



Standard Operating Procedures

Board Charter

Department

Group Governance and
Company Secretarial

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Board Charter

Issue 01 Revision 00

16 June 2021

Approval for all companies within Airasia Group Berhad

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Approved by

BOARD OF DIRECTORS OF AIRASIA GROUP BERHAD
during the Special Board of Directors' Meeting for year 2021

Approval Date: 16 June 2021

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	Board Charter Revision History	Doc. No. AA/GCS/S/001 Date 16 Jun 21 Issue 01 Rev 00 Page 1
---	--	--



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 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	OQA/PCR/21/135	16 Jun 21	17 Jun 21	The Document No. AA/LGL/S/007, Issue 01 Revision 00 should be obsolete once this document is effective. Kindly note that the new Document No. AA/GCS/S/001 has superseded the previous issue.

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 	Board Charter Revision Highlights	Doc. No. AA/GCS/S/001 Date 16 Jun 21 Issue 01 Rev 00 Page 2
---	---	--

REVISION HIGHLIGHTS


All changes recorded in this Revision Highlight will be for the latest revision only. Each change listed below will be highlighted with a Change Bar.

Type of Change: Addition Revision Deletion

Page No.	Item. No.	Type of Change	Description of Changes
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	Board Charter Distribution Control List	Doc. No. AA/GCS/S/001 Date 16 Jun 21 Issue 01 Rev 00 Page 3
---	---	--

DISTRIBUTION CONTROL LIST

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	Board Charter Table of Content	<table> <tr> <td>Doc. No.</td> <td>AA/GCS/S/001</td> </tr> <tr> <td>Date</td> <td>16 Jun 21</td> </tr> <tr> <td>Issue 01</td> <td>Rev 00</td> </tr> <tr> <td>Page</td> <td>4</td> </tr> </table>	Doc. No.	AA/GCS/S/001	Date	16 Jun 21	Issue 01	Rev 00	Page	4
Doc. No.	AA/GCS/S/001									
Date	16 Jun 21									
Issue 01	Rev 00									
Page	4									

TABLE OF CONTENT

COVER PAGE.....	-
COPYRIGHT PAGE	-
APPROVAL PAGE	-
REVISION HISTORY.....	1
REVISION HIGHLIGHTS.....	2
DISTRIBUTION CONTROL LIST	3
TABLE OF CONTENT	4
ABBREVIATIONS.....	6
DEFINITION OF TERMS.....	8
1.0 OBJECTIVES.....	11
2.0 SCOPE	11
3.0 RESPONSIBILITIES	11
3.1 Head of Group Compliance, Company Secretary and Managing Counsel	11
4.0 REFERENCE DOCUMENTS.....	11
5.0 INTRODUCTION	12
6.0 DUTIES AND RESPONSIBILITIES OF THE BOARD.....	13
6.1 Principal Responsibilities.....	13
6.2 Roles of Individual Directors.....	16
6.3 Roles of Non-Executive Directors.....	17
6.4 Roles of Senior Independent Non-Executive Director	17
6.5 Roles of Executive Directors	18
6.6 Roles of Chairman.....	19
6.7 Roles of the Group Chief Executive Officer.....	20
6.8 Roles of the Chief Executive Officer.....	20
7.0 MATTERS RESERVED FOR THE BOARD.....	21
8.0 DIRECTOR ACCESS TO MANAGEMENT AND INDEPENDENT ADVISORS	24
9.0 DIVISION OF ROLES	24

Authority: Group Governance and Company Secretarial, AirAsia Group Berhad


Strictly for internal use only. Downloaded softcopy and copies printed for training purposes are uncontrolled copies. Copies shared online will not display signatories. Kindly contact the Document Control Centre if you need copies with the signatories visible.

	Board Charter Table of Content	<table> <tr> <td>Doc. No.</td> <td>AA/GCS/S/001</td> </tr> <tr> <td>Date</td> <td>16 Jun 21</td> </tr> <tr> <td>Issue 01</td> <td>Rev 00</td> </tr> <tr> <td>Page</td> <td>5</td> </tr> </table>	Doc. No.	AA/GCS/S/001	Date	16 Jun 21	Issue 01	Rev 00	Page	5
Doc. No.	AA/GCS/S/001									
Date	16 Jun 21									
Issue 01	Rev 00									
Page	5									

10.0	COMPOSITION OF BOARD.....	28
11.0	BOARD MEMBERS	28
12.0	LIMIT ON DIRECTORSHIPS.....	29
13.0	CRITERIA OF AN INDEPENDENT DIRECTOR.....	29
14.0	CONSULTATION PRIOR TO EXTERNAL APPOINTMENTS	30
15.0	REMUNERATION.....	30
16.0	QUORUM	31
17.0	FREQUENCY OF MEETINGS.....	31
18.0	ATTENDANCE.....	32
19.0	APPROVAL OF MINUTES / RESOLUTIONS	32
20.0	DIRECTORS' WRITTEN RESOLUTION	33
21.0	COMPANY SECRETARY	33
22.0	CODE OF CONDUCT.....	34
23.0	NEW DIRECTOR ORIENTATION AND CONTINUOUS EDUCATION.....	34
24.0	REVIEW OF THE BOARD CHARTER.....	35
25.0	PERFORMANCE MEASURES AND NON-CONFORMANCE CRITERIA	35
26.0	LIST OF RECORDS	36

Authority: Group Governance and Company Secretarial, AirAsia Group Berhad

Strictly for internal use only. Downloaded softcopy and copies printed for training purposes are uncontrolled copies. Copies shared online will not display signatories. Kindly contact the Document Control Centre if you need copies with the signatories visible.


	Board Charter Abbreviations	Doc. No. AA/GCS/S/001 Date 16 Jun 21 Issue 01 Rev 00 Page 6
---	--	--

ABBREVIATIONS

Abbreviation	Full Term
AAD	AirAsia Digital Sdn. Bhd.
AAGB	AirAsia Group Berhad
AC	Audit Committee
CA	Companies Act 2016
CEO	Chief Executive Officer
CMSA	Capital Markets and Services Act 2007
ED	Executive Director
GCEO	Group Chief Executive Officer
KUL	IATA Code for Kuala Lumpur
MAP	Mandatory Accreditation Programme
MCCG	Malaysian Code on Corporate Governance 2017
MMLR	Main Market Listing Requirements
NED	Non-Executive Directors
NRC	Nomination and Remuneration Committee
OQA	Operational Quality Assurance
PCR	Process Change Request
RMC	Risk Management Committee
RPT	Related Party Transactions
SID	Senior Independent Non-Executive Director

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	Board Charter Abbreviations	Doc. No. AA/GCS/S/001 Date 16 Jun 21 Issue 01 Rev 00 Page 7
---	---------------------------------------	--

Abbreviation	Full Term
SOP	Standard Operating Procedures
SRB	Safety Review Board

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	Board Charter Definition of Terms	Doc. No. AA/GCS/S/001 Date 16 Jun 21 Issue 01 Rev 00 Page 8
---	---	--

DEFINITION OF TERMS

Term	Definition
AAD Group	AirAsia Digital Sdn. Bhd. and all its subsidiaries.
AirAsia	AirAsia Group Berhad and all its subsidiaries.
Board	Board of Directors of AirAsia Group Berhad.
Board Assessment	An evaluation on the Board conducted by the NRC based on specific criteria covering areas such as the Board composition and structure, principal responsibilities of the Board, the Board process, the Chief Executive Officer's ("CEO") performance, succession planning and Board governance.
Bursa Malaysia	Bursa Malaysia Securities Berhad.
Company	AirAsia Group Berhad.
Constitution of AirAsia	A document that defines AirAsia Group Berhad's existence and sets out the rules and controls governing the company. The Constitution is approved by Bursa Malaysia and maintained by the Legal department.
Directors' Written Resolution	A resolution in writing signed by majority of the Directors. It shall be valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted.
Independent Advisors	Third-party advisors appointed by the Board of Directors.

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	Board Charter Definition of Terms	Doc. No. AA/GCS/S/001 Date 16 Jun 21 Issue 01 Rev 00 Page 9
---	---	--


Term	Definition
Individual Director (Selfand Peer) Assessment	An evaluation on the Board conducted by the NRC based on contribution to interaction, role and duties, knowledge and integrity as well as assessment of independence.
Non-Executive Directors	Persons of calibre and credibility who have the necessary skills and experience to bring an independent judgement to bear on the issues of strategy, performance and resources, including key appointments and standards of conduct.
Succession Planning	The process of selecting, training, appointing, monitoring, evaluating and, if warranted, replacing any Senior Management to ensure succession.

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	<p>Board Charter Definition of Terms</p>	<table><tr><td>Doc. No.</td><td>AA/GCS/S/001</td></tr><tr><td>Date</td><td>16 Jun 21</td></tr><tr><td>Issue 01</td><td>Rev 00</td></tr><tr><td>Page</td><td>10</td></tr></table>	Doc. No.	AA/GCS/S/001	Date	16 Jun 21	Issue 01	Rev 00	Page	10
Doc. No.	AA/GCS/S/001									
Date	16 Jun 21									
Issue 01	Rev 00									
Page	10									

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	Board Charter Procedures	<table> <tr> <td>Doc. No.</td> <td>AA/GCS/S/001</td> </tr> <tr> <td>Date</td> <td>16 Jun 21</td> </tr> <tr> <td>Issue 01</td> <td>Rev 00</td> </tr> <tr> <td>Page</td> <td>11</td> </tr> </table>	Doc. No.	AA/GCS/S/001	Date	16 Jun 21	Issue 01	Rev 00	Page	11
Doc. No.	AA/GCS/S/001									
Date	16 Jun 21									
Issue 01	Rev 00									
Page	11									

1.0 OBJECTIVES

This Charter is developed to allow the Board of Directors (“**Board**”) of AirAsia Group Berhad (“**AAGB**”) to oversee the conduct and direct the management of the business and affairs of AAGB.

2.0 SCOPE

This SOP is applicable to all members of the Board of AAGB.

3.0 RESPONSIBILITIES

3.1 Head of Group Compliance, Company Secretary and Managing Counsel


- a. Ensure the Board Charter is updated from times to times to ensure compliance with the relevant laws and regulations in Malaysia.

4.0 REFERENCE DOCUMENTS

Title	Document ID
Code of Conduct and Ethics SOP	AA/PPL/S/004
Board Diversity Policy	AA/PPL/S/003
Constitution of AirAsia Group Berhad	n/a
Main Market Listing Requirements (Bursa Malaysia Securities Berhad)	n/a

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	Board Charter Procedures	Doc. No. AA/GCS/S/001 Date 16 Jun 21 Issue 01 Rev 00 Page 12
---	-------------------------------------	---

Title	Document ID
Capital Markets and Services Act 2007	n/a
Companies Act 2016	n/a
Malaysian Code on Corporate Governance 2017 (Securities Commission)	n/a

5.0 INTRODUCTION

- 5.1 The Board of the Company is committed to uphold the highest standards of corporate governance throughout the Company and its subsidiaries (from herein collectively known as “**AirAsia**”).
- 5.2 The Board Charter sets out the authority, responsibilities, membership and operation of the Board, adopting principles of good corporate governance and practice, that accord with applicable laws.
- 5.3 The Board is regulated by, amongst others:
- a. the Main Market Listing Requirements (“**MMLR**”) issued by Bursa Malaysia Securities Berhad;
 - b. the Capital Markets and Services Act 2007 (“**CMSA**”);
 - c. the Companies Act 2016 (“**CA**”);
 - d. the Malaysian Code on Corporate Governance 2017 (“**MCCG**”) issued by the Securities Commission;
 - e. the provisions of the Company’s Constitution; and
 - f. applicable laws, regulations and guidelines.

Authority: Group Governance and Company Secretarial, AirAsia Group Berhad


	Board Charter Procedures	<table> <tr> <td>Doc. No.</td> <td>AA/GCS/S/001</td> </tr> <tr> <td>Date</td> <td>16 Jun 21</td> </tr> <tr> <td>Issue 01</td> <td>Rev 00</td> </tr> <tr> <td>Page</td> <td>13</td> </tr> </table>	Doc. No.	AA/GCS/S/001	Date	16 Jun 21	Issue 01	Rev 00	Page	13
Doc. No.	AA/GCS/S/001									
Date	16 Jun 21									
Issue 01	Rev 00									
Page	13									

6.0 DUTIES AND RESPONSIBILITIES OF THE BOARD

6.1 Principal Responsibilities

- 6.1.1 To review and approve strategies, business plans and key policies for AirAsia and monitor Management's performance in implementing them to determine whether the business is being properly managed.
- 6.1.2 To set corporate values and clear lines of responsibility and accountability, including governance systems and processes that are communicated throughout AirAsia.
- 6.1.3 To ensure full compliance and to carry out the duties of the Board in accordance with the relevant provisions of the MMLR, the CMSA, the CA, the MCCG and all applicable laws, regulations and guidelines including but not limited to the director's duties contained in Subdivision 3 of Division 2 under Part III, of the CA.
- 6.1.4 To oversee the conduct of AirAsia's business and ensure that the management of AirAsia is competent and effective.
- 6.1.5 To ensure that there shall be unrestricted access to independent advice or expert advice at AirAsia's expense in furtherance of the Board's duties (Whether as a Board or a Director in his / her individual capacity).
- 6.1.6 To formalise the ethical standards through a Code of Conduct which will be applicable throughout AirAsia and ensure the compliance of this Code of Conduct.
- 6.1.7 To ensure that the operations of AirAsia are conducted prudently and within the framework of relevant laws and regulations.
- 6.1.8 To establish, approve, review and monitor AirAsia's risk appetite and comprehensive risk management policies, processes and infrastructure as well as receive regular reports therein.
- 6.1.9 To approve delegated authority for expenditure, lending and other risk exposures.
- 6.1.10 To consider emerging issues that may be material to the business and affairs of AirAsia.
- 6.1.11 To ensure that AirAsia has a proper and robust succession plan for its Senior


Authority: Group Governance and Company Secretarial, AirAsia Group Berhad

	Board Charter Procedures	<table> <tr> <td>Doc. No.</td> <td>AA/GCS/S/001</td> </tr> <tr> <td>Date</td> <td>16 Jun 21</td> </tr> <tr> <td>Issue 01</td> <td>Rev 00</td> </tr> <tr> <td>Page</td> <td>14</td> </tr> </table>	Doc. No.	AA/GCS/S/001	Date	16 Jun 21	Issue 01	Rev 00	Page	14
Doc. No.	AA/GCS/S/001									
Date	16 Jun 21									
Issue 01	Rev 00									
Page	14									

Management and Executive Directors. Succession planning refers to the process of selecting, training, appointing, monitoring, evaluating and if warranted, replacing any Senior Management to ensure succession.

- 6.1.12 To keep under review and maintain AirAsia's capital and liquidity positions; as well as ensure that the strategic plan of the Company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability.
- 6.1.13 To review and approve proposals for the allocation of capital and other resources within AirAsia.
- 6.1.14 To review and approve AirAsia's annual capital and revenue budgets (Including any material changes thereto).
- 6.1.15 To ensure that the Board has adequate procedures in place to receive reports from AirAsia's Management periodically and / or on a timely manner, so the Board has reasonable grounds to make proper judgement on the financial position and business prospects of AirAsia on an ongoing basis.
- 6.1.16 To approve AirAsia'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 materials as well as significant statements issued to shareholders.
- 6.1.17 To review the adequacy and integrity of AirAsia's internal control system and management information systems, including systems for complying with applicable laws, regulations, rules, directives and guidelines.
- 6.1.18 To establish an internal audit function to obtain assurance of regular review and / or appraisal of the effectiveness of the system of internal controls within the Company. The Board should explain in summary the means that exist for obtaining such assurance of regular review and / or appraisal.
- 6.1.19 To establish procedures to assess any related party transactions or conflict of interest situations that may arise within the Company or Group, including any transaction,


Authority: Group Governance and Company Secretarial, AirAsia Group Berhad

	Board Charter Procedures	Doc. No. AA/GCS/S/001 Date 16 Jun 21 Issue 01 Rev 00 Page 15
---	---	---

procedure or course of conduct that raises questions of management integrity.

- 6.1.20 To establish and ensure the effective functioning and monitoring of the Audit Committee (“**AC**”), Nomination and Remuneration Committee (“**NRC**”), Risk Management Committee (“**RMC**”), Safety Review Board (“**SRB**”) and any other committees deemed necessary by the Board then to delegate appropriate authority and terms of reference to such committees established by the Board.
- 6.1.21 To receive the minutes of and / or reports from the committees established by the Board.
- 6.1.22 To review and agree to changes in the terms of reference of AirAsia’s Board of Directors and committees established by the Board.
- 6.1.23 To review the AC report set out clearly in the annual report of AirAsia at the end of each financial year.
- 6.1.24 To look into and address major and / or material litigation matters against the Group as and when they arise.
- 6.1.25 To ensure that AirAsia has a beneficial influence on the economic well-being of its community.
- 6.1.26 To ensure that AirAsia has 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 AirAsia.
- 6.1.27 To receive and consider high-level reports on matters material to AirAsia, in particular:
- a. relations with regulatory authorities;
 - b. health and safety;
 - c. insurance cover;
 - d. disaster recovery;
 - e. litigation and claims;
 - f. premises; and
 - g. public relations.
- 6.1.28 To strive to achieve an optimum balance and dynamic mix of competent and

Authority: Group Governance and Company Secretarial, AirAsia Group Berhad

	Board Charter Procedures	<table> <tr> <td>Doc. No.</td> <td>AA/GCS/S/001</td> </tr> <tr> <td>Date</td> <td>16 Jun 21</td> </tr> <tr> <td>Issue 01</td> <td>Rev 00</td> </tr> <tr> <td>Page</td> <td>16</td> </tr> </table>	Doc. No.	AA/GCS/S/001	Date	16 Jun 21	Issue 01	Rev 00	Page	16
Doc. No.	AA/GCS/S/001									
Date	16 Jun 21									
Issue 01	Rev 00									
Page	16									

diverse skillsets amongst the members of the Board.

6.1.29 To ensure adequate training are provided to the members of the Board.

6.1.30 To conduct a Board evaluation annually through two (02) assessments administered by the NRC:

- a. Board Assessment; and
- b. Individual Director Assessment.

The Board may engage independent experts periodically to facilitate objective and candid Board evaluations. The Board Assessment is based on specific criteria covering areas such as the Board composition and structure, principal responsibilities of the Board, the Board process, the CEO's performance, succession planning and Board governance. The assessment criteria for the Individual Director (Self and Peer) Assessment includes contribution to interaction, role and duties, knowledge and integrity as well as assessment of independence.

6.1.31 To undertake a proper process to select a Director through NRC.

6.1.32 To establish formal and transparent remuneration policies and procedures to attract and retain Directors through the NRC.


6.2 Roles of Individual Directors

6.2.1 A Director shall exercise his powers in good faith and in the best interest of the Company.

6.2.2 A Director shall act honestly and use reasonable care, skill and diligence in the discharge of the duties of his office and shall not make use of any information acquired by the virtue of his position to gain, whether directly or indirectly, improper advantage for himself or for any other persons or to cause detriment to the Company.

6.2.3 A Director shall avoid conflicts of interest and shall, as soon as practicable after the relevant facts have come to his / her knowledge, declare the nature of his / her interest at a meeting of the Directors of the Company. Every Director shall provide the Company

Authority: Group Governance and Company Secretarial, AirAsia Group Berhad

	Board Charter Procedures	<table> <tr> <td>Doc. No.</td> <td>AA/GCS/S/001</td> </tr> <tr> <td>Date</td> <td>16 Jun 21</td> </tr> <tr> <td>Issue 01</td> <td>Rev 00</td> </tr> <tr> <td>Page</td> <td>17</td> </tr> </table>	Doc. No.	AA/GCS/S/001	Date	16 Jun 21	Issue 01	Rev 00	Page	17
Doc. No.	AA/GCS/S/001									
Date	16 Jun 21									
Issue 01	Rev 00									
Page	17									

notice of such events and matters relating to him/her that may be necessary or expedient for the Company and its officers to comply with the requirements of the CA.


6.3 Roles of Non-Executive Directors

- 6.3.1 Non-Executive Directors (“NED”) are persons of calibre and credibility who have the necessary skills and experience to bring an independent judgement to bear on the issues of strategy, performance and resources, including key appointments and standards of conduct.
- 6.3.2 NEDs are required to make an independent assessment of the information, reports or statements, taking into account the Directors’ knowledge, experience and competence, to provide an independent view and demonstrate objectivity in reviewing and challenging the Management’s proposals at meetings.
- 6.3.3 NEDs are expected to devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes as well as keep abreast of industry issues, market development and trend to enable them to sustain their active participation in Board deliberations.
- 6.3.4 NEDs act as a channel of communication between Management, shareholders and other stakeholders. They provide the relevant checks and balances focusing on shareholders’ and other stakeholders’ interests and ensuring that high standards of corporate governance are applied

6.4 Roles of Senior Independent Non-Executive Director

- 6.4.1 The Board approves the appointment of a Senior Independent Non-Executive Director (“SID”).
- 6.4.2 The SID shall have specific responsibilities, which includes:

Authority: Group Governance and Company Secretarial, AirAsia Group Berhad

	Board Charter Procedures	<table> <tr> <td>Doc. No.</td> <td>AA/GCS/S/001</td> </tr> <tr> <td>Date</td> <td>16 Jun 21</td> </tr> <tr> <td>Issue 01</td> <td>Rev 00</td> </tr> <tr> <td>Page</td> <td>18</td> </tr> </table>	Doc. No.	AA/GCS/S/001	Date	16 Jun 21	Issue 01	Rev 00	Page	18
Doc. No.	AA/GCS/S/001									
Date	16 Jun 21									
Issue 01	Rev 00									
Page	18									


- a. to serve as a designated contact for consultation and direct communication with shareholders on areas that cannot be resolved through normal channels of contact with the Chairman, Group Chief Executive Officer (“**GCEO**”) or CEO;
- b. to serve as the intermediary between the Directors and the Chairman when necessary;
- c. to ensure all Independent Directors have the opportunity to provide input on the agenda;
- d. to advise the Chairman on the quality, quantity and timeliness of the information submitted by Management that is necessary or appropriate for the Independent Directors to perform their duties effectively;
- e. to consult the Chairman on the Board meeting schedules to ensure all Independent Directors can perform their duties responsibly and with sufficient time for discussion of all agenda items;
- f. to act as a sounding board for the Chairman;
- g. to preside all Board meetings when the Chairman is not present; and
- h. to call for meetings of the Independent Directors.

6.5 Roles of Executive Directors

6.5.1 The responsibilities of the Executive Director (“**ED**”) (or in the absence of an ED, the CEO) include, but are not limited to the following:

- a. to ensure, with all powers, discretions and delegations authorised by the Board, the efficient and effective day-to-day management of the Company;
- b. to establish and implement the strategic direction of the Company, as approved by the Board;
- c. to make recommendations to the Board on matters relating to the business and operations of the Company; and
- d. to identify and ensure all material matters affecting the Company are brought

Authority: Group Governance and Company Secretarial, AirAsia Group Berhad

	Board Charter Procedures	<table> <tr> <td>Doc. No.</td> <td>AA/GCS/S/001</td> </tr> <tr> <td>Date</td> <td>16 Jun 21</td> </tr> <tr> <td>Issue 01</td> <td>Rev 00</td> </tr> <tr> <td>Page</td> <td>19</td> </tr> </table>	Doc. No.	AA/GCS/S/001	Date	16 Jun 21	Issue 01	Rev 00	Page	19
Doc. No.	AA/GCS/S/001									
Date	16 Jun 21									
Issue 01	Rev 00									
Page	19									


to the attention of the Board.

6.6 Roles of Chairman

- 6.6.1 The Chairman of the Board shall be appointed by the Board and may hold an executive office within the Company. However, the position of the Chairman, GCEO and CEO must be held by different individuals.
- 6.6.2 In the absence of the Chairman and / or an appointed deputy in any meeting, the remaining present members shall elect one (01) of themselves to chair the meeting in accordance with the provisions set out in the Constitution of AirAsia.
- 6.6.3 The responsibilities of the Chairman include, but are not limited to, the following:
- a. to oversee the Board in the effective discharge of its role;
 - b. to instil good corporate governance practices, leadership and effectiveness of the Board;
 - c. to monitor the workings of the Board and the conducts of a Board meeting;
 - d. to liaise with the CEO and Company Secretary on the agenda for Board meetings.
 - e. to ensure all relevant issues for the effective running of AirAsia's business are on the Board meeting agenda;
 - f. to ensure that all quality information needed to facilitate decision-making is delivered to the Board members on a timely basis;
 - g. to encourage all Directors to play an active role in Board activities, including leading Board meetings and discussions, encouraging active participation and allowing dissenting views to be freely expressed;
 - h. to manage the interface between the Board and the Management;
 - i. to ensure appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole;
 - j. to chair general meetings for shareholders.

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	Board Charter Procedures	<table> <tr> <td>Doc. No.</td> <td>AA/GCS/S/001</td> </tr> <tr> <td>Date</td> <td>16 Jun 21</td> </tr> <tr> <td>Issue 01</td> <td>Rev 00</td> </tr> <tr> <td>Page</td> <td>20</td> </tr> </table>	Doc. No.	AA/GCS/S/001	Date	16 Jun 21	Issue 01	Rev 00	Page	20
Doc. No.	AA/GCS/S/001									
Date	16 Jun 21									
Issue 01	Rev 00									
Page	20									

6.7 Roles of the Group Chief Executive Officer

6.7.1 The responsibilities of the GCEO include, but are not limited to, the following:


- a. to steer and direct the business of the AirAsia's core Malaysian operations as well as its various investments in Malaysia and abroad to ensure maximum financial return through consistent and synergetic application and implementation of the AirAsia business model and branding (Business direction);
- b. to develop, implement and monitor strategies that incorporate leading business thinking and best practices from all industries and sectors to advance the Group business (Strategies);
- c. to recruit, mentor, coach and guide the Senior Management teams within AirAsia to ensure optimal performance and strong succession (Talent and Succession);
- d. to be the face of AirAsia in interactions where the interests of AirAsia as a whole are critical (External Interface);
- e. to explore new business opportunities within the digital, aviation, digital- related or aviation-related industries using the AirAsia's size and strength as leverage (Business Development);
- f. to ensure a strong, positive and unique culture exists throughout AirAsia and becomes a strategic advantage to the company (Culture).

6.8 Roles of the Chief Executive Officer

6.8.1 The responsibilities of the CEO include, but are not limited to, the following:

- a. to achieve industry-leading financial results through strong and sustainable revenue as well as market share growth (Financial Responsibilities);
- b. to achieve excellent internal operations that reduces costs and continually improve efficiencies (Operations Responsibilities);
- c. to manage regulators and governments so AirAsia gets maximum advantage to

Authority: Group Governance and Company Secretarial, AirAsia Group Berhad

	Board Charter Procedures	<table> <tr> <td>Doc. No.</td> <td>AA/GCS/S/001</td> </tr> <tr> <td>Date</td> <td>16 Jun 21</td> </tr> <tr> <td>Issue 01</td> <td>Rev 00</td> </tr> <tr> <td>Page</td> <td>21</td> </tr> </table>	Doc. No.	AA/GCS/S/001	Date	16 Jun 21	Issue 01	Rev 00	Page	21
Doc. No.	AA/GCS/S/001									
Date	16 Jun 21									
Issue 01	Rev 00									
Page	21									


- operate in all markets (Stakeholders Management Responsibilities);
- d. to improve customer experience so AirAsia's branding grows and achieves revenue and profitability growth (Customer Responsibilities);
 - e. to hire, develop and retain key talents and grow the AirAsia culture (People Responsibilities).

7.0 MATTERS RESERVED FOR THE BOARD

7.1 The following are matters specifically reserved for the Board's collective decision. It may be varied from time to time as determined by the Board:

- a. Limits of authority, including any amendments thereto;
- b. Strategic business plan;
- c. Annual budget / plan;
- d. Audited and quarterly financial statements;
- e. Approval of new business activities and ventures of the Company;
- f. Terms of Reference for Board Committees;
- g. Appointment and / or removal of Company Secretary;
- h. Appointment or removal of External Auditors and Auditors' remuneration;
- i. Related Party Transactions ("RPTs");
- j. RPTs or Non-Mandated Recurrent RPTs regardless of value, except in the absence of binding commitment;
- k. Terms of Appointment for EDs and NEDs;
- l. Changes in group structure, e.g. acquisition and disposal of subsidiaries or issuance of new share capital;
- m. Constitution of AirAsia including any amendments thereto;
- n. The giving of any Guarantee (Except Bank Guarantees in connection with the operating business) or indemnity or the creation or issue of any debenture, mortgage, charge or other securities or interests over its assets by the Company.

Authority: Group Governance and Company Secretarial, AirAsia Group Berhad


	Board Charter Procedures	Doc. No. AA/GCS/S/001 Date 16 Jun 21 Issue 01 Rev 00 Page 22
---	-------------------------------------	---

7.2 Notwithstanding the above, subject to the provisions of the MMLR, CA and the Constitution of AirAsia, if any, approvals of the following subsections (a) to (h) and (k) to (m) shall be fully delegated to AAD for and on behalf of AAD Group, which will be limited to the transactions as detailed in the approved AAGB limits of authority. Pursuant to subsection (k) for AAD to consider the appointment and remuneration of the EDs and NEDs of AAD Group. However, in the event of any conflict or inconsistency arising between the effects of the approval herein sought or part(s) thereof and any provision of the Bursa Malaysia's MMLR, CA and the Constitution of AirAsia, the Bursa Malaysia's MMLR, CA and the Constitution of AirAsia shall prevail and continue to be applicable to extent of the conflict or inconsistency. Some of the matters that cannot be delegated to the AAD Board and will continue to require the AAGB's (shareholder) Board approval pursuant to the Bursa Malaysia's MMLR and the CA are appended below:

a. CA

Section	Subject
28	Change of name
32	Adoption of constitution
36	Alteration or amend constitution
40	Conversion from an unlimited company to a limited company
41	Conversion from public companies to private companies or private companies to public companies
76	Allotment of shares or grant of rights
84	Power of company to alter its share capital
86	Conversion of shares into stock
91	Variation of class rights


Authority: Group Governance and Company Secretarial, AirAsia Group Berhad

	Board Charter Procedures	Doc. No. AA/GCS/S/001 Date 16 Jun 21 Issue 01 Rev 00 Page 23
---	-------------------------------------	---

Section	Subject
115, 117	Reduction of Share Capital
126	Financial assistance not exceeding ten per centum of shareholders' funds (not applicable for PLC)
130	Power to pay interest out of capital
191	Variation of contracts referred to in prospectus
205	Re-election of directors
206	Removal of directors by shareholder(s)
208	Re-election of directors due to casual vacancy
218	Prohibition against improper use of property, position, etc.
223	Acquisition or disposal of substantial undertaking or property
224	Loans to directors
227	Payment to directors for loss of office, etc.
228	Transactions with directors, substantial shareholders or connected persons
230	Approval for fees of directors
271	Appointment of auditors of public company
276	Removal of auditors
432, 439	Voluntary winding-up
445	Removal of liquidator
446	Power to fill vacancy in office of liquidator

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	Board Charter Procedures	Doc. No. AA/GCS/S/001 Date 16 Jun 21 Issue 01 Rev 00 Page 24
---	-------------------------------------	---

b. MMLR of Bursa Malaysia

Paragraph	Subject
6.06	Allotment of shares / other convertible securities to directors (Apply to both AAGB and its subsidiaries)
6.44	Share issuance scheme
8.21	Material dilution of principal subsidiary (25% or more)
8.23	Financial assistance to associated company or joint arrangement exceeding 5% or more of the net tangible assets of the group
10.07	Transactions with percentage ratio of 25% or more
10.08	Related party transactions with percentage ratio of 5% or more
10.13	Diversification in operations carried out by a listed issuer


8.0 DIRECTOR ACCESS TO MANAGEMENT AND INDEPENDENT ADVISORS

- 8.1 Directors shall have access to the Management and, as necessary and appropriate, to the Group's Independent Advisors to keep themselves fully informed of the Group's affairs and to enable them to make sound business judgements.
- 8.2 Directors shall have full and unrestricted access to information, records, properties and personnel of the Group in performing their duties.

9.0 DIVISION OF ROLES

- 9.1 The Board may, from time to time, establish committees considered appropriate to assist in carrying out its duties and responsibilities.
- 9.2 The Board delegates certain functions to the committees described in Table 9.0-1 to

Authority: Group Governance and Company Secretarial, AirAsia Group Berhad

	Board Charter Procedures	Doc. No. AA/GCS/S/001 Date 16 Jun 21 Issue 01 Rev 00 Page 25
---	---	---


assist in the execution of its responsibilities.

Table 9.0-1: Board Committees

Committee	Description
a. Audit Committee (AC)	<ul style="list-style-type: none"> i. The AC comprises of three (03) NEDs; two (02) of whom shall be Independent Directors. ii. The Chairman of the AC shall report to the Directors at Board meetings any salient matters raised at AC meetings that require the Board's notation, approval or decision, including, but not limited to, the financial reporting process. iii. The Board empowers the AC to ensure policies and procedures are in place to assess the suitability, objectivity and independence of the external auditor.
b. Nomination and Remuneration Committee (NRC)	<ul style="list-style-type: none"> i. The NRC comprises of three (03) NEDs and is chaired by the SID. ii. The Board delegates to the NRC the responsibility of ensuring that Board members and Senior Management have the necessary skills and experience, and that measures are in place to provide for the orderly succession of Board and Senior Management. iii. The appointment of the Board and Senior Management are based on objective criteria, merit and with due regard for diversity in skills,

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	Board Charter Procedures	Doc. No. AA/GCS/S/001 Date 16 Jun 21 Issue 01 Rev 00 Page 26
---	---	---

Committee	Description
	experience, age, gender, ethnicity as well as cultural and religious background.
c. Risk Management Committee (RMC)	i. The RMC contains majority of the Independent Directors. ii. The Board delegates the responsibility of reviewing the effectiveness of risk management to the RMC, which sets the risk appetite of the Company. iii. The RMC also reviews the risk management framework, processes and reports to identify, analyze, evaluate, manage and monitor significant financial and non-financial risks.
d. Safety Review Board (SRB)	i. The SRB comprises of two (02) NEDs and one (01) ED. ii. The SRB provides Board-level oversight and input to the management of safety within AirAsia's operations. iii. A meeting shall be held each quarter to review progress and trends in relation to Flight Safety and Airworthiness, Incident Reports, Investigations and Recommendations as well as Flight Data Analysis and Recommendations.

9.3 These committees are authorised by the Board to deal with and to deliberate on matters delegated to them within their authority. Although the Board has granted discretionary authority to these committees to deliberate and decide on certain operational matters, the ultimate responsibility for final decision on all matters lies with

Authority: Group Governance and Company Secretarial, AirAsia Group Berhad

	Board Charter Procedures	Doc. No. AA/GCS/S/001 Date 16 Jun 21 Issue 01 Rev 00 Page 27
---	-------------------------------------	---

the Board.

9.4 There must also be a clear division of roles and responsibilities between the Board and Management to ensure that there is a balance of power and authority.


9.5 The responsibilities of Management include the following:

Table 9.0-2: Management Responsibilities

a. Planning	i. Generate plans of action for immediate, short term, medium term and long-term periods
b. Organising	i. Organise the resources, particularly human resources, in the best possible manner. ii. Assemble and coordinate financial, physical, information and other resources needed to achieve the Company goals.
c. Directing	i. Stimulate high performance by employees. ii. Communicate and coordinate with employees to lead and enthuse them to work effectively together to achieve the goals and targets of the Company.
d. Controlling	i. Set performance standards that indicate progress towards long-term goals of the Company. ii. Evaluate the progress against the goals and targets of the Company and ensuring proper and timely execution of the same. iii. Periodically review, evaluate and monitor performance.

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	Board Charter Procedures	Doc. No. AA/GCS/S/001 Date 16 Jun 21 Issue 01 Rev 00 Page 28
---	---	---

10.0 COMPOSITION OF BOARD

10.1 The Board shall strive to achieve an optimum balance and dynamic mix of competencies and diverse skill sets amongst its Board members. For further information on this, kindly refer to the Board Diversity Policy (Doc. No.:AA/PPL/S/003).

11.0 BOARD MEMBERS

11.1 The appointment of members of the Board shall be by rotation, in accordance with the Constitution of AirAsia. All members of the Board shall be required to submit themselves for re-election at regular intervals of not more than three (03) years.

11.2 The appointment of members of the Board shall take place annually at AirAsia's Annual General Meeting.

11.3 The Board shall comprise of at least two (02) members and not more than twelve (12) members, as nominated by the NRC (Unless otherwise determined by ordinary resolution). At least two (02) of the total Board members or one-third (1/3) of the Board (Whichever is higher) must be Independent NEDs.

11.4 Each appointed Board member shall hold office until the earlier of:

- a. such time as the Board determines to terminate his / her appointment; or
- b. the Board member ceases to be a member of the Board.


11.5 The tenure of an Independent Director should not exceed a cumulative term of nine (09) years.

11.6 Upon completion of the nine (09) years, an Independent Director may continue to serve in the Board subject to the Director's re-designation as a Non-Independent Director.

11.7 The Board must justify and seek shareholders' approval in the event it intends to retain an Independent Director who has served as for more than nine (09) years in the same capacity.

11.8 If the Board continues to retain the Independent Director after the twelfth year, the

Authority: Group Governance and Company Secretarial, AirAsia Group Berhad

	Board Charter Procedures	<table> <tr> <td>Doc. No.</td> <td>AA/GCS/S/001</td> </tr> <tr> <td>Date</td> <td>16 Jun 21</td> </tr> <tr> <td>Issue 01</td> <td>Rev 00</td> </tr> <tr> <td>Page</td> <td>29</td> </tr> </table>	Doc. No.	AA/GCS/S/001	Date	16 Jun 21	Issue 01	Rev 00	Page	29
Doc. No.	AA/GCS/S/001									
Date	16 Jun 21									
Issue 01	Rev 00									
Page	29									

Board shall seek annual shareholders' approval through a two-tier voting process. However, it is not encouraged to retain an Independent Director for a period of more than twelve (12) years unless there is justification to do so.

12.0 LIMIT ON DIRECTORSHIPS

12.1 The limit on the number of directorships that may be held at any one time by member of the Board are five (05) for any listed company, including the position on the Board of AirAsia or such other requirement as prescribed or approved by the MMLR.

13.0 CRITERIA OF AN INDEPENDENT DIRECTOR

13.1 The Board has established a formal and transparent process whereby the NRC is responsible to:


- a. identify candidates suitably qualified to become Board members including Independent Directors; and
- b. make recommendations to the Board of such individuals for appointment by taking into considerations the competencies, commitment, contribution and performance of such potential candidates.

13.2 The NRC may also utilise independent sources (e.g. directors' registry, open advertisements or use independent search firms) to identify suitably qualified candidates.

13.3 The ultimate decision on the appointment shall be the responsibility of the Board after considering the recommendations of the NRC.

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	Board Charter Procedures	<table> <tr> <td>Doc. No.</td> <td>AA/GCS/S/001</td> </tr> <tr> <td>Date</td> <td>16 Jun 21</td> </tr> <tr> <td>Issue 01</td> <td>Rev 00</td> </tr> <tr> <td>Page</td> <td>30</td> </tr> </table>	Doc. No.	AA/GCS/S/001	Date	16 Jun 21	Issue 01	Rev 00	Page	30
Doc. No.	AA/GCS/S/001									
Date	16 Jun 21									
Issue 01	Rev 00									
Page	30									

14.0 CONSULTATION PRIOR TO EXTERNAL APPOINTMENTS

14.1 The Board values the experience and perspective that the NEDs gain from their service in the Boards of other companies, organisations or associations. However, NEDs should first consult the Chairman prior to the acceptance of any relevant external appointments such as directorship of listed companies, organisations or other associations.

14.2 In any event, such commitments should not:

- a. cause a conflict of interest for the Director;
- b. affect the Director's independence;
- c. have potential reputational consequence to the Company; and / or
- d. place demands on the Director's time that could hinder their ability to attend Board meetings and discharge their responsibilities to the Company.

15.0 REMUNERATION

15.1 The Board has established a formal and transparent process for approving the remuneration of the Director and the CEO.


15.2 The NRC is responsible of reviewing the remuneration policies that support AirAsia's shareholder values and long-term success. The NRC is also responsible of making recommendations on other matters, including, but not limited to:

- a. Directors' fees;
- b. salaries;
- c. allowances;
- d. bonuses;
- e. share options;
- f. benefits-in-kind.

15.3 The NRC shall ensure that compensation is consistent with AirAsia's business

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	Board Charter Procedures	<table> <tr> <td>Doc. No.</td> <td>AA/GCS/S/001</td> </tr> <tr> <td>Date</td> <td>16 Jun 21</td> </tr> <tr> <td>Issue 01</td> <td>Rev 00</td> </tr> <tr> <td>Page</td> <td>31</td> </tr> </table>	Doc. No.	AA/GCS/S/001	Date	16 Jun 21	Issue 01	Rev 00	Page	31
Doc. No.	AA/GCS/S/001									
Date	16 Jun 21									
Issue 01	Rev 00									
Page	31									

strategy and long-term objectives, including, but not limited to:

- a. attracting and retaining Directors and a CEO of requisite quality who can increase productivity and profitability in the long run;
- b. motivating and creating incentives for the Directors and the CEO to perform at their best; and
- c. focusing attention on the achievement of desired goals and objectives.


16.0 QUORUM

- 16.1 The quorum for Board meetings shall be three (03) members, of whom one (01) must be independent.
- 16.2 A duly convened meeting of a Board at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretion vested in or exercisable by the Board.

17.0 FREQUENCY OF MEETINGS

- 17.1 The Board shall meet not less than once every three (03) months.
- 17.2 Meetings of the Board shall be called by the Secretary of the Board at the request of the Chairman.
- 17.3 Unless otherwise agreed, notice for each meeting confirming the venue, time, date and agenda of items to be discussed shall be forwarded to each member of the Board no later than seven (07) calendar days before the date of the meeting.
- 17.4 Reasonable time should be given for Board members and other attendees (As appropriate) to review and consider all relevant papers and materials prior to the Board meeting.
- 17.5 Refer to the Paper to the Board and its Committees SOP (Doc. No.:

Authority: Group Governance and Company Secretarial, AirAsia Group Berhad

	Board Charter Procedures	<table> <tr> <td>Doc. No.</td> <td>AA/GCS/S/001</td> </tr> <tr> <td>Date</td> <td>16 Jun 21</td> </tr> <tr> <td>Issue 01</td> <td>Rev 00</td> </tr> <tr> <td>Page</td> <td>32</td> </tr> </table>	Doc. No.	AA/GCS/S/001	Date	16 Jun 21	Issue 01	Rev 00	Page	32
Doc. No.	AA/GCS/S/001									
Date	16 Jun 21									
Issue 01	Rev 00									
Page	32									

MAA/LGL/S/003) for more details.

- 17.6 Each member of the Board is entitled to one (01) vote in deciding the matters deliberated in the meeting. The decision that gained the majority votes of the Board shall be the decision of the Board.
- 17.7 In the event of an equality of votes, the Chairman of the Board shall be entitled to a second or casting vote.
- 17.8 The Chairman shall not have a casting vote if there are only two (02) Directors (Being competent to vote) forming the quorum of a meeting.

18.0 ATTENDANCE


- 18.1 The CEO (Where the CEO is not an ED) and Chief Financial Officer of the Company shall normally be invited to attend the meetings to assist in the deliberations and resolution of matters raised.
- 18.2 Where their expertise is required, any relevant officers within AirAsia group of companies or any external professionals may also be invited to attend the Board meetings.

19.0 APPROVAL OF MINUTES / RESOLUTIONS

- 19.1 Approval of minutes and resolution shall be done by majority.
- 19.2 The Secretary of the Board shall minute the proceedings and resolutions of all Board meetings, including the names of those present and in attendance.
- 19.3 The minutes of the Board, when approved by the Board, should be circulated to all members of the Board in a timely manner.

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	Board Charter Procedures	<table> <tr> <td>Doc. No.</td> <td>AA/GCS/S/001</td> </tr> <tr> <td>Date</td> <td>16 Jun 21</td> </tr> <tr> <td>Issue 01</td> <td>Rev 00</td> </tr> <tr> <td>Page</td> <td>33</td> </tr> </table>	Doc. No.	AA/GCS/S/001	Date	16 Jun 21	Issue 01	Rev 00	Page	33
Doc. No.	AA/GCS/S/001									
Date	16 Jun 21									
Issue 01	Rev 00									
Page	33									


20.0 DIRECTORS' WRITTEN RESOLUTION

- 20.1 A resolution in writing signed by majority of the Directors shall be valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted.
- 20.2 All such resolutions shall be described as "Directors' Written Resolution" and shall be forwarded or otherwise delivered to the Company Secretary without delay and shall be recorded by the Company Secretary in the Company's Minutes Book.
- 20.3 Any such resolution may consist of several documents in the like form, each signed by one (01) or more Directors.
- 20.4 A signed Directors' Written Resolution transmitted by facsimile (Fax) or any other electronic means shall be deemed to be an original.

21.0 COMPANY SECRETARY

- 21.1 The appointment and removal of the Company Secretary is a matter for the Board as a whole.
- 21.2 The Board recognises the fact that the Company Secretary should be qualified and capable of carrying out the duties required.
- 21.3 The office of the Company Secretary shall be vacated if the Company Secretary resigns by leaving a notice in writing to the Company at the Company's Registered Office. Where a Company Secretary gives notice of resignation to the Directors, the Company Secretary shall cease to act as Company Secretary with immediate effect or on the date specified in such notice (As the case may be).
- 21.4 The roles of the Company Secretary shall include but not limited to the following:
- a. manage all Board and committee meeting logistics;
 - b. attend and record minutes of all Board and committee meetings;
 - c. facilitate Board communications;
 - d. advise the Board on its roles and responsibilities;

Authority: Group Governance and Company Secretarial, AirAsia Group Berhad

	Board Charter Procedures	Doc. No. AA/GCS/S/001 Date 16 Jun 21 Issue 01 Rev 00 Page 34
---	---	---

- e. facilitate the orientation of new Directors and assist a Director in training and development;
- f. advise the Board on corporate disclosures and compliance with the company and securities regulations and listing requirements;
- g. manage processes pertaining to the annual shareholder meeting;
- h. monitor corporate governance developments and assist the Board in applying governance practices to meet the Board's needs and stakeholders' expectations; and
- i. serve as a focal point for stakeholders' communication and engagement on corporate governance issues.


22.0 CODE OF CONDUCT

- 22.1 The Directors are to maintain the highest degree of integrity and professionalism while at the same time promote transparency and accountability in their actions.
- 22.2 AirAsia has in place a Code of Conduct and Ethics (Doc. No.: AA/PPL/S/004) establishing standards of ethical conduct for Directors, employees and, where applicable, counterparts and business partners of AirAsia.

23.0 NEW DIRECTOR ORIENTATION AND CONTINUOUS EDUCATION

- 23.1 The Company Secretary undertakes the role as the coordinator to manage and coordinate the Directors' seminars and training requirements, which include the Mandatory Accreditation Programme (“**MAP**”) for newly appointed Directors, pursuant to the Bursa Malaysia MMLR.
- 23.2 The Board should, on continuing basis, evaluate and determine the training needs of each Director particularly on relevant new law, regulations and essential practices for

Authority: Group Governance and Company Secretarial, AirAsia Group Berhad

	Board Charter Procedures	Doc. No. AA/GCS/S/001 Date 16 Jun 21 Issue 01 Rev 00 Page 35
---	------------------------------------	---

effective corporate governance and risk management to enable the Directors to effectively discharge their duties.

24.0 REVIEW OF THE BOARD CHARTER

24.1 The Board Charter shall be reviewed by the Board annually:


- a. to ensure its relevance in assisting the Board to discharge its duties with the changes in corporate laws and regulations that may arise from time to time; and;
- b. to remain consistent with the Board's objectives and responsibilities.

25.0 PERFORMANCE MEASURES AND NON-CONFORMANCE CRITERIA

Activity	KPI
Board Composition	At least two (02) members and not more than twelve (12) members. At least two (02) of the total Board members or one-third (1/3) of the Board (Whichever is higher) must be Independent NEDs.
Tenure as a Board member	Not more than three (03) years.
Tenure of an Independent Director	Not more than a cumulative term of nine (09) years.
The limit on the number of directorships that may be held by a Director at any one time	Five (05) for any listed company.
Frequency of Board meetings	Not less than once every three (03) months.

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	Board Charter Procedures	Doc. No. AA/GCS/S/001 Date 16 Jun 21 Issue 01 Rev 00 Page 36
---	-------------------------------------	---

Activity	KPI
Quorum for Board meetings	Attendance by three (03) members, of whom one (01) must be independent.
Board evaluation	Once a year.
Notice for each meeting confirming the venue, time, date and agenda of items to be discussed	Forwarded to each member of the Board no later than seven (07) calendar days before the date of the meeting.
Approval of minutes and resolution	By majority.

26.0 LIST OF RECORDS

Form Name	Form Number	Owner
n/a		

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