



Standard Operating Procedures

Anti-Bribery and Anti-Corruption

Department

Risk Management

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Anti-Bribery and Anti-Corruption
Issue 01 Revision 00
01 DECEMBER 2023
Approval for
All companies within AirAsia X Berhad

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ON 15 NOV 2023

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REVISION HISTORY

Revision History records the trail of revisions made to the SOP, the reason of the revisions and the tracking of Process Change Request (PCR) submitted by the Process Owner. Revision History is the responsibility of the Document Control Centre to ensure all SOP revisions are justified and documented in accordance to proper document control procedures.

Issue No.	Rev. No.	PCR No.	Date	Effective Date	Reason for Revision
01	00	AAX/PCR /054	01 Dec 2023	15 Dec 2023	Initial issue. The Document No. AA/LGL/S/011, Issue 01 Revision 00 should be obsolete once this document is effective. Kindly note that the new Document No. AAX/ERM/M/002 has superseded the AA/LGL/S/011.

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REVISION HIGHLIGHTS


All changes recorded in this Revision Highlight will be for the latest revision only.

Type of Change: Addition Revision Deletion

Page No.	Item No.	Type of Change	Description of Changes
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ABBREVIATIONS

Abbreviation	Full Term
ABAC	Anti-Bribery and Anti-Corruption
CEO	Chief Executive Officer
CoCE	Code of Conduct and Ethics
DCC	Document Control Centre
DMS	Document Management System
IAD	Internal Audit Department
HCM	Human Capital Management
HOD	Head of Department
KLIA	Kuala Lumpur International Airport, Terminal 1
klia2	Kuala Lumpur International Airport, Terminal 2
KPI	Key Performance Index
KUL	IATA Code for Kuala Lumpur International Airport
LOA	Limits of Authority
MACC	Malaysian Anti-Corruption Commission
MACCA	Malaysian Anti-Corruption Commission Act
MMLR	Main Market Listing Rules

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OQA	Operational Quality Assurance
PAC	People and Culture Department
PCR	Process Change Request
SOP	Standard Operating Procedures

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DEFINITION OF TERMS


Term	Definition
Business Partners	Parties that the Group conducts business with, who are not Suppliers or customers of the Group, including, without limitation, joint venture partners and shareholders in joint venture arrangements or companies.
Company	AirAsia X Berhad.
Directors	Every director of the Group (including executive and non-executive), except as otherwise stated in this policy.
Employees	Any person who is employed under a contract of service by the Group.
Gifts, Entertainment and Corporate Hospitality	Anything of value, in any form of compensation and benefit including but not limited to cash / cash equivalent, wedding gifts, festival money packets, hampers, travelling and lodging facilities, free fares, college fee funding, club membership, excursion tickets to any event (e.g. sports, music / cultural events), entertainment (e.g. karaoke, meals, massages), any form of commission, healthcare reimbursements, promotional items, vouchers / discounts, movable / immovable properties, home improvements, decorative items, house renovation, facilitation pay.
Group	Means the Company and all its subsidiaries.
Immediate Family	Employee's spouse, parent, child (including legally-adopted children), sibling, grandparent and parent-in-law.

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Term	Definition
Public Official	<p>Any person who is a member, an officer, an employee or a servant of the following public body:</p> <ol style="list-style-type: none"> a. the Government of Malaysia; b. the Government of a State; c. any local authority and any other statutory authority; d. any department, service or undertaking of the Government of Malaysia, the Government of a State or a local authority; e. any society registered under Section 7(1) of the Societies Act 1966; f. any branch of a registered society established under Section 12 of the Societies Act 1966; g. any sports body registered under Section 17 of the Sports Development Act 1997; h. any co-operative society registered under Section 7 of the Co-operative Societies Act 1993; i. any trade union registered under Section 12 of the Trade Unions Act 1959; j. any youth society registered under Section 9 of the Youth Societies and Youth Development Act 2007; k. any company or subsidiary company over which or in which any public body as is referred to in paragraph a., b., c., d., e., f., g., h., i. or has controlling power or interest; or l. any society, union, organization or body as the minister may prescribe from time to time by order published in the Gazette.


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Term	Definition
Suppliers	This includes but is not limited to suppliers, contractors, sub-contractors, service providers, agents, consultants, representatives and others that perform work and / or services for and on behalf of the Group.
Transparency International	A global movement working in over 100 countries to end the injustice of corruption. It is an independent, non-governmental, non-profit organization with multiple international partners with the objectives to stop corruption and promote transparency, accountability and integrity at all levels and across all sectors of society.


Note:	<p>In this ABAC Policy, unless the context requires:</p> <ol style="list-style-type: none"> The English version shall be the official text for reference in the event of any dispute arising out of the interpretation of this ABAC Policy. Words importing the masculine shall be deemed and taken to include the feminine gender and vice versa. Words importing the singular shall be deemed and taken to include the plural and vice versa. References to “you” in this ABAC Policy refer to any person to whom this ABAC Policy applies. Where more specific references are used (such as “employee”), the more specific reference is intended. Reference to “Risk Management Department” in this ABAC Policy refers to the compliance function.
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1.0 OBJECTIVES


- 1.1 The Board of Directors (“the Board”) of the AirAsia X Berhad (“Group”) believes that honesty, integrity and transparency are the core values of proper corporate governance.
- 1.2 The Board has a fiduciary responsibility to ensure that the Group has in place all aspects of good corporate governance through the implementation and adoption of policies and procedures. This includes the policies and procedures that adequately address and manage bribery and corruption risk. As such, the Board promotes a culture of ethics and integrity with the commitment to effectively communicate to both internal and external parties as well as to comply with all laws and regulatory requirements of the Malaysian Anti-Corruption Commission Act 2009 (Amended 2018) and all other laws and regulations which our business and operations are governed by.
- 1.3 Based on the recommendation by the Risk Management Committee, the Board has determined that the Group approves the Anti-Bribery and Anti-Corruption (“ABAC”) Policy.

2.0 SCOPE

- 2.1 This ABAC Policy applies to all Employees including the Directors of the Group.
- 2.2 In order to ensure strict compliance and adherence with this ABAC Policy by the Employees, the People and Culture (PAC) Department and the respective HOD are responsible to ensure that their subordinates read, understand and comply with this ABAC Policy at all times.
- 2.3 All Employees are expected to acknowledge and adhere to the ABAC Policy via the Human Capital Management (HCM) System whereas Directors acknowledge the

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same in their appointment letter. The acknowledgement is recorded therein under PAC's purview.

- 2.4 The Group will conduct awareness programmes on this ABAC Policy for Employees and Directors to facilitate their understanding of the Policy. Questionnaires will be circulated periodically to test the Employees' understanding and new Employees will be briefed on this ABAC Policy as part of their on-boarding programme. If necessary refresher training / briefing will be provided when there are significant changes or where compliance for this ABAC Policy is below expectations. Training can also be provided to Directors, if required.
- 2.5 The Group has subsidiaries that carry out highly regulated activities and these subsidiaries have their own policies in place to comply with the rules or obligations imposed by the regulators. As such, where there is conflict between this ABAC Policy and the individual policy maintained by the respective subsidiaries, the more stringent set of requirements shall apply.
- 2.6 Similarly, Business Partners, Suppliers and any third parties having a business relationship with the Group are expected to strictly adhere to the relevant sections of this ABAC Policy which are relevant to their business relationship with the Group or in performing services for the Group.
- 2.7 Any investigations concerning bribery, corrupt practices, money-laundering or non-compliance with this ABAC Policy by Business Partners, Suppliers or third parties having a business relationship with the Group or its shareholders, Directors, officers or affiliates may result in the termination of the business relationship by the Group.
- 2.8 In the event of any doubt about the scope of applicable laws or the application of the Group's policies concerning the fight against bribery and corruption, please consult your HOD or Head of Risk Management Department (who may thereafter seek advice from Legal and IAD, where applicable).
- 2.9 This ABAC Policy will be reviewed every three (03) years as required.

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3.0 RESPONSIBILITIES

3.1 Risk Management Department


3.1.1 Review, amend and strengthen the policy where necessary.

4.0 REFERENCE DOCUMENTS

Title	Document ID
AirAsia Group Supplier Code of Conduct Policy	AA/PRO/F/006
Anti-Fraud Policy	n/a
Bursa Main Market Listing Rules (MMLR) - Chapter 15 Corporate Governance	n/a
Code of Conduct and Ethics	AA/PPL/S/004
Conflict of Interest	AA/PD/SOP/03
Disciplinary Policy	AA/PPL/S/005
Guidelines on Adequate Procedures issued pursuant to Section 17A(5) of the MACC Act 2009	n/a
Malaysian Anti-Corruption Commission Act 2009 (Amended 2018) (MACCA) and S.17A	n/a
Malaysian Code of Corporate Governance	n/a
Penal Code and Anti-Money Laundering Act 2001	n/a
Procurement	AA/PRO/S/001
Transparency International	n/a

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Title	Document ID
Whistleblowing Policy	n/a

5.0 INTRODUCTIONS

- 5.1 The Group is committed to the highest level of integrity and accountability in everything it does and will not tolerate any irresponsible or unethical behaviour that would jeopardise its good standing and reputation.
- 5.2 The Group adopts a zero-tolerance approach to bribery and corruption and is committed to acting professionally, transparently and fairly with integrity in all our business dealings and relationships.
- 5.3 As the Group operates in different countries, the Group is also required to abide by the laws and regulations in the countries which the Group operates. Any corrupt practice or bribery committed by a person associated with the Group (including but not limited to, Directors, Employees and a person who performs services for and on behalf of the Group e.g., subsidiaries, associate companies, agents, contractors and joint venture partners) will cause the Group to be penalized, by way of a fine and imprisonment, regardless of whether the offence is committed within or outside of Malaysia or with or without the knowledge of the Group.
- 5.4 This ABAC Policy embodies the Group's commitment in this regard and sets out what is permissible and non-permissible conduct in the business practices of the Group and is to be read in conjunction with Section 4 where the Group's policies and the relevant laws and regulations of the jurisdictions in which the Group operate are listed.
- 5.5 If you have any doubts, concerns or require further clarification with respect to the application of the ABAC Policy, applicable laws or application of Group policies

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concerning the fight against bribery and corruption, you should consult your HOD and Risk Management Department.

- 5.6 An electronic version of this ABAC Policy is available at the official portal of the Company (<https://www.airasiax.com/home.html>).

6.0 THE LAWS

6.1 Malaysian Anti-Corruption Commission Act 2009 (MACCA)

6.1.1 MACCA applies to the whole of Malaysia and provides for wide extra-territorial jurisdiction to deal with corruption committed inside and outside of Malaysia.


6.1.2 Section 17A introduces a statutory corporate liability on commercial organisations for corrupt offences committed by their employees or persons associated. A commercial organisation can now be held to have committed an offence of corruption if any person associated with it commits a corrupt act in order to obtain or retain business or to otherwise obtain an advantage, for the commercial organisation.

6.1.3 “Persons Associated” is defined to mean not only Directors, partners or Employees of the commercial organisation, but also includes any person who performs services for and on its behalf. Hence a commercial organisation can also be held liable for the corrupt acts of its third party business associates, where the acts are undertaken for the former’s benefit or advantage.

6.1.4 Pursuant to Section 17A(5), the Prime Minister’s Department of Malaysia has issued a set of Guidelines on Adequate Procedures (Guidelines) to assist commercial organisations in understanding adequate procedures that should be implemented to prevent the occurrence of corrupt practices in relation to their business activities. The Group is committed to these five (05) principles and its

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implementation, namely T.R.U.S.T. Kindly refer to the [reference documents](#) for details.


6.2 Bribery and Corruption

- 6.2.1 In a nutshell, ‘corruption’ means any acts of giving or receiving ‘gratification’ as defined under MACCA. In practice, this means offering, giving, receiving or soliciting something of value in an attempt to illicitly influence the decisions or actions of a person in a position of trust within an organisation.
- 6.2.2 Under MACCA, ‘gratification’ or more commonly known as ‘bribery’ means offering, giving, receiving or soliciting something of value (example money or information) in an attempt to illicitly influence the decisions or actions of a person in a position of trust within an organisation.
- 6.2.3 According to Transparency International, ‘corruption’ means the abuse of entrusted power for personal gain. For purposes of this ABAC Policy, corruption is defined primarily as any action which would be considered as an offence of giving or receiving ‘gratification’ under MACCA. In addition, ‘corruption’ may also include acts of extortion, collusion, breach of trust, abuse of power, trading under influence, embezzlement, fraud or money laundering.
- 6.2.4 This Policy refers to ‘bribery and corruption’ as a standard term to cover all types of gratification.
- 6.2.5 Examples of gratification are defined under Gifts, Entertainment and Corporate Hospitality.

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6.3 Illustration

a. Example 1	<p>Mr. A gives an expensive watch worth RM1,800 to Mr. B for facilitating the approval of a construction project in favour of Mr. A's company. Mr. A is a contractor while Mr. B is a government officer in the department that awarded the contract.</p>
b. Example 2	<p>Mr. C is running an overseas field office for a multinational company and still needs a big deal to reach the annual sales target. Mr. C is preparing the bid for a big contract that he is eager to win. Mr. D, a consultant, who is close to the customer approaches Mr. C and provides Mr. C with information on bids already submitted by some of the competitors in exchange for payment of a fee by Mr. C to Mr. D.</p>
c. Example 3	<p>Mr. E is the local manager of a company's operation in a foreign country. For weeks, the shipment of critical technical equipment has been delayed by red tape at headquarters. When the equipment finally arrives in the country, Mr. E is informed by a customs officer that the paperwork is "incomplete".</p> <p>This will prevent the release of the equipment until the paperwork is complete (i.e., the problem has been solved). The customs official indicates that a resolution could take several weeks. He adds, however, that the problem can be solved quickly through an expeditor's fee or gifts, which would ensure customs clearance of the equipment in one (01) business day. Mr. E arranges for payment of fees to an expeditor.</p>
d. Example 4	<p>A minister (or other high-ranking government official) asks Company F to provide free product samples for his son's birthday party. Company</p>

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	F then complies with the request of the minister to maintain it is good relationship with the official.
e. Example 5	Mr. G works in a company that imports goods into the country. Mr. G gives a gift to Mr. H, a government officer, on a regular basis for not holding up or delaying the inspection process of the goods when it arrives from overseas.
f. Example 6	Mr. I is an employee of a company that operates a highly regulated business activity. Mr. I takes Mr. J, a government officer, out for lunches and dinners and pays for the meals on a regular basis, with the view to maintain a good relationship with the official to ensure that all early applications for approvals and permits submitted by Mr. I on behalf of his company will be processed and approved without any delay for the following year.

7.0 GIFTS, ENTERTAINMENT AND CORPORATE HOSPITALITY

7.1 No-Gift Policy


7.1.1 General Rule

7.1.1.1 The Group adopts a 'No Gift Policy'. Hence, Directors and Employees (including Immediate Family) are prohibited from directly or indirectly, giving or receiving gifts, as defined under Gifts, Entertainment and Corporate Hospitality, that may influence good judgement and decision making, subject to certain limited exceptions.

7.1.1.2 Directors and Employees are responsible to inform external parties involved in any business dealings with the Group that the Group practices a 'No Gift Policy'

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and to request the external party's understanding for and adherence with this ABAC Policy.

7.1.2 Soliciting or Receiving Gifts

- 7.1.2.1 The Group is aware that the exchange of gifts can be a delicate matter where, in certain cultures or situations, gift giving is a central part of business etiquette. Some external parties may insist on providing gifts to the Group's Employees, Directors and / or Immediate Family members which do not fall within the general exceptions.
- 7.1.2.2 While the general rule is to immediately refuse or return such gifts, accepting a gift on behalf of the Group is allowed only in very limited circumstances, whereby refusing the gift is likely to seriously offend and may sever the Group's business relationship with the third party.
- 7.1.2.3 Under no circumstances may Directors, Employees or their Immediate Family accept gifts in a form of cash or cash equivalent.
- 7.1.2.4 In these limited circumstances, also further defined in the CoCE, Employees are expected to record the gift within one (01) working day in the Gift Declaration Form at Risk Management Department using **Form 1**, in the Appendix. The relevant approver will decide whether to approve the acceptance of the gift or require it to be returned. Disciplinary action will be taken against the HOD / staff who fail to submit Gift Declaration Form to the Risk Management Department for assessment and approval purposes. Directors should inform the Company Secretary as soon as practicable, to seek his advice when faced with a similar situation.
- 7.1.2.5 Regardless that it may appear disrespectful to refuse a gift from the external party, nevertheless if there is a conflict of interest situation (e.g. there's a

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bidding in progress and the gift is from one (01) of the bidders) the approver must reject the Gift Declaration Form (similarly for Directors, Company Secretary would advice the same). In this situation, the gift must be politely returned with a Note of Explanation about the Group's 'No Gift' Policy, using **Form 2**, in the Appendix.

- 7.1.2.6 The approver must also determine the treatment of the gift based on the following options:
- a. Donate the gift to charity / Group's annual dinner; or
 - b. Hold it for departmental display; or
 - c. Share with other Employees in the department; or
 - d. Permit it to be retained by the Employee.
- 7.1.2.7 During the approval process, the approver is expected to exercise proper care and judgement in each case, taking into account pertinent circumstances including character of the gift, its purpose, the position / seniority of the person(s) providing the gift, the business context, reciprocity, applicable laws and cultural norms.


7.1.3 Giving or Providing Gifts

- 7.1.3.1 Employees and their Immediate Family, including agents acting for or on behalf of the Group, are prohibited from directly or indirectly, providing or offering to give any gifts, authorising the payment of money or anything of value to the existing or potential Business Partners, Suppliers or any third parties that have business dealings with the Group, to influence any act or decision or to secure any other improper advantage in order to obtain or retain business.
- 7.1.3.2 This is to prevent any conflict of interest situations arising between the parties in existing or potential business dealings with the Group.

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7.1.3.3 Employees and Directors are not allowed to provide gifts to Business Partners or Suppliers or third parties with whom the Group conducts business with unless it is with the written approval of the Board, for Directors or the CEO, for Employees.

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7.1.4 Exceptions to The ‘No Gift Policy’


7.1.4.1 Although the Group practices a ‘No Gift Policy’, there are exceptions to the general rule whereby the receiving and provision of gifts are permitted in the following situations:

- a. Company-to-company gift exchange (e.g. gifts exchanged between companies as part of an official visit / courtesy call and thereafter the said gift is treated as company property);
- b. Gifts given by the Group to external institutions or individuals in relation to the company’s official functions, events and / or celebrations (e.g. commemorative gifts or door gifts offered to attendees);
- c. Gifts from the Group to Employees, Directors and / or Immediate Family members in relation to an internal / external company organised function, event and celebration (e.g. in recognition of Employee’s / Director’s service to the company);
- d. Token gifts of nominal value usually bearing the Group’s logo or (e.g. t-shirts, pens, diaries and other promotional items) that are given out to members of the public, delegates, customers, partners and key stakeholders attending events such as conferences, exhibitions, training, trade shows etc. and deemed as part of the Group’s brand building or promotional activities; and
- e. Gifts to external parties who have no business dealings with the Group (e.g. monetary gifts or gifts in-kind to charitable organisations).

7.1.4.2 Even in the above exceptional circumstances, Employees and Directors are expected to exercise proper judgement in handling gift activities and behave in a manner consistent with the general principles of CoCE:

- a. Conscientiously maintain the highest degree of integrity,
- b. Perform duties fairly, impartially, ethically,

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- c. Avoid conflicts of interest,
- d. Refrain from taking advantage of your position or exercising your authority to further your own personal interest at the expense of the Group, and
- e. Comply with applicable policies, laws and regulations.


7.1.4.3 In making a decision pertaining to the treatment of the gifts, the Head of Risk Management Department shall exercise reasonable and proper judgement on a case-by-case basis. Risk Management Department may thereafter seek advice from Legal and IAD, where applicable.

7.1.4.4 Any gift if given or received should be able to withstand public scrutiny without damaging the Group's reputation.

7.1.5 Do's and Don'ts

Do's	Don'ts
<ul style="list-style-type: none"> a. Employees and Directors must inform third parties with whom the Group conducts business, of the Group's 'No Gift Policy' and that such parties must respect and adhere to it. b. Group Employees and Directors are prohibited from accepting or providing gifts to third parties unless it falls under the general exceptions provided herein in paragraph 7.1.2.3 and 7.1.3. c. The Group approver must exercise proper care and judgement when 	<p>The following categories of gifts are strictly prohibited and the Employees and Directors must return the gifts to the senders:</p> <ul style="list-style-type: none"> a. Gifts of cash or cash equivalent. The latter can be in the form of vouchers, discounts, coupons, shares and commission, etc. b. Gifts involving parties engaged in a tender or competitive bidding exercise. c. Gifts that come with direct / indirect suggestion, hint, understanding or

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Do's	Don'ts
<p>handing gift activities and apply the general CoCE principles in determining the appropriateness of gift, in particular when dealing with public officials and public agencies / bodies as strict rules apply.</p> <p>d. Employees are required to submit a Gift Declaration Form to the approver who will decide whether to approve the acceptance of the gift or require the gift to be returned.</p>	<p>implication that in return of the gift, some expected or desirable outcome is required.</p> <p>d. Gifts that are illegal or in breach of local / foreign laws.</p> <p>e. Gifts that breach any applicable rules, guidelines or policies to whom the gift is offered to.</p> <p>f. Gifts that are lavish or excessive.</p>

7.2 Entertainment


7.2.1 Providing Entertainment

7.2.1.1 General Rule

- a. Group understands that providing modest entertainment through reasonable acts of hospitality, as defined under Gifts, Entertainment and Corporate Hospitality, is a legitimate way of building business relationships and thus is a common practice within the business environment to foster good business relationships with external clients.
- b. Eligible Employees as stated in the respective LOA are allowed to entertain clients as part of business networking as well as a measure of goodwill towards the recipients.

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- c. The value and nature of the entertainment must be appropriate for the circumstances and be provided in accordance with the law and local customs in an open and transparent manner. This ABAC Policy shall prevail in the event of any inconsistency with CoCE.
- d. Employees and Directors should always exercise proper care and judgement when providing entertainment to third parties especially when it involves public officials to ensure compliance with local laws.
- e. Employees and Directors are prohibited from providing or offering to provide entertainment with a view to improperly cause undue influence on any party in exchange for some future benefit or result. This includes Business Partners, Suppliers and Public Officials.
- f. **Form 1** is required to be completed, where applicable.

7.2.2 Receiving Entertainment

7.2.2.1 General Rule

- a. The Group recognizes that the occasional acceptance of a reasonable and modest level of entertainment provided by third parties in the normal course of business is a legitimate way to network and build a good business relationship.
- b. However, proper care and judgement must be exercised by Employees and Directors before accepting entertainment offered or provided by third parties.
- c. If Employee faces any doubts, he should decline the offer or else consult his HOD and Risk Management Department (who may thereafter seek advice from Legal and IAD, where applicable). Directors can seek advice from their respective Company Secretary.


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7.2.3 Do's And Don'ts

Do's	Don'ts
<ul style="list-style-type: none"> a. Employees and Directors must ensure that the entertainment offered is legitimate, modest and not lavish or excessive or extraordinary. b. Eligible employees are required to maintain expenses within the limits of the relevant LOAs. c. Any entertainment involving Public Officials shall require approval within the limits of the relevant LOA and in consultation with the Risk Management Department. d. Employees are required to submit a Gift Declaration Form to the approver in the event he wishes to provide entertainment. 	<ul style="list-style-type: none"> a. Employees and Directors are prohibited from offering and providing entertainment with intention to create undue influence or any party in exchange for some future benefit or result. b. Below lists the types of entertainments which are NOT permissible and should be immediately refused: <ul style="list-style-type: none"> i. Entertainment that comes with direct / indirect suggestion, hint, understanding that in return for the entertainment provided, some expected desirable outcome is required. ii. Entertainment activities are considered illegal or in breach of local / foreign bribery laws. iii. Entertainment that could be perceived as extravagant, lavish or excessive. iv. Entertainment activity that can tarnish the reputation of the Group.

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7.3 Corporate Hospitality

7.3.1 General Rule

7.3.1.1 Corporate hospitality is defined as corporate events or activities organised by an organisation which involves entertainment of Employees and third parties for the benefit of the organisation.


7.3.1.2 It is considered a legitimate method to network and build goodwill in business relationships. However, the same can be considered illegal if there is an intention to influence or perceive to influence the improper outcome of a business decision. Samples of illegitimate corporate hospitality is as follows:

- a. Provides an advantage to another person if offered; or
- b. Given with an intention of inducing someone to perform an improper act; or
- c. Knowledge that acceptance of the advantage would be considered an improper performance.

7.3.1.3 Transparency International has advocated that corporate hospitality activities should conform to the following principles:

- a. Transparency - all corporate hospitality is reported and written approval is obtained with proper records;
- b. Proportionality - corporate hospitality should not be excessive, commensurate with the recipient's official capacity and not in his personal capacity;
- c. Reasonableness - corporate hospitality should not be lavish; and
- d. Bona fide - intention to offer and / or provide corporate hospitality is done with good and legal intention.

7.3.1.4 **Form 1** is required to be completed, where applicable.

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7.3.2 Providing Corporate Hospitality

- 7.3.2.1 The Group recognizes that providing corporate hospitality through corporate events, sporting events or other public events, is a legitimate way to network and build goodwill in business relationships, subject to LOA approval.
- 7.3.2.2 Employees and Directors must exercise proper care to protect the Group's reputation against any allegations of impropriety or the perception of bribery where arrangements could influence or be perceived to influence the outcome of a business decision, is not reasonable nor bona fide.
- 7.3.2.3 Reasonable due diligence should be exercised when arrangements involve Public Officials. Local and international laws that must be adhered to, particularly if Public Officials are involved.

7.3.3 Receiving Corporate Hospitality

- 7.3.3.1 As a general rule, Employees and Directors are prohibited from soliciting corporate hospitality or accepting the same that is considered excessive, inappropriate, illegal or given to influence a business decision, especially during a tender exercise.
- 7.3.3.2 Notwithstanding the above, the Group recognizes that the occasional acceptance of an appropriate level of hospitality in the normal, legitimate course of business to build a good business relationship is acceptable.
- 7.3.3.3 Employees and Directors must exercise proper care and judgement before accepting the hospitality.
- 7.3.3.4 If Employee faces any doubts, he should decline the offer or else consult his HOD and Risk Management Department (who may thereafter seek advice from Legal and IAD, where applicable). Directors can seek advice from their respective Secretary.


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Do's	Don'ts
<ul style="list-style-type: none"> a. Corporate hospitality accepted from an external source must be legitimate, modest and not lavish or excessive or extraordinary. b. Proper care and judgement must be exercised before offering / providing corporate hospitality to third parties to ensure compliance with applicable laws and regulations. c. Employees are required to submit a Gift Declaration Form to the approver in the event he wishes to provide corporate hospitality. 	<p>Below lists the types of corporate hospitality which are NOT permissible and should be immediately refused:</p> <ul style="list-style-type: none"> a. Corporate hospitality offered by parties currently engaged with the Group in a tender exercise. b. Corporate hospitality offered that comes with direct / indirect suggestion, hint, understanding that in return for the entertainment provided, some expected desirable outcome is required. c. Corporate hospitality activities which are considered illegal or in breach of local / foreign bribery laws. d. Corporate hospitality that could be perceived as extravagant, lavish or excessive. e. Entertainment activity that can tarnish the reputation of the Group.

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8.0 CONFLICT OF INTEREST

8.1 General Rule

8.1.1 All Employees, including the Directors, must act in the best interest of the Group.

8.1.2 Conflict of interest occurs when an Employee's position within the Group or that of the Employee's Immediate Family or such other obligation or special interest of an Employee, interferes (or would be perceived to interfere) with an Employee's ability to act in the best interest of the Group.

8.1.3 Conflict of interest does not necessarily involve improper or corrupt behaviour, although they can lead to such behaviour.


8.1.4 Examples of conflict of interest situations may include but is not limited to the following table.s

Table 8.1-1: Examples of Conflict of Interests

Situation	Example
a. Material Gain	<ul style="list-style-type: none"> i. An Employee participates in discussion or decision making or acts in a manner wherein he or she may directly or indirectly benefit himself or herself or his or her Immediate Family or his or her private interest; ii. An Employee awarding a contract to a company in which he or she has a financial interest or a connection such as a relative or friend; and iii. An employee recruiting a relative or friend or recruiting individuals in order to secure a business advantage.

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Situation	Example
b. Outside Employment	<ul style="list-style-type: none"> i. When the Employee's outside employment or association causes or would-be-perceived-to-cause he or she not to act in the best interest of the Group; and ii. Secondary employment: Part-time employment with or consultancy to another company. Even if this is contractually allowed it can be a significant source of conflict.
c. Other Organizations	<ul style="list-style-type: none"> i. An Employee is asked to become a member of the Board of Directors of any entity or organisation whose mission or mandate is in conflict with the mission or goals of the Group or which is in competition with the Group. ii. An employee planning to take up a position with another organization and acting in its favour in breach of duty to his existing employer; and iii. Employees running their own companies or involved in external activities such as political or community organizations.
d. Undue Influence	<ul style="list-style-type: none"> i. An Employee uses his or her position to exert undue influence on another Employee of the Group in the execution of that Employee's duties or to exert undue influence on any decision-making process of the Group.
e. Bribery	<ul style="list-style-type: none"> i. An Employee offers or receives a bribe or commission made by an external organisation or anyone else dealing with the Group.
f. Insider Trading	<ul style="list-style-type: none"> i. Corporate 'insiders' buy or sell their company's stock on the basis of information that is not available publicly.

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8.2 Employee's Declaration

- 8.2.1 Employees are required to make a declaration on conflict of interest to the Group on an annual basis and from time to time, as may be required by the Group, in accordance with the Group's policies and procedures.
- 8.2.2 Should any Employee become aware of any conflict of interest or feel that he or she is, or may be in a conflict of interest situation, the Employee must immediately inform in writing to the relevant department in accordance with the Group's policies and procedures.
- 8.2.3 The Employee shall also forthwith withdraw or remove himself or herself from the decision-making meeting and process or other situations giving rise to the conflict of interest.
- 8.2.4 The Employee must not attempt to influence the outcome of the meeting and process whether before, during or after the meeting.
- 8.2.5 After receiving the Employee's declaration, the relevant department must report the same to the PAC to be recorded in the register of conflicts of interest. The register of conflicts of interest must be maintained and updated from time to time.

Note:

Please also refer to the Group's policies and procedures for further information and guidance.


- 8.2.6 Further elaboration on conflict of Interest can be found in the CoCE and Conflict of Interest Policy by PAC.

9.0 DEALING WITH BUSINESS PARTNERS AND SUPPLIERS

9.1 General Rule

- 9.1.1 All dealings with prospective or existing Business Partners and Suppliers must be carried out in accordance with the Group's CoCE.

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9.1.2 This would include carrying out an appropriate level of pre-engagement due diligence or evaluation to understand the business and background of the Business Partners and Suppliers to assess their integrity before entering into any business arrangements.

9.1.3 During the due diligence exercise or dealings with the Business Partners and / or Suppliers, should there be any conflict of interest or Red flags raised, further investigation must be carried out and addressed before engagement of the Business Partner or Supplier. Details for due diligence and risk assessment can be referred to the Group Procurement SOP.

10.0 DEALING WITH PUBLIC OFFICIALS

10.1 General Rule


10.1.1 Employees must be vigilant in dealing with all Public Officials and conduct themselves in accordance with the Group's CoCE. **Form 1** is required to be completed, where applicable.

10.1.2 As dealings with Public Officials pose high risk in relation to bribery, there are strict rules and regulations imposed in different countries. Employees must also be aware of local laws governing the Group's business activity to ensure compliance.

10.2 Providing or Offering Gifts

10.2.1 Employees and his Immediate Family, including agents acting for or on behalf of the Group, Employees or their Immediate Family are prohibited from directly or indirectly, providing or offering to give any gifts, authorising the payment of money

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or anything of value to the Public Officials, to influence any act or decision or to secure any other improper advantage in order to obtain or retain business.


- 10.2.2 Any Gifts for Public Officials must be in accordance with the Group's ABAC Policy, not excessive and lavish and commensurate with the official designation of the Public Official and not his personal capacity.
- 10.2.3 Employees who have any questions regarding whether interactions with Public Officials are appropriate should immediately contact their HOD and Risk Management Department (who may thereafter seek advice from Legal and IAD, where applicable).

10.3 Do's and Don'ts

Do's	Don'ts
<p>a. Adhere to the rules and regulations of the relevant jurisdiction governing conduct with Public Officials regarding the acceptance of gifts, entertainment.</p> <p>b. Proper care and judgement must be exercised to confirm there's no conflict of interest.</p> <p>c. Due diligence as per Group Procurement's SOP is conducted to confirm that the Public Official is the appropriate person based on his</p>	<p>a. Do not fail to check, circumvent any laws, policies or customs related to Public Officials receiving gifts, entertainment.</p> <p>b. Do not approve any request by a Public Official to transfer the gift, entertainment to his family members or friends. Corporate hospitality offered by parties currently engaged with the Group in a tender / competitive bidding exercise.</p>

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<p>official position and all red flags defined herein, are resolved.</p> <p>d. Any gift, entertainment should be reasonable and modest in value, commensurate with his official designation as Public Official.</p> <p>e. Proper records are kept including documentation, invoices and receipts. Employees are required to submit a Gift Declaration Form to the approver.</p>	
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11.0 POLITICAL CONTRIBUTIONS

11.1 General Rule

- 11.1.1 Direct or indirect contributions to political parties, organizations or individuals engaged in politics is prohibited.
- 11.1.2 Political contributions may be perceived as a way of obtaining advantage in business transactions.
- 11.1.3 Political contributions can be made in many forms, such as follows:
- a. financial donations;
 - b. secondments to political parties;
 - c. loans of money at less than market interest rates;
 - d. discounted fees or rates for products, services or loans;
 - e. sponsorship of an event or publication;
 - f. subscriptions or affiliation payments;

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- g. free or discounted use of facilities or services such as offices, transport, printing, telecommunications, advertising and media coverage; and
- h. sponsorship or support for fundraising events, such as a fundraising dinner.


Note:	The above list is not exhaustive.
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11.1.4 Employees are encouraged to participate in the political election process by voting and then may choose to make a personal political contribution as appropriate within limits of the law and cannot under any circumstances represent directly or indirectly that this action is done on behalf or with the support of the Group. Nor will any compensation or reimbursement be made in any manner by the Group for a personal political contribution.

11.2 Do's And Don'ts

Do's	Don'ts
<p>a. Employees must be aware and educated on all applicable laws and regulations that may prohibit or restrict companies from getting involved in political activities, make political contributions or engage in lobbying activities.</p>	<p>a. Corporate hospitality offered by Employees, Business Partners, Suppliers or any third parties having business dealing with the Group are not allowed to make a contribution to a political party or candidate on behalf of the Group or use Group funds for a donation or contribution to a political party or individual political campaign.</p> <p>b. The Directors and senior managers of the Group are prohibited from making personal political donations in their</p>

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	capacity as representatives of the Group.
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12.0 CORPORATE SOCIAL RESPONSIBILITY, SPONSORSHIPS AND CHARITABLE DONATIONS


12.1 Corporate Social Responsibility

- 12.1.1 As part of the Group's commitment to corporate social responsibility and sustainable development, assistance may be provided in certain appropriate manner and circumstances. The Risk Management Department can be consulted for such requests to determine the legitimacy of such a request and to ensure it is not made to improperly influence a business outcome.
- 12.1.2 The recipient must be a legitimate organization and appropriate due diligence is conducted in particular to ascertain if any Public Official is affiliated with the said organization and be assured that the funds reach the intended beneficiaries.
- 12.1.3 Any Red flags must be resolved before commitment of funds.

12.2 Sponsorship

- 12.2.1 General Rule:
- a. Sponsorships are only permitted if there is a clear business case and for specific objectives.
- 12.2.2 Reasonable steps must be taken in accordance with the Group's CoCE to verify that all sponsorships do not constitute illegal payment to a Public Official or any individual or entity in violation of the Group's policies and procedures, including this ABAC Policy. The Risk Management Department can be consulted for such

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requests to determine the legitimacy of such a request and to ensure it is not made to improperly influence a business outcome.

- 12.2.3 Steps that may be taken for verification purposes, includes conducting due diligence exercises on the recipient organisations pertaining to the public activity and background.
- 12.2.4 Sponsorships can have a social purpose, such as supporting a sports team, but the bulk of sponsorships are used to promote a company's reputation, brands, products and services.
- 12.2.5 Each sponsorship must be approved and made in accordance with the Group's CoCE and Group Procurement SOP, Supplier Code of Conduct Policy.

12.3 Charitable Donations

- 12.3.1 General Rule:
- a. All charitable donations must be made in accordance with the Group's CoCE.
- 12.3.2 Charitable donations refer to a payment or in-kind benefit gifted to a body having charitable or equivalent status and made without expectation of return.
- 12.3.3 Reasonable steps must also be taken in accordance with the Group's policies and procedures to verify that all recipient organisations do not constitute illegal payment to a Public Official or any individual or entity in violation of the Group's policies and procedures including this ABAC Policy. The Risk Management Department can be consulted for such requests to determine the legitimacy of such a request and to ensure it is not made to improperly influence a business outcome.

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12.4 Due Diligence

12.4.1 As a charitable donation or sponsorship can be used as subterfuge for bribery, due diligence must be conducted on the recipient organisation to understand the purpose of the request and background of the recipient organisation before providing the contribution or sponsorship.


12.4.2 Examples of red flags are as follows:

- a. the proposed recipient / organisation has affiliations with Public Officials or their relatives are involved;
- b. the contribution is made on behalf of a Public Official;
- c. there is a risk of a perceived improper advantage for the Group;
- d. the proposed recipient is based in a high risk country, the request comes from a high risk country or the activity takes place in a high risk country; and
- e. no clear indication or supporting evidence from the recipient organisation on the utilisation of the funds.

Note:	The above list is not exhaustive.
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12.5 Validation

12.5.1 If you are unsure of the authenticity of a request for corporate social responsibility, sponsorship or a donation, you should consult the relevant HOD and Head of Risk Management Department.


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12.6 Do's and Don'ts

Do's	Don'ts
<ul style="list-style-type: none"> a. Employees must ensure that the proposed recipient is a legitimate organisation and the funding is in compliance with the applicable laws and not made to improperly influence a business outcome or perceived to provide an improper advantage to the Group. b. A clear business case and set specific objectives must be established for all sponsorship payments. c. All payments made to the recipient organizations must be monitored to ensure that the funds have been used for their intended purpose and the objectives have been met. d. All payments and in-kind contributions or sponsorships must be accurately recorded in the books and records. e. Due diligence must be conducted on the recipient organization prior to making charitable donations and sponsorships. 	<ul style="list-style-type: none"> a. Employees are not allowed to commit to sponsorship or donation to a political party or candidate on behalf of the Group or use funds of the Group for a donation or contribution to a political party or individual political campaign. b. There should be no commitment of funds without undergoing the proper process to evaluate the legitimacy of the request. c. Employees are not allowed to donate to charity to win a business deal or tenders on behalf of the Group.

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13.0 FACILITATION PAYMENTS

13.1 General Rule

- a. Employees, Business Partners and Suppliers are prohibited from making an offer or making a promise to accept or request or obtain, either directly or indirectly, facilitation payments from any person for his or its own benefit or for the benefit of the Group or any other person.

13.2 “Facilitation Payments” are payments made to secure or expedite the performance by a person performing a routine or administrative duty or function (e.g., clearing customs, scheduling inspections, etc.).

13.3 Facilitation payments are usually made in cash or in-kind (e.g., liquor, cigarettes, etc.).

13.4 However, in certain circumstances, facilitation payments need not involve cash or other financial assets. It can be any sort of advantage with the intention to influence them in their duties.


14.0 BREACHES AND REPORTING

14.1 General Rule

14.1.1 All Employees, Business Partners and Suppliers shall comply with all applicable laws and the policies and procedures of the Group.

14.1.2 Breach of any laws including, but not limited to, the Malaysian Anti-Corruption Commission Act 2009, Penal Code and Anti-Money Laundering Act 2001 could also subject the individual who committed the violation to civil or criminal penalties, including imprisonment or fine or both under the respective Acts.

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14.1.3 Under Section 17A of the Malaysian Anti-Corruption Commission Act 2009, the Directors of the Group may also be subject to criminal penalties, including imprisonment or fine or both if Employees, Business Partners or Suppliers or any third parties associated with the Group (or any one (01) or more of the foregoing) commits bribery or is engaged in corrupt practices.

14.2 Consequences of A Breach

- 14.2.1 The Group has adopted a Whistleblowing Policy to encourage reporting of concerns and violations (including suspected violations) of this ABAC Policy and to provide effective protection to those reporting by implementing a system for confidentiality and report handling. Any such instance shall be reported to aax_whistleblower@airasia.com or via [whistleblower electronic form](#) (e-form).
- 14.2.2 Failure to comply with this ABAC Policy may result in disciplinary actions being taken against such individuals.


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Table 14.2-1: Consequences of A Breach

a. Employees	i. Any breach of this ABAC Policy by an Employee may result in disciplinary actions being taken against such Employee in accordance with Company's Disciplinary Policy.
b. Business Partners and Suppliers	Any breach of this ABAC Policy by a Business Partner or Supplier may result in the following actions being taken against such Business Partner or Supplier: <ul style="list-style-type: none"> i. written warning; ii. suspension; iii. termination; iv. blacklist; or v. claim for damages.

15.0 PERFORMANCE MEASURES AND NON-CONFORMANCE CRITERIA


Activity	KPI
n/a	

16.0 LIST OF RECORDS

Form Name	Form No.	Owner
n/a		

Authority: Risk Management, AirAsia X Berhad

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17.0 APPENDIX

17.1 Form 1 - Gift Declaration Form

Gift Declaration Form (Defined in Gifts, Entertainment and Corporate Hospitality)

*(It is mandatory to fill up **all** fields. Incomplete forms will not be processed and returned)*

Type of gift :

- Expenditure on Public Official
- Expenditure on Non-Public Official
- Receipt of Thing of Value from Supplier, Business Partner / Third Party

Your Information

Employee Name :

Employee ID Number :

Position :

Department :

Division :

Company :

Mobile Telephone No.:

Exchange Details

Item of Value: Meal Entertainment Gift Travel Other

Description of Item (include sufficient details on item, venue / location and dates):


Estimated Value / Expense (USD), cost per person (USD) and payment method (if applicable):

Business Justification:

Your Role in Exchange (Employee, Sponsor, Recipient):

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Others Involved In Exchange (Name, Company, Public Official (if applicable):

Relationship (describe any pending business (e.g. agent, customer) or existing contract obligations):

Certification and Approval

Certification:

The information provided above in this form is true, accurate and complete to the best of my knowledge and belief.

Yes No

Signature :

Date :

Approval (where applicable):

.....

LOA Approver (for providing entertainment, corporate hospitality)

To be obtained by Requester

.....
Head of Risk Management
Department


.....
Head of Legal

.....
Head of Internal Audit Department

Note: Approval of Legal and Internal Audit Department at discretion of Head of Risk Management Department.

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17.2 Form 2 - Note of Explanation

Dear Supplier,

We note that you have given a (description of gift) to (name of receiver) on (insert date).

In the spirit of positivity, we assume that your Company's employees may have forgotten about AirAsia's 'No-gift Policy' and its agreement to AirAsia's Supplier Code of Conduct and Anti-Bribery and Anti-Corruption Policy. You may review these policies on AirAsia.com website.

Kindly take note that in the event this attempt is repeated, it will be considered and recorded as a breach in our records.

We deem you received this message at the email address that is recorded with us and do let me know if you have any questions.

Regards,

.....

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