Group Policy

Risk Management

1.0 Intent

1.1 Air New Zealand operates in a complex environment which cannot be devoid of Risk.

1.2 We are committed to systematically managing our Risks and meeting our legal, regulatory and governance obligations, while operating sustainably as a commercial airline. We will achieve this by embedding Risk Management into our processes and culture to help make informed decisions within Risk Appetite for the benefit of the Company and its Stakeholders.

1.3 The primary purpose of this Policy is to promote a consistent approach to Risk Management enterprise-wide, and to ensure that all Risks that threaten achievement of our objectives are managed to an acceptable level. This Policy is designed to:

- Embed a consistent Risk Management Process enterprise wide which includes a common approach for identifying, assessing, treating, monitoring and reviewing Risks;

- Promote a Risk-aware culture where all employees understand, report and proactively manage Risk through sound decision making;

- Establish clear responsibilities for Risk Management;

- Establish a process to provide assurance to the Board that Risks are identified, continually monitored and managed to an acceptable level; and

- Meet best practice standards for Risk Management and Governance.

1.4 This Policy is consistent with principles set out in the AS/NZS ISO 31000-2018 Standard, the relevant requirements of CAA and IATA (IOSA), the ICAO recommendations, as well as relevant health and safety legislation. It should be read and applied in conjunction with the Risk Management Framework (including Risk Appetite Statement, Risk Management Standard and the Risk Management Guidelines) which set out detailed requirements and guidance to support its implementation, and other relevant Group policies.

2.0 Scope

2.1 This is an Air New Zealand Group Policy which applies to all employees, contractors and other representatives of the Air New Zealand Group of Companies, collectively referred to as "employees".

3.0 Policy Requirements

3.1 Air New Zealand's Risk Management process will be applied in accordance with the following principles[1]:

a) **Risk Management is integral to business planning, decision making and operational activities** requiring identification, assessment, treatment, documentation monitoring and review of Risks as part of Business Units' operating rhythm.

b) **Risk Management is dynamic, iterative and responsive to change:** It is a continuous process where Risks will be formally and regularly monitored, reviewed and reported in response to changes in the internal and external context. Incidents, issues and audit findings and for all major change initiatives and projects will be considered.

c) **Risk Management is systematic, structured and timely:** The Risk Management Process will be applied in accordance with minimum requirements outlined in the Risk Management Standard. Risk identification will include consideration of all Risk dimensions (i.e. Strategic, Operational (incl. People Safety and Operational Safety), Financial and Legal and regulatory compliance Risks).

d) **Risk Management is transparent and inclusive:** Leaders must take all appropriate measures to safeguard the quality and integrity of the Risk Management process by appropriately engaging all relevant Stakeholders. The Empowerment Framework Guardrails will be considered to ensure that decisions are made with appropriate consideration of Risk and through consultation with Stakeholders.

e) **Risk Management is part of decision making:** Leaders are responsible for understanding, prioritising and managing risks to acceptable levels in alignment with Risk Appetite to ensure that Air New Zealand can achieve its strategic objectives.

f) **Risk Management facilitates continual improvement of the organisation:** Employees will be provided training to promote Risk awareness, ensure understanding of responsibilities and to uplift Risk Management maturity and capability.

g) **Risk Management is based on best available information:** It will consider historical, current information and future expectations. It explicitly considers limitations and uncertainties associated with such information. Leaders will ensure that information is timely, clear and captured using prescribed tools and that it is made available to relevant Stakeholders.

3.2 A Group Risk Profile representing the top strategic Risks for the Group will be presented to the Audit and Risk Committee and the Board twice yearly by the General Counsel and Company Secretary.

3.3 Risk appetite supports decision making regarding the amount of Risk that can be taken and the extent of Risk Management measures to apply. Policies and procedures will align to Risk appetite.

3.4 Business continuity and emergency management processes are an important element of Risk mitigation planning and must be appropriately considered during the review of Business Unit Risks in accordance with the Business Continuity Policy and Emergency Management Policy.

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[1] Aligned with the the AS/NZS ISO 31000-2018 Risk Management Standard

4.0   Definitions

Risk	Risk is the effect of uncertainty on objectives.[2]
Control	A measure that maintains and/or modifies Risk.[1]
Risk Management	Coordinated activities to direct and control an organisation with regard to Risk.[1]
Stakeholder	A person or organisation that can affect, be affected by, or perceive themselves to be affected by a decision or activity.[1]
Key Risk	A Key Risk is a Risk generally rated "Medium" or higher (after considering the effectiveness of existing controls) which has the potential to significantly impact Business Unit objectives.
Risk Management Process	The systematic application of policies, procedures and practices to the tasks of establishing the context, identifying, analysing, evaluating, communicating, treating and monitoring Risk. Air New Zealand's Risk Management Process is defined in the Enterprise Risk Management Framework.
Risk Appetite	The level of Risk that Air New Zealand is prepared to seek or accept in pursuit of its strategic objectives.

5.0   Roles and Responsibilities

5.1   All Air New Zealand employees have a responsibility to identify and manage Risk in accordance with this Risk Management Policy. Risk Management responsibilities by role are detailed in Appendix A.

6.0   Compliance

6.1   Breach of this Policy may lead to disciplinary action, up to and including dismissal (or termination of existing contractual arrangements for contractors or other agents). In some circumstances, a breach of Policy may result in civil or criminal liability.

6.2   SPEAK UP – Any known violations of this Policy may be notified to a Leader, HR Business Partner or confidentially through the Speak Up Reporting Line.

7.0   Related Documents

This Policy should be read and applied in conjunction with the Guardrails under the Empowerment Framework and all other related documents below:

- Business Continuity Policy
- Emergency Management Policy
- Code of Conduct
- Enterprise Risk Management Framework
- Empowerment Framework
- Health, Safety and Wellbeing Policy
- Just Culture and Reporting Policy
- Risk Appetite Statement
- Risk Management Standard
- Risk Management Guidelines

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[2] Adopted from the AS/NZS ISO 31000-2018 Risk Management Standard

8.0   Governance and Maintenance

8.1   Policy Location

This Policy is published under the Policy Library in Korunet.

8.2   Review Timetable

At a minimum, this Policy will be formally reviewed once every three years by the Policy Management Committee and presented to the Audit and Risk Committee and the Board.

8.3   Contact

For queries in relation to this Policy, please contact General Counsel and Company Secretary or Policy@airnz.co.nz

9.0   Version History

Issue	Owner	Approved by	Date
5.0	Chief Financial Officer	Policy Management Committee	April 2024

Appendix A: Risk Management Roles and Responsibilities

Board	The Board is accountable for the oversight of corporate governance on behalf of the shareholders and for the management of Risk. The Board has delegated this responsibility to the Audit and Risk Committee. The Board is also responsible for setting Air New Zealand's Risk appetite.
Audit and Risk Committee	As outlined in the Audit and Risk Committee Charter, review and where necessary, make recommendations to the Board in respect of Risk Management and compliance matters. This includes: • Review of the Risk Management Framework (including Policy, Standard and Guidelines) and any updates to the Group Risk Profile (excluding Risks dealt with by the Health, Safety and Security Committee); • Oversight of Key Risks identified through the Group Risk Profile and the extent to which the Company operates in accordance with the Risk Appetite Statement. • Review management policies and processes to ensure their suitability for achieving appropriate levels of compliance with this Risk Management Policy;
CEO and Leadership Squad	Accountable for setting the tone and driving a culture of Risk Management: • Providing the necessary resources, mechanisms and support to enable compliance with the Risk Management Policy and the management of Risks within the defined Risk appetite. • Safeguarding the integrity of the Business Unit, Divisional and Group Risk Profiles. • Being aware of the Airline's Key Risks and making informed decisions aligned to Risk appetite. • Collectively contribute to identification, assessment and mitigation of strategic Risks for reporting to the Audit and Risk Committee and the Board. • Responsible for the periodic review of their Divisional Risks and the effectiveness of key controls relied upon to manage their Risks.
Chief Operational Integrity and Safety Officer	Responsible for ensuring compliance with relevant Health and Safety legislation, safety performance monitoring and reporting on Group-wide Operational Safety, People Safety, and Security Risks as well as providing assurance that the Air New Zealand's Safety Management System is working effectively.
Leaders	The effective management of Risk is a core management competency which cannot be delegated. Business Unit Leaders have ultimate functional and / or operational responsibility for an identified Risk within their area. Business Unit Leaders are accountable for implementing Risk Management processes within their respective areas of responsibility including: • Establishing Business Unit objectives.

	• Demonstrating leadership in promoting Risk culture and awareness and embedding effective Risk Management into day-to-day business activities. • Identifying, assessing and monitoring Key Risks within their area, including communicating Risks to other impacted parts of the business (cross functional Risks). • Managing their Risks to an acceptable level i.e. within any explicit or implicit Risk tolerance/appetite. • Providing assurance regarding effectiveness of controls. • Ensuring timely implementation of treatment plans. • Escalating significant Risks. • Ensuring the integrity of their Risk profile. • Maintaining Risk Registers for their business area. • Providing the necessary resources and mechanisms to monitor and report on Risks. • Making sure business area Risks are identified, understood, managed, monitored, and escalated appropriately and reviewed regularly.
Functional SMEs	Responsible for: • Providing an independent enterprise-wide validation and review of Risk and controls, including specialist advice and guidance relating to their specialist Risk area. • Providing a second line level of assurance over the quality of Risk information. • Delivering training and awareness programmes specific to their specialist Risk area; and Partnering with the GRC team to support the continuous improvement of the Enterprise Risk Management Framework.
Project Sponsors	Responsible for ensuring that Project Managers have adequately identified and assessed all Risks associated with their projects, and that appropriate mitigations are in place.
Enterprise Risk	Accountable for developing, maintaining, and facilitating implementation of Air New Zealand's Risk Management Policy and Enterprise Risk Management Framework, including tools, methodology and training across the Company. Enterprise Risk is responsible for presenting the Group Risk Profile to the Audit and Risk Committee and the Board, and for reporting to the Audit and Risk Committee on the effectiveness of the implementation of the Risk Management Framework. Accountable for: • Developing, maintaining and facilitating implementation of Air New Zealand's Risk Management Policy and Framework, including all tools and methodology supporting the Risk Management Process. • Preparing the Group Risk Profile for Board approval

	- Reporting to the Audit Committee on the effectiveness of management's implementation of Air New Zealand's Risk Management Framework. - Providing advice and guidance to the business on the implementation of Air New Zealand's Risk Management Policy and Framework. - Developing and providing Risk Management awareness and training throughout the organization in conjunction with other specialist Risk functions;
Internal Audit	Responsible for independently assessing the effectiveness of internal controls for managing Risk.
Employees	All employees have a responsibility to report any identified Risks and control improvement opportunities and be Risk aware in the performance of their activities.