

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 5238  
**COMPANY NAME** : AIRASIA X BERHAD  
**FINANCIAL YEAR** : December 31, 2022

## OUTLINE:

### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

*Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.*

### **SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

## SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

*Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.*

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board of Directors (“the Board”) of AirAsia X Berhad (“AAX” or “the Company”) is responsible for the oversight of the overall management of AAX and retains full and effective control over the affairs of AAX. It reviews the policies and strategies of AAX, actively oversees the conduct, management and business affairs of AAX, and monitors its Senior Management’s performance.</p> <p>The Board ensures the effective discharge of its fiduciary and leadership functions as well as sustains long-term shareholder value while safeguarding the interests of stakeholders.</p> <p>The Board is guided by the Board Charter in discharging its duties and responsibilities effectively, whilst certain functions have been delegated to the Chief Executive Officer of the Company (“CEO”), senior management and the committees, namely the Audit Committee (“AC”), Nomination and Remuneration Committee (“NRC”), Risk Management Committee (“RMC”), and Safety Review Board (“SRB”) (collectively, referred to as “Committees”). The delegation of authority to the Committees, the CEO, and senior management are set out in the Board Charter and in the terms of reference (“TOR”) of the respective Committees.</p> <p>The Board meets its objectives and its obligations to its stakeholders by carrying out its functions effectively as set out in the Board Charter. The Board’s principle responsibilities can be summarised as follows:-</p> <ul style="list-style-type: none"><li>• review, approve and adopt strategic corporate plans and actions for AAX and its subsidiaries (“the Group”) and monitor management’s performance in implementing them;</li><li>• set corporate values and clear lines of responsibility and accountability, including governance systems and processes that are communicated throughout the Group;</li><li>• ensure full compliance and to carry out the duties of the Board in accordance with the relevant provisions of the Main Market Listing</li></ul>

	<p>Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Malaysia”), the Capital Markets and Services Act 2007 (“CMSA”), the Companies Act 2016 (“CA”) and all applicable laws, regulations and guidelines, with the assistance of Legal department and the Company Secretary;</p> <ul style="list-style-type: none"> <li>● oversee the conduct of the Group’s business and ensure that the management of AAX is competent and effective;</li> <li>● ensure that there shall be unrestricted access to independent advice or expert advice at AAX’s expense in furtherance of the Board’s duties (whether as a Board or a director in his/her individual capacity);</li> <li>● formalise ethical standards through a code of conduct which will be applicable throughout the Group and ensure the compliance of this code of conduct;</li> <li>● ensure that the operations of AAX are conducted prudently, and within the framework of relevant laws and regulations;</li> <li>● establish, approve, review, and monitor AAX’s risk appetite and comprehensive risk management policies, processes and infrastructure, and receive regular reports therein, which is assisted by the RMC;</li> <li>● approve delegated authority for expenditure, lending, and other risk exposures, through the recommendation of the AC;</li> <li>● consider emerging issues which may be material to the business and affairs of AAX and ensure that AAX has a proper succession plan for its Senior Management, through the recommendation of the NRC;</li> <li>● keep under review and maintain AAX’s capital and liquidity positions as well as ensure that AAX’s strategies promote sustainability;</li> <li>● review and approve proposals for the allocation of capital and other resources within AAX;</li> <li>● review and approve AAX’s annual capital and revenue budgets (and any material changes thereto), following the review and recommendation of the AC;</li> <li>● ensure that the Board has adequate procedures in place to receive reports periodically and/or on a timely basis from AAX’s management that would provide the Board with a reasonable basis to make proper judgement on an ongoing basis as to the financial position and business prospects of AAX;</li> <li>● approve AAX’s annual reports and unaudited periodic financial statements as required by the applicable stock exchange, including but not limited to other published financial statements and material and significant statements issued to shareholders;</li> <li>● review the adequacy and integrity of AAX’s internal control system and management information systems, including systems for complying with applicable laws, regulations, rules, directives and guidelines;</li> <li>● set up an internal audit department staffed with qualified personnel to perform internal audit functions, covering financial and management audit as well as regulatory compliance, that reports directly to AAX’s AC;</li> </ul>
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	<ul style="list-style-type: none"> <li>● establish procedures to assess any related party transactions or conflict of interest situations that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;</li> <li>● establish and ensure the effective functioning and monitoring of the AC, RMC, NRC, and any other committees as deemed necessary by the Board, and to delegate appropriate authority and terms of reference to such committees established by the Board;</li> <li>● review an AC report at the end of each financial year that will be clearly set out in the annual report of AAX;</li> <li>● look at and to address their mind to major and/or material litigation situations against the Group as and when they arise;</li> <li>● to ensure that AAX has a beneficial influence on the economic well-being of its community;</li> <li>● ensure that AAX has in place policies and/or procedures to enable effective communication with, and appropriate disclosure to, its shareholders and other stakeholders; and that its shareholders have access to information about AAX;</li> <li>● receive and consider high level reports on matters material to AAX;</li> <li>● receive the minutes of and/or reports from the committees established by the Board;</li> <li>● review and agree to changes in the terms of reference of AAX's Board and committees established by the Board;</li> <li>● achieve an optimum balance and dynamic mix of competent and diverse skill sets amongst the Board members;</li> <li>● ensure adequate training of members of the Board, through the recommendation of the NRC and the Company Secretary;</li> <li>● undertake an assessment of the independence of its independent directors annually in accordance with the assessment criteria to be developed by the NRC, which is performed annually;</li> <li>● conduct a Board evaluation through the NRC comprising of Board Assessment and an Individual Director Assessment;</li> <li>● undertake a proper process for directors' selection through NRC; and</li> <li>● establish formal and transparent remuneration policies and procedures to attract and retain directors through the NRC.</li> </ul>
<b>Explanation for departure</b> :	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<b>Measure</b> :	
<b>Timeframe</b> :	

**Intended Outcome**

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

**Practice 1.2**

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Chairman of the Board of AAX is responsible for the following:-</p> <ul style="list-style-type: none"> <li>● oversees the Board to ensure the effective discharge of its role;</li> <li>● instils good corporate governance practices, leadership and effectiveness of the Board;</li> <li>● monitors the workings of the Board and conduct of the Board meetings;</li> <li>● ensures all relevant issues for the effective running of AAX's business are on the agenda for Board meetings;</li> <li>● ensures that quality information to facilitate decision-making is delivered to Board members on a timely basis;</li> <li>● encourages all directors to play an active role in board activities;</li> <li>● chairs general meetings of shareholders; and</li> <li>● to liaise with the Chief Executive Officer ("CEO") and Company Secretary on the agenda for Board meetings.</li> </ul> <p>The roles and responsibilities of the Chairman have been clearly specified in the Board Charter, which is available on AAX's website at <a href="http://airasiac.com">http://airasiac.com</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

**Practice 1.3**

The positions of Chairman and CEO are held by different individuals.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>In line with the Malaysian Code on Corporate Governance ("MCCG"), the positions of the Chairman, Group Chief Executive Officer ("GCEO") and CEO of AAX are held by different individuals. To provide for proper checks and balances, the Chairman holds a Non-Executive position.</p> <p>The Chairman, Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin leads and manages the Board by focusing on strategy, governance and compliance whereas the CEO, En. Benyamin bin Ismail manages the business and operations of AAX and implements the Board's decisions.</p> <p>The division of roles and responsibilities of the Chairman, GCEO and CEO are set out in the Board Charter, and it ensures a balance of power and authority.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

**Practice 1.4**

The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: As at the date of this report, the Chairman is neither a member of the Audit Committee nor the Nomination and Remuneration Committee, and does not participate in any of these Committees' meetings by way of invitation or in any other capacity.
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:  
<b>Timeframe</b>	:  

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.5

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>AAX's current Company Secretary is a Licensed Secretary by the Companies Commission of Malaysia. All Directors have access to the Company Secretary who also serve in that capacity in the various Board Committees, save for the Safety Review Board ("SRB"), and ensure that Board procedures are followed. The Company Secretary advises on measures to be taken and requirements to be observed by AAX and Directors arising from new statutes and guidelines issued by Bursa Malaysia, the Securities Commission Malaysia ("SC") and the Companies Commission of Malaysia ("CCM"). The Company Secretary also advises the Directors on their obligations and duties to disclose their interest in AAX's securities, as well as any conflicts of interest in transactions involving AAX. In addition, the Company Secretary monitors and ensures the timely lodgement of statutory documents with Bursa Malaysia, the SC and the CCM.</p> <p>The Company Secretary would attend all Board, Board Committees, and general meetings (save for SRB meetings, which are handled by the SRB) and ensure that accurate and proper records of the proceedings and resolutions passed are maintained in the statutory records at the registered office of AAX in compliance with the CA. The Company Secretary also facilitate timely communication of decisions made and policies set by the Board at Board meetings, to the Senior Management for action. The Company Secretary work closely with the Senior Management to ensure timely and appropriate information flows within and to the Board and Board Committees, and between the Non-Executive Directors and Senior Management.</p> <p>The Company Secretary also serves notice to Directors on the closed periods for trading in AAX's securities, in accordance with Chapter 14 on Dealings in Listed Securities of the MMLR of Bursa Malaysia.</p> <p>The appointment and removal of the Company Secretary are a matter reserved for the collective decision and approval of the Board.</p>
<b>Explanation for departure</b>	:	

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.6

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The annual meeting dates of the Board and Committees are scheduled in advance so that the Directors can plan ahead and schedule these dates into their respective calendars. When exigencies prevent a Director from attending a Board or Committee meeting in person, such Director can participate by audio or video conference.</p> <p>The Directors' attendance for Board and/or Committee meetings during the Financial Year is disclosed in the CG Overview Statement.</p> <p>Prior to Board and Committees meetings, all Directors receive the agenda and a set of Board/meeting papers duly signed and recommended by the relevant senior management personnel containing information for deliberation. This is to accord sufficient time for the Directors to review the Board papers and seek clarification, if required, from senior management or the Company Secretary.</p> <p>The Company encourages a paperless environment. It grants digital access to the Directors via a dedicated Google Drive for meeting documents. Google Drive allows them to access various company documents for easy reference and in a timely manner. Using Google Drive also enables the Company to control the access, internally and externally, to such meeting documents thus preserving the confidentiality thereof.</p> <p>Upon conclusion of the meeting, the Company Secretary would circulate the minutes of the meetings to the management who were present at the meeting and Directors for review to ensure that the minutes accurately reflect the proceedings of the meeting, including whether any Director abstained from voting or deliberating on a particular matter. The minutes of the meetings would be confirmed and signed by the Chairman at the forthcoming meetings which normally takes place within two (2) to three (3) months from the preceding meeting.</p> <p>The Company makes use of video conferencing facilities to enable the participation of senior management personnel from other offices without their having to travel when the need arises. The video conference allows the Board to have access to information in a timely manner from the relevant person in charge while saving time and cost.</p>

<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

**Practice 2.1**

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board Charter informs prospective and existing Board members of their fiduciary duties and responsibilities as Directors of the Company. It sets out, amongst other things, the membership and operation of the Board and principles of good CG in accordance with the applicable laws.</p> <p>The Board Charter sets out the division of roles between the Board and Committees and between the Board and Management, as well as the delegated authorities of certain functions to the following Committees to assist the Board with the execution of its responsibilities: -</p> <p>(a) AC;  (b) NRC;  (c) RMC; and  (d) SRB.</p> <p>Although the Board grants discretionary authority to its Committees to deliberate and decide on certain operational matters, the ultimate responsibility for final decision on all matters lies with the Board.</p> <p>The Board Charter provides for the annual review of the Board Charter to ensure its relevance in assisting the Board to discharge its duties with the changes in the corporate laws and regulations that may arise from time to time and to remain consistent with the Board's objectives and responsibilities. The Board Charter is available on AAX's website at: <a href="http://airasiac.com">http://airasiac.com</a></p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

### Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has formalised ethical standards expected of its Directors, employees, agents and representatives through a Code of Conduct and Ethics which is available on the Company's website at <a href="http://airasiac.com">http://airasiac.com</a>.</p> <p>The Code of Conduct and Ethics allows the Company to do its business fairly, impartially, ethically, and with the utmost regard to safety. It regards integrity as the basis of the Company's relationships with its guests, suppliers and communities. It ensures the Company's Directors, employees, agents and representatives carry out their respective functions with honesty and impartiality, while complying with applicable laws and regulations. It sets out the prohibited activities or misconduct involving gifts, gratuities, bribes, dishonest behaviour and sexual harassment. The Code of Conduct and Ethics also promotes prudent management of conflict of interests to ensure objectivity in carrying out the Company's duties.</p> <p>In addition to the Company's own Code of Conduct and Ethics, the Directors are also required to observe the Code of Ethics established by the CCM in furtherance of their duties.</p> <p>The implementation of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 which came into force on 1 June 2020 introduced corporate liability for corruption offences involving commercial organisations. In consideration of the implementation of the law on corporate liability, the Company adopted its ABAC Policy on 1 June 2020, which embodies the Group's commitment to conduct its business in an honest and ethical manner by implementing and enforcing systems that ensure bribery and corruption is prevented and further, sets out permissible and non-permissible conduct in the business practices of the Group.</p>

	<p>The ABAC Policy is available on the Company's website at <a href="http://www.airasiac.com/misc/AAX_ABAC_Policy.pdf">http://www.airasiac.com/misc/AAX_ABAC_Policy.pdf</a>.</p> <p>The Board is required to observe compliance of the ABAC Policy, Code of Conduct and Ethics, Board Charter, as well as the Code of Ethics and high standards of corporate governance at all times. The Board members are required to declare any personal, professional or business interest that may conflict with a director's responsibilities.</p> <p>The senior management and Board will periodically review the ABAC Policy, Code of Conduct and Ethics and Board Charter, and thereafter communicate any changes throughout the Group.</p>	
<p><b>Explanation for departure</b></p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>		
<p><b>Timeframe</b></p>		

**Intended Outcome**

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

**Practice 3.2**

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>In order to improve the overall organisational effectiveness and uphold the integrity of the Company, the Company has a whistleblowing programme which acts as a formal communication channel where all stakeholders can communicate their concerns in cases where the Company's business conduct is deemed to be contrary to its common values.</p> <p>All concerns are addressed to the Head of Internal Audit who will then assess such concerns and recommend the appropriate action, and subsequently compile all reports received. All such reports are tabled to and reviewed by the AC quarterly.</p> <p>All details including the name and position of the whistle-blower will be kept strictly confidential throughout the investigation proceedings.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.1

The board together with management takes responsibility for the governance of sustainability in the company including setting the company's sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group's sustainability strategies, priorities and targets are part of the Company's strategy plan(s) and are approved by the Board. Sustainability matters in the Group are addressed as part of its overall business strategy which covers Environmental, Social and Governance ("ESG") material issues, including Health &amp; Safety, Technology &amp; Innovation, Talent &amp; Wellbeing and Operational Eco-Efficiency. These are governed across different leadership levels within the Company and Group, i.e. the Board, management as well as key departments and support functions.</p> <p>The Board has overall responsibility for sustainability and setting the Group's strategic direction taking into account sustainability considerations, including matters involving climate strategy.</p> <p>In fulfilling its responsibilities in sustainability, the Board is supported by the Management which comprises heads of departments and the respective teams across the Group.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.2**

The board ensures that the company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group defines its stakeholders as those who are impacted through its operations as well as those with a vested interest therein. These stakeholders are grouped into the following categories with which the Group maintains open and ongoing dialogue through various engagement channels:-</p> <ul style="list-style-type: none"> <li>(a) Board of Directors;</li> <li>(b) Employees (Allstars);</li> <li>(c) Business Partners;</li> <li>(d) Customers (Guests);</li> <li>(e) Investors;</li> <li>(f) Market Analysts;</li> <li>(g) Regulators/Government Bodies;</li> <li>(h) Social Enterprises;</li> <li>(i) Suppliers; and</li> <li>(j) Local Communities.</li> </ul> <p>The Group's sustainability strategies, priorities and targets and progress are reported in the Sustainability Statement included in the Annual Report 2022.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.3**

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	During the Financial Year, the members of the Board attended various training programmes, conferences and seminars to enhance their sustainability competence, such as TCFD Climate Disclosure Training Programme conducted by Bursa Malaysia. Details of the training programmes, conferences and seminars attended by the members of the Board are set out in the CG Overview Statement included in the Annual Report 2022.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.4**

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company’s material sustainability risks and opportunities.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Company will look into a detailed study for developing the criteria for the performance evaluations of the Board and the Management to address the material sustainability risks and opportunities.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:	Choose an item.	

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.5- Step Up**

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

*Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.*

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.1

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The NRC reviews the size, balance and composition of the Board to ensure that the composition of the Board is refreshed periodically for it to operate in an effective manner.</p> <p>The tenure of each Director and annual re-election of Directors are reviewed by the NRC. In making its recommendation on the re-election of Directors, the NRC has taken into consideration the evaluation of the respective Directors' performance and contribution to the Board for the during the Financial Year.</p> <p>The NRC was generally satisfied that the Board comprised the right composition and the Directors have sufficient and relevant expertise in fulfilling their roles. In making its assessment and recommendations to the Board, the NRC considers the criteria such as diversity in skills, experience, age, cultural background and gender to ensure a balanced composition of the Board in line with the business strategies of the Group.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.2**

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	There were six Directors on the Board in 2022, of whom four are Independent Directors. As such, there is a majority of Independent Directors on the Board.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.3

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should provide justification and seek annual shareholders' approval through a two-tier voting process.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>AAX has adopted in its Constitution the retention of any Independent Director whose tenure has exceeded nine (9) years and also the two-tier voting process for retention of an Independent Director beyond the twelfth (12<sup>th</sup>) year.</p> <p>Notwithstanding that Tan Sri Asmat bin Kamaludin has served the Board as an Independent Director for a cumulative term of more than nine (9) years, the Board proposes to retain him as an Independent Non-Executive Director of the Company.</p> <p>The NRC (save for Tan Sri Asmat bin Kamaludin) has assessed the independence of Tan Sri Asmat bin Kamaludin based on the criteria set out in the MMLR of Bursa Malaysia, and concluded that he has satisfied the independence criteria, and he is able to provide independent judgement and act in the best interest of the Company.</p> <p>Following the assessment and recommendation by the NRC, the Board resolves to seek the shareholders' approval for Tan Sri Asmat bin Kamaludin to continuing serving as an Independent Non-Executive Director of the Company.</p> <p>The Board holds the view that a Director's independence cannot be determined arbitrarily with reference to a set period of time. The Company benefits from the long service of Tan Sri Asmat bin Kamaludin who possesses an incumbent knowledge of the Company and the Group's activities and corporate history and has provided invaluable contributions to the Board in his roles as an Independent Non-Executive Director. In fact, he has been bringing his independent and objective judgment to the deliberations and the decision-making process of the Board. In addition, he has exercised due care during his tenure as an Independent Director, as well as the Chairman of the NRC and a member of the Audit Committee of the Company. As an Independent Non-Executive Director, he has carried out his duties proficiently in the interest of the Company and the shareholders.</p>

<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.4 - Step Up**

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

*Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.*

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.5

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>AAX has adopted and implemented procedures for the nomination and election of Directors via the NRC. The NRC assesses candidates against the skills, knowledge and experience required by the Company. AAX recognises and embraces the benefits of having a diverse board. In line with its 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 NRC will review the nominee(s) for directorship and membership of Board Committees by going through the profile and interviewing the nominee(s), following which the NRC will submit its recommendation to the Board for decision.</p> <p>Potential candidates are required to declare and confirm in writing their current directorships, that they are not undischarged bankrupts, or involved in any court proceedings in connection with the promotion, formation or management of a corporation involved in fraud or dishonesty punishable upon conviction with imprisonment, or subject to any investigation by any regulatory authority under any legislation. Furthermore, candidates being considered for the position of Independent Director are required to declare and confirm their independence based on the criteria set out in the MMLR of Bursa Malaysia.</p> <p>AAX'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 Directors. Besides, AAX maintains a good mix of diversity in the Senior Management of the Company. The ultimate decision of a Board appointment will be based on merit and contributions the candidate can bring to the Board.</p> <p>The Company Secretary will ensure that all appointments are properly made, that all information necessary is obtained, as well as all legal and regulatory obligations are met.</p> <p>The current diversity in the race/ethnicity (cultural background), nationality, age and gender of the existing Board is as follows:-</p>

	<table border="1"> <thead> <tr> <th colspan="3">Race/Ethnicity</th> <th colspan="2">Gender</th> </tr> <tr> <th>Malay</th> <th>Chinese</th> <th>Indian</th> <th>Male</th> <th>Female</th> </tr> </thead> <tbody> <tr> <td>4</td> <td>2</td> <td>0</td> <td>5</td> <td>1</td> </tr> </tbody> </table>				Race/Ethnicity			Gender		Malay	Chinese	Indian	Male	Female	4	2	0	5	1
	Race/Ethnicity			Gender															
	Malay	Chinese	Indian	Male	Female														
4	2	0	5	1															
<table border="1"> <thead> <tr> <th colspan="4">Age Group</th> </tr> <tr> <th>40-49</th> <th>50-59</th> <th>60-69</th> <th>70-89</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>1</td> <td>3</td> <td>1</td> </tr> </tbody> </table>				Age Group				40-49	50-59	60-69	70-89	1	1	3	1				
Age Group																			
40-49	50-59	60-69	70-89																
1	1	3	1																
<p>The Board strongly views that diversity of the Board’s composition is important to facilitate optimal decision-making by harnessing different insights and perspectives of Directors from a wide variety of backgrounds, experiences and skills.</p> <p>The appointment of key Senior Management was also made with due regard for diversity in skills, experience, age, cultural background and gender. Their detailed particulars are provided on pages 8 to 11 of the Annual Report 2022.</p>																			
<b>Explanation for departure</b>	:																		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>																			
<b>Measure</b>	:																		
<b>Timeframe</b>	:																		

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has established a formal and transparent process whereby the NRC is responsible for identifying candidates who are suitably qualified to become Board members, including independent directors, and make recommendations to the Board on the appointment of such individuals taking into consideration their competencies, commitment, contribution and performance. The NRC is supported by the People and Culture department in identifying suitable candidates for appointment to the Board.</p> <p>The existing Directors were appointed based on recommendations from non-executive directors, the CEO, third-party search firms and other independent sources.</p> <p>In identifying suitable candidates for appointment to the Board, the NRC will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board. Some of the criteria to be taken into consideration in the selection process can include but is not necessarily limited to the following:</p> <ul style="list-style-type: none"><li>(a) Leadership role in mid - large size organization.</li><li>(b) Millennial appeal.</li><li>(c) Gender diversity (Female).</li><li>(d) Entrepreneurial skills.</li><li>(e) Global mindset.</li><li>(f) Digital savvy.</li><li>(g) Influencer.</li></ul> <p>The ultimate decision as to who is nominated shall be the responsibility of the full Board after considering the recommendations of the NRC. The ultimate decision of a Board appointment will be made by the full Board based on merit and contributions the candidate can bring to the Board.</p>
<b>Explanation for departure</b>	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Datuk Kamarudin bin Meranun is due for retirement by rotation pursuant to Rule 119 of the Constitution of the Company, and being eligible, had offered himself for re-election as Director of the Company at the upcoming Sixteenth Annual General Meeting (“16th AGM”) of the Company.</p> <p>Rule 124 of the Constitution stipulates that the Directors may appoint a person who is willing to act as Director, either to fill a casual vacancy or as an additional Director, provided that the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with the Company’s Constitution as the maximum number of Directors. A Director so appointed shall hold office only until the next following annual general meeting and shall then be eligible for re-election.</p> <p>Tunku Dato’ Mahmood Fawzy bin Tunku Muhiyiddin, Encik Ahmad Al Farouk bin Ahmad Kamal and Ms Chin Min Ming were appointed Independent Non-Executive Directors of the Company with effect from 27 June 2022, 22 June 2022 and 1 December 2022, respectively, and being eligible, they had offered themselves for re-election in accordance with Rule 124 of the Company’s Constitution.</p> <p>For the purpose of determining the eligibility of the retiring Directors to stand for re-election at the 16th AGM and in accordance with Practice 6.1 of the MCCG, the Board, through its NRC, had conducted an assessment of the Directors of the Company based on (i) performance and level of contribution to Board deliberation through their skills and experience; and (ii) level of objectivity, impartiality and their abilities to act in the best interest of the Company.</p> <p>The NRC considered and did not find evidence of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect the respective Directors’ capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company as a whole. As at the date of</p>

	<p>this CG Report, none of the retiring Directors hold any shares in the Company whether directly or indirectly, have any family relationships with any other director or substantial shareholder of the Company, or have any personal interest in any business arrangement involving the Company.</p> <p>The Board had endorsed the NRC’s recommendation that the retiring Directors are eligible to stand for re-election based on the satisfactory findings of the last Board performance evaluation.</p> <p>The profiles of the Directors seeking re-election are set out in the Company’s Annual Report 2022 and on its corporate website.</p>	
<p><b>Explanation for departure</b></p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>		
<p><b>Timeframe</b></p>		

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.8**

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The NRC is chaired by Tan Sri Asmat bin Kamaludin, an Independent Non-Executive Director of the Company.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.9

The board comprises at least 30% women directors.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Board places emphasis on recruiting women directors to achieve an optimum and balanced composition of the Board. The NRC and the Board were actively seeking to fill these vacant positions during the Financial Year, but the shift had been to broader concerns, as there were other pressing issues that had hit the airline industry. The COVID-19 pandemic has had a significant impact on the aviation industry due to travel restrictions and a slump in demand among travellers. Nevertheless, the NRC and the Board had not stopped the process and the Company had appointed Ms Chin Min Ming as an Independent Non-Executive Director with effect from 1 December 2022.</p> <p>The Board had established a Board Diversity Policy which ensures a broad dimension of diversity is present to guarantee diverse viewpoints. This is reflected in paragraphs 5.6 and 5.7 of the Board Diversity Policy, as follows:</p> <p>“In identifying suitable candidates for appointment to the Board, the NRC will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board.</p> <p>Some of the criteria to be taken into consideration in the selection process can include but is not necessarily limited to the following:</p> <ul style="list-style-type: none"><li>(a) Leadership role in mid - large size organization.</li><li>(b) Millennial appeal.</li><li>(c) Gender diversity (Female).</li><li>(d) Entrepreneurial skills.</li><li>(e) Global mindset.</li><li>(f) Digital savvy.</li><li>(g) Influencer.”</li></ul> <p>The Board is mindful of the recommended best practice of having at least 30% women directors and has taken the initial step of appointing Ms Chin Min Ming as an Independent Non-Executive Director of the Company with effect from 1 December 2022. Due to the potential restructuring exercise and the financial position of the Company, the Board is taking a cautious approach in expanding its composition. The</p>

	Board would consider appointing additional Directors should the need arise.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	Choose an item.

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.10**

The board discloses in its annual report the company's policy on gender diversity for the board and senior management.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges the importance of gender diversity and recognises the benefits that it can bring. The Board's prime focus in appointing new Directors is the strength of the Board members and the contributions they would bring to the Company. Therefore, the overriding aim in any new appointment would be to select the best candidate available to achieve a balanced composition of the Board and ensure that Board decisions are made objectively and in the best interests of the Company taking into account diverse perspectives and insights. With this in mind, the Board would endeavour to have at least 30% women Directors on the Board in accordance with Practice 5.9 of the MCCG.</p> <p>The Company also seeks to maintain strong women representation in its management team. This is illustrated in the diversity of the key Senior Management team of the Company. Their detailed particulars are provided on pages 8 to 11 of the Annual Report 2022.</p> <p>The Company is committed to sustaining an inclusive and high performing culture taking into account gender diversity for the Board and senior management.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

### Practice 6.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

*Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.*

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The NRC reviews the composition of the Board and the Board's Committee annually. The evaluation involves all Directors completing evaluation questionnaires regarding the processes of the Board and its Committees, their effectiveness and where improvements could be considered, and Director's peer evaluation and assessment of the independence of the Independent Directors.</p> <p>The Board had conducted an evaluation in October 2021. As the majority of the Board members are fairly new, the Board had conducted another assessment on the performance of the Board as a whole, Board Committees, and individual Directors in the beginning of the year 2023. The Board and its Committees were assessed in the areas of, amongst others, Board mix and balance, Board and Committee composition, compliance and governance, boardroom activities, conduct at meeting, communication and value-added contribution, quality of information and decision-making, Board dynamics and relationships.</p> <p>The NRC was satisfied that all the Directors have devoted sufficient time to discharge their responsibilities. Details of the Directors' meeting attendance at Board and Board Committee meetings are evidenced by the attendance record as set out in the Corporate Governance Overview Statement of the Annual Report 2022.</p> <p>The NRC was generally satisfied that the Committees comprised the right composition of members, provided useful recommendations in assisting the Board in its decision-making and consequently, the conduct of Board meetings were more efficient and effective. The members of the Committees have sufficient and relevant expertise in fulfilling their roles. The NRC also reviewed and assessed the independence of the Independent Directors of the Company as per the requirement under the MMLR of Bursa Malaysia.</p>

	<p>To further improve the ability to discharge its functions, the Board through its NRC is considering the engagement of an independent expert to facilitate objective and candid board evaluation. The NRC has discussed and considered several proposals on the appointment of an independent external consultant to conduct a Board Effectiveness Evaluation (“BEE”). The BEE will assess the performance and effectiveness of the Board and Committees, as well as that of individual Directors and Committee members. In addition, it will review and assess the independence of the Independent Directors of the Company.</p> <p>However, the engagement of an independent external consultant to conduct a BEE has been postponed possibly to the next financial year as the Board had shifted much of its focus on other business priorities in view of the COVID-19 pandemic which has had an immense impact on the Company and the aviation industry in general.</p>	
<p><b>Explanation for departure</b></p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>		
<p><b>Timeframe</b></p>		

### Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

### Practice 7.1

The board has remuneration policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has in place a Remuneration Policy which is clear and transparent, designed to support and drive business strategy and long-term objectives of the Company. The Remuneration Policy is reviewed by the NRC prior to making its recommendations to the Board for approval.</p> <p>AAX maintains transparent procedures in determining the remuneration policy for the Directors, GCEO, CEO and Senior Management. The NRC is responsible to review and recommend to the Board the compensation payable to the Directors, GCEO, CEO and Senior Management in connection with their individual contributions to AAX's overall performance or any loss or termination of their office or appointment, and the compensation arrangements relating to their dismissal or removal for misconduct.</p> <p>The remuneration packages of Non-Executive Directors are determined by the Board as a whole. All the individual directors concerned are to abstain from discussing their own remuneration. This is to ensure the compensation is competitive and consistent with AAX's business strategy and long-term objectives.</p> <p>The policy and procedures would be periodically reviewed and updated to ensure the same remains competitive, appropriate, and align with the prevalent market practices.</p> <p>The Remuneration Policy is available on the corporate website at <a href="http://www.airasiac.com">http://www.airasiac.com</a>.</p>
<b>Explanation for departure</b>	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

## Practice 7.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

<b>Application</b>	:	Applied																					
<b>Explanation on application of the practice</b>	:	<p>The NRC comprises two (2) Non-Executive Directors with one of them being an Independent Director. This is due to the resignation of Tan Sri Rafidah Aziz as the Chairman of the Board and the demise of Dato' Yusli bin Mohamed Yusoff, both occurred during the financial year. The segregation of NRC's functions and responsibilities in relation to nomination and remuneration matters is clearly stated in its Terms of Reference, which are available on AAX's website at: <a href="http://airasiac.com">http://airasiac.com</a></p> <p>The Company maintains transparent procedures in determining the remuneration policy for Directors. The determination of remuneration packages of Non-Executive Directors is a matter for the Board as a whole. All the individual directors concerned abstained from discussing their own remuneration.</p> <p>Based on the annual review of the Directors, the NRC recommended and the Board affirmed that the Non-Executive Directors' Remuneration for the period from the 16<sup>th</sup> Annual General Meeting (2022) until the next AGM shall be as shown below:-</p> <table border="1"> <thead> <tr> <th>Non-Executive Directors' Fees (per annum)</th> <th>Non-Executive Chairman (RM)</th> <th>Per Non-Executive Director/Per other Committee Member (RM)</th> </tr> </thead> <tbody> <tr> <td>Board of Directors</td> <td>165,000</td> <td>65,000</td> </tr> <tr> <td>AC</td> <td>40,000</td> <td>30,000</td> </tr> <tr> <td>NRC</td> <td>30,000</td> <td>20,000</td> </tr> <tr> <td>SRB</td> <td>30,000</td> <td>20,000</td> </tr> <tr> <td>RMC</td> <td>30,000</td> <td>20,000</td> </tr> <tr> <td><b>Non-Executive Directors' Benefits (per attendance by</b></td> <td><b>Board Directors</b></td> <td><b>Board Committees</b></td> </tr> </tbody> </table>	Non-Executive Directors' Fees (per annum)	Non-Executive Chairman (RM)	Per Non-Executive Director/Per other Committee Member (RM)	Board of Directors	165,000	65,000	AC	40,000	30,000	NRC	30,000	20,000	SRB	30,000	20,000	RMC	30,000	20,000	<b>Non-Executive Directors' Benefits (per attendance by</b>	<b>Board Directors</b>	<b>Board Committees</b>
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<b>Non-Executive Directors' Benefits (per attendance by</b>	<b>Board Directors</b>	<b>Board Committees</b>																					

	<b>each director or committee member)</b>		
	Meeting allowance	1,000	1,000
	<b>Other Non-Executive Directors' Benefits</b>		
	Insurance premiums on medical coverage, and other claimable expenses incurred in the course of carrying out their duties.	Up to a total amount of RM100,000 for all Non-Executive Directors	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

### Practice 8.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Directors' remuneration package is reviewed annually to support long-term sustainability and shareholder value, consistent with AAX's business strategy.</p> <p><b>1. Fee</b> The fees payable to the Directors for their services to the Board are based on a basic board fee and their respective additional responsibilities on the Board Committees.</p> <p><b>2. Benefits-in-kind</b> Other customary benefits (such as meeting allowance of RM1,000 per attendance by each director or committee member, insurance premiums on medical coverage and other claimable expenses incurred in the course of carrying out their duties up to a total of amount of RM100,000 for all the Non-Executive Directors, travel coupons, etc.) are made available as appropriate.</p> <p><b>3. Service contract</b> The GCEO and CEO have a three-year renewable service contract with AAX.</p> <p>The detailed disclosure of the Directors' remuneration received during the Financial Year is as set out in the CG Overview Statement included in the Annual Report 2022 and in the table below.</p>

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin (Appointed on 27 June 2022)	Independent Director	88	6	-	-	-	-	94	-	-	-	-	-	-	-
2	Datuk Kamarudin bin Meranun	Non-Executive Non-Independent Director	95	8	-	-	-	-	103	-	-	-	-	-	-	-
3	Tan Sri Asmat bin Kamaludin	Independent Director	132	16	-	-	-	-	148	-	-	-	-	-	-	-
4	Dato' Fam Lee Ee	Non-Executive Non-Independent Director	162	21	-	-	-	-	183	-	-	-	-	-	-	-
5	Ahmad Al Farouk bin Ahmad Kamal (Appointed on 22 June 2022)	Independent Director	44	4	-	-	-	-	48	-	-	-	-	-	-	-
6	Chin Min Ming (Appointed on 1 December 2022)	Independent Director	6	-	-	-	-	-	6	-	-	-	-	-	-	-
7	Dato' Yusli bin Mohamed Yusoff (Demised on 10 March 2022)	Independent Director	102	10	-	-	-	-	112	-	-	-	-	-	-	-
8	Tan Sri Rafidah Aziz	Independent Director	229	12	-	-	-	-	241	-	-	-	-	-	-	-

	(Resigned with effect from 1 July 2022)															
9	Dato' Lim Kian Onn (Resigned with effect from 10 June 2022)	Non-Executive Non-Independent Director	85	12	-	-	-	-	97	-	-	-	-	-	-	-
10	Tan Sri Anthony Francis Fernandes (Resigned with effect from 31 October 2022)	Executive Director	76	8	-	-	-	-	84	-	-	-	-	-	-	-

**Intended Outcome**

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

**Practice 8.2**

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	The Board is of the view that the disclosure of the senior management's remuneration would be unfavourable to the Group as talent poaching is common in the industry and the Group would like to ensure employee retention efforts are safeguarded.
		The disclosure of the salary of the top five senior management personnel is made on an aggregate basis in the Audited Financial Statements for the Financial Year.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	The Board will monitor the market practice in respect of such disclosures on a yearly basis.
<b>Timeframe</b>	:	Others

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	-	-	-	-	-	-	-	-

**Intended Outcome**

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

**Practice 8.3 - Step Up**

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	-	-	-	-	-	-	-	-

**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.  
The company's financial statement is a reliable source of information.

**Practice 9.1**

The Chairman of the Audit Committee is not the Chairman of the board.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The AC comprises three (3) Independent Non-Executive Directors.</p> <p>The AC Chairman, Encik Ahmad Al Farouk bin Ahmad Kamal graduated from The London School of Economics and Political Science with a Bachelor of Science in Economics, where he also holds a Masters of Science in Finance and Economics. He is not the Chairman of the Board. He is an Independent Non-Executive Director of AAX. He reports to the Directors at Board meetings any salient matters raised at the AC meetings which require the Board's notation, approval or decision.</p> <p>Item 6 of the TOR of the AC is consistent with the requirements in Practice 9.1 of the MCGG that <i>"The AC Chairman is not the Chairman of the Board"</i>.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee’s findings and recommendations.  
The company’s financial statement is a reliable source of information.

**Practice 9.2**

The Audit Committee has a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	None of the members of the Board were former key audit partners.  Item 5 of TOR of the AC is consistent with the requirements in Practice 9.2 of the MCCG that <i>“The Audit Committee has a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee.”</i>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee’s findings and recommendations.  
The company’s financial statement is a reliable source of information.

**Practice 9.3**

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board, through the AC, has maintained an appropriate, formal and transparent relationship with the external auditors. The AC meets the external auditors without the presence of management, whenever necessary, and at least twice a year. Meetings with the external auditors are held to further discuss AAX’s audit plans, audit findings, financial statements as well as to seek their professional advice on other related matters. From time to time, the external auditors inform and update the AC on matters that may require their attention.</p> <p>An External Auditor Independence Policy was established and aimed at establishing a process to monitor the suitability and independence of external auditors. In the assessment of the performance of the external auditors, including their independence policies and procedures, the AC noted that the external auditors had in accordance with the independence requirements set out in the By-Laws (on professional ethics, conduct and practice) of the Malaysian Institute of Accountants, evaluated the level of threat to objectivity and potential safeguards to prevent any threats prior to acceptance of any non-audit engagement.</p> <p>The AC was satisfied with the suitability, objectivity and independence of the external auditors, Messrs Ernst &amp; Young (“EY”) and has recommended the re-appointment of EY for the ensuing year.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.  
The company's financial statement is a reliable source of information.

**Practice 9.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The AC comprises three (3) Independent Non-Executive Directors.

**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

**Practice 9.5**

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board through its NRC reviews the performance and composition of the AC annually in accordance with Paragraph 15.20 of the MMLR of Bursa Malaysia. The composition of the AC meets the requirements of paragraph 15.09(1)(c) of the MMLR of Bursa Malaysia.</p> <p>The Chairman and members of the AC are financially literate, and have carried out their duties in accordance with the Terms of Reference of the AC. The AC members are expected to update their knowledge and enhance their skills continuously.</p> <p>Based on the performance evaluation of the AC, the Board is satisfied that the AC members have discharged their responsibilities effectively. The activities carried out by the AC are stated in the Audit Committee report of Annual Report 2022.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

### Practice 10.1

The board should establish an effective risk management and internal control framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has delegated the governance of the Group's risks to the RMC. The RMC of the Company comprised of two (2) Non-Executive Directors as at 31 December 2022 with one (1) of them being an Independent Director. This is due to the resignation of Tan Sri Rafidah Aziz as the Chairman of the Board and the demised of Dato' Yusli bin Mohamed Yusoff, both occurred during financial year.</p> <p>The RMC enables the Board to undertake and evaluate key areas of risk exposures. The primary responsibilities of the RMC are as follows:</p> <ul style="list-style-type: none"><li>● To oversee and recommend the Enterprise Risk Management ("ERM") strategies, frameworks and policies of the Group</li><li>● To implement and maintain sound ERM frameworks, which identify, assess, manage and monitor the Group's strategic, financial, operational, compliance and information security risks</li><li>● To develop and inculcate a risk awareness culture within the Group</li></ul> <p><b>Risk Management Framework</b></p> <p>The Risk Management framework is coordinated by the Risk Management Department ("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:</p> <ul style="list-style-type: none"><li>● Review and update risk management methodologies, specifically those related to identification, measuring, controlling, monitoring and reporting of risks</li><li>● Provide risk management training and workshops</li><li>● Review risk profiles and mitigation plans of departments</li><li>● Identify and inform the RMC and Management of critical risks faced by the Group</li><li>● Monitor action plans for managing critical risks</li></ul> <p><b>Internal Control Framework</b></p>

	The Company has also established a robust internal control framework, which covers key elements such as Board governance, senior management responsibilities, segregation of duties, internal policies and procedures, financial budgets, human management, limits of authority, insurance, information security, code of conduct, ABAC policy and procedures and whistleblowing policy.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

### Practice 10.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p><b>Risk Management Framework</b></p> <p>The ERM framework standardise the process of identifying, evaluating and managing risks faced by the Group for the Financial Period.</p> <p>The ERM framework covers the following key features:</p> <ul style="list-style-type: none"><li>● Roles and responsibilities of the RMC, RMD, Management and departments</li><li>● Guidance on risk management processes and associated methodologies and tools</li><li>● Guidance on risk register and controls assessments</li></ul> <p>The Group has established a structured process for risk management and reporting within the ERM framework as follows:</p> <ul style="list-style-type: none"><li>● 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</li><li>● The second line of defence is provided by the RMD and RMC which are responsible for facilitating and monitoring risk management process and reporting</li><li>● The third line of defence is provided by the IAD which provides assurance on the effectiveness of the ERM framework</li></ul> <p><b><u>INTERNAL CONTROL FRAMEWORK</u></b></p> <p>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:</p> <p><b>Board Governance</b></p> <p>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</p>

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 [x] to [x] 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”), the Chief Executive Officer (“CEO”), Chief Financial Officer (“CFO”) / Financial Controller 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 instil 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 judgement 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.

### ***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***

The Information Security team and Chief Information Security Officer (CISO) are the process owners of all assurance activities related to Confidentiality, Integrity, and Availability of the company, employee, customer, business partners, and the business information; in compliance with the company's objectives and establishing the information security policy for the entire group. The Information Security team and CISO work with executive management to establish, implement, and maintain information security management programmes to ensure information assets are adequately protected. Information Security: Creates an environment that helps protect information resources and users from threats that could compromise privacy, productivity, reputation and intellectual property rights.

Data Governance: Outlines how business activity monitoring should be carried out to ensure organisational data is accurate, consistent and protected. Defines the roles and responsibilities for information management. Specifies procedures to be used in managing different types of data.

Access Control: Outlines access controls across the Group's networks, information systems and services to provide authorised, granular, auditable and appropriate user access, and to ensure appropriate preservation of data confidentiality, integrity and availability. Protects the interests of all authorised users of the Group's information systems, as well as data provided by third parties, by creating a safe, secure and accessible environment in which to work.

Server, Database and Networks: Establish rules and procedures for hardening servers, database and network equipment to: a) create a

	<p>security baseline for all servers, database and network equipment across the Group; b) minimise server and IT-related risks; c) comply with regulatory requirements.</p> <p>Information Security Testing: Give assurance of the adequacy of security controls by coordinating security reviews through vulnerability assessment and penetration testing (VAPT) of the Group's IT infrastructure, network and web applications.</p> <p>Information Security Detection and Incident Response: Ensures operations recover quickly from information security incidents, minimising loss of information and disruption of services. Protects the Group's reputation and minimises loss of credibility among customers. Provides technical guidelines on responding to incidents effectively and efficiently.</p> <p><b>Whistleblowing Policy</b></p> <p>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.</p>	
<p><b>Explanation for departure</b></p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>		
<p><b>Timeframe</b></p>		

**Intended Outcome**

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

**Practice 10.3 - Step Up**

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

<b>Application</b> :	Not Adopted
<b>Explanation on adoption of the practice</b> :	

### Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

### Practice 11.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The AC's responsibility for the internal audit is fulfilled through reviews of the quarterly and other reports of the IAD.</p> <p>In discharging its duties and responsibilities, the AC has performed the following work on Internal Audit:</p> <ul style="list-style-type: none"><li>• Deliberating and approving the Internal Audit Plan to ensure adequate scope and comprehensive coverage of audit as well as to ensure the audit resources are sufficient to enable AC to discharge its functions effectively.</li><li>• Deliberating on the investigation reports and after having understood the case in detail, directed the Management to implement controls to strengthen the control environment and prevent recurrence.</li><li>• Reviewing the quarterly status reports on audit finding and deliberated on the rectification actions and timeline taken by the Management to ensure the control lapses are addressed and resolved promptly.</li><li>• Reviewing the results of operational audit reports.</li><li>• Providing assistance to the appointed external auditor in all oversight of the operational audits on each quarterly review.</li></ul> <p>AAX has an in-house IAD to assist the AC in carrying out its functions. IAD is guided by its Internal Audit Charter approved by AC that provides independence &amp; reflects the function and responsibilities of the department. IAD reports functionally to AC and administratively to the CEO. IAD executives declare yearly that they are free from any conflict of interest, which could impair their objectivity and independence.</p> <p>The principal responsibility of IAD is to undertake regular and systematic reviews of the systems of internal controls to provide reasonable assurance that the systems continue to operate efficiently and effectively. IAD adopts a risk-based methodology to develop its audit plans by determining the priorities of the internal audit activities.</p> <p>The audits cover the review of the adequacy of risk management, the strength and effectiveness of internal controls, compliance to internal statutory requirements, governance and management efficiency, among others.</p>

	<p>The audit reports which provide the results of the audit conducted, as well as key control issues and recommendations are highlighted and submitted to the AC for review and execution. The Management is to ensure that corrective actions are implemented within the required time frame.</p> <p>The AC reviews and approves the Internal Audit's human resource requirements to ensure that the function is adequately resourced with a competent and proficient internal auditor. The total operational costs of the IAD in respect of the financial period ended 31 December 2022 were RM694,695.</p>	
<p><b>Explanation for departure</b></p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>		
<p><b>Timeframe</b></p>		

### Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

### Practice 11.2

The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>IAD is guided by its Internal Audit Charter approved by AC that provides independence &amp; reflects the function and responsibilities of the department. IAD reports functionally to AC and administratively to the CEO. IAD executives declare yearly that they are free from any conflict of interest, which could impair their objectivity and independence. IAD carries out its audits in accordance with the International Professional Practices Framework issued by the IIA.</p> <p>The IAD is staffed by 2 executives. The Head of Internal Audit, Ms. Wong Ooi Ling was appointed in Nov 2020. She is a Chartered Accountant of Malaysian Institute of Accountants.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

**Practice 12.1**

The board ensures there is effective, transparent and regular communication with its stakeholders.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company invests in considerable resources to develop and maintain strong relationships with different stakeholder groups. The public, Allstars, investors, the Government and all of AAX's business partners, play an important role in AAX's continuing success as a low-cost airline. To ensure consistency in the conveyance of information, the Company has established a few departments to interface with the Company's various stakeholders.</p> <p>AAX recognises that open communication is essential, taking into account the importance of the activities in which they are engaged and the impact on national economies and individuals. To this end, AAX has comprehensive corporate information programmes and provides full relevant information about its activities to legitimately interested parties, subject to any overriding considerations of business confidentiality and cost.</p> <p>AAX is dedicated in maintaining good communications with shareholders and investors. Several communication channels are in place to disseminate information to shareholders and investors on the performance of AAX. These include the Annual Report, Financial Announcements and Key Operating Statistics and Announcements through Bursa Malaysia and AGMs.</p> <p>Senior Management that is supported by the Investors Relation Team, participate actively in investor relations activities that consist of road shows, conferences, quarterly investor briefings locally and globally with financial analysts, institutional investors and fund managers.</p> <p>Financial Results, Key Operating Statistics and Presentations on a quarterly basis are available for download at AAX's website.</p> <p>Shareholders may also obtain AAX's announcement on the website or via the Bursa Securities's website at <a href="http://www.bursamalaysia.com">www.bursamalaysia.com</a>.</p>
<b>Explanation for departure</b>	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

**Practice 12.2**

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Company takes an incremental approach towards integrated reporting and is gradually moving towards a more integrated approach of reporting.	
		The Company continuously enhances its annual report in order to improve its communication with its stakeholders with regards to the Group's financial results, business performance and operations of the Group. The information disclosed in the annual report is in line with current regulatory and statutory guidelines as well as fundamental elements which underpin integrated reporting.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 13.1**

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	AAX dispatched its Notice of the 16 <sup>th</sup> AGM to shareholders at least 28 days before the AGM. This allows shareholders to make the necessary arrangements to attend and participate in person or through corporate representatives, proxies or attorneys. It also enables the shareholders to consider the resolutions and make an informed decision in exercising their voting rights at the general meeting.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 13.2**

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>At the AGM, there will be a brief presentation on AAX's performance for the year and future prospects. The Chairman, all Board Committee chairmen, GCEO and CEO will be present to hear shareholders' views and answer their questions. Shareholders are encouraged to participate in the proceedings and engage in dialogue with the Board and Senior Management. Extract of the minutes of the AGM are available on AAX's website.</p> <p>The 15<sup>th</sup> AGM was held fully virtual meeting via live streaming and online remote voting, and all seven (7) Directors were present virtually to engage directly with shareholders. This shows the Board is accountable for its stewardship of AAX. In addition to the Directors, GCEO, CEO, Senior Management and external auditors were in attendance to respond to shareholder's queries.</p> <p>The proceedings of the 15<sup>th</sup> AGM included a power-point presentation on AAX's performance for 2019 and 2020 by the CEO, the presentation of the Audited Financial Statements together with the Reports of the Directors and Auditors, and a Questions and Answers session during which the Chairman invited shareholders to raise questions, before putting any resolution to vote.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 13.3

Listed companies should leverage technology to facilitate–

- voting including voting in absentia; and
- remote shareholders' participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>As part of the measures taken by the Company to curb the spread of COVID-19 and taking into consideration the paramount safety and well-being of the shareholders of the Company, the Fifteenth AGM of the Company was held on 7 December 2021 as a fully virtual meeting via live streaming and online RPV provided by Tricor Investor &amp; Issuing House Services Sdn. Bhd. ("TIIHS") via its TIIH Online website.</p> <p>This was also in line with the revised Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 16 July 2020 (including any amendments that were made from time to time).</p> <p>All members of the Board were present remotely via RPV, and the shareholders and proxies were invited and encouraged to participate remotely at the Fifteenth AGM via the RPV provided by TIIHS.</p> <p>The voting process at the Fifteenth AGM was conducted by online remote voting via the RPV facilities, and the results of the votes were scrutinised by an independent scrutineer. The EGMs held by the Company in 2021 and 2022 were also held fully virtually from an online meeting platform in Malaysia, and the voting process was conducted via the RPV facilities provided by TIIHS.</p> <p>The Company will continue to leverage technology and tools to enhance the quality of its shareholder engagement and facilitate further participation by shareholders at its general meetings.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

*Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.*

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>At the AGM of the Company, there will be a brief presentation on the Group's performance for the year and future prospects. The Chairman, all Committee chairmen and the CEO will be present to hear shareholders' views and answer their questions. Shareholders are encouraged to participate in the proceedings and engage with the Board and senior management.</p> <p>At the EGMs held by the Company, there will be a presentation on the summary of the proposal(s) tabled to the shareholders for consideration and salient matters pertaining to the proposal(s) are highlighted to enable the shareholders to make an informed decision on their voting for the proposed resolution(s). The Executive Chairman, all Committee chairmen and the CEO will be present to hear shareholders' views and answer their questions. Shareholders are encouraged to participate in the proceedings and engage with the Board and senior management. Extracts of the minutes of the EGM are available on Capital A's website.</p> <p>In ensuring that general meetings support meaningful engagement between the Board, senior management and shareholders, the Board provides shareholders with sufficient opportunity to pose questions prior to and during the general meeting(s). The Board and senior management will endeavour to answer all questions from shareholders or proxies during the general meeting(s). If some questions cannot be answered during the general meeting(s) due to time constraint, the answers to those questions would be emailed to the respective shareholders or proxies as soon as possible after the general meeting(s).</p> <p>The responses to questions from shareholders or proxies are reviewed by the senior management, CEO and Board, where applicable, to ensure that all relevant questions receive a meaningful response.</p>

<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

*Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.*

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>During the Financial Year, the Company had conducted its AGM and EGMs via online participation and remote voting with RPV. The Administrative Notes which set out the details of the fully virtual AGM and EGMs were published on the Company's corporate website to facilitate the process for shareholders to register and remotely participate and vote at the general meetings via RPV. The RPV facilities enable the shareholders to exercise their right as members of the Company to remotely participate and vote by logging in to the online meeting portal provided by TIIHS via its TIIH Online Website.</p> <p>In ensuring that general meetings support meaningful engagement between the Board, senior management and shareholders, the Board provides shareholders with sufficient opportunity to pose questions prior to and during the general meeting(s). The Board and senior management will endeavour to answer all questions from shareholders or proxies during the general meeting(s) and all such questions are made visible to all meeting participants during the meeting itself. If some questions cannot be answered during the general meeting(s) due to time constraint, the answers to those questions would be emailed to the respective shareholders or proxies as soon as possible after the general meeting(s).</p> <p>The responses to questions from shareholders or proxies are reviewed by the senior management, CEO and Board, where applicable, to ensure that all relevant questions receive a meaningful response.</p>
<b>Explanation for departure</b>	:	

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b> :		
<b>Timeframe</b> :		

**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 13.6**

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: The minutes of Fifteenth AGM of the Company held in 2021 were published on the Company’s website not later than 30 business days after the respective general meetings, in accordance with Practice 13.6 of the MCCG.
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:  
<b>Timeframe</b>	:  

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT  
CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

Not Applicable.
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