SUSTAINABILITY STATEMENT

SUSTAINABILITY STATEMENT

INTRODUCTION

AirAsia Group Berhad (AirAsia or the Group) is proud to present our annual Sustainability Statement, which provides an overview of AirAsia's sustainability progress, initiatives and economic, environmental and social (EES) performance for the year 2020. This follows from our previous Sustainability Statement for the year ended 31 December 2019.

In this Sustainability Statement, we set out clearly the material matters that we have identified as being important to us and our stakeholders; and we disclose relevant qualitative as well as quantitative data to indicate how we are managing these material matters, and the outcomes achieved.

This year, we have refined our sustainability approach, and prioritised six Sustainable Development Goals (SDGs) in order to contribute towards the global imperatives that have been identified by the United Nations. AirAsia has also been included in the FTSE4Good Bursa Malaysia Index for the first time, with strong performance in governance and positive results in environmental and social aspects.

Reporting Scope and Boundaries

Data provided in this report covers the period from 1 January to 31 December 2020, unless stated otherwise.

We report on entities within AirAsia Group in which we have significant equity and are able to influence strategic decisions. The list for 2020 includes AirAsia Malaysia (MAA), AirAsia Thailand (TAA), AirAsia Indonesia (IAA), AirAsia Philippines (PAA) and airasia digital. We have omitted AirAsia India (AAI) and AirAsia Japan (AAJ) because, during the year, we reduced our equity in the former to 16.33%, while AirAsia Japan ceased operating as a result of the pandemic. For carbon emissions related to our airlines, we have included data from AirAsia X Malaysia and AirAsia X Thailand to meet industry regulatory requirements.

Reporting Framework & Guidelines

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option. It is also in line with Amendments to Bursa Malaysia Securities Berhad's Main Market Listing Requirements relating to Sustainability Statement in Annual Reports. Other frameworks taken into account include:
• Sustainability Reporting Guide (2nd edition) and its Toolkits by Bursa Malaysia Securities Berhad (Bursa Malaysia)
• FTSE4Good Bursa Malaysia Index (FTSE4Good)
• United Nations' SDGs

Feedback

We welcome any feedback or comments on our report. Please direct enquiries, feedback or comments through the following email: sustainability@airasia.com.

Sustainability Statement

OUR APPROACH TO SUSTAINABILITY

Elements of sustainability have always been part of AirAsia's DNA. Democratising air travel, we have enhanced many lives in Asean by making possible dreams to visit and experience new places. By expanding our network of destinations into second and third tier cities, we help to boost tourism and therefore the livelihood of local communities across the region. Through the Group's philanthropic arm, AirAsia Foundation (AAF), we provide direct support to the work of social enterprises that seek to uplift marginalised or underserved communities.

Integral to our low-cost model, moreover, is to maintain optimal fuel efficiency which, in turn, has helped us to minimise our environmental impact.

However, as social inequalities and environmental issues take on greater urgency on the global stage, it has become necessary for organisations to approach sustainability in a more structured manner. Today, we recognise the need to put in place tools to measure and monitor various key metrics, and to set targets to enhance our sustainability performance. This is not just something expected of us by regulators and other stakeholders; it is something we have started to invest in more systematically because we genuinely seek to create a positive impact on the many lives we touch; and because we realise that our environment is critical to everyone's well-being.

PERFORMANCE HIGHLIGHTS

Economic

- Listed in FTSE4Good Bursa Malaysia Index for the first time
- 2020 World Travel Awards:
  - World's Leading Low-Cost Airline - 8th win in a row
  - World's Leading Low-Cost Airline Cabin Crew - 4th win in a row
- Rebranded to become more than just an airline
- Net Promoter Score - increased from 38 in 2019 to 52
- Adopted new Anti-Bribery & Anti-Corruption Policy (ABAC)
- Maximised Red Radar system for risk register

Environmental

- Progress towards carbon neutral growth through Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) compliance
- All AOCs submitted their Emission Monitoring Plans and verified emissions reports to their respective civil aviation authorities
- Addressed climate change through Task Force on Climate-related Financial Disclosures (TCFD)
- Undertook 2^0 Celsius climate scenario analysis

Social

- AAF approved three new social enterprise grants amounting to RM189,104
- Completed "To Indonesia with Love" post-disaster rehabilitation project, with a total of RM3.8 million donated
- Over 7,034 staff completed AAF's anti-trafficking online training
- AAF hosted its first international webinar, "The Role of Airline Staff as Frontliners in the Fight Against Human Trafficking" and joined ICAO's Anti-Trafficking Working Group
- Give With IKHLAS Campaign raised RM1,322,267, which supported 16,016 families during pandemic lockdowns

AIRASIA'S RESPONSE TO COVID-19

While the pandemic brought international flights to a standstill, domestic flights have by and large continued, though at significantly lower frequencies. The downtime provided AirAsia with the opportunity to focus on building our digital businesses, and enabled our successful pivot from being just an airline into a digital lifestyle company.

At the same time, our priority throughout this period has been to uphold our "People First" and "Safety Always" Values thus ensuring the safety of our guests and Allstars. This has been achieved by adhering to all standard operating procedures (SOPs) issued by the relevant authorities in our regional operations. For ease of reference, we compiled these SOPs into a Covid-19 Operational Guidance Handbook which was circulated to all departments and AOCs within the first three months of the pandemic.

Further underlining our commitment to safety, we have continued to conduct internal operational audits to ensure compliance with International Air Transport Association (IATA) requirements. A Remote Assessment Programme SOP was developed specifically for the purpose of replacing physical audits. For more details on our response to Covid-19, please refer to the Economic, Environmental and Social sections of this report.

EMPLOYEES

Reinforced Health & Safety Procedures & Measures
Developed Covid-19 Operational Guidance Handbook, provided PPE and enforced social distancing

Keeping Allstars Safe & Connected
Various online activities/ employee engagement

Allstar Peer Support Programme
Emotional support to those who experience stress while on duty

Allstar Health Coach
An online health companion for all

Upskilling & Reskilling of Allstars
Platforms and opportunities for Allstars to learn new skills

Support for our Furloughed Allstars
Aid to find employment with prospective employers

GUESTS

Contactless Processes
Scan2Fly, Passenger Reconciliation System, FACES

Strengthen Customer Service
155 pilots & cabin crew volunteered to help our CH department to resolve guests' enquiries

Enhanced Health & Safety Measures
Aircraft sanitisation, modified meal service, personal sanitiser kits

ENTERPRISES

"S.O.S Campaign" for local businesses
Platform for merchants to market their products with zero listing fee

DESTINATION GOOD

Destination GOOD.com for social enterprise
Physical and online store for ethically made goods

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COMMUNITIES

Donation Drives
Public digital donation drives to help vulnerable communities

Repatriation Flights
Special charter flights in collaboration with respective governments to return citizens to their country of origin

Teleport Cargo
Chartered cargo flights of essential goods: food items, PPE, etc

Shipment of medical aid to China, Korea and East Malaysia
PPE donation

UNITED NATIONS' SUSTAINABLE DEVELOPMENT GOALS

In 2015, the United Nations (UN) outlined 17 SDGs, setting an agenda for countries across the world to work together to create a sustainable future for all by 2030. The SDGs are comprehensive, covering all areas of social inequality - including gender discrimination, health and education - and calls for action to spur economic growth as well as protect the environment through climate change mitigation and the preservation of our forests and oceans.

Collectively, the SDGs stand as a clear blueprint to shape sustainability programmes and platforms. At AirAsia, we support all the 17 goals and have identified six in which we have the potential to make a significant difference.

In the table below, we outline the six SDGs and describe initiatives undertaken by AirAsia to contribute towards achieving the goals within the context of our reach.

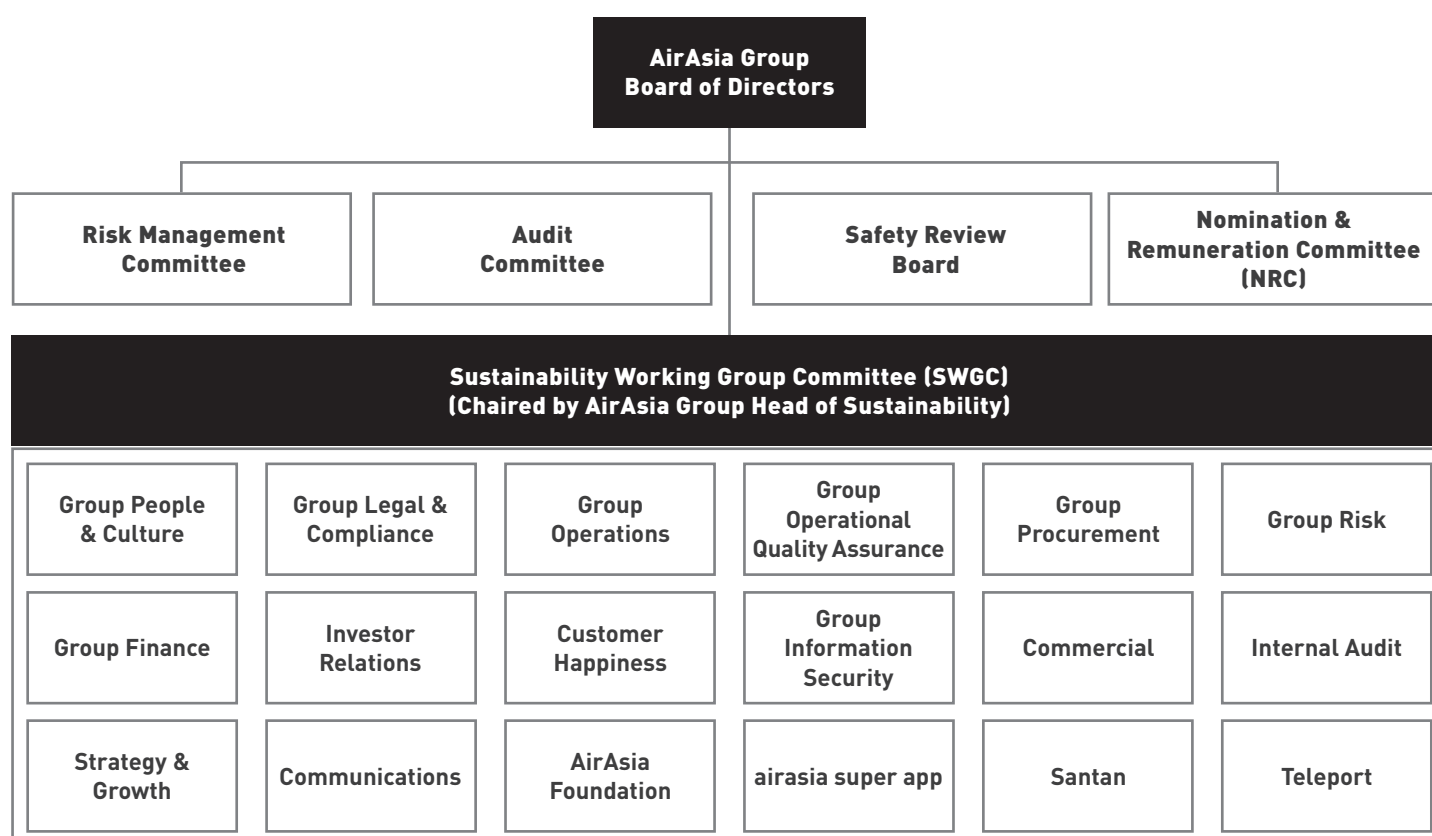| SDG	SDG TARGETS	AIRASIA INITIATIVES
5 GENDER EQUALITY	5.2 Eliminate all forms of violence against women & girls, including trafficking & other types of exploitation 5.5 Women's full and effective participation & equal opportunities for leadership at all levels	• Anti-trafficking training for Allstars • Board Diversity Policy • Women empowerment through #GirlsCanDoAnything campaign
8 DECENT WORK AND ECONOMIC GROWTH	8.2 Achieve higher levels of economic productivity through diversification, technological upgrading & innovation 8.3 Encourage the growth of micro-, small- and medium-sized enterprises 8.4 Improve global resource efficiency in consumption & production, and endeavour to decouple economic growth from environmental degradation 8.5 Achieve full & productive employment and decent work for all 8.7 Take effective measures to eradicate forced labour, end modern slavery & human trafficking 8.8 Protect labour rights & promote safe and secure working environments for all 8.9 Devise and implement policies to promote sustainable tourism that creates jobs and promotes local culture & products	• Contribution to GDP • Inclusive work environment for employees • Employment for young people: 40% employees below 30 • Teleport Social for individuals and SMEs to sell their products on social media anywhere • Social entrepreneurship support via AirAsia Foundation

SDG	SDG TARGETS	AIRASIA INITIATIVES
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	9.1 Develop quality, reliable, sustainable & resilient infrastructure to support economic development and human well-being, with a focus on affordable & equitable access for all 9.3 Increase the access of small-scale industrial & other enterprises to financial services, including their integration into value chains & markets 9.4 Upgrade infrastructure & retrofit to make them sustainable, with increased resource-use efficiency and greater adoption of clean & environmentally sound technologies 9.5 Enhance scientific research, upgrade the technological capabilities of industrial sectors by encouraging innovation	• airasia super app provides a simple and seamless user experience across more than 15 travel, e-commerce and fintech products and services • BigPay is a financial services platform that democratises fee-free access to products and services - from payments to loans • Paperless aviation • Partnerships with Google, GE and Oracle
11 SUSTAINABLE CITIES AND COMMUNITIES	11.2 Provide access to safe, affordable, accessible & sustainable transport systems to all 11.4 Strengthen efforts to protect & safeguard the world's cultural and natural heritage 11.5 Reduce the number of deaths & the number of people affected, and decrease the direct economic losses relative to global gross domestic product caused by natural disasters	• AAF programmes such as donation drives and grants for social enterprises • Post-disaster relief efforts • Provision of apprenticeship and livelihood training to enable local communities to earn sustainable income post-disaster • Donation drives by IKHLAS • Low-cost carrier offering affordable access to air travel - "Now everyone can fly" • Promotion of public transportation to access airports and city centres among guests and Allstars
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	12.2 Achieve sustainable management & efficient use of natural resources 12.3 Halve per capita global food waste at the retail & consumer levels, and reduce food losses along production & supply chains 12.5 Reduce waste generation through prevention, reduction, recycling & reuse 12.6 Encourage companies to adopt sustainable practices & integrate sustainability information into their reporting cycle 12.7 Promote public procurement practices that are sustainable, in accordance with national policies & priorities	• Continuous monitoring of resource consumption • Low water use toilets and washroom facilities in offices • Efforts to reduce single-use plastic in AirAsia offices • Waste separation in offices and in-flight • Reduce in-flight food wastage by encouraging pre-orders • Carpool programme • Suppliers Code of Conduct and qualification procedure promote responsible environmental practices across the value chain
13 CLIMATE ACTION	13.2 Integrate climate change measures into strategies & planning 13.3 Improve education & awareness-raising on climate change mitigation, adaptation, impact reduction & early warning	• Carbon Monitoring, Reporting and Verification (MRV) • Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) • Climate risk related scenario analysis • Sustainability Dashboard • Adjustments to lights-on times according to work hours, through an automatic shutdown system

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SUSTAINABILITY GOVERNANCE

Sustainability at AirAsia is led by the Board of Directors (BOD), which oversees the Group's sustainability strategies and performance, and validates all sustainability related decisions. At the operational level, sustainability measures or initiatives are identified, discussed, reviewed, implemented and monitored by the Sustainability Working Group Committee (SWGC). This committee comprises Group heads of relevant departments and is chaired by the Head of Sustainability, who reports to the Board annually. In 2020, the BOD reviewed and validated the Group's 10 material matters as part of its sustainability oversight.

With the Group's diversification into digital businesses, which have a different set of risks and challenges, the SWGC now includes representatives from airasia super app, Santan and Teleport. In order to improve and further strengthen our sustainability management, we have also included Group Operational Quality Assurance, Communications and AirAsia Foundation (AAF) into the SWGC, while Group Safety and Group Engineering have been combined and are now under Group Operations.

AirAsia Group Board of Directors

| Risk Management Committee | Audit Committee | Safety Review Board | Nomination & Remuneration Committee (NRC) |

Sustainability Working Group Committee (SWGC)
(Chaired by AirAsia Group Head of Sustainability)

Group People & Culture	Group Legal & Compliance	Group Operations	Group Operational Quality Assurance	Group Procurement	Group Risk
Group Finance	Investor Relations	Customer Happiness	Group Information Security	Commercial	Internal Audit
Strategy & Growth	Communications	AirAsia Foundation	airasia super app	Santan	Teleport

Roles and Responsibilities:

Board of Directors	• Has overriding authority as the ultimate decision-making body to endorse activities of the SWGC for the Group and its stakeholders • Integrates sustainability in strategic decisions by taking into account EES impacts arising from business operations • Provides oversight of the Group's overall sustainability strategy
SWGC	• Identifies, assesses, evaluates, manages and reports on current and emerging sustainability risks and opportunities relevant to the Group • Develops the Group's sustainability disclosures to ensure compliance with regulatory requirements and global frameworks • Monitors and provides progress updates on the Group's sustainability activities, performance and initiatives based on the strategies and policies set by the committee and the BOD

STAKEHOLDER ENGAGEMENT

We define our stakeholders as those we impact through our operations as well as those who influence our performance and ability to meet our corporate goals. We value all our stakeholders and engage with them on a regular basis to understand their needs and expectations of AirAsia, while also helping them understand our strategies and objectives.

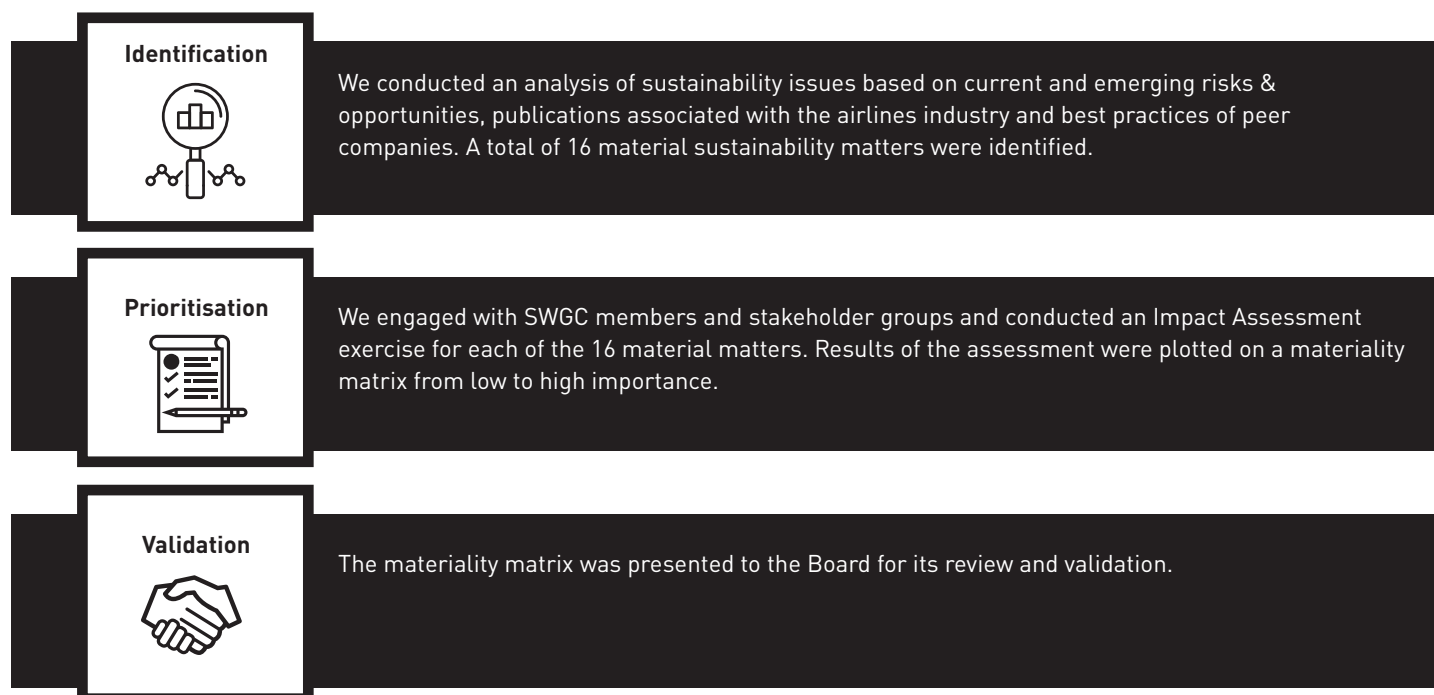| Stakeholder Group	Engagement Channels	Areas of Interest	How We Respond
Board of Directors	• Board meetings • Annual General Meetings • Corporate events	• Financial performance • Corporate governance (CG) & strategies • Business development & partnerships • Human capital management • Environmental practices	• Focus on enhancing our branding and expanding lines of business • Sustainability practices • Awards and accolades
Employees (Allstars)	• Social media • Employee appraisal • Community engagement • Online surveys • Townhalls • Cultural, sports, well-being & appreciation events • Open office layout	• Diversity, inclusion & equal opportunity • Corporate Governance (CG) practices • Training & career development • Work-life balance • Fair remuneration & compensation • Security, safety & welfare	• 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
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 contracts and terms • Service delivery and cost • Risk management • Regulatory compliance	• Strengthen partnerships with agreeable contracts and terms
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 satisfaction • 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

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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	• Financial performance • CG practices • Strategies • Brand management • Operational performance • Health & safety • Customer relationship management • Innovative initiatives • Environmental management	• Actively communicate with investors • Provide timely updates of business performance & strategies • Focus on enhancing our branding and expanding lines of business • Ensure safe & healthy working environment • Sustainability practices • Awards and accolades
Market Analysts	• Analyst briefings • Analyst meetings & conference calls • Media interviews & releases • Investor Relations website	• Financial performance • CG practices • Strategies • Brand management • Operational performance • Customer relationship management • Data privacy & security	• Continued engagement with analysts • Timely updates of business performance & strategies • Focus on enhancing our branding and expanding lines of business
Regulators/ Governmental Bodies	• Regular dialogue through face-to-face meetings & official correspondence • Parliamentary sessions • Formal meetings with government officials initiated by AirAsia • Tours and familiarisation visits to AirAsia	• 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	• Ethics & integrity • Innovation • Job creation • Economic development	• Create support system for social enterprises • Actively communicate with social entrepreneurs • Increase employability and job creation
Suppliers	• Regular dialogue and reviews • One-to-one meetings	• Agreeable contracts & terms • 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

CAN Membership

In 2020, AirAsia joined the CEO Action Network (CAN), a peer-to-peer informal network of CEOs and Board members focused on sustainability advocacy, capacity building, action and performance. The objective of CAN is for captains of industry to work towards shaping future-ready and ESG-integrated business models and ecosystems.

MATERIALITY ASSESSMENT

In 2019, we conducted a comprehensive materiality assessment involving in-depth stakeholder engagement and impact assessment exercises to identify the matters that are important to AirAsia as well as to our stakeholders. The assessment was based on the following three steps:

Identification

We conducted an analysis of sustainability issues based on current and emerging risks & opportunities, publications associated with the airlines industry and best practices of peer companies. A total of 16 material sustainability matters were identified.

Prioritisation

We engaged with SWGC members and stakeholder groups and conducted an Impact Assessment exercise for each of the 16 material matters. Results of the assessment were plotted on a materiality matrix from low to high importance.

Validation

The materiality matrix was presented to the Board for its review and validation.

Having identified our material matters through this rigorous process, we review the material matters annually to assess their continued relevance. The review process in 2020 involved our internal stakeholders (Allstars and SWGC), who agreed that all the material matters are still pertinent to our operations and stakeholder value creation.

However, with the breakout of the pandemic, and concerted efforts by AirAsia to ensure the safety and well-being of our guests and Allstars, Health & Safety now has greater influence on our operations. This is reflected in the shift of this material matter within the matrix, as one of the top three priorities.

Management also believe that certain material matters identified are very closely linked and, for greater clarity as well as to reduce overlapping of data in reporting on these material matters, the material matters have been merged. This included merging:
•   "Efficiency & Reliability" into "Operational Eco-efficiency"
•   "Brand Management" into "Technology & Innovation"
•   "Risk & Crisis Management" into "Corporate Governance & Conduct"
•   "Attractive & Inclusive Workplace" into "Human Capital Development"
•   "Human Rights" and "Responsible Tourism" into "Corporate Citizenship & Philanthropy"

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Consequently, there are now 10 material matters for AirAsia Group, as represented in the matrix below.

Materiality Matrix

● Economic   ○ Environmental   ◉ Social

Importance to Stakeholders — High / Low

◉ Health & Safety
Operational Eco-efficiency ○
● Customer Relationship Management
Information Security & Privacy ●
Corporate Governance & Conduct ●
● Technology & Innovation
○ Climate-related Risk Management
Human Capital Development ◉
● Supply Chain Management
◉ Corporate Citizenship & Philanthropy

Low   Importance to AirAsia Group   High

ECONOMIC

Aligned to SDGs

| 8 DECENT WORK AND ECONOMIC GROWTH | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION |

CUSTOMER RELATIONSHIP MANAGEMENT

Our guests are our top priority. From Day 1, we have sought not only to enable everyone to fly but also to ensure a great experience when flying with AirAsia. We recognise that happy guests are repeat guests who also serve as the best ambassadors – in addition to promoting AirAsia, they are also credible. This is why we are guest obsessed and place great expectations on our Customer Happiness (CH) Team.

To maintain high levels of customer happiness, customer-facing Customer Happiness Allstars have access to an Empowerment Matrix that enables them to resolve issues and complaints as they are reported.

One of the many advantages of digitalising all our systems is that we now have a wealth of data on our guests. Our Customer Service Management (CSM) platform, for example, is fed data from the multiple digital channels we use to communicate or engage with our guests. This data is also used by CH to focus on Customer-Led Change. An Insights Team produces reports using guests' feedback to inform our decision-makers on what our guests really think about our products and services. We actively communicate this to each of our airline Chief Executive Officers (CEOs) and meet regularly to discuss actions to be taken to further improve our guests' experience.

> Our Customer Happiness Team is certified to ISO 10002:2018 - Customer Satisfaction, guidelines for complaints handling

Communication with Guests

Over the years, our customer engagement platforms have become stronger and more efficient, especially with the introduction of a comprehensive suite of online communication channels complementing in-person communication at our sales offices and airport counters.

Communication channels with guests

Online	• Other than AVA, our chatbot that is accessible 24/7, we provide fast, personalised assistance to guests via Live Chat, WeChat, WhatsApp, Twitter (@AirAsiaSupport), Facebook Messenger & Voicemail. • In addition, we seek feedback from guests after every engagement they have with our agents.
In Person	• Guests can visit any of our 12 Travel & Service Centres and 15 airport counters for the purchase of flights, insurance, meals, seat selection and baggage add-ons.

In 2020, however, we suffered a communication setback, not because of failure on the part of our systems, but because of the sheer volume of calls and complaints that had to be managed. Due to pandemic-related flight changes and cancellations, we were receiving over 250,000 calls/messages/online missives a day, way beyond the average of 60,000 pre-pandemic.

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Our Response to Covid-19

Managing our distressed guests became and remains our top priority. We recruited 155 contract staff made up of AirAsia pilots and cabin crew to help with the crisis. With their help, we were able to bring down wait times within reasonable limits, and managed to get through this challenging period.

In addition to engaging with guests and answering their queries, we have adopted various measures to show we care:
- Effective 22 June 2020, we introduced same-day credit so that the cost of cancelled flights is credited into guests' BIG member accounts instantly or at least within the day.
- In March, we launched a "Flexibility for You" campaign allowing guests to either: a) convert cancelled flights to credits and book a new flight within two years; or b) change their flight date any number of times at no extra cost.
- We ran educational campaigns (via edms, social media, media releases and visual content) to help guests understand how to use AVA to submit their requests, which allowed for faster processing through built-in automation.

To allay some of the inevitable negative sentiment, we responded with campaigns to explain AirAsia's position. While acknowledging our guests' frustration, we highlighted the fact that we were doing our best to continue serving them and that we had their interests at heart.
- We launched an "AVAzing Grace" campaign to mitigate some of the negative social and media sentiment around our chatbot, which was handling more than 80% of queries during the pandemic.
- We featured key Customer Happiness (CH) Allstars from across the Group in various media.
- Through a Safe Flying campaign, we encouraged guests to take up the credit option versus flight refund.

Enhancing Digital Customer Experience

We also issued press releases/media announcements and created video content on new products and innovations, such as Scan2fly and FACES for greater convenience and safety in the current environment.
- Scan2Fly enables guests to scan and upload any medical certificates required during the online self-check-in process. The system determines guests' eligibility to fly before they arrive at the airport, for example, providing instant verification of Covid-19 related travel documents.
- FACES, our facial biometric recognition system, was introduced at Senai Airport, Johor Bahru in 2018. After being fine-tuned, the system will be rolled out at klia2 and other airports throughout Malaysia beginning April 2021.
- Passenger Reconciliation System (PRS) is another contactless procedure that enables passengers to scan their boarding passes so as to eliminate the need for physical contact between guests and aviation security staff from the time they check-in till they board the aircraft. The system was tested in 2020, and will be rolled out at klia2 in early 2021, followed by other airports in Malaysia where AirAsia operates.

Net Promoter Score (NPS)

In line with being guest obsessed, we have been monitoring our NPS since 2017. Emails are sent to guests before and after their trips, seeking feedback on various aspects of flying with AirAsia. Feedback is fed into the NPS platform which informs us of how satisfied our guests are with our service, and how willing they are to recommend AirAsia to others. The index ranges from -100 to 100. A minus score means customers would not recommend a company while positive scores indicate how positively they view the company vis-a-vis others.

Our NPS has been increasing steadily from 2017, indicating vast improvement in the guest experience. We are particularly proud of the significant jump in NPS from 2019 to 2020 given the challenging caseload our CH staff had to handle.

The Group's NPS scores from 2017-2020

NPS Scores

Year	Score
2017	17
2018	31
2019	38
2020	52
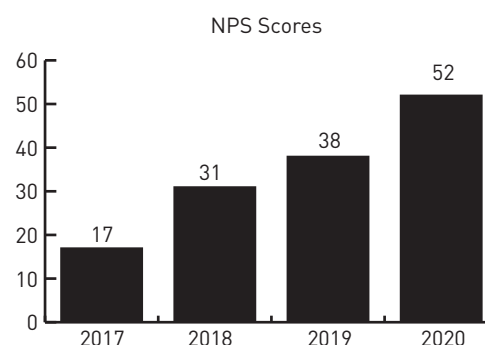
Awards & Recognition

Despite the pandemic, we continued to maintain excellence in service and hospitality by adapting to the constantly changing rules and regulations, while keeping the well-being, health and safety of each guest our priority. This led to AirAsia being awarded the following at the 2020 World Travel Awards:
• Asia's Leading Low-Cost Airline 2020
• Asia's Leading Low-Cost Airline Cabin Crew 2020

AirAsia was also recognised for our outstanding contributions in the transport of critical medical and protective supplies to communities in China during the pandemic, and was awarded the Premium Selected Social Responsibility Pioneer Airline of the Year at the 2020 Premium Travel Awards.

Meanwhile, Customer Happiness specifically received the following awards from Contact Centre Association of Malaysia (CCAM) in 2020:
• Best Digital Innovation Award (Silver)
• Best Business Continuity Plan Implementation in a Contact Centre Award (Silver)

CORPORATE GOVERNANCE AND CONDUCT

Integrity forms the cornerstone of our operations. The trust of our stakeholders is critical to our sustainability, and we seek to inspire confidence in our ability to deliver ethical as well as transparent operations. Our Board of Directors ensures that AirAsia serves our stakeholders' interest via sound principles of governance as advocated by domestic and international regulators.
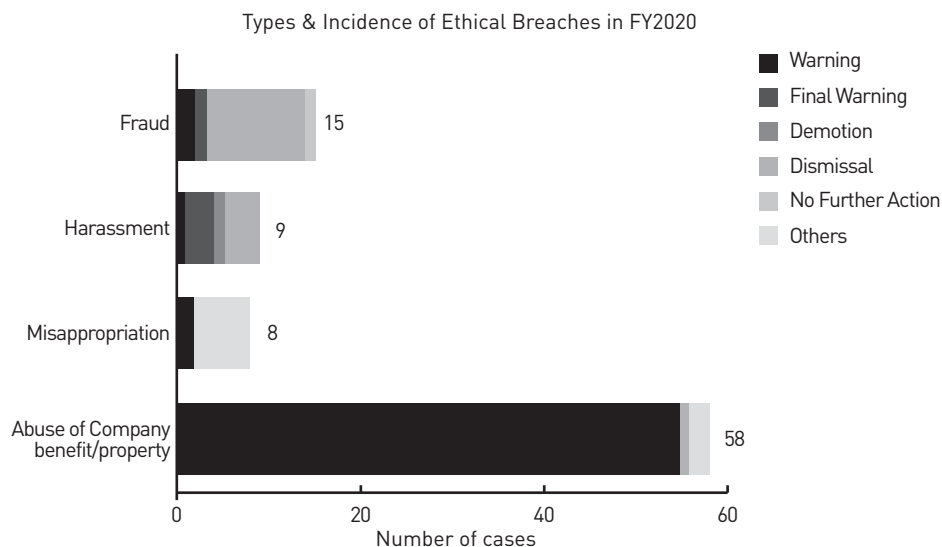*[For more on our Corporate Governance, please refer to the Corporate Governance Overview Statement on pages 139 to 146.]*

Various policies and procedures are in place to create a culture of integrity that permeates all our actions and decisions. These are reflected in the table below.

Code of Conduct	Sets out standards of ethics for everyone representing AirAsia, covering our work culture, conflict of interest, confidentiality of information, good practices and controls, duty and declaration. The Code also states clearly that disciplinary action will be taken for any breach of its principles.
Anti-Bribery and Anti-Corruption Policy	Defines and identifies steps to prevent bribery and conflicts of interest while guiding our actions in response to: - Gifts & hospitality - Dealing with partners, suppliers & public officials - Political contributions - Sponsorships & charitable donations - Facilitation payments
Whistleblowing Policy	Provides a platform for Allstars and third parties to report any instance of unethical behaviour, while protecting whistle-blowers from reprisal as a consequence of making such disclosure.
Conflict of Interest Policy	Provides guidelines and procedures on situations that could create conflict of interest such as receiving or offering gifts, with the objective of enabling accountability and transparency.
Disciplinary Policy	Sets out procedures to handle any breach of established norms/Code of Conduct ensuring impartiality and fairness to support a just and non-threatening work environment.
Workplace Search Policy	Affords Group Security the right to conduct searches on Allstars in areas where AirAsia operates to prevent misconduct.
Remuneration Policy	Provides clarity on remuneration structures and practices for Board of Directors and Allstars, consistent with our principles and market practice.
Board Diversity Policy	Ensures a mix of experience/expertise and good representation of independent as well as female directors for balanced and fair decision-making.

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Supported by these policies and strong corporate governance, we investigate and monitor ethical breaches with the cooperation of the Internal Audit Department and Employee Relations, People & Culture Department. In 2020, we carried out thorough investigations on all unethical/non-compliance cases that were reported before proceeding with the appropriate action.

Types & Incidence of Ethical Breaches in FY2020

Legend:
- Warning
- Final Warning
- Demotion
- Dismissal
- No Further Action
- Others

Category	Number of cases
Fraud	15
Harassment	9
Misappropriation	8
Abuse of Company benefit/property	58

Number of cases (axis: 0, 20, 40, 60)

Anti-Bribery & Anti-Corruption

In response to the amendment to Section 17A of the Malaysian Anti-Corruption Commission (MACC) Act 2009, our Risk Management Department engaged an external consultant to conduct an analysis of bribery or corruption-related risks faced by the Group. The consultant's report highlighted 21 gaps and areas for improvement which were progressively addressed throughout 2020.

The Group's stance on bribery or corruption is clearly reflected in the Board of Directors' zero tolerance for any form of bribery or corruption in AirAsia. This is further reinforced by our Anti-Bribery & Anti-Corruption (ABAC) Policy, which all Allstars as well as vendors, suppliers and consultants are required to read and acknowledge. Further strengthening the ABAC Policy, our Whistleblower Policy has been reviewed to ensure alignment with the ABAC Policy. No changes were deemed necessary for the time being.

90% of **Allstars** have acknowledged and understand the **ABAC Policy**

Much emphasis has been given to the new "No Gifts" principle of ABAC, since a relatively large number of Allstars have external dealings. The new guidelines require Allstars to refuse or return any offers; but should this not be possible, the gifts are to be declared to the Legal and Compliance Department or handed over to AirAsia Foundation as charitable donations.

In 2020, one case of unsolicited gifts was declared by the Engineering Department. The items were handed over to the Legal and Compliance Department for further action.

Following its launch, the ABAC Policy was reviewed by AirAsia's Group Internal Audit department which recommended several improvements that have been incorporated in an updated document published in December 2020. Further recommendations will be addressed in 2021, mainly aimed at improving understanding and awareness among Allstars.

Communication and Training

Since 2018, all new hires are required to attend online and offline Code of Conduct training. The ABAC Policy was added into AirAsia's Workday system which pushes notifications to each individual Allstar. As of February 2021, 90% of Allstars had acknowledged that they are aware of and understand the policy. The aim is to reach out to the remaining 10% by Q1 2021. In 2021, we will also translate the policy into Bahasa Malaysia, Bahasa Indonesia, Thai and Tagalog for ease of understanding of Allstars Group-wide.

Other than training, all AirAsia policies and procedures are available for easy reference on the Group's intranet portal.

Whistleblowing

We encourage Allstars, Directors and other stakeholders who have genuine and legitimate concerns to raise these via our whistleblowing channels. Their concerns will be investigated properly while we ensure no negative repercussions on the whistleblowers. Concerns can be raised by sending an email to whistleblower@airasia.com. For more information on our Whistleblowing channel, please refer to https://ir.airasia.com/whistleblowing_channel.html.

During the reporting year, we recorded 23 cases of pilferage, conflict of interest, abuse of authority, and misappropriation of company assets. These were investigated and dealt with appropriately, with follow-up actions such as warning letters, dismissal and process improvement in the case of business processes.

Strategy Development

Our business sustainability is also dependent on having effective strategies guiding our growth. This is the domain of our Strategy & Growth Department, which works with various key stakeholders to develop the Group's Redbook. In addition to outlining the Group's key priorities and strategies into a unified forward perspective, the Redbook establishes a clear direction and standardised structure, methodology and process to develop strategies, targets, budgets and key performance indicators (KPIs) for each function within the Group.

The pandemic prompted a rethink of our broad strategic direction resulting in clearer alignment of strategic perspective and targets across functions and airline operating companies while promoting greater synergies, integration and accountability. In line with the Group's accelerated transformation into an integrated Asean lifestyle company, the strategic rethink also led to sustainability elements being embedded more deeply into our strategic direction and business goals.

Accordingly, the Group is ensuring all new initiatives are aligned with the pursuit of economic, social and environmental sustainability. These include strengthening our digital infrastructure and privacy protection, providing upskilling opportunities for staff, and enhancing our social impact through platforms such as IKHLAS, which offers access to faith-based practices and Shariah-compliant lifestyle choices.

Driving a CEKAP Workforce

Maintaining lean operations is integral to our business model, as it enables us to pass on savings to our guests in the form of affordable products and services. To drive continuous operational efficiencies, in 2019 we implemented CEKAP which equips Allstars with Continuous Improvement Tools to drive simple yet efficient ways of working across the Group. The slowdown in 2020 created an opportunity to onboard more Allstars onto the CEKAP platform. From having trained 300 Allstars in 2019, the number increased to over 2,100 as of December 2020. There are also more ongoing CEKAP projects, from 30 planned projects in 2019 to 60 ongoing projects at end 2020 and 88 that will be rolled out in 2021. These CEKAP projects are led by Allstars from cross-functional teams with the main focus on reducing costs, increasing productivity and promoting growth.
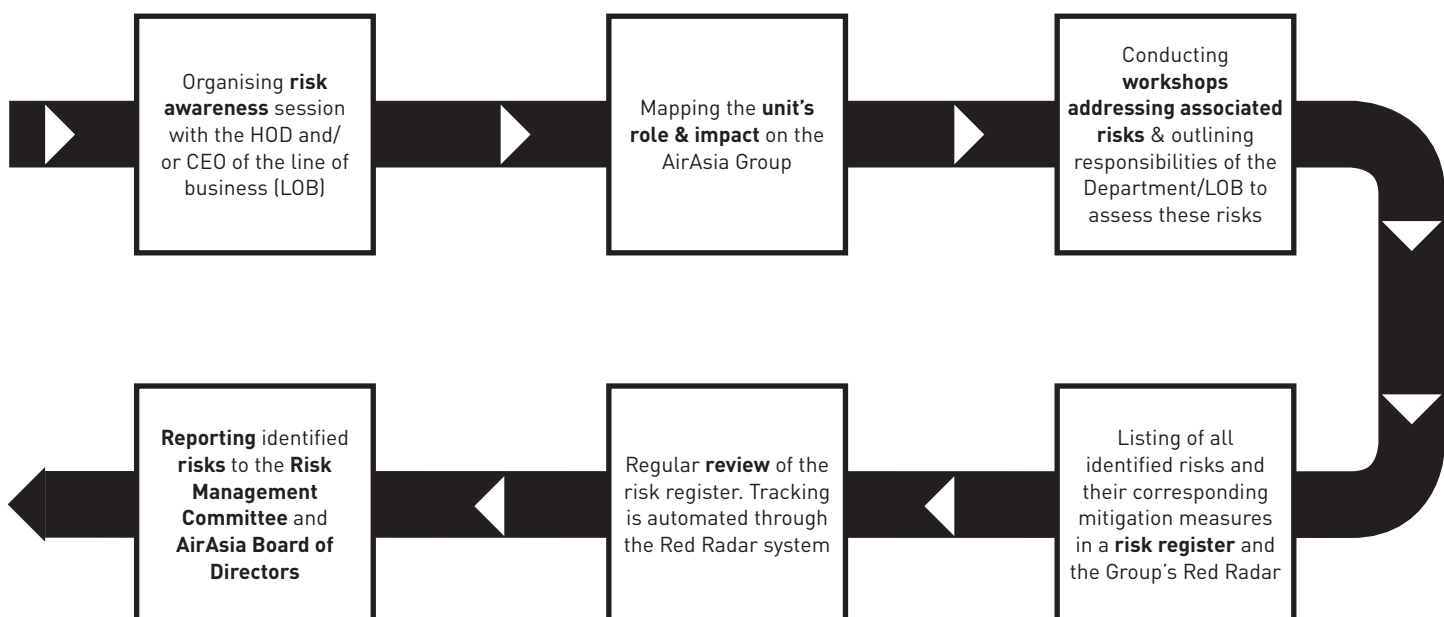
Sustainability Statement

Risk & Crisis Management

While growing our business, we monitor and manage our risks via a robust risk management framework encompassing an Enterprise Risk Management Policy (ISO 31000 compliant) and Business Continuity Management Policy (ISO 22301 compliant).

Separate risk registers are created for each business unit, including AirAsia Foundation to manage risks related to social sustainability. Environmental risks, meanwhile, are covered under operational risks. However, as regulatory requirements under the United Nations' Carbon Offset and Reduction Scheme for International Aviation (CORSIA) (see Environment section for details) are likely to intensify, the Risk Management Department (RMD) will collaborate with the Sustainability Department to manage and monitor climate-related risks more comprehensively.

In 2020, RMD undertook a comprehensive programme to create individual risk registers for each business unit, which enabled the units to identify and monitor risks in a more comprehensive manner. This exercise included the following steps:

Organising **risk awareness** session with the HOD and/or CEO of the line of business (LOB)

Mapping the **unit's role & impact** on the AirAsia Group

Conducting **workshops addressing associated risks** & outlining responsibilities of the Department/LOB to assess these risks

Listing of all identified risks and their corresponding mitigation measures in a **risk register** and the Group's Red Radar

Regular **review** of the risk register. Tracking is automated through the Red Radar system

Reporting identified **risks** to the **Risk Management Committee** and **AirAsia Board of Directors**

In addition, RMD also reintroduced the use of the Red Radar system to collate previously manual risk registers. To date, 90% of data from manual risk registers have been exported onto Red Radar, which provides for AirAsia Group's Business Continuity Plan (BCP). The BCP registers the people, processes and critical systems related to risk management in every department while a Business Continuity Officer identifies the potential risks caused by failure of any of the risk compliance areas. Through the BCP, RMD can quantify or qualify changes depending on severity of the risk. The risk register and BCP are reviewed between every six weeks and three months.

One of RMD's top priorities in 2021 is to address a data security issue that arose while transferring manual risk registers to Red Radar, caused by cross-border data export and differences in formats used in different countries. The issue is being managed by the ICT Department with a solution expected within Q1 2021. Meanwhile, the risk management process is being rolled out regionally via virtual training sessions.

90% of manual risk registers have been **digitalised** into the **Red Radar system**

We also expect to resume disaster recovery simulation in 2021. While our AOCs already have proper emergency evacuation procedures, an additional scenario will be tested in Malaysia (subject to the lifting of movement restrictions) to simulate an aircraft crash into RedQ. This will be followed by the first simulation of a climate-related disaster such as massive floods or a typhoon.

TECHNOLOGY AND INNOVATION

AirAsia has evolved from being an airline into a digital travel and lifestyle platform company. Using data from our online bookings, we have expanded our service – initially into ancillary products then adjacency businesses and, now, into an entirely new core business: airasia digital. This encompasses the airasia super app, Teleport, Santan, BigPay and BIGLIFE.

Our transformation has been made possible by investing in the right technologies that have allowed us to build a robust digital infrastructure. While aided by partnering tech giants such as Google, GE and Oracle, we are now developing our own digital products and systems at the AirAsia Software Engineering & Technology Centre in Bengaluru, India. In 2020, we also launched Redbeat Academy to provide digital training for Allstars and others. The objective is to build our capabilities in artificial intelligence (AI), machine learning (ML), data analysis and cloud infrastructure to continuously create better products and services for our guests.

Our Digital Companies

Company	Technology developments & innovation in 2020	Plans for 2021
airasia super app - super app for travel and lifestyle, encompassing the three verticals of travel, e-commerce and fintech	• NUDGE, an ML-powered engine that recognises users and customises the user interface to tap into their individual needs. • ARBITER, an A/B testing tool that exposes clients to different experiences and incorporates the most user-friendly features into our products. • PHOENIX, a design system which brings to life products within hours and provides consistency across the user experience, accelerating our time to market. • NUCLES, a single-stop shop that unifies and centralises the checkout experience of the customer.	• Scale up fintech vertical with products catering to key financial needs of customers at every stage of their lives. • Further increase the velocity and user stickiness of the app, and expand lines of business to strengthen app ecosystem.
Teleport - our digital logistics venture providing end-to-end delivery of parcels, food and fresh produce	• Diqit, which enables a seamless experience navigating airasia fresh, airasia shop (now known as airasia beauty) and airasia food with a single sign on solution via users' accounts. It also allows users to earn and redeem BIG Points. • Teleportal app, that utilises the SmartKargo platform to provide visibility of the entire logistics chain from first to last mile. Reducing the need for third-party services, meanwhile, results in cost savings which are passed back to customers. It also eliminates human error in the process. • Freightchain, the world's first digital air cargo network built on blockchain, offering a self-service cargo booking platform for airlines, their forwarders and agents.	• Teleport will continue to expand to more cities in Malaysia, Indonesia, Thailand and the Philippines offering parcel delivery within 24 hours to anywhere in Asean, Citywide delivery in under one hour, Flash delivery in under four hours and air cargo services.

Sustainability Statement

Company	Technology developments & innovation in 2020	Plans for 2021
Santan – the food group which started off as our in-flight menu brand and has now become a chain of Asean fast food restaurants that also offers airasia farm, a fresh produce marketplace for B2B and B2C transactions	• Launched home delivery via its own website as well as third-party food delivery platforms; and opened three satellite kitchens to increase home delivery reach. • Developed a POS solution where diners can place orders directly on Santan's web or mobile app, or the in-store self-service kiosks. • Developed demand planning tools for outlets to ensure they do not overstock or understock. • Launched airasia farm (previously OURFARM), an e-commerce platform that connects farmers directly to food businesses including restaurants and supermarkets. • Introduced "Matching" and "Quotation" modules that match buyers to the nearest farmer based on produce type, so logistics costs can be reduced. This has reduced transaction time as quotations can be produced in less than a minute. • Buyers and farmers receive digital training at Redbeat Academy, if needed.	• Currently Santan's POS is being hosted at a vendor site. The plan is to bring it in-house. • airasia farm will be enhanced via integration with logistics providers, launch of a trading module and warehouse management system.
BigPay – a homegrown fintech company that aims to become a digital bank	• Launched bill payments, allowing users to settle their bills with over 20 telcos, internet providers and utilities providers. • Launched Singapore fully in the cloud and moved a large part of Malaysian products to the cloud.	• Cash top-up at local convenience stores. • User access to insurance, digital loans and wealth management solutions.
BIGLIFE - a lifestyle rewards platform that goes beyond flights	• Launched BIG Deals which allows members to redeem a wide variety of lifestyle deals using BIG Points. • Expanded its instant points exchange platform from BIG Xchange into the airasia super app. • Rebranded its name from AirAsia BIG Loyalty to BIG Rewards.	• BIGLIFE will continue to power the airasia ecosystem with BIG Points as a digital currency, while diversifying its product offerings.

Communication Across Borders & Homes

Our Allstars were able to make a relatively seamless transition to work from home (WFH) in line with the Government's SOPs, thanks to earlier investments made into our cloud-based suite of collaboration tools. The same tools that have enabled collaboration among teams in different geographical locations across the Group are being utilised by Allstars working from home. With the addition of Workplace, Chilli and Zoom, we have sufficient platforms to maintain a high level of engagement with our Allstars. Our senior leadership, for example, are able to conduct live-streamed town halls to over 20,000 Allstars across the Group, providing much-needed clarity and motivation at a time of pervasive uncertainty.

INFORMATION SECURITY & PRIVACY

Along with migration onto digital platforms, it has become imperative for AirAsia to ensure the security of our data, as well as that of our guests, Allstars and third parties. Accordingly, in 2018 we outlined a data governance roadmap up to the year 2021 to set up a robust framework to protect the confidentiality of all data within our systems. This includes the implementation of data security control measures as well as tools to monitor their effectiveness. At the same time, we are creating awareness among Allstars of the importance of protecting data, and how they can contribute to data security in the manner they access and use data.

Data security is assured by our Data Governance Policy which is supported by an Information Security Policy and Access Control Policy as well as SOPs for: 1) Server, Database and Network Hardening; and 2) Information Security Incidents Response.

Data Governance Policy

This policy clearly outlines the following:
• How business activity monitoring should be carried out to ensure organisational data is accurate, accessible, consistent and protected
• Roles and responsibilities for management of information under various circumstances
• Procedures to manage and protect different types of data
• Compliance with applicable laws, regulations and standards
• Documentation of data trails within the processes associated with accessing, retrieving, exchanging, reporting, managing and storing of data

Currently, our Group Information Security and the Information Communication Technology (ICT) Departments are responsible for guiding IT activities across the Group, establishing and maintaining IT policies, a security services framework, standards, guidelines, procedures, roles and responsibilities to manage our increasingly complex network. Collaborating with our Risk Department, compliance checks are undertaken to ensure best practices/industry recognised standards are adhered to. Each business unit, meanwhile, is accountable for the IT system(s) and data used; and for having the correct access rights assigned to users.

Information Security Policy

In 2020, we revised our IT Security Policy into Information Security Policy. The policy is designed to protect AirAsia information resources hence the Group's reputation, legal position and ability to conduct its operations. Among others, it provides guidelines for IT users in AirAsia on how to use their laptops and other devices safely. This encompasses a range of activities from downloading apps or data, using emails and AirAsia's social media platforms.

Access Control Policy

Issued in March 2020, the Access Control Policy supersedes our User and Vendor Access Management SOP. It serves to implement access controls across AirAsia's networks, information systems and services to protect data confidentiality, integrity and availability. Access control systems are in place to protect the interests of all authorised users of AirAsia information systems, as well as data provided by third parties, by creating a safe, secure and accessible environment in which to work. Only users with IDs are authorised to access information on AirAsia's systems.

Server, Database, Network Hardening SOPs

Issued in June 2020, these SOPs outline rules and procedures for hardening (or further protecting) servers, database and network equipment in order to create a security baseline for all servers, database and network equipment in AirAsia, thus minimise IT-related risks.

Information Security Incident Response SOPs

These SOPs provide technical guidelines on effective and efficient response to incidents ensuring the quick recovery of operations while minimising loss of information and service disruption. Each year, mandatory training on Information Security Awareness is carried out in line with our commitment to ISO 27001: Information Security Management System.

Note: There was no breach of data policies during the year that warranted notification to the Personal Data Protection Commissioner.

In 2021, we seek to maintain compliance with ISO 27001 and Payment Card Industry Data Security Standard (PCI DSS). We also plan to entrench data privacy principles into our data lifecycle and data management procedures.

Sustainability Statement

SUPPLY CHAIN MANAGEMENT

As a digital and lifestyle company, we rely on a number of suppliers to ensure smooth operations. Given the important role our suppliers play, we believe in treating them fairly and equitably. At the same time, we expect our suppliers to maintain the same level of integrity as AirAsia.

Our supplier selection process involves sending out Requests for Quotation or Requests for Proposal to several suppliers and subsequently assessing them on a level playing field based on their response commercially and contractually.

Once engaged, we require our suppliers to adhere to our Supplier Code of Conduct (SCOC) as well as our Environmental Policy Statement and Safety Policy Statement. The SCOC covers the following:
- Business Integrity and Conflict of Interest
- Labour Practices
- Confidentiality and Personal Data Protection
- Environmental Health & Safety Management
- Social Responsibility
- Competitive Pricing & Terms

Selected Suppliers are evaluated annually for their performance on the quality, reliability and cost of goods or services provided as well as the application of ESG principles in their operations, in addition to our annual supplier risk assessment.

In 2020, we updated the SCOC by including our new Anti-Bribery and Anti-Corruption Policy. We also updated our Group Procurement SOP to include our Supplier Performance Evaluation Policy and Contract Policy. The updated Group Procurement Contract Policy ensures the Group's legal risks are managed while taking into consideration local policies and regulations.
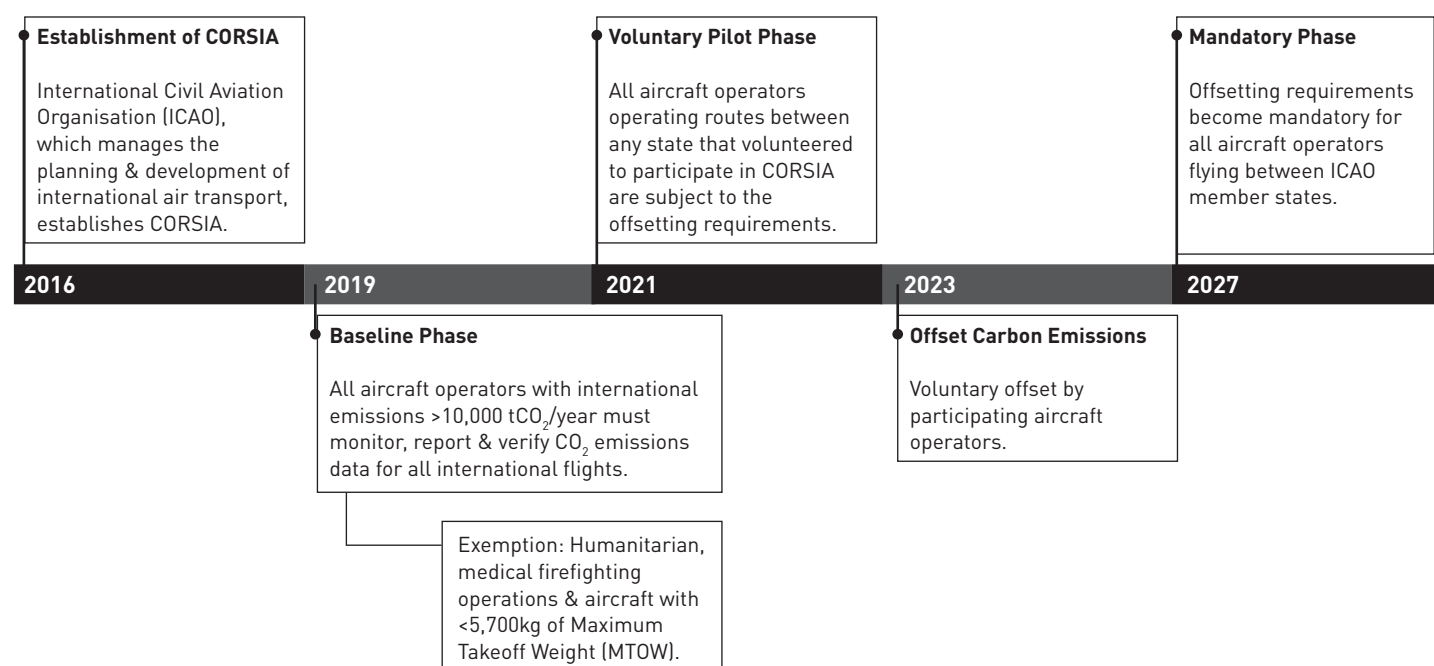
Indicators	2017	2018	2019	2020
No. of local suppliers excluding fuel, aircraft purchase & lessors	2,235	4,999	3,860	1,779
% spend on local suppliers	30.30	34.10	35.10	38.03
Total spend on local suppliers (RM)	572,597,786	663,823,177	622,002,369	572,184,262

ENVIRONMENTAL

Aligned to SDGs

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

As Asia's leading low-cost airline, AirAsia is committed to living up to guests' expectations and delivering the best products and services while fulfilling our responsibilities in protecting the environment. In line with the aviation industry's strategy to address climate change, we have adopted a global market-based initiative that aims to achieve carbon neutral growth.

Establishment of CORSIA

International Civil Aviation Organisation (ICAO), which manages the planning & development of international air transport, establishes CORSIA.

Voluntary Pilot Phase

All aircraft operators operating routes between any state that volunteered to participate in CORSIA are subject to the offsetting requirements.

Mandatory Phase

Offsetting requirements become mandatory for all aircraft operators flying between ICAO member states.

| 2016 | 2019 | 2021 | 2023 | 2027 |

Baseline Phase

All aircraft operators with international emissions >10,000 tCO_2/year must monitor, report & verify CO_2 emissions data for all international flights.

Exemption: Humanitarian, medical firefighting operations & aircraft with <5,700kg of Maximum Takeoff Weight (MTOW).

Offset Carbon Emissions

Voluntary offset by participating aircraft operators.

AirAsia's Short, Mid and Long-term Carbon Emissions Goals

Indicators	Initiatives	Outcomes	Short-term Goal (2021-2022)	Mid-term Goal (2023-2025)	Long-term Goal (2026-2050)
Carbon Emissions	CORSIA compliance –Carbon emissions monitoring	We fully met the carbon emissions submission deadline in May 2020.	• Comply with the emissions report submission deadline • Enhance emissions data robustness	• Voluntary offsetting scheme • Move towards carbon neutral growth for international flights in 2023	• Reduce net CO_2 emissions to 50% of what they were in 2005 by 2050
	Enhancing carbon dashboard	Our upgraded carbon dashboard has reduced human error, increased information accuracy and boosted the data filtration process			

Sustainability Statement

CLIMATE-RELATED RISK MANAGEMENT

AirAsia took our first steps towards a net zero carbon emissions future by committing to CORSIA, developed by the International Civil Aviation Organization (ICAO). Under the scheme, all civil aviation operators registered in participating countries, including Malaysia, Thailand, Indonesia and the Philippines, are required to report verified carbon emissions data on international flights to their respective civil aviation bodies annually from 2019 onwards, ahead of the introduction of a carbon offsetting regime by 2023. Offsetting was earlier scheduled to commence in 2021. However, this has since been postponed due to the heavy toll of the pandemic on the aviation sector.

To meet CORSIA requirements, we submitted the Emissions Monitoring Plans (EMPs) and first verified carbon emissions reports for 2019 to the respective civil aviation regulators in Malaysia, Thailand, Indonesia and the Philippines. Manuals were also developed for each AOC to identify accountable personnel, establish processes and procedures for data collection.

In early 2020, we developed a comprehensive sustainability dashboard to enable effective tracking and monitoring of relevant data, not only of carbon emissions from flights, but also our utilities consumption, printing usage and recycling activity at all AirAsia offices. To ensure robustness of data, multiple engagements were undertaken with the relevant departments to plug data gaps, implement consistent data collection processes and improve data integrity. Following intensive efforts to transfer manually recorded emissions data into flight systems which feed data into the sustainability dashboard, we appointed an independent third party verification body accredited by ICAO to audit our 2019 emissions data between February and April 2020. All seven AOCs registered in the above mentioned four countries (AirAsia Malaysia, AirAsia Thailand, AirAsia Indonesia, AirAsia Philippines, AirAsia X, AirAsia X Thailand and AirAsia X Indonesia) successfully submitted their respective emissions reports to regulators before the CORSIA-determined deadline of 31 May 2020.

AirAsia's verified emissions data for 2019 is as shown in the table below. At the time of this statement, our emissions data for the financial year 2020 is still being verified. In accordance with updated CORSIA rules issued in response to the pandemic's impact on the aviation sector, the verified 2019 carbon emissions data shall henceforth be the baseline upon which future emissions offsetting and reduction obligations will be calculated.

CO_2 emissions of our AOCs' international operations in 2019 & 2020

AOC	CO_2 emissions (tonnes) 2019	CO_2 emissions (tonnes) 2020 (unaudited)
AirAsia Malaysia	1,800,336	329,114
AirAsia Thailand	1,150,073	176,857
AirAsia Indonesia	572,204	128,754
AirAsia Philippines	447,529	80,247
AirAsia X	2,004,053	428,393
AirAsia X Thailand	790,416	181,368
AirAsia X Indonesia	39,276	Ceased operations
Total	**6,803,887**	**1,324,733**

Moving forward, AirAsia will improve our carbon dashboard to minimise human error and data gaps. Key to this is to reduce the number of steps required to retrieve relevant data and to automate more steps in data extraction so as to stay within the 5% data gaps threshold set by ICAO.

Given the two-year postponement of the carbon offsetting regime, our Sustainability Department plans to integrate AirAsia's carbon offsetting strategy with AirAsia Foundation's grant support scheme. One avenue being explored is to support the carbon credit certification of its environmental social enterprise partners so that these organisations can benefit from eventual carbon credit purchase by AirAsia Group. Not only will this enable the social enterprises to fund climate change mitigation programmes sustainably, it also opens up an avenue for AirAsia to invest into the environment of cities or countries where we have significant operations.

Climate-Related Disclosure

A key development has been the decision to adopt the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD). Acknowledging the threats posed by climate change, we recognise the need to include climate change related risks in our business strategies and decisions.

Accordingly, we engaged Imperial College London, United Kingdom, to conduct our first Climate Risk Scenario Analysis. Completed in November 2020, the exercise modelled two alternative carbon mitigation scenarios. Both point to the need for AirAsia, along with other airlines, to adopt renewable bio-based (BioJet) fuel by 2031. A stakeholder survey carried out as part of the analysis supports this switch with most respondents being in favour of AirAsia using sustainable fuel along with other efforts to enhance our fuel efficiency.

In line with our Environmental Policy, we strive to lessen our contribution to climate change and to mitigate any associated risks arising from it. Our climate change adaptation measures include a contract for Volcanic Ash Advisory as well as "Go no Go Decision support" for adverse weather. The services provided inform us of weather patterns in the areas where we operate, allowing us to integrate these into our flight plans.

Carbon Monitoring

We have continued to monitor our carbon emissions; however, because of greatly reduced flight operations and the omission of data from AirAsia X Indonesia, AirAsia Japan and AirAsia India, there can be no fair comparison of the data for 2020 with that for 2019 or prior years.

We monitor our carbon emissions based on the following categories.

Scope	Category	Indicator Measured	Emissions Sourced
Scope 1	Direct GHG Emissions	Fuel Consumption	Flight Operations
Scope 2	Indirect GHG Emissions	Electricity Consumption (Offices/Buildings)	Purchased Energy

Along with the huge reduction in the number of flights, the Group's Scope 1 emissions (excluding AirAsia X Indonesia, AirAsia Japan and AirAsia India) dropped by 75.5% % from 10,114,380 tonnes in 2019 to 2,473,335 tonnes. However, our carbon intensity ratio increased, from 65.74 gCO_2/RPK in 2019, to 315.7 gCO_2/RPK. This was due to the drop in RPK from the lower number of passengers and shorter flight distances, as there were no international flights. We expect our emissions intensity to normalise once travel restrictions ease and RPK is restored to pre-Covid-19 levels. Scope 2 emissions from electricity consumption at our HQs also reduced significantly, by 44%, as Allstars spent most of the year working from home.
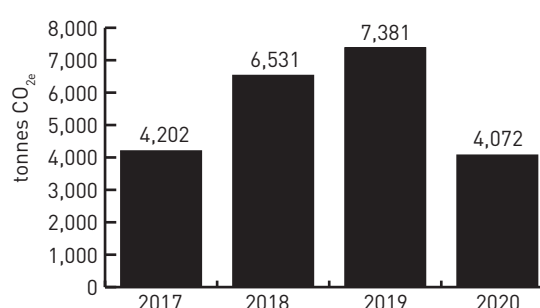
Scope 1 Carbon Emissions, tCO_{2e}
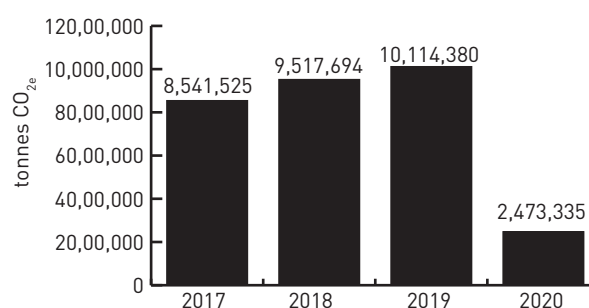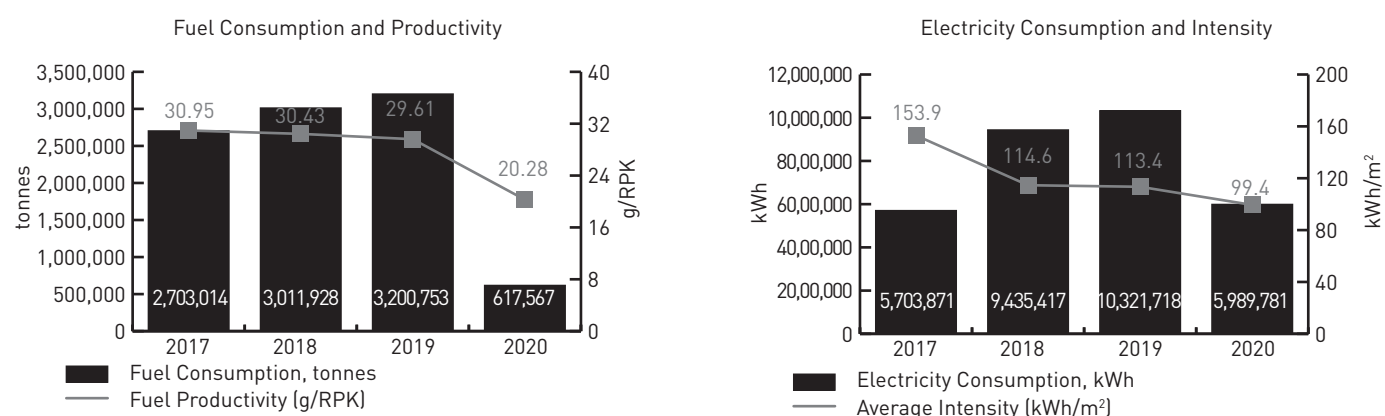

Scope 1 Carbon Intensity Ratio
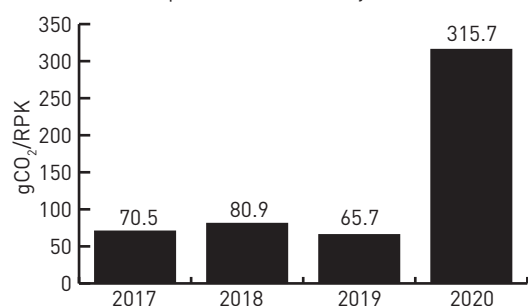
Scope 2 Carbon Emissions, tCO_{2e}

Sustainability Statement

Energy Consumption

Fuel Consumption and Productivity

Electricity Consumption and Intensity

Although the pandemic has significantly reduced demand for travel and therefore total fuel consumption, it has also reduced our fuel productivity due to the decrease in number of passengers. This is because productivity is measured against revenue passenger kilometres (RPK).

In 2020, with fewer Allstars at RedQ, we switched on the air conditioning and lights in only one zone from 9am to 6pm on Levels 4, 5 & 6 and at Santan Café. This, together with the exclusion of data from RedBase (Japan) and RedFort (India), contributed to a 42% drop in total electricity consumption to 5,989,781 KWh, with an average intensity of 99.4 kWh/m^2.

We measure and monitor the amount of electricity consumed in all our buildings and headquarters – RedQ (Malaysia), RedNest (Thailand), RedHouse (Indonesia) and RedPoint (Philippines).

Various initiatives to reduce our electricity consumption are ongoing. These include:
• Planned preventive maintenance to ensure efficiency of air handling units
• Zoning circuit distribution to reduce light usage
• Hot desk seating to improve energy efficiency
• Replacement of all light fixtures with LED bulbs

OPERATIONAL ECO-EFFICIENCY

We strive continuously to enhance our operational efficiency to minimise our carbon footprint, in line with the Group Environmental Policy and Environment Management System (EMS). The EMS provides guidance on the following:
• Formulation of an Environmental Policy & Environmental Management Document
• Environmental objectives setting & performance assessment
• Education & training
• Internal auditing & review

The following flight procedures have been adopted for optimum efficiency:

KUL Required Navigation Performance-Authorisation Required (RNP-AR) approach	Uses the aircraft's navigation functions, instead of ground-based equipment, for the shortest approach to land at KLIA. As of February 2021, one in five AirAsia Malaysia flights operating into KLIA uses these procedures, shaving off on average 2.25 minutes of flight time, resulting in savings per flight of 82kg of fuel and 258kg of carbon emissions. AirAsia was the first in Malaysia to operate RNP-AR; and Malaysia has the largest network of RNP-AR procedures in the world.
MFM & SZX RNP-AR approach	AirAsia Malaysia obtained approval from the relevant regulatory bodies to adopt the RNP-AR approach at Macau and Shenzhen airports.
SafetyLine OptiClimb	Reduces fuel consumption during climb, which is the most fuel-intensive phase of a flight. OptiClimb leverages digital data to accurately determine and analyse the aircraft's aerodynamic characteristics.
One Pack Off during taxi	When the cabin is already cool and conditions permit, pilots will use only one air conditioning pack (instead of two) during taxi, thus reducing fuel burn.
Auxiliary Power Unit (APU) wastage tracking	Reduces APU running hours, carbon emissions and noise.
Aircraft hibernation SOP	SOP was established due to Covid-19, to guide a collaborative decision making process in the selection of the most efficient aircraft to be returned to service post-hibernation.
Operations Control Centre - Operational Decision Intelligence (OCC-ODIN)	This is a decision support tool which streams payload data in real time in order to have the most accurate payload figures possible for flight planning purposes. By reducing the amount of fuel carried, fuel burn and emissions are minimised.

Maximising Flight Efficiency

| Reduced cart size | No more in-flight magazine | AirAsia WiFi | Smart management of potable water levels |

Waste Management

Our policy is to reduce as far as possible all waste generated by our operations, and to maximise our recycling rate. Waste generation was greatly reduced in 2020 because of reduced flight operations.

Scheduled Waste

Most of the scheduled waste produced relate to the engineering aspects of our flight operations and comprise spent lead acid batteries, electric and electronic assemblies, mercury and related components, fluorescent lamps, spent oils, contaminated soil or absorbents, containers, gloves, rags and filters. These are disposed of by licensed contractors in accordance with Environmental Quality Act 1974 and Environmental Quality (Scheduled Wastes) Regulations 2005.

Types of Scheduled Waste	2019	2020
Liquid waste (litres)	31,907	19,060
Solid waste (tonnes)	41.5	24.09

Note: Scheduled waste from Malaysian operations only

Sustainability Statement

Non-Scheduled Waste

We generate a range of non-scheduled waste at our office premises such as water bottles and office-based paper waste. We started to track waste disposal at RedQ from March 2019, with RedPoint following suit in 2020.

Volume of non-hazardous waste collected, and percentage recycled:

Entities	Indicators	Year	
		2019	2020
RedQ (Malaysia)	Non-hazardous waste (tonnes)	347,650	64.11
	Recycled (%)	7.6	17
RedPoint (Philippines)	Non-hazardous waste (tonnes)	NA	88,230
	Recycled (%)	NA	12

Note: Malaysia data for 2020 is inclusive of RedChain, AirAsia Engineering Complex in Sepang.

Recycling Programme at RedQ and RedHouse

We began monitoring the amount of recyclable waste collected at RedQ in 2017, followed by RedHouse in 2019. Due to Covid-19, however, we have been generating less waste overall in our offices, and for the reporting year, only 9,545kg of recyclable waste was collected at RedQ and 135kg at RedHouse.

Entities	Types of Recyclables	Recyclable Waste (kg)			
		FY 2017	FY 2018	FY 2019	FY2020
RedQ (Malaysia)	E-waste	NA	NA	80	0
	Plastic	745	467	146	0
	Paper	18,482	14,524	25,991	8,966
	Metal	1,524	2,675	3,931	579
	Total	**20,751**	**17,666**	**30,148**	**9,545**
RedHouse (Indonesia)	E-waste	NA	NA	NA	NA
	Plastic	NA	NA	79	12
	Paper	NA	NA	993	123
	Metal	NA	NA	NA	NA
	Total	**NA**	**NA**	**1,072**	**135**

e-Waste

In 2019, we started collecting e-waste from RedQ, and sent 80kg of e-waste for recycling. In 2020, we set up three e-waste bins at our Malaysian HQ for items such as broken handphones, tablets, laptops, media storage devices and small electronics. However, because the number of items collected was small, the items were not sent for recycling during the year. Once a sufficient volume is collected, the e-waste will be picked up and recycled by a licensed contractor.

Cabin Waste Management

At AirAsia Malaysia, the cabin crew separates waste at the end of every flight and places the recyclable items in green-coloured plastic bags, which are collected by the Ramp staff and transferred to recycling bins or storage provided by appointed waste management companies. Once the recycle bins are full, the waste management company engages a recycling vendor to collect the items. The vendor weighs the items, separates them and sends them for recycling. The waste management company sends its collection data periodically to the Sustainability Department.

Entities	Types of Recyclables	Recyclable Waste (kg)			
		FY 2017	FY 2018	FY 2019	FY2020
Malaysia	Plastic	5,928	7,192	62,675	552
	Alums/Cans	272	875	931	232
	Glass	426	1,951	221	26
	Paper	4,942	8,112	8,444	17,075
	Metal	2,262	4,977	7,222	579
		13,830	23,107	79,493	18,464
Indonesia	Plastic	NA	894	599	220
	Alums/Cans	NA	1071	777	265
	Glass	NA	141	145	39
	Paper	NA	637	473	159
	Metal	NA	119	92	18
		NA	2,862	2,086	701
Philippines	Plastic	NA	860	11,989	4,383
	Alums/Cans	NA	665	4,952	694
	Glass	NA	0	0	0
	Paper	NA	0	2,002	868
	Metal	NA	0	0	0
		NA	1,525	18,943	5,945
Thailand	Plastic	NA	NA	63,056	35,824
	Alums/Cans	NA	NA	30,548	10,300
	Glass	NA	NA	0	0
	Paper	NA	NA	31,488	13,559
	Metal	NA	NA	0	0
		NA	NA	125,092	59,683

Except for AirAsia Thailand, our AOCs do not weigh the total volume of non-hazardous waste collected at the end of flights, only the volume sent for recycling. Recycling of cabin waste began in Malaysia in 2017, followed by the Philippines and Indonesia in 2018, then Thailand in 2019.

Cabin Crew Uniform

Starting from early 2021, AirAsia Philippines began the process of recycling crew's used uniforms as part of efforts to reduce waste to landfill as well as the cost of disposal. To this end, the Cabin Crew Department issued an SOP to determine which uniforms can be sold for upcycling, and the subsequent processes. Uniforms that cannot be reused are scrapped. Based on the success of this initiative, AirAsia Malaysia will establish similar uniform recycling procedures.

Sustainability Statement

Water Management

Water is becoming a scarce resource, hence the need to manage our consumption and reduce waste. Various measures have been taken to enhance our water management including water saving features in washrooms.

Water Consumption, m^3
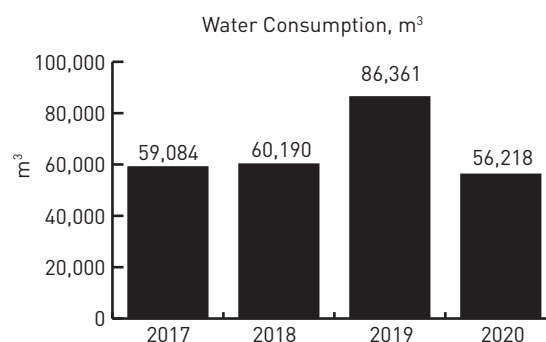
Entities	Water Consumption (m^3)			
	FY 2017	**FY 2018**	**FY 2019**	**FY2020**
RedQ (Malaysia)	50,961	52,595	64,133	43,668
RedNest (Thailand)	NA	NA	15,511	9,932
RedHouse (Indonesia)	5,793	5,449	5,401	2,618
RedPoint (Philippines)	2,330	2,146	1,316	-*

*Note: No data is available in 2020 for RedPoint as the airline moved its office to new premises and utility invoices have not yet been issued by the building owner.

In 2020, our water consumption was 35% less than in 2019. This was due to the reduced number of Allstars reporting to work as well as ongoing water management initiatives.

SOCIAL

Aligned to SDGs

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

HEALTH & SAFETY

The health and safety of Allstars and guests is given top priority at AirAsia. In 2020, this was reflected in the manner in which we responded to the pandemic. While continuing to enhance all procedures to ensure the safety of flight operations, extra effort and attention was given to keep guests and Allstars safe from the virus.

Safety Amid Covid-19

New policies and procedures for guests' safety were introduced, including temperature checks, wearing of face masks, markings on seats and on the ground to ensure social distancing, the placement of hand sanitisers throughout the terminal, and regular sanitisation of aircraft - every night for domestic flights and immediately after any international flight undertaken for special transport reasons. We also strongly encouraged guests to use our contactless processes, such as self check-in and FACES, our facial biometric recognition system. To ensure Allstars adhere to approved SOPs, an Operational Guidance Handbook was developed for easy reference.
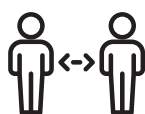
RED OFFICES

Office Checkpoints
Temperature will be taken prior to entry

Protected at All Times
Wear the prescribed PPE before reporting for flights

Social Distancing
Within office premises, during pre-flight briefings, and at the airport

Mobile Phone Sign-in
Allstar crew to sign-in via their mobile phones by connecting to RedWifi

Greet the Asean Way
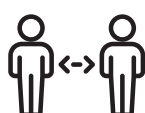Avoid handshakes. Greet your fellow Allstars the Asean way

Frequent Handwashing
Sanitise regularly as you make your way to the office, before meeting with colleagues, and upon boarding the plane

FLIGHT DUTIES

Cabin Disinfection
Disinfect the cabin and high-touch areas using approved and recommended chemicals/agents

Guest Social Distancing
Make necessary announcements and manage the cabin traffic well to maintain social distancing during boarding and disembarkation

Strict one Hand Carry Policy
Each guest is allowed to carry only one laptop bag/backpack into the cabin

Wear your PPE on Duty
Crew should be fully equipped with PPE in all phases of the flight for maximum protection. Sanitise before wearing your PPE by thorough hand washing

Do Not Touch Seatbelts
Seatbelt crossing should be during the last sector cleaning only. Tactfully request guests to cross their own seatbelts through announcements before leaving the aircraft

No Touch!
Do not touch your hair and your face, even if you are wearing gloves

Sustainability Statement

Our guest-facing initiatives led to AirAsia being awarded a seven-star Covid-19 rating, the highest rating possible, in an assessment by Airlineratings.com. We met all seven criteria of Covid-19 compliance: website information on Covid-19 procedures; face masks for passengers; personal protection equipment for the crew; modified meal service; deep clean of aircraft; personal sanitiser kits; and social distancing onboard.

For Allstars, we practised split team operations, and those reporting to work were required to adhere to our Safe@Work Guide, launched in April 2020. This encompasses up-to-date information on Covid-19, reporting processes, work arrangements and resources available for working safely. A Safe@Work e-learning module was also developed to ensure compliance and has been made compulsory for all. As of end 2020, a total of 16,777 Allstars had completed the module.

To keep Allstars updated on relevant information:
- We post news flashes on Workplace using Announcements@AirAsia, Announcements@Safe Flying and Safety@AirAsia. The latter includes a weekly segment on Safety News with Chief Safety Officer Captain Ling Liong Tien, and updates on safety issues, including the progress of Covid-19 handling in the aviation industry.
- We also created a Knowledge Library on Workplace called Safe@AirAsia,which consists of Safe Flying – on Allstar and guests' safety; and Staying Informed - important reads and data from reliable sources.

Meanwhile, we also launched FlySafe Ambassador Training, which was designed in-house in collaboration with Cabin Crew, Ground Operations, Ramp, Baggage, Customer Happiness and Brand Insights. The training covers AirAsia's Safe Flying and Safe@Work policies, and prepares Allstars to answer any safety-related guest queries. As at end 2020, more than 6,000 Allstars had attended 96 sessions.

Mental Health

Recognising that it is a time of great emotional stress, we invested in multiple channels to ensure Allstars' mental and emotional well-being.

Allstar Peer Support

In June 2020, AirAsia expanded the scope of our Operations Critical Incidence and Stress Management (CISM) team to extend peer support services to Allstars. The CISM team comprises pilots and cabin crew trained to handle the emotional support needs of co-workers who experience distressing incidents onboard during the course of their duties. To cover the broader needs of Allstars during the pandemic, advanced training was provided by an appointed professional counsellor to the 70 CISM peer supporters and an additional 100 volunteers from multiple departments from across the Group.

To maintain anonymity and manage the case load, a chatbot was introduced to receive enquiries and assign them to five categories of Work, Finance, Health, Personal and Others. Each request is picked up by a peer supporter within 24 hours, and cases requiring referrals are directed onwards to AirAsia's professional counsellor. As of end 2020, about 500 Allstars had sought help through the platform. The volunteers meet online once a month to share and learn from each other. Recurrent training and mental health talks are also conducted periodically to enhance the knowledge and skills of the peer supporters. The programme has helped Allstars cope with the impact of the ongoing uncertainties and challenges.

Allstar Health Coach

Partnering with digital health and wellness brand Naluri, we launched the Allstar Health Coach, an interactive and educational online programme that provides the following key features:
- Digital health companion
- Professional coaching by doctors, dietitians, fitness coaches, pharmacists, executive coaches and financial planners
- Financial planning to a healthier wallet
- Photo Food Journaling to keep count of calories intake
- Online assessments to identify at-risk individuals

As at end 2020, about 2,000 Allstars Group-wide had signed up for the programme.

Wellness Webinars/Workshops

In addition, a series of wellness workshops was organised for Allstars including:
- 15 emotional well-being webinars with 21,505 total views
- 3 manager workshops on emotional well-being with 155 participants
- 7 financial well-being webinars with 12,979 total views
- 27 online yoga classes with in-house cabin crew from Bangkok attracting 9,179 total views

Standard Operational Safety

Although we had to scale down our operations in 2020 in response to travel restrictions, AirAsia continued to improve on our operational safety processes. Safety training was provided not only to Allstars in potentially hazardous functions, but to everyone. The idea is for all Allstars to recognise their role in keeping themselves and others safe at all times.

AirAsia conducted **22 Webinars**. **3 Workshops**, and more than **27 Online Programmes**

Safety Management System (SMS) Training	Our Training, Standards and Safety Departments worked together to obtain online training approvals from the relevant regulators of each country. This allowed us to conduct a total of 981 online SMS training hours, in addition to 218 hours in a classroom setting for our Operational team.
Safety Management System (e-learning)	Approximately 3,000 Allstars from various functions and departments joined the four-hour course via Google classroom. This course aims to enhance safety awareness during the downtime.
Redeye Training	This training was introduced in 2020 to familiarise Allstars with AirAsia's new safety reporting tool, which has been created in-house, tailored to the Group's unique business structure. User-friendly, the app encourages participation in reporting and allows for safety as well as investigation reports to be stored safely.
Aerial Genie Lift Safety Inspection Training	Every year, qualified Allstars from Ground Service Equipment (GSE) undergo eight-hour training to conduct aerial work platform equipment inspection, according to the manufacturer's instructions.
Working at Height course at NIOSH	Engineering Allstars undergo eight-hour training on how to minimise the hazards of working at height.

Safety Performance

The year saw significant improvement in our safety performance, with a halving of recordable injuries; roughly two-third decrease in severity rate; and drastic reduction in incident rate. While these are very positive numbers, they are also the result of severely curtailed flight operations

Won Malaysian Society for Occupational Safety & Health **(MSOSH) Gold Award** 2020

Sustainability Statement

Safety Performance Data

Indicators	2018	2019	2020
Total man hours	21,520,512	22,042,176	21,268,416
No. recordable injuries	109	142	71
Incident rate	12.3	16.0	0.013
Severity rate	20.0	25.7	8.0
Fatalities	0	0	0

We review our Hazard Identification, Risk Assessment & Risk Control (HIRARC) procedures on an annual basis or whenever there is an accident.

IOSA Standards

Group Operational Quality Assurance (GOQA) has worked over the years to prepare all our AOCs for the IATA Operational Safety Audit (IOSA) in order to obtain IOSA registration. IOSA is a globally recognised benchmark for best-in-class airline operational management and control systems. By meeting its standards, airlines demonstrate a high level of operational safety and efficiency. As of early 2020, all our AOCs had obtained IOSA registration.

To ensure our AOCs remain on the registry, GOQA conducts Internal Operational Audits (IOAs) annually and Joint Station Compliance Audits (JSCAs) every two years. In 2020, the MCO made it difficult to conduct conventional on-site audits, thus GOQA developed SOPs for Remote Assessment Programmes to ensure the continued integrity and safety of our airline operations.

Audit Programme	No. of Audits Performed	Remarks
JSCA	17	All operational stations Group-wide on-site audits carried out from 01 Jan - 31 Dec 2020.
	36	All operational stations Group-wide remote assessments carried out from 31 Jul - 31 Dec 2020.
IOA	*5	MAA, TAA, PAA, AAI and *IAA.

Note: The IOA on AirAsia Indonesia was planned for December 2020 but was performed in January 2021.

GOQA also continuously monitors defects in the Group's aircraft so as to rectify any critical defect before it escalates into a safety incident. A weekly repetitive defect report is shared with Management and stakeholders in AOCs to ensure visibility, awareness, tracking and timely rectification.

HUMAN CAPITAL DEVELOPMENT

Learning & Development Policy	We are committed to developing a strong learning culture in which Allstars are able to achieve their full potential. The policy also ensures that Allstars have access to learning and development opportunities which will enable them to grow within the Company.

One of our employee value propositions has been to "Dare to Dream", meaning we encourage our Allstars to have ambitious plans and work with them to attain their goals. As strong advocates of continuous professional training and development, we believe in providing our Allstars the opportunity to develop in order to realise their true potential.

With the pandemic, and virtual halt in our airline operations, we have been encouraging Allstars to acquire digital skills so as to make a transition from our Airlines operations to our Digital businesses. An Upskilling Framework has been developed to help Allstars create customised development plans in line with their aspirations as well as our Digital growth strategies. The launch of Redbeat Academy in 2020 has been timely, providing a readily accessible avenue for Allstars to immerse themselves in a digital learning environment in a structured manner.

Redbeat Academy offers a range of online digital training modules in partnership with Google, for upskilling and reskilling including:
- Google Cloud Training (ATP)
- Data and Machine Learning
- Cloud Infrastructure
- Digital Marketing
- Product UI/UX
- Software Engineering
- Information Security

Other Training

Outside of Redbeat Academy, we made the most of the downtime to continue to provide training to Allstars at all levels and functions, primarily through online channels.

A total of 45 types technical training programmes were conducted, including:
- AirAsia 3.0 Digital & Data Transformation
- IATA - Managing Accident Prevention and Investigation
- Human Factors and Safety Investigations (HFASI)
- Certified Information System Security Professional
- Senior Leadership Workshop - Supply Chain, Logistics and Operation Management

1,705
technical training hours

751
participants

48%
female

52%
male

Total Amount Spent on Training (Group-wide)	FY2019	FY2020
Technical & Non-technical Training Programmes	RM 12.5 million	RM 13.4 million

Non-technical training included the following:

Managers' Toolkit	This new module on Workday Learning helps equip managers with the necessary skill-sets, behaviours and mindset to understand the job of managing people. It includes resources to suit different learning styles and self-assessments to manage self and others. More than 970 managers have been given access to the programme.
Senior Leadership Programme	Partnering the University of Cyberjaya and Harvard Business School, we ran an eight-session Operationalising Strategy Through Innovation and Execution With Empathy programme for 115 senior leaders from 12 departments across the Group over a period of two weeks.
WFH Programmes	For Allstars working from home, we organised webinar courses, which received 3,000 views. They included: • Manager Essentials • Influencing Skills for Leading Without Authority • Driving Innovation Through Design Thinking • Developing Business Acumen • Critical Thinking and Decision Making • Agile Way of Working • Organising & Prioritising
LinkedIn Learning	We provided subscriptions for managerial level Allstars to access LinkedIn Learning, a core resource for talent development across the Group.
Mentor Mentee Programme	Working with Redbeat Academy, we launched a mentorship programme.

Sustainability Statement

Master of Business Administration (MBA) Programme

Allstars with leadership potential are given the opportunity to undertake a 20-month MBA programme run by the Asia School of Business in collaboration with MIT Sloan. The programme is based on Action Learning, where participants use knowledge gained from case studies and work with global partners on important business challenges. The experience gained has seen graduates take on roles of greater responsibility within the Group, adding to our collective organisational capabilities.

Since the programme was launched in 2016, a total of eight Allstars have obtained their MBAs. All eight were reabsorbed into AirAsia upon graduation. In 2020, we sponsored one Allstar to undergo the programme, with the fees being covered by an endowment fund contributed by AirAsia in previous years. Meanwhile, four Allstars graduated from Asia School of Business, and another four who started the programme in 2019 are expected to graduate in 2021.

Indicators	FY2016	FY2017	FY2018	FY2019	FY2020
Number of Employees Sponsored	4	0	4	4	1
Monetary Contribution (RM 000')	1,060	-	1,260	1,260	0
Number of Employees Graduated	-	-	4	0	4

Global University Talent Outreach Programme (GUTOP)

We continued with our internship programme targeting undergraduates and postgraduates from top international universities. The three-month programme offers participants a better understanding of how AirAsia operates. It also provides a good learning opportunity as participants are exposed to various functions within the Group and work on a range of projects. In 2020, all five of our GUTOP interns completed their virtual internship, and one intern was offered a placement in AirAsia.

Support for Furloughed and Retrenched Allstars

Although we could not avoid putting some Allstars on unpaid leave and letting some go following the drastic reduction in flight operations, we provided support for them to find new employment. Initiatives undertaken included:
• Developing an Allstars Separation Toolkit, a guide pack that provides information on transitioning to future employment
• Preparing a Talent Directory comprising Allstars' CVs which are shared with AirAsia's partner companies
• Conducting CV writing and interview techniques workshops with the Talent, Learning and Culture (TLC) and Recruitment teams
• Organising an Allstar Virtual Career Fair @Alumni group on Workplace involving:
    - 2,000 Allstars
    - 25 prospective companies
    - 21 webinar sessions
    - 2 on-ground career fairs with employers and training providers
• Establishing AirAsia's Got Talent – Allstars were encouraged to upload their latest résumés onto a newly created AI-driven platform, which then matched their skills, experience and interests with open positions, temporary assignments, short- and long-term part-time projects and any other initiative within the AirAsia Group requiring talent.

Attractive & Inclusive Workplace

We seek to bring on board the best talents and to retain them by offering an attractive work environment, one that values the opinions of everyone and that positively celebrates divergent perspectives. Our headquarters are designed to encourage free and open communications through the open-office concept, and in RedQ we go the extra mile to make our work environment more like a second home – with lounge areas, cafes, a convenience store, laundromat, gymnasium, daycare centre, hairdressing salon, clinic and physio lab.

As of end 2020, the Group employed a total of 18,848 staff, comprising 65% men and 35% women. The gender distribution is skewed by male dominance in operational functions. Embracing an equal opportunity culture, we do not discriminate against gender, age or ethnicity and also seek to provide opportunities for those who are differently abled.
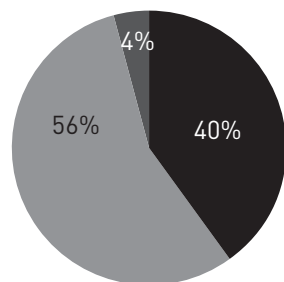
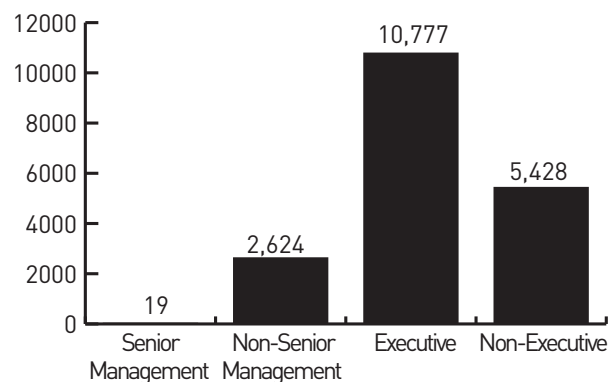**Employees in 2020 (Group-Wide)**

Workforce by Gender

Men
Women

35%
65%
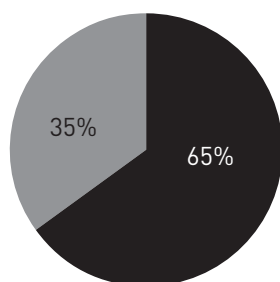
Workforce by Age Group

4%
56%
40%

Below 30
30-50
Above 50

Workforce by Employment Category

| Category	Value
Senior Management	19
Non-Senior Management	2,624
Executive	10,777
Non-Executive	5,428

Our Senior Management consists of the Chief Executive Officers (CEOs) of all the companies within the Group. In 2020, we saw an increase in women's representation among Senior Management from 15% in 2019 to 21%. Recognising the importance of having a good balance of the genders within the Group, we will strive to further increase women's representation at all levels moving forward.

In hiring, we look at a candidate's qualifications, knowledge, skills, training and experience rather than gender, age or cultural background. We also seek a good fit between new hires and our unique "can-do" AirAsia culture.
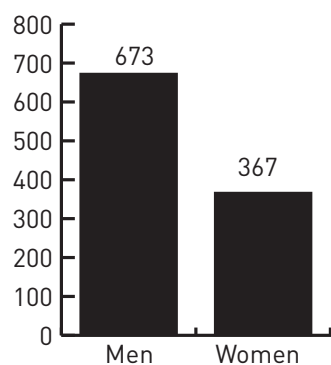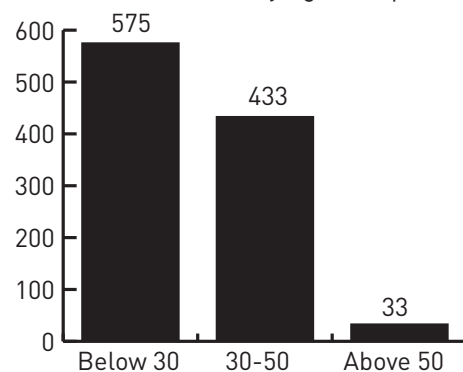
Senior Management

21%
79%
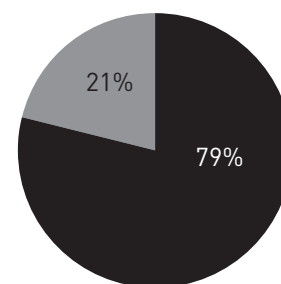
Men
Women

New Hires in 2020
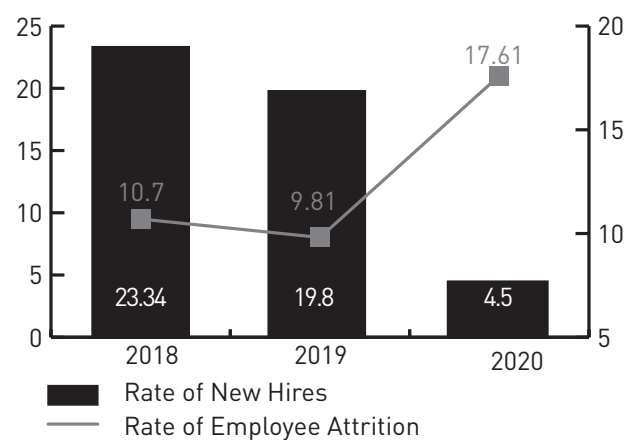
Total Number of
New Hires by Gender

673
367

Men
Women

Total Number of
New Hires by Age Group

575
433
33

Below 30
30-50
Above 50

New Hires and Attrition Rate

Year	Rate of New Hires	Rate of Employee Attrition
2018	23.34	10.7
2019	19.8	9.81
2020	4.5	17.61

Rate of New Hires
Rate of Employee Attrition

Sustainability Statement

Summary of 2018-2020 Employee Data

Indicators	2018	2019	2020
Total Number of Employees	22,104	24,416	18,848
Employee Breakdown by Gender			
Male	13,790	15,359	12,329
Female	8,314	9,057	6,494
Gender Breakdown: Senior Management			
Male	15	17	15
Female	3	3	4
Gender Breakdown: Board of Directors			
Male	6	6	6
Female	1	1	-
Total New Hires			
i. By Gender			
Male	2,881	2,727	673
Female	1,970	1,878	367
ii. By Age Group			
<30	3,617	3,315	575
30-50	1,149	1,213	433
>50	85	77	33
New Hire Rate (%)	23.34	19.80	4.50
Attrition Rate (%)	10.7	9.81	17.61

Employee Benefits

We offer Allstars competitive remuneration and benefit packages that include travel and medical benefits as well as annual/maternity leave. We also provide free financial and emotional well-being programmes, a recognition programme, employee assistance programme, free munch (daily subsidy for the in-house cafe), a positive corporate culture and facilities such as a creche, gym, rehabilitation centre, clinic and gaming stations.

Employee Engagement

We recognise that engaged employees are more invested in a company, feel a greater sense of belonging and are more inspired to perform their best. We therefore invest significantly into different channels through which we are able to create a sense of cohesiveness and belonging. During the year, most of our employee engagement took place online.

Allstars on Air

Weekly programme on Workplace Live to share group updates, connect Allstars to CEOs through the Bosses Hangout segment, and share what other teams have been doing via Department Takeover sessions. Currently on Season 2.

Outcomes: These sessions were well received, with over 190,693 total views; 2,713 comments; 6,422 reactions; average of 79% campaign read.

Management #AskMeAnything Updates

Quarterly management updates on Workplace Lives on the latest developments and directions of the Group, inclusive of Q&A with Allstars.

Outcomes: Allstars appreciate these sessions as they are able to get first-hand information and communicate their concerns or questions to the top management.

#AskMeAnything

TOWNHALL WITH TONY

3rd Dec 2020 (THU) • 3 - 5PM (KUL TIME) • Live: happenings@airasia

SEE YOU THERE!

LIVE

Sustainability Statement

Safe Flying Campaign

Includes Safe@Work policy, dedicated Announcements@Safe Flying and a living Knowledge Library on Workplace, safety videos, regular situation reports, and EDM blasts to keep Allstars informed and updated on Covid-19 related matters.

Outcomes: The goal is to ensure every employee gets the right information and guidance amidst the pandemic. From the Allstars WFH Survey, 95% of Allstars felt engaged and informed.

#AllstarsWFH Engagement

Weekly programme featuring initiatives under the Learning, Social, Fitness, and Well-being pillars - Yoga At Home, 12 Days Learning Challenge, Netflix Party, Learn A New Language, and more. Includes dedicated Workplace groups such as Allstars Work From Home, Parenting@AirAsia and Managers@AirAsia.

Outcomes: Through this channel, we were able to increase employee engagement and ensure the well-being of Allstars during the lockdown.

#InThisTogether Campaign

Campaign from March till July to instil hope, positivity and the #oneairasia spirit by organising donation drives and supporting local businesses through the airasia super app, airasia farm and Teleport's S.O.S (Save Our Shops) campaign.

Outcomes: 188,760 total views, 400 comments and 6,350 reactions. Through this campaign, with the phrase "here for you, here for each other", we kept Allstars together, while giving back to the community.

#HUMANSOFAIRASIA Stories

A series of monthly write-ups that showcases Allstars'
contributions or efforts such as crew supporting rescue flights;
engineers still maintaining aircraft; others caring for street dogs
or abandoned pets; and more.

Outcomes: Allstars across the Group were able to share their
stories, with an average view of 4,000 with 150 reactions.

Celebrating Major Milestones and Asean Festivals

For the first time, AirAsia's famous parties were organised virtually to celebrate the company's 19th Anniversary and to thank staff for
their hard work and resilience.

Outcomes: With 4,474 total views via Workplace, we maintained our traditions amidst the outbreak and strengthened our bonds within
the AirAsia family.


Allstars Diwali Virtual Party

AirAsia's 19th Anniversary

Sustainability Statement

Allstars WFH Survey

A survey was sent to all non-operations Allstars across the Group on 16 May to gauge their WFH experience. Responses were received from 5,938 Allstars (response rate: 62%) with 83% noting an easy transition to WFH, 95% feeling engaged and informed, and only 14% feeling productivity was impacted due to hibernation. The respondents also provided feedback on how their remote working experience could be improved.
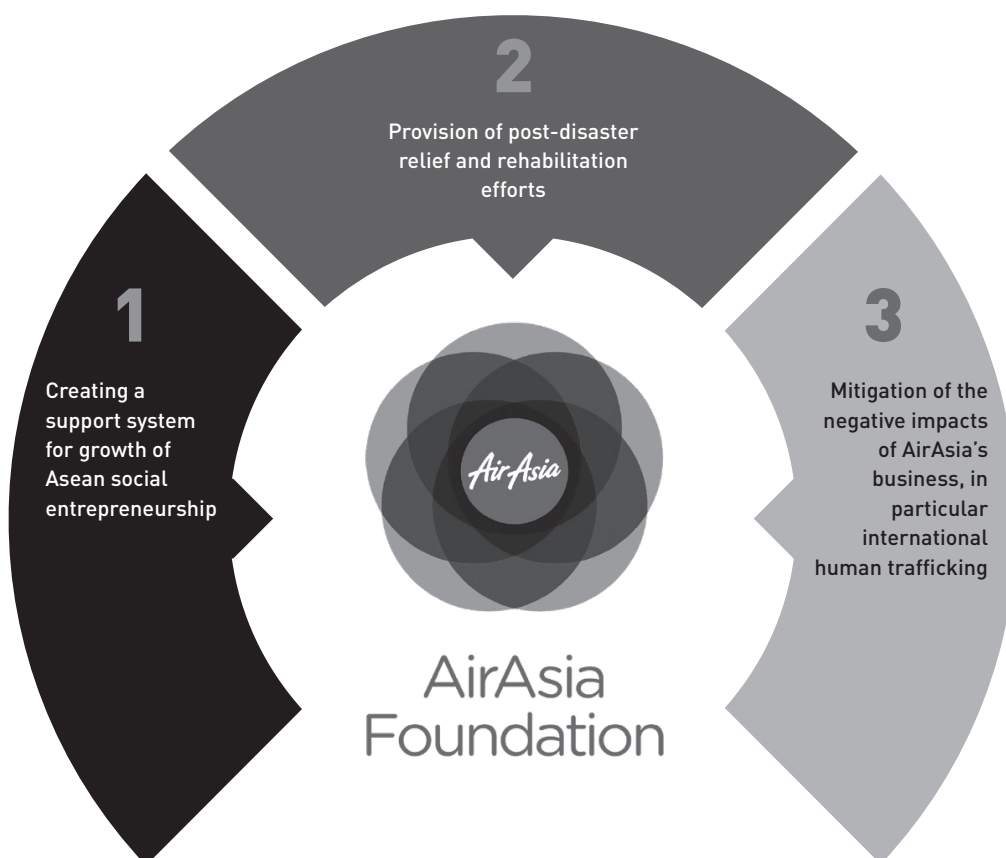
Allstars WFH Survey

	Easy transition to WFH	Feeling engaged and informed	Productivity impacted
	83%	95%	14%
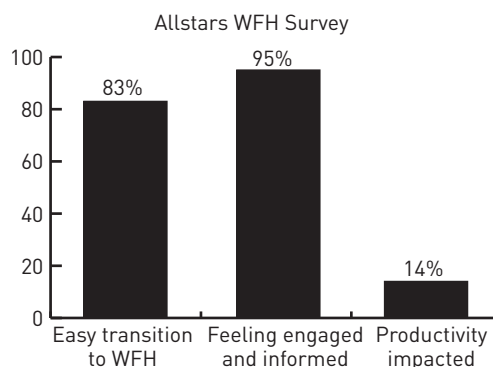
CORPORATE CITIZENSHIP & PHILANTHROPY

AIRASIA FOUNDATION

AirAsia's philanthropic contributions are carried out primarily by the AirAsia Foundation whose goal is to help build an Asean community of the future by advocating social entrepreneurship, innovation and inclusivity.

Three focus areas:

2
Provision of post-disaster relief and rehabilitation efforts

1
Creating a support system for growth of Asean social entrepreneurship

3
Mitigation of the negative impacts of AirAsia's business, in particular international human trafficking

AirAsia

AirAsia Foundation

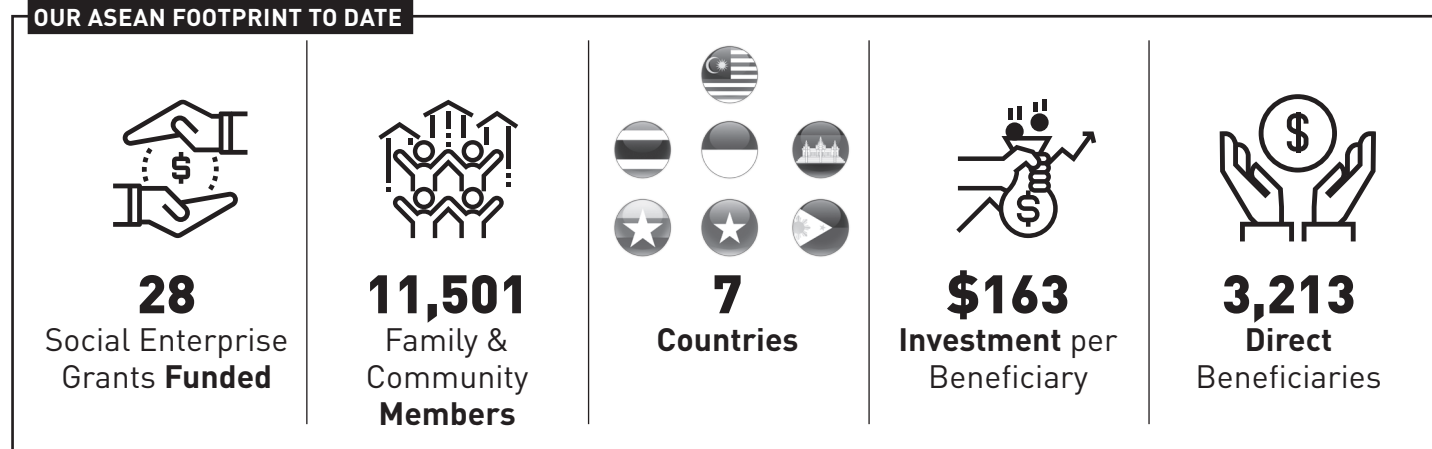**Social Enterprise Support**

In 2020, the Foundation scaled back on its grant-making activities under the direction of its Council. Using healthy reserves, however, it was still able to disburse three new grants while continuing to fund ongoing projects approved in prior years. The Foundation also prioritised the expansion of its retail outlet, Destination GOOD.

OUR ASEAN FOOTPRINT TO DATE

28 Social Enterprise Grants **Funded**	**11,501** Family & Community **Members**	**7** **Countries**	**$163** **Investment** per Beneficiary	**3,213** **Direct** Beneficiaries

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Social Enterprise Grant Programme

In 2020, AirAsia Foundation approved three new social enterprise grants totalling RM189,104. The three successful grantees are:

Social Enterprise	Grant Amount	Description of Project
Dusun Merdeka, Malaysian cocoa producer that grows and sources organic cocoa from Orang Asli farmers	RM78,320, commencing August 2020	The grant supports the improvement of Dusun Merdeka's cocoa processing facilities, increasing its bean purchase capacity and promoting responsible harvesting. The project includes a biodiversity pledge to rehabilitate parts of secondary forests bordering Malaysia's national parks. The project is estimated to benefit 150 Orang Asli families supplying Dusun Merdeka and an additional 350 families through the expansion programme.
Natural Aceh, helps rebuild the livelihood of women oyster farmers affected by destruction of mangrove forests due to the 2004 tsunami	RM47,784, currently on hold due to Covid-19 restrictions	This grant is a follow-up to a successfully completed first grant to set up an oyster farm supporting 40 women harvesters. The second phase of the grant aims to improve the organisation's oyster product development facilities.
Malaysian Association for the Blind (MAB), which supports income generating opportunities for the visually impaired	RM63,000, temporarily suspended due to Covid-19 restrictions on spa business	The grant is to be used for renovation of the MAB Shoppe, the association's massage spa in REXKL in Kuala Lumpur.

In addition to the above grants, AirAsia Foundation continued the disbursement of outstanding grant commitments to Opendream, a Bangkok-based technology social enterprise; and Langit Collective in Malaysia, both approved in November 2019. Opendream developed Small World, a mobile gaming app that maps out social enterprises, heritage sites and local tourism experiences in cities and towns in Asean, while promoting responsible travel practices. Langit conducted capacity building workshops for Orang Asal farmers to implement climate-smart rice cultivation solutions in Long Semadoh Valley in Sarawak and to achieve organic farming certification.

Sustainability Statement

Destination GOOD

AirAsia Foundation's retail platform offers more than 400 products sourced from over 50 social enterprises in Asean. These are sold at the Destination GOOD flagship store in REXKL, Kuala Lumpur as well as, starting 2020, online. In addition to destinationgood.com selected items can be found on airasiashop, airasiawifi and Shopee.

In 2020, the retail outlet had to be closed temporarily in compliance with the MCO. However, AirAsia Foundation rapidly expanded its online sales channel through marketing campaigns and activities. Two key strategies were prioritised: product diversification to include a wider selection of items in demand such as face masks and organic food products; and marketing campaigns targeting shoppers outside of Asean, resulting in the customer base expanding to Japan, Australia, Germany and the United States. As a result of that, in 2020, Destination GOOD generated RM90,800 in revenue, representing a 35% increase from the previous year.

Anti-Trafficking

At AirAsia, we recognise our responsibility to help identify potential human trafficking situations. Thus, AirAsia Foundation's #KnowtheSigns programme was created to train Allstars to recognise the signs of trafficking on flights and to take appropriate action. This programme alerts our crew to human rights abuses taking place using air transportation, while providing guests (trafficking victims and general guests) with a safer flying experience.

Throughout the first three years of implementation, the programme focused on delivering classroom training to cabin crew members. With the onset of Covid-19 social distancing requirements, the training programme was shifted online via an e-learning module which was launched on 30 July 2020 in conjunction with World Day Against Trafficking.

In the five months up to 31 December 2020, a total of 7,034 Allstars (33%) completed the training. Of this total, 3,350 (47%) are frontline operations staff comprising cabin crew, pilots, ground staff and security personnel. All Ground Team Red (GTR) Allstars, who service AirAsia's flights, have completed the training.

In 2020, we also hosted an international webinar titled "The Role of Airline Staff as Frontliners in the Fight Against Human Trafficking" which featured speakers from AirAsia, ICAO and US-based NGO, Airline Ambassadors International. AirAsia Foundation was subsequently invited to join ICAO's Anti-Trafficking Working Group to develop new industry reporting guidelines, as well as to present AirAsia's experience as a best practice case study at an APEC Transportation Group webinar in October 2020 hosted by the US Department of Transportation.

Reporting Process

Reporting on suspected human trafficking cases follows the following key steps:
1.   Crew receives a request for assistance from a suspected victim or spots a suspected victim.
2.   Crew to cross-check signs with Senior Crew or Purser.
3.   Senior Crew/Purser notifies the Captain.
4.   Captain to radio for ground support.
5.   Where present, AirAsia security personnel will accompany airport security officers to meet aircraft upon arrival at destination.
6.   Suspected victim will be interviewed by law enforcement officers. Cases requiring social worker support will be referred to AirAsia Foundation's NGO partners, if available, at destination.
7.   Crew records observations and actions in a dedicated #KnowtheSigns form in AirAsia's Coruson reporting app.

In 2021, AirAsia Foundation will update the #KnowtheSigns online training module to incorporate information specific to Thailand, Indonesia and the Philippines (in addition to Malaysia). With this revision, AirAsia Foundation aims to increase its Group-wide training completion rates from 33% at present to 50% by the end of 2021. As Allstars are encouraged to sign up for this training voluntarily, AirAsia Foundation will continue to raise awareness through regular engagement, workplace activities, and awareness roadshows.

Humanitarian Assistance

In 2020, AirAsia Foundation carried out a donation drive to support several NGO partners to address the basic needs of marginalised communities impacted by the pandemic. The year also marked the completion of support for the "To Indonesia with Love" project, which started in 2018 in aid of relief and rehabilitation efforts in Palu and Lombok, Indonesia, after the two cities were hit by a succession of earthquakes and tsunamis.

In This Together Donation Drive

Following the MCO, AirAsia Foundation in partnership with BigPay initiated an online drive to raise funds for severely impacted communities, in particular B40 families, indigenous people, refugees and people without permanent shelter.

The four-week campaign raised over RM130,000 which was disbursed to five social enterprises and charities, namely Perak State Parks, SEED Foundation, Beyond Borders Malaysia, Our Journey, and the Malaysian Association for the Blind. On top of that, AirAsia Foundation donated RM50,000 to five of its social enterprise grantees that were severely affected by movement restrictions imposed across the region. With balance donation funds, AirAsia Foundation partnered with social enterprise Batik Boutique to donate 247 units of personal protective equipment (PPE) to Hospital Kuala Kangsar in Perak, Malaysia.

Donation to Malaysian Association for the Blind

Sustainability
Statement

Organisation	Amount (RM)	Beneficiaries
Perak State Parks	33,322	241 Orang Asli families
SEED Foundation	34,532	547 People without permanent shelter
Beyond Borders Malaysia	34,532	790 B40 households
Our Journey Berhad	10,000	413 Migrant workers
Malaysian Association for the Blind	10,000	66 Differently-abled persons
Tsaa Laya	10,000	95 Climate change refugees
Natural Aceh	10,000	395 Tsunami survivors
Tonibung	10,000	191 Orang Asli families
Arkomjogja	10,000	279 Urban poor families
Parastoo Theater	10,000	78 Refugees

To Indonesia With Love (2018-2020)

In August 2020, AirAsia Foundation disbursed a final tranche of RM1.2 million to Yayasan Arkom Indonesia (Arkom) under its "To Indonesia with Love" campaign to help the local communities in Palu and Lombok rebuild their lives following the tsunami. The objective was to integrate socio-cultural, economic and environmental aspects in the process of reconstructing and rehabilitating the area. With a total donation of RM3.8 million, the project has funded:

• The development of four comprehensive village planning documents that consist of detailed guidelines and conceptual data for coastal area planning which has been approved by the government of Palu City and Doggala Regency.
• Construction of 82 permanent earthquake resistant houses using models and innovative building technology developed by Yayasan Arkom Indonesia.
• Construction of four village community centres.
• Apprenticeship and livelihood training in bamboo craftsmanship and brick-making workshops to enable local communities to earn sustainable income post disaster.

Training of 80 community leaders comprising 33% women to take ownership of the rebuilding and rehabilitation process of their villages.

OTHER COMMUNITY SUPPORT PROGRAMMES

AirAsia Rescue and Repatriation Flights

Throughout 2020, AirAsia operated a total of 14 rescue and repatriation flights at the request of ASEAN governments to bring more than 15,000 stranded nationals home and help foreigners return to their respective countries. In the Philippines, PAA also operated 396 domestic rescue flights to help thousands of stranded locals and foreign tourists return to their home provinces and National Capital Region (Manila).

Repatriation Flights in 2020

Airline	Month	Origin	No. of Flights	Total Pax
PAA	April	Manila - Phnom Penh - Manila	1	167
	June	Manila - Yangon - Manila	1	152
	July	Gujarat - Manila	1	125
IAA	April - May	Semarang - Manila	2	124
	May	Jakarta - Manila - Jakarta	1	117
	July	Jakarta - Tiruchirappalli	1	170
		Penang - Medan	1	166
		Jakarta - Kochi - Jakarta	1	300
	August - November	Jakarta - Bengaluru	3	452
	October - December	Jakarta - Chennai	2	1,850

Cargo-only Medical Aid Flights

In March, Teleport became the first in Malaysia to operate passenger aircraft for cargo-only flying. This was necessary not only to meet overwhelming customer demand but, more importantly, to support the critical need to transport medical aid and essential goods in response to the global pandemic.

Throughout the year, Teleport operated over 1,400 cargo-only flights to 46 destinations on behalf of partners including The Edge Covid-19 Fund, the Ministry of Foreign Affairs Malaysia, The Jack Ma Foundation and the International Committee of the Red Cross. This included more than 360 Transportation of Cargo in Passenger Cabin (TCPC) flights in which additional cargo was loaded on seats, overhead storage compartments and under the seats.

1ST

AirAsia was the first airline in Malaysia to obtain the license to carry cargo in the cabin

Sustainability
Statement

IKHLAS

IKHLAS was launched in April 2020 as a new line of business under AirAsia to provide faith-based services to Muslim communities. This includes religious obligations such as Umrah, Qurban and Shariah-compliant lifestyle choices. Partnering with its official foundation, Yayasan Amanah AsSofwah AlMalikiyyah, IKHLAS undertook over 20 campaigns in 2020.

In May, it launched the Give with IKHLAS campaign, an online donation drive to feed the underprivileged and frontliners in Malaysia. A total of RM1,322,267 was raised, and channelled towards the distribution of 54,074 ready meals and essential items to 16,016 families. In addition, 20,000 face masks and 400 bottles of hand sanitiser were handed out.

A second campaign, IKHLAS for Sabah, was launched in October 2020 that raised RM217,879 to support 3,071 families primarily in Red Zone locations, in addition to 40,000 face masks, 900 bottles of hand sanitiser and 500 PPE.

Other than this, 257 donation drives were organised to distribute essential items, ready meals and PPE to the needy.

Organisation	Programme	Description
Teleport	OURSHOP/airasia fresh: Save Our Shops (S.O.S) Campaign	Teleport enabled merchants impacted by the pandemic to market their products on the airasia super app's e-commerce platform, OURSHOP, with zero commission and zero listing fees. In August 2020, OURSHOP received PENJANA funding to train and onboard East Malaysian merchants onto the platform. OURSHOP was later rebranded as airasia fresh.
AirAsia Philippines (PAA)	Rise Up Tugegarao	On 30 November, PAA carried over 10 tonnes of clothing, blankets, bottled water and food from Manila to victims of Typhoon Ulysses in Cagayan Valley. In partnership with Liter of Light, it also distributed 150 solar powered lights to affected families, and for communal spaces within the area.
	Rise Up Virac Catanduanes	On 7 December, PAA carried out a similar mercy flight, this time carrying relief items for the victims of Typhoon Kammuri in Catanduanes.
AirAsia Indonesia (IAA)	1 Million Coffees for Frontliners	On 17 April, IAA in collaboration with Kopi Jujur, a coffee community in Jakarta, set up stalls in hospitals to serve breakfast coffee and buns to medical frontliners in hospitals.
	Mountain & Beach Clean-up Indonesia	Allstars and their family joined in efforts at Kuta Beach Bali to reduce the volume of waste, especially plastics, from entering the oceans. Twenty-one bags of waste were surrendered to Kuta waste management staff and data on plastic waste was sent to makingoceansplasticfree.com to influence long-term solutions and decision making. The event also helped to create awareness of marine pollution and the responsibility of everyone to contribute to the environment.