



# 2023 Sustainability Report

**AIA ASIA**

Company Limited

- 亞洲航空股份有限公司 -





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## Director's Message

"Harmony, Unity, Profit Creation, Energy Innovation, and Sustainable Management"

are the operational goals of Air Asia, while

"Respecting Humanity, Integrity and Pragmatism, Team Spirit"

are the proud traditions and core values of Air Asia.

In 2023, as the global pandemic gradually came under control, the Russo-Ukrainian War and the Middle Eastern conflicts posed threats to the supply chain, along with the impacts and challenges global climate change brings to corporate operations. Faced with an unstable operating environment, the Air Asia Sustainability Committee implemented sustainability through concrete management and promotion plans.

Air Asia actively puts sustainable development into practices, aligning with the international trend of balancing environmental, social, and corporate governance development:

### Environmentally

Air Asia is committed to conducting greenhouse gas inventory to accurately grasp the emission status of greenhouse gases and carries out the elimination of high-energy-consuming electrical equipment. With "Energy Saving and Carbon Reduction as Action Orientation, Quantifying Economic Benefits as the Goal" as the sustainability main axis, Air Asia implements measures to mitigate the negative impacts of greenhouse gas emissions on the global environment.

### Socially

Air Asia values employee rights and labor harmony, strives to create a friendly and safe workplace, implements comprehensive occupational safety and health management measures, provides a good safety and health workplace, and actively promotes workplace health enhancement. Not only does it create a high-quality working environment, but it also takes care of both physical and mental health of employees from all groups.

Air Asia's enthusiasm for social care is unwavering, regularly organizing blood donation activities to prevent a shortage of medical blood, saving many lives in peril, and encouraging and materially rewarding employees to participate in social welfare, to meet the urgent needs of patients and benefit the community.

To improve the quality of life in communities and society, Air Asia assists the Tainan City Government in handling social welfare, subscribes to the Spring Festival additional meal funds of the Huashan Social Welfare Foundation, responds to the "Love for the Elderly, Love for Family Reunion", "Donate New Year's Meals, Help the Lonely Elderly" charity for New Year meals; orders Mid-Autumn Festival gift boxes from sheltered workshops, donating to disadvantaged groups and occupational accident victims, also allowing sheltered workshop employees to have stable employment.

Corporate Governance

Air Asia conducts its business in accordance with government regulations and complies with all laws related to operations, eliminating illegal business behaviors, implementing anti-corruption policies with integrity and honesty as the basis, and fulfilling corporate social responsibility.

Through diverse channels, Air Asia continuously interacts with key stakeholders, allowing key stakeholders to timely understand the Company's operating status, while the Company can also grasp the demands and expectations of key stakeholders and respond promptly.

Air Asia's ranking in the 2022 corporate governance evaluation  
of listed companies: 6%~20%.

To ensure the stable supply of materials used for aircraft maintenance, besides having "Supplier Management Methods" and "Evaluation Methods for Aviation Material Suppliers, Cooperative Maintenance Manufacturers, and Subcontractors", Air Asia regularly conducts supplier evaluations and periodically holds environmental and occupational safety and health training, assisting suppliers in complying with regulations and company standards, enhancing public safety and health performance.

Air Asia will base its operations on sustainable development, establishing the image of sustainable management and a green enterprise, thriving and prospering together with the environment and society.

Lu, Tian-Lin  
Chairperson





## About This Report

AIR ASIA Company Limited (hereinafter referred to as Air Asia) publishes the 2023 Sustainability Report (hereinafter referred to as this Report) in pursuit of sustainable corporate management and to enhance information transparency. Through this Report, we communicate to stakeholders the measures and performance in building integrity governance, implementing environmental and occupational safety measures, strengthening corporate competitiveness, and improving employee remuneration under the goal of sustainable operation. Air Asia hopes stakeholders will continue to pay attention to us and provide valuable suggestions, allowing the Company to make significant strides on the path of implementing corporate social responsibility and sustainable management.

### Report Disclosure Period and Scope

The disclosure period of this Report is the year 2023. Additionally, to consider the completeness of the disclosed information, if some content spans operational activities of different years, it will be explained separately within the text of this Report.

The scope of information disclosure in this Report primarily focuses on Air Asia's operations in Taiwan. The consolidated financial statements are disclosed in New Taiwan Dollars, and the related statistical figures are based on internationally recognized standard indicators.

### Writing Basis and Verification

The structure of this Report is based on the Global Reporting Initiative (GRI) Sustainability Reporting Standards 2021 edition (GRI Standards 2021), and it also complies with the requirements of the "Operation Procedures for Listed Companies to Prepare and Report Sustainability Reports." Additionally, the appendix of this Report provides a GRI Standards content index for stakeholders' reference.

The operational sites of Air Asia in Taiwan have passed the verification of the following systems:

Management Systems	External Audit Entity	Certificate Validity
ISO 9001 : 2015 Quality Management System	AFNOR	2022.11.09 2025.11.08
AS9110C : 2018 Aerospace Maintenance Organization Management System	AFNOR	2021.07.12 2024.07.11
AS9100D : 2016 Aerospace Quality Management System	AFNOR	2022.11.09 2025.11.08
ISO 27001 : 2013 Information Security Management System	AFNOR	2021.11.26 2024.11.25
NADCAP (Chemical Processing) Aerospace NADCAP Special Process Certification (Chemical Processing)	PRI	2023.01.31 2024.02.29

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## Certificate Photos



ISO 9001:2015 Quality Management System



AS9110C:2018 Aerospace Maintenance Organization Management System



## Certificate Photos



AS9100D:2016 Aerospace Quality Management System



ISO 27001:2013 Information Security Management System



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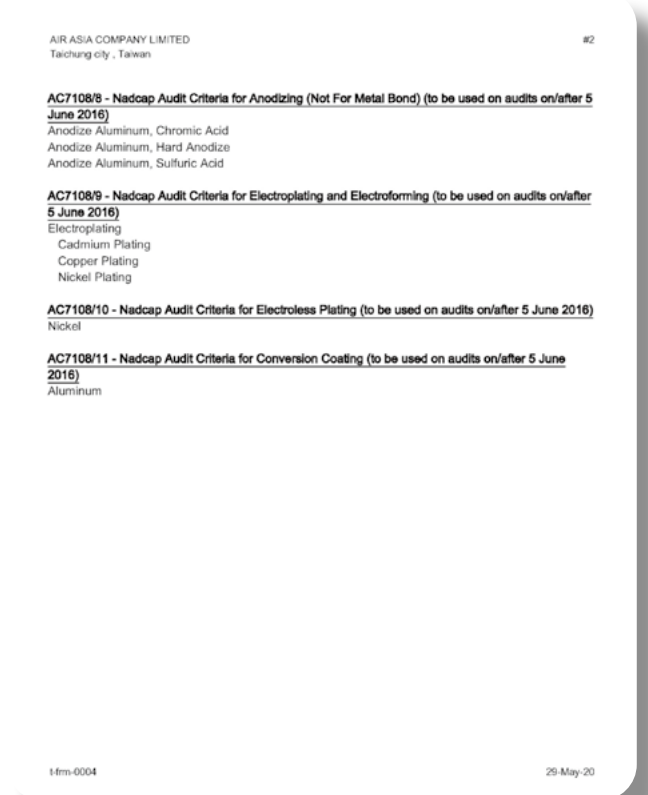
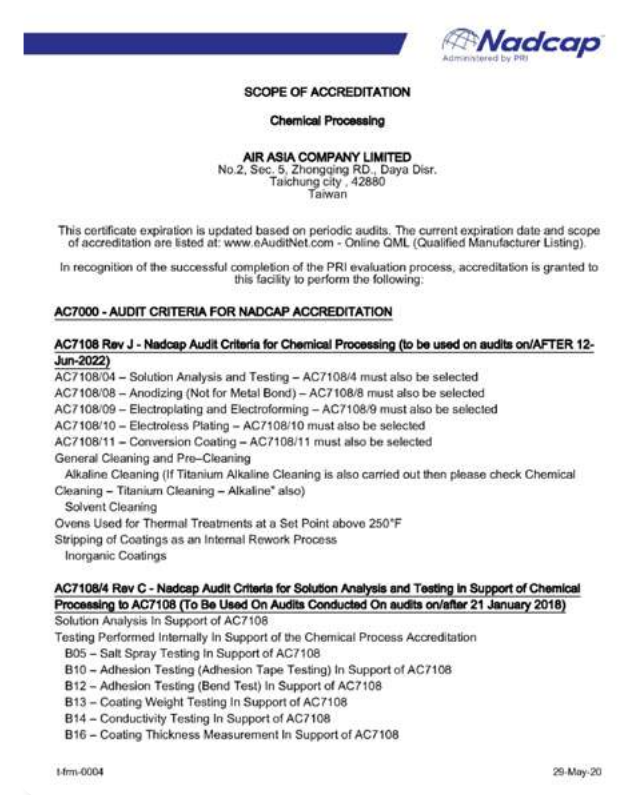
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## Certificate Photos



NADCAP (Chemical Processing) Aerospace NADCAP Special Process Certification (Chemical Processing)



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## Publication Frequency

This is the ESG Sustainability Report published by Air Asia to enhance the transparency and accessibility of report information disclosure. The complete report file can be downloaded from the Air Asia official website.

**Air Asia Official Website:** <https://www.airasia.com.tw>

Report Information Disclosure Period: January 1, 2023 – December 31, 2023

Report Publication Frequency: Annually

This Sustainability Report is the Company's first issue; thus, there are no restatements.

Publication Date of This Report: June 2024




Next Publication Date: June 2025

External Verification Entity: This report has not undergone assurance verification

## Feedback

If you have any advice or suggestions regarding the content of this Report, please feel free to contact us.

### AIR ASIA Company Limited Sustainability Implementation Committee

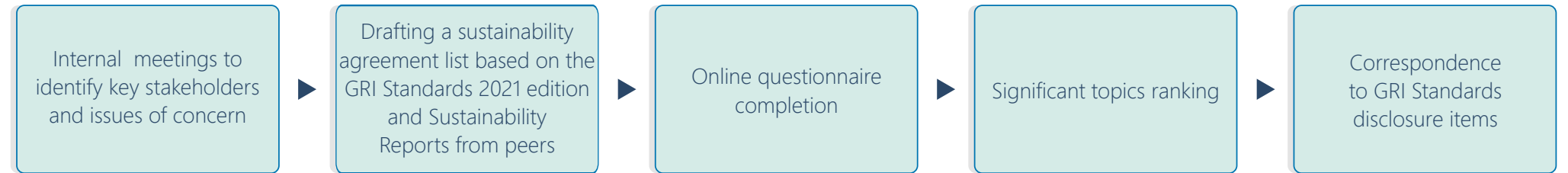
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## Stakeholder Engagement

### Stakeholder Engagement Process



### Significant Topic Identification Process



### Confirmation of Key Stakeholders





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Initially, stakeholders are groups that impact the Company or are impacted by the Company, selected preliminarily by each department through routine interactions. Based on the frequency of interaction, impact, and importance of each stakeholder to the Company, through internal meetings and referencing industry situations, 7 main categories of stakeholders are identified, including Employees, Customers, Investors/Corporate Shareholders/Financial institutions, Government agencies, Suppliers/Contractors/Outsourcees, Local neighbors (Community)/Non-governmental organizations, Media.





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Main Stakeholder Communication

Due to the varied business operations across its departments, Air Asia faces differing issues of concern from its main stakeholders. The Company engages continuously with its main stakeholders through diverse channels, ensuring they are timely informed about the Company's operational status; simultaneously, the Company can grasp and promptly respond to the demands and expectations of these stakeholders. Thus, each department collects issues raised by main stakeholders during business interactions, initially consolidates these concerns, and also refers to the GRI Sustainability Reporting Standards 2021 edition and peer Sustainability Reports to identify 9 significant (sustainable) issues covering economic, environmental, and social (community) aspects. This ensures the completeness and inclusiveness of sustainability issues as required by the GRI standards.

Additionally, Air Asia's communication with various stakeholders is reported annually to the Board of Directors. The communication with various stakeholders for the year 2023 has been submitted to the Company's 17th Board meeting of the 9th session on February 29, 2024.

Main Stake holders	Importance to the Company	Issues of Concern	Communication Channels/ Frequency	Communication Practices Statistics (Estimated)	Report Response Section
Government Agencies	Government agencies oversee and audit the Company's compliance with various regulations	<ul style="list-style-type: none"><li>Regulatory Compliance</li><li>Corporate Governance</li></ul>	<ol style="list-style-type: none"><li>Coordinate with supervisory agencies for oversight and audits.</li><li>Participate in advocacy meetings and forums organized by supervisory agencies.</li></ol>	<ol style="list-style-type: none"><li>Regularly visited the Ministry of Transportation and Communications and Civil Aeronautics Administration and accepted 19 regular audits by domestic and foreign Civil Aeronautics Administrations, and participated in 4 seminars on Civil Aeronautics Administration, Ministry of Transportation and Communications.</li><li>A total of 9 people participated in various publicity meetings and forums organized by the Stock Exchange and the Securities &amp; Futures Institute.</li></ol>	1.2. Corporate Governance
Investors/Corporate Shareholders/Financial Institutions	Shareholders, as investors in the Company, are ensured of their rights and treated fairly. They are guaranteed full knowledge, participation, and decisionmaking rights in significant company matters.	<ul style="list-style-type: none"><li>Operating Performance</li><li>Corporate Governance</li></ul>	<ol style="list-style-type: none"><li>An annual Shareholder meeting is held, and an Annual Report is published.</li><li>At least one Investor Conference is held annually.</li><li>Significant company news is promptly disclosed on the MOPS, and key business developments and operating performances are irregularly shared with the media for shareholder and investor awareness.</li><li>At least six Board meetings are held annually.</li><li>Annual Board attendance rate exceeds 85%.</li><li>Directors complete the required continuing education hours annually.</li></ol>	<ol style="list-style-type: none"><li>Shareholder meeting on May 23, 2023.</li><li>Investor Conference on September 21, 2023.</li><li>42 items of Material Information; 6 items of news exposure issues.</li><li>Six Board meetings held in February, March, May, August, November, and December 2023.</li><li>Total Board attendance rate reached 90.91%.</li><li>All Directors completed the required continuing education hours.</li></ol>	Stakeholder Engagement  1.2 Corporate Governance  1.3 Operating Performance

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Main Stake holders	Importance to the Company	Issues of Concern	Communication Channels/ Frequency	Communication Practices Statistics (Estimated)	Report Response Section
Suppliers/- Contractors/Out-sources	The Company maintains longterm positive interactions with supply partners, relying on them to consistently provide raw materials and components. Additionally, leveraging its influence in the industry, the Company collaborates with supply partners to avoid environmental pollution and labor rights violations.	<ul style="list-style-type: none"> <li>Operating Performance</li> </ul>	<ol style="list-style-type: none"> <li>Regular audits of material suppliers are arranged.</li> <li>Public tenders are conducted as needed, with related documents announced on the Company's website.</li> </ol>	<ol style="list-style-type: none"> <li>Conducted written or onsite audits for 57% of primary suppliers; 307 suppliers approved.</li> <li>One tender announcement made on the Company's website announcement section.</li> <li>Organized Air Asia Occupational Safety and Health Family education training annually, receiving an Excellent Award for Safety and Health Family Performance Evaluation from Bureau of Labor Affairs, Tainan City Government in 2023.</li> </ol>	<ol style="list-style-type: none"> <li>Corporate Governance</li> <li>Operating Performance</li> </ol>
Customers	Customers are the primary source of company revenue. The Company considers the quality and safety of products and aftersales service as its highest commitment to customers. Maintaining high customer satisfaction helps the Company continually secure customer loyalty.	<ul style="list-style-type: none"> <li>Customer Relations</li> <li>Information Protection</li> </ul>	<ol style="list-style-type: none"> <li>Provides multiple communication channels for customers.</li> <li>Irregularly accepts customer performance supervision and audits, or arranges quality communication meetings with customers.</li> <li>Conducts customer satisfaction surveys and maintains timely communication to ensure good interactions.</li> </ol>	<ol style="list-style-type: none"> <li>Over 40 customer performance supervisions and audits conducted regularly.</li> <li>Over 80 quality communication meetings with customers held irregularly.</li> <li>Customer satisfaction ranged from 85.7% to 99.0%.</li> </ol>	<ol style="list-style-type: none"> <li>Corporate Governance</li> <li>Operating Performance</li> <li>Customer Relations</li> <li>Information Protection.</li> </ol>



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Main Stake holders	Importance to the Company	Issues of Concern	Communication Channels/ Frequency	Communication Practices Statistics (Estimated)	Report Response Section
Employees	Employees are an indispensable foundation for company operations. The Company commits to providing a workplace environment conducive to physical and mental health and diverse development, allowing colleagues to work without concerns.	<ul style="list-style-type: none"> <li>Operational Performance</li> <li>Labor Relations</li> <li>Training and Education</li> <li>Occupational Safety and Health</li> <li>Regulatory Compliance</li> </ul>	<ol style="list-style-type: none"> <li>The Company intranet irregularly announces various employee benefits (health checks, group insurance, etc.), Welfare Committee information, educational training courses, and employee rewards and penalties.</li> <li>Quarterly meetings of the Occupational Safety and Health Committee (7 labor representatives and 16 capital representatives) and labormanagement meetings (5 labor representatives and 5 capital representatives) are regularly held.</li> <li>Discussions and meals with employees are arranged to maintain open communication channels.</li> <li>Compliance-related legal education promotional courses are conducted.</li> <li>Health promotion courses are organized to provide a friendly workplace environment.</li> <li>Employee competency enhancement programs are tailored based on different job positions focusing on leadership and professional skills.</li> </ol>	<ol style="list-style-type: none"> <li>Over 50 announcements related to employee benefits, training, and health care.</li> <li>Occupational Safety and Health Committees and labor-management meetings held quarterly.</li> <li>Chairman has held symposiums and dinner parties with employees a total of 14 times.</li> <li>Legal education promotional courses conducted via eLearning and physical sessions, totaling 1,114 participants and 668.4 hours.</li> <li>15 activities related to worklife balance, health care, and travel, with 519 participants; received the 2023 Health Workplace Promotion Mark from the Ministry of Health and Welfare.</li> <li>29 sessions of employee competency enhancement courses, with 103 participants.</li> </ol>	<ol style="list-style-type: none"> <li>About Air Asia</li> <li>Operating Performance</li> <li>Occupational Safety and Health</li> <li>Labor Relations</li> </ol>

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Local Neighbors (Community)/NonGovernmental Organizations	While conducting business, the Company fulfills its corporate citizenship by improving community and societal living standards, thereby putting corporate social responsibility into practice.	<ul style="list-style-type: none"><li>Community Engagement</li></ul>	<ol style="list-style-type: none"><li>Participated in campaign from the Bureau of Labor Affairs, Tainan City Government "MidAutumn Festival Sheltered Gift", demonstrating corporate social responsibility.</li><li>Engaged in social support activities, including fundraisers for the Child Welfare League Foundation and Huashan Social Welfare Foundation's New Year meal campaign.</li><li>Organizes annual blood donation events.</li><li>Participated in Tainan City Allout Defense Mobilization (Min'an No. 9) drill.</li><li>Participated in Tainan City Toxic Chemical Substances Joint Defense Organization.</li></ol>	<ol style="list-style-type: none"><li>Purchased mooncakes worth 500,000 NTD from a sheltered workshop during the MidAutumn Festival, supporting stable employment for sheltered employees; in collaboration with the Bureau of Labor Affairs, Tainan City Government, distributed gift boxes to 1,000 underprivileged labor families, spreading societal warmth.</li><li>Purchased 64 boxes of Children Are Us Foundation mooncakes; participated in the Three Merchants Qiaofu bagpassinglove campaign to respond to the Child Welfare League Foundation's fund raising plan for disadvantaged children and adolescents, with a total of 84 bags worth NT\$8,316; subscribed to the Huashan Social Welfare Foundation for The Spring Festival food donation activity in response to the "Love the Elderly, Love Reunion" New Year's food charity. "Donate New Year's food to help orphans and the elderly" totaling NT\$35,500.</li><li>Held 7 blood donation events, collecting 632 bags of blood, achieving a supply rate of 117.3%, and was featured in a national blood donation magazine.</li><li>Donated 94,423 NTD for the Turkey earthquake relief and 100,000 NTD to the Veterans Affairs Foundation.</li><li>Participated in the Tainan City Allout Defense Mobilization (Min'an No. 9) drill on July 25.</li><li>On October 27, held the "2023 Tainan City Toxic Chemical Substances Joint Defense Organization Administrative Group Annual Meeting" according to the Toxic and Concerned Chemicals Management Measures.</li></ol>	3.4 Social Engagement
Media	Media representatives convey public critiques and suggestions, motivating the Company to continue making progress.	<ul style="list-style-type: none"><li>Regulatory Compliance</li><li>Social Engagement</li></ul>	<ol style="list-style-type: none"><li>Irregular news exposures.</li><li>Irregular media interviews.</li></ol>	<ol style="list-style-type: none"><li>Six news exposure topics.</li><li>Four media interviews conducted.</li></ol>	1.2 Corporate Governance



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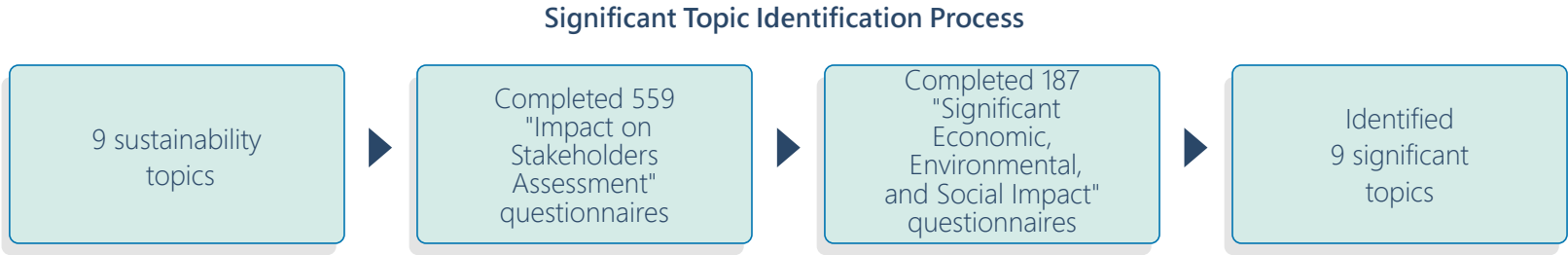
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Identifying Significant Topics



Air Asia, through the distribution of online questionnaires, asks key stakeholders to fill out the "Impact on Stakeholders Assessment" questionnaire to investigate which sustainability issues are of most concern to them (considering factors such as the distribution of questionnaires to employees, customers, investors/ corporate shareholders/financial institutions, government agencies, suppliers/contractors/outsourcees, local neighbors (community)/non-governmental organizations, media). A total of 746 valid questionnaires were collected, resulting in a scoring of stakeholder concern for each sustainability issue. Further online questionnaires were distributed to company Managers, who rated the economic, environmental, and social impacts of each sustainability issue on both Air Asia and external stakeholders. The scores from the impact assessments and the concern ratings were compiled to create a matrix of significant topics. Through internal meetings, the top three sustainability issues from the economic, environmental, and social aspects were identified as significant topics for the year. To ensure balanced disclosure of ESG Report information, the scope of significant topics was adjusted to confirm the 9 significant topics Air Asia should prioritize for disclosure this year, in order: Operating Performance, Customer Relations, Training and Education, Market Position, Labor Relations, Occupational Safety and Health, Waste, Emissions, and Energy. Air Asia will describe the management approach and relevant disclosure items for each significant topic in this Report.

Air Asia summarizes the three main axes of ESG for the year based on the 9 significant topics, which include maintaining product competitiveness to generate more profit; sharing profits with employees in a timely manner, strengthening functional training, and providing a safe workplace environment; and improving environmental control to reduce excessive impacts on the environment. Finally, to ensure the completeness of the Report's content, Air Asia also discloses the outcomes of participation in charitable activities.

Aspects	Sustainability Issues
Economic	Operating Performance, Customer Relations, Market Position
Environmental	Waste, Emissions, Energy
Social	Training and Education, Labor Relations, Occupational Safety and Health

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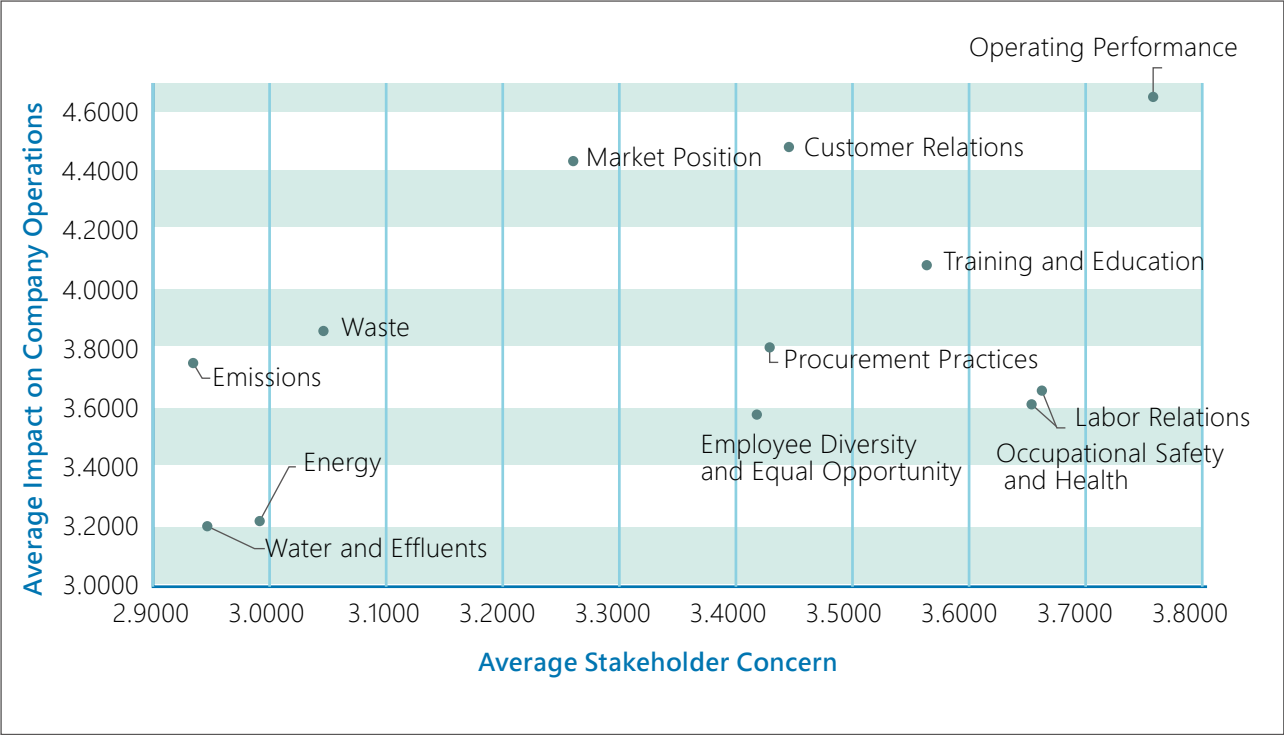
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Classification of Sustainability Issues	Sustainability Issues
Economic	Operating Performance
	Customer Relations
	Market Position
Environmental	Waste
	Emissions
	Energy
Social	Training and Education
	Labor Relations
	Occupational Safety and Health



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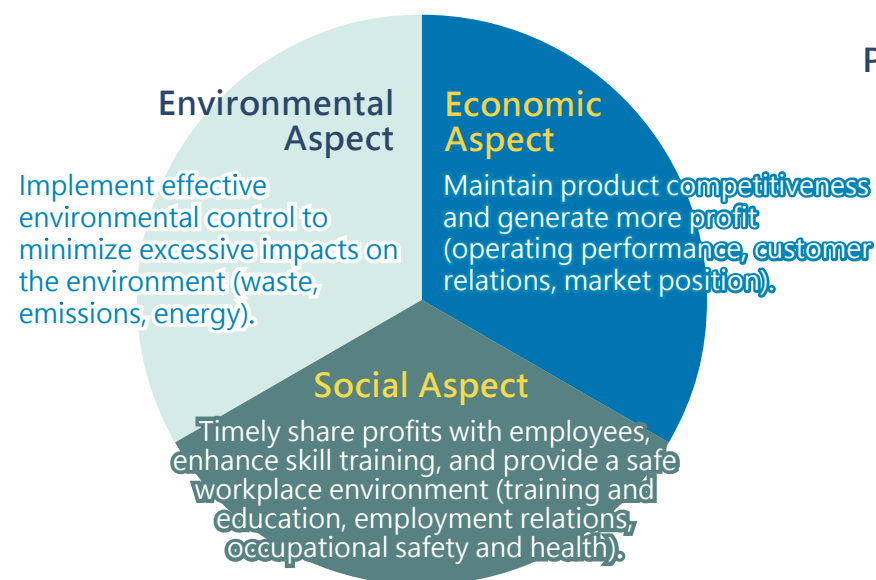
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Air Asia follows the GRI Standards, preparing the Sustainability Report according to the eight defined reporting principles, including stakeholder identification: initially identifying eight main categories of stakeholders; Accuracy: the information in the report should be sufficiently accurate and detailed for stakeholders to assess the Company's ESG performance; Balance: the information in the report reflects both positive and negative performance, allowing a fair assessment of Air Asia's overall performance; Clarity: Air Asia presents information in a way that is easy for stakeholders to understand and access; Comparability: Air Asia collects and discloses relevant information according to internationally customary standards, and the presentation of information allows stakeholders to analyze the Company's long-term performance; Completeness: the report includes significant topics and their internal and external boundaries, sufficient to reflect Air Asia's significant impacts on the economy, environment, and society; Sustainability Context: discloses how Air Asia takes measures to improve or mitigate impacts on the local and surrounding economic, environmental, and social trends; Timeliness: Air Asia provides timely important operational information, enhancing transparency; Verifiability: the information disclosed by Air Asia can be reviewed, and the methods used to collect, compile, and disclose information establish its quality and significance.

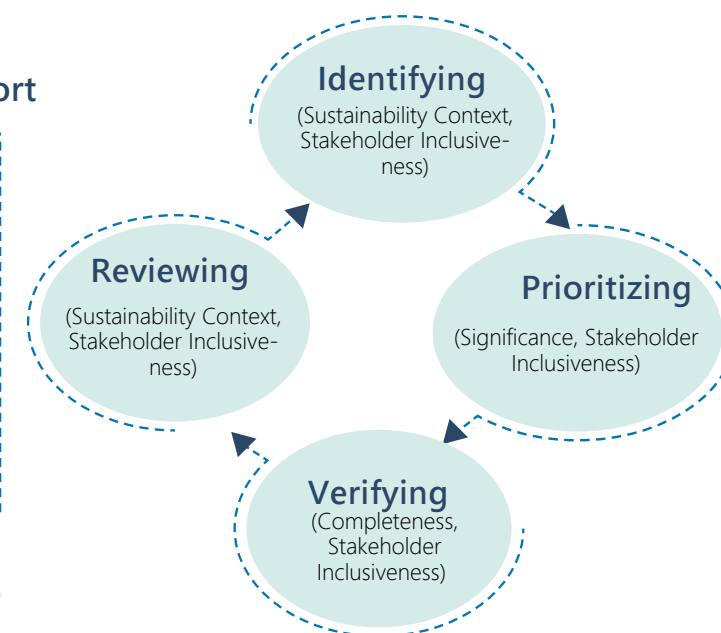


## Principles for Writing the Report

## Define eight principles

1. Accuracy
2. Balance
3. Clarity
4. Comparability
5. Completeness
6. Sustainability Context
7. Timeliness
8. Verifiability

Complete Sustainability Report



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## Determining Significant

Aspects	Significant Topics	Importance to Air Asia	Internal Boundary	External Boundary						Corresponding GRI Standards General/ Specific Standard Disclosures	Report Disclosure Sections
			Company	Suppliers/ Contractors/ Outsourcers	Customers	Local Neighbors (Community)/ Non-Governmental Organizations	Government Agencies	Investors/Corporate Shareholders/ Financial Institutions	Media		
Economic	Operating Performance	By strengthening the financial structure and implementing cost control, continuous profitability is achieved to sustain long-term operations.	●		●			●		GRI 201: Economic Performance 2016	1.3 Operating Performance
Economic	Customer Relations	Enhance the operational model between the Company and its customers.	●		●					Custom Topic	1.5 Customer Relations
Economic	Market Position	Through concrete actions aligned with the Company's business philosophy and policies, steadfastly maintaining positions and efforts, and driving environmental and social progress through brand leadership, fostering continual positive change and happiness.	●		●			●		GRI 202: Market Position 2016	1.4 Market Position
Environmental	Waste Management	Reduce hazardous waste production and minimize environmental impact.	●			●	●			GRI 306: Waste 2020	2.2 Waste
Environmental	Emissions	Reduce pollution caused by product and environmental carbon emissions.	●			●	●			GRI 305: Emissions 2016	2.1 Emissions
Environmental	Energy	Commit to energy development and management.	●			●	●			GRI 302: Energy 2016	2.3 Energy
Social	Training and Education	1. Enhance the Company's competitiveness. 2. Strengthen on-the-job training for employees.	●					●		GRI 404: Training and Education 2016	3.1 Training and Education
Social	Labor Relations	Employees are fundamental to the organizational structure; the Company values the partnership with its employees. Through a harmonious and stable foundation between labor and management, a friendly labor relationship is cultivated to reduce labor risks and implement sustainable operations.	●		●			●		GRI 401: Labor Relations 2016	3.3 Labor Relations
Social	Occupational Safety and Health	Enhance employees' safety awareness.	●	●			●			GRI 403: Occupational Health and Safety 2018	3.2 Occupational Safety and Health



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## 1.1 About Air Asia

### 1.1.1 Organizational Overview

Company Name	AIR ASIA Company Limited
Headquarters Location	No. 1050, Jichang Rd., Rende Dist., Tainan City 717206, Taiwan (R.O.C.)
Equity Structure Proportion	Taiwan Aerospace Corp. 49.67% 、 Taiwan Sugar Corp. 9.5%
Capital Amount	NTD 2,094,382,000
Operational Location	<b>Taiwan:</b> Songshan Plant, Taichung Plant, Tainan Plant (including Guiren Station), Pingtung Plant. <b>NASC Outstations:</b> Kaohsiung Station, Hualien Station, Taitung Station <b>Line Maintenance:</b> Taoyuan Airport, Taichung Airport, Tainan Airport, Kaohsiung Airport

### Value Chain Disclosure

Based on the nature of the aircraft maintenance services industry and considerations of flight safety, the upstream primarily consists of foreign aerospace-level manufacturers or certified maintenance providers authorized by the manufacturers; downstream consists of government units following government procurement standards or domestic and international aviation transport companies; Air Asia must obtain authorization from upstream manufacturers and pass on-site evaluations by downstream government entities or domestic and international aviation transport companies to be selected as a qualified aircraft repair center to perform maintenance services.



### 1.1.2 Organization Activities, Value Chain

Industry	Aircraft Maintenance Services
Main Products/Services	Maintenance, leasing, and sales of aircraft and related equipment
Number of Products Provided	1. Commercial aircraft maintenance: 69 ea 2. Line maintenance service: 7,268 ea 3. Government/Military Aircraft Maintenance: Pingtung Plant heavy maintenance: 17 ea Painting Plant painting operations: 21 ea 4. Songshan Plant fleet maintenance: 14ea 5. Taichung Plant aircraft system accessories refurbishment: 4,506 units 6. Engine and Accessories Plant aircraft system accessories refurbishment: 60 units 7. Military Aircraft Marketing subcontracted repair and procurement: 137 units 8. Helicopter Maintenance: 10 ea 9. Helicopter Parts Maintenance: In-house parts: 111 units Outsourced parts: 243 units
Annual Revenue	NTD 4,863,682,000
Revenue Proportion by Region	Taiwan: 100%





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### Top 20 Suppliers

NO	Vendor Code	Vendor Name	Purchase Amount (in NTD)	Proportion of Purchases for the Period as a Percentage of Total Purchases for That Category	Vendor Category
1	97160544	A company	313,815,866	15.57%	05 Military Goods Dealer
2	US909038	B company	211,145,332	10.47%	05 Military Goods Dealer
3	US805049	C company	197,955,751	9.82%	18 Qualified Aviation Material Provider
4	12769786	D company	174,848,242	8.67%	05 Military Goods Dealer
5	US414013	E company	124,959,811	6.20%	03 General Dealer
6	US321008	F company	114,833,605	5.70%	01 Manufacturer (MFR/OEM)
7	US316044	G company	96,489,359	4.79%	01 Manufacturer (MFR/OEM)
8	US414001	H company	82,210,741	4.08%	01 Manufacturer (MFR/OEM)
9	HK852004	I company	74,594,239	3.70%	02 Authorized Distributor
10	US805037	J company	73,183,263	3.63%	02 Authorized Distributor
11	US610011	K company	70,930,603	3.52%	01 Manufacturer (MFR/OEM)
12	US703002	L company	69,714,848	3.46%	18 Qualified Aviation Material Provider
13	US503010	M company	65,148,393	3.23%	07 Authorized Manufacturer Repair Facilities
14	US954027	N company	65,073,721	3.23%	01 Manufacturer (MFR/OEM)
15	CA604009	O company	50,898,908	2.52%	07 Authorized Manufacturer Repair Facilities
16	US954082	P company	49,944,046	2.48%	01 Manufacturer (MFR/OEM)
17	GE049012	Q company	48,262,450	2.39%	01 Manufacturer (MFR/OEM)
18	US302001	R company	45,890,635	2.28%	18 Qualified Aviation Material Provider
19	SI065002	S company	44,131,839	2.19%	01 Manufacturer (MFR/OEM)
20	US239001	T company	42,090,571	2.09%	18 Qualified Aviation Material Provider
Top 20, Purchase amount category:			2,016,122,223	Percentage of Total: 58.8%	
Date Range 2023/01/01 ~ 2023/12/31 Total Purchase Amount:			3,428,754,146		

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2023 Top 10 Customers (not ordered by revenue)

Service Items	Country/Group	Customer
Commercial Aircraft Maintenance	Japan	Peach
	Japan	JTA
	Japan	JAC
	Korea	T'way
	Korea	Jeju
	Korea	Hanseo
	Transnational leasing companies	Aercap
	U.S.A State of Alaska	NAC
Commercial Aircraft Maintenance + Line Maintenance Service	U.S.A State of Hawaii	Aloha Air Cargo
	Vietnam	Vietjet
	Vietnam	Bamboo
Line Maintenance Service	Korea	Eastar
	Korea	Aero-K
	Thailand	Thai Vietjet
	Capital A Berhad	Philippines Airasia
		Thailand Airasia
		AirAsia
		AirAsia X

Service Items	Country/Group	Customer
Line Maintenance Service	Lion Air	Thai Lion Air
		Batik Air Malaysia
		Batik Air
	Taiwan	Tigerair Taiwan.
	Taiwan	China Airlines.
Government/Military Aircraft Maintenance + Helicopter Maintenance	Taiwan	STARLUX Airlines.
	Taiwan	Air Force
	Taiwan	Army
	Taiwan	Navy
	Taiwan	National Airborne Service Corps
Helicopter Maintenance	Taiwan	Emerald Pacific Airlines
	Korea	KAI



Additional Disclosure

1.1.3 Regulatory Compliance

To ensure the Company operates in accordance with government regulations and complies with all laws related to operations, avoiding violations that could result in penalties from regulatory authorities, which could impact operations or profits. Furthermore, for integrity in business, strict adherence to regulations is maintained to build a good reputation and enhance competitive advantage, fulfilling corporate social responsibility. Employees are held to high ethical standards, eliminating illegal business practices. A zero-tolerance approach is adopted towards any violations of professional or business ethics, ensuring the implementation of anti-corruption policies. With integrity and honesty at the core, the Company diligently fulfills its corporate social responsibilities. (page.24)

1.1.4 Participation in External Organizations

Taiwan Defense Industry Development Association	Taiwan Aerospace Industry Association	AASRC (Aerospace Association of the Republic of China)	Chinese Society of Civil Aviation (CSOCA)
Executive Director	Member	Member	Member

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Policies and Commitments	<p>Under the framework of the Business Ethics, the Company not only follows the laws of the Republic of China, such as the Company Law, Securities Exchange Act, Personal Information Protection Act, Labor Standards Act, and other related regulations but also establishes specific regulation, guidelines, or procedures for different regulatory compliance areas. These include: "Corporate Governance Best Practice Principles", "Codes of Ethical Conduct", "Ethical Corporate Management Best Practice Principles", "Business Conduct Guidelines", "Rules for Board of Directors Performance Assessments", "Procedures for Ethical Management and Guidelines for Conduct", "Risk Management Best Practice Principles", "Measures for the Report on Illegal, Unethical and Dishonest Conducts", "Operational Procedures for Handling Material Information and Preventing Insider Trading", and "Sustainability Best Practice Principles". These serve as the basis for establishing an effective corporate governance framework. The Company also implements legal compliance education and training, regularly conducting training sessions specifically on topics such as antibullying/ harassment/ discrimination, insider trading, confidential information, and integrity management. Each Functional Committee within the Company supervises relevant departments in formulating various corporate governance rules and systems to protect shareholder rights, strengthen the Board's structure and function, value stakeholder rights, and enhance transparency.</p> <p>Legal compliance education and training are among the most crucial components of our regulatory compliance plan. Through regularly offered promotional and training courses on regulations, colleagues not only stay informed of the latest or businessrelevant legal standards but also reinforce their firm commitment to adhering to business ethics. In 2023, there were no major regulatory violations resulting in penalties, nor were there any corruption cases or violations of free market laws due to monopolistic or unfair competition practices. Moving forward, the Company will continue to prioritize legal compliance as the primary principle and core value of corporate governance, aiming to maintain zero penalties and no litigation that causes financial or reputational damage while actively following local government policies and international regulatory trends to strengthen corporate governance and achieve the goals of the sustainability compliance policy.</p>
ShortTerm Goals	Maintain a zero violation record annually.
Medium to LongTerm Goals	All colleagues must thoroughly understand the laws relevant to their duties and make the correct commercial and ethical decisions, ensuring they meet the Company's standard for regulatory compliance.
Specific Strategies/ Outcomes	In 2023, the Legal Affairs Office and Personnel Dep. completed routine legal education sessions for a total of 1,114 personhours; government/military contract compliance legal education was conducted for 186 people, totaling 711 hours.
Responsible Departments and Complaint Mechanisms	<p>The Company has established various channels for handling employee grievances, including the Chairman's Mailbox, Mailbox, Labor Union Opinion Mailbox, and a dedicated HR unit. Whistleblowers can report through letters, emails, and other means, handled by designated personnel. The Company website also features a stakeholder contact platform for handling suggestions, inquiries, and disputes from stakeholders.</p> <p>Complaints Mailbox: <a href="mailto:ira@airasia.com.tw">ira@airasia.com.tw</a></p>
Evaluation Mechanism	<ol style="list-style-type: none"> <li>1. No penalties were issued by regulatory authorities within the year.</li> <li>2. No internal/external complaints were received during the year.</li> <li>3. No major deficiencies were found in internal audits/controls during the year.</li> </ol>
Violation Details	On December 3, 2022, an employee was injured after tripping over an aircraft tow bar during weight measurement operations. (Penalty issued on January 3, 2023)
Violated Regulation	Occupational Safety and Health Act, Article 6, Paragraph 1.
Fine	NTD 100,000.
NonMonetary Sanctions	None.
Corrective Measures	<ol style="list-style-type: none"> <li>1. Aircraft tow bars marked with "Do Not Cross" warning signs to prevent tripping and falling injuries.</li> <li>2. Safety briefings enforced to prohibit crossing tow bars to prevent tripping or falling accidents.</li> </ol>
Major Violation Incident Determination	No major violations occurred this year.



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## Awards and Honors

### 1.1.5 Company's 2023 Community Involvement

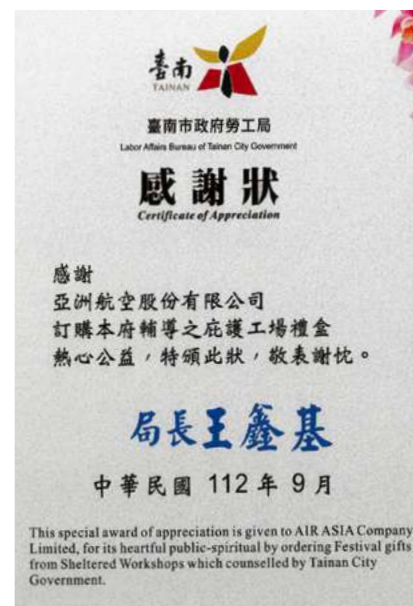


#### 【Serial No.1】

Subscribed to the Huashan Social Welfare Foundation for The Spring Festival food donation activity is in response to the "Love the Elderly, Love Reunion" New Year's food charity. "Donate New Year's food to help orphans and the elderly" totaling NT\$35,500.

#### 【Serial No.4】

Participated in the Three Merchants Qiaofu bag-passing-love campaign to respond to the Child Welfare League Foundation's fund raising plan for disadvantaged children and adolescents, with a total of 84 bags worth NT\$8,316.



#### 【Serial No.2】

Purchase mooncakes and cooperate with the Tainan City Government Labor Bureau to deliver sheltered gift boxes to disadvantaged labor families to let them feel the social support warmth, benefiting 1,000 families.

#### 【Serial No.5】

Purchased 64 boxes of Children Are Us Foundation mooncakes.



#### 【Serial No.3】

Donated NTD 100,000 to the Veterans and Dependents Foundation for the "Subsidy Campaign for Impoverished Veterans' Children for Education", encouraging their children to strive upwards and focus on their studies.



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## 1.2 Corporate Governance

### Governance Structure

#### Significant Com-pany Historic

AIR ASIA Company Limited was established in 1955 by General Claire Lee Chennault, the famous commander of the US Army's Fourteenth Air Force (Flying Tigers) during World War II. As the first privately owned professional aircraft maintenance company in Taiwan, under his successful leadership and management, Air Asia became a world-class and professional aircraft maintenance service provider.

Since becoming a subsidiary of Taiwan Aerospace Corp. in 1994, based on Taiwan's local professional MRO (Maintenance · Repair and Overhaul) expertise, Air Asia continues to offer competitive pricing and services for both military and civilian aircraft maintenance in the Asia-Pacific region, with its rich maintenance experience, FAA-certified facilities, and skilled technical standards.

On February 22, 2018, the Company's shares were listed for trading on the Taiwan Stock Exchange.

Important Evolution in the Last Three Years:

#### 2021

1. Distributable retained earnings were transferred to 1,836 thousand new shares, and additional paid-in capital was transferred to 3,935 thousand new shares; transferrable corporate bonds were transferred to 13,622 thousand shares. The paid-in capital from capital increase and transferred corporate bonds amounted to 1,505,641 thousand NTD.
2. We obtained the ISO27001 : 2013 certificate became the first Taiwan National Defense Industry Development Association member to obtain a certificate in information security management system.

3. Obtained a 5-year contract of Air Force Songshan Base Command Rehabilitation and Supply Team Delegating Private Operation Project; the contract was extended for 3 years later.

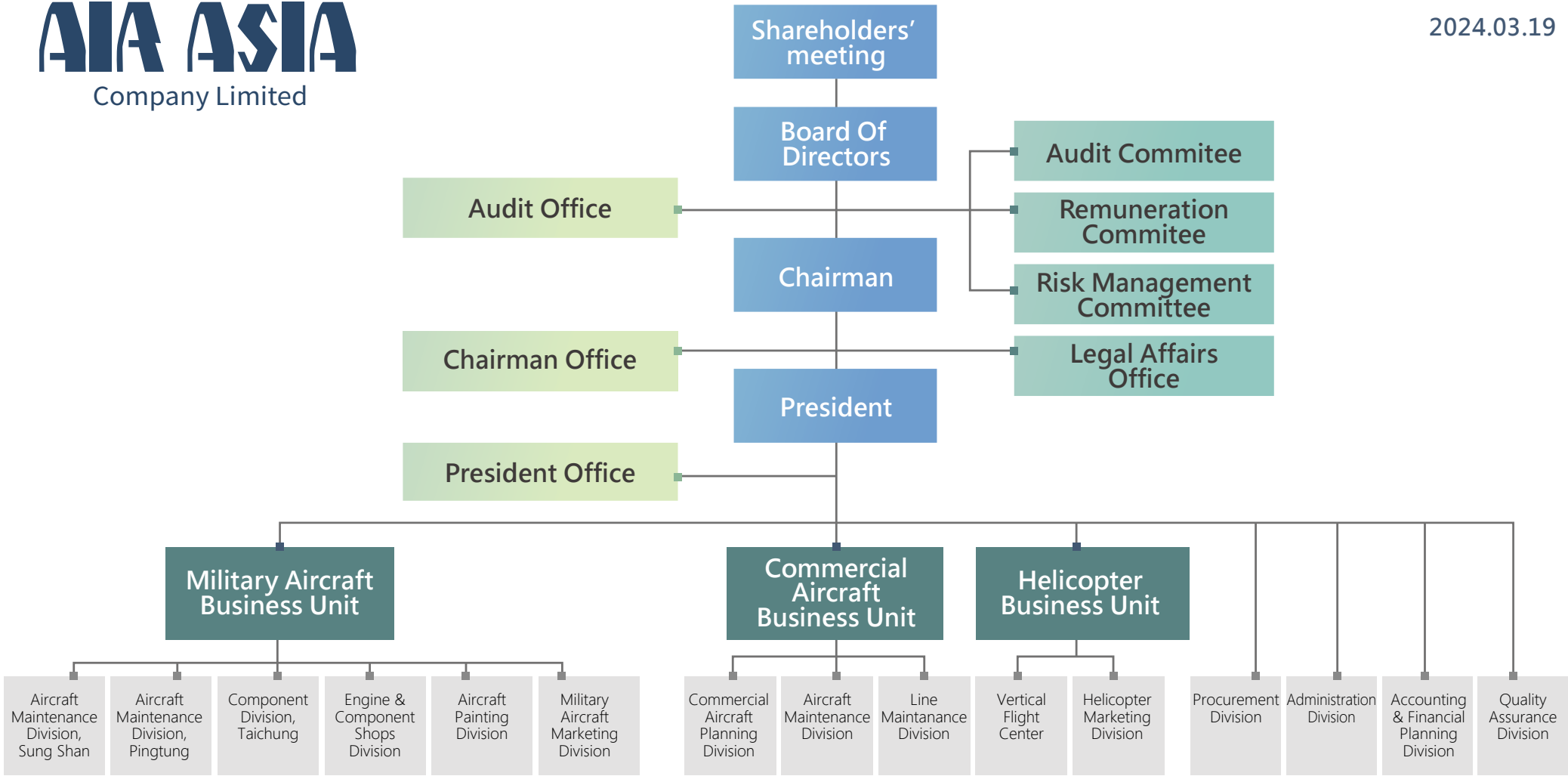
#### 2022

1. Distributable retained earnings were transferred to 3,132 thousand new shares, and additional paid-in capital was transferred to 8,161 thousand new shares; transferrable corporate bonds were transferred to 191 thousand shares. The paid-in capital from capital increase and transferred corporate bonds amounted to 1,620,478 thousand NTD.
2. The Company is the first company in Taiwan to obtain Level B certification for defense industry.
3. The Company also received a 5-year contract extension for the privatization of the military factory under the Air Force' s Second Logistics Command.

#### 2023

1. The Company implemented a cash capital increase by issuing 38,000,000 new shares and converting 9,390,000 convertible bonds into shares. This result in a paid-in capital of NT\$2,094,382,000 after the capital increase.
2. The Company has obtained the NADCAP certification for chemical processing to enhance quality standards and expand market share.
3. The Company secured an 8-year contract for the strategic fleet maintenance of Army TH-67 helicopters for training.
4. The Company obtained a 5-year contract for the procurement for technical order update of Air Force Automatic Flight Inspection System.

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## 1.2.1 Board of Directors

### ● Board of Directors and Committee Nomination and Selection Process

The nomination of Director candidates is in accordance with the Company Act Article 192-1, the Company shall, prior to the share transfer suspension date dedicated before the meeting date of a Shareholders' Meeting, announce in a public notice, the period for accepting the nomination of Director candidates, the quota of Directors to be elected, the place designated for accepting the roster of Director candidates nominated, and other necessary matters. The length of the period for accepting the nomination of Director candidates shall not be shorter than ten (10) days. After examining necessary qualification of candidate nominated by the Board of Directors, nominees are elected at the Shareholders' Meeting.

For details on the "Procedures for Election of Directors", please refer to our company website:



<https://www.airasia.com.tw/index.php?option=module&lang=en&task=showlist&id=514&index=2>

The composition, term, responsibilities, and meeting operations of our Audit Committee, Remuneration Committee, and Risk Management Committee are detailed in the "Rules of Procedure and Functional Committee of the Board of Directors" available on our company website:



<https://www.airasia.com.tw/index.php?option=module&lang=en&task=showlist&id=521&index=3>

### ● Diversity and Independence of Director Nominations

According to the operation points of corporate governance and the procedure of Director election at the Company, the election of Directors at the Company must consider the overall arrangement of the Board of Directors. The members of the Board of Directors must be equipped with knowledge, skills and literacy required by the duty execution. The overall abilities must include abilities of operation judgment, accounting and finance analysis, operation management, crisis handling, industry knowledge, prospective of international market, leadership and decision-making.

The nomination and election of the members of the Board of Directors at the Company abide by company regulations, adopting the system of candidate nomination. Apart from the evaluation of candidate education, experience and qualification, consult stakeholders and comply with "The Method of Director and Supervisor Election" and "The Principles of Corporate Governance" to ensure the diversity and independence of the members of the Board of Directors. The Company has drawn up the guidelines for the diversity of the members of the Board of Directors as per the need of company operation, the type and development of operation, etc.

1. In 2024, it is stipulated in the Company's "Articles of Incorporation" that the number of Directors of every gender shall not be less than one for we aim to achieve gender diversity among the Board members.
2. All Independent Directors of the Company have served consecutive terms of no more than 9 years, with more than half of the Independent Directors serving terms of no more than 6 years. They are aged from 41 to 60 years old, and this ensures the independence and transparency of the Board's operations.

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3. In 2024, the Shareholders' Meeting will conduct a comprehension re-election of all Directors. There will still be at least four Independent Directors (no less than one-third of the total number of Directors). Through Independent Directors from difference on the Board by providing diverse expertise, personal insights, and business decision, thereby offering a broader range of operational and management advice for the Company.

The Board of the Company is composed of 11 Directors with experience operating companies or academic related experience, including 4 Independent Directors (taking up 36% of all Board members). An Audit Committee and Remuneration Committee involving all Independent Directors have been established for collaborating with the Board for decision making.

According to the Company's Corporate Governance Best Practice Principles and Procedures for Elections of Directors, over half of the Directors shall not be the spouse or relatives within second degree of kinship of the other Board members. Also, Independent Directors shall not be simultaneous serving as the Director (or Independent Director) or supervisor of five other listed companies. The Directors should remain unbiased while performing their duties; they should not be direct or indirect stakeholders of the Company.

The 4 Independent Directors above are not serving as Directors (including Independent Directors) or supervisors in over 5 listed companies. The Company is not engaged in businesses with the companies where they serve as Independent Directors. Also, a review on report of internal personnels indicates that none of the 11 Directors are spouses of or relatives within second degree kinship of the other Directors. Thus, it is regarded that the Company's Independent Directors can remain unbiased while performing their duties.

For more information on the diversity and independence of our Board, please refer to the 2023 Annual Shareholders' Meeting Report.



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## Board Attendance Rate

Board Attendance Rate									
Title	Name	Actual Attendance Rate (%)	Number of Directorships at Other Companies	Possesses Industry, ESG-Related Background/Experience					
				Industry Knowledge	Financial Accounting	Legal Practice	Management Operational Judgment	leadership decision	Crisis management International market perspective
Chairman	Lu, Tian-Lin	100.00	1	V		V(Labor )	V	V	V
Director	Chen, Chin-Ming	100.00	0	V			V	V	V
Director	Li, Wen-Hsin	83.33	0	V			V		
Director	Shih, Kuan-Yu	83.33	0	V	V		V	V	V
Director	Li, Yueh-Tsung	100.00	0			V(Labor )	V	V	
Director	Wu, Chih-Wei	100.00	0	V			V	V	V
Director	Li, Yu-Ying	100.00	0			V(Labor )	V	V	
Independent Director	Ko, Jen-Wei	100.00	4		V		V	V	V
Independent Director	Kao, Jung-Chih	83.33	2			V	V	V	V
Independent Director	Lin, Chang-Ching	83.33	1		V		V	V	V
Independent Director	Yang, Ya-Po	83.33	1		V		V	V	V



1.2.2 Board Performance Evaluation

Board Performance Evaluation

Board Performance Evaluation	2021	2022	2023
Board of Directors	93.4	94.5	97.3
Audit Committee			
Remuneration Committee	96.0	96.2	95.7

External Evaluation ⓘ	2021	2022	2023
Board of Directors	-	-	Reports available without scores
Audit Committee	-	-	-
Remuneration Committee	-	-	-

ⓘ Conducted externally every three years, with the last evaluation performed in 2020.



1.2.3 Board Related Issues

● Disclosure of Board Discussions on Specific Issues Involving Conflicts of Interest of Individual Directors

The Company has established the "Rules of Procedure for Board of Directors Meetings", "Ethical Corporate Management Best Practice Principles", and "Procedures for Ethical Management and Guidelines for Conduct". When a Board member or any attendee with a vested interest in the agenda items has a conflict of interest, they must disclose the significant content of their conflict during the Board meeting. If there is a potential for harm to the Company's interests, they must not participate in the discussion or voting and must recuse themselves during the discussion and voting. They cannot vote on behalf of other Directors either. Directors are also expected to exercise self-discipline and must not improperly support each other. The meeting minutes should record the names of Directors with conflicts of interest and their recusal.

● If the Chairman also serves as the President, Explain the Rationale for This Arrangement

The Company's Chairman doubles as the President to enhance operational efficiency and execution of decisions. However, to strengthen the independence of the Board, the Company actively trains suitable candidates internally. Moreover, the Chairman regularly communicates closely with other Directors about the Company's operational status and strategic plans to implement corporate governance. The Company has also increased the number of Independent Directors to enhance the Board's function and oversight capacity. Currently, the Company has implemented the following specific measures:

1. The four current Independent Directors specialize in financial accounting, law, and economic research, effectively fulfilling their oversight functions.

2. All Directors annually participate in professional courses offered by organizations like the Securities and Futures Institute to enhance the operation of the Board.
3. Independent Directors in various committees can fully discuss and provide recommendations to the Board for governance purposes.
4. More than half of the Board members are neither employees nor Managers.

● **As stated above, How does the Company ensure the avoidance of conflicts of interest when the Chairman also serves as the President?**

The Company has established "Rules of Procedure for Board of Directors Meetings", "Ethical Corporate Management Best Practice Principles", and "Procedures for Ethical Management and Guidelines for Conduct" to manage conflicts of interest. Directors and Managers attending Board meetings must disclose any significant conflict of interest they have with agenda items. They must recuse themselves from discussions and voting if there is a potential risk to the Company's interest, and they cannot vote on behalf of other Directors. The minutes post-meeting will record any Director's conflict of interest and their recusal.

● **Procedure for Communicating Key Significant Events to the Board (Key significant events are those raised by stakeholders through complaints/reporting or other channels that have caused or potentially could cause a negative impact on them.)**

Departments regularly interact with stakeholders through routine channels. If a stakeholder or sustainability issue arises that might significantly impact the Company, the responsible department conducts a due diligence review covering financial conditions, legal compliance records, environmental protection, and labor rights. The findings are reported to the Chairman, who

assesses whether the issues pose a significant risk to operations and decides whether to report them to the Board. The Board then makes decisions based on the due diligence report provided by the department, with no significant potential negative events reported in 2023.

● **Nature and Total Number of Key Significant Events Communicated This Year**

Our company regularly reports to senior management on internal and external quality audits during SRB Review Meeting and SRB Management Review Meeting. This year, there have been no significant deficiencies reported.

● **Method for Identifying Complaints, Including the Establishment of a Complaint Mechanism**

The Company has established a "Whistleblowing System", appointing dedicated personnel to handle different issues and providing various channels for reporting. For more information on the "Stakeholder Contact & Communication Channels", please visit our website:



<https://www.airasia.com.tw/index.php?option=module&lang=en&task=showlist&id=523&index=6>

The Company has established mechanisms such as the Chairman's Mailbox, Labor Union Opinion Mailbox, and a dedicated HR unit to handle employee complaints. Whistleblowers can report through letters, emails, etc., handled by designated personnel. The Company website also provides a stakeholder contact platform as a communication channel for handling stakeholder suggestions, queries, and disputes. Additionally, the Company has stipulated in Chapter 9 of the Personnel Handbook "Whistleblowing System", Section

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9 of the Internal Control System-Personnel Management "Personal Data Protection Management", and the "Code of Ethical Conduct" to protect whistleblowers and regulate confidentiality and disciplinary mechanisms to ensure stakeholders' rights are protected, allowing stakeholders to communicate information securely and confidentially.

**Number of Complaints Handled This Year: 0; Outcome: None.**

### ● Procedure for Remedying Negative Impacts Caused by the Company

In terms of warranty quality, due to the specific requirements of the aviation industry, all regulations and requirements must adhere to flight safety. Under the premise of ensuring flight safety, If any warranty lapses occur internally, the Company adopts a "No Penalty" policy and encourages staff to report through the "Safety Management System". For quality issues reported by external customers, after an internal investigation, the Company will provides formal written reports and improvement prevention measures (such as warranty reports, repair incident investigation reports) to the customers.

### ● How Stakeholders Participate in the Design, Review, Operation, and Improvement of This Mechanism

The Company's Enterprise Information Portal (EIP) platform features a safety incident reporting system, enabling company colleagues to report issues that may impact safety. Additionally, when customers report warranty issues to the marketing units, the quality assurance department initiates an investigation and ultimately provides reports explaining the incident, along with remedial and preventive measures.

### ● How the Organization Tracks the Effectiveness of the Complaint Mechanism and Remedial Measures, Including Stakeholder Feedback

The Company utilizes a management review meeting mechanism to regularly assess whether the quality management system is effectively implemented and maintained. It also verifies the effectiveness of the remedial and preventive measures.

Stakeholder Feedback (Customer Tracking Mechanism):

1. Complaint Case Registration: Upon occurrence of a warranty incident, the marketing unit creates a warranty job number and initiates related investigative actions. The quality assurance unit conducts a deep dive investigation and analysis of the incident, issuing an investigation report and improvement plan. Based on the results of the complaint analysis, the improvement plan may include but is not limited to modifications to procedures, training programs, and quality control measures. Furthermore, the marketing unit discusses the necessary remedial measures with the customer.
2. Regular Reporting and Monitoring of Improvement Plans: Every six months, the AS9100 SRB Review Meeting gathers trends and statistics on complaint incidents, providing reports to senior management and relevant teams to ensure that improvement plans are executed as scheduled and adjusted as needed.
3. Regular or Irregular Stakeholder Meetings: Customers or other stakeholders are invited to participate, share progress on improvement plans, and provide their feedback and suggestions, such as during annual quality meetings with P Airlines.



The role Board of Directors plays in formulating company strategies and conducting due diligence

The role of the highest governance unit in supervising impact management

- The Board or the President is responsible for formulating and approving company operational policies and ESG strategies.

The Board, as the highest governance body of the Company, reviews company performance quarterly based on annual performance indicators and provides timely suggestions on execution. On May 10, 2023, the Company established a Sustainability Implementation Committee, chaired by the Chairman, with the Chief of Chairman's office serving as the Executive Secretary, and senior Managers heading the economic, social, and environmental groups. This Committee is responsible for proposing and implementing policies, systems, or related management directives for sustainable development. The Company regularly reports to the Board the outcomes of Sustainability Reports and future objectives. The Board annually hears reports from the management team to understand management actions and to offer timely advice.

- During the due diligence process, What is the role of the Board?

The Company regularly identifies stakeholders and reviews issues of concern to them, compiling relevant results and reporting them to the Board at the beginning of each year. If a negative impact on stakeholders occurs, the incident handling and subsequent actions are reported to the Board. The Company also sets a "Stakeholder Contact & Communication Channels" on its website (see link below) to facilitate communication between stakeholders and the Company.



<https://www.airasia.com.tw/index.php?option=module&lang=en&task=showlist&id=523&index=6>

Further ESG training.



In 2023, all Directors fulfilled the legal requirement of 6 hours of training per person (including 12 hours for a newly appointed Director), and attended a diverse range of courses on sustainability issues totaling 44 hours.

- The Company provides liability insurance for Directors.

During their term, all Directors of the Company exercised their authority legally, and liability insurance was provided for all Directors and Managers, reported to the Board on August 9, 2023.

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- **Appointment of an executive to serve as the Corporate Governance Officer, the responsibilities of the Corporate Governance Officer, and achievements for the year (such as strengthening the corporate governance evaluation items, attending training courses related to corporate governance to meet the required hours)**

On November 4, 2020, the Company's Board of Directors appointed Mr. Huang, Chun-Shien, Director of the Chairman's Office, as the Corporate Governance Officer to strengthen the functions of the Board of Directors and safeguard shareholders' rights and interests. Mr. Huang has over three years of experience in handling corporate governance matters related to Board of Directors and Shareholders' Meetings, meeting the qualification requirements for a Corporate Governance Officer stipulated in Article 23 of the Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers.

The main duties of the Company's Corporate Governance Officer include handling matters related to Board of Directors and Shareholders' Meetings in accordance with laws and regulations, preparing minutes of Board of Directors and Shareholders' Meetings, assisting Directors with onboarding and continuing education, providing Directors with necessary information for executing their duties, assisting Directors in complying with laws and regulations, reviewing the legitimacy of Independent Directors' qualifications, and assisting with Director changes and related matters.

The execution of corporate governance affairs in 2023 is as follows:

1. Assisted Independent Directors and Directors in performing their duties, provided necessary information, and arranged continuing education:
  - (1) At the time of appointment, provided Board members with information on relevant laws and regulations related to corporate governance and important rules in the Company's operating domain. Also irregularly

provided updates on the latest amendments to laws and regulations.

- (2) Provided Directors with the necessary company information to maintain smooth communication and exchange between Board members and management departments.
  - (3) Assisted Independent Directors in arranging meetings with the Chief Audit Office or Certified Public Accountants to understand the Company's financial and business needs as required by the Corporate Governance Best Practice Principles. Additionally, based on Independent Directors' suggestions, 12 separate Functional Committee meetings were convened in 2023 to allow Directors sufficient time for discussion based on the agenda items.
  - (4) According to the Company's industry characteristics and Directors' needs, assisted Directors with annual training and course arrangements. After the re-election of all Directors in 2021, arranged for new Directors to visit the Company's Tainan and Pingtung Plants, and explained the industry characteristics and risks to help Directors gain a sufficient understanding of the Company's industry. In 2023, Directors were arranged to visit the Taichung Plant.
2. Assisted with the procedures and legal compliance matters for Board of Directors and Shareholders' Meetings:
    - (1) Reported the Company's corporate governance operations to the Board of Directors to ensure that the Company's Shareholders' Meetings and Board of Directors were convened in compliance with relevant laws and corporate governance principles.
    - (2) Assisted Directors in complying with the Company Act, Securities and Exchange Act, and other relevant laws and regulations when executing their duties or making Board resolutions. Directors with personal interests recused themselves from related Board resolutions. In 2024, will continue to provide Directors with necessary information for understanding the Company's various systems to assist them in agenda discussions.

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(3) Responsible for reviewing and ensuring the legality and accuracy of important resolutions and major information disclosures from Shareholders' Meetings and Board of Directors to protect equal access to trading information for investors.

3. Notified Directors of the Board meeting agenda 7 days in advance, convened meetings, provided meeting materials, and reminded Directors of potential conflicts of interest in advance. Completed Board meeting minutes within 20 days after each meeting.
4. Handled pre-registration of Shareholders' Meeting dates, prepared meeting notices, handbooks, and minutes within statutory deadlines, made public announcements, and processed company registration changes for amendments to the Articles of Incorporation or changes/re-elections of Directors.
5. Reported on the qualifications of Independent Directors during their term of office at the May 10, 2023 Board meeting, and handled Director changes and company registration matters in December 2023.

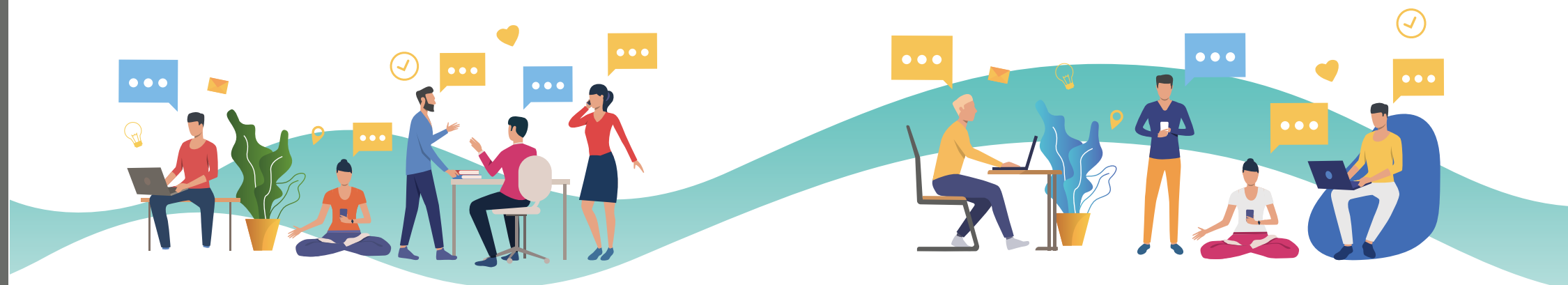
For information on the Corporate Governance Supervisor's continuing education, please refer to the Company's website:



<https://www.airasia.com.tw/index.php?option=module&lang=en&task=showlist&id=907&index=7>

#### ● Corporate Governance Evaluation Ranking Interval for Listed/OTC Companies

In the 2022 Corporate Governance Evaluation, our company's ranking interval for listed companies was: 6%~20% °





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## Board Diversity Indicators

Diversity Statistics/Year			2021		2022		2023	
			Number	Percentage	Number	Percentage	Number	Percentage
Directors	Gender	Male	10	90.91%	11	100%	11	100%
		Female	1	9.09%	0	0%	0	0%
	Age	50 and under	4	36.36%	4	36.36%	3	27.27%
		Over 50 to 60 (inclusive)	3	27.27%	3	27.27%	4	36.36%
		Over 60	4	36.36%	4	36.36%	4	36.36%
	Education	Graduate Degree	9	81.82%	10	90.91%	10	90.91%
		University/College	2	18.18%	1	9.09%	1	9.09%
		Other	0	0%	0	0%	0	0%

## Grievance (Whistleblowing)/Feedback Channels

Grievance (Whistleblowing) /Feedback Channels	2023 Cases Received	Processed	Concluded
Audit Mailbox	0	0	0
Competent Authority	0	0	0
Stakeholder Mailbox on Website (Concerns about the Company)	0	0	0



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## 2023 Directors' Continuing Education

Title	Name	Training Date	Organizer	Course Name	Training Hours
Chairman	Lu, Tian-Lin	04/24	Taipei Foundation of Finance	Corporate Governance - Sustainable Society - Talent Development and Happy Workplace	2.0
		10/20	Securities and Futures Institute	2023 Insider Trading Prevention Promotion	3.0
		11/22	Securities and Futures Institute	2023 Insider Equity Trading Legal Compliance Briefing	3.0
Director	Chen, Chin-Ming	10/13	Securities and Futures Institute	2023 Insider Trading Prevention Promotion	3.0
		11/22	Securities and Futures Institute	2023 Insider Equity Trading Legal Compliance Briefing	3.0
Director	Li, Wen-Hsin	05/08	Taipei Foundation of Finance	Corporate Governance-Sustainable Society-Local Revitalization and Circular Economy	3.0
		05/15	Taipei Foundation of Finance	Corporate Governance - Sustainable Society - Innovative System for Social Mutual Assistance	3.0
Director	Shih, Kuan-Yu	04/27	Taiwan Stock Exchange, Taipei Exchange	Promotion for Listed/OTC Companies' Sustainability Action Plans	3.0
		11/22	Securities and Futures Institute	2023 Insider Equity Trading Legal Compliance Briefing	3.0
Director	Li, Yueh-Tsung	06/26	Taiwan Corporate Governance Association	Climate Change Trends: Risks and Opportunities for Business Operations	3.0
		07/11	Taiwan Corporate Governance Association	Risks are Everywhere, How to Manage Effectively?	3.0
Director	Wu, Chih-Wei	12/16	Accounting Research and Development Foundation	Contesting Corporate Control	3.0
		12/22	Accounting Research and Development Foundation	Global Net Zero Emissions Impact and ESG Actions	3.0
		12/23	Accounting Research and Development Foundation	Listed/OTC Companies' Sustainability Action Plans	3.0
		12/23	Accounting Research and Development Foundation	New Developments in International Sustainability Disclosure Standards	3.0
Director	Li, Yu-Ying	07/04	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit	6.0
Independent Director	Ko, Jen-Wei	06/05	Taipei Foundation of Finance	Corporate Governance - Sustainable Finance - Carbon Risks and Case Studies in Corporate Supply Chains	2.0
		06/12	Taipei Foundation of Finance	Corporate Governance - Sustainable Finance - Measuring and Managing Sustainable Development Goals Impact	2.0
		06/19	Taipei Foundation of Finance	Corporate Governance - Sustainable Finance - Sustainable Finance Transformation	2.0
Independent Director	Kao, Jung-Chih	04/27	Taiwan Stock Exchange, Taipei Exchange	Promotion for Listed/OTC Companies' Sustainability Action Plans	3.0
		06/16	Taiwan Corporate Governance Association	Latest Corporate Merger and Acquisition Regulations, Practices and Case Analysis	3.0
Independent Director	Lin, Chang-Ching	06/26	Taiwan Corporate Governance Association	How to Conduct Board Meetings for Listed/OTC Companies	3.0
		06/26	Taiwan Corporate Governance Association	Climate Change Trends: Risks for Business Operations	3.0
Independent Director	Yang, Ya-Po	06/26	Taiwan Corporate Governance Association	How to Conduct Board Meetings for Listed/OTC Companies	3.0
		06/26	Taiwan Corporate Governance Association	Climate Change Trends: Risks for Business Operations	3.0

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## Audit Committee Organization

Audit Committee	
Members	Actual Attendance Rate (%)
Ko, Jen-Wei	100
Kao, Jung-Chih	83.33
Lin, Chang-Ching	100
Yang, Ya-Po	100



## Remuneration Policy

Unit: NT\$

Item	Board of Directors	Managers
Fixed and Variable Remuneration	2,280,000	18,462,196
Sign-on Bonus or Recruitment Incentive	-	-
Severance Payment	-	720,000
Clawback Mechanism	-	-
Retirement Benefits	-	-
How are the Board of Directors' and Managers' goals and performance on economic, environmental, and social topics linked to the remuneration policy ?	Currently, the Company has not linked its ESG goals and performance to the individual remuneration of the Board of Directors and Managers. However, the Company will continue to pay attention to this issue and consider it after ESG implementation matures.	



## Remuneration Determination Process

The Company's current Remuneration Committee comprises all Independent Directors. According to the Remuneration Committee Charter, it professionally and objectively evaluates the Company's remuneration policies and systems for Directors and Managers, and provides recommendations to the Board of Directors for decision-making reference. In 2023, the Committee held 5

meetings with a 100% attendance rate. Please refer to the Company's website for important resolutions:



<https://www.airasia.com.tw/index.php?option=module&lang=en&task=showlist&id=521&index=3>

For the qualifications of the Company's Remuneration Committee members, please refer to the 2023 Annual Shareholders' Meeting Report.

Remuneration Committee		
Members	Actual Attendance Rate (%)	Remuneration Committee Member Qualifications
Ko, Jen-Wei	100	Over 5 years of financial and accounting experience, Certified Public Accountant <b>Remuneration Committee Leadership Experience:</b> Remuneration Committee Convener of Air Asia Co., Ltd., Remuneration Committee Convener of Wiltrom Co., Ltd.
Kao, Jung-Chih	100	Over 5 years of legal experience, Attorney <b>Remuneration Committee Experience:</b> Member of the Remuneration Committee of Air Asia Co., Ltd., Member of the Remuneration Committee of Chung Fu Tex-International Co., Ltd.
Lin, Chang-Ching	100	Over 5 years of business, finance, and accounting experience, Professor of Economics at a public university <b>Remuneration Committee Leadership Experience:</b> Remuneration Committee Convener of Mega Financial Holding Co., Ltd. <b>Remuneration Committee Experience:</b> Member of the Remuneration Committee of Air Asia Co., Ltd.
Yang, Ya-Po	100	Over 5 years of business, finance, and accounting experience, Full Professor at the Graduate Institute of Business Administration at a public university <b>Remuneration Committee Experience:</b> Member of the Remuneration Committee of Air Asia Co., Ltd.

## Employee Compensation, Directors' Compensation:

The Company's "Articles of Incorporation" stipulate that if there are profits for the year, 1% to 3% should be allocated as employee compensation. However, if the Company still has accumulated losses, a reserve should be set aside to cover the losses first.

Employee compensation is distributed in cash and/or shares as resolved by the Board of Directors. The recipients may include employees of subsidiaries who meet certain conditions. The Company's Directors only receive a fixed transportation allowance of NT\$10,000 per month. Independent Directors receive a fixed remuneration of NT\$30,000 per month, and no Directors' compensation is distributed.

The distribution of employee compensation and Directors' compensation shall be resolved by the Board of Directors and reported to the annual Shareholders' Meeting

## Annual Total Compensation Ratio

The Company's main operating location is Taiwan. The ratio of the highest individual's annual income to the median annual income of all employees in Taiwan is approximately 5 times. The median employee compensation increased compared to the previous year, while the highest paid individual's total compensation decreased due to a lower bonus compared to the previous year. Therefore, the ratio of the two is -0.52

Unit: NT\$ Thousand

The highest paid individual in the Company (A) Note 1	3,231
Countries with major operating locations	Taiwan
Median total compensation of other employees at major locations (B) Note 2	612
Ratio (A/B)	5.28
Percentage increase in total compensation of the highest paid individual compared to the previous year (C)	-0.011
Percentage increase in median total compensation of other employees at major locations compared to the previous year (D)	0.022
Ratio (C/D)	-0.52

Notes:

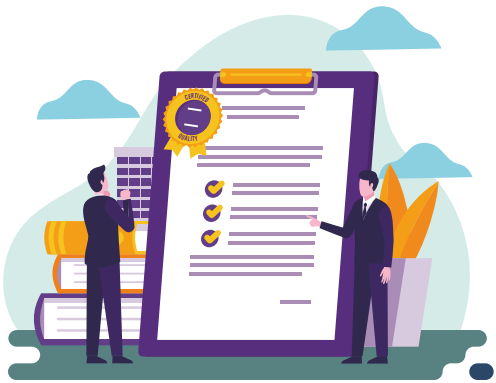
1. Annual total compensation refers to all compensation paid by the Company to the individual within one year, including salary, bonuses, stock awards, option awards, non-equity incentive plan compensation, pension amounts, and changes in deferred compensation earnings that have not vested, and all other compensation.
2. Item B should separately calculate the median of the annual total compensation of all employees (excluding the specifically highest paid individual) at different operating locations, such as the median salary of employees in Taiwan/China/Vietnam.
3. When calculating the median annual total compensation of employees at each location for the past two years, the median may not necessarily be the same employee.

Company's Operating Philosophy and Objectives

Company's Operating Philosophy

"Harmony, unity, profit creation, energy innovation, and sustainable operation" are Air Asia's operational goals, while "respecting humanity, being honest and pragmatic, and embracing team spirit" are Air Asia's proud traditions and core values. In the future, we will continue to pursue the strategy of "stabilizing military aircraft and expanding commercial aircraft" to explore markets, cultivate professional talents, and create a united and harmonious working environment, working together towards sustainable operations.

Operating Objectives	Core values	Future strategy
<ul style="list-style-type: none"><li>• Harmony and unity</li><li>• Profit creation</li><li>• Energy innovation</li><li>• Sustainable operation</li></ul>	<ul style="list-style-type: none"><li>• Respecting humanity</li><li>• Being honest and pragmatic</li><li>• Embracing team spirit</li></ul>	<ul style="list-style-type: none"><li>• Stabilizing military aircraft</li><li>• Expanding commercial aircraft</li></ul>



Short, Medium, and Long-Term Goals

Commercial Aircraft Business Unit:

As the global pandemic situation gradually comes under control, the aviation industry is expected to continue growing in 2023. To keep up with the demand after reopening, airlines are resuming the airworthiness of their grounded aircraft. In 2023, revenue growth increased by 42% compared to 2022. The number of aircraft serviced at the line maintenance increased from more than 200 flights per month in early January to over 800 flights per month starting in September, showing that the aviation industry is in a rapid recovery and growth stage, and the maintenance market is expanding. It is expected that the demand for maintenance will remain strong in 2024.

Currently, the commercial aircraft maintenance business focuses on continuing cooperation with existing long-term fleet customers and leasing companies overseas, developing domestic customers, and exploring new aircraft model capabilities (ATR 72/42, A320neo, and B737 MAX). The line maintenance service business aims to improve customer satisfaction and performance, continue business promotion, actively expand the market, and maximize the utilization of manpower.

- 1. **Short-term goal:** Explore new customer groups, maintain quality, and specialize in heavy maintenance for existing aircraft models.
- 2. **Medium-term goal:** Expand the customer base and expand the types of aircraft that can be serviced.
- 3. **Long-term goal:** Establish diversified aircraft maintenance capabilities, create unique niches, and develop competitive advantages.



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#### Military Aircraft Business Unit:

Faithfully execute the "Air Force Second Logistics Command Military Factory Delegating Private Operation Project" and the "Air Force Songshan Base Command Rehabilitation and Supply Team Delegating Private Operation Project" for the maintenance of various aircraft and components, adhering to the principle of flight safety first. Complete the military's commissioned work on schedule and with quality, ensure the annual maintenance plan is achieved, meet customer needs, and support urgent unit requirements to carry out combat, exercise, and training missions.

#### Mid-to-long term goals of each plant:

- 1. Taichung Components Plant:** Develop the capability to procure and establish F-16 aircraft components for the work package case, and secure maintenance orders from the military to increase revenue. Additionally, with 25 electroplating tanks in the electroplating workshop, the Plant can perform chrome plating, cadmium plating, anodizing, and other processes. To expand the utilization of transferred equipment, manpower, and secure third-party operations, the Plant has obtained ISO 9001, AS9110, and NADCAP certifications and has applied to join the "TYSIA". Through marketing and promotion, the Plant aims to secure domestic machinery and hardware, as well as domestic and international commercial aircraft and aerospace component and fastener businesses for high-quality chemical treatment, to increase operational output. The goal is to establish an electroplating center for hardware and fasteners in the Taiwan region.
- 2. Pingtung Aircraft Maintenance Plant:** Actively pursue non-scheduled work orders and cooperate with the military to carry out important time-limited technical directive maintenance and special project tasks, as well as additional commissioned work. Additionally, in response to the recovery of the aviation industry, the Plant continues to strengthen efforts to attract domestic and international civil aviation aircraft for maintenance and painting operations at the Pingtung Aircraft Maintenance Plant, to fully utilize the hangar facilities.

- 3. Songshan Plant:** In addition to performing various maintenance and quality management tasks, and achieving the military's required serviceability rate to maintain stable revenue, the Plant has also completed the signing of the weather radar renovation case contract and is executing it according to the schedule.

- 4. Engine and Component Maintenance Plant:** Execute the establishment of the FOG (Fiber Optic gyroscope) production line, manage the completion of plant facilities, equipment procurement, and personnel training, to ensure that the first FOG is produced and delivered for acceptance in February 2024, achieving contract manufacturing operations and transforming into a production business to increase the scope of operations and revenue. In cooperation with the National Chung-Shan Institute of Science and Technology's (NCSIST) procurement of three unmanned aerial vehicles (UAVs), the Plant will utilize existing manpower to establish a UAV assembly line, develop UAV assembly capabilities, and pursue opportunities for subsequent mass production of NCSIST UAVs.

#### Helicopter Business Unit:

Solidify existing markets and continue to execute strategic business maintenance contracts for the Army's TH-67, OH-58, and CH-47 helicopters, performing airframe, engine, and component maintenance work, as well as the commissioned management and maintenance case for the UH-60 Black Hawk helicopters of the National Airborne Service Corps. The goals are to prioritize flight safety and quality, maintain serviceability, and meet customer mission requirements.

Additionally, the Company is the authorized Asian regional maintenance center (excluding Japan and India) for the internationally renowned Breeze-Eastern helicopter sling company. In addition to existing customers such as the National Airborne Service Corps and the Republic of China Armed Forces in Taiwan, the Company is also expanding its helicopter sling business with the Korean Aerospace Industries (KAI) Army.

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In the future, in addition to continuing to pursue performance improvement projects for various aircraft models, the Company plans to complete the capability development for main rotor blades for various aircraft models in accordance with the national defense self-reliance policy.

For an overview of the Company's operational plans, please refer to the 2023 Annual Shareholders' Meeting Report.

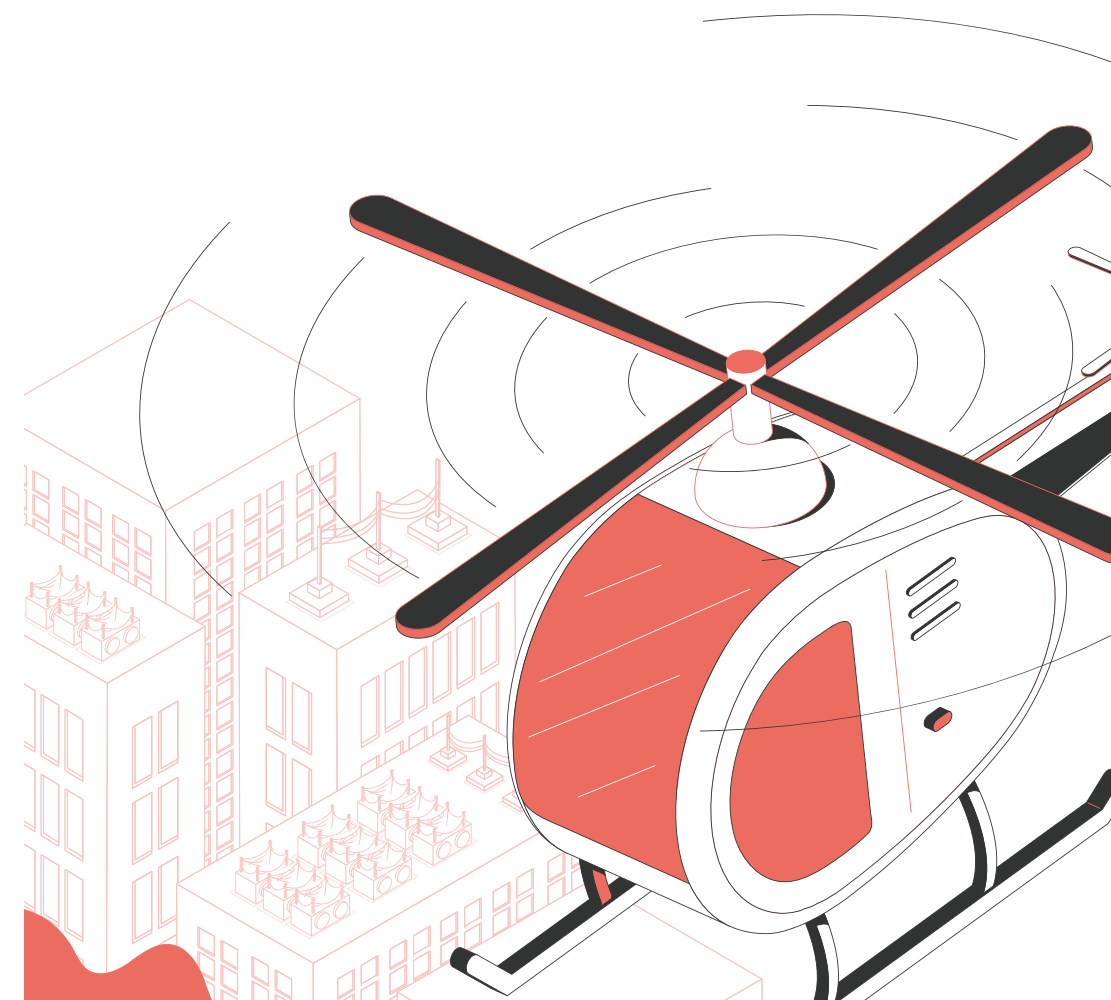
### ● Disclosure of Communication Practices between Independent Directors, Head of Internal Audit, and CPAs for the Current Year

The Company's internal audit is an independent unit that reports directly to the Board of Directors. In addition to reporting at regular Board meetings, it also reports to the Audit Committee and the Chairman as necessary to implement the spirit of corporate governance.

The main task of the internal audit is to execute the audit plan approved by the Board of Directors, which is formulated based on identified risks. Additionally, special audits or re-audits are conducted as needed. By integrating these general audits and special audits, the internal audit provides management with the operating status of the internal control functions and a timely additional channel for understanding existing or potential internal control deficiencies. After executing the audit plan, the internal audit issues written audit reports and follow-up reports, which are regularly submitted to the Audit Committee for review.

The head of internal audit reports the execution of the audit plan to the Independent Directors on a quarterly basis and submits the audit plan for the following year to the Audit Committee for discussion at the end of the year. The CPA reports the review of the Company's interim financial reports to the Independent Directors on a quarterly basis, as well as the audit of the annual financial reports. Communication between the Independent Directors, the head of internal audit, and the CPA is smooth.

Before each quarterly Audit Committee meeting, the CPA convenes a communication meeting with the Independent Directors, during which the review of the Company's interim financial reports or the audit of the annual financial reports is reported, and important updates to laws and regulations and other information are provided for the Independent Directors' knowledge. The CPA then attends the Audit Committee meeting to respond to inquiries.



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## 1.2.4 Functional Organizations

The Board of Directors' Functional Committees: Audit Committee, Remuneration Committee, Risk Management Committee

Other Functional Committees	Committee Structure	Functional Description	Operational Practices
Audit Committee	Please refer to the Company's organizational chart.	<p>The Company's Audit Committee is comprised of all Independent Directors. According to the Audit Committee Charter, its main responsibilities are to supervise:</p> <ol style="list-style-type: none"> <li>1. The proper presentation of the Company's financial statements.</li> <li>2. The appointment (dismissal) and independence and performance of Certified Public Accountants.</li> <li>3. The effective implementation of the Company's internal controls.</li> <li>4. The Company's compliance with relevant laws and regulations.</li> <li>5. The management of the Company's existing or potential risks.</li> </ol> <p>Matters that should be exercised by supervisors according to the Securities and Exchange Act, the Company Act, and other laws and regulations, except for the authority stipulated in Article 14-4, Paragraph 4 of the Securities and Exchange Act, shall be exercised by this Committee. The provisions of the Company Act involving the conduct or representation of the Company by supervisors, as referred to in Article 14-4, Paragraph 4 of the Securities and Exchange Act, shall apply mutatis mutandis to the Independent Director members of this Committee.</p>	<p>The Committee chair, Independent Director Ko, Jen-Wei, has a CPA qualification and financial experience. Independent Director Kao, Jung-Chih has a lawyer qualification and legal experience. Independent Directors Lin, Chang-Ching and Yang, Ya-Po have economic and management capabilities. Additionally, Risk Management Committee member Director Chen, Chin-Ming has experience in the aviation and metal industries, meeting the qualification requirements for each committee.</p> <p>In 2023, the Committees convened and had the following attendance:</p> <p>The Audit Committee convened 6 meetings (2/21, 3/21, 5/9, 8/8, 11/6, 12/18), with attendance rates of 100% for all members except Independent Director Kao, Jung-Chih, who had 83.33%.</p> <p>The Remuneration Committee convened 5 meetings (2/21, 5/9, 8/8, 11/6, 12/18), with a 100% attendance rate for all members.</p> <p>The Risk Management Committee convened 1 meeting (8/8), with a 100% attendance rate for all members.</p>
Remuneration Committee	Please refer to the Company's organizational chart.	The Company's current Remuneration Committee is comprised of all Independent Directors. According to the Regulations Governing the Exercise of Powers by Remuneration Committee Charter, it evaluates the Company's remuneration policies and systems for Directors and Managers from a professional and objective position and provides recommendations to the Board of Directors for decision-making reference.	
Risk Management Committee	Please refer to the Company's organizational chart.	The Company's current Risk Management Committee is comprised of all Independent Directors and one Director with extensive experience in the aviation industry. According to the Regulations Governing the Exercise of Powers by Risk Management Committee Charter, it conducts risk reviews for the Company to ensure the effectiveness of risk control and provides reports to the Board of Directors for decision-making reference.	



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## 1.2.5 Policy Commitments

### ● Air Asia's Policies/Commitments/Due Diligence for Suppliers

The Company has established the "Supplier Management Regulations" and "Evaluation Regulations for Aviation Material Suppliers, Cooperative Maintenance Contractors, and Subcontractors" to ensure the stability of materials used. Annual supplier evaluations and irregular environmental protection and occupational safety and health training sessions are conducted to assist suppliers in complying with regulations and company norms, enhancing public safety and health performance. If suppliers violate their corporate social responsibility, environmental protection policies, or conduct business activities without integrity, and fail to improve after being notified, the Company may terminate or dissolve the contract at any time.

For the "Supplier Management Standards and Actions", please refer to the Company's website:



<https://www.airasia.com.tw/index.php?option=module&lang=en&task=showlist&id=507&index=3>

According to the "Supplier Evaluation and Control Operations," document reviews or on-site audits by quality assurance audit teams are conducted for aviation material and aviation-related service suppliers and subcontractors as required by regulations. Suppliers are required to enhance the quality of materials and services to meet the quality requirements for products and services.

This year, 266 supplier audits were conducted.

For information on the Company's supplier issues, please refer to the 2023 Annual Shareholders' Meeting Report.

### ● Air Asia's Human Rights Policy

1. The Company adheres to the spirit of various international human rights conventions, such as the United Nations Global Compact, the Universal Declaration of Human Rights, and the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, treating all employees fairly and with respect. The Company pays attention to human rights policies and implementation guidelines, and has established work rules and relevant personnel management regulations in accordance with labor laws and regulations as the basis for company management. Relevant human rights policy measures are published on the Company's website. To establish a gender-equal workplace, the Company implements an unpaid parental leave system and also provides family care leave and menstrual leave for employees. Additionally, with reference to international human rights conventions and the belief in respecting gender equality, the Company has established a dedicated chapter in the work rules for gender work equality and sexual harassment prevention measures.
2. The Company implements a diverse employment policy to enhance employment opportunities for domestic workers and has established fair "Promotion Management Regulations". Through open recruitment activities and equal employment opportunities, the Company attracts and retains outstanding talents. There are also diverse employment promotion measures to assist in the employment of specific groups, such as providing re-employment channels for the unemployed. Current employees include persons with disabilities, military veterans, the unemployed, indigenous people, and interns, with indigenous employees and employees with disabilities meeting the 100% target.

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3. The Company strictly adheres to labor-related laws and regulations, has comprehensive occupational safety and health management measures in place, and provides a good and safe working environment. It also actively promotes workplace health promotion, creating not only a high-quality work environment but also taking into account the physical and mental well-being of employees from all groups. Additionally, the Company has established the Chairman's Mailbox, the Labor Union's Opinion Mailbox, and a dedicated personnel unit responsible for handling employee complaints. Whistleblowers can report through letters, emails, and other means, and dedicated personnel will handle the cases and implement appropriate protection measures in accordance with the law to safeguard the personal information and privacy of whistleblowers. In 2023, the Company had no record of human rights violations.

For the "Human Rights Policy Specific Measures", please refer to the Company's website:



<https://www.airasia.com.tw/index.php?option=module&lang=en&task=showlist&id=507&index=3>

For information on the Company's social issues, please refer to the 2023 Annual Shareholders' Meeting Report.

### ● Air Asia Incorporates Responsible Business Conduct into the Company and Business Relationships

#### Foreign Suppliers:

The Company currently formulates external supplier management rules in accordance with AS9100 Section 8.4.3. The website link to relevant responsible business conduct guidelines is listed in the NOTES VENDOR field of purchase orders, requiring suppliers to accept the external supplier management rules when accepting the order.

If procurement personnel encounter suppliers that do not comply with the external supplier management rules, a note will be made in the Company's system to facilitate deductions according to the current Supplier Evaluation Regulations. For serious violations, the supplier will be listed as suspended in the Company's system and no further transactions will be conducted.

The Company's current Supplier Management Regulations evaluate suppliers based on quality, delivery time, customer complaints, etc., and implement a deduction system. The annual Supplier Evaluation Report results will regularly notify procurement personnel of any suppliers that need to be suspended due to serious violations.

Due to industry specialties, certain raw materials can only be purchased from aircraft original equipment manufacturers or their designated/authorized agents/distributors. Apart from these items, procurement personnel are encouraged to develop new suppliers or actively negotiate with suppliers for other materials to avoid excessive reliance on specific countries or a single supplier.

The number of suppliers refers to the current number of suppliers. ESG audits have not been conducted in the past or present, but future implementation is planned.

Domestic Suppliers:

Domestic procurement mainly involves non-production-related raw materials and parts, such as engineering, construction, equipment, and property procurement.

1. Suppliers should be legally registered and operating companies in accordance with the Company Act and the Business Registration Act. For specific regulated industries, suppliers should also meet relevant qualifications. When establishing supplier management data internally, the Company requires suppliers to provide and verify the aforementioned qualification documents.
2. The Company's Internal Control System has a Purchasing Committee, chaired by the President and with relevant department Directors (including Administration, Procurement, Quality Control, Finance, Auditing, and Legal Affairs) as review committee members. For procurement cases exceeding NT\$300,000, the responsible procurement unit prepares the data for open review by the Procurement Committee, with joint inspection and discussion by various professional departments to select the winning supplier.
3. In addition to general procurement regulations, for equipment procurement exceeding NT\$300,000 and construction procurement exceeding NT\$250 million, the Company has established procurement terms and conditions that require suppliers to sign agreements on quality, integrity, occupational safety, delivery time, warranties, and other performance requirements. A security deposit and late penalty system are in place to protect the Company's interests and ensure timely and quality procurement results.

The Company places special emphasis on labor rights and occupational safety and health, striving to develop a "partnership" relationship of coexistence and mutual prosperity with all stakeholders, creating profits and value for each other, and pursuing sustainable operations. As such, the Bureau of Labor Affairs, Tainan City Government specifically recommended the Company to serve as a core unit in the "Air Asia Safety and Security Family" to assist and guide contractors in improving the work environment. In 2023, the "Air Asia Safety and Security Family Education and Training" was held, with 20 suppliers and 26 participants receiving occupational safety and health education and training, totaling 78 training hours.

Additional Disclosures

Supplier ESG Audits			
Item	2021	2022	2023
Number of Suppliers	366	309	851
Number of Suppliers with ESG Self-Assessments	0	0	0
Number of Suppliers with On-Site ESG Audits	0	0	0
Overall Supplier ESG Audit Rate	0.00%	0.00%	0.00%

1.2.6 ESG Committee

● The Company's Process for Formulating and Reviewing the "Sustainable Development Best Practice Principles"

The Company's "Sustainable Development Best Practice Principles" were formulated by the Chairman's Office and implemented after being approved by the Board of Directors on March 30, 2017.

The main principles cover four major aspects: implementing corporate governance, developing a sustainable environment, maintaining public welfare, and strengthening sustainable development information disclosure.

● ESG Committee Organizational Chart

ESG Committee

Chairperson, Executive Secretary

Executive Secretary

Governance Group

Relevant issues such as organizational overview, strategy, ethics and integrity, governance, stakeholder communication practices, and reporting processes.

Economic Group

Relevant issues such as corporate governance, sustainable operations, ethics and integrity, regulatory compliance, operational performance, risk management, information security, customer service, and product responsibility.

Social Group

Relevant issues such as compensation and benefits, labor-management communication, talent development, equal employment, community communication, and public welfare participation.

Environmental Group

Relevant issues such as energy conservation, carbon reduction, water resources and wastewater, waste, occupational safety, climate change, supply chain management, and the environment.





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## ● Overview of ESG Committee Operations

1. The Chairman authorized the establishment of the Sustainability Promotion Committee.
2. The Chairman serves as the Chairperson of the Sustainability Promotion Committee. Under the Committee, governance, economic, environmental, and social subgroups are established, with department heads serving as subgroup leaders.
3. The Committee meets once every six months. Before the meeting, the Executive Secretary issues a meeting notice, requesting each subgroup leader to provide information based on actual work progress, including economic performance, market position, procurement practices, energy management, carbon emission management, waste management, labor relations, occupational safety and health, training and education, information security protection, and social participation. These topics are discussed, and resolutions are made during the meeting, which are finally approved by the Chairman.
4. After the completion of the Sustainability Report, the Chairman convenes the Sustainability Promotion Committee to jointly confirm that the Sustainability Report for that year covers all material ESG topics.
5. The Company establishes the "Operational Procedures for the Preparation and Verification of Sustainability Reports" and incorporated it into the "Internal Control System".
6. The Sustainability Promotion Committee reports to the Board of Directors once a year on the ESG implementation results for the year.
7. The Board of Directors provides relevant suggestions or opinions on the Sustainability Report.

## ● ESG Committee Implementation Results and Goals

**The Sustainability Promotion Committee's subgroups have established KPIs:**

1. Governance Group: Maintain the Company's corporate governance evaluation ranking in the top 20% every year. °
2. Economic Group: Maintain a customer satisfaction survey score of 80 or above every year. °
3. Environmental Group: In 2024, reduce electricity intensity by 0.5% compared to 2023, reduce water intensity by 1% compared to 2023, reduce waste intensity by 1% compared to 2023, and reduce greenhouse gas emission intensity (including Scopes 1-3) by 1% compared to 2023.
4. Social Group: Average annual employee training hours of 40 hours, annual fixed donations to charitable organizations of no less than 0.5% of pre-tax net profit, annual blood donations of 600 bags or more, and employment of persons with disabilities and indigenous people exceeding regulatory requirements.

## ● The Board of Directors' Responsibility for Reviewing and Approving the Sustainability Report (including material topics)

The Company has established the "Sustainable Development Best Practice Principles" and the "Operational Procedures for the Preparation and Verification of Sustainability Reports". In 2018, the dedicated (part-time) unit for promoting corporate social responsibility was the Chairman's Office. In 2021, it was renamed the dedicated (part-time) unit for promoting sustainable development. On May 10, 2023, the Sustainability Promotion Committee was established, with the Chairman as the chairperson, the Director of the Chairman's Office as the executive secretary, and division heads as leaders of the economic, social, and environmental subgroups, responsible for proposing and implementing sustainable development policies, systems, or related

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management guidelines and specific promotion plans in 2023, following the established Sustainability Report work plan schedule, the subgroups held 8 meetings to discuss the Company's operations, stakeholders' ESG management goals and plans, potential risk management, and other issues. The subgroup members worked together to implement sustainability issues into the Company's operations.

The Company will regularly report the implementation results and future goals of the Sustainability Report to the Board of Directors. The Board of Directors regularly listens to reports from the management team to understand the Company's management practices and provide suggestions in a timely manner.

#### ● Does the Board of Directors have the responsibility to review the Sustainability Report

Yes.

### 1.2.7 Collective Agreement

The Company places great emphasis on labor-management relations. On November 24, 2016, the Company signed its first collective agreement with the Labor Union, laying a milestone for labor-management harmony and handling labor-management affairs. The second agreement was signed on September 17, 2020, and the third agreement was signed on September 17, 2023. During the periods of November 10, 2017, June 15, 2018, December 18, 2018, November 14, 2019, August 24, 2022, and February 14, 2023, the agreement content underwent six revisions and optimizations. The agreement applies to all regular employees of the Company, covering 100% of them. New additions in the annual agreement include the provision of long-service bonuses based on years of service, increased the amount of holiday bonuses, and adjustments to the Labor Union activity subsidy, working together to create a happy enterprise.

Four Labor-Management Meetings are held annually (in March, June, September, and December).

## 1.3 Operating Performance

In terms of domestic business competition, companies do not have consistent market competition policies and decisions. Particularly, aviation maintenance is inherently different from manufacturing. Therefore, among the several aerospace companies in Taiwan, they may focus on their respective quasi-monopolistic businesses, sometimes cooperating toward common goals, or competing for their own interests, resulting in an undifferentiated market and business, leading to competition for maximum profits or cooperation failure that reduces each other's profits and space. Consequently, regardless of the form of competition adopted by the Company, in order to survive and achieve sustainable development, it must maintain a high level of competitive advantage to secure the greatest benefits.

The Company strives to meet customers' international quality requirements for products. The maintenance techniques used are based on original equipment manufacturer-authorized technical manuals, supplemented by professional training courses and equipment tools as stipulated. In addition to continuous training and enhancement of maintenance techniques, the Company also obtains industry information and keeps abreast of the latest market information through aerospace-related associations. In recent years, the Company has actively expanded its production capacity and maintained stable operational growth, with outstanding operating performance to reward shareholders.

### ● Policies and Commitments

1. Establish new departments to expand business, research, and develop new products.
2. Invest in capital expenditures for the construction of administrative buildings, the purchase of tools and equipment for aircraft maintenance, and the repair, replacement, and addition of fixed assets.

### ● Short-Term Goals

1. In the aircraft maintenance business, in addition to consolidating the current existing business, the Company will actively accelerate the development of foreign commercial (such as foreign commercial customer fleets) and government agency (such as helicopter maintenance projects) aircraft maintenance businesses. In response to economic growth in Northeast Asia and Southeast Asia, driving demand for air transportation, the Company will leverage Taiwan's geographical location and advantages to pursue narrow-body commercial aircraft maintenance from low-cost

carriers and air transportation operators, including Japan, South Korea, Vietnam, Philippines, Thailand, Indonesia, Cambodia, Malaysia, Laos, Myanmar, Russia, and Nepal. As the aviation industry gradually recovers, it is estimated that over a thousand aircraft will resume operations, with approximately 75% having maintenance, repair, and overhaul (MRO) needs. It is expected that the MRO industry will recover to pre-pandemic levels by 2024, and commercial aircraft revenue can reach approximately NT\$6.2 billion.

2. In coordination with the government's ongoing strategic commercial maintenance operations for military aircraft. Continue to pursue related military aircraft system and performance upgrade projects (such as the Air Force's replacement of the rainbow-shaped connection of the C-130 aircraft middle wing and the BH-1900 aircraft weather radar modification project).



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### ● Medium to Long-Term Goals

1. Collaborate with academia and government agencies to promote the integration of unmanned aerial vehicles (UAVs) and artificial intelligence, develop advanced technologies to enhance autonomous flight, image recognition, and intelligent control, and expand applications in disaster relief, logistics, agriculture, and other areas. The Company aims to create innovative breakthroughs in the Asian UAV industry, targeting military and commercial UAVs, including Acquisition UAVs, Land-based UAVs, and Carrier-based UAVs, with an estimated NT\$3.4 billion in national defense procurement cases to be released in the next five years.
2. Enhance production and maintenance quality, as well as component value, gradually transitioning from quantitative improvement to qualitative improvement. This will allow the expansion of unstable, sporadic maintenance operations into long-term fleet services, developing comprehensive narrow-body and rotorcraft maintenance capabilities in the Asia-Pacific region. Additionally, by expanding the production capacity of the Taichung Electroplating Center to perform electroplating work for civil aviation, the Company aims to enter the international aerospace industry chain and expand the aerospace industry market.

### ● Annual Resource Investment/Concrete Achievements

1. Enhanced professional repair capabilities and actively built up maintenance capabilities for new aircraft models to fulfill technical self-sufficiency. In 2023, completed the establishment of maintenance capabilities for the P2012 aircraft model, and in February 2023, received the first aircraft from the customer APEX Fight Academy for maintenance.
2. To secure commercial aircraft electroplating work, expanded the production capacity of the Taichung Electroplating Center. In December 2022, passed the audit and certification by the PRI Association, and received the certification in January 2023. Subsequently, actively pursued high-quality chemical treatment services for domestic machinery and hardware, as well as commercial aircraft and aerospace components and fasteners from domestic and foreign customers, to increase operational output value.
3. In April 2023, established the UVA R&D Center in Asia UAV AI Innovation Application R&D Center, collaborating with National Formosa University to research, develop, and test UAVs. A new R&D department was also added to the Company's organizational structure to develop relevant industry capabilities.
4. In November 2023, set up a clean room workspace for Fiber Optic Gyroscope (FOG) operations, investing capital expenditures for new product development and maintaining product quality.
5. In response to national defense policies, invested in the F-16 aircraft co-production technology transfer project, including new/certified items for the F-16 aircraft. Through the co-production project, updated/upgraded the existing test bench equipment at the Taichung Components Plant to expand the maintenance capabilities for F-16 aircraft components. The related component overhaul/maintenance work will be transferred to be performed domestically (at the Taichung Components Plant). It is expected to be operational by September 2024, increasing the annual revenue from component maintenance by NT\$275 million.



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## ● Responsible Departments/Grievance Mechanisms

### 1. Communication Channels with Shareholders and Investors:

President Office:

Phone: (06)2681911#2901 E-mail: [IR@airasia.com.tw](mailto:IR@airasia.com.tw)

### 2. Provide Diverse Communication Channels for Customers:

Military Aircraft Business Unit, Military Aircraft Marketing Division of Integrated Management

Phone: (06)2681911#2520 E-mail: [lcming@airasia.com.tw](mailto:lcming@airasia.com.tw)

Commercial Aircraft Business Division, Commercial Aircraft Planning Division

Phone: (06)2681911#2980 E-mail: [eric.tsai@airasia.com.tw](mailto:eric.tsai@airasia.com.tw)

Helicopter Business Unit, Marketing of Helicopter Marketing Division

Phone: (06)2681911#2345 E-mail: [jyfu@airasia.com.tw](mailto:jyfu@airasia.com.tw)

Line Maintenance Division

Phone: (06)2681911#2141 E-mail: [ytchao@airasia.com.tw](mailto:ytchao@airasia.com.tw)

### 3. Stakeholder Contact & Communication Channels:

Reporting Email: [ira@airasia.com.tw](mailto:ira@airasia.com.tw)

## ● Evaluation Mechanisms

1. Cooperate with regulatory authorities for oversight and audits, and accept regular audits from domestic and foreign Civil Aviation Administration, as well as participate in flight safety and capability discussion meetings held by the Civil Aviation Administration, MOTC.
2. Participate in promotional meetings and forums held by regulatory authorities from time to time.
3. Convene one annual Shareholders' Meeting and Investor Conference, and publish an annual report each year.
4. Confirm the performance of each project through strategic discussions, project closure reports, and supervisory meetings.
5. Formulate the "Risk Management Policies and Procedures." Conduct annual risk assessments and develop risk management policies for various risks, covering management objectives, organizational structure, responsibilities, and risk management procedures. Implement these mechanisms effectively to identify, measure, and control the Company's various risks, keeping them within an acceptable range.

### 1.3.1 Direct Economic Value Generated and Distributed by the Organization

Unit: NT\$ Thousand

Item	2021	2022	2023
Revenue	3,884,970	4,069,229	4,863,682
Operating Costs	3,656,895	3,818,161	4,526,255
Employee Salaries and Benefits	848,393	837,344	917,275
Payments to Providers of Capital	19,676	37,641	58,338
Payments to the Government	3,216	1,088	11,726
Community Investments	-	-	-



### 1.3.2 Obligations for Benefit Plans and Other Retirement Plans

To safeguard employees' long-term career prospects, the Company has established retirement plans for employees, including benefit plans stipulated under the Labor Standards Act and contributory plans under the Labor Pension Act.

1. For the retirement fund (old retirement scheme) contributed to the Labor Retirement Reserve Supervision Committee in accordance with the Labor Standards Act, the Company completed the settlement and payment for 259 employees in three phases from December 18, 2018, to January 31, 2020. After submitting the documents to the Bureau of Labor Affairs, Tainan City Government for review and confirmation, the Bureau of Labor Affairs, Tainan City Government approved the closing and cancellation of the contributed account on March 8, 2023.
2. In accordance with the Labor Pension Act, from the day of reporting for duty, employees contribute 6% of their monthly salaries to individual labor pension accounts at the Labor Insurance Bureau, based on their salary levels. The Company recognized retirement pension expenses of NT\$38,386,956 and NT\$37,138,314 in 2023 and 2022, respectively.

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## 1.3.3 Financial Assistance Received from the Government

Item	2023	Description
i. Tax Relief and Credits;	167,626	<p>National Taxation Bureau:</p> <ul style="list-style-type: none"> <li>Refund of commodity tax deduction for purchasing energy-efficient appliances NT\$68,400.</li> <li>Double deduction for salary expenses related to pandemic prevention isolation leave or caregiving leave NT\$93,311.</li> <li>Additional deduction for salary expenses during employee mobilization leave NT\$5,915.</li> </ul>
ii. Subsidies;	4,932,203	<p>Workforce Development Agency, MOL:</p> <ul style="list-style-type: none"> <li>Youth Employment Flagship Program: NT\$3,434,800.</li> <li>Enterprise Human Resources Enhancement Program: NT\$923,024.</li> <li>Subsidy for Continued Employment of Older Workers: NT\$135,000.</li> <li>Employment Stabilization Program Subsidy: NT\$15,000.</li> </ul> <p>Veterans Affairs Council:</p> <ul style="list-style-type: none"> <li>Employment Subsidy for Retired Military Personnel: NT\$400,000.</li> </ul> <p>Bureau of Labor Insurance, MOL:</p> <ul style="list-style-type: none"> <li>Subsidy for Prenatal Check-up and Maternity Leave Salaries: NT\$24,379.</li> </ul>
iii. Investment Subsidies, Research and Development Subsidies, and Other Related Types of Subsidies;	-	-
iv. Awards;	-	-
v. Royalty Waiver Period;	-	-
vi. Financial Assistance from Export Credit Agencies (ECAs);	-	-
vii. Financial Incentives;	-	-
viii. Any financial assistance received or receivable by the organization from any institution for any of its operations.	-	-

## 1.4 Market Position

Market position has a significant impact on a company's success and sustainable operations. Key aspects include revenue and profitability, customer satisfaction and ratings, brand loyalty, customer feedback, product development and innovation, cost-effectiveness, competitive advantages, talent cultivation, and retention. From an economic perspective to brand building and market competition, all of these factors are crucial to a company's long-term success. Therefore, in addition to actively investing in development to generate profits and continuously improving facilities and equipment to create an excellent work environment, the Company must also focus on talent cultivation, training, and improving employee benefits to encourage employees to remain with the Company for the long term. This will enable the Company to grow steadily, increase profits, and enhance its market position.

### ● Policies/Commitments

Adhering to the "Company's Operational Philosophy and Policies" with concrete actions, upholding the characteristics of the aircraft maintenance service industry and flight safety considerations, and leveraging brand leadership to drive environmental and social progress, allowing the Company to continuously improve and create a happy corporate environment.

1. Provide customized services to meet the needs of strategic commercial maintenance customers of the domestic government's military aircraft (such as the Army's helicopter fleet, the Air Force's VIP fleet, and the National Airborne Service Corps).
2. Enhance the operation and services for the Air Force Second Logistics Command Military Factory Delegating Private Operation Project.
3. Continuously expand the commercial aircraft maintenance market.
4. Develop new product manufacturing capabilities with economies of scale to increase revenue and gross profit.
5. Improve production management efficiency.

### ● Short-term Goals

1. In coordination with the government's ongoing strategic commercial maintenance operations for military aircraft, solidify the existing commercial maintenance projects for the Army's TH-67, OH-58D, and CH-47SD helicopters, the Air Force Second Logistics Command Military Factory Delegating Private Operation Project, the Air Force Songshan Base Command Rehabilitation and Supply Team Delegating Private Operation Project, and the commercial management and maintenance accord reached for UH-60 Black Hawk helicopters of the National Airborne Service Corps Continue to pursue related military aircraft system and performance upgrade projects (such as the Air Force's replacement of the rainbow-shaped connection of the C-130 aircraft middle wing and the BH-1900 aircraft weather radar modification project).
2. In the aircraft maintenance business, in addition to consolidating the current existing business, the Company will actively accelerate the development of foreign commercial (such as foreign commercial customer fleets) and government agency (such as helicopter maintenance projects) aircraft maintenance businesses. In response to economic growth in Northeast Asia and Southeast Asia, driving demand for air transportation, the Company will leverage Taiwan's geographical location and advantages to pursue narrow-body commercial aircraft maintenance from low-cost



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carriers and air transportation operators, including Japan, South Korea, Vietnam, Philippines, Thailand, Indonesia, Cambodia, Malaysia, Laos, Myanmar, Russia, and Nepal. As the aviation industry gradually recovers, it is estimated that over a thousand aircraft will resume operations, with approximately 75% having maintenance, repair, and overhaul (MRO) needs. It is expected that the MRO industry will recover to pre-pandemic levels by 2024, and commercial aircraft revenue can reach approximately NT\$6.2 billion.

#### ● Medium to Long-term Goals

1. Promote collaboration with academia and government agencies in the integration of unmanned aerial vehicles (UAVs) and artificial intelligence, research and develop advanced technologies to enhance autonomous flight, image recognition, and intelligent control capabilities, and expand applications in disaster relief, logistics, and agriculture. Create innovative breakthroughs for the UAV industry, targeting military and commercial UAVs, including Acquisition UAVs, Land-based UAVs, and Carrier-based UAVs. It is estimated that approximately NT\$34 billion in national defense procurement projects will be released in the next five years.
2. Enhance production, maintenance, and accessory quality and value. Gradually transition from quantitative improvement to qualitative improvement, evolving from short-term case-by-case maintenance services to long-term fleet services, and developing comprehensive narrow-body commercial aircraft and helicopter maintenance capabilities in the Asia-Pacific region.
3. Obtain aerospace special process (NADCAP) certification, upgrading the Taichung Electroplating Plant to a full-scale Electroplating Center with expanded capacity to undertake specialized electroplating work for the aerospace industry. This will allow entry into the international aerospace industry chain and expand the aerospace industrial market.

#### ● Annual Resource Investment/Concrete Achievements

1. Enhanced professional repair capabilities and actively built up maintenance capabilities for new aircraft models to fulfill technical self-sufficiency. In 2023, completed the establishment of maintenance capabilities for the P-2012 aircraft model, and in February 2023, received the first aircraft from the customer APEX Flight Academy for maintenance.
2. To expand production capacity and secure specialized electroplating business for aerospace components, thereby upgrading the Taichung Electroplating Plant to a full-scale Electroplating Center, the Company passed the PRI audit and certification in December 2022 and received the certification in January 2023. Subsequently, actively pursued high-quality chemical treatment services for domestic machinery and hardware, as well as commercial aircraft, aerospace components, and fasteners from domestic and foreign customers, to increase operational output value.
3. In April 2023, established the UAV R&D Center in Asia UAV AI Innovation Application R&D Center, collaborating with National Formosa University to research, develop, and test UAVs. A new R&D Center was also added to the Company's organizational structure to develop relevant industry capabilities.
4. In November 2023, set up a clean room workspace for Fiber Optic Gyroscope (FOG) operations, investing capital expenditures for new product development and maintaining product quality.
5. In response to national defense policies, invested in the F-16 aircraft co-production technology transfer project, including new/certified items for the F-16 aircraft. Through the co-production project, updated/upgraded the existing test bench equipment at the Taichung Components Plant to expand the maintenance capabilities for F-16 aircraft components. The related component overhaul/maintenance work will be transferred to be performed domestically (at the Taichung Components Plant). It is expected

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to be operational by September 2024, increasing the annual revenue from component maintenance by NT\$275 million.

- The Company jointly participated with Carbon Base Technology in the bid for the Albatross II UAV manufacturing project of the National Chung-Shan Institute of Science and Technology (NCSIST). On November 21, 2023, after an open and objective evaluation by NCSIST, the Company was ranked first and awarded the contract with a total value of NT\$89,403,336.

### ● Responsible Departments/Grievance Mechanisms

#### 1. Communication Channels with Shareholders and Investors:

President Office:

Phone: (06)2681911#2901 Email: [IR@airasia.com.tw](mailto:IR@airasia.com.tw)

#### 2. Provide Diverse Communication Channels for Customers:

Military Aircraft Business Unit, Military Aircraft Marketing Division of Integrated Management

Phone: (06)2681911#2520 Email: [lcming@airasia.com.tw](mailto:lcming@airasia.com.tw)

Commercial Aircraft Business Unit, Commercial Aircraft Planning Division

Phone: (06)2681911#2980 Email: [eric.tsai@airasia.com.tw](mailto:eric.tsai@airasia.com.tw)

Helicopter Business Unit, Marketing of Helicopter Marketing Division

Phone: (06)2681911#2345 Email: [jyfu@airasia.com.tw](mailto:jyfu@airasia.com.tw)

Line Maintenance Division

Phone: (06)2681911#2141 Email: [ytchao@airasia.com.tw](mailto:ytchao@airasia.com.tw)

#### 3. Stakeholder Contact & Communication Channels:

Reporting Email: [ira@airasia.com.tw](mailto:ira@airasia.com.tw)

### ● Evaluation Mechanisms

- Cooperate with regulatory authorities for oversight and audits, and accept regular audits from domestic and foreign Civil Aviation Administration, as well as participate in flight safety and capability discussion meetings held by the Civil Aviation Administration, MOTC.
- Participate in promotional meetings and forums held by regulatory authorities from time to time.
- Convene one annual Shareholders' Meeting and Investor Conference, and publish an annual report each year.
- Confirm the performance of each project through strategic discussions, project closure reports, and supervisory meetings.
- Formulate the "Risk Management Policies and Procedures". Conduct annual risk assessments and develop risk management policies for various risks, covering management objectives, organizational structure, responsibilities, and risk management procedures. Implement these mechanisms effectively to identify, measure, and control the Company's various risks, keeping them within an acceptable range.

1.4.1 Ratio of Standard Entry-Level Wage by Gender Compared to Local Minimum Wage

Unit: NT\$ Thousands

Employee Category	Gender	Ratio of Standard Wage to Local Minimum Wage	Please explain in words the reasons for any differences in wage standards between genders
Entry-Level Employees in Taiwan Region	Male	1.52	The Company determines wages based on an individual's educational background, experience, and job duties, without using gender as a factor in wage standards.
	Female	1.48	
Major Operation Workers in Taiwan Region	Male	85%	
	Female	15%	

1.4.2 Proportion of Senior Management Hired from the Local Community

Significant Locations of Operation	Total Number of Senior Managers	Number of Senior Managers Hired from the Local Community	Proportion
Taiwan Region	26	26	100%

1.5 Customer Relationships

Customer relationships have a significant impact on a company's success and sustainable operations. Key aspects include revenue and profitability, customer loyalty, reputation and ratings, brand loyalty, customer feedback, product development and innovation, cost-effectiveness, customer retention, and competitive advantages. From an economic perspective to brand building and market competition, all of these factors are crucial to a company's long-term success. Therefore, company should actively invest in establishing, maintaining, and improving customer relationships, building good partnerships with customers, valuing every customer complaint and issue raised, responding promptly, communicating appropriately, and actively making improvements to gain customer recognition through excellent service quality.

● Policies/Commitments

1. Air Asia is committed to providing the highest standard of aircraft maintenance and repair services, achieving the Company's policy goals of "Flight Safety First, Customer Satisfaction, Compliance with Requirements, and Continuous Improvement".
2. Think one step ahead for customers, do more for customers, and create differentiated services.
3. Value customer needs and provide excellent customer service.
4. Provide value to customers, promptly address customer complaints and grievances to reduce customer distrust.
5. Establish a win-win service partnership with customers.

● Short-term Goal

Improve customer satisfaction, achieving a customer satisfaction score of 90.

● Medium to Long-term Goals

1. Expand the customer base and increase market share within the next three years, establishing long-term cooperative partnerships.
2. Become a leading brand in the industry, providing customers with comprehensive aircraft maintenance and repair solutions.

● Annual Resource Investment/Concrete Achievements

The Company has obtained certifications such as ISO 9001, AS9110C, AS9100D quality management systems, and ISO 27001 information security management system. It has also obtained NADCAP certification for aerospace special processes to gain customer recognition. The Company implements strict control throughout the product development life cycle to ensure product quality. Regular customer satisfaction surveys are conducted, with an overall average target score of 90 or above. Improvement plans are then formulated for areas with lower scores.

● Responsible Departments/Grievance Mechanisms

Customer relationships for commercial aircraft, military aircraft, and helicopters are handled by the respective Marketing Divisions. Customers can raise issues or file complaints through the following grievance mechanisms:

1. **Customer Service Hotline:** Customers can contact business personnel anytime through the customer service phone numbers and communication software (e.g., LINE) provided by respective Business Units.
2. **Email:** Customers can contact the marketing teams of respective Business Units via email, and the Marketing personnel will promptly respond.

3. **Customer Satisfaction Survey:** Annual customer satisfaction surveys are conducted, allowing customers to provide feedback on various services through written survey forms.

Upon receiving a customer complaint, the marketing personnel will assign the issue to the responsible unit for investigation. After obtaining a report and solution, they will respond to the customer, coordinate subsequent improvement or compensation measures, and ensure the customer's issue is resolved.

● Evaluation Mechanisms

1. The overall average satisfaction score across all Business Units reaches 90%.
2. Whether the quality goals set by each Business Units (Plant) are met (reviewed through the Company's management review process).
3. Reduction in the number of customer complaints or warranty claims received annually (reviewed through the Company's management review process).
4. Receiving recognition and appreciation from major customers.

Statistics/Annual	2021	2022	2023
Customer Satisfaction Score	97.70%	92.50%	95.30%



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## 1.6 Information Protection (Supplementary)

In Jul., 2021, the Company established "Information Security Committee" with the Vice President of President's Office serving as the Director. The Committee follows information security policies to regular establish/review various guidelines and goals for information security management and to supervise implementation of information security policies. The aim is to build our capability in ensuring security of information and cultivate employees' information security competence. The Company reports to the Board of Directors annually, and the 2023 information security risk management implementation was reported at the 17th meeting of the 9th Board of Directors on February 29, 2024.

The Company obtained the ISO 27001 certificate in November 2021, which is valid until November 2024. In November 2023, the Company passed the annual ISO 27001 surveillance audit, and in June 2023, it completed the annual "Periodic Safety Review of Military Products Manufacturers Scheduled by the Ministry of National Defense".

Information security protects information from various threats and attacks, minimizing business losses and ensuring the continuity of the Company's operations, enhancing the Company's defensive value.

### ● Policies/Commitments

To enhance the security and stability of the Company's information and communication operations, provide reliable information and communication services, ensure the confidentiality, integrity, and availability of information assets, and successfully promote the Company's various businesses in compliance with the ISO 27001 international standard, the Company has formulated this Information Security Policy as the highest guiding principle for its information security management. The Company is committed to continuous improvement by conducting an assessment at least once a year or whenever there are significant organizational changes (such as restructuring or significant business changes). Appropriate revisions will be made based on the assessment results, relevant laws and regulations, technological advancements, and the latest business developments.

#### 1. Objectives:

- (1) Ensure the confidentiality of information related to the Company's business operations, protecting national secrets and personal data.

- (2) Ensure the integrity and availability of information related to the Company's business operations, enhancing administrative efficiency and quality.
- (3) In line with national policies and the implementation of this policy, enhance information security protection capabilities.
- (4) Comply with national laws and regulations, as well as the Company's norms, to achieve the goal of business continuity.

#### 2. Strategies:

- (1) Evaluate information and communication security requirements by considering relevant legal and regulatory requirements, as well as future operational objectives, and establish relevant procedures to ensure the confidentiality, integrity, and availability of the Company's information assets.
- (2) Establish the Company's information security organization and define responsibilities to facilitate the implementation of information security operations.

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- (3) Implement necessary tasks in accordance with the Information Security Responsibility Classification Regulations.
- (4) Establish an information security incident reporting and response mechanism to ensure proper response, control, and handling of security incidents.
- (5) Conduct regular information security audits to ensure the effective implementation of information security management.

#### ● Short-term Goal

Complete the transition to ISO 27001:2022 and obtain certification by 2024.

#### ● Medium to Long-term Goal

Maintain the validity of the ISO 27001:2022 certification on an ongoing basis.

#### ● Annual Resource Investment/Concrete Achievements

1. Convened one annual information security review meeting in October.
2. Conducted two internal audits: issued a total of 8 corrective action reports, with 100% completed. Held 6 meetings of the Information Security Handling Task Force during the year.
3. Training Plan (Information Security Personnel): Four dedicated information security personnel attended information security-related professional courses, totaling 460 hours.
4. Training Plan (Non-Information Security Personnel): Six personnel attended information security-related courses, totaling 555 hours.
5. Education and Training: A total of 2 sessions were held, with 1,314 attendances and a total of 3,681 hours, meeting the plan.
6. Conducted two annual social engineering test drills, with a total of 212 attendances. The pass rate was 94.8%, and those who failed received remedial training.

7. Conducted one annual information asset inventory and audit. Retired information assets underwent proper physical destruction procedures and were disposed of as waste.
8. Implemented 6 business continuity drill plans, and identified deficiencies have been corrected.
9. Conducted one backup data restoration test, performed once in July 2023 and once in October 2023.
10. Conducted two host vulnerability scans, addressing a total of 66 vulnerabilities.
11. Conducted one host penetration test, addressing 43 programs and 4 vulnerabilities.
12. Conducted one information security health check, providing 5 recommendations, 4 of which have been addressed, and 1 is still in progress.

#### ● Responsible Department/Grievance Mechanism

Department: Administration Division

Phone: (06)2681911 Email: [rich@airasia.com.tw](mailto:rich@airasia.com.tw)

#### ● Evaluation Mechanisms

1. Completed the ISO 27001:2013 recertification audit in November 2023.
2. Obtained Defense Industry Development Act-listed military product manufacturer level B certification.
3. No major deficiencies were found in the two internal audits conducted during the year.
4. Achieved the 2023 information security effectiveness measurement goals.

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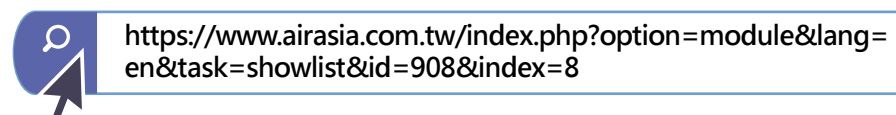
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## 1.7 Risk Management

The Company's Risk Management Committee is under the Board of Directors. The risk management organizational structure includes the Board of Directors, Risk Management Committee, Risk Management Task Force (comprising the President, Vice Presidents, SRB meetings, and Audit Office), and various plants, departments, and units of the Company. For more information on their respective responsibilities, please refer to the Company's website:



The Company has established the "Risk Management Policies and Procedures", which were approved by the Board of Directors in 2020, serving as the highest guiding principle for the Company's risk management. The Company conducts regular annual risk assessments and formulates risk management policies for various risks, covering management objectives, organizational structure, responsibilities, and risk management procedures. These mechanisms are implemented to effectively identify, assess, and control the Company's various risks, keeping them within an acceptable range.

The Company integrates and manages all potential risks that may impact its operations and profitability, including hazards, operational, financial, strategic, information security, compliance, integrity, and other risks. It evaluates the frequency of risk events and the severity of their impact on the Company's operations, defines risk priorities and risk levels, and adopts corresponding risk management strategies based on the risk levels.

In 2023, the Company reported its various risks and the risk control measures implemented to the Board of Directors on May 10, August 9, and November 8, respectively. Additionally, reports were submitted to the Risk Management Committee semi-annually, on August 8 and February 26, 2024.



Risk Category	Risk Description	Risk Management Strategy (Countermeasures)
Sustainable Environment	Continuous increase in greenhouse gas emissions	Continuously promote energy-saving and carbon reduction strategies to effectively reduce greenhouse gas emissions, and set improvement targets for tracking. Specific measures include replacing lighting with energy-saving fixtures, replacing old air conditioners with energy-efficient models, prioritizing energy efficiency when replacing facilities, and installing solar power generation equipment.
	Ineffective energy conservation	<ol style="list-style-type: none"> <li>1. Continuously promote energy conservation campaigns, focusing on three aspects: increasing sources, conserving energy, and strengthening management.</li> <li>2. Gradually replace lighting, power, electrical heating, air conditioning, refrigeration, and other energy-consuming appliances and equipment within the plant areas with energy-efficient products, starting with energy conservation at the source to improve energy efficiency.</li> <li>3. Regularly maintain and clean equipment requiring maintenance and filter replacement to maintain their efficiency and prevent abnormal loads.</li> </ol>
	Continuous increase in wastewater discharge	Continuously promote water conservation among employees, and reduce wastewater discharge through facility improvements and process optimization, focusing on three aspects: increasing sources, conserving water, and strengthening management.
	Increase in waste disposal/decrease in recycling rate	Continuously implement waste reduction initiatives, assign qualified waste management professionals to handle waste management, and consider the Company's industrial characteristics and environmental interactions. Adhering to the cradle-to-grave principle, from the procurement of raw materials to the final delivery of aircraft during the maintenance process, ensure proper management, removal, treatment, and reuse of industrial waste to effectively prevent negative environmental impacts.
	Water and electricity shortages	<ol style="list-style-type: none"> <li>1. Continuously promote energy conservation campaigns, focusing on three aspects: increasing sources, conserving energy, and strengthening management.</li> <li>2. Update high and low-voltage equipment at the main power station to meet the specifications of Article 401, improving power supply efficiency and stability.</li> <li>3. When replacing bathroom fixtures, choose products with the water-saving label approved by the Ministry of Economic Affairs.</li> <li>4. Increase water storage capacity for tap water and rainwater within the plant area to reduce the risk of water shortages.</li> </ol>
	Typhoons and floods	Consider the future probability of flooding and assess the risk level faced, plan various flood prevention measures accordingly, install flood gates and procure water pumps to prevent asset losses due to flooding.
	Violations of environmental regulations	Establish environmental protection policies and objectives, hire dedicated environmental protection personnel to implement and maintain environmental protection work, commission EPA-approved testing institutions for regular emissions monitoring, effectively supervise emission control to ensure proper operation of treatment facilities, and obtain relevant permits from local authorities to comply with regulatory requirements.



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Risk Category	Risk Description	Risk Management Strategy (Countermeasures)
Employees	Occupational Accidents (including the impact of the COVID-19 pandemic)	<ol style="list-style-type: none"> <li>1. Implement autonomous occupational safety and health management, strengthen preventive measures, establish safe operating procedures, and prepare necessary safety equipment and measures in advance to prevent disasters and effectively reduce the occurrence of occupational accidents.</li> <li>2. To address various emerging epidemics in recent years and the ongoing uncertainties surrounding future outbreaks, the Company has established various operating procedures, integrated response measures from relevant units, and reminded employees to remain vigilant. Depending on the scale of the outbreak, the Company will activate its response mechanisms and adjust countermeasures accordingly.</li> <li>3. For employees with higher exposure risks, implement preventive measures such as COVID-19 and influenza vaccination, rapid testing mechanisms to prevent the spread of the epidemic, adjustments to office or business travel arrangements, and enhanced pandemic prevention promotion.</li> </ol>
	Overwork (Long Working Hours)	<ol style="list-style-type: none"> <li>1. Limit overtime hours to no more than 46 hours per month.</li> <li>2. Supplement manpower as needed based on the requirements of various units.</li> </ol>
	High Turnover Rate (Facing Labor Shortages)	<ol style="list-style-type: none"> <li>1. Adopt a policy of local hiring, recruit local graduates from Tainan through industry-academia collaborations to reduce factors such as commuting and housing costs, increasing their willingness to stay. Additionally, recruit experienced maintenance personnel from the Hualien and Taitung areas through the Veterans Affairs Council to work at the NASC Hualien and NASC Taitung, increasing their willingness to stay. Due to competition from other companies in Taitung, the Company provides dormitories to enhance its attractiveness.</li> <li>2. Continuously conduct maintenance training courses and industry-academia collaborations, recruit experienced personnel to supplement vacancies, and provide incentives for employees to enhance their professional skills as originally planned. Additionally, offer aircraft model training courses to strengthen maintenance quality.</li> </ol>
Operational Performance	Ethical Integrity Risks	To implement the Ethical Corporate Management Policy and actively prevent unethical conduct, the Company has established the "Ethical Corporate Management Best Practice Principles", "Procedures for Ethical Management and Guidelines for Conduct", and "Code of Ethical Conduct", which specifically regulate matters that the Board of Directors, management, and all employees should observe in conducting business operations. The Company has promoted the "Ethical Corporate Management Best Practice Principles", "Procedures for Ethical Management and Guidelines for Conduct", and "Code of Ethical Conduct" to all Directors of the current term, and all Directors have completed the signing of the Ethical Corporate Management Declaration. In 2023, the Company conducted a corporate governance ethical management promotion course, with each session lasting 0.167 hours (10 minutes), totaling 1,114 attendances and 185.667 hours. The implementation was reported to the Board of Directors on December 19, 2023.
	Insufficient Information Disclosure Transparency	<p>The Company has a spokesperson system and proxy spokesperson system. The contact information of the spokespersons is disclosed on the Market Observation Post System website and the Company's website. The Company also has smooth communication channels for employees and discloses relevant information on the Taiwan Stock Exchange website as required, allowing stakeholders to have sufficient information to make judgments and protect their rights and interests.</p> <p>The Company promptly announces relevant information on the Market Observation Post System website in accordance with relevant regulations. The Company also has designated spokespersons, proxy spokespersons, and shareholder service personnel to answer investors' questions about the Company at any time to maintain good relationships with investors.</p> <p>For the "Stakeholder Contact Platform and Whistleblowing Channels", please refer to the Company's website:  <a href="https://www.airasia.com.tw/index.php?option=module&amp;lang=en&amp;task=showlist&amp;id=523&amp;index=6">https://www.airasia.com.tw/index.php?option=module&amp;lang=en&amp;task=showlist&amp;id=523&amp;index=6</a></p>

Risk Category	Risk Description	Risk Management Strategy (Countermeasures)
Operational Performance	Declining Market Competitiveness	<b>Commercial Aircraft Business Unit:</b> <ol style="list-style-type: none"><li>If the competitiveness of the Commercial Aircraft Business Unit shows a declining trend, proactive measures will be taken to review the issues and propose solutions.</li><li>Identify the declining competitiveness: List the symptoms of declining competitiveness, such as decreasing market share, increasing customer complaints, declining profitability, etc., and provide supporting data.</li><li>Root Cause Analysis: Analyze the reasons for the decline in competitiveness, which may include, but are not limited to, quality issues, delayed deliveries, insufficient price competitiveness, unsatisfactory customer service, outdated technologies or methods, and market changes. Conduct a detailed analysis of these reasons to identify the primary causes and assess their impact.</li><li>Proposed Solutions: These solutions may include, but are not limited to, quality improvement programs, production scheduling and supply chain optimization, pricing adjustment strategies, customer service improvement measures, technology upgrades or process improvements, market analysis, and strategy adjustments. Each proposed solution will include an implementation plan, responsible personnel, timeline, and expected benefits, ensuring that these solutions are feasible and can be implemented in the short and long term.</li><li>Implementation and Monitoring: The implementation of solutions will include, but not be limited to, resource allocation, execution of timelines, regular progress evaluations, and strategy adjustments (if necessary). An effective monitoring and reporting mechanism will be established to ensure the effective implementation of solutions, regular reviews, and updates to maintain the Company's competitiveness.</li></ol>
		<b>Military Aircraft Business Unit:</b> <ol style="list-style-type: none"><li>In response to the expiration of the Government-Owned Company-Operated (GOCO) contract with the Air Force Command in 2027, and with the presence of the competitor Company A, in addition to quarterly project meetings to review performance indicators, the Company has invested its own resources in manpower, equipment, and facilities to actively pursue new capabilities for advanced trainers. Additionally, in coordination with related F-16 co-production projects, the Company has enhanced the capabilities of the Taichung Components Plant and prepared for the NADCAP certification audit to obtain PRI certification, improving operational performance to prepare for a new contract.</li><li>For the Air Force Songshan Base Command Rehabilitation and Supply Team Delegating Private Operation Project (expiring in 2026), the Company will apply for a 3-year extension in 2024. In addition to maintaining the current fleet serviceability rate in accordance with the contract requirements, the Company will submit evaluation reports, performance descriptions, work plans, and other documents as required by the client to secure the contract extension with outstanding performance.</li><li>Regarding the unmanned aerial vehicle (UAV) business, the Company is currently collaborating with Company B to pursue bids from the National Chung-Shan Institute of Science and Technology and the Ministry of National Defense.</li><li>For the fiber optic gyroscope (FOG) production line, the Company is currently collaborating with Company C. In 2024, the first space-grade FOG is expected to be delivered to the National Space Center. Additionally, the Company has completed the development of an inertial navigation system (INS) for UAVs and is pursuing UAV INS business opportunities with the National Chung-Shan Institute of Science and Technology.</li><li>To establish in-house fiber coil manufacturing capabilities, the Company has procured a fiber coil winding machine (with export approval from the U.S. government) scheduled for delivery in 2024. This will enable the Company to achieve a 100% in-house manufacturing rate for FOGs, reducing production costs and expanding business opportunities.</li></ol>
		<b>Helicopter Business Unit:</b> <ol style="list-style-type: none"><li>In response to the expiration of the commercial maintenance contracts for the OH-58D and CH-47SD helicopters in 2024 and 2025, respectively, and the presence of the competitor Company A, a dedicated project team has been formed to consolidate data for the subsequent contract terms to secure the next maintenance contract.</li><li>The Company is actively pursuing the procurement and maintenance contract for the UH-60M helicopters of the National Airborne Service Corps to ensure market competitiveness.</li></ol>

Risk Category	Risk Description	Risk Management Strategy (Countermeasures)
Operational Performance	Information Security Incidents	<p>The Company established "Information Security Committee" with the Vice President of President's Office serving as the Director. The Committee regularly formulates/reviews information security management regulations and indicators, supervises the implementation of information security measures, and reports the previous year's implementation to the Board of Directors at the beginning of each year.</p> <p>The Company obtained ISO 27001 certification in 2021, valid until November 2024, and completed the annual ISO 27001 surveillance audits in November 2022 and November 2023, continuously strengthening information security management.</p> <p>The Company conducts annual information security risk assessments and management reviews, implementing risk improvement plans for high-risk information security items.</p> <p>Annual business continuity drills and system recovery drills are conducted, and backup plans are implemented as required.</p> <p>Annual information security checkups, vulnerability scans, and penetration tests are arranged to continuously enhance information security defense capabilities.</p> <p>Regular information security promotion campaigns are conducted for employees, with annual education and training sessions, complemented by social engineering drills to enhance employees' information security awareness.</p>
	Product Responsibility (Facing Warranties)	<p>The Company bears the highest quality responsibility for its maintenance services. When a warranty event occurs, the following policies will be followed to protect the customers' rights and interests:</p> <ol style="list-style-type: none"><li>1. Warranty Period: The warranty period and terms for the product will be clearly stated in the contract.</li><li>2. Prompt Response: When a warranty event is reported, Air Asia will promptly investigate the customer's request and take necessary actions, providing solutions in the shortest possible time to minimize inconvenience to the customer.</li><li>3. Quality Assurance: The Company will ensure that repaired or replaced parts meet the same high-quality standards.</li><li>4. Customer Satisfaction: The Company will actively track the progress of warranty event handling and regularly contact customers to ensure their satisfaction.</li><li>5. Regular Reporting and Monitoring of Improvement Plans: Monthly quality reports and management review meetings will provide updates on warranty progress. Semi-annual AS9100 SRB Review Meeting will summarize trends, statistics, and reports on warranty claims.</li></ol>

Risk Category	Risk Description	Risk Management Strategy (Countermeasures)
Operational Performance	Supply Chain Disruptions	<p><b>1. Short-term Risks:</b></p> <p>(1) Suppliers and manufacturers may temporarily shut down during long holidays abroad. Countermeasures: I. Maintain updated second and third source lists and keep business contacts open. II. Factories to place material orders in advance.</p> <p>(2) Suppliers and manufacturers with online ordering systems may experience website or system outages, preventing order placement. Countermeasure: Maintain updated second and third source lists and keep business contacts open.</p> <p><b>2. Mid-term Risks:</b></p> <p>Although the COVID-19 pandemic has subsided, the spread of new variants continues globally. Global supply chains were nearly shattered during the pandemic, and the aviation material supply chain still faces labor shortages. Furthermore, conflicts in Ukraine, the Middle East, and East Africa have exacerbated the availability of raw materials, leading to extended or uncertain delivery times. Countermeasures: (1) Initiate the supplier Business Continuity Planning (BCP) investigation mechanism to monitor material availability and conduct plant validations or component subcontracting when necessary. (2) Quickly integrate vendor feedback and production information, adjust production and resource allocation (such as equipment reassignment and component repair), minimizing potential impacts and maintaining real-time control over materials, production, and manpower.</p> <p><b>3. Long-term Risks: Obsolete or discontinued material sources.</b> Countermeasures: (1) Timely increase buffer inventory levels to reduce scrap rates for end items. (2) Develop local qualified repair sources and perform reverse engineering for development and production.</p> <p><b>4. Incorporate ESG Evaluation:</b></p> <p>Suppliers with good ESG performance tend to recover more quickly from major environmental impacts (such as economic recessions, floods, or typhoons). This will help the Company reduce the pressure of supply shortages.</p>



1.8 Internal Audit

Internal Audit	
Internal Audit Process	The internal audit process flow chart is shown below
Are there any focused audits conducted for specific businesses/departments?	No
Total number of audit items for the year	58 items
Audit compliance rate? (%)	100%
All non-conformities were addressed within the deadline for improvement	√

1.9 Industry Standards

Currently, international standards have not been disclosed. Their content will be presented once disclosed.



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**II.**

# Sustainable Environment (Environmental)

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2.1 Emissions

● Policies and Commitments

To enhance climate resilience and reduce disaster losses and potential impacts, the Company will strive to:

- 1. Conduct a greenhouse gas inventory.
- 2. Accurately grasp the status of greenhouse gas emissions.
- 3. Propose feasible plans for reducing greenhouse gas emissions.

● Short-term Goal

Reduce greenhouse gas emission intensity by 1%.

● Medium to Long-term Goal

Continuously implement measures to reduce greenhouse gas emissions.

● Specific Strategies/Achievements

1. Resource Investment:

To effectively reduce greenhouse gas emissions, the Company is gradually undertaking a comprehensive renovation plan for in-Plant electricity equipment, gas source equipment, emergency generators, natural gas boilers, and lighting equipment. Replacing high-energy-consuming facilities is one of the Company's energy-saving and carbon reduction goals. Therefore, the Company will further enhance climate risk management, quality control, and effective integration with financial information. By following the regulations established by the government and operating within a reasonable cost range, the Company will achieve environmental targets one by one.

2. Concrete Achievements

In 2023, the main contributor to greenhouse gas emissions was purchased electricity. The Company's electricity intensity in 2022 was 1,766.5715 kWh/million revenue, while in 2023, it was 1,409.7627 kWh/million revenue. In 2023, the electricity intensity decreased by 356.8088 kWh/million revenue (-20.20%) compared to 2022. Therefore, by implementing energy conservation and improving equipment efficiency, as many emerging energy-saving technologies are still under research and development, the most feasible way to achieve the international goal of net-zero carbon emissions by 2050 is to enhance energy efficiency. Through equipment inspections, the Company can clearly understand the operating rates of its equipment, conduct energy analysis, and replace high-efficiency equipment, digitize operations, or undertake other carbon reduction actions. This is the Company's main direction for achieving its greenhouse gas reduction goals, while also reducing long-term operating costs.

● Responsible Department and Grievance Mechanism

Department: Administration Division  
Phone: (06)2681911      Email: [WCLIU@airasia.com.tw](mailto:WCLIU@airasia.com.tw)

● Evaluation Mechanism

- 1. Electricity intensity.
- 2. Greenhouse gas emission intensity.



2.1.1 Carbon Emission-related Information

Direct (Scope 1) Greenhouse Gas Emissions

Unit: Tons of CO2e	
Plant/Total	Scope 1 CO2e
Songshan Plant	10.8345
Taichung Plant	37.366
Tainan Plant	183.446
Guiren Base	5.7685
Pingtung Plant	56.905
National Airborne Service Corps	16.419
Line Maintenance Division	22.457
Total	333.196

Note: Emission Factor Method

Explanation of Differences/Changes:

The Company's direct greenhouse gas emissions include natural gas, diesel, gasoline, aviation fuel, refrigerants, acetylene, and septic tanks. The Company has assessed the potential risks and opportunities that climate change may bring to the enterprise and has incorporated climate change factors into its operational strategy planning and decision-making processes. It has established climate change risk management procedures and mechanisms, and has incorporated them into its overall risk management policy. The Company is actively promoting various environmental protection, energy conservation, and carbon reduction measures, reducing greenhouse gas emissions, and promoting green services to mitigate and adapt to the operational impacts brought about by climate change. To better align with the international climate change framework, the Company continuously improves its climate change management, discloses climate-related information, and continuously refines its climate-related strategies and management to respond to changes in the broader environment.

Energy Indirect (Scope 2) Greenhouse Gas Emissions

Unit: Tons CO2e		
Plant/Total	Purchased Electricity (kWh)	Scope 2 CO2e
Songshan Plant	172,335	85.305
Taichung Plant	2,704,133	1,338.546
Tainan Plant	2,565,344	1,269.845
Guiren Base	111,120	55.004
Pingtung Plant	1,277,040	632.135
National Airborne Service Corps	0	0
Line Maintenance Division	26,665	22.782
Total	6,856,637	3,403.617

Note: Emission Factor Method

Explanation of Differences/Changes:

The Company's indirect greenhouse gas emissions include purchased electricity, which is the main contributor to greenhouse gas emissions. The Company's electricity intensity in 2022 was 1,766.5715 kWh/million revenue, while in 2023, it was 1,409.7627 kWh/million revenue. In 2023, the electricity intensity decreased by 356.8088 kWh/million revenue (-20.20%) compared to 2022. In line with the government's energy policy, the Company has gradually phased out high-energy-consuming electrical equipment such as emergency generators, air compressors, natural gas boilers, lighting fixtures, and air conditioning systems in recent years. With the goal of "energy conservation and carbon reduction as the action orientation, and quantifying economic benefits as the objective", the Company has effectively implemented its environmental and energy management operations guidelines and policies effectiveness, taking the sustainable development of the Company as the main axis. This mitigates the negative impact of greenhouse gas emissions on the global environment and establishes a good image of sustainable operation and green enterprise.



## Other Indirect (Scope 3) Greenhouse Gas Emissions

Unit: Tons CO<sub>2</sub>e

Plant/Total	Scope 3 CO <sub>2</sub> e
Songshan Plant	-
Taichung Plant	-
Tainan Plant	5,390,246
Guiren Base	-
Pingtung Plant	-
National Airborne Service Corps	-
Line Maintenance Division	-
<b>Total</b>	<b>5,390,246</b>

Note: Emission Factor Method

### Explanation of Differences/Changes:

The Company's other indirect greenhouse gas emissions include upstream and downstream transportation and employee commuting. This accounts for 59% of the total greenhouse gas emissions. The Company is gradually establishing green product procurement and developing relevant training, communication, and cooperation through supplier engagement models. The Company requires suppliers and value chain partners to comply with civil aviation, environmental protection, and energy-related regulations, strengthen risk management mechanisms, actively participate and respond, establish diversified procurement channels, and promote cooperation with domestic and international green suppliers. By doing so, the Company aims to gradually reduce the environmental impact of the products used in aircraft maintenance and continuously optimize the Company's environmental sustainability measures to mitigate environmental impacts.

## Greenhouse Gas Emission Intensity

Year	Revenue (Unit: NT\$ million)	Total Emissions (Unit: Tons CO <sub>2</sub> e/year)	Emission Intensity	Remarks
2023	4,863.682	9,127.059	1.8766	Category 1+2+3

Note: Emission intensity: Tons CO<sub>2</sub>e/million revenue

## Greenhouse Gas Emission Reduction

Unit: Tons CO<sub>2</sub>e/year

Year	Direct reduction in greenhouse gas emissions
2021	-
2022	-
2023	-

Note: The current control measure focuses on energy conservation and reduction.

## Emissions of Ozone-Depleting Substances (ODS)

Unit: Tons CO<sub>2</sub>e/year

Ozone-Depleting Substances (ODS)	Production	Input	Output
2021	0	0	0
2022	0	0	0
2023	0	0	0

Nitrogen Oxides (NOx), Sulfur Oxides (SOx), and Other Significant Air Emissions

	Nitrogen Oxides	Sulfur Oxides	Persistent Organic Pollutants	Volatile Organic Compounds	Particulate Matter	Particulate Pollutants	Hazardous Air Pollutants
Tainan Plant	7,558.000	0	0	4,381.01	0	11.87	0
Taichung Plant	0	0	0	19.94	0	0	17.92
Pingtung Plant	0	0	0	22,445.050	0	0	0
Total	7,558.000	0	0	26,846	0	11.87	17.92

**Data Source:** The pollutants from the Company's manufacturing processes can be classified into five categories based on their characteristics: steam generated from boilers, acidic and alkaline gases, volatile organic gases, and particulate pollutants. For air pollutants generated during the manufacturing process, the types of exhaust gases and emission quantities, among other pollution factors, must be evaluated before the planning stage and installation of production equipment. In recent years, due to increasingly serious air pollution emission, the Company has replaced heavy oil-fired boilers with natural gas-fired boilers to reduce pollutant emissions. Emission calculations: The emission factor method is used for nitrogen oxides and particulate matter, while the mass balance method is used for volatile organic compounds.



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## 2.2 Waste

### ● Policy and Commitment

The Company has established an economical and effective waste management mechanism for waste management, aiming to achieve safety, hygiene, harmlessness, and resource utilization. The Company manages waste in compliance with the Waste Disposal Act and submits an industrial waste disposal plan to understand the characteristics of industrial waste generation.

### ● Short-term Goal

Reduce the waste intensity target by 1% compared to 2023.

### ● Medium to Long-term Goal

Promote the proper management and reduction of waste.

### ● Specific Strategies/Achievements

#### 1. Resource Investment:

- (1) Control the application of raw materials to reduce the generation of expired products and decrease waste.
- (2) Implement resource recycling and reuse to reduce waste generation.

#### 2. Specific Achievements:

In 2022, the waste intensity was 0.0296 tons/million revenue, while in 2023, it was 0.0165 tons/million revenue. In 2023, the waste intensity decreased by 0.0131 tons/million revenue (-44.27%) compared to 2022.

### ● Responsible Department and Grievance Mechanism

Department: Administration Division

Phone: (06)2681911 Email: [WCLIU@airasia.com.tw](mailto:WCLIU@airasia.com.tw)

### ● Evaluation Mechanism

1. Calculate the waste quantity using triplicate forms.
2. Monthly industrial waste storage and capacity reporting is monitored and supervised by the government.



2.2.1Waste-Related Information

Waste Generation and Significant Waste-Related Impacts

The Company's main units include the Songshan Plant, Taichung Plant, Tainan Plant (including the Guiren Base), Pingtung Plant, and National Airborne Service Corps (Kaohsiung, Taitung, and Hualien Airport). Currently, none of these units have obtained the ISO 14001 certification. The main sources of waste (in terms of output) are employee domestic waste, manufacturing process waste, expired components, and waste management and treatment. The waste is outsourced for treatment, including incineration, landfill, resource recycling, reuse, and solidification. The problems faced in waste management include high treatment costs, a large variety of waste items, difficulty in classification, and insufficient employee awareness of waste sources.

Waste Generation

Unit: Tons

Waste Category		2021	2022	2023
Tainan Plant	General Industrial Waste	144.026	147.497	109.804
	Hazardous Industrial Waste	14.137	9.935	4.310
	Total	158.163	157.432	114.114
Taichung Plant	General Industrial Waste	55.028	61.940	65.433
	Hazardous Industrial Waste	11.752	35.468	11.909
	Total	66.78	97.408	77.342
Pingtung Plant	General Industrial Waste	71.794	76.910	79.660
	Hazardous Industrial Waste	7.671	5.050	6.200
	Total	79.465	81.960	85.860

Management of Significant Waste-Related Impacts

The Company's relevant practices are as follows:

1. Waste reduction practices: Employee education, training, and control of raw material input to avoid generating excessive expired products.
2. Resource reuse practices: Increase waste classification.
3. Management of outsourced waste treatment and transportation companies (requiring qualified licenses, certified management systems, etc.): Currently, the transportation companies contracted by the Company possess valid transportation licenses and ISO certifications (Sunny Friend Environmental Technology Co., Ltd. has obtained ISO 14001 certification, and Chin Hsin Environ Engineering Co., Ltd. has obtained ISO 45001 certification).

Waste Disposal and Transfer

Unit: Tons

Year	Reuse	Recycling	Others
2021	19.140	0	0
2022	19.692	0	0
2023	15.834	0	0



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## Direct Waste Disposal

Unit: Tons

2021	General Industrial Waste		Hazardous Industrial Waste	
	On-site	Off-site	On-site	Off-site
Tainan Plant	0	144.026	0	14.137
Taichung Plant	0	55.028	0	11.752
Pingtung Plant	0	71.794	0	7.671
<b>Total</b>	<b>0</b>	<b>270.848</b>	<b>0</b>	<b>33.560</b>

2022	General Industrial Waste		Hazardous Industrial Waste	
	On-site	Off-site	On-site	Off-site
Tainan Plant	0	147.497	0	9.935
Taichung Plant	0	61.940	0	35.468
Pingtung Plant	0	76.910	0	5.050
<b>Total</b>	<b>0</b>	<b>286.347</b>	<b>0</b>	<b>50.453</b>

2023	General Industrial Waste		Hazardous Industrial Waste	
	On-site	Off-site	On-site	Off-site
Tainan Plant	0	109.804	0	4.310
Taichung Plant	0	65.433	0	11.909
Pingtung Plant	0	79.660	0	6.200
<b>Total</b>	<b>0</b>	<b>254.897</b>	<b>0</b>	<b>22.419</b>

## 2.3 Energy

### Policy and Commitment

The Company will formulate the use of low-pollution energy sources to reduce environmental impact and be committed to:

1. Environmental protection commitment and pollution prevention measures.
2. Fulfilling the commitment to comply with corresponding regulatory obligations.

### Short-term Goal

Reduce electricity intensity by 0.5% or more per year.

### Medium to Long-term Goals

1. Formulate environmental management plans and continuously implement various environmental monitoring and measurement programs to improve environmental performance.
2. Achieve maximum energy efficiency and continuously promote various environmental protection programs.

### Specific Strategies/Achievements

1. **Resource Investment:** The Company continues to promote energy-saving and carbon reduction strategies to effectively reduce energy consumption. The energy-saving and carbon reduction measures are summarized as follows:
  - (1) Continuously promote energy conservation through three aspects: source management, flow control, and strengthened management.

- (2) Gradually replace lighting, power, electric heating, air conditioning, refrigeration, or other energy-consuming appliances and equipment in the Plant areas with energy-efficient products, achieving energy conservation from the source and improving energy efficiency.
- (3) Conduct timely maintenance and cleaning for equipment requiring maintenance and filter replacement to maintain their efficiency and avoid abnormal loads.
- (4) Update high and low-voltage equipment at the main power station to meet the specifications of Article 401, improving power supply efficiency and stability.
- (5) When replacing bathroom facilities, choose products with the water-saving label certified by the Ministry of Economic Affairs.

**2. Specific Achievements:** The electricity intensity has shown a declining trend in terms of energy-saving results. The Company's electricity intensity in 2022 was 1,766.5715 kWh/million revenue, while in 2023, it was 1,409.7627 kWh/million revenue. In 2023, the electricity intensity decreased by 356.8088 kWh/million revenue (-20.20%) compared to 2022.

Responsible Department and Grievance Mechanism

Department: Administration Division  
Phone: (06)2681911      Email: [chwenq@airasia.com.tw](mailto:chwenq@airasia.com.tw)

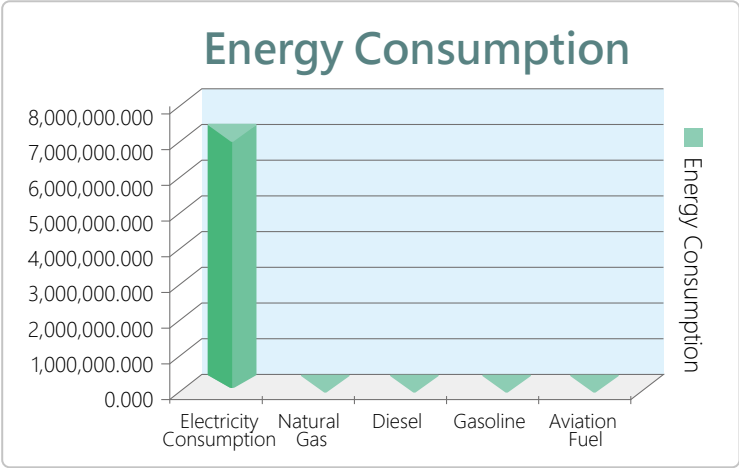
Evaluation Mechanism

- 1. Annual electricity intensity.
- 2. Monthly natural gas consumption.

2.3.1 Energy-Related Information

Energy Consumption Within the Organization

The Company's main energy consumption sources are electricity, diesel, natural gas, gasoline, and aviation fuel. In terms of the contribution to energy consumption (as shown in the figure), electricity usage is the main contributor, accounting for 99.99% of total emissions. Therefore, by implementing energy conservation and improving equipment efficiency, as well as conducting equipment inspections to clearly understand the operating rates, the Company can perform energy analysis and subsequently replace high-efficiency equipment, digitize operations, or undertake other carbon reduction actions. This is the Company's main direction for achieving its greenhouse gas reduction goals, while also reducing long-term operating costs.



Energy Consumption Outside the Organization

The Company continues to maintain long-term positive interactions with its supply partners, sharing its experiences in energy consumption reduction. Together with its supply partners, the Company strives to conserve energy and improve equipment efficiency. Through equipment inspections, the

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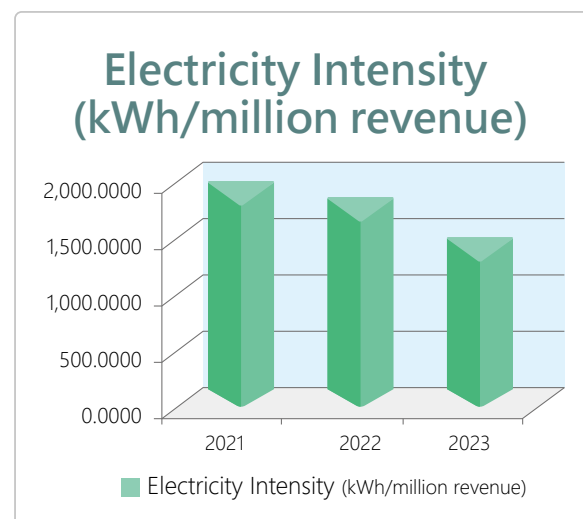
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operating rates of the equipment are clearly understood, and energy analysis is conducted to replace high-efficiency equipment, digitize operations, or implement other measures to reduce energy consumption.

## Energy Intensity

The Company's historical inventory on electricity intensity shows a declining trend (as illustrated in the figure). In 2022, the electricity intensity was 1,766.5715 kWh/million revenue, while in 2023, it was 1,409.7627 kWh/million revenue. In 2023, the electricity intensity decreased by 356.8088 kWh/million revenue (-20.20%) compared to 2022.



## Reducing Energy Consumption

Equipment Power Saving and System Energy Conservation Measures:

1. New or updated equipment to reduce energy consumption.
2. Strict control and monitoring of equipment energy consumption in the Plant area. Any abnormalities will trigger equipment inspection or replacement.
3. Monthly analysis of energy consumption to systematically understand the reasons for increases or decreases.

4. Establishment of monitoring, testing equipment, and estimation methods to monitor the Plant's energy consumption, enabling real-time control and elimination of abnormalities.

## Reducing Energy Demand for Products and Services

To effectively manage energy, the Company has established energy-related management systems. Through these management systems, annual energy diagnosis and analysis are conducted to identify major energy-consuming equipment, and relevant energy-saving plans are formulated, such as replacing boilers with more energy-efficient ones, switching to energy-saving LED lighting in Plant areas, and regularly maintaining and cleaning air conditioning systems throughout the Plant. Through energy monitoring and statistical analysis, energy consumption data is regularly observed to ensure optimized energy efficiency. The Company continuously phases out old and energy-intensive equipment, replacing it with newer, more efficient, and less energy-demanding equipment to reduce energy dependence and costs. In 2023, the following high-energy-consuming equipment was replaced:

1. **Air Conditioner:** Except for special purposes, any air conditioning units used for more than 10 years in the workplace that have malfunctioned and are beyond repair have been replaced with energy-efficient models meeting the Grade 1 energy efficiency standards set by the Ministry of Economic Affairs.
2. **Lighting:** All traditional high-energy-consuming metal halide lamps in the skylights of hangar No. 2 at the Tainan Plant have been replaced with energy-saving LED lamps. Replacements in other hangars are being evaluated. Damaged conventional lighting in other spaces is also being gradually replaced with energy-saving LED lamps.
3. **Boilers:** The natural gas once-through steam boiler at the Tainan Plant has been replaced with a high-efficiency boiler that exceeds the "Boiler Energy Efficiency Standards" issued by the Ministry of Economic Affairs.
4. **Air Compressors:** The air compressor equipment at the main station in Plant 1, Tainan Plant has been replaced with high-efficiency air compressor equipment approved by the Bureau of Energy, Ministry of Economic Affairs, for "Power and Public Equipment Subsidies".

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# III.

## Social Care (Community)

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While conducting business operations, Air Asia actively practices sustainable development to align with international trends in balancing environmental, social, and corporate governance development. This improves the quality of life for employees, communities, and society, and fosters a competitive advantage based on sustainable development. Air Asia values employee rights and harmonious labor relations, striving to create a friendly and safe workplace, and thriving together with relevant stakeholders.

## 3.1 Training and Education

Air Asia aims to build a diverse workplace, construct a training system, and develop talent through competency models. In 2020, the Company introduced the "Talent Quality-management System (TTQS)" promoted by the Ministry of Labor as a guideline for talent development. The Company recently passed the TTQS evaluation, with the certificate valid until May 15, 2024. Therefore, Air Asia considers competency development as an essential foundation for its training and education system, aligning talent cultivation with corporate development. The Company continuously monitors industry and social development trends and adjusts its training strategies accordingly, thereby expanding the application scope of human resource selection, utilization, cultivation, and retention.

### ● Policy and Commitment

Inheriting the Company's vision of development and the established goals of "harmony, profit creation, energy innovation, and sustainable operation", Air Asia fulfills its mission of "establishing rich experience, training maintenance talent, upholding flight safety first, and adhering to quality supremacy" under the core values of "respecting humanity, being honest and pragmatic, embracing team spirit", as well as the quality policy of "flight safety first, customer satisfaction, compliance, and continuous improvement".

Air Asia's training policy is to "develop a diverse training system", "enhance work-related competencies", "create an optimal learning environment", and "improve human quality".

To implement the organization's training policies and commitments, the Company has established and provided a comprehensive education and training system to enable employees to meet the required qualifications and professional competencies mandated by regulations, aligning with corporate goals.

### ● Short-term Goals

1. Achieve a 90% completion rate for the annual training plan courses.
2. Achieve a 100% completion rate for regular promotion courses and regulatory courses.

### ● Medium to Long-term Goals

1. Enhance leadership and management abilities of supervisors at all levels for the new generation of employees through competency-oriented supervisory courses.
2. Continue to offer courses related to work-life balance, enabling employees to maintain physical and mental well-being, improve workplace efficiency, and promote family harmony.
3. Enhance employees' professional skills and work abilities to maintain the Company's professional quality.

### ● Specific Strategies/Achievements

1. Training expenses in 2023: NT\$6,197,148.
2. Specific achievements: Recertification, completion rate of training plan courses, achievement rate of training hours.

Responsible Department and Grievance Mechanism

Department: Administration Division

Phone: (06)2681911 Email: [henrywu@airasia.com.tw](mailto:henrywu@airasia.com.tw)

Evaluation Mechanism

1. Training certificates and training evaluation reports.
2. Annual review meeting.

3.1.1 Education and Training-Related Information

Air Asia's education and training primarily focuses on the competencies required for implementing overall strategies and achieving corporate operational goals. The main training emphases include: regulatory promotion, occupational safety and health, audit and certification, production and manufacturing, aircraft maintenance, material management, quality management, information software, aviation safety, general affairs procurement management, and finance and accounting courses. This ensures that relevant business supervisors and employees possess the necessary job-related skills.

In 2023, 2,587 training sessions were conducted, with 26,324 employee participants and a total of 68,846 training hours. The average annual training hours per employee was 61 hours.

Average annual training hours per employee

Unit: Hours

Average Annual Training Hours per Employee in the Past Three Years

Statistics/Year		2021	2022	2023
Average training hours per employee (Note 1)		62	63	61
Average training hours per employee by gender (Note 2)	Female	35	42	39
	Male	67	67	65
Average training hours per employee by category (Note 3)	Direct	75	79	75
	Indirect	40	38	38

Differences in Employee Training Hours in the Past Three Years

1. Direct employees receive more training hours due to regulatory requirements, resulting in higher training hours compared to indirect employees.
2. As the proportion of male direct employees is higher, male employees receive more training hours than female employees.

Note 1: Average training hours per employee = Total training hours for all employees in the year / Total number of employees at the end of the year.

Note 2: Average training hours per female employee = Total training hours for female employees in the year / Total number of female employees at the end of the year.

Note 3: Average training hours per employee category = Total training hours for that category of employees in the year / Total number of employees in that category at the end of the year.

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category	Male		
	Training Hours	Number of Employ	Hours per Person
Direct Personnel	50,760.3	689	74
Indirect Personnel	11,684.4	279	42
<b>Subtotal</b>	<b>62,444.7</b>	<b>968</b>	<b>65</b>
category	Female		
	Training Hours	Number of Employ	Hours per Person
Direct Personnel	1,825	17	107
Indirect Personnel	4,576.1	148	31
<b>Subtotal</b>	<b>6,401.1</b>	<b>165</b>	<b>39</b>
category	Total		
	Training Hours	Number of Employ	Hours per Person
Direct Personnel	52,585.3	706	75
Indirect Personnel	16,260.5	427	38
<b>Subtotal</b>	<b>68,845.8</b>	<b>1,133</b>	<b>61</b>

## Upgrading Employee Competencies and Transition Assistance Programs

When employees enhance their competencies, increase their professional skills, and obtain certifications, the Company adjusts their salaries or provides bonuses as rewards. Since the Company's main business is aircraft maintenance, it encourages and guides employees to obtain certifications. Additionally, the Company places great emphasis on training for various aircraft models, as follows:

**1. CAA-147 certified Aviation Training Organization:** As an independent and professional MRO Company, adhering to the consistent philosophy of emphasizing the cultivation of aviation maintenance talent, Air Asia aims to enhance the basic theoretical knowledge and professional expertise of aviation maintenance personnel and strengthen aircraft maintenance skills to provide higher quality aviation maintenance services and promote the development of the aviation industry. The Company has planned and established an aviation maintenance training center (Air Asia Technical Training, ATT). The planning of the training center complies with the 05-02A Civil Aviation Personnel Training Organization Management Rules. After passing the five-stage review by the Civil Aviation Administration (CAA), the center was approved as a CAA-147 certified aviation maintenance personnel training organization on August 1, 2020. The main purpose is to provide training for the Company's maintenance personnel, newly recruited maintenance personnel, or to conduct Type A1 basic training courses in cooperation with industry-academia collaboration projects, providing personnel with basic knowledge and practical skills in aircraft maintenance.



- 2. Training Programs:** To continuously expand the commercial aircraft business and meet customer requirements for aircraft maintenance quality and delivery, the Company has conducted the "Aircraft Maintenance Technician Training Program" for 10 sessions from 2011 to 2023, hiring a total of 124 trained employees. The training program recruits individuals with relevant backgrounds in aviation mechanics, electronics, electrical engineering, or related fields, as well as fourth-year students from industry-academia collaboration schools. The Company's ATT provides Type A1 basic training courses lasting 5 to 6 months.
- 3. Basic Professional Competency Advancement and Salary Adjustment Incentives:** To prevent the loss of talent with professional development potential, the Company implements an examination system that allows employees who enhance their basic professional competencies to receive salary adjustments as an incentive to retain them. The examination includes two CAA subject examinations and two Company-administered practical examinations. Employees who pass the examinations and enhance their

basic professional competencies are eligible for salary adjustments. In 2023, 66 employees received salary adjustments.

- 4. Certification Allowances:** To enhance employees' skills in aircraft and component maintenance and encourage them to develop and obtain certifications in professional fields, as well as to ensure proper aircraft and engine maintenance and release, thereby strengthening the Company's competitiveness, employees who obtain professional certifications are rewarded with allowances. Certifications eligible for allowances include FAA, CAA and specific Level B technician certifications of the Ministry of Labor. In 2023, 4 employees received salary adjustments.
- 5. Certification Compensation Allowances:** To encourage personnel actively engaged in fixed-wing civil aviation maintenance and related supporting units to obtain, renew, or maintain Civil Aviation Administration Aircraft Maintenance Engineer Certificates (CAA certificates) or other specific certificates, qualifications, type ratings, or removal of limitations, and to continue working for the Company to enhance overall competitiveness, certification compensation allowances are provided. Certifications eligible for compensation include CAA and NDI certificates. In 2023, 2 employees received certification compensation allowances.

## Industry-Academia Collaboration

Air Asia has long been deeply involved in the aviation-related industry. To integrate vocational education with the aviation industry and cultivate quality aerospace talent, the Company has currently signed industry-academia collaboration agreements with 18 universities and 6 vocational high schools. The collaborations involve mutual provision and exchange of aerospace-related professional knowledge and technology, as well as joint curriculum planning, faculty sharing, and provision of internship venues and opportunities, working together to nurture aerospace elites.

Employee Competency Enhancement Training Program

- 1. In 2022, the Company began conducting "Basic Professional Competency Enhancement" examinations to assist employees in enhancing their professional competencies and obtaining opportunities for salary adjustments. In 2023, 66 employees passed the examinations.
- 2. The Company organizes annual training courses to assist employees in obtaining professional certifications related to aircraft maintenance. In 2023, a total of 30 hours of training were conducted, with 20 participants.
- 3. The Company organizes aircraft type certification training to assist employees in enhancing their professional skills: The UH-60M type certification training totaled 2,860 hours, with 11 participants; the A320 type certification training totaled 2,490 hours, with 20 participants.



List of Industry-Academia Collaborations			
	Universities		Vocational High Schools
School Name	National Cheng Kung University	National University of Kaohsiung	Kaohsiung Dah Yung Senior High School
	Tamkang University	Feng Chia University	Yu Te Industrial and Home Economics Vocational High School
	Chang Jung Christian University	Chinese Culture University	HuaDe Vocational High School of Technology & Home Economics
	National University of Tainan	Chaoyang University of Technology	Chia-Yang High School
	Far East University	National Formosa University	Fan Shu Vocational School
	China University of Science and Technology	Kao Yuan University.	Dah-Chin Commercial and Industrial Vocational High School
	Kun Shan University	Chienkuo Technology University	
	Vanung University	National Kaohsiung University of Science and Technology.	
	Chung Chou University of Science and Technology	Jinwen University of Science and Technology	
Total	18		6



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● Off-Campus Field Learning Programs

Field learning courses are planned according to different grade levels (third and fourth years) to allow students to experience the working environment at maintenance sites firsthand. In 2023, collaborations included China University of Science and Technology, Chaoyang University of Technology.

● Short-Term Internships (Summer)

Targeting students transitioning from the third to the fourth year, a two-month summer internship is provided. In 2023, the collaboration was with Chang Jung Christian University.

● Long-Term Internships (One Academic Year)

Internships are planned according to different specialties and levels, employing classroom training, hands-on practice, and mentorship to familiarize students with and prepare them for their future work. In 2023, collaborations included Chaoyang University of Technology, China University of Science and Technology, and Far East University of Technology.



● Percentage of Employees Receiving Regular Performance and Career Development Reviews

A comprehensive training system must establish a PDDRO (Plan, Design, Do, Review, Outcome) management cycle through the stages of training planning, design, implementation, review, and outcome to enhance the efficiency of the training system's operation, build human capital, and create maximum competitiveness. Regarding training review and outcomes, employee training effectiveness is ultimately reflected in performance evaluations. The Company places great emphasis on performance evaluations, including probationary evaluations for new employees, monthly regular evaluations, irregular reward and disciplinary reports, and annual performance appraisals. Based on the performance appraisal ratings, employees are awarded different numbers of monthly bonuses, achieving an incentive effect.

To encourage departments and employees to exceed their originally set performance targets and enhance profitability, and to reward those who have made significant contributions to the Company, the "Incentive Bonus Issuance Regulations" have been established. In 2023, 33 incentive bonus cases were awarded, with 1,328 recipients.

2023 Employees Reviewed		Number Reviewed	Total Employees	Percentage
Gender	Male	968	1,133	85%
	Female	165	1,133	15%
Employee Category	Direct	706	1,133	62%
	Indirect	427	1,133	38%

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## 3.2 Occupational Health and Safety

### ● Policy

To ensure safety, prevent occupational hazards, protect employee safety and health, and reduce losses caused by accidents and human errors, thereby improving the Company's productivity, we will strive to protect employees and property from disaster losses. The Company will provide and maintain a safety and health management system and working environment that complies with aviation industry practices and legal requirements, and will make every effort to minimize any foreseeable dangers that may lead to fire, safety losses, property losses, personal injury, or illness. Our occupational health and safety policy is:

**Respect for Life Value, Fulfill Social Responsibility, Continuous  
Environmental Improvement, Pursuit of Zero Accidents**

### ● Short-term Goals

1. Zero major occupational disasters.
2. Frequency Rate (FR) of disabling injuries <1.32.

### ● Medium to Long-term Goals

1. Zero major occupational disasters.
2. Frequency Rate (FR) of disabling injuries <1.31.

### ● Resources Invested and Specific Achievements for the Year

1. Expenditure: The following expenditures were made for implementing various occupational health and safety management measures:
  - (1) Operating environment monitoring: NT\$218,700.
  - (2) Regular health examinations for employees: NT\$2,503,750.
  - (3) Various certification training programs: NT\$443,300.
  - (4) Procurement of personal protective equipment: NT\$927,935.
  - (5) Total: NT\$4,093,685.
2. Human resources: 10 personnel.
3. Specific achievements: The results of the operating environment monitoring were all below statutory standards.

### ● Responsible Department and Grievance Mechanism

Department: Administration Division

Phone: (06)2681911 E-mail: [WCLIU@airasia.com.tw](mailto:WCLIU@airasia.com.tw)

### ● Evaluation Mechanism/Achievements

1. The Occupational Health and Safety Committee convened quarterly meetings to track progress, with a total of 4 meetings held (review conducted in March, June, September, and December annually).
2. 42 occupational health and safety audits were conducted, and all improvements were completed.

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## 3.2.1 Occupational Health and Safety Management System-Related Information

### Occupational Health and Safety Management System

The Company currently does not have an ISO 45001 Occupational Health and Safety Management System. Instead, it has established an Occupational Health and Safety Management System in accordance with the "Occupational Safety and Health Act". Through the PDCA management cycle, the Company aims to reduce occupational injuries, establish correct occupational safety and health concepts and knowledge for all workers, lower employee operational risks, and ensure compliance with all environmental, health, and safety (EHS) laws and regulations during business activities. The Company has formulated the "Safety and Health Operation Rules" to promote workplace disaster prevention and mitigation measures, strengthen occupational safety and health, implement the identification, assessment, and risk control of potential workplace hazards, and ensure work safety and employee health.

In accordance with the "Occupational Safety and Health Act", the Company has appointed an occupational safety and health business supervisor and occupational safety and health management personnel. An Occupational Safety and Health Committee has been established, convening quarterly meetings. The Labor Union nominates labor representatives to participate in the meetings, expanding labor participation. The Committee's responsibilities include researching and resolving the Company's occupational safety and health strategies and proposals, including related regulations, education implementation plans, prevention of hazards from machinery, equipment or raw materials, countermeasures for operational environment measurement results, health management, and regular reviews of occupational safety and health performance. The Occupational Safety and Health Committee also reviews environmental, safety, and health anomalies or occupational accidents involving employees and contractors, analyzes the causes, and identifies improvement measures to prevent similar incidents from occurring again.

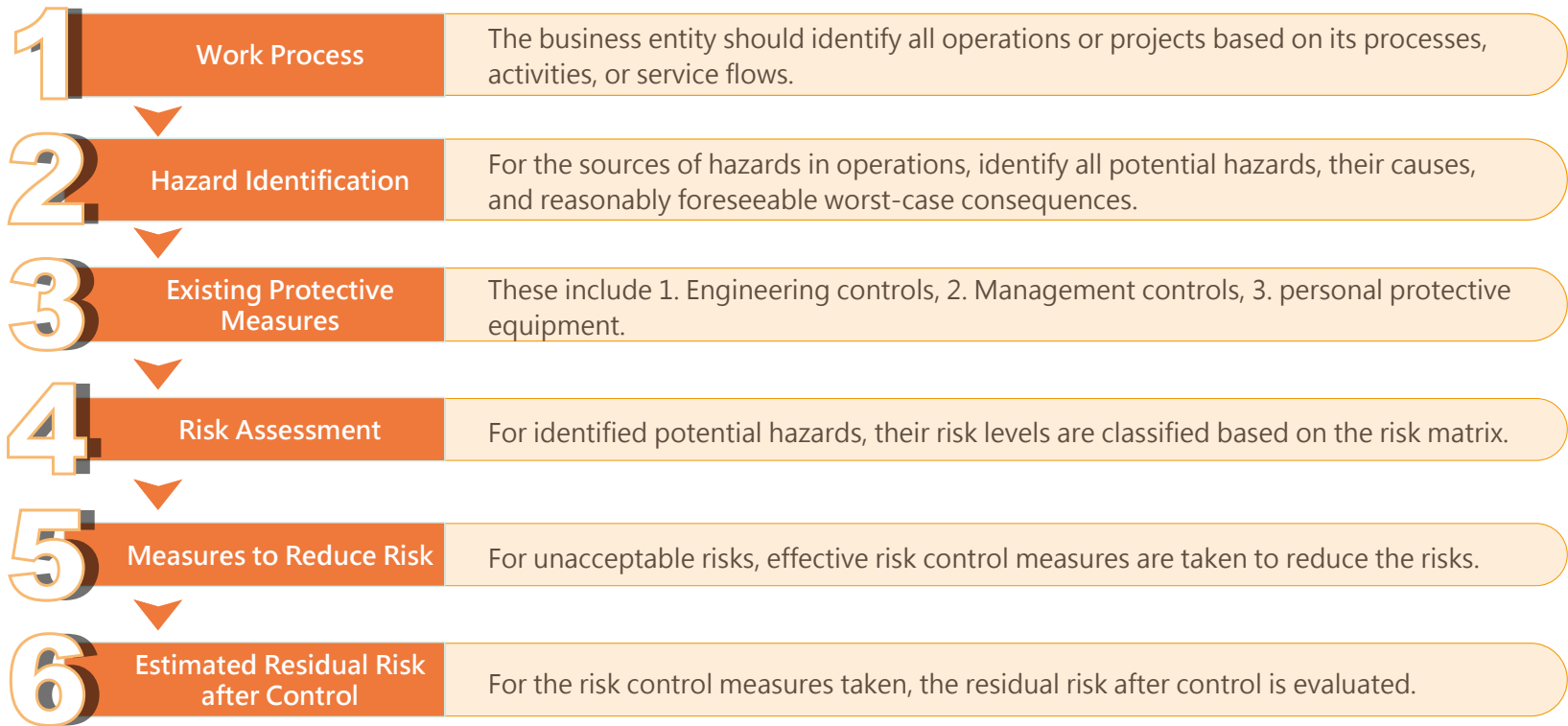
To promote the physical and mental health of its employees, the Company implements various worker health protection programs, including workplace maternity protection, abnormal workload, prevention of physical and mental infringement, and human factor hazards. The Company also identifies, evaluates, and controls hazards in accordance with relevant guidelines from the central competent authority.

The Company participates in the "Non-Accident Working Hours Record Activity for Business Entities" and has been awarded three times for achieving the non-accident working hours target. From 2015 to 2023, the Company has been recognized for nine consecutive years by the Bureau of Labor Affairs, Tainan City Government as an excellent safety culture promotion unit, and from 2018 to 2023, it has been awarded the Outstanding Performance Award in the Bureau of Labor Affairs, Tainan City Government's Safety and Health Family Performance Evaluation.

Hazard Identification, Risk Assessment, and Accident Investigation

For work processes, locations, job contents, personnel qualifications, machinery, equipment, tools, and chemicals that may be used or contacted, potential operational hazards are identified. Existing engineering controls, management controls, and personal protective equipment are confirmed to assess the risk level of the hazards. This helps determine the extent of the hazards' impact on Company personnel and consider opportunities to eliminate hazards, reduce occupational safety and health risks, and improve occupational safety and health performance, preventing occupational accidents and health risks for employees.

To prevent the Company's operations, activities, services, and facilities from endangering personnel's safety and health, causing losses to personnel's safety and health or the Company's property, control methods determined after risk assessment include elimination, substitution, engineering controls, and the use of management controls, including training/signage/warnings/management controls and personal protective equipment. The control methods are considered according to priority order, and the best control method is selected to reduce the risk to an acceptable level.



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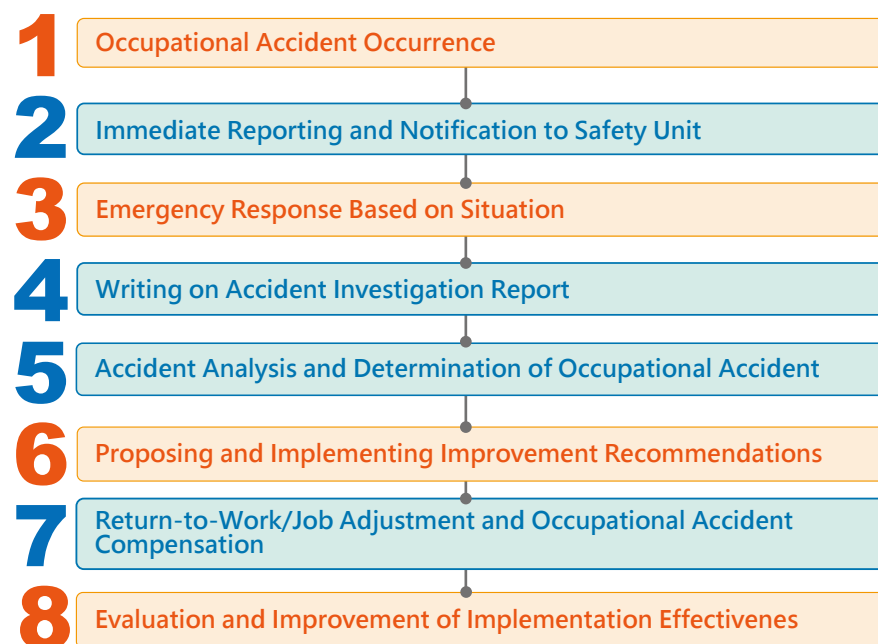
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## Occupational Accident Investigation Process

In the event of an occupational accident, the supervisor of the relevant unit should be immediately notified. On-site personnel should respond to the accident situation according to the circumstances. The occupational safety and health management unit conducts accident investigation and analysis, provides care and support, assists with return-to-work/job adjustments, and handles occupational accident compensation. Additionally, accident investigations can identify unsafe conditions, unsafe actions, lack of or inappropriate training, improper personnel assignments, insufficient supervision or maintenance, and necessary changes in engineering design. Improvement effectiveness is tracked to prevent similar accidents from occurring again.



## Occupational Health Services

The Company has set up a medical room staffed with 3 part-time doctors and 2 full-time nurses to provide on-site medical services. Annual health examinations are conducted, with the examination items exceeding regulatory requirements. A total of 979 employees received examinations. An analysis and evaluation of employees' health examination records are performed based on their risk attributes. Necessary on-site services are provided, including arranging doctor-employee consultations and offering health guidance and care. This includes general health examinations and special operation health examinations for new employees, employees on unpaid leave, employees transferred to different departments, and current employees. Additionally, high-risk cases of diseases caused by abnormal workloads are identified, with 64 high-risk cases arranged for doctor consultations, and job reassignments and suitable work adjustments undertaken in coordination with the human resources department and unit supervisors. Furthermore, Air Asia collaborates with the Southern District Labor Health Service Center and shares its experience in promoting workplace health management.

To protect the life safety of personnel engaged in pandemic prevention work, essential pandemic prevention supplies such as N95 masks, surgical masks, isolation gowns, gloves, shoe covers, and face shields are provided, and the required quantities of relevant pandemic prevention equipment are maintained.



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B Workplace Improvements



Appreciation Letter from the Southern District Labor Health Service Center for Sharing Workplace Health Management Experience

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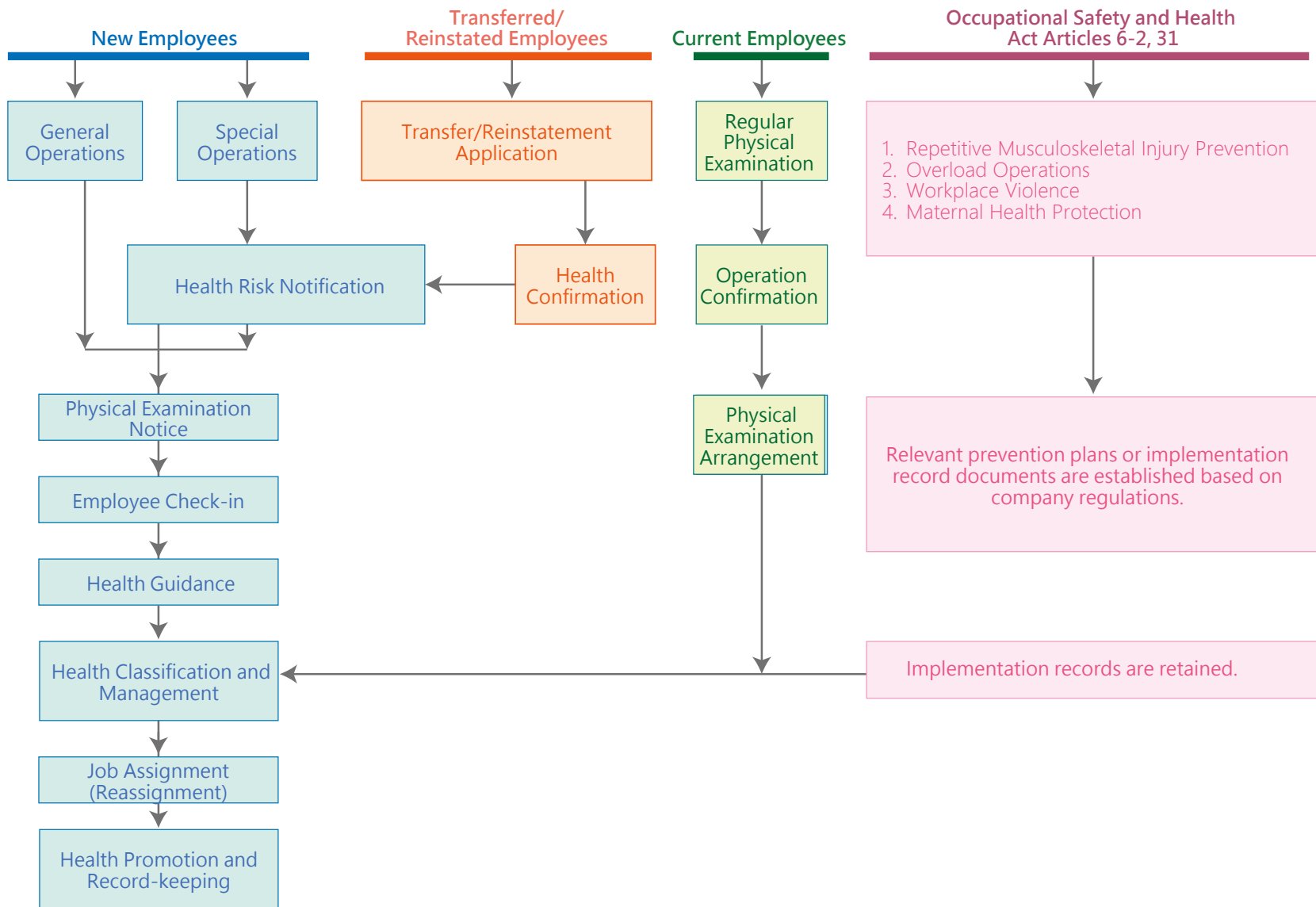
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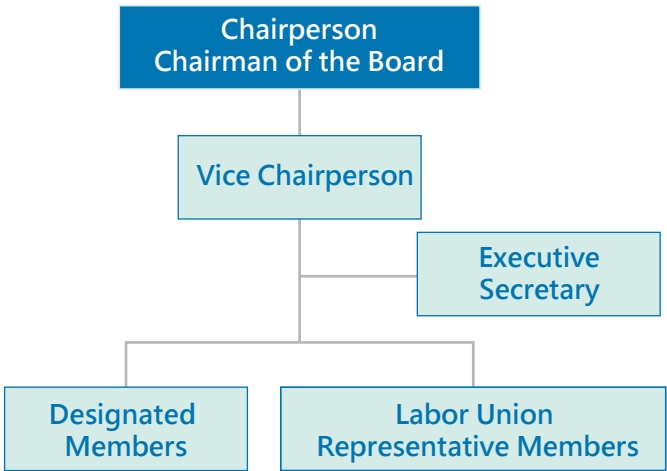
## Health Management Process



Worker Participation, Consultation, and Communication on Occupational Safety and Health

In accordance with the "Occupational Safety and Health Act", Air Asia has established an Occupational Safety and Health Committee. In 2023, the Committee comprised 22 members, including 7 labor representatives nominated by the Labor Union to expand labor participation, accounting for more than one-third of the Committee.

Meetings are held in March, June, September, and December annually. The Committee's responsibilities include researching and resolving the Company's occupational safety and health strategies and proposals, covering regulations, education implementation plans, prevention of hazards from machinery, equipment or raw materials, countermeasures for operational environment measurement results, health management, and regular reviews of occupational safety and health performance. The Occupational Safety and Health Committee also reviews environmental, safety, and health anomalies or occupational accidents involving employees and contractors, analyzes the causes, and identifies improvement measures to prevent similar incidents from occurring.



Worker Training on Occupational Safety and Health

The Company's computer system allows employees or supervisors to access their individual training records in the occupational safety and health education and training system. Information is disseminated through the Company's bulletin boards, internal network occupational safety and health columns, and e-Learning system, using both active and passive methods. The content includes environmental safety and health regulations, various occupational safety and health course materials, and norms.

An "Occupational Safety and Health Week" event is organized, during which prevention and control measures are implemented based on the goals pledged or set, as well as the identified hazards and risk levels. Through "education and training", "diagnosis and counseling", and "audits", the occupational safety and health facilities, health environment, and management functions are strengthened to protect the safety and health of workers.

In 2023, the Company conducted training in accordance with the Occupational Safety and Health Training Regulations, including fixed crane operations, organic solvent operation supervisors, oxygen-deficient operation supervisors, specific chemical substance operation supervisors, dust operation supervisors, first aid personnel training, new employee and in-service education and training, general knowledge of hazardous chemicals, and confined space training. A total of 1,756 participants received training. Promotional posters, occupational safety alerts, and workplace occupational safety and health promotion materials were also produced. All the above training was provided free of charge by the Company.



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A

A Occupational Safety and Health Education and Training



B

B Fire Extinguisher Operation Drill



C

C Fire and Explosion Hazard Prevention Promotion



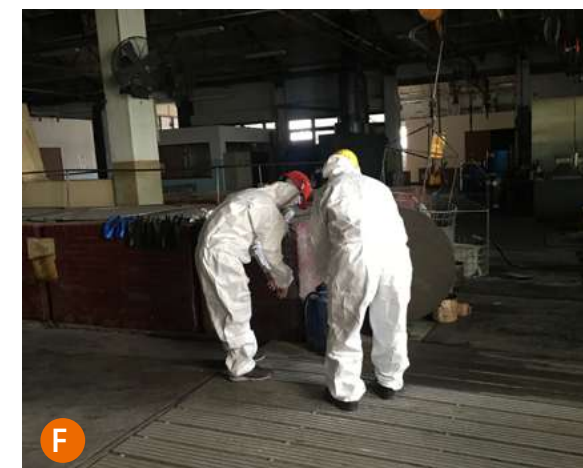
D

D Earthquake and Disaster Prevention Drill



E

E Emergency Response Drill



F

F Plant Evacuation Drill

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## 2023 Occupational Safety and Health Training Statistics:

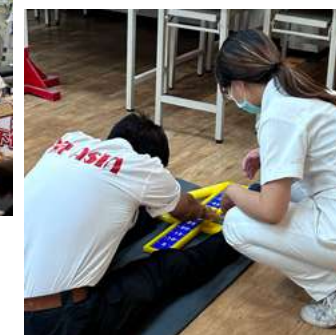
Training Category	Number of People Trained	Initial Training	Refresher Training
Fire Extinguishing Training	665	-	-
Hazardous Chemical Substances General Education Training	150	-	-
General Occupational Safety and Health Education Training	806	-	-
Confined Space Safety and Health Education Training	9	-	-
Operation of Fixed Cranes Lifting Loads Over 3 Tons	-	2	15
High-Pressure Gas Equipment Operator	-	1	1
Organic Solvent Operation Supervisor	-	7	7
Oxygen-deficient Operation Supervisor	-	5	4
Specific Chemical Substance Operation Supervisor	-	2	-
Fire Management Personnel	-	5	1
Dust Operation Supervisor	-	1	2
Operation of Forklifts Lifting Loads Over 1 Ton	-	2	11
First Aid Personnel	-	3	16
Aerial Work Platform Operator	-	35	-
High-Pressure Gas Cylinder Operator	-	-	2
High-Pressure Gas Operation Supervisor	-	-	2
Operation of Fixed Cranes Lifting 0.5-3 Tons	-	2	-
<b>Total</b>	<b>1,630</b>	<b>65</b>	<b>61</b>

## Workers' Health Promotion

To maintain the health of our employees in life, work, and physical/mental development, the Company has appointed occupational medicine specialists and nurses to provide on-site health services. By investigating those at high risk of disease triggered by abnormal workloads, 64 high-risk cases were identified and arranged for physician interviews, with coordination between the personnel department, unit supervisors for job reassignment and workplace adjustments. Through diverse channels and activities, such as health exercise courses, diabetes prevention training, overload health education, dengue fever prevention team, employee smoking cessation classes, employee health examinations, and quantitative health risk assessments to identify hazards and improve the work environment. Assisting employees in resolving potential workplace difficulties, adaptability, stress management, establishing a caring work environment, cultivating good organizational interaction to enhance work efficiency. The Company was awarded the "Health Promotion" mark by the Ministry of Health and Welfare.



Stress Relief Course



Influenza Vaccination



Low-Impact Aerobics



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To prevent potential hazards for middle-aged and elderly workers, the Company promotes employee health, disease prevention and physical capacity through physical fitness tests to better cope with work and daily life demands. For public welfare activities, the Chairman not only encouraged employees to participate meaningfully but also rolled up his sleeves to donate blood himself.

#### 2023 Health Promotion Activities:

1. Free influenza vaccinations, with 122 participants eligible for public funds.
2. Physical fitness tests for middle-aged and elderly workers, with 39 participants.
3. Employee stress relief course, with 30 participants.
4. Occupational injury prevention walk, with 55 participants.
5. Employee stress relief course, with 30 participants.
6. Healthy eating seminar, with 18 participants.
7. "100% Occupational Safety" health walk, with 45 participants.
8. Employee stress relief low-impact aerobics course, with 20 participants.
9. Cardiovascular disease prevention and health management course, with 48 participants.
10. Employee stress relief beginner boxing aerobics course, with 17 participants.



Health Promotion Label



Blood Donation



Physical Fitness Test

## Preventing and Mitigating Occupational Safety and Health Impacts Directly Related to Business Operations

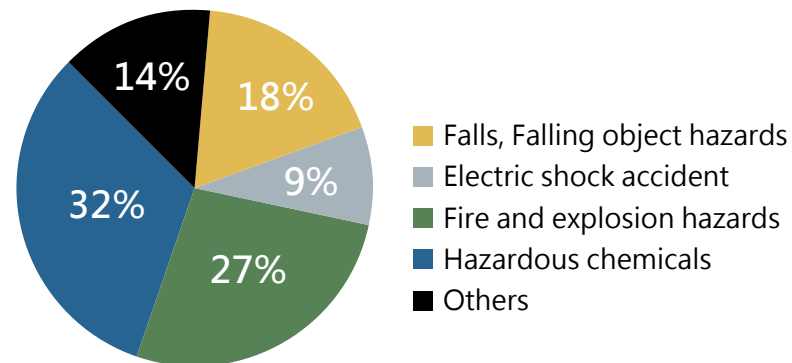
Air Asia places special emphasis on labor rights and occupational safety and health. We are committed to developing a "Partnership" relationship of co-existence and mutual prosperity with all stakeholders, creating profits and values for each other, and pursuing sustainable operations. To this end, we have established the "Air Asia Safety and Security Family" to assist and guide contractors in improving their work environments. We pursue sustainable operations and harmonious social relationships, value and provide employees with a healthy and safe workplace, and uphold the vertical and horizontal operating mechanisms of "large companies leading small companies" and resource sharing. Through experience inheritance, two-way communication, and on-site guidance, we enhance the occupational safety and health culture of small and medium-sized enterprises, prevent occupational accidents, strengthen enterprises' ability to identify operational hazard characteristics and prevention, and internalize occupational safety and health concepts into daily life, protecting the safety, health, and employment rights of workers. In 2023, we guided 19 contractors, proposed 22 deficiency improvement items, and the contractors achieved a 100% improvement rate. There were no contractor occupational accidents in 2023.



2023 Safety and Security Family Outstanding Performance Award

Number of 2023 Safety and Security Family guided	19
Number of deficiencies	22
Number of improvements completed	22
Deficiencies under improvement	0
Improvement completion rate	100%

### Safety and Security Family Deficiency Items



## 2023 Workers Covered by the Occupational Safety and Health Management System

To implement workplace safety, prevent occupational accidents, protect employee safety and health, reduce accidental incidents and human errors that cause damage, and improve Company productivity, Air Asia will endeavor to protect employees and property from disaster-related losses.

The Company will provide and maintain a safety and health management system and work environment that complies with aviation industry practices and legal requirements. We will carefully evaluate comments from government agencies and strive to minimize any foreseeable hazards that could lead to fires, safety losses, property damage, personal injury, or illness.

● Safety and Health Management

In this aspect, Air Asia not only complies with relevant regulations but also formulates the "Safety & Health Operation Rules" as the Company's occupational safety and health management policy, continuously improving the safety and health conditions of the work environment and striving to reduce the risk of occupational accidents to protect employees' physical and mental health.

The Company has always prioritized "Employee Safety" and aims for zero major workplace accidents. Regular safety and health inspections are conducted, such as fire equipment maintenance checks and factory inspections, to ensure employee work safety. If any deficiencies are found during inspections, a "Safety and Health Inspection Form" is immediately filled out, and the unit supervisor is notified to make improvements, with follow-up inspections to ensure a safe work environment.

Management System/ Regulations	Inspection Type	Number of People	Percentage	Note
Occupational Safety and Health Act	Internal Audit	1,147	100%	1,147 Participants
	Labor Inspection	363	32%	363 Participants

3.2.2 Information on Occupational Injuries and  
Illnesses

● Employees - Occupational Injury and Illness Statistics

Statistics/Year		2021	2022	2023
Total Hours Worked (Note 1)		2,178,860	2,256,952	2,306,758
Fatalities from Occupational Injuries (Note 1)	Number	0	0	0
	Rate	0	0	0
Serious Occupational Injuries (Note 2)	Number	0	0	0
	Rate	0	0	0
Recordable Occupational Injuries (Note 3)	Number	2	3	1
	Rate	0.92	0.27	0.09
Occupational Illnesses	Number	0	0	0
	Rate	0	0	0
Recordable Occupational Illnesses (Note 3)	Number	0	0	0
	Rate	0	0	0

### 3.2.3 Information on Injury Rates, Occupational Illnesses, Lost Day Rates, Absentee Rates, and Work-Related Fatalities

#### Statistics on Types of Occupational Injuries and Illnesses

Injury Type			2021	2022	2023
Caught In/Between	Gender	Male	0	1	0
		Female	0	0	0
Falling and Rolling	Gender	Male	1	0	0
		Female	0	0	0
Slips/Trips	Gender	Male	0	2	0
		Female	0	0	1
Exposure to Harmful Substances	Gender	Male	1	0	0
		Female	0	0	0



#### Total number of Injury Rates, Occupational Illnesses, Lost Day Rates, Absentee Rates, and Work-Related Fatalities

Item			2021		2022		2023	
Injury Rate (IR)/ Frequency Rate (FR)	Gender	Male	0.18	0.92	0.27	1.33	0	0
		Female	0	0	0	0	0.08	0.43
Occupational Disease Rate (ODR)	Gender	Male	0		0		0	
		Female	0		0		0	
Lost Day Rate (LDR)/ Severity Rate (SR)	Gender	Male	6.52	33	7.80	39	0	0
		Female	0	0	0	0	2.77	14
Absentee Rate (AR)	Gender	Male	0.28		1.11		0.61	
		Female	0.71		1.88		1.67	
Total Number of Fatalities	Gender	Male	0		0		0	
		Female	0		0		0	

- Injury Rate (IR) = (Total Number of Injuries/Total Hours Worked by All Employees) x 200,000  
Frequency Rate (FR) = (Total Number of Disabling Injuries/Total Hours Worked by All Employees) x 1,000,000
  - Occupational Disease Rate (ODR) = (Total Number of Occupational Diseases/Total Hours Worked by All Employees) x 200,000
  - Lost Day Rate (LDR) = (Total Number of Lost Days/Total Hours Worked by All Employees) x 200,000
  - Severity Rate (SR) = (Total Number of Lost Days Due to Disabling Injuries/Total Hours Worked by All Employees) x 1,000,000
  - Absentee Rate (AR) = (Total Number of Absentee Days/Total Number of Workdays by All Employees) x 200,000
- Note 1: Absenteeism is defined as an employee's absence from work due to loss of working ability, including sick leave (occupational injuries, occupational illnesses, general sick leave, menstrual leave) and personal leave, but excluding approved vacations, maternity leave, paternity leave, bereavement leave, etc.
  - Note 2: Please clarify whether minor injuries (resolved with on-site first aid) are excluded or included.



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## 3.3 Employers-employee Relations

Regarding Employers-employee relations and Employers-employee harmony, Air Asia strictly adheres to the Labor Standards Act and the Regulations for the Implementation of Labor-Management Meeting. We hold labor-management meetings every three months to discuss labor-related issues. In 2023, four labor-management meetings were convened, and 14 dinner parties between the Chairman and employees were held, implementing harmonious labor-management communication.

Currently, all employees are members of the Labor Union. The Company and the Enterprise Labor Union have signed a collective bargaining agreement in accordance with the law, protecting Labor Union members, and continuously tracking and controlling the implementation of the collective bargaining agreement. The Company and the Labor Union first concluded a collective bargaining agreement on November 24, 2016. Subsequently, it was renewed on September 17, 2020, and the latest collective bargaining agreement was signed on September 17, 2023, applicable to all regular employees of the Company, with a 100% coverage rate. The new additions in the annual agreement include the provision of long-service bonuses based on years of service, an increase in the amount of bonuses, and an adjustment to the subsidies for Labor Union activities, joining hands to create a happy enterprise.

The old retirement pension system under the Labor Standards Act stipulated that employees could only receive a retirement pension after working for the same company for a certain number of years, which meant that many employees were unable to receive this retirement pension. From December 18, 2018, to January 31, 2020, the Company settled the old retirement pension system seniority for 259 employees in three phases, with a total settlement amount of NT\$330,424,742. On March 8, 2023, the Company received a letter from the Tainan City Government (Nanshi Lao Jiao Tiao Zi No. 1120285446), approving the closing of the Labor Retirement Reserve Supervision Committee's accounts. This allowed every employee with seniority under the old system to receive the retirement pension, improving employee benefits.

To enhance employee welfare and increase employee loyalty to the Company, ensuring a secure life after retirement, the Company's Board of Directors approved the Employee Stock Ownership Trust Regulations in November 2023 and signed an agreement with the Taiwan Cooperative Bank to implement the Employee Stock Ownership Trust starting in January 2024.

● Policy

Employees are a crucial asset to the Company, significantly impacting its operations and development.

The Company has established a comprehensive compensation and benefits system, planned comprehensive certification courses, and provided incentives for improving basic professional competencies. This invigorates human resources and experience inheritance, increases employee retention and talent attraction, creates an excellent workplace, and promotes harmonious employers-employee relations.

● Commitment

The Company guarantees equal employment opportunities and does not discriminate against job applicants or employees based on race, class, language, thought, religion, political affiliation, place of origin, birthplace, gender, sexual orientation, age, marital status, appearance, physical or mental disabilities, zodiac sign, blood type, or previous Labor Union membership status. At the same time, we comply with labor human rights regulations and provide new and existing employees with information on human rights protection and labor rights. Furthermore, if any Company personnel violate human rights, the Company provides a whistleblowing channel, with dedicated personnel conducting investigations and protecting the confidentiality of the whistleblower's personal information.

● Short-term Goals

1. Convene labor-management meetings: 1 time/quarter.
2. Convene the Employee Welfare Committee: 1 time/quarter.
3. Complaints received through the stakeholder mailbox on the official website: Zero.

● Medium to Long-term Goals

1. Convene labor-management meetings: 4 times/year.
2. Convene the Employee Welfare Committee: 4 times/year.
3. No major labor-management issues.
4. The Labor Union organizes family activity days, and the Employee Welfare Committee organizes employee travel.
5. Labor-management sports meet.

● Specific Strategies/Achievement

1. Resource Investment:

- (1) Five representatives from both labor and management participate in the quarterly labor-management meetings to discuss labor-management issues and promote harmony.
- (2) The Company subsidizes the Labor Union with a fixed amount each quarter when profitable.
- (3) The Employee Welfare Committee consists of 12 members, including a chairperson, committee members, a general secretary, and secretaries.

2. Specific Achievement:

- (1) Seven channels for salary adjustments.
- (2) Group insurance.
- (3) Marriage/bereavement allowances.
- (4) Bonuses for three major festivals and a Labor Day bonus.
- (5) Year-end bonus.
- (6) Regular health examinations.
- (7) Employee transportation.
- (8) Employee dormitories.
- (9) Recognition and rewards for model workers.
- (10) Labor-management sports meet (with a rewards system for labor-management sports competitions).

- (11) The Labor Union organized five family activity days in 2023.
- (12) The Employee Welfare Committee organized four employee travel events in 2023.
- (13) Approved the Employee Stock Ownership Trust Regulations and completed the signing with the Taiwan Cooperative Bank on November 30, 2023, scheduled to launch the Employee Stock Ownership Trust in January 2024.

### ● Responsible Department and Grievance Mechanism

Department: Administration Division

Phone: (06)2681911 Email: [henrywu@airasia.com.tw](mailto:henrywu@airasia.com.tw)

### ● Evaluation Mechanism

1. Regular convening of labor-management meetings.
2. Regular convening of the Employee Welfare Committee.
3. The Company places great importance on labor-management relations. Therefore, the Company first signed a collective bargaining agreement with the Labor Union on November 24, 2016, followed by the second agreement on September 17, 2020, and the third agreement on September 13, 2023, establishing milestones for labor-management harmony and handling labor-management affairs, joining hands to create a happy enterprise.



### 3.3.1 Employee-Related Information

The Company continues to implement and execute the Labor Standards Act, Employment Service Act, Gender Equality in Employment Act, and other relevant laws and regulations. Employees are hired based on professional considerations and through interview processes. Even for those without actual work experience, training opportunities are provided.

All employees are hired as full-time regular employees, with no temp worker, to protect labor rights. At the same time, we are committed to implementing gender equality and providing fair employment opportunities. The number of female employees has been increasing yearly, and the proportion of women in senior management positions exceeds the proportion of female employees in the total workforce, upholding gender equality in employment rights, embodying the constitutional spirit of eliminating gender discrimination and promoting substantive gender equality.

#### Regular Employees

Statistics/Year		2021		2022		2023		Variations in the Past Three Years
Total Employees (Note 1)		1,112		1,144		1,147		
Employment Contract (Note 2)		Indefinite	Fixed-term	Indefinite	Fixed-term	Indefinite	Fixed-term	1. Employment numbers increased due to business growth. 2. The Company has signed industry-academia collaboration agreements with schools, providing one-year fixed-term employment and training opportunities for fourth-year students, who can choose to stay after completing the training.
Gender	Male	959	0	965	14	968	12	
	Female	153	0	165	0	165	2	
Nationality	Taiwanese	1,111	0	1,129	14	1,132	14	
	Overseas	1	0	1	0	1	0	
Employment Type (Note 3)		Full-time	Part-time	Full-time	Part-time	Full-time	Part-time	1. The Company is committed to implementing gender equality and providing fair employment opportunities, leading to an annual increase in female employees. 2. All employees are hired as full-time regular employees, with no temp worker.
Gender	Male	959	0	965	0	968	0	
	Female	153	0	165	0	165	0	
Nationality	Taiwanese	1,111	0	1,129	0	1,132	0	
	Overseas	1	0	1	0	1	0	

#### Proportion of Female Employees to Total Employees

Statistics/Year	Female Employees	Total Employees
Total	167	1,147
Percentage	14%	100%



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## Proportion of Female Senior Managers to Total Employees

Statistics/Year	Female Senior Managers	Total Senior Managers
Total	5	24
Percentage	20%	100%

## Non-Employee Workers

Statistics/Year		2021		2022		2023		Variations in the Past Three Years
Total Workers (Note 1)		7		9		8		
Contract Type		Dispatched	Other Types	Dispatched	Other Types	Dispatched	Other Types	•Other types refer to the hiring of technical consultants in response to business needs.
Gender	Male	0	7	0	9	0	8	
	Female	0	0	0	0	0	0	
Nationality	Taiwanese	0	7	0	9	0	8	
	Overseas	0	0	0	0	0	0	
Work Type		Technicians/ Operators	Technical Consultants	Technicians/ Operators	Technical Consultants	Technicians/ Operators	Technical Consultants	
Gender	Male	0	7	0	9	0	8	
	Female	0	0	0	0	0	0	
Nationality	Taiwanese	0	7	0	9	0	8	
	Overseas	0	0	0	0	0	0	

## Employment of Persons with Disabilities and Indigenous Peoples

Category	Required to Employ	Actually Employed
Persons with Disabilities	11	17
Indigenous Peoples	11	20

- To ensure equal employment opportunities for disadvantaged and related groups, Air Asia implements the provisions of the "People with Disabilities Rights Protection Act" and the "Employment Rights Protection Act for Indigenous Peoples" in employing persons with disabilities and indigenous peoples. In 2023, the Company employed 17 persons with disabilities, exceeding the requirement, and hired 9 indigenous employees, also exceeding the requirement.

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## New Hires and Departed Employee

New Hires and Departed Statistics /Year		2021		2022		2023		Variations in Number for the Same Employee Category in the Past 3 Years
		Total (Number)	Rate (Note)	Total (Number)	Rate (Note)	Total (Number)	Rate (Note)	
New Hires								Reasons for variations in new hire numbers: The data shows that the Company's recruitment is gradually skewing younger.
Age (Years)	Under 30	35	32%	49	42%	47	40%	
	30 to Under 50	80	16%	95	20%	73	15%	
	50 and Above	11	2%	23	4%	16	3%	
Gender	Male	111	12%	125	13%	118	12%	
	Female	15	10%	42	25%	18	11%	
Education	Graduate School	15	14%	24	20%	10	8%	
	University/College	82	11%	112	15%	99	14%	
	Other	29	10%	31	11%	27	10%	
Nationality	Taiwanese	126	11%	167	15%	136	12%	
Departed Employee								Reasons for variations in departed numbers: Most employees aged 50 and above leave due to retirement; most employees under 30 leave due to salary not meeting expectations.
Age (Years)	Under 30	42	39%	49	42%	36	31%	
	30 to Under 50	62	12%	79	16%	76	16%	
	50 and Above	12	2%	22	4%	18	3%	
Gender	Male	100	10%	119	12%	112	12%	
	Female	16	10%	31	19%	18	11%	
Education	Graduate School	7	6%	16	13%	11	9%	
	University/College	93	13%	106	15%	93	13%	
	Other	16	6%	28	10%	26	9%	
Nationality	Taiwanese	116	10%	150	13%	130	11%	

3.3.2 Employee Benefits

In addition to implementing the Labor Standards Act, Employment Service Act, Gender Equality in Employment Act, and other relevant laws and regulations, the Company also emphasizes employee education and training, competency development, and has dedicated Registered Nurse committed to maintaining employees' physical and mental health, as well as work-life balance for their families.

Salary and compensation are the most important benefits for employees. The increasing trends in the Company's number of employees and the average annual salary indicate that the Company is providing more employment opportunities and higher salaries to enhance its competitiveness.

To create a happy enterprise and balance work and life, the Labor Union and the Employee Welfare Committee receive subsidies from the Company to organize employee travel or family activities. In 2023, the Labor Union held 4 regional family day events with 208 participants, and the Employee Welfare Committee organized 4 employee travel events with 136 participants.

Salaries of Full-Time Non-Managerial Employees

Unit: Person/Thousand NT\$

Full-Time Non-Managerial Employees	Number of Employees	Average Annual Salary	Median Annual Salary
2021	1,033	631	596
2022	1,079	649	600
2023	1,086	664	612

Benefits Provided to Full-Time Employees

Employee Benefit Items	Full-Time Employees	
	Company-Wide	Remarks
Group Insurance	√	In addition to the statutory labor insurance, health insurance, and labor pension contributions, Air Asia provides group insurance coverage for employees annually, exceeding the Labor Standards Act requirements, including accident insurance and life insurance.
Various Bonuses	√	Including bonuses for three major festivals, Labor Day bonus, bereavement condolence money, and marriage bonus.
Employee Compensation	√	1%-3% of the Company's profits are allocated as an employee compensation plan.
Year-End Bonus	√	Based on the premise that the financial statements include an estimate of two months' employee bonuses, a year-end bonus is given according to the Company's profitability.
Leave Benefits	√	1. Early granting of special leave for employees. 2. To accommodate employees' urgent or short-term needs, employees can flexibly apply for special leave based on half-hour increments within 52 hours.
Regular Health Examinations	√	Providing employees with health examination items that exceed legal requirements, and following up with employees with abnormal reports for re-examination, to facilitate early detection and treatment.
Employee Dormitories	√	Providing dormitories for employees working in remote areas.
Employee Stock Ownership Trust	√	To enhance employee welfare, increase employee loyalty to the Company, share in the Company's operating results, and ensure a secure life for employees after retirement, an Employee Stock Ownership Trust has been established. Employees who have completed one year of service can participate in the Employee Stock Ownership Trust plan based on their preferences. Employees contribute a fixed amount monthly, and the Company subsidizes 40% of the contribution.

### 3.3.3 Parental Leave

After being employed for six months, employees can apply for parental leave without pay until the child reaches three years old, but not exceeding two years. If raising two children under three years old, both parents can take parental leave simultaneously (not limited to twins/multiples). Before the parental leave without pay expires, employees can apply for reinstatement, and the Company will assist in arranging their return to the original unit and position. In 2023, the Company had 5 applications for parental leave without pay, 5 expected reinstatements, and 3 actual reinstatements, with a 60% reinstatement rate. In 2022, 5 employees returned from parental leave without pay, and 4 remained employed for one year after reinstatement, with an 80% retention rate.

Employees Taking Parental Leave/Year (Taiwan)	Gender	Female		
		2021	2022	2023
Number of Employees Eligible for Parental Leave	Male	25	26	23
	Female	4	5	4
Number of Employees Who Took Parental Leave	Male	4	3	3
	Female	2	2	2
Number of Employees Due to Return from Parental Leave (A)	Male	4	3	3
	Female	2	2	2
Number of Employees Who Actually Returned from Parental Leave (B) (Including Early Reinstatement)	Male	3	2	1
	Female	1	2	1
Reinstatement Rate (B/A)	Male	75%	67%	33%
	Female	50%	100%	50%
Number of Employees Still Employed 12 Months After Returning from Parental Leave the Previous Year (C)	Male	3	2	0
	Female	1	2	0
Retention Rate (C/Previous Year's B)	Male	100%	100%	0%
	Female	100%	100%	0%



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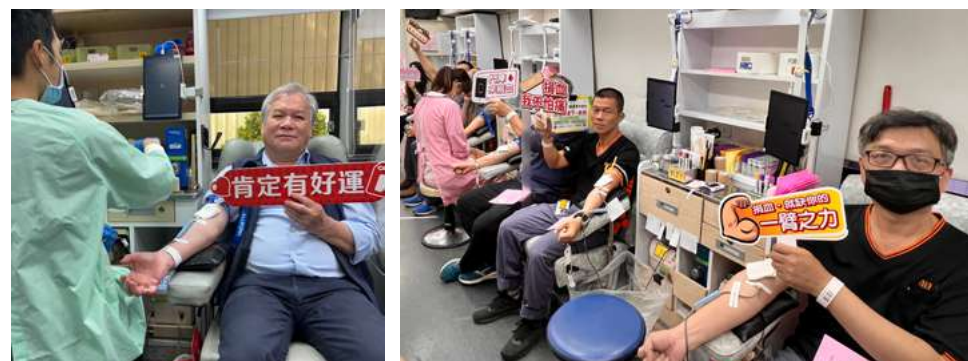
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## 3.4 Community Engagement (Supplementary)

### 3.4.1 Community Welfare

1. The Company's enthusiasm for caring for society is unparalleled. To save many lives in critical condition and ensure an adequate supply of blood for medical use, we regularly organize blood donation events to provide blood for patients in various hospitals. Led by Chairman Lu, who rolled up his sleeves to donate blood, we encourage and substantially reward (with vouchers, cash gifts, and prizes) employees for participating in public welfare activities to aid patients in urgent need and benefit the community. In 2023, we held 7 blood donation events with 376 participants and 632 bags of blood collected.



2. Assisting the Tainan City Government in social welfare activities, in 2023, we purchased NT\$35,500 worth of Spring Festival food donation activity from the Huashan Social Welfare Foundation, supporting the "Love the Elderly, Love Reunions" and "Donate New Year's food to help orphans and the elderly" initiatives. We also ordered NT\$500,000 worth of Mid-Autumn Festival gift boxes from sheltered workshops, which were donated to underprivileged groups and households affected by occupational injuries, providing stable employment for workers at sheltered workshops.



3. Due to the unique nature of our industry, we employ some retired military personnel. To support veterans and their families, and encourage their children to study diligently and successfully complete their education, in 2023, we donated NT\$100,000 to the "Education Assistance for Children of Underprivileged Veterans" fundraising campaign organized by the Veterans and Dependents Foundation.

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4. In 2023, we participated in the Three Merchants Qiaofu bag-passing-love campaign to respond to the Child Welfare League Foundation's fund raising plan for disadvantaged children and adolescent, contributing 84 bags worth NT\$8,316.
5. We purchased 64 boxes of moon cakes from the Children Are Us Foundation for NT\$60,740.
6. On the morning of February 6, 2023 (local time in Turkey), a severe earthquake struck, causing severe casualties and the collapse of ten thousands of buildings, leaving millions homeless. Taiwan immediately initiated disaster relief, fundraising, and donation efforts. Our Company responded promptly by encouraging employees to participate in the Ministry of Health and Welfare's donation campaign, with 60 participants contributing a total of NT\$94,423 in humanitarian aid.

### 3.4.2 Environmental Welfare

1. On July 25, 2023, we participated in the Tainan City All-out Defense Mobilization (Min'an No. 9) drill.
2. On Oct. 27, 2023, the Company held the "2023 Tainan City Toxic Chemical Substances Joint Defense Organization Administrative Group Annual Meeting" in accordance with the Toxic and Concerned Chemicals Management Measures.

### 3.4.3 Cultural Activities

None.



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Appendix 1: GRI Content Index

Statement of Use | Air Asia Co., Ltd. has reported the content from January 1, 2023, to December 31, 2023, following the GRI Standards.

GRI 1 Used | GRI 1 : Foundation 2021

Applicable GRI Sector Standard | Select the applicable title(s) from the published GRI Sector Standards (GRI 11–GRI 54)

GRI 2: General Disclosures 2021						
Topic	Disclosure	Description	Section	Page Number	Omission Reason/ Necessary Explanation	GRI Sector Standard Disclosure Reference Number
Organization and Reporting Practices	2-1	Detailed Organization Information	1.1.1 Organizational Overview	20		
	2-2	Entities included in the organization's sustainability reporting	Report Disclosure Period and Scope	04		
	2-3	Reporting period, frequency, and contact person	Publication Frequency	08		
	2-4	Restatements of information	Publication Frequency	08		
	2-5	External assurance	Publication Frequency	08		
Activities and Workers	2-6	Activities, value chain, and other business relationships	1.1.2 Organization Activities, Value Chain	20		
	2-7	Employees	3.3.1 Employee-Related Information	104		
	2-8	Non-employee workers	3.3.1 Employee-Related Information	104		
Governance	2-9	Governance structure and composition	1.2 Corporate Governance	26		
	2-10	Nomination and selection of the highest governance body	1.2.1 Board of Directors	28		
	2-11	Chairman of the highest governance body	1.2.3 Board-Related Issues	31		
	2-12	Role of the highest governance body in supervising the management of impacts	1.2.3 Board Related Issues	31		
	2-13	Person in charge of impact management	1.2.6 ESG Committee	49		



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Topic	Disclosure	Description	Section	Page Number	Omission Reason/ Necessary Explanation	GRI Sector Standard Disclosure Reference Number
Governance	2-14	Role of the highest governance body in sustainability reporting	1.2.6 ESG Committee	49		
	2-15	Conflicts of interest	1.2.3 Board Related Issues	31		
	2-16	Communication of critical concerns	1.2.3 Board Related Issues	31		
	2-17	Collective knowledge of the highest governance body	1.2.3 Board Related Issues	31		
	2-18	Performance evaluation of the highest governance body	1.2.2 Board Performance Evaluation	31		
	2-19	Remuneration policies	1.2.3 Board Related Issues	31		
	2-20	Process for determining remuneration	1.2.3 Board Related Issues	31		
	2-21	Annual total compensation ratio	1.2.3 Board Related Issues	31		
Strategy, Policies, and Practices	2-22	Statement on sustainable development strategy	Director's Message	02		
	2-23	Policy commitments	1.2.3 Board Related Issues /1.2.5 Policy Commitments	12/46		
	2-24	Incorporating policy commitments	1.2.5 Policy Commitments	46		
	2-25	Processes to remediate negative impacts	1.2.3 Board Related Issues	31		
	2-26	Mechanisms for seeking advice and raising concerns	1.2.3 Board Related Issues	31		
	2-27	Regulatory Compliance	1.1.3 Regulatory Compliance	23		
	2-28	Membership of associations	1.1.4 Participation in External Organizations	23		
Stakeholder Engagement	2-29	Stakeholder engagement guidelines	Main Stakeholder Communication	11		
	2-30	Collective bargaining agreements	1.2.7 Collective Agreement	51		
GRI Sector Standard Title		Currently there is no disclosed international standards	1.9 Industry Standards	70		

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## GRI 3 : 重大主題 2021

Topic	Disclosure	Description	Section	Page Number	Omission Reason/ Necessary Explanation	GRI Sector Standard Disclosure Reference Number
GRI 3: Material Topics 2021						
Material Topics	3-1	Process to determine material topics	Identifying Significant Topics	15		
	3-2	List of material topics	Identifying Significant Topics	15		
Economic Topics						
Economic Performance						
GRI 3: Material Topics 2021	3-3	Management of material topics	1.3 Operating Performance	52		
GRI 201: Economic Performance 2016	201-1	Direct Economic value generated and distributed by the organization	1.3.1 Direct Economic Value Generated and Distributed by the Organization	55		
	201-2	Financial implications and other risks and opportunities due to climate change	Appendix 3: Climate Chapter	121		
	201-3	Defined obligations for benefit plans and other retirement plans	1.3.2 Obligations for Benefit Plans and Other Retirement Plans	55		
	201-4	Financial assistance received from government	1.3.3 Financial Assistance Received from Government	56		
Customer Relations						
GRI 3: Material Topics 2021	3-3	Management of material topics	1.5 Customer Relations	60		
Market Position						
GRI 3: Material Topics 2021	3-3	Management of material topics	1.4 Market Position	57		
GRI 202: Market Presence 2016	202-1	Ratios of standard entry-level wage by gender compared to local minimum wage	1.4.1 Ratios of Standard Entry-Level Wage by Gender Compared to Local Minimum Wage	60		
	202-2	Proportion of senior management hired from the local community	1.4.2 Proportion of Senior Management Hired from the Local Community	60		
Information Security (Supplementary)						
Non-material Topic		Non-material Topic Management	1.6 Information Protection (Supplementary)	62		

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Topic	Disclosure	Description	Section	Page Number	Omission Reason/ Necessary Explanation	GRI Sector Standard Disclosure Reference Number
Environmental Topics						
Energy						
GRI 3: Material Topics 2021	3-3	Management of material topics	2.3 Energy	78		
GRI 302: Energy 2016	302-1	Energy consumption within the organization	2.3.1 Energy-Related Information	79		
	302-2	Energy consumption within the organization	2.3.1 Energy-Related Information	79		
GRI 302: Energy 2016	302-3	Energy intensity	2.3.1 Energy-Related Information	79		
	302-4	Reduction of energy consumption	2.3.1 Energy-Related Information	79		
	302-5	Reductions in energy requirements of products and services	2.3.1 Energy-Related Information	79		
Emissions						
GRI 3: Material Topics 2021	3-3	Management of material topics	2.1 Emissions	72		
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	2.1.1 Carbon Emission-Related Information	73		
	305-2	Energy indirect (Scope 2) GHG emissions	2.1.1 Carbon Emission-Related Information	73		
	305-3	Other indirect (Scope 3) GHG emissions	2.1.1 Carbon Emission-Related Information	73		
	305-4	GHG emissions intensity	2.1.1 Carbon Emission-Related Information	73		
	305-5	Reduction of GHG emissions	2.1.1 Carbon Emission-Related Information	73		
	305-6	Emissions of ozone-depleting substances (ODS)	2.1.1 Carbon Emission-Related Information	73		
GRI 305: Emissions 2016	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	2.1.1 Carbon Emission-Related Information	73		

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Topic	Disclosure	Description	Section	Page Number	Omission Reason/ Necessary Explanation	GRI Sector Standard Disclosure Reference Number
Waste						
GRI 3: Material Topics 2021	3-3	Management of material topics	2.2 Waste	76		
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	2.2.1 Waste-Related Information	77		
	306-2	Management of significant waste-related impacts	2.2.1 Waste-Related Information	77		
GRI 306: Waste 2020	306-3	Waste generated	2.2.1 Waste-Related Information	77		
	306-4	Waste diverted from disposal	2.2.1 Waste-Related Information	77		
	306-5	Waste directed to disposal	2.2.1 Waste-Related Information	77		
Social Topics						
Employment						
GRI 3: Material Topics 2021	3-3	Management of material topics	3.3 Employers-employee Relations	101		
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	3.3.1 Employee-Related Information	104		
	401-2	Benefits provided to full-time employees(excluded from part-time and temp workers)	3.3.2 Employee Benefits	107		
	401-3	Parental leave	3.3.3 Parental leave	108		
	Wages	Disclose the number of full-time non-managerial employees, the average salary and median salary of full-time non-managerial employees, and the differences from the previous year for the above three items.	3.3.2 Employee Benefits	107		
Occupational Health and Safety						
GRI 3: Material Topics 2021	3-3	Management of material topics	3.2 Occupational Health and Safety	88		
GRI 403: Occupational Health and Safety 2018 Management Approach	403-1	Occupational health and safety management system	3.2.1 Occupational Health and Safety Management System-Related Information	89		
	403-2	Hazard identification, risk assessment, and incident investigation	3.2.1 Occupational Health and Safety Management System-Related Information	89		



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Topic	Disclosure	Description	Section	Page Number	Omission Reason/ Necessary Explanation	GRI Sector Standard Disclosure Reference Number
GRI 403: Occupational Health and Safety 2018 Management Approach	403-3	Occupational health services	3.2.1 Occupational Health and Safety Management System-Related Information	89		
	403-4	Worker participation, consultation, and communication on occupational health and safety	3.2.1 Occupational Health and Safety Management System-Related Information	89		
	403-5	Worker training on occupational health and safety	3.2.1 Occupational Health and Safety Management System-Related Information	89		
	403-6	Promotion of worker health	3.2.1 Occupational Health and Safety Management System-Related Information	89		
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	3.2.1 Occupational Health and Safety Management System-Related Information	89		
GRI 403: Occupational Health and Safety 2018	403-8	Workers covered by an occupational health and safety management system	3.2.1 Occupational Health and Safety Management System-Related Information	89		
	403-9	Occupational injuries	3.2.2 Information on Occupational Injuries and Illnesses	99		
	403-10	Occupational disease	3.2.2 Information on Occupational Injuries and Disease	99		
Training and Education						
GRI 3: Material Topics 2021	3-3	Management of material topics	3.1 Training and Education (Talent Cultivation)	82		
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	3.1.1 Education and Training-Related Information	83		
	404-2	Programs for upgrading employee skills and transition assistance programs	3.1.1 Education and Training-Related Information	83		
	404-3	Percentage of employees receiving regular performance and career development reviews	3.1.1 Education and Training-Related Information	83		
Community Engagement (Supplementary)						
Non-material Topic		Non-material Topic Management	3.4 Community Engagement (Supplementary)	109		

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## Applicable GRI Sector Standards on Topics Identified as Non-material by the Company

### GRI Sector Standard Title (Select Applicable Ones)


Topic	Explanation
GRI 203: Indirect Economic Impacts	Not Applicable (This issue is already covered in the Economic Performance content)
GRI 204: Procurement Practices	Not Applicable (Based on industry disclosure practices and internal assessment)
GRI 205: Anti-corruption	Not Applicable (Not included as a material topic based on the materiality assessment survey)
GRI 206: Anti-competitive Behavior	Not Applicable (Not included as a material topic based on the materiality assessment survey)
GRI 207: Tax	Not Applicable (Not included as a material topic based on the materiality assessment survey)
GRI 301: Materials	Not Applicable (Based on industry disclosure practices and internal assessment)
GRI 303: Water and Effluents	Not Applicable (Based on industry disclosure practices and internal assessment)
GRI 304: Biodiversity	Not Applicable (Based on industry disclosure practices and internal assessment)
GRI 308: Supplier Environmental Assessment	Not Applicable (Not included as a material topic based on the materiality assessment survey)
GRI 402: Labor/Management Relations	Not Applicable (Based on industry disclosure practices and internal assessment)
GRI 405: Diversity and Equal Opportunity	Not Applicable (Based on industry disclosure practices and internal assessment)
GRI 406: Non-discrimination	Not Applicable (Based on industry disclosure practices and internal assessment)
GRI 407: Freedom of Association and Collective Bargaining	Not Applicable (Based on industry disclosure practices and internal assessment)
GRI 408: Child Labor	Not Applicable (Based on industry disclosure practices and internal assessment)
GRI 409: Forced or Compulsory Labor	Not Applicable (Based on industry disclosure practices and internal assessment)
GRI 410: Security Practices	Not Applicable (Based on industry disclosure practices and internal assessment)
GRI 411: Rights of Indigenous Peoples	Not Applicable (Based on industry disclosure practices and internal assessment)
GRI 413: Local Communities	Not Applicable (This issue is already covered in the Community Engagement content)
GRI 414: Supplier Social Assessment	Not Applicable (Not included as a material topic based on the materiality assessment survey)
GRI 415: Public Policy	Not Applicable (Based on industry disclosure practices and internal assessment)
GRI 416: Customer Health and Safety	Not Applicable (Based on industry disclosure practices and internal assessment)
GRI 417: Marketing and Labeling	Not Applicable (Not included as a material topic based on the materiality assessment survey)
GRI 418: Customer Privacy	Not Applicable (Based on industry disclosure practices and internal assessment)

## Appendix II: SDGs (Sustainable Development Goals)

### Sustainable Development Goals

The United Nations Sustainable Development Goals (SDGs) are a blueprint unveiled by the United Nations in 2015, outlining 17 Sustainable Development Goals and 169 specific targets to serve as guiding principles for member states and global enterprises to achieve sustainable development by 2030.

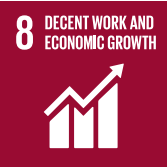
Air Asia has integrated the Sustainable Development Goals into its business strategy, expanding its previous focus on economic performance to encompass environmental protection, regulatory compliance, enhancing employee benefits to retain talent, eliminating workplace inequalities, mitigating greenhouse gas emissions, and improving workplace conditions. Looking ahead, Air Asia aims to make further contributions towards the Sustainable Development Goals and fulfilling its corporate social responsibility.

SDGs	Specific Targets
	<p><b>1.4</b> By 2030, ensure that all men and women, particularly the poor and vulnerable, have equal rights to economic resources, access to basic services, ownership, and control over land and other forms of property.</p>
<b>Air Asia's Responses</b>	
<ul style="list-style-type: none"><li>• Providing wages and comprehensive benefits superior to legal requirements, enabling employees to work with dignity and elevating personal and family economic standards.</li><li>• Adjusting employee salaries appropriately based on company profitability to enhance employee commitment.</li></ul>	

SDGs	Specific Targets
	<p><b>4.5</b> By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples, and children in vulnerable situations.</p>
<b>Air Asia's Responses</b>	
<ul style="list-style-type: none"><li>• Arranging job-specific training for employees across different business functions to ensure equal access to vocational training opportunities.</li></ul>	
	<p><b>5.1</b> End all forms of discrimination against all women and girls.</p> <p><b>5.4</b> Recognize and value unpaid care and domestic work through the provision of public services, infrastructure, and social protection policies.</p>
<b>Air Asia's Responses</b>	
<ul style="list-style-type: none"><li>• Not considering gender as a factor in employee hiring and promotion evaluations.</li><li>• Providing all employees, regardless of gender, the right to apply for parental leave.</li></ul>	

SDGs

Specific Targets



- 8.5** By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.
- 8.8** Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, particularly women migrants and those in precarious employment.

Air Asia's Responses

- Not considering gender as a factor in employee hiring and promotion evaluations.
- Adjusting employee salaries appropriately based on company profitability to enhance employee commitment.
- Legally and appropriately adjusting job duties for female employees to reduce workloads and substantively protect the rights of female workers.

SDGs

Specific Targets



- 13.3** Improve education, awareness-raising, and human and institutional capacity on climate change mitigation, adaptation, impact reduction, and early warning.

Air Asia's Responses

- Managing greenhouse gas emissions to further mitigate the negative impacts of climate change.
- Implementing waste classification management and commissioning professional waste disposal companies to handle waste.



Appendix III: Climate Chapter

Item	Content	Response
1	Describe the Board of Directors' and management's oversight and governance of climate-related risks and opportunities.	The Company has established a "Sustainability Promotion Committee" chaired by the Chairman. Based on actual work implementation, it includes Operating Performance/ Market Position/ Procurement Practices/ Energy Management/ Carbon Emission Management/ Waste Management/ Labor Relations/ Occupational Safety and Health / Training and Education/ Information Protection/ Social Engagement, etc. The "Sustainability Promotion Committee" reports its execution results to the "Board of Directors" annually.
2	Describe how identified climate risks and opportunities impact the Company's business, strategy, and finance (short, medium, and long-term).	<div>1. Business: No impact on the Company's service mechanism in the short term; necessary adjustments will be made based on customer demands in the medium and long term.</div> <div>2. Strategy and Financial Impact:<div>A. Risks and Opportunities<div>I. Short-term: Increased insurance premiums due to earthquakes.</div><div>II. Medium-term: Increased operating costs due to typhoons, floods, and other extreme weather events.</div><div>III. Long-term: Increased operating costs due to changing rainfall patterns and climate change.</div></div><div>B. Countermeasures:<div>I. Capital Expenditure: Plant facilities need to improve energy efficiency of equipment and introduce energy-saving equipment; purchasing or repairing factory equipment will increase the Company's capital expenditure.</div><div>II. Strengthen green procurement activities for raw materials in coordination with customers.</div></div></div>
3	Describe the financial impacts of extreme climate events and transition actions.	<div>1. Extreme Climate Events: May lead to supply chain disruptions.</div> <div>2. Transition Actions: Develop new suppliers/ require customer material supply/ adjust inventory levels in a timely manner.</div>
4	Describe how the process of identifying, assessing, and managing climate risks is integrated into the overall risk management system.	The Company has assessed the potential risks and opportunities that climate change may bring to the enterprise. Climate change factors are incorporated into operational strategy planning and decision-making processes, integrated into overall risk management policies. We actively promote various environmental protection, energy conservation, and carbon reduction measures, reduce greenhouse gas emissions, and promote green services to mitigate and adapt to the operational impacts of climate change. To further align with the international climate change framework, we continue to improve climate change management, disclose climate-related information, and continuously refine climate-related strategies and management to respond to changes in the broader environment. Based on the analysis results, a risk management strategy plan is established as the core for climate change actions, which is used to estimate management costs and financial impacts. Through the collection of the aforementioned data, the Company's climate change governance is strengthened, and financial correlations are systematically assessed to reduce risks and seize opportunities.
5	If scenario analysis is used to assess the resilience against climate change risks, describe the scenarios, parameters, assumptions, analytical factors, and key financial impacts used.	Scenario Analysis (including 2°C or more stringent scenarios): Affected by climate change, the frequency of extreme climate events is gradually increasing. Equipment may suffer flood damage due to heavy rains or typhoons, affecting aircraft production schedules and causing property losses. Considering the future probability of flooding, we assess the level of flood risk faced, and plan various flood prevention measures, such as installing floodgates and purchasing water pumps to prevent asset losses caused by flooding.



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Item	Content	Response
6	If there is a transition plan for managing climate-related risks, describe the plan, as well as the indicators and targets used to identify and manage physical risks and transition risks.	<b>1. Mitigation Actions:</b> Transition Risks: Seek low-carbon product supply sources for critical raw materials. <b>2. Physical Risks:</b> "Annual wind and rain disasters caused by climate change", "Each unit formulates appropriate emergency response plans based on risk levels", "Each unit prepares and implements response measures and conducts inspections and confirmations based on typhoon conditions".
7	If an internal carbon pricing mechanism is used as a planning tool, describe the basis for pricing.	Currently, the Company has not planned an internal carbon pricing mechanism. In addition to awaiting further greenhouse gas-related laws or guidelines from government agencies, we plan to conduct self-cost analysis and implement reduction measures.
8	If climate-related targets are set, provide information on the covered activities, greenhouse gas emission scopes, planning periods, and annual progress; if carbon offsets or renewable energy certificates (RECs) are used to achieve the targets, describe the sources and quantities of the offsets or RECs.	1. Short to Medium-Term Target: Reduce electricity intensity by 0.5% compared to 2023. 2. Long-Term Target: Achieve the highest energy efficiency in accordance with government policies in the long run and continue to promote various reduction programs.
9	Greenhouse gas inventory and assurance status, reduction targets, strategies, and specific action plans (additionally fill in 1-1 and 1-2).	2023 Inventory: 1. 9,127.059 tons of CO <sub>2</sub> e in 2023. 2. Third-party verification is expected to be completed by 2027.



## 1-1 Company's Greenhouse Gas Inventory and Assurance Status for the Recent Two Years

### 1-1-1 Greenhouse Gas Inventory Information

Describe the greenhouse gas emissions (tons of CO<sub>2</sub>e), intensity (tons of CO<sub>2</sub>e/million NTD), and data coverage scope for the recent two years.

As a listed company with paid-in capital less than NT\$5 billion, the Company will disclose individual company inventory data starting in 2026 and consolidated parent-subsidary company inventory data starting in 2027.

Item \ Year	2022	2023
Emissions(tons of CO <sub>2</sub> e)	3,858.60	9,127.059
Intensity (tons of CO <sub>2</sub> e/million NTD)	0.9482	1.8766

The data coverage scope includes the Company's Songshan Plant, Taichung Plant, Tainan Plant (including Guiren Station), Pingtung Plant, NASC Outstations (Kaohsiung, Hualien, and Taitung airports), and Line Maintenance (Taoyuan, Taichung, Tainan, and Kaohsiung airports).

### 1-1-2 Greenhouse Gas Assurance Information

Describe the assurance status explanation for the recent two years as of the Annual Report's printing date, including the assurance scope, assurance agency, assurance criteria, and assurance opinion.

As a listed company with paid-in capital less than NT\$5 billion, the Company will complete individual company assurance starting in 2028 and consolidated parent-subsidary company assurance starting in 2029.

## 1-2 Greenhouse Gas Reduction Targets, Strategies, and Specific Action Plans

Describe the greenhouse gas reduction base year and its data, reduction targets, strategies, specific action plans, and progress towards achieving the reduction targets.

As a listed company with paid-in capital less than NT\$5 billion, the Company will complete the disclosure starting in 2027.

The Company's greenhouse gas emissions primarily come from purchased electricity, accounting for 91.27% of total emissions. The Company will continue to promote energy conservation and carbon reduction strategies to effectively reduce greenhouse gas emissions and set improvement targets for tracking. Specific measures include replacing energy-efficient lighting, replacing old air conditioners with energy-efficient models, prioritizing energy efficiency when replacing facilities, and installing solar power generation equipment.

In 2023, the greenhouse gas emission intensity increased by 0.9284 tons of carbon dioxide equivalent (CO<sub>2</sub>e) per million NTD in revenue (97.90%) compared to 2022. The increase in 2023 was due to the inclusion of Scope 3 greenhouse gas emissions in the ESG Report, which added 5,390.246 tons of carbon dioxide equivalent (CO<sub>2</sub>e). The target for future (2024-2028) greenhouse gas emission intensity is to reduce it by 1% compared to 2023 (by 2028).

The Company has installed a solar power generation system at its Tainan Plant. In 2023, the total electricity generated was 1,910.01 thousand kWh, and the energy conservation and carbon reduction amounted to 945,453 tons, a slight decrease of 0.08 thousand kWh (-0.0042%) in electricity generation and 26,784 metric tons (-2.75%) in energy conservation and carbon reduction compared to 2022.

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## Appendix IV: Corporate Governance Sustainability Indicators

The Company refers to the sustainability disclosure indicators of other electronics companies.

Number	Indicator	Indicator Type	Annual Disclosure	Unit	Remarks
I	Total energy consumption, percentage of purchased electricity, and renewable energy usage rate	Quantitative	24,684/ 100%/ 0%	Billion joules (GJ), Percentage (%)	Converted from 6,856,638 kWh
II	Total water withdrawal and total water consumption	Quantitative	45/ 45	Thousand cubic meters (m³)	Converted from 44,687 kWh
III	Weight of hazardous waste generated and recycling percentage	Quantitative	22.419 tons (t)/0%	Tons (t), Percentage (%)	
IV	Description of occupational accident categories, number, and rate	Quantitative	Falls/ 1/ 0.0871%	Rate (%), Quantity	
V	Disclosure of product lifecycle management: including weight of discarded products and e-waste, and recycling percentage (Note 1)	Quantitative	15.834 tons (t)/ 0/ 6.21%	Tons (t), Percentage (%)	
VI	Description of risk management related to the use of key materials	Qualitative Description	Effective control of delivery schedules, timely review of inventory status, and early response to material shortages. Increase sources of material supply to reduce reliance on a single supplier. Discuss with customers on handling discontinued products, and diversify alternative materials to avoid supply disruptions due to raw material shortages.	Not applicable	
VII	Total monetary losses due to legal proceedings related to anti-competitive behavior laws	Quantitative	No monetary losses due to the aforementioned legal proceedings.	Reporting Currency	
VIII	Main product output by product category	Quantitative	Refer to Section 1.1.2 Organizational Activities and Value Chain in this Report.	Varies by product type	

• Note 1: Includes selling scraps or other recycling treatments; relevant explanations shall be provided.

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## Appendix Tables 1-14 Sustainability Disclosure Indicators – Other electronic industries

### I. Total Energy Consumption, Percentage of Purchased Electricity, and Renewable Energy Usage Rate

	Total Energy Consumption	Percentage of Purchased Electricity	Renewable Energy Usage Rate
Year	2023	2023	2023
Data	6,856,638	100.00	0
Unit	kWh	Percentage (%)	Percentage (%)

### II. Total Water Withdrawal and Total Water Consumption

	Total Water Withdrawal	Total Water Consumption
Year	2023	2023
Data	45	45
Unit	Thousand cubic meters (m <sup>3</sup> )	Thousand cubic meters (m <sup>3</sup> )

### III. Weight of Hazardous Waste Generated and Recycling Percentage

	Weight of Hazardous Waste Generated	Recycling Percentage
Year	2023	2023
Data	22.419	0
Unit	Tons (t)	Percentage (%)

### IV. Description of Occupational Accident Categories, Number, and Rate

	Occupational Accident Category	Number	Rate
Year	2023	2023	2023
Data	Falls	1	0.0871
Unit	Category (type)	Quantity (persons)	Rate (%)

### V. Disclosure of Product Lifecycle Management: Weight of Discarded Products, E-Waste Weight, and Recycling Percentage

	Weight of Discarded Products	E-Waste Weight	Recycling Percentage
Year	2023	2023	2023
Data	15.834	0	6.21
Unit	Tons (t)	Tons (t)	Percentage (%)

VI. Description of Risk Management Related to the Use of Key Materials

- 1. Effective control of delivery schedules, timely review of inventory status, and early response to material shortages.
- 2. Increase sources of material supply to reduce reliance on a single supplier.
- 3. Discuss with customers on handling discontinued products, and diversify alternative materials to avoid supply disruptions due to raw material shortages.

VII. Total Monetary Losses Due to Legal Proceedings Related to Anti-Competitive Behavior Laws

No monetary losses due to the aforementioned legal proceedings.

VIII. Main Product Output by Product Category

	Main Product Output
Year	2023
Data	Refer to Section 1.1.2 Organizational Activities and Value Chain in this Report.
Unit	Quantity (pcs)







## 2023 Sustainability Report

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