

Sustainability **Statement**



Introduction

About This Report

Capital A Berhad is pleased to present our annual Sustainability Statement, which provides an overview of our economic, environmental and social (EES) approach, performance and achievements for the year 2021. This follows from our previous Sustainability Statement for the year ended 31 December 2020.

Over the past three years, sustainability reporting has become a fundamental component for us to demonstrate our ability to manage sustainability risks and opportunities, and create value for our stakeholders.

This year, we strengthened our commitment through an in-depth materiality exercise and by addressing identified gaps of our sustainability performance with relevant sustainability indices.

Reporting Framework & Guidelines

This report has been prepared based on Bursa Malaysia Securities Berhad (Bursa Malaysia)'s Main Market Listing Requirements with guidance from its Sustainability Reporting Guide (2nd Edition). We have also prepared this report in accordance with the Global Reporting Initiative (GRI) Standards: Core Option. By incorporating GRI Standards, this report meets the GRI principles of stakeholder inclusiveness, sustainability context, materiality and completeness.

Other frameworks and guidelines taken into consideration include:

- FTSE4Good Bursa Malaysia (F4GBM) Index
- Dow Jones Sustainability Index (DJSI)
- Task Force on Climate-related Financial Disclosures (TCFD)
- United Nations' Sustainable Development Goals (UN SDGs)

Reporting Scope and Boundaries

This report covers the sustainability performance of Capital A and its subsidiary companies from 1 January 2021 to 31 December 2021, unless stated otherwise. Throughout the report, 'the Group' refers to Capital A while each subsidiary is referred to by its own name, and the airlines collectively are referred to as 'AirAsia'.

Disclosures in this report cover AirAsia Malaysia (MAA), AirAsia Indonesia (IAA), AirAsia Philippines (PAA), airasia Super App, Teleport and BigPay, unless stated otherwise.

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

Forward-Looking Statements

This report contains forward-looking statements which reflect the Group's expectation of future value creation as well as financial and non-financial performance. Such forward-looking statements involve known and unknown risks, and are therefore uncertain in nature. This could result in actual results differing from those stated in the forward-looking statements.

Assurance

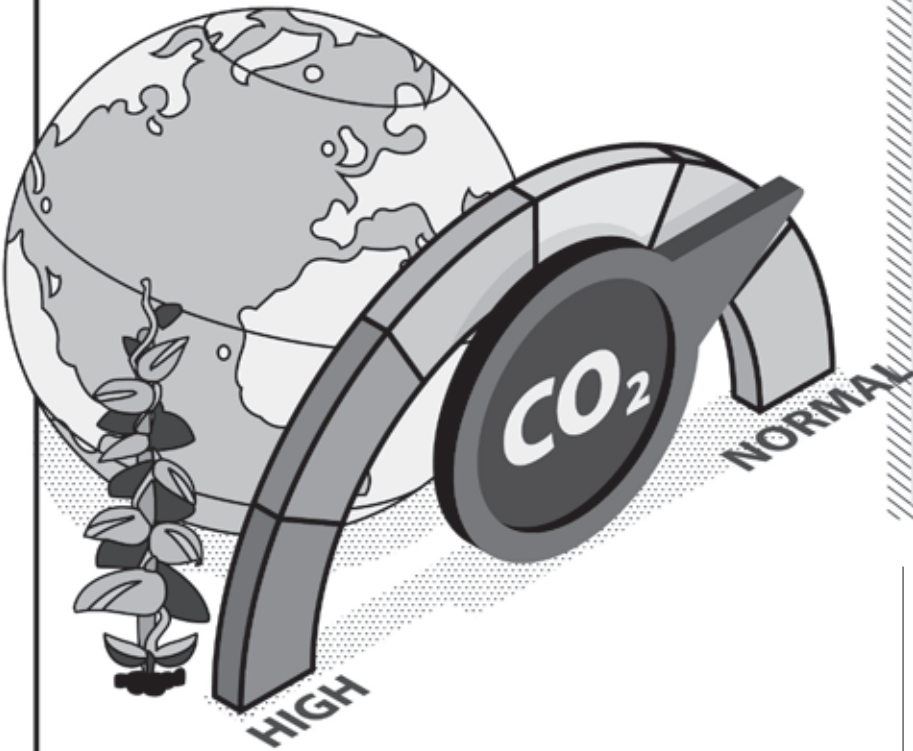
To ensure the accuracy and integrity of our disclosures, this report has been reviewed by the Sustainability Working Group (SWG) across Capital A, and validated by the Board of Directors and Risk Management and Sustainability Committee. Moving forward, we aim to obtain external assurance of our sustainability statement.

Contact Us

Feedback from our stakeholders is valuable to us to continually improve our reporting. We therefore welcome any feedback or comments and request that stakeholders direct these to the following email: sustainability@airasia.com

Introduction (cont'd.)

Tackling Climate Change: Path towards Net-Zero



The 26th annual summit of the United Nations Climate Change Conference of the Parties (COP26) held in November 2021 concluded with all parties agreeing to keep the 1.5 degree temperature rise cap alive and to scaling up action on dealing with climate impacts. Responding to the urgency for global climate action, our sustainability priorities now include strengthening our climate strategy while continuing to ensure the health and safety of guests and employees for as long as Covid-19 remains pandemic.

We are fully aware of the heavy scrutiny on the aviation industry's carbon emissions. In the last two years, along with pandemic-induced travel restrictions across the world, our carbon emissions dropped by more than 90% while waste generation was reduced to a minimum. However, the situation will reverse once the travel industry recovers, hence we reviewed our climate strategy to put in place mechanisms and processes that will help deliver the aviation industry's target of net zero by 2050. Given that Capital A is now a diversified group, we also began the process of identifying key ESG issues relevant to our new lines of business. We are committed to ensuring not only that we build a sustainable airline but that we apply the same principles to all businesses under the Capital A umbrella.

“We are committed to ensuring not only that we build a sustainable airline but that we apply the same principles to all businesses under the Capital A umbrella.”

This year, we made great progress towards a net zero future through the following new initiatives:

- Expanded the emissions-tracking scope of the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) to include all domestic flights
- Developed financial models to analyse the impact of introducing carbon offsetting and sustainable aviation fuel utilisation to air fares
- Developed a blueprint for achieving net zero emissions
- Accelerated the Group's digital transformation to enhance efficiencies and safety processes while reducing our carbon footprint across our network
- Identified our climate-related risks and opportunities to begin our alignment with the Task Force for Climate-related Financial Disclosures (TCFD) framework

Moving forward, we will continue to increase awareness of sustainability and the importance of climate change across our business operations. At the same time, we will strive to adopt more practices that can further minimise our carbon footprint. Details of our initiatives are available in the Environment section of this report (pages 120-136).

Sustainability Governance

At Capital A, the Board of Directors has overall responsibility for sustainability and setting the Group's strategic direction, including matters involving climate strategy. To further strengthen our sustainability governance, the remit of the Board's Risk Management Committee was expanded to include oversight of sustainability matters and renamed the Risk Management and Sustainability Committee.

The Board is supported by the Sustainability Working Group (SWG), which comprises heads of departments and lines of business (LOBs) across the Group. The SWG is chaired by the Head of Group Sustainability, who takes the lead in managing sustainability targets by collaborating closely with various departments and internal functions within Capital A.

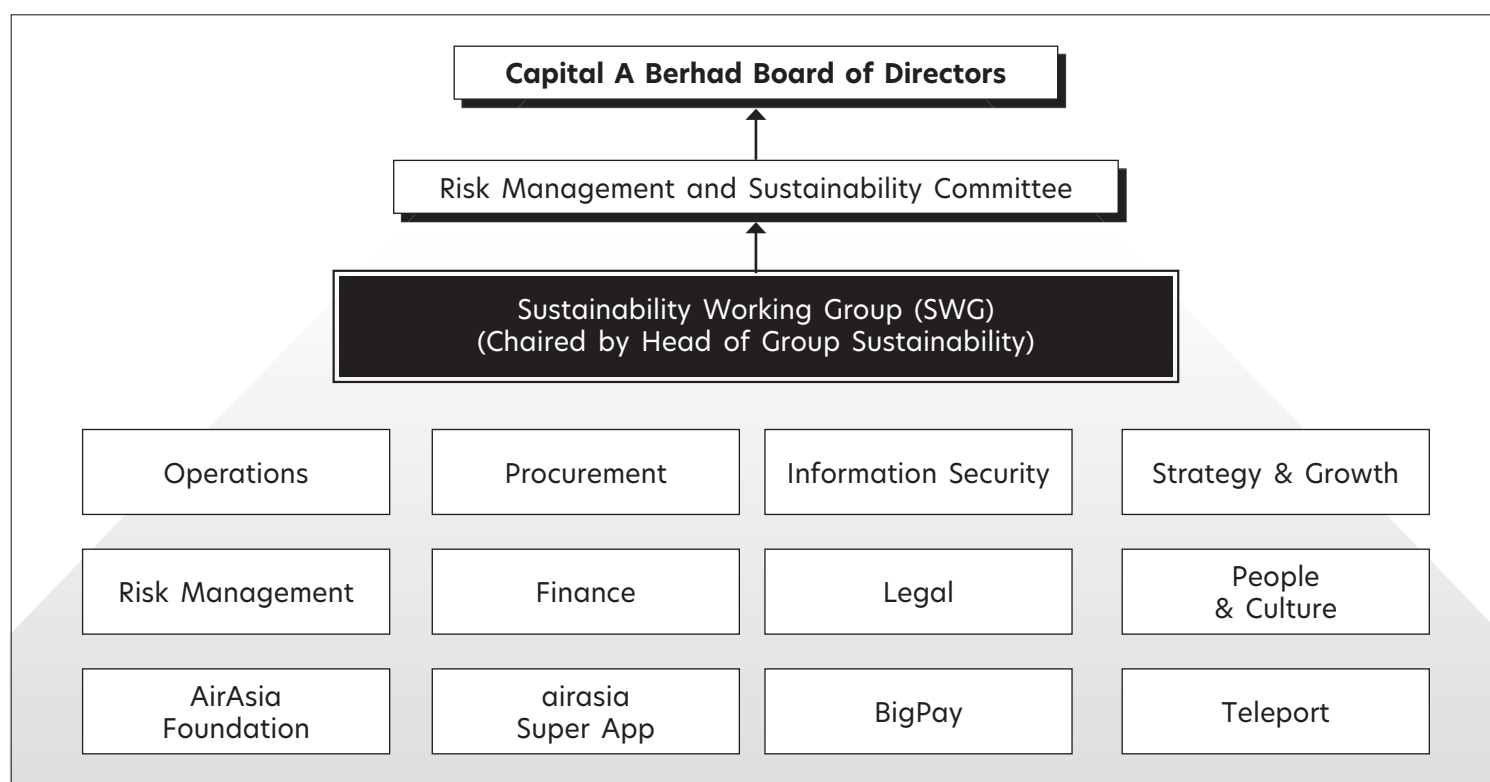
The SWG was also revamped and slimmed down for greater effectiveness. Since our focus in 2021 was to strengthen our climate strategy, the SWG includes heads of departments/LOBs with direct deliverables on reducing emissions, cutting waste and greening our operations. Henceforth, membership of the SWG will be reviewed annually by the Head of Group Sustainability to reflect our targeted priorities for the year.

Throughout the reporting year, the SWG and the Board convened to discuss the following matters:

Review of key stakeholders, material matters and materiality matrix

Sustainability strategy, targets and initiatives

Sustainability reporting performance and updates













Governance Level	Responsibilities
Board of Directors	<ul style="list-style-type: none"> Provides oversight of the Group's overall sustainability strategy and direction Has overriding authority as the ultimate decision-making body to endorse activities on sustainability matters for the Group and its stakeholders
Risk Management and Sustainability Committee	<ul style="list-style-type: none"> Oversees the entire Group's sustainability performance Integrates sustainability into strategic decisions by taking into account EES impacts arising from business operations
Sustainability Working Group (SWG)	<ul style="list-style-type: none"> Identifies, assesses, evaluates, manages and reports on current and emerging sustainability risks and opportunities relevant to the Group Implements approved sustainability initiatives across the Group Monitors the Group's sustainability performance

Introduction (cont'd.)

Stakeholder Engagement

We define our stakeholders as those we impact through our operations as well as those with a vested interest in our operations. Our stakeholders are grouped into 10 categories with which we maintain open and ongoing dialogue through various engagement channels.

Stakeholder Group	Engagement Channels	Areas of Interest	How We Respond
 Board of Directors	<ul style="list-style-type: none"> • Board meetings • Annual General Meetings • Corporate events 	<ul style="list-style-type: none"> • Financial performance • Corporate governance (CG) & strategies • Business development & partnerships • Human capital management • Environmental practices 	<ul style="list-style-type: none"> • Focus on enhancing our branding and expanding lines of business • Sustainability practices
 Employees (Allstars)	<ul style="list-style-type: none"> • Social media • Employee appraisal • Community engagement • Online surveys • Townhalls • Cultural, sports, well-being & appreciation events • Open office layout 	<ul style="list-style-type: none"> • Diversity, inclusion & equal opportunity • Corporate Governance (CG) practices • Training & career development • Work-life balance • Fair remuneration & compensation • Security, safety & welfare 	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Agreeable contracts and terms • Service delivery and cost • Risk management • Regulatory compliance 	<ul style="list-style-type: none"> • Strengthen partnerships with agreeable contracts and terms
 Customers (Guests)	<ul style="list-style-type: none"> • Continuous customer satisfaction surveys • Online submissions • Customer support live chat channels • Social media channels • Messenger channels • AirAsia sales offices, travel & service centres 	<ul style="list-style-type: none"> • Customer experience • Process efficiency • Competitive pricing & experience throughout physical/digital journey • Data privacy & security • Safety & well-being • Loyalty rewards 	<ul style="list-style-type: none"> • Provide fast and prompt attention to customer needs • Continue to increase customer satisfaction through process efficiency • Protect customers' data as well as their health and safety

Stakeholder Group	Engagement Channels	Areas of Interest	How We Respond
 Investors	<ul style="list-style-type: none"> Investor meetings & conference calls Annual General Meetings & Extraordinary General Meetings Investor Relations website Investor briefings by Senior Management 	<ul style="list-style-type: none"> Financial performance CG practices Strategies Brand management Operational performance Health & safety Customer relationship management Innovative initiatives Environmental management 	<ul style="list-style-type: none"> Actively communicate with investors Provide timely updates on business performance & strategies Focus on enhancing our branding and expanding lines of business Ensure safe & healthy working environment Sustainability practices
 Market Analysts	<ul style="list-style-type: none"> Analyst briefings Analyst meetings & conference calls Media interviews & releases Investor Relations website 	<ul style="list-style-type: none"> Financial performance CG practices Strategies Brand management Operational performance Guest experience Data privacy & security 	<ul style="list-style-type: none"> Continued engagement with analysts Timely updates on business performance & strategies Focus on enhancing our branding and expanding lines of business
 Regulators/ Government Bodies	<ul style="list-style-type: none"> Regular dialogue through face-to-face meetings & official correspondence Parliamentary sessions Formal meetings with government officials initiated by Capital A Tours and familiarisation visits to Capital A 	<ul style="list-style-type: none"> CG practices Policy & regulatory compliance Risk & crisis management Data privacy & security Environmental management 	<ul style="list-style-type: none"> Engage closely with regulators and governmental bodies Announce or report relevant information in a timely manner Maintain standards and certifications
 Social Enterprises	<ul style="list-style-type: none"> Corporate community programmes Funding of social enterprises through AirAsia Foundation Regular dialogue and engagements 	<ul style="list-style-type: none"> Ethics & integrity Innovation Job creation Economic development 	<ul style="list-style-type: none"> Create support system for social enterprises Actively communicate with social entrepreneurs Increase employability and job creation Provide a platform for social enterprises to market their products
 Suppliers	<ul style="list-style-type: none"> Regular dialogue and reviews One-to-one meetings 	<ul style="list-style-type: none"> Agreeable contracts & terms Service efficiency, value, delivery & cost Health & safety 	<ul style="list-style-type: none"> Ensure consistent communication with suppliers on contracts and supplier code of conduct Compliance with required policies Provide safe and healthy workplace
 Local Communities	<ul style="list-style-type: none"> Community development programmes Corporate social responsibility initiatives Partnerships and employee volunteerism Websites and social media platforms 	<ul style="list-style-type: none"> Community engagement Rural development & empowerment Environmental impact 	<ul style="list-style-type: none"> Undertake empowerment programmes, volunteerism and donations Provide humanitarian assistance and post-disaster relief

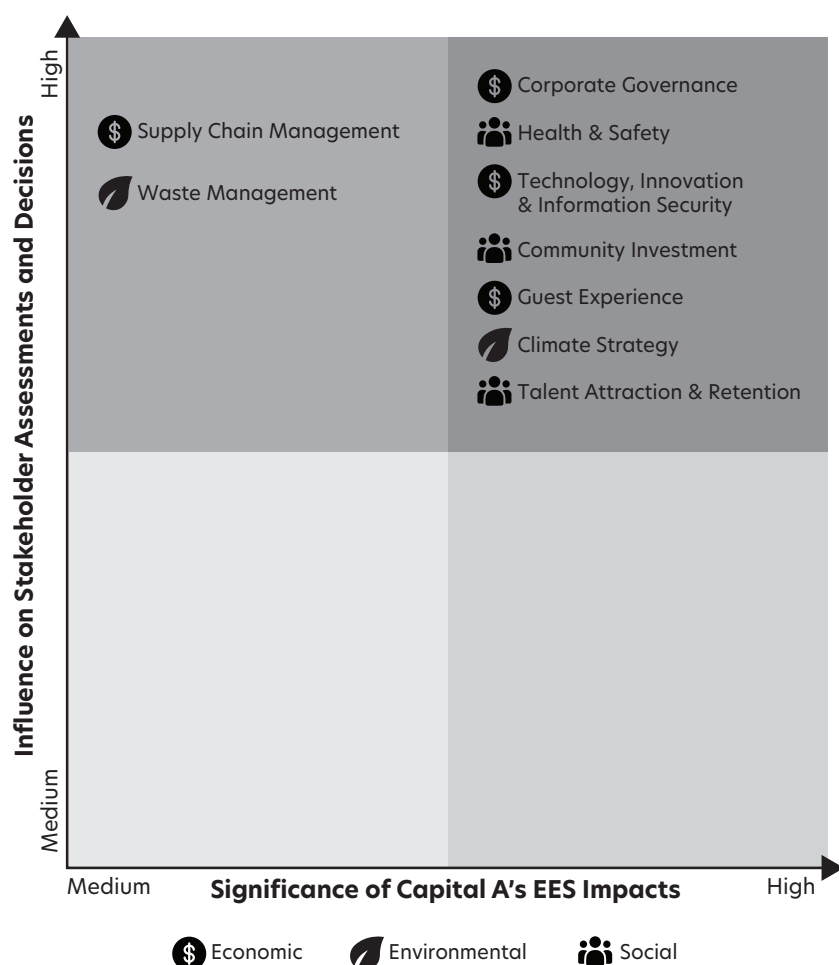
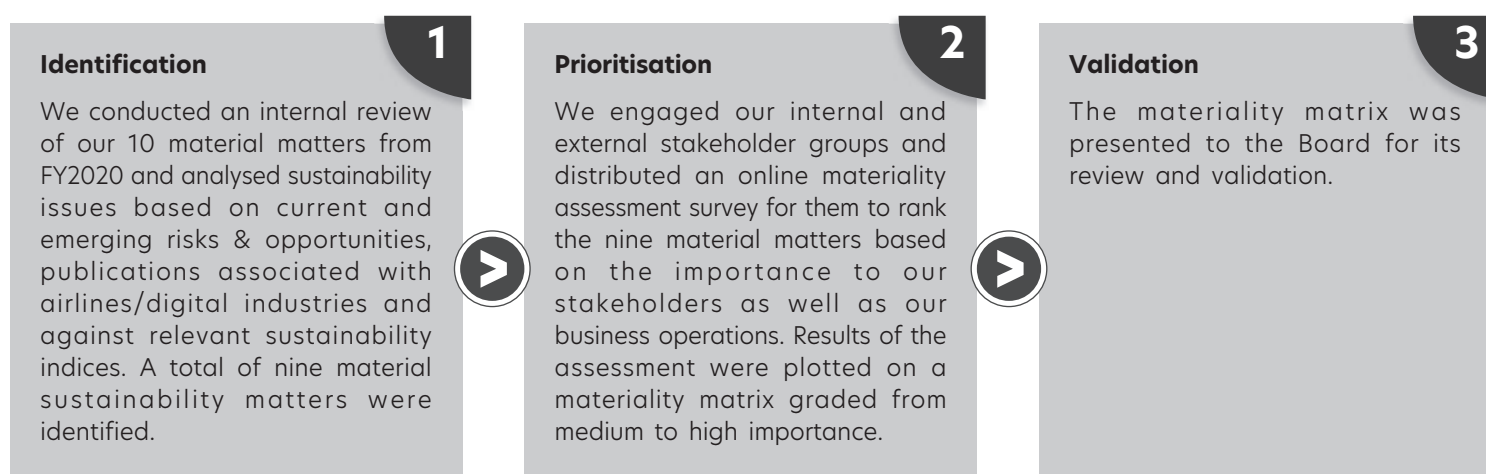
Introduction (cont'd.)

Association

Since 2020, the Group has been a member of CEO Action Network (CAN), a peer-to-peer informal network of CEOs that focuses on sustainability advocacy, capacity building, action and performance. Through this working group, peers across various sectors are able to forge partnerships and share their knowledge and best ESG practices.

Our Material Sustainability Matters

In FY2021, we refreshed our material matters to better align our strategies and improve our performance and reporting disclosures. We conducted a comprehensive materiality survey which included engagement with 472 internal and external stakeholders in order to better understand their ESG expectations.



2021 Materiality Assessment Updates

- Renaming several material matters for better Group strategy (eg renamed Customer Relationship Management to Guest Experience; Human Capital Development to Talent Attraction & Retention; and Corporate Citizenship & Philanthropy to Community Investment).
- Technology & Innovation and Information Security Privacy are now combined and named Technology, Innovation and Information Security as they are interdependent in nature.
- Climate-related Risk Management is replaced by Climate Strategy to cover aspects of our fleet management, operational eco-efficiency, carbon offsetting and sustainable aviation fuel strategy.
- Addition of Waste Management as a separate material matter.
- Health & Safety remains one of our top-three priorities amidst the Covid-19 pandemic.
- Increasing prioritisation on Corporate Governance, Technology, Innovation & Information Security, Talent Attraction & Retention, Community Investment and Climate Strategy.

Moving forward, we aim to develop a key performance indicator for our material matters to better measure our progress, impact and value creation.




Our Contribution to the SDGs

The Group has maintained our commitment to the UN SDGs since the launch of the global agenda in 2015. While supporting all 17 SDGs we are particularly focused on six goals. In the table below, we align the six SDGs to initiatives conducted in 2021.



SDG	SDG Targets	Our Progress in 2021
	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	<ul style="list-style-type: none"> Launched women mentorship programme Conducted first ever Diversity, Inclusion and Belonging survey in five languages Updated anti-trafficking training module Conducted gender pay gap analysis
	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	<ul style="list-style-type: none"> Conducted a series of mental health webinars Conducted neurodiversity awareness/webinar Successfully opened a PPV station for Allstars and family members at RedQ, with a total number of 920 vaccinated At RedHouse, 1,689 of Allstars successfully received their vaccination shots Employment for young people: 31% employees below 30 Decent work environment for employees Social entrepreneurship support via AirAsia Foundation
	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	<ul style="list-style-type: none"> Officially launched FACES at klia2 for guests to enjoy contactless journey on AirAsia flights FACES on the Super App; registration for Allstars to ensure a fully digital travel experience BigPay applied for BNM's digital banking licence Paperless aviation Partnerships with Google, GE and Oracle

Introduction (cont'd.)

SDG	SDG Targets	Our Progress in 2021
 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	<p>11.2 Provide access to safe, affordable, accessible & sustainable transport systems to all</p> <p>11.4 Strengthen efforts to protect & safeguard the world's cultural and natural heritage</p> <p>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</p>	<ul style="list-style-type: none"> • AAF collected over RM500,000 for its Malaysia Flood Relief Campaign • #AllstarsDoGood programmes • Post disaster relief campaigns/programmes by AAF • Low-cost carrier offering affordable access to air transport - "Now everyone can fly" • Sustainable travel
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>12.2 Achieve sustainable management & efficient use of natural resources</p> <p>12.3 Halve per capita global food waste at the retail & consumer levels, and reduce food losses along production & supply chains</p> <p>12.5 Reduce waste generation through prevention, reduction, recycling & reuse</p> <p>12.6 Encourage companies to adopt sustainable practices & integrate sustainability information into their reporting cycle</p> <p>12.7 Promote public procurement practices that are sustainable, in accordance with national policies & priorities</p>	<ul style="list-style-type: none"> • Monitored waste management processes including recycling options available • Sourcing of biodegradable packaging • Continuous monitoring of resource consumption • Low-water use toilets and washroom facilities in offices • Efforts to reduce single-use plastic in offices • Waste separation at RedQ • Reduce inflight food wastage • Carpool programme • Suppliers Code of Conduct and qualification procedure promote responsible environmental practices across the value chain
 <p>13 CLIMATE ACTION</p>	<p>13.2 Integrate climate change measures into strategies & planning</p> <p>13.3 Improve education & awareness-raising on climate change mitigation, adaptation, impact reduction & early warning</p>	<ul style="list-style-type: none"> • Actively engaged with relevant partners for sustainable aviation fuel and carbon offsetting options • Sustainable fleet management by ordering the latest aircraft type (A321neo) and actively engaging with vendors to develop zero-emissions aircraft • Monitoring, Reporting and Verification (MRV) of carbon emissions • All AOCs participated in CORSIA • Identified climate-related risks and opportunities • Enhanced the Carbon Dashboard to track Capital A's carbon emissions • Adjustments to lights-on times according to working hours, through an automatic shutdown system



CORPORATE GOVERNANCE

We maintain a strong culture of integrity and transparency, supported by a robust corporate governance framework. This framework comprises various policies that guide everyone in Capital A towards ethical behaviour when dealing with our stakeholders, reflecting our values and upholding our reputation.

Policies that guide the way we conduct our operations Group-wide

Policy	What It Is	Introduced/Last Updated
Code of Conduct	Guidelines that clearly outline the standards of ethics expected	2020
Anti-Bribery and Anti-Corruption Policy	Guidelines to prevent bribery and conflicts of interest, addressing: gifts & hospitality; dealings with partners, suppliers & public officials; political contributions; sponsorships & charitable donations; facilitation payments	2020
Whistleblowing Policy	Platform for Allstars and third parties to report any instance of unethical behaviour, while protecting whistle-blowers from reprisals	2018
Conflict of Interest Policy	Guidelines and procedures on situations such as receiving or offering gifts, with the objective of enabling accountability and transparency	2016
Non-disclosure and Confidentiality Policy	Guidelines to protect the Group's confidential and proprietary information	2018
Disciplinary Policy	Procedures to handle any breach of established norms/Code of Conduct	2021
Workplace Search Policy	Gives the company the right to conduct searches on Allstars to prevent misconduct	2008
Remuneration Policy	Provides clarity on remuneration structures and practices for Board of Directors and Allstars	2020
Board Diversity Policy	Guidance to achieve sufficiently broad representation on the Board for balanced and fair decision-making	2018
Anti-Harassment Policy	Provides guidelines on the establishment of in-house mechanisms to prevent and eliminate any forms of harassment involving the Allstars	2021

[For more information on our Corporate Governance, please refer to the Corporate Governance Overview Statement on pages 163 to 173]

Economic (cont'd.)

Ethics & Integrity

All directors and employees at Capital A are expected to comply with the Group's Code of Conduct and Ethics (the Code). The Code addresses aspects such as confidentiality of information, conflicts of interest, money-laundering and/or insider trading/dealing, environment, health and safety and whistleblowing.

Developed by the Group's People Department, in November 2021 the Risk Management Department (RMD) was assigned to look at Group-wide compliance. Through a compliance exercise and matrix, RMD will develop a central compliance repository (internal & external) for better monitoring. To ensure effective communication on policies and procedures, all new hires are introduced to the Code during their onboarding sessions and are required to acknowledge the Code online. Moving forward, we aim to conduct refresher training on the Code and develop an e-learning module to reinforce a culture of integrity.

To ensure adherence to these policies, we encourage Allstars throughout the Group to speak up and report any incidents that go against the grain of the standards we seek to achieve. There are two main channels through which they can do this:

- askPAC System: a chatbot where they can raise concerns on unfair or discriminatory treatment, and every query will generate a serial number for easy tracking. All reports are directed to the Employee Relations team.
- Whistleblower channel: where Allstars and any other stakeholder can send emails in confidence via whistleblower@airasia.com, which is managed by our Internal Audit team. Concerns related to employment matters will be redirected to Employee Relations. For more information on our Whistleblowing channel, please refer to https://capitala.airasia.com/whistleblowing_channel.html.

Types & incidence of breach in ethical behaviour

Types of Breach	Total	Actions Taken
Harassment	2	Termination of Employment
Fraud	9	Warning, Final Warning, Termination of Employment
Misappropriation of company assets/funds	1	Warning
Abuse of company benefits/property	0	-
Others (eg breach of internal SOPs, attendance, late to work)	117	Warning, Final Warning, Termination of Employment

Whistleblowing Channel

In 2021, we received a total of 19 reports via our whistleblowing channel concerning abuse of authority/benefits (three reports); misappropriation of company assets/funds (one); and others (15). These cases were investigated and dealt appropriately with follow-up actions.

Anti-Bribery & Anti-Corruption (ABAC)

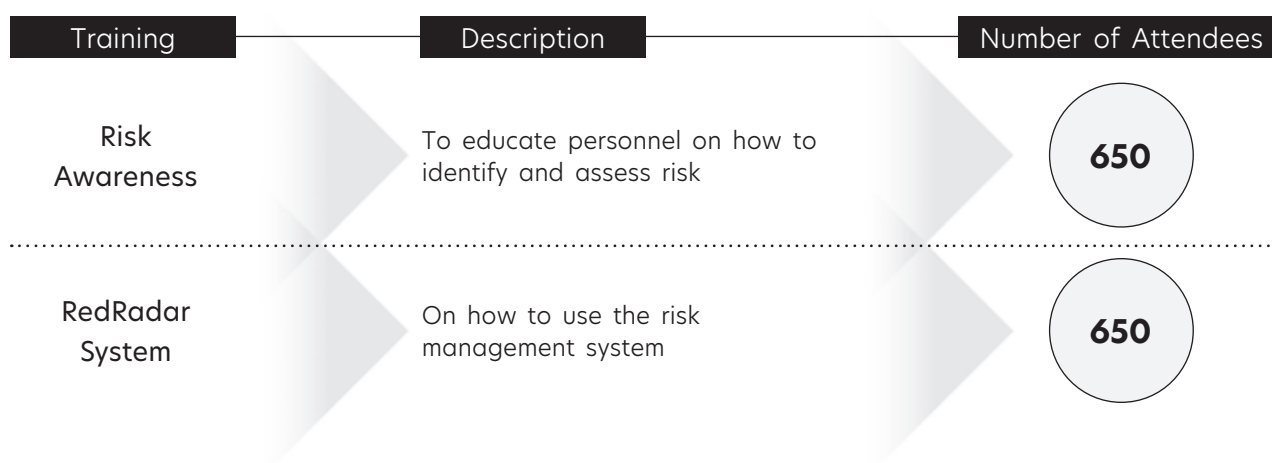
Capital A does not tolerate any form of bribery or corruption. When we revised our ABAC Policy in 2020, in response to Section 17A of the Malaysian Anti-Corruption Commission (MACC) Act 2009, we ensured all Allstars were aware of the Policy and the seriousness of a breach. Our ABAC Policy is available to all employees via the Group's intranet, RedDocs, and our official website.

Corruption has the potential to severely undermine our business, therefore RMD continuously monitors the Group for any potential corruption risk. In the last four years, two cases of bribery/corruption were proven. These were managed as per outlined procedures, with warning letters and dismissal, if warranted.

Risk Management

Over the last year, RMD has worked to transform what used to be a very theoretical approach to risk and business continuity management to one that is more practical and people-friendly. This has been achieved through updating and automating our risk and business continuity management using RedRadar, our risk management system. More interactive, the system now sends reminders to accountable personnel of due dates for risk assessments, complete with an escalation process that creates accountability should the risk assessment not be completed on time. To ensure the relevant people are able to use RedRadar optimally, training was provided to heads of department and stations as well as designated risk personnel. In addition, risk awareness training was provided to educate Allstars on what constitutes risk and how to assess risks. Our ultimate objective is to create a risk-aware culture that permeates our daily activities and functions.

Risk awareness training for employees



Four main risk categories are assessed on a quarterly basis: Financial, Operational, Strategic and Compliance Risks. Within these broad risk categories, emerging and long-term risks are identified and tracked.

Long-term risks identified

Category	Emerging Risks	Description	Impact	Mitigation Actions
Strategy	Regulatory Risk	Change in regulatory structure	Regulatory changes that could change the business strategy	Continuous monitoring of regulatory changes
Operational	Human Capital Risk	Succession planning and succession management	Business continuity	Identification of successors
Financial	Financial Risk	Financial sustainability	Business continuity	Financial analysis on any business decisions

Business Continuity Management

Business Continuity Management, which entails having a Business Continuity Plan (BCP), is a crucial component of our risk assessment as it involves the assessment of key functions – ie our people, processes and systems – utilising the Business Impact Analysis (BIA) framework. Through BIA, we are able to ascertain the severity, urgency and impact of any failure in the Group's function(s). Heads of all key function areas proactively review the BCP on a half-yearly basis.

In 2021, in response to extreme climate events in Thailand and the Philippines, we undertook BCP exercises at Bangkok's Don Mueang Airport and the Cebu, Puerto Princesa and Tacloban airports in the Philippines.

AirAsia Thailand Flood Scenario Readiness Simulation at Don Mueang (DMK) Airport, Bangkok

No.	Test Activity	Test Location	Departments	Test Date	Test Findings
1	Planned flood scenario readiness simulation	Don Mueang (DMK)	All Operations departments	12 October 2021	<ul style="list-style-type: none"> All departments confident of the level of handling of the floods Reactive approach is in line with the available response plan for diversion and mobilisation of aircraft/fleet
2	Unplanned Flight Operations mobilisation (recurrent from 2019 exercise)	Virtual meet (Google)	Flight Operations	21 December 2021	<ul style="list-style-type: none"> Partial assets were unserviceable due to water damage Ability to carry out operations as per business-as-usual with remaining equipment No adverse impact on operations as rostering covered work from home during the event

Economic (cont'd.)

AirAsia Philippines Business Continuity Activation during Typhoon Rai (Odette)

On 18 December 2021, the BCP was activated for Cebu (CEB), Puerto Princesa (PPS) and Tacloban (TAC) stations in response to Typhoon Rai. The cities of Cebu and Tacloban were severely impacted, experiencing loss of telecommunications infrastructure and disruption of electricity and water supply in many areas. However, the airports were still accessible and powered by generators, enabling the teams to access internet and communications infrastructure to operate flight-related systems. No AirAsia aircraft was stranded or based in these stations at the time of the incident, and no major equipment damage was reported.

While we continued situational monitoring, our teams in Manila loaded essential supplies such as food and sanitation items for affected Allstars on our first flight into Cebu after the typhoon.



Distribution of essential items to Allstars as flights resume at PPS airport

Test Activity	Impacted Locations	Departments	Date	Outcome/Results
BCP activation - Natural Disaster: Typhoon	Cebu (CEB), Puerto Princesa (PPS), Tacloban (TAC) Airports	Ground Operations Flight Operations Cargo Communications	18 December 2021	BCP was activated in tandem with transportation of essential supplies to Cebu
			27 December 2021	All staff accounted for and reported safe Business-as-usual restored in Cebu for arrival and departure flights including mobilisation of reservists
			11 January 2022	Stand down of PAA Red Code

Following a review of the BCP activation, it was determined that satellite phones and generator sets should be provided to all Philippines stations that are susceptible to prolonged power cuts and telecommunications disruptions due to natural or climate-related disasters.

GUEST EXPERIENCE

Despite severe disruption to air travel during the year, we continued to be guest-obsessed and ensured that all guests who flew AirAsia had the best possible experience from the time they booked their flights until they left the aircraft at their destination.

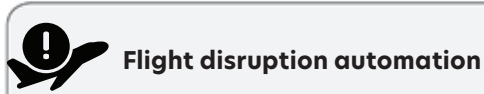
The happiness of our guests is the sole function of our Customer Happiness (CH) Team. The team, which has been ISO 1002:2018 (Customer Satisfaction, guidelines for complaints handling)-certified, has access to an Empowerment Matrix that helps them resolve issues and complaints as these are reported.

In 2021, we transitioned 95% of our CH Allstars to working from home. For our team's own happiness and well-being, daily huddle calls were organised while team leaders actively monitored work and rest hours to ensure a healthy work-life balance. In addition, starting 2020, all Allstars, including CH team members have access to our internal peer support team for assistance. Allstars requiring support may reach out anonymously via our EkoChilli platform and a peer supporter will respond via their preferred communications channel within 24 hours.

Communication with Guests

The CH team oversees all inbound customer support through multiple online channels: website, airasia Super App, social media (Twitter, Facebook and Instagram) and messaging (WeChat, WhatsApp and Messenger) platforms.

During the year, two new services were added to further enhance our communication efficacy:



Flight disruption automation

Guests are now notified instantly of any flight cancellation or schedule changes via SMS and emails.



Instagram messaging

Our chatbot AVA was introduced to Instagram Direct Message to reply instantly to guests. Previously, the process was managed manually by our agents.

Moving forward, we will enhance My Bookings to present a simplified self-service platform enabling guests to amend details of their flights. We also plan to introduce more inbound customer contact channels such as AirAsia Chat and voicebot for greater customer choice.

Enhanced Guest Services

For a better contactless customer experience, the following initiatives have been implemented:

FACES: This first-of-its-kind in the commercial airline world facial recognition technology provides a contactless and seamless experience to guests at all touchpoints in their journey.

Galaxy Suite: This new platform hosts multiple systems that are required for Ground Operations functions such as check-in and FACES identification verification. AirAsia Guest Services staff at all 16 Malaysian airports are now able to assist guests to check-in and verify their documents using the app on their mobile devices without requiring guests to be physically present at a check-in counter. This enables us to deploy additional staff to quickly address long queues and check-in bottlenecks without having to open additional counters.

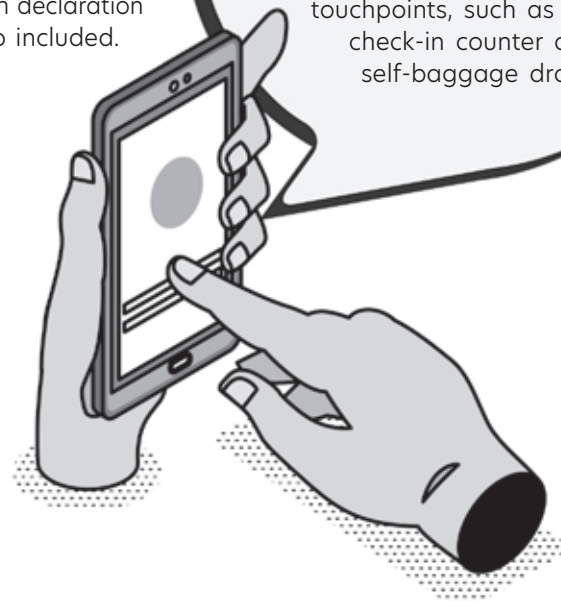
Contactless Payment: We introduced electronic data capture (EDC) machines including tap2phone to enable guests to pay securely via eWallets, payWave, etc.

Health Travel Pass (HTP): To facilitate travel during Covid-19, HTP verifies health documents such as vaccination certificates and RT PCR results during self check-in (both mobile and web).

airasia Super App: For a faster and smoother check-in experience, we added a quick search function for passenger name record (PNR), online health declaration and new boarding passes. A download and share option was also included.

COMING SOON!

Soon, our guests will be able to scan their required visa for international sectors and complete their check-in in the comfort of their home. They will also be able to use FACES at more touchpoints, such as at the check-in counter and self-baggage drop.

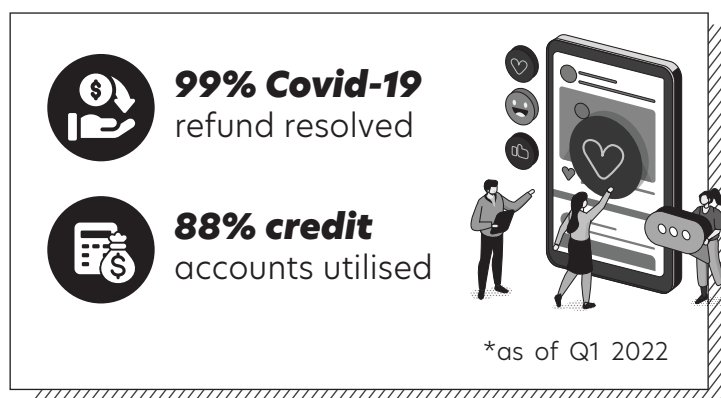


Economic (cont'd.)

Net Promoter Score (NPS)

We have been monitoring our NPS since 2017. Emails are sent to guests before and after their trips for feedback on both their booking and flying experience with AirAsia. Their feedback informs us of how happy they are with our service and how likely they are to recommend AirAsia to others. The index ranges from -100 to +100, minus scores indicating that customers would not recommend the company.

Our NPS has risen significantly from 2017 to 2021, indicating positive and effective outcomes of efforts to ensure our guests are happy throughout their journey with AirAsia. As we have exceeded our target NPS scores for two years in a row, we are raising our target from 2022 onwards to 60 and above.



Year	NPS Score	Target
2017	17	NA
2018	31	NA
2019	38	NA
2020	52	50
2021	60	50

Awards

Awards validate our efforts to give the best value and experience to our guests all the time. In 2021, we continued to receive local and global recognition from well-known industry monitors. Awards during the year included:



On-Time Performance (OTP)

Key to keeping our guests happy as repeat customers is to ensure that our flights take off on time. Our OTP performance is closely monitored using digital tools and management walkabouts. Among the technologies implemented are an analytical toolset that provides greater visibility of OTP factors and other supplementary metrics that affect performance. Our team also applies a delay prediction algorithm to map out potential delays up to four hours in advance.

This early notification adds a buffer allowing our Operations teams to apply solutions that help mitigate and minimise the impact of delays. It also enables our Customer Happiness team to notify guests in advance so they are able to adjust their travelling plans, while our Guest Services team adjusts manpower allocations to ensure check-in counters are adequately staffed.

To monitor performance, weekly and monthly OTP reviews are held by all our AOCs. To continuously improve our service, we set the Group's OTP target at 85%. Our OTP for the period between 2019 to 2021 is shown in the table below.

AirAsia Load Factor and On-Time Performance, 2019-2021

Indicators	Measure		
	2019	2020	2021
Load factor for short-haul (<6 hours) (%)	85%	75%	74%
Percentage of short-haul flights (<6 hours) with more than 15 minutes delay	22%	15%	20%
On-time performance (%)	78%	85%	80%

Between 2020 and 2021, we recorded a five percentage point increase in the number of delayed flights. This was mainly due to additional Covid-19 Customs, Immigration and Quarantine (CIQ) procedures that have been introduced by airports and health authorities. For example, Covid-19 regulations require that, after passengers disembark from an aircraft, the airline has to await the results of their Covid-19 tests before allowing new passengers to board. Should any passenger be symptomatic, the aircraft has to be thoroughly sanitised before on-boarding new passengers.

Another factor contributing to delays was the added complexity of managing a regularly changing set of Covid-19 regulatory rules which differ by country, and sometimes, states. These not only impacted check-in processes but also boarding times as Allstars have been requested to undertake additional documentation checks. While we do our utmost to communicate these new rules to Allstars and guests, the short notice given for implementation of new requirements resulted in lengthy delays in some cases.

However, we believe that there remains no immediate need to review our standard departure times as the changes are gradually being factored into our embarkation and disembarkation processes. In Indonesia, the streamlining of new policies and procedures has allowed us to recover our OTP performance by 40% compared to earlier in the year. Furthermore, many airports are easing requirements as Covid-19 enters into an endemic phase. We will continue to monitor our OTP and review our flight schedules on an ongoing basis.

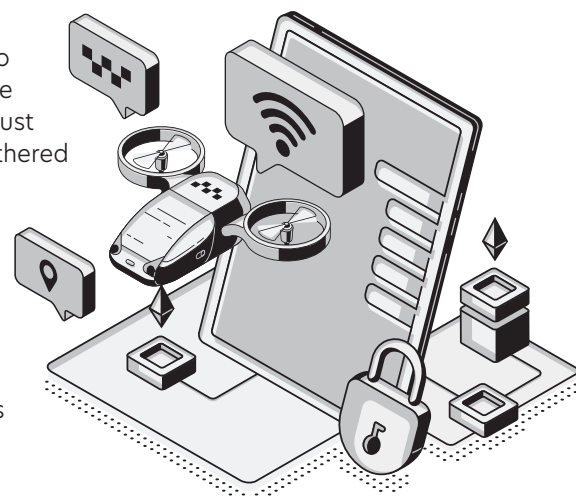
Economic (cont'd.)

TECHNOLOGY, INNOVATION & INFORMATION SECURITY

Technology & Innovation

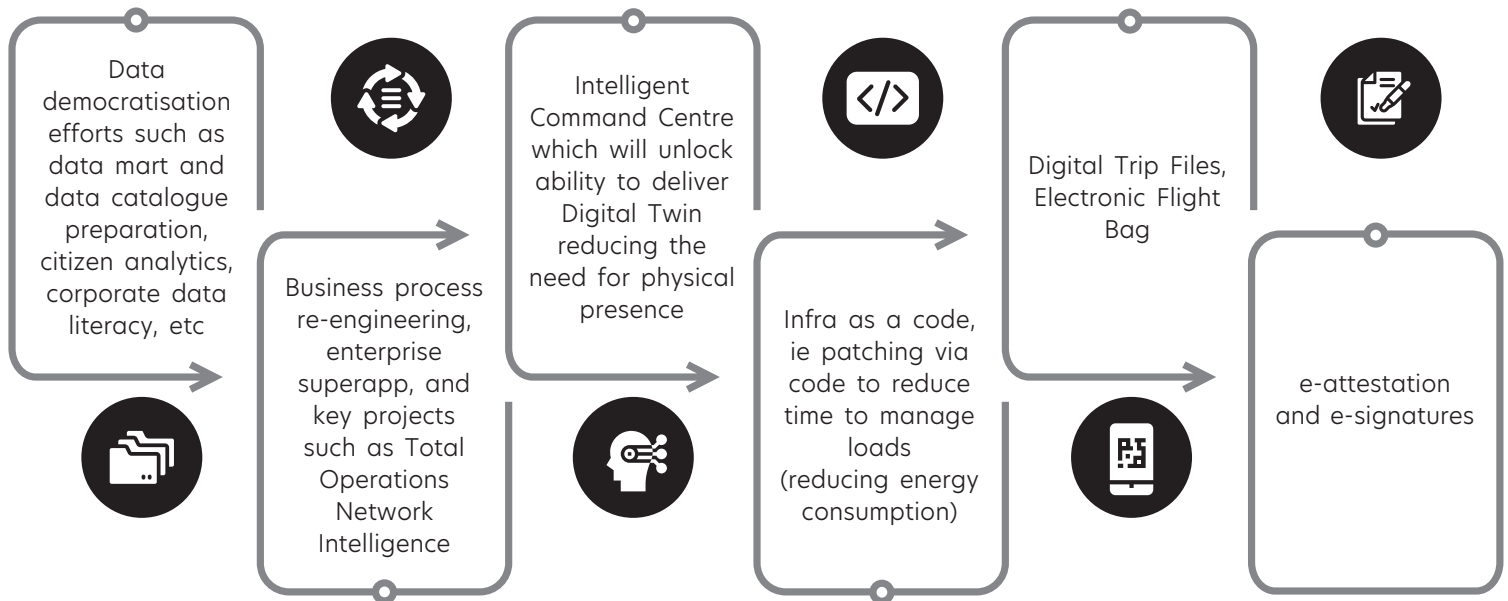
From the start, Capital A has been technology driven, leveraging technology to reduce costs and pass on the savings to guests. From an early adopter of online flight bookings to the present day, we have developed a sophisticated and robust digital infrastructure. This, together with the huge amount of data that we have gathered over the years, has enabled us to pivot to what we are today, namely a digital travel and lifestyle company.

Other than the Airlines, our core businesses comprise airasia Super App, Asia Digital Engineering, Teleport, BigPay and Ventures – all of which are either tech companies or tech-reliant companies. We continue to leverage our digital infrastructure and data to create and incubate more startups while expanding the products and services currently offered to meet customers' evolving expectations and needs.



Innovation	Description	Plans for 2022
Health Travel Pass	Standardised and secure mechanism to store and verify guests' health data, eg vaccination certificates and Covid-19 test results, to authenticate guests' health status before boarding them onto the plane. The pass was launched in Malaysia in September 2021, followed by Indonesia in October 2021.	Rollout in Thailand, Philippines, Korea, Macau, Taiwan, Cambodia and Vietnam
FACES	Biometric airport clearance solution that guests can use via airasia Super App to check in, conduct baggage drop, validate their identity and clear security – remotely. Guests can enrol for FACES on the Super App with registration open for all our AOCs using passports or national IDs. The pre-security clearance was piloted in klia2.	Continue to extend the use of FACES at more touchpoints in klia2 (eg from counters to transit and aerobridge) and roll out boarding and pre-security touchpoints at other Malaysian airports once the vendor transitions the solution to the cloud. Currently it is an on-premise solution (at klia2) and not scalable to other airports without incurring significant cost.
Network modernisation through virtualisation	Virtualisation is achieved using Software-Defined Wide Area Network (SDWan), which enables more efficient management of long-distance networks. SDWan makes it easier to utilise multiple connections to achieve higher network performance at lower cost. Overall benefits include network resilience, optimisation of equipment use and bandwidth as well as better fault tolerance. The network upgrade started in 2021 with our Sydney data centre.	Rollout in all Malaysian domestic airports.
Digital Trip Files	Digitalisation of documents that need to be filed by Ground Operations after a flight is completed in order to reduce paperwork and manual workflow on the ground.	The system will be updated with technical optimisation, monitoring and tracking enhancement, dashboard, trip records module in Galaxy Suite, and CAAM approval.

As we transition towards becoming a data-driven organisation, the following innovations will be introduced in 2022:



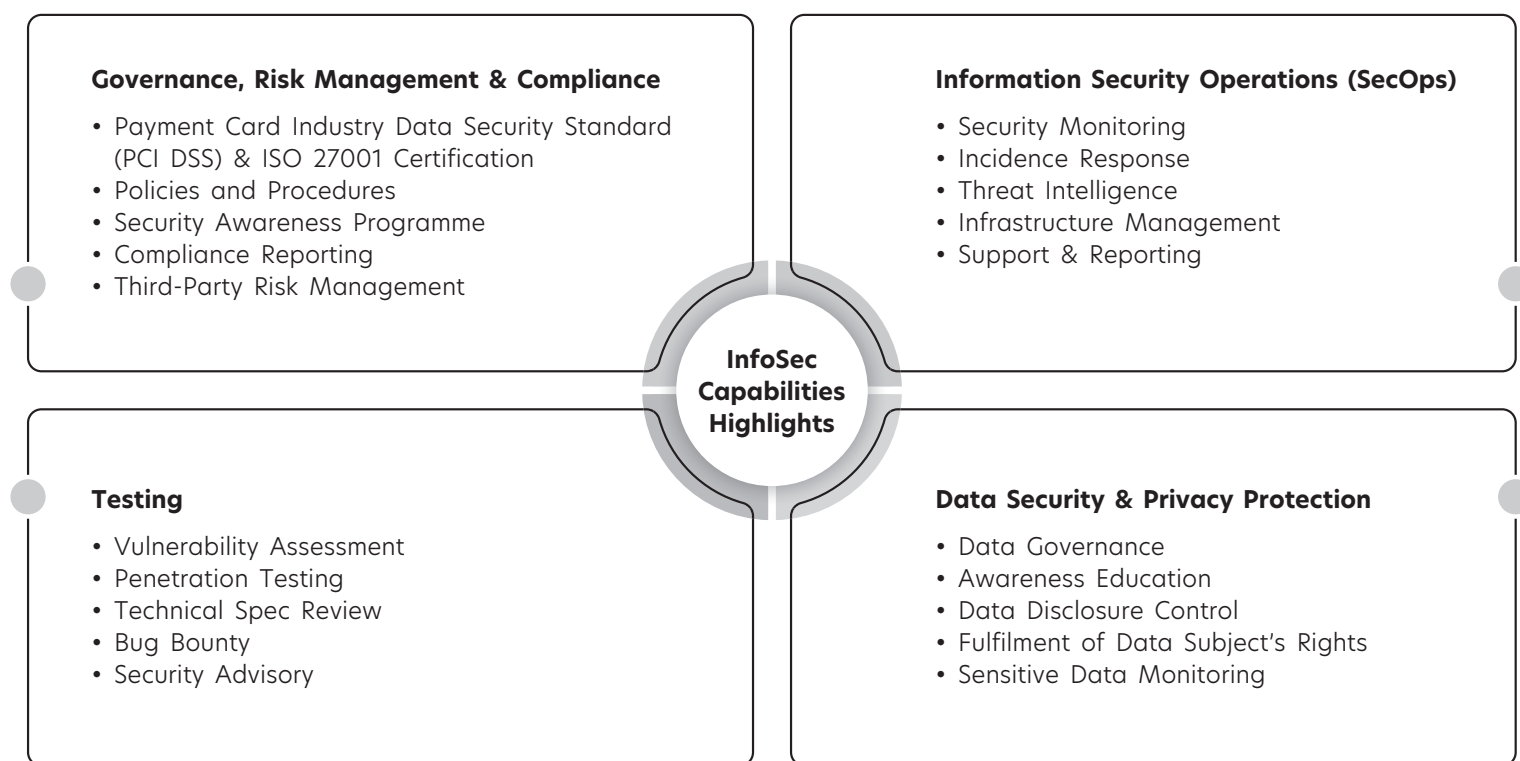
Information Security

The confidentiality and integrity of data and information are important to us. To further strengthen our governance practices, the Group Information Security has obtained its ISO 27001:2013 - Information Security Management certification in November 2021. By complying with ISO 27001, we are able to assure our stakeholders that their security assets such as financial information and personal details are safe.

To support our expansion in digital lines of business, we recognise that it is imperative to secure the information and data that are fundamental to our growth. The information security architecture of Capital A is built on four pillars covering governance, risk management and compliance (GLC), information security operations, testing as well as data security, and privacy protection.

Economic (cont'd.)

The table below summarises the areas covered under these pillars.



As we are taking a new approach to information security disclosures, we will be covering this materiality area in more depth, discussing both existing frameworks and mechanisms, as well as new enhancements added in 2021.

(i) Governance, Risk Management & Compliance

Governance, Risk and Compliance (GRC) is the first pillar of the Group's information security capabilities. It refers to the alignment of policies and procedures with established standards, identification and mitigation of the Group's information security risks and compliance with relevant legal, regulatory and industry requirements.

Our information security governance structure is underpinned by the following policies which are reviewed annually in accordance with the requirements of ISO27001 certification:

Policy	Description	Changes in 2021
Information Security Policy	<ul style="list-style-type: none"> • Creates an environment that helps protect information resources and users from threats that could compromise privacy, productivity, reputation and intellectual property rights 	<ul style="list-style-type: none"> • Updated Password and Anti-Virus Policies • Established Clean Desk and Clear Screen Policy to ensure sensitive/confidential information are secured at all workspaces
Data Governance Policy	<ul style="list-style-type: none"> • Outlines how business activity monitoring should be carried out to ensure organisational data is accurate, consistent and protected • Defines the roles and responsibilities for information management • Specifies procedures to be used in managing different types of data 	<ul style="list-style-type: none"> • Realigned with new Capital A organisation structure • Updated structure of data security & privacy workgroup

Policy	Description	Changes in 2021
Access Control Policy	<ul style="list-style-type: none"> • Outlines access controls across the Group's networks, information systems and services to provide authorised, granular, auditable and appropriate user access, and to ensure appropriate preservation of data confidentiality, integrity and availability • Protects the interests of all authorised users of the Group's information systems, as well as data provided by third parties, by creating a safe, secure and accessible environment in which to work 	No major changes
Server, Database and Network Hardening SOPs	<ul style="list-style-type: none"> • Establish rules and procedures for hardening servers, database and network equipment to: <ol style="list-style-type: none"> a) create a security baseline for all servers, database and network equipment across the Group b) minimise server and IT-related risks c) comply with regulatory requirements 	Increased frequency of re-hardening process
Information Security Incident Response	<ul style="list-style-type: none"> • Ensures operations recover quickly from information security incidents, minimising loss of information and disruption of services • Protects the Group's reputation and minimises loss of credibility among customers • Provides technical guidelines on responding to incidents effectively and efficiently 	Updated Information Security Incident Response and Antivirus

In 2021, the above policies were also updated and aligned with Capital A's new objectives and goals. Periodic reviews were performed in critical policy areas such as access controls and re-hardening of critical servers.

To ensure that information security culture is practised at all levels, we developed an information security awareness programme for Allstars. The first mandatory training was launched in February 2020. In March 2021, an updated annual awareness training was made mandatory for all Allstars and training completion status was tracked with our HR systems with progress updated to management. The programme consists of an introduction to information security, management of information security as well as data management and handling. Allstars are also made aware of current information security threats, ways to avoid potential threats and steps that they should take in the event that external perpetrators succeed in penetrating the company's cyber security defences. Other than the initial training, reminder notices are regularly published on the company's internal communications channels.

Capital A also practises a Report on Compliance (ROC) process to instil an information security culture within project management teams. The ROC's main objective is to ensure that information security aspects are taken into account in the commencement phase of a project's lifecycle. The ROC covers authentication and authorisation; management of data security and privacy; documentation of the technical specifications and implementation specifications; logs management and secure coding.

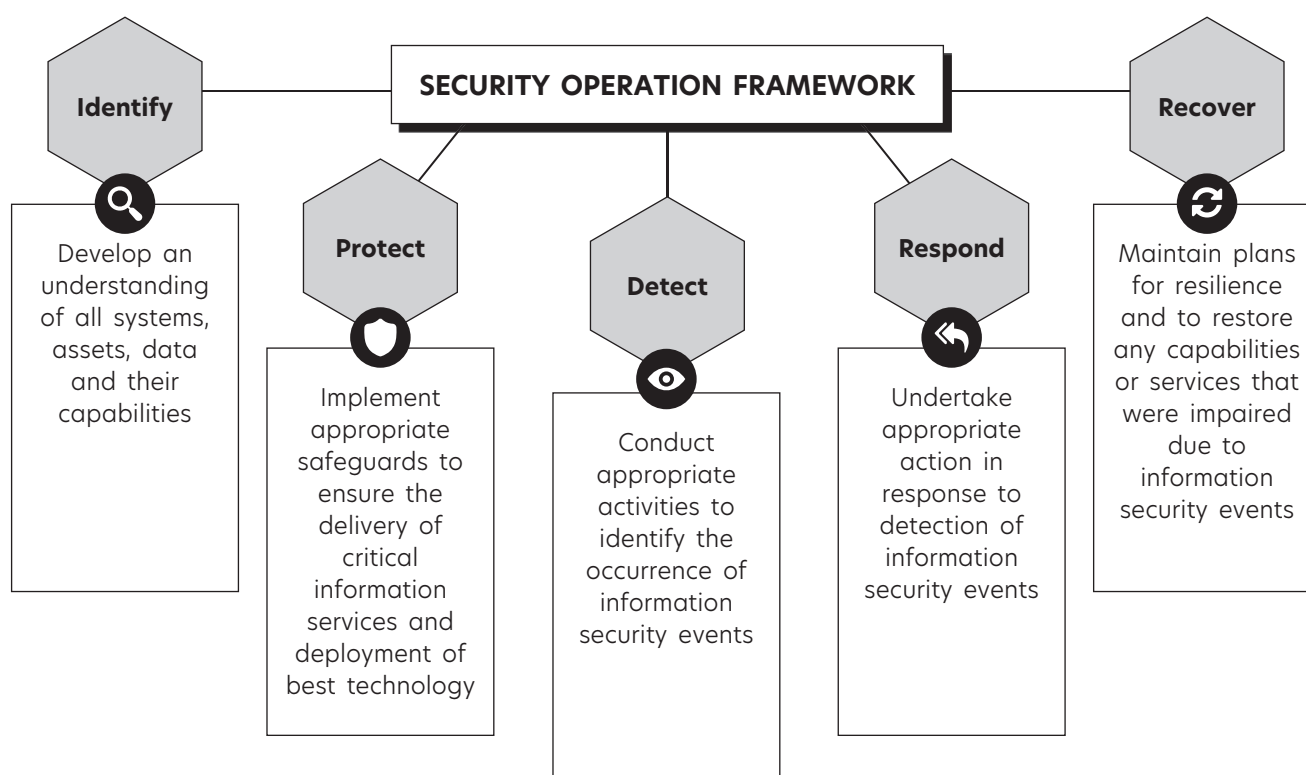
To meet industry standards, the GRC unit is further responsible for the annual renewal of the Group's Attestation of Compliance (AoC) certificate by our appointed Payment Card Industry Data Security Standard (PCI DSS) Qualified Security Assessor. For PCI DSS compliance, we are required to review and implement relevant policies and procedures, and conduct vulnerability assessments and penetration test lifecycles. On 26 November 2021, we obtained ISO 27001: Information Security Management System certification affirming our compliance with international standards on the management of information security. The certification is valid for three years with annual surveillance audits in between.

As Capital A's digital lines of business expand, we source a higher variety of technology-related services from third-party vendors. To manage our exposure to external risks, a third-party risk management process was developed to identify vendors that have access to the company's sensitive data or networks and perform due diligence on them to ascertain their resilience against threats. In 2021, we requested several vendors to provide additional audit requests for information (RFI) to demonstrate their compliance with our controls. These were adequately complied with.

Economic (cont'd.)

(ii) Information Security Operations

The primary duty of Information Security Operations (SecOps) is to protect organisations against cyberattacks. To be effective, our cybersecurity architecture is organised in accordance with the US National Institute of Standards and Technology (NIST) Cybersecurity Framework which lays out five core functions of SecOps as illustrated in the diagram below. Each of these functions is performed concurrently and continuously to create an operational culture that addresses dynamic information security risk.



Our SecOps division is tasked with continuously monitoring and improving the Group's cybersecurity and information security position. The team holds a number of responsibilities including:

- ➔ Investigate potential incidents
- ➔ Triage and prioritise detected incidents
- ➔ Coordinate an incident response
- ➔ Monitor new and trending threats
- ➔ Identify and deploy solutions to new threats
- ➔ Address employee enquiries
- ➔ Report to management

With effective controls, our SecOps division has been able to prevent major cybersecurity attacks on our systems. No incidents were recorded in 2021.

Cybersecurity breaches and incidents

Indicators	2020	2021
Total number of information security breaches or other cybersecurity incidents	1	0
Total number of data breaches	1	0
Total number of customers and employees affected by company's data breach	1	0
Total value of fines/penalties paid in relation to information security breaches or other cybersecurity incidents (RM)	0	0

(iii) Information Security Testing

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

The VAPT approach allows us to have a more detailed view of the threats facing our applications. Below are some of the tools used by our team to find exploitable flaws and measure the severity of each finding.

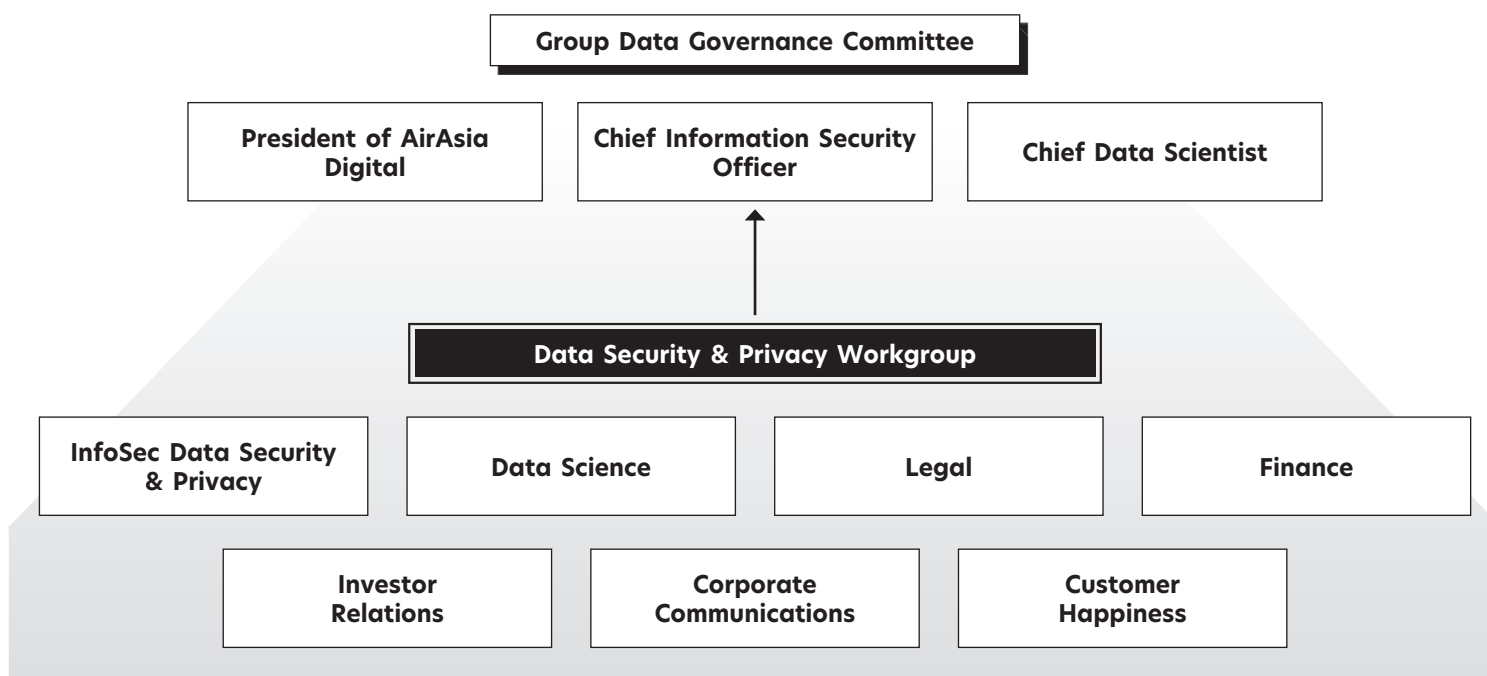
Tool	Description
Ad hoc VAPT	VAPT represents two types of security testing which have different strengths and are often combined to achieve a more complete vulnerability analysis
Annual Vulnerability Assessment	Annual assessments to identify vulnerabilities in the Group's IT infrastructure, network and web applications
Source Code Review	Review of the software source code or API to find bugs and vulnerabilities
Technical Specification Document (TSD) Review	Review of documentation to ensure that technical specifications meet information security requirements, including the architecture, process flow, information security design and technologies used
Bug Bounty Programme	A platform for external security researchers to report vulnerabilities
Security Advisory	Notification to relevant teams for zero-day vulnerabilities, updates and software patches from software vendors

Our penetration testers are responsible for identifying vulnerabilities within the organisation's computing environment and for writing consumable VAPT reports. These reports are sent to the respective system or application owner for remediation. The team is also responsible for tracking the remediation progress and providing security consultation on the use of technology in meeting information security requirements.

Economic (cont'd.)

(iv) Data Security and Privacy Protection

Capital A is committed to respecting and protecting the privacy of our customers, employees and third parties. We are equally committed to ensuring the confidentiality of information essential to our business.



Security of our internal data is assured through our Group Data Governance Policy. To govern the implementation of the policy, we established a Data Governance Committee, which is supported by the Data Security & Privacy Workgroup who meets regularly to provide advisory on data governance and review External Data Disclosure requests.

To meet the objectives of this division, we established a data classification framework to identify sensitivity levels of data and types of data indicating their origin and usage. All Allstars are made aware of our data governance processes through annual training coordinated by the Information Security division.

As Capital A now operates in a cloud environment, we raised the level of controls for sharing sensitive data in company emails and in document storage. In 2021, we added a data classification requirement on all cloud documents. Default sharing preferences were also changed to the least permissive option and a confirmation prompt added for extraneous sharing. We also scan all emails and documents for unmasked credit card numbers. If detected, the owners are notified of non-compliance for corrective action to be undertaken immediately.

Further, to control access to data, a Data Access Approval System was created and integrated with our IT Service Desk platform so as to automate the process to review and approve requests to access data belonging to the Group. This ensures that the applicant secures all levels of approvals before requested data is released.

Other than protecting our internal data, it is equally important for us to protect the privacy of our guests. In 2019, we issued our Personal Data Protection Standards Operating Procedures to ensure compliance with the Personal Data Protection Act 2010 of Malaysia. The SOP was updated in April 2021 to cover requirements under the electronic Information Law No. 19 of 2016 of Indonesia, Data Privacy Act 2012 of the Philippines and Personal Data Protection Act 2019 of Thailand.

At the same time, we empower our guests to manage their own data. In collaboration with the Customer Happiness and Communications departments, we enhanced FAQ articles available to our guests so that they are able to make corrections and updates. Our Customer Happiness agents were also trained to guide customers on channels to access their editable data.

SUPPLY CHAIN MANAGEMENT

We rely on a wide range of suppliers to help fulfil the needs of our diverse businesses. Recognising our ability to influence our suppliers, we seek to encourage sound ESG practices across our supplier chain. At the same time, we uphold the highest level of integrity and transparency in our dealings with suppliers as we build strong relationships based on trust.

To support the local economy, our preference is to source locally as far as possible. However, we also take into consideration user specifications, quality and compliance requirements, supply chain dynamics and other commercial issues in our vendor selection process.

Potential suppliers are invited to participate in a Request for Quotation or Proposal, following which their submissions are evaluated based on their ability to meet our specifications, target price, the quantity and quality of products to be supplied, delivery location and other operational/commercial requirements. Under certain circumstances we also assess the suppliers' financial health.

The recommended supplier is then presented to the relevant procurement approvers and stakeholders for review and approval. Thereafter, a contract may be put in place for clarity of responsibilities and accountabilities for both Capital A and the supplier, with the support of our Legal Team. Critical suppliers, as determined by Group Procurement, undergo an annual assessment to ensure they continuously improve the quality of the goods and services provided while keeping costs low. It is also an annual check-and-balance to ensure that suppliers understand and meet our risk and compliance policies.

Types of suppliers we engage with:

ICT	Food & Beverage (Inflight Food)	Facilities, Transportation, Logistics, Ground Service Equipment (GSE)	Commercial & Marketing	Professional & Facilities Services	General Items, Apparel & Merchandise
Critical suppliers (specialised and difficult to substitute)	Critical suppliers which are difficult to substitute due to stringent requirements of regulatory bodies. Certain suppliers, eg for water can be substituted	Choice of suppliers can be quite wide, subject to user requirements	Event suppliers are wide but choice of media agency is very selective based on commercial needs	Professional services suppliers are mostly specialised, however facilities services are mostly from local suppliers which come from a wider pool	Common pool of suppliers

Indicators	2019	2020	2021
No. of local suppliers excluding fuel, aircraft purchase & lessors	3,860	1,779	895
% spend on local suppliers	35	38	38
Total spend on local suppliers (RM)	RM622,002,369	RM572,184,262	RM575,651

We have a Supplier Code of Conduct (SCOC) which is communicated and mandated through our Terms & Conditions in our purchase orders (POs) and/or contracts. The SCOC covers:

- Business integrity and conflicts of interest
- Labour practices
- Confidentiality and personal data protection
- Environmental, health and safety management
- Social responsibility
- Competitive pricing and terms
- Anti-bribery and anti-corruption (included in 2021)

Our contracts carry a legal language to mandate suppliers to comply with all applicable laws and regulations.



Environmental

Capital A's environmental initiatives are guided by the Group's Environmental Policy, outlined in 2019, which articulates a clear commitment to the protection of the environment and the prevention of pollution. While our environmental concerns stretch across our Group endeavours, our reporting focus will be on the impact of our aviation business as it generates the bulk of our emissions. In line with the policy, we will endeavour to minimise our operational impacts by reducing our carbon footprint from fuel and energy consumption while promoting the sustainable use of natural resources, including water. By minimising our greenhouse gas emissions, we aim to contribute to climate change mitigation. Through the practice of waste elimination, reduction, reuse and recycling, meanwhile, we will reduce our waste-to-landfill. For more information on our environmental commitment, please refer to https://capitala.airasia.com/misc/CapitalA_GroupEnvironmentalPolicy2022.pdf

In addition, we have established an Occupational Safety, Health & Environment (OSHE) manual that ensures we implement sustainable environmental practices in addition to complying with safety and health principles.

In 2021, no sanctions were recorded arising from any non-compliance with environmental legal requirements.

CLIMATE STRATEGY

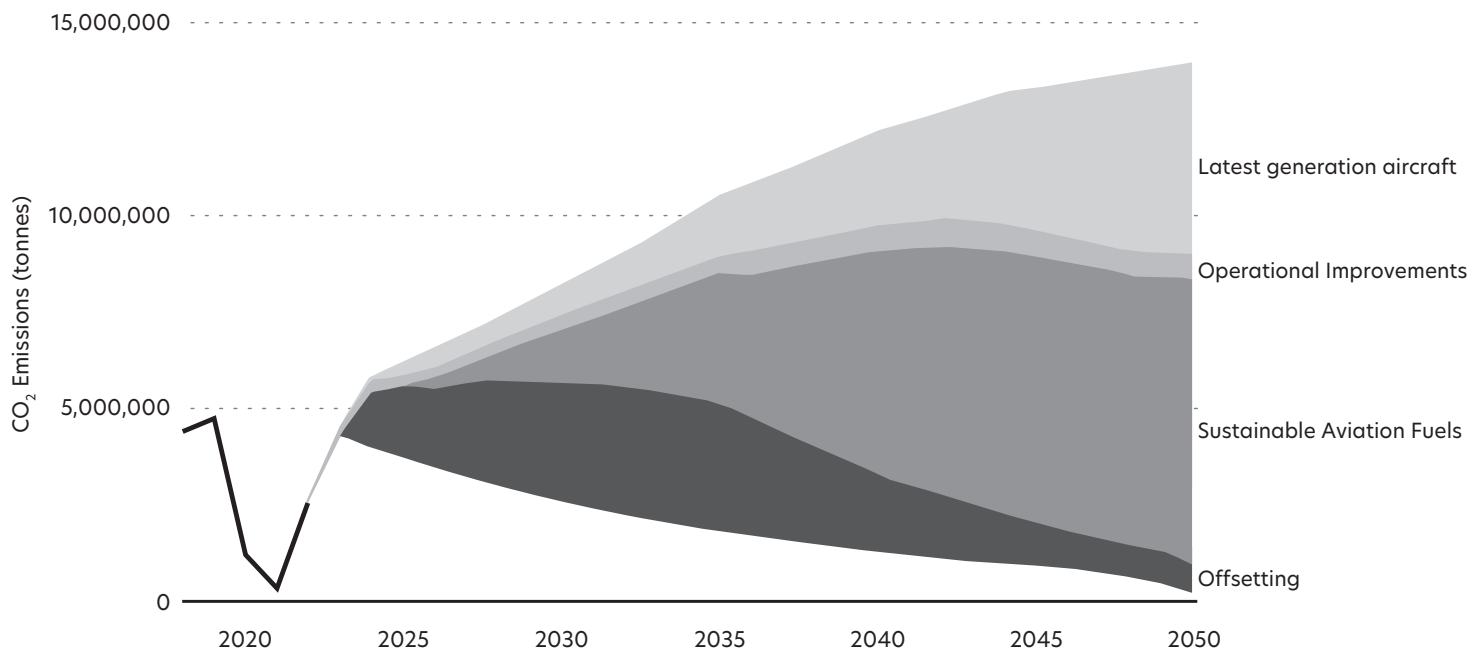
As climate change gains prominence as one of the most important issues on the global agenda, the aviation industry will continue to face increasing scrutiny on actions to mitigate its environmental footprint. This is compounded by the fact that, in 2021 alone, three out of four countries where AirAsia airlines are based suffered extreme weather events which impacted millions of people.

We conducted a robust reassessment of our climate strategy to strengthen AirAsia's commitment to climate responsibility and to align ourselves with the aviation industry's ambitious goal to reach net zero by 2050. Led by the International Civil Aviation Organization (ICAO), the industry aspires to meet a series of progressive targets starting with ensuring carbon neutral growth (measured against 2019 emissions) from 2021 onwards.

Based on existing technologies, there are four main approaches for AirAsia to converge towards net zero by 2050. These are: fleet management, operational eco-efficiencies, carbon offsetting and utilisation of sustainable aviation fuel (SAF). The year 2035 will mark a turning point for the Group's emissions initiatives as this is when we expect zero-emission aircraft to be available commercially. Once this happens, we will review our investment strategies to meet our climate goals. Our climate strategy is reviewed annually to incorporate new developments.

In this year's report, we will focus on providing updates on the four above-mentioned areas. We are also improving our statistical disclosures so that our stakeholders can better understand the impact of our climate-related actions and compare them with industry best practice.

Roadmap Towards CO₂ Reduction



Note: CO₂ emissions for years 2018-2021 are based on actual data. Figures for 2022 onwards are based on AirAsia's projections.

Another major addition this year is alignment with recommendations of the Task Force for Climate-Related Financial Disclosures (TCFD). We began by identifying the risks and opportunities associated with climate change to our business. This was supported by the development of models to assess the financial impact of two key measures to manage our carbon emissions, namely adding carbon offset costs into airfares; and switching to sustainable aviation fuels. A summary of our climate-related risks and opportunities is presented on pages 133-136 of this report.

Unless otherwise stated, all data presented cover AirAsia Malaysia, AirAsia Indonesia and AirAsia Philippines in line with Capital A's financial disclosures in this annual report. Data for AirAsia Thailand are available in the listed entity's Annual and Sustainability Reports.

Environmental (cont'd.)

(i) Fleet Management

AirAsia's fleet comprises three models of the Airbus A320 family, which are acknowledged to be the most efficient among narrow-body commercial jet aircraft; and one Airbus A330 as our widebody aircraft. Our fleet remains relatively young at an average age of 8.9 years.

Fleet size

Model	Units	Average age of type (years)	Passenger Capacity
A320	121	10.02	180/186
A320neo	29	4.5	186
A321neo	2	3	236
A330	1	7	377

Fleet age (years)	% of total fleet	% of planes upgraded in past 2 years
< 7 years	34%	0%
7 - 13 years	44%	0%
> 13 years	21%	0%

Planning ahead for our medium and long-term needs, AirAsia has reaffirmed our commitment to upgrade our fleet to the higher capacity and more fuel-efficient A321neo with the signing of an amendment agreement with Airbus in October 2021. The agreement covers a total order of 362 A321neo aircraft, which includes the conversion of 13 orders for the A320 that have yet to be delivered to Airbus' latest iteration.

In keeping with AirAsia's practice of maintaining a single-class seating layout, each A321neo will be fitted with 236 seats, increasing its capacity while lowering per seat costs. As the A321neo aircraft replace the older A320 fleet, we expect to benefit from significant sustainability gains. With 30% more seating capacity, each A321neo will result in a 20% fuel savings per seat compared with the legacy A320ceo model. The A321neo also delivers a double-digit reduction in nitrogen oxide emissions and reduced engine noise.

The new aircraft are scheduled for delivery through to 2035. Adjusting for post-Covid recovery, AirAsia is to take delivery of our fifth A321neo aircraft (and the first from this order reaffirmation) in 2024.

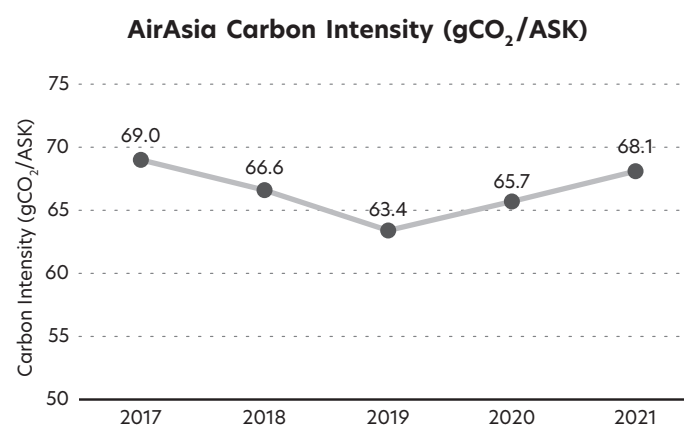
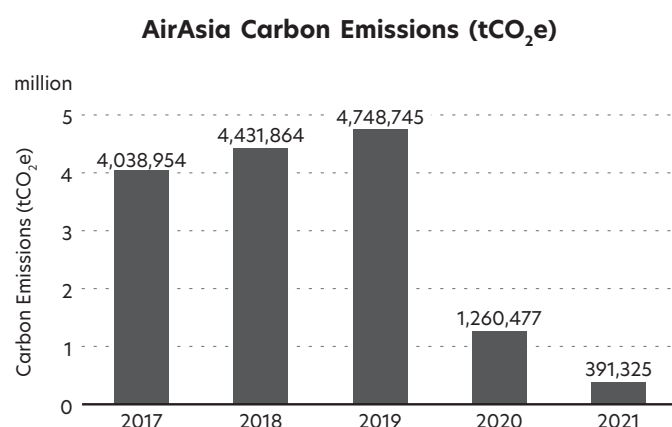
Beyond 2035, AirAsia is monitoring developments in the zero-emission aircraft industry. We have signed a letter of support with UK-based ZeAero%, which is developing a new hydrogen-powered aircraft that produces no polluting emissions during flight. AirAsia will provide feedback and inputs to help ZeAero% optimise its design in the run-up to production targeted for 2030.

(ii) Operational Eco-efficiency

Fuel efficiency has long underpinned AirAsia's drive towards cost minimisation. To complement our fleet strategy, AirAsia maintains an industry-leading fuel efficiency programme that sees the airline emit the lowest carbon emissions per passenger in Asia. Based on publicly available data, where disclosed, AirAsia also features among operators with the lowest carbon emissions per available seat kilometre (ASK) in the world.

Despite prioritising the use of more efficient A320/A321neo aircraft, AirAsia's emissions intensity increased in 2021 because we were largely restricted to operating domestic flights, with only a limited number of international cargo flights. Domestic flights generally have shorter stage lengths which equate to higher fuel burn rates as the cruise segments of the flights are shorter than in longer stage lengths. Typically, aircraft burn more fuel during take off and when ascending than when in cruise or descend mode. On shorter flight legs, the aircraft spends a higher percentage of total flight time in this phase, resulting in higher block burn.

Nevertheless, we expect our emissions intensity to revert to pre-Covid levels as the pandemic becomes endemic and more countries in Asean begin easing international travel restrictions. The chart below summarises AirAsia's carbon emissions trend from 2017 (pre-Covid) to 2021.



AirAsia's fuel efficiency improvements are driven by the Flight Operations department which is tasked with initiating innovative fuel saving projects and tracking their outcomes using an extensive fuel monitoring system. In 2021, the department managed over 27 efficiency projects to reduce fuel consumption and carbon emissions. Below are the highlights:

Initiative	Description	Result/Total CO ₂ avoided in 2021
SafetyLine OptiClimb	Software that reduces fuel consumption during climb, which is the most fuel-intensive phase of a flight. OptiClimb leverages digital data to accurately determine and analyse an aircraft's aerodynamic characteristics.	Group compliance rate rose to 63% from 58% in 2020. CO ₂ avoided = 4,892 tonnes
Reduced Flaps Landing	Procedure that uses a reduced flap configuration during landing to cut aerodynamic drag and fuel burn.	Group compliance rate dropped slightly from 91% in 2020 to 88% due to operational variances. CO ₂ avoided = 1,069 tonnes
One Engine Taxi on Arrival	Procedure to operate one engine (instead of two) during aircraft taxi-in to the arrival gate.	Group compliance rate dropped slightly from 86% in 2020 to 83% due to operational variances. CO ₂ avoided = 1,020 tonnes
Idle Fuel Flow Factor	Updates to the Flight Management System that enable optimisation of the flight's descent and approach.	Implemented on all aircraft. CO ₂ avoided = 557 tonnes

Environmental (cont'd.)

Initiative	Description	Result/Total CO ₂ avoided in 2021
Idle Reverse Landing	Procedure that uses idle thrust (instead of full reverse engine thrust) upon landing to reduce noise and fuel burn.	Group compliance rate for 2021 was 92%. CO ₂ avoided = 568 tonnes
Required Navigation Performance-Authorisation Required (RNP-AR) approach	Procedure that uses an aircraft's navigation functions instead of ground-based equipment for the shortest landing approach.	In 2021, 14 out of 16 airports in Malaysia were approved to implement RNP-AR. A total of 37.7% of AirAsia's flights in Malaysia landed using this procedure. AirAsia Indonesia and AirAsia Philippines are still awaiting regulatory approval for RNP-AR implementation. CO ₂ avoided = 517 tonnes

In total, AirAsia's operational eco-efficiency measures avoided the emission of 11,175 tonnes of CO₂ for the year. The return on investment of these measures is immediate, as evident from the cost savings achieved (see table). Using the US EPA's Greenhouse Gas Equivalencies Calculation of 0.06 tonnes of CO₂ per urban tree planted, the environmental benefit is comparable to the impact of planting 186,250 trees.

New investments in 2022 will see AirAsia add at least six new fuel-saving initiatives including performance monitoring analysis to identify aircraft that require maintenance tasks, and publishing enhanced fuel efficiency training material to improve overall compliance with these measures.

Estimated annual CO ₂ savings (tonnes)	Total annual investment required (RM)	Total anticipated annual cost savings (RM)
11,175	2,510,900	11,680,628



11,175 tonnes of CO₂ saved

equivalent to



186,250 urban trees planted

In addition, AirAsia is engaging with civil aviation authorities on joint initiatives to support ICAO's State Action Plan (SAP) to mitigate climate change. Launched in 2010, the initiative calls for ICAO member states to identify and track emissions reduction measures on a tri-annual basis.

In 2021, AirAsia participated in five bilateral discussions with the Civil Aviation Authority of Malaysia (CAAM) to update Malaysia's SAP by Q1 2022. Among measures proposed for inclusion is enhanced air navigation. According to industry estimates, effective air traffic management has the potential to save up to 15% of fuel consumed by airlines. Pending the maturity of low-carbon technologies such as sustainable aviation fuel and zero-emission aircraft, improvements in air navigation will form an important aspect of our engagement with the regulators.

Concurrently, similar engagements have or are taking place between our airlines in Indonesia and the Philippines with their respective state regulators. Indonesia's Directorate General of Civil Aviation (DGCA) called for a first engagement in April 2021 requesting AirAsia Indonesia to provide input on initiatives to be included in the republic's SAP. The plan was published in December 2021 with emphasis on emissions reduction through measures such as improving airspace design and prioritising sustainable airport development. Philippines commenced its SAP review process in December 2021 and, at the time of writing, engagements are ongoing between the Philippines' civil aviation authority and AirAsia Philippines.

(iii) Carbon Offsetting

The aviation industry marked CORSIA's fifth anniversary in 2021 with the coming into force of the carbon neutral growth commitment of participating countries. CORSIA is the first industry-wide initiative to self-regulate carbon emissions, and as of 31 December 2021, a total 104 states have voluntarily signed on to participate including Malaysia, Thailand, Indonesia and the Philippines. Participation imposes a mandatory requirement on all airlines registered within the state to comply with CORSIA and its progressively ambitious targets to tackle CO₂ emissions from international aviation.

AirAsia has met two key CORSIA requirements to date. In May 2021, all our airlines submitted independently verified carbon emission reports for the year 2020 to their respective civil aviation authorities. To improve the reporting process, we enhanced our carbon dashboards to reduce data gaps. This has enabled the airlines to cut down the number of man-hours needed to track missing or incorrect data. It is also expected to increase the efficiency of the data verification process and enable AirAsia to meet the new CORSIA deadline for reporting by 30 April of each year from 2022 onwards. At the time of preparing this report, AirAsia is verifying our 2021 emissions from international flights with ICAO-accredited third-party verification body, Verifavia.

Airlines in CORSIA participating countries are also required to cap carbon emissions from international flights so that global CO₂ emissions from international aviation do not exceed 2019 levels. According to 2021 data, carbon emissions from AirAsia's international flights fell by 98.8% in comparison with 2019 emissions, thereby requiring no offsetting measures. Based on current recovery projections, our airlines are not expected to have to undertake mandatory emissions offsetting before 2024.

However, in line with industry best practice, we are in the process of putting in place a scheme to enable voluntary offsetting by travellers by the second half of 2022. This early implementation will enable us to build internal capacity to navigate carbon markets to procure CORSIA eligible credits. As part of our alignment with TCFD reporting requirements, we developed a model to analyse the financial impact of adding tiered offset fees to airfares. We met with representatives of emissions unit programmes, carbon trading platforms and carbon offset providers to gain a better understanding of the pricing and availability of CORSIA eligible carbon offsets. This exercise enabled us to compare multiple scenarios, from CORSIA compliant offsetting (carbon neutral growth for international flights from a 2019 baseline) to full offsetting of all carbon emissions from international and domestic flights.

AirAsia will be closely following developments at the 41st ICAO General Assembly, scheduled to take place in September 2022, for CORSIA updates that may impact compliance obligations. Among key issues that are expected to be discussed are the setting of the industry's CO₂ baseline for the period between 2024-2027, new aspects to CORSIA, as well as policies to address other pollutants such as NO_x emissions and noise.

(iv) SAF Strategy

A fourth approach to addressing our carbon emissions is through the utilisation of SAF which can cut lifecycle emissions by up to 80%. SAF is identified as the most effective medium- to long-term solution for the industry's in-sector emissions reduction ambitions. Although the fuel is currently not available in Asean, this is expected to change in 2022 as two major fuel producers have announced the expansion of refinery capacities in Singapore to supply up to three million tonnes of SAF.

To pave the way for SAF introduction, we formed an SAF Committee comprising representatives from our Flight Operations, Engineering, Sustainability and Finance departments to assess the operational and financial feasibility of SAF implementation. The committee confirmed the absence of any technological barrier to SAF utilisation as we operate a full Airbus A320 family of aircraft which has been certified by the aircraft and engine manufacturer as being able to fly with a blend of up to 50% SAF. Furthermore, as the commercially available SAF at present is a drop-in fuel, or fuel that can be blended with jet fuel, we are not required to invest in any new infrastructure or equipment for supply of the new fuel blend.

At present, the main obstacles to SAF utilisation is the low volume of fuel available globally and its high price. In assessing our position, the committee has engaged with fuel producers to obtain a clearer timeline on SAF availability at key Asean airports. It has also carried out a volume and cost projection for SAF utilisation in accordance with a broad industry target of 10% of total fuel consumption by 2030. The findings of this exercise will inform the development of Capital A's Sustainability Blueprint which is scheduled for completion by Q3 2022.

In 2022, the SAF Committee will be expanded to include representatives from our Government Relations department to initiate discussions with legislators on SAF policies that can help advance the use of the renewable fuel in the region. These discussions will be guided by developments in the EU and US which present a mix of fuel mandates and tax credits for SAF utilisation.

Environmental (cont'd.)

Emissions Data

In this section, we report only Scope 1 emissions for our airline operations as they constitute the bulk of our direct emissions. However, we cover the Capital A Group in entirety for disclosures of Scope 2 and Scope 3 emissions as these cover emissions from all our offices and entities.

Scope	Category	Indicator Measured	Emissions Sourced
Scope 1	Direct GHG Emissions	Fuel consumption	Flight operations, ground operations
Scope 2	Indirect GHG Emissions	Electricity consumption (offices/buildings)	Purchased energy

Scope 1 Emissions (from flight operations)

Scope 1 Emissions from flight operations	2019 (restated) ¹	2020 (restated) ¹	2021
Fuel consumption (tonnes)	1,497,331	397,442	123,389
Total Scope 1 emissions (tCO ₂ e)	4,748,745	1,260,477	391,325
Carbon intensity ratio (gCO ₂ /RPK)	74.7	88.0	94.0
Carbon intensity ratio (gCO ₂ /ASK)	63.4	65.7	68.1
Specific fuel consumption (litres/100RPK)	3.01	3.55	3.79

¹ Restated to include only AirAsia Malaysia, AirAsia Indonesia and AirAsia Philippines, in line with the financial disclosures, and to include the CO₂ equivalents of methane (CH₄) and nitrogen oxide (N₂O) emissions. AirAsia does not emit hydrofluorocarbons, perfluorocarbons or sulphur hexafluoride from flight operations.

Scope 1 Emissions (from ground operations)

To improve our environmental reporting, our disclosures this year include Scope 1 emissions from ground operations at home base airports handled by Ground Team Red (GTR), a 50%-owned associate which provides group handling services to AirAsia at all Malaysia and Indonesia airports. Ground handling in the Philippines operates on a hybrid model with selected stations managed by GTR and others by third-party agents.

Initiatives to reduce carbon emissions include electronic filing of flight documents. Since 2019, the Ground Operations team has been filing passenger manifests and crew's general declaration forms online, as approved by the relevant regulations. The initiative saves approximately 8.8 million sheets of A4-sized paper annually, equivalent to 750 trees. Moving forward, the Ground Operations team will endeavour to further expand the scope of electronic filing.

Additionally, since 2020, GTR has enhanced its maintenance programme for ground vehicles and equipment as well as planning to avoid unnecessary idling. From 2022 onwards, all new ground handling agreements will include a clause recommending that green vehicles be used to service AirAsia flights where possible.



e-filing of flight documents saves approximately 8.8 million sheets of A4-sized paper annually

equivalent to



750 trees

Scope 1 emissions from ground support equipment	2019	2020	2021
Fuel consumption (tonnes)	1,894	795	521
Total Scope 1 emissions (tCO ₂ e)	5,880	2,469	1,617

Noise and Air Pollutants

As of 2021, all AirAsia aircraft are compliant with ICAO Annex 16 Chapter 4 noise standards while 85.6% of the fleet meets with the most stringent ICAO CAEP/8 NOx emissions standards¹. As we phase out older aircraft in exchange for new Airbus A321neo models, we aim for 100% compliance with ICAO CAEP/8 NOx standards.

Indicators	2019	2020	2021
NOx emissions (tonnes) ¹	2,474	725	261
NOx emissions intensity (gNOx/RPK) ¹	0.0390	0.0508	0.0629
SOx emissions (tonnes) ²	271	79	29
Volatile Organic Compounds (VOC) emissions (kg) ²	936,957	274,492	98,752

¹ NOx emissions and compliance data are obtained from the ICAO Emissions Bank issue 28C dated 20 July 2021. The NOx emissions value per landing and takeoff (LTO) cycle is based on the weighted average of AirAsia's fleet composition as of FY2021.

² According to the US EPA, SO₂ represents the highest composition of SOx emissions, hence SO₂ is considered as SOx for the purpose of calculations. SO₂ and VOC emissions data are sourced from US EPA's Generic Aircraft Type Emission Factors table.

Scope 2 Emissions

Capital A's Scope 2 disclosures cover emissions associated with energy consumption at all our facilities and offices.

Location	2019 (restated) ¹		2020 (restated) ¹		2021	
	Emissions (tCO ₂ e)	Carbon Intensity (tCO ₂ e/m ²)	Emissions (tCO ₂ e)	Carbon Intensity (tCO ₂ e/m ²)	Emissions (tCO ₂ e)	Carbon Intensity (tCO ₂ e/m ²)
Malaysia ^{2 3} (tCO ₂ e)	2,817	0.109	2,517	0.065	2,261	0.055
Indonesia ⁴ (tCO ₂ e)	1,029	0.107	839	0.087	679	0.071
Philippines ⁵ (tCO ₂ e)	8	0.003	N/A ⁶	N/A	40	0.012
Total (tCO ₂ e)	3,855	0.073	3,356	0.076	2,979	0.046

¹ Restated to include only AirAsia Malaysia, AirAsia Indonesia and AirAsia Philippines, in line with the financial disclosures.

² Latest emission factor (combined margin dated 2017) for Peninsular Malaysia, where AirAsia Malaysia is based, is obtained from the 2017 CDM Electricity Baseline for Malaysia, published by Malaysian Green Technology Corporation, for Malaysia's Ministry of Energy, Science, Technology, Environment and Climate Change.

³ Malaysia's electricity consumption data includes RedQ (head office), RedChain (Engineering Warehouse, 2020 onwards) and RedStation (KL Sentral office, 2021 onwards).

⁴ Latest emission factor (combined margin dated 2019) for Jakarta, where AirAsia Indonesia is based, is obtained from the Joint Crediting Mechanism, Indonesia Secretariat.

⁵ Latest emission factor (combined margin dated 2015-2017) for Luzon-Visayas Grid, where AirAsia Philippines is based, is obtained from the Philippines' Department of Energy.

⁶ No data is available in 2020 for the Philippines as the airline moved its office to new premises and utility invoices have not been issued by the building owner.

Environmental (cont'd.)

Energy Consumption

Energy Consumption	2019	2020	2021
Non-renewable fuels purchased and consumed (MWh) ¹	19,936,614	5,295,262	1,647,153
Non-renewable electricity purchased (MWh)	6,012	5,266	4,711
Total non-renewable energy consumption (MWh)	19,942,626	5,300,528	1,651,864

¹ Non-renewable fuels purchased and consumed include jet fuel for flight operations and diesel for ground operations.

Electricity Use Intensity (kWh/m ²)			
Location	2019	2020	2021
Malaysia	186.8	115.7	100.0
Indonesia	123.0	100.2	81.1
Philippines	4.3	N/A	20.7

Various initiatives launched in 2020 to reduce our electricity consumption continued into 2021. These include:

- Staggered switching on of major equipment that are power-intensive
- Scheduled light usage by zone, based on the occupancy of the area
- Establishing designated areas where Allstars can continue to work after regular working hours when lights and air-conditioning are switched off in most parts of the building

Scope 3 Emissions

Capital A's Scope 3 emissions are generated from three main activities: the production of fuel and energy, employee business travel, and subsidiary businesses using third-party transportation service providers, namely Teleport, airasia xpress and airasia ride. Capital A plans to begin tracking Scope 3 emissions from 2022 onwards from these three sources. We expect the main source of these emissions to be from fuel and energy production. Emissions from employee business travel is negligible due to the suspension of non-essential travel due to the pandemic. Teleport, airasia express and airasia ride are relatively new lines of business established in the last two years and, therefore, are in the process of capacity building to begin monitoring their respective carbon emissions. We will work closely with our vendors and business partners to track, minimise and drive Scope 3 emissions reduction.

WASTE MANAGEMENT

Our policy is to reduce as far as possible all waste generated by our operations, and to increase our recycling rate.

Scheduled Waste

Most of the scheduled waste produced relate to the engineering aspects of our airline operations and comprise spent oils/fluids, absorbents, containers, gloves, rags and filters. These are disposed of by licensed contractors in accordance with the relevant environmental acts and regulations in the respective countries.

In 2021, we generated 45% less solid scheduled waste as the number of aircraft in active operation was greatly reduced. On the other hand, more liquid scheduled waste was generated due to aircraft parking and storage maintenance activities which involve draining of aircraft fuel/fluid.

Scheduled waste generated Group-wide

Type	2019 (restated) ¹	2020 (restated) ¹	2021
Solid Waste (tonnes)	53.6	31.8	17.5
Liquid Waste (litres)	42,004	25,792	42,746

¹ Restated 2019 and 2020 data to include scheduled waste data for Indonesia and Philippines.

Non-Scheduled Waste

Non-scheduled waste includes waste produced at our office premises. We started to track waste disposal at RedQ (Malaysia) from March 2019, RedChain (engineering warehouse in Malaysia) and RedPoint (Philippines) from 2020 and RedHouse (Indonesia) from 2021. A decrease can be seen in the volume of waste generated in 2021 due to Allstars working from home as a result of Covid-19.

Non-scheduled waste generated, and percentage recycled

Location	Indicators	2019 (tonnes)	2020 (tonnes)	2021 (tonnes)
Malaysia	Total weight of non-hazardous waste generated	-	64.11	69.32
	Total weight of non-hazardous waste disposed	347,650	53.46	67.03
	% of non-hazardous waste recycled (diverted from disposal)	7.6%	17%	3.3%
Indonesia	Total weight of non-hazardous waste generated	N/A	N/A	35
	Total weight of non-hazardous waste disposed	N/A	N/A	35
	% of non-hazardous waste recycled (diverted from disposal)	N/A	N/A	0%
Philippines	Total weight of non-hazardous waste generated	N/A	88 ¹	63
	Total weight of non-hazardous waste disposed	N/A	81	57.93
	% of non-hazardous waste recycled (diverted from disposal)	N/A	7% ¹	8%

¹ Restated Philippines data for 2020 due to corrections in units used and in recyclable percentage.

Environmental (cont'd.)

Recycling Programme in Office

To reduce waste to landfill, the Group actively promotes recycling. Recycling bins are provided in our premises for the collection of paper, plastic and aluminium items. In 2021, however, the volume of recyclable waste collected dropped as most Allstars were working from home.

We also implemented e-waste recycling at RedQ in 2019, when 60kg of e-waste was collected and recycled. In 2020, we set up three e-waste bins at RedQ for broken handphones, tablets, laptops, media storage devices and small electronic items. Due to the negligible volume of e-waste collected in 2021 (with most Allstars working from home), these items were not sent for recycling during the year. Once a sufficient volume is achieved, this e-waste will be picked up and recycled by a licensed contractor.

Location	Types of Recyclables	Recyclable Waste (kg)		
		FY2019	FY2020	FY2021
Malaysia	E-Waste	60 ¹	0	0
	Plastic	128 ¹	0	25
	Paper	25,991	10,076 ¹	1,968
	Metal	3,931	579	294
	Total	30,110	10,655	2,287
Indonesia (RedHouse)	E-Waste	N/A	N/A	0
	Plastic	79	12	0
	Paper	993	123	0
	Metal	N/A	N/A	0
	Total	1,072	135	0 ²
Philippines (RedPoint)	E-Waste	N/A	N/A	N/A
	Plastic	14,819	5,316	4,543
	Paper	592	332	531
	Metal	5,463	879	0
	Total	20,874	6,527	5,074

¹ Restated data for e-waste and plastic collection in 2019, and paper collection in 2020 to reflect the final billing figures

² No data available for Indonesia in 2021 as the recyclable waste was collected by the local government agency

Cabin Waste Management

AirAsia has been collecting recyclable items such as plastic bottles, aluminium cans, glass, paper and metal from the cabin since 2017 for AirAsia Malaysia and 2018 for AirAsia Indonesia and AirAsia Philippines. However, this initiative was put on hold in 2021 due to pandemic-related restrictions on cabin waste disposal.

Food Waste

AirAsia began to track our aircraft food waste in 2019. However, food waste data and trends are not available for 2020 and 2021 due to greatly reduced flight activities as well as Covid-driven restrictions on inflight services. Tracking of food waste data has resumed as of 2022.

Food waste generated

AOC	2019	2020	2021	Target for 2022 ¹
MAA (kg)	304,332	N/A	N/A	166,400
IAA (kg)	50,689	N/A	N/A	32,000
PAA (kg)	45,977	N/A	N/A	38,400
Total (kg)	400,998	N/A	N/A	236,800

¹ Estimated food waste based on 2022 passenger forecasts.

The 2022 target is to cap food wastage at 25% of total consumption

Based on 2019 data, food waste across the AirAsia averaged at 30% of total perishable meals inventory. To reduce food waste, an initiative was introduced to improve meal forecasts through analysis of passenger loads and inventory take-up rates. This initiative was temporarily halted in 2020 and 2021 due to Covid-19-related restrictions on sale of inflight meal products.

In 2022, we target to cut food waste to 25% of perishable meals through a new demand planning tool utilising AI technologies to better control wastage. Our priority is to continue to promote pre-book meals. The inflight department is also exploring the option of providing discounts on onboard sales at the end of each day.

Water Management

The Group recognises that water is becoming increasingly scarce, hence has put in place various initiatives to minimise waste. Given that most Allstars are still working remotely, our water consumption has been reducing. Meanwhile, no industrial effluents were generated from our office activities, and all waste water from sanitary and washing were discharged to government-operated centralised water treatment plants for treatment.

Water consumption

Location	2019	2020	2021
Malaysia (m ³) ¹	64,133	43,668	33,669
Indonesia (m ³)	5,401	2,618	2,253
Philippines (m ³)	1,316	N/A ²	3,021
Total (m ³)	70,850	46,286	38,943

¹ Malaysia's water consumption data includes RedQ (head office), RedChain (engineering warehouse, 2021 onwards) and RedStation (KL Sentral office, 2021 onwards).

² No 2020 data is available for the Philippines as the airline moved its office to new premises in late 2019 and utility invoices had not been issued by the building owner.

Environmental (cont'd.)

Environmental Data Summary

Energy Consumption

Indicators	2019	2020	2021
Fuel Consumption (tonnes) (Flight Operations)	1,497,331	397,442	123,389
Fuel Consumption (tonnes) (Ground Operations)	1,894	795	521
Total Fuel Consumption (tonnes)	1,499,225	398,237	123,910
Non-renewable fuels purchased and consumed (MWh)	19,936,614	5,295,262	1,647,153
Non-renewable electricity purchased (MWh)	6,012	5,266	4,711
Total non-renewable energy consumption (MWh)	19,942,626	5,300,528	1,651,864
Energy Intensity			
Specific Fuel Consumption (litres/100RPK)	3.01	3.55	3.79
Electricity Intensity (kWh/m ²)	155.78	108.61	87.65

Emissions

Indicators	2019	2020	2021
Scope 1 (Flight operations) (tCO ₂ e)	4,748,745	1,260,477	391,325
Scope 1 (Ground operations) (tCO ₂ e)	5,880	2,469	1,617
Scope 1 total (tCO ₂ e)	4,754,625	1,262,946	392,942
Scope 2 (tCO ₂ e)	3,855	3,356	2,979
Scope 1&2 total (tCO ₂ e)	4,758,480	1,266,302	395,921
Emissions Intensity			
Scope 1 (gCO ₂ /RPK)	74.7	88.0	94.0
Scope 1 (gCO ₂ /ASK)	63.4	65.7	68.1
Scope 2 (tCO ₂ e/m ²)	0.073	0.076	0.046
NOx, SOx and Other Significant Air Emissions			
NOx emissions (tonnes)	2,474	725	261
SOx emissions (tonnes)	271	79	29
Volatile Organic Compounds (tonnes)	937	275	98

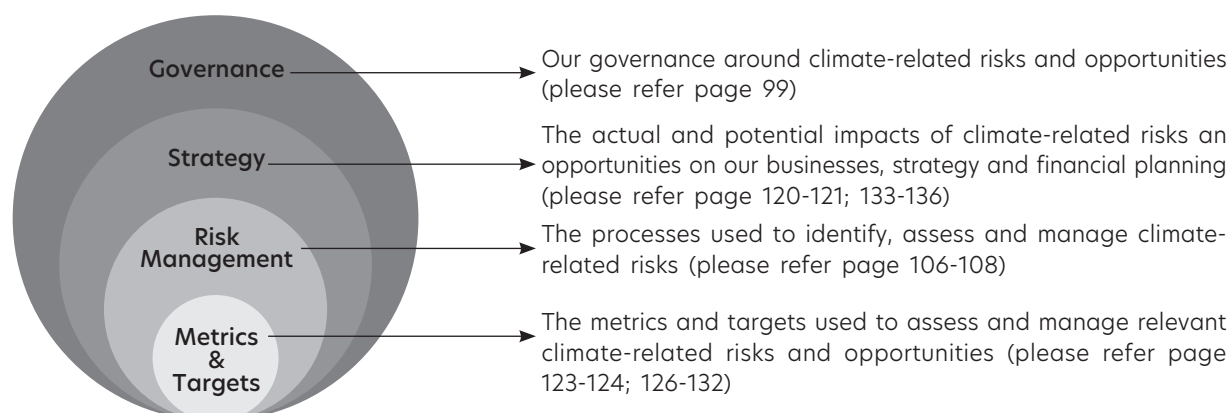
Resource Management

Indicators	2019	2020	2021
Water Consumption			
Total Water Consumption (m ³)	70,850	46,286	38,943
Waste Management			
Solid Hazardous Waste (tonnes)	53.6	31.8	17.5
Liquid Hazardous Waste (litres)	42,004	25,792	42,746
Non-Hazardous Waste disposed (tonnes)	347,650	135	160
Non-Hazardous Waste recycled (tonnes)	52.1	17.3	7.4

Alignment with Task Force on Climate-related Financial Disclosures (TCFD)

TCFD recommendations have provided further direction for our climate strategy, especially the Group's foresight when considering climate issues. This year, we have identified our business risks and opportunities, the potential financial impact of climate change, and our mitigation strategy.

As we become more conversant with TCFD, we recognise the need to strengthen our disclosure in various areas of our reporting; and plan to do so in the next couple of years.



Risk Type		Climate-related Risk Description	Potential Financial Impact	Mitigation Strategy
Transition Risks	Policy and Legal	Risk from new regulations:	New carbon taxes could increase the price of fuel, thereby raising operating costs and fares while dampening travel demand.	We are developing a long-term strategy to reach the industry's net zero aspiration ahead of the 2050 goal. In the immediate horizon, we will strengthen our fuel efficiency programme and work with regulators on improvements to air traffic management to cut flight distances and fuel consumption.
		(i) Imposition of carbon taxes, emissions quotas or renewable fuel mandates	Carbon taxes will increase the company's tax liability while emissions quotas or sustainable fuel mandates will lead to a significant increase in fuel and operating costs. An increased cost burden will reduce the company's profitability or depress demand if passed on to travellers.	We have commenced discussions with several fuel suppliers on making available SAF in Malaysian airports and on the development of SAF from locally available feedstock such as agricultural waste. A purchase commitment by AirAsia will strongly incentivise fuel suppliers to invest and lower the long-term cost of SAF.
		(ii) Emissions testing regulations	Emissions testing regulations will add to the cost of aircraft maintenance and require increased downtime for aircraft, leading to rescheduling costs or loss of revenue due to flight cancellations.	Emissions testing regulation will only impact a limited number of our older planes. All of our planned capacity expansion from 2024 onwards will be achieved with the new Airbus 321neo model, currently the most fuel- and emissions-efficient narrowbody commercial aircraft in the market.
		(iii) New emissions (eg NOx)/ waste reporting requirements	New reporting requirements increase manpower/consultancy costs as well as audit or verification fees.	Our carbon dashboard can be enhanced to track our NOx emissions while verification of these emissions can be tagged to our existing carbon emissions verification at minimal additional cost.

Environmental (cont'd.)

Risk Type		Climate-related Risk Description	Potential Financial Impact	Mitigation Strategy
Transition Risks	Technology	Risk from new technologies aimed at supporting global low-carbon transition	AirAsia has confirmed its order for 362 Airbus 321neo aircraft that will be delivered up until 2035. The introduction of zero emission aircraft could significantly reduce asset value of AirAsia's 321neo fleet and render its fleet technology obsolete. Investment in new fleet type or adaptive green technologies will require significant capital investments.	AirAsia's last A321neo is scheduled to be delivered in 2035, coinciding with the expected introduction of Airbus' zero emission aircraft. AirAsia can consider purchasing this new aircraft type as part of our fleet replacement strategy beyond 2035. Should the zero emission aircraft be available earlier, AirAsia can initiate negotiations with Airbus to convert A321neo yet to be delivered to the new fleet type.
	Market	Risk from market fluctuations as travellers and businesses respond to climate change	More companies may opt to cut business travel, in favour of virtual meetings.	We believe that business travel will resume as Covid-19 enters an endemic phase. In 2022, we will be introducing voluntary carbon offsetting on all AirAsia flights to enable travellers to choose to reduce their carbon footprint. We intend to make this a mandatory commitment later, once guests are comfortable with the idea of accounting for their own carbon footprint.
		(i) Changing travel patterns	Expansion of China's Belt and Road initiative to high-speed rail connections may also offer guests a lower-carbon travel alternative.	We believe that air travel will remain essential to connect Asean as two major countries - Indonesia and the Philippines - are archipelagos where road and rail infrastructure are not well developed. In addition, the Belt and Road initiative has stalled in many countries, leaving cross-border connectivity still a hurdle.
		(ii) Growing demand for carbon credits	With CORSIA coming into effect in 2021, an increasing number of airlines and other businesses will purchase carbon credits, causing prices to rise in the short term before more credits become available in the international carbon market. Any unanticipated increase in carbon credit price could result in AirAsia having to bear the additional cost of offsetting from top-line revenue.	We are introducing an option for guests to add an offset fee to their fares in 2022. This will enable us to build internal capacity on carbon trading, including exploring options for forward purchase of available credits. In addition, we are also exploring options for AirAsia Foundation to help some of its environmental social enterprises accredit their programmes to be eligible for CORSIA offsetting. This will enable the social enterprises to benefit from sustainable funding while helping to secure AirAsia's supply of carbon credits in Asean.
	Reputation	Risk of negative brand impact if AirAsia is seen as not responding sufficiently to climate crisis, resulting in:	Guests may choose a competitor that is seen to be doing more and investors may divest. Financial institutions may also impose a premium on lending.	We are undertaking a brand campaign to highlight our environmental credentials as the airline with the lowest CO ₂ /ASK in Asia. By claiming our 'greenest airline' position, we address our climate critics and potentially stand to gain from increased market share among environmentally-conscious travellers.
		(i) Shifts in guest preferences		An option for guests to offset their travel will assuage some travellers' concerns on their impact on the environment.
		(ii) Being targeted by flight shame movement		We believe the risks from reputational damage due to this movement will be limited as air travel is not a luxury in many places that we serve due to underdeveloped road and rail infrastructure. This can be mitigated with a consistent awareness campaign highlighting our sustainability efforts and providing carbon offset options to guests.

Risk Type		Climate-related Risk Description	Potential Financial Impact	Mitigation Strategy
Transition Risks	Reputation	(iii) Increased stakeholder concern or negative stakeholder feedback		We are taking a targeted approach to increasing our scores in the FTSE4Good and Corporate Sustainability Assessment (CSA) ratings. This will affirm our sustainability attainments and enable AirAsia's shares to be listed in reputable sustainability indexes that make us eligible for investments by green funds.
Physical Risks	Acute	Risk of extreme temperatures	At extremely high or low temperatures, aircraft may become inoperable or rendered uncertified to operate. On extremely hot days, aircraft may not be able to take off due to reduced engine performance, resulting in delays or revenue loss from offloading pax/cargo.	We may operate seasonable schedules to minimise exposure to disruptions caused by extreme high temperatures.
			Increases in hot days can also cause heat buckling on runways and taxiways and other infrastructure damage. Such damage could increase operational and repair costs for airports which would eventually be passed on to airlines and travellers.	To avoid aircraft being stranded at airports experiencing extreme temperatures, we may undertake pre-emptive cancellations by expanding coverage of weather forecasting services.
		Risk of increasing frequency and severity of weather events	Weather events such as floods and typhoons put at risk operations and infrastructure at affected airports, including three of our four major hubs. Bangkok and Jakarta are increasingly vulnerable to flood risk while Manila to typhoon disruption. Other than asset damage, these weather events can result in revenue losses and substantial costs relating to cancelled flights and airport closures.	We maintain up-to-date business continuity plans for weather risk affecting all four major hubs. We are also planning a climate-related disaster scenario exercise to test and improve our disaster management and recovery processes.
	Chronic	Risk of longer-term changes in weather patterns	Rising sea levels will render some coastal airports inoperable, forcing cities to build new airports further inland. AirAsia will have to bear the cost of informing booked guests and communicating changes for future bookings. Demand may be impacted if the airport is far from the city centre. New airport construction costs may also result in higher airport taxes and other fees.	We recognise that rising sea levels may be inevitable. Our Government Relations department is liaising regularly with the ministries of transport of all AOC countries to keep abreast of any plans to move major airports.
			Jakarta is one of the most vulnerable cities to rising sea levels. It is also documented to be sinking fast, prompting the Indonesian Government in 2019 to announce the relocation of its administrative capital to East Kalimantan. This could affect growth projections, and result in increased costs as regulatory staff will either need to relocate or travel frequently to Balikpapan for meetings with regulators.	Our strategy team will incorporate the projected impact of climate change into our fleet and routes strategy.

Environmental (cont'd.)

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

Climate-related Opportunities	Potential Financial Impact	Mitigation Strategy
Administrative efficiency	Digitalisation strategy reduces manual paperwork and cost of paper, printing and storage of documents.	Our ongoing digitalisation programme has minimised all paper documentation on board and in our office processes. Of the remaining ones, we continue to work with regulators to move towards e-documentation for regulatory records-keeping and submissions such as e-Voyage Reports.
Resource diversification	Shift to SAF utilisation diversifies fuel supply and reduces exposure to rising energy costs and growing carbon regulation.	We have commenced discussions with several fuel suppliers to supply SAF at Malaysian airports and/or to develop SAF using locally available feedstock.
Resource efficiency	Reduction of fuel utilisation via improvements in air traffic management and A321neo fleet conversion will further reduce operating costs and ensure that AirAsia maintains our commercial advantage as the airline with the lowest cost/ASK and CO ₂ /ASK in the industry.	We engage in regular consultations with civil aviation authorities to implement new fuel efficiency and emissions reduction measures. This includes proposing measures to be included for monitoring and tracking emissions reductions in State Action Plans.
Products and Services	Attract travellers keen to minimise their carbon footprint and experience sustainable travel activities. AirAsia potentially gains from increased market share among responsible travellers and earns ancillary income from sale of sustainable travel activities.	In 2022, we are initiating a brand campaign to highlight AirAsia's greenest airline in the world achievements and our climate change management strategy.
		We are also implementing a voluntary offset programme to enable travellers to contribute to their carbon offsetting.
		AirAsia Foundation is working with sustainable travel social enterprises to make accessible sustainable travel activities on its DestinationGOOD.com platform.
Markets	Recognise that climate impact prone destinations may also be strong revenue generators in the recovery and rehabilitation phase.	Resume commercial flights to affected destinations as soon as it is safe to do so to support rebuilding programmes.
Resilience	Continue to strengthen our network connectivity in hubs such as klia2 with reduced climate risk.	Invest in climate forecasting tools and services to inform fleet planning and route planning strategies.



HEALTH & SAFETY

The health and safety of our Allstars and guests is of paramount importance. Health and safety governance is headed by our Chief Safety Officer who oversees all aspects of safety in Capital A. We have a comprehensive framework of systems and processes to ensure that Allstars are able to carry out their functions safely.

(i) Operational Safety

Our activities are governed by a host of manuals, safety policies and SOPs which are regularly reviewed and updated. These are accessible points of reference to guide safe behaviour among Allstars and inculcate a positive safety culture in which all employees are involved and actively engaged.

In 2020, we began a process of standardisation of some of the key manuals at group level so that all AOCs are brought up to best practice standards. Further updates were made in 2021 to reflect changes in the Capital A structure. Three key manuals which were refreshed were:

Manual	Description & Update
Safety Management System (SMS)	<ul style="list-style-type: none"> Standardises operational practices which ensure that risks are proactively managed and relevant procedures are in place to prevent serious incidents Incorporates the requirements of ICAO Annex 19, ICAO DOC 9859, IOSA, Civil Aviation Authorities Updated in 2021 to comply with latest regulatory requirements and civil aviation directives
Emergency Response Plan (ERP)	<ul style="list-style-type: none"> Covers our response to major aircraft incidents or other adverse events that result in serious injuries, fatalities, severe damage and/or significant operational disruption Standardised at Group level in 2021 for central management and coordination
Occupational Safety Health & Environment (OSHE)	<ul style="list-style-type: none"> Outlines standards and operating procedures to ensure the safety and well-being of Allstars, contractors and visitors to Capital A Incorporated in Capital A's operations in 2021

To ensure compliance with operational safety standards, our Group Operational Quality Assurance Departments undertake regular operational audits while our Safety Department monitors occupational safety and tracks and investigates all safety reports raised.

Social (cont'd.)

Group Operational Quality Assurance

In 2016, we established our Group Operational Quality Assurance (GOQA) to ensure all our AOCs comply with applicable regulations, IATA Operational Safety Audit (IOSA) standards and recommended practices. Since 2018, GOQA has been certified to ISO 9001:2015 Quality Management System.

GOQA is responsible for conducting the Internal Operations Audit (IOA) and the Joint Station Compliance Audit (JCSA) which is conducted annually at all hubs and main bases, and once every two years at all other stations. To ensure that we maintain oversight despite Covid-19 travel restrictions, GOQA developed Remote Assessment Programmes to enable scheduled audits to continue, thereby ensuring the integrity and safety of our airline operations.

These audits aim to close gaps and prepare our AOCs for the IOSA certification. IOSA certification represents the industry gold standard indicating the highest standards of operational safety and efficiency. As a non-IATA member, certification is optional for AirAsia. Nevertheless, we ensure that all AirAsia airlines meet IOSA standards through undergoing IOSA audits and mirroring the audit processes in GOQA's IOAs. In 2019, all AirAsia AOCs successfully obtained IOSA certification.

In August 2021, IOSA registration was successfully renewed for AirAsia Malaysia. In the interim, GOQA conducted IOAs at IAA and PAA in January and June 2021 respectively, returning no major findings in need of remedial action.

Airline (AOC)	Latest IOSA Certification Date	Remarks
AirAsia Malaysia - AK	6 August 2021	IOSA Registration renewed via Remote Audit in August 2021
AirAsia Indonesia - QZ	21 June 2019	GOQA IOA completed in Jan 2021
AirAsia Philippines - Z2	31 May 2019	GOQA IOA completed in June 2021

The table below depicts the total number of Remote Assessment Audits carried out in 2021:

Audit	No. of Audits Performed	Remarks
Joint Station Compliance	53	Audits conducted at all operational stations groupwide
Internal Operational	6	IAA, MAA, AAI, PAA, TAA and AAX



In February 2022, [airlinerratings.com](https://www.airlinerratings.com) awarded AirAsia with its highest star rating for a second year in a row. AirAsia Group was also named one of the Top 20 safest LCCs in the world.

* [airlinerratings.com](https://www.airlinerratings.com) ranks 385 airlines around the world

Group Aircraft Health Monitoring Function is another safety associated function undertaken by GOQA. The objective is to maintain oversight of recurrent defects in all aircraft operated by AirAsia. GOQA monitoring adds a second layer of oversight to AOC-level monitoring. The technical health of aircraft is monitored daily in real time, and any defect identified is brought to the attention of the Maintenance Operations Departments of the relevant AOC, to ensure timely rectification. Weekly monitoring reports are then shared with management and stakeholders in the AOCs. This monitoring function not only prevents aircraft from being grounded but also helps avoid undesirable events and incidents associated with system defects. This contributes to the overall safety and reliability of aircraft operations. In 2021, we issued 52 weekly Aircraft Health Monitoring Reports.

(ii) Occupational Safety

In 2021, we successfully completed the following health and safety audits and/or certifications.

Certification	Relevant Department/Hub/Division
Occupational Safety and Health (OSHOWA) Audit	Penang Hub - audit was conducted in March 2021
Occupational Safety and Health (SoHELP)	ADE registered for SoHELP Programme in July and completed second verification in March 2021
Occupational Safety and Health USECHH Regulation 2000 (Use and Standard of Exposure of Chemicals Hazardous to Health)	Chemical Health Risk Assessment was conducted at the Ground Service Equipment workshop
Food Safety Management System - ISO 22000:2018	Successfully completed a surveillance audit of the Inflight Warehouse (CAE Building) in Sepang in June 2021

As part of our safety culture, we encourage Allstars to report any unsafe occurrence or potential hazard so that necessary actions can be taken to avert serious incidents. This includes reports on fatigue during operations. Reports are submitted via Coruson, an enterprise safety and risk management software. In 2021, a total of 11,609 safety reports were received for our safety data collection and processing system (SDCPS) across the Group. These safety reports were then managed and actioned in accordance with the Safety Report handling processes.

With safety culture deeply entrenched in AirAsia, our Safety Team focused on providing safety training to colleagues in other Capital A subsidiaries. Below are the key safety trainings delivered in 2021.

Training	Description	Focus Group	Number of Participants	Average Training Hours
Redeye Training	Redeye Training was provided to enable Allstars to use the new reporting system for Allstars Covid-19 infection.	<ul style="list-style-type: none"> Ground Team Red (GTR) Asia Digital Engineering (ADE) Teleport 	12	6
National Institute of Occupational Safety and Health (NIOSH)	Training was provided to Allstars at ADE to reduce work-related risks through correct behaviours.	<ul style="list-style-type: none"> ADE 	12	8
Safety Induction Training	Safety Induction Training ensures new staff or persons entering AirAsia premises are briefed on safety practices.	<ul style="list-style-type: none"> Allstars Visitors Vendors 	12	1
Airside Safety Training	The Airside Safety Training was provided to ensure all operational Allstars working at the airside are familiar with the airside safety procedures and processes	<ul style="list-style-type: none"> ADE Ground Operations AirAsia X Engineering 	416	2

Social (cont'd.)

The table below provides a summary of our work-related injuries record. It was noted that the majority of recorded work-related injuries were caused by lifting heavy loads. To further minimise occupational injuries among ground handlers, daily safety briefings are conducted by supervisors prior to start of work. Instructions on lifting techniques and back support straps were also provided. Pre-Covid, our Physiolab team conducted bi-weekly ergonomic assessments on Allstars, especially ramp staff. However, due to the pandemic and to ensure the safety of Allstars, we continued our physio sessions online.

Work-related injuries

Reporting Year	FY2019 (restated) ¹	FY2020 (restated) ¹	FY2021
Total man-hours worked	37,988,352	29,399,136	14,224,896
Number of fatalities as a result of work-related injury	0	0	0
Number of recordable work-related injuries	142	71	36
Types of work-related injuries	Workplace (bodily) injuries	Ergonomic related injuries	Ergonomic related injuries Bodily injuries
Number of lost days	568	384	140
Incident rate	3.9	0.001	2.1
Severity rate	11.9	7.1	6.3

¹ Restated to include only AirAsia Malaysia, AirAsia Indonesia and AirAsia Philippines, in line with the financial disclosures.

Note: The Incident Rate = No. of accidents (E) X 1,000 /annual average of no. of employees; Severity Rate = Total workdays lost (C) X 1,000,000 /total man-hours worked (Y)


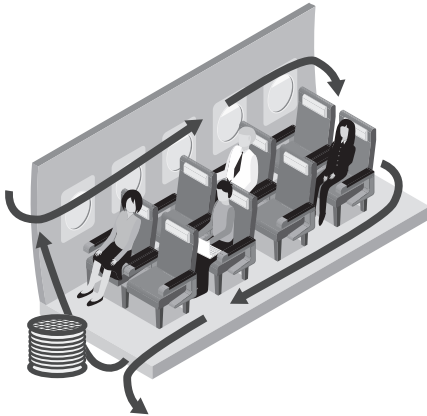
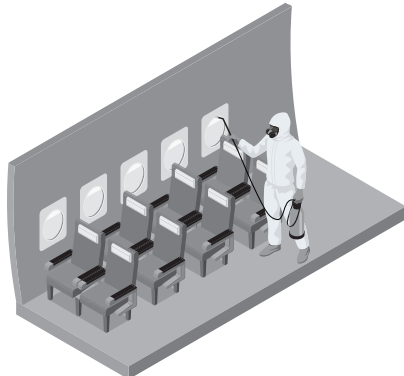
Identification & mitigation of safety risks and situations

Hazard Identification, Risk Assessment Risk Control (HIRARC) was conducted for every incident followed by proposing safety recommendations to avoid recurrence. In addition to Quarterly Safety Committee meetings, safety training and regular safety observation and on-job guidance were also conducted in 2021.

Safety in the Pandemic

Onboard Safety

Since 2020, we have introduced a host of measures to minimise the risk of Covid-19 transmission on our flights. Last year, some of these measures were enhanced based on new developments such as our new policy, announced in October 2021, to accept only vaccinated adult guests and guests under the age of 18 only if they are accompanied by fully vaccinated parents or guardians. Some of our main measures are illustrated below.

Pre-flight	During flight	Post-flight
		
Minimisation of check-in contact through FACES, mobile check-in, self-baggage drop and digital boarding pass	HEPA filters ensure the highest level of air quality with 99.997% micron filtration	Disinfection carried out on all aircraft daily and thorough cleaning during each transit
Regular disinfection of counters and kiosks	Mandatory mask policy onboard all flights	Passenger contact tracing when case is confirmed by health authorities
Health declaration by all air crew prior to duty	Vaccinated guests only	

Cabin Crew Guidelines

- Wear the prescribed personal protection equipment (PPE) before reporting for flights
- Maintain social distancing at all times; and ensure guests maintain social distancing during boarding and disembarkation
- Sign-on for duty via mobile phones by connecting to company's WiFi network
- Greet fellow Allstars and guests the Asean way
- Self-sanitise regularly on the way to the office, before meeting colleagues, and upon boarding the plane
- Wear PPE in all phases of the flight; no touching of hair or face, even if wearing gloves
- Disinfected cabins and high-touch areas using approved and recommended chemicals/agents
- Undergo regular Covid-19 self-testing

Social (cont'd.)

Workplace Safety

Various other tools have been introduced to coordinate Covid-19 information, policies and procedures so that Allstars and guests receive the latest information to ensure their safety. These include:

Tool	Description
Safe@Work Guide	Launched in April 2020 on Workplace, the guide covers general Covid-19 knowledge, the process for reporting cases, work arrangements and resources available for working safely and staying up to date with Ministry of Health (MOH) directives.
Safe@AirAsia Knowledge Library	Online library of all resources Allstars need for working safely and staying up to date. In 2021, we regularly updated relevant procedures based on MOH's recommendations.
Covid-19 Reporting Platform	New reporting form implemented in February 2021 in RedEye, the Group's incident reporting platform, for better tracking of daily cases.
Covid-19 Standards Manual	Published in 2021, this manual streamlines Covid-19 management across our AOCs to ensure standardisation and sharing of best practices.

Allstar Office Guidelines



Temperature checks
prior to entering office
premises



FACES activated
turnstiles at office entry
points



Mandatory mask-
wearing



Random Covid-19
testing



Regular disinfection of
workstations



Maximum number of
users for meeting rooms
to enable effective
social distancing



Covid-19 reporting
internal portal so that
office contacts are
traced and work space
sanitised

Allstars not performing critical operational roles were permitted to work from home unless their presence at the workplace was required while a split-team approach was adopted for Allstars required in the office.

TALENT ATTRACTION & RETENTION

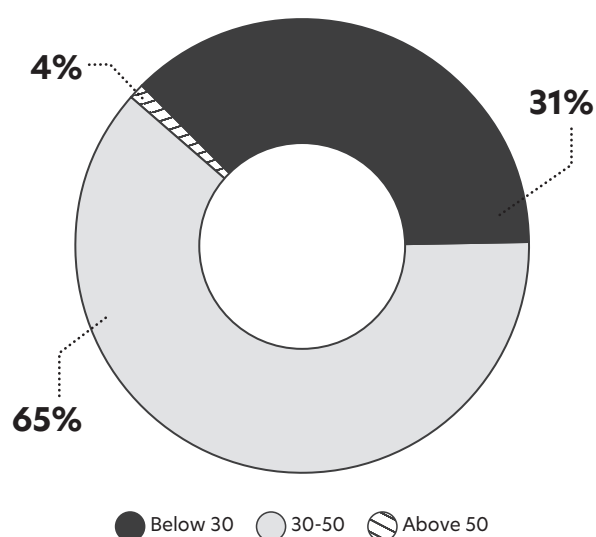
(i) Diversity & Inclusion

We recognise the value of diversity for the different perspectives that it brings which enhances our decision-making. We do not tolerate any form of discrimination on the basis of race, religion, cultural background, gender, age, sexual orientation, disability or nationality.

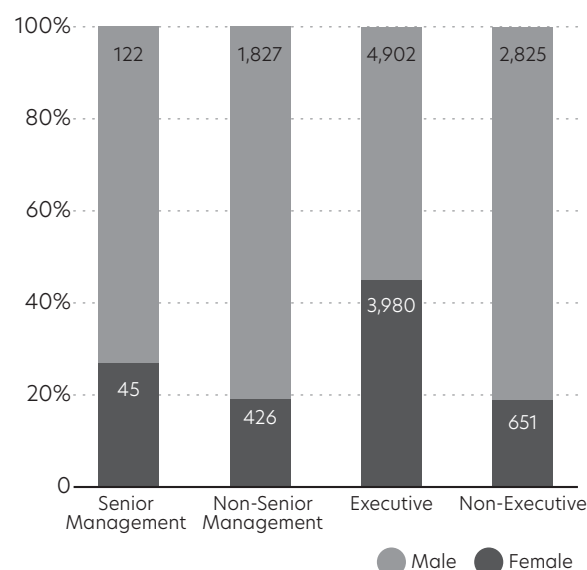
With our headquarters in Malaysia, and significant operations in Thailand, Indonesia and the Philippines, we consider ourselves an Asean company. Diversity at Capital A does not stop with citizenship; we also seek to have a good mix of age groups and genders. In 2021, the Group comprised a total of 14,778 employees, comprising 65% men and 35% women.



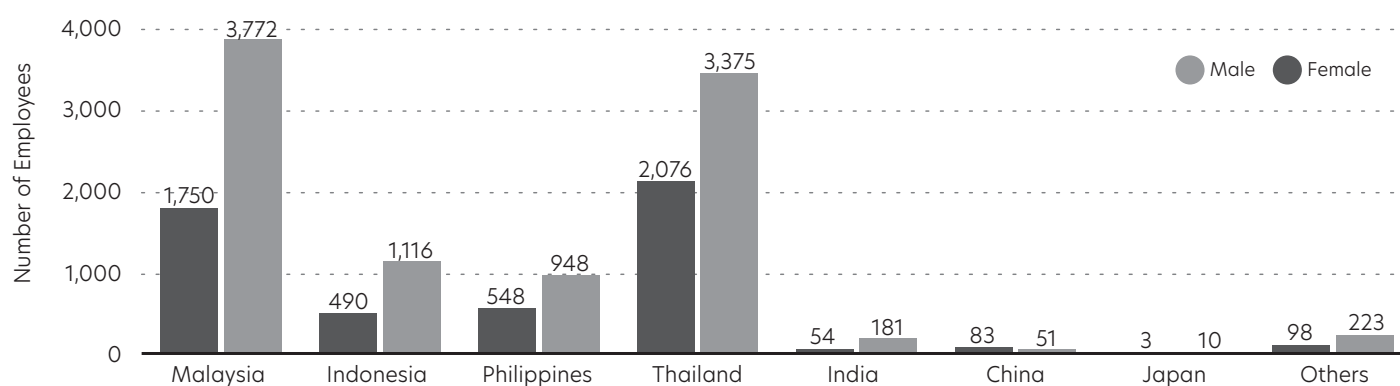
Employee Breakdown by Age Group



Employee Breakdown by Employment Category and Gender



Employee Breakdown by Nationality



In 2021, Capital A launched our first Diversity, Inclusion and Belonging survey to gather the views and perspective from Allstars on how we are doing in these areas. The survey will serve as a baseline for us to develop strategies to deliver our commitment to be a diverse and inclusive organisation. In 2022, we intend to set up a Diversity and Inclusion committee to oversee and advance gender diversity and fair treatment of all Allstars across the Group.

We seek to be inclusive by treating all Allstars equally, without discrimination. All employment letters state clearly that any form of racism or discrimination is not acceptable and will not be tolerated in Capital A.

Social (cont'd.)

Gender Equality

We strive for gender equity across the Group at all levels and occupations in our approach to employment and promotion. The results of our decades-long effort to increase women participation in technical roles has borne fruit with the current employment of 135 female pilots. However, we recognise that we still have a long way to go towards achieving gender equality across the board, and having at least 30% women representation in junior management and STEM roles.

In March 2021, we organised our first speed mentorship programme in conjunction with International Women's Day. The initiative offers an opportunity for Allstars to meet and learn directly from some of our amazing women leaders at Capital A. This was followed by a second session in July featuring AirAsia Indonesia CEO, Veranita Yosephine, who spoke on Navigating Your Career Path. In 2022, we will continue to strengthen our commitment towards women empowerment by inviting women leaders in the industry to participate in this series.

In stepping up our efforts, we are also publishing our first gender pay gap statistics for Capital A for a broad understanding of our current position. The table below shows our gender pay gap calculated on the basis of mean male and female salaries within each job grade, excluding pilots, cabin crew and aircraft engineers.

Gender Pay Gap - Group-Wide excluding pilots, cabin crew and aircraft engineers

Job Level	Gender	2021		
		Number of employees	Percentage, %	Pay Gap
JG8	Male	14	58%	7.66%
	Female	10	42%	
JG7	Male	47	68%	-13.33%
	Female	22	32%	
JG6	Male	89	64%	7.96%
	Female	49	36%	
JG5	Male	232	58%	2.64%
	Female	169	42%	
JG4	Male	174	53%	-10.48%
	Female	156	47%	
JG3	Male	191	49%	-1.61%
	Female	196	51%	
JG2	Male	405	45%	-5.37%
	Female	492	55%	
JG1	Male	230	78%	14.11%
	Female	66	22%	

Note: (mean pay of female Allstars - mean pay of male Allstars)/mean pay of male Allstars *100

Based on our findings, we did not detect any systemic gender-based bias in our pay scales. The only job grade that stands out with a gap approaching the 15% threshold that we have set internally as acceptable variance, taking into account differences in job types and countries of employment, is JG1. JG1 includes Allstars employed in a broad range of jobs, from supply chain workers to personal assistants. One explanation for the difference is that supply chain employees tend to be predominately male and are paid as per market rate for those roles. The female workers in this grade tend to be in administrative roles in corporate offices such as personal assistants and are benchmarked to similar roles. In 2022, we will be expanding our analysis to include comparisons of job families to further improve our understanding of our employee remuneration profile.

The table below shows gender pay gap data for the three main operation functions at our airline subsidiary. Unlike the earlier functions, remuneration for these roles are tenure-based, measuring the individual's flying hours and number of years working at AirAsia. The differences in pay levels are due to a historical industry-level bias that produced more male pilots and engineers. AirAsia has been making significant efforts to address this by employing and training more female pilots over the past decade than any other airline in Asean. This is evident from the relatively high number of female AirAsia pilots in 2021 at 6.1% compared with the global average of 5.8%, according to Statista.com. We will continue to support women pilots joining the ranks. As our current cohort of female pilots rise in seniority and flying hours, the pay gap will diminish over time.

A similar situation applies to our employment of aircraft engineers. The gender imbalance among engineers is an issue we have tried to address. However, this is curtailed by fewer female aircraft engineers joining the workforce. As the sector recovers, we will be able to consider devoting more resources into establishing a cadet programme for female aircraft engineers and improving our sourcing to attract more applicants as this continues to be a challenge.

Gender Pay Gap - AirAsia

Job Category	Gender	2021		
		Number of employees	Percentage, %	Pay Gap
Captain	Male	1,062	97%	-8.86%
	Female	32	3%	
First Officer	Male	1,026	91%	-8.09%
	Female	103	9%	
Licensed Aircraft Engineer	Male	336	96%	-12.73%
	Female	15	4%	
Other Engineer	Male	152	82%	-23.34%
	Female	34	18%	
Cabin Crew	Male	981	32%	3.76%
	Female	2,073	68%	

Super Equal

At airasia Super App, women make up 52% of the total workforce. The business also has one differently-abled Allstar on board.



Anti-Harassment Policy

On 1 November 2021, the Group published an updated Anti-Harassment Policy to replace the previous Anti Sexual Harassment Policy reiterating our zero tolerance for harassment of any form. Allstars were made aware of the Anti-Harassment Policy via email notifications, following which the policy has been made available on our shared drive which is accessible to all Allstars. In addition, to create greater clarity on acceptable or unacceptable behaviours, our Employee Relations team is developing an online e-learning module on harassment, which we hope to upload onto our e-learning platform in the first quarter of 2022. This module will be accessible to all current employees and introduced into the orientation training list for all new employees. Allstars can also connect directly with the Employee Relations team via our askPAC should they have any query or complaint with regard to harassment.

Reports on harassment will be investigated, and appropriate action taken against any employee found guilty. This includes the possibility of dismissal.

Social (cont'd.)

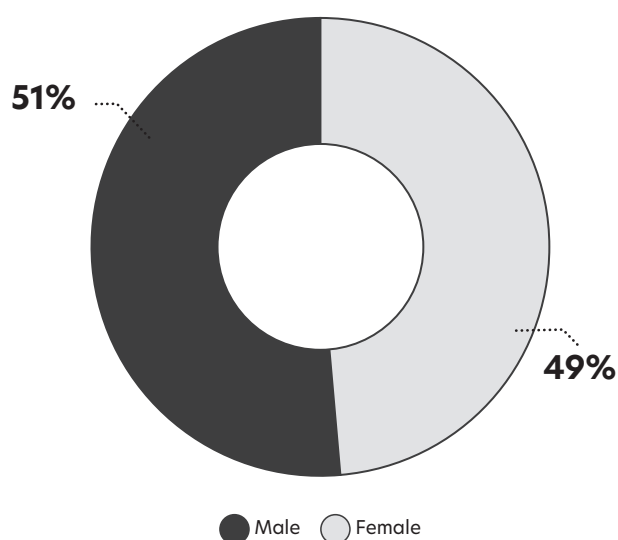
(ii) Talent Attraction and Retention

After the Covid-19 pandemic, the industry is now at a recovery phase. The Group has been focusing on specific initiatives to attract and retain talent post-pandemic to help strengthen our Employee Value Proposition. We have revised our overall talent strategy to focus on a holistic approach focusing on catering to our Allstars profile specific to diversity, equity and inclusion focusing on three main areas: Employee Engagement, Employee Benefits, Training and Development.

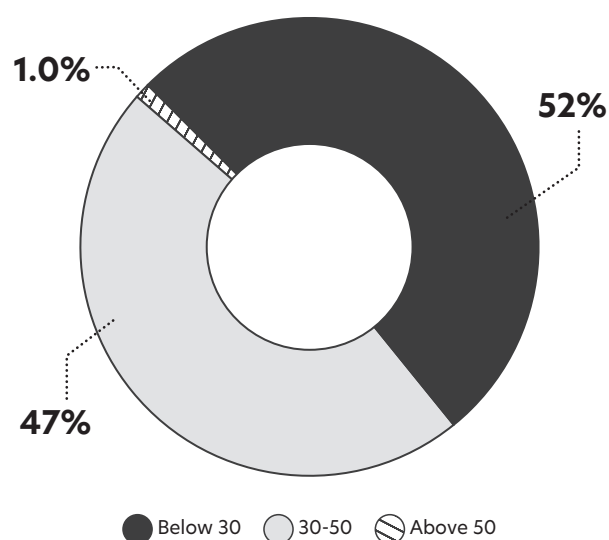
New Hires and Attrition Rate

All new hires undergo an onboarding programme through which they are introduced to the Group's values, culture and policies and are familiarised with our procedures and processes. During the reporting year, we hired 815 new Allstars. Our attrition rate, meanwhile, was 15.4%, considerably lower than the 24.2% recorded in the previous year.

New Hires by Gender



New Hires by Age Group



Local Hiring

In our non-Airlines businesses, such as airasia Super App and Teleport, priority is given to internal employees and local candidates when hiring. In 2021, 364 open positions were filled by internal candidates. Foreign hires are considered only when we are unable to find suitable local candidates. All expatriate hiring follows procedures set by the relevant local authorities, such as Malaysia Digital Economy Corporation (MDEC) for airasia Super App. For example, we advertise all positions with basic salaries below RM15,000 per month on MYFutureJobs portal. Should no suitable candidate be found after one month, we will apply for an exemption letter from MDEC for an expatriate hire.

Employee Benefits

We offer all our Allstars competitive remuneration and, along with their eligible dependents, packages that include travel and medical benefits. Apart from hospitalisation and medical care coverage that is comparable with industry standards, we also provide parental leave and flexi work options. We are also looking to add other benefits from the coming year. Full-time employees are provided with free financial and emotional well-being programmes, a recognition programme, employee assistance programme, daily subsidy for the in-house cafe, and facilities such as a creche, gym, rehabilitation centre, clinic and gaming stations. Since the pandemic, we have instituted flexible work arrangements such as work-from-home where operationally feasible.



Financial Well-being

Upskilling

We provide a host of development programmes and avenues through airasia academy allowing Allstars to continuously up-skill and re-skill.

Career Advancement

We help Allstars to identify and leverage their strengths to open to new career opportunities through our internal talent marketplace powered by intuitive AI system EightFold. We also structure stretch assignments through our AirAsia got Talent programme to help Allstars navigate their careers and create greater transparency in career pathways.

Financial Health

We offer Financial Education on Debts/Personal Financial Management/Legacy Planning with AKPK, BNM and other providers.



Physical Well-being

Flexible Working Arrangements

Depending on the role, we give Allstars the flexibility to decide on how they work best.

Work-life Support

We encourage rest and recovery through benefits such as Annual Leave.

Travel Benefits

Allstars can enjoy our flights via employee e-coupons and ID90 for travel needs.

Medical/Life Benefits

We provide medical insurance along with benefits such as in-house clinic, physio and life and personal accident insurance coverage.

Conducive Working Environment

We provide facilities such as an in-house gym and sleeping pods to ensure Allstars have a conducive space to work and relax when needed.



Emotional Well-being

Family Well-being

We offer paternity leave support, marriage leave and provide medical and bereavement support through our Red Heart Fund.

Work Culture

We strive for a culture of fun, openness and active communication through our dedicated internal platforms – EkoChilli and Workplace. Our Culture team hosts recreation and engagement activities as well as talks on health-related topics.

Employee Assistance Programme

We offer our Allstars access to our Allstar Health Coach – holistic well-being and wellness brand Naluri, providing Allstars with easy access to a range of interactive and educational help online.

Parental leave statistics

Indicators		2021
Total number of employees who took parental leave	Female	204
	Male	107
Return rate of employees who took parental leave (%)	Female	93.25%
	Male	100%

Social (cont'd.)

Employee Incentive Scheme

In 2021, we introduced a Long-Term Incentive Scheme (LTIS) aimed at ensuring our continued ability to attract, retain and motivate our top and key talents to meet the Group's transformational aspirations. The LTIS will also help to align the motivations of eligible employees to the corporate goals of Capital A and shareholder interests. We are also in the process of establishing specific share options schemes for our major subsidiaries to ensure that we provide wealth creating opportunities to Allstars in these subsidiaries linked to the shareholder value they create. We believe that the combination of these two will create one Capital A culture, improve collaboration between the various businesses to create maximum shareholder return.

Employee Engagement

We have always sought to create a highly engaging workplace in which Allstars exchange ideas and opinions freely because we value the input of all Allstars, and believe that open discourse engenders a sense of belonging which, in turn, enhances work satisfaction and productivity.

Employee engagement at Capital A is designed along four pillars: well-being, information and support, learning and social. Whereas before, a great deal of engagement took place physically, we are now using online platforms such as EkoChilli, Workplace and Google Meet to keep Allstars updated on corporate-related news. There is also a great deal of interaction among Allstars on EkoChilli. Certain teams have their own engagement platforms. For example, the tech teams in airasia Super App engage on Confluence.

a) Town Hall Sessions

Town halls are held regularly in order for our CEO, Executive Chairman, President and other senior management to interact with employees. Through town halls, Allstars are able to get the latest information from the management, ask questions and provide feedback on matters that are important to them. In 2021, seven town halls were conducted virtually, focusing on leadership changes, the acquisition of Gojek Thailand and our 20th anniversary, among others.

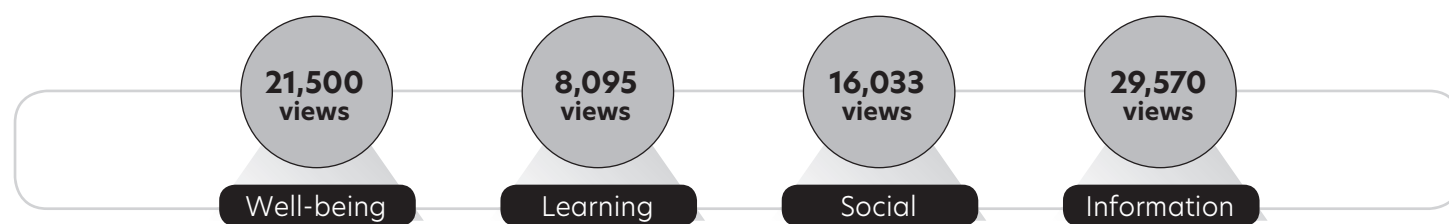
b) Brown Bag Series: Post-Covid World

We also launched a new engagement series where Allstars are able to clarify any doubts or uncertainties they may have about the direction of the company post-pandemic by addressing their questions directly to senior members of the management. Themes during the year included Flying in a Post-Covid World and Allstars' Future Work Arrangement.

c) #AllstarsWFH Engagement Programme

To create a sense of normalcy with Allstars working from home (WFH), and to stay connected, we developed a weekly #AllstarsWFH schedule featuring initiatives under the Learning, Social, Well-being and Information pillars.

Number of views garnered between June and December 2021:



Employee Well-Being

In addition to their physical well-being, we also take steps to provide Allstars with mental health and emotional health support. These are done through several key programmes.

a) Allstar Peer Support Programme

The Allstars Peer Support programme was created in 2020 to help Allstars manage emotional stress caused by the impact of Covid-19. Allstars with emotional, financial, work or personal problems can reach out for help via EkoChilli, where peer supporters will pick up requests and respond within 24 hours. A total of 157 Allstar Peer Supporters were recruited and trained to respond to queries. In 2021, a total of 267 requests for support were received, down from 498 in the previous year, reflecting the easing constraints faced by Allstars as recovery continues.

b) Allstar Health Coach programme

In 2020, the Group launched a holistic well-being programme with digital health and wellness brand Naluri. Through the Naluri app, Allstars can benefit from remote therapy, fitness coaching, financial coaching and the advice of dieticians, doctors and pharmacists. To date, a total of 2,100 Allstars have signed up for the programme.

Initiatives in 2021 included:

- 15 online webinars on health-related topics, financial education and emotional well-being with Naluri coaches/speakers
- 'Leading with Compassion' programme for managers with Naluri coaches via Naluri app (80 managers from the Group enrolled)
- 16-week weight loss programme which attracted the participation of 100 Allstars

c) Aareena Oasis

Aareena Oasis, a professional mental health provider based in Malaysia, was added to our well-being network for us to refer cases that require urgent support by psychologists/psychiatrists (either face-to-face or house visit).

(iii) Human Capital Development

We have a Learning and Development Policy that clearly states our commitment to developing a strong learning culture in which we provide Allstars access to opportunities that will help them to grow with the Group as they achieve their full potential. Despite the pandemic, we have strived to adhere to the spirit of this policy. While pilots and cabin crew have been enabled to undergo their mandatory recurrent training, we encouraged all Allstars to reskill/upskill by acquiring digital expertise at the airasia academy, and for young leaders, developed a customised programme with a renowned university on effective leadership as our business recovers from the effects of the pandemic.

Digital Training

During the year, a total of 607 Allstars attended training programmes at the airasia academy, with Digital Marketing being one of the most sought-after full-length courses. Other full-length courses attended were for: Data Analysts, Software Engineering, Cybersecurity and Cloud Infrastructure. In addition, Allstars underwent a number of short courses, byte-sized courses and Google Cloud Platform courses which they were able to complete in their own time.

Group-wide

Total amount spent for training	2019	2020	2021
Technical & Non-technical training programmes (RM)	12.5 million	13.4 million	10.5 million



Flight-Related Training

Pilots are required to do a minimum of three take-offs and landings every 90 days in order to maintain their licence. In addition, upon being reactivated for flying, they will undergo a flight crew activation course comprising a series of refresher modules, checks, simulator training, exams and line flying under supervision to ensure full recency and proficiency to conduct flights safely.

Pilots and cabin crew activated from furlough are required to undergo flight-related training focusing on reactivation training and recurrent training. Pilots and crew activated from furlough are based on monthly projections on aircraft reactivation and the capacity planning for each AOC.

Social (cont'd.)

During the year, three training programmes accounted for 80.2% of the total training hours of pilots and cabin crew. These are described below.

Pilot Safety & Emergency Procedure Recurrent Training

Recurrent training (every six months) ensures pilots are kept abreast with aircraft systems, operational procedures and requirements (including ground de-icing/anti-icing and pilot incapacitation). It also includes assessments of accidents/incidents and determining their root causes. Training includes simulator rides, classroom work and tests.

Cabin Crew Recurrent Training

Recurrent training is conducted annually to maintain and enhance cabin crew members' competence. The training comprises hands-on and simulated exercises followed by exams on general elements such as first aid, as well as on aspects that are specific to the different aircraft types.

Pilot Simulator Training






Training List Programme 2021	No.of participants	Average training hours
Pilot SEP Recurrent	635	49
Cabin Crew Ground Training	1,088	42
Dangerous Goods Initial Training	165	21
Dangerous Goods, Ground Initial Training	65	21
Pilot Simulator Training	549	60

Employee Appraisal

In 2022, the Group introduced the Objectives and Key Results (OKR) framework into the Performance Management/Appraisal for Allstars. OKR is a simple goal setting approach to create better alignment, engagement and clarity towards achieving the Group's overall business plan. Through this framework:

- Goals are set, tracked and re-evaluated quarterly
- Each team's perspective and creativity are taken into account in a simple and fast-cadence process

OKRs provide many benefits, including clarity, enhanced communication and a coherent and transparent approach towards achieving overall Group-wide strategy and objectives.

				
Focus	Alignment	Commitment	Tracking	Stretching
OKRs allow a team to rally behind a small set of carefully chosen priorities	OKRs provide a method for the entire organisation to align its goals at every layer with its top-level priorities and with its ultimate purpose	OKRs demand a level of collective commitment from the parties involved to choose and stick to agreed-upon priorities	OKRs allow a team organisation to track their progress toward a goal and know earlier when to change tactics	OKRs empower teams to set goals that stretch beyond BAU - or "business as usual" and make significant meaningful change

COMMUNITY INVESTMENT

We have renamed our section on Corporate Citizenship and Philanthropy as Community Investment to better reflect the emphasis placed on continuity and sustainability in our philanthropic endeavours. Since 2012, Capital A's community engagements have been undertaken primarily by AirAsia Foundation whose mission is to support social enterprises in Asean through the provision of business grants, business mentorship and platforms that help them grow their market and attain self-sufficiency. This mission helps deliver the Foundation's vision to be a leading corporate citizen that contributes to Asean community-building efforts in a way that stays true to Capital A's entrepreneurial spirit.

The renaming also captures the help given to small businesses to transition to e-commerce via airasia travelmall (formerly OURSHOP), Teleport and our new entities, especially airasia farm and airasia grocer.

In addition to the Foundation's work, the Group stands ready to act in times of humanitarian need. Hence, our Community Investment disclosure is divided into two sections - the first addressing our support of social enterprise and small businesses; and the second detailing our humanitarian relief and rehabilitation activities.

The total value of Capital A's community investment and humanitarian activities can be summarised as follows:

Type of Contribution	Total (RM)
Cash contribution	139,996
Employee volunteerism during paid working hours	346,159
Contributions in kind	25,851
Management overheads	166,050

(i) Social Enterprise and SME Support

Since the pandemic, AirAsia Foundation has awarded only one grant due to movement restrictions as well as reduced activity of many social enterprises. In May 2021, Council Members of the Foundation extended the suspension of the grant programme for an additional year given continued uncertainty over the pandemic. Instead, AirAsia Foundation focused on providing skills support and platform building activities for grant recipients and others.

A key activity was to monitor progress made by the 2020 grant recipient, Dusun Merdeka, in improving its cocoa processing facilities, and purchasing beans from indigenous farmers. Since receiving its grant in August 2020, Dusun Merdeka has been able to expand its livelihood support programme from benefitting 50 indigenous families to 150 families from three states across Malaysia, ie Pahang, Perak and Sabah, that were facing economic hardship compounded by the pandemic. With the farmers, Dusun Merdeka also replanted over 100 native trees within the secondary forest bordering Malaysia's National Park, to create a natural environment for cocoa plants to thrive without pesticides.



Cocoa fruit produced by the indigenous farmers in Pahang

Grant approved	RM78,320
Amount disbursed as of 31 December 2021	RM60,000
Grant progress	77%

Social (cont'd.)

In February, AirAsia Foundation kicked off its mentorship activities by partnering with Angels of Impact Singapore in its inaugural ASEAN Women Impacting Social Entrepreneurship (ASEAN WISE) incubation programme for women and indigenous-led community-based enterprises. Over the course of the year, AirAsia Foundation delivered two masterclasses and provided pro bono rebranding counsel to Maranao Collectibles, a Filipino social enterprise that aims to revive the fading art of weaving in Marawi. The city of Marawi is still recovering from years of armed conflict that has displaced 98% of the local population. In October, the Foundation also supported Malaysia-based P Lab in organising the BAIKSelangor business competition funded by the Selangor State Government to promote products made by businesses in the state's new villages.

In the area of direct business support, AirAsia Foundation continued to invest in growing its Destination GOOD social enterprise shop. To manage costs and lower sales as a result of lockdowns, Destination GOOD closed its physical store in Kuala Lumpur in November 2021 in order to concentrate available resources into growing its online presence. For the financial year ending December 2021, the Foundation invested an additional RM80,000 in working capital for Destination GOOD. In turn, Destination GOOD earned a turnover of RM50,767 through the sale of products by 26 social enterprises.

Separately, airasia farm collaborated with the Federal Agricultural Marketing Authority (FAMA), Ministry of Agriculture and Food Industries (MAFI) and Department of Agriculture (DOA) to promote Harumanis mangoes grown by over 20 farmers across Perlis. This initiative led to 10.2 tonnes of mangoes being sold over a period of one month.

(ii) Humanitarian Relief and Rehabilitation

Covid-19 Response

Throughout 2021, Capital A persisted with efforts to encourage Allstars and members of the public to be vaccinated. We deem this a clear priority to protect our people and guests in the immediate term and to help countries get on the path of economic recovery over the longer term.

From June to July 2021, Allstars volunteered at Mega Vaccination Centres in Kuala Lumpur and Selangor to support Malaysia's mass vaccination drive. A total of 509 Allstars performed non-clinical roles from registering and monitoring the temperature of vaccine-takers to crowd management.

Vaccination campaigns were also organised at the Group's offices in Jakarta and Kuala Lumpur. In May 2021, a special vaccination drive was arranged in RedHouse, Jakarta, benefitting 1,689 Allstars. In July 2021, a similar drive was conducted in RedQ, Sepang, where 283 Allstars and 637 family members and friends were vaccinated. A total of 95 Allstars volunteered at these events to manage traffic flow and ensure adequate social distancing.

To help our colleagues in Jakarta cope during a peak infection period in July 2021, AirAsia Indonesia distributed Covid Care Kits to 1,578 Allstars, including those infected with mild symptoms, to aid in their recovery. Each kit contained multivitamins, hand sanitisers and face masks.

In April 2021, AirAsia Philippines distributed 1,500 REDy Care Kits containing face masks, hand sanitisers and alcohol wipes valued at RM5,500 to travellers at Terminal 3 of the Ninoy Aquino International Airport. AirAsia Philippines also supplied 100 medical kits valued at RM8,154 to infected Allstars to help them monitor their health status. Each kit was equipped with a thermometer, an oximeter as well as basic medicines such as paracetamol, cough syrup and vitamins.



Red-Q PPV for Allstars, family members and friends



Vaccination drive in RedHouse, Jakarta

Post-disaster Response

The Group's humanitarian activities also focused on supporting communities affected by climate-related disasters. In December 2021, in response to severe floods in many parts of Peninsular Malaysia, AirAsia Foundation and BigPay launched a public donation drive to raise funds to rebuild damaged community infrastructure. During the campaign, AirAsia flights carried donation boxes while BigPay enabled a donation channel on its app. A donation of RM1 per booking was also contributed by airasia ride and airasia food for a limited period. Organised between 22 December 2021 and 31 January 2022, the campaign raised a total of RM574,000 which will be distributed to non-profit organisations and community groups identified by AirAsia Foundation.

In tandem with the public donation drive, the Group's People and Culture department created a mutual support programme to connect staff who were affected with those who wanted to help. In total, 86 affected Allstars received RM22,650 in donations from fellow Allstars and RM22,277 from the company's Red Heart Fund, a special fund that provides ad hoc assistance to Allstars in need.

In the same month, AirAsia Philippines deployed immediate assistance to 119 Allstars impacted by Typhoon Odette which struck the Visayas area of the country affecting Cebu, Puerto Princesa, Tacloban and Tagbilaran stations. Donations totalling RM9,700 in the form of essential goods, water and cash were distributed to survivors.

(iii) Other Activities

In addition, Capital A organised ad hoc activities during festive periods and in response to specific appeals. Some of these activities are listed below.

Campaign/Entity	Description
AirAsia Indonesia Berbagi Pahala Ramadhan	Allstars donated RM2,909 to children in four orphanages in Jakarta.
#AllstarsDOGOOD Christmas Sharing	Allstars distributed hot meals sponsored by airasia grocer partners to 80 children from two Klang Valley orphanages.
#alwaysREDy Christmas Sharing	Allstars donated RM2,458 in food, toys and clothes to children at the Asilo de San Vicente de Paul Orphanage in Manila.
#alwaysREDy Extra Mile Campaign	AirAsia Philippines provided free flights for Operation Smile, an international charity that helps children undergo corrective surgeries for cleft lip and palate deformities.
airasia grocer	Donated surplus food and vegetables to Zoo Negara Malaysia to supplement the nutritional needs of animals at a time when the zoo was facing a financial crunch as a result of pandemic-imposed closure.
Flood Relief for #TeamTeleport	The floods in December affected several Allstars including #TeamTeleport. In response, we organised a fundraising campaign from 22 December until mid January 2022. Financial relief was then channeled directly to the affected Teleporters, with each Teleporter receiving RM500 and an additional RM500 for each dependent. #TeamTeleport also came together to help with the post-flood clean up.

Social (cont'd.)

(iv) Human Rights

We are committed to ensuring our operations are free from unethical labour practices such as forced labour, child labour and all forms of discrimination. Our code of ethics, which is available to Allstars and external stakeholders, clearly communicates our commitment to conducting our business fairly, impartially, ethically and with the utmost regard to safety. Underlining our commitment to human rights, we launched a Diversity, Inclusion and Belonging survey; reviewed our Sexual Harassment Policy; and improved our Anti-Human Trafficking Training. As human trafficking often involves air travel, our Foundation has developed a #Know the Signs programme so Allstars will be able to recognise signs of human trafficking and respond appropriately. Training has been held regularly since 2017.

In 2021, AirAsia Foundation updated its Anti Human Trafficking training to incorporate trafficking patterns and the modus operandi in Thailand, Indonesia and the Philippines. This is to ensure all frontline Allstars are able to recognise signs of human trafficking at all the major hubs. A total of 10,053 Allstars (71%) completed the #Know The Signs Anti Human Trafficking training during the year, marking a 33% improvement from 2020.

Reporting Process

The process to report a suspected case of human trafficking is as follows:

1. Crew receives a request for assistance from a suspected victim or spots a suspected victim.
2. Crew cross-checks signs with senior crew or purser.
3. Senior crew/purser notifies the captain.
4. Captain radios for ground support.
5. Where present, AirAsia security personnel accompany airport security officers to meet aircraft upon arrival at destination.
6. Suspected victim is interviewed by law enforcement officers.
7. Cases requiring social worker support will be referred to AirAsia Foundation's NGO partners, if available, at destination.
8. Crew records observations and actions in a dedicated #KnowtheSigns form in the Group's Coruson reporting app.

In 2022, AirAsia seeks to develop a human rights policy. In order to ensure there are no gaps in the policy, a focus group discussion will be organised to discuss the policy and the Group's human rights risk exposure, followed by planning of remedial actions.



Our Entities

Most of our non-airline businesses are relatively new and have only recently embarked on the journey of monitoring and reporting on their sustainability initiatives. During the 2021 materiality survey, we asked our stakeholders to assess the material matters that they believe our entities should consider. This, together with our entities' own input and industry best practices, enabled us to identify the most pertinent matters related to their businesses. Moving forward, all our entities will strengthen their sustainability performance and expand on their disclosures.

AIRASIA SUPER APP

airasia Super App is a travel-led lifestyle platform for everyone. In this report, airasia Super App will be disclosing its initiatives and performance under the following material matters:



Guest Experience



Technology
Innovation and
Information
Security



Health & Safety

GUEST EXPERIENCE

The different platforms on our Super App have their own policies and service level standards to drive a constantly high level of customer experience.

Service	Policy/Commitment
airasia food	<ul style="list-style-type: none"> Customers to receive meals within 45 minutes from ordering, with up-to-date notifications Ensuring >95% completion rate (allowing for unforeseen circumstances, eg inclement weather) Riders to be well-groomed with clean/neat delivery bags
airasia xpress	<ul style="list-style-type: none"> Customers to receive shipments within one hour for 'Instant' service and four-six hours for 'Same Day' service, with up-to-date notifications Ensuring >95% completion rate (allowing for unforeseen circumstances, eg inclement weather) Riders to be well-groomed with clean/neat delivery bags
airasia ride	<ul style="list-style-type: none"> Customers to be picked up within 10 minutes from booking their ride Ensuring >85% completion rate (allowing for cancellation due to unforeseen circumstances, eg weather) Well-groomed drivers with clean and well-maintained cars
Hotels & SNAP	<ul style="list-style-type: none"> Instant confirmation for customers Live chat (AVA), email/eform and social media to support customers and partners
Flight OTA	<ul style="list-style-type: none"> Instant confirmation but can go up to 24 hours for bookings to be confirmed Live chat (AVA), email/eform and social media to support customers and partners

Our Entities (cont'd.)

In order to meet these standards of delivery, various initiatives have been implemented.

Initiatives to improve users' and customers' satisfaction

Service	Initiatives
Food/express/ride	<ul style="list-style-type: none"> • Training for riders/drivers • Increase density of riders/drivers in peak locations • Increase up-to-date communication for consumers through app push notifications
Flight OTA	<ul style="list-style-type: none"> • Work with inventory providers to create SLA for booking confirmation to minimise complaints • Ensure post-booking messages are clear • Instant email notification to customers to update them on their booking status
Hotels & SNAP	<ul style="list-style-type: none"> • Instant email notification with details sent to customers upon booking
AirAsia Flight	<ul style="list-style-type: none"> • Instant email notification on flight changes, and steps to obtain access to service recovery plans on AVA in the event that new schedules are not acceptable to guests
Refunds Automation	<ul style="list-style-type: none"> • Automate customer claims when refunds are needed for new LOBs • Minimise refund-prone scenarios by authorising payment from the user and only capturing it when the service is delivered or confirmed booked by the third party

As part of its customer service promise, airasia Super App offers a range of different platforms on which customers and guests can engage and connect, to suit their preference.

Platform	Engagement Channel
Delivery: airasia food, airasia xpress, airasia ride	AVA, NPS, feedback widget, social media live chat, direct calls/chats
Hotel & SNAP	AVA, NPS, feedback widget, email/e-form, social media
Flight OTA	AVA, NPS, feedback widget, email/e-form, social media

TECHNOLOGY, INNOVATION AND INFORMATION SECURITY

In 2021, airasia Super App was acknowledged by Credit Suisse as being one of only three unicorns in Malaysia, with an estimated value of more than USD1 billion. This has been achieved through constant innovation to introduce more products/services that meet consumers' everyday needs. During the year itself, the Super App expanded its lines of business to include four more products.

New products/services introduced on the airasia Super App in 2021

Initiative	Description	When launched
Flybeyond	Allows guests to book flights beyond AirAsia - ie on more than 700 other airlines to over 3,000 destinations.	October 2021
airasia ride	An e-hailing product.	August 2021
airasia xpress	Parcel delivery product.	November 2021
airasia food	Food delivery product, enhanced with cuisine recommendations based on users' browsing/purchasing trends. A merchants' app, called airasia friends, enables restaurants to manage their menu, opening hours and order acceptance. During the year, airasia food also expanded to Thailand.	April 2021

Moving forward, the product and technology team of airasia Super App will further improve the customer journey by integrating Global Distribution System (GDS) and channel managers to offer better flight and hotel content, and developing an integrated app for all delivery drivers/riders.

Other improvements include:

- Integration of quantum metrics for continuous product development, to recognise and fix potential improvement opportunities on the ecosystem
- Integration of richer sources of content for Travel to offer more convenient options to users
- Rollout of the Authorise/Capture approach to all LOBs
- Quick access to Upcoming Status of orders

HEALTH & SAFETY

Because of the nature of its products and services, airasia Super App has put in place policies and processes to protect both its service providers and users.

airasia ride

To ensure the safety of drivers and guests, both are equipped with emergency call buttons on their respective apps enabling them to seek emergency assistance, if needed. Additionally, all drivers are vetted before being on-boarded onto our platform, while guests are able to share their live trip location with others so their whereabouts can be tracked easily.

Additional initiatives to ensure the safety of drivers/passengers

Key Initiative	Description
Driver training	All drivers are required to go through training on safety, etiquette and driver application usage
e-hailing insurance	Drivers are required to have e-hailing insurance to protect themselves, passengers and the vehicle in the event of an accident
Health screening	All drivers will be required to undergo basic health screening from local healthcare facilities prior to obtaining their e-hailing licence

While the pandemic is ongoing, the following measures are being implemented.

Key Initiative	Description
Vehicle sanitisation	Drivers are required to regularly sanitise their vehicles
Hand sanitisers	Incoming passengers are offered the use hand sanitisers
Masks on	Drivers are required to have their masks on at all times
Vaccination	Drivers are encouraged to be vaccinated, with a status sticker awarded to those who are fully vaccinated
MySejahtera Scanning	All vehicles are equipped with the MySejahtera QR code

Our Entities (cont'd.)



BigPay is our fintech company and, according to the UK's Business Financing, the most-searched for digital bank in Malaysia. The company is committed to democratising financial literacy, accessibility and well-being in the Asean region by providing accessible, transparent, simple and secure digital financial services. In this report, Big Pay will be disclosing its initiatives and performance under the following material matters:



Corporate
Governance



Guest
Experience



Technology
Innovation and
Information Security

CORPORATE GOVERNANCE

To ensure regulatory compliance, BigPay has put in place systems and processes to ensure adherence to the Anti-Money Laundering Act 2001 (AMLA). This is important given that its operations revolve around financial transactions.

Initiatives geared towards AMLA compliance:

- Enhanced due diligence review of correspondent agent onboarding, followed by periodic reviews to ensure agents adhere to AMLA requirements
- Enhanced customer risk assessment
- Enhanced real-time transaction monitoring system logic and threshold, segmented by customer risk profiles, to capture red flags and for prompt submission of suspicious transactions reports (STR) to regulators

GUEST EXPERIENCE

BigPay has established the following channels on which to engage with its customers: chat, email, phone and social media (Facebook, Twitter and Instagram). To ensure a consistently good customer experience, it has set the following service delivery targets:

- < 6 hours for first email response
- < 10 minutes chat handling time
- < 5% chat abandoned rate
- At least 85% Customer Satisfaction score
- < 10 hours first response on social media
- < 24 hours total resolution time for social media

Previously BigPay's Customer Relationship Management (CRM) system would send an automated satisfaction survey once a ticket was solved. In 2021, it introduced customer satisfaction surveys within the Live Chat platform to help identify key areas of improvement and enhance the customer experience.

Given the frequency of online scams, BigPay has taken the following measures to educate and protect customers from being victims of fraud:

- "Do not share" advisory as part of each SMS OTP/Link; and periodic reminders on the same
- Periodic updates on social media on the Do's and Dont's to protect against scammers/fraudsters
- Periodic updates on BigPay's website to raise customer awareness of scams and app security
- Increased internal controls to limit exposure of customers' Personal Identifiable Information (PII)
- Increased controls when populating customers' contact book information to BigPay's P2P Friendslist
- Collaboration with regulators/enforcement agencies to improve current scam prevention as well as updates on potential scam trends

TECHNOLOGY, INNOVATION & INFORMATION SECURITY

The following Innovations were introduced in 2021 to further strengthen the BigPay platform, as well as to expand its reach.

Migration to GCP	Malaysia data were migrated from on-premise storage to Google Cloud Platform (GCP)
ebelia	BigPay was part of Malaysia's ebelia programme
Bill Payments MY	Enable people to pay multiple bills to a variety of merchants
China Union Pay transfers	Enable money transfers to China using China Union Pay
Singpass onboarding	Utilise Singapore's Singpass to simplify the onboarding process
Personal Loans MVP	Implementation of personal loans as part of BigPayLater
Reduce Fraud Attack Surface	Limit the number of accounts per device Limit auto top-ups Device binding (ie registering a user's device as a trusted device for banking)
Cash top-ups	Enable users to top up their BigPay accounts with physical cash
Virtual cards	Virtual cards (no plastic) for online purchases and additional security

In 2022, there are plans to integrate BigPay's systems with PayNet to offer personal loans, and to use the Security Operations Centre to onboard new services.

To protect customers' data and tighten its general cyber security, BigPay is guided by the following policies/strategy.

Technology and Cyber Security Risk Management Framework	An overarching framework to formulate the approach, process and scope of coverage for technology risk management. This covers the responsibility for all the three lines of defence to ensure appropriate levels of risk identification, assessment, mitigation and monitoring are established. A governance framework including a risk committee has been put in place to ensure appropriate oversight.
Access control, IT Asset, Cryptography, Software Development Lifecycle, Change Management, Incident Management, Data Security, Network Security, IT Resilience, Cyber Security Operations, Cyber Security Assessments, Third Party Service Provider Management, Security Awareness & Training policies	These policies have been formalised to ensure compliance with regulatory requirements. Together, they ensure appropriate safeguards to protect against reputational, regulatory and financial risks as well to protect the confidentiality of customer data and maintain satisfactory system uptime and performance.

Our Entities (cont'd.)

Meanwhile, the following measures are taken to ensure the security of sensitive financial data in the BigPay app:

- Authentication: Establishes the identity of both the sender and the receiver; uses trusted third parties that verify identities in cyberspace
- Non-repudiation: Ensures that transactions cannot be repudiated or presents undeniable proof of participation by both the sender and the receiver in a transaction
- Authorisation: Establishes and enforces the access rights of entities (both persons and/or devices) to specified computing resources and application functions; also locks out unauthorised entities from physical and logical access to the secured systems
- Integrity: Assures that data have not been altered
- Confidentiality: Assures that no one except the senders and receivers of data can actually understand the data

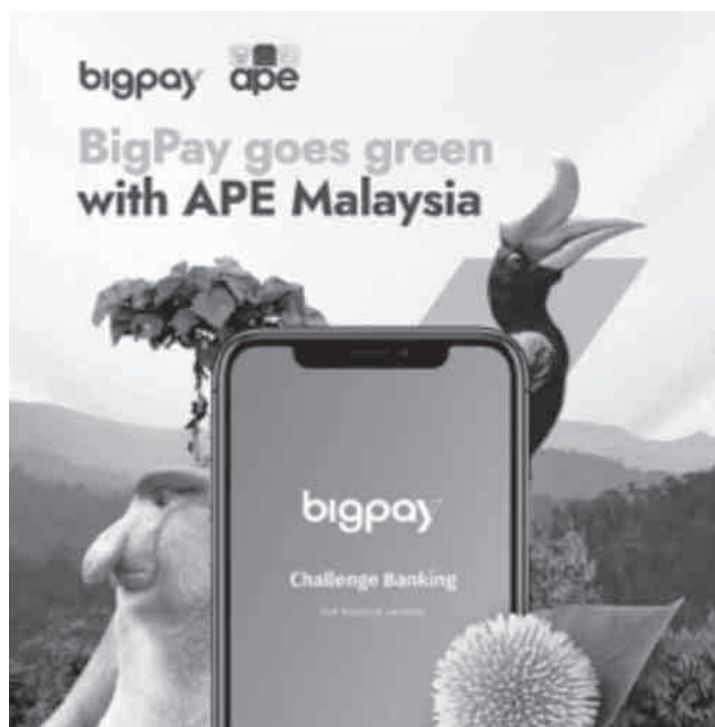
As a result of the various security systems and processes in place, there have been no information security breaches or other cybersecurity incidents in BigPay.

BigPay Goes Green: Initiatives for the Environment

In July 2021, BigPay joined Every Action Counts, a new coalition that connects experts to share best practices on how to address nature conservation and climate change with some of the world's leading digital financial platforms. This first step marks our platform's journey to empower users across Asean to lead greener financial lives.

BigPay and APE Partnership

From 1-30 November 2021, BigPay partnered with Animal Projects and Environmental Education (APE Malaysia) to plant one tree on behalf of each of the first 1,000 users that made water bill payments via BigPay. The aim was to create environmental awareness and to motivate users to get involved in climate protection initiatives. The contributing users were provided with a photo, as well as an e-certificate with the GPS coordinate of their planted trees as an acknowledgement. At the end of the programme, over 1,100 trees were planted in Lower Kinabatangan region in Sabah, with BigPay making its own contribution of 100 trees.





Teleport is the cargo and logistics arm of Capital A, offering air cargo, courier and freight forwarding services as well as door-to-door delivery. Utilising AirAsia's extensive network and aircraft fleet enables Teleport to deliver cargo to a wide range of locations quickly and seamlessly. In this report, Teleport will be disclosing its initiatives and performance under the following material matters:



Climate Strategy



Health & Safety

CLIMATE STRATEGY

Teleport plans to achieve carbon neutrality by 2050 in line with the Group's target by reducing its carbon emissions and investing in science-based solutions that help protect the environment and promote sustainable development. Recognising that its activities impact the environment, in 2021 Teleport started to monitor its cargo traffic data.

Indicators	2020	2021
Revenue tonne kilometre	28,104,356	12,843,142
Available tonne kilometre	1,931,998,935,734	418,024,291,581
Tonnage carried	60,034,549	26,979,543
Tonnage available	572,123,513	188,890,000

Increase in e-commerce and the corresponding growth in demand for transportation solutions have provided Teleport with a competitive advantage. In 2021, with international borders still closed, it utilised AirAsia aircraft cabin space by carrying cargo on the seats. Through technology, meanwhile, the team has managed to improve its load planning activities, ensuring all aircraft belly space is fully utilised.



Our Entities (cont'd.)

Climate change adaptation

Teleport's BCP: We have identified mitigation measures for climate change adaptation in the event of disruption to our business or supply chain. This includes protection of employees, alternate warehousing locations, contingency and emergency response plans.

To reduce its Scope 3 emissions, Teleport uses AI technology for algorithmic batching where deliveries are grouped by proximity to ensure delivery efficiency and, subsequently, reduce the distance and number of trips made per delivery partner.

Smuggling

During the year, there was one incident of smuggling of an illicit substance and one incident of wildlife smuggling. These incidents were reported to the police and the smuggled items confiscated by the Royal Malaysian Customs Department. The shippers concerned were also alerted in order for them to tighten their security processes.



HEALTH & SAFETY

The health and safety of our people and delivery partners is of paramount importance. During the reporting year, we conducted several key activities to maintain a healthy and conducive workplace for our Allstars.

Initiative	Description
Engagement with Delivery Ops Riders/Drivers	Initiative with delivery operations to obtain feedback from drivers with focus on road safety improvements
Office Fire Safety & First Aid Inspection	Carried out for Teleport office locations to ensure emergency response preparedness
Management of Operation Teams Covid-19 Self Testing	Distribution of RTK antigen self-test kits to all Teleport office locations and data collection of utilisation rate of kits
Safety awareness campaigns	Positioning of safety visuals across Teleport's operational areas and regular safety briefings conducted to ensure high awareness of safety
Covid-19 response	Ensuring all SOPs are practised at work locations and timely reporting of positive Covid-19 cases. Contact tracing and isolation of close contacts carried out and immediate follow-up on Allstars' condition & well-being
Safety Elements for delivery ops training	Introduced safety elements pertaining to road safety in the training material for contract and crowdsourced drivers/riders
Formalised safety management training	Initial and recurrent safety management training carried out for all operational employees, covering Teleport's safety policy and objectives, safety risk management, safety assurance and safety promotion aspects