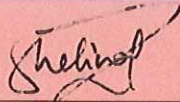
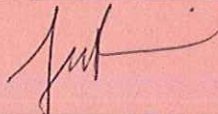
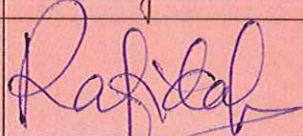




Sustainability Policy

Department:
CEO's Office

Document No. : AAX/CEO/SOP/01
Issue: 01 Revision:00
Effective Date: 8th July 2013

Prepared by	Legal & Regulatory Affairs Director	
Approved by	Chief Executive Officer	
Approved by	Chairman	





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Record of Amendments

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RECORD OF AMENDMENTS

Issue	Rev. No	Effective Date	Reason for Revision
01	00	08 July 2013	Initial issue



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Distribution List

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DISTRIBUTION LIST

Holder	Location
Board of Directors	All business locations
Audit Committee	All business locations
All AirAsia X staff	All business locations



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Objective, Scope & Responsibilities

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OBJECTIVE

This policy provides guidance on AirAsia X's strategy on sustainability with focus on environmental, social and governance aspects of the company's business.

The Company is committed to ensuring that the Company aligns its strategies on matters relating to the environment, society and governance with sustainability objectives.

The Company acknowledges that adoption of sustainability principles as set forth in this policy will add value to shareholders and stakeholders impacted by the way it conducts its business.

SCOPE

This policy is applicable for all AirAsia X employees across the group and its affiliates.

RESPONSIBILITIES

Head - Quality & Assurance

- To ensure that the policy is updated.

Heads of Department

- To ensure compliance with the policy.

Internal Audit

- To carry out periodic and independent audits on the process.



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Reference Documents

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REFERENCE DOCUMENTS

TITLE	DOC. ID
Group People Principles for Managing Performance	AA/PD/SOP/01
AirAsia Berhad Disciplinary Policy	MAA/IRC/M/01



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1.0 ENVIRONMENT


AirAsia X's environmental policy aims to address the impact of our operations on the natural environment. The Company upholds sustainability and efficiency principles in operations.

1.1 Procurement

- 1.1.1 AirAsia X will replace vehicles or ground operation vehicles with reduced emission engine specifications, where possible which, in turn will lead to better combustion, cleaner burning and lower emissions of harmful substances towards the environment.
- 1.1.2 The Company will further strengthen sourcing goods and services that are produced and provided in compliance with high environmental, social and ethical standards.

1.2 Flight Operations/ Operations Control Centre/ Engineering

- 1.2.1 The Company will base line its yearly aircraft unit fuel consumption (in litres per passenger per 100km) and set annual strategies and targets that aim to reduce the unit consumption rate.
- 1.2.2 AirAsia X will implement cost effective strategies which include the use of new technology such as the most efficient wide body aircraft and engines, while adopting industry best practices. Our Flight Operations team is constantly looking at different ways to increase efficiency and have implemented some of the industry's best practices eg scheduled engine/compressor wash when pilots notice performance degradation, adjusting for accurate zero fuel weight, implementing low drag approach within the safety boundaries, enhancing pilot flying techniques by minimising unnecessary manoeuvres and requesting for track shortening in flight, frequent dialogues disseminating info on fuel prices and current consumption to increase awareness and accountability to the pilots who are end users..
- 1.2.3 We will engage all relevant stakeholders including the government and air navigation service providers, to improve air traffic management efficiency.

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1.2.4 We will provide training and awareness for all flight crew on fuel and cost saving industry best practices.

2.0 SOCIAL


2.1 AirAsia Foundation

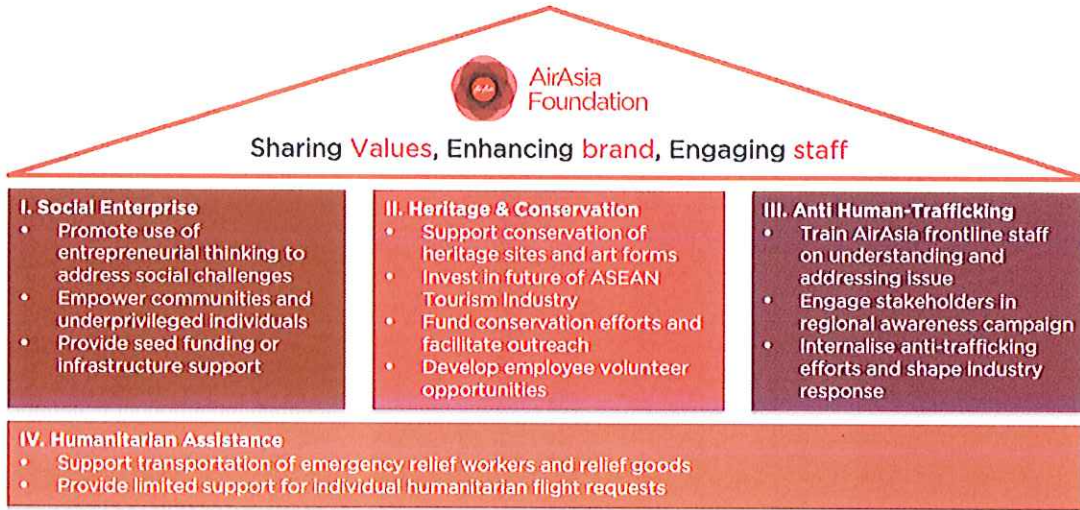
2.1.1 AirAsia X's social sustainability policy is centred on sharing its values of entrepreneurship, equal opportunity and innovation. By promoting our values, AirAsia X aims to foster a positive environment for its business to grow and attract talent who subscribe to the same values.

2.1.2 We believe that no corporation can live apart from the communities that it serves. AirAsia X's corporate responsibility initiatives are undertaken with partners that share the same values at any AirAsia X destination. Through these activities, we aim to contribute to sustainable and responsible tourism development.

2.1.3 As a company with a strong corporate culture, AirAsia X strongly encourages staff participation in its corporate responsibility initiatives through volunteer engagement.

2.1.4 To implement its Social Sustainability Policy, AirAsia Berhad established the AirAsia Foundation in March 2012. The Foundation provides focus and structure to on-going initiatives so as to better reach targeted communities and achieve the desired impact. The Foundation is mandated to undertake projects that fall within the following three focus areas:

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2.1.5 With the AirAsia Foundation now having been set up, and in order to be able to consolidate our social sustainability efforts with the AirAsia Group, AirAsia X intends to work closely with the AirAsia Foundation in this respect.

2.2 People and Culture


2.2.1 AirAsia X is working towards ensuring that the company will always have the right people and culture to meet its goals.

2.2.2 To enhance the active management of safety risks and hazards, we will track Occupational Safety and Health statistics as the company's KPI.

2.2.3 The Company will implement periodic Employee Engagement Survey to determine employee satisfaction and motivation levels. The study also determines the areas of strengths to leverage and weaknesses to improve, to move forward building a great place to work in.

2.2.4 The Company will continuously identify successors to key leadership positions via its Talent Review programme.

2.2.5 We will use the Group People Principles for Managing Performance to ensure that the performance of our team is managed and evaluated fairly and consistently across the Group. The Company is committed to upholding meritocracy at the workplace

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where competency and attitude will always be used as a benchmark for the career advancement of our people.

2.2.6 The Company will also use the Group People Principles on discipline to ensure we are fair in managing disciplinary issues and are in compliance with local laws and international standards.



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3.0 GOVERNANCE

AirAsia X will endeavour to adopt and implement principles and best practices recommended for corporate governance. We have implemented and published the following Policies:

- a) Board Charter
- b) Code of Business Conduct
- c) Auditor Independence Policy
- d) Anti – Fraud Policy
- e) Whistleblower Policy
- f) Corporate Disclosure Policy