



AirArabia  
**ANNUAL  
REPORT**



His Highness Sheikh

**MOHAMMED BIN ZAYED AL NAHYAN**

President of the United Arab Emirates



His Highness Sheikh Dr.

**SULTAN BIN MOHAMMAD AL QASIMI**

Member of the Supreme Council Ruler of Sharjah



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# OUR VISION

“To be one of the world’s leading budget airlines”

In terms of:

- Profit Margin
- Innovation
- Reputation
- Operational Excellence

# OUR MISSION

“To revolutionise 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





# CHAIRMAN & GROUP CHIEF

## EXECUTIVE OFFICER MESSAGE

Dear Shareholders,

It has been an extraordinary year for the airline industry. Although the unprecedented challenges posed by the pandemic continued and were coupled with escalated geopolitical ones, we are glad to say that 2022 saw the global aviation industry returning to near normality, with strong recovery in passenger demand for air travel, and in Air Arabia's case, surpassing the pre-pandemic levels.

We are proud that 2022 was a record year in the history of Air Arabia Group both operationally and financially. We almost doubled the profit and passengers' numbers of the previous year, while continuing with our growth plans and delivering a remarkable performance. The full year results reflect the carrier's robust business model, its management team, as well as its discerning growth strategy. The year 2022 was also challenging for airlines worldwide as they are yet to recover from previous years, when the year started with major stir caused by the Russia-Ukraine war, its impact on the global economy and the uncertainty it brought to global markets. Oil price volatility continued, and we have seen how it affected the trading environment for airlines, especially that it was coupled with the continuous supply chain shortages and challenges that prolonged since the pandemic. All these conditions made the operating environment more challenging and more expensive. Nonetheless, the global aviation industry has seen its closest attempt to normality as airlines and airports worldwide witnessed faster recovery driven by the sharp increase in passenger demand and combined with strong yield margins.

Air Arabia group maintained its robust growth in 2022 by increasing its fleet size and adding new routes across its global network while launching the operations of its latest joint venture airlines in Armenia and Pakistan. We are proud that Air Arabia's value-driven product and services now reaches a wider and fast-growing customer base spread across key regional markets. Air Arabia served more than 12.8 million passengers in 2022 from its seven hubs in the UAE, Morocco, Egypt, Armenia, and Pakistan, an increase of 90% compared to 6.8 million passengers carried in 2021 while maintaining an average seat load factor for the full year at a high 80%. The remarkable growth in passenger numbers that exceeded pre-pandemic levels has supported the historic financial performance of the Group. Air Arabia PJSC reported a record net profit of AED 1.2 billion for the full year 2022, an increase of 70% compared to previous year and turnover reached AED 5.2 billion, an increase of 65% compared to 2021. The strong results have encouraged the Air Arabia's Board of Directors to propose a dividend distribution of 15% of share capital, which is equivalent to 15 fils per share.

As a group, we also continued with our network growth entering new markets and adding more frequencies. In 2022, Air Arabia added 24 new routes to its global network from its operating hubs in the UAE, Morocco, Egypt, Armenia, and Pakistan. We took delivery of 10 new aircraft and ended the year with a fleet of 68 Airbus A320 and A321 aircraft operating to over 190 routes across the Middle East, Africa, Asia, and Europe. Air Arabia Group has also launched operations of its latest joint ventures airlines in Armenia and Pakistan. In June, "Fly Arna", Armenia's National Airline, started

its operations from its base in Yerevan and continued to expand its network by adding 5 new routes; while “Fly Jinnah”, Pakistan new low-cost carrier, started its operations in October and added 4 domestic destinations. Air Arabia Group along with DAL Group also signed an agreement to form “Air Arabia Sudan”, a joint venture company that will be based in Khartoum. The new airline will follow the same low-cost business model providing its customer base with a reliable operation and value-driven product. Our multi-hub business strategy continues to serve the growth ambitions of the group, while bringing the Air Arabia value-driven low-cost business model closer to more customers and markets.

As we look forward to 2023 with a cautious and optimistic view, we remain committed to the vision and mission we set for Air Arabia 20 years ago. The

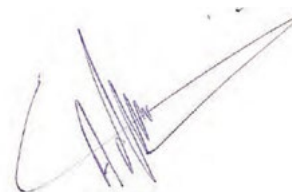
performance we achieved last year is a testament to the relevancy of the business model we operate, the management team and our commitment to providing the highest quality of service to our customers. While the industry continues navigating various challenges this year, we are confident that our resilient operations, combined with our commitment to safety and quality, will enable us to continue to thrive in the coming years.

Finally, we would like to close by expressing gratitude to all our employees for their continuous dedication and to the millions of customers who chose to fly Air Arabia and its group companies, and as always to shareholders for your continued support.



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**Abdullah Bin Mohammed Al Thani**  
Chairman



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**Adel Abdullah Al Ali**  
Board Member and Group CEO



# THE YEAR 2022 IN REVIEW

## Q1

- Air Arabia added 4 new routes from its hubs in the UAE, Morocco and Egypt.
- Resumption of city check-in service in Sharjah, Ras Al Khaimah and Ajman.
- Brand reveal of Fly Arna, Armenia National Airline.
- Brand reveal of Fly Jinnah, Pakistan new low-cost carrier.
- Air Arabia was awarded "Airline of the Year" at Air Transport Awards 2022.
- Air Arabia was awarded "Most Punctual Airline in 2021" at Moscow Domodedovo Airport.
- Air Arabia reported a net profit of AED 720 million for the full year ending Dec 2021.
- Air Arabia was awarded "Four-Star Low-Cost Carrier 2022" rating by APEX.

## Q2

- Air Arabia added a total of 12 new routes to its network across its hubs in UAE, Morocco and Egypt
- Air Arabia reported Q1 2022 net profit of AED 291 million.
- Fly Arna geared to launch operation through training and graduating cabin crew and aircraft painting. In addition to the office inauguration in Yerevan.
- Air Arabia Abu Dhabi launched city check-in service.



Q3

- Air Arabia Abu Dhabi celebrated a new milestone of its two years anniversary
- Air Arabia expanded its European footprint with a new flight connecting Sharjah to Milan.
- Fly Arna continued its route network expansion with new routes launch.
- Air Arabia announced a new joint venture in Sudan to form “Air Arabia Sudan”
- Air Arabia signed an incentive agreement with RAK International Airport.



Q4

- Air Arabia Group celebrated its 19th anniversary.
- Group CEO awarded “CEO of the year: at Airline Economics Aviation 100 Awards
- Fly Jinnah received Airline Operator Certificate and Operating License
- Air Arabia reported Q3 2022 net profit of AED 416 million.
- Air Arabia announced the resumption of flights from Sharjah to Kuala Lumpur
- Major route expansion in Air Arabia Abu Dhabi, with launch of new routes to Russia
- Fly Jinnah started its operations across 5 domestic routes in Pakistan.

# • ROBUST GROWTH STRATEGY

In 2022, Air Arabia Group witnessed major growth and expansion, with 24 new routes added to the global network and 10 new aircraft added to the fleet in addition to the new joint ventures. The group has also continued to invest heavily in its technology to ensure that customers have access to the best possible experience along their journey.

In January 2022, “Fly Arna” Armenia’s National Airline and a joint venture between Air Arabia Group and Armenia National Interest Fund (ANIF) revealed its brand identity. The chosen colors of the logo were inspired by the Armenian flag with a design that reflects constant mobility. Six months later, the carrier started its operations with 2 aircraft to two destinations and now serving 5 routes in Egypt, Russia and Georgia.

Throughout 2022, “Air Arabia Abu Dhabi”, which is Air Arabia’s third hub in the UAE and fifth globally, celebrated its second-year anniversary since its start of operations in July 2020 during the pandemic. The airline witnessed a major route network expansion, connecting the UAE’s capital to a total of 26 cities across the region and doubled its fleet from 4 to 8 Airbus A320 aircraft. Air Arabia Abu Dhabi continued to complement the services of Etihad Airways from Abu Dhabi thereby catering to the growing low-cost travel market segment in the region.

September 2022 witnessed the announcement of “Air Arabia Sudan”; a new joint venture between Sudan-based conglomerate DAL Group and Air Arabia Group. The airline will initially be based in Khartoum serving a range of routes across the region and will follow the successful low-cost business model of Air Arabia that focuses on providing its customer base with reliable operations and value-driven products.

In October 2022, “Fly Jinnah” Pakistan’s new low-cost passenger airline, received its Airline Operator certificate and Operating license which allowed the airline to start operations. With three Airbus A320 aircraft, Fly Jinnah launched its operations connecting 5 domestic cities in Pakistan with future plans of expanding its network to include international routes in the second year of its launch.

All joint ventures reflect Air Arabia’s robust growth strategy and how the group has become a multi-brand low-cost airline operator, leveraging the successful and value drive business model that the carrier managed to develop over the past 19 years. This strategy also extends the existing business model within & beyond the MENA region into key emerging markets.

# CORPORATE SOCIAL RESPONSIBILITY

Air Arabia's award winning corporate social responsibility program "Charity Cloud" is an innovative initiative by Air Arabia in partnership with Sharjah Charity International that seeks to provide aid to those in need, while uplifting their lives. Its mission is to create and support sustainable development projects, with the goal of tackling poverty and bring meaningful changes to the lives of unfortunate people

in the world. Through charity cloud program, Air Arabia has been able to provide people with essential access to health care, education, and other essential services. By building over 30 clinics and schools, Air Arabia has been able to give people access to quality health care and educate over 10,000 students every year and improving their quality of life.

Charity Cloud Schools	Charity Cloud Clinic
Sri Lanka	Sudan
India	Yemen
Nepal	Egypt
Turkey	Sri Lanka
Kenya	Bangladesh
Egypt	Pakistan
Morocco	Kenya
Bangladesh	



## • FLEET MANAGEMENT

Air Arabia operates one of the youngest fleets in the world comprised entirely of Airbus A320 & A321 aircraft. The carrier has added 10 new aircraft to its fleet in 2022, distributed across all hubs and thus has a total of 68 aircraft in its group fleet.

Air Arabia has a future fleet expansion plan according to the order signed in 2019 with Airbus

to acquire 120 aircraft. Delivery is scheduled to commence in 2025 and will help Air Arabia replace many of its existing aircraft, that by then will be retired from operations, in addition to supporting its overall fleet strength and global network expansion strategy.





# AIR ARABIA GROUP

Air Arabia (PJSC), listed on the Dubai Financial Market and traded under ticker symbol: (DFM:AIRARABIA) is a holding company with assets worth over AED 13 billion. Established with a modest capital back in October 2003 as the regions first low-cost carrier, Air Arabia today consists of a group of airlines and

companies offering travel and tourism services across the globe.

Air Arabia Group operates a multi-AOC business model with strategic hubs located across several airports in the Middle East, North Africa, and Asia.

**AirArabia**  
UAE • Morocco • Egypt

**AirArabia**  
Engineering

**AirArabia**  
Simulator

**FlyArna**

**FlyJinnah**

**T3 AVIATION ACADEMY**

**cozmotravel**

**Sharjah Aviation Services**

**ISN**

**CENTRO**  
Sharjah

**Radisson BLU**  
HOTELS & RESORTS

**sayara**  
limousine & car rental

**ACTION**  
HOSPITALITY

**alpha**



• ENVIRONMENTAL, SOCIAL &  
GOVERNANCE (ESG) REPORT

## Our Foundation

Environmental, social and governance (ESG) matters are fundamental parts of human life. They have also become a more conscious and explicit part of business life. This report provides an initial snapshot of where Air Arabia stands on ESG performance.

Air Arabia is the first publicly listed airline in the Middle East and North Africa region providing the carrier an independent path to growth and profitability; as part of its Investor Relations, Air Arabia is keen to provide insights about the performance not only through annual reports but through the sustainability reports that will help investors form their investment decisions and helps Air Arabia gain exposure to a wider range of regional and international investors.

The sustainability reports identify strengths and opportunities for improvement at Air Arabia. What is most important is that they will assist the Board and Management in establishing rational priorities going forward and provide benchmarks for measuring improvement.

## About this report

Air Arabia's sustainability report provides information on our sustainability performance in a reasonable manner and is addressed to all stakeholders. Sustainability reporting enables us to better communicate our management's approach and performance of Air Arabia's material economic, environmental, social, and governance topics with our stakeholders together with our progress, performance and ambitions for the future.

We have structured the report around topics that were identified as of significant importance to our internal and external stakeholders. The report has been prepared under the framework of UAE's Vision 2021 to create a smart and sustainable city, and the strategic plans of each emirate and in accordance with the sustainable development goals (SDGs) set out by the United Nations for 2030.

This report enables us to identify opportunities to better measure, monitor, and manage these sustainability topics across all levels of our organization. We recognize the role we play in sustainable development, and endeavor to work closely with all our stakeholders in enhancing and integrating sustainability initiatives across our operations.



## Message from Air Arabia Group CEO

“ This report sets out the actions undertaken by Air Arabia group and our long-standing commitment to our Environmental, Social, and Governance (ESG) goals. Bringing innovation and technology into the industry remains a priority for us as a group, and an area of focus for our customers, shareholders, investors, and people. We have made tangible progress in conducting our businesses in a more sustainable manner, and integrating ESG initiatives across our operations ”

The UAE has become a role model in promoting sustainable development in line with the vision and directives of the wise leadership of His Highness Sheikh Mohamed bin Zayed Al Nahyan, President of the UAE, and His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai, to enhance climate action and support the shift towards a green economy. In October 2021, the UAE announced its Net Zero by 2050 strategic initiative, becoming the first country in the Middle East and North Africa to launch this strategic initiative.

At Air Arabia, we recognize that customers prefer airline services to be increasingly sympathetic to environmental, social and governance considerations. We remain committed to growing our sustainability efforts in alignment with the UAE's visionary 50-year Economic Plan and the country's economic strategy that prioritizes digitalization and environmental responsibility.

We are proud to present our second annual sustainability report, highlighting our commitment to our environmental, social and governance performance. In this report, we have highlighted new initiatives that have been implemented to help us build confidence and be a pillar of support for our employees, customers, and communities.

### **Our Approach to ESG**

Air Arabia is developing a holistic approach to sustainability across the seven hubs which lead to underline why understanding, anticipating, and effectively managing environmental, social and governance (ESG) matters is critical to delivering on our mission to serve our clients, customers, and communities.

Air Arabia strives to provide clear, transparent information about how we manage and address the range of ESG issues we encounter in our business.

Since ESG issues touch nearly every aspect of our business, day-to-day management of the individual elements is distributed throughout our operations and functions. As part of our effort to take a more integrated approach to ESG management, we have recently taken steps to enhance our leadership and coordination of ESG

efforts and reconsider the way these issues are overseen by our Board of Directors. We provide a wide range of updates to our shareholders at AGM to reconsider the way these issues are overseen as well as providing timely disclosures to relevant investors and lenders, promptly makes its financials available to all stakeholders, and is expanding its ESG reporting.

Air Arabia maintains a strong engineering team looking after MRO needs of the aircraft, which has become a key part of the airline's remarkable success story. This facility and its staff, equipment, stores, materials, and workshops are all 100% dedicated to the Airbus A320 family. Air Arabia integrates sustainable solutions to reduce the carbon footprint with four focus areas: reducing energy usage in facilities (offices); reducing business travel impact, managing e-waste, water conservation, pollution certificate etc.

Air Arabia's approach is in full compliance with the SCA and DFM requirements of issuing reports in accordance with the GRI Standards and in alignment with DFM ESG disclosure guidance. ESG matters are important consideration in how we do business, including our corporate governance systems that run at every level in the organization, risk management and methodology to serve customers and support for local communities. Our main driver is sustainability and efficiency embedded in the culture and management of the airline. Equally important, we believe that the core items that are critical of our ESG approach are practiced across the organization through efficient operations and environment friendly practices. For Air Arabia, this means we are leveraging our business and policy expertise, and presence to help drive an inclusive recovery, expand, and accelerate sustainability.

As a leader in the aviation, air services and travel industries, Air Arabia is committed to minimizing the environmental impact of the operations across all our businesses and activities. We aim to meet the needs of our customers while using energy and resources efficiently, minimizing waste, and operating our assets in the most environmentally responsible manner.

## Respecting the Environment

Air Arabia is proactive on multiple fronts to minimize our facilities' environmental footprint and reduce natural resource consumption. This includes meeting and exceeding the requirements of air quality, water and waste standards, recycling and managing our energy usage.

Air Arabia uses technological advancements to improve operations, products, services, and solutions for the benefit of the society. For many years we have been working on reducing emissions by using less fuel as a response to the energy conservation act. Air Arabia is taking steps to mitigate the emission of fuel, including progressively transitioning its fleet with an average age of 4 to 5 years to the newest and most fuel-efficient aircraft on the market today and disposing of older, less fuel-efficient aircraft.

Air Arabia recognizes the considerable impact of its air transportation business on the environment and is working to reduce that environmental impact and protect the environment through a range of measures in all aspects of its business activities. Air Arabia collaborates with different organizations to advance sustainable development as well as raising awareness about sustainability among employees by engaging in activities that has positive socio-economic impacts and promotes the vision of the company.

Air Arabia is effectively using limited resources through promoting the 3Rs (Reduce, Reuse, Recycle) on board by providing inflight bags across the entire fleet and applying the same in the offices. We continue to conduct activities such as reducing printed manuals, recycling beverage cans from aircraft cabins and offices. We strive to minimize our direct impacts on the environment while concurrently enhancing our services and solutions to help customers to improve their environmental and carbon performance toward meeting their sustainability objectives.

## Emissions and Climate Change

While the aviation industry is not the highest contributor to global emissions, it does make a significant contribution to the global response to climate change as well as emissions from flights that stay in the atmosphere and warm it for several

centuries. Because aircraft emissions are released high in the atmosphere, they have a potent climate impact, triggering chemical reactions and atmospheric effects that heat the planet.

Climate change is a pressing global challenge, Air Arabia recognizes that responding to climate change is a particularly important issue for the sustainability of society. That is why we have incorporated climate change goals in our operations by adopting a policy of adding only brand-new aircraft that includes both Airbus 320 and Airbus 321 neo LR to our fleet with four years average fleet age to avoid unwanted emissions. While ambition is important, we know that what matters most is that we have a clear roadmap - with both a long-term vision and intermediate milestones - for how we will achieve it.

Efficiencies gained through operational improvements can make a big difference. At every step of a plane's operations there are opportunities to reduce fuel burn and consequently, emissions.

Adopting a fleet strategy that consists of new aircraft is considered a key component of emission reduction, if not the most important element. Newer fleets are more fuel efficient and new aircraft also reduce maintenance costs which eventually contributes to less emissions and higher efficiency. We also save fuel through more efficient procedures and weight reduction measures. These can range from ensuring the plane's engines are clean to developing and using new arrivals procedures. For example, we taxi to the runway using just one engine instead of two.

Airports, airlines and air navigation service providers are also working together on so-called 'green departures' where aircraft can take off and climb at a steady rate to reach the most efficient phase of flight - the cruise - faster.

Despite their size, aircraft still burn less fuel when they have less weight on board, so airlines are finding ways to reduce the weight of a vast array of items carried - everything from food service trolleys to seats and carpets, to loading just the right amount of water for each flight, rather than filling the tanks each time. This results in significant savings, and we are considered one of the leading airlines worldwide in adopting such measures.



## OPERATIONAL EFFICIENCY OPPORTUNITIES



Carefully tailored techniques, which take advantage of sophisticated navigation technologies, are also being developed to determine the most appropriate flightpaths into airports, specifically those with difficult runway approaches – either

in mountainous areas or to avoid flying over communities. These approach techniques can save millions of fuel tonnes and CO<sub>2</sub>, as well as reducing the impact of aircraft noise around airports.

### Sustainable Aviation Fuel (SAF)

Sustainable Aviation Fuel is produced from sustainable feedstocks and is very similar in its chemistry to traditional fossil jet fuel, however, it is one of the most promising solutions when it comes to lowering aviation's environmental impact as it helps in reducing carbon emissions compared to the traditional jet fuel while using cooking oil and other non-palm waste oils from animals or plants; solid waste from homes and businesses, such as packaging, paper, textiles, and food scraps that would otherwise go to landfill or incineration. Other potential sources include forestry waste, such as waste wood, and energy crops, including fast growing plants.

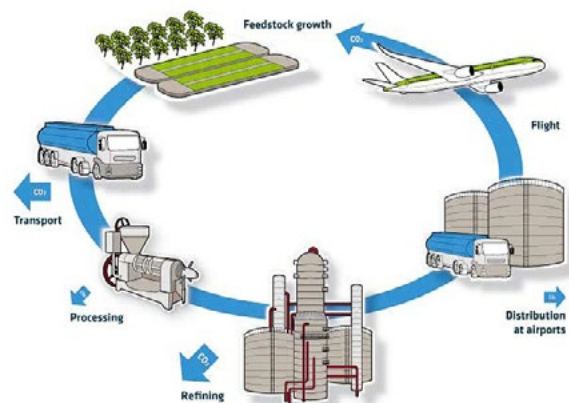
Nowadays, airlines still face some key challenges to incorporate SAF in their operations. These challenges can be categorized in the cost, availability, and technology.

SAF is currently more costly than traditional fossil jet fuel due to the non-availability of current sustainable feedstocks and the ability to develop new production technologies. As technology matures it will become more efficient and so the expectation is that it will become less costly for airlines.

Air Arabia remains committed to ambitious emissions reduction goals and SAF has been identified as one of the key elements in helping

achieve these goals. While wide-scale adoption and production of SAF at reasonable prices will require wide ranging cooperation and alignment of interests reach global net zero goals there needs to be aggressive and immediate action from many parties, including airlines, aircraft technology manufacturers, government, and the finance community to overcome the cost and supply challenges long plaguing the SAF market.

More and more governments are making bolder pledges with respect to the decarbonization of the aviation sector. Likewise, private sector aviation industry participants are continuing to set aggressive goals for themselves. Air Arabia continues to adopt the latest technology and techniques for fuel efficiency, while keep watching the development of SAF as it becomes a solution to consider as a fuel alternative.



## Key Environmental Factors

According to the U.N. Environment Program, environmental sustainability involves making life choices that ensure an equal, if not better, way of life for future generations.

Environmental sustainability aims to improve the quality of human life without putting unnecessary strain on the earth's supporting ecosystems.

At Air Arabia Group we continuously adopt innovation and technology to minimize the environmental impact of our operations across all business and activities. We aim to meet the needs of our customers while using energy and resources efficiently, minimizing waste, and operating our assets in the most environmentally responsible manner.



## Carbon Emissions and Climate change

- Maintaining a young, fuel-efficient fleet
- Implementing fuel-saving operational techniques
- Optimizing ground transportation planning

## Noise and Local Air Quality

- Operating a young, technologically-advanced aircraft fleet
- Incorporating technology and innovation to reduce aircraft noise and emission.
- Developing operational procedure for the overall air quality

## Materials and Waste

- Recycling from offices, operational facilities, and staff accommodation
- Comprehensive waste management processes and compliance to regulations
- Designing solutions to reduce plastic use and other waste from inflight service

## Electricity and Water

- Installing equipment to increase energy and water efficiency in buildings
- Using new techniques to clean aircraft with less water.

## Waste Management and Recycling

Solid waste management and disposal is one of the most significant issues in the environmental management of the airline industry. The economically sound and environmentally acceptable disposal of municipal solid waste is a major concern in many industrialized countries.

In 2015 Air Arabia has signed an MOU with Bee'ah – the leading environmental management

company in Sharjah. The MoU will have Air Arabia and Bee'ah collaborate and share knowledge and expertise in several key areas relating to both commercial activities and corporate social responsibility (CSR) projects.

As part of its dedication to the environment, Air Arabia works with Bee'ah to enhance its green credentials, augmenting its programme of recycling and waste disposal. It is anticipated that the MoU will encourage sustainable environmental practices to help engender a more prosperous and greener Sharjah.

Bee'ah supplied the recyclables collection containers such as Desk-side blue recycling bins to be placed at Air Arabia Head offices to develop and promote green offices and to encourage people to become more environmentally friendly

and to promote recycling: paper, newspapers, cardboard, bottles, cans, plastic, and all other garbage. Additionally, all industrial waste generated by Air Arabia's maintenance hangar is collected and recycled in Bee'ah's world class waste management facility.

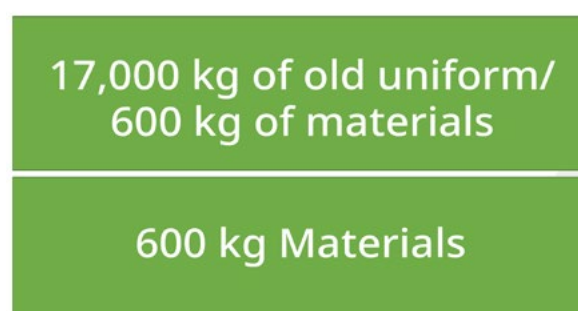
As part of the MOU, Bee'ah has endorsed a Recycle awareness campaign to promote the Reduce, Reuse and Recycle making sure to receive all recyclables and handle materials according to the environmental regulation and standards.



Moreover, installing the reverse vending machine (RVM) in Air Arabia's head office, which is a device that takes empty and used bottles or cans, then returns money or other forms of incentivization to the recycler, depending on the quantity of receptacles recycled.

As a further collaboration towards a greener environment, to date, Air Arabia has recycled an estimated 17,000 kilograms of old crew uniforms through environmentally friendly means. In addition to the old uniform, Air Arabia implements a thorough recycling scheme for items used in its aircraft and during flights, including cardboard, paper, paper trays and cooking oil – all of which are recycled by Bee'ah. Every month, on average Air Arabia recycles 6000 kilograms of materials.

Air Arabia's sustainability initiatives are not just about recycling. The staff restaurant uses cutlery, plates and cups which are made from reusable materials.





### Indoor Air Quality

It is a challenge to provide a quality indoor environment at a reasonable energy cost. Current efforts to improve building energy efficiency, including goals of sustainability and net-zero energy use, are bringing more focus on how to simultaneously achieve energy efficiency and good indoor air quality (IAQ). While energy efficiency and IAQ are sometimes viewed as incompatible, there are many strategies that support both ends.

Air Arabia focuses on the quality of indoor air as it is initial to health and wellbeing through incorporating the environmental guidelines and operating platforms in the design of the aircraft in the early stages. Our fleet is equipped with high-protection HEPA filters that efficiently remove 99.99% of viruses and bacteria in the air. Air Arabia combines all new developments with standards and energy efficiencies that meet best in class practices and consider filtration, relative humidity, fresh air, and temperature control to ensure consistently high levels of air quality.



### Growing an Inclusive Workforce

Social sustainability is about identifying and managing business impacts, both positive and negative, on people. The quality of a company's relationships and engagement with its stakeholders is critical. Directly or indirectly, companies affect what happens to employees, workers in the value chain, customers, and local

communities, and it is important to manage impacts proactively. There is also a need for more diverse representation within the workforce to enable different perspectives that can propel innovation. Air Arabia focuses on growing an inclusive and diverse workforce and contributing to a broader awareness of the benefits

## Ethics and Human Rights

Ethics and integrity are considerable components of entrepreneurial practice at Air Arabia. It is a matter of fact for the Group to adhere to current laws and voluntary commitments, and to consciously respect ethical principles. An important consideration is that business conduct characterized by integrity is a key prerequisite for the Company's long-term success.

Air Arabia has focused on many corporate social responsibility projects and initiatives around the world as part of its dedication towards the community and the environment. The main objective of these projects and initiatives is to improve the quality of life for children, provide healthcare for elderly and raise funds to support communities.



## Team Building

Air Arabia depends on the dedication of our talented team members, who are committed to providing best-in-class service and reliability for our customers. Our culture is defined by our core values, which impact how we interact with each other, our users, our communities, and other stakeholders every day.

For an organization that is home to 90 different nationalities working together, Air Arabia is keen to provide a workplace that is inspiring, motivating, and above all, respectful. Across all our buildings, we incorporate high ceilings, natural light, and good ventilation to support the comfort and health of our users and employees.

“Charity Cloud” was implemented in 2007, as part of Air Arabia’s CSR program, in collaboration with the Sharjah Charity International, to support economic development of underprivileged communities around the world. “Charity Cloud” is built on donations from passengers on-board and employees. The money raised from this charity is re-invested in educational and medical care establishments in different countries around the globe. Air Arabia also has a sport sponsoring program and a partnership with “Sharjah Humanitarian City” to help underprivileged communities.

Additionally, Air Arabia partnered with the Sharjah Humanitarian City (SHC) to help people of determination who are flying with the airline and to assist them at airports.



Another aspect of team building is the continuous learning and motivation of the employees by understanding what motivates employees, identifying opportunities to improve processes and systems. Continual education and training are seen as a large part of Air Arabia’s employees’ development and growth through our dedicated Learning and Development (L&D) department as well as our training schools. We offer a variety of opportunities for team members to continue to develop their skills and remain up to date with industry trends.

### 3.2.1. Management Approach

Air Arabia continues to invest in its human resources as it believes they are the fundamental



factors of success, and excellence, and to keep up with rapid changes to maintain the airline's leadership. Air Arabia fosters and supports behavior that drives employees to bring innovation and excellence into their work which contributes to sustainable growth for the long-term development by ensuring that all employees are given the same opportunities without discrimination based on sex, race, nationality, age or creed, in line with the policies and regulations of the UAE government. Air Arabia recognizes the value of its employees, and provides every resource available for employee development, including training to support engagement on all levels. Air Arabia opposes all forms of illegal and unfair preference among employee and is committed to making all decisions regarding recruitment, evaluation, promotion, training, work assignments, or any functional advantage based on competence and capacity in view of the laws and regulations of the UAE.

### 3.2.2. Gender Diversity and Equal Opportunities

Air Arabia values the individual differences and diversity of its employees and works to ensure that the work environment is safe, fair, and equitable, so that employee needs are met, and that a culture of diversity and non-exclusion is maintained. Air Arabia

opposes all forms of illegal and unfair employee preference and is committed to making all decisions regarding recruitment, evaluation, promotion, training, work assignments, or any functional advantage on the basis of competence and capacity in accordance with UAE laws and regulations.

### 3.2.3. Retention Program

Air Arabia offers a wide spectrum of incentives to our employees, from a well-honed career path to promotions and bonuses, and performance-based pay. In addition to these incentives, we provide a challenging environment to stimulate growth. Our successful retention policy led to a low employee turnover ratio.

### 3.2.4 Emiratization Program

In accordance with the UAE Government's plans to attract local Emirati talents, Air Arabia pursues initiatives aimed at attracting Emiratis such as utilizing relations with universities and colleges to attract local talents and engaging in career fairs. Air Arabia also provides the opportunities for young local talents to join the airline as on-job training within the department of choice such as engineering and maintenance department and the hangar.



## Community Engagement

At Air Arabia, our purpose is to advocate people on life's journey – a mission that revolutionize air travel in the region through an innovative business approach offering superb value for money and a safe, reliable operation

Community engagement is important and can lead to great outcomes, Air Arabia believes in responsibility towards team members and users, who, in turn, share their aspirations, concerns and values.

We achieve community engagement through various initiatives across multiple countries. Such initiatives are driven by staff and include employees from different departments and positions within the organization. An example to such community initiatives is when Air Arabia collaborated with Sharjah Social Empowerment; a foundation that helps renovate the homes of those who are in need. A team of 14 Air Arabia employees helped renovate the house of a widow and her 3 children in Sharjah. The employees joined hands with social workers and on-site professionals to take the project forward and complete the task. Another initiative involved a trip to Bangalore in India and included employees who visit 2 orphanages and a home for the elderly. Air Arabia staff visited the sites during which clothes, dates and basic necessities, from food to soap, were distributed. Another initiative took place in Egypt where to young Egyptian children, Mahmoud and Jana, who are patients at the 57357 Children's Cancer Hospital in Egypt, have realized their dreams of taking to the skies, thanks to an initiative by Air Arabia staff. Air Arabia staff are involved in tens of initiatives every year and so far, have covered over 15 countries since the start.

## Promoting Responsible Business Conduct

Air Arabia has been one of the leading companies in applying the principles of corporate governance among the public companies. Air Arabia strongly believes in the importance of the practical application of governance practices and the strong adherence to the related laws & regulations and the operations within the general framework of the principles of corporate governance which preserves the rights and interests of the company, its investors, its management, and the investment environment surrounding it.

Therefore, Air Arabia, and all its subsidiaries and group companies are committed to all laws and

regulations imposed upon them as a global aviation and as a public joint stock company. This covers Commercial Companies Law number 2 of 2015 and law number 26 of 2020 pertaining to commercial companies. The company is also committed to the strict application of Ministerial Decree No. (518) for the year 2009 followed by the resolution number 7 for the year 2016, and resolution number 3 of 2020 issued by the Minister of Economy and Chairman of the Securities and Commodities Authority regarding corporate governance and corporate discipline, and any decisions that may be issued or amended in future. This cultivates confidence of those major investment bodies around the globe to occupy a position within the owners of Air Arabia.

## Board of Directors

Air Arabia has a strong, independent Board of Directors, composed of experienced members who are diverse with respect to background, skills, and experiences. The Board is committed to sound corporate governance in line with evolving best practices. The Board of Directors understand and appreciate the importance of ESG matters as well as their significance to our various stakeholders.

The Board includes several directors with skills and experience relevant to these topics and continues to gain knowledge about these evolving areas through, among other things, regular briefings, and discussions with internal subject matter experts. In addition to that, the Board discusses risk throughout the year, particularly when reviewing operating and strategic plans and when considering specific actions for approval.

Air Arabia's board of directors consists of 7 members which were appointed by the Annual General Meeting (AGM) of 2020 for three years:

- 1.1 Sheikh Abdullah Bin Mohammed Al Thani - Chairman of the Board
- 1.2 Adel Abdullah Al Ali - Executive member
- 1.3 Sheikh Mohammed Bin Abdullah Al Thani - Independent member
- 1.4 Sheikh Khalid Bin Issam Al Qassimi - Independent member
- 1.5 Waleed Ibrahim Al Sayegh - Independent member
- 1.6 Matar Al Blooshi - Independent member
- 1.7 Samer Katerji - Independent member

The members of the Board are chosen after a thorough and proper evaluation process. The members are qualified and experienced in engineering, technology, accounting and finance, administration, management, and business. They all have extensive experience as members of boards of organizations and companies. They oversee the organization and its operations. Air Arabia operates based on the proclamation and resolution of conflicts of interests, clear related party disclosures and its established Code of Conduct. The Board meets more frequently as needed, where they receive updates directly about the operations. The Board is updated on Air Arabia's main and strategic projects, including but not limited to, its financial and sustainability performance.

### **Board Code of Conduct**

The Board code of conduct covers all individuals working for Air Arabia at all levels and grades 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 (collectively referred to as employees in this Code).

**Air Arabia's code of ethics includes the following:**

- a) Conflicts of interest**
- b) Protection of confidential information and other assets**
- c) Disclosure and compliance with Listing Rules**
- d) Compliance with laws, rules, and regulatory regimes**
- e) Reporting**
- f) Money laundering and terrorist financing**
- g) Competition and fair dealing**
- h) Interaction with media shareholders**

Air Arabia's Code of Conduct forms the platform for our efforts to ensure high standards of ethics and human rights within the Group. The Code summarizes our key policies and is a guide for employees on how to conduct themselves in line with the principles of ethics, integrity, and respect.

It covers areas such as respect for people, anti-corruption, nondiscrimination, conflicts of interest, fraud, privacy of information, health, safety and respect for the environment, and constitutes the basis of our Ethics program. It also helps define our expectations throughout the value chain.

Air Arabia is fully committed to the highest standards of ethical conduct in running its business and in the personal behavior of its employees, members of the Senior Management Group and members of the board of directors and has issued this Code to provide guidance for you, as an employee to uphold these standards

### **Employee Engagement survey**

Air Arabia evaluates the engagement of its employees through engagement surveys. The surveys include metrics on important aspects of the company's efforts to act ethically, lead in diversity and respect human rights, including the understanding of our Code of Conduct, trust in the Ethics Helpline and equal opportunities. The employee engagement survey will be conducted annually with the aim of providing the management with good input on how to optimize the organization further. Our ambition is to become an employer of choice and to be one of the great companies to work for. We have received the results of the employee engagement survey, which are specific and detailed by department. During 2020 and 2021, Group functions, business areas and local business units conducted multiple employee surveys for their respective parts of the organization, on topics such as wellbeing, diversity and inclusion, and general engagement.

### **Employee wellbeing**

Air Arabia's approach to wellbeing is founded on the commitment to employee wellbeing in the Group People Policy, and is based on the work environment, office culture, and teamwork. Group level campaigns are organized on each of the aspects within the group.

### **Health and safety**

Health and safety have long been a fundamental part of our values and our sustainability agenda,

with clear targets and processes in place to ensure real progress.

Key priorities and progress are that employees are covered by a reporting system (Integrated Quality and Safety Management System – IQSMS) to track incidents and hours worked and apply. All employees receive an induction program and safety training when they start at the airline in addition to annual training tailored to their function.

### **Corporate Governance Policies**

Air Arabia is dedicated to keeping its shareholders fully informed of developments and valuable information affecting the company. Air Arabia endeavors to ensure that all shareholders have access to information about the company's business and that they have the opportunity to meet and hold positive discussions with the board of directors during the Company's General Assembly.

At present, Air Arabia uses the following channels to provide its shareholders with information about the company:

3.1. In the agenda, explanatory notes and the directors and auditors' financial statements reports accompany the notice of the company's Annual General Assembly.

3.2. At the Annual General Assembly where the shareholders can direct questions to the Chief Executive Officer, to the Chairman of the board of directors and to the external auditors about anything concerning the Company's business.

3.3. In disclosures made to the Dubai Financial Market and the Emirates Securities and Commodities Authority.

3.4. At the "Investor Relations" section on Air Arabia's website [www.airarabia.com](http://www.airarabia.com) which contains the following information:

- Quarterly financial statements
- Studies and reviews on Air Arabia
- Updated information about the board of directors
- Press releases
- The governance report and information about corporate governance in general
- Information regarding the last Annual General Assembly.
- In at least 3 to 4 road shows and conferences locally and internationally to advise the public on its last update.
- The Annual report is published in both hard copy and soft copy which is available online for the public.
- At the end of every quarter via a conference call with Air Arabia investors which is attended by the Chief Executive Officer and Director of Finance.



**AIR ARABIA GOVERNANCE  
REPORT 2022**





## 1. Practices of corporate governance

Air Arabia has been one of the leading companies in applying the principles of corporate governance among the public companies. Air Arabia strongly believes in the importance of the practical application of governance practices and the strong adherence to the related laws & regulations and the operations within the general framework of the principles of corporate governance which preserves the rights and interests of the company, its investors, its management and the investment environment surrounding it.

Therefore, Air Arabia, and all its subsidiaries and group companies are committed to all laws and regulations imposed upon them as a global aviation and as a public joint stock company. This covers the Commercial Companies Law number 2 of 2015 and law number 26 of 2020 pertaining to commercial companies. The company is also committed to the strict application of Ministerial Decree No. (518) for the year 2009 followed by the resolution number 7 for the year 2016, and resolution number 3 of 2020 issued by the Minister of Economy and Chairman of the Securities and Commodities Authority regarding corporate governance and corporate discipline, and any decisions that may be issued or amended in future. This cultivates confidence of those major investment bodies around the globe to occupy a position within the owners of Air Arabia.

To reflect the above, Air Arabia had issued the corporate governance manual, which besides many other details, covers the following:

1. Shareholder Communication Statement
2. Code of Ethic and Conduct
3. Share Dealing Policy
4. Whistle Blowing Policy
5. Corporate Social & Environmental Responsibility
6. Dividends Policy

The full manual is posted on the company's intranet and is available for all employees to refer to at any point of time.

## 2. Board members ownership trades in Air Arabia shares during the year:

The Board of Directors of Air Arabia and senior management are well briefed, informed, and aware of the importance of the rules and procedures that govern the dealings of board members and senior managers of the company who, by virtue of their responsibilities, possess information that is not yet available to the public. In order to raise the level of transparency and disclosure and to allow equal opportunity to all shareholders when dealings in the company's shares, equal even to insiders from within the company, the company issued a statement internally which is included within the corporate governance manual, which sets the conditions and restrictions of insider trading, and the importance to disclose any inside trading in this report.

The company aspires through these actions being taken to protect the rights of all parties concerned, as well as maintaining the company's reputation and enhancing the confidence of shareholders and investors of the company.

Ownership and trades during the year follows:

Name	Post or relationship	Number of shares owned as of 31.12.2022	Total Purchases during the year	Total Sales during the year
Shk Abdullah Al Thani Wife	Chairman	8,500,000 700,000	- -	- -
Adel Abdullah Ali	Board Member	41,464,642	-	-
Shk Khalid Al Qasimi	Board Member	2,400,000	400,000	-
Shk Mohammed Al Thani	Board Member	18,289,407	-	-
Matar Al Blooshi	Board Member	0	-	-
Waleed Al Sayegh	Board Member	0	-	-
Samer Katerji	Board Member	0	-	-

## 3. Board of Directors:

a. Composition of the board:

Air Arabia board of directors consists of 7 board members. The current board was appointed by the AGM of 2020 for three years:

- |  |                       |
|--|-----------------------|
| 1. Sheikh Abdullah Bin Mohammed Al Thani | Chairman of the Board |
| 2. Adel Abdullah Ali                     | Executive member      |
| 3. Sheikh Mohammed Bin Abdullah Al Thani | Independent member    |
| 4. Sheikh Khalid Bin Issam Al Qassimi    | Independent member    |
| 5. Waleed Ibrahim Al Sayegh              | Independent member    |
| 6. Matar Al Blooshi                      | Independent member    |
| 7. Samer Katerji                         | Independent member    |

## Summary biographies of the members:



**Sheikh Abdullah Bin Mohammad Al Thani**  
Air Arabia Chairman since 2003

His Excellency Sheikh Abdullah Bin Mohammed Al Thani holds several prominent positions in UAE. He served as member of the Executive Council of Sharjah and as Chairman of Sharjah Civil Aviation Department. He has a well-known track record in contributions towards developing air transport sector in UAE, as well as significant contributions and support to Economic & Tourism development in Sharjah.



**Adel Abdullah Ali**  
Chief Executive Officer & Air Arabia Board Member since 2003

Mr. Adel Al Ali is well known for being at the forefront of the development of modern aviation. His innovative achievements and contribution to air transport and tourism sector in the wider Arab world are globally recognised. He managed to transform Arab aviation in October 2003 when he set up Air Arabia, the Middle East and North Africa's first low-cost carrier (LCC), opening up a market niche in the region whose existence few had suspected.

The pioneering aviator drove Air Arabia's growth in the next decade into the largest low-cost carrier in the MENA region, as well as the first publicly owned airline in the Arab World and it's largest by market value. Drawing on his multiple years of experience with industry leaders such as Gulf Air and British Airways, Adel has also been able to guide Air Arabia to become amongst the world's best run Low Cost Carriers, delivering a profit for every year in succession.

Under the leadership of Adel, Air Arabia's business model has gone from strength-to-strength, enabling it to expand operations, enter new ventures and diversify into new revenue streams. Today, the Group holds a portfolio of successful businesses and projects, offering travel, tourism and hospitality services across the globe.

In addition to being the Group Chief Executive Officer of Air Arabia, Adel is also the chairman of Sharjah Information Systems Associates, Alpha Aviation Academy and Cozmo Travel and he is a board member of Sharjah Aviation Services.

Adel has been awarded 'Airline CEO of the year' by various industry forums. He recently received the prestigious 2020 Laureate Award for extraordinary achievement in airline strategy. Earlier he won the "Airline Business Award" at the esteemed Airline Strategy Awards and he was also named 'World's best Low Cost Carrier CEO' during the World LCC Congress. Adel has also entered the "Hall of Fame Award" in honoring his contribution to the Middle East Aviation.



**Sheikh Mohammed Bin Abdullah Al Thani**  
Air Arabia Board Member since March 2011, Former Chairman - Department of Statistics.

H.E. Sheikh Mohammed Al Thani is one of the young leaders in Sharjah, and a businessman, with positive footprints in many business fields especially travel and tourism. H.E. assumed the role Director of His Highness Sharjah Ruler's Office in the American University of Sharjah. Late 2011, he was appointed Director General of Sharjah Statistics Center, and then Chairman of that department till 2019.

Besides that, he also serves as Chairman of Gamma Aviation, AM Holding Company, Al Nawras Catering Company, Santos International Company, Ascent Advertising Company and Universal Tourism Company; he is also the Deputy Chairman Sharjah Golf & Shooting Club.



**Sheikh Khalid Bin Isam Al Qassimi**  
Air Arabia Board Member since 2014, Chairman Department of Civil Aviation of Sharjah.

H.E. Sheikh Khalid Bin Isam Al Qassimi is the Chairman of the Department of Civil Aviation in Sharjah, he also is a member of the Executive Council of Sharjah Government, which is Chaired by H.H. Crown Prince of Sharjah.

Through his career, Sheikh Khalid has served in various posts in both Sharjah Airport Authority, and Department of Civil Aviation. In 2012 he was appointed as Director General of Sharjah Civil aviation, and in early 2014 Shk Khalid was nominated as Chairman of Sharjah Civil Aviation.

Besides the above stated responsibilities, Mr. Al Qassimi is a board member of the General Civil Aviation Authority, part of the Federal Government of the United Arab Emirates.

Sheikh Khalid holds a bachelor's degree in commerce, and a master's degree in international business.



**H.E. Waleed Ibrahim Al Sayegh**

**Air Arabia Board Member since 2017. Director General Sharjah Central Finance Department**

H.E. Mr. Waleed Al Sayegh is the Director General of Finance Department (Government of Sharjah), and the Chief Executive Officer of Sharjah Asset Management, the investment arm of the Government of Sharjah. He has earned his master's degree in finance from the University of Lincoln, UK. He is also a Chairman of Board of Directors Sharjah Holding Company, a Chairman of Board of Directors ANABEEB Company, a Member of Fiscal Policy Committee in the Ministry of Finance, a Member of Board of Directors Federal Tax Authority, a Member of Board of Directors Tilal Proprieties, a Member of Board of Directors Air Arabia, and a Member of Bank of Sharjah Board of Directors.

Mr. Al Sayegh's expertise extends thirty years in accounting, finance management, and public finance field. He has worked for several leading government authorities and private entities in the United Arab Emirates, including Sharjah International Airport Authority, Dubai Holding, and Al-Futtaim Group. He is Chartered Accountant, Approved by Ministry of Economics & Commerce in UAE, and Court Approved Expert Accountant, in all courts in UAE



**Matar Al Blooshi**

**Air Arabia Board Member since 2019**

Mr. Matar Al Blooshi, a national of the United Arab Emirates, with over 22 years' experience in financial and fund management industry. He started his career in January 1992 with the Central Bank of the United Arab Emirates as a Dealer in the treasury department. In July 1995 he joined Abu Dhabi Investment Company as a Portfolio Manager, in June 1998 he joined First Gulf Bank as Head of Treasury & Investment Division and then he moved to National Bank of Abu Dhabi in March 2001 as a Head of Foreign Exchange and Commodities Department. In February 2005 Mr. Al Blooshi became the Head of Domestic Capital Market Group and the General Manager of Abu Dhabi Financial Services (Subsidiary of National Bank of Abu Dhabi) and he was given the title of Senior Manager / Asset Management Group in October 2006.

Currently Mr. Al Blooshi is the Chief Investment Officer at Das Holding LLC, a Member of the Board of Directors of First Energy Bank in Bahrain, Al Salam Bank Bahrain, Etisalat Misr and Chairman of Maalem Holdings in Bahrain.

Mr. Al Blooshi is a hard-working group leader, with excellent interpersonal analytical and problem solving skills and building numerous contacts within the investment arena.

Mr. Al Blooshi holds a B.A in Banking & Financial Management from University of Arkansas, USA (1991).



**Samer Katerji**

**Air Arabia Board Member since 2020**

**Samer A. Katerji – Founding Partner & Managing Director of Trussbridge**

Mr. Katerji is an experienced Investment Professional with a demonstrated history of working in the financial services and investments industry for almost 25 years. Throughout his career, Mr. Katerji has led the formulation and structuring of complex corporate finance transactions across a multitude of industries and regional markets. He is skilled in Mergers & Acquisitions (M&A), Strategic Financial Advisory, Capital Optimization and Restructuring as well as structuring of Capital Markets financing instruments, both in equity and debt products. Mr. Katerji also has experience in the transportation and logistics sector and was previously involved in the IPO of Air Arabia PJSC, IPO of Royal Jordanian, IPO of Aramex, and the IPO of DP World.

Mr. Katerji is currently the CEO & Managing Director for Trussbridge, an investment advisory firm located in the DIFC, & regulated by the DFSA. Within this role Mr. Katerji has led and developed a strong execution team to conclude some very high profile transactions in the region, whilst also winning some prestigious awards, within the financial services industry. Prior to this role, Mr. Katerji led the Financial Institutions and Financial Sponsors advisory practice for Citigroup Global Markets in the Middle East and played a key role in the development of the franchise in the region. Mr. Katerji also held key positions at SHUAA Capital in Dubai, PrimeCorp Finance and Middle East Capital Group, in Beirut. Mr. Katerji holds a Masters Degree in Business Administration, Bachelor Degree in Business Administration and Bachelor Degree in Science – Biology from the American University of Beirut. Mr. Katerji is a member of GCC Board of Directors Institute and Arab Bankers Association of North America (ABANA).



#### **Membership in other Public Companies in UAE:**

1. Shk Abdullah Bin Mohammed Al Thani: Besides chairing Air Arabia board of directors, H.E. is the Deputy Chairman of Al Buhairah Insurance Company.
2. Mr. Waleed Al Sayegh is board member of Invest Bank
3. Mr. Matar Al Blooshi is a board member of Al Salam Bank (Bahrain)

#### **b. Female representation in the board:**

The current board was elected during 2020's AGM. Even though none of the board members are females, females are present in the senior management team.

#### **c. Reasons for not having females on board:**

Air Arabia takes all kind of inclusion and equal opportunity very seriously and refutes any kind of possible discrimination. Everyone is given a fair chance, and admission is purely on merit.

Air Arabia opened the nominations to the board membership last in 2020, and all nominees were males.

#### **d. Board Remuneration:**

1. 2021: The AGM approved AED 8M as total board remuneration.
2. 2021: No Attendance Allowance was given.
3. 2022: A board remuneration of AED 8.0M is recommended to the AGM.
4. 2022: No other payments, allowances, payments made to board members.

#### **e. Board meetings and attendees:**

A table detailing the dates and attendees of the board meetings is presented under appendix 1.

#### **f. Resolutions passed by circulation:**

None.

#### **g. Boards Duties & Responsibilities delegated to the management:**

Referring to the duties and responsibilities of the board of directors, the Board oversees the company strategically, reviews the strategies and implementation with the executive management, while the Executive management is authorized to run

the day-to-day activities of the company, and report to the board the expansion plans, challenges, and future objectives.

The board did not delegate a specific task to the management; however, the executive management is given the freedom and responsibility to run the day-to-day operations and revert to the board for major decision or investments.

#### **h. Transactions with related parties:**

No transactions with related parties, other than those disclosed in the audited financial statements.

#### **i. Senior Staff Pay details:**

Group CEO: AED 5.4M during 2022 plus accommodation and transportation.

Senior Management team: which is formed of 6 members, and their total remuneration is AED8.62M which includes, Salaries, Allowances, and children's education.

The corporate structure is presented in appendix 5.

#### **4.External Accounts Auditor: Grant Thornton (GT)**

a) Introduction about the Auditors to the Shareholders:

Grant Thornton has been appointed as the Auditors of the Company for the year 2021. It is one of the leading and independent international organizations providing audit, tax and consulting services. Grant Thornton International has been providing professional services for more than a hundred years in more than 130 countries and operating more than 700 offices worldwide. Grant Thornton International has more than 50,000 employees working at the member firms around the world.

Grant Thornton UAE is a member firm of Grant Thornton International Limited, which was established in 1966. Grant Thornton has been able to gain good reputation in providing excellent services to companies locally, regionally, and globally. Grant Thornton UAE has more than 250 employees including 20 partners.

Grant Thornton UAE provides services including auditing, tax, consulting, internal audit, fact finding and IT consulting services through its offices in UAE.

b) Statement of fees and costs for the audit or services provided by the external auditor is shown in the following table:

Name of the audit firm and the audit partner	Grant Thornton Auditing and Accounting Farouk Mohamed (since 2022)
Number of years spent as an external auditor in the Company	Since 2019
Total audit fees for the year 2022	AED 530,000
Fees and costs of other private services other than audit of the financial statements for the year 2022 (AED), if any, and in the absence of any other fees, to be stated clearly	n/a
Details and nature of the other services provided (if any) and in the absence of other services, to be stated clearly	PKF was requested to assess the Goodwill value

### 5. Audit Committee:

This committee was formed in accordance with the rules and regulations governing corporate governance. The board has also assigned the responsibility of Risk Management to the audit committee.

The committee is formed of three members:

**Mr. Waleed Al Sayegh**  
Chairman

**Mr. Matar Al Blooshi**  
Member

**Mr. Samer Katerji**  
Member

The committee submits its reports and recommendations to the Board of Directors.

The general duties of the committee are as follows:

- Adopt a policy for appointing and contracting with the external auditor.
- Reviewing and auditing the financial statements.
- Articulate the control and audit measures.
- Articulate fiscal and audit policies.
- Issue general audit reports
- Follow whistle blowing policies.
- Oversee insider trading.
- Consider assignments from the board of directors.

The corporate governance manual dictates the detailed duties and responsibilities of the committee.

### b. Table with meeting dates and attendees:

Furthermore, appendix 2 contains the committee's meetings and attendance during the year.

### 6. Nominations and Remuneration committee:

This committee was formed in accordance with the rules and regulations governing corporate governance and is composed of three members:

**Shk Mohammed Al Thani**  
Chairman

**Sheikh Khalid Al Qassimi**  
Member

**Mr. Waleed Al Sayegh**  
Member

The committee report to the board of directors its views and recommendations, and is responsible for the following tasks:

- Set the board's nominations policy, one that supports a mixed gender board.
- Manage the process of board nomination, in line with the rules and regulations governing it including SCA's Chairman's resolution number 7/2016.
- Ensure that independent directors continue to be independent for the duration of their terms of office.
- Articulate a policy governing board members remuneration, staff bonuses, benefits, incentives and salaries; this is to be reviewed on an annual basis.



E) Review the board structure, and raise recommendations.

F) Identify the company's needs of senior executive management, and other members of the management team and defining the criteria of selection.

G) To annually review the human resources policies, and adopt the human resource policies and training, and ensure proper implementation.

The corporate governance manual contains details of the functions, duties and responsibilities of the committee. Appendix No. 3 contains a schedule of meetings with dates and attendance during the year.

#### **7. Internal trading Supervision Committee:**

The corporate governance manual covers the rules and regulations of insiders trading. It stipulates the windows allowed for their trade, and that any trade should not be based on information that is not yet available to the public. 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.

#### **8. Investments Committee:**

The board of directors established an investment committee formed of the following board members:

**Mr. Matar Al Blooshi**

**Chairman**

---

**Mr. Waleed Sayegh**

**Member**

---

**Mr. Samer Katerji**

**Member**

---

The committee over looks corporate investments, and provides guidance, consultancy and review of investments proposals, studies, and instruments to support the executive management.

Appendix 4 displays the committee's meetings during the year and attendance.

#### **9. The internal control system**

The board confirms its full responsibility over the functionality and robustness of the internal control system.

Head of Internal Audit is Mr. Mohammed Al Basha.

Qualifications: He holds a bachelor's in accounting

(1989) and Professional Certification in Audit from USA.

Date of appointment: 2013

The internal control system is an integrated system that imposes procedures, conditions and administrative laws, and monitors their practical implementation throughout the company's operations. This system is not a hindrance and an obstacle to the effectiveness of the work and speed of delivery and performance, but on the contrary, it ensures the company's development of effective performance and the effectiveness of risk management and internal control system.

The system measures the compliance with policies and procedures, protection of property, economic and effective use of resources. The Board has acknowledged its responsibility for internal control system in the company and the periodic review effectiveness.

Air Arabia has set up an "Internal Control Department" which is headed by Mr. Mohammed Al Basha, who is a chartered accountant and a certified internal auditor, with over 25 years of experience in the field of internal and external audit. He joined Air Arabia group back in 2013.

#### **Objectives of Internal Control department:**

The overall Objective of the Internal Audit is to evaluate and improve the effectiveness of control, governance process and risk management within AIR ARABIA.

Internal Audit assists all members of the Management of the Company and the Board of Directors in the effective execution of their responsibilities. To this end, the department provides independent examinations, consultancy, investigations, evaluations, recommendations and comments on areas and activities reviewed. Furthermore, it works in partnership with management and adds value to the organization through advice, guidance and recommendations. The scope of activity extends to group / associate companies also.

#### **Key Accountabilities:**

Develop company-wide audit programs to assure protection of corporate assets and be responsible for ensuring the integrity of information; compliances with company policies, procedures and regulations; evaluation of organizational performance; optimization of opportunity / risk; best utilization of resources and formulation of internal control system.

**Major duties include:**

1. Develop and maintain Company-wide audit policies and practices.
2. Develop Company-wide internal audit plans and programs and Participate in and monitor execution of internal audits programs / assignments.
3. Ensure consistent application of corporate financial and accounting policies and practices.
4. Reviewing the reliability and integrity of the financial, operating and other management information systems and means used to identify measure, classify and report such information.
5. Reviewing the means of safeguarding assets and as appropriate verifying the existence of such assets.
6. Appraising the economy and efficiency with which company's resources are employed and identifying opportunities for improving operating performance.
7. Observe and review the proceedings/functions of various committees as required by Audit Committee so as to express an independent view.
8. Co-ordinate with External/statutory auditors.
9. Review and approve all significant changes in financial and accounting systems, practices and procedures to ensure that internal control.
10. Carry out investigations and audits as suggested by the Senior Management or by the CEO / Board of Directors, to determine the facts and causes of suspected irregularities.
11. Ensure that improvement to existing policies, practices and procedures are developed in order to improve the controls and to safeguard the assets of company.
12. Report to the Board, about the adequacy and effectiveness of the company's system of internal administrative, accounting and financial controls and the quality of operating performance when compared with established standards.
13. Follow-up the status of audit reports and recommendations and submit follow-up Report to the Board and the Audit Committee.
14. Design and schedule the Department's annual audit plans and implement them after Board approval.

15. Make presentation on audit activities and studies on company and subsidiary organizations as required by Audit Committee, Board of Directors / Management.

16. Prepare the Department's annual plans and capital and operating budgets and, once approved, control expenditure and staffing against these plans and budgets.

17. Exercise effective management of the Department's staff in terms of selecting, training, motivating, evaluating and disciplining in appropriate liaison with HR function.

18. To ensure that the resources of the departments are effectively utilized.

19. Fully responsible for co-source / outsource of audit assignments.

**10. Details of violations committed.**

There were no violations.

**11. Air Arabia's commitment and contribution towards the society and environment:**

Air Arabia advocate people on life's journey with a mission that revolutionize air travel in the region through an innovative business approach offering superb value for money and a safe, reliable operation. Air Arabia continues to share responsibility towards the society and environment through focusing on many corporate social responsibility projects and initiatives around the world. The main objective of these projects and initiatives is to improve the quality of life for children, provide healthcare for elderly and raise funds to support communities.

As part of its dedication to the environment, Air Arabia works with organizations to enhance its green credentials, augmenting its program of recycling and waste disposal. The airline also continues to develop and promote green offices and to encourage people to become more environmentally friendly and to promote recycling in addition to all industrial waste generated by Air Arabia's maintenance hangar is collected and recycled.

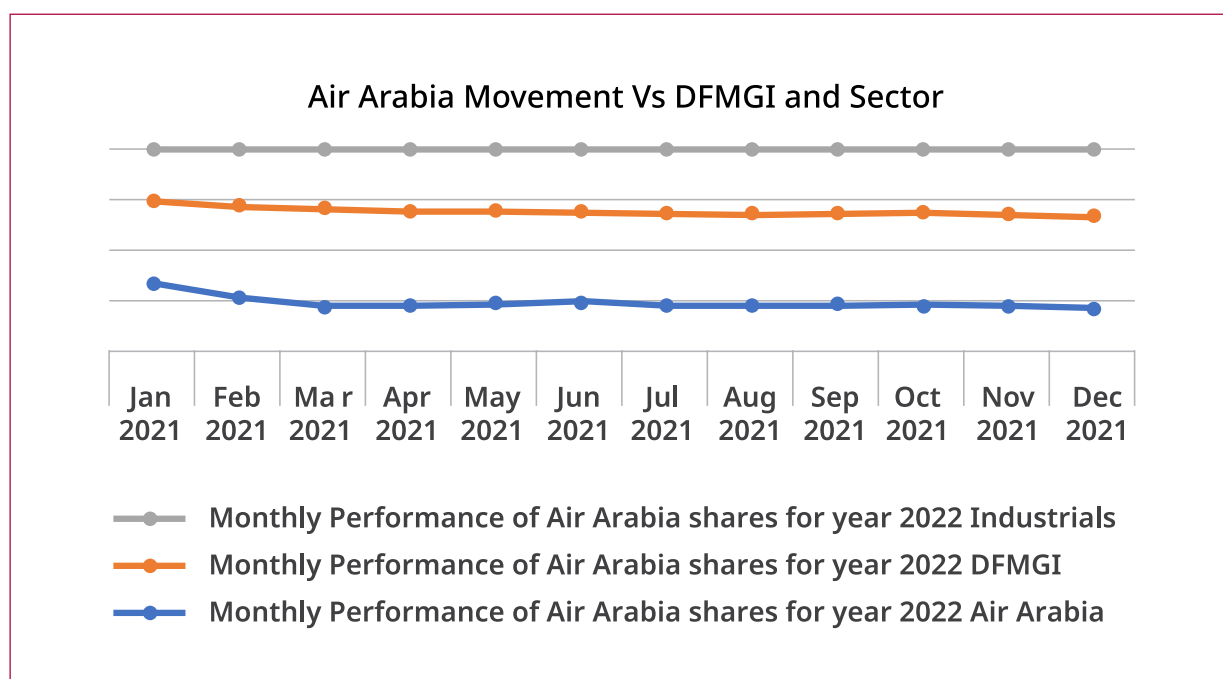
Nonetheless, Air Arabia adopts innovation and the latest technology in its products as well as following a fleet strategy that consists of new aircraft which contributes to less emissions and higher efficiency.

## 12. General Information:

### a) Air Arabia Share price details by month end:

Month	Lowest Price	Highest Price	Closing Price
Jan 2022	1.39	1.47	1.45
Feb2022	1.42	1.66	1.64
Mar 2022	1.53	1.71	1.61
Apr2022	1.59	2.16	2.15
May2022	1.82	2.24	2.01
Jun 2022	1.96	2.17	2.08
Jul 2022	1.98	2.22	2.2
Aug 2022	2.12	2.36	2.22
Sep 2022	2.01	2.24	2.09
Oct 2022	2.02	2.09	2.04
Nov 2022	2.00	2.17	2.07
Dec 2022	2.0	2.3	2.15

### b) Air Arabia Share price performance vs. market and sector during the year:



c) Air Arabia Ownership breakdown by year end:

Description	Citizenship	Quantity	Percentage
BANK	ARAB	25,000	
BANK	GCC	615,500	0.00%
BANK	OTHERS	0	0.12%
BANK	UAE	98,795,275	0.00%
Company	ARAB	1,516,881	2.11%
Company	GCC	192,638,656	0.03%
Company	OTHERS	633,830,803	4.12%
Company	UAE	2,739,118,218	13.58%
Government	UAE	32,018,697	58.69%
Individual	ARAB	67,042,113	0.68%
Individual	GCC	101,365,876	1.43%
Individual	OTHERS	51,003,752	2.17%
Individual	UAE	735,637,087	1.09%
(SOLE PROPERTY)	GCC	700,000	15.76%
(SOLE PROPERTY)	OTHERS	304,600	0.015%
(SOLE PROPERTY)	UAE	12,065,242	0.007%
Market Maker	UAE	22,300	0.000%

d) Air Arabia shareholders owning 5% or above:

Investor Name	QTY	%
Sharjah Asset Management LLC	865,904,256	18.55%
AL MAHA HOLDING COMPANY (FZE)	429,613,509	9.21%
East and West International Group	280,266,779	7.9%
Bond Investments LLC	274,375,982	8.2%

e) Shareholders Distribution by ownership:

Tranche by number of shares owned	Number of Shareholders	Total shares owned to the tranche	Percentage to the Capital
Less than 50,000	11,667	144,473,597	3.096%
50,000 to 500,000	1,598	222,916,482	4.777%
500K to 5M	469	630,258,757	13.505%
More than 5M	89	3,669,051,164	78.622%
<b>Total</b>	<b>13,823</b>	<b>4,666,700,000</b>	<b>100 %</b>

f) Step taken towards “Investors Relations”

Air Arabia has long established a division for investor relations. Mr. Abdelrahman Bin Taliah currently heads it, along with the Group CEO, Group CFO and group Director of Marketing and Public Relations who together play a very vital role in the division’s activities.

Since its establishment as a publicly listed company, Air Arabia has placed great attention on the investor relations department. The department’s responsibility is split into 2 major areas: first is looking after and servicing retail and small investors through answering their queries, assisting in receiving their past dividends, explaining the investment process, and updating their details with the market. The department has set a dedicated email for their service (investorrelations@airarabia.com) and hotline: 065088977, besides having all necessary details available on the IR page:

<http://www.airarabia.com/en/corporate-investor-relations>

On the other hand, the department also looks after high end, sophisticated investors such as fund manager, analysts, and financial institutions.

Moreover, Air Arabia holds a database of analysts, fund manager, investors and interested segment that is invited on a quarterly basis to a conference call where the Group CEO and Group CFO address them with the quarter update, followed by question-and-answer session.

a) Extra Ordinary resolutions:

None.

h) Board Secretary:

- Mr. Abdelrahman Bin Taliah
- Appointed in 2007
- Qualifications:
  - Masters Degree in Strategic Management and Leadership
  - Masters Degree in Project Management
  - Bachelors in Finance and Management
  - Certified Board Member by Hawkama
  - Certified Board Secretary by Hawkama
  - Graduate of UAE Federal Government Leadership Program
  - Graduate of Shk Mohammed Bin Rashid Leadership Program
- As a board secretary Mr. Bin Taliah is responsible to coordinate between the Board and the executive management, setting up the board meetings and distributing the necessary invitations and agenda packs, and keeping custody of the minutes and resolutions passed.

Furthermore, Mr. Bin Taliah’s duties as board secretary are separate from his other daily duties as he overlooks International Affairs, Government Relations, Investor Relations, and some of the group subsidiaries.



**j) UAE Nationals Percentage:**

Air Arabia welcomes UAE nationals to explore all available vacancies and encourages them to join the aviation sectors which embraces within it several very exciting fields. Within Air Arabia, UAE nationals are concentrated in various departments. Some are located at Head Office holding managerial posts, the operations division also host a number of UAE

national pilots, and the Engineering and Maintenance team also comprises of very talented, hardworking UAE national engineers.




The majority of Air Arabia’s work force (approximately 50%) consists of Cabin Crew, Technicians, and call center agents, areas that currently do not fall under the radar of interest of UAE nationals today.

Year	Total Staff Number	Number of Cabin Crew, Technicians, and Call Center	UAE Nationals	Percentage of UAE nationals less CC, Tech, and Call Center
2020	1353	678	20	2.95%
2021	1498	795	19	2.39%
2022	2058	1102	22	2.3%

**k) Innovations During the year:**

Air Arabia continuously adopt innovation and technology to offer the best quality services and minimize the environmental impact of the operations

across all business and activities. The management team continues to set goals and strategy to achieve higher efficiency while always keeping the cost low.

Abdullah Bin Mohammed Al Thani	Waleed Al Sayegh	Mohammed Bin Abdullah Al Thani	Mohammed Al Basha
Chairman of the Board	Chairman Audit Committee	Chairman Remuneration Committee	Head of Internal Audit
			

## Major events in 20221:

This year witnessed the full recovery post the global pandemic that impacted the industry over the past two years.

### Q1

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- Air Arabia Egypt launched new route from Cairo to Khartoum
- City check-in resumption in Sharjah, Ras Al Khaimah and Ajman.
- Fly Arna reveals its brand identity
- Launching "Fly Arna" recruitment open day.
- Appointment of "Fly Arna" 's board of directors.
- Appointment of "Fly Arna" 's CEO.
- Air Arabia names "Airline of the Year" at Air Transport Awards 2022.
- Air Arabia Awarded the "Most Punctual Airline in 2021" at Moscow Domodedovo Airport.
- Air Arabia launched new route to Osh.
- Air Arabia Maroc resumed flights from and to Morocco.
- Air Arabia Egypt launched new route from Sohag to Gassim in Saudi Arabia.
- Air Arabia reported a net profit of AED 720 million for the full year ending Dec 2021.
- Air Arabia Maroc launched new route from Barcelona to Oujda.
- Air Arabia Abu Dhabi launched new route to Istanbul Sabiha.
- Air Arabia shareholders approved dividend distribution of 8.5 percent of share capital at AGM.
- Air Arabia launched new route to Bodrum and Antalya.
- Air Arabia resumed flights to Trabzon and Sarajevo
- Fly Jinnah reveals its brand identity
- Air Arabia wins "Four-Star Low-Cost Carrier 2022" rating by APEX.

### Q2

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- Air Arabia Abu Dhabi launched new route to Jaipur, Chennai, Mumbai, Ahmedabad, and Bahrain
- Air Arabia Egypt launched new route to Dammam.
- Air Arabia Maroc launched new route from Nador to Madrid and Strasbourg as well as from Oujda to Malaga and from Casablanca and Tangier to Sevilla.
- Air Arabia resumed flights to 4 cities in Saudi (Taif, Jouf, Gassim and Hail).
- Fly Arna graduated its very first batch as cabin crew.
- Air Arabia Abu Dhabi launched seasonal flights to Trabzon, Sarajevo, Tbilisi.
- Air Arabia Abu Dhabi launched new route to Baku.
- Air Arabia Abu Dhabi launched city check-in service.
- Air Arabia reported Q1 2022 net profit of AED 291 million.
- Fly Arna finished the painting of its first aircraft.
- Fly Arna celebrated the graduation of its second batch of cabin crew and 18 pilots.
- Air Arabia Maroc launches online check-in.
- Fly Arna receives first aircraft and starts its operations with two new routes.
- Fly Arna inaugurates its office in Yerevan.
- Fly Arna appoints the maintenance company (Cross Technics).

### Q3

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- Air Arabia Abu Dhabi celebrated its two years anniversary, carrying 1M passengers.
- Air Arabia announced new route to Milan effective Dec 7, 2022
- Fly Arna added Moscow to its growing network
- Fly Arna added Sochi to its growing network
- Air Arabia Abu Dhabi added Beirut, Kuwait, and Moscow as new destinations
- Air Arabia announced a new joint venture in Sudan to form "Air Arabia Sudan"
- Air Arabia signed incentive agreement with RAK
- Air Arabia Egypt added Medina to its network

### Q4

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- Air Arabia celebrated its 19th anniversary.
- Adel Al Ali awarded CEO of the year at Airline Economics Aviation 100 Awards
- Fly Jinnah received Airline Operator Certificate and Operating License
- Fly Arna launched new route to Tbilisi
- Fly Jinnah starts operations across 5 domestic cities.
- Air Arabia Abu Dhabi launches new routes to Kazan, Yekaterinburg, Tashkent,
- Air Arabia launches new route to Namangan, Ufa, Yekaterinburg, Kazan,
- Air Arabia Egypt launches new route connecting Cairo to Marseille.
- Appointment of "Fly Jinnah" CEO
- Air Arabia reported Q3 2022 net profit of AED 416 million.
- Air Arabia inaugurates first flight between Sharjah and Milan
- Air Arabia Abu Dhabi inaugurates first flight between Abu Dhabi and Tashkent
- Air Arabia announces the resumption of flight to Kuala Lumpur

## Appendix 1

Meetings Dates & Attendees of Air Arabia Board of Directors during the year  
"Y", "N"

Board Meeting number	Date	Shk. Abdullah	Adel Ali	Shk. Mohammed	Shk. Khalid	Waleed	Matar	Samer
1	14.2.2022	Y	Y	Y	Y	Y	Y	Y
2	11.5.2022	Y	Y	Y	Y	Y	Y	Y
3	10.2.2022 Electronically	Y	Y	Y	Y	Y	Y	Y
4	12.9.2022	Y	Y	Y	Y	Y	Y	Y
5	9.11.2022	Y	Y	Y	Y	Y	Y	Y

## Appendix 2

Meetings Dates & Attendees of the Audit Committee and attendance:  
"Y", "N"

Audit Committee Meeting	Date	Waleed	Matar	Sameer
1	14.2.2022	Y	Y	Y
2	11.5.2022	Y	Y	Y
3	10.8.2022	Y	Y	Y

## Appendix 3

Meetings Dates & Attendees of the Committee on Nominations and Remuneration:  
"Y", "N"

Remuneration Committee Meeting	Date	Shk. Mohammed	Shk. Khalid	Waleed
1	14.2.2022	Y	Y	Y

## Appendix 4

Meetings Dates & Attendees of the Investments Committee:  
"Y", "N"

Investments Committee Meeting	Date	Shk Mohammed	Shk Khalid	Waleed
1	12.1.2022	Y	Y	Y
2	17.1.2022	Y	Y	Y
3	18.1.2022	Y	Y	Y
4	11.5.2022	Y	Y	Y

Appendix 5

