

Functional Policy



Executive Remuneration Policy

1.0 Purpose

- 1.1 Air New Zealand (“the Company”) remuneration philosophy is aligned with its recruitment and leadership development philosophies and performance management approaches to ensure the attraction, development, and retention of talented individuals.
- 1.2 The Company’s remuneration strategy is underpinned by a pay for performance philosophy and uses annual performance incentives to create opportunities to achieve market competitive remuneration levels and in the case of superior performance, total remuneration in excess of market.

2.0 Executive Remuneration

- 2.1 The CEO and Executive remuneration packages are made up of the following components.
 - a) Fixed remuneration including superannuation
 - b) Short-term incentives
 - c) Long-term incentives
 - d) Benefits
- 2.2 The weighting of the remuneration components is considered in the review of remuneration.
- 2.3 The Company’s People, Remuneration and Diversity Committee (“PRDC”) is kept apprised of relevant market information and best practice and obtaining advice from external advisors when necessary.

3.0 Fixed Remuneration

- 3.1 The Company provides fixed remuneration that are generally benchmarked against similar positions in companies of comparable size and complexity. The PRDC uses remuneration surveys conducted by external advisors in determining remuneration levels.
- 3.2 Remuneration is generally reviewed annually, and any increases determined by factors such as company performance, general economic conditions, marketplace remuneration levels and individual performance.

4.0 Short-term Incentives

- 4.1 Short-term Incentives may be paid to eligible employees. Short-term incentive payments will be linked to the achievement of specified business measures consistent with the Company’s strategic and operational objectives, and may include selected financial, safety, operational or other measures. The PRDC reviews the structure of the Short-term incentive plan and sets and assesses performance against the specified measures annually. The PRDC may change or cancel the plan if appropriate.

5.0 Long-term Incentives

- 5.1 Long term incentives may be paid to eligible employees. Long-term incentives are designed to promote strategic objectives including long-term shareholder value and the recruitment and retention of senior leaders. Participation in the Long-term incentive plan is at the PRDC's discretion and determined annually.
- 5.2 Incentives under the Long-term incentive plan will generally be based on the performance of Air New Zealand shares over a multi-year period and be realised in the form of shares issued to eligible employees.
- 5.3 Participants in the Long-term incentive plan may have a mandatory shareholding requirement such that shares acquired through the Long-term incentive plan may not be disposed of unless that mandatory shareholding is maintained.
- 5.4 The PRDC regularly reviews the structure and operation of the Long-term incentive plan. The PRDC may change or cancel the plan if appropriate.

6.0 Benefits

- 6.1 Executives may have access to or be provided with non-cash benefits including travel benefits. Any such benefits are discretionary and may be subject to additional policies governing their use.

7.0 Related Documents

- Code of Conduct
- People, Remuneration and Diversity Committee Charter

8.0 Governance and Maintenance

8.1 Review Timetable

At a minimum, this Policy will be formally reviewed annually by the PRDC. The PRDC Charter will be referred to when reviewing this Policy.

8.2 Contact

For queries in relation to this Policy, please contact Policy@airnz.co.nz

9.0 Version History

Issue	Owner	Action	Approved by	Date
1.0	Chief People Officer		Board of Directors	June 2023