

LEADING ASEAN

As a truly ASEAN company, we create bonds that exist across diverse cultures and traditions, treasuring the distinct identities of the ASEAN region and its people.



THE WHERE



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REVIEW

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BUSINESS REVIEW

Airlines

2019 was a very promising year for our airline operations, with all six short-haul AOCs recording notable growth in key parameters. With the addition of 20 aircraft to our fleet, total capacity as measured by number of seats flown expanded by 14% while the number of guests carried increased by 14% year-on-year to reach 83.5 million, enabling us to meet our targeted overall load factor of 85%. Of the new aircraft welcomed, four were the larger, more energy-efficient Airbus A321neo, opening up new horizons for us to explore as we bring more exciting destinations to our guests' doorsteps.

As our AOCs grew, we also continued to enhance the strategic use of data analysis and machine learning (ML) to further increase our Airline Ancillary, while expanding the operations of our ground handling company to include cargo.

AIRASIA MALAYSIA

AirAsia Malaysia's focus for the year was to keep its fares affordable and grow its domestic market. This objective was achieved, along with commendable results. The airline's revenue increased 3% year-on-year while profit came in at RM560.5 million. Profit was 18% lower than in the previous year mainly due to the derivative loss suffered of RM249.8 million and accounting changes for Leases under MFRS 16. Excluding the dividend income received from its wholly owned subsidiary, AirAsia Malaysia reported a loss for the year of RM151.6 million. However, the EBITDA margin for the current year was maintained at 25%.

In terms of maintaining low fares, AirAsia Malaysia removed both its processing fee and klia2 fee. The RM3 klia2 fee had been introduced in 2014 to cover additional costs of facilities imposed by Malaysia Airports Holdings Berhad (MAHB) which were absent in the previous Low-Cost Carrier Terminal (LCCT). Together with assistance from the government, AirAsia Malaysia also managed to lower the Passenger Service Charge (PSC) for international flights beyond ASEAN as set by the Malaysian Aviation Commission (MAVCOM).

Overall, AirAsia Malaysia's average fare decreased 2% year-on-year to RM164. This, along with a 9% increase in capacity (as measured by number of seats flown), contributed to 8% growth in number of guests carried, exceeding the industry average. As a result, our airline commanded 61% of the domestic market in 2019, up from 58% in 2018. At Senai International Airport in Johor, it accounted for 80% of the total four million-passenger traffic.

A key highlight of the year was to welcome the Group's first two Airbus A321neo aircraft which enhance fuel efficiencies and guest capacity. Further expanding its network, AirAsia Malaysia launched seven new routes connecting Kota Kinabalu to Bintulu and Sibul; Kuala Lumpur to Can Tho, Quanzhou and Da Lat; and Penang to Melaka and Jakarta.

AIRASIA MALAYSIA



REVENUE

RM7,432.4

million



TOTAL CAPACITY

41.6

million seats

AIRASIA THAILAND



REVENUE

THB40.18

billion



ANCILLARY

THB7,511.4

million

AirAsia Malaysia ended the year connecting 22 countries to Malaysia including all ASEAN countries, China, Japan, South Korea and Taiwan. With the Fly-Thru service, moreover, guests can connect seamlessly through AirAsia hubs to visit Malaysia.

AIRASIA THAILAND

A key challenge that faced AirAsia Thailand in 2019 was the strengthening Baht, which dampened tourism, especially in the first half of the year. By the third quarter, however, numbers started picking up again for our associate, spurred by strategic route expansion as well as an extension of the government's visa-on-arrival (VOA) fees waiver.

Tourism from China had been affected by an unfortunate accident involving a Chinese national in Phuket in 2018. Nonetheless, collaboration with the Tourism Authority of Thailand and online travel agents proved beneficial, resulting in a 4.36% recovery of Chinese tourist arrivals compared to the previous year.

Committed to continued growth, the airline launched nine new routes, with a particular focus on India, Cambodia, Laos, Vietnam and Myanmar to create a more geographically balanced network. Its expanded network led to a 3% increase in both capacity and the number of guests carried, the latter reaching 22.15 million.

Heightened guest numbers, together with resolute efforts to grow its revenue from ancillary services, led to a 3% increase in revenue to THB40.18 billion with 5% growth in ancillary revenue to THB7,511.4 million. However, appreciation of the Baht against the Chinese Yuan and other currencies had a significant impact on its higher-fare international routes. This, together with increased costs related to route expansion, was reflected in a deepening of its loss, which amounted to THB871.5 million.

A key highlight for Asia Aviation PCL (AAV), the majority shareholder of AirAsia Thailand, was to be listed on the Thailand Sustainability Investment (THSI) index of the Stock Exchange of Thailand (SET), among firms with market capitalisations between THB10,000 million and THB30,000 million. This affirms our associate's DNA of innovation to maximise revenue and create efficiencies while enhancing its brand and creating value for all stakeholders.

During the year, revenue innovation could be seen in the implementation of dynamic pricing and continuous promotion of pre-booked and inflight combo meals, as well as house-branded merchandise. AirAsia Thailand also collaborated with a celebrity chef to create a special inflight meal. In terms of customer service, on 1 November, our associate transferred its entire call centre services to AVA, our 24/7 AI-powered chatbot, enhancing efficiencies for a better guest experience.

AIRASIA INDONESIA



NEW ROUTES

14



TOTAL CAPACITY

9.5

million seats

AIRASIA PHILIPPINES



REVENUE

PHP27.3

billion



TOTAL CAPACITY

9.7

million seats

AIRASIA INDONESIA

It was an exceptionally good year for AirAsia Indonesia, which achieved its much awaited turnaround. With four additional aircraft delivered during the year making up a fleet of 28, AirAsia Indonesia launched 14 new routes and established Lombok as its fifth hub to accelerate the recovery of tourism to the island following the 2018 earthquakes. AirAsia's strategic contribution to developing Lombok was rewarded with a formal acknowledgement from the Governor of West Nusa Tenggara.

AirAsia Indonesia's total capacity increased by 49% in 2019 to 9.5 million seats which was more than matched by a 52% increase in number of guests carried, totalling 8.0 million.

Significant capacity expansion, following years of route rationalisation, contributed to a 60% increase in revenue to IDR6.7 trillion. Revenue was further boosted by driving greater traffic to AirAsia.com which resulted in increased ancillary sales. The airline's online sales contribution to total revenue grew from 45% in 2018 to 70% in 2019 while ancillary revenue increased by 33% year-on-year.

AirAsia as a group has established itself as the leading airline bringing in international traffic to Indonesia. To create a more balanced domestic/international portfolio, our associate launched nine domestic destinations out of the 14 new routes in 2019, resulting in 41% of its routes currently being domestic, as compared to 30% in 2018.



AirAsia Indonesia also moved all international flights from Terminal 3 to Terminal 2 of Soekarno-Hatta International Airport in Jakarta, where its domestic operations were already based. This helped to facilitate movement of Allstars as well as guests, contributing to an eight percentage point increase in on-time performance (OTP) to 82%.

In addition to operational achievements, AirAsia Indonesia marked two significant milestones in 2019. The first saw its leadership transition from Dendy Kurniawan to Veranita Yosephine Sinaga as CEO. The other milestone was the launch of AirAsia's community-based tourism programme, Journey D (Journey of Development) together with the West Nusa Tenggara government in support of Bonjeruk Village, an ecotourism village at the foot of Mount Rinjani in Central Lombok.

AIRASIA PHILIPPINES

Although it was a challenging year in the face of stiff competition and price dumping, exacerbated by softer economies in its target international markets, our associate in the Philippines performed extremely well. Revenue for the year increased by 31% to PHP27.3 billion while, from a loss-making position at end 2018, it achieved a highly commendable net operating profit of PHP421 million, marking growth in excess of 122%.

AirAsia Philippines' remarkable turnaround was the result of a confluence of factors, not least of which was intense focus on its core markets, namely China, Korea, Taiwan and Japan, where it invested heavily in brand-building campaigns. These helped to increase load factors on existing routes while ensuring healthy numbers on new launches. The airline also welcomed Ricardo P Isla to lead operations growth as its new CEO.

Of a total of 11 new routes introduced during the year, 10 were international and all serve North Asia. From Kalibo, AirAsia Philippines is now flying to Hangzhou, Chengdu and Kunming (in China), as well as Macau and Taipei (Taiwan). From Clark, guests can fly to Incheon (South Korea) and Kaohsiung (Taiwan). Cebu is now connected to Macau and Kaohsiung, while guests can take a jaunt to Kansai (Japan) from Manila. A new Manila—Bacolod route was also launched, marking the only new domestic connection.

The new routes led to a 20% increase in capacity to 9.7 million seats and a 25% increase in number of guests carried to 8.6 million, resulting in a three-percentage point increase in load factor to 88%. Most encouragingly, enhanced efficiencies resulted in a 3% increase in RASK year-on-year to PHP2.42 while CASK decreased by 4% to PHP2.46.

BUSINESS REVIEW (CONT'D)



AIRASIA INDIA

AirAsia India achieved a number of notable successes in 2019 as it celebrated its fifth anniversary. It grew its fleet by more than 50% from 18 at the end of 2018 to 28 at the close of 2019. It introduced two new destinations — Agartala and Ahmedabad — while opening a new hub in Mumbai, the country’s financial capital. It also launched a total of 22 new routes connecting the following cities: Agartala, Ahmedabad, Bengaluru, Bhubaneswar, Chandigarh, Chennai, Goa, Guwahati, Hyderabad, Imphal, Indore, Jaipur, Kochi, Kolkata, Mumbai and New Delhi.

As of year end, AirAsia India was operating more than 200 flights every day with the capacity to serve over a million guests every month.

In spite of a 27% increase in capacity from the introduction of new routes and added frequencies to existing routes, it increased its passenger load by six percentage points to 89%. Consequently, our associate saw the number of guests flown grow 36% year-on-year to nine million, while its market share expanded from 5% to just under 7%.

Operationally, our associate focused on further reducing its fuel consumption through various programmes such as FlightPulse and the Electronic Flight Bag (EFB). FlightPulse, a GE aviation tool, enables pilots to use flight analytics to optimise operations and efficiency while reducing risk and fuel consumption. The EFB, meanwhile, is an electronic information management device that increases the efficiency of flight crew performance. AirAsia India has the distinction of being the only commercial airline in India where pilots have been approved by the regulator to digitally calculate aircraft load and trim for each flight, creating greater cost efficiencies.

AIRASIA INDIA



NEW ROUTES

22



TOTAL CAPACITY

10.4

million seats

AIRASIA JAPAN



GUESTS CARRIED

485,016



TOTAL CAPACITY

619,764

seats

As an added bonus for guests, AirAsia India also has one of the highest on-time performance (OTP) among all airlines in the country. This, together with its living AirAsia’s mantra of being guest-obsessed and going the extra mile to put people first, has translated into our associate receiving the least number of complaints among Indian LCCs.

AIRASIA JAPAN

AirAsia Japan charted steady growth in 2019. It welcomed its third aircraft, successfully launched its first international route, Nagoya—Taipei, followed by a second domestic route, Nagoya—Sendai. Our associate also moved its operations and main office to Terminal 2 of Chubu International Airport which was officially opened on 20 September. Dedicated to low-cost travel, Terminal 2 has introduced user-friendly features such as self-baggage drop.

Along with its new routes, our associate increased its capacity by 88% to 619,764 seats while also growing the number of guests carried by 85% to 485,016 for the year. This contributed to a 113% increase in revenue from JPY1.88 billion to JPY4.00 billion.

As a relatively new airline, AirAsia Japan is still building its brand in the country. During the year it conducted an extensive nation-wide campaign in addition to working closely with Chubu Centrair International Airport, the government and business partners to build a homegrown brand that is loved within the local community.

The airline ended the year with a transition in leadership from Jenny Wakana to Jun Aida, who will continue growing AirAsia Japan into the next phase of success.



AIRASIA X



GUESTS CARRIED

8,670,666



RASK

12.14 sen

AIRASIA X

It was a tough year for our long-haul sister airline as the global slowdown impacted demand for long-haul travel. This was exacerbated by a strengthening of the THB, which further dampened tourism into Thailand; and a depreciation of the Ringgit, increasing costs for the Malaysian operations.

Despite constraints faced, AirAsia X continued to focus on building country dominance, ie building its presence in core markets. This saw the termination of Kuala Lumpur—Auckland, the last single-country route (barring Hawaii), and the redeployment of capacity to North Asia, Australia and India.

AirAsia X Thailand welcomed four aircraft during the year, two of which were the new, more energy-efficient Airbus A330neo. With these aircraft, it launched charter flights to Tbilisi, Georgia, which proved so successful that the airline has plans to add the East European capital to its scheduled network. Other new routes launched were to Fukuoka, in Japan; and Brisbane, marking its maiden foray into Australia. AirAsia X Thailand saw its capacity increase about 41% while, squeezed by competition, the number of guests carried grew by 29%.

Following the addition of two aircraft towards end 2018, AirAsia X Malaysia did not welcome any more aircraft during the year. Instead, it focused on realigning its network and introduced two new destinations in North Asia — Fukuoka and Lanzhou, in China. Creating synergies with the AirAsia Group, AirAsia X Malaysia also launched short-haul flights from Kuala Lumpur to Singapore to satisfy high demand which we were not able to meet due to slot constraints at Changi Airport and seat constraints of the



narrow-body Airbus A320 aircraft. At the same time, this helped to increase AirAsia X Malaysia's aircraft utilisation. As part of efforts to create market dominance, and further enhance its aircraft utilisation, it opened a virtual hub in Taipei and launched another short-haul route from Taiwan's capital city to Osaka.

Along with focus on network optimisation, AirAsia X invested significantly in brand building activities which increased brand recognition and contributed to improved performance in general, as previously loss-making routes to Sydney, Perth and Amritsar pared their losses.

At the same time, AirAsia X further intensified ongoing cost saving efforts. During the year, it successfully renegotiated its aircraft lease packages and other contracts while trimming flight, ground-handling and engineering costs, further entrenching AirAsia X's position as the lowest unit cost airline in the world.

While the airline's CASK reduced by 5% to 12.60 sen, its RASK also decreased 4% to 12.14 sen as a result of dampened demand and irrational behaviour leading to fare dumping by flag carriers in Malaysia and Thailand. Revenue for the year therefore came in at RM4,233 million, 7% lower year-on-year, while loss before tax stood at RM306 million.



Note: AirAsia X financial figures are based on unaudited FY2019 financial statement.

BUSINESS REVIEW (CONT'D)

AIRLINE ANCILLARY

In line with the reorganisation of AirAsia in 2019, we now categorise our Airline Ancillary business into three pillars – Core, Inflight and Partnership Products and Services.

Core ancillary comprises baggage (inclusive of express baggage and priority baggage collection at check-out), Pick-A-Seat, priority boarding, etc, while Inflight includes services offered on board such as food and beverages, duty-free as well as merchandise shopping. Partnership Products and Services encompass travel-related products provided by our partners, such as travel insurance (Tune Protect), travel connectivity (Fly-Thru), AirAsia advertisements, inflight connectivity (AirAsia WiFi) and a new e-commerce business, OURSHOP, which brings together duty-free, select ASEAN products and other non-duty free products that can be purchased online by anyone, including non-AirAsia guests.

Along with digitalisation of AirAsia, we are able to leverage the data we have from close to 100 million guests a year to better understand their preferences and buying behaviour thus increase sales of our ancillary products and services. Using data analysis and machine learning (ML), we seek to increase the number of guests that enter the purchase funnel, and improve their conversion rate by enhancing the range, relevance and pricing of products offered. Results are already beginning to show. In 2019, we grew our Airline Ancillary revenue by 13% to RM2.1 billion.



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Pick-A-Seat

Pick-A-Seat enables guests to choose their seats prior to their flight. Better understanding of guests' preferences led to an offer and pricing re-organisation for seat selection. Together with improved accuracy and relevance of retargeting marketing campaigns across a broad variety of channels from push notifications, in-app Ourchat messenger, emails and social media, revenue from Pick-A-Seat increased by 24%.

Baggage

Implementing ML, we are optimising our baggage pricing according to the different routes while also targeting the most relevant offers to guests based on their propensity to pre-book their baggage. Efforts such as these resulted in an 17% increase in baggage revenue. Moving forward, we will continue to expand our smart offer recommendation engine to develop even more personalised bundles and promotions for enhanced revenue.

Inflight Food & Beverage

As always, we continued to innovate on our inflight menu, Santan, collaborating with celebrity chefs and introducing attractively priced combo meals while also enhancing our beverage and snacks offerings under the T&Co brand. This led to a 7% increase in revenue for Santan to RM119.5 million and a 11% year-on-year increase in T&Co's revenue, totalling RM3.1 million.

A highlight was to engage with Korean Chef Hong Suk-Chun, who developed a Dakgangjeong (sweet and spicy chicken) meal for our flights; and Thai Chef Hong Thaimee, who launched the Inspi(RED) Burger. Both gourmet delights have been made available on all our regional flights, as were a new Thai Basil Chicken with Rice, and Roasted Chicken with Black Pepper Sauce. We also launched some destination-specific meals catering to local tastes, such as Mapo Tofu with Rice, Nasi Padang with Prawn Crackers, Glutinous Rice with Chicken and Dim Sum Combo, Superior Fried Rice with Chicken Satay and, for vegetarians, a popular Hyderabad Vegetable Biryani with Kofta in Tomato Curry.

To sweeten the palate, T&Co introduced the in-vogue burnt cheesecake and classics such as pineapple tarts. Meanwhile, they have further filled their drinks cart with a number of innovations including Malaysians' perennial favourite, teh tarik, as well as the long-awaited ASEAN Blend Drip Bag, using choice coffee beans from the region.

Stimulating greater uptake of our enhanced F&B offerings, we made available Meals of the Month including snacks and beverages as well as other value-for-money combo selections. We also launched Santan Xpress, allowing guests to pre-book meals up to four hours prior to their flights. On shorter flights, we introduced Grab & Go Snack boxes. In addition, we have started targeting guests who do not purchase meals when they book their flights, reminding them of our tempting offers right up to the day of their flight.



Catering to takeaways, we continued to enhance our range of food souvenirs. From Santan's kitchen, we now offer Pak Nasser's Nasi Lemak Rendang and Sambal Paste that guests can use once they get home. T&Co, meanwhile, introduced six new home-brand products developed together with local SMEs – Roasted Cashew Nuts, Milk Chocolate Almond, Liu Pao Chinese Tea, Matcha Latte, Nutty Caramel Crisps and Dried Pineapple.

Duty Free

Duty Free continues to demonstrate its potential and significance in a guest's journey, with revenue growing 40% year-on-year, the largest growth among our Airline Ancillary offerings. This was partly boosted by our pre-book duty-free platform which has grown tremendously since its official launch as a full-fledged e-commerce marketplace in July 2018. The marketplace offers not just luxurious goods but also curated local selections. Purchases can be picked up inflight or at the airport.

Our database of 100 million guests provides us the ability to approach guests through various touchpoints with personalised messaging based on their lifestyle behaviours and preferences. Meanwhile, innovative improvements in communication channels such as our in-app messenger for guests create the possibility of time-sensitive promotions that drastically improve conversion rates.

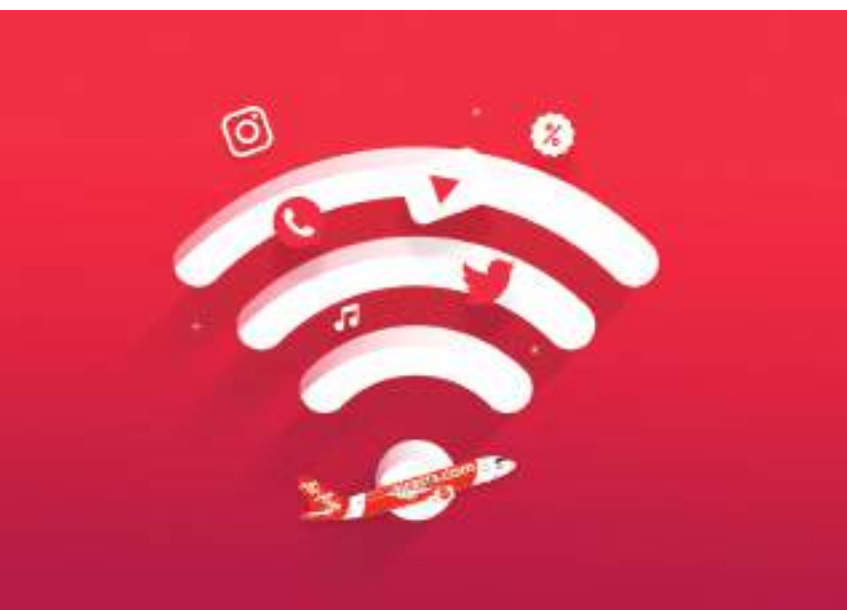
AirAsia WiFi

AirAsia WiFi (formerly known as ROKKI) is our Ka-band enabled high-speed internet service that allows guests to perform data intensive functions inflight such as video streaming, uploading live on social media and making high-quality video calls. It also enables guests to browse our e-commerce platform and buy goods available online.

Most of the content on our e-commerce portal are travel related videos that highlight places to visit and activities to indulge in. Guests can also purchase tickets for these attractions/activities onboard. Using the platform to promote ASEAN artistes and artisans, in 2019 we introduced singer Siti Khadijah and fashion designer Neelofar while growing the number of entrepreneurial products available in partnership with the Ministry of Domestic Trade and Consumer Affairs (KPDNHEP).

Another key service is Digital Advertising through which third parties are given the opportunity to advertise to a niche captive audience, ie our guests. The advantages of being able to target the traveller segment has not been lost, resulting in exponential growth of the service offering.

In 2019, we installed AirAsia WiFi on 15 aircraft, expanding the service to AirAsia Thailand and AirAsia X. The service was accessed by close to 30% of guests on the 'wired' flights. To further increase our take-up and conversion rates, we will be leveraging the ability to customise the contents, advertising and merchants presented according to routes.



BUSINESS REVIEW (CONT'D)

GROUND TEAM RED



LOGISTICS CAPACITY

300,000
tonnes



STORAGE SPACE

93,000
sq ft



Travel Protection

Our signature Tune Protect Travel - AirAsia comes with more than 20 benefits that serve travellers before, during and after their trips. Our insurance partner, Tune Protect, also offers One-Hour Flight Delay and On-Time Guarantee coverage bundled with AirAsia Value Pack, Premium Flex and Flatbed products. Other lifestyle offerings include adventure, gadget and shopping protection.

During the year, Tune Protect expanded its range of offerings with more lifestyle-centred products such as an annual travel plan for frequent travellers, baggage protection and cover for smart devices.

To enhance take-up rates, Tune Protect conducted more targeted marketing while also carrying out an online revenue optimisation initiative in Malaysia, Thailand, Indonesia and Singapore. This entailed the use of differentiated messaging and pricing tailored to the different customer segments as well as more user-friendly page layouts. Its offline Syariah-compliant Travel Takaful product was also expanded from Indonesia to Vietnam, Macau, Bangladesh, Sri Lanka and the Maldives.

Initiatives such as these contributed to sales of close to 10 million policies in 2019. Bundled products performed especially well with policies issued growing 14.5% year-on-year.

GROUND TEAM RED

Ground Team Red Holdings (GTR) was established in 2017 to provide technology-based ground handling services for AirAsia and third-party airlines in Malaysia and Singapore. Since its inception, the 50:50 joint venture (JV) with Singapore's SATS Limited has made significant progress, setting up a fully digitalised Airport Control Centre in klia2 while also venturing into cargo handling service. In 2019, much focus was on developing this new business area.

The year saw the launch of GTR's Air Cargo Hub at KLIA Air Cargo Terminal 1 (KACT1). Located at the former low-cost carrier terminal in Sepang, the facility spans 93,000 sq ft, adding to storage space of the existing 40,000 sq ft warehouse. The combined facilities will enhance GTR's logistics handling capacity to 300,000 tonnes of air freight annually, contributing to Malaysia's goal of becoming a regional logistics hub. Other than Kuala Lumpur, GTR has expanded its cargo handling services to Alor Setar, Kota Bharu, Terengganu, Langkawi and Labuan — all in Malaysia.



Further growing its business, GTR started ground handling operations at the Melaka station, and now handles flights across 19 airports in Malaysia and Singapore. Raya Airways signed up for its ground handling services in 2019, while Royal Brunei Airways has entrusted GTR with the provision of station management services in four airports across East Malaysia.

During this time, we will continue to do what we have always done, namely to keep our fares low as we keep our guests and Allstars safe.



RedBeat Ventures

Launched in 2018, RedBeat Ventures (RBV) is the epicentre of the spirit of entrepreneurship, innovation and technology that infuses everything AirAsia does. Constantly re-inventing, we leveraged our physical and digital assets, including the immense data amassed over the years, to create an ecosystem of businesses that would touch our customers in their everyday lives. Through RBV, we are truly evolving from being just an airline into an all-in-one travel and lifestyle company.

Better described as the corporate venture arm of AirAsia, RBV puts our capital to use by integrating our business building expertise, best-in-breed technology solutions, talent development programmes and big data insights for digital businesses to thrive in ASEAN. We are focused on developing, incubating and accelerating companies as well as ideas that have the potential to either: a) maximise revenue or generate new revenue streams sustainably; b) help us manage our costs and run our businesses better through increased efficiency and productivity; or c) enhance our guest experience.

RBV comprises three main pillars, namely Venture Builder, Tech Academy and Data Centre of Excellence.

Venture Builder is where we incubate strategic businesses in which we have a significant majority stake. Some of these businesses are spin-offs from AirAsia's existing operating units, while others are generated from new ideas contributed by employees or through external acquisitions. These companies are given direct access to AirAsia's assets and customers to expedite their growth. Through Venture Builder, we seek to enable our guests to enjoy the lifestyles they desire. Our goal is to give them what they want when they want; and, sometimes, even to give them what they don't yet know they want!

Among the companies in this fold are:

- AirAsia.com : Marketplace to sell travel and lifestyle related products
- BigPay : Fintech company focused on e-wallet, remittance and lending
- BIGLIFE : Operator of a loyalty programme for the travel and lifestyle ecosystem
- Teleport : Logistics operations encompassing freight, parcel and food businesses
- OURSHOP : Full-fledged e-commerce marketplace offering artisanal to luxury items
- Santan : F&B company offering ASEAN fast food in-flight and on-ground
- FORMAT : Multimedia company offering ASEAN digital content

Tech Academy is our training centre established in collaboration with Google. The centre's goal is to train and produce a steady pool of software engineers, data scientists, AI specialists and other digital experts to fulfil AirAsia's own needs as well as that of third parties. This is part of our effort to address the gap in technical talent in the region.

Data Centre of Excellence is our data consultancy company set up to provide a range of services including data governance, data engineering and data intelligence. The data can be used for descriptive analytics — to learn from past events; diagnostic analytics — to fix issues by identifying root causes; predictive analytics — to be better prepared for what might happen; and prescriptive analytics — to provide recommendations that ultimately assist us in making informed decisions.



AIRASIA ACTIVITIES



AIRASIA.COM

AirAsia.com started out in 2001 as a website where guests could book AirAsia flights to destinations within the region. Today, realising the vision of AirAsia's founders, the portal has become an online ecosystem that satisfies the travel and lifestyle needs of over a million visitors per day. The goal? To leverage the full potential of AirAsia's resources — including content generation, our e-commerce marketplace, and food, fintech, hotels, loyalty programme, mobile as well as insurance services — to become the fastest-growing travel and lifestyle tech platform in ASEAN.

Four critical pillars underpin the success of AirAsia.com: platform robustness, data, product expansion and people.

Much work has been put into strengthening AirAsia's technology platform, the most significant in 2019 being the creation of the AirAsia Software Engineering & Technology (AASET) team in Bangalore to support our KL tech engineering hub. These teams, together with our tech partners, have enabled us to better engage our guests before, during and after they travel with us. With our in-app chatroom platform LIFE, for example, guests can connect with each other and share trip planning ideas. Using the biometric facial recognition tool FACES, which they can download via our AirAsia app, they get to enjoy a more seamless travel experience.

Meanwhile, leveraging the rich data we collect daily from the various touch points on our platform, we have best-in-class customer profiling and end-to-end understanding of consumer purchase behaviour — from origin and destination of purchase, to time of purchase, length of stay and preference of travel-related products. This enables us to personalise our guests' journey, displaying previous purchases, recommendations of similar customers and geo-targeted promotions upon arrival at their destination. Such personalisation significantly improves the efficiency of AirAsia ads with enhanced uptake.

As for products, AirAsia.com now offers eight core product lines – Flights, Hotels, SNAP, Activities, Deals, Mobility, AirAsia Ads & WiFi and B2B, with four more in the pipeline — namely Corporate Travel, Ticketing, Muslim Travel Packages and Medical Travel.

In November 2019, AirAsia became the first airline to sell competitor flights by partnering a leading European online travel agency (OTA). Through virtual interlining, we are able to offer more than 3,000 destinations with 1.5 million permutations to fly around the world. SNAP, which offers best-price guaranteed flight and hotel accommodation bundles, is a natural extension of our network strength in ASEAN. In these bundles, we will be able to put together unparalleled deals combining the lowest daily fares on both flight and accommodation through our directly sourced hotel inventory encompassing the Ormond Group, Genting, Lexis Hotel Group, ParkRoyal Resort and Minor International, with many more in the future.

To become a lifestyle platform, we have four lines of business (Deals, Activities, Ticketing and Mobility) that will further enhance our customers' experience. Deals makes available attractive offers such as buy-one-get-one-free pizza, discounts on haircuts, spa treatments, manicures and more. Activities offers flexible à la carte purchases of local tours or passes to attractions like Aquaria KLCC or Sunway Lagoon — all at preferable prices. Ticketing is where we will sell tickets to concerts, football matches, etc. One high-potential partnership is that with the new entity under AirAsia Group, RedRecords. With Mobility, we initially offered an hourly shuttle service from KL Sentral in Kuala Lumpur to klia2 at only RM9.90. This proved so popular that we have signed on the bus company to provide the service on a permanent basis.

AirAsia Ads & WiFi leverages the huge traffic we have across the Group's physical and digital assets to consolidate, personalise, sell and deliver to other advertisers. The more than 120 million guests we carry every year will now have access to proprietary content developed by FORMAT, our sister content generation company, as well as view ads via our inflight wifi network.

We have also launched a B2B portal for some 15,000 travel agents on our books, enabling them to purchase not just air tickets but hotels, activities, insurance and the expanded range of services using their agency credit account.

REDBEAT VENTURES (CONT'D)



Among the new products, we are looking at offering value-add services in thematic holidays such as those undertaken for medical reasons or by groups with particular religious needs.

Medical tourism is currently a USD19 billion market and is expected to grow at a compounded annual growth rate (CAGR) of 6.8% till 2025. Within this rapidly growing landscape, Malaysia ranks eighth in the world as a medical tourism destination, the top three medical procedures in the country being fertility treatment, cardiology and orthopedics. AirAsia.com is poised to disrupt the currently fragmented, independent health facilitators-dominated market by becoming the first airline to provide end-to-end medical, health and wellness packages in partnership with first-class medical facilities in Malaysia, Thailand, South Korea and Singapore.

In addition, we aim to fulfil the needs of Muslims seeking to travel – to perform the haj or umrah, or indeed any other reason. For pilgrims, we will offer the full suite of services required, from travel advisory to obtaining a visa, booking their accommodation and, of course, their flights. For other types of travel, we can help make trips as hassle-free as possible, by identifying restaurants that serve halal food, for example. Once the haj/umrah packages take off, we will offer similar services for other pilgrimages.

AirAsia.com's current transformation would not be possible without the heroes behind the scene – some 700 young and talented Allstars representing 12 nationalities who bring a diversity of experience and skillsets to the platform. This team has just moved to its new office in KL Sentral, aptly named Red Station. From this station, the team has an exciting journey outlined, one that will connect travellers with service providers for their travel and everyday needs in a relevant, timely and seamless manner.

BIGPAY

Established in 2018, BigPay is disrupting traditional banking by delivering financial products with lower fees, greater transparency and convenience. Only in its second year of operation, BigPay was the largest new card product in Malaysia, and the largest e-wallet in the market based on transactional volume.

BigPay's exponential growth can be attributed to its products and proprietary platform, which have been custom-built for optimum usability and convenience. The Automated e-KYC technology, for example, enables digital verification of document identity and facial biometrics, enabling users to open accounts via the app in under five minutes. BigPay users can also enjoy Mastercard's global network of 35 million merchants and one of the best foreign exchange rates in the market.

BigPay's belief that satisfied customers are its biggest marketing tool has been validated by positive results of its referral programme. Further enhancing the customer experience, the team is investing in a best-in-class customer chat platform that is able to serve a rapidly growing user base.

While BigPay is currently focused on developing and growing its e-money and remittance offerings, it has ambitious plans to roll out more features in lending, insurance and wealth planning products. Its ultimate objective is to establish itself as a serious contender as ASEAN's first challenger bank.





BIGLIFE

BIG Loyalty, launched at the end of 2010, is a loyalty programme managed by BIGLIFE. Initially an airline loyalty programme for AirAsia, BIG Loyalty has grown into a comprehensive lifestyle platform with over 300 partners across travel, lifestyle and financial services categories.

2019 was a year of innovation as BIGLIFE embarked on a journey to enhance its technology platform to support further growth, especially in the lifestyle segment. A key milestone was the enhancement of its BIG Xchange platform (a points conversion platform where members can convert their other loyalty points into BIG Points instantly) to include lifestyle partners. PETRONAS Mesra in Malaysia was the pioneer lifestyle partner in this programme, followed by TrueYou in Thailand. BIGLIFE also further strengthened its lifestyle and financial pillars by enabling BIG Members to earn and redeem BIG Points through a greater variety of brands including ZALORA, Samsung Pay, Ismaya Group (Indonesia) and most major banks in the region. Through such initiatives, BIG Points is rapidly evolving to become a universal digital currency for everyone.

As the value of the programme increases, so does its membership. Just in 2019, the number of BIG Members grew by 14% to 25.2 million while the number of BIG Points issued and redeemed increased by 47% and 95% respectively. These translated into close to 79% year-on-year growth in revenue.

Its stellar performance gained BIG Loyalty notable industry recognition when it received three awards last year: the Loyalty Programme of the Year at The Mega Awards 2019, as well as Best in eCommerce: Classified/P2P and Best in eCommerce (eRetailer): Lifestyle & Travel, both won at the Marketing Asia eCommerce Awards 2019.

As BIG Loyalty enters its 10th year, the team will continue to invest in new capabilities and innovation to reward BIG Members at every step of their lives. In 2020, BIGLIFE hopes to develop BIG Points into the most desired digital currency in the region, while positioning BIG Xchange as a universal points exchange hub for any loyalty points. The goal, ultimately, is to strengthen BIG Loyalty to become one of the world's most valuable loyalty marketing companies.

Watch out for more BIG things coming your way!



REDBEAT VENTURES (CONT'D)

TELEPORT

Teleport was incorporated in 2018 to serve as our digital cargo and logistics platform. Formerly the cargo division of AirAsia operating under the brand RedCargo Logistics, Teleport no longer just focuses on utilising AirAsia aircraft belly space to transport cargo; it now provides end-to-end logistics services encompassing freight, parcel and food businesses, leveraging not only AirAsia's network and infrastructure but also those of strategic partners.

Teleport differentiates itself from other players by integrating the entire logistics value chain, from first mile (ie pick-up of items) to last mile (their delivery to recipients), enabling customers to track the movement of their parcel/cargo/food from the time it leaves their premises until it arrives at the receiver's end.

To expand its reach beyond AirAsia's network of more than 100 cities and 10,000 weekly flights across Asia Pacific, Teleport is entering into interline agreements with other air cargo operators. During the year, it signed partnerships with Air New Zealand, South African Airways, Lufthansa Cargo and Oman Air. It has also made a strategic investment in EasyParcel to offer SMEs in Malaysia, Indonesia, Singapore and Thailand affordable and transparent last mile delivery solutions.

Further strengthening its regional presence, Teleport signed a Memorandum of Understanding (MoU) to form a joint venture with Triple i Logistics in Thailand. It has also partnered Zeal Global Services Pte Ltd to establish a local subsidiary in India.

Staying true to AirAsia's spirit of championing the underserved, Teleport Social was launched in September 2019 targeting the growing number of regional SMEs, craftsmen and individuals that have embarked on social commerce ventures but lack the means for secured delivery and online payment options. Teleport Social provides these entrepreneurs with the necessary back-end support such as end-to-end logistics solutions as well as payment and billing functionalities. With Teleport's network and resources, Teleport Social aims to fuel further growth of regional social commerce, which currently accounts for about 40% of all online shopping in the region.

Moving forward, Teleport's prospects are looking even brighter. As of May 2019, the cargo services of all six of the Group's AOCs have been integrated, enabling us to sell the entire air cargo capacity and network of the AirAsia airlines as one. Throughout the year, Teleport will be further building its network and reach so as to be able to serve the widest possible number of customers, leveraging its competitive advantage of being able to move small packages between cities and borders seamlessly and fast. Recognising that speed is of the essence, one of its targets is to deliver door to door by the next working day in major cities across ASEAN.





OURSHOP

OURSHOP started off as a small department managing our pre-book duty-free platform but was officially launched as a full-fledged e-commerce marketplace on 4 July 2018. Its objective is to create a multi-tenant, multi-fulfilment, multi-currency and multi-regulation marketplace offering not just luxurious goods but also curated local selections. Purchases can be picked up inflight or at the airport.

OURSHOP's differentiator is its unparalleled capacity to access our database of 100 million AirAsia guests. With this data, it is able to approach guests through various touchpoints with personalised messaging based on their lifestyle behaviours and preferences. Meanwhile, innovative improvements of AirAsia channels such as the in-app messengers for guests create the possibility of time-sensitive promotions that drastically improve conversion rates. Another unique feature of OURSHOP is its accessibility on AirAsia WiFi, enabling guests to make purchases during flights.

In 2020, OURSHOP is set to launch its Home Delivery service, meaning that purchases online will be delivered to the home.

SANTAN

The Santan brand was introduced in 2015 as a gourmet inflight dining experience on AirAsia, replacing AirAsia Cafe, which offered only cold sandwiches and snacks. It became an instant hit while a number of items on the menu have become all-time favourites. Pak Nasser's Nasi Lemak and Uncle Chin's Chicken Rice even have cult followings – with frequent requests to take away the meals and queries on whether they can be bought other than inflight.

This spurred the launch of Santan as a retail food outlet, enabling guests and others to savour the best of our culinary offerings, and other ASEAN favourites, on the ground. The flagship restaurant was launched in December 2019 in the high-traffic Mid Valley Megamall. Attracting on average 2,000 diners a day, Santan offers normal restaurant-sized portions of freshly prepared food, dispelling any possible notion of it dishing out standard inflight fare.

Diners can place orders directly on santan.com.my, or the in-store self-service kiosks. These ordering channels are retrofitted with a smart menu equipped with artificial intelligence and machine learning to recommend popular dishes based on time, customer's ordering patterns and demographic taste.

Given the success of the first outlet in Mid Valley, Santan plans to own another two restaurants in 2020, while opening 15 franchise-operated Santan restaurants in Malaysia in 2021. By 2023, Santan aims to increase the number of franchise restaurants to more than 100 while taking the brand to other ASEAN countries as well as China, Japan, South Korea, the UK and US.

Along with geographic expansion, Santan will continuously streamline and simplify its menus to improve throughput and efficiencies, the quality of food, and the order-to-collect time for consumers without compromising on the creativity of its offerings. Santan will also introduce more elements of digitalisation in order to increase its speed of service and level of personalisation, aspects which would resonate with Gen Z, who represent the emerging generation of diners.

The focus in 2020 is to solidify Santan's brand presence on home ground as a digital restaurant that serves ASEAN food and beverages at affordable prices. Santan will also include more vegetarian or plant-based meat alternatives to cater for a growing number of vegetarians while expanding its options for takeout and delivery. At the same time, it will expand the

REDBEAT VENTURES (CONT'D)



range of home meal kits offered to cater for those who eat at unconventional times but still want restaurant-quality food. In the longer term, it plans to build a state-of-the-art virtual kitchen to provide smaller entrepreneurs and businesses the opportunity to scale up and expand quickly without any significant real estate investment.

T&CO

T&Co is AirAsia's café brand that has been growing in tandem with Santan, serving inflight and on-ground guests ASEAN-inspired coffee and tea, as well as local snacks and desserts. T&Co outlets are now available in AirAsia RedQ, The Gardens Mall and Mid Valley Megamall.

Promoting ASEAN, T&Co works with regional F&B entrepreneurs and SMEs to develop attractively packaged products which guests can take home as food souvenirs. In 2019, it collaborated with the Ministry of Domestic Trade and Consumer Affairs to identify suitable small enterprises to partner through the Buy Malaysia Products campaign. As a result, no less than 90% of products listed under T&Co today are Malaysia-made while the rest are from ASEAN.

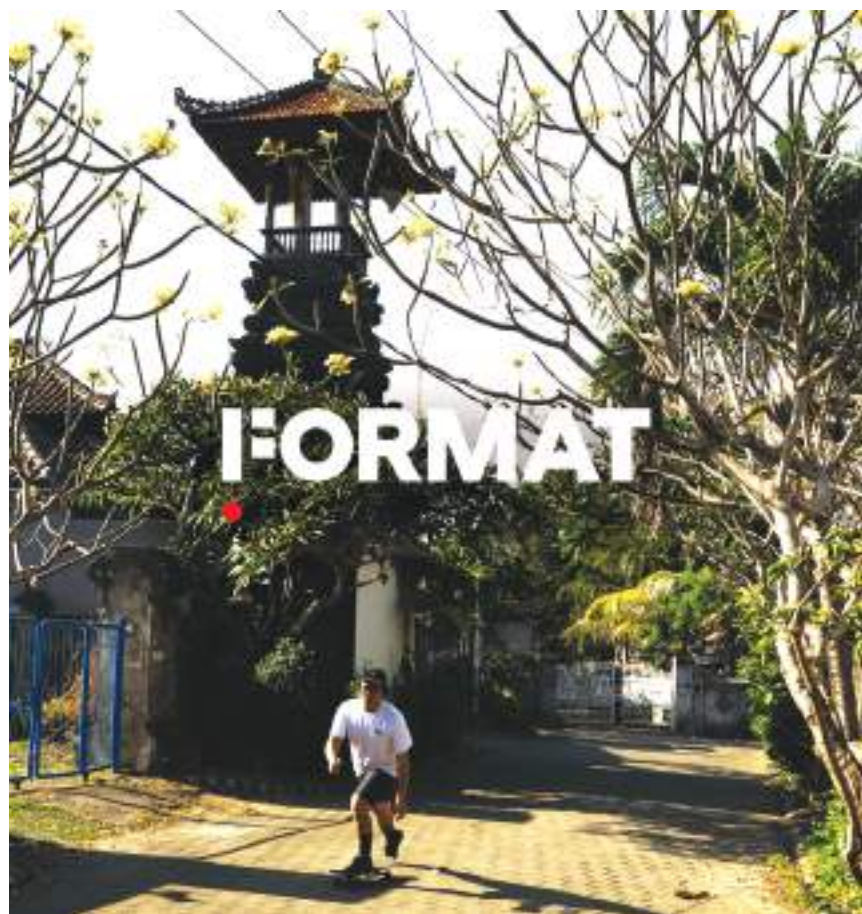
As at July 2020, the T&Co brand has been merged into Santan. We all know how much Asians love their coffee and tea. T&Co, through Santan, will bring to them new flavours they never imagined possible, as we fly them to destinations they never knew existed!

FORMAT

FORMAT is RBV's newest venture with the vision to unify ASEAN through popular culture and content. Driven by AirAsia's highly successful Creative and production team, it plays to the seismic shift in the way current generations are consuming content. The idea is to inspire global audiences with original and unique material delivered in the right form at the right time through the right channel.

Born from the love of travel and culture, FORMAT will continue to represent the rich melting pot of the region and amplify its original stories alongside community driven content through OURDAILY - a new content platform that aims to define A-Pop (ASEAN Pop) by covering regional and globally relevant trends and happenings.

Apart from delivering content around the pillars of Food, Travel, Culture, Lifestyle and Health, the team of trend mongers also provides creative and production services.



Spend less and enjoy Seamless DATA Roaming





4G
LTE

THE RED PACK

AirAsia TRAVELLER SIM CARD
POWERED BY Tune

4GB HIGH SPEED INTERNET | **7 DAYS** VALIDITY

ROAM ACROSS 13 DESTINATIONS*

						
MALAYSIA	SINGAPORE	THAILAND	INDONESIA	AUSTRALIA	MACAO SAR	HONG KONG SAR
						
MYANMAR	CAMBODIA	BANGLADESH	SRI LANKA	BRUNEI		

only **RM30**







4G
LTE

THE BLACK PACK

AirAsia TRAVELLER SIM CARD
POWERED BY Tune

4GB HIGH SPEED INTERNET | **7 DAYS** VALIDITY

ROAM ACROSS 7 DESTINATIONS

					
JAPAN	VIETNAM	INDIA	SOUTH KOREA	CHINA	PHILIPPINES
					
				LAOS	

only **RM60**





HERE AND NOW

As opportunity seizers, what better time to transform than now? We are swift in our actions to adopt and implement new technologies to improve our business.

THE WHEN



06

SUSTAINING

STATEMENTS

119 Introduction

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SUSTAINABILITY STATEMENT

ONE OF THE WORLD'S
TOP 20
MOST **PUNCTUAL**
AIRLINES



LAUNCHED **AVA**

REDUCED LIVE CHAT
WAITING TIME TO LESS
THAN 3 MINUTES

AIRASIA FOUNDATION
SUPPORTED
28
SOCIAL ENTERPRISES
2,853
INDIVIDUALS
7
COUNTRIES

EXPLORING THE
UTILISATION OF
SUSTAINABLE
AVIATION FUELS



11.1%
FUEL SAVINGS
FROM FLIGHT
OPERATIONS



1.05%
AVERAGE **BUILDING**
ENERGY INTENSITY



COMPLETED 2019
CARBON EMISSIONS
MONITORING, REPORTING
& VERIFICATION FOR
ICAO'S CORSIA



399%
INCREASE IN
VOLUME OF
RECYCLABLES
COLLECTED FROM
CABINS



INTRODUCED
SUSTAINABILITY
AS AN INTERNAL
COMPANY VALUE



RM12.5
MILLION
INVESTED IN
ALLSTARS TRAINING
PROGRAMMES



INTRODUCED
GROUP
ENVIRONMENTAL
POLICY



18.8%
REDUCTION IN
CARBON
EMISSION
INTENSITY



Journey D AIDED
4 COMMUNITIES
TO EARN AN EXTRA
INCOME OF
RM1,405,660



INTRODUCTION

AirAsia Group Berhad (“AirAsia”, “AAGB” or the “Group”) is journeying towards creating value and reinforcing good sustainable practices. This annual Sustainability Statement (the “Statement”) demonstrates our commitment and contribution to the sustainable development of the communities and the environment within which we operate. This statement also provides an insight into our initiatives and performance for the financial year from 1 January 2019 to 31 December 2019. Complemented with information from previous reporting years, a perspective on our developments is achieved within the scope of reporting.

Our aspirations in building positive long-term value creation are achieved through the continual management of our non-financial risks which in turn enables us to unlock vast opportunities. In the reporting year, we strengthened our sustainability practices, alongside our stakeholders’ expectations, through the integration of Economic, Environmental and Social (“EES”) aspects in formulating business strategies, addressing climate-related issues, maintaining effective governance, and fostering a high-performance culture within the organisation.



REPORTING BOUNDARIES

We have expanded our reporting boundaries covering the following entities: AirAsia Malaysia (“MAA”), AirAsia X Malaysia (“AAX”), AirAsia Indonesia (“IAA”), AirAsia X Indonesia (“IAAX”), AirAsia Thailand (“TAA”), AirAsia X Thailand (“TAAX”), AirAsia India (“AAI”), AirAsia Japan (“AAJ”) and AirAsia Philippines (“PAA”). However, not all sustainability indicators disclosed include all active entities and these instances have been stated where relevant.

REPORTING FRAMEWORKS & GUIDELINES

This report was made in accordance with the Standards set forth by the Global Reporting Initiative (“GRI”) for the ‘Core’ option and principles of inclusivity. The materiality assessment was updated based on a consultation process carried out with internal and external stakeholders. Additionally, more renowned frameworks and guidelines have been taken into consideration, such as the following:

- Main Market Listing Requirements on Sustainability Reporting, Guidelines & Toolkits by Bursa Malaysia Securities Berhad (“Bursa Malaysia”)
- Dow Jones Sustainability Indices (“DJSI”)
- FTSE4Good Bursa Malaysia Index (“FTSE4Good”)
- United Nations (“UN”) Sustainable Development Goals (“SDGs”)

The indicators’ scope is duly identified across the Statement.

For AirAsia to continue improving our corporate reporting, we remain open to feedback from readers. Feel free to contact us through the following email: sustainability@airasia.com

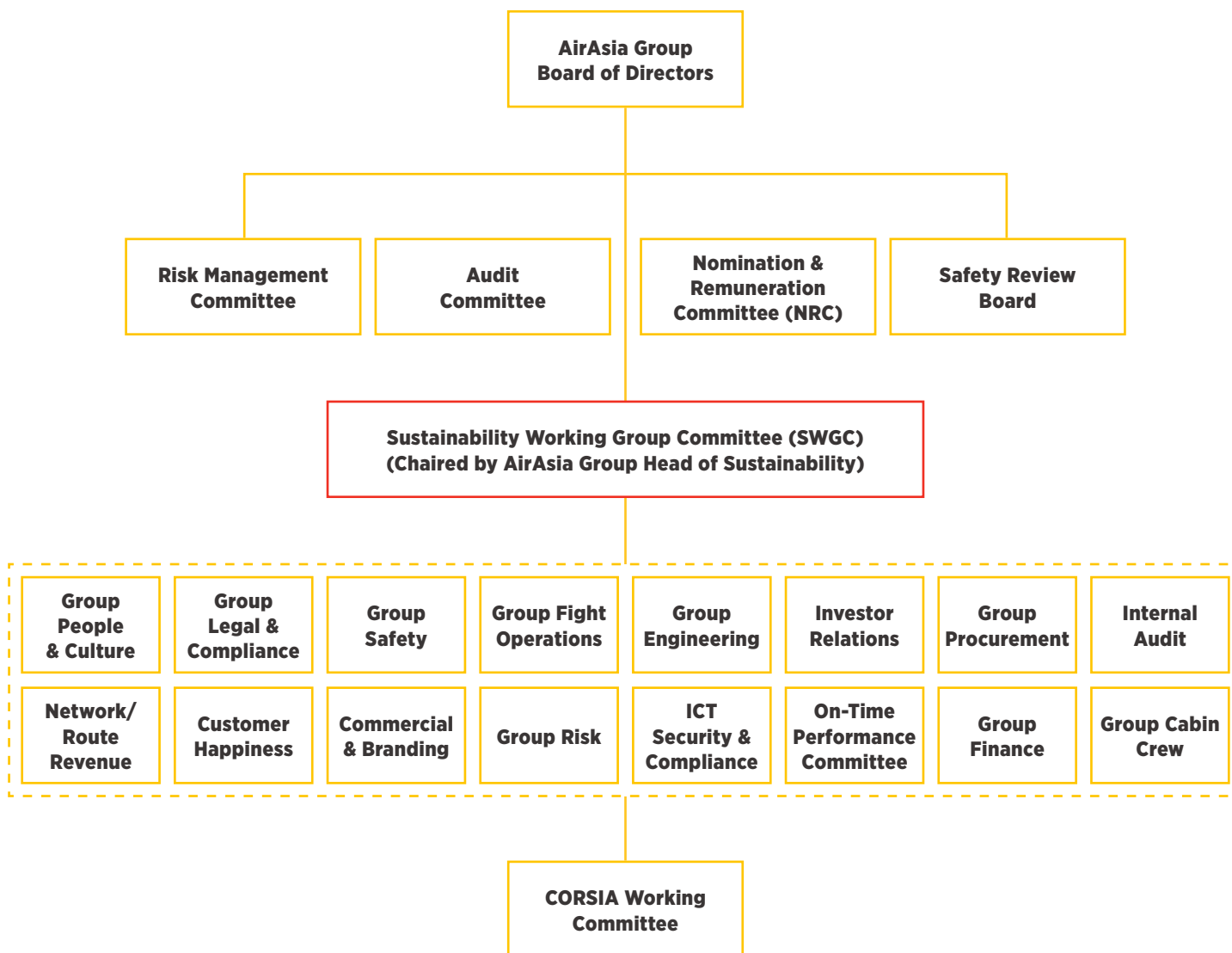
SUSTAINABILITY GOVERNANCE

SUSTAINABILITY STATEMENT (CONT'D)

The roles and responsibilities of robust leadership teams and governing bodies within an organisation is crucial for the seamless assimilation and effective implementation of sustainability initiatives across all business operations. Sustainability at AirAsia Group is governed by a Sustainability Working Group Committee (“SWGC”) comprising Group Heads of relevant departments and chaired by the Head of Sustainability. The SWGC helps to identify, discuss, and review the implementation of sustainability measures across the Group.

All sustainability matters are carried out together by the relevant departments, facilitated by Group Sustainability. Progress made in 2019 and plans going forward were reported to the Board in February 2020.




AAGB SUSTAINABILITY GOVERNANCE STRUCTURE







STAKEHOLDER ENGAGEMENT



We are aware of the importance of open communication with stakeholders as part of our day-to-day operations. The feedback we receive from our stakeholders are integral in shaping our business decisions and strategy as we continue to grow our brand. By continuously engaging with our stakeholders, we can keep abreast of evolving social and environmental issues in pursuit of delivering value to the societies we operate in.

Our methods of engagement, frequency and matters of interest (identified sustainability risks and opportunities) raised by our stakeholder groups and how we respond to them are detailed in the table below.

STAKEHOLDER GROUP	ENGAGEMENT MODE	FREQUENCY	*MATTERS OF INTEREST	HOW WE RESPOND
 Board of Directors (“BOD” or the “Board”)	Board meetings	Quarterly	<ul style="list-style-type: none"> • Corporate Governance & Conduct • Information Security & Privacy • Climate-related Risk Management • Human Capital Development • Efficiency & Reliability • Risk & Crisis Management 	Theme 1: Economic Theme 2: Environmental Theme 3: Social
	Annual General Meetings	Annually		
	Corporate events	Scheduled and/or ad-hoc		
 Employees (Allstars)	Social media	On-going basis	<ul style="list-style-type: none"> • Corporate Governance & Conduct • Information Security & Privacy • Climate-related Risk Management • Human Capital Development • Supply Chain Management 	Theme 1: Economic Theme 2: Environmental Theme 3: Social
	Employee appraisal	Annually		
	Community engagements	Scheduled and/or ad-hoc		
	Online surveys	Scheduled and/or ad-hoc		
	Townhalls	Quarterly		
	Cultural, sports, well-being & appreciation events	Scheduled and/or ad-hoc		
	Open office layout	24/7		
 Business Partners	Regular meetings	On-going	<ul style="list-style-type: none"> • Health & Safety • Customer Relationship Management • Efficiency & Reliability • Risk & Crisis Management • Operational Eco-efficiency 	Theme 1: Economic Theme 2: Environmental Theme 3: Social
	Financial institutions & aircraft investor credit roadshows	Twice a year		
	Workshops & seminars	Scheduled and/or ad-hoc		
	Global aviation finance conferences	At least once every quarter		
	Technical support based in AirAsia Malaysia’s Headquarters (“RedQ”)	24/7		
	Commercial support with General Electric (“GE”) based in KL & Airbus based in Singapore	24/7		

SUSTAINABILITY STATEMENT (CONT'D)

STAKEHOLDER GROUP	ENGAGEMENT MODE	FREQUENCY	*MATTERS OF INTEREST	HOW WE RESPOND
 Customers (Guests)	Call centres	Available in 15 countries, operating hours provided on airasia.com	<ul style="list-style-type: none"> • Customer Relationship Management • Efficiency & Reliability • Health & Safety • Information Security & Privacy • Technology & Innovation 	Theme 1: Economic Theme 3: Social
	Customer Satisfaction surveys	Annually		
	Online submissions	24/7 in 8 languages		
	Live chat/AVA	24/7 in 8 languages		
	Twitter	24/7 (English & Bahasa Malaysia)		
	AirAsia sales offices, travel & service centres	Location & operating hours available on airasia.com		
 Investors	Investor meetings & conference calls	When required/available	<ul style="list-style-type: none"> • Corporate Governance & Conduct • Operational Eco-efficiency • Health & Safety • Brand Management • Customer Relationship Management 	Theme 1: Economic Theme 2: Environmental Theme 3: Social
	Annual General Meetings & Extraordinary General Meetings	Annually – please refer to 2019 Financial & Investor Calendar on page 36		
	Investor Relations' website	24/7		
	Investor briefings by Senior Management	Scheduled and/or ad-hoc – please refer to 2019 Financial & Investor Calendar on page 36		
 Market Analysts	Analyst briefings	Scheduled and/or ad-hoc	<ul style="list-style-type: none"> • Brand Management • Corporate Governance & Conduct • Customer Relationship Management • Efficiency & Reliability • Information Security & Privacy 	Theme 1: Economic
	Media interviews & releases	When required/available		
 Regulators/ Governmental Bodies	Face-to-face meetings	Schedule and/or ad-hoc 4-6 times per week	<ul style="list-style-type: none"> • Efficiency & Reliability • Risk & Crisis Management • Brand Management • Corporate Governance & Conduct • Customer Relationship Management 	Theme 1: Economic
	Parliamentary sessions	8 to 10 informal and formal meetups per year and as and when required		
	Formal meetings between government officials initiated with AirAsia	Every week/month depending on lobbying efforts and issues at hand		
	Tours and familiarisation visits to AirAsia	8 to 10 visits yearly		

STAKEHOLDER GROUP	ENGAGEMENT MODE	FREQUENCY	*MATTERS OF INTEREST	HOW WE RESPOND
 Social Enterprise	Corporate community programmes	Scheduled and/or ad-hoc	<ul style="list-style-type: none"> • Corporate Governance & Conduct • Efficiency & Reliability • Climate-related Risk Management • Health & Safety • Brand Management 	Theme 1: Economic Theme 2: Environmental Theme 3: Social
	Funding of social enterprises through AirAsia Foundation	On-going since 2012		
	Regular dialogue sessions	Scheduled and/or ad-hoc		
 Suppliers	Regular dialogue sessions	Scheduled and/or ad-hoc	<ul style="list-style-type: none"> • Customer Relationship Management • Efficiency & Reliability • Attractive & Inclusive Workplace • Health & Safety • Brand Management 	Theme 1: Economic Theme 3: Social
	One-to-one meetings	Scheduled and/or ad-hoc		

* Descriptions and more can be found in the following sections of this Sustainability Statement

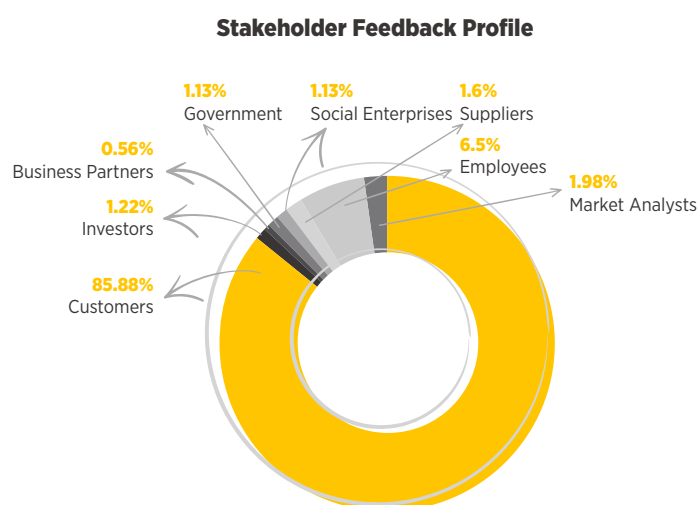
For detailed information on the relevant themes, please refer to the following pages:

SUSTAINABILITY THEME	PAGE
Theme 1: Economic	132 to 143
Theme 2: Environmental	144 to 153
Theme 3: Social	154 to 178

MATERIALITY ASSESSMENT

In 2019, we updated our Materiality Matrix based on the results obtained from our stakeholder engagement sessions and Impact Assessment exercise. We revised our list of material sustainability matters, as well as began the initial alignment of our materiality assessment process with internal Enterprise Risk Management (“ERM”) criteria. We considered both internal and external factors during the revision, including current and emerging global risks and opportunities, references and publications associated with the airlines industry, as well as sustainability-related disclosures by peer organisations. A total of sixteen (16) sustainability matters were identified.

Our sustainability matters have been prioritised in consideration of significant Economic, Environmental and Social (“EES”) impacts on the Group’s operations and stakeholders through an Impact Assessment exercise and engagement sessions. The Impact Assessment exercise involved members of the SWGC and where relevant, we leveraged on our existing business risks evaluation parameters to rate the likelihood and impact of occurrences of non-financial risks events and materialisation of opportunities associated with the sustainability matters. We engaged with both our key internal and external stakeholders, around 350 participants, to gauge their perception on the identified sustainability matters. The pie chart indicates the percentage of stakeholder groups that participated in the engagement sessions.

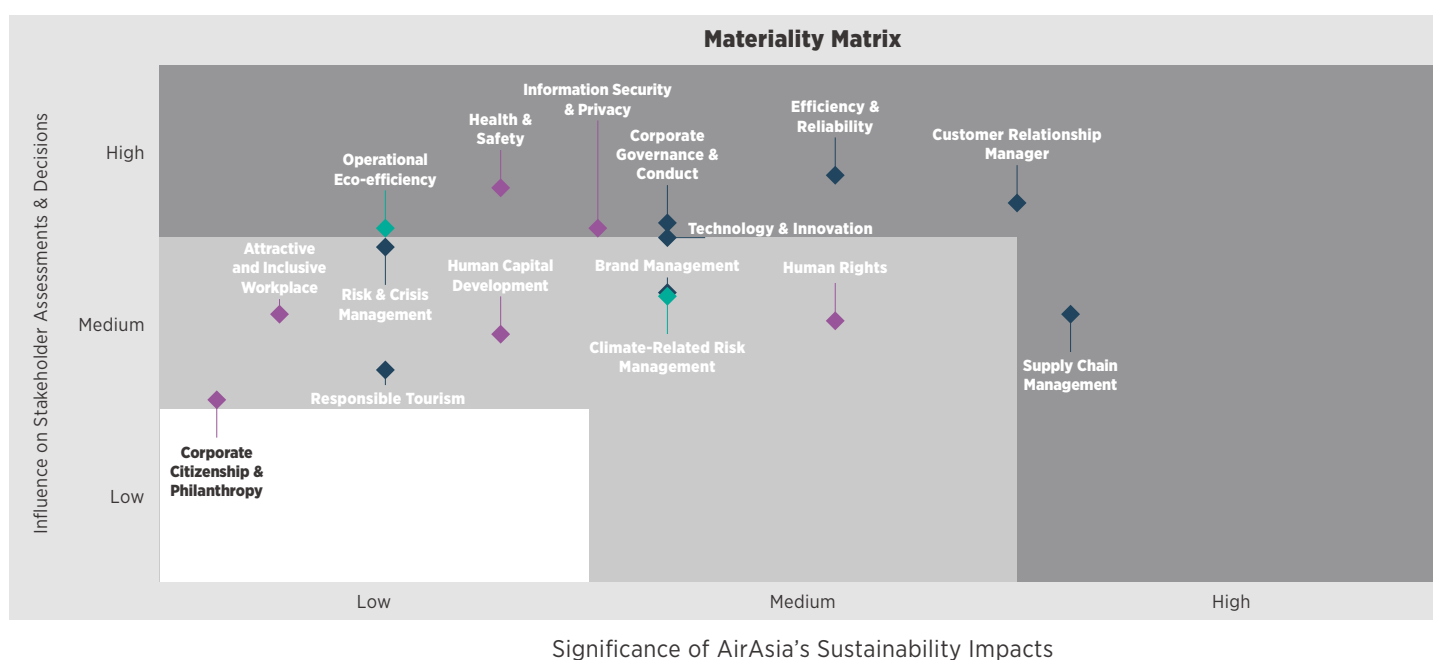


SUSTAINABILITY STATEMENT (CONT'D)

CATEGORY	Stakeholder Group	Mode of Engagement
Internal Stakeholders	Sustainability Working Group Committee (“SWGC”), Employees (Allstars)	Group Session
External Stakeholders	Business Partners, Customers (Guests), Investors, Market Analysts, Regulators/Governmental Bodies, Social Enterprises, Suppliers	Online Survey

The analysed results of the Impact Assessment exercise and responses from stakeholder engagements are depicted in our updated Materiality Matrix and have been approved by the Board. Our top matters are Corporate Governance & Conduct, Customer Relationship Management, Efficiency & Reliability, Health & Safety, Information Security & Privacy, Operational Eco-efficiency, Supply Chain Management, and Technology & Innovation. The change in priorities are due to strategic changes within the organisation while addressing current concerns and considerations in our operating environment.

Backed by our Sustainability Manifesto, these prioritised sustainability matters act as key enablers in support of our holistic strategic vision, governance and operations. Our business capitals are transformed into creating short, medium and long-term value for both our business and stakeholders. Efforts to manage and monitor the Group’s performance of these sustainability matters are discussed in the following sections of this Statement.



Economic	Environmental	Social
<ul style="list-style-type: none"> Customer Relationship Management Supply Chain Management Efficiency & Reliability Corporate Governance & Conduct Technology and Innovation Information Security & Privacy Brand Management Risk & Crisis Management Responsible Tourism 	<ul style="list-style-type: none"> Climate-related Risk Management Operational Eco-efficiency 	<ul style="list-style-type: none"> Human Rights Health & Safety Human Capital Development Attractive & Inclusive Workplace Corporate Citizenship & Philanthropy

SUSTAINABILITY STRATEGY



SUSTAINABILITY MANIFESTO

CARBON

Short-Term: Ensure zero carbon emissions growth from international flights from 2021 onwards
Long-Term: Reduce emissions by 50% in 2050 from 2005 levels

ENERGY

Ensure 10% electricity reduction per year in all AirAsia premises

WASTE

- Achieve zero single-use plastic waste in offices and onboard
- Reduce inflight food wastage by 20%

WATER

Reduce water usage by 10% in our offices

SUSTAINABLE TOURISM

Advocate and promote responsible and community-based tourism

GOODS & SERVICES

Ensure 100% sustainably- and ethically-sourced goods & services

GOVERNANCE

Promote diversity, inclusivity & transparency

CULTURE














Sustainability as 7th Allstar Value; embedded as a KPI








* The Manifesto highlights key initiatives but is not an exhaustive list of all of AirAsia's sustainability efforts.

In 2019, Sustainability Spirit was adopted as the 7th Allstar value. As an internal value, Sustainability Spirit will be practised by all our employees throughout the Group. Our Sustainability Manifesto supports this in clearly defining focus areas to support our business and ensure that we bring positive impact to the society we operate in. To deliver this strategy for the benefit of our stakeholders, we have in place initiatives and targets to support our sustainability journey.











We believe the achievement of the seventeen (17) United Nations Sustainable Development Goals (“SDGs”) is a shared purpose, and that global aviation is a driver of sustainable development, bringing together people, businesses and communities and supporting trade and tourism. At the same time, we are mindful of mitigating the risks we are exposed to. For this reason, we mapped our Sustainability Manifesto to the 17 SDGs and 169 targets. We have also identified the SDGs where we believe our business can have the greatest positive impact, as indicated across this Sustainability Statement.








SUSTAINABILITY STATEMENT (CONT'D)

STRATEGIC FOCUS	TARGET	KEY INITIATIVES	PROGRESS	2019 KEY ACHIEVEMENTS	PRIORITISED SDG
 CARBON	<ul style="list-style-type: none"> Ensure zero carbon emissions growth from international flights from 2021 onwards Reduce emissions by 50% in 2050 from 2005 levels 	<ul style="list-style-type: none"> CORSIA implementation readiness: <ol style="list-style-type: none"> Carbon dashboard – monitoring of our carbon emissions using ICAO standards Carbon reduction – fuel savings activities that reduce carbon emissions from flight operations Carbon offset strategy Development of Sustainable Aviation Fuel with Airbus 	<ul style="list-style-type: none"> Completed CORSIA's Monitoring, Reporting and Verification (MRV) Carbon emissions for 2019 have been verified and will continue to be verified moving forward Conduct of fuel savings activities that reduce carbon emissions from flight operations Sustainable Aviation Fuel research and development in progress 	<ul style="list-style-type: none"> 18.8% reduction from 2018 in carbon intensity ratio, measured in grams per passenger kilometre 11.1% improvement in fuel efficiency since 2009, surpassing industry standards of 7-8% recommended by IATA 1.75 litre per RPK reduction in intensity ratio for fuel consumption 	 Target 7.A, 7.3  Target 8.2  Target 9.4, 9.5  Target 12.2  Target 13.2  Target 17.16
 ENERGY	Ensure 10% electricity reduction per year in all AirAsia premises	<ul style="list-style-type: none"> Energy Break trial with Lights and Aircon schedule adjustments Energy Audit to identify energy leakages and short-term and long-term solutions Hot-desking - Create dedicated hot desk areas for departments/ Allstars to work outside of normal working hours Explore utilisation of solar power in future AirAsia premises 	<ul style="list-style-type: none"> Proper monitoring of electricity consumption and adjustment of lights and aircon schedule to optimise energy consumption Conduct of energy audit 	Monitoring for electricity consumption for 5 countries was established in 2019 – Malaysia, Indonesia, Thailand, India and Japan	 Target 7.2 & 7.3  Target 8.2  Target 12.2  Target 13.2  Target 17.7












STRATEGIC FOCUS	TARGET	KEY INITIATIVES	PROGRESS	2019 KEY ACHIEVEMENTS	PRIORITISED SDG
 WASTE	<ul style="list-style-type: none"> Achieve zero single-use plastic waste in premises & onboard Reduce inflight food wastage by 20% by 2020 	<ul style="list-style-type: none"> Phase out single-use plastics waste in AirAsia offices and operations Phase out single-use plastics waste onboard AirAsia flights Reduction of inflight food wastage by analysing supply and demand, route-by-route basis to ensure more accurate uplift of inflight food and improving management of excess food (e.g. composting/ feedstock etc) 	<ul style="list-style-type: none"> Allstars are encouraged to Bring Your Own Cups, Containers, Cutlery (“BYOCCC”) to the office and when attending any internal company events Continuation of ‘No Straw’ Campaign, all straws are phased out of AirAsia premises Continuation of ‘No Plastic’ Campaign, food caterers gradually phasing out single-use plastics such as plastic bags Mandate food caterers to not use single-use plastics such as plastic cutlery, straws and plastic bags in the renewal of contracts A roadmap was built to phase out single-use plastic both in our premises and onboard Collaboration with Philippines AirAsia on inflight food waste reduction Passengers are encouraged to order pre-booked meals instead of ordering in-flight 	<ul style="list-style-type: none"> 26,000 pieces of plastic straws are estimated to be avoided every day from all AirAsia premises RedQ food caterer turned 77,000 pieces of plastic bags into compostable bags 25,442 kg of plastic waste were recycled from the On-Board Cabin Waste Recycling program. The total recycled waste increased 399.0% due to larger programme coverage. Office Recycling programme recycled 30,130 kg of waste, a 70.1% increase in volume 80 kg of e-waste collected from RedQ in Malaysia 	 Target 11.6  Target 12.2, 12.3 & 12.5  Target 14.1
 WATER	Reduce water usage by 10% in our offices	Monitoring of water consumption data in AirAsia premises	<ul style="list-style-type: none"> Analysis of water consumption in RedQ Conduct of feasibility studies 	Water efficiency in RedQ was maintained at 0.35 m3/m2/year and is better than the efficiency standards of 0.4 m3/m2/year	 Target 6.4  Target 12.2, 12.5

SUSTAINABILITY STATEMENT (CONT'D)

STRATEGIC FOCUS	TARGET	KEY INITIATIVES	PROGRESS	2019 KEY ACHIEVEMENTS	PRIORITISED SDG
 SUSTAINABLE TOURISM	Advocate and promote responsible and community-based tourism	<ul style="list-style-type: none"> • Journey for Development • Save our Stripes campaign • +ME campaign • Sustainable ASEAN Tourism Livery 	<ul style="list-style-type: none"> • Journey D Programme helps a total of 7 communities in Thailand, one (1) in Malaysia and one (1) in Indonesia • Launched a livery in November 2019 to support the government's Save Our Malayan Tiger Campaign • AllstarsDoGood trip to Tiger Rehabilitation Centre and talks by Perhilitan was organised in October 2019 • +ME Campaign was launched in September 2019 • Sustainable ASEAN Tourism Livery was launched in August 2019 	<ul style="list-style-type: none"> • Through Journey D, four communities in Thailand earned extra income of RM1,405,660 since 2017 • RM760,000 invested to support Save Our Malayan Tiger campaign • Anti-wildlife trafficking warnings are now compulsory in our inflight announcements • The +ME campaign received more than 100 million exposures 	 Target 8.3, 8.9  Target 11.4, 11.C  Target 12.B  Target 14.7  Target 15.2, 15.5 & 15.7  Target 17.16
 GOODS & SERVICES	Ensure 100% sustainably- and ethically-sourced goods & services	<ul style="list-style-type: none"> • Supplier Code of Conduct • Responsible Procurement process to ensure procurement of sustainable, ethical and environmentally friendly products and services at all levels 	<ul style="list-style-type: none"> • Development of Supplier Code of Conduct that covers social and environmental aspects • Formalise Supply Chain Management process to identify critical suppliers, conduct sustainability risks assessment in supply chain, and supplier monitoring • Development of a corporate-wide sustainable and ethical procurement strategy and the identification of relevant Key Performance Indicators ("KPI") 	<ul style="list-style-type: none"> • Group Supplier Code of Conduct was established in 2019 	 Target 8.9  Target 12.7

STRATEGIC FOCUS	TARGET	KEY INITIATIVES	PROGRESS	2019 KEY ACHIEVEMENTS	PRIORITISED SDG
 GOVERNANCE	Promote diversity, inclusivity & transparency	<ul style="list-style-type: none"> • Materiality matrix assessment and review • DJSI requirement gaps and action plans • Group Sustainability Policy update • 'Girls Can Do Anything' campaign 	<ul style="list-style-type: none"> • Refresh and review Materiality Assessment • Address DJSI requirement gaps and formulate action plans 	<ul style="list-style-type: none"> • Materiality assessment process included external stakeholders • Women representation on the Board • 15% women in management positions • 7.3% women in engineering and pilot positions 	 Target 4.3, 4.4, 4.7  Target 5.1, 5.2, 5.5, 5.A  Target 8.5, 8.7, 8.8  Target 10.2  Target 12.6  Target 16.2, 16.5, 16.6, 16.A, 16.B

SUSTAINABILITY STATEMENT (CONT'D)

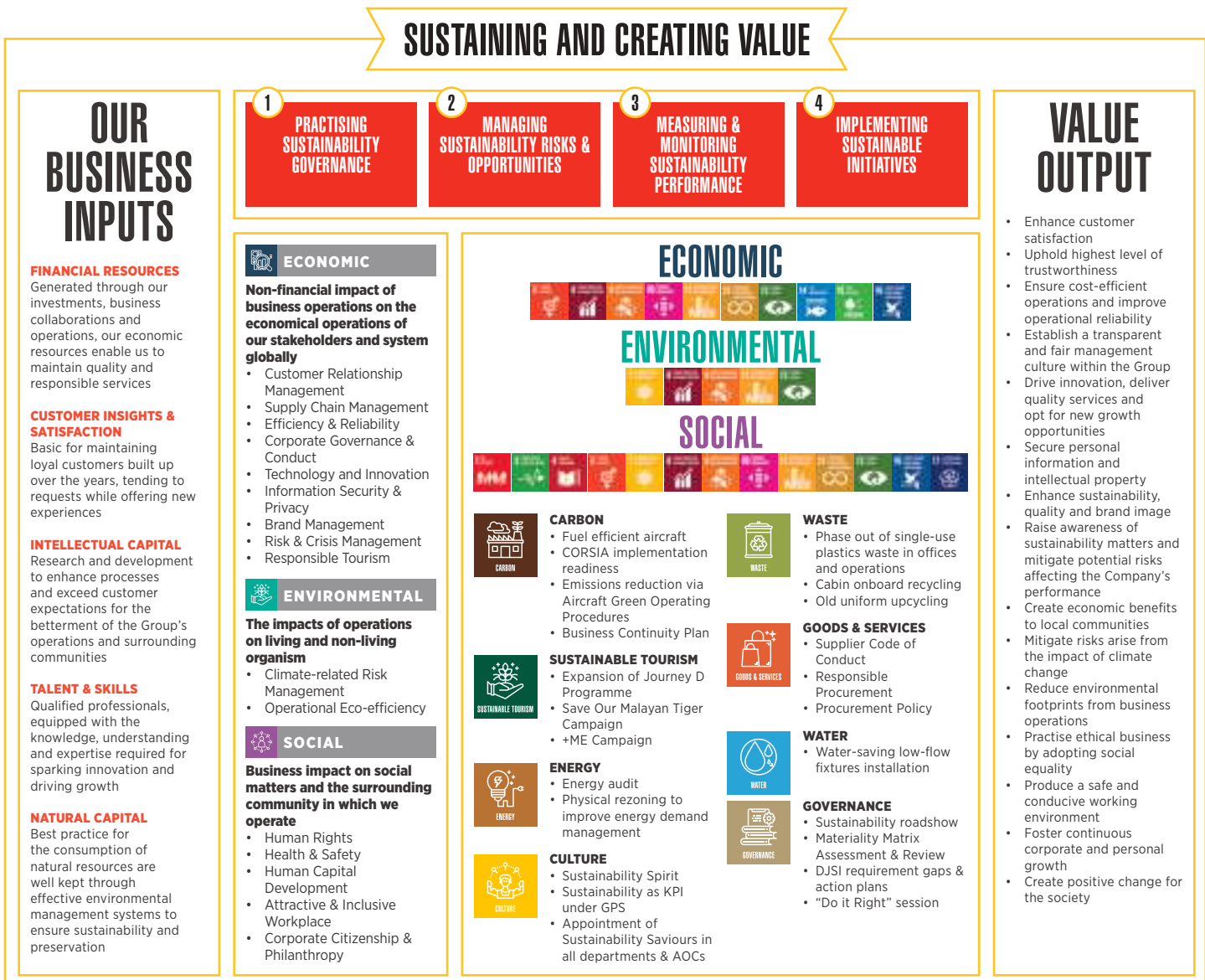
STRATEGIC FOCUS	TARGET	KEY INITIATIVES	PROGRESS	2019 KEY ACHIEVEMENTS	PRIORITISED SDG
 CULTURE	Sustainability as 7 th Allstar Value; embedded as a KPI	<ul style="list-style-type: none"> • Launch Sustainability as the 7th Allstar Value • Sustainability as a shared KPI for Allstars • Appointment of Sustainability Saviours in all departments • Sustainability Segment in AOC Townhalls • Awareness sessions at AOC levels • Sustainability Day 	<ul style="list-style-type: none"> • Launched Sustainability as the 7th Allstar Value in December 2019 • Appointment of Sustainability Saviours throughout the Group 	<ul style="list-style-type: none"> • Sustainability Saviours appointed in all AOCs and key departments • Sustainability awareness sessions held for Allstars, key departments and AOCs • 216 posts in internal channels • 6 articles published on the in-flight magazine 	 Target 1.5  Target 3.7, 3.8, 3.9  Target 4.1, 4.2, 4.3, 4.4, 4.5, 4.7, 4.A  Target 5.1, 5.2, 5.A  Target 8.2, 8.3, 8.4, 8.5, 8.7, 8.8, 8.9  Target 9.1  Target 10.1, 10.2, 10.5  Target 11.1, 11.A  Target 12.2, 12.4, 12.7  Target 13.2  Target 16.2, 16.4, 16.6, 16.10, 16.A, 16.B  Target 17.5, 17.17

CREATING VALUE

Being one of the largest low-cost carriers in Asia, AirAsia Group endeavours to provide affordable air transport and services to a wide array of customers whilst continuously seeking new growth opportunities with the aim of becoming a leading digital travel company in Asia. We believe that business continuity is not solely dependent on profits, but also on the responsible practices we strive to instil in our operations.








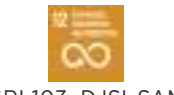


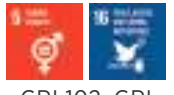




Based on EES pillars, our Sustainability Objectives include efforts to reduce negative environmental impact, promote sustainability throughout the Group and the countries we operate in, as well as establishing AirAsia as a sustainable brand.













Alongside our sustainability objectives, our business model illustrates the holistic management that incorporates EES aspects alongside financial ones to ensure the success and continuity of our operations. We transform our five capitals (i.e. financial, intellectual, human, natural and social relationships) through value-centric activities to maximise the benefits we reap for our organisation, stakeholders and society at large. This allows us to pursue long-term sustainable growth and development while realising our vision of bringing unlimited connectivity to the world. The diagram below demonstrates our value creation process.



SUSTAINABILITY STATEMENT (CONT'D)

ECONOMIC

MATERIAL MATTERS	SUSTAINABILITY INDICATORS	LINK TO MANIFESTO	KEY INITIATIVES	KEY OUTCOMES	VALUE CREATED
 <p>Customer Relationship Management</p>	 <p>GRI 416, GRI 418</p>	 <p>CULTURE</p>	Pre and post-trip online surveys to collect feedback from customers	NPS score increased from 31 points in 2018 to 38 points in 2019	Create faster and more personalised services to customers
 <p>Supply Chain Management</p>	 <p>GRI 102, GRI 204, GRI 308, GRI 414, DJSI-SAM CSA 1.7</p>	 <p>SUSTAINABLE TOURISM</p>	<ul style="list-style-type: none"> • Supplier Code of Conduct (SCOC) • Contract Policy • Supplier Performance Evaluation Policy 	35.1% local suppliers	Reduce cost and supply risk, whilst ensuring the quality of products and services comply with local and international standards
 <p>Efficiency & Reliability</p>	 <p>GRI 103, DJSI-SAM CSA 1.10, 1.11, 1.13</p>	 <p>CULTURE ENERGY</p>	<ul style="list-style-type: none"> • RNP-AR • OptiClimb • Cost and fuel-efficient aircraft (A321neo) 	<ul style="list-style-type: none"> • One of the World's Top 20 most punctual airlines • Fuel savings by 10% 	Ensure cost-efficient operations whilst upholding the highest level of trustworthiness
 <p>Corporate Governance & Conduct</p>	 <p>GRI 102, GRI 205, FTSE4Good Anti-Corruption & Corporate Governance, DJSI-SAM CSA 1.1, 1.4, 1.6</p>	 <p>GOVERNANCE</p>	<ul style="list-style-type: none"> • Code of Conduct • Whistleblowing Policy • Conflict of Interests • Disciplinary Policy • Workplace Search Policy • Remuneration Policy • Board Diversity Policy • “Do it Right” Session 	Profound identification of ethical and non-compliance cases	Establish a transparent and fair management culture within the Group
 <p>Technology & Innovation</p>		 <p>ENERGY</p>	<ul style="list-style-type: none"> • Cloud consolidation • eBoarding Pass • Refunds Processing System 	Resources and costs reduction	Drive innovation, deliver quality products, reduce costs, enhance customer services and opt for new growth and opportunities

MATERIAL MATTERS	SUSTAINABILITY INDICATORS	LINK TO MANIFESTO	KEY INITIATIVES	KEY OUTCOMES	VALUE CREATED
 <p>Information Security & Privacy</p>	 <p>GRI 418, DJSI-SAM CSA 1.9, 1.12</p>		<ul style="list-style-type: none"> Information Technology Security Policy Manual Data Governance Policy User and Vendor Access Management SOP Server, Database, Network Hardening SOP Information Technology Security Incident Response SOP Security Training Programme 	Zero case of data privacy and information security breaches reported for the last three (3) years	Ensure effective detection, assessments, examination and mitigation of cyber threats
 <p>Brand Management</p>	 <p>GRI 418, DJSI-SAM CSA 1.9, 1.12</p>		<ul style="list-style-type: none"> Brand Health Studies AirAsia Brand Style Guide AirAsia Allstar Value Station Guidebook 	100% compliance with the regulation and volunteering codes on product's information and labelling	Produce a trusted brand for stakeholders
 <p>Risk & Crisis Management</p>	 <p>GRI 102, 103, FTSE4Good Risk Management, DJSI-SAM CSA 1.3</p>		Risk Management Framework	Participation in and awareness of global sustainability matters and ensures compliance with regulatory requirements, including managing the potential impact of environmental related matters such as CORSIA	Identify, evaluate and mitigate potential risks and crisis that could affect the company's performance
 <p>Responsible Tourism</p>	 <p>GRI 203</p>		<ul style="list-style-type: none"> First Social Enterprise Hub Destination: GOOD +ME Sustainable Travel campaign 	<ul style="list-style-type: none"> Showcases over 400 socially and ethically produced handcrafts sourced from 30 social enterprise across ASEAN Clickthrough Rate (CTR) rate at 0.4% compared to regular CTR of 0.3% on Baidu 	Bring economic benefits to local communities whilst minimising negative social economic and environmental impact

SUSTAINABILITY STATEMENT (CONT'D)

Customer Relationship Management

AirAsia as a customer-centric business has consistently opted for achieving positive relationships. We believe that customer confidence and trust in us can be built by investing time and adopting an approach to retain existing and attract potential customers. These could include initiatives to increase the understanding of customer requirements and elevating customer satisfaction through online assistance channels and enhanced data protection.

Our Customer Happiness department is responsible for overseeing matters related to customer welfare. To further improve the efficiency of our customer service, the team deploys a Salesforce Sales Cloud, Service Cloud, Marketing Cloud and Community Cloud. This creates faster and more personalised services for customers.

Our efforts in delivering the best experience to customers have won us the following awards and recognition. This is in-line with our commitment in providing “affordable travel and guest-obsessed service”, based on a survey of over 21.6 million passengers of 100 nationalities across 300 airlines between September 2018 and May 2019.

Awards/Recognition	Description
Asia’s Leading Low-Cost Airline & Asia’s Leading Low-Cost Airline Cabin Crew 2019	AirAsia continued its winning streak, taking out top honours at the World Travel Awards Asia and Oceania 2019 for the seventh year in a row
World’s Best Low-Cost Airline at the Skytrax World Airline Awards 2019 & World’s Best Low-Cost Airline Premium Cabin Award	AirAsia won this award for our premium flatbed on widebody long-haul AirAsia X aircraft. This was based on a survey of over 21.6 million passengers of 100 nationalities and over 300 airlines
World’s Best Low-Cost Airline	AirAsia bagged the award for the 11 th consecutive year at the Skytrax World Airline Awards 2019
Top Airline by Absolute Passenger Growth (Southeast Asia)	At Singapore’s Changi Airline Awards 2019, as a result of 4.1% increase in passengers carried to and from Singapore in 2018

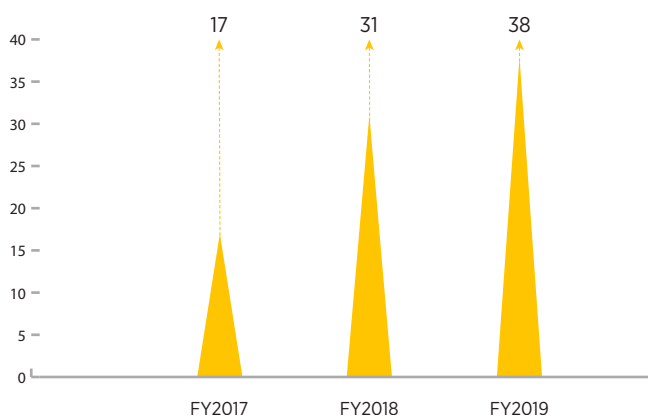
Ensures Affordable Travelling for All

Committed to ensuring that air travel remains affordable for all, AirAsia launched a petition to protest the increase in passenger service charge (“PSC”) for passengers travelling beyond ASEAN from RM 50 to RM 73 per person. The petition collected over 26,000 signatures, indicating that high PSC is an unfair burden on customers. The petition was a success where the Malaysian Minister of Transport agreed to reduce PSC to RM 50 per person, effective 1st October 2019.

Breaches of Customer Privacy




AirAsia Group and AirAsia X were fined RM 200,000 each by the Malaysian Aviation Commission (“MavCom”) for charging banking processing fees separately from the base fares, without informing customers. This occurred from 1st of June 2019 to 9th August 2019 contravening subparagraph 3(2) of the Malaysian Aviation Consumer Protection Code 2016 (“MACPC”), which requires full disclosure of the final price of the airfare. Pertaining to this, the Group take the non-compliance case seriously and have updated our customer privacy protection policy to mitigate any potential breaches in the future.

Net Promote Score (“NPS”)



Feedback from our customers are a prerequisite to evaluating our existing products and services, subsequently enabling us to perform appropriate enhancements to suit customer needs. Customers can provide feedback regarding their experience travelling with AirAsia through our pre-trip and post-trip online surveys. This data is fed into the Net Promoter Score (“NPS”) for analysis, reporting and enhancement purposes.

Over the years, our NPS score has seen continuous improvement. We target to reach 50 points next year by unceasingly providing our customers with the best experience.

 <p>We have customer services such as our Live Chat, Twitter (@AirAsiaSupport), Facebook Messenger, Voicemail Service, WeChat, Online submissions (e-form) to provide fast, personalise assistance for our guests pre and post flight booking which is available 24 hours daily</p>	 <p>Survey email is available 24 hours daily. This is triggered by the closure of the customer case, as a way for us to get immediate feedback from the guest regarding the service they received from our Live Chat and Social Media agents</p>	 <p>AirAsia Sales Offices, AirAsia Travel & Service Centres, AirAsia Counter (Guest services) to assist guest for flight purchase or flight arrival/departure</p>
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AirAsia’s development and launch of the AirAsia Virtual Allstar (“AVA”), a continuous learning AI-powered chat platform, won the Silver award in the Future Travel Experience Asia Awards 2019. AVA speaks and connects with various airline systems as well as interact with customers in multiple languages, handling 25,000 chats at any one time via the AirAsia app, website, Facebook Messenger and WeChat. Our results have been notable with live chat waiting time reduced from 45 minutes to less than three (3) minutes. Social media response time has been brought down to less than 10 minutes, while complaints and mitigated duplicate cases have also been reduced.

Supply Chain Management

AirAsia has a Supplier Code of Conduct (“SCOC”) which all suppliers are expected to follow. There are six (6) principles under the SCOC, covering the following:

- Business Integrity and Conflict of Interest
- Labour Practices
- Confidentiality and Personal Data Protection
- Environmental Health & Safety Management
- Social Responsibility
- Competitive Pricing & Terms

Our suppliers are to be advocates of our ethical and responsible business practices, by communicating and applying the SCOC and relevant policies throughout the value chain. Sustainability topics are considered and have been incorporated into our questionnaires when conducting supplier risk assessments. Supplier performance is monitored and evaluated under our Supplier Performance Evaluation Policy to ensure the quality of goods or services sourced is maintained, cost reduced, and supply risk minimised. AirAsia has also developed a Contract Policy to manage Group procurement.

This reporting year, all airline entities excluding AirAsia India have a total of 3,860 suppliers who are local. Most of our main suppliers are from the engineering sector. Of the total spending on suppliers (excluding fuel, aircraft purchase and lessor), 35.1% are on local suppliers.

Indicators	FY2017	FY2018	FY2019
Number of Local Suppliers excluding Fuel, Aircraft Purchase & Lessor	2,235	4,999	3,860
Percentage (%) of Total Spending on Suppliers who are Local	30.3%	34.1%	35.1%
Total Spending on Local Suppliers (RM)	572,597,786	663,823,177	622,002,369

SUSTAINABILITY STATEMENT (CONT'D)

Efficiency & Reliability

At AirAsia, we ensure that our operations are cost-efficient whilst upholding the highest level of trustworthiness. For this, we have our own aircraft fleet management procedures to improve operational efficiency, reduce costs, ensure compliance with government regulations, enhance load factors (available seating capacity) and lower flight delays. We regularly maintain fleet compliance by ensuring that all aircraft used are capable in delivering better performance using less resources.

On-Time Performance (“OTP”)

Official Airlines Guide (“OAG”) defines OTP as flights that arrive or depart within 15 minutes of their scheduled arrival or departure times. Cancellations are also included within the OTP calculations and are counted as late flights. In 2019, both AirAsia Thailand and AirAsia Indonesia were included in Punctuality League 2020 as the World’s Top 20 most punctual airlines, ranked 10th and 20th respectively with an OTP of over 80%. Group-wide, our OTP improved to 81% compared to last year’s 78%. Our target of 85% was surpassed by TAA, AAJ, and TAX. Putting this into context, AirAsia and our airline affiliates are recognised by this global accreditation programme across the airlines industry as a result of continuous improvement and innovation.

Required Navigation Performance-Authorisation Required (“RNP-AR”)

Using the aircraft’s ability to navigate for the approach and landing on a specific path, instead of ground-based equipment, reducing carbon emissions at 14 airports nationwide. AirAsia was the first in Malaysia to operate RNP-AR and Malaysia has the largest network of RNP-AR procedures in the world (4000+ tonnes of CO₂ emissions saved from 2015).

OptiClimb

Intended to reduce the aircraft’s fuel consumption during the climb phase, which is the most fuel-consuming phase of a flight, OptiClimb uses digital flight data to accurately determine and analyse each aircraft’s aerodynamic characteristics to recommend an ideal climb profile using customised climb speed changes at different altitudes for each flight and aircraft (estimated 55,584 tonnes of CO₂ emissions per year saved).

Cost & Fuel-Efficient Aircraft

With the aim of operating in a sustainable and cost-effective manner, AirAsia has opted for fuel-efficient and capacity enhancement approaches, notably through the introduction of new aircrafts. In November 2019, the Group received our first Airbus 321neo which is more fuel efficient and carries a larger capacity than the Airbus 320neo. With an additional 50 seats compared to A320neo, A321neo is expected to save approximately 10% of fuel. Also, A321neo carries an additional one-hour range, allowing us to tap into new market opportunities in populous routes and slot-constrained markets.

1 Punctuality League is the industry’s most comprehensive ranking of on-time performance (OTP) for the world’s largest airlines and airports, released by OAG, the world’s leading provider of travel data and insight. Source: <https://www.nst.com.my/news/nation/2020/01/553174/garuda-indonesia-most-punctual-airline-world>.

In 2019, AirAsia Group converted 253 of its backlogs of A320neo aircraft into the larger, more efficient A321neo. The Group took delivery of four A321neo aircrafts by December 2019. In August 2019, the Group’s long-haul sister airline - AirAsia X also sealed a deal with Airbus for an additional twelve (12) A330neos (replacing an MOU for 30 additional A330neo announced in 2018) as well as purchasing 30 A321XLR.

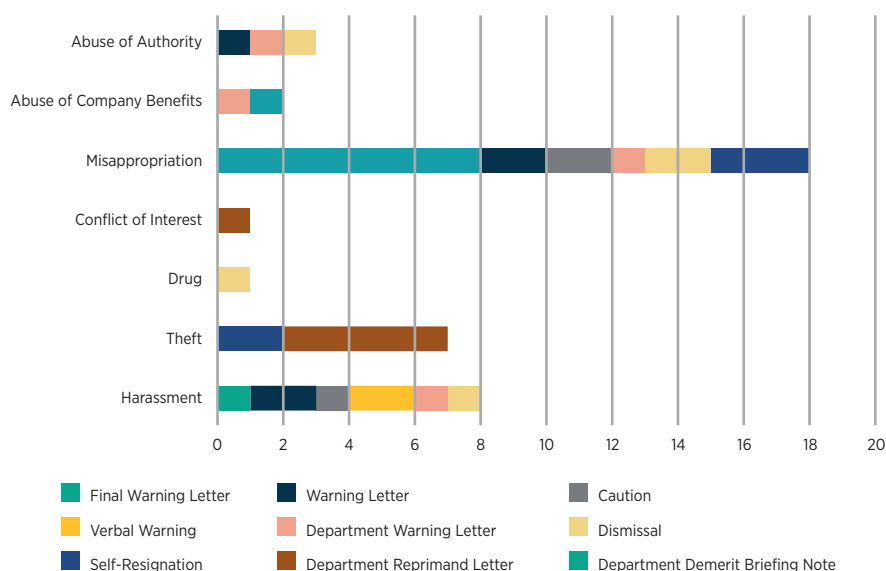


Corporate Governance & Conduct

To uphold our stakeholders' expectations, it is imperative for us to have a structured approach designated for sound governance and management within the Group to meet specific targets. We strive to have our own ethics and anti-corruption practices in place that ensure the adoption of a transparent and fair management culture.

Code of Conduct	AirAsia has a Code of Conduct that sets out the standards and ethics for employees to adhere to, which covers workplace, working culture, conflict of interest, confidentiality of information, good practices and control, duty and declaration <i>Refer to the SORMIC on page 195 for further information</i>
Whistleblowing Policy	AirAsia conducts internal control, fraud and whistleblowing awareness briefings to all new hires through the Regional Orientation Programme held in collaboration with the People & Culture Department. GIAD also shares information and articles regarding whistleblowing and fraud through AAGB's internal sharing platform, Workplace, which is accessible to all employees <i>Refer to the SORMIC on page 195 for further information</i>
Conflict of Interest	AirAsia endeavours to ensure accountability and transparency in the conduct of our business operations as well as our employees by promoting the adoption of good corporate governance practices eliminating possible conflict of interest, where all policies and procedures are clearly communicated to all
Disciplinary Policy	AirAsia has established procedures to handle any breach of established norm/discipline, ensuring impartiality and fairness, to support a fair and non-threatening working environment
Workplace Search Policy	AirAsia Group Security has the right to conduct searches on Allstars in areas where AirAsia operates to prohibit misconducts
Remuneration Policy	Provides clear direction regarding remuneration structures and practices consistent with principles and market practice for both the Board of Directors as well as employees
Board Diversity Policy	AirAsia sets out to diversify our Board of Directors by ensuring a broad dimension of diversity is present to guarantee varying viewpoints. It is also in compliance with the Corporate Governance Blueprint 2011 by the Securities & Exchange Commission ("SEC")

Types & Numbers of Ethical Breaches in FY2019



Our Code of Business Conduct published on our website has in place a Conflict of Interest Policy which provides guidelines and procedures in relation to conflict of interest including the receipt or offering of gifts to enable accountability and transparency. Lastly, any instances of bribery or corruption may be reported by an employee through the procedures set out in our Whistleblowing Policy.

We have established a specific policy regarding anti-corruption and bribery which addresses the new corporate liability pursuant to the amendments to Section 17A of the Malaysian Anti-Corruption Commission Act 2009.

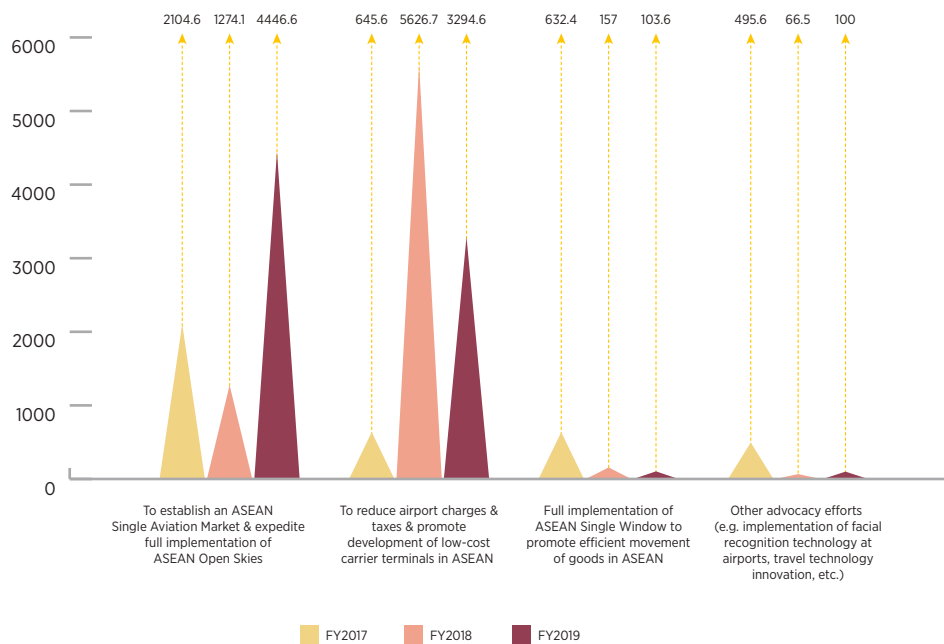
SUSTAINABILITY STATEMENT (CONT'D)

A total of 40 unethical and non-compliant cases were reported. These misconduct incidents include abuse of authority, misappropriation, conflict of interest, theft, harassment, drug and abuse of company benefits. We carried out a thorough investigation for each non-compliance incident before proceeding with the appropriate action.

Since 2018, all new hires are required to attend both online and offline Code of Conduct trainings to minimise possible misconduct and reduce disciplinary cases within the Group. The offline training course has seen an increase in the number of attendees from 520 in FY2018 to 1278 in FY2019. We have integrated a “Do It Right” session into our cabin crew’s initial training syllabus and a joint orientation session with Internal Audit for new hires. In 2019, we have converted the training into an online module to educate Allstars on AirAsia Group’s Code of Conduct where there was a total of 466 attendees. On top of that, we also conduct procurement training once a year.







We adhered to several regional and international policies, as an effort to support the development of the aviation industry particularly for the Association of Southeast Asian Nations (“ASEAN”). For this, we have made monetary contributions over the past years in hopes of driving substantial growth for airlines regardless of political boundaries.

Advocacy Activities



Technology & Innovation

Businesses have thrived through the adoption of new technology and innovation. As highlighted in AirAsia 3.0 initiative, we are moving into an era of digitalisation which encompasses the utilisation of technology to deliver quality products, reduce cost, enhance customer services and opt for new growth opportunities. Adoption of technological systems also helps to drive innovation within the Group and reduce potential environmental impact.

 <p>Artificial Intelligence (AI) - <i>AVA</i></p>	<p>AVA or AirAsia Virtual Allstar is the Group's AI chatbot that supports the sales of ancillary products such as seat selection, baggage allowance, meal add-ons and travel insurance. AVA improves customer experience by providing hands-on experience to passengers seven days per week, with immediate response to queries.</p>
 <p>E-commerce platform - <i>OURSHOP</i></p>	<p>OURSHOP is an e-commerce marketplace connecting travellers and airport retailers, high-street and local retailers from around the world. Our guests can shop and decide to collect their goods either at the airport or onboard.</p>
 <p>Social e-commerce - <i>Teleport/Teleport Social</i></p>	<p>Teleport Social is a one-stop payment and logistics solution for online businesses. It is a platform tailored for C2C (customer-to-customer) business by offering end-to-end logistics delivery along with a one-stop payment solution for anyone selling on social media. By leveraging on our massive network, teleport aims to digitise logistics delivery and simplify the process for all parties.</p>
 <p>Financial services business - <i>BigPay</i></p>	<p>BigPay is the Group's e-wallet and accompanying prepaid card that is accepted anywhere a MasterCard is. The mobile app provides a simple interface for users to spend, send, receive and track money from anywhere in the world.</p>
 <p>In-flight WiFi - <i>AirAsia Wifi</i></p>	<p>AirAsia is the pioneer low cost carrier with in-flight Wi-Fi in the region. Guests are able to log-in for free entertainment during their flight or purchase data plans.</p>
 <p>Enterprise Resource Planning (ERP) Cloud - <i>Oracle</i></p>	<p>Oracle provides a complete, innovative, and secure financial platform for AirAsia and helps simplify, standardise, and automate financial operations across the group. This will free finance teams from operational tasks and help them focus on growing the Group's business.</p>

Our Operations and AirAsia SEA teams collaborate to ensure constant progress. In 2019, three (3) key initiatives were completed that allowed AirAsia to save energy and paper:






- AirAsia Cloud Consolidation: consolidation to the cloud allows the Company to reduce the energy expenditures by consolidating all our services into efficient cloud providers
- AirAsia eBoardingPass ("eBP"): reduces paper consumption in airports
- AirAsia Refunds Processing System: reduces paperwork when processing client claims and refunds

Some initiatives going forward include reducing airport footprint by enhancing mobile check-ins. This will result in the reduction of kiosks, paper and invoices, and encourage the development of robotic process automation to digitalise communications internally with administrative counterparts.

SUSTAINABILITY STATEMENT (CONT'D)

Information Security & Privacy

Technological and digital solutions are an important element for us to drive sustainable business growth. However, fragmented cyberspace threatens the full potential of next-generation technologies and we have become particularly vulnerable to various forms of threats. Thus, proper precautionary action must be taken into consideration. The security of our information and intellectual property are managed by ensuring that relevant policies, guidelines and technology are up to date to effectively detect, assess, monitor and diminish cyber threats as well as ensuring our employees are aware and well-equipped to deal with the matter through relevant training programmes. There were no data privacy and information security breaches reported for the last three (3) years.

 <p>Information Technology Security Policy Manual</p>	<p>This policy serves to create an environment that will help protect AirAsia information resources and users from threats that could compromise privacy, productivity, reputation and intellectual property rights</p>
 <p>Data Governance Policy</p>	<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 management of information under various circumstances • Specifies what procedures should be used to manage different types of data
 <p>User and Vendor Access Management SOP</p>	<p>This procedure establishes security requirements in controlling access to the information systems of AirAsia. It describes the mechanisms used to implement access controls and responsibilities to assure a high level of information security within AirAsia</p>
 <p>Server, Database, Network Hardening SOP</p>	<p>The objective of this document is to establish rules and procedures for hardening servers, database and network equipment. The goal of this hardening procedure is as follows:</p> <ul style="list-style-type: none"> • Ensures a security baseline for all servers, database and network equipment in AirAsia • Minimises server and IT related risks • Complies with regulatory requirements
 <p>Information Technology Security Incident Response SOP</p>	<ul style="list-style-type: none"> • Ensures operations recover quickly from information security incidents, minimising loss of information and disruption of services • Protects AirAsia's reputation and minimise loss of credibility to customers • Provides technical guidelines on responding to incidents effectively and efficiently

Our Group Information Security, Group Information Communication Technology (“ICT”) and Group Security departments oversee the overall management of information security, IT security and system/application security, and physical security respectively. Below are some of our key initiatives we have taken to manage information security and privacy:

- Evaluations of the adequacy of controls for new information systems/applications
- Evaluations of emerging security technologies
- Promotion of security awareness in the organisation through security awareness programmes
- Assurance of the adequacy of security controls by coordinating security reviews such as penetration testing and vulnerability assessments

Key Cyber-Security Training Programmes

Programme	Frequency of Training
Certified Cyber Security Practitioner	One time
IATA Aviation Cyber Security	One time
Information Security Awareness (Mandatory)	Online with biennial refreshers

Brand Management

Our mission is to create a globally recognised ASEAN brand, focused on delivering sustainable value to the areas we operate in. As a people-first brand, we have practices in place to manage strategy in alignment with sustainable considerations. This is translated into numerous initiatives to intensify market presence and establishing good relationships.

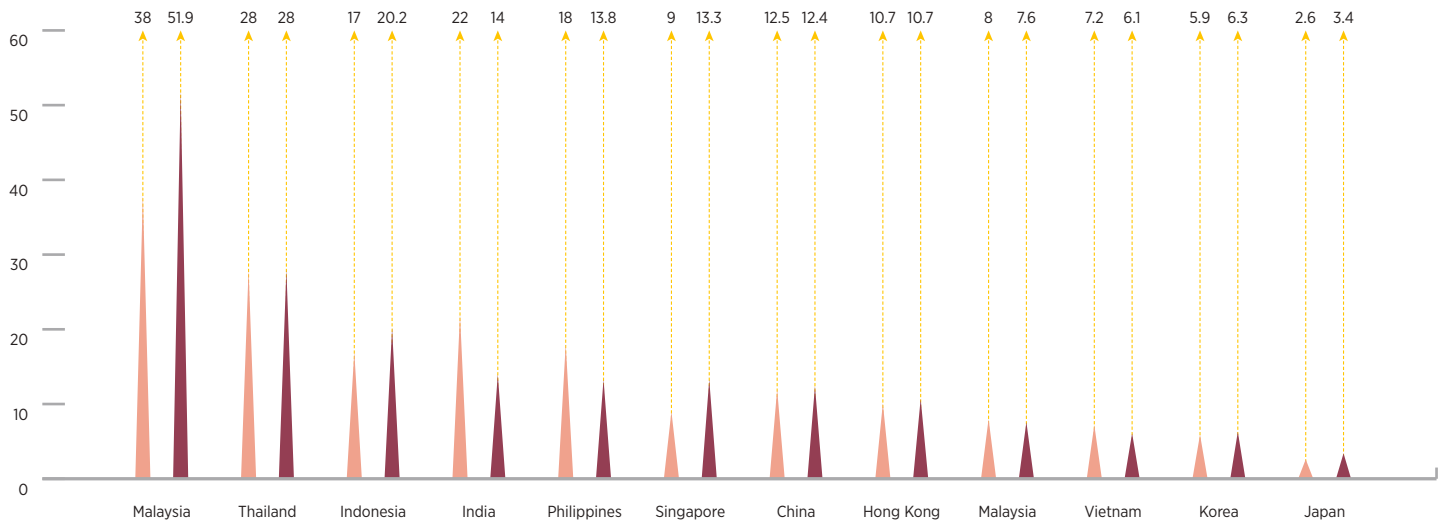
Awards/Recognition	Description
World's Best Low-Cost Airline	Skytrax, 11 years in a row
Malaysia's Best Employer Award 2019	World Federation of Human Resource Professionals
Gold in Transportation, Travel and Tourism Category	Putra Brand Awards for a decade
Asia's Leading Low-Cost Airline	World Travel Awards, 7 years in a row
Asia's Leading Low-Cost Airline Cabin Crew	World Travel Awards, 3 years in a row

We understand that maintaining a positive identity is particularly important for us to produce a trusted brand for our stakeholders. Our Branding, Brand Marketing, Creative, Copy and Photography Departments ensure the dimensions of the brand are always adhered to.

Local Aviation Governance	Internal Guidelines
AirAsia is compliant to local aviation governance by ensuring all information pertaining to flights, fares and conditions of carriage are clearly and accurately communicated to avoid misinterpretation and uphold transparency. Such information includes, but is not limited to, fare display, duration of promo periods, terms and conditions of promotion, instructions and flight related rules as such as check-in luggage limitations indicated on station signage and all other company as well as media touch points.	<p>AirAsia follows internal guidelines that address the dimensions essential for a brand; addressing both internal and external aspects. They include clarity, commitment, responsiveness, protection, authenticity, relevance, understanding, differentiation, presence, and consistency. These guidelines protect the brand's authenticity, guide understanding internally and externally, provide clarity and create consistency in the way the brand is presented to all stakeholders. These guidelines include:</p> <ul style="list-style-type: none"> a) AirAsia Brand Styleguide – a guide on AirAsia's mission and our personality b) AirAsia Allstar Values – an internal 7-value system to guide AirAsia employees ("Allstars") way of working; People First, Dare to Dream, Make It Happen, Safety Always, One AirAsia, Guest-Obsessed and Sustainability Spirit c) Station Guidebook – an airport visual and communication system in ensuring clarity in helping customers and consumers understand AirAsia's processes and procedures in the airport
<p>Local Advertising Governance</p> <p>AirAsia is compliant to local advertising rules by ensuring all information communicated to flyers and stakeholders are accurate and true. All claims regarding AirAsia including awards, size of fleet, number of destinations and countries flown to, talent and music rights and usage in brand campaigns etc. are fact checked, cross checked for validity and supported by proof at the time of publication. Additional proof and documentation are often submitted when further justifications are required.</p>	

SUSTAINABILITY STATEMENT (CONT'D)

Brand Power Performance Results



Brand Health studies are carried out annually covering brand funnels, imagery and brand power score through research agency, Kantar. Brand power is the total indicator of brand strength and is often looked at together with brand funnel and imagery drivers. During the year under review, all our product information and labelling have complied with the relevant regulations and voluntary codes.

Sustainability metrics are part of the brand strategy development process. Social inclusivity, safety and service without discrimination are imageries tracked under Kantar’s Brand Health Studies for brand strategy development.

Specifically, metrics aligned with sustainability include Price; offers best fares and is good value for money, Operations and Convenience; high standards of safety and no delays, Emotional Connect; treats people well, and Reputation; as recognised with awards received in the airline industry. As seen in the chart below, changes in numbers are dependent on larger macro situations such as market saturation and competition (growing or waning), as well as our brand and marketing initiatives.

Key Initiatives	
<p>Southeast Asia is home to diverse flora and fauna and boasts a myriad of beautiful beaches, jungles and natural landscapes. With the proliferation of travel into the region, AirAsia is taking an active stance in also promoting awareness of responsible tourism to help preserve the longevity of the region’s environmental and social heritage.</p> <p>+ME is a China based campaign to highlight responsible tourism. It features an environmentalist as its key spokesperson to create awareness on the need to travel responsibly. It urges consumers, flyers and travellers alike to take a pledge and do their part for the environment.</p>	<p>In 2019, AirAsia India appointed Wunderman Thompson South Asia to oversee AirAsia India’s brand strategy and communication matters by considering the brand’s strong and sustainable positioning across the geographical regions.</p> <p>RedBeat Ventures is a subsidiary of AirAsia Group that leads the Group’s non-airline business such as BigPay, BIGLIFE, Teleport and Santan. Under RedBeat Ventures, the latest diversification saw the Group’s embarkment on the music industry with the inauguration of its record label-RedRecords. In the next five years, all the non-airline businesses are targeted to contribute circa 50% to the Group’s revenue, substantially growing its presence around the region.</p>

Risk & Crisis Management

The Group has our own risk management framework to identify, evaluate and mitigate potential risks and crisis that can impact the Company's performance. Our aim is to eventually address EES issues when conducting our risk assessments.

Sustainability-related risks within the Group are mitigated through the establishment of a Sustainability Working Group Committee to provide the overall direction of sustainability strategies. Our SWGC promotes proactive participation in and awareness of global sustainability matters and ensures compliance with regulatory requirements, including managing the potential impact of environmental related matters such as the Carbon Offsetting & Reduction Scheme for International Aviation ("CORSIA").

For more information, please refer to the SORMIC on page 195.

Responsible Tourism

As a major driver for tourism, AirAsia endeavours to promote tourism that brings economic benefits to local surrounding communities whilst minimising potential negative social, economic and environmental impacts.

Responsible Tourism

We support sustainable tourism by initiating guest education programme called +ME, rolling out carbon reduction and waste management policies, and implementing the collection and separation of recyclable items on flights.







Sustainable Community-Based Tourism Programme

AirAsia Journey D programme held regular discussion with the local leaders regarding the local tourism offerings and social enterprise initiatives. On top of that, AirAsia Foundation kick-started the first social enterprise hub- Destination: GOOD which showcases over 400 socially and ethically produced handicrafts sourced from 30 social enterprises across ASEAN. Operating permanently at REXKL, the social enterprise hub will continuously seek to promote sustainable travel and lifestyle solutions to the public, whilst improving the status of local communities.

For more information on Responsible Tourism initiatives, please refer to the Social Section: Corporate Citizenship & Philanthropy on page 169.

SUSTAINABILITY STATEMENT (CONT'D)

ENVIRONMENTAL

MATERIAL MATTERS	SUSTAINABILITY INDICATORS	LINK TO MANIFESTO	KEY INITIATIVES	KEY OUTCOMES	VALUE CREATED
 <p>Climate-related Risk Management</p>	 <p>GRI 302, GRI 305, FTSE4Good Climate Change, DJSI-SAM CSA 2.1, 2.2, 2.3, 2.4</p>	 <p>CULTURE</p>	<ul style="list-style-type: none"> Fuel efficient aircraft Lowering emissions via aircraft green operating procedures Carbon Offsets (CORSIA) Business Continuity Plan 	<ul style="list-style-type: none"> Lower CO2 emissions Positive brand positioning – taking a proactive stand towards the fight against climate change 	Mitigate associating risks arising from the impact of climate change
 <p>Operational Eco-efficiency</p>	 <p>GRI 301, GRI 303, GRI 306, GRI 307, FTSE4Good Pollution & Resources, Water Security, DJSI-SAM CSA 2.1, 2.2, 2.3</p>	 <p>CARBON ENERGY WASTE WATER</p>	<ul style="list-style-type: none"> Aircraft weight reduction Maintaining a young, and efficient fleet Lowering emissions via aircraft green operating procedures Carbon Offsets (CORSIA) Energy audit and energy reduction initiatives Cabin onboard recycling Reduction of Single-use Plastics in offices and operations Old uniform upcycling Water reduction initiatives Phase out single-use plastics waste in AirAsia offices and operations Phase out single-use plastics waste onboard AirAsia flights 	<ul style="list-style-type: none"> 18.8% decrease in carbon intensity ratio from flight operations Increased recycling of collected recyclable waste from cabins by 399.0% due to larger programme coverage 26,000 pieces of plastic straws are estimated to be avoided daily on all AirAsia premises 77,000 pieces of plastic bags into compostable bags at RedQ by food caterer 25,442 kg of plastic waste recycled from the On-Board Cabin Waste Recycling programme Office Recycling programme recycled 30,130 kg of waste, 70.1% increase in volume 80 kg of e-waste collected from RedQ 	Reduction of environmental impacts from AirAsia operations

Below is a list of AirAsia's Global Headquarters and respective locations:

Name of Headquarters	Entity
RedQ	AirAsia Malaysia
RedNest	AirAsia Thailand
RedHouse	AirAsia Indonesia
RedPoint	AirAsia Philippines
RedFort	AirAsia India
RedBase	AirAsia Japan

Climate-related Risk Management

As published in the Global Risks Report 2020 by the World Economic Forum, climate change has become a critical risk that is striking harder and more rapidly than expected. We recognise the occurrence of climate change, the associating adverse impacts to our operations and that the challenges before us demand immediate collective action. Hence, we take climate change into consideration when developing our business strategy and sustainability manifesto to possibly minimise any related risks.

Commercial airlines are responsible for 2.5% of the total global emissions and this value is expected to triple over the coming twenty (20) years. As a responsible organisation, AirAsia understands the pressing and urgent need to address this global challenge. One of the ways in which we are doing this is to introduce sustainable aviation jet fuel-powered flights to replace conventional kerosene jet fuels. Our vision is made possible with technical support from Airbus SE and Aerospace Malaysia Innovation Center ("AMIC") in carrying out research and developments ("R&D") on sustainable aviation jet fuel. While this was just initiated in 2019, a demonstrator flight is also currently in the pipeline.

Apart from sustainable aviation jet fuel, we are taking other significant steps to reduce our emissions. We view them as separate goals with the same aim in reducing emissions.

SUSTAINABILITY STATEMENT (CONT'D)

ENVIRONMENTAL



IMPROVE FUEL EFFICIENCY

To improve fuel efficiency, we undertook fleet upgrades and reduced aircraft weight. We have made an improvement of 11.1% since 2009, surpassing IATA's recommendation of 7-8%

Carbon Neutral Growth

We ensure compliance to Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), offer voluntary offsetting options for non-CORSIA flights

Reduce net aviation CO₂ emissions by 50%, relative to 2005 levels

We invest in R&D for Sustainable Aviation Jet Fuel. We also continued other ongoing fuel saving initiatives



Modern Young Fleet

- Fully compliant with ICAO Emission Standards;
- Average age of 6.1 years for A320 series, compared to global average of 11.3 years
- Average fuel burn per flight: 6,157 litres of fuel, equivalent to 15 tonnes of CO₂ Emissions



'Sharklet' Wingtips

- First airline to operate the Airbus A320 with Sharklet wingtips reducing carbon emissions caused by wing tip drag
- 46.0% of AirAsia's A320 fleet is equipped with Sharklets. All new aircraft will have this feature
- Savings per flight: 185 litres of fuel, equivalent to 464 kg of CO₂



Airbus A320neo CFM

- First airline in South East Asia to operate the A320neo CFM aircraft
- Savings per flight of 666 litres of fuel, equivalent to 1,652 kgs of CO₂



Weight Savings Initiatives

- Mirus Hawk slimline seats offer lighter designs to reduce fuel consumption by more than 70,000 litres and lower CO₂ emissions by 200 tonnes per aircraft per year
- Electronic Flight Bag initiatives remove 32 kg of cockpit manuals with a 2 kg tablet, reducing 2 litres of fuel consumption equivalent to 6 kg of CO₂ emissions
- Potable Water Reduction: 12 kg of CO₂ saved per flight and Discretionary



28 Fuel Savings Initiatives

- 11.1% better fuel performance, and for every kg of fuel saved, 3.16kg of CO₂ emissions is avoided
- Single Engine Taxi Departure provides 3.6kg/ mins fuel savings
- Packs-off Take off allow 2.2kg fuel savings per take-off
- Reduce Flap Landing allows 9.4kg of fuel savings per landing, equal to 29.7kg of CO₂ emissions
- Idle Reverse Landing and Single Engine Taxi on arrival each provides 25.8kg of fuel savings per landing



Airbus A321neo CFM

- First A321neo operator in Malaysia
- First of 353 A321neos on order by the AirAsia Group which will eventually replace the existing fleet of A320 and A320neo aircraft throughout the network covering Malaysia, Thailand, Indonesia, the Philippines, India and Japan
- With 236 seats – a 27.0% increase in capacity compared to AirAsia's present fleet of A320 (180 seats) and A320neo (186 seats) – the A321neo will enable AirAsia to serve strong ongoing demand across the network with significant operational efficiencies and open up opportunities to explore new destinations, with more than 10% fuel savings



Compliance to CORSIA

- 7 out of 8 Air Operators Certificate (AOC) to comply to CORSIA since pilot phase (beginning 1st of Jan 2019)
- AirAsia Group completed its first year of Monitoring, Reporting & Verification cycle in 2019
- Introduction of Carbon Dashboard – In-house tool to monitor fuel burnt and computes CO₂ emissions from each flight



Voluntary Carbon Offsetting Option

- AirAsia Group is also preparing a framework on our carbon offsetting strategy in compliance with CORSIA requirements
- Under this framework, the group is also exploring the possibility to offer voluntary carbon offset for non-CORSIA flights (domestic and international non-CORSIA flights)



Sustainable Aviation Fuel (SAF)

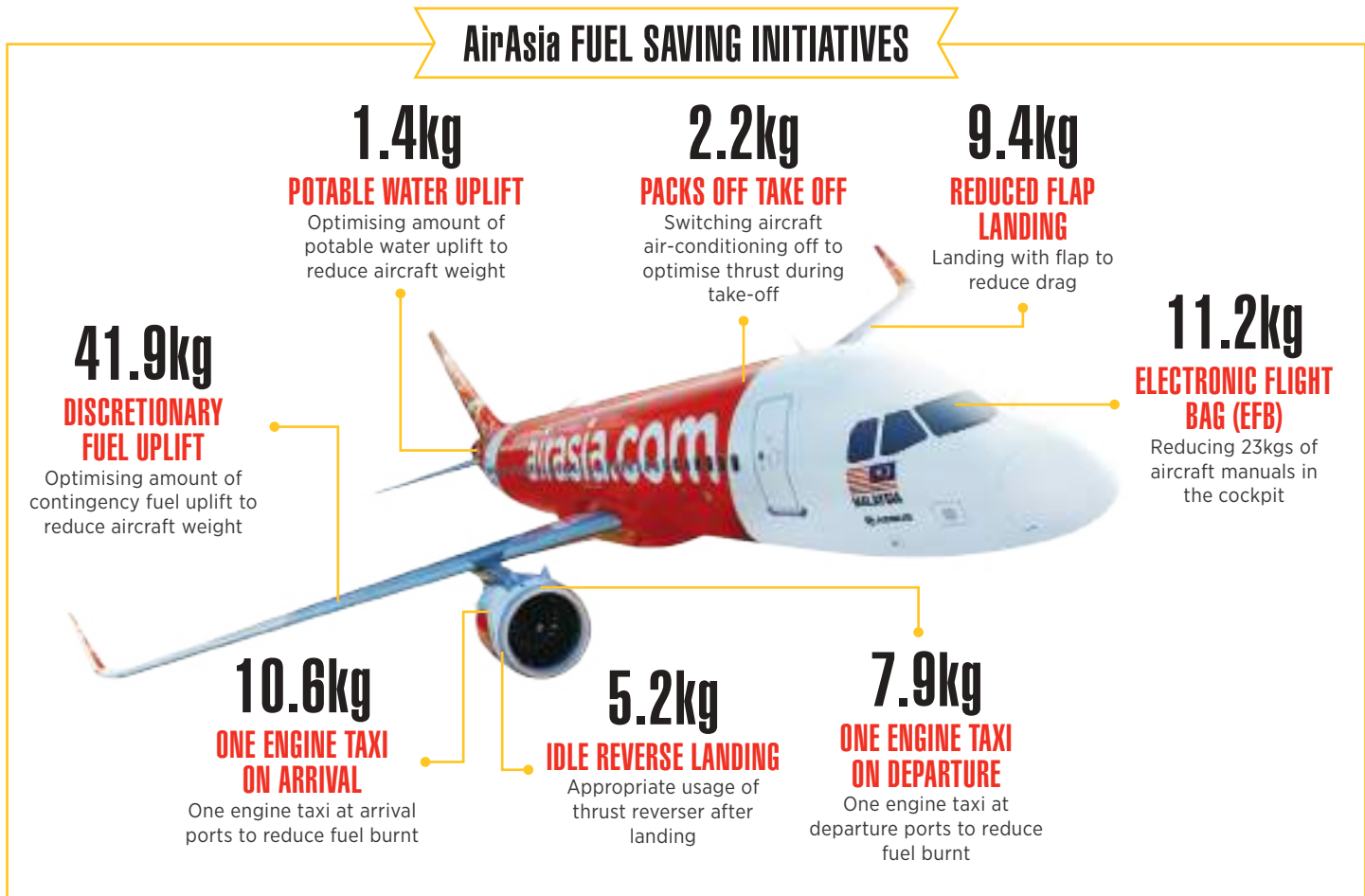
- In 2019, AirAsia has initiated the conversation on SAF with relevant Malaysian stakeholders including the different ministries and agencies. Airbus, Aerospace Malaysia Innovation Center ("AMIC"), petroleum company and other Malaysian aircraft operators
- The formation of a national task force committee that addresses the deployment of SAF is currently in the pipeline
- The use of SAF has been shown to provide significant reductions in overall CO₂ lifecycle emissions compared to fossil fuels, of up to 80%



Collaboration & Exploration

- Early collaboration & exploration with third-party on future aircraft concepts, focusing on zero emissions aircraft

MORE THAN JUST AN AIRLINE >



Note: This indicates the average amount of fuel saved (kg) per flight.

Operational Eco-efficiency

We strive to maintain optimum operational efficiency by consistently monitoring our environmental impacts. Our Group Environmental Policy Statement and Environment Management System (“EMS”) ensure efficient usage of resources without degrading the quality of our services and safeguard the Group against environmental non-compliance incidents. The EMS also aids the Company in the areas of:

- environmental policy establishment
- environmental management document formulation
- environmental assessment
- environmental objective setting
- education and training
- environmental performance assessment
- internal auditing
- environmental management review

For more information on AirAsia’s Group Environmental Policy Statement, please refer to our corporate website.

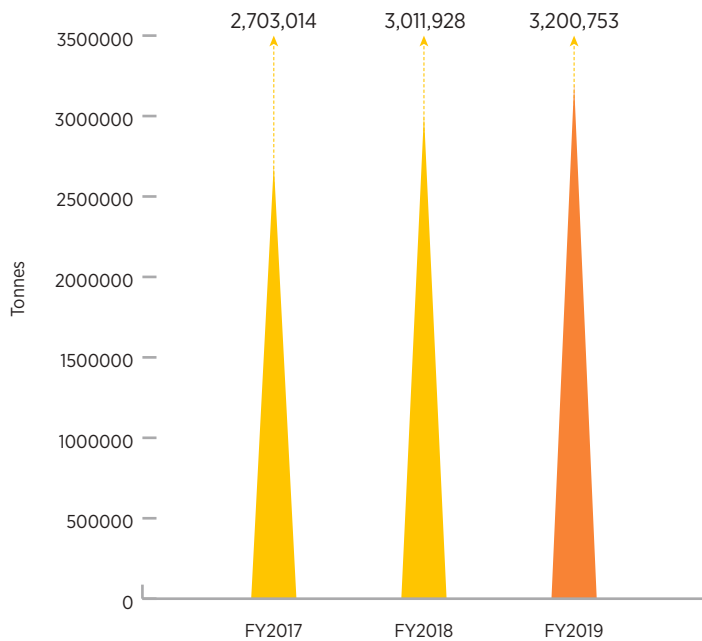
SUSTAINABILITY STATEMENT (CONT'D)

CARBON MONITORING

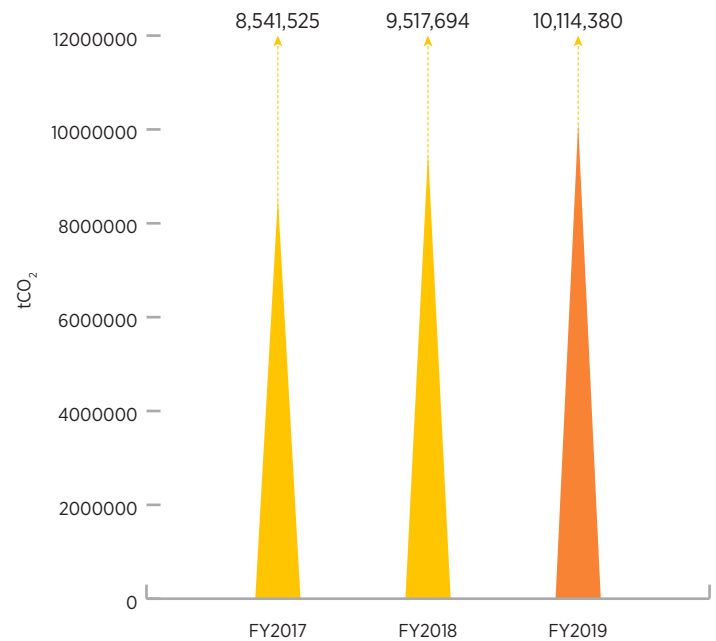


ENVIRONMENTAL

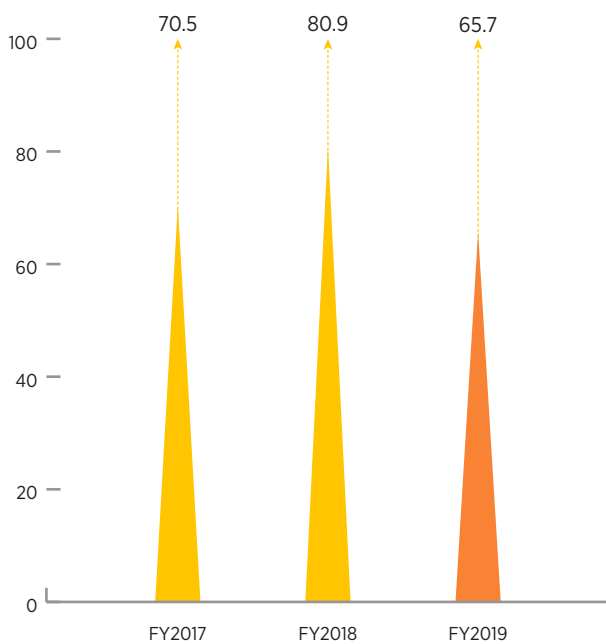
Fuel Consumption



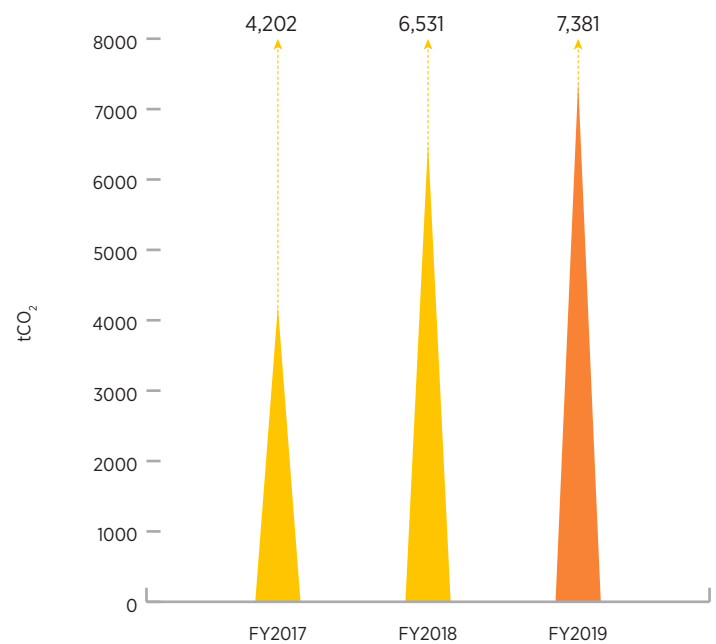
Scope 1 Carbon Emissions (Operations)



Scope 1 Carbon Intensity Ratio (Operations)



Scope 2 Carbon Emissions (Buildings)



Note:

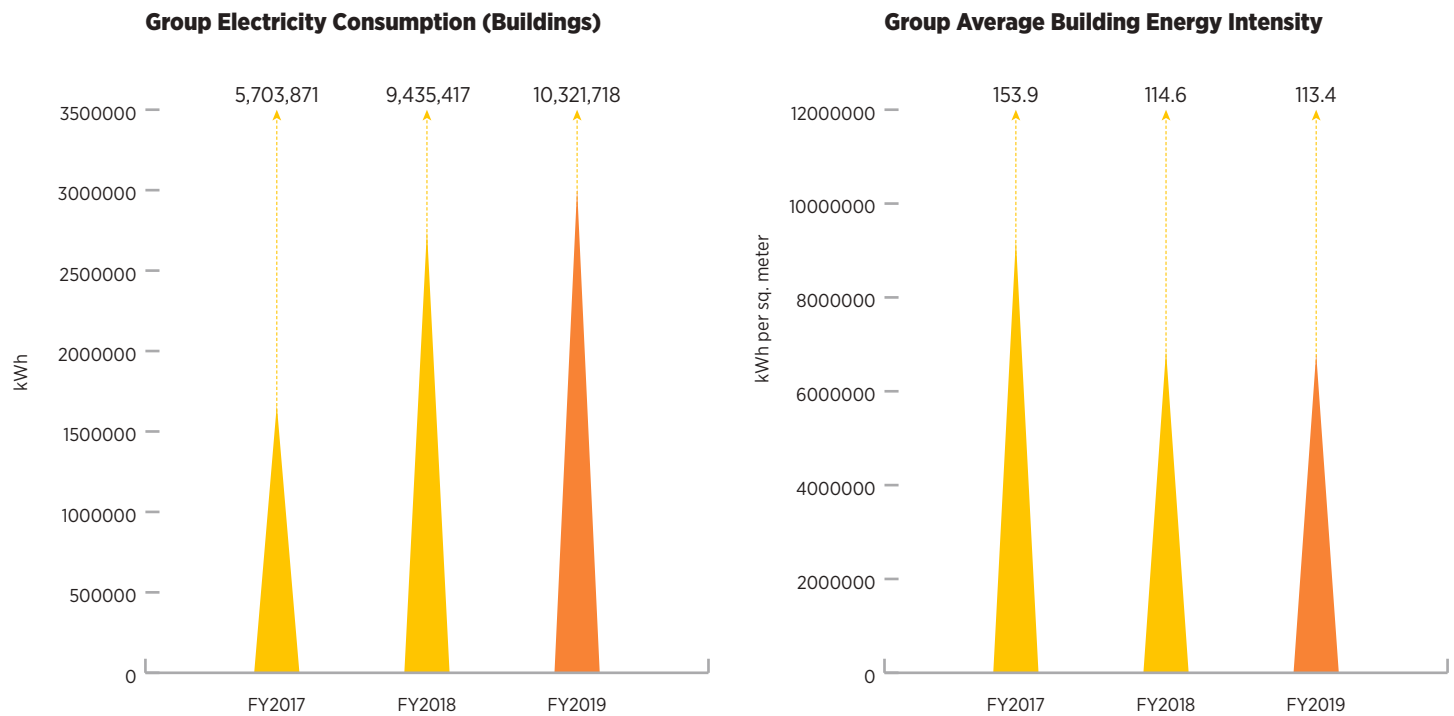
1. RedBase only began in 2019 and thus excluded in our calculations for Scope 1 and 2.
2. Scope 1 carbon emissions includes all entities in our reporting scope.
3. Scope 1 carbon intensity ratio excludes 2019 data from Indonesia AirAsia X.

MORE THAN JUST AN AIRLINE

For all entities, carbon emissions in 2019 is 6.3% higher compared to 2018. We note that this is primarily due to the 8.6% increase of total flights operated since 2018. As mandated by ICAO and State Aviation Authorities, AirAsia monitors, reports and verifies emissions from flight operations, and subsequently strives to offset our emissions and achieve Carbon Neutral Growth from 2020 onwards (“CNG2020”). This is in accordance with the Carbon Offsetting & Reduction Scheme for International Aviation (“CORSIA”) Emissions Monitoring Plan.

The carbon intensity in our operations have decreased by 18.8% due to the improved load factor in 2019 and exclusion of Indonesia AirAsia X (“IAX”) emissions after it ceased its scheduled commercial flights and only operates a limited number of non-scheduled commercial flights in 2019. Scope 2 has increased by 13.0% due to an increase in electricity consumption which in turn increased our Building Energy Intensity in 2019.

ELECTRICITY CONSUMPTION



1. RedBase (AirAsia Japan HQ) started to report on electricity consumption in 2019.
2. RedPoint (AirAsia Philippines HQ), RedNest (AirAsia Thailand HQ) and RedFort (AirAsia India HQ) started reporting electricity consumption in 2018.

SUSTAINABILITY STATEMENT (CONT'D)

The Group electricity consumption in 2019 increased by 9.4%. The increase in consumption is primarily due to the 9.2% increase in the number of employees at our Group operations. To improve employees' welfare, we constantly enhance our facilities in the office. Additional facilities such as a rooftop restaurant is one of the contributors to the increase in consumption as well. RedNest, RedHouse and RedPoint began monitoring its electricity consumption in 2018. Our annual target set in 2019 is a 10% reduction from the previous year. The list below are a few initiatives carried out by our entities:

AirAsia Malaysia (MAA)	<ul style="list-style-type: none"> Introduced Planned Preventive Maintenance (PPM) to proactively ensure efficiency of AHU Improved zoning circuit distribution to reduce the usage of light Introduce hot desk seating and reshuffle seating arrangement to improve electricity efficiency
AirAsia Philippines (PAA)	<ul style="list-style-type: none"> Installed energy-efficient Variable Speed Drives for the AHU system Replaced all lighting for the office with LED-type bulbs
AirAsia Thailand (TAA)	<ul style="list-style-type: none"> Installed an electricity meter to closely monitor electricity consumption Replaced all lighting for the office with LED-type bulbs
AirAsia Indonesia (IAA)	<ul style="list-style-type: none"> Lights and air-conditioning are switched off during lunch time (12pm to 1pm) Installed an electricity meter to closely monitor consumption Replaced all lighting for the office with LED-type bulbs
AirAsia Japan (AAJ)	<ul style="list-style-type: none"> Limit the lowest temperature of the air-conditioning during summer to 26°C

Waste generated from our buildings and operations are separated into hazardous (scheduled) and non-hazardous waste. Some examples of hazardous waste from our operations are spent lead acid batteries, electric and electronic assemblies, mercury or its components, fluorescent lamps, spent oils, contaminated soil/absorbent, containers, gloves, rags and filters. We ensure the handling of these wastes are fully compliant to the Environmental Quality Act 1974 Environmental Quality (Scheduled Wastes) Regulations 2005.

In 2019, a total of 31,907 litres of liquid and 41.5 tonnes of solid schedule waste were treated from our Malaysian operations alone. To handle this, five (5) Allstars from different hubs (one for each hub) were also selected to be trained and certified under Certified Environmental Professional in Scheduled Waste Management ("CePSWAM"). Scheduled Waste storage was also prepared in each hub and in compliance with the regulation set by the Malaysian Department of Environment ("DoE"). This had also led to zero observation and safety findings from DoE for all hubs.

Non-Hazardous Waste in RedQ	FY2019
Total amount of non-hazardous waste disposed (tonnes)	347,650
Percentage of non-hazardous waste disposed that is recycled by waste contractors	7.6%

Note: Data monitoring only began in March 2019, hence the data only ranges between March to December 2019.

Currently only 7.6% of our non-hazardous waste that is disposed is recycled by waste contractors. We seek to increase this value over the coming years.

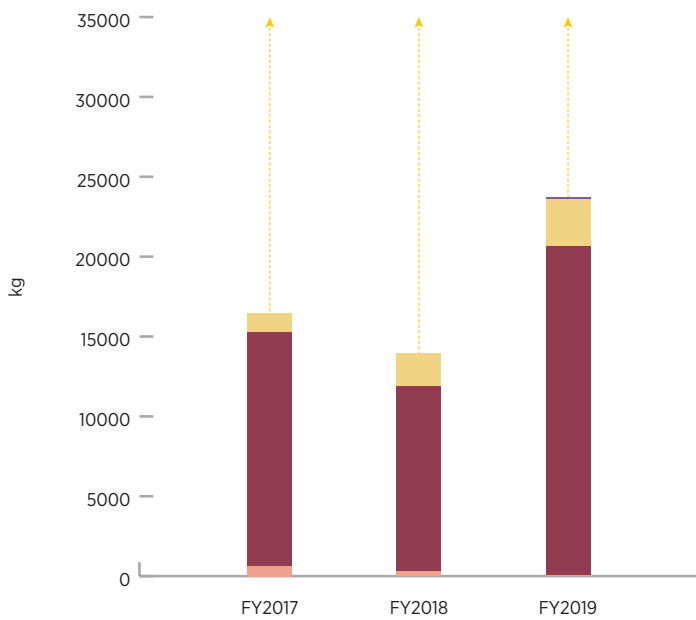
To ensure that our recycled waste is recycled responsibly, we engaged external recycling contractors to recycle recyclable waste collected on-board. Recyclable waste onboard in KUL, JHB, PEN, BKI, and KCH, MNL, CGK and DPS are segregated through our Onboard Cabin Waste Recycling Programme and are then sent for recycling. All general waste from our flights are disposed of by the local airport authority, but no waste report is generated for our reference. We are proud to report that we have increased recycling of collected recyclable waste from cabins by 399.0%. We undertook this process in Indonesia and Philippines this year and our operations in Thailand are expected to begin onboard waste recycling in 2020.





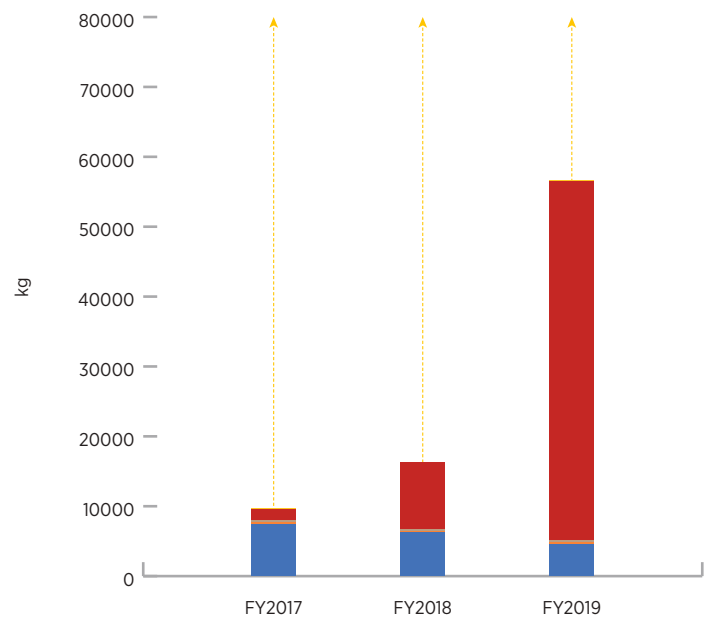
This year, a total of 30,130 kg of waste was recycled in RedQ – a 70.1% increase compared to 2018. The average recycling rate in RedQ is 7.6%. The increase in volume of paper recycling is mainly due to the clearing of archived documents. The year-on-year reduction in volume of plastic recycling every year was due to our No Plastic Campaign in the office that gradually phased out the use of plastic material in the office. RedHouse has recycled a total of 1,072 kg since the inception of the initiative at the end of 2018.

Recycled Waste by Building - RedQ



	FY2017	FY2018	FY2019
e-Waste			80
Metal	1,524	2,675	3,931
Paper	18,482	14,524	25,991
Plastic	745	467	128

Recycled Cabin Waste - Malaysia



	FY2017	FY2018	FY2019
Metal	21	9	43
Paper	2,233	13,111	72,027
Glass	0	301	306
Alum/Cans	542	512	691
Plastic	11,034	9,174	6,726

Recycled Waste by Building - RedHouse		
Entities	Type of Recyclables	Recyclable Waste (kg)
		FY2019
RedHouse (Indonesia)	Plastic	79
	Paper	993
	Total	1,072

SUSTAINABILITY STATEMENT (CONT'D)



Recycled Cabin Waste by Country			
Entities	Type of Recyclables	Recyclable Waste (kg)	
		FY2018	FY2019
Indonesia	Plastic	N/A	7,452
	Alum/Cans	N/A	1,342
	Glass	N/A	2,286
	Paper	N/A	2,037
	Metal	N/A	92
	Total	N/A	13,209
Philippines	Plastic	860	13,964
	Alum/Cans	665	5,728
	Paper	0	2,332
	Others	N/A	9,669
	Total	1,525	31,693



Recycling Programmes

REDQ e-waste programme since 2017: A licensed collector was engaged to gather and dispose e-waste properly without causing potential pollution to the environment. Internally information about e-waste is also shared on Workplace (our internal network) to improve Allstars' awareness on recycling.

In FY2019, **80kg** of e-waste were collected from RedQ in Malaysia. We also began monitoring total landfill waste in March 2019.

REDHOUSE recycling since 2018: Recycling bins are made available at strategic locations within our premises for Allstars to dispose paper, metal and glass waste.

WATER

We recognise the impact of water consumption and the importance of conserving water. In RedQ, all sanitary fittings in the toilets are fitted with water saving features, such as auto shut water tab and flushing system with variable water pressure control. Proactive maintenance was also scheduled based on the usage analysis and defect trend. Water consumption in RedQ in 2019 increased by 21.9% which is primarily due to the 3.5% increase in the number of employees in Malaysia operations and additional facilities such as a rooftop restaurant. The water consumption in RedBase decreased 38.7% because the employees moved to a new office.

Entities	Water Consumption (m3)		
	FY2017	FY2018	FY2019
RedQ	50,961	52,595	64,133
RedNest	NA	NA	15,511
RedHouse	5,793	5,449	5,401
RedPoint	2,330	2,146	1,316
Total	59,084	60,190	86,361

Note: Data excludes India AirAsia and AirAsia Japan as water is included in the building management utility fee, hence the usage is uncollectible.










Entities	Water Consumption (m3)		
	FY2017	FY2018	FY2019
RedQ	0.28	0.29	0.35
RedNest	N/A	N/A	0.68
RedHouse	0.52	0.49	0.48
RedPoint	0.85	0.72	0.44
Average	0.55	0.50	0.49





Note: The ratio of office water consumption per year to gross floor area was calculated to obtain water efficiency. Benchmark used was Waterwise UK of 0.4m³/m²/year.



SUSTAINABILITY STATEMENT (CONT'D)




SOCIAL

MATERIAL MATTERS	SUSTAINABILITY INDICATORS	LINK TO MANIFESTO	KEY INITIATIVES	KEY OUTCOMES	VALUE CREATED
 <p>Human Rights</p>	 <p>GRI 405, GRI 406, GRI 408, GRI 409, GRI 412, FTSE4Good Human Rights & Community, Labour Standards, DJSI SAM CSA 3.3</p>		<ul style="list-style-type: none"> Code of Conduct Sexual Harassment Policy Train-the-Trainers programmes for Anti-Human Trafficking 	<ul style="list-style-type: none"> Prevention of incidents in relation to child labour, forced labour and sexual harassment A total of 172 Allstars completed the programme 	Uphold ethical business through inequality mitigation
 <p>Health & Safety</p>	 <p>GRI 403, FTSE4Good Health & Safety, DJSI SAM CSA 3.7</p>		<ul style="list-style-type: none"> Occupational Safety and Health Training Programme Safety Management System (“SMS”) International Air Transport (“IATA”) Operational Safety Audit (“IOSA”) Regional Food and Retails Quality Assurance (“QA”) 	<ul style="list-style-type: none"> Enhanced digital processes with the use of Google Cloud Platform Philippines and Thai AirAsia X operations were registered under IOSA in 2019 Maintain ISO 22000 certification for Malaysia’s AirAsia inflight operation Good Manufacturing Practice (“GMP”) certification for AirAsia Thailand Less than 3.0cpm Food Safety Complaint 	Align, achieve and maintain highest standard/quality in Food Safety and Health & Safety of the stakeholders
 <p>Human Capital Development</p>	 <p>GRI 404, DJSI SAM CSA 3.4</p>		<ul style="list-style-type: none"> Internal classroom training Technical training Scholarship Succession Planning 	<ul style="list-style-type: none"> Conducted 118 sessions, attended by 2,248 Allstars Total training hours was 944 hours A total of 201 types of technical training, total cost up to RM 4.8 million RM 1.1 million contributed to MBA programme 	Enhance growth opportunities of the Group by developing Allstars’ profession

MATERIAL MATTERS	SUSTAINABILITY INDICATORS	LINK TO MANIFESTO	KEY INITIATIVES	KEY OUTCOMES	VALUE CREATED
 <p>Attractive & Inclusive Workplace</p>	 <p>GRI 401, GRI 405, GRI 406, GRI 412, FTSE4Good Labour Standards, DJSI-SAM CSA 3.2</p>	 <p>CULTURE</p>  <p>GOVERNANCE</p>	<ul style="list-style-type: none"> • Friendly Design Universal Accessibility Network (collaborate with UNDP) • Performance-based appraisal system • Employee benefits and performance appraisal • Dare to Dream grant • Red Heart Fund • University Talent Outreach Programme (“GUTOP”) • “Know the Signs” campaign 	<ul style="list-style-type: none"> • Over 64 disabled people were hired • RM68,347 total mean annual compensation • Employee engagement matrix= 86% • 9.8% decrease in employee’s turnover rate • USD30,000 or 32 grants were awarded to the families of employees from 4 countries • USD4,000 was raised • 12 students shared two months of experience with AirAsia • A total of 1,515 Allstars have been trained in handling cases of trafficking in persons on-board and on-ground 	<ul style="list-style-type: none"> • Ensure fair employment practices in compliance with regulatory requirements • Enhance Allstar’s performance and efficiency

SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL

MATERIAL MATTERS	SUSTAINABILITY INDICATORS	LINK TO MANIFESTO	KEY INITIATIVES	KEY OUTCOMES	VALUE CREATED
 <p>Corporate Citizenship & Philanthropy</p>	 <p>GRI 203, GRI 413, FTSE4Good Human Rights & Community, DJSI SAM CSA 3.6</p>	 <p>CULTURE</p>	<ul style="list-style-type: none"> • AirAsia Foundation • Donations for post-disaster initiatives • Hammock Amok • Reef and Beach Clean Up • Journey for Development • Destination: GOOD Upcycling projects • Save Our Malayan Tiger Livery 	<ul style="list-style-type: none"> • Support 28 social enterprises in Cambodia, Indonesia, Malaysia, Myanmar, the Philippines, Thailand and Vietnam • Benefiting 2,853 individuals • USD9,705 invested to Think Playgrounds • USD12,000 invested to Langit Collective • Medical health & psychosocial support for 5,000 flood victims • 4,100 Allstar's volunteering hours, created 577 hammocks to enhance welfare of captive animals • 40kg ghost nests removed and 151kg of rubbish collected from beach clean up • The development helped communities to earn an extra income of RM1,405,660 • Diverted 900 lifejackets, 215 leather seat covers, 170 eye mask and neck pillow comfort kits, 158 defective blankets, 100 aircraft seat belts, and more than 250 defective AirAsia merchandise from landfill • RM760k invested to support the government's Save Our Malayan Tiger Campaign 	<p>Create positive impacts for the society in which we operate in, driving social sustainability</p>



Human Rights

To ensure we operate as an ethical and responsible airline, the Group strongly opposes all forms of discrimination and practices which condone inequality. There are human rights considerations in developing our business strategy. This includes initiatives to prevent incidents of child labour, forced labour and sexual harassment. The Group has several measures in place to address human rights related risks, which includes our Code of Conduct and Sexual Harassment Policy. The latter warrants that no employee, regardless of gender, status and stature, is to be subjected to any form of harassment within the company.

As clearly stated in our employment letter, the Group does not tolerate any form of racism and discrimination. Our whistle-blowing channel acts as a grievance mechanism to address any issues raised. These are then captured by our People & Culture Department who will tend to the reported violation and conduct a thorough investigation and due process prior to concluding the matter. All issues are documented, and any misconduct will be subjected to disciplinary action, including dismissal.

The Group regularly circulates information and awareness regarding human rights to Management team and all our employees. We are committed to ensuring equality of opportunities, hence no Allstars will be excluded on the grounds of marital status, family, religious belief, disability, age, racial grounds, sexual orientation, or memberships.

As the industry aims to connect people through the freedom of travel, this unfortunately can be exploited by criminals for the illegal trafficking of men, women and children. Human trafficking is the fastest growing and second largest criminal industry in the world. Although the responsibility for identifying, apprehending and prosecuting those perpetrating human trafficking rests with governments and national law enforcement agencies, we play an important role in helping to prevent this crime. During the reporting year, there were two (2) cases of human trafficking aboard our flights from China and India. Our trained cabin crew handled the matter responsibly and according to relevant protocols. The passengers were handed over to the Royal Malaysia Police for their further action.



Health & Safety

Given the rise of virus incidences, we recognise that 2020 will be a challenge for us and place a huge impact on our operations. With this in mind, we remain vigilant about the health and safety of all our stakeholders. In 2019, the Board of Directors approved our Group Safety Policy which reflects local and international standards that is applicable to all AOCs. All employees are accountable for the highest level of safety performance delivery.

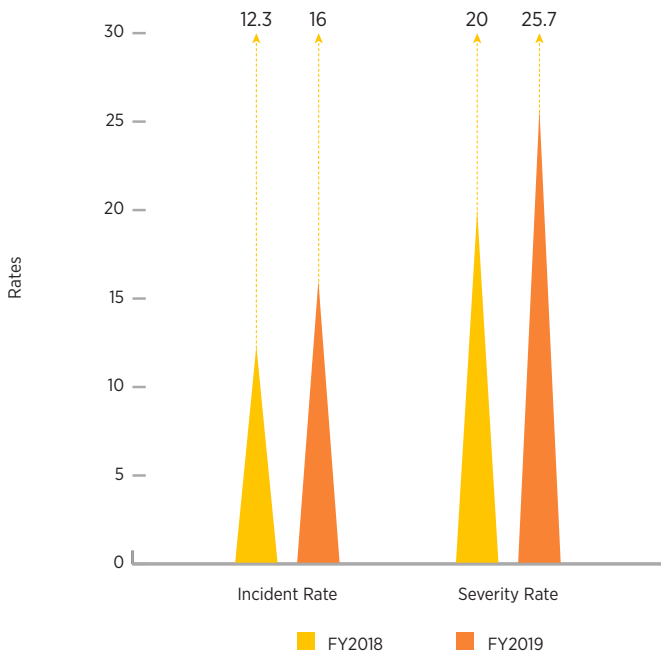
The Occupational Safety and Health (“OSH”) Committee oversees all health and safety matters within the company. Various activities were organised during the year including scheduled waste management trainings (storage and disposal), Chemical Health Risk Assessment (“CHRA”), Chemical Safety Training for Engineering and Ground Handling Allstars, various and Hazard Identification, Risk Assessment, Risk Control (“HIRARC”) activities. Our recorded incident and severity rate over the last two years is illustrated.

Regular meetings are held at different levels to ensure we maintain a high level of safety in all our operations at all times. At the Group level, we have a Safety Review Board (“SRB”) comprising nominated Directors, CEOs and AOC Safety Heads. Chaired by the Chairman of the Safety Review Board, the SRB meets every quarter to review all safety risk mitigation measures and safety enhancements across the Group.

At the AOC level, CEOs and Senior Managers – including the Heads of Corporate Safety, Flight Operations, Security, Engineering, Ground Operations, and Safety Managers – attend Safety Review Meetings (“SRM”) to discuss recommendations and proposals and make decisions to further enhance our safety processes. SRMs are held on a monthly basis. At the ground level, Safety Action Groups (“SAG”) comprising line managers and front-line personnel meet every month or when needed to deal with safety implementation issues.

SUSTAINABILITY STATEMENT (CONT'D)

Incident & Severity Rates



Note:

1. FY2018 data covers AirAsia Malaysia (“MAA”), AirAsia X (“AAX”) & Ground Team Red (“GTR”) only, whereas in FY2019, the data includes all active airline affiliates.
2. Total manhours worked for FY2018 and FY2019 is 21,520,512 and 22,042,176 respectively.

All AOCs have completed the International Air Transport Association (“IATA”) Operational Safety Audit (“IOSA”). IOSA is widely regarded as the global benchmark for aviation safety management. The audit, conducted every two years, covers eight (8) functional and operational areas:

- organisation & management system
- flight operations
- operational control & flight dispatch
- aircraft engineering & maintenance
- cabin operations
- ground handling operations
- cargo operations
- security management

All safety and operational procedures are guided by our robust Safety Management System (“SMS”) encompassing hazard and risk management in line with the requirements of the International Civil Aviation Organisation (“ICAO”). Through 2019, the SMS was further strengthened by enhancing digital processes with the use of Google Cloud Platform, harnessing the power of big data and enabling seamless integration with risk management processes.

Our Philippines and Thai AirAsia X operations were registered under IOSA in 2019, joining Malaysia, Indonesia and AirAsia X which are already in the registry. Our Thailand and India operations have been inducted into the IOSA registry early 2020, with Japan to follow soon.

We recognise that, to maintain the highest level of safety, constant effort has to be made to keep safety top of mind among Allstars while at work. This is achieved through various initiatives – from safety communiques to briefings, alerts, drills and workshops – organised at the Group and AOC levels. At Group level, the following initiatives were carried out:



 <p>One AirAsia Safety Day</p>	<p>This event was held across all AirAsia headquarters in Malaysia, India, Indonesia, Japan, Philippines and Thailand throughout August 2019. The event saw different departments such as Cabin Crew, Engineering, Emergency Response, Facilities, Flight Operations, Ground Operations, Safety and Security showcase the responsibilities and procedures to Allstars in a carnival atmosphere. Emphasis was placed on the roles of each individual department in upholding the highest standards of safety</p>
 <p>One AirAsia Safety Conference</p>	<p>The conference in Langkawi, Malaysia held on 9-11 April 2019 brought all AOCs together from all operational departments for the first time for a best industry practices sharing session. Our main aircraft supplier, Airbus and regional regulatory authorities were also present as part of efforts to engage all industry stakeholders in the interest of safety improvement</p>
 <p>Safety Hero Campaign</p>	<p>This Group-wide initiative was organised by the Safety departments in all AOCs to acknowledge Allstars who have helped to keep their colleagues and AirAsia guests safe. They include Allstars who reported safety incidents, or prevented an accident, or who literally saved lives and assets. The objective was to drive the idea that safety starts from each and every one of us</p>
 <p>Weekly Safety Videos</p>	<p>Throughout the year, safety videos were released on the Group's internal social media platform, Workplace. These videos were produced to highlight the importance of safety to Allstars. Topics varied from operational safety to personal safety, to drive home the message that everyone has to place safety as the foremost important thing in everything that they do</p>

With the initiative from Regional Food and Retail Quality Assurance (“QA”), our Malaysia inflight operations contracted a third-party certification body for our ISO 22000 certification. Aside from being a cost-saving initiative, the Regional QA team is working with the certification body to further align, collaboratively achieve and maintain AirAsia’s Food Safety and Food Quality Objectives towards a group platform and standard.

In terms of complaint handling, the actual complaint rate was recorded at 1.46 complaints per million passengers (cpm) and is well within the 3.0 cpm limit of our Food Safety Complaint objective.



Participants for BSI workshop in November 2019

Our first workshop was organised in November 2019 for food caterers in Malaysia and the Regional Quality Assurance team from other AOCs, to further enhance our Food Safety System, Traceability and Food Allergen Controls. ISO 22000 certification for Malaysia AirAsia Inflight Operation and Good Manufacturing Practice (“GMP”) certification for Thai AirAsia Inflight Operation is maintained without major audit findings in 2019.

AirAsia Thailand has geared up towards achieving optimum Food Safety standards, HACCP in 2020.

Furthermore, we complied with and passed all quarantine checks for inflight meals and bottled drinking water. Scheduled annual audits for caterers were completed and suggestions provided for improvement. Most caterers have minimally attained HACCP standards. AirAsia Thailand’s meal caterer had acquired GMP-HACCP certification at the end of 2019.

SUSTAINABILITY STATEMENT (CONT'D)



SOCIAL

Allstars – from the ground level to CEOs – undergo safety training to ensure they are kept updated with our safety processes and policies. Safety induction is also part of the onboarding programme for all new recruits. Specialised safety training is also provided to Allstars depending on their scope of work. The following table highlights the safety training accorded to Allstars:

Employee Groups	<ul style="list-style-type: none"> • Safety Training Programmes
All employees	<ul style="list-style-type: none"> • Safety awareness
Operational Employees (pilots, cabin crew)	<ul style="list-style-type: none"> • Safety & Emergency Procedures (“SEP”) • Safety Management Systems (“SMS”)
Operational employees (engineering, ground staff)	<ul style="list-style-type: none"> • Safety Management Systems (“SMS”)
Operational HODs & CEOs	<ul style="list-style-type: none"> • Advanced Safety Management
Safety Department personnel & Safety Action Group members	<ul style="list-style-type: none"> • Advanced Safety Management • Safety Risk Management • Safety Investigation • Safety Performance Indicators • Flight Data Analysis • Emergency Response Planning • Human Factors • Quality Assurance & Audit



Human Capital Development

Talent management within the Group is straightforward, aligning to “People First”, one of seven Allstars values that underlines our promise to care for our people. We strongly encourage our employees to grow their professions and take opportunities to learn.

Learning & Development Policy	AirAsia is committed to developing and establishing a strong learning culture in which all employees can achieve their full potential; the policy also ensures all employees have access to learning and development opportunities which will enable them to grow within the company
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Internal Classroom Training

In 2019, AirAsia developed internal classroom training sessions focused on soft and digital skills in five (5) key areas:

- project management
- communication skills
- critical thinking and decision making
- digital fundamentals
- manager essentials

In addition, we promote co-accountability of our Allstars’ development. Management is required to ensure that Allstars attend relevant mandatory trainings, including induction sessions, and follow-up with individuals who fail to attend the required programmes. Details of all training and development needs identified are to also be monitored through a performance management exercise that falls within the respective areas of the employees’ responsibility.



Classroom Training in 2019



118
SESSIONS



2248
PARTICIPANTS



944
TRAINING HOURS

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Technical Training

A total of 201 types of technical training programmes were conducted in FY2019, including:

- Fatigue Risk Management Systems (“FRMS”)
- De-Icing/Anti-Icing Training
- AAPA emergency response conference
- AirAsia 3.0 Digital & Data Transformation
- Aircraft Operational Training, Cargo Claims and Complaint Handling
- ATA – Dangerous Goods Management and Regulatory Updates
- IATA – Emergency Planning and Response for Airlines
- ICAO Crisis Management Course

Besides the mandatory training to comply with regulatory requirements, our employees attended 413 external training sessions in several topics. On the other hand, non-technical training programmes focus on building core skills, leadership, and digital training. The table below shows the amount spent on training programmes for FY2019:

Technical Training Programmes	Non-Technical Training Programmes
RM4.8 million	RM7.7 million

Key Essential Security Training Programmes in-line with Aviation Security Regulations & AirAsia Security Programme

Programme	Frequency of Training	Total Number of Employees
AVSEC Recurrent	Biennial	287
Enforcement Training	Biennial	54
Fraudulent Travel Document (KUL)	Biennial	68
Dangerous Goods Awareness	Annually	139
HNL Security Related Training	Annually	151
Safety Management System (SMS)	Annually	94
ICAO Crisis Management Training	Once in 2019	29
Basic Avsec Training	Once in 2019	31



Scholarship for Higher Education

Recognising that employees are a valuable asset, we made investments in the form of scholarships for Allstars who wish to pursue higher education or industry-specific certifications. Below are the two educational certifications that AirAsia currently sponsors:



Master of Business Administration (MBA)

In collaboration with MIT Sloan, the 20-month MBA programme focuses and emphasises on Action Learning whereby Allstars get access to top business challenges and solving real time business issues/case studies from prominent companies across various industries.

SUSTAINABILITY STATEMENT (CONT'D)



SOCIAL

Indicators	FY2017	FY2018	FY2019
Number of Employees Sponsored	0	4	4
Amount of Monetary Contribution (RM 000')	1,060	1,260	1,260
Number of Employees Certified	4	0	0

Note:

- Four (4) employees were sponsored to begin their education in 2016, all of whom have graduated in 2017. The total monetary contribution of RM 1.06 million for their education was only paid out in 2017, thus showing a zero (0) in the 2017 employees sponsored category.
- In 2017, four (4) Allstars graduated from the Asia School of Business in collaboration with MIT Sloan and joined our company in various transformative roles.
- There are currently eight (8) Allstars that are still undergoing their programmes, four (4) of which will be graduating in 2020.



Leadership Academy for Executives

AirAsia aspires to accelerate the development of executives towards their full potential as senior business leaders. The programme has been carefully designed to provide high-potential talent with an immersive and transformative, multi-session development programme. Bain Academy is well known to help executives build skills to accelerate and maximise their impact as senior business leaders.

Selected Allstars go through a six (6) to seven (7) days tailored curriculum with a mixture of vast experience delegates from various industries. Allstars went through a screening process to qualify for this programme. It covers:

- Strategy & Change Management
- Digital & Innovation
- Self-Leadership & Team Development

Indicators	FY2018	FY2019
Number of Employees Sponsored	1	2
Amount of Monetary Contribution (RM 000')	23	246
Number of Employees Certified	1	2

Allstars Learning

AirAsia focuses on providing a more personalised, targeted learning for its Allstars. With Allstars Learning, AirAsia launched:

- LinkedIn Learning targeting 1,200 users with 98% adoption rate for 8 months
- Core skills programmes targeting executives and managers
- Digital programmes targeting all level to equip them with data literacy

Conducted on a monthly basis, these training programmes provide employees with the freedom of time and space to learn at their convenience while meeting the organisation's needs, for employees who are spread globally, to be competent in key areas.



Learning Management System

Our Learning Management System which was launched on 12 December 2019 enables us to track and monitor training enrolment, engagement and investment. This system will recommend courses based on Allstars' interest and what is mostly viewed by peers in the same job skills. It is easy to navigate, allowing for employees to create their own syllabus. It empowers them to drive their own development and Managers are able to curate content for their teams. Current content hosted in Workday learning includes LinkedIn Learning, YouTube and Classroom programmes. Mandatory programmes required by airlines functions (flight operations, cabin crew, engineering, security, ground ops) are also tracked.

Internal Mobility

- Employees are allowed to apply for any role as long as they meet the necessary criteria and requirements
- Progression and development are self-led
- Career framework allows accountability and empowerment for Allstars to chart their own progression and career

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Succession Planning

Talent Review

- Clearly defined succession planning framework to identify Critical Positions (mandatory and high impact roles) and successors, as well as build a talent pool based on clearly defined criteria such as performance and agility
- Top 200 roles are considered
- Focused more on readiness of successors through accelerated development (future plans)

Moving forward, the Group has a HiPos Programme for 2020 and iValue Based Leadership for Top Teams in the pipeline to improve talent management.

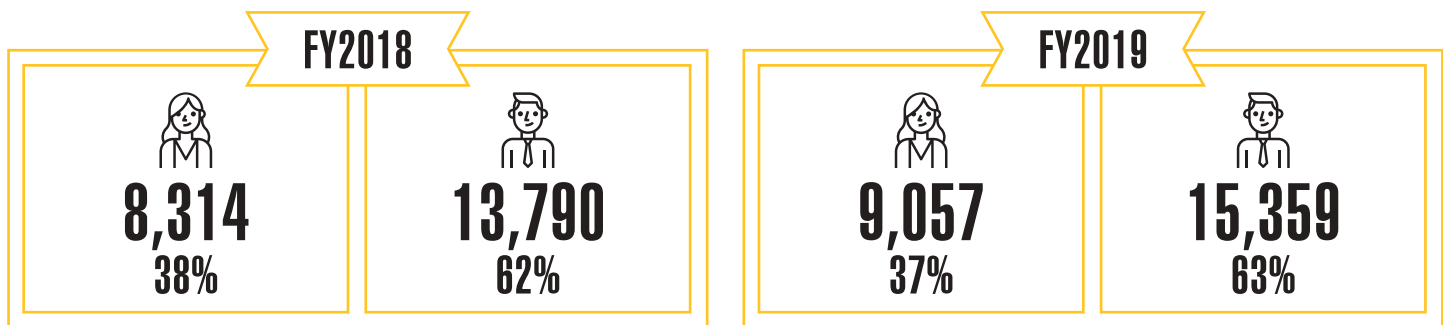


Attractive & Inclusive Workplace

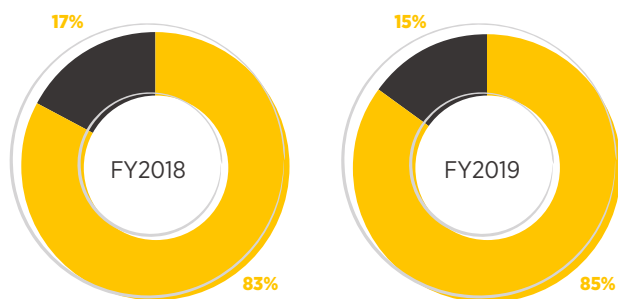
Our employees (Allstars) are the backbone of our company. We uphold AirAsia's value in recruiting new hires, attracting talents, and providing performance-based benefits and compensation for Allstars.

Recruitment Policy

AirAsia established this policy to ensure that the company has every opportunity to attract the best available candidates, whether internal or external, and that any decision taken to employ the said candidates complies with the strict recruitment and selection conditions across the group; it also ensures that vacancies are filled out by candidates on the basis of qualification, knowledge, skills, training and experience (non-discriminating on gender, age, religious beliefs, ethnicity, etc.)



Senior Management



■ Male ■ Female

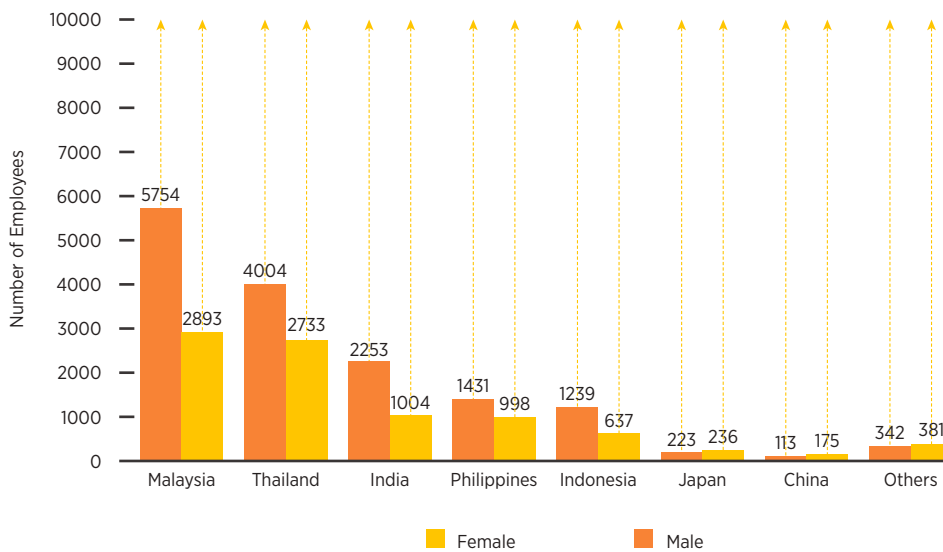
At AirAsia, our People and Culture Department is tasked with overseeing employees' welfare and fair employment practices. The department enables risk mitigation and ensures controls, policies, procedures and guidelines are in place. Limits of Authority are also being practiced and observed, where approval and escalation processes are clear.

The department is supported by our Facilities Department to create a conducive work environment for all employees including at stations/hubs, as well as managing the cafeteria to provide employees with healthy diet choices.

SUSTAINABILITY STATEMENT (CONT'D)



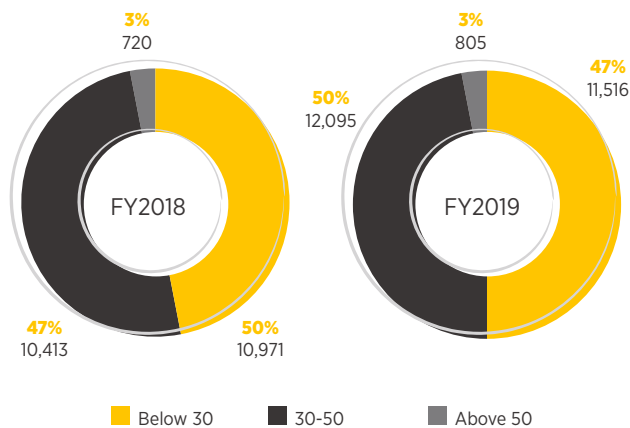
Permanent Staff by Country



In support of Article 35 of the Disabled Persons Support and Development Act, and the SDGs which encourage the contracting of persons with disabilities, AirAsia joined hands with the United Nations Development Programme (“UNDP”) to collaborate under the Friendly Design universal accessibility network. This collaboration seeks to support the work of the Friendly Design network by:

- Building and supporting awareness of Friendly Design and the universal design principle
- Supporting careers for people with disabilities

Number of New Hires by Age Group



In 2019, AirAsia and AirAsia X hired over 64 disabled persons, engaged in social work and strove to be a model of prioritising and complying with laws relating to employment of persons with disabilities

Note:

1. As compared to FY2018, the overall number of employees has increased by 10.5%.
2. As compared to FY2018, proportion of female non-senior management level has improved by more than 30% in FY2019.

We not only support our employees but also all those who are in contact with AirAsia facilities. As a testament to our ideals and acting as representatives of Friendly Design, we surveyed, collected and forwarded data on areas in need of remedy as well as examples of proper management. The representatives engaged in raising understanding and awareness of Friendly Design.

As an effort to ensure fair employment practices and provide recognition to our Allstars, we offer unbiased employee benefits and compensation via a performance-based appraisal system, as per the Group’s Remuneration Policy on Annual Performance Bonus and Performance-based Merit. It is assured that all wages paid are in compliance with regulatory requirements.

Compensation	FY2017	FY2018	FY2019
Total Median Annual Compensation (RM)	49,680	31,200	34,020
Total Mean Annual Compensation (RM)	81,930	63,966	68,347

Note: These numbers consider employees based in all operating countries of AirAsia. Since the currencies differ, a common RM conversion is used for Median and Mean Annual Base salaries.



Employee Benefits

	Types of Benefits	Descriptions
1	Travel Benefits	Discounted ticket – Unlimited Free ticket – Limited
2	Medical Benefits	Medical coverage for both staff and dependents
3	Leave	Various types of leave which include statutory and non-statutory leave (numbers of leave for each AOC is different, based on the local market practice)
4	Financial Wellbeing Program	Partnering with external party to provide financial education/personal finance management programmes for our staff to better manage their own financial matters
5	Emotional Wellbeing Program	Partnering with external counsellor for a professional counselling service
6	Recognition Program	Employees are recognised and rewarded (monetary and non-monetary) for their achievements
7	Training & Development	Provide platform and opportunities for growth with our learning and development programmes
8	Facilities	On-site facilities i.e. gym, creche, physio center, clinic, onsite medical care sleeping pod, gaming station, etc.
9	Free Munch	Daily food subsidy at our in-house cafe for our staff
10	Employee Assistance Program	Various Employee Assistance Programmes in which we give assistance (monetary and non-monetary) to our employees for different purposes be it business capital/education sponsorship and assistance during unfortunate events across the country
11	Positive Corporate Culture	Open office, various festivals celebration, engagement events, strong volunteerism and community programme. We also celebrate diversity in our work culture



Performance Appraisal

	Type of Performance Appraisal	Percentage (%) of Employees	Key Outcome
1	Management by objectives: systematic use of agreed measurable targets by line superior	100%	<ul style="list-style-type: none"> Goals, Purpose, Success (“GPS”) performance management for goal setting, Mid-Year Review and End Year Review GPS System: online, on single platform calibrate performance across all AOCs and functions cascading goals and values objectives
2	Multidimensional performance appraisal (e.g. 360° feedback)	100%	GPS system allows for collaboration with matrix managers via 360° feedback
3	Formal comparative ranking of employees within one employee category	40%	Merit and demerit system for cabin crew and pilots used as input into the overall performance review based on forced distribution/comparative ranking

Note: Percentage of employees (%) is out of total number of employees for the Group.

We hold regular conversations with our Allstars to understand the challenges they face and provide suitable assistance where necessary. To do this, we apply several methods of employee engagement such as townhalls, online surveys, social media, etc. Through the engagement channels, we are able to address most of the issues concerning Allstars and undertake appropriate mitigation measures to enhance employee satisfaction.

SUSTAINABILITY STATEMENT (CONT'D)



SOCIAL



Employee Engagement

	Employee Engagement Channel	Description/Purpose	Frequency of Employee Engagement	Key Feedback
1	Townhall (live and broadcast)	Regular townhall gatherings and broadcasts by senior leaders to give clarity on business performance and key company initiatives	Monthly/quarterly	Real-time written and spoken Q&A on range of issues from benefits to strategy
2	Employee survey	Regular Employee Net Promoter Score ("ENPS")/Gallup-style questionnaire on work-life and environment to every employee	Annual (quarterly from 2020)	ENPS score, free-text comments, ratings on Gallup-style work life themes
3	Participant survey	Questionnaires on satisfaction with internal event/workshop/service	Post event/workshop/service	Free-text comments and ratings on relevance, speakers, venue and overall satisfaction
4	Enterprise social media	Updates from people, departments and projects across the organisation in a scrolling stream of posts	Real-time/asynchronous	Comments, reactions, polls on wide range of topics from social, official/ promotion/new joiner announcements, project team engagements, etc.
5	Chat forums/groups	Moderated discussions on fixed topics or on topical threads through synchronous (real time) or asynchronous messaging	Real-time/asynchronous	Q&A, comments, reactions on range of topics from benefits to facilities fault-reporting etc.



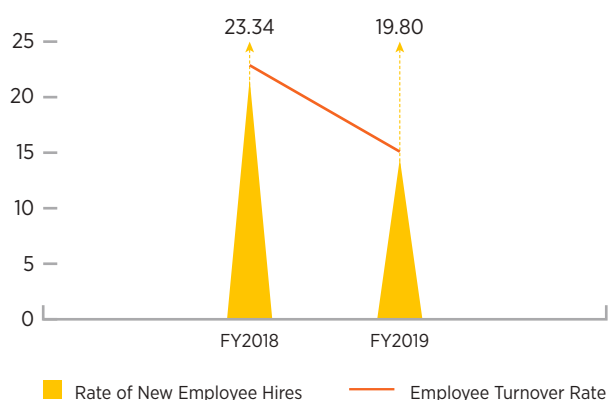
Employee Engagement Survey

FY2017	FY2018	FY2019
Employee Engagement Index = 57% Target = End-Year ("EY") Customer Net Promoter Score ("NPS") 17 + 10 pts	Employee Engagement Index = ~ 50% Target = EY customer NPS 21+ 10 pts	Employee Engagement Index = 86% Target = EY customer NPS 31+ 10 pts

Note:

- In 2018, employee satisfaction had dropped due to the lack of coaching and guidance, recognition and appreciation as well as being able to align one's self with the company's mission.
- However, in 2019, there was better alignment of the company's mission through the clarity of job roles and increased opportunities for knowledge sharing and learning.

Employee Hires & Attrition Rate



Note:

- Rate of new employee hires had decreased by 3.54% in FY2019. This is mainly due to a pause in hiring during the second half of 2019 for both the commercial and corporate sectors.
- The relatively higher employee hiring rate in FY2018 was a result of business expansion in China (growth in Guangzhou) and Vietnam, an influx of pilots in India, the expansion of our Customer Happiness team, as well as the commencement of a technological scale up.
- In 2019, employee turnover rates were largely affected by the downsizing of our Customer Happiness team after the introduction and implementation of AVA.

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At AirAsia, we believe that the productivity of our company is driven by top talents. Having a strategic talent management framework in place is the key for us to attract and keep talented or skilled employees. This improves business performance and reduces overhead costs in the long-term.

We ensure fair employment practices and continuously provide various types of support for Allstars in motivating and helping them develop both personal and professional performance.

Dare to Dream Grant

Dare to Dream is an aspect of AirAsia's brand DNA that focuses on enabling dreams. Across the Group, AirAsia supports budding athletes, or partners established athletes with grassroots communities to provide money-can't-buy learning opportunities. One such example was the sponsorship of Ben Proud, a British Olympian who works with AirAsia to run a swimming clinic for children aged between 10 to 15 years old all over ASEAN as well as other regions served by AirAsia.

Amounted to USD30,000, the Dare to Dream Grant started via a collaboration between AirAsia Foundation and People & Culture Department to help the families of employees to grow their businesses. To date, a total of six employees were awarded from a total of 32 grants submitted from 4 countries. AirAsia targets to raise more funds and increase awareness among employees across more countries in 2020.



Sustainable Funding Sources for Red Heart Fund

The fund serves to diversify and sustain sources of funding for employees who are facing hardship or under emergency circumstances. Through monetising AirAsia Experience public engagement programme, USD4,000 was raised. In 2020, the Group aims to develop more sources of funding.



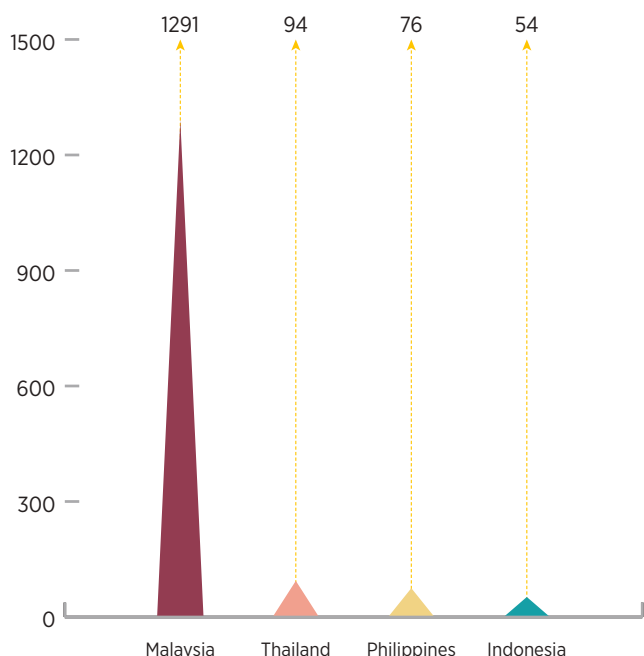
In 2019 AirAsia launched its first Global University Talent Outreach Program ("GUTOP") where 12 students shared two months of experience with AirAsia. Through our business challenges, the GUTOP interns worked together in different teams to provide solutions based on the given challenges in each department. AirAsia Foundation's "Know the Signs" Campaign kicked off in August 2017 with the Anti-Trafficking Roadshow by Airline Ambassadors International, with funding from the US Embassy in Kuala Lumpur.

This was followed by an internal initiative to train a pool of volunteers among AirAsia staff to deliver a 3-hour module to AirAsia operations' employees on how to recognise the signs of trafficking and take appropriate action. A total of 172 Allstars completed the Training-of-Trainers programme facilitated by AirAsia Foundation.

SUSTAINABILITY STATEMENT (CONT'D)



Accumulated Number of Personnel Trained on Handling Human Trafficking since 2017



Since 2017, a total number of 1,515 Allstars in Malaysia, Thailand, Indonesia and the Philippines have been trained in handling cases of trafficking in persons on-board and on-ground. Of the total, 983 (65%) are cabin crew who were trained as part of their Online Crew Development Training (OCDT) in 2019.

At AirAsia, we always strive to create an open working environment that fosters personal and professional growth, rewards innovation, and encourages work-life balance. The table below highlights our achievements in this area:

Awards/Recognition	Description
ASEAN HR Awards 2019	Excellence in the Workplace (Malaysia category)
HR Asia Awards 2019	HR Asia Best Company to Work for in Asia
Malaysia Best Employer Brand Awards 2019	14 th Employer Branding Awards
Asia's Top Employer Brand 2019 & Asia's Top CEO	Influential Brands Asia
Graduate Choice Award (GCA)	Top Employer in E-Commerce & Top Employer in Shared Services
Philippines Best Employer Brand Awards 2019	14 th Employer Branding Awards
Thailand's Best Companies to Work for in Asia 2019	HR Asia Awards (Thailand)
China's Best Companies to Work for in Asia 2019	HR Asia Awards (China)

CORPORATE CITIZENSHIP & PHILANTHROPY

The wellbeing of communities lies within our core values. We are devoted to creating positive impacts for the society in which we operate in, where this is in line with our commitment of becoming responsible corporate citizens, driving social sustainability. The Group continuously gives back via community investments or contributions made towards improving the quality of life for those in need. Below are our key corporate citizenship and philanthropic activities:



AirAsia Foundation

- Through our philanthropic arm, we engage with and support marginalised communities across ASEAN. Social enterprises apply for grants from our Foundation and those found to have strong growth potential are awarded funding to help them scale up
- To date, the Foundation has supported 28 social enterprises in seven countries – Cambodia, Indonesia, Malaysia, Myanmar, the Philippines, Thailand, Vietnam – directly benefiting 2,853 individuals and indirectly enhancing the lives of some 11,223 families and community members. In 2019, AirAsia Foundation provided two enterprises with RM88,000 in grants
- AirAsia Foundation implements post-disaster initiatives in the form of flight sponsorships, public fundraising, and project management. To date, AirAsia Foundation has raised a total of RM12.8 million (about USD3.1 million) combined from public donations to support relief and rehabilitation efforts by humanitarian organisations and social enterprise programmes during the devastating earthquakes in the Philippines (2013), Nepal (2015), and Indonesia (2018)



SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL



East Coast Flood Relief

In December 2019, AirAsia sponsored a total of 12 flights benefitting medical doctors of IMARET through AirAsia Foundation's humanitarian relief programme. More than 200 kilogrammes were allocated for medicine, relief aid and equipment. The relief mission enabled medical volunteers to set up a mobile clinic, distribute hygiene kits, and provide medical health and psychosocial support for almost 5,000 flood victims in Kelantan and Terengganu.

The notion of social impact is growing among entrepreneurs. More and more start-ups are taking the form of a social enterprise, where their businesses are built around a social mission. Social enterprises present a significant opportunity to generate employment, support vulnerable and marginalised communities and realise sustainable development goals as set out by the United Nations. Locally, the social enterprise sector is said to be vibrant and growing and AirAsia fully supports their ambition through our grant programmes.



To Indonesia With Love (2019-2021)

- In 2019, donations of more than RM 2.6 million raised through the 'To Indonesia with Love' campaign were channelled to AirAsia Foundation grantee Yayasan Arkom Indonesia, a registered network of community architects working on improving disaster resilience, to help rebuild homes and introduce social enterprise programmes in affected areas in Lombok and Palu that were devastated from the earthquake and tsunami in 2018
- The grant funded 75 temporary shelters including water and sanitation systems, completed 1 community centre in each of the four beneficiary villages, completed 5 earthquake-friendly model houses in each community, and restarted livelihood activities by establishing local technology innovation business units to teach bamboo craftsmanship, interlocking brick skill workshops, mangrove tree planting and coral reef transplantation, to name a few



Think Playgrounds

Think Playgrounds designs locally sourced and high-quality play equipment for schools, parks, and housing developments in Vietnam to support the urban communities and fund the building of greener, friendly public spaces and playgrounds for children using salvaged materials. AirAsia Foundation’s grants allowed for:

- Investments in new machines and upgrades for the current workshop
- Development of marketing materials to promote products and the organisation
- Building capacity for staff through fire protection and first aid training

Amount of Investment = VND224,845,400 (USD9,705)



Langit Collective

Langit promotes and retails heirloom agricultural produce from highland settlements in East Malaysia to increase their value and support smallholder farmers’ indigenous heritage by training them on sustainable farming practices. AirAsia Foundation’s grant is to:

- Enhance the farmers’ knowledge and skills gap through capacity building
- Encourage regenerative agriculture as a climate adaptation method for rice and other crops
- Improve and equip the supply chain to achieve organic certification

Amount of Investment = RM48,500 (USD12,000)

SUSTAINABILITY STATEMENT (CONT'D)



SOCIAL

AirAsia Foundation Destination: GOOD Social Enterprise Hub



Retail

In August 2019, AirAsia Foundation opened its flagship Destination: GOOD social enterprise hub at REXKL. Set up as a platform that provides market access to social enterprises, Destination: GOOD retails 400 responsibly and ethically produced goods sourced from over 50 social enterprises in ASEAN. An online store at DestinationGOOD.com was also launched on 24 December 2019. More than a shop, it is a movement for mindful travelling and shopping, and serves as an avenue for ASEAN social entrepreneurs and community-based enterprises to connect and collaborate.

At the launch of Destination: GOOD by Malaysian Minister of Finance, Lim Guan Eng, AirAsia Foundation also inked its cooperation with Kraftangan Malaysia as its partner in bringing Malaysian crafts to a new audience, and with Minconsult Sdn Bhd as its first corporate partner in jointly funding social enterprise outreach activities in Kuala Lumpur.



Outreach

Through events and partnerships, Destination: GOOD is building a brand that is consistent with AirAsia Foundation's community engagement and development initiatives in the ASEAN region. Its location at REXKL, an old cinema building repurposed to become an entrepreneurial hub, represents the Foundation's commitment to social impact. Together with Minconsult, Destination: GOOD will deliver a series of public events, workshops, exhibitions, and performances that highlight Malaysian ingenuity and develop intercultural communication among locals and tourists in the heart of Kuala Lumpur.



Upcycling

Destination: GOOD is committed to making sustainable choices for its products that reduce negative impact to the planet and the community. Over the last two years, Destination: GOOD has collaborated with up-and-coming Malaysian designers in developing brands that raise awareness in making mindful purchases through upcycling.

To date, AirAsia Foundation has collected 900 lifejackets, 215 leather seat covers, 170 eye mask and neck pillow comfort kits, 158 defective blankets, 100 aircraft seat belts, and more than 250 defective AirAsia merchandise that would otherwise be disposed of in landfills.



Soggy No-More is a collection of lifestyle accessories handmade from expired life jackets. In collaboration with Nazanin, a social enterprise of Afghan refugees in Kuala Lumpur, the products were inspired by a graphic design student project which won the 2018 Kancil Award. The initial product underwent in-house development, and *Soggy No-More* has now sold more than 1,800 units of best-selling products like bags, cases, and travel purses.



GOOD/jahat/ first appeared at the 2019 KL Fashion Week with a groundbreaking 12-piece collection, created in partnership with conceptual design house Projek Jahat. The ensemble is made entirely from discarded materials -- such as blankets and seat leather sourced from AirAsia's warehouses -- repurposed as jackets, hoodies and fashion accessories. *GOOD/jahat/* represents a coming together of AirAsia's corporate responsibility and Projek Jahat's creative energies to raise awareness about the importance of sustainable fashion choices.



Allstars Do Good

We work with local communities in places we fly to by getting our Allstars involved in community service activities. We also aid social enterprises and NGOs through financial support and other forms of assistance



Care for the Environment: Hammock Amok

The initiative focuses on creating enrichment tools to help animal conservation centres. Using decommissioned fire hoses provided by the Fire & Rescue Department of Malaysia, they are repurposed into items like hammocks, climbing ropes, log sacks and feeders. These will help enhance the welfare and health of captive animals, such as orangutans, sun bears and elephants, through stimulation of the mind and body. Allstar volunteers have contributed 4,100 volunteering hours to date, creating 577 hammocks and other items at conservation centres in Malaysia, Thailand, Indonesia and Vietnam.



Care for the Environment: Reef & Beach Clean Up

In conjunction with International Coastal Clean-up 2019, AirAsia alongside Project AWARE conducted a reef and beach clean-up in Terengganu. Allstars volunteered a total of 640 hours to remove 40 kg of ghost nets from a dive site in Tenggol Island and collected 151kg of rubbish from Pantai Sura beachfront in Kuala Dungun.



SUSTAINABILITY STATEMENT (CONT'D)



SOCIAL



Care for the Society: Blood Donation Drive

Allstars across five offices in five countries spent a total of 400 hours volunteering to make a difference by donating blood to their local blood banks.



Care for the Society: Tiger Rehabilitation

25 Allstars spent a day at the National Wildlife Rescue Centre (NWRC) in Sungkai, Perak and learnt about NWRC's conservation and rehabilitation efforts to save the dwindling number of Malayan tigers, and also helped to clean the tiger shelters.



Care for the Society: DogQ Animal Shelter

We built a doghouse for our pioneer four-legged residents of RedQ which we named after our airline codes – AK, QZ, D7, FD, providing them with protection, a home and family.



JOURNEY FOR DEVELOPMENT

AirAsia's Journey for Development initiative, or Journey D for short, started as a brainchild of AirAsia's Thailand arm.

The initiative is AirAsia's long-term sustainable project that helps local communities build and establish sustainable tourism, helping them to develop their local products, and enhancing their English language capabilities so they can better welcome visitors. The initiative was piloted in the four communities of Koh Klang in Krabi, Khok Muang in Buriram, Pha Mee in Chiang Rai and Promlok in Nakhon Si Thammarat. Through this program, our Allstars work together with experts to build the capabilities of local communities in AirAsia's destinations to enhance their tourism offerings without compromising on the preservation of their culture, heritage, and the environment.

Awards/Recognition	Description
Adman Awards 2019 (Journey D)	Listed as a finalist in three (3) categories, Thai AirAsia's Journey D advertising campaigns won three (3) Golds, three (3) Silvers and nine (9) bronzes
Sustainable Business Awards ("SBA") Malaysia 2019 (Journey D & AirAsia Foundation)	AirAsia was awarded Best SBA within the community



These include developing and marketing local products, enhancing communication and service skills, and improving safety, hygiene and waste management standards. Endorsed by the United Nations Development Programme (“UNDP”), Journey D contributes to 12 out of 17 Sustainable Development Goals.

Following the tremendous success of this project in Thailand, Journey D has spread its wings to other ASEAN countries. In Malaysia and Indonesia, a community survey was conducted in three different communities in Langkawi and Lombok respectively. Kubang Badak in Langkawi and Bon Jeruk in Lombok were selected to be the beneficiary of this program. Two English On-Air programmes, an English lesson taught by AirAsia staff, were conducted in Langkawi. Journey D development program will commence in Kubang Badak and Bon Jeruk this year.

To ensure that Journey D helped improve the income of the local community, we measured the Social Return of Investment (“SROI”) of this project throughout its implementation in Thailand from 2017 to 2019.

	Community	Additional Revenue from Journey D (RM/year)	Total Revenue from 3 Years with Journey D (RM/year)
1.	Pha Mhee in Chiang Rai	122,284	366,852
2.	Koh Klang in Krabi	79,904	239,711
3.	Kok Muang in Buriram	119,244	357,731
4.	Phrom Lok in Nakhon Si Thammarat	147,122	441,366

AirAsia invested a total of RM939,289 to 4 communities from 2018 to 2019 and the outcome from the development helped communities to earn an extra income of RM1,405,660. Journey D’s SROI equals 1.5, meaning for every RM1 invested by AirAsia, stakeholders benefited RM1.50 in return.

SUSTAINABILITY STATEMENT (CONT'D)



SOCIAL



+ME Pledge

AirAsia has the largest Southeast Asian network and its rich and diverse cultures and traditions attract more tourists each year. More travellers are visiting this culturally rich region and mass tourism can leave a deep and lasting impact to the environment and the local community. As the airline is responsible for enabling travel dreams with our low-cost flights fare, this campaign aims to educate travellers on sustainable and responsible practices in reducing the environmental impact of mass tourism in SEA.



Hour of Code

The Hour of Code is a strategic component under the #mydigitalmaker Movement as part of a nationwide effort to make coding a culture in schools across Malaysia. The Hour of Code is a yearly campaign organised by Malaysia Digital Economy Corporation (“MDEC”) and supported by the Ministry of Education. In line with this campaign, Allstars from AirAsia Data team taught 30 underprivileged/B40 high school students from SMK Bentong to code in November 2019.



Save Our Malayan Tiger

AirAsia has unveiled a special 'Save our Malayan Tiger' aircraft livery in support of the Malaysian government's campaign to save the fast-disappearing Malayan tiger in November 2019, spreading the awareness of conservation and sustainability among our guests across our extensive network in ASEAN and beyond. To further drive the message home, our in-flight announcements now include a stern warning on wildlife trafficking. Additionally, a range of limited edition 'Save Our Malayan Tiger' merchandise will soon be sold across all our sales channels, with a portion of the proceeds to be channelled to the Malayan tiger conservation fund.



Smoke-free Culture

In AirAsia, the health and well-being of our Allstars is an important part of our journey towards becoming sustainable and responsible. In support of this goal, and to encourage and empower Allstars and guests to create a smoke-free environment and to quit smoking, we launched a Smoke-Free Culture Campaign in November 2019.

This campaign was officiated by our health minister, YB Datuk Seri Dr. Dzulkefly Ahmad, who at the ceremony presented AirAsia with a Blue Ribbon Award for making RedQ our global headquarters in Kuala Lumpur a 100% smoke-free building, and to Tony Fernandes for his leadership in creating a smoke-free environment in AirAsia.

AirAsia's anti-smoking efforts include the immediate cessation of onboard, website and duty-free cigarette sales, and the implementation of a company-wide smoke and vape-free environment at its 120 offices and stations across Asia Pacific. AirAsia is also providing wellness assistance programs to support Allstars to give up smoking.



Airline of the WESG SEA

AirAsia is the Official Airline of the WESG SEA (World Electronic Sports Games Southeast Asia) 2019 Regional Finals Esports Tournament, organised by Agrimind and Alisports, the sports arm of Alibaba. It was hosted from 31 October to 3 November 2019 at Quill City Mall in Kuala Lumpur, Malaysia. Esports game titles include Dota 2, CS:GO and Starcraft 2, whereby participants flew in from ten ASEAN countries.

SUSTAINABILITY STATEMENT (CONT'D)



SOCIAL



Brisbane Broncos Official Airlines

AirAsia is the Official Airline of the Brisbane Broncos, along with promotions held at every Broncos home game and special discounts for fans. The deal is centered around the launch of the new 'The Buck Stops Here' campaign, to celebrate AirAsia's new route from Brisbane to Bangkok which commenced on 26 June 2019.



Partnership with UFC

AirAsia has extended our partnership with mixed martial arts (MMA) organisation, UFC, for another year to continue developing and discovering new MMA talent in the Asia Pacific region and create original content for MMA fans. This partnership enabled AirAsia's access to UFC's premier Pay-Per-View events such as UFC® 229: KHABIB vs. MCGREGOR, which saw the airline taking over the red corner of the Octagon.



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