

# Economic Corporate Governance

(GRI 3-3)

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



## ETHICS AND INTEGRITY

(GRI 2-23, 2-24, 2-27, 205-2, 205-3, 406-1)

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.



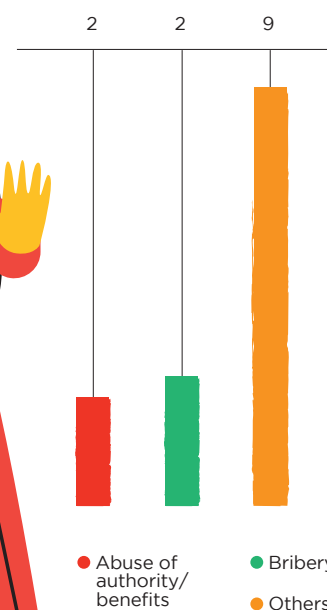
[whistleblower@airasia.com](mailto:whistleblower@airasia.com)



[https://www.capitala.com/whistleblowing\\_form.html](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





## 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](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:



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:



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.

## ECONOMIC

# GOOD GOVERNANCE

### 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



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



- Aircraft and related parts and equipment



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



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.



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



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

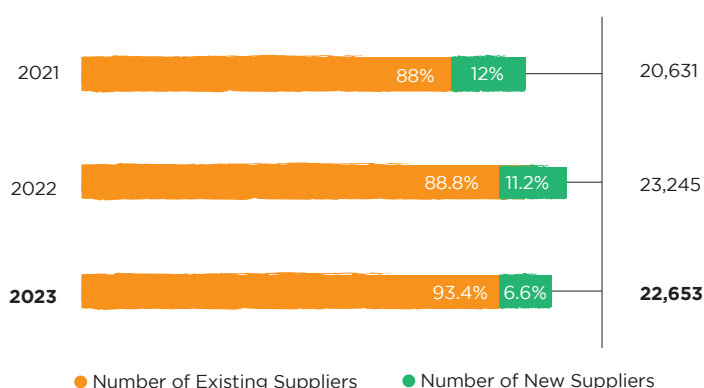
### Selection and Approval

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



## Supporting Asean Suppliers

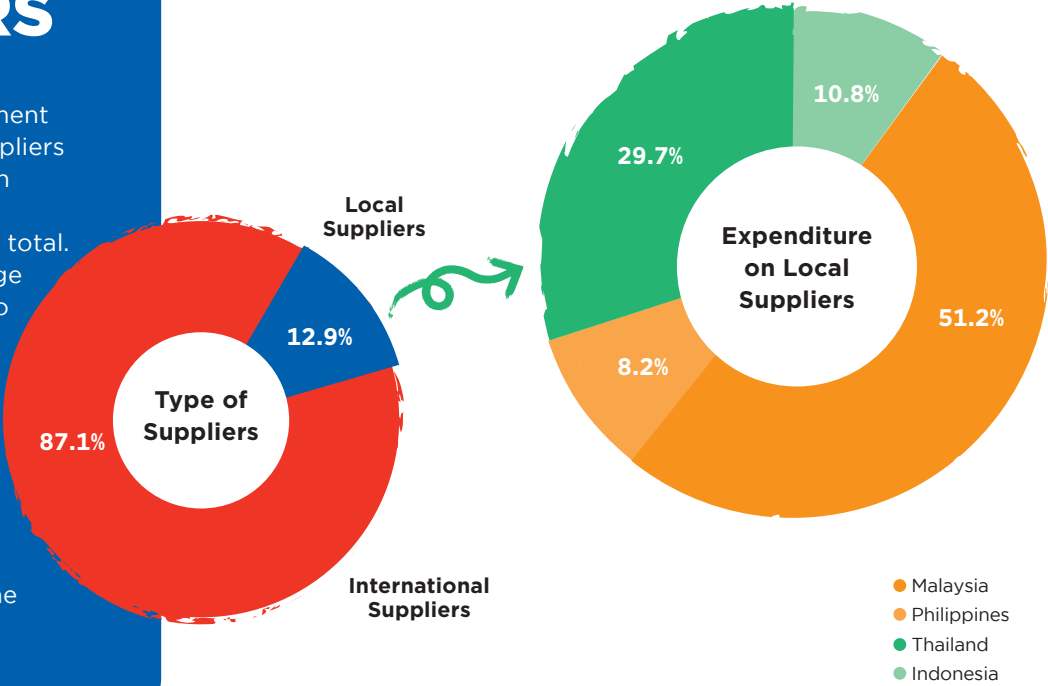
As an Asean brand that seeks to promote the regional economy, we support suppliers in Asean, especially in the countries in which we operate: **Malaysia, Thailand, Indonesia** and **Philippines**.




# 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.






**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.



**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.



**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.



## **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.



## **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

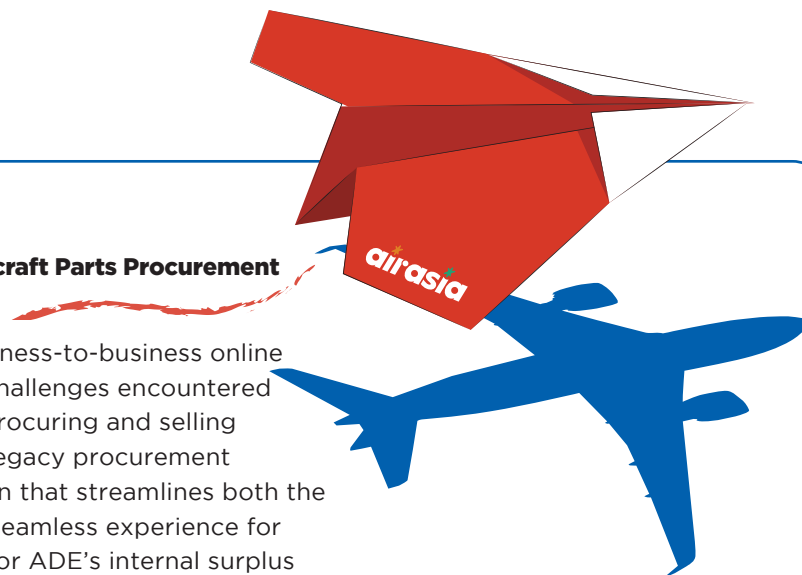
Santan evaluates its suppliers at the end of every year to assess key criteria such as quality, pricing and on-time delivery. Suppliers who underperform will be imposed a penalty. As of July 2023, Santan has improved its evaluation process, with Quality Assurance personnel conducting spot checks on suppliers 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.



**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



(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.

#**KNOW  
THE  
SIGNS**

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.

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

### Our Progress

**7,835**  
Allstars completed  
the module

**↑634%**  
increase from 2022

**>4,170**  
Training hours on  
anti-human trafficking

### 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.

## ECONOMIC

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



## 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!**



**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

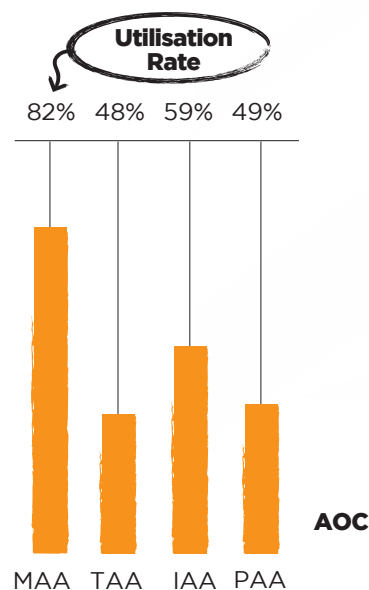
Technology also helped us provide more independence to our guests in preparing for their upcoming travel and reduce or even entirely eliminate queueing time at airport check-in counters and checkpoints. We enhanced our self-service solutions to offer more convenience based on the travel patterns of our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



#### 2023 Results

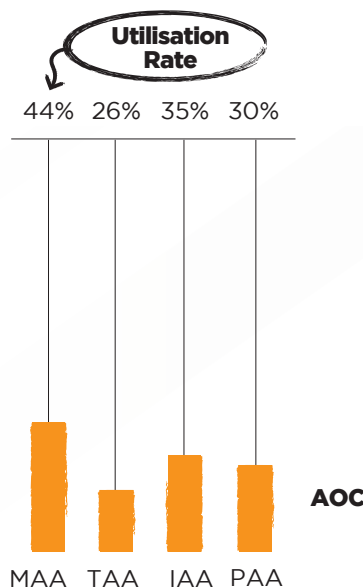
✓ **31.9 million**  
self check-ins

✓ **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



#### 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**  
**4.5**  
**Mishandled baggage**  
**per 1,000 passengers**

**Global Average**  
**(2022)**  
**7.6**  
**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%)

## ECONOMIC

# 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
<b>NPS</b>	36	52
<b>CSAT (Livechat)</b>	47%	67%
<b>CSAT (AskBo)</b>	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.



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



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.



## ECONOMIC

# TRANSFORMING INTO A DIGITAL TRAVEL AND LIFESTYLE BRAND



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.

**49**

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

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.

### 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

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 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:

**93%**  
learner  
satisfaction rate  
(Target: 80%)

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



# 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

## ECONOMIC

# TRANSFORMING INTO A DIGITAL TRAVEL AND LIFESTYLE BRAND

## 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.



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.



MOVE currently has 15 million monthly active users, more than 80% of whom are 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 worldwide 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.



## ECONOMIC

# TRANSFORMING INTO A DIGITAL TRAVEL AND LIFESTYLE BRAND

## 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



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 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.



**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



## 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.





## ECONOMIC

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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.