



AIRASIA X BERHAD

2020/2021

2020/2021 ANNUAL REPORT



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CORPORATE PROFILE

AirAsia X Berhad (AirAsia X) is a long-haul, low-cost airline operating primarily in the Asia-Pacific region. Established as Fly Asian Express (FAX) in 2006, we started out servicing rural areas of Sarawak and Sabah with turboprop aircraft before undergoing a comprehensive rebranding in September 2007 followed by our first flight to Australia in November 2007.

At the onset of the COVID-19 pandemic, AirAsia X embarked on an ongoing period of hibernation of its scheduled flight operations. Prior to the hibernation, AirAsia X as a Group served destinations across Greater China, Japan, South Korea, India, Australia, the Middle East and the United States of America, and currently operates out of two hubs: Kuala Lumpur and Bangkok.

CORPORATE INFORMATION

BOARD OF DIRECTORS

TAN SRI RAFIDAH AZIZ

Senior Independent
Non-Executive Chairman

DATO' LIM KIAN ONN

Non-Independent
Non-Executive Deputy Chairman

DATUK KAMARUDIN BIN MERANUN

Non-Independent
Non-Executive Director

TAN SRI ANTHONY FRANCIS FERNANDES

Non-Independent
Non-Executive Director

DATO' YUSLI BIN MOHAMED YUSOFF

Independent
Non-Executive Director

TAN SRI ASMAT BIN KAMALUDIN

Independent
Non-Executive Director

DATO' FAM LEE EE

Non-Independent
Non-Executive Director

AUDIT COMMITTEE

Dato' Yusli bin Mohamed Yusoff
Tan Sri Asmat bin Kamaludin
Dato' Lim Kian Onn

NOMINATION AND REMUNERATION COMMITTEE

Tan Sri Rafidah Aziz
Dato' Yusli bin Mohamed Yusoff
Dato' Fam Lee Ee

RISK MANAGEMENT COMMITTEE

Tan Sri Rafidah Aziz
Dato' Yusli bin Mohamed Yusoff
Dato' Fam Lee Ee

SAFETY REVIEW BOARD

Tan Sri Rafidah Aziz
Datuk Kamarudin bin Meranun
Dato' Fam Lee Ee
Benyamin bin Ismail

COMPANY SECRETARY

Vimalraj a/I Shanmugam
(MAICSA 7068140)
(SSM PC No. 202008000925)

AUDITORS

Ernst & Young PLT
[202006000003
(LLP0022760-LCA) & AF 0039]
Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Wilayah Persekutuan
Tel : +603 7495 8000
Fax : +603 2095 5332

REGISTERED OFFICE

RedQ
Jalan Pekeliling 5
Lapangan Terbang Antarabangsa
Kuala Lumpur (klia2)
64000 KLIA
Selangor Darul Ehsan
Tel : +603 8660 4600
Fax : +603 8660 7722
Email :
aax_shareholder@airasia.com
Website : www.airasiavax.com

HEAD OFFICE

RedQ
Jalan Pekeliling 5
Lapangan Terbang Antarabangsa
Kuala Lumpur (klia2)
64000 KLIA
Selangor Darul Ehsan
Tel : +603 8660 4600
Fax : +603 8660 7722
Email :
aax_shareholder@airasia.com
Website : www.airasiavax.com

SHARE REGISTRAR

Tricor Investor & Issuing House
Services Sdn. Bhd.
(197101000970)(11324-H)
Unit 32-01, Level 32, Tower A,
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan
Tel : +603 2783 9299
Fax : +603 2783 9222
Email :
is.enquiry@my.tricorglobal.com

SOLICITORS

Foong & Partners
13-1 Menara 1MK,
Kompleks 1 Mont' Kiara
No. 1 Jalan Kiara, Mont' Kiara
50480 Kuala Lumpur
Wilayah Persekutuan
Tel : +603 6419 0822
Fax : +603 6419 0823

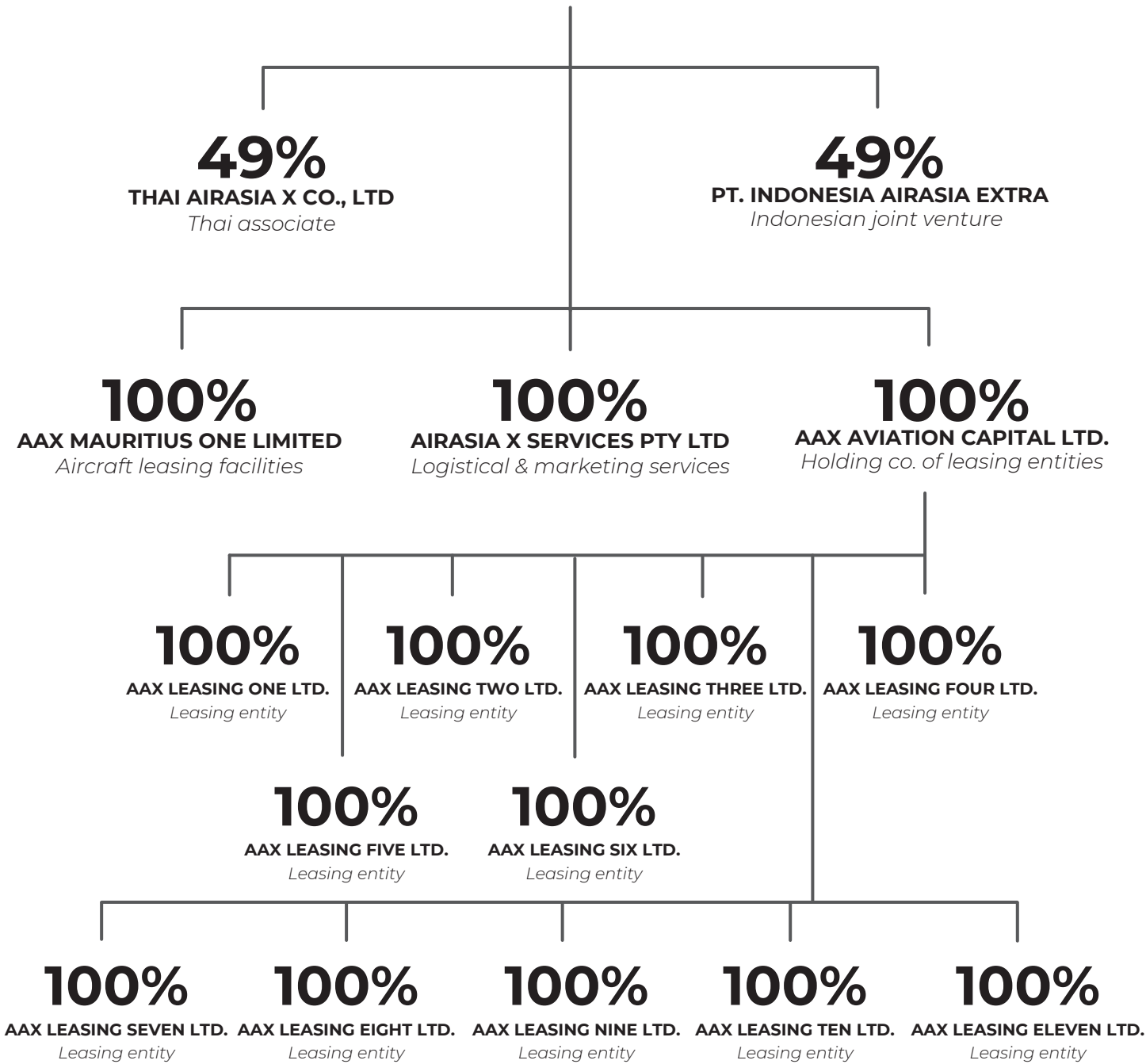
STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
Listing Date : 10 July 2013
Stock Name : AAX
Stock Code : 5238

CORPORATE STRUCTURE as at 11 October 2021



AIRASIA X BERHAD



DIRECTORS' PROFILES

TAN SRI RAFIDAH AZIZ

Senior Independent
Non-Executive Chairman

Tan Sri Rafidah (female), Malaysian, aged 78, was appointed as an Independent Non-Executive Director and Chairman of the Board, on 3 March 2011, and re-designated as a Senior Independent Non-Executive Chairman upon listing of the Company on 10 July 2013.

She is also the Chairman of the Nomination and Remuneration Committee, as well as the Risk Management Committee of the Board, and the Safety Review Board of the Company.

She holds a Bachelor of Arts degree in Economics, and a Master's degree in Economics, from the University of Malaya.

Tan Sri Rafidah served as a Senator from 1974 to 1978, and as a Member of Parliament, from 1978 to 2013. She was Malaysia's longest-serving Minister of International Trade and Industry, having served in that capacity, for 21 years, from 1987 to 2008.

Prior to this, she held the portfolio of Minister of Public Enterprises from 1980 to 1987, and Deputy Minister of Finance, from 1977 to 1980 after serving as Parliamentary Secretary of the Ministry of Public Enterprises in 1976.

Tan Sri Rafidah started her career in the University of Malaya, and lectured at the Faculty of Economics and Administration, between 1966 and 1976. She now serves as an Adjunct Professor at the College of Business, University Utara Malaysia, and is the Chancellor of the Meritus University.

She has received awards from the states of Selangor, Perak, Melaka, Sarawak and Terengganu, as well as from Thailand, Argentina and Chile. She has also been conferred Honorary Doctorates from University Putra Malaysia, University Utara Malaysia, University Tun Razak Malaysia, University of Malaya, HELP University and the Dominican University of California, United States of America.

Tan Sri Rafidah also serves as an Advisor to the Government of Sarawak on the Renewable Energy Corridor (RECODA). She is also Patron of several National NGOs, including the National Cancer Society of Malaysia, NCSM, and the Women's Entrepreneur Associations, NAWEM and PENIAGAWATI.

DATO' LIM KIAN ONN

Non-Independent
Non-Executive Deputy Chairman

Dato' Lim (male), Malaysian, aged 65, was appointed as an Alternate Director to Dato' Seri Kalimullah bin Masheerul Hassan (Dato' Seri Kalimullah) on 11 June 2007. He ceased as an Alternate Director to Dato' Seri Kalimullah and was appointed as a Non-Independent Non-Executive Director of the Company on 10 July 2012. Dato' Lim was re-designated as an Independent Non-Executive Director on 26 February 2016. On 24 May 2016, he was re-designated as a Non-Independent Non-Executive Director of the Company. Subsequently, he was re-designated to Non-Independent Non-Executive Deputy Chairman on 7 October 2020. Dato' Lim is also a member of the Audit Committee of the Company.

He is a member of the Institute of Chartered Accountants in England & Wales and the Malaysian Institute of Accountants. He served his articleship with KMG Thomson McLintock in London and was a consultant with Andersen Consulting from 1981 to 1984. Between 1984 and 1993, he was with Hong Leong Group, Malaysia as an Executive Director in the stockbroking arm responsible for corporate finance, research and institutional sales.

Dato' Lim founded the Libra Capital Group in 1994 and co-founded the ECM Libra Group in 2002. He is the Managing Director of ECM Libra Group Berhad (formerly known as ECM Libra Financial Group Berhad) since 16 July 2015 and also serves as the Non-Executive Non-Independent Chairman of Plato Capital Limited, a company listed on the Stock Exchange of Singapore and a trustee of the ECM Libra Foundation.

DIRECTORS' PROFILES

DATUK KAMARUDIN BIN MERANUN

Non-Independent
Non-Executive Director

Datuk Kamarudin bin Meranun (male), Malaysian, aged 60, is the co-founder of the Company. Datuk Kamarudin was appointed as a Non-Independent Non-Executive Director of the Company on 6 June 2006. He was appointed as the Chairman of the Board on 3 February 2010 till 3 March 2011. Datuk Kamarudin was re-designated as the Non-Independent Executive Director and Group Chief Executive Officer on 30 January 2015. On 1 November 2018, he was re-designated as a Non-Independent Non-Executive Director. He is also a member of the Safety Review Board of the Company.

In December 2001, Datuk Kamarudin, together with Tan Sri Tony Fernandes, Dato' Pahamin Ab Rajab and Dato' Abdul Aziz bin Abu Bakar acquired struggling domestic airline AirAsia and, with the help of Conor McCarthy, relaunched it as a pioneer of budget travel in Asia, building AirAsia into the world's best low-cost carrier.

Prior to setting up the Company, Datuk Kamarudin worked at Arab-Malaysian Merchant Bank from 1988 to 1993 as a Portfolio Manager, managing both institutional and high net-worth individual clients' investment funds. In 1994, he was appointed Executive Director of Innosabah Capital Management Sdn Bhd, a subsidiary of Innosabah Securities Sdn Bhd. He subsequently acquired the shares of the joint venture partner of Innosabah Capital Management Sdn Bhd, which was later renamed Intrinsic Capital Management Sdn Bhd.

He holds a Diploma in Actuarial Science from University Technology MARA (UiTM), and graduated with a BSc with Distinction (Magna Cum Laude) majoring in Finance in 1986 and an MBA in 1987 from Central Michigan University.

He received the Darjah Panglima Jasa Negara (PJN), which carries the title Datuk, from the Malaysian King in November 2013.

Datuk Kamarudin is a Non-Independent Executive Chairman of AirAsia Group Berhad and AirAsia Berhad. He is also a Director of Red Giants Football Club and a member of Board of Trustees for Mahathir Science Award Foundation.

TAN SRI ANTHONY FRANCIS FERNANDES

Non-Independent
Non-Executive Director

Tan Sri Anthony Francis Fernandes (male), Malaysian, aged 57, is the co-founder of the Company. Fernandes was appointed as a Non-Independent Non-Executive Director of the Company on 18 July 2006 and was re-designated as the Non-Independent Executive Director and Co-Group Chief Executive Officer on 1 January 2018. On 1 November 2018, he was re-designated as a Non-Independent Non-Executive Director of the Company.

Fernandes is one of Asia's most recognisable entrepreneurs, best known for co-founding low-cost carrier AirAsia and democratising air travel in the region.

In December 2001, Fernandes, together with Datuk Kamarudin Meranun, Dato' Pahamin Ab Rajab and Dato' Abdul Aziz bin Abu Bakar acquired struggling domestic airline AirAsia and, with the help of Conor McCarthy, relaunched it as a pioneer of budget travel in Asia, building AirAsia into the world's best low-cost carrier.

Fernandes studied in the UK, and qualified as an Associate Member of the Association of Chartered Certified Accountants in 1991, then as a Fellow Member in 1996. An accountant by training, he began his career in Virgin Group before returning to Malaysia as Warner Music Group's Vice President for Southeast Asia before venturing into the airline business.

He has received numerous honours and awards over the course of his career. These include the Honour of the Commander of the Order of the British Empire, conferred by Her Majesty Queen Elizabeth II in 2011, and the Commander of the Legion d'Honneur, awarded by the French Government for outstanding contributions to the economy of France through the aviation industry.

He is also a Non-Independent Non-Executive Director and Chief Executive Officer of AirAsia Group Berhad.

DATO' YUSLI BIN MOHAMED YUSOFF

Independent
Non-Executive Director

Dato' Yusli (male), Malaysian, aged 62, was appointed as an Independent Non-Executive Director of the Company on 13 May 2013. He is the Chairman of the Audit Committee and a member of the Nomination and Remuneration Committee as well as the Risk Management Committee of the Company.

He graduated from the University of Essex, United Kingdom with a Bachelor of Economics in 1981. He qualified as a member of the Institute of Chartered Accountants England and Wales and is a member of the Malaysian Institute of Accountants.

He commenced his professional career in 1981 as a Trainee Accountant with Peat Marwick Mitchell & Co in London, United Kingdom. He returned to Malaysia and held various key positions at industrial and financial groups in the country's capital, providing him with experience in several different industries including property and infrastructure development, telecommunications, engineering and merchant banking.

Dato' Yusli entered the stockbroking industry when he was appointed as the Chief Executive Director of CIMB Securities Sdn. Bhd. from 2000 to 2004. He also served as the Chairman of the Association of Stockbroking Companies Malaysia from 2003 to 2004. From 2004 to 2011, he was the Executive Director/Chief Executive Officer of Bursa Malaysia Berhad, previously known as the Kuala Lumpur Stock Exchange. During the same period, he also sat on the Board of the Capital Market Development Fund and was an Executive Committee member of the Financial Reporting Foundation of Malaysia.

He also serves as an Independent Non-Executive Director on the Board of Directors of a few public listed companies in Malaysia, namely KPJ Healthcare Berhad, Mudajaya Group Berhad Group, Westports Holdings Berhad and FGV Holdings Berhad. He also sits on the Board of Tan Sri H.M. Shah Foundation, Australaysia Resources & Minerals Berhad and Malaysian Institute of Corporate Governance. Outside his professional engagements, he also serves as the Patron of the Victoria Institution Old Boys Association. Currently, Dato' Yusli is the President of the Malaysian Institute of Corporate Governance.

TAN SRI ASMAT BIN KAMALUDIN

Independent
Non-Executive Director

Tan Sri Asmat (male), Malaysian, aged 77, was appointed as an Independent Non-Executive Director of the Company on 13 May 2013. He is also a member of the Audit Committee of the Company.

Tan Sri Asmat graduated from the University of Malaya with a Bachelor of Arts (Honours) degree in Economics. He also holds a Diploma in European Economic Integration from the University of Amsterdam.

Tan Sri Asmat has vast experience of 35 years in various capacities in the public service and his last post as the Secretary General of the Ministry of International Trade & Industry Malaysia, a position he held since May 1992. In the last five (5) years prior to his retirement in 2001, Tan Sri Asmat served as a Board member of Malaysia Technology Development Corporation, Multimedia Development Corporation, Malaysian Trade Development Corporation, Permodalan Nasional Berhad, Small and Medium Industries Development Corporation and Perbadanan Johor.

Tan Sri Asmat was the Non-Executive Vice Chairman of YTL Cement Berhad from 19 March 2001 to 19 June 2019. He serves as the Non-Executive Chairman of Panasonic Manufacturing Malaysia Berhad and Compugates Holdings Berhad, and a Director of Malayan Cement Berhad (formerly known as Lafarge Malaysia Berhad), companies listed on the Main Market of Bursa Malaysia Securities Berhad. He is also a Director of JACTIM Foundation, a public company. Tan Sri Asmat is a Governor of JACTIM and has also represented Malaysia for several years as Governor on the Governing Board of The Economic Research Institute for Asean and East Asia.

DIRECTORS' PROFILES

DATO' FAM LEE EE

Non-Independent
Non-Executive Director

Dato' Fam (male), Malaysian, aged 60, was appointed as Non-Independent Non-Executive Director of the Company on 24 March 2008. He is also a member of the Nomination and Remuneration Committee as well as Risk Management Committee of the Company, and a member of the Safety Review Board of the Company.

He received his BA (Hons) from the University of Malaya in 1986 and LLB (Hons) from the University of Liverpool, England in 1989. Upon obtaining his Certificate of Legal Practice in 1990, he has been practising law since 1991 and is currently a Senior Partner at Messrs Gan & Zul.

Dato' Fam sat on the Board of Trustees of Yayasan PEJATI from 1996 to 2007. Since 2001, he has served as a legal advisor to the Chinese Guilds and Association and charitable organisations such as Yayasan SSL Haemodialysis Centre in Petaling Jaya, Selangor.

He also serves as a Senior Independent Non-Executive Director of AirAsia Group Berhad.

Declaration of Directors:

- **Family Relationship**

None of the Directors has any family relationship with any other Director and/or major shareholder of AirAsia X.

- **Conflict of Interest**

None of the Directors has any conflict of interest with AirAsia X.

- **Conviction for Offences**

None of the Directors has been convicted for any public offence during the financial period ended 30 June 2021 or had any penalty imposed by the relevant regulatory bodies within the past five (5) years, other than traffic offences, if any.

PROFILES OF THE LEADERSHIP TEAM

NADDA BURANASIRI

GROUP CHIEF EXECUTIVE OFFICER

Age	59
Gender	Male
Nationality	Thai
Date of Appointment	1 November 2018

Responsibilities:

Group

- Aligns all AOCs within AirAsia X Group in a parallel direction to deliver sustainable business growth through focus on core markets
- Ensures all AOCs fully utilise the Group's strengths to reduce costs through negotiations and commercial activity
- Ensures all AOCs share best practices among each other while working collaboratively as one team

Thailand

- Provides leadership in guiding AirAsia X Thailand to achieve its vision and mission, while overseeing growth strategies as approved by the Board
- Ensures continuous improvements in safety, quality and security while maintaining high standards
- Supervises the operation to be more customer-centric by utilising available processes, technologies and training

Experience:

- Gained experience in marketing and sales from leading companies such as Siam Cement and American Express
- Joined J. Walter Thompson, the world-renowned marketing and communications company, as Account Group Director in 1991
- Part of the team that set up Universal Music (Thailand) Co, Ltd, and was promoted to Managing Director in 2007
- Joined Warner Music (Thailand) as Managing Director until 2014
- Part of the set-up team for Thai AirAsia X Co., Ltd, and appointed as Chief Executive Officer in 2014
- Appointed as Group Chief Executive Officer of AirAsia X Berhad, 1 November 2018

Qualifications and Professional Membership:

- Bachelor of Business Management in Marketing, Assumption University, Thailand
- Directors Certificate Program (DCP 254), Thai Institute of Directors Association (IOD)

Additional Information:

- Nadda is a member of the Board of Directors of Thai AirAsia X Co., Ltd
- Nadda does not own any shares of AirAsia X Berhad

BENYAMIN ISMAIL

CHIEF EXECUTIVE OFFICER

Age	44
Gender	Male
Nationality	Malaysian
Date of Appointment	1 September 2015

Responsibilities:

- Provides leadership and vision towards increasing shareholder value and growth of AirAsia X while delivering our sustainability commitments
- Manages the Group's business and affairs, ensuring operational excellence and strong governance
- Executes the turnaround plan of AirAsia X
- Develops and spearheads high-level business and growth strategies in line with AirAsia X's vision and mission, as approved by the Board

Experience:

- Handled Debt Capital Markets portfolio at Affin Investment Bank, 2003
- Joined Maybank Investment Bank to manage Debt Capital Markets, 2004
- Joined CIMB Investment Bank focusing on Debt Capital Markets, 2007
- Joined AirAsia as Head of Investor Relations, March 2010
- Promoted to Group Head of Investor Relations, Corporate Development and Implementation, 2014
- Appointed AirAsia X Chief Executive Officer (CEO) effective 1 September 2015 after assuming the role of Acting CEO on 30 January 2015

Qualifications and Professional Membership:

- Bachelor of Commerce (Banking & Finance), Curtin University of Technology, Australia
- Master of Electronic Commerce, Edith Cowan University, Australia

Membership of Board Committees in AirAsia X:

- Safety Review Board (Member)

Additional Information:

- Benjamin does not own any shares of AirAsia X Berhad

PROFILES OF THE LEADERSHIP TEAM

ANDREW LITTLEDALE

CHIEF FINANCIAL OFFICER

Age	57
Gender	Male
Nationality	British
Date of Appointment	8 November 2019

Responsibilities:

- Takes primary responsibility for the financial management of AirAsia X Berhad
- Oversees the Company's strategic planning process and annual budget
- Acts as a commercial partner to the Chief Executive Officer and senior team to facilitate the Company's growth
- Monitors and drives the financial progress of the business through timely and relevant financial reporting, while managing liquidity and cash flow
- Reviews the KPIs for all areas of the business in order to improve the quality and relevance of management information
- Oversees all financial controls and processes across all functions and business units
- Represents the Company to financial institutions, investors, public auditors and other officials

Experience:

- 10 years of Group Reporting experience in UK FTSE100 and FTSE250 companies
- Appointed as CFO of AirAsia X Sdn Bhd at the start-up of the airline in 2007
- Appointed as Group Financial Controller of AirAsia Berhad in March 2010
- Appointed as CFO of AirAsia Berhad in January 2012
- Appointed as Group CFO of Air Arabia PJSC, Sharjah, United Arab Emirates, in October 2017
- Appointed as CFO of AirAsia X Berhad in October 2019

Qualifications and Professional Membership:

- Bachelor of Science (Biology), University of London, United Kingdom
- Fellow of the Chartered Institute of Management Accountants (FCMA), United Kingdom
- Chartered Global Management Accountant (CGMA), United Kingdom

MOSES DEVANAYAGAM

SENIOR DIRECTOR

Age	70
Gender	Male
Nationality	Malaysian
Date of Appointment	1 October 2013

Responsibilities:

- Leads the coordination of operational functions within the AirAsia Group, airport authorities and government agencies including the Malaysian Aviation Commission and the Civil Aviation Authority of Malaysia
- Advises and mentors the Operations team
- Instrumental in setting up Operations functions including Cargo, Flight Operations, Engineering, Ground and Group Operations, In-Flight Operations, Safety and Security

Experience:

- 50 years of aviation experience including key positions in leading airlines in Singapore and Malaysia:
 - Joined Malaysia-Singapore Airlines, 1971
 - Served Malaysia Airline System Berhad in various senior management positions including General Manager-Operations, Head of Contracts Management and Warranty and Contracts Manager, 1972
 - Joined AirAsia X as Director of Operations, 2007
 - Regional Head of Operations of AirAsia Berhad, 2009
- Appointed as Senior Director, 2013

Qualifications and Professional Membership:

- Associate Member of the Royal Aeronautical Institute United Kingdom (by award), 1975
- Cadet/apprentice Technical Services in-house training with Malaysia-Singapore Airlines, 1971/72
- Type-rated Approvals from Qantas and Air New Zealand, 1971

PROFILES OF THE LEADERSHIP TEAM

CAPT SURESH BANGAH

DIRECTOR OF FLIGHT OPERATIONS

Age	46
Gender	Male
Nationality	Malaysian
Date of Appointment	1 October 2013

Responsibilities:

- Coordinates, supervises and monitors the functions and performance of management personnel, pilots, cabin crew and all departments within Flight Operations
- Manages the safety and security of all flights
- Liaison person with local and international regulators, ensuring operations are in line with the Air Operator Certificate
- Represents the company's interest in national and international bodies and institutions as far as flight operations are concerned

Experience:

- Started as a pilot with AirAsia, 2003
- Internal auditor of Flight Operations at AirAsia, 2005
- Cadet Pilot Coordinator managing the Cadet Pilot Training Programme, 2007 – 2009
- Flight Deck Recruitment Manager responsible for hiring and promoting pilots, 2009 – 2010
- Joined AirAsia X as Chief Pilot, Operations, 2010
- Flight Operations Director, 2013

Qualifications and Professional Membership:

- Air Transport Pilot License, 1999
- A320 Type Rating License, 2007
- A340 Type Rating License, 2009
- A330 Type Rating License, 2011

LIM KOK HOOI

HEAD OF CORPORATE SAFETY

Age	49
Gender	Male
Nationality	Malaysian
Date of Appointment	22 January 2018

Responsibilities:

- Provides guidance and direction for AirAsia X's Safety Management System
- Ensures safety documentation accurately reflects the current situation, monitors the effectiveness of corrective actions, and provides periodic reports on safety performance
- Provides independent advice to the CEO, senior managers and other personnel on safety-related matters

Experience:

- Kok Hooi has been in the airline industry since the early 1990s and has broad experience in safety and training with an accumulated more than 15,000 flying hours:
 - Started commercial flying in the Dornier 228, then Twin-Otter (DHC-6), Fokker 50, B737, A340 and now, A330
 - Joined Malaysian Helicopter Services as a co-pilot, and was seconded to Pelangi Air Sdn Bhd, Kuala Lumpur, and to Royal Air Cambodge, Phnom Penh, 1992
 - Joined Malaysia Airlines as a Captain of DHC 6 Twin Otter, based in Miri, Sarawak, following which he became a Captain of Fokker 50, B737- 400 and B737-800, 1997
 - Joined AirAsia X as a Captain of A340/330, leading the flight data monitoring team, 2011
 - Became Chief Pilot Flight Safety, 2016
 - Appointed to current post of Safety Director, January 2018

Qualifications and Professional Membership:

- Commercial Pilot License Australia
- Commercial Pilot License Malaysia
- Airline Transport Pilot License Malaysia
- Type Rated Instructor (TRI) A340/A330/Fokker 50/DHC-6 Twin Otter
- Member of Malaysia National Runway Safety Team
- Member of Malaysia Flight Safety team
- IATA qualified trained SMS implementer
- Cranfield University Certified Aviation Investigator
- IATA Trained Aviation Auditor

PROFILES OF THE LEADERSHIP TEAM

WONG OOI LING

HEAD OF INTERNAL AUDIT CUM CORPORATE
QUALITY AND ASSURANCE

Age	50
Gender	Female
Nationality	Malaysian
Date of Appointment	1 July 2016

Responsibilities:

- Provides independent and objective assurance as to the adequacy and effectiveness of system of internal controls, risk management and governance processes
- Coordinates the implementation of Risk and Business Continuity Management Framework and risk management activities within AirAsia X including identification, monitoring and reporting of risks.

Experience:

- Joined PricewaterhouseCoopers in its Audit and Assurance Department, 1995
- Joined EON Bank Berhad as Corporate Planning Manager, 2000
- Vice President of Group Management Services and PMO, EON Bank Berhad, 2003
- Joined Measat Broadcast Network Systems Sdn Bhd (Astro) as a Senior Manager in Planning, Broadcast and Operation, 2007
- Joined Measat Broadcast Network Systems Sdn Bhd (Astro)'s PMO in 2007 ; then appointed for business planning role for Broadcast and Operation in 2009
- Joined DRB-HICOM Group as a Senior Manager in GST PMO, 2014
- Joined AirAsia X as Head of Corporate Quality and Assurance, 2016

Qualifications and Professional Membership:

- Bachelor of Business (Accounting), Monash University, Australia
- Member of the Malaysian Institute of Accountants (MIA)

CAROLINE LEE

HEAD OF LEGAL

Age	56
Gender	Female
Nationality	Malaysian
Date of Appointment	5 July 2021

Responsibilities:

- Manages the Group's legal risk by providing strategic and commercially driven legal advice to the Board of Directors and senior management
- Primary contact for advising on all legal matters for AirAsia X
- Collaborates with key stakeholders, leading internal and external legal negotiations and ensuring legal compliance in the conduct of business
- Manages the Legal Department, providing leadership and guidance to members of the team
- Works closely with external counsel to ensure effective and efficient delivery of commercial results for AirAsia X

Experience:

- Twelve years of legal practice in Singapore and Malaysia
- Partner, Banking and Capital Markets, Messrs Rashid & Lee (2000)
- Appointed as Head of Legal, Usaha Tegas Group, Oil & Gas in 2002
- Appointed as Chief Operating Officer, Melium Sdn Bhd in 2006
- Operated and owned several restaurants in Kuala Lumpur from 2011 – 2017
- Legal Consultant from 2017 to date - Dairy Farm (2018); J.P. Morgan (2018-2021)

Qualifications and Professional Qualifications:

- Advocate and Solicitor, Malaysia
- Barrister and Solicitor, Australian Capital Territory
- Advocate and Solicitor, Singapore
- Barrister-at-Law, England & Wales
- Bachelor of Laws (LL.B, Hons), University of London

PROFILES OF THE LEADERSHIP TEAM

SELVAM VELAITHAM

CONTINUING AIRWORTHINESS MANAGER
(AIRCRAFT ENGINEERING)

Age	53
Gender	Male
Nationality	Malaysian
Date of Appointment	1 August 2018

Responsibilities:

- Institutes and maintains an effective and efficient administrative system to ensure Continuing Airworthiness activities comply with Civil Aviation Authority of Malaysia (CAAM) requirements
- Ensures implementation of Safety Management System including management of safety risks within the organisation
- Provides communication and supports the senior leadership team on regulatory matters regarding airworthiness

Experience:

- Over 25 years experience in aircraft engineering & maintenance:
 - Licensed Aircraft Engineer in base maintenance and line maintenance at Malaysia Airlines Berhad, 1998 – 2004 and AirAsia Berhad, 2004 – 2006
 - Quality Assurance Inspector in AirAsia Berhad, 2006 – 2013
 - CAAM Nominated Post Holder as Quality Assurance Manager at AirAsia X Berhad, 2014 – 2018
 - Joined AirAsia X as a manager, January 2014
 - Became a CAAM Nominated Post Holder as Part M - Continuing Airworthiness Manager, August 2018

Qualifications and Professional Membership:

- Diploma of Aircraft Maintenance - Oxford Air Training School, 1998
- Aircraft Maintenance Engineer Licence - CAA UK, 1998
- Aircraft maintenance Engineer Licence - DCA Malaysia, 1998

Declaration of Leadership Team:

• Family Relationship

None of the Leadership Team has any family relationship with any other Director and/or major shareholder of AirAsia X.

• Conflict of Interest

None of the Leadership Team has any conflict of interest with AirAsia X.

• Conviction for Offences

None of the Leadership Team has been convicted for any public offence during the financial year ended 30 June 2021 or had any penalty imposed by the relevant regulatory bodies within the past 5 years, other than traffic offences, if any.

• Other Directorship

None of the Leadership Team has any other directorship in public companies.

CEO'S MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

Overview of Group's Business and Operations

	FY2021 ('000)	FY2019 ('000)
Revenue (RM)	1,215,543	4,233,344
Total Operating Expenses (RM)	(33,902,769)	(4,394,835)
(L)/EBITDA (RM)	(31,729,655)	624,998
Net Operating Loss (RM)	(33,610,316)	(347,818)
Loss Before Taxation (RM)	(33,689,787)	(306,008)
Taxation (RM)	7	(344,309)
Net Loss (RM)	(33,689,780)	(650,317)
Total Assets (RM)	2,492,232	9,566,861
Basic Loss per Share (sen)	(812.2)	(15.7)

Review of Financial Results and Financial Condition

AirAsia X Group reported revenue of RM1.2 billion in the 18-month period ended 30 June 2021 (2019: RM4.2 billion), while total operating expenses were recorded as RM33.9 billion (2019: RM4.4 billion). The Group recorded a loss before interest, taxation, depreciation and amortisation (LBITDA) of RM31.7 billion (2019: EBITDA RM0.6 billion), and a net operating loss of RM33.6 billion (2019: RM0.3 billion). AirAsia X Group reported a loss before taxation (LBT) of RM33.7 billion (2019: RM0.3 billion) for the financial year, and net loss was recorded at RM33.7 billion (2019: RM0.7 billion).

Group's Earnings

Revenue

The Group reported revenue of RM1.2 billion (2019: RM4.2 billion), significantly lower than in 2019 due to an ongoing period of hibernation of its scheduled flights operations. Revenue from scheduled flights declined to RM0.6 billion (2019: RM2.9 billion), while ancillary revenue was recorded as RM175.8 million during the same period (2019: RM820.3 million). In the 18-month period ended 30 June 2021, revenue from charter flights was recorded as RM65.2 million (2019: RM114.9 million), while freight services revenue was reported as RM140.2 million (2019: RM183.0 million). Aircraft operating lease income was reported as RM244.6 million during the same period (2019: RM219.4 million).

Expenditure

The Group's aircraft fuel expenses totalled at RM0.5 billion (2019: RM1.7 billion) in the 18-month period ended 30 June 2021, lower than in the previous period and primarily due to the hibernation of its scheduled flights operations from March 2020. Depreciation was reported as RM1.0 billion (2019: RM0.7 billion), while maintenance and overhaul expenses were RM0.8 billion (2019: RM0.7 billion). Other operating expenses were recorded as RM6.1 billion (2019: RM0.4 billion) due to a RM5.8 billion allowance for impairment of assets.

During the same period, there was also a provision for termination amounting to RM25.2 billion (2019: nil). Staff costs were recorded as RM248.3 million (2019: RM429.0 million).

Group Financial Position

Below are the key highlights of the Group's financial position:

Total equity decreased to (RM33.6 billion) (2019: RM0.1 billion) mainly due to:

- The allowance for impairment of assets and provision for termination.

Total assets reduced to RM2.5 billion (2019: RM9.6 billion) driven by:

- An allowance amounting RM5.8 billion for impairment of assets.

Total liabilities stood at RM36.1 billion (2019: RM9.4 billion) due to:

- A provision of RM25.2 billion for termination.

Capital Structure and Capital Resources

Cash flow (used in)/generated from operations was (RM42.6 million) (2019: RM461.6 million) while the Group's borrowings stood at RM6.8 billion (2019: RM6.3 billion). The Group's cash balance stood at RM68.5 million as of the period ended 30 June 2021.

Review of Operating Activities

The Group's reportable operating segments have been identified as each company with an Air Operator's Certificate (AOC) held under the AirAsia X brand, namely Malaysia, Thailand and Indonesia. On the back of the persisting impact of the COVID-19 pandemic in the region, AirAsia X Malaysia and AirAsia X Thailand's scheduled flights operations remain in a phase of hibernation, while AirAsia X Indonesia's suspension remains in place. During the period under review, AirAsia X Malaysia returned a total of 4 aircraft, and transferred 2 aircraft from AirAsia X Indonesia into its fleet, ending the period with 22 Airbus A330 aircraft. AirAsia X Thailand on the other hand, returned 3 aircraft during this 18-month period, and its fleet size stands at 10 Airbus A330 aircraft as of 30 June 2021.

CEO'S MANAGEMENT DISCUSSION AND ANALYSIS

Segmental Performance Review

Revenue	FY2021 RM'000	FY2019 RM'000
Malaysia	1,215,543	4,233,344
Thailand	536,965	1,788,373
Indonesia	832	91,013
Elimination adjustment	(244,582)	(219,377)
<i>Total</i>	<i>1,508,758</i>	<i>5,893,353</i>

(LBITDA)/EBITDA	FY2021 RM'000	FY2019 RM'000
Malaysia	(31,729,655)	624,998
Thailand	(464,157)	180,521
Indonesia	(103,419)	(162,447)
Elimination adjustment	2,321	-
<i>Total</i>	<i>(31,680,648)</i>	<i>643,072</i>

Loss Before Taxation (LBT)	FY2021 RM'000	FY2019 RM'000
Malaysia	(33,689,787)	(306,008)
Thailand	(1,293,786)	(231,251)
Indonesia	(122,806)	(164,509)
Elimination adjustment	244,854	163,014
<i>Total</i>	<i>(34,861,525)</i>	<i>(538,754)</i>

engagement with its creditors to reach a compromise for the scheme to be implemented, and each engagement is at varying stages of finalisation.

The Proposed Share Capital Reduction involves the reduction of 99.9% of the issued share capital of AirAsia X, cancelling paid-up share capital which is lost or unrepresented by available assets. At implementation, the issued share capital of AirAsia X will be reduced from RM1.5 billion to RM1.5 million, and the credit arising from this exercise will be used to offset the accumulated losses, with balance, if any, be credited to the retained earnings of AirAsia X.

The Proposed Share Consolidation consists of the consolidation of every 10 existing shares of AirAsia X into 1 consolidated share, which in effect will increase the trading prices of AirAsia X shares as a result of a reduced number of AirAsia X shares and this may reduce the volatility of the shares' trading prices. When integrated with the Proposed Share Capital Reduction, this will provide a platform for the Company to raise funds.

The Proposed Fundraising involves a Proposed Rights Issue which aims to raise a gross proceeds of RM300 million, while the Proposed Share Subscription aims to raise gross proceeds of up to RM200 million by way of subscription of the Subscription Shares by Placees. That being said, it is intended that no Placee shall emerge as a new controlling shareholder of AirAsia X to ensure that a mandatory general offer will not be triggered. The Proposed Share Subscription is conditional upon the completion of the Rights Issue and the Subscription Period shall be three months from the completion of the Rights Issue.

As of 1 June 2021, all the above Proposed corporate exercises have been approved by the shareholders in the Extraordinary General Meeting of AirAsia X Berhad.

Outlook

The COVID-19 pandemic was, and still is, the biggest crisis AirAsia X has had to contend with since its inception. From severely impacting the Group's operations to its core markets of China, South Korea, Japan, Australia and India in the early months of 2020, the Group eventually came to face the implementation of the Movement Control Order effective 18 March 2020 by the Government of Malaysia which effectively ceased international travel on the back

Review of Corporate Exercises

We wish to assure our shareholders that every effort is being made to manage the crisis the Company is facing due to the onset of the pandemic. In October 2020, the Company put forth a Proposed Debt Restructuring and a Proposed Corporate Restructuring consisting of a Proposed Share Capital Reduction and Proposed Share Consolidation. Subsequently in December 2020, the Company had also announced a Proposed Fundraising which involves a Proposed Rights Issue and Proposed Share Subscription.

The Proposed Debt Restructuring has been undertaken pursuant to a scheme of arrangement under Section 366 of the Companies Act 2016, and aims to address the Company's debt in an orderly manner. This will allow the Company to attain a sustainable debt structure which is vital to the survival of the business. A court order was granted in February 2021 for AirAsia X Malaysia to hold a creditors' meeting by the 3rd quarter of 2021, and this period was further extended to March 2022. At the time of writing, the Company remains in active

CEO'S MANAGEMENT DISCUSSION AND ANALYSIS

of border restrictions. AirAsia X Malaysia eventually announced a temporary hibernation of its scheduled flights operations effective 28 March 2020.

As of October 2021, the Movement Control Order remains in place in varying degrees across the country while international borders remain closed, and AirAsia X Malaysia's scheduled flights operations remain in hibernation. During this period of hibernation, the Company worked to pivot its cargo services to serve as an alternative source of income, and served cargo markets from across the Asian region. We continue to monitor the situation closely to be able to reinstate services as soon as the situation improves, subject to the necessary regulatory approvals.

With its initiatives in the above Proposed Debt Restructuring, Proposed Corporate Restructuring and Proposed Fundraising, following a successful restructuring, AirAsia X endeavours to optimise its network and rebalance its capital structure to ensure sufficient liquidity and sustained business going forward. Post-recapitalisation, AirAsia X will emerge with a much rationalised network and fleet. AirAsia X will operate only historically proven profitable routes, with capacity to be rationalised based on post-COVID-19 market recovery trajectory. This also means that investments in infant markets will be deferred, and loss-making routes will be removed.

In-line with an optimal network requirement, AirAsia X will ensure that its fleet size is rationalised accordingly and subsequently, such revitalised AirAsia X will see a reduced fleet size as it realigns its network focuses. In achieving this,

negotiations are in full force for lease expenses reduction in the future to better align with current market lease rates. AirAsia X is also actively engaging aircraft lessors to follow through with a power-by-the-hour arrangement which will provide the airline with flexibility in cost controls during the post-COVID-19 recovery period. At the same time, commitments with key business partners are being renegotiated and new aircraft delivery will be deferred.

As it always has been, cost containment remains a vital point of consideration for AirAsia X. AirAsia X has embarked on the implementation of a lean management structure and it is continuously reviewing its business processes and expenditures. As previously mentioned, all investments in infant markets will be deferred and loss-making routes halted, immediately cutting losses. AirAsia X is also renegotiating its contracts based on its future business plan requirements and its manpower structure will be streamlined per revised operational requirements.

Appreciation and Acknowledgements

For and on behalf of AirAsia X's Leadership Team, I would like to express our deepest appreciation to our Chairman, Tan Sri Rafidah Aziz, Deputy Chairman Dato' Lim Kian Onn, co-founders Tan Sri Tony Fernandes and Datuk Kamarudin Meranun, and all other Board members for their guidance in this challenging period.

I would also like to thank our Allstars for their commitment over the course of a difficult year in helping the Company navigate such turbulent times. Last but not least, my gratitude and appreciation to all other stakeholders for the continued support

for the Company. The pandemic remains daunting, but we believe we have what it takes to move forward and drive the sustainability of the business. With the support of our Allstars, we look forward to taking to the skies once more.

Thank you.

Benyamin Ismail

Chief Executive Officer
AirAsia X Berhad

SUSTAINABILITY STATEMENT

When AirAsia X prepared its 2019 Sustainability Statement in March 2020, the world had just seen the emergence of COVID-19- more than a year later, the virus remains a key threat to the world, and the level of urgency in this region remains as high, if not heightened.

AirAsia X announced its hibernation of scheduled flights operations in March 2020 as the Government of Malaysia announced the Movement Control Order effective 18 March 2020 and border restrictions were implemented. Today, as AirAsia X's 2020/2021 Sustainability Statement is being drafted, Malaysia's international borders remain closed, the Movement Control Order remains in place with varying degrees of phases across the country, and AirAsia X's hibernation remains in place.

That being said, we seek to learn from this pandemic. We have, last year, understood the importance of an organisation's resilience and values in ensuring survival through unforeseeable and non-mitigatable risks. Such risks could be handled if an organisation has a robust model that enables the organisation to restart once a certain level of normalcy returns as well as strong stakeholder relationships - the support of customers, business partners and employees remain the key pillars for a business in its recovery journey.

As AirAsia X's business is presented in our Management Discussion and Analysis, we seek to put forth in this Sustainability Statement our management of sound stakeholder relationships. The reporting boundaries of this Sustainability Statement covers AirAsia X Malaysia, and cover the period from January 2020 - June 2021 unless stated otherwise.

During the past year when operations are hibernated and physical engagements morphed to virtual ones, we have identified key areas that are important to maintaining stakeholder trust in the AirAsia X brand - health and safety, technology and innovation, welfare and wellbeing of our talents as well as operational eco-efficiency- covering the operational activities of AirAsia X Malaysia.

Through these domains, the working teams in AirAsia X seek to ensure compliance with regulatory requirements, including managing the potential impact of schemes such as the Carbon Offsetting & Reduction Scheme for International Aviation (CORSIA).

HEALTH AND SAFETY

Safety is paramount in our business, even during the hibernation for this COVID-19 pandemic period. AirAsia X remains intent on building organisational resilience in the face of threats, hazards and risks. We do this by creating and reinforcing all safety barriers in line with the Company's quest to provide travelling environments that are efficient, comfortable, and most importantly, safe.

Guided by the Safety Management System (SMS) established by the International Civil Aviation Organization (ICAO), our policies and processes are geared towards the consistent application of a risk-based approach to support timely hazard identification and the development of appropriate measures to ensure the risks are reduced to a level that is as low as reasonably practicable (ALARP). Throughout 2020, AirAsia X's SMS continues to be fortified by enhancing digital processes with the use of Google Cloud Platform, harnessing the power of big data and enabling seamless integration with risk management process.

AirAsia X seeks to continue close collaboration with AirAsia Group in leveraging the immense repository of data gathered across all AOCs under the AirAsia brand to devise safety strategies in enhancing the future growth of the organisation as we continue to thrive through these challenging times.

Flight Safety

Flight safety performance is monitored through a set of Safety Performance Indicators (SPI) obtained from Flight Data Monitoring and Air Safety Reports (ASR). All AirAsia X aircraft are retrofitted with wireless ground link data transfer which automatically transmits flight data upon landing. Deviations from the limits provided in the Standard Operating Procedure (SOP) are thoroughly analysed and, where necessary, corrective and/or preventive measures are taken.

Quarterly meetings with the Training Department are also conducted to identify training issues that can be addressed through simulators as well as

recurrent training programmes. A Flight Data Analysis Monitoring Team (FMT) involving independent line pilots meet monthly to review, discuss and identify above mentioned deviations and propose corrective actions in line with the international standards and recommended practices. The FMT also ensures the risk levels of flight operations deviations are maintained at, or, below acceptable levels based on a Flight Safety risk register.

In the face of COVID-19, procedures and recommendations are established and enhanced to safeguard flight crew and cabin crew from infection risks of COVID-19. All crew members are required to conduct a self-test before a flight duty and are advised to avoid close contacts in the aircraft cabin during transit and during flight. Additionally, appropriate measures were taken to ensure that vital protections are given through the provision of personal protection equipment such as masks, gloves, clothing and goggles.

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Cabin Safety

The Safety Action Group (SAG) which consists of members from our online Cabin Crew of all ranks, the management team of Cabin Crew Department and Corporate Safety meet every quarter to discuss and raise safety concerns. The quarterly sessions provide members with an effective platform to brainstorm corrective actions on significant and rising issues as well as improvement plans and projects that bring beneficial experience and knowledge.

Ground Safety

In 2020, we implemented Safe@Work policy to protect and minimise the risk of infection to Allstars and support public health policies. In the wake of the pandemic, we understand that AirAsia X has the responsibility to protect its Allstars and visitors from infection and to enable individuals to minimise the risk of infection.

Throughout the period under review, AirAsia X practiced remote work for non-operations Allstars and kept operations staff on-site to the bare minimum. Additionally, work areas are sanitised regularly and recalibrated to respect the requirements for social distancing to the greatest extent possible. Allstars are also required to wear masks while they are on-site and to adhere to the highest possible personal hygiene and safety standards. To ensure such adherence, hand sanitisers and the relevant safety signages are installed in key strategic areas in RedQ.

We also worked on the implementation of our own confined space program in accordance with the Industry Code of Practice for Safe Working in a Confined Space 2010. The Ground Safety team also organised a Chemical Health Risk Assessment training session for Allstars with the aim to drive awareness amongst Allstars on the hazards of working with chemicals and hazardous substances.

In terms of occupational safety and health, multiple sessions of ergonomic assessment for operational Allstars have been organised in collaboration with the Physio Lab in our headquarters. With the guidance of such assessments, Allstars would be able to identify if their postures were correct when performing their daily tasks. Physiotherapeutic sessions were also arranged for Allstars who face any type of ergonomic-induced health issues

Emergency Response Plan

AirAsia X's Emergency Response Plan (ERP) meets strict international standards and has been endorsed by the Civil Aviation Authority of Malaysia (CAAM). Our procedures and plans are tested bi-annually through the ERP Table Top Exercises to ensure safe, orderly and timely transition to normal business operations following an emergency.

In 2020, "ROME X" was carried out at the Emergency Operations Centre at RedQ to test our emergency response procedures and to ensure key personnel including their alternates are in tune with the procedures. The four-hour exercise which simulated a crashed aircraft upon landing, revealed a good understanding of overall individual roles in times of emergency. Relevant steps have also been taken to fill the gaps where there was any room for improvement.

Engineering Safety

Aircraft Maintenance relates to the performance of tasks to ensure the Continuous Airworthiness for safe operations. This includes, but is not limited to, inspection, repair, replacement, overhaul and the embodiment of modifications, in compliance with the Airworthiness Directives. Engineering Safety performs the development, management and continuous improvement of Safety within Engineering and ensures the implementation of Safety is carried out by the respective stakeholders.

Engineering Safety Action Group (SAG) members meet on a quarterly basis to discuss and resolve grass-root issues. This platform consists of members from the frontline and the management team and allows Safety concerns to be raised and corrective actions to be developed. The effectiveness of the implementation plan for all medium-risk occurrences is also reviewed during this time.

Safety Promotion

We recognise that to maintain the highest level of safety at all times, continuous effort has to be made to ensure safety is constantly at the back of the head of every Allstar at all times. Safety promotions and awareness are regularly created through various corporate communication methods such as briefings, dialogues, alerts, drills, and workshops.

Apart from internal safety promotional activities, AirAsia X also actively engages with relevant safety groups and bodies such as the Association of Asia Pacific Airlines Flight Operations Safety Working Group, the Airservices Australia Safety Forum as well as the Department of Occupational Safety and Health. This allows AirAsia X to adopt best practices while sharing our own processes with the industry.

TECHNOLOGY AND INNOVATION

As with the wider AirAsia Group, we seek to utilise our rich repository of data optimally to create greater operational efficiencies, enhance our guests' experience and drive greater revenue for when international travels begin again.

FACES

FACES (Fast Airport Clearance Experience System) is a facial recognition system that facilitates an efficient, seamless and contactless travel experience for guests.

A form of biometric authentication, AirAsia as a Group uses such facial recognition technology as part of a digital identity system that uses cameras to identify individuals. This effectively reduces the need for guests to show or scan their travel documents.

Along with the wider AirAsia Group, AirAsia X seeks to implement a carefully curated deployment system for FACES touchpoints, which ushers in a completely contactless airline ecosystem for guests, effectively enhancing guests' experience. The five identified checkpoints to be facilitated by FACES include (i) check-in, (ii) self-baggage drop, (iii) pre-security/transit, (iv) boarding and (v) aerobridge.

Guests will have to perform a one-time enrolment into the FACES program via the AirAsia Super App and go through a one-time verification process at the service counters. Following this, guests could breeze through the checkpoints simply by using their faces for identity authentication. More importantly, FACES ensures compliance with data protection and General Data Protection Regulation (GDPR), and is also certified with Privacy by Design (PbP). Currently, FACES are undergoing trials at klia2 and will be rolled out to other airports in the future.

Galaxy Suite

The Galaxy Suite is an empowerment tool for Ground Allstars who are not curtailed by the challenges of airport infrastructure, and rather, are focused to bring services to guests irrespective of where they are as this tool provides unmatched autonomy and mobility. An app with a Departure Control System (DCS), it is used widely in service delivery and hosts various applications to accommodate the different needs across all business functions, including RedApp, Baggage Tracing, Knowledgebase, Turnaround, Roster Planning and Ground Dashboard.

The RedApp is currently used to perform check-ins for guests and include bag tags printing and verification of FACES profiles. Soon, it is envisioned to be able to accept payments for meal purchases, baggage allowance, seat change and duty free items purchases. Knowledgebase is an artificial intelligence chatbot that understands ground operations manuals and is a source of knowledge for understanding the processes and procedures on ground handling. The Ground Dashboard is a bird-eye view of all that is happening on the ground in each particular station, allowing stakeholders to make timely decisions based on real-time data.

Ground Command Centre (GCC) Dashboard

The GCC Dashboard was established from the multitude of needs for information and data for Ground Ops professionals, who need access to a spectrum of input to analyse the performances and robustness of the services delivered, on top of preparing for the challenges and loads that are expected in the future. The GCC Dashboard prepares the workforce in terms of resource management, infrastructure and stakeholder readiness in terms of volume as well as the relevant challenges.

Each basic and fundamental information from every Ground Operations field is available in detail for the consumption of various levels of Station Management and Leadership. The GCC Dashboard allows for more than 50 parameters to be ascertained in one single screen with options to deep-dive into each aspect, and has been conceived, built and delivered completely in-house along with the wider AirAsia Group.

WELFARE AND WELLBEING

2020 has been an extraordinary year for the airline and the aviation industry at large. As AirAsia X goes through major transformation in its overall business strategy and the restructuring process which ultimately drives the optimisation of our workforce, the COVID-19 pandemic serves in driving us to radically rethink new ways of working. Across AirAsia X and the wider AirAsia Group,

Our people and culture are the core of our existence. Our people, whom we refer to as Allstars, continued to be our backbone and a most critical pillar of support while we weather through this pandemic.

During this past year, we have stepped up on our efforts to reskill and upskill our Allstars during this downtime in operations and channeled focus on building internal capabilities, retaining critical talents, and developing key skills. Given that our Allstars have been relentlessly resilient during this tough time, we also consciously scale up our wellness programs anchoring on internal support systems and mental wellbeing.

Digital Reskilling and Upskilling

The Redbeat Academy was initially established in partnership with Google to intensify our efforts to upskill and reskill our workforce with the aim to build data literacy, develop a digital mindset among the Allstars and foster a data-driven work environment. The digital economy is here and the pandemic did not slow it down but instead catalysed its rapid growth. We aim to keep up in this race for digital transformation. In 2020, a total of 1,186 Allstars had undergone training in Redbeat Academy. The most popular of the digital training programmes include

SUSTAINABILITY STATEMENT

Data Analytic, Digital Marketing and Software Engineering.

The People and Culture (PAC) Department, a Group function shared with the wider AirAsia Group, is responsible for the welfare and wellbeing of our Allstars. These programmes span across all business units, and in 2020, our focal point has been mental health. Recognising that it is a time of great emotional stress, we invested in multiple channels to ensure Allstars' mental and emotional wellbeing.

Allstar Peer Support

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

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

peer supporters. The programme has helped Allstars cope with the impact of the ongoing uncertainties and challenges.

Allstar Health Coach

Partnering with digital health and wellness brand Naluri, we launched the Allstar Health Coach, an interactive and educational online programme that provides the following key features:

- Digital health companion;
- Professional coaching by doctors, dietitians, fitness coaches, pharmacists, executive coaches and financial planners;
- Financial planning to a healthier wallet;
- Photo Food Journaling to keep count of calories intake; and
- Online assessments to identify at-risk individuals.

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

Wellness Webinars/Workshops

In this era of virtual meetings, a series of wellness workshops have also been organised for Allstars, including 15 webinars on emotional wellbeing which amassed 21,505 total views, three manager workshops focussing on emotional wellbeing with 155 participants, 7 webinars on financial wellbeing with 12,979 views as well as 27 online yoga classes with in-house cabin crew from Bangkok, amassing a total of 9,179 views.

Support for Furloughed and Retrenched Allstars

During the period under review, we have also provided support to Allstars and former Allstars who were affected by the cost containment measures as a result of the pandemic-induced operations scaledown. The support largely focussed on assistance with job placements

within the AirAsia Group and outside the organisation. The initiatives undertaken includes:

- Developing an Allstars Separation Toolkit, a guide pack that provide information on transitioning to future employment;
- Preparing a Talent Directory comprising Allstars' CVs which are shared with AirAsia's partner companies;
- Conducting CV writing and interview techniques workshops with the Talent, Learning and Culture (TLC) and Recruitment teams;
- Organising an Allstar Virtual Career Fair @Alumni group on Workplace involving 2,000 Allstars, 25 prospective companies, 21 webinar sessions and 2 on-ground career fairs with prospective employers and training providers; and
- Establishing AirAsia's Got Talent - Allstars were encouraged to upload their latest résumés onto a newly created AI-driven platform, which then matched their skills, experience and interests with open positions, temporary assignments, short- and long-term part-time projects and any other initiative within the AirAsia Group requiring talent.

OPERATIONAL ECO-EFFICIENCY

Acknowledging that commercial airlines are responsible for 2.8% of total global carbon emissions, we are especially concerned about our carbon footprint which is given our top priority in our environmental agenda. In line with the initiatives undertaken by the wider AirAsia Group beginning 2019, we embarked on the introduction of sustainable aviation jet fuel-powered flights to replace conventional kerosene

jet fuels and this vision is made possible with technical support from Airbus SE and Aerospace Malaysia Innovation Centre (AMIC). Research and development is ongoing and a demonstrator flight is in the pipeline.

Other significant steps are also being taken to reduce our emissions, including:

Compliance to the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA)

Along with the wider AirAsia Group, AirAsia X seeks to comply with CORSIA and is exploring the prospect of voluntary offsetting options for non-CORSIA flights, which is expected to be implemented in the near term. Through this initiative, both AirAsia X and the wider AirAsia Group have seen the introduction of the Carbon Dashboard—an in-house tool for the monitoring of fuel burn as well as the computing of carbon dioxide emissions from each flight.

Fuel Efficiency

• One Engine Taxi-Arrival (OET-A) and One Engine Taxi-Departure (OET-D)

When conditions permit, one engine is shut down during taxi-in and taxi-out, saving up to 10kg of fuel per minute. Fuel savings are maximised when an aircraft stays at the tarmac for an extended period of time due to long taxi or parking bay allocation. AirAsia X has implemented OET-A for all destinations and will implement OET-D by Q2 2022, further contributing to reductions in CO2 emission.

• Electronic Flight Bag (EFB)

Prior to the implementation of Electronic Flight Bag (EFB) applications, we used to carry about 55kg worth of charts and manuals on board our planes. Since the implementation of EFB into the cockpit, we have achieved fuel savings of up to 8.25kg per sector from

the removal of selected manual and documents. In addition, AirAsia X has implemented electronic weather reports and NOTAM. The reduction in paper documents is also beneficial to the environment as fewer trees are cut down. Furthermore, the EFB application allows for performance calculations and fuel uplift calculations at a much greater precision, further reducing fuel consumption across the fleet.

• Idle factor

AAX implemented an aircraft registration-specific IDLE factor that optimises the Flight Management Guidance Control (FMGC) computation of the vertical profile during the descent phase (idle path segment). The calculation of the profile takes into consideration the vertical flight plan, environmental conditions and aircraft weight. Fuel savings can be achieved by adjusting the point of the commencement of descent, with the objective of only using idle thrust during the descent phase.

• Fuel savings between 1 January 2020 - 30 June 2021 for AirAsia X Malaysia and AirAsia X Thailand:

Initiative	Fuel saved by AAX (kg)	Fuel saved by TAX (kg)
OET-A	172,420	141,094
Idle Reverse Landing	138,950	84,900
Reduced Flaps Landing	67,645	37,855
Packs Off Takeoff	23,680	14,505

Carbon Emissions

As above mentioned, we have committed to compliance with CORSIA and in last year's Sustainability Statement stated our commitment to offset our emissions to achieve carbon neutral growth from 2020 onwards. With the hibernation of our primary operations, during the period under review, AirAsia X's CO2 emissions dropped to 459,555 tonnes as compared to 1,997,551 tonnes reported in the previous period.

Apart from the abovementioned, we also place emphasis on preserving a healthy environment via efforts to better manage our waste and minimise the use of natural resources.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("**Board**") of AirAsia X Berhad ("**AAX**" or "the **Company**") presents this Corporate Governance Overview Statement to provide shareholders and investors with an overview of the corporate governance practices of the Company under the leadership of the Board for the financial period ended 30 June 2021 ("**FPE 30 June 2021**"). In building a sustainable business for a leading long-haul, low-cost airline, operating primarily in the Asia-Pacific region, the Board is mindful of its accountability towards its shareholders and various stakeholders. The Board and Senior Management are committed to providing effective leadership and promoting uncompromising ethical standards in the organisation, and towards ensuring excellence in its corporate governance standards and practices throughout the Company, to which the explanations on each application of the recommended practices are disclosed in the Company's Corporate Governance Report 2021 ("**CG Report 2021**").

This statement is prepared in compliance with Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), and it is to be read together with the CG Report 2021 which is available on the Company's website at <http://www.airasiacx.com>. The CG Report 2021 provides the details on how the Company has applied each Practice as set out in the Malaysian Code on Corporate Governance ("**MCCG**") during the FPE 30 June 2021.

The Board presents this statement to provide an insight into the corporate governance practices of the Company under the leadership of the Board with reference to three (3) key corporate governance principles :

- (a) Board leadership and effectiveness;
- (b) Effective audit and risk management; and
- (c) Integrity in corporate reporting and meaningful relationship with stakeholders.

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS

1. Board Responsibilities

The Board is responsible for overseeing the overall management of the Group and retains full and effective control over the business and affairs of the Group. The Board reviews the Group's key policies, business plans and strategies, actively oversees the conduct, management and business affairs of the Company and monitors the Senior Management's performance. The Board ensures the effective discharge of its fiduciary and leadership functions, as well as sustaining long-term shareholder value while safeguarding the interests of all the stakeholders. It works closely with the Senior Management to ensure that the operations of the Company are conducted prudently within the framework of relevant laws and regulations.

Directors have independent access to the advice and dedicated support services of the Company Secretary (who is legally qualified to act as company secretary under the Companies Act 2016) to ensure effective functioning of the Board. The Directors may seek advice from Senior Management on issues pertaining to their respective jurisdiction as well as independent professional advice in discharging their duties.

The Board recognises that having established and clearly defined roles and responsibilities of the Board and the Senior Management is important to strike a reasonable balance between the strategy foundation and policy-making on the one hand, and the conformance roles of executive supervision and accountability on the other.

Delegation of the Board's authority to the Senior Management is subject to defined limits of authority and monitoring by the Board. However, as the Board has the overall responsibility to manage and supervise the affairs of the Company in accordance with the law, there are matters which are reserved for the Board's consideration as set out in the Board Charter which is available on the Company's website at <http://www.airasiacx.com>.

There is a clear separation of the positions and roles between the Chairman, the Group Chief Executive Officer ("**GCEO**") and the Chief Executive Officer ("**CEO**") to promote greater accountability to enhance checks and balances. The positions of the Chairman, GCEO and the CEO are held by three (3) different individuals. Their respective roles are also described in the Board Charter.

The Board has delegated certain functions to the Board Committees it established to assist in the execution of its responsibilities. The Board Committees operate under clearly defined Terms of Reference which are also available on the Company's website at <http://www.airasiacx.com>. The Board Committees are authorised by the Board to deal with and to deliberate on matters delegated to

CORPORATE GOVERNANCE OVERVIEW STATEMENT

them within their Terms of Reference. The Chairs of the respective Board Committees report to the Board on the outcome of their Board Committee meetings. The governance structure of the Board is as follows:-



(i) Board

Our Board is collectively responsible for the effective oversight of the Company and its businesses by actively overseeing the conduct and direct the management of the business and affairs of the Company towards enhancing business prosperity and corporate accountability with the ultimate objective of meeting the goals of the Company, realising long term shareholder value and safeguarding the interests of stakeholders. The Board sets the risk appetite and determines the principal risks for the Company and takes the lead in areas such as safeguarding the reputation of the Company and its financial policy, as well as making sure to maintain a sound system of internal control and risk management.

The Chairman oversees the Board in the effective discharge of its role and to instill good corporate governance practices, leadership and effectiveness of the Board. To monitor the workings of the Board and the conduct of the Board meeting to ensure all relevant issues for the effective running of the Company's business are on the agenda for the Board meetings. The Chairman ensures that quality information to facilitate decision-making is delivered to Board members on a timely basis, to encourage all Directors to play an active role in Board activities, including leading Board meetings and discussions and encourage active participation and allowing dissenting views to be freely expressed. The Chairman manages the interface between Board and the Management and ensures that appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole, and to chair general meetings of shareholders.

(ii) Senior Management

The Senior Management is led by the GCEO and CEO of the Company.

GCEO

The GCEO steers the business of the Group's core Malaysian operations in the right direction, as well as its various investments in Malaysia and abroad to ensure a maximum financial return through consistent and synergetic application and implementation of the Company's business model and branding. The GCEO also chairs the Group's budget and strategy meeting to chart the direction for the current and near-term period ahead.

CEO

The CEO leads the management of the Company and provides direction for the implementation of the strategies and business plans as approved by the Board and the overall management of the business operations group-wide. The CEO also chairs the Senior Management Team which assists him in his management of the Company, particularly in relation to strategic business development, high impact and high value investments, and cross business matters of the Group.

(iii) Company Secretary

The Board is supported by a qualified and competent Company Secretary to provide sound governance advice, ensure adherence to

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Board policies, rules and procedures, and advocate adoption of corporate governance best practices. The Directors always have access to the advice and services of the Company Secretary especially relating to procedural and regulatory requirements such as company and securities laws and regulations, governance matters and MMLR.

(iv) Audit Committee ("AC")

The AC assists the Board in fulfilling its oversight functions in relation to internal controls and financial reporting of the Company. The AC provides the Board with assurance on the quality and reliability of the financial information reported by the Company whilst promoting efficiency and good governance practices to ensure the proper conduct and safeguarding of the Company's and the Group's assets.

(v) Nomination and Remuneration Committee ("NRC")

The NRC was established to assist the Board in discharging its responsibilities in the determination of the remuneration and compensation of the Directors and Senior Management of the Company. The NRC recommends to the Board the remuneration policy for the Non-Executive Directors and Senior Management of the Company (as defined in its terms of reference). The NRC also reviews the Performance Scorecard of the CEO and recommends the rating of the scorecard to the Board for its approval and oversees the development of a succession management plan for the CEO. The NRC is also responsible for assessing the performance of the Board and Board Committees, as well as making recommendations on the nomination policy, succession planning framework, talent management, training programmes and any related matters for Directors and Senior Management and to oversee succession planning for the Chairman and Directors.

(vi) Risk Management Committee ("RMC")

The RMC was established to oversee the risk management activities of Company and the Group. It supports the Board in fulfilling its responsibility for identifying significant risks and ensuring the implementation of appropriate systems to manage the overall risk exposure of the Group.

(vii) Safety Review Board ("SRB")

The SRB provides oversight over the effective and efficient implementation of the Group's Safety Policy within the overall Group Safety Management System.

The members of the Board and its Committees have discharged their roles and responsibilities in respect of the FPE 30 June 2021, through their attendance at the meetings of the Company as set out in the table below: -

Directors	Board	AC	NRC	RMC	SRB
Tan Sri Rafidah Aziz Senior Independent Non-Executive Chairman	10/10		2/2	3/3	4/4
Dato' Lim Kian Onn Non-Independent Non-Executive Deputy Chairman	10/10	6/6			
Datuk Kamarudin bin Meranun Non-Independent Non-Executive Director	10/10				0/4
Tan Sri Anthony Francis Fernandes Non-Independent Non-Executive Director	9/10				
Dato' Yusli bin Mohamed Yusoff Independent Non-Executive Director	10/10		2/2	3/3	
Tan Sri Asmat bin Kamaludin Independent Non-Executive Director	8/10	6/6			
Dato' Fam Lee Ee Non-Independent Non-Executive Director	10/10	6/6	2/2	3/3	4/4

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2. Board Composition

The size, balance and composition of the Board support its role that drives the long-term direction and strategy of the Company. A key function of the Board is to create value for shareholders and track the progress of each milestone that meets its business objectives. The Board also ensures that the Company upholds a high level of corporate governance while meeting its other obligations to its shareholders and other stakeholders. The Company has implemented procedures for the nomination and election of Directors through the NRC. The NRC assesses candidates against the skills, knowledge and experience required by the Company. The Company recognises the benefits of having a diverse Board. In line with the Company's Board Diversity Policy, selection of candidates to join the Board is in part dependent on the pool of candidates with the necessary skills, knowledge, and experience. The Board believes that a truly diverse and inclusive Board will leverage the differences of its members, to achieve effective stewardship and in turn, retains its competitive advantage. In this respect, the Board through its NRC conducts an annual review of its size and composition, to determine if the Board has the right size and sufficient diversity with independence elements that fit the Company's objectives and strategic goals.

The profile of each Director can be found on pages 5 to 8 of the Annual Report 2021. The Company's diverse Board includes and makes good use of differences in skills, regional and industry experience, background, race, gender, ethnicity, age and other attributes of the Directors. The Board recognises the recommendation of the MCGG for maintaining at least 30% of the Board with women and will take necessary measures to meet the target. However, the selection of the female candidates to join the Board will be, in part, dependent on the available pool of female candidates with the necessary skills, knowledge and experience. The ultimate decision to appoint female candidates will be based on merit and contribution that the chosen candidate will bring to the Board.

An Independent Director may remain as Independent Director after serving a cumulative term of nine (9) years, provided that the Board recommends this upon concrete justification and after seeking its shareholders' approval at a general meeting. The Company has adopted the two-tier voting process in its Constitution for retention of any Independent Directors who have served for more than 12 years in that capacity. The Constitution of the Company provides that at least one-third of the Directors are subject to retirement by rotation at every Annual General Meeting ("AGM") such that each Director shall retire from office once in every three (3) years and are eligible to offer themselves for re-election. The Constitution also provides that a Director who is appointed during the year shall be subject to re-election at the next AGM to be held following his appointment. The names of the Directors seeking for the re-election at the forthcoming AGM are disclosed in the Notice of AGM dated 29 October 2021.

3. Nomination and Remuneration Committee

The NRC comprises wholly of Non-Executive Directors, with majority of them being Independent Directors. Tan Sri Rafidah Aziz, the Senior Independent Non-Executive Director, is the Chairman of the NRC, and the other members are Dato' Yusli bin Mohamed Yusoff and Dato' Fam Lee Ee. The Terms of Reference of the NRC are available for reference at <http://www.airasiac.com>.

In respect of the FPE 30 June 2021, the following activities were undertaken by the NRC:-

- (a) The re-election of Directors who retire by rotation pursuant to the Company's Constitution.
- (b) The review of performance of the Board of Directors, Board Committees, and individual Directors, including an assessment of Independence of the Independent Directors.
- (c) The review of fees and benefits payable to Non-Executive Directors.

4. Board Effectiveness Evaluation

In 2021, the Company had conducted an assessment on the performance of the Board as a whole, Board Committees, and individual Directors. The assessment is carried out annually as recommended by Practice 5.1 of the MCGG 2017. The Chairman of the NRC oversaw the overall evaluation process while the responses were reviewed and analysed by the NRC before the assessment was tabled and communicated to the Board.

During the assessment, each Director was assessed whether he/she was able to contribute to the discussions at the Board and Board Committee meetings. Overall, the Board was satisfied with the commitment of the Directors and the time contributed by each of them.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

5. Professional Development of Directors

In line with Paragraph 15.08 of the MMLR, the Directors recognise the importance and value of continuous professional development to keep themselves abreast with the changes in the aviation industry, as well as new statutory and regulatory requirements. The Directors attended and participated in training programmes, conferences and seminars that covered the areas of corporate governance, finance, global business developments and relevant industry updates, which enable them to discharge their duties effectively.

The details of training programmes, conferences and seminars attended by the Directors during the FPE 30 June 2021 are outlined below:

Names	Programmes
Tan Sri Rafidah Aziz	<ul style="list-style-type: none"> Tan Sri Rafidah Aziz spoke at various seminars, forums, and conferences on various topics and issues.
Dato' Lim Kian Onn	<ul style="list-style-type: none"> Corporate Governance Monitor 2020, on 25 November 2020. 24th Credit Suisse Asian Investment Conference, on 22 March 2021. Revised Malaysian Code on Corporate Governance, on 24 May 2021.
Datuk Kamarudin bin Meranun	<ul style="list-style-type: none"> COVID-19: Possibility or Difficulty for Airspace Industry, on 20 August 2021.
Tan Sri Anthony Francis Fernandes	<ul style="list-style-type: none"> Visa AP Senior client Council Virtual Meeting, on 28 April 2020. Bain Leaders Forum 2.0, on 6 October 2020. MaGIC's 2nd E-Nation 2020, on 20 October 2020. Business Foresight Forum BFF 2020, on 19 November 2020. Philippine Center for Entrepreneurship Online Conference, on 23 November 2020. ASB Board of Governors - Section 17A Training, MACC Act, on 4 December 2020. Singapore Fintech Festival SFF 2020 - The Great Rebundling of Finance, on 7 December 2020. CAPA Live Virtual Event, on 9 December 2020. Nomura Asean Conference 2021, on 4 March 2021. The 46th ASEAN-Japan Business Meeting Virtual Conference, on 17 March 2021. GeoConnect Asia 2021 Virtual Conference, on 25 March 2021. CITIC CLSA Asean Access Month, on 30 March 2021. RESET 2021, on 6 April 2021. Global Leaders Roundtable, 12 April 2021. Reviving Malaysia Tourism Virtual Summit 2021 by Hospitality Asia Channel, on 27 April 2021 Singapore and Southeast Asia Summit - Re-imagining the Future of Civil Aviation - Digital, Resilient (inc. Bio Safe) and Sustainable, on 12 May 2021. National Food Security Webinar 2021, on 27 May 2021. Fortune Global Technology Forum Online Conference, on 8 June 2021. CNBC Evolve Summit, on 16 June 2021. Communication & Organizational Change Across Culture, on 19 June 2021.
Dato' Yusli bin Mohamed Yusoff	<ul style="list-style-type: none"> The clear and present risks facing organisations under COVID-19, on 13 May 2020. What are the temporary relief measures for listed issuers during the COVID-19 pandemic?, on 15 May 2020. How to be an effective NED in a disruptive world?, on 21 September 2020. Briefing on Section 17A of MACC Act 2009 and Private Healthcare Act 1988, on 15 October 2020. Shipping & cargo trends and Sustainability requirements for Ports, on 25 November 2020.

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Names	Programmes
Dato' Yusli bin Mohamed Yusoff	<ul style="list-style-type: none"> Malaysian Financial Reporting Standards, on 1 December 2020. Primer on Climate Governance, on 15 January 2021. Sustainable and Responsible Investment 2021, on 17 June 2021.
Tan Sri Asmat bin Kamaludin	<ul style="list-style-type: none"> YTL Anti-Bribery & Corruption Online Training – Module II: Gifts, Hospitality and Entertainment, in August 2020. YTL LEAD Conference 2020, from 24-27 November 2020. YTL Anti-Bribery & Corruption Online Training – Module III: Whistleblowing and Code of Conduct & Business Ethics, in December 2020. Top 10 Issues for Boards in 2021: A Brave New World, from 14-22 June 2021.
Dato' Fam Lee Ee	<ul style="list-style-type: none"> Webinar "Malaysia-IR4.0", on 4 June 2020. Webinar "Invest in Malaysia Service Industry – Digital Economy", on 9 July 2020. Webinar "Global Post-Pandemic Healthcare Market Outlook", on 28 October 2020. Webinar "Global Economic & Financial Trend", on 15 September 2020. Virtual First General Assembly of International Commercial Dispute Prevention and Settlement Organisation, on 29 September 2020. Webinar "AI in the New Normal", on 4 November 2020. Webinar "Invest in China 2021", on 6 November 2020. Webinar "Malaysia2China – Seizing Opportunities in China's Technological Rise", on 10 December 2020.

6. Remuneration

The Board has established a formal and transparent process for approving the remuneration of the Board and Board Committees, and the Senior Management of the Company. The NRC is responsible to formulate and review the remuneration policies for the Board and Board Committees as well as the Senior Management of the Company to ensure the same remain competitive, appropriate, and in alignment with the prevalent market practices. The Company's remuneration policy is available on the Company's website at <http://www.airasiac.com>.

The following table shows the remuneration details of the Directors of the Company during the FPE 30 June 2021: -

Directors	Fees (RM)	Other Fees (RM)	Salaries (RM)	Bonuses (RM)	Allowance (RM)	Total (RM)
Tan Sri Rafidah Aziz	382,500.00	-	-	-	19,000.00	401,500.00
Dato' Lim Kian Onn	142,500.00	-	-	-	16,000.00	158,500.00
Datuk Kamarudin bin Meranun	127,500.00	-	-	-	10,000.00	137,500.00
Tan Sri Anthony Francis Fernandes	97,500.00	-	-	-	9,000.00	106,500.00
Dato' Yusli bin Mohamed Yusoff	217,500.00	-	-	-	21,000.00	238,500.00
Tan Sri Asmat bin Kamaludin	142,500.00	-	-	-	14,000.00	156,500.00
Dato' Fam Lee Ee	187,500.00	-	-	-	19,000.00	206,500.00

Notes:-

The basic Board fee shall be RM65,000.00 each per annum.

The basic Board Chairman fee shall be RM165,000.00 per annum.

The allowance shall be RM1,000.00 per meeting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

7. Limits of Authority

The Company has a Limits of Authority ("LOA") manual, which defines the decision-making limits of each level of Management within the Group. The LOA manual clearly outlines matters over which the Board reserves authority and those delegated to the Senior Management. These limits cover, amongst others, authority over payments, investment, capital and revenue expenditure spending limits, budget approvals and contract commitments, as well as authority over non-financial matters. The LOA manual provides a framework of authority and accountability within the Company and facilitates decision-making at the appropriate level in the organisation's hierarchy.

Principle B

EFFECTIVE AUDIT AND RISK MANAGEMENT

1. Audit Committee

The AC comprises of two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. It is chaired by Dato' Yusli bin Mohamed Yusoff, who is an Independent Non-Executive Director and he is not the Chairman of the Board. The Company has a policy which requires a former key audit partner to observe a cooling off period of at least two (2) years before being appointed as a member of the AC. During the FPE 30 June 2021, no member of the AC was a former key audit partner.

In the annual assessment on the suitability, objectivity and independence of the external auditors, the AC is guided by the factors as prescribed under Paragraph 15.21 of the MMLR as well as the Company's External Auditor Independence Policy.

The term of office and performance of the AC and each of its members are reviewed annually to ensure the Chairman and members of the AC are financially literate and are able to carry out their duties in accordance with the Terms of Reference of the AC. The AC members are expected to update their knowledge continuously and enhance their skills.

The Board is satisfied that the Chairman and members of the AC have discharged their responsibilities effectively. The AC's report is set out on pages 36 to 37 of the Annual Report 2021.

2. Risk Management Committee

The RMC of the Company comprises three (3) Non- Executive Directors with a majority of them being the Independent Directors. The RMC is chaired by Tan Sri Rafidah Aziz, who is the Senior Independent Non-Executive Chairman. The RMC enables the Board to undertake and evaluate key areas of risk exposures. The primary responsibilities of the RMC are as follows:

- (a) To oversee and recommend the Enterprise Risk Management ("ERM") strategies, frameworks and policies of Group;
- (b) To implement and maintain sound ERM frameworks, which identify, assess, manage and monitor the Group's strategic, financial, operational and compliance risks; and
- (c) To develop and inculcate a risk awareness culture within the Group. In fulfilling its responsibilities in risk management, the RMC is assisted by the Risk Management Department ("RMD").

The Company's ERM framework standardises the process of identifying, evaluating and managing significant risks face by Group. It covers the following key features:

- Roles and responsibilities of the RMC, RMD, Management and departments;
- Guidance on the risk management process and the associated methodologies and tools; and
- Guidance on risk register and controls assessments.

The Group has established a structured process for risk management and reporting within the ERM Framework as follows:

- (a) The first line of defence is provided by Management and departments, which are accountable for identifying and evaluating risks under their respective areas of responsibilities;
- (b) The second line of defence is provided by the RMD and RMC, which are responsible for facilitating and monitoring risk management process and reporting; and

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(c) The third line of defence is provided by the Internal Audit Department which provides assurance on the effectiveness of the ERM framework.

Based on the performance evaluation for the RMC, the Board is satisfied that the Chairman and members of the RMC have discharged their responsibilities effectively.

The Statement on Risk Management and Internal Control is set out on pages 30 to 35 of the Annual Report 2021.

Principle C

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

1. Effective Communication with Shareholders and Investors

The Company is committed to communicating openly and regularly with shareholders and investors through platforms such as the corporate section of its website, the Annual Report, Financial Announcements and Key Operating Statistics and Announcements through Bursa Malaysia and AGMs. The Investor relations page of its website is updated regularly to provide stakeholders with all relevant information on the Company to enable them to make an informed decision. The Company has a dedicated Investor Relations team which supports the Senior Management in their active participation in investor relations activities, including road shows, conferences and quarterly investor briefings locally and globally with financial analysts, institutional investors and fund managers. The Company continues to fulfil its disclosure obligations as per Bursa Malaysia's Corporate Governance Guidelines. All disclosures of material corporate information are disseminated in an accurate, clear and timely manner via Bursa Malaysia announcements.

2. Annual General Meeting

The AGM is another important forum for interaction with this group of stakeholders. All shareholders will be notified of the meeting and provided with a digital copy of the Annual Report at least 28 days before the meeting. At the 14th AGM of the Company held on 15 September 2020, all members of the Board were present to respond to questions raised by the members of the meeting. The voting process at the 14th AGM was conducted through an electronic poll voting system and scrutinised by an independent scrutineer. The Company will continue to leverage technology to enhance the quality of its shareholder engagement and facilitate further participation by shareholders at the Company's AGMs.

This Corporate Governance Overview Statement was approved by the Board of the Company on 27 October 2021.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

As part of our corporate governance and in line with best practices, AirAsia X Berhad ("AAX") and the subsidiaries of AAX ("the Group") are committed to maintaining a comprehensive and robust risk management and internal control system. The Board of Directors ("the Board") of AAX is guided by the requirements set out within Paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia") as well as the Malaysian Code on Corporate Governance released by the Securities Commission Malaysia. The following statement outlines the nature and scope of Group's internal controls and risk management framework for the 18-month financial period ended 30 June 2021 ("FPE").

RESPONSIBILITIES OF THE BOARD

The Board is committed to implementing and maintaining a robust risk management and internal control environment and is responsible for the system of risk management and internal control. The Board acknowledges that the risk management and internal control systems are designed to manage and minimise risks as it may not be possible to totally eliminate the occurrence of unforeseeable circumstances or losses.

AUDIT COMMITTEE

The Audit Committee ("AC") monitors the adequacy and effectiveness of the system of internal controls through a review of the results of work performed by the Internal Audit Department ("IAD") and External Auditors and discussions with Senior Management.

The AC, established by the Board, comprises two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The AC Report is disclosed on pages 36 to 37 of this Annual Report.

The duties and responsibilities of the AC are set out in its Terms of Reference which is available on AAX's corporate website at (http://www.airasiacorp.com/misc/tor_ac_2018.pdf)

RISK MANAGEMENT COMMITTEE

The Board has delegated the governance of the Group's risk to the Risk Management Committee ("RMC"). The RMC comprises three (3) Non-Executive Directors with a majority of Independent Directors.

The RMC enables the Board to undertake and evaluate key areas of risk exposures. The primary responsibilities of the RMC are as follows:

- To oversee and recommend the Enterprise Risk Management ("ERM") strategies, frameworks and policies of the Group
- To implement and maintain sound ERM frameworks, which identify, assess, manage and monitor the Group's strategic, financial, operational and compliance risks
- To develop and inculcate a risk awareness culture within the Group

In fulfilling its responsibilities in risk management, the RMC is

assisted by the Risk Management Department ("RMD").

MANAGEMENT

The Management team is responsible for ensuring that policies and procedures on risk and internal control are effectively implemented. The Management team is accountable for identifying and evaluating risks as well as monitoring the achievement of business goals and objectives within the risk appetite parameters approved by the Board.

RISK MANAGEMENT DEPARTMENT

The Risk Management framework is coordinated by the RMD. The RMD develops risk policies, sets minimum standards, provides guidance on risk related matters, coordinates risk management activities with other departments, as well as monitors AAX's risks. The RMD's principal roles and responsibilities are as follows:

- Review and update risk management methodologies, specifically those related to identification, measuring, controlling, monitoring and reporting of risks
- Provide risk management training and workshops
- Review risk profiles and mitigation plans of departments
- Identify and inform the RMC and Management of critical risks faced by the Group
- Monitor action plans for managing critical risks

INTERNAL AUDIT DEPARTMENT ("IAD")

The IAD regularly reviews the AAX's systems of internal controls and evaluates the adequacy and effectiveness of the controls, risk management and governance processes implemented by Management. It integrates a risk-based approach in determining the auditable areas and frequency of audits. The annual audit plan for AAX is reviewed and approved by the AC.

IAD is guided by its Internal Audit Charter that provides independence and reflects the roles, responsibilities, accountability and scope of work of the department. For any significant gaps identified in the governance processes, risk management processes and controls during the engagements, IAD provides recommendations to Management to improve their design and effectiveness of controls where applicable. The IAD's functions are disclosed in the AC Report on pages 36 to 37 of this Annual Report.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

ENTERPRISE RISK MANAGEMENT FRAMEWORK

The ERM framework standardises the process of identifying, evaluating and managing risks faced by the Group for the Financial Period.

The ERM framework covers the following key features:

- Roles and responsibilities of the RMC, RMD, Management and departments
- Guidance on risk management processes and associated methodologies and tools
- Guidance on risk register and controls assessments

The Group has established a structured process for risk management and reporting within the ERM framework as follows:

- The first line of defence is provided by Management and departments which are accountable for identifying and evaluating risks under their respective areas of responsibilities
- The second line of defence is provided by the RMD and RMC which are responsible for facilitating and monitoring risk management process and reporting
- The third line of defence is provided by the IAD which provides assurance on the effectiveness of the ERM framework

A key component of the ERM framework is Business Continuity Management and the Group has established business continuity plans which enable it to respond effectively in the event of a crisis and to prevent significant disruption to operations.

RISK MANAGEMENT INITIATIVES

The key focus of risk management activities carried out for the FPE under review has been on identifying and managing risks related to the on-going COVID-19 pandemic and establishing mitigation plans. The pandemic remains the top risk facing the Group given its ongoing financial and operational impact. The continuing mitigation actions across the Group have been reviewed and progress tracked, which include debt restructuring, reorganisation exercise, cash preservation, cost containment and enhanced operational measures to ensure the health and safety of customers and employees.

Key risks that the Group continues to track closely are broadly categorised as follows:

Risk	Mitigation
STRATEGIC RISK	
Political and Environmental Uncertainty - Political instability, market downturn and natural disasters, health epidemics or other events outside of the Group's control in countries that AAX operates could affect demand for flights or operations to destinations	<p>The Group mitigates this risk through environmental scanning and information dissemination which include monthly market profit reviews and response e.g., launching of low-fare promotions in periods of low demand, fleet reallocation, and capacity management.</p> <p>Responding to the impact of COVID-19 pandemic on international travel demand, AAX pivoted from carrying passengers to focus on cargo and built up freight carriage capabilities during the financial period in review.</p>
Competition - Intense competition in the market arising from entry of new players in the market, expansion of competitors' network and fare wars	<p>AAX mitigates this risk by strengthening its route network, expanding into greenfield markets to achieve "first entrant" incentives e.g., lower airport charges, and competes and secures market share by offering competitive fares on routes through dynamic pricing.</p>
Reputation and Branding - Reputational damage stemming from adverse media publicity or social networks that serve as platforms for airing consumer grievances or anti-organisation campaigns	<p>AAX mitigates this risk by conducting ongoing real time media monitoring, social media monitoring and customer sentiment monitoring to enable quick action and response to all stakeholder communication channels.</p> <p>A dedicated AAX team is established to ensure necessary and effective response to mitigate any potential brand and reputational threat</p>

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

Risk	Mitigation
OPERATIONAL RISK	
System Outages - Outages of mission-critical systems required for continuity of flight operations and revenue channels which may result in significant losses	AAX mitigates this risk by developing, implementing and testing systems-specific backup and failovers to reduce the impact of system outages and ensure that the business continues to run in the event of a critical system outage.
Value Chain Disruption - Failure in airport services such as airport fuelling systems, baggage handling systems or customs, immigration and quarantine processing may lead to significant delays and business disruption	<p>AAX mitigates this risk by monitoring and communicating any potential service disruption to service providers to prevent or ensure minimal disruption to operations.</p> <p>AAX has also created and tested incident-specific business continuity plans for its main hubs while partnering closely with airport operators and authorities.</p> <p>BCP is in place for AAX to utilise KLIA Airport in the event there are disruptions in KLIA2. At present AAX is able to utilise KLIA with all system functions.</p>
Cyber Threats - Cyber security risk arising from heavy focus on online sales channels, guest feedback, help channels and other digital solutions	<p>The Group has a dedicated information security team that focuses on detecting, containing and remediating these cyber threats.</p> <p>The Group adopts the ISO/IEC 27002 the International Code for Information Security Controls into our processes, procedures and technology.</p> <p>Regular security assessments, penetration tests and source code reviews are performed on the systems to ensure cyber resilience. The Group constantly assesses and implements various new technologies/ tools to mitigate emerging threats.</p>
Safety Threats - Increasing exposure to operational safety hazards and risks as AAX grows its routes, flights and passenger volume	<p>AAX mitigates this risk by identifying, assessing and managing safety risks to an As Low As Reasonably Practicable (ALARP) level and implements necessary mitigation actions through a robust Safety Management System.</p> <p>The Safety Review Board ("SRB") oversees safety performance to ensure safety targets are met and that the highest safety and quality standards are upheld across the Group. Through the use of new digital tools, safety risk analysis and data capture has been made more efficient and accurate to improve risk identification and mitigation.</p> <p>AAX is also subject to routine mandatory audits by local civil aviation authorities which issue operating licenses to airline operating companies. In addition, both AAX and Thai AirAsia X have completed the IATA Operational Safety Audit (IOSA) and obtained IOSA certification accordingly.</p> <p>Since the start of the COVID-19 pandemic, the Group has implemented a series of precautionary measures to safeguard the health and safety of AAX's customers and employees, while ensuring compliance with civil aviation and public health directives.</p>

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

Risk	Mitigation
FINANCIAL RISK	
<p>Liquidation Risk</p> <p>The Group's ability to meet its immediate debt and financial commitments has been adversely impacted by the outbreak of COVID-19 pandemic at the beginning of 2020 and the subsequent implementation of the travel and border restrictions, resulting in suspension of the Group's scheduled flight operations.</p> <p>A default of such commitments will result in early termination of arrangements with suppliers, creditors and financiers that will precipitate a potential liquidation of the airline.</p>	<p>To avoid a liquidation, AAX is undertaking a Proposed Debt Restructuring which has been formulated to :</p> <ul style="list-style-type: none"> - enable the AAX and its Leasing Subsidiaries to address their debt obligations in an orderly manner and to arrive at a business and debt structure which is sustainable. Accordingly, the debts/liabilities are proposed to be reduced to an affordable amount and rendered reflective of the Revised Business Plan; - strengthen the financial position of the Group and to allow the Group to carry out its revised business plan and - allow AAX to thereafter engage with financial institutions and stakeholders to obtain new financing/funding to support its future operations. <p>In addition, AAX also intends to implement a Proposed Corporate Restructuring and Proposed Fundraising, which will only be implemented if the Proposed Debt Restructuring is approved by Scheme Creditors and sanctioned by the High Court.</p>
<p>Financial Risk</p> <p>The Group's airline operations carry certain financial risks, including the effects of changes in jet fuel prices, foreign currency exchange rates, interest rates and the market value of financial investments, credit risks as well as liquidity risk.</p>	<p>The Group's Financial Management policies and mitigation to moderate the effects of such volatility on its financial performance are detailed in notes to financial statements, Note 40 and Note 46 Financial Risk Management Policies on page 165 and 195 respectively.</p>
COMPLIANCE RISK	
<p>Non-Compliance to Regulatory Requirements</p> <p>- Litigation risk arising from potential breach of local laws and regulations, contracts, industry guidelines and regulator/ consumer authority requirements in multiple jurisdictions</p>	<p>The Group mitigates this risk by maintaining a high level of engagement with local regulators and authorities to ensure any new regulatory requirement is understood and swiftly adhered to.</p> <p>The Group also constantly monitors the local regulatory landscape for new or amended regulations affecting the Group.</p>
<p>Data Security & Privacy – Violation of data privacy laws and regulations and loss of customer confidence due to a data breach</p>	<p>The Group has established a data governance framework and data security & privacy working group to review existing policies and ensure compliance to laws, regulations and best practices.</p>
<p>Anti-Bribery and Anti-Corruption Regulatory Requirements</p> <p>Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018) puts all Management and the Board of Directors to be held accountable and responsible for any act of bribery and corruption with the organisation in any jurisdiction that it has business operations.</p>	<p>The Group has put in place Anti-Bribery and Anti-Corruption Policy, which has been disseminated to all internal personnel and to all external parties that conduct business transactions with the Group. All internal personnel would need to acknowledge their awareness of this policy.</p> <p>The policy is available on AAX's corporate website: http://www.airasiac.com/misc/AAX_ABAC_Policy.pdf</p>
SUSTAINABILITY RISK	
<p>Sustainability Risk - Economic, environmental and social impact that, if not managed, may adversely affect the Group</p>	<p>AAX ensures compliance with environmental regulatory requirements, including managing the potential impact of environmental related schemes such as the Carbon Offsetting & Reduction Scheme for International Aviation (CORSIA).</p>

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

INTERNAL CONTROL FRAMEWORK

The following key internal control structures (including the AC and the IAD disclosed above) are in place to assist the Board to maintain a proper internal control system:

Board Governance

The Board has governance over the Group's operations. The Board is kept updated on the Group's activities and operations on a timely and regular basis through Board meetings with a formal agenda on matters for discussion. The Board of AAX has established four (4) committees, namely the AC, RMC, Nomination and Remuneration Committee and SRB, to assist it in executing its governance responsibilities. Further information on the various Board Committees is provided in the Corporate Governance Overview Statement from pages 22 to 29 of this Annual Report.

Senior Management Responsibilities

Regular management and operations meetings are conducted by Senior Management, which comprises the Group Chief Executive Officer ("GCEO"), Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") and Heads of Department.

The Board of our associated company includes our representatives. Information on the financial performance of our associated company is provided regularly to the Management and Board of AAX via regular management reports and presentations at Board meetings.

In respect to the joint venture entered into by the Group, the Management of the joint venture, which consists of representatives from the Group and other joint venture partners, are responsible to oversee the administration, operation and performance of the joint venture. Financial and operational reports of the joint venture are provided regularly to the Management of AAX.

Culture

The Board believes that good governance reflects the culture of an organisation. This is more significant than any written procedures. The Group aims at all times to act ethically and with integrity, and to instill this behaviour in all its employees by example from the Board down.

As provided in AAX's Code of Business Conduct, AAX is committed to uphold high standards of business ethics in all aspects of its business and expects the same within its relationships with all those with whom it engages and does business with.

AAX also has a Code of Conduct ("the Code") which governs the conduct of its employees, officers and directors. The Code sets out the standards and ethics that they are expected to adhere to. It highlights AAX's expectations on their professional

conduct which includes:

- The environment inside and outside of workplace
- The working culture
- Conflict of interest
- Confidentiality and disclosure of information
- Good practices and controls
- Duty and declaration

The Code also sets out the circumstances in which an employee, officer and director would be deemed to have breached the Code after due inquiry and disciplinary actions that can be taken against them if proven guilty.

Segregation of Duties

Segregation of duties is embedded in the key business processes. The Group has in place a system to ensure there are adequate risk management, financial and operational policies and procedures.

Internal Policies and Procedures

Policies, procedures and processes governing the Group's businesses and operations are documented and readily made available to employees across the Group on the AAX's intranet portal. These policies, procedures and processes are reviewed and updated by the business and functional units through a structured and standardised process of review. This is to ensure that appropriate management controls are in place to manage risks arising from changes in legal and regulatory requirements as well as the business and operational environment.

Financial Budgets

A detailed budgeting process has been established requiring all Heads of Department to prepare budgets and business plans annually for deliberation and approval by the Board. In addition, AAX has a reporting system on actual performance against the approved budgets, which requires explanations for significant variances and plans by Management to address such variances.

Human Resource Management

AAX acknowledges that a robust risk management and internal control system is dependent on its employees applying responsibility, integrity and good judgment to their duties. As such, AAX has in place policies and procedures that govern its recruitment, appointment, performance management, compensation and reward mechanisms as well as policies and procedures that govern discipline, termination and dismissal of employees and ensures compliance of the same with all applicable laws and regulations.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

Limits of Authority

AAX documented its Limits of Authority ("LOA") clearly defining the level of authority and responsibility in making operational and commercial business decisions. Approving authorities cover various levels of Management and the Board. The LOA is reviewed regularly and any amendments made must be tabled to and approved by the Board.

Insurance

The Group maintains adequate insurance and physical safeguards on assets to ensure these are sufficiently covered against any incident that could result in material losses. Specifically, AAX maintains its Aviation Insurance which provides coverage for the following:

- Aviation Hull and Spares All Risks and Liability
- Aviation Hull and Spares War and Allied Perils (Primary and Excess)
- Aircraft Hull and Spares Deductible
- Aviation War, Hijacking and other Perils Excess Liability (Excess AVN52)

AAX also maintains adequate general Insurance to mitigate other risks and financial losses arising from fire, burglary, employee fidelity, public liability, and loss of cash in transit.

Information Security

Information Security protects information (data), the systems it is housed in and the users of these systems from a wide range of threats, as well as safeguards the confidentiality, integrity and availability of information. Information security in the Group is achieved through a set of controls which includes policies, standards, procedures, guidelines, organisation structures and software control functions.

The Group acknowledges the importance of leveraging Information Technology ("IT") to promote effectiveness and efficiency of business operations. Heavy reliance on IT exposes us to emerging cyber security threats, hence Information Security Management is in place to manage cyber security risk. The Information Security Management programme includes:

- Evaluations of the adequacy of controls for new infrastructures and information systems
- Evaluations of emerging security technologies
- Adequacy of information asset protection within the Group
- Assurance of the adequacy of security controls by coordinating security reviews such as penetration testing and vulnerability assessment

Whistleblowing Policy

AAX has in place a Whistleblowing Policy which provides a platform for employees or third parties to report instances of unethical behaviour, actual or suspected fraud or dishonesty, or a violation of AAX's Code of Conduct. It provides protection for the whistle-blowers from any reprisals as a direct consequence of making such disclosures. It also covers the procedures for disclosure, investigations and the respective outcomes of such investigations. AAX expects its employees to act in AAX's best interests and to maintain high principles and ethical values. AAX will not tolerate any irresponsible or unethical behaviour that would jeopardise its good standing and reputation.

Conclusion

The Board has received assurance from the Group CEO, CEO and CFO of AAX that AAX's risk management and internal control system are operating adequately and effectively in all material aspects. For areas which require improvement, action plans are being developed with implementation dates being monitored by the respective Heads of Department. The Board also receives updates on key risk management and internal control matters through its Board Committees. Based on assurance received from Management and updates from the Board Committees, the Board is of the view that the Group's risk management and internal control systems were operating adequately and effectively during the Financial Year and up to the date of approval of this statement.

AAX's associate company is in the process of fully adopting AAX's risk management and internal controls. The disclosure in this statement does not include the risk management and internal control practices of AAX's material joint venture.

Review of the Statement by External Auditors

As required by Paragraph 15.23 of the MMLR of Bursa Malaysia, the External Auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with the Audit and Assurance Practice Guide ("AAPG") 3 issued by the Malaysian Institute of Accountants. The AAPG 3 does not require the External Auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

This statement is in accordance with the resolution of the Board of Directors of AAX on 27 October 2021.