SAF, and offsetting using high quality carbon credits.
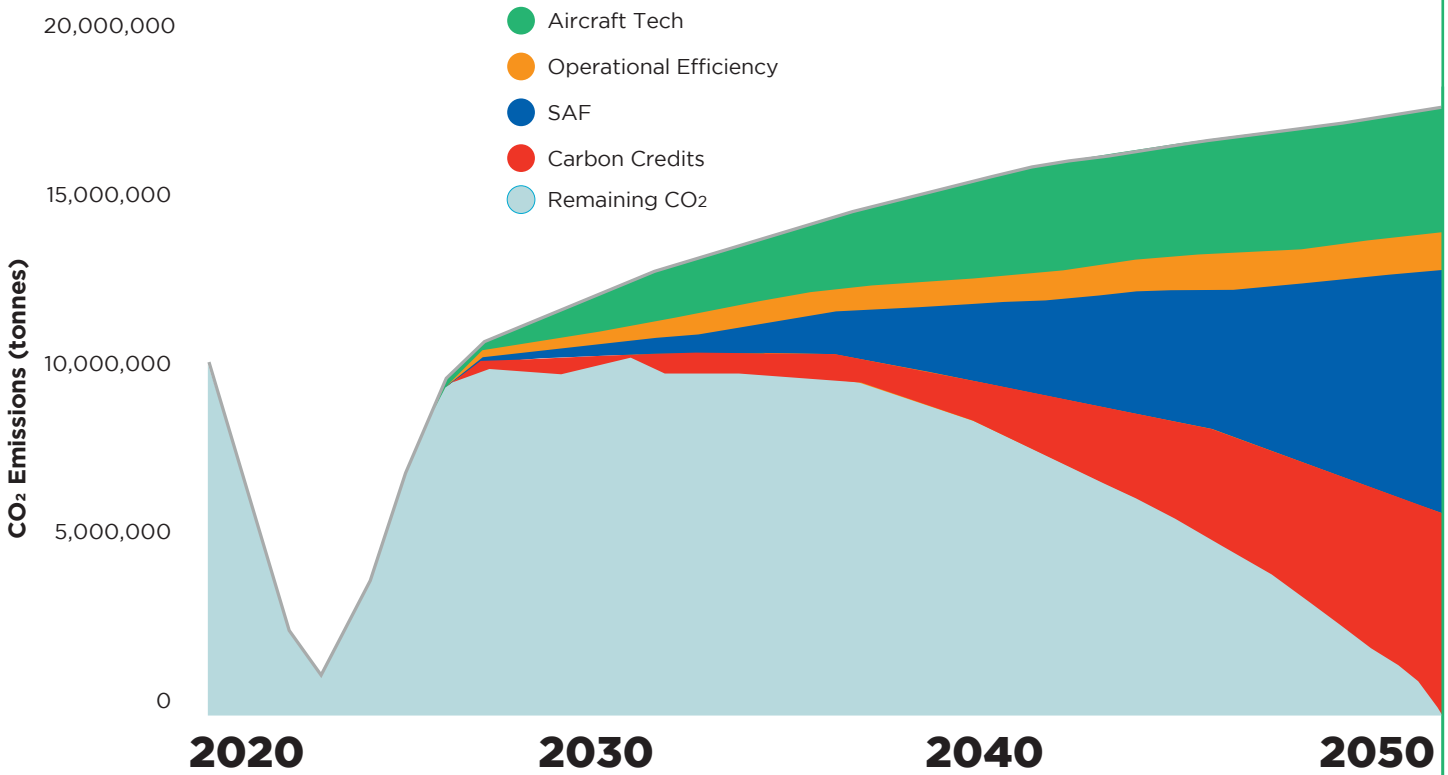
Of these pathways, fleet management and fuel efficiency are well-established and have been detailed in our sustainability reports 2021 and 2022. For the first time since 2019, our carbon intensities have dropped below pre-pandemic levels. As operations stabilised throughout 2023 and load factors rose, both our CO_2/ASK and CO_2/RPK metrics improved with the latter converging towards the former. This has placed us once again among top performers among narrow body regional network operators and earned AirAsia a Gold Environmental Sustainability rating from the Centre for Aviation in its 2023 CAPA-Envest Global Airline Sustainability Benchmarking Report. The chart tracks the recovery of our carbon intensity measures.
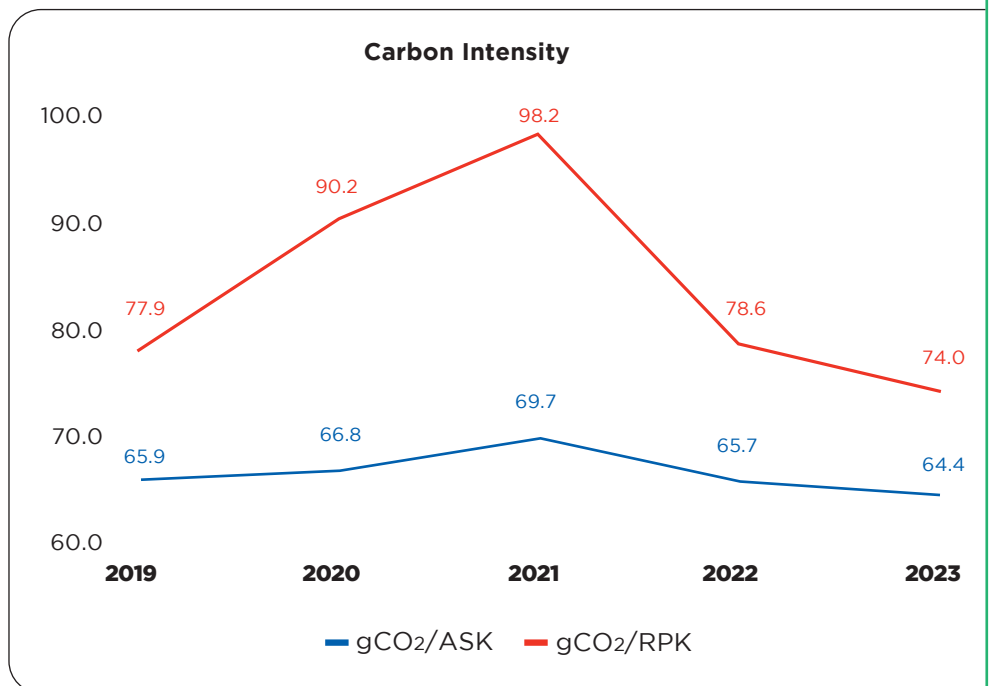
While continuing to prioritise our fleet management and fuel efficiency pathways in 2023, we also took concrete steps to prepare for the introduction of SAF and carbon credits into our carbon management toolkit when CORSIA's First Phase commences next year. The section below details the progress made in all four pathways.

ADDRESSING CLIMATE CHANGE

APPROACH 1:
OPERATIONAL EFFICIENCY

This year, AirAsia introduced a new fuel efficiency initiative - 400ft Thrust Reduction Altitude - in Malaysia and the Philippines. This was approved for implementation at all airports in the Philippines on 31 March 2023, while in Malaysia, approval was received for trial runs at five airports. Data from the trials are currently being reviewed by the Civil Aviation Authority of Malaysia (CAAM). As no safety issues or noise impact have been reported, the measure is likely to be rolled out at all airports in Malaysia by the first quarter of 2024.

What is 400ft Thrust Reduction Altitude?

This Airbus-approved fuel efficiency initiative allows pilots to reduce the aircraft's take-off thrust at 400ft (from 800ft) when conditions permit. Through its implementation, pilots have the potential to reduce fuel consumption by an average of 4.5kg and avoid 14.2kg of CO_2 emissions per flight. In 2023, PAA reduced its emissions by 714 tonnes using this manoeuvre.

In August 2023, AirAsia joined a workshop organised by EASA as part of its capacity-building assistance to CAAM to facilitate a review of Malaysia's State Action Plan version 3 (SAP3). The objective is to draft a new version, SAP4, incorporating updated emissions mitigation measures and reflecting more ambitious targets.

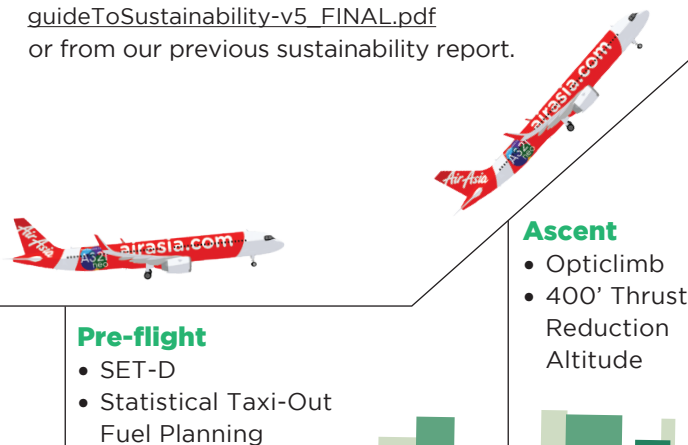### What is a State Action Plan?

The ICAO SAP initiative guides member states to establish their long-term strategies on climate change for the international aviation sector. Industry stakeholders are encouraged to work together to define a quantified baseline scenario, select appropriate emissions mitigation measures from ICAO's basket of measures, and calculate the expected results of implementing them. The SAPs are submitted on a triennial basis to ICAO to aid the agency in monitoring global progress towards meeting the goals set by its Assembly.

During the workshop, AirAsia's proposal to include a new mitigation measure - reduced contingency fuel - was accepted for inclusion as one of five targeted emissions mitigation measures to be undertaken by Malaysian carriers. The discussion included a commitment by Malaysia's Air Navigation Service Provider to move towards full implementation of Performance-based Navigation by end 2025 and to work with airlines to increase utilisation rates of Required Navigation Performance - Authorisation Required (RNP-AR), another operational efficiency measure (see chart below).

What is reduced contingency fuel?

Contingency fuel is carried to account for unforeseen circumstances such as changes to weather, route or ATC constraints. Based on thorough analysis of aircraft performance degradation and fuel planning performance for every flight, airlines are permitted to reduce the amount of contingency fuel carried so long as they identify an en-route site to land in the event that all the contingency fuel is used. On average, this would cut AirAsia's fuel consumption by 14kg and its CO_2 emissions by 44.2kg per flight.
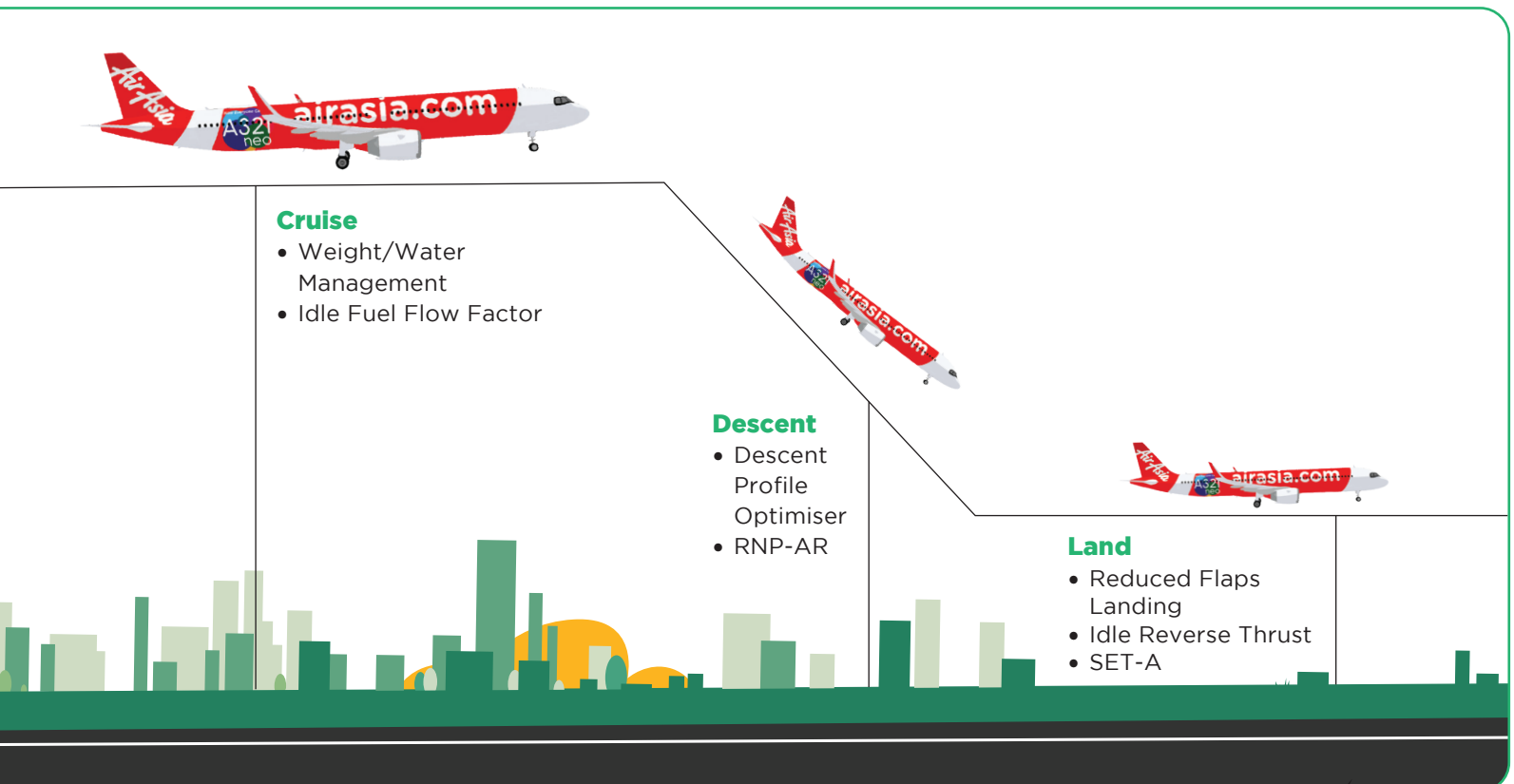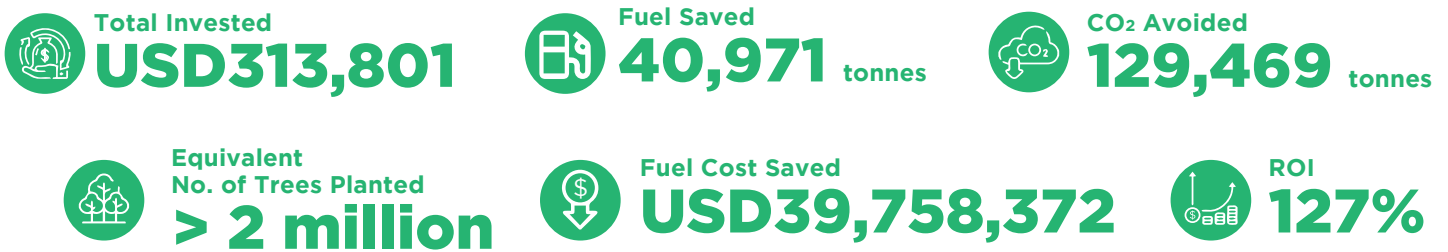
The illustration below provides an overview of top performers in AirAsia's industry-leading fuel efficiency programme. Descriptions of all listed fuel efficiency measures are available in

https://www.capitala.com/misc/AirAsia_guideToSustainability-v5_FINAL.pdf
or from our previous sustainability report.

Ascent
- Opticlimb
- 400' Thrust Reduction Altitude

Pre-flight
- SET-D
- Statistical Taxi-Out Fuel Planning

PERFORMANCE HIGHLIGHTS 2023 (4 AOCS)

No.	Key Operational Efficiency Measure	Group Implementation Rate		Group Fuel Savings (t)	Group Emissions Avoided (tCO$_2$)
		2022	2023	2023	2023
1	OptiClimb	66%	67%	16,276	51,432
2	Single Engine Taxi - Departure	81%	45%	3,941	12,454
3	Reduced Flaps Landing	91%	73%	3,064	9,683
4	Descent Profile Optimiser	N/A	N/A	2,033	6,425
5	Single Engine Taxi - Arrival	99%	96%	1,911	6,038
6	Idle Fuel Flow Factor	100%	100%	1,734	5,478
7	Idle Reverse Landing	92%	79%	1,624	5,132
8	Thrust Reduction Altitude	88%	88%	1,478	4,670

Note: Table highlights 8 out of 20 operational efficiency measures monitored.

Total Invested
USD313,801

Fuel Saved
40,971 tonnes

CO$_2$ Avoided
129,469 tonnes

Equivalent No. of Trees Planted
> 2 million

Fuel Cost Saved
USD39,758,372

ROI
127%

Cruise
- Weight/Water Management
- Idle Fuel Flow Factor

Descent
- Descent Profile Optimiser
- RNP-AR

Land
- Reduced Flaps Landing
- Idle Reverse Thrust
- SET-A

ADDRESSING CLIMATE CHANGE

APPROACH 2:
FLEET MANAGEMENT

Fleet management is a primary pathway for AirAsia to achieve net zero in the medium term. As highlighted in previous reports, AirAsia has ordered 362 Airbus A321neo aircraft to meet our fleet replacement and expansion requirements through to 2035. Not only is the A321neo model widely acknowledged to be the most fuel-efficient narrowbody jet aircraft on the market today, AirAsia's 240 single-class seating layout will further ensure that we reduce our carbon intensity per seat by up to 24%.

Among cabin interior features that will help us reduce our emissions are our selection of lightweight leather seats by Mirus Aircraft Seating which will lessen the weight of each A320 by 287kg and A321neo by 375kg compared to older seat models. On average, this helps cut AirAsia's annual CO_2 emissions by 413 tonnes. AirAsia's new A321neo planes will also be pre-installed with software that allows implementation of our advanced fuel efficiency programme detailed above, including measures such as descent profile optimiser and RNP-AR.

These benefits will accrue progressively as we receive our A321neo order from 2024 onwards. In 2023, our fleet strategy with regards to the A321neo order has been to negotiate for advancing our delivery schedule so that we can upgrade our fleet and meet capacity growth needs without a proportional growth in CO_2 emissions. This has met with some success as our expected delivery stream of new A321neos in 2024 has been increased from seven units to nine units in total, giving us more flexibility to manage our capacity growth across our network.

Throughout the year, AirAsia also continued to return as many aircraft into service as possible in the face of continued global shortages in aircraft parts, engines and maintenance hangar slots. While awaiting parts and slots to be available, the airline addressed its capacity constraints by introducing into service three operational A320 aircraft in Malaysia and five in Indonesia. With one lease expiry, the group added a net total of seven narrow body aircraft to the fleet by 31 December 2023. These changes helped to shave our average fleet age from 10.2 in 2022 to 10.0 this year.

Another significant development in our fleet strategy is Teleport's introduction of three A321 freighters to bring low-cost, reliable next-day deliveries for e-commerce and express parcels across Southeast Asia. The A321 freighters are a mid-life conversion fleet, with common operating procedures, common flight crew, and common aircraft parts as the rest of the AirAsia group. We expect this to be a key growth strategy for our logistics arm going forward.

Tables below provide more information on our fleet assets.

AirAsia's fleet distribution as of 31 December 2023

Model	# of Units	Average Age (years)	Capacity (seats)	# of Units Retired
A320	172	11.7	180/186	1
A320neo	40	5.7	186	0
A321neo	4	4.0	236	0
Total	216	10.0	N/A	1

Fleet Age

Fleet Age	% of Total Fleet	% of planes upgraded in the past two years
< 7 years	27%	15
7-13 years	47%	2
> 13 years	26%	0

Fleet Strength as at 31 December of each calendar year

Year	Fleet Size	Units in Service	% Operational
2022	212	124	58.5%
2023	216	159	73.6%

Teleport

Model	# of Units	Average Age (years)	Capacity (tons)	# of Units Retired
A321F	3	23.7	26	0

APPROACH 3:
SAF

Our efforts to prepare for SAF utilisation have been centred on gaining a better overview of production prospects in the region and exploring partnerships that could ease availability and affordability constraints in the medium to long term.

In Thailand, engagements with fuel producers enabled us to identify four developmental pipelines with the first coming online as early as 2025. Meanwhile, in Indonesia, high-level discussions were held on the country's aviation biofuels roadmap to meet national SAF mandate targets.

AirAsia also kicked off a prospective collaboration with Airbus' innovation team in August to identify areas of joint interest in increasing SAF accessibility in Asean. The cooperation aims to address challenges in feedstock availability and SAF price premiums by funding research into alternative feedstock and technologies. Discussions on formalising a partnership will continue into 2024.

Separately, AirAsia also held an initial meeting with the Roundtable on Sustainable Palm Oil (RSPO) in Kuala Lumpur to discuss possible avenues for the non-profit organisation to support technical research into the potential of using biowaste from RSPO certified facilities as SAF feedstock. Discussions on this matter are ongoing.

APPROACH 4:
CARBON OFFSETTING

Since chairing Malaysia's CORSIA Task Force from end 2022, AirAsia has been able to grow our understanding of carbon markets and offsetting mechanisms together with members of the task force. Among our achievements was the development of a net zero model that enabled estimations of the prospective market size of Malaysian and Asean aviation offsetting. Crucially, the task force opened the doors for the aviation sector to establish new relationships with climate change stakeholders, especially the Ministry of Natural Resources and Environmental Sustainability (MNRES).

Three meetings were held at AirAsia RedQ, during which selected task force members were invited to present their organisation's net zero strategies followed by an open exchange of views. Presenters included representatives from MNRES' Climate Change Division, Malaysia Airports and Bursa Carbon Exchange.

In parallel, AirAsia was appointed to MNRES' climate change advisory panel in July 2023 and invited to participate in COP28 and related meetings for the first time. We were able to gain a deeper understanding on how global climate change negotiations, especially those relating to Article 6 of the Paris Agreement, will impact carbon market developments and, by extension, airlines' ability to meet their CORSIA obligations.

Our growing interactions with environmental and climate change stakeholders culminated in AirAsia co-chairing the final workshop of the EU-SEA CCCA CORSIA Project with EASA on Carbon Markets and CORSIA Eligible Emission Units in December. The workshop introduced regional aviation stakeholders to carbon project developers, representatives from carbon registries, carbon trading platforms and certification bodies, as well as technical experts in international climate change frameworks.

These activities further laid the groundwork for plans to add carbon offsetting into our decarbonisation activities in the first phase of CORSIA.
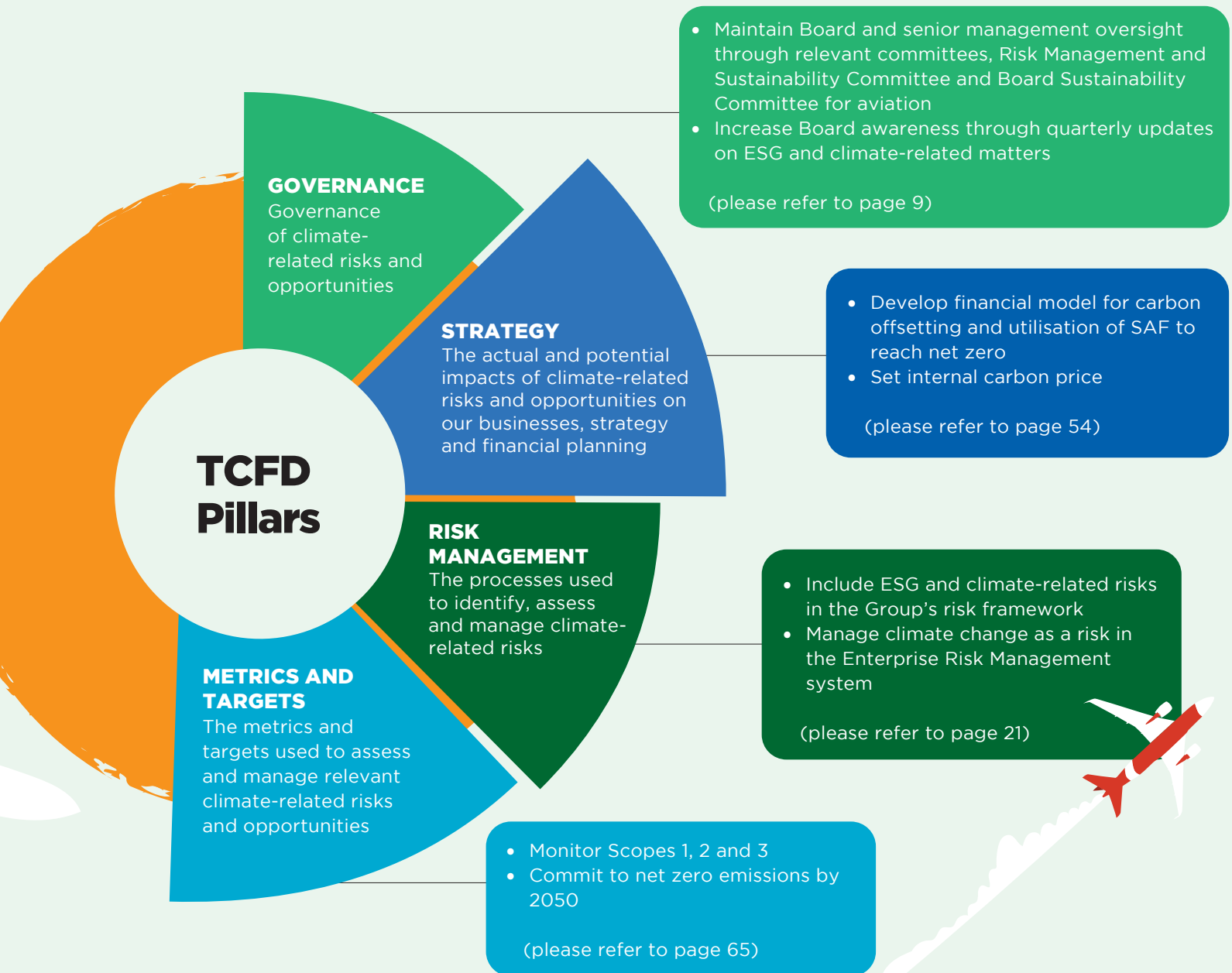
2024 OUTLOOK

As we enter 2024, the momentum has picked up on activities that started in the previous year to prepare for CORSIA's first phase. A material change between this phase and the preceding one is the lowering of CORSIA emissions cap for participating states to 85% of 2019 levels.

With most industry forecasts predicting full recovery of the international aviation sector by 2024, AirAsia's focus will be on ensuring that we are able to meet all compliance requirements while maintaining our competitive edge. Even as we address regulatory enquiries on our proposed carbon fee, we are continuing to prepare for its implementation by updating our systems and processes, and broadening our public outreach.

Other developments that can be expected are announcements on new partnerships to support R&D and invest in decarbonisation solutions. AirAsia will also continue to strengthen our relationships with policymakers and regulators to ensure the ability to present our views on new climate-related policies being drafted that may affect the future of aviation.

ALIGNING TO TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

TCFD

Underlining our commitment to addressing and managing our climate-related impacts, Capital A became an official supporter of the TCFD in 2022.

GOVERNANCE
Governance of climate-related risks and opportunities

TCFD Pillars

STRATEGY
The actual and potential impacts of climate-related risks and opportunities on our businesses, strategy and financial planning

RISK MANAGEMENT
The processes used to identify, assess and manage climate-related risks

METRICS AND TARGETS
The metrics and targets used to assess and manage relevant climate-related risks and opportunities

- Maintain Board and senior management oversight through relevant committees, Risk Management and Sustainability Committee and Board Sustainability Committee for aviation
- Increase Board awareness through quarterly updates on ESG and climate-related matters

  (please refer to page 9)

- Develop financial model for carbon offsetting and utilisation of SAF to reach net zero
- Set internal carbon price

  (please refer to page 54)

- Include ESG and climate-related risks in the Group's risk framework
- Manage climate change as a risk in the Enterprise Risk Management system

  (please refer to page 21)

- Monitor Scopes 1, 2 and 3
- Commit to net zero emissions by 2050

  (please refer to page 65)

S Short term   M Medium term   L Long term

	Risk Type	Risk Timeframe	Climate-related Risk Description	Potential Financial Impact	Mitigation Strategy
Transition Risks	Policy and Legal	S M L	Imposition of new climate change regulations such as carbon taxes, emissions quotas or biofuel mandates	Increase in operating costs and fares which could dampen travel demand	• Regular engagement with civil aviation authorities and government bodies on climate change and decarbonisation plans for the aviation industry. • Monitor emerging regulations around the world to understand the risks to our business operations. • Develop Net Zero by 2050 strategy outlining our approach to the latest generation aircraft, operational improvements, SAF and carbon offsetting. • Ongoing discussions with regional fuel suppliers on making SAF available in the region. Our focus will be on maximising efficiency and using SAF in line with mandated requirements. A purchase commitment by AirAsia will strongly incentivise fuel suppliers to invest in and lower the long-term cost of SAF. • Set internal carbon price to forecast our cost of carbon offsetting.
			Exposure to litigation	Due to the long-term nature of our climate strategy, litigation related to 'greenwashing' or similar accusations could arise	• Communicate our sustainability strategy and plans transparently and accurately to stakeholders.
			New sustainability reporting requirements	Increase in reporting costs, including manpower expenses, measuring tools and audit fees	• Leverage existing frameworks and tech tools to meet new data reporting requirements. • Use available internal resources to undertake internal assurance before progressing to external assurance.

| Risk Type		Risk Timeframe	Climate-related Risk Description	Potential Financial Impact	Mitigation Strategy
Transition Risks (cont'd)	Technology	L	New technology developed to deliver low-carbon solutions such as zero emission aircraft may result in asset value loss of existing aircraft and equipment becoming obsolete	New investments needed to upgrade fleet and equipment	• Negotiate aircraft order contracts that allow for upgrades of unfulfilled deliveries. • Enhance fleet management strategy to build flexibilities in lease contracts.
	Market	S M L	Travellers and businesses respond to climate change by reducing their travel frequency	Lower demand for air travel will impact revenue	• Conduct brand campaign to communicate the Group's net zero strategy. • Implement a carbon offset programme that provides travellers with the option of offsetting their emissions.
	Reputation	S M L	Negative brand impact of being seen as not responding sufficiently to climate crisis	Guests may choose a competitor perceived as being more sustainable and investors may divest. Financial institutions may also impose a premium on lending	• Invest in carbon reduction initiatives and communicate decarbonisation efforts actively as part of the company's communication strategy.
Physical Risks	Acute	M L	Aircraft becoming inoperable at extremely high or low temperatures	Increase in cost of flight delays and cancellations	• Operate seasonal schedules and expand coverage of weather forecasting services. • Undertake preemptive cancellations to avoid guests and aircraft being stranded.
		S M L	Increased frequency and severity of climate events such as typhoons and floods	Cost of asset damage, increase in insurance premiums and revenue loss due to travel disruption	• Maintain robust business continuity plans and dynamic planning schedules at affected hubs.
	Chronic	L	Longer-term changes in weather patterns that result in rising sea levels rendering some airports inoperable	Higher airport charges at new facilities built to replace at-risk airports; and lower travel demand if new airports are far from city centres	• Select hub airports that are shielded from extreme weather events. • Ensure business continuity plans are effective and up to date. • Operate to airports that are adequately served by public transport to minimise potential increase in guests' travel-related carbon footprint.

The following are among specific climate-related opportunities we have identified.

Climate-related Opportunities	Potential Financial Impact	Mitigation Strategy
Administrative efficiency	Digitalisation strategy reduces manual paperwork and cost of paper, printing and storage of documents.	• Continue to work with regulators to move towards e-documentation for regulatory record-keeping and submissions.
Resource diversification	Shift to SAF diversifies fuel supply and reduces exposure to rising energy costs and growing carbon regulation.	• Ongoing discussions with fuel suppliers to supply SAF at Malaysian airports and/or to develop SAF using locally available feedstock.
Resource efficiency	Fuel reduction via improvements in air traffic management and A321neo fleet conversion will further reduce operating costs and ensure AirAsia maintains its commercial advantage as the airline with the lowest cost/ASK and CO_2/ASK in the industry.	• Engage in regular consultations with civil aviation authorities to implement new fuel efficiency and emissions reduction measures, including proposing new measures to be added to national State Action Plans on Emissions Reductions. • Advocate improvements to the country's airspace system that could lower GHG emissions.
Products and services	Attract travellers keen to minimise their carbon footprint and experience sustainable travel activities. We could potentially gain from increased market share among responsible travellers and earn ancillary income from sales of sustainable travel activities.	• Implement a carbon offsetting programme to enable travellers to contribute to carbon offsetting. • Work with sustainable travel social enterprises to make sustainable travel activities accessible.
Markets	Recognise that climate impact-prone destinations may also be strong revenue generators in the recovery and rehabilitation phase.	• Resume commercial flights to affected destinations as soon as it is safe to do so to support rebuilding programmes.
Resilience	Continue to strengthen our network connectivity in hubs with low climate risk such as klia2.	• Invest in climate forecasting tools and services to inform fleet planning and route planning strategies. • Engage with airport partners to understand their approach to resilience.

We also recognise the latest scientific assessments as set out by the United Nations' Intergovernmental Panel on Climate Change (IPCC) and aim to conduct a climate-related scenario analysis based on the IPCC assessment in 2024.

MEASURING OUR CARBON FOOTPRINT

In order for our decarbonisation measures to be effective, it is essential to have a thorough understanding of our emissions footprint. In 2023, our total greenhouse gas (GHG) emissions - representing our Scope 1, Scope 2 and Scope 3 emissions - stood at approximately 6,036,692.6 tonnes. Our primary GHG emissions is CO_2 from the use of jet fuel. For our GHG inventory, we follow the approach and guidance defined in the Greenhouse Gas Protocol, with emissions data calculated using relevant emissions factors based on the countries where we operate.

19.5%

0.2%

Total GHG Emissions
6,036,692.6 tonnes
in **2023**

80.3%
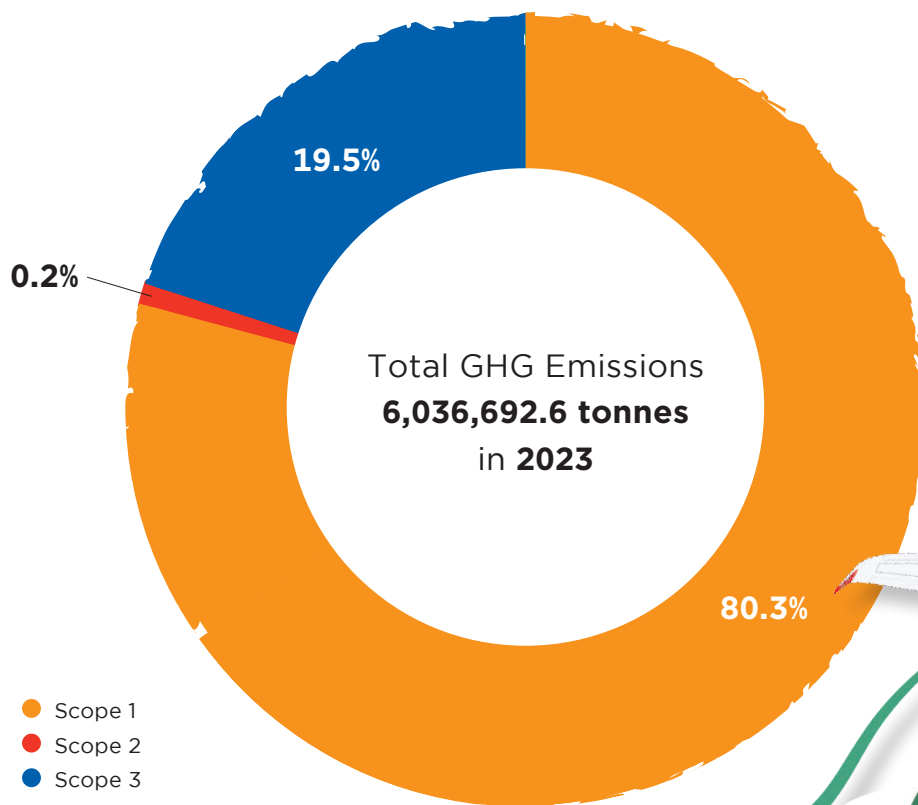
- Scope 1
- Scope 2
- Scope 3

ADDRESSING CLIMATE CHANGE

OVERVIEW OF GHG EMISSIONS 2023

Scope		Source	Emissions in 2023 (tCO₂e)
Scope 1		Airline operations, AirAsia	4,829,216.0
		Ground operations	5,223.5
		Teleport's freighter	13,278.0
Scope 2		Purchased electricity, buildings	9,971.6
Scope 3		Google cloud subscription	1,591.8
		Upstream emissions of purchased jet fuel	1,011,369.3
		Business travel	717.7
		Employee commuting	2,898.7
		Use of sold products	158,737.0
		Third-party delivery service providers	3,689.0

SCOPE 1 EMISSIONS

GRI 305-1, 305-5

Capital A's Scope 1 GHG emissions stem almost entirely from the burning of jet fuel by our aircraft, with a small portion from the fuel used by our ground service equipment. As the direct emissions from our digital and other businesses have been assessed to be immaterial, we only report Scope 1 emissions from our airline operations.

Fuel Consumption

tonnes

Year	Value
2019	2,117,912
2020	617,369
2021	190,048
2022	821,212
2023	1,528,233

Scope 1 Carbon Emissions

tCO₂e

Year	Value
2019	6,692,602
2020	1,950,886
2021	600,552
2022	2,595,030
2023	4,829,216
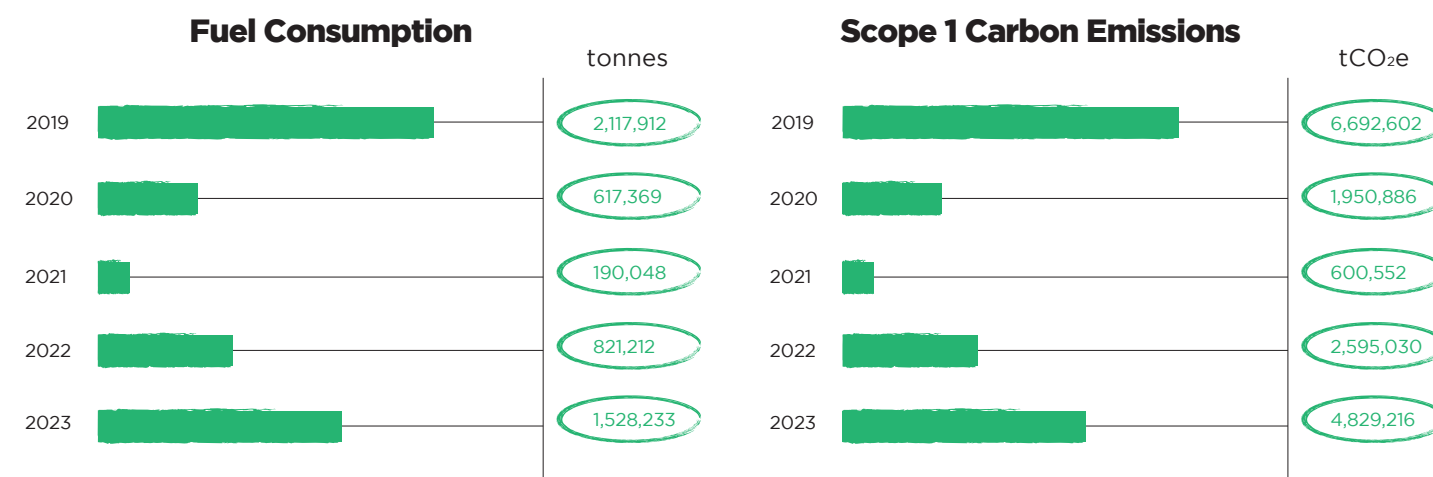
AirAsia's total fuel consumption saw a significant increase of 86%, from 821,212 tonnes in 2022 to 1,528,233 tonnes in 2023, with a specific fuel consumption of 3 litres/100RPK. This corresponds with the 86% increase in our Scope 1 emissions from 2,595,030 tCO_2e in 2022 to 4,829,216 tCO_2e in 2023. The increase in fuel consumption was mainly due to the recovery of operations in all our home countries and increase in the number of flights compared to the previous year. For the full year 2023, we reached 74% of the number of flights compared to 2019, pre-pandemic.

AirAsia reports its fuel consumption and Scope 1 emissions for all its AOCs in accordance with CORSIA. These reports are verified by authorised third-party independent auditors.

Ground Operations

For our ground operations, our fuel consumption is mainly from the ground vehicles used at airports.

1,653 tonnes
Fuel consumption in 2023
(↑27% from 2022)

5,223.5 tCO_2
Scope 1 emissions in 2023

Fuel consumption in 2023 stood at 1,653 tonnes, a 27% increase from 2022, attributed to the progressive expansion of our operations leading to higher fuel uptake.

Cargo

Teleport, which has been primarily involved in providing air cargo and door-to-door delivery services, received three A321F freighters in 2023.

Since then, Teleport has transported 87,401 tonnes of cargo, which is equivalent to fuel consumption and carbon emissions of:

4,178 tonnes
Fuel consumption in 2023

13,278 tCO_2
Scope 1 emissions in 2023

GREEN MOBILITY IN GROUND OPERATIONS

While ground operations constitute a smaller portion of fuel consumption compared to our aircraft, they remain significant contributors to overall energy usage. Notably, electricity and natural gas stand out as the primary energy sources within ground operations.

In October 2023, GTR took a significant step towards reducing its environmental footprint while enhancing operational efficiency by acquiring two Hangcha Aviation Tractor Model QSD320-XD3-MAI electric vehicles (EVs). The utilisation of EV will ensure we are not heavily dependent on the current fleet of diesel-powered tractors.

During the EVs' first full-trial phase in August, GTR observed that the EV tractor could sustain ground handling operations for seven hours on a single charge, promising significant savings of approximately 58% in GTR's overall consumable
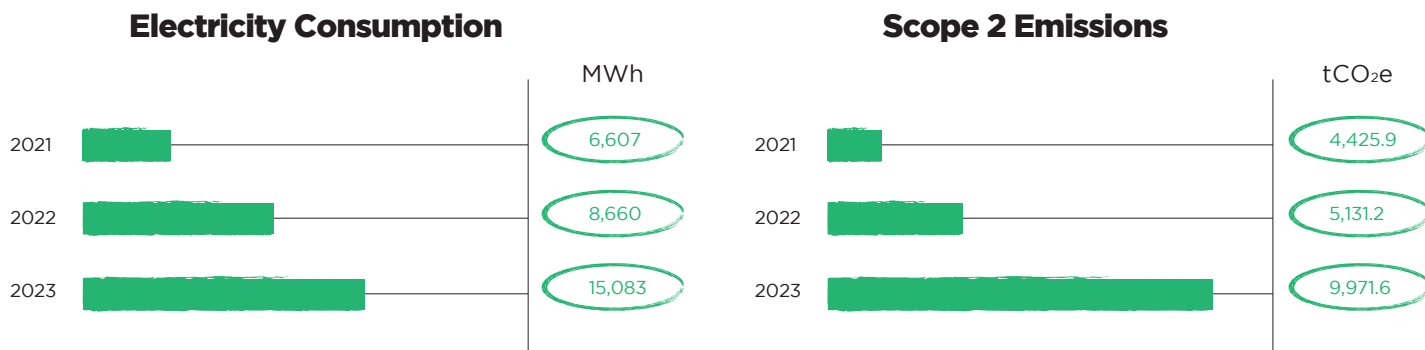

costs. GTR is gearing up for significant improvements in 2024, planning to deploy 20 additional EV tractors for its ramp operations. This will complement its broader strategy of integrating EVs across various aspects of operations, including baggage handling, transport and maintenance services. The company is also actively exploring the installation of solar panels at its warehouse. This strategic move would not only decrease electricity consumption but also facilitate the charging of EV forklifts using renewable energy. This forward-thinking approach underscores GTR's commitment to achieving net-zero carbon emissions for its EV forklift fleet in the foreseeable future.

ADDRESSING CLIMATE CHANGE

SCOPE 2 EMISSIONS

GRI 302-1, 302-3, 302-4, 305-2

Our Scope 2 disclosures cover emissions associated with energy consumption at all our facilities and offices.

Electricity Consumption

MWh

Year	Value
2021	6,607
2022	8,660
2023	15,083

Scope 2 Emissions

tCO₂e

Year	Value
2021	4,425.9
2022	5,131.2
2023	9,971.6

In 2023, our total electricity consumption was 15,083 MWh, a 75% increase compared to 2022 with an average building energy intensity of 96.9 kWh/m^2/year across all our office buildings.

As Scope 2 emissions are from purchased electricity for our buildings and offices, our Scope 2 emissions similarly increased by almost two-fold from 5,131.2 tCO_2 in 2022 to 9,971.6 tCO_2 in 2023, with a carbon intensity of 47.0 tCO_2/m^2.

Both our electricity consumption and Scope 2 emissions increased due to Allstars returning to the office and business operations resuming in full. In addition, as part of efforts to improve the management of our resource consumption, in 2023 we expanded our reporting scope and included TAA's airasia academy electricity consumption in our calculations.

In line with the Group's pursuit of efficiency, our facilities team has implemented various initiatives in our offices aimed at enhancing energy efficiency and reducing our overall consumption. These initiatives encompass:

Conversion to LED lighting at all AOC headquarters	Scheduled energy usage after working hours	Staggered switching for major equipment such as air conditioning

Our total energy consumption, including electricity for offices and fuel for aircraft, ground operations and Teleport freighters, amounted to 20,362,567 MWh in 2023. In 2024, the Sustainability department plans to explore ways to reduce our resources consumption and, subsequently, will set reduction targets for key departments.

ADE SUSTAINABLE AIRCRAFT MAINTENANCE HANGARS

ADE is currently constructing a 14-line state-of-art aircraft maintenance hangar facility in Sepang. Aligned with the Group's sustainability objectives, the hangar is being constructed in accordance with the Malaysian green building standard, GreenRE, where the team is working to get the hangar certified to meet the platinum rating. This includes meeting parameters for indoor environment quality, environmental protection, innovative design, water and energy efficiency, and carbon footprint of development.

We anticipate the completion of the first phase of the hangar by the third quarter of 2024. Through ADE's commitment to the GreenRE standards, we envision this project to be exemplary of how ADE's aircraft maintenance facilities moving forward can actively contribute to fulfilling our sustainability objectives.

SCOPE 3 EMISSIONS

GRI 302-2, 305-3

Our estimated Scope 3 emissions contribute to about 19.5% of our overall emissions, with the largest component being upstream emissions associated with jet fuel production (85.8%), followed by emissions from Teleport's use of sold products (13.5%) and others.

As more than 85% of our Scope 3 emissions are from the extraction and refining of the jet fuel (well-to-tank emissions) for our flights, SAF utilisation will be the dominant method of managing this aspect of our carbon footprint in the future. In addition, as reducing carbon emissions is a shared responsibility between airlines and passengers, we plan to introduce a new carbon fee to fund AirAsia's climate transition. We hope to launch this programme in the first half of 2024.

As for our value chain, we will continue to work closely with our vendors and business partners to monitor and minimise our Scope 3 emissions. Additionally, we will expand the scope of our Scope 3 emissions monitoring to address more categories where relevant.

OTHER GREENHOUSE GAS EMISSIONS

GRI 305-7

In addition to GHG emissions, the combustion of jet fuel releases nitrogen oxides (NOx), sulphur oxides (SOx), carbon monoxide (CO) and volatile organic compounds that affect the quality of air.

Over the years, improved engine designs have gradually reduced emissions of other GHGs. Under Annex 16, Volume III of its international standards on environmental protection, ICAO has set acceptable levels of emissions from aircraft engines for such gases.

In compliance with these standards, we strive to maintain a young fleet of aircraft that use the latest technologies. As of 2023, all AirAsia aircraft engines meet the most stringent ICAO CAEP/8 NOx emissions standards. As we continue to phase out older aircraft in exchange for new Airbus A321neo models, we aim for 100% compliance with ICAO CAEP/8 NOx standards.

Indicators	2023
NOx emissions (tonnes)[1]	2,675
NOx emissions intensity (gNOx/RPK)[1]	0.041
SOx emissions (tonnes)[2]	285
Volatile Organic Compounds (VOC) emissions (kg)[2]	985,861

[1] NOx emissions and compliance data are obtained from the ICAO Emissions Bank issue 28C dated 20 July 2021. The NOx emissions value per landing and takeoff (LTO) cycle is based on the weighted average of AirAsia's fleet composition as of 2023.

[2] According to the US EPA, SO_2 represents the highest composition of SOx emissions, hence SO_2 is considered as SOx for the purpose of calculations. SO_2 and VOC emissions data are sourced from US EPA's Generic Aircraft Type Emission Factors table.

NOISE MANAGEMENT

Noise from aircraft engines could affect the physical and mental health of surrounding communities, and may even impact the natural ecosystem. Accordingly, all AirAsia aircraft meet the criteria established by ICAO Annex 16 Chapter 4 noise standards and comply with CAAM's directive on aircraft noise as well as airports' noise abatement procedures. Specific operational solutions are also sought to reduce noise emissions from aircraft. Whenever possible, we implement procedures such as idle reverse landing, reduced flap landing and one engine taxi which significantly reduce noise pollution. We will continue to meet and exceed ICAO's noise certification standards and work with airports to find solutions to noise pollution.

ADDRESSING CLIMATE CHANGE

WATER CONSUMPTION

`GRI 303-1, 303-5`

Capital A's Sustainability Policy includes a commitment to conserving natural resources via efficient water use while continuing to meet our operational requirements. As such, we are putting in place various initiatives to improve water consumption across our operations.

Water Consumption

Year	m³
2021	45,320
2022	83,289
2023	102,067

Water supply for all our offices is from municipal potable water sources. In 2023, we consumed 102,067m³ of water, a 22.6% increase from 2022 due to the full return to offices.

For enhanced transparency and better water usage, the TAA team plans to regularly cross-check its water metre readings with the airport authority as their office is located within the vicinity of the airport.

WASTEWATER MANAGEMENT

`GRI 303-4`

Capital A does not generate industrial effluents from our office, hence all sanitary and waste water from washing is discharged into government-operated centralised water treatment plants for treatment. In the Philippines, PAA's wastewater discharge is managed by the airport authority (MIAA).

In 2023, our IAA office started to recycle water from its sewage treatment plant to water the plants. There are plans to install a new water metre for its recycled water to monitor their outdoor plant watering system.

BIODIVERSITY

`GRI 303-4`

We believe in conserving the natural environment and biodiversity of the countries where we operate for the benefit of the ecosystem and local communities. As a responsible organisation, we are always exploring opportunities to minimise our ecological impact.

Through our philanthropic arm, AirAsia Foundation, we have supported numerous social enterprises across the region whose goals include biodiversity conservation. The table below summarises our contributions in 2023.

THAILAND

Fisherfolk
Improves the livelihood of local fisherfolk in southern Thailand via sustainable fishing practices and marine conservation

INDONESIA

Natural Acheh
Provides expertise and skills for rural women to farm oysters through a new cultivation method and enables the recovery of the mangrove forest

PHILIPPINES

Bambuhay
Supports reforestation efforts by equipping indigenous people in rural areas with sustainable alternative livelihood using bamboo

In the Philippines, AirAsia collaborated with Nayong Pilipino Pilipino Foundation in a tree planting initiative "Taking Off For A Greener Future". The primary objective was not only to restore the surroundings through reforestation but to also give back to the Filipinos by creating a greener and more vibrant space. The location of the tree planting initiative will be the future Nayong Pilipino Cultural Park. The event saw 200 native trees planted by 120 volunteers in Manila.

In July 2023, Teleport in collaboration with APE Malaysia's Restore Our Amazing Rainforest (ROAR) initiative, planted 365 trees in the Lower Kinabatangan Region, Sabah (location: 05°32'42.52" 118°18'45.95"). The effort will benefit wildlife by creating habitats for endangered animals, including the Bornean orangutan and pygmy elephant, while supporting local communities for years to come.

SIGNING THE UNITED FOR WILDLIFE TRANSPORT TASKFORCE BUCKINGHAM PALACE DECLARATION

As a player in the cargo business, Teleport places the utmost importance on the prevention of wildlife trafficking. In May 2023, Teleport became an official member of the United for Wildlife International Taskforce where it joins forces with companies across the transport sector to create awareness of illegal wildlife trade.

The Taskforce, founded by the Prince of Wales and the Royal Foundation, works towards Buckingham Palace's 11 commitments, including zero tolerance for illegal wildlife trade. The network of member organisations shares information and collaborates on detecting illegal wildlife products as well as developing new mechanisms to stop their transportation.

Teleport also adheres to the relevant local and international regulations on wildlife trafficking including IATA's Live Animals Regulations, Convention on International Trade in Endangered Species of Wild Fauna and Flora, Department of Quarantine and Inspection Services Malaysia regulations of wildlife trafficking, and CAAM Directive 18 on national transport of dangerous goods programme.

As a result of its strict compliance and vigilance to prevent wildlife trafficking activities, Teleport identified five incidents of wildlife trafficking where all shipments were stopped and addressed with the relevant authorities.

Waste Management

GRI 3-3, 306-1, 306-2

Efficient and well-planned waste management is essential to avoid unnecessary waste generation and environmental issues. Towards this end, we have incorporated a circular economy approach into our business and practise the 3Rs principle of reusing, reducing and recycling whenever possible.

2023 Performance Overview

1,003.1 tonnes
of non-hazardous waste generated

49%
waste diverted from disposal

18,784kg
RedQ office waste recycled

1,130kg
of used cooking oil recycled

1,715
life jackets upcycled

Our Management Approach

- Environmental Policy Statement
- Sustainability Policy
- Environmental Quality Act 1974
- Environmental Quality (Scheduled Wastes) Regulations 2005
- Solid Waste and Public Cleansing Management Act 2007

Supporting the UN SDGs

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

HAZARDOUS WASTE

GRI 306-3

Hazardous waste is harmful to human health and the environment, and therefore should be disposed of properly. Most of our hazardous waste is generated by our engineering operations, maintenance stations and hangars, and consists of spent oils/fluid, absorbents, containers, filters, oil rags, paint and grease. We engage licensed contractors to manage our hazardous waste in compliance with the Environmental Quality (Scheduled Wastes) Regulations 2005 in Malaysia and relevant environmental acts and regulations of the other countries where we operate.

In 2023, we generated 3,042.93 tonnes of solid hazardous waste, a 127% increase from 2022. Whereas for liquid waste, we generated 26,795.49 litres of liquid scheduled waste compared to 5,437.64 litres in 2022. The high level of waste generated in 2023 was due to reactivation of all aircraft which involves aircraft maintenance and draining of aircraft fluid. This year, we also expanded our scope of reporting (previously only the four AOCs) to include six hubs - Kuala Lumpur, Penang, Langkawi, Johor Bahru, Kota Kinabalu and Kuching - as well as ADE's three newly registered process areas.
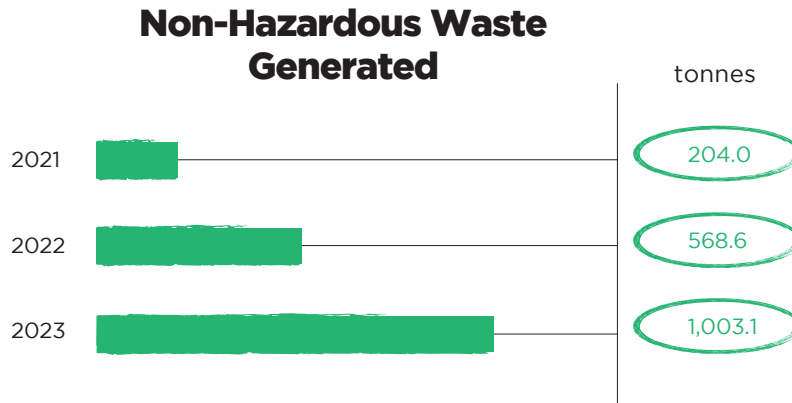
Solid Hazardous Waste

tonnes

Year	
2021	522.7
2022	1,343.4
2023	3,042.9

Liquid Hazardous Waste

litres

Year	
2021	7,384.9
2022	5,437.6
2023	26,795.5
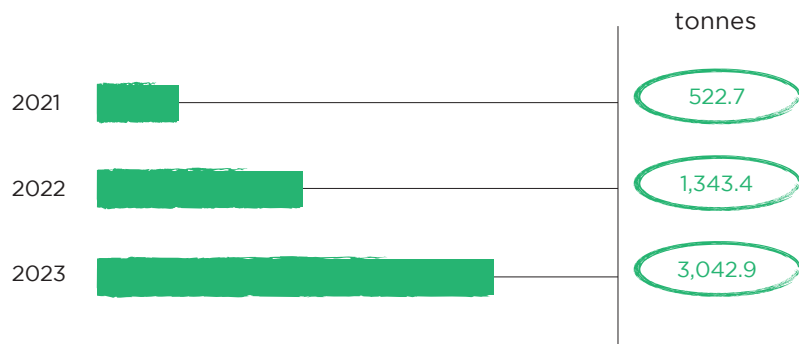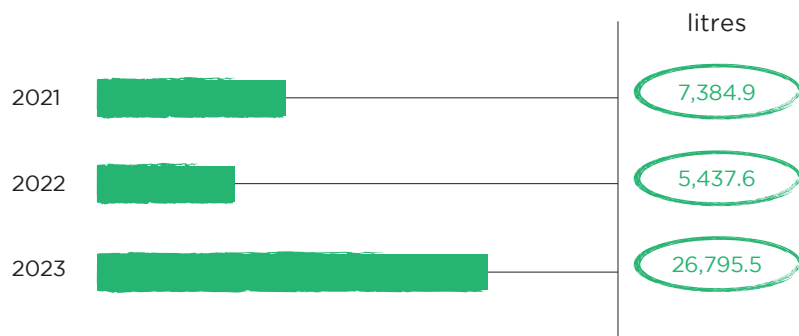
NON-HAZARDOUS WASTE

GRI 306-3, 306-4, 306-5

Our non-hazardous waste encompasses general waste originating from our offices, warehouses and flights. In 2023, we witnessed a significant 76% increase in non-hazardous waste production, largely attributed to the resumption of full operations.

Non-Hazardous Waste Generated

tonnes

	tonnes
2021	204.0
2022	568.6
2023	1,003.1

Note:
1. Non-hazardous waste for AirAsia Malaysia and AirAsia Indonesia only include general waste from offices as cabin waste is managed by airport authorities.
2. Non-hazardous waste for AirAsia Philippines and AirAsia Thailand only include cabin waste collected from our flights as office waste is managed by airport authorities.

However, it is important to note that in 2023, 49% of our waste generated was diverted from disposal. Waste that is not disposed of is recycled, reused or used as an alternative fuel for cement production.

Waste Directed to and Diverted from Disposal in 2023

2023	508.9	494.2

- Non-hazardous waste disposed (tonnes)
- Non-hazardous waste diverted from disposal (tonnes)

During the same year, the Group actively advocated several key sustainable practices to Allstars, including:

✅ Encouraging Allstars to bring their own cutlery and containers to the offices

✅ Prohibiting the use of single-use plastics such as plastic cutlery and plastic bags

✅ Implementing a fee for Allstars who use plastic containers

INFLIGHT WASTE COLLECTION

With the return to normal operations, MAA's cabin crew has resumed segregating recyclable waste. However, overseeing the recycling process becomes challenging once bags leave the aircraft and are managed by airport authorities. Nevertheless, we're persisting in our sustainability efforts by exploring the potential to include more recyclable items in our offerings and establishing our own alternative waste collector for better oversight. Additionally, our catalog includes a gentle reminder for passengers to request disposable items only when necessary.
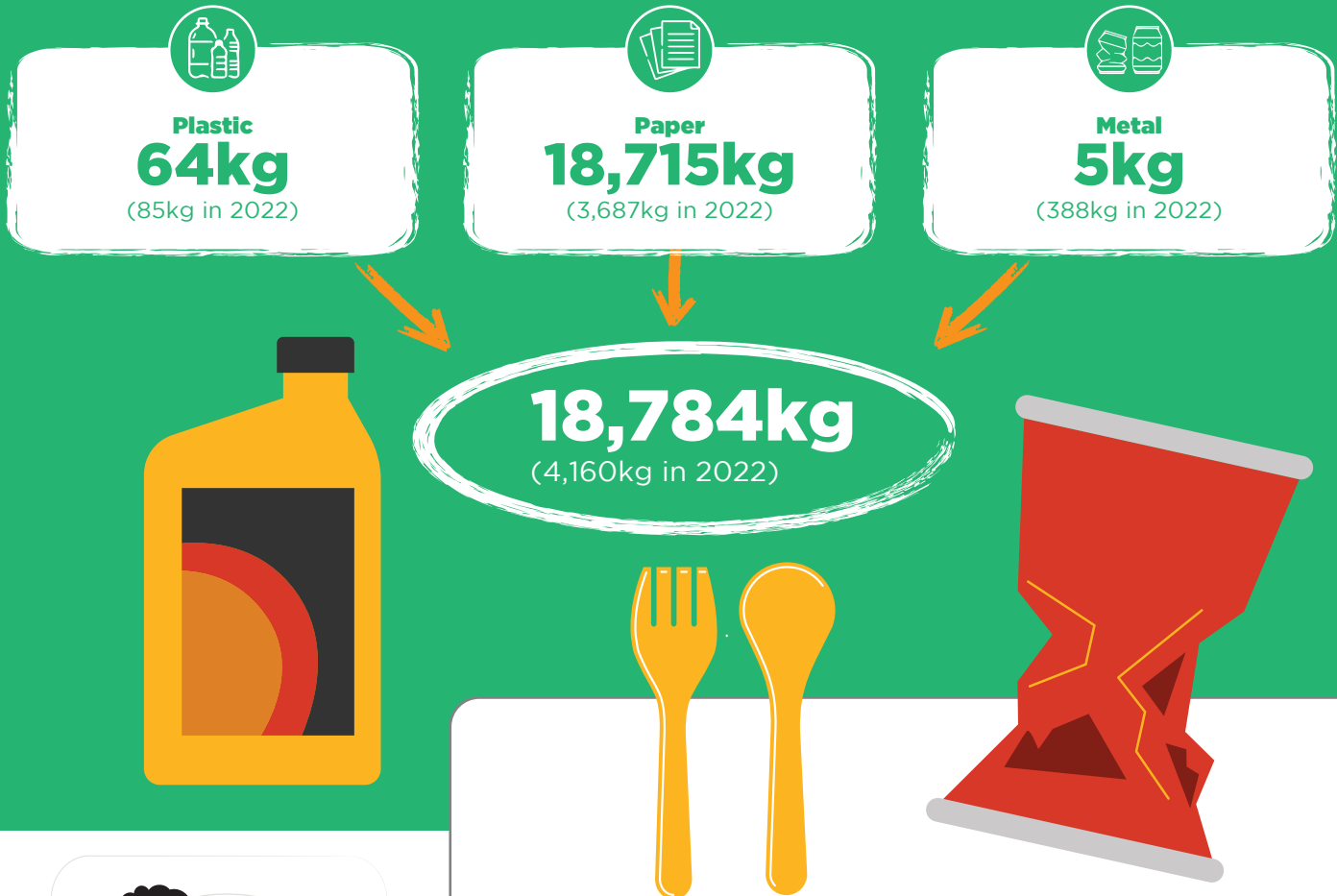
Our TAA and PAA cabin crew maintain their practice of segregating recyclable waste onboard. However for IAA flights, the responsibility of handling and managing the cabin waste lies with the airport authorities. In 2023, TAA collected 284.5 tonnes of cabin waste, which was 100% diverted from disposal. On the other hand, PAA collected 265.7 tonnes of cabin waste, 52% of which was recycled while the rest was sent to landfills.
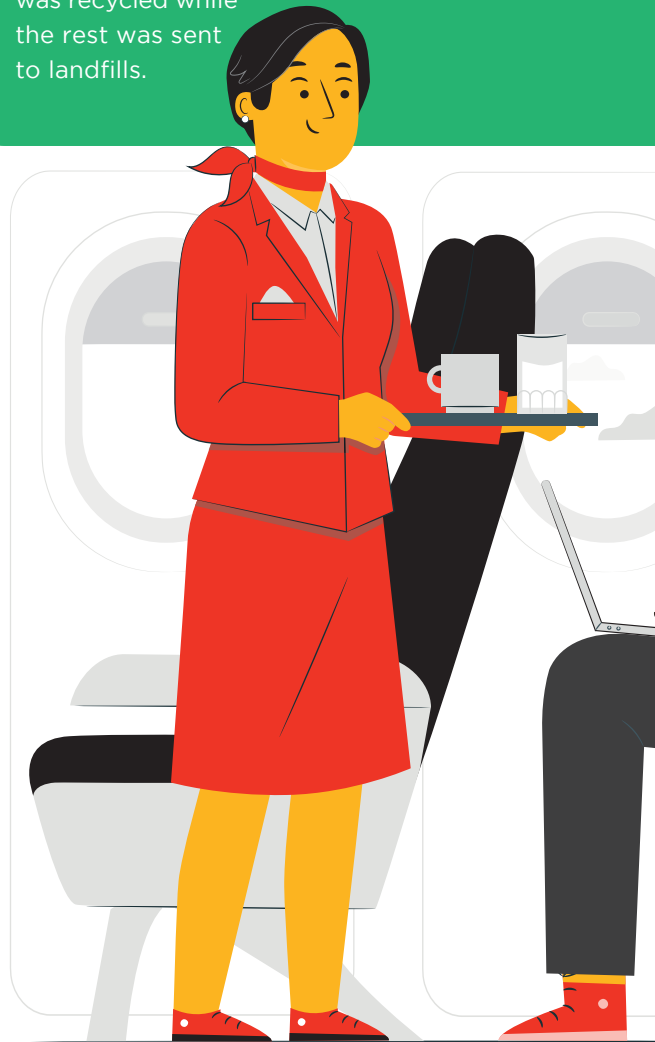
OFFICE WASTE COLLECTION

Recycling bins are provided for the collection of paper, plastic and aluminium items at every level of the building. Waste discarded in these bins is collected by appointed licensed contractors.

Our RedQ office recycled a total of 18,784kg of waste in 2023, which was a significant increase from 4,160kg in 2022 due to the resumption of flights and Allstars returning to the office full-time.

Plastic
64kg
(85kg in 2022)

Paper
18,715kg
(3,687kg in 2022)

Metal
5kg
(388kg in 2022)

18,784kg
(4,160kg in 2022)

Among our LOBs, Teleport and GTR have initiated their own recycling efforts:

GTR
MALAYSIA | A SATS COMPANY

In August 2023, GTR commenced monitoring and recycling of its plastic waste, especially plastic sheets used in their operations. A total of 36.2 tonnes of plastic sheet was recycled.

teleport

Teleport has placed segregated recycling bins for aluminium cans, plastic and paper in three of its offices, and plans to extend the programme to other offices in Thailand, Indonesia, Philippines and Singapore in 2024.

SUSTAINABLE PACKAGING SOLUTIONS

teleport — CARGO PLASTIC SHEET TO CANVAS COVER

As a cargo business that often uses plastics for packing protection of shipments, Teleport spent the whole year of 2023 testing the use of reusable protection covers made of canvas to reduce the use of plastic sheets. The first prototype of the canvas cover was completed in the second quarter of the year following which the team tested the cover with two vendors in the third quarter. Gathering feedback and findings from the trial, the final design ensuring the best usability and reliability was decided in November. The next step is to order the covers in bulk to slowly replace all plastic sheets in Teleport operations.

In 2023, Teleport estimates its performance as shown below:

100% cargo plastic recycled **=** **599.4** tonnes of plastic avoided from landfills

santan — INFLIGHT FOOD PACKAGING

Good Food . Good Coffee . Good Value

Efforts to minimise our environmental footprint extend to Santan's inflight food packaging. While our dedication to eco-friendly practices remains unwavering, as a low-cost carrier, we face the challenge of finding materials that strike the balance between being environmentally friendly and economically viable. We are therefore collaborating with suppliers to identify innovative solutions that align with our commitment to sustainability without compromising on our cost-effective business model.

Other than to adopt more environmentally friendly packaging, we are also looking at more socially responsible packaging. During the year, we changed the packaging of our signature Pak Nasser's Nasi Lemak by transitioning to a free-flaps foil tray lid that is more safe and secure.

Our five-year packaging strategy incorporates the exploration and procurement of sustainable packaging alternatives as shown below:

SANTAN'S 5-YEAR PACKAGING STRATEGY

2022

▶ **Standardisation of Packaging Design & Cost Reduction**
Standardising the design of inflight and on-ground packaging for a stronger brand presence.

FOOD WASTE

Since 2021, the Inflight team has set the target of limiting food waste to less than 30% of total consumption for all AirAsia flights. By using our AI demand planning tool, we are able to forecast catering demand and encourage guests to pre-book meals.

765,416kg
Food waste produced in 2023

In 2023, our food waste, of 765,416kg, was within the threshold. Our goal in 2024 is to further reduce our food waste to below 25% of total consumption.

USED COOKING OIL
With the mass production of food for catering and restaurants, we are aware of the high volume of cooking oil that we use. In June 2023, we finally kicked off our partnership with FatHopes Energy to collect, process and refine our used cooking oil (UCO).

1,130kg
UCO collected in 2023

2023
Green Packaging
Sourcing for affordable alternative green packaging (recyclable or biodegradable packaging elements) as well as to reduce disposable waste and carbon emissions.

2024
Seasonal & Collection Packaging
Explore eco-friendly materials for our seasonal gift boxes without compromising on quality and collection value.

2025
Packaging that Meets Shelf-Life Goal
Research packaging that is able to extend shelf life to meet the demands of the global food industry, reducing food waste on board. Santan will also ensure food safety and compliance with quality standards throughout its shelf life.

ADDRESSING CLIMATE CHANGE

CIRCULARITY AND MATERIAL STEWARDSHIP

AirAsia Foundation continues to grow its life jacket recycling project with Nazanin, a social enterprise run by Afghan refugees. In 2023, 1,715 life jackets were upcycled into best-selling Soggy No-More accessories, a 23% increase compared to 2022. The upcycled life jackets were sold on AirAsia Foundation's online social enterprise shop DestinationGOOD and on board AirAsia flights as inflight merchandise.

Since the launch of the Soggy No-More project in 2017, we drove this approach of circularity and material stewardship to support refugee livelihoods and AirAsia Foundation's social enterprise activities. Since its inception in 2017, the project has achieved:

4,314
life jackets upcycled

862.8kg
non-biodegradable plastics diverted

RM385,685
revenue generated

ADE HANDLING AERONAUTICAL WASTE

From engine parts to aircraft seats, tyres and carts, we maintain a meticulous system to handle waste from aircraft and ADE operations responsibly. Where possible, we take a circular approach of repairing, repurposing and recycling items rather than sending them to landfills. At ADE's RedChain Engineering Warehouse, the 3Rs principle is adopted to reduce, reuse and recycle key aircraft components. Below are some of the ways in which the lifespan of parts is extended:

AIRCRAFT PANELS, FLOORBOARDS AND FRAMES
The structural repair workshop is responsible for maintaining various aircraft elements, including aircraft skin, frames, panels, cargo, cabin floorboard and engine cowlings. Any structural component that exceeds the repairable limits is scrapped and replaced as necessary. Scrapped items are collected by licensed recycling contractors.

AIRCRAFT SEATS
Our aircraft seats are made from carbon fibre, aluminium and genuine leather upholstery for durability. The lightweight seats also help to reduce fuel consumption and lower CO_2 emissions by 200 tonnes per aircraft per year. When our aircraft seats reach their end of life, we remove usable parts for repair of other seats. Damaged parts are collected by contractors to be recycled. Where feasible, older seats are also sold to other operators to lengthen their lifespan.
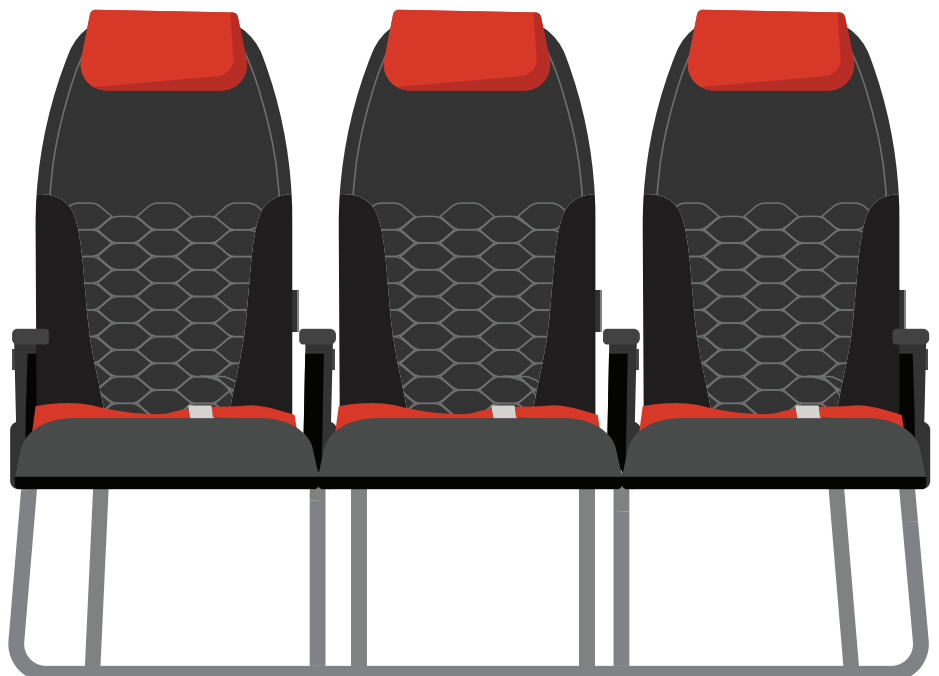
AIRCRAFT TYRES

The inhouse wheel workshop specialises in the maintenance of aircraft wheel hubs and tyres including activities such as dismantling and installation, inspection and testing of tyres and wheel hubs. Worn out tyres are sent back to the manufacturer for retreading and testing as required. Once a tyre fails the test or reaches its maximum life, it will be shredded so that materials can be transformed into other uses or other products.

AIRCRAFT BATTERIES

ADE's inhouse battery shop prioritises the maintenance of aircraft batteries including recharging, cleaning, testing and servicing to extend the battery life. Batteries that have reached their end of life are collected by licensed recycling contractors.

Social

Safety As Our Priority

Safety takes centrestage as a fundamental priority in our operations. Beyond conventional understanding of safety, our approach extends to building a work environment that encourages good health and well-being. We establish appropriate structures and develop well-defined processes to ensure a robust framework that supports safe operations for our Allstars and guests.

2023 Performance Overview

> 23,250 safety reports filed

200,586 safety training hours

0 fatalities

7.0 Lost Time Incident Rate

68 work-related injuries recorded

7/7 Stars Safety Rating

Our Management Approach

We seek for everyone at Capital A to be conscious of safety and to practise safe behaviours all the time, guided by our:

- Safety Policy Statement
- Safety Management System (SMS) Manual
- Occupational Safety, Health and Environment (OSHE) Manual
- IATA Operational Safety Audits (IOSA)
- Flight Data Analysis (FDA) Manual
- Occupational Safety and Health Act 1994 (Act 514)
- Factories and Machinery Act 1967
- ISO 9001:2015 Quality Management System
- ISO 45001:2018 Occupational Health and Safety
- ICAO Annex 19 and Doc 9859
- ISO22000 Food Safety Management System

Supporting the UN SDGs

8 DECENT WORK AND ECONOMIC GROWTH

OPERATIONAL SAFETY

Our dedication to operational and technical excellence is anchored on the Safety Management System (SMS). It encompasses a robust and systematic approach to safety management through well-defined policies and processes as well as clear lines of accountability. We define our SMS framework in four aspects:

Safety Management System

Safety Policy

Establishes management's commitment to continually improving our safety record through:

- Shared responsibility and accountability
- Key safety personnel
- Emergency response planning

Safety Risk Management

Determines the need for, and adequacy of, risk controls through:

- Hazard identification
- Risk assessment and mitigation

Safety Assurance

Evaluates the continued effectiveness of risk control strategies through:

- Safety performance monitoring and measurement
- Management of change
- Continuous improvement and audits

Safety Promotion

Inspires a positive safety culture across all levels of the workforce through:

- Training and education
- Safety communication

For more information on our Safety Policy Statement, please visit https://www.capitala.com/misc/CapitalA-Safety_Policy_Statement.pdf

The SMS is overseen by the Safety Review Board (SRB) comprising the Chairman, Chief Executive Officer (CEO), Board members, our Chief Safety Officer, and the CEOs and senior management of our lines of business (LOBs). The SRB meets every quarter to analyse the Group's safety performance and practices. The CEO sets the tone by reinforcing the SMS while the Chief Safety Officer has oversight of enforcing protocols and managing any risks that arise.

Strategies and action items deliberated at the SRB meetings will be communicated to the Safety Action Group (SAG) that meets every month to execute the assigned actions within an agreed timeframe. Upon completion of the action item, the Chief Safety Officer will report the results at the next SRB meeting.

▶ **Safety Review Board**
- Provides oversight of an effective and efficient implementation of the Group's Safety Policy and SMS.
- Reviews regulations, standards and industry best practices to ensure best-in-class safety standards across the Group.
- Develops high level safety policies and strategies to reduce operational risks.

Safety Review Board

Chief Safety Officer

▶ **Safety Action Group**
- Implements safety strategies and actions developed by the SRB.
- Continuous evaluation and assessments of safety risks and their impacts to mitigate risks.
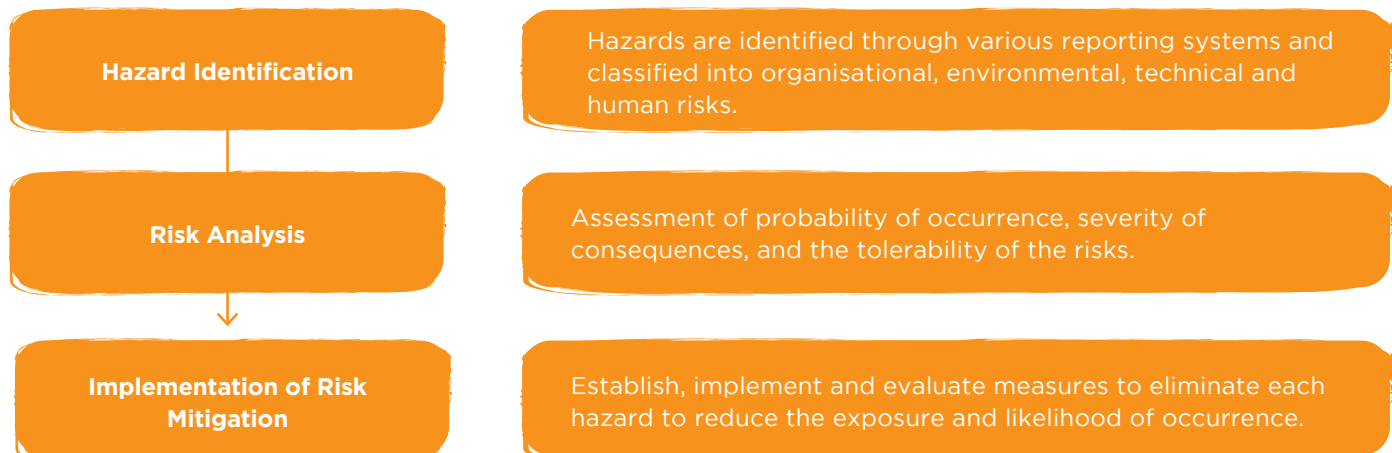
Safety Action Group

▶ **Chief Safety Officer**
- Enforces regulations and oversees safety protocols to minimise risks and accidents.
- Develops and improves safety training and culture.
- Investigates and addresses safety risks.
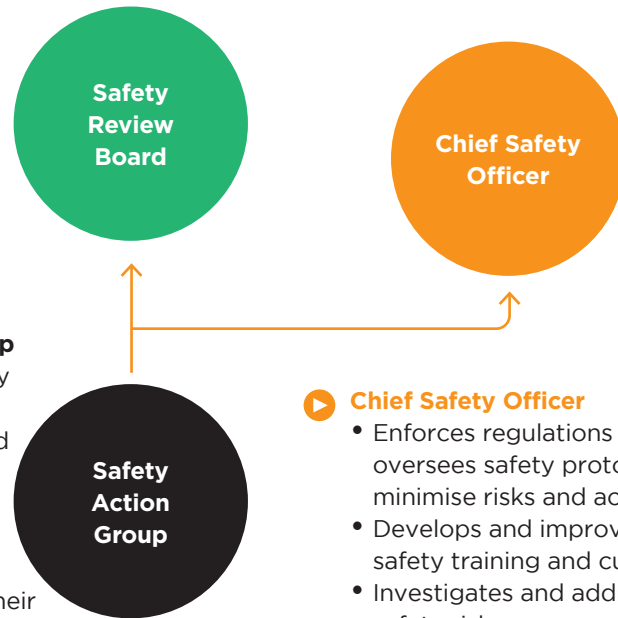
SAFETY RISK MANAGEMENT

Keeping abreast of developing operational risks and hazards is essential. We do this through continuous efforts to identify hazards as well as to assess and mitigate risks. By systematically managing our risks via this three-step process, we create a secure working environment where the likelihood of accidents and injuries is minimised.

Hazard Identification

Hazards are identified through various reporting systems and classified into organisational, environmental, technical and human risks.

Risk Analysis

Assessment of probability of occurrence, severity of consequences, and the tolerability of the risks.

Implementation of Risk Mitigation

Establish, implement and evaluate measures to eliminate each hazard to reduce the exposure and likelihood of occurrence.

SAFETY AS OUR PRIORITY

Safety Reporting

To secure a safety-first ecosystem, it is imperative that our Allstars actively engage in hazard identification and reporting to better understand safety issues and deficiencies at the operational level. We deploy digital tools where Allstars can raise safety issues via the Group's internal online safety reporting system.

All safety reports are channelled to the relevant Safety Departments where they are categorised, assessed and routed to the appropriate subject matter expert for investigation. Once investigations are completed, safety actions are formulated to mitigate the issues. Throughout the process, updates are shared with the reporters. Over time, trends are analysed to understand seasonal issues, allowing for predictive measures to be taken to improve the overall safety and efficiency of the organisation.

23,250
safety reports recorded in 2023
(In 2022: 15,960)

In 2023, there was a 31.4% increase in the number of safety reports from 2022 in tandem with growth in flight capacity throughout the year and the full return of Allstars to the office. Of the hazard reports, 83% were recorded cases whilst 17% were incident reports, all of which were addressed and closed with the appropriate action taken where necessary. This showcases a strong reporting culture amongst our Allstars. We analysed the safety reports for trends and conducted a systematic review at the SRB.

Prioritising Well-being As A Foundation for Safety

Beyond physical safety, the mental well-being of our Allstars, especially pilots and cabin crew, is crucial to minimising fatigue, stress and substance-use across our operations. Controls and processes have been integrated into the SMS to identify and manage health and well-being risks.

Fatigue Risk Management
Given the critical role played by pilots, fatigue management is widely discussed in initial and recurrent Crew Resource Management training. AirAsia also strictly adheres to established maximum Flight Duty Periods (FDP) and Minimum Rest Periods (MRP) to ensure pilots receive sufficient time off to rest and recuperate. These guidelines are available in our operations manual which complies with the civil aviation authorities of the countries where we operate.

Systemic Substance Management Mechanism
The abuse of intoxicating substances, including drugs and alcohol, creates performance risks and jeopardises the safety of our guests. We take responsibility for the maintenance of a safe workplace through a systematic drug and alcohol management programme which has been approved by the Civil Aviation Authority of Malaysia (CAAM). This programme consists of three components: reporting and testing; medical intervention, rehabilitation and peer support; as well as continuous education. AirAsia continues to take all the necessary measures to ensure our flight crew adhere to our policies and are aware of the consequences of non-compliance.

SAFETY ASSURANCE

Safety assurance involves the processes and activities undertaken to monitor and detect changes or deviations that may introduce safety risks or the degradation of existing risk controls. This includes three aspects: performance monitoring, management of change, and continuous improvement.

1. Performance Monitoring

All of AirAsia's AOCs are subject to mandatory safety audits by independent third-party verifiers to ensure the reliability and credibility of processes. AirAsia adheres to the IATA Operational Safety Audits (IOSA) Standards and Recommended Practices, widely recognised as the gold standard for airline operational safety and efficiency, as well as ICAO Annex 19 and Doc 9859. It is vital to demonstrate safe and effective practices to complete the independent audits successfully.

Airline (AOC)	Latest IOSA Certification Date	Progress in 2023
MAA (AK)	8 Dec 2022- 8 Dec 2024	• GOQA Internal Operations Audit (IOA) was performed by GOQA Auditors in April 2023 to ensure IOSA Standards are maintained internally • Next IOSA Renewal Audit is due in 2024
TAA (FD)	19 Feb 2020	• IOSA Certification lapsed during the pandemic • IOA was performed by GOQA Auditors in September 2023 based on IOSA Standards to ensure these are maintained and for the AOC to be prepared for the IOSA Initial Certification Audit in 2025
IAA (QZ)	21 June 2019	• IOSA Certification lapsed during the pandemic • Engaged in the IOSA Initial Audit by External IATA Approved Audit Organisation in August 2023 • IOSA Certification is ongoing and expected to be completed by the first half of 2024
PAA (Z2)	31 May 2019	• IOSA Certification lapsed during the pandemic • Engaged in the IOSA Initial Audit with the aim of obtaining IOSA Certification in the second half of 2024 • IOA was performed by GOQA Auditors in November 2023, based on IOSA Standards, to ensure these are maintained

Counselling

We recognise counselling as an essential support function facilitating recovery from stressful or traumatic events. For the well-being of our crew, we have partnered with Aarena Oasis for urgent counselling and 24-hour online support if our crew experience any untoward incidents during their flight. As with all Allstars, our pilots also have access to wellness support through the Naluri health app and the Allstars Peer Support programme.

Other internal audits carried out by the Group Operational Quality Assurance department include the joint station compliance audit (JSCA) as well as internal operations audit (IOA) as per regulatory requirements, IOSA standards and industry best practices. In 2023, we completed 77 JSCAs and five IOAs.

> GOQA is an ISO 9001: 2015 certified department, conforming to a globally recognised standard for quality management. Holding ISO 9001 certification ensures that GOQA has established procedures, processes and qualified personnel to deliver effective quality management services and demonstrate commitment to quality management standards.

Non-conformities identified during audits are recorded in the audit reports which are shared with the AOCs. The AOCs will then conduct root cause analysis and implement the necessary corrective/preventive actions. These are assessed and, if found satisfactory, the non-conformity report (NCR) is closed. Analysis of NCRs, including trends and common findings, are shared with AOC Operational Quality Assurance stakeholders via periodic forums and also during Auditor Recurrent Training sessions.

SAFETY AS OUR PRIORITY

2. Management of Change

The management of change (MOC) process occurs when changes within or external to the organisation have the potential to affect the level of safety risks. The formal change management process is usually triggered by changes in new technology and equipment, operating environment, key personnel, regulatory requirements and staffing levels, among others. In 2023, a total of 266 MOC and risk assessments were carried out by all operational departments.

3. Continuous Improvement

To maintain or continuously improve the overall effectiveness of the SMS, safety assurance activities and internal audit processes are carried out. An effectiveness evaluation of the SMS is conducted at least once a year as part of efforts for continuous improvement.

ADE receives EASA Part 145 Maintenance Organisation approval

In November 2023, ADE received approval from the European Union Aviation Safety Agency (EASA) Part 145 Maintenance Organisation. This represents the gold standard in aviation maintenance, indicating the highest levels of safety and quality for industry-leading maintenance support in the region.

SAFETY PROMOTION

Beyond processes and procedures, nurturing a safety culture involves building a collective mindset where every Allstar prioritises safety as an integral part of daily activity. Through training programmes that enhance technical competence and effective communication channels to disseminate safety protocols and awareness, our Allstars are instilled with a sense of responsibility and accountability for safety at all levels.

Just Culture

Our practice of building a culture of safety revolves around the Just Culture approach. This involves striking a balance between holding individuals accountable for their actions and understanding that mistakes occur. When they do, however, it is essential to learn from them to improve safety. Through peer-to-peer information sharing, this builds an environment of trust and learning from previous incidents in an open and non-punitive atmosphere. It's about supporting each other to do better and creating an environment where safety is everyone's responsibility.

SAFETY TRAINING

We provide safety training to keep Allstars up to date with safety systems and procedures. As an employer, our responsibility is to provide our employees with the knowledge and skills necessary to do their jobs safely. We acknowledge the need for different training for different job scopes and operations, hence all our operating entities are responsible for setting their own comprehensive safety training regimes for their frontliners.

In 2023, we invested in approximately 300 training programmes related to safety:

More than **860 Allstars** received over **200,586 hours of safety training** (17,158 hours in 2022)

Functional Training for Airlines and Airline Services
Our airlines and airline services Allstars are trained in functional and technical areas to be able to ensure safe operations. We provide the following training to our Allstars:

- Safety Management System
- Competency Based Training Assessment for Dangerous Goods
- Emergency Response Plan (ERP)
- First Aider Training
- Human Factor Training
- Department of Environment (DOE) Scheduled Wastes Regulations 2005, Regulation 15 Training
- Aviation Security Training & Bomb Threat Training
- Crew Resource Management
- Ground Safety Training
- Wildlife Trafficking Awareness

Training for Our Support Services

It is important that the external support services we engage with also adhere to our high standards of safety. We provide the following training to non-employees:

- Safety induction
- Chemical safety awareness
- Buggy inspection and defensive driving techniques
- Ergonomics awareness
- Hearing conservation

In 2023, we provided over 26 hours of safety training to more than 80 non-employees.

"Safer Together, Stronger Together" Allstars Safety Campaign

We celebrated our month-long safety campaign with the motto "Safer together, Stronger together", which signifies the importance of teamwork and prioritising safety above all. More than 12,495 Allstars across all AOCs, GTR and ADE took part in the Safety Day activities designed to create safety awareness. We awarded 26 Allstars the Safety Hero Award to recognise their contributions to workplace safety excellence as well as held various competitions for Allstars to share their creativity and safety knowledge.

SAFETY ON TOUR

As part of the safety team's initiative to promote safety awareness, AirAsia Thailand conducted a safety tour at the Phra Haruthai Don Mueang school. The purpose was to educate students about best safety practices as well as share experiences and incidents of ways we ensure safety in the airline industry. The tour for 135 students was led by Captain Kullavat Loykulnan along with 34 Allstars. The Group safety team aims to expand the initiatives for other schools in the countries in which we operate to take safety knowledge beyond the organisation.

OCCUPATIONAL SAFETY AND HEALTH

Group Safety monitors the health and safety performance of Capital A, reporting key indicators on a monthly basis to senior management and the Board. Various key metrics are monitored, covering Aviation Operational Safety and Occupational Safety and Health Group-wide.

The table below summarises our safety performance:

Indicators	2021*	2022*	2023
Total man-hours worked	16,906,680	29,792,304	38,881,088
No. of fatalities	0	0	0
Recordable work-related injuries	65	69	68
Lost time injury	145	958	1,306
Lost time incident rate (LTIR)	1.7	6.4	7.0
Incident rate	3.3	4.3	3.8
Severity rate	8.6	32.2	33.6

Note: Scope of occupational health and safety figures include MAA, PAA, IAA, TAA, Teleport, ADE, GTR and AASEA.
*Figures restated for 2021 and 2022 to include TAA in the scope following the adjustment of reporting scope of the financial statement.
Calculations:
- Lost Time Incident Rate = total number of lost time injuries / total number of hours worked x 200,000
- Incident Rate = No. of accidents (E) X 1,000 /annual average of no. of employees
- Severity Rate = Total workdays lost (C) X 1,000,000 /total man-hours worked (Y)

Total man-hours worked increased by 30.5% due to the growth in number of employees as well as the full return of Allstars to work. We achieved a lower incident and severity rate of 3.8 and 33.6 respectively in 2023 as compared to 2022, however with a lost time incident rate of 7.0, a 0.6-point increase from 2022. This indicates that while the frequency and severity of injuries decreased, Allstars are taking prolonged medical leaves to recover due to the nature of their injuries. It Is imperative to us that our Allstars take the time they need to recuperate fully before safely returning to work.

SAFETY AS OUR PRIORITY

In recognition of our efforts to enhance health and safety measures, we received the following awards:

7/7 Stars Safety Rating - Airline Ratings

AirAsia Group was named as among the top 20 safest low-cost airlines by AirlineRatings.com, an international airline safety ranking organisation. AirAsia Malaysia, AirAsia Thailand and AirAsia Philippines received 7-star ratings while AirAsia Indonesia received a 5-star rating, underscoring our collective efforts towards safety.

Gold Class 2 award - 41st Occupational Safety and Health (OSH) Awards

ADE received the Gold Class 2 award by the Malaysian Society for Occupational Safety and Health, which underscores the team's commitment to ensuring occupational safety and health excellence.

Occupational Safety and Health Audits

We conducted over 150 safety audits and assessments throughout the Group, including OSHA Noise Exposure Regulation 2019, ergonomic risk assessment, CAAM flight operation dangerous goods division and the MSOSH award audit.

The following assessments and audits were conducted for our entities:

ADE

- Systematic Occupational Health Enhancement Level Programmes (SOHELP)
- Malaysian Society for Occupational Safety and Health awards audit
- OSH Use and Standard of Exposure to Chemicals Hazardous to Health (USECHH) Regulation 2000, CHRA
- OSHA Noise Exposure Regulation 2019-Audiometric Baseline Test

GTR MALAYSIA | A SATS COMPANY

- IATA Safety Audit for Ground Operations (ISAGO)
- Ground Handling Technical Approval Certificate
- Noise risk assessment

capital A

- Ergonomic risk assessment
- ISO45001:2018 Occupational Health and Safety Management System audit
- Hearing conservation test
- Baseline indoor air quality assessment

FOOD SAFETY

Prioritising health and safety in food handling, preparation and storage is key for Santan to deliver the highest quality of food, establish trust and ensure customer satisfaction. Santan strictly follows all relevant health and safety regulations in the food and beverage industry, including the following standards and processes:

HOW WE ENSURE FOOD SAFETY

- ISO 22000: 2018 Food Safety Management System
- Inflight Catering Food Safety & Quality Policy
- Food safety audit by Santan's internal quality assurance team
- Routine scheduled microbial, physical and chemical verification of water, food products & environmental
- Compliance with the requirements of Hazard Analysis and Critical Control Points (HACCP)
- Malaysia Halal Certification by JAKIM
- FSSC 22000 Food Safety Systems Awareness Training
- Food Safety Information System of Malaysia (FOSIM)

Santan conducts audits on supplier facilities and environment. In 2023, Santan's Quality Assurance Team conducted nine regular quality checks and compliance audits of suppliers and 17 compliance and performance audits at restaurants to monitor adherence to standards. There were zero incidents of non-compliance to food safety resulting in fines, penalties or warnings. In 2024, we aim to monitor suppliers' performance on food safety monthly.

Nutrition Charter

Alongside delivering delicious meals, Santan prioritises the nutritional content of the food we offer our guests.

Santan's strategy for better nutrition comprises:

- **No preservatives**
- **Ensure allergen declaration, nutrition facts and product description on packaging**

We encourage our guests to make informed decisions on their food choices by marketing and labelling our products responsibly. Santan complies with applicable laws and regulations, such as the Malaysian Food Act 1983 and Food Regulation 1985, to ensure accurate and relevant nutritional information in our menus.

All pre-packed inflight meals are labelled with nutrition facts, whereas for Santan restaurants, the aim is to provide nutritional information on our website and wall posters within the outlets. In our commitment to producing nutritionally valuable food, we require all our meal suppliers to disclose additional nutrition facts, including total sodium and sugar content in their meals. This allows us to monitor the health aspects of meals we provide more closely while being transparent about our food contents.

Moving Forward

We continue to identify ways to foster a workplace that is safe, healthy and conducive for both our Allstars and guests. Utilising technology and innovation, we consistently enhance our internal safety and quality systems along with a safety reporting platform to prioritise operational and occupational safety for everyone. In addition to physical safety, we prioritise the mental well-being of our Allstars as we cultivate a productive, healthy and high-performing workforce.

Introducing plant-based meals

It is important to us that our passengers are offered healthy meals. In July 2023, Santan teamed up with Green Rebel to provide meatless alternatives for our signature meals so that more can enjoy dining in-flight. Santan introduced two meatless meals, including our plant-based Pak Nasser's Nasi Lemak and Schroom Wrap. Green Rebel conducts independent life cycle assessments of its plant-based proteins and found that the plant-based chicken and beef have a lower global warming potential compared to their traditional counterparts. Santan will continue to explore more nutritious and sustainable food options for its meals.

Diversity & inclusion

GRI 3-3, 405-1, 405-2

Our focus on people starts with our Allstars. Given our foothold in a region rich in culture, diversity and talent, Capital A reflects the unity of Asean's shared heritage, values and authenticities. We nurture an inclusive culture where everyone, irrespective of gender, age, race, religion, sexual orientation, nationality or disability, is valued and treated with respect. As a result, we have been able to benefit from the enriched perspectives this brings to the Group.

For diversity to flourish, there can be no discrimination in any form; hence, we will not tolerate discriminatory behaviour at any level, as stated in our Code of Conduct and Ethics. We practise a culture of equal opportunity to foster a more diverse and inclusive workplace for all.

For more information on our Code of Conduct and Ethics, visit our website: https://www.capitala.com/corporate_governance.html

In 2023, our workforce grew by 30.5% from the previous year, to total 21,063 Allstars of whom 33.6% were women. While male Allstars continue to predominate in each employment category, we remain committed to providing equal opportunities for shared growth among everyone. One of our key achievements in the year was getting all our retrenched Allstars back into operations. As we continue to rebuild and recover pre-pandemic levels of activity, we will recruit more diverse new talents to help grow our businesses.

2023 Performance Overview

33.6% women representation

17% women at Board level

32% women in leadership positions

7% female pilots

Established **DEI Committee** (IAA)

Our Management Approach

- Code of Conduct and Ethics
- Anti-Harassment Policy
- Board Diversity Policy

Supporting the UN SDGs

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

OUR WORKFORCE IN 2023

33.6%

66.4%

**Workforce by Gender**
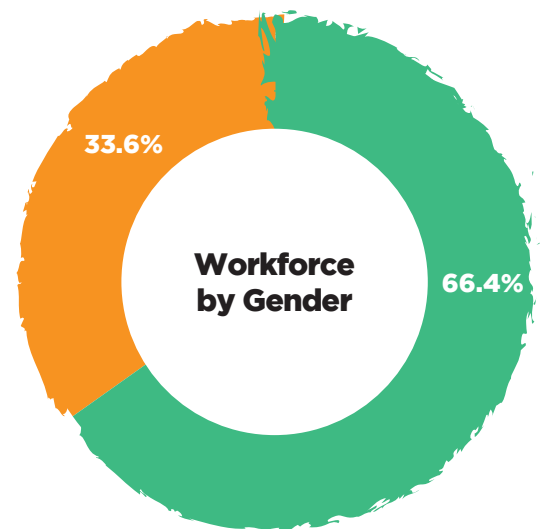
● Male   ● Female

CELEBRATING ASEAN DIVERSITY IN OUR WORKFORCE

Our vision to unite Asean and beyond is deep-rooted within Capital A. While our headquarters are situated in Malaysia, we take pride in recruiting skilled professionals from across the Asia Pacific. Malaysians constitute the majority of our workforce at 51.1%, followed by 25.1% Thais, 10% Filipinos, and 9.1% Indonesians, with the remaining Allstars hailing from other Asia Pacific countries, as illustrated in the chart.
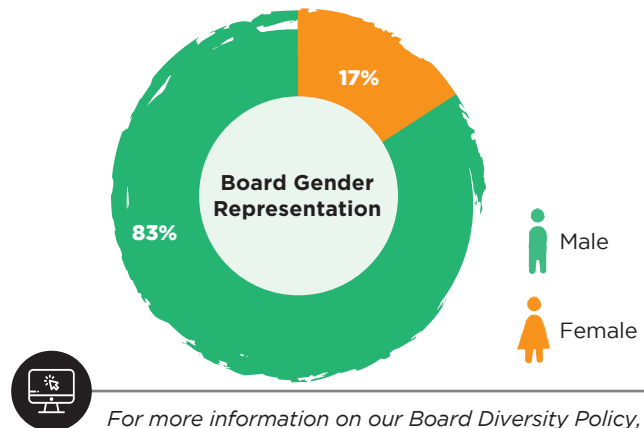
The rich tapestry of cultures and perspectives within Asean provides us with a distinct competitive edge, enhancing our ability to understand and cater to the diverse needs of our customers. By valuing and leveraging the unique strengths each individual brings, we not only foster a vibrant organisational culture but also position ourselves strategically to excel in the diverse and dynamic business landscape within Asean.
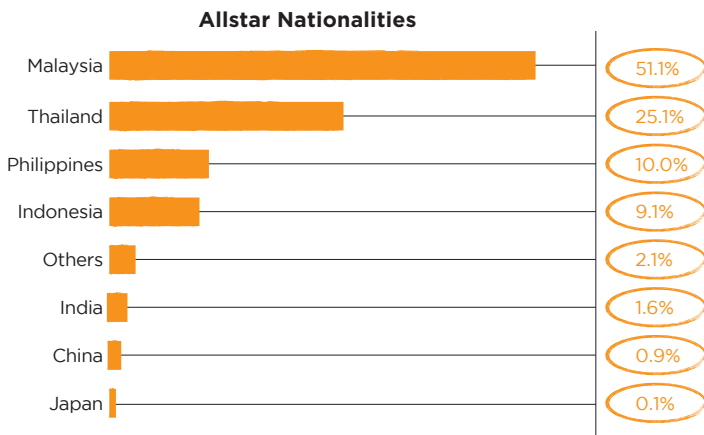
WOMEN IN LEADERSHIP

With roots in the traditionally male-dominated airline sector, we have always defied the norms and challenged the status quo to create a more gender balanced environment. Among others, we actively support female Allstars to achieve leadership positions, especially in decision-making roles.
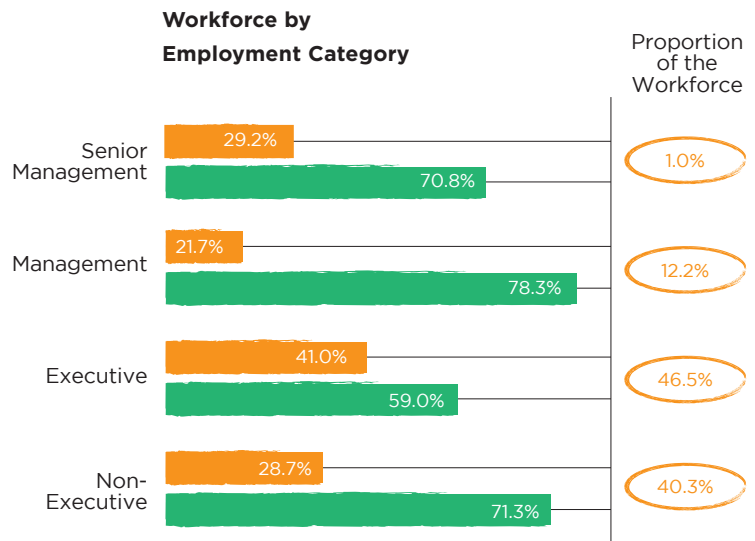
To increase women's current representation (17%) on the Board, the Nomination and Remuneration Committee (NRC) is actively seeking qualified women candidates to be considered for inclusion to our governing body. As noted in our Board Diversity Policy, a diverse and inclusive Board will give us access to a greater range of talent and their valuable experience, perspectives and skills lending us a greater competitive edge.

Allstar Nationalities

Nationality	Percentage
Malaysia	51.1%
Thailand	25.1%
Philippines	10.0%
Indonesia	9.1%
Others	2.1%
India	1.6%
China	0.9%
Japan	0.1%

Board Gender Representation

- 17%
- 83%
- Male
- Female

For more information on our Board Diversity Policy, visit our website: https://www.capitala.com/corporate_governance.html

Workforce by Age Group

- 36%
- 59.8.%
- 4.2%

- ● Below 30 years ● 30-50 years ● Above 50 years

Workforce by Employment Category

Category	Male	Female	Proportion of the Workforce
Senior Management	70.8%	29.2%	1.0%
Management	78.3%	21.7%	12.2%
Executive	59.0%	41.0%	46.5%
Non-Executive	71.3%	28.7%	40.3%
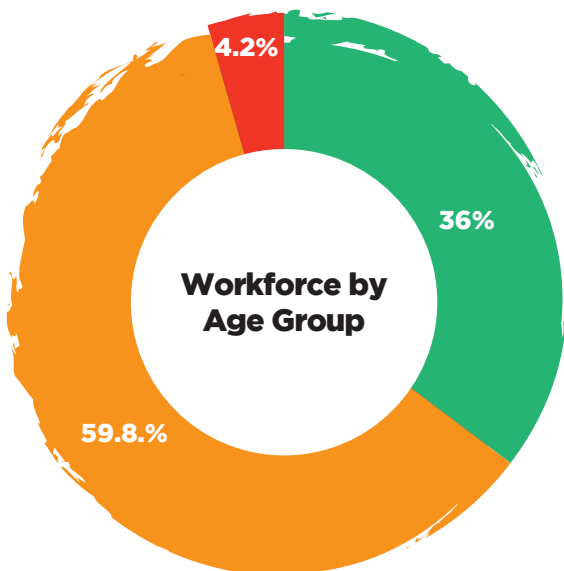
- Male   Female

EMPOWERING ALLSTARS

Across our entities, women hold 32% of decision-making roles, from managerial positions and above. We have a strong presence of women in leadership in most of our lines of business as highlighted below:

AirAsia
- 15.2% (2022: 10.5%)
- 84.8% (2022: 89.5%)

ADE (Asia Digital Engineering)
- 10% (2022: 9.8%)
- 90% (2022: 90.2%)

AirAsia move
- 39.3% (2022: 37.9%)
- 60.7% (2022: 62.1%)

teleport
- 51.4% (2022: 26.4%)
- 48.6% (2022: 73.6%)

bigpay
- 37.8%
- 62.2%

airasia academy
- 42.1%
- 57.9%

santan (Good Food . Good Coffee . Good Value)
- 35.7%
- 64.3%

GTR (MALAYSIA | A SATS COMPANY)
- 26.1%
- 73.9%

capital A, capital A CONSULTANCY, a grocer, ikhlas.COM, DARTS, abc.
- 39% (2022: 41.7%)
- 61% (2022: 58.3%)

Notes:
1. 'Others' include entities with less than 20 Allstars.
2. This chart only includes Allstars who hold managerial positions.

GENDER PAY GAP REPORT

We are committed to addressing systemic gender bias by closely monitoring and assessing our gender pay gap. We conduct a detailed analysis of our pay scales across eight job grades adopting the UK gender pay gap reporting statutory guidance.

As Capital A comprises multiple lines of business in different sectors, we report our performance using two sets of data: one that is inclusive of all Allstars; and another that excludes our pilots, cabin crew, licensed aircraft engineers (LAE) and software engineers (SWE). This is based on the fact that gender representation in these occupations remains heavily skewed. By segregating our data, we are able to filter out extraneous distortions to see if biases can be found in the remaining areas.

Our performance on the hourly pay difference between male and female employees in 2023 is as shown:

Group (all roles)

Proportion of Employees in Each Pay Quartile

Quartile	Female	Male
Lower	48%	52%
Lower Middle	33%	63%
Upper Middle	40%	70%
Upper	22%	78%

Male   Female

Gender Pay Gap
Mean 54.3%
Median 55.3%
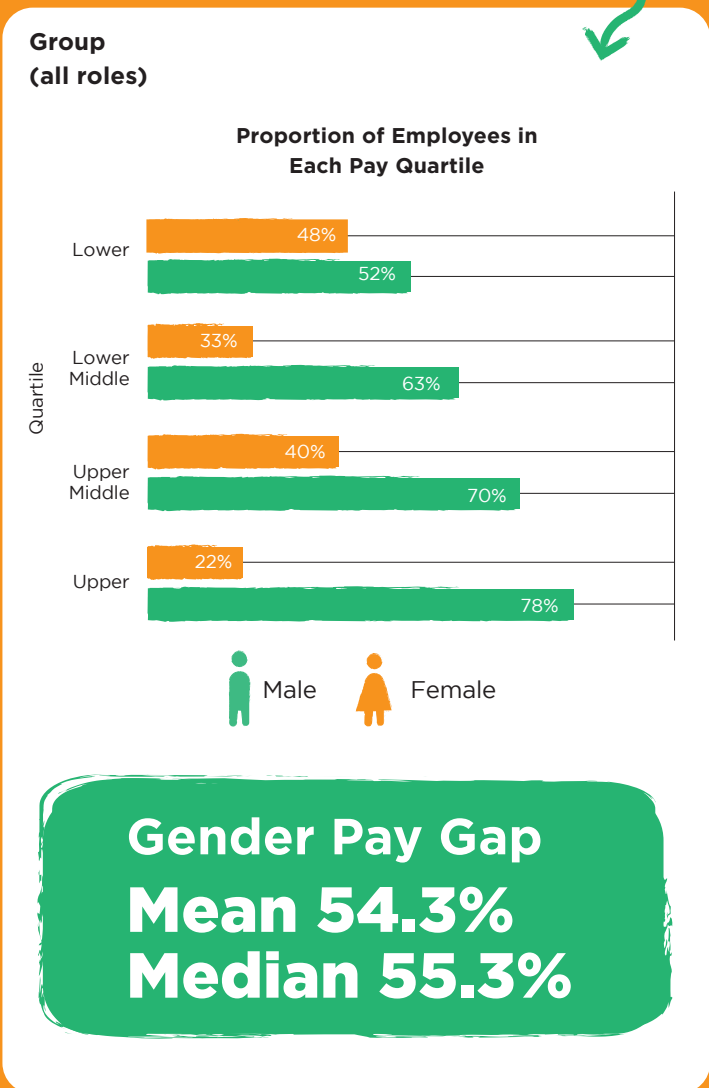
Group
(excluding pilots, cabin crew, LAEs and SWEs)

Gender Pay Gap

Mean -15.8%
Median -22.5%

Notes:
- Entities with less than five employees have been excluded.
- The mean gender pay gap represents variance in the average hourly wages of female employees compared to their male counterparts.
- The median pay gap signifies the difference in hourly compensation between the woman positioned in the middle of a line-up of all female employees according to how much they are paid and the man similarly situated in the line-up of all male employees.
- A positive percentage indicates female employees are paid less than male employees, while a negative percentage indicates the opposite.

Proportion of Employees in Each Pay Quartile

Quartile	Male	Female
Lower	82%	18%
Lower Middle	72%	28%
Upper Middle	65%	35%
Upper	59%	41%

Male Female

What does the data tell us?

Our analysis reveals that, when considering the entire Group, the mean and median hourly pay of male Allstars are 54.3% and 55.3% higher than that of their female counterparts, respectively. This outcome is to be expected given gender imbalances within the industry, especially in male-dominated roles like engineering and piloting. These technical roles not only pay more, they are also more in number than other positions. This trend is supported by the finding that male Allstars make up 78% of the uppermost pay quartile, which comprises a significant number of pilots. In contrast, females make up 48% of the lower pay quartile.

When we exclude the four technical roles and concentrate on non-airline specific positions, the data indicate that women earn 15.8% and 22.5% more than men in terms of mean and median hourly pay, respectively. This is substantiated by the fact that women make up 41% of the highest pay quartile, while men constitute 82% of the lowest pay quartile. There are more men in the lowest quartile because of the physical demands and shift-based nature associated with these non-executive roles, such as ramp work in GTR and the riders and drivers of AirAsia MOVE. Consequently, the pay gap in favour of women is due to the gender distribution across the respective pay quartiles rather than any inherent gender-based pay biases.

As we endeavour to further enhance our gender balance, it is crucial to emphasise that our pay structure is gender neutral. We have established robust pay sc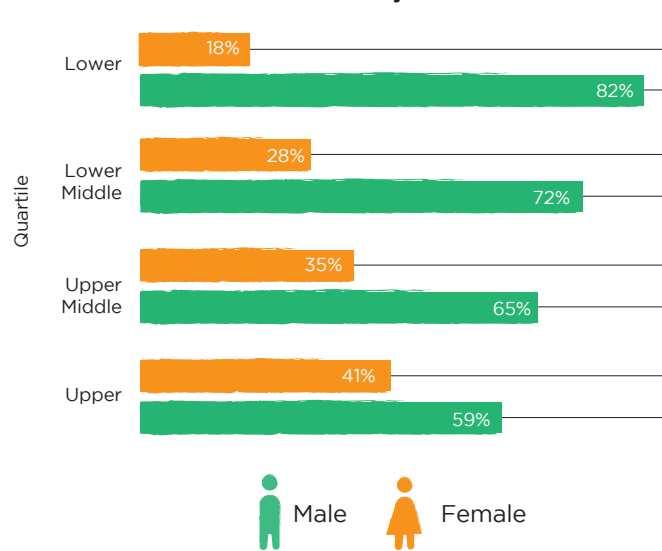ale frameworks and recruitment guidelines for various roles, including pilots, engineers and cabin crew. The observed gender disparity stems primarily from women opting for non-technical roles, often influenced by the challenges of balancing work and family responsibilities.

Towards a more balanced workforce
Efforts to improve our gender balance across STEM roles are bearing fruit, as demonstrated below:

7%
Female pilots
(2022: 6.6%)

8.9%
Women engineers
(2022: 4.5%)

Over the last decade, we have consistently recruited and provided training for more female pilots than any other airline in Asean. In 2023, the representation of female pilots increased to 7%, surpassing the global average of 5.8% in 2021 as reported by the International Society of Women Airline Pilots. Additionally, the percentage of women aircraft engineers rose to 8.9%, exceeding the Asia Pacific average of 4.4% according to ICAO.

Our commitment to closing gender gaps involves implementing substantial changes and taking positive actions to attract and recruit more women in the STEM careers we provide. We are actively working to reduce the barriers to entry and enhance our outreach initiatives. This includes reintroducing our cadet pilot programme, organising more industrial visits, and participating in more conferences as well as recruitment events.

EMPOWERING ALLSTARS

WOMEN IN TECH

As we progress in developing our digital portfolios, we strongly believe in championing women in tech roles to bring more diverse perspectives and approaches to problem-solving in our products and services. Despite significant advancements in recent years, gender diversity in tech roles continues to lag behind, with women being underrepresented in various sectors of the industry.

Within the Capital A group, a comprehensive group ICT initiative was launched, aimed at bringing about positive change and bridging the gender gap in tech. The ICT team changed its hiring policy to include gender diversity in its hiring process with the aim to improve women representation to 30%. The team also launched a "Meet Allstars: Women in Tech" series that featured our data analysts, programmers and project managers to demonstrate to potential female candidates the career opportunities available within our organisation. Through this hiring policy update, we saw women's representation in IT roles increase 6.2 percentage points:

23.9%
Women in IT
(2022: 17.7%)

We also share our advocacy for women in tech with young women who aspire to make their mark in STEM. In November 2023, three of our female software engineers and data scientists were invited to participate in a panel at Universiti Kebangsaan Malaysia (UKM) with the aim of inspiring and empowering the next generation of STEM leaders. Our Allstars took the opportunity to share their personal experiences and journeys in navigating the male-dominated field, addressing gender stereotypes prevalent in their roles. A total of 106 students attended the panel discussion.

We collaborated with Women Techmakers KL, a women-led Google community, to conduct Google Cloud Platform (GCP) workshops for Allstars and the community in airasia academy aspiring to advance their Google Cloud technical skills and attain a professional data engineer certificate. The workshop served as an introduction to the knowledge needed for women who want to pivot into data engineering. A total of 81 participants attended.

SUPPORTING WOMEN AT WORK

This year, we also focused on building a community of women that empowers each other to celebrate their achievements in the workplace and beyond. The Culture team introduced the #IAmRemarkable initiative, a global movement that started at Google, with the goal to enhance the self promotion, motivation and skills of women and underrepresented groups, as well as to challenge social perceptions around self promotion. It functions as a secure space where women can openly share their experiences, fostering the development of a community that promotes a strong sense of belonging. We had women from various departments share their experiences and challenges at work in several workshops held throughout the year. In addition to physical meetups, the Culture team also set up a group on our internal communication channel so that women can seek support from one another at any time.

10
Workshops and meetups

190
Female participants
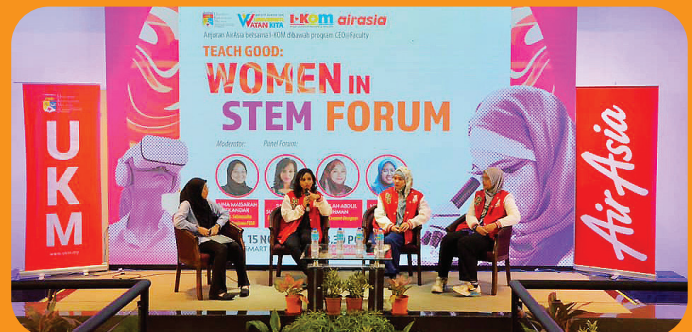
IAA's Diversity, Equity and Inclusion (DEI) Committe

Established in 2023, IAA's Diversity, Equity, and Inclusion (DEI) Committee is dedicated to fostering an inclusive workplace. At its core, the committee is focused on proposing new policies and refining existing ones, identifying significant issues, providing insights, and proposing initiatives. These efforts are aimed at cultivating a diverse, bias-free and inclusive company culture, with the overarching goal of making a meaningful positive impact on the lives of Allstars.

Chaired by the Chief Executive Officer, the committee consists of 15 members who are not in managerial roles, hailing from diverse backgrounds and departments to ensure a wide range of perspectives. Quarterly meetings are scheduled to facilitate the review and advancement of the committee's initiatives. Through collaboration and strategic planning, the DEI Committee is actively engaged in implementing initiatives that address key issues and contribute to the creation of an inclusive and equitable workplace environment.

At its first meeting in October, the committee focused on the following three areas:

- *Review and update maternity policy*
  The committee has successfully updated its maternity policy to allow female pilots two options during their pregnancy. They can either apply for unpaid leave or opt to be transferred to desk-based jobs during their pregnancy rather than to cease work entirely.

- *Improve inclusivity*
  The committee targets to improve the accessibility and ease of the recruitment process to encourage more people with disabilities (PWDs) to apply for roles within the Group. The committee is reviewing best practices that can be adopted at IAA for manager guidelines, hiring process, and policies in line with the United States Agency for International Development and Indonesian Ministry of Labour.

- *Support working mothers*
  The committee has proposed a lactation room for the RedHouse office to provide a space for working mothers to continue their breastfeeding needs. This is to support the transition of mothers back to work after childbirth. The room has been designed and is expected to be ready by the first quarter of 2024.

Talent Attraction & Retention

GRI 2-7

Capital A strives to attract outstanding and diverse talent to enhance our organisational capabilities for long-term success. We provide our people with world-class training opportunities, competitive remuneration and benefits, attentive support and an inclusive environment, aiming to enhance both their professional careers and personal lives.

2023 Performance Overview

Introduced
unconscious bias training

>RM3.7 mil
invested in training and development

100% retrenched
Allstars back into operations

4,829 new hires

7 average training
hours per Allstar (aviation arm)

25 score in employee NPS

Our Management Approach

- Code of Conduct and Ethics
- Employee Handbook
- Anti-Bribery and Anti-Corruption Policy
- Remuneration Policy
- Learning and Development Policy
- Diversity Recruitment Guidelines

Supporting the UN SDGs

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

17 PARTNERSHIPS FOR THE GOALS

RECRUITING THE RIGHT TALENT

We actively recruit Allstars using multiple channels such as career fairs, social media, internships and internal referrals. Our approach is designed to attract top talent while ensuring we bring in the most suitable candidates for the job. Prospective candidates undergo thorough background checks and multiple rounds of interviews and assessments to validate the authenticity of their qualifications and assess their suitability for the role.

We introduced the Diversity Recruitment Guidelines to ensure the attraction and hiring of candidates with diverse backgrounds, experience and perspectives. The guidelines outline measures to reduce unconscious bias, such as utilising gender-neutral terms in job postings, anonymising resumes during the screening phase, adopting a skills and qualifications-focused interview process, and ensuring fair and equitable compensation practices, among others. This approach aims to cultivate a more inclusive environment and provide equal opportunities.

Reducing Unconscious Bias in the Recruitment Process

Recognising that everyone harbours unconscious biases, our Recruitment department is taking active steps to create awareness of this while introducing training to minimise such bias as far as possible in our hiring process.

In 2023, we introduced an unconscious bias training where Allstars received training on practical tips, case studies and best practices aimed at fostering a more impartial and equitable interview approach. As this was the pilot phase of the project, the training was only rolled out to selected hiring managers. Following positive feedback from the pilot, we will be getting more hiring managers on board and potentially rolling out the training across the Group.

New Hires and Turnover

GRI 401-1

We welcomed back 100% of Allstars retrenched from the pandemic and over 4,829 new Allstars, a near two-fold increase from 2022. Our new hires are mainly from the under 30 years category (71.2%) to bring newer and better ideas and innovation into our organisation. Meanwhile, in recognition of the talent, knowledge and skills of existing Allstars, we filled 1,336 vacant roles with internal candidates whose growth we will continue to support.

By Gender
62.4% 37.6%

By Age Group
1.4% 27.4% 71.2%

● Male ● Female

● Below 30 years ● 30-50 years
● Above 50 years
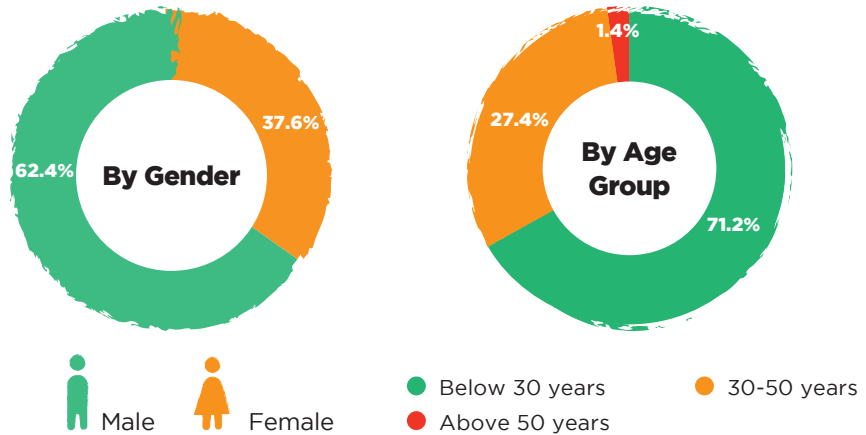
A key attraction and retention factor at Capital A is the limitless prospect for growth within the Group, achieved through investments in functional, technical and future-oriented skills. The turnover and attrition rates of 14.4% and 20.7% for female employees compared to 10.7% and 14.8% male employees respectively indicate that female Allstars are joining and leaving the company at a faster rate than men. This trend could potentially be attributed to challenges related to achieving work-life balance, as well as the higher representation of men in key operational roles such as pilots and engineers.

Becoming Malaysia's leading employer

HR Asia Best Companies to Work for in Asia 2023
AirAsia MOVE was identified by its Allstars as one of Asia's best employers to work for.

Malaysia Best Employer Brand Awards 2023
AirAsia MOVE was awarded by World HRD Congress in recognition of its exceptional HR practices.

Best Talent Acquisition Team
The Group's recruitment team was recognised as the best talent acquisition team by Linkedin.

Organization Promoting Employment of People with Disabilities Award 2023
TAA received the award from Friendly Design Awards 2023 in recognition of its efforts to provide equal opportunities.

Stellar Workplace Award 2023
IAA won four awards from Kontan Business & Investment Media and GML Performance Consulting in the following categories:
- Top 5 Stellar Workplace in Social Era 5.0
- Top 5 Employer Branding for New Gen
- Stellar Workplace Recognition in Employee Commitment
- Stellar Workplace Recognition in Employee Satisfaction

Turnover Rate
14.4%   10.7%
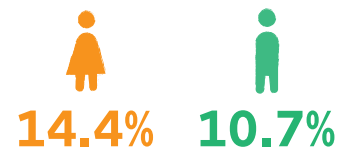
Attrition Rate
20.7%   14.8%
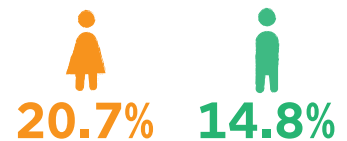
Note:
- Turnover rate measures the pace at which employees voluntarily or involuntarily join and leave an organisation. It focuses only on employees whose positions an organisation plans to refill.
- Attrition rate is the pace at which employees leave an organisation voluntarily. Attrition means the employer has decided not to replace the employee or refill the position.

INVESTING IN OUR ALLSTARS

GRI 401-1, 404-2

We support our Allstars' proactiveness in seeking opportunities that will contribute to their continuous learning and development. Our Learning and Development Policy highlights a strong culture of growth and commitment to developing talents who are dynamic, competitive and progressive.

Investment in Allstars in 2023:

> RM 3.7 MILLION
in learning and development
(Three-fold ↑ from 2022)

7
average training hours per Allstar
(only for the aviation arm)

This year, we invested more than RM3.7 million in the training and development of our Allstars, a three-fold increase from 2022 with an average of seven hours per Allstar. We conduct most of our training through airasia academy where a mix of face-to-face, virtual and blended channels is used while we engage external trainers where necessary.

SHAPING FUTURE-READY LEADERS

Having a robust leadership and talent pipeline is essential to securing the future of Capital A. We focus on coaching, mentoring and developing identified Allstars to take on leadership roles to ensure sufficient talent to accede to vacant leadership positions thus secure business continuity.

The team at the Centre of Excellence for Talent Development is responsible for organising training initiatives aimed at enhancing the skills of Allstars, preparing them to take on leadership roles in the future. Some of the key initiatives are:

KEY TRAININGS IN 2023

Group-Wide
- Anti-Trafficking Training - #Know The Signs
- Safe@Work
- Anti-Harassment Policy Training
- Information Security Awareness Education
- Anti-Bribery and Anti-Corruption Training

Aviation
- Pilot Safety & Emergency Procedure Recurrent Training
- Pilot Simulator Training
- Cabin Crew Recurrent Training

AirAsia MOVE
- Finance Training for Non-Finance Employees
- Legal Training for Non-Legal Employees
- Ecommerce Essentials

Teleport
- Bomb Threat Awareness
- Temperature Controlled Cargo Operations
- Dangerous Goods Regulations Category 6 and 8
- Basic Cargo
- Security Awareness

ADE
- Warehouse management training
- Fleet technical aircraft management training
- Scheduled Waste Management Awareness

GTR
- Emergency Response Plan
- Dangerous Goods
- Human Factor
- Operations Training - Guest Service, Ramp & Cargo
- First Aid
- Airside Safety
- Scheduled Waste Management Awareness

Santan
- Safety Induction and Chemicals Safety Training
- Food Safety and Halal Training
- Basic Service and Legendary Service Training
- New Product Roll-Out Workshop
- FSSC22000 v6 Lead Auditor
- First Aid Training
- OSH Training

BigPay
- Managing Unconscious Bias
- Managing Harassment, Bullying at the Workplace - for Managers and Leaders
- Trained respondents - Investigation of Sexual Harassment Incidents

Command Upgrade Leadership Programme

Introduced in February 2023, this 90-day initiative enhances the leadership and soft skills of our First Officers, contributing to the development of the next generation of pilots at AirAsia.

The primary goal is to empower technically proficient Captains to excel not only in their technical abilities but also in leadership. We cultivate a new generation of Captains with emotional intelligence, acknowledging that empathetic leadership is crucial for effective team management and to providing a consistently outstanding guest experience.

The modules focus on:

- Magic triangle of leadership
- Developing mental resilience
- Diversity, equality & inclusion
- Flight deck real-life scenarios
- Techniques to gain trust and teamwork
- Conflict resolution

Key achievements in 2023:

90 First Officers graduated

9 Cohorts of pilots trained

92% Satisfaction rate

Based on positive feedback, we are looking to expand our programme modules.

Leading People

In 2023, we revamped our leadership programme by incorporating modules from Leading Team and Leading Others into the newly refreshed Leading People programme. Leading People is a 90-day journey designed primarily to support Allstars who have been recently promoted to leadership roles.

The modules focus on:

- Fundamentals of effective leadership
- High performance management
- Strategic thinking and growth mindset
- Design thinking
- Coaching and mentoring
- Conflict resolution

Integrating role play, real-life projects, self-paced e-learning and virtual mentorship, the programme equips individuals with the skills and knowledge necessary to lead and manage teams effectively, solve problems, make sound decisions, and foster a culture of innovation and growth.

Key achievements in 2023:

63 Allstars completed the programme

93.9% Satisfaction rate

Leading Self

This course is designed to help high-potential individuals develop skills and knowledge to become more effective in managing themselves. It focuses on the development of core capabilities necessary to manage themselves effectively, achieve their personal and professional goals, project professionalism and engage customers and stakeholders more impactfully.

The course covers several important topics including:

- Time management
- Growth mindset
- Managing different generations
- Situational leadership

Key achievements in 2023:

56 Allstars completed the programme

92.8% Satisfaction rate

EMPOWERING ALLSTARS

PERFORMANCE EVALUATION

GRI 404-3

At Capital A, we use the Objectives and Key Results (OKR) framework to measure the performance of Allstars. OKR is a simple goal-setting approach to create better alignment, engagement and clarity towards achieving the Group's overall business plan. Since its introduction, the way we lead and the way we work have changed. The OKR framework helps to achieve our mission and vision, aids in Allstar engagement, and brings to the surface our top priorities. It allows performance to be more focused, creating alignment, ensuring commitment, and making goal-tracking easier as Allstars are stretched to realise their potential.

We conduct OKR reviews every quarter where Allstars will evaluate their performance with their line managers and amend any OKR goals, if needed. In 2023, 100% of our aviation team had the appraisal done.

ENGAGING OUR ALLSTARS

Valuing our Allstars' feedback, we conduct annual employee engagement surveys across the Group to gauge how satisfied they are at work in terms of job clarity, growth and development, well-being and recognition. We have always viewed the survey as an excellent platform to understand any issues that may exist and to manage these to create an optimally conducive work environment.

We conducted an employee NPS survey (eNPS) in June 2023 where we achieved a 67% response rate and a score of 25%. The survey indicated that one out of two Allstars would recommend us as a place to work. Overall, our Allstars were satisfied with the skills and knowledge we provide, and understood their contributions to the Group's overarching goals. Areas in which we could improve include supporting the mental well-being of Allstars and recognising the ideas and opinions of each individual.

Our focus in 2024

1. **Enhance onboarding experience** — By incorporating interactive elements such as virtual tours, welcome videos from leadership, and mentorship programmes to facilitate smoother integration and connection with the company culture.

2. **Improve two-way communication channels** — Through our internal communications platform, Workplace. This includes targeted campaigns, training sessions, and interactive tutorials to encourage discussions and collaboration.

3. **Recognise Achievements** — By establishing a formal recognition programme to acknowledge and celebrate the achievements and contributions of Allstars.

4. **Encourage Work-Life Balance** — By offering more wellness programmes and initiatives to support the physical, mental, and emotional well-being of Allstars.

5. **Promote Diversity and Inclusion** — Through events, workshops and initiatives that promote understanding and appreciation of different backgrounds and perspectives.

REWARDING OUR EMPLOYEES

GRI 401-2

Part of our employee value proposition are the benefits that we provide. We strive to be the preferred employer with a competitive and attractive salary and benefit package. The salary package does not differ based on gender, race, religion, or sexual orientation. We continuously review market data to ensure we are above the minimum wage requirements and make necessary adjustments in a timely manner.

Benefit	Description
Upskilling	Provide a host of development programmes and avenues through airasia academy allowing Allstars to continuously upskill and reskill.
Career advancement	We help Allstars to identify and leverage their strengths to explore new career opportunities through our internal talent marketplace powered by an intuitive AI system. We also structure stretch assignments through AirAsia Got Talent to help Allstars navigate their careers and create greater transparency in career pathways.
Financial health	We offer financial education on Debt/Personal Financial Management/Legacy Planning with relevant providers.
Flexible working arrangements	Depending on their roles, Allstars have the flexibility to decide how they work best.
Work-life support	We encourage rest and recovery through benefits such as Annual Leave, e-coupon/ID90 to allow Allstars to travel, an in-house gym and access to physiotherapy.
Travel benefits	Allstars can enjoy our flights via employee e-coupons and ID90 for travel needs.
Medical/life benefits	We provide medical insurance along with an in-house clinic, physiotherapy, and life as well as personal accident insurance coverage.
Family well-being	We offer paternity leave support, marriage leave, a creche and mother's room, and provide medical and bereavement support through the Red Heart Fund. In 2023, we extended our marriage leave from three to five days.

CARING FOR ALLSTARS AND THEIR FAMILIES

GRI 401-3

We provide full-time Allstars support in their personal lives through maternity leave, paternity leave and marriage leave, among others. We also offer flexible work arrangements and have made available an on-site childcare centre and mother's nursing room at RedQ.

In 2023, we opened a new lactation room at our Indonesian office, RedHouse, as part of IAA's DEI committee's initiative. We also extended our marriage leave from three to five days to accommodate cultural traditions and practices. Additionally, we further enhanced our e-coupon/ID90 policy to allow the inclusion of more family members to enjoy this benefit.

What We Can Look Forward to in 2024

Our goal is to launch a programme specifically tailored to address the unique challenges faced by working mothers, particularly those among our cabin crew and pilots. Both pilots and cabin crew are bound by restrictions within each airline's policies when it comes to planning their motherhood journey. To support our Allstars to achieve a harmonious balance between their professional responsibilities and family life, we are reviewing our pregnancy policy and will introduce measures to support working mothers and ease their return to work post-maternity.

EMPOWERING ALLSTARS

GOOD HEALTH AND WELL-BEING

We adopt a holistic approach to health where we support the physical, emotional and mental well-being of our Allstars.

Our Allstars Peer Support programme is an internal initiative by Allstars for Allstars designed to provide support and assistance to colleagues in need. It involves trained peer supporters who offer a confidential and empathetic ear to their fellow employees facing challenges, whether personal or work-related. In 2023, our team of peer supporters was 78-strong across all AOCs where they addressed 110 cases. We also offer a digital health solution Naluri that provides 24/7 access to an Allstar Health Coach in addition to interactive and educational help regarding physical and mental health online.

Cases that require a continuum of care through professional mental health support are referred to our employee assistance programme (EAP) for urgent counselling and psychiatric services through the mobile application. It is important to us that well-being support is accessible to our Allstars as mental health impacts productivity, quality work, collaboration and the workplace environment.

Return To Work Coordinator (RTW-C) Programme

In March 2023, Group Safety collaborated with PERKESO to conduct a two-day training course focusing on rehabilitation programmes for ill and disabled employees.

The RTW-C programme creates awareness about disability management as well as provides Allstars with basic knowledge on assisting employees with disabilities or are on prolonged medical leave. More than 36 Allstars from various departments at Capital A, including our LOBs, completed this course. Embracing theoretical and practical concepts, it helps Allstars to boost the efficiency and productivity of ill or disabled employees by offering them physical and mental support in the workplace.

Other initiatives during the year that supported Allstar health and well-being include:

World Mental Health Day

In conjunction with World Mental Health Day in October 2023, we raised awareness of the importance of safeguarding mental well-being through our "Ok tak?" campaign where we provided free mental health assessments and in-person chats with clinical psychologists and wellness coaches. Over 1,700 Allstars across our AOCs participated in the event.

After-Work Wellness Activities

A wide range of activities are available after work including futsal, basketball, boxing, muaythai, yoga, badminton, bootcamp and netball.

Health Screening

We held a health screening day at RedQ where 1,230 Allstars received free health screening in the office.

Long-Term Incentive Scheme

Our Long-Term Incentive Scheme (LTIS) is an equity-based employee compensation programme that is aimed at rewarding and retaining Allstars through alignment of the Group's aspirations and goals with their individual OKRs that help drive sustainable growth and value creation for shareholders. To acknowledge the commitment of Allstars who have surpassed 10 years of service with our company, we also present a token of appreciation as a gesture of gratitude for their long-standing dedication.

ATTRACTING THE BEST TALENT TO AVIATION

Capital A remains dedicated to inspiring, empowering and preparing young individuals for careers in the aviation and fintech sectors. To provide first-hand experience of working with us, we provide internship opportunities that emphasise on-the-job training, providing young talents with practical experience and essential skills to kickstart their professional journeys. In the year 2023, our internship program flourished, paving the way for 160 interns to transition into permanent employment with us.

Girls in MRO Industrial Visit

Our maintenance and engineering complex, RedChain, hosted an industrial visit for Women In Aviation Asia (WiAA) and female students from local universities interested in pursuing aviation careers. The opportunity allowed the students to explore potential career paths within the engineering/ maintenance, repair and operations (MRO) side of the aviation business. The visit included tours of the warehouse and workshop, along with insightful knowledge-sharing sessions. The experience concluded with a digital learning exploration session, featuring an augmented reality/virtual reality (AR/VR) presentation by the digital team. A total of 24 students took part in the visit.

Student Connect Programme

We introduced the Student Connect Programme to showcase positive aspects of our company and share the distinctive work culture of Allstars. The objective is to establish a favourable impression, providing students with a first-hand glimpse into the unique qualities that make our workplace exceptional. We welcomed a total of 354 students to RedQ in 2023.

Empowering and Inspiring Youth in 2023

Scholarships and Training Collaboration with Civil Aviation University of China (CAUC)

AirAsia and CAUC signed a school-enterprise cooperation agreement to leverage the location advantages of the regional airlines under AirAsia and the teaching and research resources of CAUC to jointly support the resumption of China-Asean air routes and deepen China-Asean civil aviation cooperation. The scholarships serve to build a pipeline of STEM-trained graduates into the aviation industry.

Moving Forward

Ensuring the well-being of our Allstars is a priority for us, addressing both their professional skills and personal support requirements. We are committed to investing in our Allstars to establish long-term relationships and contribute significantly to the Asean region. Our belief is that by consistently motivating and engaging them, we will inspire the generation of innovative ideas, foster effective collaboration, and facilitate adaptability to change, thereby amplifying our Allstar values of daring to dream and winning as one.

Uplifting Communities in Asean

GRI 3-3, 413-1

As a key player in Asean, we are aware of social inequities across the region and are compelled to uplift/empower the communities we operate in. Accordingly, we make a conscious effort to contribute to various initiatives in the five impact areas of disaster relief, healthy communities, education, environmental stewardship and celebration.

2023 Performance Overview

RM244,097
awarded to support the growth and expansion of social enterprises in Asean through AirAsia Foundation

RM119,616.70
in contributions for uplifting and empowering communities in Asean

914 Allstar
volunteering hours

Our Management Approach

• Sustainability Policy

Supporting the UN SDGs

5 GENDER EQUALITY | 8 DECENT WORK AND ECONOMIC GROWTH | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 11 SUSTAINABLE CITIES AND COMMUNITIES

GROWING ASEAN SOCIAL ENTERPRISES

Growing social enterprises in the region is crucial for economic development, addressing social challenges, and promoting sustainable and inclusive practices. These enterprises serve as catalysts for positive change, contributing to more resilient societies.

Since its inception in 2012, AirAsia Foundation has been consistent in supporting social enterprises across the region. Through the provision of grants and advisory, the Foundation helps scale up innovative ventures with various impact areas from women empowerment to poverty alleviation, indigenous livelihood, youth, arts and culture, heritage and the environment. The Foundation is governed by a Council of Trustees.

In 2023, the Foundation continued to impact lives by awarding grants to three new social ventures amounting to RM244,097. This underscores our commitment to making a tangible difference to communities in the region while showcasing the transformative power of social entrepreneurship.

AirAsia Foundation

Our 2023 Performance

3 social ventures awarded grants
Total since 2012: 32

142 direct beneficiaries
Total since 2012: 3,375

RM800 invested per beneficiary
Total since 2012: RM2.6 million

RM244,097 awarded to social ventures
Total in 2022: RM51,051.50

RM89,692.60 disbursed to social ventures

609 families and communities
Total since 2012: 12,206

ASEAN FOOTPRINT

Myanmar

Vietnam

Thailand

Philippines

Cambodia

Malaysia

Indonesia

Number of Social Enterprises We Support

Myanmar	**1**	Vietnam	**4**
Cambodia	**3**	Philippines	**5**
Thailand	**4**	Indonesia	**5**
Malaysia	**9**		

OUR GRANTEES

This year, the Foundation awarded grants to help three social enterprises to scale up as a way of empowering communities and enabling them to build sustainable livelihoods. We also continued to support the social enterprises that were awarded grants last year.

Natural Aceh   INDONESIA

Natural Aceh focuses on empowering women living in coastal villages in Banda Aceh by upskilling them with new oyster cultivation methods. With better and bigger harvests, oyster farming has become an income generation opportunity for the coastal women.

Grant Amount

RM79,061.40

Amount Disbursed in 2023

RM31,183.22

Areas of Impact

- Women empowerment
- Climate resilience
- Product innovation

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

This grant is a follow-up to a successfully completed first grant awarded in 2018 for Natural Aceh to set up an oyster farm supporting 40 women harvesters. The second phase of the grant aims to enable Natural Aceh to expand its production facilities, set up a food outlet and expand the oyster farm so that more women can earn an income as oyster farmers. This supports several UN SDGs including Goal 5 (gender equality), and 8 (decent work and economic growth).

UPLIFTING COMMUNITIES IN ASEAN

Fisherfolk — Thailand

Fisherfolk is a women-led social enterprise in Nakhon Si Thammarat that promotes sustainable fishery and chemical-free seafood. They educate local fishermen on marine conservation and the use of sustainable fishing methods and only source from those that implement these practices by purchasing from them at 5-20% higher than the market rate. 20% of the profit from Fisherfolk goes back into marine conservation with the fishermen building artificial reefs using bamboo and setting them up in agreed zones.

The grant was awarded to improve Fisherfolk's production facilities for pre-cooked frozen meals and to provide marketing support for business expansion. By supporting the business growth of Fisherfolk, we can contribute to the preservation of marine biodiversity with a lasting impact. This supports several UN SDGs including Goal 5 (gender equality), 8 (decent work and economic growth), and 14 (life below water).

Grant Amount	Amount Disbursed in 2023	Areas of Impact	
RM91,360.04	RM50,382.38	• Women empowerment • Sustainable fishing practices • Marine conservation • Product innovation	5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH

Bambuhay — Philippines

Bambuhay is a greentech social enterprise focused on promoting a circular economy and generating opportunities for indigenous people and former rebels through the process of peace building and environmental restoration and protection. The organisation's objectives are to resolve issues such as poverty, plastic pollution and deforestation through the use of bamboo and technology. The social enterprise produces home and personal care bamboo products.

The grant was given to improve Bambuhay's production capacity and to train bamboo farmers in bamboo harvesting to earn an income. This supports several UN SDGs including Goal 1 (no poverty), 8 (decent work and economic growth), 13 (climate action) and 15 (life on land).

The project is expected to commence in January 2024.

Grant Amount	Areas of Impact	
RM73,675.98	• Reduce poverty • Waste management • Circular economy • Reforestation	8 DECENT WORK AND ECONOMIC GROWTH 13 CLIMATE ACTION

Auntie Wanders — Malaysia

In August 2022, the Foundation awarded RM51,051.50 to Auntie Wanders, a social enterprise that provides transport and companionship services to enable women, the elderly and people with special needs to get out and about safely with lady drivers.

During the course of the year, Auntie Wanders made progress in training 25 women companions in basic life support and elderly care to expand their services. AirAsia Foundation also provided a pro bono rebranding counsel in collaboration with The One Academy which enabled them to improve on their branding and marketing efforts to reach out to more customers.

Grant Amount	Amount Disbursed in 2023	Areas of Impact	
RM51,051.50	RM8,127	• Women empowerment • Access to mobility	5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH

For more information on AirAsia Foundation's grants, please visit https://www.airasiafoundation.com/

In 2023, the Foundation held two introductory events explaining the criteria and application process to receive grants. A total of 55 participants attended these sharing sessions which were organised in collaboration with the Chambers of Social Enterprise Development Malaysia and Asia School of Business. At the end of the sessions, three participants submitted applications for the grant and we anticipate more to come as we continue to build awareness of the grant.

Creating Sustainable and Thriving Urban Communities

During the year, AirAsia Foundation collaborated with Central Market, Think City and Haute & Gold to curate a series of workshops and talks fostering sustainable development and community empowerment in urban spaces for Malaysian social entrepreneurs.

Jom Makcik, The Basikal, The Fourth, and Eats, Shoots & Roots were invited to share their social enterprise journeys and the impact they have created in urban spaces, two of which were recipients of AirAsia Foundation's Social Enterprise Grant Funding. In addition, 11 social enterprises from West and East Malaysia were invited to open booths enabling the public to shop for a difference, earning an estimated RM4,500 in sales. The social enterprises included Destination GOOD; Eat, Shoots, Roots; Asli & Co Craft; Hara Makers; Kraf Kadamaian; Sluvi; Oililin; Coffee for Good; Jom Makcik; Gerai OA; and Athena Empowers. A total of approximately 1,300 participants attended the event. Following its success, the Foundation hopes to curate similar events next year and expand its reach to build a stronger network of social enterprises in the region.

DESTINATION GOOD

What is Destination GOOD?

Destination GOOD is AirAsia Foundation's social enterprise online retail platform that retails over 400 responsibly and ethically produced goods sourced from over 40 social enterprises in Asean. It is a movement for mindful travelling and shopping.

The Foundation continued to grow its Destination GOOD social enterprise shop to help generate income for the 48 enterprises supported on the platform. Through increasing brand awareness via pop-ups and community events, Destination GOOD's sales statistics are as follows:

RM117,770
Earned from sale of products
(2022: RM128,166)

25
Social enterprises supported
(2022: 31 social enterprises)

In conjunction with mental health day, the Foundation introduced a new brand, Jiwa, created by Indonesian visual artist Vindy Ariella, who uses art as therapy for her bipolar disorder. Jiwa aims to create awareness and break the stigma surrounding mental health issues through art. This resonates with the Group's commitment to ensure the mental well-being of our internal and external communities.

For more information on products sold on Destination GOOD, please visit https://destinationgood.com/

CELEBRATING AND SUPPORTING THE ASEAN COMMUNITY

AirAsia and AirAsia Foundation joined over 10,000 Malaysians to celebrate Malaysia Day at the annual Keretapi Sarong event in the heart of Kuala Lumpur. Dressed in traditional attire, our Allstars demonstrated their joie de vivre via flash mobs and the joget lambak (a local dance).They also warmly welcomed people to partake in fun games, batik painting and lucky draws while the Foundation showcased products from local social enterprises.

Embracing the spirit of supporting Asean, here are three impact areas the Group addressed in 2023 to uplift communities in the region:

1 REBUILDING FOR CLIMATE RESILIENCE

Flood Relief

Over the past few years, there has been an increase in frequency of flash floods and typhoons in the region brought about by climate change. While doing our best to arrest the global issue, we also do our part to assist those affected by its consequences.

Following the floods in Batu Pahat, Johor in March, 34 Allstar volunteers from GTR, ADE, Cabin Crew and Capital A devoted two days to support relief efforts and participate in the cleanup of affected areas. Collaborating with the Southern Volunteers Negeri Johor, these Allstars helped to clear debris, relocate household items, and assist families that suffered huge losses.

Over in south India, we provided monetary support to assist Allstars and their families to replace damaged household items following torrential rains brought about by Cyclone Michaung in December 2023.

Promoting Sustainable Agriculture with BANTU Heroes

In November 2023, AirAsia Grocer teamed up with food aid distribution platform BANTU Heroes, to introduce a collaborative initiative called BANTU Farm "Kebun Komuniti sebagai Sumber Pendidikan" programme. The aim is to raise awareness among youth about the importance of urban agriculture in ensuring food security by incorporating sustainable agriculture as a topic in the school curriculum. The programme has established urban farms in two schools, one in Sabah and another in the Klang Valley, with the Sabah-based BANTU Farm already operational, distributing its produce to local markets. The Klang Valley farm will follow suit soon. This initiative is set to impact 24 schools across Malaysia.

② PROVIDING ACCESSIBLE STEM EDUCATION

airasia academy joined forces with MyCreative Ventures to launch the Bina Kerjaya Programme equipping gig workers, freelancers and the self-employed with Industrial Revolution 4.0 (IR4.0)-relevant skills. This is to foster a dynamic and resilient workforce in the face of rapidly evolving job markets. Specialised training opportunities include digital marketing, software engineering, cloud infrastructure, cybersecurity, data analytics and Google productivity. A total of 500 individuals have enrolled in the initiative, and 100 successfully completed their courses in 2023. The ultimate objective is to reach 4,000 Malaysians.

③ SUPPORTING COMMUNITIES IN NEED

Beach Clean Up

Allstars from AirAsia Indonesia (IAA) participated in Bali's Biggest Clean Up 2023 event in February. The 90 volunteers included members of Cabin Crew, Brand & Communication, Ground Operations, Aviation Security, and People & Culture. Together, they contributed to the collection of 270kg of waste.

For Healthy Communities

Under its now three-year partnership with Operation Smile Philippines, AirAsia Philippines (PAA) raises funds for children and individuals with cleft lips and palates. It also sponsors flights for medical volunteers and children to travel to Manila to undergo corrective procedures. As of today, PAA has donated more than RM100,821 from inflight donations and its "Swing for Smiles" golf tournament fundraiser to fund 834 palatoplasty surgeries. To date, it has helped transform the lives of 1,400 beneficiaries and their families through this programme.

Additionally, IAA and PAA also organised blood donation drives with the Indonesian Red Cross Society and Philippines Red Cross Society, which saw a total of 138 Allstars donating blood to those in need.

Humanitarian Aid

In response to the conflict in the Levant, IKHLAS and the Malaysian Humanitarian Aid and Relief aim to raise RM1 million in funds to aid 7,000 families in Palestine. This is to be used for emergency assistance like hot food packs, basic essentials, medical aid and water, among others. Since its activation in October, a total of RM345,185 has been collected and disbursed.

Festive Cheer

Throughout the year we held many festive celebrations across our AOCs. As an example, IAA hosted a Ramadhan breaking of fast with 121 children from Yatim Mandiri at RedHouse while donating RM7,871 to the home.

Moving Forward

As we advance in our journey towards becoming a digital and lifestyle brand, we remain focused on our mission of connecting people and transforming lives. Through AirAsia Foundation, we will continue to provide grants to social enterprises in the region and support them in creating long-lasting positive impacts in their communities. As a Group, we will broaden our community investment initiatives, offering assistance to enhance climate resilience, promote access to education, and ensure the well-being of everyone.

PERFORMANCE DATA TABLE FROM BURSA MALAYSIA'S ESG REPORTING PLATFORM

Indicator	Measurement Unit	2023
Corporate Governance		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Senior Management	Percentage	12.90
Management	Percentage	9.10
Executive	Percentage	15.40
Non-Executive	Percentage	37.20
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	0.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	2
Human Rights		
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	20
Sustainable Supply Chain		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	42.00
Information Security & Data Privacy		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
Climate Strategy		
Bursa C4(a) Total energy consumption	Megawatt	20,362,567.00
Bursa C9(a) Total volume of water used	Megalitres	102,067.000000
Bursa C11(a) Scope 1 emissions in tonnes of CO2e	Metric tonnes	4,847,717.50
Bursa C11(b) Scope 2 emissions in tonnes of CO2e	Metric tonnes	9,971.64
Bursa C11(c) Scope 3 emissions in tonnes of CO2e (at least for the categories of business travel and employee commuting)	Metric tonnes	1,179,003.50
Water Consumption	Cubic meters	102,067.00
Waste Management		
Bursa C10(a) Total waste generated	Metric tonnes	1,003.10
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	494.20
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	508.90
Health & Safety		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	7.00
Bursa C5(c) Number of employees trained on health and safety standards	Number	861
Diversity & Inclusion		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Senior Management Under 30	Percentage	0.00
Senior Management Between 30-50	Percentage	73.70
Senior Management Above 50	Percentage	26.30
Management Under 30	Percentage	1.50
Management Between 30-50	Percentage	80.30
Management Above 50	Percentage	18.20
Executive Under 30	Percentage	29.90
Executive Between 30-50	Percentage	67.70
Executive Above 50	Percentage	2.40
Non-Executive Under 30	Percentage	53.40
Non-Executive Between 30-50	Percentage	45.10
Non-Executive Above 50	Percentage	1.60
Gender Group by Employee Category		
Senior Management Male	Percentage	70.80
Senior Management Female	Percentage	29.20
Management Male	Percentage	78.30
Management Female	Percentage	21.70
Executive Male	Percentage	59.00
Executive Female	Percentage	41.00
Non-Executive Male	Percentage	71.30
Non-Executive Female	Percentage	28.70
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	83.00
Female	Percentage	17.00
Under 30	Percentage	0.00
Between 30-50	Percentage	17.00
Above 50	Percentage	83.00
Talent Attraction & Retention		
Bursa C6(a) Total hours of training by employee category		
Senior Management	Hours	64
Management	Hours	1,720

Internal assurance   External assurance   No assurance   (*)Restated

Indicator	Measurement Unit	2023
Executive & Non-Executive	Hours	15,374
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	17.30
Bursa C6(c) Total number of employee turnover by employee category		
Senior Management	Number	27
Management	Number	231
Executive	Number	1,134
Non-Executive	Number	607
Community Investment		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	363,713.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	751

For a detailed breakdown of our sustainability performance for three consecutive years, please refer to the Sustainability Statement in Capital A's Annual Report 2023.

Internal assurance   External assurance   No assurance   (*)Restated

GRI CONTENT INDEX

DISCLOSURE	PAGE	LOCATION
Pillars: General Disclosure		
GRI STANDARD		
GRI 2: General Disclosures 2021		
The organisation and its reporting practices		
2-1 Organizational details	1	Introduction: About This Report Annual Report: Corporate Information
2-2 Entities included in the organization's sustainability reporting	1	Introduction: About This Report
2-3 Reporting period, frequency and contact point	1	Introduction: About This Report
2-4 Restatements of information	-	For consistency with the financial reporting scope, there are some data points where we restated to include TAA so that it is reflective of the 4AOCs. This is noted down at the disclosures where applicable.
2-5 External assurance	-	Capital A aims to obtain internal assurance from the Group Internal Audit department to strengthen the credibility of the Sustainability Statement
Activities and workers		
2-6 Activities, value chain and other business relationships	-	Annual Report: Our Investment Case Annual Report: Corporate Structure
2-7 Employees	88	Diversity & Inclusion
2-8 Workers who are not employees	-	Information unavailable/incomplete
Governance		
2-9 Governance structure and composition	9	Introduction: Sustainability Governance Annual Report: Our Leadership
2-10 Nomination and selection of the highest governance body	9	Introduction: Sustainability Governance Annual Report: Our Leadership
2-11 Chair of the highest governance body	9	Introduction: Sustainability Governance Annual Report: Our Leadership
2-12 Role of the highest governance body in overseeing the management of impacts	9	Introduction: Sustainability Governance Annual Report: Our Leadership
2-13 Delegation of responsibility for managing impacts	9	Introduction: Sustainability Governance Annual Report: Our Leadership
2-14 Role of the highest governance body in sustainability reporting	9	Introduction: Sustainability Governance
2-15 Conflicts of interest	-	Code of Conduct: https://www.capitala.com/misc/210330_AAPPLS004_Code_of_Conduct_and_Ethics_03_00.pdf
2-16 Communication of critical concerns	18	Whistleblowing Channel: https://www.capitala.com/whistleblowing_channel.html
2-17 Collective knowledge of the highest governance body	-	Annual Report: Our Leadership Corporate Leadership: https://www.capitala.com/corporate_leadership.html

DISCLOSURE	PAGE	LOCATION
2-18 Evaluation of the performance of the highest governance body	9	Introduction: Sustainability Governance
		Corporate Governance Overview Statement
2-19 Remuneration policies	-	Remuneration Policy: https://www.capitala.com/misc/AirAsia_Group_Remuneration_Policy_Statement_2004021.pdf
2-20 Process to determine remuneration	-	Remuneration Policy: https://www.capitala.com/misc/AirAsia_Group_Remuneration_Policy_Statement_2004021.pdf
2-21 Annual total compensation ratio	-	Corporate Governance Overview Statement: Remuneration
		Financial Statement
Strategy, policies and practices		
2-22 Statement on sustainable development strategy	2	Message from the Chief Sustainability Officer
2-23 Policy commitments	7	Introduction: Sustainability Redbook & Framework
	18	Corporate Governance: Ethics and Integrity
2-24 Embedding policy commitments	7	Introduction: Sustainability Redbook & Framework
	18	Corporate Governance: Ethics and Integrity
2-25 Processes to remediate negative impacts	19	Corporate Governance: Grievance Mechanisms
2-26 Mechanisms for seeking advice and raising concerns	19	Corporate Governance: Grievance Mechanisms
2-27 Compliance with laws and regulations	18	Corporate Governance: Ethics and Integrity
2-28 Membership associations	12	Introduction: Membership Associations
Stakeholder Engagement		
2-29 Approach to stakeholder engagement	10	Introduction: Stakeholder Engagement
2-30 Collective bargaining agreements	-	-
GRI 3: Material Topics 2021		
3-1 Process to determine material topics	13	Introduction: Materiality
3-2 List of material topics	13	Introduction: Materiality
Economic		
Corporate Governance		
GRI 3: Material Topics 2021		
3-3 Management of material topics	18	Corporate Governance
GRI 205: Anti-corruption 2016		
205-2 Communication and training about anti-corruption policies and procedures	18	Corporate Governance: Ethics and Integrity
205-3 Confirmed incidents of corruption and actions taken	18	Corporate Governance: Ethics and Integrity
GRI 406: Non-discrimination 2016		
Disclosure 406-1 Incidents of discrimination and corrective actions taken	18	Corporate Governance: Ethics and Integrity

GRI CONTENT INDEX

DISCLOSURE	PAGE	LOCATION
Guest Experience		
GRI 3: Material Topics 2021		
3-3 Management of material topics	31	Guest Experience
GRI 418: Customer Privacy 2016		
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	31	Guest Experience
Technology & Innovation		
GRI 3: Material Topics 2021		
3-3 Management of material topics	40	Technology & Innovation
Information Security & Data Privacy		
GRI 3: Material Topics 2021		
3-3 Management of material topics	46	Information Security & Data Privacy
GRI 418: Customer Privacy 2016		
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	51	Information Security & Data Privacy: Cybersecurity Breaches
Supply Chain Management		
GRI 3: Material Topics 2021		
3-3 Management of material topics	23	Supply Chain Management
GRI 204: Procurement Practices 2016		
204-1 Proportion of spending on local suppliers	26	Supply Chain Management: Our Suppliers Across the Countries We Operate In
GRI 308: Supplier Environmental Assessment 2016		
308-1 New suppliers that were screened using environmental criteria	25	Supply Chain Management: Supplier Selection Process
308-2 Negative environmental impacts in the supply chain and actions taken	25	Supply Chain Management: Supplier Selection Process
GRI 408: Child Labor 2016		
408-1 Operations and suppliers at significant risk for incidents of child labor	24	Supply Chain Management: Supplier Code of Conduct
GRI 409: Forced or Compulsory Labor 2016		
409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	24	Supply Chain Management: Supplier Code of Conduct
GRI 414: Supplier Social Assessment 2016		
414-1 New suppliers that were screened using social criteria	25	Supply Chain Management: Supplier Selection Process
414-2 Negative social impacts in the supply chain and actions taken	25	Supply Chain Management: Supplier Selection Process
Human Rights		
GRI 2: General Disclosures 2021		
2-26 Mechanisms for seeking advice and raising concerns	29	Anti-Harassment

DISCLOSURE	PAGE	LOCATION
GRI 3: Material Topics 2021		
3-3 Management of material topics	29	Human Rights
GRI 406: Non-discrimination 2016		
406-1 Incidents of discrimination and corrective actions taken	29	Human Rights
GRI 408: Child Labor 2016		
408-1 Operations and suppliers at significant risk for incidents of child labor	29	Human Rights
GRI 409: Forced or Compulsory Labor 2016		
409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	29	Human Rights

Environmental

Climate Strategy

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3-3 Management of material topics	52	Climate Strategy
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302-2 Energy consumption outside of the organization	69	Climate Strategy: Scope 3 Emissions
302-3 Energy intensity	65	Climate Strategy: Scope 1 and Scope 2 Emissions
302-4 Reduction of energy consumption	65	Climate Strategy: Scope 1 and Scope 2 Emissions
GRI 303: Water and Effluents 2018		
303-1 Interactions with water as a shared resource	70	Climate Strategy: Water Consumption
303-4 Water discharge	70	Climate Strategy: Wastewater Management
303-5 Water consumption	70	Climate Strategy: Water Consumption
GRI 304: Biodiversity 2016		
304-3 Habitats protected or restored	71	Climate Strategy: Biodiversity
GRI 305: Emissions 2016		
305-1 Direct (Scope 1) GHG emissions	66	Climate Strategy: Scope 1 Emissions
305-2 Energy indirect (Scope 2) GHG emissions	68	Climate Strategy: Scope 2 Emissions
305-3 Other indirect (Scope 3) GHG emissions	69	Climate Strategy: Scope 3 Emissions
305-4 GHG emissions intensity	55, 68	Climate Strategy: Scope 1 and Scope 2 Emissions
305-5 Reduction of GHG emissions	65	Climate Strategy: Scope 1 and Scope 2 Emissions
305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	69	Climate Strategy: Other Greenhouse Gas Emissions

Waste Management

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GRI 3: Material Topics 2021		
3-3 Management of material topics	72	Waste Management

GRI CONTENT INDEX

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GRI 306: Waste 2020		
306-1 Waste generation and significant waste-related impacts	72	Waste Management: Hazardous Waste and Non-Hazardous Waste
306-2 Management of significant waste-related impacts	72	Waste Management: Hazardous Waste and Non-Hazardous Waste
306-3 Waste generated	72	Waste Management: Hazardous Waste and Non-Hazardous Waste
306-4 Waste diverted from disposal	74	Waste Management: Hazardous Waste and Non-Hazardous Waste
306-5 Waste directed to disposal	74	Waste Management: Hazardous Waste and Non-Hazardous Waste

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Health and Safety		
GRI 3: Material Topics 2021		
3-3 Management of material topics	80	Health and Safety
GRI 403: Occupational Health and Safety 2018		
403-1 Occupational health and safety management system	80	Health and Safety: Operational Safety
403-2 Hazard identification, risk assessment, and incident investigation	81	Health and Safety: Safety Risk Management, Safety Reporting
403-3 Occupational health services	80	Health and Safety: Operational Safety
403-4 Worker participation, consultation, and communication on occupational health and safety	82	Health and Safety: Safety Reporting
403-5 Worker training on occupational health and safety	84	Health and Safety: Safety Training
403-6 Promotion of worker health	84	Health and Safety: Safety Training
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	80	Health and Safety: Operational Safety
403-8 Workers covered by an occupational health and safety management system	80	Health and Safety: Operational Safety
403-9 Work-related injuries	85	Health and Safety: Occupational Safety and Health
403-10 Work-related ill health	85	Health and Safety: Occupational Safety and Health
GRI 417: Marketing and Labeling 2016		
417-1 Requirements for product and service information and labeling	86	Food Safety: Nutrition Charter

Diversity and Inclusion		
GRI 3: Material Topics 2021		
3-3 Management of material topics	88	Diversity and Inclusion
GRI 405: Diversity and Equal Opportunity 2016		
405-1 Diversity of governance bodies and employees	88	Women in Leadership
405-2 Ratio of basic salary and remuneration of women to men	90	Gender Pay Gap Report

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GRI 3: Material Topics 2021		
3-3 Management of material topics	94	Talent Attraction and Retention
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401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	99	Talent Attraction and Retention: Rewarding Our Employees
401-3 Parental leave	99	Talent Attraction and Retention: Rewarding Our Employees
GRI 404: Training and Education 2016		
404-1 Average hours of training per year per employee	96	Talent Attraction and Retention: Investing in Our Allstars
404-2 Programs for upgrading employee skills and transition assistance programs	96	Talent Attraction and Retention: Investing in Our Allstars
404-3 Percentage of employees receiving regular performance and career development reviews	98	Talent Attraction and Retention: Performance Evaluation
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GRI 3: Material Topics 2021		
3-3 Management of material topics	102	Community Investment
GRI 413: Local Communities 2016		
413-1 Operations with local community engagement, impact assessments, and development programs	102	Community Investment

APPENDICES

ASSURANCE STATEMENT

STATEMENT OF ASSURANCE
In strengthening the credibility of the Sustainability Statement, selected matters of this Sustainability Statement have been subjected to an internal review by Capital A's internal auditors and have been approved by the Capital A's Audit Committee.

Subject Matter
The following indicators of the selected subject matter are covered by the internal review:

Sustainability matter	Indicator*
Corporate Governance	a) Percentage of employees that received training on anti-corruption by employee category - With 100% new hires (4,829) completed the training, the percentage of completion for all employees are: Senior Management = 12.9% Management = 9.1% Executive = 15.4% Non-Executive = 37.2% b) Confirmed incidents of corruption and action taken - 2 cases of anti-bribery and corruption were identified and resolved c) Percentage of operations assessed for risks related to corruption - Corruption risk is currently self-identified by each department
Health & Safety	a) Number of work-related fatalities - Zero work-related fatalities for both employees and non-employees b) Lost time incident rate (LTIR) - 7.0 Lost Time Incident Rate c) Number of employees trained on health and safety standard - 861 employees and 80 non-employees received training on health and safety standard
Labour practices & standard	a) Number of substantiated complaints concerning human rights violations - Received 20 reports on harassment, 10 of which were sexual harassment b) Total hours of training by employee category - 17,158 hours of training were conducted. The training hours by employee categories: Senior Management = 64 hours Non-Senior Management = 1,720 hours Executive = 15,374 hours c) Percentage of employees that are contractors or temporary staff - 17.3% (3,635 out of 21,063) of the employees are contractors or temporary staff d) Total number of employee turnover by employee category - 1,999 employee turnover, and the number by employee category are: Senior Management = 27 Management = 231 Executive = 1,134 Non-Executive = 607
Guest Experience	a) Number of customer - 31.9 million guest performed self check-in b) Percentage of customer satisfaction - 67% customer satisfaction c) Number of customer complaints - 29,453 customer complaints
Information Security & Data Privacy	a) Number of substantiated complaints concerning breaches of data privacy and losses of data - Zero complaints concerning breaches of data privacy and losses of data b) Total hours of training on security and data privacy - A minimum of 2 hours (total of 46,000 hours) training on security and data privacy attended by more than 23,000 employee
Climate Strategy	a) Scope 1 emissions in tonnes of CO_2e - 4,847,717.50 tonnes of CO_2e b) Scope 2 emissions in tonnes of CO_2e - 9,971.64 tonnes of CO_2e c) Scope 3 emissions in tonnes of CO_2e - 1,179,003.50 million tonnes of CO_2e

Performance target(s) in relation to the indicators are not covered during the review

Scope
The boundary of the internal review covered Capital A and its subsidiary companies.

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