AirArabia

CHARTING
A COURSE FOR
SUSTAINABILITY

ENVIRONMENTAL, SOCIAL, AND
GOVERNANCE REPORT (ESG)
2023 REPORT

www.airarabia.com

AirArabia

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❯ ABOUT THIS REPORT

(GRI 2-1, GRI 2-2, GRI 2-3, GRI 2-4, GRI 2-5, G7, G8, G9)

Air Arabia PJSC's 2023 Environmental, Social, and Governance (ESG) Report discloses how the company manages material Environmental, Social, and Governance (ESG) risks and opportunities and creates short-, medium-, and long-term value for all key stakeholders.

REPORTING SCOPE AND BOUNDARY

This report covers the period between January 1 and December 31, 2023, unless otherwise stated.

Air Arabia was established in February 2003 by an Amiri decree issued by His Highness Sultan bin Muhammad Al-Qasimi, Ruler of Sharjah and member of the Supreme Council of the United Arab Emirates (UAE). The company commenced operations in October 2003.

Air Arabia P.J.S.C. (Air Arabia) – Sharjah (the "Company") was incorporated on June 19, 2007 as a Public Joint Stock Company in accordance with UAE Federal Law No. 8 of 1984 (as amended). The Company's ordinary shares are listed on the Dubai Financial Market (DFM) under the stock symbol 'AIRARABIA'.

The Company operates in the UAE under a trade license issued by the Economic Development Department of the Government of Sharjah and Air Operator's Certificate Number AC 2 issued by the General Civil Aviation Authority, United Arab Emirates. The "Group" comprises Air Arabia P.J.S.C. (Air Arabia) and its Subsidiaries.

The reporting boundary includes the Air Operating Certificate (AOC) portfolio within the Air Arabia Group P.J.S.C., which accounts for the majority of the Group's revenue.

BASIS OF PREPARATION

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards 2021 Update, which is effective for reports published from 1 January 2023 onwards, and is aligned with the Dubai Financial Market's (DFM) ESG metrics. Alignment with the GRI Standards and DFM ESG disclosures can be found in the GRI Content Index at the end of the report.

The focus of this report predominantly centers on Air Arabia Group of companies approach to identifying and managing its material ESG topics, complemented by select quantitative disclosures. Going forward, the Group is committed to refining its approach and enhancing data collection methodologies to ensure more comprehensive and accurate sustainability reporting.

In addition, the report highlights how our approach to sustainability is informed by local and global frameworks and strategies, including the 'We the UAE 2031' vision and the Sustainable Development Goals (SDGs).

FORWARD-LOOKING STATEMENTS

Forward-looking statements inherently entail uncertainty given the multitude of external factors that could impact the Company's operational environment. Air Arabia is under no obligation to publicly update or revise these forward-looking statements unless required to do so by applicable laws and regulations. It is, therefore, not within the scope of our internal audit team to form an opinion on these forward-looking statements.

ASSURANCE

Financial data included in this report has been extracted from our annual financial statements which have been independently audited by an internationally recognised audit firm.

COMMUNICATION & FEEDBACK

Air Arabia welcomes queries or feedback from key stakeholders about this report. Anyone wishing to do so may contact us using the following channels:

Email: investorrelations@airarabia.com
Phone: +9716 5088939

Chairman's/ Group Chief Executive Officer Letter

(GRI 2-2)

Air Arabia PJSC, the first and largest low-cost carrier (LCC) operator in the Middle East and North Africa (MENA) region, continues to go from strength to strength, posting record net profits in 2023 on the back of a huge increase in passenger numbers during a year that also marked 20 years of outstanding growth and operational excellence for the Group.

The recovery from the pandemic-induced downturn in the global aviation industry gathered pace during the year, as passengers returned to the skies in vast numbers. Air Arabia transported 16.7 million passengers in 2023 across all its operating hubs, a 31% increase on the previous year as we added a total of 26 new routes to our global network which now serves 206 routes from our six operating hubs.

As a result, the Group posted record net profit of AED 1.54 billion in 2023, an increase of 27%, on annual revenue of AED 6 billion, up by 14% year-on-year, consolidating our position as one of the best and fastest growing LCCs in the world. This status was recognized with awards for "Low-Cost Airline of the year" by Airline Weekly as well as "Low-Cost Airline of the year" at the Aviation Achievement Awards 2023, and "Budget Airline of the Year" at the Aviator Middle East Awards 2023.

Air Arabia transported 16.7 million passengers in 2023, a

31%

increase on the previous year

20 Years of Service

We are immensely proud of how far Air Arabia has come in a relatively short time span since our establishment in 2003. From kickstarting operations with just two aircraft servicing five routes, we have grown into a multi-billion-dollar group offering travel and tourism services across the globe.

Our relentless focus on offering greater travel options for customers and providing high-quality services at affordable fares has proved to be a winning formula. The rapid progress we have seen over the past years is also a vindication of our multi-AOC (Air Operating Certificate) business model of establishing strategic hubs across the Middle East, North Africa, and Asia.

Our strong performance in 2023 sets the stage for further expansion in the coming years. We are optimistic about our prospects despite the global aviation industry facing challenges arising from geopolitical factors as well as prolonged supply chain disruptions and other factors that have led to increased operating costs for the sector. We retain full confidence in our business model and our ability to continue to serve our growing customer base thanks to our value-driven product, our dedication to operational excellence, and commitment to the highest standards of safety.

Our Sustainability Commitment

Amid these outstanding prospects for further future success, Air Arabia is mindful of our responsibility to the environment and to society which we serve through multiple Environmental, Social, and Governance (ESG) initiatives, including our renowned CSR program 'Charity Cloud'. In 2023, we established two new medical clinics in Egypt and Tajikistan, adding to the 15 schools and clinics the program currently runs across 12 countries. Since its inception in 2007, this has been a hugely successful initiative, with over a thousand charitable initiatives making a difference to countless people's lives in many developing countries, and we are rightly proud of its achievements.

On the environmental front, we continue to place great emphasis on managing our carbon emissions footprint through our fleet renewal program. Deliveries of 120 new Airbus A320 family aircraft are scheduled to commence in 2025, ensuring that Air Arabia will continue to operate one of the youngest, safest, and most fuel-efficient fleets in the business, with an average age of just four years. Operational efficiencies are also playing a central role in ensuring we keep fuel consumption and emissions as low as possible.

None of Air Arabia's achievements would be possible without the dedication of our elite workforce of pilots, cabin crew, ground crews, maintenance staff, administrative staff, as well as our executive management team, all overseen by the visionary strategic leadership of Air Arabia's Board of Directors. Our commitment to operational excellence is underpinned by the efforts of every individual that works at the company and we continue to ensure all members of our team are trained to the highest level, always ensuring the safety and comfort of our passengers and crews.

With that in mind, we are proud to present Air Arabia's 2023 Environmental, Social, and Governance (ESG) Report, which showcases our progress as a company as well as the initiatives we are taking to manage our ESG risks and opportunities and create value for all our stakeholders. We believe the company is set fair for a successful and prosperous journey in the years to come.

Abdullah Bin Mohammed Al Thani

Chairman

Adel Abdullah Al Ali

Board Member and Group
Chief Executive Officer

❯ ABOUT AIR ARABIA

(GRI 2-6, GRI 2-7, GRI 2-8)

Air Arabia PJSC (DFM: AIRARABIA) was established in February 2003 by an Amiri decree issued by His Highness Sultan bin Muhammad Al-Qasimi, Ruler of Sharjah and member of the Supreme Council of the United Arab Emirates (UAE). The company commenced operations in October 2003 and launched an Initial Public Offering (IPO) of its stock on the Dubai Financial Market (DFM) in 2007, becoming the first publicly listed airline in the region.

Air Arabia is the Middle East and North Africa's first and largest low-cost carrier flying to over 200 destinations across the Middle East, North Africa, Asia and Europe. With our value preposition 'Where Next', we offer our customers safe, comfortable, reliable, and affordable air travel across our extensive network.

As a holding company with assets worth over AED 14.67 billion, the Group operates a multi-AOC (Air Operating Certificate) business model with strategic hubs located across several airports in the Middle East, North Africa, and Asia.

CELEBRATING
20 YEARS
OF SERVICE

Commencing operations on October 28, 2003, with just two aircraft servicing five routes, Air Arabia has since grown into a multi-billion-dollar group offering worldwide travel and tourism services.

Marking 20 years of service in 2023, the Group has since served more than 150 million passengers and now operates a vast network of routes from its six strategic hubs in the UAE (Sharjah, Abu Dhabi, Ras Al-Khaimah), Morocco, Egypt, and Pakistan.

FACTBOX

Established:
FEBRUARY 3, 2003

Stock Exchange Listing:
Dubai Financial Market (AIRARABIA) - 2007

Headquarters:
Sharjah International Airport, UAE

Hubs:
6

Routes:
206

Passengers served:
Over 150 million across all hubs since inception

Fleet:
The total operating fleet of 73 Airbus A320 and A321 aircraft across all hubs.

OUR VISION

To be one of the world's leading budget airlines in terms of:

- Profit Margin
- Innovation
- Reputation
- Operational Excellence

OUR MISSION

To revolutionize air travel in the region through an innovative business approach offering superb value for money and a safe, reliable operation. To achieve this, we will:

- Be known for our low fares
- Grow our business profitably
- Build motivated multi-functional teams
- Demonstrate the highest operational standards
- Manage our costs ruthlessly

OUR FLEET

Air Arabia operates a fleet of modern aircraft comprised entirely of Airbus A320 and A321 aircraft. In 2019, the company placed an order with Airbus for 120 new A320 Family aircraft with deliveries scheduled to commence in 2025. The order is comprised of 73 A320neo, 27 A321neo and 20 A321XLR aircraft and will support the renewal of our existing fleet, some of which will be gradually retired or sold off, enabling the company to maintain a fleet of newer, more efficient, and environmentally sustainable aircraft and support the expansion of our global network.

AWARDS & ACHIEVEMENTS

1. Awarded "Low-Cost Airline of the year" with highest operating margin in the world by Airline Weekly
2. Ranked first on the Airfinance journal top 100 airlines worldwide for four consecutive years
3. Awarded "Low-Cost Airline of the year" at Aviation Achievement Awards 2023
4. Awarded "Budget Airline of the Year" at the Aviator Middle East Awards 2023
5. Fly Jinnah tops Pakistan Civil Aviation ranking for outstanding punctuality and regularity

2023 HIGHLIGHTS

27% RISE IN ANNUAL NET PROFIT TO A RECORD AED 1.5 BILLION

14% INCREASE IN TURNOVER TO AED 6 BILLION

31% INCREASE IN NUMBER OF PASSENGERS CARRIED TO 16.7 MILLION

26 new routes added to global network

Female hire rate is at 45%

3.8%
Reduction of the employee turnover rate by 3.8%

Over 33,000 of training hours conducted in 2023, a 22.35% increase compared to 2022

Zero identified leaks, thefts, or losses of customer data

Zero Fatalities as a Result of Work-Related Ill Health

Two new medical clinics established in Egypt and Tajikistan in 2023 under "Charity Cloud" project

❯ OUR SUSTAINABILITY JOURNEY

(GRI 2-12, GRI 2-13, GRI 2-14, GRI 2-22, GRI 2-29, GRI 2-30, GRI 3-1, GRI 3-2)

OUR APPROACH TO ESG

The UAE has emerged as a leader in the realm of sustainable development and climate action. The country is addressing the most pressing global challenges, incorporating these considerations into national strategies and initiatives.

The Net Zero by 2050 Strategic initiative, announced in 2021, marked a significant milestone as the UAE became the first country in the Middle East and North Africa (MENA) to embark on this journey. In December 2023, the UAE hosted a successful United Nations Climate Change Conference (COP28), which resulted in a historic agreement by all nations to begin a swift, just and equitable energy transition. Further, the country followed up this impressive achievement by declaring 2024 'The Year of Sustainability' for the second successive year, reflecting its ongoing commitment to protect and preserve the environment for the benefit of future generations.

Air Arabia is fully aligned with these initiatives at the national and global level, and we are dedicated to amplifying our sustainability endeavors, as reflected by this report. Our commitment to sustainability extends across our entire operation, with a holistic approach that encompasses managing all our material environmental, social, and governance (ESG) considerations in order to manage related risks and opportunities and create long-term value for all our stakeholders.

In terms of social responsibility, our dedication to maintaining the highest standards of health and safety is at the core of our sustainability values and our commitment to our customers, employees, and communities we serve. In addition, Air Arabia has long been a leader when it comes to charitable endeavors that make a difference to the lives of underprivileged people around the world.

A key aspect of Air Arabia's sustainability strategy is our focus on environmental stewardship and the integration of sustainable practices throughout our operations. Air Arabia prioritizes efficient operations and energy management as core elements of our ESG approach. Our teams, dedicated to operating and maintaining our fleet of aircraft, play a crucial role in ensuring operational efficiency and thus reducing our GHG emissions.

Finally, our robust corporate governance structures emphasize ethical business practices and risk management while also ensuring that ESG considerations are integrated into decision-making processes at all levels of the organization.

THE SDGS AND THE AVIATION INDUSTRY

Like any industry, airlines have a critical role to play in advancing sustainable development by aligning their strategies and practices with these goals and contributing to global efforts to build a more sustainable and resilient future.

Air Arabia's approach to sustainability is informed by an analysis of the SDGs that we, as an airline, can have the most impact on through our operations. These are the following:

SDG 7: Affordable and Clean Energy
Airlines consume large amounts of energy, primarily from fossil fuels, for their operations. Efforts to increase energy efficiency and transition to cleaner fuels such as sustainable aviation fuel (SAF) align with this goal.

SDG 9: Industry, Innovation, and Infrastructure
Airlines contribute to the development of infrastructure, including airports, air traffic management systems, and transportation networks. Innovation in aircraft design, operations, and technologies also falls under this goal.

SDG 11: Sustainable Cities and Communities
Airlines play a crucial role in connecting cities and communities, facilitating tourism, trade, and economic development. Sustainable airport development and transportation planning contribute to creating more resilient and inclusive cities.

SDG 12: Responsible Consumption and Production
Airlines generate significant waste, including single-use plastics, food waste, and carbon emissions. Initiatives to reduce waste, improve resource efficiency, and adopt sustainable procurement practices are essential for achieving this goal.

SDG 13: Climate Action
Aviation is a significant contributor to greenhouse gas emissions, particularly carbon dioxide (CO_2). Airlines are under pressure to reduce their carbon footprint through measures such as fleet modernization, operational efficiency improvements, and investments in carbon offsetting and carbon-neutral growth initiatives.

SDG 14: Life Below Water
Airports and airlines can impact marine ecosystems through activities such as wastewater discharge and coastal development. Efforts to minimize environmental pollution and protect marine biodiversity are important for this goal.

SDG 15: Life on Land
Aviation infrastructure and operations can also affect terrestrial ecosystems, including land use changes, habitat destruction, and wildlife disturbances. Conservation measures and sustainable land management practices help mitigate these impacts.

SDG 17: Partnerships for the Goals
Collaboration among airlines, governments, international organizations, and other stakeholders is essential for addressing sustainability challenges in the aviation sector. Partnerships can facilitate knowledge sharing, technology transfer, and collective action towards achieving the SDGs.

STAKEHOLDER ENGAGEMENT

Air Arabia maintains close relationships with all key stakeholders - both internal and external - across the entire group so that we always have a clear understanding of the issues that matter most to them.

Among many other benefits, ensuring a continuous flow of feedback from stakeholders provides essential input for determining our material ESG topics.

The table below highlights our key stakeholders, the issues that matter to them, and how we engage with them.

Stakeholder	What matters to them	Engagement Channels
Shareholders	• Shareholder value • Financial and operational performance • Strategy and business development • Capital structure • Dividend policy • Transparency • Corporate governance • Sustainability strategy	• AGM, Annual Report, and Financial Statements • Stock exchange announcements • Investor relations team and a dedicated portal on our website
Employees	• Remuneration and rewards • Training & development • Opportunities for career progression • Strategic direction and business growth • Employee engagement • Health, safety and wellbeing • Diversity & Inclusion	• Employee forums, meetings, emails • Regular updates via intranet • Regular training • Independent whistleblowing process • Senior management and Board visits
Customers	• Airline Safety • Operational excellence and reliability • Innovation and expertise • Value for money • Sustainability	• Website • Social Media • E-newsletter • Traditional Media
Board of Directors	• Financial Performance • Operational excellence • Strategic direction and growth • Health, safety, and wellbeing • Governance and Compliance	• BOD meetings • Committee meetings • AGM • Regulatory reporting and Investor Relations
Suppliers/Vendors	• Good working relationships • Prompt payment and predictable cash flow • Transparent supplier assessments and qualification process	• Regular two-way communications and face-to-face meetings • Supplier Code of Conduct • Supplier conferences and tradeshows • Supplier due diligence
Government/ Regulators	• Compliance with regulations • Robust Corporate Governance framework • Transparency • Trust and ethical behaviour • Safety • Sustainability	• Regular engagement at at all levels • Briefing on key issues • Investor relations team • Dedicated compliance teams • Response to direct queries • Co-ordinated safety improvement programmes
Community	• Employment and economic contribution • Health, safety and wellbeing • Sustainability and environmental protection • Community engagement	• Sponsorship and donations • Employee volunteering • Emiratizations initiatives • Engagement with local community programmes • Sustainable CSR Program "Charity Cloud"

OUR MATERIAL TOPICS

Air Arabia used a three-pronged approach to determine our ESG material topics. We combined the findings of our stakeholder engagement process with a peer analysis of other airlines, specifically major low-cost carriers from around the world.

We also referred to topics considered material to the aviation industry according to globally recognized sustainability agencies including the Sustainability Accounting Standards Board (SASB) and MSCI.

We consolidated the findings from the exercise into the following list of material topics. These topics are most likely to impact our operations in future, unless we take appropriate measures to manage them, as well as being factors that Air Arabia has the most potential to impact through our operations. Alignment between these topics and the GRI standards as well as DFM ESG metrics can be found in the appendix to this report.

	Material Topic
Environmental	GHG Emissions Energy Usage Water Management Waste Management Aircraft Noise Climate Risks & Impacts
Social	Customer Safety & Security (Product Safety & Quality) Employee Health & Safety, and Wellbeing Talent Attraction, Development, and Retention Diversity, Equity, and Inclusion Responsible Marketing Practices Community Investment
Governance	Governance Risk Management Compliance with Regulation & Legislation Privacy & Data Security Business Ethics

❯ PUTTING PEOPLE FIRST

(GRI 201-1, GRI 203-2, GRI 418-1, G7)

Delivering customer satisfaction, looking after our people, and supporting communities are bedrocks of Air Arabia's approach to sustainability.

PROVIDING A TOP-CLASS SERVICE

Customers are the lifeblood of our business and meeting their needs is critical to our future success. Their satisfaction not only drives loyalty but also influences brand perception and market competitiveness as satisfied customers are more likely to return for future flights and share their positive experience with other potential customers. Every interaction with a customer presents an opportunity to exceed expectations, build trust, and solidify the airline's position as their preferred choice.

CUSTOMER SAFETY & SECURITY

Ensuring customer safety and security is the highest priority for any airline. Beyond merely transporting passengers from one destination to another, we bear the profound responsibility of safeguarding individuals throughout their journey. Our reputation as a trusted carrier depends on our diligence in implementing the highest standards of safety and security and every facet of our operation is geared towards preserving this. Air Arabia strictly adheres to all safety and security protocols that we have in place which are based on international standards and regulations.

Our commitment to health and safety stands as an integral pillar of our values and sustainability efforts. We have implemented clear targets and established processes to maintain the highest standards in this area, in compliance will all rules and regulations and best practices.

We have comprehensive Quality and Safety Management Systems in place which ensure that all incidents and work hours are meticulously tracked and managed. This system serves as a cornerstone in safeguarding the well-being of our customers and employees.

Moreover, we have instituted a thorough induction program and safety training for all new hires at the airline. This equips them with the necessary knowledge and skills to navigate their roles safely and efficiently. Additionally, tailored annual training sessions are provided to employees, aligning with their specific functions to further enhance their proficiency in ensuring a secure working environment.

CUSTOMER SERVICE AND SATISFACTION

Satisfied customers are more likely to become loyal patrons and generate repeat business while also influencing others to choose Air Arabia. From the online booking process to our onboard service and beyond, we strive to ensure all passengers are happy with their experience flying with us. As the Middle East's first and largest low-cost airline, delivering outstanding service at affordable prices underpins the success and growth trajectory of the business in the face of stiff competition. In 2023, our customer service received a 62% rating from all our hubs, demonstrating Air Arabia's dedication to offering top-notch assistance to travelers from all over the world.

BOOKING AND CHECKING-IN

Airline bookings are overwhelmingly made online nowadays, meaning that it is essential to have a fast and user-friendly website where customers can not only make a booking but also check in for their flight and find information on various other services. Convenience is one of our highest priorities and this starts with the Air Arabia website and continues at every stage of the customer journey through to reaching their destination.

In June 2023, Air Arabia launched a new City Check-in facility in Muweilah, Sharjah, allowing travelers to drop off their bags and collect their boarding pass well ahead of their scheduled departure.

This service is designed to simplify the pre-flight process, save time and avoid queues at the airport, allowing passengers to proceed directly to their flight upon arrival at the airport.

Passengers using this service can check in and drop off their luggage within 24 hours up to 8 hours prior to flight departure. Passengers can also purchase additional baggage allowance, select preferred seats, or make changes to their flight arrangements, if needed.

The new addition is one of six City Check-in facilities located in Sharjah, Ras Al Khaimah, Ajman, and Al Ain that passengers flying from Sharjah International Airport can use.

CUSTOMER COMPLAINTS

If customers experience any issues they are not happy with, we make it easy for them to report these to the company and have processes and procedures in place to resolve these promptly and professionally, to their satisfaction.

Customers can submit complaints to the Customer Relations Department through our call center, sales points, at the airport, and via the website and mobile app. Each complaint is logged and tracked in the CRM system from creation through to closure. Complaints are thoroughly reviewed and investigated by cross functional teams. Each complaint is analyzed to identify the root causes of the issue and necessary corrective actions are taken to resolve it. In appropriate cases, compensation is offered for service recovery. When the complaint has been resolved the customer receives the final resolution and the case is closed. Customers will then receive a survey to measure their satisfaction with the resolution.

RESPONSIBLE MARKETING PRACTICES

Responsible marketing practices play a pivotal role in shaping public perception, promoting safety, and fostering trust among passengers. Air Arabia prioritizes transparency and accuracy in our marketing messages, ensuring that information regarding fares, schedules, and services is conveyed honestly and clearly.

Moreover, responsible marketing encompasses the promotion of sustainability initiatives, including our efforts to reduce carbon emissions and minimize environmental impact. By adhering to ethical marketing standards, we demonstrate our commitment to customer satisfaction, safety, and sustainability, thereby protecting our reputation and fostering long-term loyalty among passengers.

All flight tickets and advertisements clearly display the Terms & Conditions (T&C) for passenger reference. We comply with all applicable consumer protection laws as well as EU air passenger rights (EU261). Should customers have any complaints they can submit them via the complaints procedure, as detailed in the relevant section.

ASSEMBLING A WORLD-CLASS WORKFORCE

(GRI 401-1, GRI 401-2, GRI 403-8, GRI 403-9, GRI 404-1, GRI 404-2, GRI 404-3, GRI 405-1, GRI 405-2, GRI 406-1, S2, S3, S4, S5, S6, S7, S8, S11, G1)

Air Arabia's growth trajectory is a journey we undertake collectively, and our success depends on having a world-class workforce comprised of highly trained and dedicated employees. Without the competence of our flight crews, cabin crews, ground crews, and many others, we would not be able to deliver on our promise to get customers to their destinations safely and on time. Our employees also play an integral role in achieving our sustainability goals, reducing our environmental footprint, enhancing social responsibility, and ensuring economic viability.

Air Arabia has a comprehensive Employee Handbook which sets out the company's Human Resource Management policies which apply to all permanent employees regardless of their rank or role. The manual is a vital resource for employees and outlines the processes and procedures which support the implementation of the policies on a day-to-day basis, highlighting our commitment to the consistent and equitable application of HR policies across the organization and fair treatment for all employees.

The document sets forth the rights of all employees as well as our expectations for good conduct, our approach to recruitment, terms of employment, learning and development program, performance management, disciplinary procedures, grievance mechanisms, and much more.

Air Arabia's strong recent growth and the expansion of the company's route network is reflected in the expansion of its workforce, which in 2023 increased by 22.24% to 4,221 compared to 2022 and by 65.33% from 2,553 in 2021. Of these, 4,103 (97.2%) are employed on permanent contracts.

Females comprised 35.8% of the total workforce in 2023, consistent with the previous year. In the two years since 2021, Air Arabia has almost doubled the size of its female workforce and females made up just under 42% of new hires in 2023.

	Female	Male	TOTAL
2021	808	1,745	2,553
2022	1,209	2,241	3,450
2023	1,511	2,710	4,221

Below is the gender breakdown of employees for the year 2023, providing insight into the diversity within our workforce:

35%

65%

	Permanent Contract			
	Female	Male	Female %	Male %
2021	792	1,619	32.85%	67.15%
2022	1,196	2,188	35.34%	64.66%
2023	1,483	2,620	36.14%	63.86%

	Temporary Contract			
	Female	Male	Female %	Male %
2021	16	126	11.27%	88.73%
2022	13	53	19.70%	80.30%
2023	28	90	23.73%	76.27%

	Full-Time			
	Female	Male	Female %	Male %
2021	808	1,745	31.65%	68.35%
2022	1,209	2,241	35.04%	64.96%
2023	1,511	2,710	35.80%	64.20%

TALENT ATTRACTION AND RETENTION

Air Arabia recognizes the paramount importance of attracting and retaining top talent as cornerstones of our organizational success. With a commitment to fostering a diverse and inclusive workplace, we actively seek to attract individuals who embody our values of integrity and excellence. By cultivating the values employee well-being, professional development, and work-life balance, we aim to retain top talent and nurture their potential within our organization.

Our sustainability strategy prioritizes investments in employee training, career advancement opportunities, and initiatives that promote employee engagement and satisfaction. These initiatives are vital to the continued success and long-term sustainability of the airline.

	Total New Hires by Gender			
	Female	Male	Female %	Male %
2021	286	276	35.40%	15.82%
2022	787	956	65.10%	42.66%
2023	688	955	45.53%	35.24%

	Total New Hires by Age					
	Below 30 years old	Between 30-50 years old	Over 50 years old	Below 30 years old %	Between 30-50 years old %	Over 50 years old %
2021	335	199	28	48.83%	12.48%	10.26%
2022	1,034	646	63	82.72%	34.04%	20.86%
2023	1,050	535	58	57.85%	25.54%	18.65%

	Total Employees that Left by Gender			
	Female	Male	Female %	Male %
2021	143	196	17.70%	11.23%
2022	386	460	31.93%	20.53%
2023	386	486	25.55%	17.93%

	Total Employees that Left by Age					
	Below 30 years old	Between 30-50 years old	Over 50 years old	Below 30 years old %	Between 30-50 years old %	Over 50 years old %
2021	159	162	18	23.18%	10.16%	6.59%
2022	470	342	34	37.60%	18.02%	11.26%
2023	485	338	49	26.72%	16.13%	15.76%

	Total Turnover %	Total New Hires %
2021	13.3%	22.0%
2022	24.5%	50.5%
2023	20.7%	38.9%

Additional benefits offered to Employees:

Life Insurance	Health Care	Disability and invalidity coverage	Parental leave	Retirement provision

Air Arabia further incentivizes the retention of employees by bestowing awards and rewards for longevity, marking five and 10 years of service at the company. We offer additional travel benefits for long-serving employees while we also provide additional indemnity for more years of service, beyond what is required under UAE labor law.

All permanent members of Air Arabia staff are entitled to take parental leave. Over the past three years, all employees that exercised this right returned to work at the end of the leave period and were still working at the company 12 months after returning.

	Total number of employees that took parental leave	
	Female	Male
2021	25	10
2022	32	15
2023	44	22

	Total number of employees that returned to work after parental leave ended	
	Female	Male
2021	25	10
2022	32	15
2023	44	22

	Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	
	Female	Male
2021	25	10
2022	32	15
2023	44	22

	Total rate of employees that returned to work after parental leave ended		Total rate of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	
	Female	Male	Female %	Male %
2021	100.00%	100.00%	100.00%	100.00%
2022	100.00%	100.00%	100.00%	100.00%
2023	100.00%	100.00%	100.00%	100.00%

TRAINING & DEVELOPMENT

Training and development are critical components for any airline striving for excellence in safety, service quality, and operational efficiency. Comprehensive training programs ensure that personnel, from pilots to ground staff, possess the requisite skills and knowledge to navigate complex scenarios effectively.

Investing in ongoing training not only fosters a culture of continuous improvement but also enhances employee morale and loyalty. Well-trained staff can confidently handle emergencies, maintain compliance with regulations, and deliver exceptional customer experiences, ultimately bolstering our reputation in a highly competitive industry. Continuous learning and development initiatives are essential to stay ahead of the curve and adapt to changing landscapes.

Air Arabia places great emphasis on continuous education and training through a dedicated Learning and Development (L&D) department as well as our training schools. We offer a variety of opportunities for team members to continue developing their skills and remain up to date with industry trends and best practices.

All Air Arabia staff, irrespective of their role or level within the company, are assigned training to enhance their skills and competencies, based upon a clear competency framework, with the objective of improving their contribution to overall airline performance and delivering operational excellence.

In addition to specific technical training, Air Arabia also runs three comprehensive management training programs for different levels of the company to ensure career progression and succession planning:

• Supervisory Development Program
• Management Development Program
• Executive Development Program

Training is covered by a variety of methods, as appropriate, including internal training programs, external training, e-learning, training academies, job rotation, and mentoring. The Human Resources Department regularly updates a Training Catalogue, accessible to all employees and Line Managers, listing all the Airline's training programs, including those run by authorized external providers.

In 2023, Air Arabia employees undertook a total of 33,768 training hours, a 22.34% increase on 2022 though the average of 8 training hours per employee was in line with the previous year.

	Total Training Hours		
	Female	Male	TOTAL
2021	6,464	13,960	20,424
2022	9,672	17,928	27,600
2023	12,088	21,680	33,768

	Average Training Hours per Employee
2021	8
2022	8
2023	8

	Average Training Hours by Gender		
	Female	Male	TOTAL
2021	8	8	8
2022	8	8	8
2023	8	8	8

	Total Training Hours by Job Category			
	Entry-Level	Mid-Level	Senior-to-Executive Level	Total
2021	11,408	5,560	3,456	20,424
2022	16,672	6,680	4,248	27,600
2023	21,040	7,904	4,824	33,768

	Average Training Hours by Job Category per Employee			
	Entry-Level	Mid-Level	Senior-to-Executive Level	Total
2021	8	8	8	8
2022	8	8	8	8
2023	8	8	8	8

	Percentage of Employees received regular performance and career development reviews, by gender	
	Female %	Male %
2021	100.00%	100.00%
2022	100.00%	100.00%
2023	100.00%	100.00%

	Percentage of Employees received regular performance and career development reviews, by gender		
	Entry-Level %	Mid-Level %	Senior-to-Executive Level %
2021	100.00%	100.00%	100.00%
2022	100.00%	100.00%	100.00%
2023	100.00%	100.00%	100.00%

DIVERSITY, EQUITY & INCLUSION

Diversity, Equity, and Inclusion (DEI) are important pillars for a modern airline striving for success in a globalized world. By embracing these principles, we can better understand and serve our diverse customer base who hail from all corners of the globe. More than half the world's nations are represented among the Air Arabia workforce which comprised of 110 nationalities as of 2023.

Moreover, a diverse workforce brings a rich blend of perspectives, experiences, and talents that can enhance innovative thinking that drives company success. We have found that it also improves employee engagement and retention which helps to ultimately drive sustainable growth and profitability in an evolving industry landscape. Air Arabia has fostered a culture where every individual feels valued, respected, and empowered to contribute their best.

When it comes to recruitment and employment practices, Air Arabia has a strict no discrimination policy and provides equal opportunity regardless of gender, nationality, race, ethnicity, religion, marital status, or other. The company has had no incidences of discrimination over the past three years.

The company is committed to selecting the most qualified person for each role and provides a level playing field for all employees regardless of their background. We also have a strict no harassment policy and employees with grievances can approach the management through our open door to raise their concerns which will be addressed through a grievance procedure.

All related policies and procedures are detailed in Air Arabia's comprehensive Employee Handbook.

	TOTAL EMPLOYEES BY JOB CATEGORY AND BY GENDER					
	Entry-Level		Mid-Level		Senior-to-Executive Level	
	Female	Male	Female	Male	Female	Male
2021	49.02%	50.98%	11.94%	88.06%	6.02%	93.98%
2022	52.11%	47.89%	11.86%	88.14%	4.52%	95.48%
2023	52.28%	47.72%	11.13%	88.87%	4.31%	95.69%

| | TOTAL EMPLOYEES BY JOB CATEGORY AND BY AGE GROUP | | | | | | | | |
| | Entry-Level | | | Mid-Level | | | Senior-to-Executive Level | | |
	Below 30 years old	Between 30-50 years old	Over 50 years old	Below 30 years old	Between 30-50 years old	Over 50 years old	Below 30 years old	Between 30-50 years old	Over 50 years old
2021	37.73%	59.96%	2.31%	18.85%	71.94%	9.21%	3.94%	55.32%	40.74%
2022	47.31%	51.20%	1.49%	72.10%	19.76%	8.14%	58.38%	3.39%	38.23%
2023	38.52%	60.38%	1.10%	71.46%	21.15%	7.39%	62.35%	2.99%	34.66%

	Total Number of Nationalities
2021	94
2022	110
2023	110

	Total number of incidents of discrimination
2021	Nil
2022	Nil
2023	Nil

EMPLOYEE HEALTH & SAFETY AND WELLBEING

Ensuring the health, safety, and wellbeing of employees is fundamental to maintaining operational efficiency, customer satisfaction, and overall organizational success. Critically for an airline, prioritizing employee health and safety can also reduce the risk of accidents and injuries.

By investing in comprehensive health and safety programs, we foster a culture of trust and enhance employee morale, productivity, and retention. Healthy and well-supported employees are better equipped to deliver exceptional service to passengers, ultimately contributing to the airline's reputation and competitiveness in the market.

All crew members (pilots, cabin crew) and technical staff undergo safety awareness training programs, as mandated by the regulatory authority. All employees engaged in safety sensitive roles are provided with specific training, including on equipment handling and personal protection equipment (PPE). Other staff have attended general health & safety awareness sessions and wellbeing programs. Air Arabia has an impeccable workplace safety record and has seen no related work-related injuries in the past three years.

Additionally, the Group inaugurated the Air Arabia Medical Center, which is a fully equipped and manned medical facility at Air Arabia Headquarters dedicated look after the well being of staff.

	Number of Fatalities as a Result of Work-Related Ill Health
2021	0
2022	0
2023	0

UPLIFTING COMMUNITIES

(GRI 202-2, GRI 204-1, GRI308-1, GRI414-1, GRI 413-1, S11, S12, G5)

Air Arabia is not only committed to providing affordable air travel but is also dedicated to uplifting the lives of those who are less fortunate. Meeting the social needs of local and international communities has been a key part of the company's evolution.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

To this end, we have implemented a corporate social responsibility (CSR) program with an emphasis on providing better education and healthcare for underprivileged communities. We also have a partnership with Sharjah Humanitarian City to help disabled persons who are flying with the airline and to assist them at airports.

CHARITY CLOUD

Air Arabia's groundbreaking corporate social responsibility (CSR) initiative 'Charity Cloud' is dedicated to fostering sustainable education and healthcare initiatives for disadvantaged communities worldwide.

Founded in 2007 in collaboration with Sharjah Charity International, Charity Cloud has positively impacted the lives of countless individuals in need across hundreds of charitable projects and initiatives in 18 developing countries such as Bangladesh, India, Nepal, Turkey, Egypt, Sudan, Sri Lanka, Yemen, and more. The Charity Cloud program has achieved international recognition and won awards for the positive impact it has had on the lives of children and community members.

For Air Arabia, supporting communities within the global network in which it operates is a vital part of the company's ethos. Through their contributions, Air Arabia's passengers have become active partners in making a positive difference to the world we live in.

Over 120,000 patients have received medical treatment across the initiative's clinics and currently each year we cater to over 30,000 patients and offer educational opportunities to more than 10,000 students, making a meaningful impact on the lives of those in need.

THE PROJECTS OF CHARITY CLOUD IN DIFFERENT PART OF THE WORLD, INCLUDE:

1	**Sudan** **Project:** Charity Cloud Clinic	Located in Jallaf area of Sudan, it is the first free medical clinic made available to support the local community. Jallaf is a desert area about 450 km away from the capital, Khartoum, and has a population of over 20,000. The clinic, which is constantly being upgraded to provide better facilities, currently include an operation and examination room, maternity room as well as a fully equipped laboratory and pharmacy. The clinic welcomes around 4000 patients yearly and provided several types of medical treatment for health matters such malaria, birth, burn, simple surgeries and full body checkups.
2	**Sri Lanka** **Project:** Charity Cloud School	Located in Warkabola area in Sri Lanka. The Charity Cloud committee donated an initial sum of US$61,000 to extend an existing school, providing learners with better education facilities. The results were a completion of new Charity Cloud School facility that hosts over 400 students, and offer quality education to the local community in Sri Lanka.
3	**Nepal** **Project:** Charity Cloud School	Full renovation of the Shree Shagyodaya Secondary School in Kathmandu, Nepal in 2008. Additionally, a pump and containers were erected to supply water to the school.
4	**India** **Project:** Charity Cloud School	Located in the Trissur district of Kerala, India, Charity Cloud School is the company's first community school project in India. The school offers quality education to children from the underprivileged sections of society and hosts over 300 students.
5	**Yemen** **Project:** Charity Cloud Clinic	Located in Dar Sudan Village. The clinic hosts and provides upgraded facilities, such as operations and examination room, maternity room as well as a fully equipped laboratory and pharmacy. It will also include housing for the medical team operating in the clinic. Hundreds of patients and children are provided with routine checks and seasonal vaccinations every year. The clinic boats a stellar group of professionals who are committed to helping others including two dedicated doctors who work round the clock trying to better lives.

6	**Sri Lanka** **Project:** Charity Cloud Clinic	Establishment of a remote medical clinic offering medical assistance across Sri Lanka complementing the existing Charity Cloud School in Warkapola. The clinic has a dedicated team with one doctor and at least two nurses available 24/7. It has helped more than 32,000 patients since its inception and provided several types of medical treatment.
7	**Sri Lanka** **Project:** Medical Center	Charity Cloud has founded a medical center with the capacity to treat 4,000 patients a year.
8	**Egypt** **Project:** Dialysis Center	Charity Cloud equipped its dialysis center with the latest technology and necessary equipment to operate the center.
9	**Sri Lanka** **Project:** Charity Cloud Clinic	Located in Botalam, Sri Lanka. The clinic which was inaugurated in association with Serendib Foundation will offer medical aid to over 50,000 patients a year. The new clinic includes 2 doctors and 4 nurses as well as state of the art medical facilities to those who need continuous medical care.
10	**Turkey** **Project:** Autistic Children Training Center	Charity Cloud Initiative took up the project of modernizing the Kagithane Autistic training center in Istanbul, Turkey. Around 100 students are benefiting from these services whereby the center is provided with stationary materials, desks, chairs, computers, musical instruments, educative materials, toys and many more.
11	**Kenya** **Project:** Charity Cloud Clinic	Charity cloud has established its first maternity clinic in Kenya.

12		
	Bangladesh **Project:** Charity Cloud Clinic	Located in Jessore, Charity Cloud has built new children's clinic.
13	**Bangladesh** **Project:** Charity Cloud Vocational Training Center	Charity Cloud established educational training Center in Bangladesh.
14	**Bangladesh** **Project:** Charity Cloud School	Charity Cloud has established nine fully equipped classrooms in Bangladesh including full year salaries for orphans and children in need.
15	**Kenya** **Project:** Charity Cloud School	Charity Cloud initiated a school in Kenya that accepts around 350 students.
16	**India** **Project:** Charity Cloud School	Charity Cloud built a school in Rajasthan in India.
17	**Egypt** **Project:** Charity Cloud Clinic	Located in Swhaj, Charity Cloud has built a full operational new clinic in Egypt.

18	**Pakistan** **Project:** Charity Cloud Clinic	Charity Cloud has opened a pediatric department to treat children in Sakro Karachi, Pakistan
19	**Kenya** **Project:** Charity Cloud Hospital	Charity Cloud has established a maternity hospital in Kenya
20	**Bangladesh** **Project:** Charity Cloud School and School Uniform initiative	Charity Cloud established a school in Bangladesh during 2022, and during the month of August, charity cloud provided school uniform for kids to get ready for the start of the semester.
21	**Nepal** **Project:** Charity Cloud Wheelchair support	Charity Cloud provided wheelchairs for disabled kids and elderly people in 2022
22	**Bangladesh** **Project:** Kids Playground	Charity Cloud established a playground for kids in Bangladesh in 2022
23	**Bangladesh** **Project:** Hospitals	Charity cloud established hospitals across Bangladesh in 2022, for blood donations, ophthalmologist, and general examinations for kids and family.

In 2023, two new medical clinics were established in Egypt and Tajikistan, joining the 15 schools and clinics that Charity Cloud currently runs across 12 countries.

DONATIONS

Air Arabia provides special envelopes in seat pockets on all our flights so that passengers can make charitable contributions at their discretion. Donations are gathered and allocated to health and education projects that we support in impoverished regions around the world. We are transparent about the financial contributions we gather from customers, how funds are allocated, and the impact that charitable donations generate.

	Total Amount in AED '000 Invested in the Community
2021	690
2022	784
2023	982

CSR INITIATIVES IN 2023

- Two medical clinics established in Egypt and Tajikistan under the 'Charity Cloud' CSR initiative.
- Breast cancer awareness campaign: Hosted the Pink Caravan at our head office in Sharjah to offer complimentary examinations for all female staff.
- Towards a Greener Future Initiative: Air Arabia organized a mangrove planting day at the Al Zorah Nature Reserve in the Emirate of Ajman. Fifty mangroves were planted over a two square kilometer area of wetland. Each tree is estimated to remove more than 12kg per year of carbon dioxide from the atmosphere.
- Turkey and Syria donations: Air Arabia staff in Sharjah united to gather canned food, clothing, and other donations for people affected by the earthquake in Turkey and Syria.
- Fly Jinnah hosted a girl suffering from a blood disorder, dressed in a cabin crew uniform on a Fly Jinnah flight from Karachi to Lahore, Pakistan.

EMIRATIZATION

Air Arabia recognizes our responsibility to contribute to the development of the UAE by providing good jobs for local communities. We firmly believe that UAE Nationals can offer an invaluable contribution to our organization.

We provide a range of comprehensive development initiatives tailored to individuals at every stage of their career. From nurturing emerging talent to guiding seasoned professionals towards executive roles, we are dedicated to cultivating the next wave of leaders in our community.

Our mission is to identify the most promising talents and support individuals with passion and dedication to excel in their roles. Through continuous and rigorous training programs, we aim to forge a pool of highly motivated and skilled professionals ready to make their mark.

To attract younger Emirati recruits Air Arabia participates in careers fairs organized by the Ministry of Human Resources and Emiratisation (MoHRE) and has ties with various educational institutes. Air Arabia also launched the Alif Program which aims to recruit, develop, and retain more young and talented UAE nationals for Technical, Operational & Support function roles.

As a result of its Emiratization recruitment drive, Air Arabia has seen considerable success recruiting young Emirati candidates for entry level roles. Ten out of the 35 UAE Nationals working at the company are entry-level employees compared to four in 2022 and none in 2021. In 2023, almost 30% of the UAE Nationals employed at Air Arabia were women compared to just over 10% in 2021, representing a substantial increase.

	Number of UAE Nationals			
	Female	Male	Female %	Male %
2021	2	17	10.53%	89.47%
2022	7	19	26.92%	73.08%
2023	10	25	28.57%	71.43%

	Number of UAE Nationals					
	Entry-Level	Mid-Level	Senior-to-Executive Level	Entry-Level %	Mid-Level %	Senior-to-Executive Level %
2021	N/A	8	11	N/A	42.11%	57.89%
2022	4	12	10	15.38%	46.15%	38.46%
2023	10	15	10	28.57%	42.86%	28.57%

	Emiratization Rate
2021	2.4%
2022	2.2%
2023	2.3%

RESPONSIBLE PROCUREMENT

Air Arabia considers not only the cost and quality of products we purchase but also their social, environmental, and ethical impacts throughout their lifecycle. In 2023, the airline announced a significant step towards sustainability by introducing biodegradable and recyclable cutlery and packaging on all its flights effective from 1 November, 2023. Earlier in the year, Air Arabia introduced rPET 100% recyclable water bottles on board its flights.

Preference is given to local and lower lead distance solution providers to reduce operational risk and lower inventory build-up. Around three fifths of our suppliers are locally based.

	2021	2022	2023
Total number of suppliers engaged	304	399	422
Total number of local suppliers engaged	181	231	254
Percentage of local suppliers hired	59.54%	57.89%	60.19%
Total procurement spending (AED m)	37	152	277
Procurement spending on local suppliers (AED m)	13	26	19
Percentage of spending on local suppliers (%)	35.88%	17.07%	6.91%

The procurement expenditure consists of 15% allocated to general procurement, which is distributed among hubs, and 85% dedicated to technical procurement, managed centrally.

Air Arabia ensures effective ESG integration in supplier selection through a multi-faceted evaluation based on Total Cost of Ownership (TCO). This considers direct and indirect environmental, social, and governance factors. Our Supplier Portal integrates ESG requirements and pre-qualification processes utilize assessments. All procurement and contracting processes are digital to save paper.

We employ specific criteria for different products. For example, Air Arabia restores used tires, retreading them to improve grip, fuel efficiency, extend usable life and overall durability. When the tire has reached the end of its lifecycle we return it to the manufacturer.

Embedding ESG considerations in our procurement processes helps to reduce risks, enhance transparency, and promote sustainable, responsible practices in the supply chain. This requires the procurement team to be involved at the early stage of the process to define requirements and ensure sufficient time is spent on assessing various factors including resource efficiency, sustainable product adoption, and derive full economic benefits. A supplier performance assessment helps to identify the opportunity areas to improve ESG factors in our procurement processes.

We are in continuous dialogue with our key suppliers to explore new solutions that enhance the ESG program. We participate in industry events and conferences where we can connect with suppliers and learn about new technologies and best practices. As an example, Air Arabia is evaluating, along with other airlines in the country, ways to expand our use of Sustainable Aviation Fuel (SAF).

We have various channels for interacting with our suppliers and frequently arrange face-to-face meetings to discuss their needs and concerns. We provide various channels for suppliers to submit feedback, such as email, surveys, and a dedicated supplier portal. We are working on a formal plan to further strengthen our supplier engagement activities. We are also currently working on a new supplier code of conduct and supplier portal which we expect to introduce in 2025.

A FLIGHTPATH FOR ENVIRONMENTAL SUSTAINABILITY

(GRI 302-1, GRI 302-2, GRI 302-3, GRI 303-5, GRI 305-1, GRI 305-2, GRI 305-3, GRI 305-4, GRI 306-3, E1, E2, E3, E4, E5, E6, E7, E8. E9, E10)

As a leading regional airline, Air Arabia acknowledges our responsibility to minimize our environmental footprint, in line with UAE government sustainability initiatives, including the commitment to addressing climate change.

More and more customers are concerned about their environmental footprint and want to know that their airline of choice is taking action to mitigate its impact. Air Arabia is doing this by implementing innovative strategies such as investing in fuel-efficient aircraft, optimizing flight routes to reduce emissions, and integrating renewable energy sources into our operations, including Sustainable Aviation Fuels (SAF).

GHG EMISSIONS

The aviation industry is a significant contributor to global emissions, and as environmental concerns grow, there is mounting pressure for companies to mitigate their carbon footprint. By effectively managing GHG emissions, we can demonstrate our commitment to sustainability, enhance our reputation and appeal to environmentally conscious consumers.

Moreover, regulatory bodies are increasingly implementing emissions reduction targets and carbon pricing mechanisms, making it imperative for airlines to proactively manage their emissions to pre-empt future regulations.

Finally, managing GHG emissions can also lead to significant cost savings through increased fuel efficiency and operational optimization. By managing these issues, we can address environmental concerns, comply with regulations, and improve operational efficiency, ultimately ensuring long-term sustainability and competitiveness in the industry.

Energy Consumption* (GJ)	Fuel Consumption		2023
		Petrol	46.55
		Diesel	814.33
	Electricity Consumption		31,703.27
Total Direct Energy Consumption			860.88
Total Indirect Energy Consumption			31,703.27
Total Energy Consumption			32,564.15

*Data for electricity, petrol and diesel consumption covers Air Arabia's headquarters, offices, a Hanger and a Simulator that is located in Sharjah.

TOTAL EMISSIONS (tCO2e)**	2023
Scope 1 (Fuel Consumption)	63.92
Scope 2 (Electricity Consumption)	3,553.41
Scope 3 (Purchased Goods & Services (water-related only) and Waste generated in operations)	191.98
Total Emissions	3,809.31

 **Data for Scope 1, 2 and 3 covers Air Arabia's headquarters, offices, a Hanger and a Simulator that is located in Sharjah

FLEET OPTIMIZATION

In response to the urgent global challenge of climate change, Air Arabia has integrated climate change goals into our operational framework. This commitment is most evident in our strategic acquisition approach aimed at increasing operational efficiency and maintaining a modern fleet. We are continuing to add both modern Airbus 320 and Airbus 321 neo LR models, to our fleet ensuring an average aircraft age of just four years. This strategic move is aimed at mitigating unwanted emissions and fostering environmental responsibility.

We continually seek opportunities to enhance operational practices that can significantly reduce fuel consumption and, consequently, emissions throughout the lifecycle of our aircraft. By adopting a fleet strategy focused on newer aircraft, we not only prioritize emissions reduction but also benefit from enhanced fuel efficiency and reduced maintenance costs, leading to overall greater efficiency and sustainability.

Air Arabia's operation has been rapidly expanding in recent years, with new aircraft added to the fleet and many new routes added to our network. As a result, total jet fuel consumption and emissions have risen in lockstep with our expansion.

	Jet Fuel Energy Consumption [GJ]						Total Jet Fuel Energy Consumption [GJ]
	Sharjah	Armenia	Abu Dhabi	Pakistan	Morocco	Cairo	
2021	12,233,176.39	0.00	994,506.03	0.00	2,490,808.45	1,168,734.24	16,887,225.11
2022	19,824,456.63	206,654.50	2,051,556.23	105,090.92	3,379,937.48	1,823,422.92	27,391,118.68
2023	22,315,366.47	803,929.08	5,179,067.80	840,758.57	3,652,694.20	1,818,995.43	34,610,811.55

	Scope 1 Emissions (Fuel Consumption) [tCO2e]*						Total Emissions [tCO2e]
	Sharjah	Armenia	Abu Dhabi	Pakistan	Morocco	Cairo	
2021	876,484.00	0.00	100,959.00	0.00	199,479.00	84,270.00	1,261,192.00
2022	1,453,890.00	14,969.08	273,095.00	7,612.29	277,625.00	93,062.00	2,120,253.37
2023	1,755,616.00	58,170.11	406,700.00	60,834.99	350,176.00	137,533.00	2,769,030.10

*The emissions for Sharjah, Abu Dhabi, Morocco, and Cairo hubs are derived from CORSIA verified emission reports, whereas for the Armenia and Pakistan hubs, they are based on jet fuel consumption data.

OPERATIONAL EFFICIENCY

Air Arabia implements innovative measures to optimize fuel consumption, such as employing more efficient procedures and implementing weight reduction initiatives. These initiatives range from engine maintenance to the development of streamlined arrival and departure protocols, such as taxiing with a single engine and collaborating with airports and air navigation service providers on 'green departures.'

Recognizing that even minor weight reductions can lead to substantial fuel savings, we meticulously evaluate and optimize the weight of various items carried on board, including food service equipment, seats, carpets, and water loads.

We also leverage advanced navigation technologies to optimize flight trajectories, particularly for airports situated in challenging areas where overflight of populated regions must be minimized. Demonstrating our commitment to the ICAO and Regional measures under the Block upgrades and Global Air Navigation Plan initiatives we continuously work with local airports, Air Navigation Service Provider (ANSP), and regional bodies to identify and achieve mileage reductions which directly contribute to lower fuel consumption and CO2 emissions.

By refining these flightpath strategies, substantial savings in fuel consumption and CO2 emissions can be achieved, alongside a notable reduction in the noise footprint generated by aircraft around airport vicinities.Through these concerted efforts, Air Arabia remains committed to leading the aviation industry towards a more sustainable future, where environmental stewardship and operational efficiency go hand in hand.

SUSTAINABLE AVIATION FUEL (SAF)

Sustainable Aviation Fuel (SAF) represents a groundbreaking opportunity to revolutionize the aviation industry's environmental impact. Derived from renewable feedstocks, SAF boasts a chemistry akin to traditional fossil jet fuel while significantly reducing carbon emissions.

Air Arabia is in active discussions with suppliers to uplift SAF and the airline is currently working towards its introduction in 2025.

Despite its promising potential, the integration of SAF into airline operations poses significant challenges, primarily centered around cost, availability, and technology. Currently, SAF remains more expensive than traditional jet fuel due to limited feedstock availability and nascent production technologies. However, as technology advances and economies of scale are achieved, the cost of SAF is expected to decrease, paving the way for more widespread adoption.

Realizing the full potential of SAF will require collaboration between various stakeholders – public and private – across sectors including airlines, aircraft manufacturers, governments, and sustainable finance to address the persistent challenges of cost and supply. Air Arabia remains committed to embracing cutting-edge technologies and fuel efficiency techniques. As the development of SAF progresses, we are intent on exploring its potential to reduce our GHG emissions.

ENERGY USAGE

Aviation fuel costs constitute a significant portion of our operating expenses, making efficient energy management crucial for maintaining profitability. This is especially the case as oil prices can be volatile. In addition, optimizing energy usage is a crucial step towards reducing our carbon emissions and putting us on a more sustainable footing.

Moreover, efficient energy management enhances operational reliability in case of fuel shortages, disruptions, and mitigating the risk of higher prices. By implementing energy-efficient practices and managing associated costs, it gives us room to offer more competitive ticket prices.

Our various approaches to using fuel efficiently are highlighted in the above section on GHG emissions. In addition, in November 2023 Air Arabia reached a significant milestone in its ongoing quest to enhance its fleet operations and improve fuel efficiency, announcing an order for 240 CFM LEAP-1A engines to power the 120 Airbus A320 family aircraft that are scheduled to start joining our fleet in 2025. The advanced CFM LEAP engine family provides 15 to 20% better fuel consumption and lower CO_2 emissions compared to earlier generation CFM engines.

INITIATIVE: FUEL EFFICIENCY SOLUTION

Air Arabia uses a dedicated fuel management solution to track fuel consumption on each flight. The system tracks fuel efficiency across the entire fleet including all hubs and raises the flight crew's awareness of fuel consumption.

Supported by detailed KPIs and an analytics dashboard, the system monitors progress and communicates feedback to all relevant stakeholders including executives, pilots, and dispatchers. Pilots can compare their performance to best practice taking into account that conditions vary on each flight based on factors such as payload, arrival altitude and speed, actual flown trajectory, winds, etc.

OUTCOMES & ACHIEVEMENTS

Air Arabia has 12 active fuel initiatives which, when combined with Airbus standard operating procedures (SOPs) have contributed a saving of 8,478,208 kg of Fuel.

WATER MANAGEMENT

Water is indispensable in the aviation industry, from serving as a crucial component in aircraft systems to providing potable water for passengers and crew. Failure to manage water appropriately could lead to operational disruptions and compromise the overall passenger experience.

Our level of usage has an environmental impact as well as cost implications, so we strive to consume this precious resource efficiently and adopt sustainable water management practices to minimize our environmental footprint.

Effective water management involves rigorous processes for sourcing, storing, distributing, and treating water to meet stringent quality and safety standards set by regulatory authorities.

WASTE MANAGEMENT

Airlines can generate significant amounts of waste ranging from in-flight disposables to ground operations refuse. Implementing robust waste management strategies not only reduces the environmental footprint of air travel but also demonstrates our commitment to sustainability.

Initiatives to reduce, segregate, and recycle waste are critical components of Air Arabia's responsible waste management program, which allows us to mitigate our environmental impact, promote circular economy principles, and contribute positively to sustainability goals.

Within the maintenance department, a certified third-party company collects used oil from the site. For scrap parts, another certified third-party company collects it for recycling.

RECYCLING

In 2015, Air Arabia signed a memorandum of understanding (MOU) with Bee'ah, Sharjah's leading environmental management company. A key aspect of this collaboration is the implementation of recycling initiatives.

Bee'ah provides recycling containers at Air Arabia's headquarters to encourage employees to recycle

paper, cardboard, glass, cans, plastic, and other materials. The waste management company also manages the collection and recycling of industrial waste generated at Air Arabia's maintenance hangar, ensuring adherence to environmental regulations and standards.

To further promote recycling and incentivize participation among staff, we installed reverse vending machines (RVMs) at our head office. These machines reward recyclers with money or other incentives based on the quantity of bottles or cans returned. This initiative not only encourages recycling but also raises awareness about the importance of waste reduction and reuse.

In addition to these efforts, Air Arabia has taken steps to recycle various materials used in its operations, including old crew uniforms, cardboard, paper trays, and cooking oil from flights. Moreover, the airline promotes sustainability in its staff restaurant by using reusable cutlery, plates, and cups made from environmentally friendly materials.

Overall, Air Arabia's collaboration with Bee'ah underscores its commitment to environmental responsibility and sustainable practices. By implementing recycling initiatives, managing waste effectively, and promoting eco-friendly alternatives, Air Arabia aims to contribute to a greener and more prosperous future for Sharjah and beyond.

GOING PAPERLESS

MAINTENACE OPERATIONS

Air Arabia has implemented a paperless system in aircraft maintenance operations to reduce costs, improve record keeping efficiency, and generate environmental sustainability benefits.

The objective of the initiative was to analyze the transition from a paper-based maintenance process to a paperless system, including the integration of digital tools such as the Electronic Tech Log book and base Maintenance, Repair, Overhaul (MRO) system.

The reduction in manual paperwork requirements is designed to achieve efficiency gains by maintenance personnel, enabling them to dedicate more time to essential aircraft maintenance tasks.

OUTCOMES AND IMPACT

The implementation of a paperless maintenance system delivers tangible benefits in terms of increased efficiency, cost savings, space optimization, environmental sustainability, and enhanced compliance and record management. These outcomes contribute to the organization's operational effectiveness and long-term viability in the aviation maintenance industry.

DIRECT SAVINGS

Reallocated Engineer Hours: Approximately 43 hours of manual work previously dedicated to printing, stamping, and archiving maintenance task cards and work orders will be reallocated to aircraft maintenance activities, translating into a significant increase in productive time spent on critical tasks.

Cost Reduction in Paper/Printing Consumption: By transitioning to a paperless maintenance system, the cost of paper and printing consumption is expected to reduce by 50%. This reduction in expenses amounts to approximately AED 100,000 per year, contributing to overall cost savings for the organization.

Space Savings: The elimination of physical storage requirements for archived paper documents results in additional space savings. This not only optimizes storage capacity but also reduces associated costs related to physical archiving facilities or off-site storage solutions.

INCREASED EFFICIENCY

The reallocation of 43 hours of manual work previously spent on paperwork directly enhances the efficiency of maintenance personnel. This additional time can be dedicated to performing essential aircraft maintenance tasks, leading to improved operational efficiency and faster turnaround times for maintenance activities.

ENVIRONMENTAL IMPACT

The adoption of a paperless maintenance system aligns with sustainability initiatives aimed at reducing environmental impact. By minimizing paper consumption and associated waste, the organization demonstrates a commitment to environmental responsibility and contributes to the preservation of natural resources.

ENHANCED COMPLIANCE AND RECORD MANAGEMENT

The transition to digital records management ensures the accuracy, accessibility, and integrity of maintenance records. With the automatic archiving of digital records in a structured manner, the organization is better equipped to meet regulatory requirements and streamline audit processes. This improves compliance and reduces the risk of errors or missing records.

FLIGHT OPERATIONS – ELECTRONIC FLIGHT BAG (EFB)

Historically, pilot documentation used a paper-based approach for every flight. This included everything from the flight plan and briefing pack used to detail the weather and route through to the charts and manuals onboard. The flight briefing package alone could exceed 50 pages and the charts and manuals onboard the aircraft weighed more than 25kgs and required a complex logistics process to ensure they were always up to date.

The Electronic Flight Bag (EFB) journey started in 2016 and transitioned to a new technology in 2022. Air Arabia decided to move away from a paper-based approach and initiated the process with the required Civil Aviation Authorities to gain approval. Over time, this has moved items such as charts, manuals, and performance calculations away from paper and into electronic form. Importantly, the way of working has also been adapted. It was not simply a case of taking what was done on paper and making it digital, but it also included improving the efficiency of the process.

NOISE POLLUTION

Excessive aircraft noise can have detrimental effects on the surrounding communities, impacting the health and well-being of residents living near airports, contributing to stress and sleep disturbances. In turn, this can lead to complaints and raises the risk of regulatory restrictions on flight operations.

Addressing these impacts and averting potential consequences is critical for an airline. We want to maintain good relations with local communities while fostering a positive public image, as these are important factors that contribute to the long-term sustainability of our operations.

We prioritize the implementation of sound mitigation measures, such as investing in quieter aircraft technologies, optimizing flight paths, and adhering to noise abatement procedures, to mitigate the adverse effects of noise pollution and ensure a harmonious relationship with the communities we serve.

Air Arabia is 100% ICAO Chapter 4 compliant on noise across our fleet and follows the two standards for noise abatement flight profile techniques when published by airports.

In November 2023, Air Arabia placed an order for 240 CFM LEAP-1A engines to power the 120 Airbus A320 family aircraft that are scheduled to start joining our fleet in 2025. The advanced CFM LEAP engines not only offer better fuel efficiency than previous iterations but also provide significant reductions in noise levels during the approach and landing phases.

CLIMATE RISKS & IMPACT

Air Arabia is conscious of the need to manage climate risks and impacts as a key pillar of our approach to sustainability and maintaining the long-term viability of our business.

The Group has an ESG (Environmental, Social, and Governance) committee responsible for managing climate-related risks and opportunities. This committee oversees ESG matters across all AOCs (Air Operator's Certificates) within the group, monitors regulatory standards, calculates internal emissions, and validates them through third-party verification. It ensures compliance with regulations and industry best practices while integrating climate considerations into decision-making processes.

The company has a policy that addresses climate-related risks and opportunities. This policy outlines the Group's commitment to environmental sustainability and its approach to managing climate impacts across its operations. It includes measures to mitigate emissions, enhance energy efficiency and minimize environmental footprint.

We have identified the following potential climate-related risks that we must manage in order to mitigate the impact on our business:

Operational Disruptions: Climate-related events such as extreme weather patterns, hurricanes, heatwaves, and storms can disrupt airline operations. These disruptions can lead to flight delays, cancellations, and diversions, causing inconvenience to passengers, operational inefficiencies, and financial losses.

Safety Concerns: Climate-related hazards pose safety risks for airlines, their staff, and passengers, and surrounding communities. Adverse weather conditions can compromise the safety of flights, leading to accidents or incidents. Managing climate risks helps airlines mitigate these safety concerns by ensuring appropriate precautions and protocols are in place.

Infrastructure Vulnerability: Airports, runways, and other aviation infrastructure are vulnerable to climate-related impacts such as a rise in sea-levels, flooding, and extreme temperatures. Effective management of climate risks involves assessing and strengthening infrastructure to withstand these impacts, ensuring the continuity of operations.

Financial Implications: Climate-related events can result in significant financial losses for airlines. These losses may stem from canceled flights, damage to aircraft, increased insurance premiums, and litigation costs. Managing climate risks enables airlines to minimize financial vulnerabilities and enhance their resilience to external shocks.

Regulatory Compliance: Governments and regulatory bodies are increasingly focusing on climate change mitigation and adaptation measures in the aviation sector. Airlines are required to comply with regulations related to emissions reduction, carbon pricing, and environmental reporting. Proactively managing climate risks helps airlines meet regulatory requirements and avoid potential penalties.

Reputation and Brand Image: Climate-related incidents can impact an airline's reputation and brand image. Poor management of climate risks may lead to negative publicity, customer dissatisfaction, and loss of trust among stakeholders. Conversely, demonstrating a commitment to sustainability and responsible environmental stewardship can enhance the reputation and competitiveness of an airline.

Long-Term Sustainability: Climate change poses long-term challenges to the aviation industry, including rising temperatures, changing weather patterns, and shifting customer preferences towards environmentally friendly travel options. By managing climate risks and adopting sustainable practices, airlines can position themselves for long-term viability and resilience in a rapidly evolving operating environment.

Measures Air Arabia has implemented to manage the climate risks include:

- Maintaining a young, advanced, fuel-efficient fleet
- Implementing fuel-saving operational techniques
- Optimizing ground transportation planning
- Incorporating technology and innovation to reduce aircraft noise and emission, including investing in more modern, quieter engines
- Developing operational procedures for the overall air quality
- Recycling from offices, operational facilities, and staff accommodation
- Comprehensive waste management processes and compliance with regulations
- Designing solutions to reduce plastic use and other waste from inflight service

To continue evolving in this space, Air Arabia remains committed to ongoing innovation and collaboration. We intend to leverage emerging technologies and industry best practices to further reduce our environmental footprint while enhancing operational efficiency. Additionally, we will continue to engage with stakeholders, set ambitious targets, and regularly monitor our progress to ensure that we meet our sustainability objectives.

❯ RESPONSIBLE BUSINESS PRACTICES – NAVIGATING A STEADY COURSE

(GRI 2-9, GRI 2-10, GRI 2-11, GRI 2-15, GRI 2-16, GRI 2-17, GRI 2-18, GRI 2-19, GRI 2-20, GRI 2-21, GRI 2-23, GRI 2-24, GRI 2-25, GRI 2-26, GRI 2-27, GRI 205-1, GRI 205-2, GRI 205-3, S1, S9, S10, G1, G2, G3, G6)

Effective corporate governance mechanisms safeguard shareholder interests and foster trust among all stakeholders, playing a pivotal role in ensuring transparency, accountability, and ethical conduct within the organization. Moreover, robust governance practices mitigate risks, enhance decision-making processes, and ultimately contribute to the overall stability and resilience of the business.

Air Arabia is a keen advocate of corporate governance and we have built a robust framework of structures, policies, processes and procedures to ensure responsible stewardship of the company.

The following provides a broad overview of our corporate governance structures. For a more in-depth account, please refer to our 2023 Corporate Governance Report.

Details of all corporate governance structures are contained in Air Arabia's corporate governance manual which contains the following:

- Shareholder Communication Statement
- Code of Ethics and Conduct
- Share Dealing Policy
- Whistle Blowing Policy
- Corporate Social & Environmental Responsibility
- Dividends Policy

The full manual is available to all employees on Air Arabia's intranet.

BOARD OF DIRECTORS

Air Arabia's Board of Directors oversees the strategic direction and overall management and financial wellbeing of the Group, ultimately working to ensure the long-term success and sustainability of the organization.

The Board provides guidance and support to the CEO and senior management team while representing the interests of shareholders and stakeholders.

The Board provides guidance and support to the Group Chief Executive Officer and senior management team while representing the interests of shareholders and stakeholders.

BOARD MEMBERS

Sheikh Abdullah Bin Mohammed Al Thani - Chairman of the Board
Adel Abdullah Al Ali - Executive member
Sheikh Mohammed Bin Abdullah Al Thani - Independent member
Sheikh Khalid Bin Issam Al Qassimi - Independent member
Waleed Ibrahim Al Sayegh - Independent member
Matar Al Blooshi - Independent member
Dr. Ohoud Ali Shuhail - Independent member

BOARD COMMITTEES

Air Arabia's Board of Directors is supported in its responsibilities by four Board committees that oversee key areas of the business.

AUDIT COMMITTEE

Comprised of three Board members, the Audit Committee has, among other important duties, the task of reviewing and auditing the financial statements, deciding on internal control and audit measures and policies, and ensuring whistle blowing policies are in place. Furthermore, the Board has also assigned the responsibility of Risk Management to the audit committee.

NOMINATIONS AND REMUNERATION COMMITTEE

This committee is composed of three members and has the primary task of nominating suitable candidates for positions within the company's Board of Directors, executive management, or other important roles, and determining fair and appropriate compensation packages for Board members. By carefully selecting qualified candidates and establishing equitable remuneration structures, the committee helps foster a culture of accountability, integrity, and alignment of interests between management, shareholders, and other stakeholders.

INTERNAL TRADING SUPERVISION COMMITTEE

This committee covers the rules and regulations of insider trading. It also states the necessity to identify the traders' insider status to the broker to take the necessary approvals from the authorities. The role of supervising insider trading is assigned to the audit committee.

INVESTMENTS COMMITTEE

The Investment Committee oversees corporate investments, and provides guidance, consultancy and review of investment proposals, studies, and instruments to support the executive management.

INTERNAL CONTROL SYSTEM

Air Arabia's Internal Control System functions as an integrated framework, establishing procedures while overseeing their implementation across the Group's operations. This system ensures the Group's effective performance and enhances risk management and internal control mechanisms. It evaluates adherence to policies and procedures, safeguards assets, and promotes the economical and efficient utilization of resources. The Board recognizes its accountability for the internal control system within the company and ensures periodic reviews to gauge its effectiveness.

INTERNAL CONTROL DEPARTMENT

The primary function of the Internal Control Department is to assess and enhance the efficiency of control mechanisms, governance processes, and risk management procedures within Air Arabia. The department supports the company's Management and Board of Directors and facilitates the effective discharge of their duties. This involves conducting impartial assessments, offering consultancy services, conducting investigations, evaluations, and providing recom-mendations and feedback on various areas and operations. Additionally, the department offers advice and counsel to senior management. Its purview extends to all companies in the group.

The department conducts Group-wide audit programs to protect corporate assets and is responsible for ensuring the integrity of information and compliance with company policies, procedures and regulations, among other duties.

PRIVACY & DATA SECURITY

Air Arabia respects the privacy of its customers and has all necessary systems and protocols in place to protect the integrity of our databases from any unauthorized usage or data leakage.

We collect and store vast amounts of data, including passengers' personal information, payment details, travel itineraries, and operational data. Safeguarding this data is critical to maintaining the trust of our customers, ensuring compliance with regulations, and protecting the airline's reputation.

It is crucial that we safeguard passengers' confidential information, including names, addresses, passport numbers, and sometimes even biometric data to avoid the potential for identity theft, fraud, or other malicious activities.

Moreover, with the rise of cybercrime, hackers are constantly seeking ways to exploit vulnerabilities in airline systems to access sensitive data. A breach could result in significant financial losses for both the airline and its customers, not to mention damage to the airline's brand reputation.

Furthermore, data security is essential for ensuring the smooth operation of airline systems and preventing disruptions to flights. Airlines rely heavily on digital infrastructure for various functions, including booking systems, flight operations, and passenger management. Any compromise to these systems, whether through a cyberattack or data breach, can lead to flight delays, cancellations, or even safety risks.

Therefore, robust cybersecurity measures are necessary to protect against potential threats and ensure the uninterrupted operation of airline services. By prioritizing data security, we mitigate risks, maintain trust with customers, and uphold our reputation as reliable service providers in the travel industry.

Air Arabia practices GDPR compliance with internal measures and procedures in place to ensure data privacy. Our Privacy Policy explains what personal data we collect about passengers, how and why we use it, who we disclose it to, and how we protect privacy.

Our data protection and privacy systems are intricately designed to comply with stringent regulations such as GDPR and the PCI Security Standards Council (PCI SSC). We implement advanced perimeter security measures, utilizing firewalls and intrusion detection systems to fortify our network boundaries. System hardening practices, including continuous vulnerability assessments and strict access controls, are integral to our security framework, ensuring that our systems are protected from potential threats.

Measures to ensure the privacy and security of sensitive data include:

- Data Encryption
- Access Controls
- GDPR and PCI DSS Compliance
- Perimeter Security
- Endpoint Protection
- Incident Response process
- Change management process
- Continuous VAPT and security testing
- Security awareness communication
- Attack simulation campaigns

These measures collectively contribute to a robust privacy and security framework, safeguarding sensitive data at every stage of the digitalization process.

We implement a comprehensive approach to data classification and access controls:
- Role-Based Access Controls (RBAC)
- DATA Encryption
- Access Monitoring and Logging
- Regular Access Reviews
- Multi-Factor Authentication (MFA)
- Security awareness communication
- Incident Response Plan

To maintain the integrity of our systems, we also carry out internal audits alongside external audits from regulatory bodies such as the CAA, IATA, ICAO, etc. In addition, we assess the security standards of third-party service providers to make sure they align with our security benchmark and standards. Contractually, we sign Data Processing Agreements (DPA) in compliance with GDPR regulations.

Air Arabia has not experienced any instances of data leakage, loss or theft of customer data over the past three years.

The following table shows the number of substantiated complaints received concerning breaches of customer privacy:

	2021	2022	2023
Total number of complaints received from outside parties and substantiated by the organization	112,622	70,992	53,342
Total number of complaints from regulatory bodies	684	287	287
Total number of identified leaks, thefts, or losses of customer data	0	0	0

BUSINESS ETHICS

Air Arabia has a Code of Conduct that provides comprehensive guidance to employees and ensures their adherence to the highest standards of ethical business conduct. The Code covers all individuals working for the company at any level including directors, senior managers, members of the Senior Management Group, employees (including permanent, temporary, and part-time employees), trainees, home workers, agency staff and contractors.

The Code covers the following areas of conduct:

- Conflicts of interest
- Protection of confidential information and other assets
- Disclosure and compliance with Listing Rules
- Compliance with laws, rules, and regulatory regimes
- Reporting
- Money laundering and terrorist financing
- Competition and fair dealing
- Interaction with media shareholders

Air Arabia's Code of Conduct is the cornerstone of our dedication to upholding exemplary standards of ethics and human rights across the organization. It serves as a compass for employees, outlining the principles of ethics, integrity, and respect that should govern their actions.

The Code encompasses various domains including respect for individuals, anti-corruption measures, non-discrimination practices, handling conflicts of interest, fraud prevention, information privacy, health and safety protocols, and environmental stewardship.

❯ APPENDICES

GRI AND DFM CONTENT INDEX

GRI 1: FOUNDATION 2021	
Statement of Use	Air Arabia has reported the information cited in this GRI content index for the period 1 January – 31 December 2023 in accordance with the GRI Standards

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GRI DISCLOSURE	CONTENT	DFM DISCLOSURE	REFERENCE SECTION	NOTES
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2-6	Activities, value chain and other business relationships		8 - 10	
2-7	Employees	S3: Employee Turnover S4: Gender Diversity	18 - 28	
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2-25	Processes to remediate negative impacts	G3: Incentivized Pay	48 - 53
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GRI 201: Economic Performance 2016

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GRI 202: Market Presence 2016

GRI 202 Topic Specific				
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202-2	Proportion of senior management hired from the local community	S11: Nationalization	35	

GRI 203: Indirect Economic Impacts 2016

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GRI 205: Anti-Corruption 2016

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GRI 405: Diversity and Equal Opportunity 2016

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405-1	Diversity of governance bodies and employees	S4: Gender Diversity	48 - 53
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GRI 406: Non-Discrimination 2016

GRI 406 Topic Specific

3-3	Management Approach		18 - 28
406-1	Incidents of discrimination and corrective actions taken	S6: Non-discrimination	18 - 28

GRI 413: Local Community 2016

GRI 413 Topic Specific

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GRI 417: Marketing and Labeling 2016

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ANNEXURE

2023

ESG

FACTSHEET

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ABOUT THE FACT SHEET

Our ESG Factsheet provides a concise yet comprehensive overview of the airline's efforts and achievements in integrating Environmental, Social, and Governance (ESG) principles into our operations.

The factsheet highlights the airline's commitment to sustainability and responsible business practices while showcasing key performance indicators (KPIs) that reflect its progress across ESG pillars.

2003
Established

6 Hubs
UAE (Sharjah, Abu Dhabi, Ras Al-Khaimah), Morocco, Egypt, and Pakistan
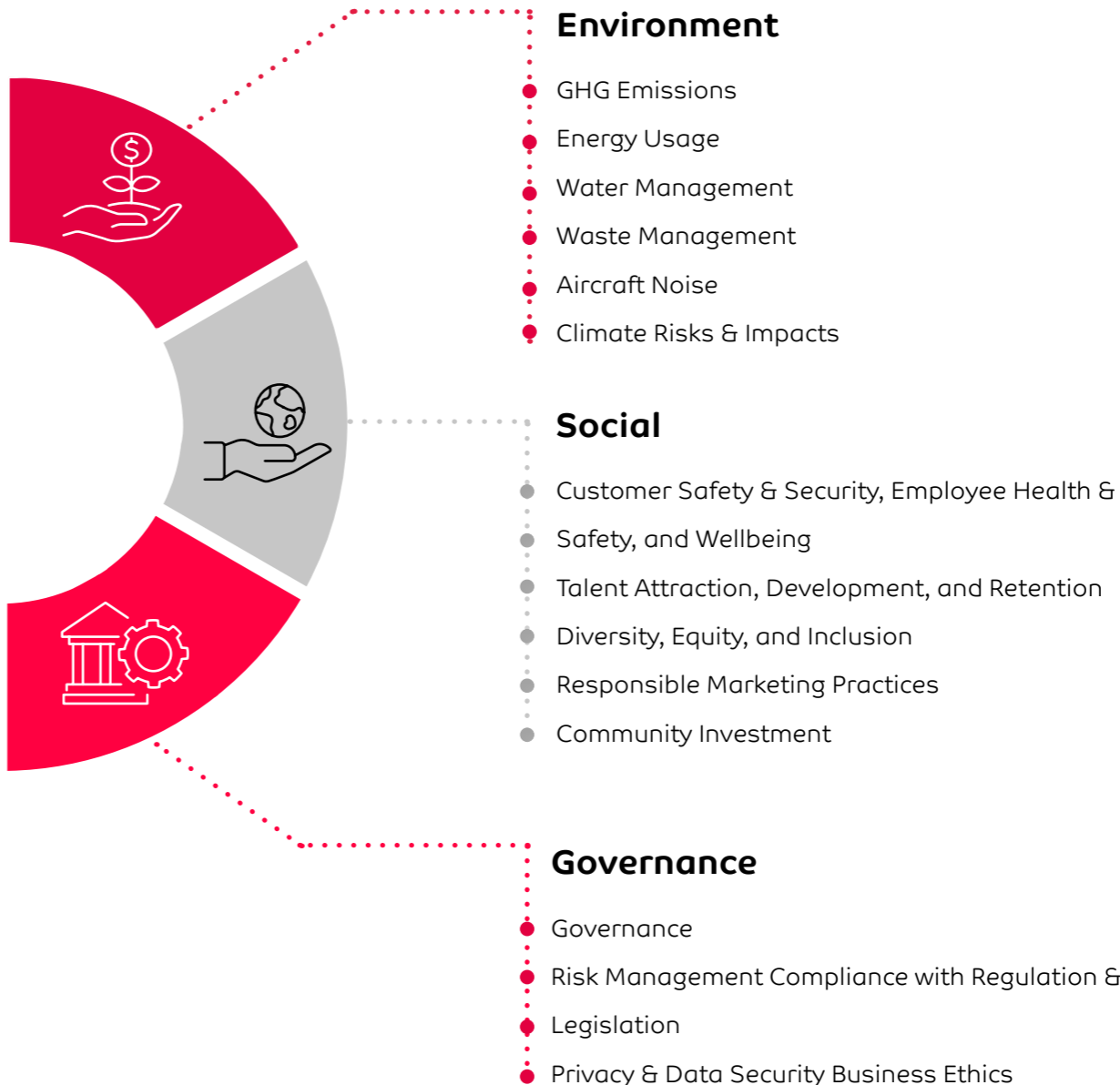
206
Routes (2023)

16.7 million
Passenger served (2023)

Awarded*
2023
Budget Airline of the Year

Environment:

Air Arabia is committed to reducing its environmental footprint through fuel-efficient aircraft, optimized flight routes, and modern fleet management.

Social:

The company prioritizes employee well-being, diversity, and customer satisfaction. It actively engages with communities through development programs and maintains a workplace culture that values inclusivity and equal opportunities. Through its flagship charitable platform, Charity Cloud, Air Arabia drives impactful social initiatives, transforming lives and uplifting underprivileged communities globally.

Governance:

Air Arabia upholds strong corporate governance frameworks, ensuring ethical conduct, transparency, and accountability. Its governance practices focus on regulatory compliance, robust risk management, and sustainable long-term value creation.

* Click the below link for more details
https://press.airarabia.com/air-arabia-reports-record-aed-16-billion-profit-before-tax-in-2024/

Environment

- GHG Emissions
- Energy Usage
- Water Management
- Waste Management
- Aircraft Noise
- Climate Risks & Impacts

Social

- Customer Safety & Security, Employee Health & Safety, and Wellbeing
- Talent Attraction, Development, and Retention
- Diversity, Equity, and Inclusion
- Responsible Marketing Practices
- Community Investment

Governance

- Governance
- Risk Management Compliance with Regulation & Legislation
- Privacy & Data Security Business Ethics

AIR ARABIA:

GOVERNANCE DISCLOSURES

2023

RISK & CRISIS MANAGEMENT

RISK GOVERNANCE FRAMEWORK

Air Arabia has established a robust risk governance framework to ensure comprehensive management of risks across the organization. The company has dedicated operational risk management functions, supported by a senior management team, responsible for setting control standards and overseeing compliance. This framework promotes an effective risk culture throughout the organization, with processes and strategies in place to identify, assess, and mitigate risks.

At the senior management level, dedicated roles and committees are in place to oversee risk management activities, ensuring the integration of risk considerations into decision-making and operations. These senior-level structures play a key role in enforcing control standards and monitoring compliance with the company's risk management policies.

Identified Risks and Mitigating Actions

Risk: Regulatory Compliance and Legal Risks

Likelihood and Magnitude:
High likelihood with potentially significant impacts due to changing regulations in the aviation and environmental sectors.

Mitigating Actions:
Air Arabia maintains a proactive approach to regulatory compliance by closely monitoring changes in regulations across all operational regions. The company has a dedicated legal team responsible for staying ahead of regulatory changes, ensuring timely compliance, and mitigating potential legal risks.

Risk: Cybersecurity and Data Privacy Risks

Likelihood and Magnitude:
Medium likelihood, but with high potential impacts on business operations and customer trust due to increasing cyber threats.

Mitigating Actions:
Air Arabia has implemented robust cybersecurity measures, including regular system audits, employee training on data security, and collaboration with external cybersecurity experts. The company also has strict data privacy policies and employs advanced encryption technologies to protect customer information.

Emerging Risks and Mitigating Actions

Emerging Risk: Climate Change and Environmental Regulations

Likelihood and Magnitude:
Increasing likelihood, with long-term significant impacts on operational costs and business continuity due to stricter environmental regulations.

Mitigating Actions:
Air Arabia is actively working on reducing its carbon footprint by optimizing fuel consumption, investing in more fuel-efficient aircraft, and complying with international environmental standards.

Emerging Risk: Technological Disruptions

Likelihood and Magnitude:
Medium likelihood, with high potential impact on the workforce and operational processes as advancements in artificial intelligence and automation reshape the industry.

Mitigating Actions:
Air Arabia is investing in technology to improve operational efficiency while ensuring its workforce is equipped with the necessary skills for future demands. The company is focusing on reskilling employees through comprehensive training programs to adapt to automation and technological advancements in the aviation industry.

BUSINESS ETHICS AND CODE OF CONDUCT

Air Arabia's commitment to the highest ethical standards is outlined in its comprehensive Code of Conduct, which guides all employees, including directors, senior managers, part-time and temporary staff, contractors, trainees, and agency workers. This Code ensures that everyone at Air Arabia adheres to ethical business practices and remains accountable to the organization and its stakeholders.

The Code addresses several critical areas of business ethics, such as:

- Conflicts of Interest
- Protection of Confidential Information and Company Assets
- Compliance with Listing Rules and Regulatory Requirements
- Reporting and Transparency
- Anti-money Laundering and Countering Terrorist Financing
- Fair Competition and Business Practices
- Interactions with Media and Shareholders

It serves as a key instrument in upholding exemplary ethical standards and human rights across the organization. The Code emphasizes the principles of integrity, respect, and ethical decision-making in all business dealings, ensuring that all employees conduct themselves fairly and transparently.

Additionally, Air Arabia's Code comprises essential domains, including:

- Promoting respect for individuals and fostering a diverse, inclusive environment.

- Implementing anti-corruption policies and encouraging non-discriminatory practices.

- Managing conflicts of interest and preventing fraud.

- Safeguarding information privacy, adhering to health and safety standards, and maintaining environmental responsibility.

Air Arabia's Code of Conduct also sets transparency guidelines and ensures all employees understand and comply with legal obligations. The Code is a platform for ethical behaviour and a basis of the company's human rights and sustainability commitment.

By embedding these principles into daily operations, Air Arabia ensures that its values are reflected in every aspect of the organization, from internal processes to external relationships with stakeholders.

INFORMATION SECURITY/ CYBERSECURITY & SYSTEM AVAILABILITY

Air Arabia recognizes the critical importance of information security and cybersecurity in safeguarding its operations and protecting sensitive data.

Our systems are designed to prevent unauthorized access, ensuring compliance with global standards such as GDPR and PCI DSS while maintaining customer trust and operational integrity.

We collect and store personal and operational data, including payment details, travel itineraries, and biometric information. Given the increasing risks of cyber threats and identity theft, we implement advanced security protocols to protect against data breaches, financial losses, and service disruptions.

The company's Executive Management are actively engaged in the development, review, and implementation of the organization's cybersecurity strategy.

Their involvement ensures that information security is prioritized and aligns with the company's broader risk management and business continuity objectives.

The Executive Management team holds primary responsibility for overseeing cybersecurity across the company, ensuring that the right policies, procedures, and controls are in place to mitigate potential cyber risks. This includes a commitment to continuous evaluation of the company's cybersecurity posture to stay ahead of emerging threats.

Our Privacy Policy outlines how we collect, use, and protect customer information, with stringent internal controls in place. We employ firewalls, encryption, access controls, and continuous security testing to mitigate risks and strengthen our defenses.

Key Security Measures:

- Data Encryption & Access Controls – Ensuring only authorized access to sensitive information.
- Perimeter & Endpoint Protection – Strengthening network security against cyber threats.
- Incident Response & Change Management – Proactive risk mitigation strategies.
- Ongoing Security Training & Attack Simulations – Enhancing awareness and preparedness.

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The company is committed to preventing IT system interruptions and cyberattacks through rigorous preventive measures.

These include continuous monitoring of systems, regular security audits, and the use of advanced encryption technologies. Air Arabia is well-prepared to react swiftly in the event of a cyberattack or system disruption, with established protocols and trained personnel ready to manage and mitigate the impact of any cybersecurity incidents.

The company has not experienced any instances of data leakage, loss, or theft of customer data over the past three years.

The table below outlines the number of substantiated complaints received regarding breaches of customer privacy:

	2022	2023
Total number of complaints received from outside parties and substantiated by the organization	**70,992**	**53,342**
Total number of complaints from regulatory bodies	**287**	**287**
Total number of identified leaks, thefts, or losses of customer data	**0**	**0**

BUILDING A ROBUST CYBERSECURITY CULTURE

To create a robust security culture, Air Arabia has implemented clear information security and cybersecurity policies, which are internally accessible to all employees.

These policies highlight the importance of cybersecurity and outline specific practices to follow, helping employees recognize potential threats and understand their role in maintaining security. Additionally, regular cybersecurity awareness training is provided to employees, ensuring they are well-informed about current threats and best practices to protect the organization's digital assets.

Air Arabia has established a clear escalation process for employees to follow if they notice anything suspicious or unusual within the company's IT systems. This process ensures that potential security incidents are swiftly reported and addressed.

ETHICAL MARKETING & ADVERTISING COMMITMENT

Air Arabia is committed to ethical marketing, advertising, and sales practices, with a publicly available policy outlining these commitments.

The policy emphasizes the importance of providing accurate and balanced information about our products and services while rejecting exaggerated claims regarding their social and environmental impacts.

Our commitment includes abstaining from disinformation about competitors and ensuring that all marketing communications present a fair and truthful description of our offerings.

This approach aims to portray the complete picture of our products and services, avoiding misleading or deceptive practices.

AIR ARABIA:

SOCIAL DISCLOSURES

2023

GENDER PAY EQUALITY AT AIR ARABIA

At Air Arabia, we are committed to fostering a workplace that values diversity, equity, and inclusion. Ensuring gender pay equality is a cornerstone of this commitment, and we continuously strive to create a fair and transparent compensation structure across all levels of the organization.

In 2024, we conducted a comprehensive review of our compensation practices to assess and address any potential disparities. The results demonstrate our progress in achieving pay equity, with women's average compensation at 88% of men's at the executive level, 78% at the management level, and 89% at the non-management level. These figures reflect our ongoing efforts to close the gender pay gap and promote fairness across all employee tiers.

Our Approach to Pay Equity:

Regular Audits:	**Transparent Policies:**	**Inclusive Culture:**
We conduct annual pay equity audits to identify and address any gaps, ensuring that compensation is aligned with role responsibilities, experience, and performance.	Our compensation policies are designed to promote fairness, with clear criteria for base salaries, incentives, and career progression.	We actively promote gender diversity in leadership and decision-making roles, ensuring that women have equal opportunities to advance and thrive within the organization.

While we are proud of the progress we have made, we recognize that achieving full gender pay equality is an ongoing journey. Air Arabia remains dedicated to regularly reviewing and enhancing our practices to ensure that all employees are compensated fairly and equitably.

COMMITMENT TO DIVERSITY AND INCLUSION AT AIR ARABIA

Air Arabia is committed to creating a diverse and inclusive workplace. Women make up a significant portion of our total workforce and management roles, reflecting our focus on gender diversity and female leadership.

We have achieved strong representation of women in junior management positions, while we continue to work towards increasing their presence in top management. By promoting diversity at all levels, Air Arabia aims to build an equitable workplace that values the contributions of all employees.

Diversity Indicator	Percentage (0 - 100 %)
Share of women in total workforce (as % of total workforce)	35%
Share of women in all management positions, including junior, middle and top management (as % of total management positions)	35%
Share of women in junior management positions, i.e. first level of management (as % of total junior management positions)	50%
Share of women in top management positions, i.e. maximum two levels away from the CEO or comparable positions (as % of total top management positions)	12%
Share of women in management positions in revenue-generating functions (e.g. sales) as % of all such managers (i.e. excluding support functions such as HR, IT, Legal, etc.)	27%
Share of women in STEM-related positions (as % of total STEM positions)	7%

AIR ARABIA'S COMMITMENT TO TALENT ACQUISITION AND EMPLOYEE DEVELOPMENT

Air Arabia places a strong emphasis on talent acquisition, employee development, and internal growth opportunities. In recent years, the company has seen significant hiring activity to support its expanding operations, with new employee hires totaling 1,743 in FY 2021, 1,643 in FY 2022, and 1,216 in FY 2023.

The airline is committed to fostering career advancement within the organization, as evidenced by the increasing number of open positions filled by internal candidates—101 in FY 2020, 258 in FY 2021, 348 in FY 2022, and 265 in FY 2023.

The average hiring cost per full-time equivalent (FTE) employee has been consistently maintained at AED 3,450. Additionally, Air Arabia invests in its workforce by spending an average of AED 470 per FTE on training and development. This investment reflects the airline's dedication to enhancing employee skills and competencies through various training

programs, ensuring that staff are equipped to meet the challenges of a dynamic aviation industry. By prioritizing both recruitment and ongoing development, Air Arabia reinforces its commitment to building a skilled and motivated workforce that contributes to the airline's success.

In terms of employee retention, Air Arabia has demonstrated effective workforce management with a total employee turnover rate of 13.0% in FY 2023, which improved slightly to 12.2% in FY 2024.

The voluntary employee turnover rate also showed a positive trend, decreasing from 9.8% in FY 2023 to 9.0% in FY 2024.

Notably, data coverage for these metrics remains comprehensive at 100% of all full-time equivalents (FTEs) globally. These figures indicate a stable work environment and reflect the company's efforts to engage and retain talent while continuously enhancing the overall employee experience.

Air Arabia recognizes the importance of employee engagement as a key driver of organizational success.

In FY 2022, the airline achieved an employee engagement score of 55%, which improved to 70% in FY 2023, reflecting our ongoing efforts to foster a positive work environment and enhance employee satisfaction.

For FY 2024, Air Arabia has set an ambitious target of maintaining this engagement level at 70%. By prioritizing employee engagement alongside talent acquisition and development initiatives, Air Arabia aims to create a motivated and dedicated workforce that contributes to the airline's overall success and growth.

Additionally, Air Arabia maintains a low absentee rate, recorded at just 1% of total scheduled days for FY 2022, FY 2023 and FY 2024. This consistent absentee rate aligns with the company's target for

FY 2023 and reflects the commitment to fostering a healthy work environment where employees feel engaged and valued.

By focusing on both attendance and engagement metrics, Air Arabia continues to strengthen its organizational culture and operational effectiveness.

AIR ARABIA:

ENVIRONMENT DISCLOSURES

2023

CONTINUOUS IMPROVEMENT IN ENVIRONMENTAL PERFORMANCE

Air Arabia has established a robust Environmental Management System (EMS) to align with its environmental policy and drive sustainable practices. The EMS outlines key organizational elements and high-level commitments, ensuring accountability and continuous improvement in environmental performance.

The EMS at Air Arabia is governed by the Board of Directors and Executive Management, who carry oversight and management responsibility for climate-related issues. Their leadership ensures the effective implementation of the environmental management policy and a strong commitment to improving environmental performance.

Integrated into the company's multi-disciplinary risk management processes, climate change risks and opportunities are embedded within the centralized enterprise risk management program, covering all types and sources of risks and opportunities.

Air Arabia adheres strictly to all relevant environmental laws and regulations, maintaining compliance as a core priority.

The company has not incurred significant fines or violations related to ecological issues, reinforcing its commitment to responsible operations.

Continuous improvement is a key pillar of Air Arabia's EMS, driving sustainability initiatives and promoting awareness among internal and external stakeholders about the importance of minimizing environmental impacts. To support these efforts, comprehensive training programs are provided to employees, ensuring they understand the environmental impact of their work and fostering a culture of responsibility to help achieve the company's environmental goals.

Through its EMS, Air Arabia integrates environmental considerations into its decision-making processes, reflecting its dedication to sustainable operations and environmental stewardship.

FOOD LOSS AND WASTE

Air Arabia is committed to addressing food loss and waste as an integral part of its sustainability strategy.

Recognizing the environmental and social impacts of food waste, the airline has implemented comprehensive programs designed to monitor and reduce food waste volumes across its operations.

These initiatives include systematic data collection and analysis to measure food loss, which helps identify key areas for improvement and informs targeted actions to minimize waste.

To further enhance our efforts, Air Arabia has established specific programs aimed at reducing the total volume of food loss and waste generated during our in-flight services.

Additionally, the airline has set measurable group-wide targets focused on significantly reducing the total weight of food waste produced.

These targets are regularly reviewed and reported in our sustainability initiatives to ensure accountability and transparency. Through these efforts, Air Arabia aims to contribute positively to environmental sustainability while promoting responsible consumption practices within the aviation industry.

Air Arabia's Commitment to Sustainability and Carbon Footprint Reduction Air Arabia is dedicated to reducing its carbon footprint and enhancing its environmental performance.

In 2023, the airline achieved a Greenhouse Gas (GHG) Intensity Ratio of approximately 0.0663 kg CO2 equivalent per passenger-kilometer, reflecting a slight increase from the previous year's ratio of approximately 0.0662 kg CO2 eq per passenger-kilometer in 2022.

Additionally, Air Arabia recorded an approximate GHG intensity ratio of 2.47 liters of fuel consumed per 100 passenger-kilometers in 2023, a notable improvement from approximately 2.55 liters in 2022. The airline served around 16.7 million passengers in 2023, up from 12.8 million in 2022, highlighting our commitment to providing safe and reliable air travel as we continue to grow our operations.

These figures are based on certain assumptions related to operational data and methodologies used for calculation, yet they demonstrate our proactive approach to enhancing fuel efficiency and minimizing environmental impact. By continually monitoring and striving to improve these ratios, Air Arabia reinforces its commitment to sustainability and responsible aviation practices.

AIR ARABIA'S COMMITMENT TO SUSTAINABLE PACKAGING AND PLASTIC MANAGEMENT

Air Arabia is dedicated to addressing environmental aspects in its packaging strategy through a group-wide commitment to sustainability.

In 2023, the airline introduced biodegradable and recyclable cutlery and packaging on all flights, along with 100% recyclable rPET water bottles.

Our commitment includes measurable targets to reduce the volume and weight of packaging, with full implementation expected by the end of 2023.

We actively promote the use of reusable and recyclable packaging while phasing out single-use plastics and increasing the use of recycled materials.

In terms of plastic packaging, we monitor our performance closely. In FY 2023, the total weight of all plastic packaging used was 100.633 metric tonnes, with 90% being recyclable and 10% compostable.

Additionally, we ensure that all plastic packaging contains 100% recycled content. Our initiatives also include a focus on R&D for sustainable packaging solutions.

Packaging Material Type	Total Weight (metric tonnes)	Recycled/Certified Material (% of total weight)
Wood/Paper fiber packaging	14.002	100
Metal (e.g., aluminum or steel) packaging	13.362	100
Glass packaging	0.742	100
Total weight of plastic packaging	100.633	90
Percentage of compostable plastic packaging	N/A	10
Percentage of recycled content in plastic	N/A	100

AIR ARABIA'S WASTE MANAGEMENT PROGRAMS

Air Arabia has established comprehensive waste management programs aimed at reducing, segregating, and recycling waste, which are critical to our sustainability efforts. These initiatives are designed to mitigate environmental impact and promote circular economy principles.

The airline collaborates with certified third-party companies for the collection and recycling of used oil and scrap parts, ensuring that waste is handled responsibly.

Our waste management strategies include conducting waste audits, setting action plans to minimize waste generation, and providing training to employees on waste reduction practices.

To enhance these efforts, Air Arabia signed a Memorandum of Understanding (MoU) with Bee'ah, Sharjah's leading environmental management company, in 2015.

This collaboration focuses on recycling initiatives and includes the installation of recycling containers at Air Arabia's headquarters to encourage employees to recycle materials such as paper, cardboard, glass, and plastics.

Bee'ah also manages the collection and recycling of industrial waste generated at Air Arabia's maintenance hangar, ensuring compliance with environmental regulations.

To further engage employees in recycling efforts, reverse vending machines (RVMs) have been installed at the head office, rewarding staff for returning bottles and cans. This initiative not only promotes recycling but also raises awareness about waste reduction.

Additionally, Air Arabia recycles various materials used in its operations, including old crew uniforms and cooking oil from flights. Our commitment to sustainability is further reflected in the use of reusable cutlery and plates in our staff restaurant.

WATER EFFICIENCY MANAGEMENT PROGRAMS

Air Arabia has established water efficiency management programs aimed at improving water use and minimizing environmental impact.

These programs include comprehensive assessments to identify opportunities for water efficiency improvements, actions to reduce overall water consumption, and measures to enhance wastewater quality. To promote awareness and engagement, Air Arabia provides training to employees on water efficiency management practices.

This commitment to sustainable water use reflects the airline's dedication to environmental stewardship and resource conservation.

408,700 m3*
Total Water Consumption

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