

# BOARD CHARTER

This Board Charter sets out the authority, responsibilities, membership and operation of the Board of Directors of Air New Zealand Limited (“the Company”). It is to be read in conjunction with the Constitution of the Company.

## 1. OPERATION OF THE BOARD

### 1.1 Governance

Each of the directors and all of the Company’s management are fully committed to high standards of corporate governance, which includes embracing the following principles:

1. To lay solid governance foundations through clarity of Board and management roles;
2. To structure the Board to add value through its composition, size and commitment;
3. To promote ethical and responsible decision making;
4. To safeguard integrity in financial reporting;
5. To make timely and balanced disclosure;
6. To act in the best interests of its shareholders;
7. To recognise and manage risk;
8. To ensure that Air New Zealand acts as a good corporate citizen; and
9. To monitor the development and performance of key talent in the Company and remunerate and promote fairly and responsibly, having regard to Air New Zealand’s Equality, Diversity and Inclusion Policy.

### 1.2 Director Responsibilities

The primary responsibility of the directors is to exercise their individual and collective business judgement to act in what they believe to be the best interests of the Company and its shareholders. In discharging that obligation, directors shall be entitled to rely on the honesty and integrity of the Company’s senior executives and its external advisors and auditors.

It is the Board’s responsibility to take appropriate steps to protect and enhance the value of the assets of the Company in the best interests of its shareholders. The Board will ensure that at the heart of the organisation there is a culture of honesty, integrity and excellent performance. In furtherance of its responsibilities, the Board will:

1. Ensure that appropriate systems and processes are in place so that the business of the Company is conducted in an honest, ethical, responsible and safe manner;
2. Oversee the overall conduct of the business and ensure that it is being effectively managed;
3. Ensure that effective audit, risk management and compliance systems are in place to protect the Company’s assets and to minimise the possibility of the Company operating beyond legal requirements or beyond acceptable risk parameters;

4. Be actively engaged in directing and approving the strategic planning of the Company and monitoring management's implementation of the strategies having regard to the continued ability of the Company to respond to change;
5. Analyse and review material acquisitions, divestments and capital expenditure;
6. Set delegated authority levels for the Chief Executive Officer;
7. Review and approve the corporate plan, financial and dividend policies and the operating budget, and monitor financial performance and integrity of reporting;
8. Appoint, and if necessary, remove the Chief Executive Officer and oversee succession plans for the senior executive team;
9. Act in such a way that Board meetings and discussion promote focused debate within a supportive team atmosphere;
10. Ensure effective and timely reporting to shareholders; and
11. Safeguard and enhance the image and reputation of the Company.

### 1.3 Board and Committee Meetings

The Board will meet, in person or by teleconference, at least nine times a year and otherwise as necessary to deal with any urgent matters. The Constitution governs the regulation of meetings and proceedings of the Board. A schedule of locations of the regular meetings will be provided to the directors at the beginning of each year. Directors should spend the time necessary and meet as frequently as necessary to properly discharge their responsibilities.

To enable appropriate review of Board materials, directors will be sent materials in advance of the Board meetings in either paper form or electronically. The content, presentation and delivery of papers to directors for each meeting will be in accordance with guidelines agreed by the Board.

The Chairman, Chief Executive Officer or committee chairpersons may from time to time invite employees and advisors to attend Board or Committee meetings whenever deemed appropriate.

Proceedings of all meetings are minuted. Minutes are circulated to directors and, when approved by the Board, signed by the Chairman.

Meeting procedures for committees will be governed by the respective Board approved charters.

### 1.4 Agenda Items

The General Counsel and Company Secretary in conjunction with the Chief Executive Officer and Chairman will establish the agenda for each Board meeting. Standing items will include the Chief Executive Officer's report, financial reports, health & safety reporting, disclosure compliance and notification of changes in directors' relevant interests. Each director is free to raise at any Board meeting subjects that are not on the agenda for that meeting.

### 1.5 Company Secretary

The General Counsel & Company Secretary will be secretary to the Board.

All directors shall have access to the General Counsel & Company Secretary.

### 1.6 Director Compensation and Reimbursement

Total directors' remuneration, to be paid in the form of directors' fees, is subject to shareholder approval. Fees up to the approved level may be allocated by the Board to its members as it considers fair and appropriate, to reflect responsibilities, workload, or other relevant factors.

The Board may also approve cash or non-cash allowances and benefits to directors where it is satisfied as to the fairness to the company of such allowances or benefits.

The Company will meet the cost of:

- Director's travel directly associated with their attendance at Board and committee meetings, Board trips and Board business;
- Any costs associated with a director's attendance at functions where the director is representing the Company;
- Any travel costs directly associated with a director's spouse or partner's attendance at functions where their attendance is considered appropriate; and
- Any costs directly associated with the director's performance of their role.

### 1.7 Director Orientation and Education

The Board will ensure that all new directors are appropriately introduced to senior managers and the business of the Company. All such directors will receive full disclosure and compliance packs including relevant Company policies, its Constitution and this Charter.

It is expected that all directors will continuously educate themselves to ensure that they may appropriately and effectively perform their duties. The Company will cover the cost of director's training where approved by the Chairman. In addition, visits to specific Company operations, when appropriate, and briefings from key executives and industry experts will be arranged.

### 1.8 Chief Executive Officer Evaluation

The Board will conduct an annual review of the Chief Executive Officer's performance to ensure that he or she is providing the best leadership for the Company in the long and short-term.

### 1.9 Management Delegations

The Board delegates to the Chief Executive Officer responsibility for implementing the Board agreed strategy and for managing the day-to-day operations of the Company. The Chief Executive Officer is, in turn, expected to delegate some of those powers to management. The Board is responsible for monitoring those delegations.

Save for communications between the chairpersons of the Board committees and relevant senior executives as appropriate from time to time, all communications between the directors and employees should be arranged through the office of the Chief Executive Officer.

### 1.10 Independent Advice

A committee or individual director may, with the prior approval of the Chairman, engage professional advisers at the Company's expense to advise or assist them in carrying out their responsibilities.

### 1.11 Conflicts of Interest

The Board expects its members, both individually and collectively, to act ethically and in a manner consistent with the values of the business. Each director will minimise the possibility of any conflict of interest with the Company by restricting involvement in other businesses that would be likely to lead to a conflict of interest. Where conflicts of interest do arise, directors will excuse themselves from the relevant discussions and, in accordance with the listing rules of the stock exchanges on which the Company is listed, will not exercise their right to vote in respect of such matters.

## 2 BOARD STRUCTURE

### 2.1 Size of the Board

The Constitution prescribes that the Board shall comprise not more than eight and not less than five directors and, unless otherwise fixed by Special Resolution of Shareholders, the maximum is eight directors. The Board has discretion to fill any vacancies up to this maximum. At least three directors must be ordinarily resident in New Zealand and more than one half of the total number of directors if so appointed must be New Zealand citizens.

### 2.2 Selection of Directors

The Board is responsible for filling vacancies on the Board that may occur between annual meetings of shareholders and in so doing will have regard to candidates with appropriate skills, knowledge and experience who can exercise an independent and informed judgement on matters which come to the Board and who are free of any business or other relationship that may interfere with the exercise of that individual judgement. Any directors so appointed must retire at the next Annual Meeting, and may seek election by shareholders. Shareholders may also make nominations of directors. The Board will evaluate all candidates, and consider whether they would be Independent, and may recommend candidates to Shareholders.

### 2.3 Independence of Directors

A majority of the directors shall be independent as assessed by the Board, having regard to the factors described in the NZX Corporate Governance Code. The Board's expanded guidelines for determining the independence of a director are set out in Attachment A to this Charter.

Directors are required to bring forward to the Board all relevant information which may affect their independence. Loss or gain of independence by a director shall be disclosed to the market immediately.

### 2.4 Chairman

The roles of Chairman and Chief Executive Officer are separate.

The Chairman and Deputy Chairman are selected by the full Board. The Chairman must be approved by the majority shareholder.

The Chairman's role is to:

- Manage the Board effectively and provide effective leadership in formulating strategic direction;
- Foster a constructive governance culture and apply appropriate governance principles among directors and with management;
- Make sure the Board is well informed and effective and that the members, individually and as a group, have the opportunity to air differences, explore ideas and generate the collective views and wisdom necessary for the proper operation of the Board and the Company;
- Ensure there are processes and procedures in place to evaluate the performance of the Board, its committees and individual directors;
- Approve expenses incurred by Directors;<sup>1</sup>
- Ensure effective communication with shareholders;
- Act as a mentor or counsel for the Chief Executive Officer; and
- Act as the link between the Board and the Chief Executive Officer on a day-to-day basis.

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<sup>1</sup> The Chair of the Audit and Risk Committee will approve the Chairman's expenses.

The Chairman of the Board must be an independent director.

## 2.5 Retirement, Rotation and Resignation from the Board

The requirements and procedures governing the retirement, rotation and resignation of directors are prescribed in the Company's Constitution.

# 3 COMMITTEES

## 3.1 Board Committees

The Board has established various committees to handle particular analysis and work delegated by the Board. These committees are comprised of directors appointed by the Board and the chairpersons of such committees are appointed by the Board.

The four standing committees are the Audit and Risk Committee, the Health Safety and Security Committee, the Funding Committee and the People Remuneration and Diversity Committee. From time to time, the Board may also establish ad hoc or special purpose committees to examine, or have the delegated authority to deal with, specific issues on behalf of the Board.

### Nomination Committee

The Board may form a nomination and appointment committee but appointment of directors will normally be directed by the full Board obviating the need for a Nomination Committee.

## 3.2 Standing Committees

Each committee shall have a Board approved charter defining its purpose, role and responsibilities as well as the committee's membership, operations and reporting requirements, and engagement with management. Where appropriate, the committees will make recommendations to the full Board. Committees are not to take action or make decisions on behalf of the Board unless specifically mandated by prior Board authority to do so.

## 3.3 Review of Committees

The Committees shall undertake regular reviews of their objectives and activities.

The objectives and activities of the Committees shall also be reviewed by the Board, in consultation with relevant senior managers and any other parties as the Board deems appropriate.

# 4 OTHER BOARD MATTERS

## 4.1 Trading in Air New Zealand Securities

The Board believes it is appropriate for non-executive directors to own shares in the Company to show their support and commitment. It is expected that directors will own an amount of shares equivalent to at least 50% of the annual base director fees. Directors are expected to reach this level of share ownership (either directly or through an associated entity) within a three year period of their appointment.

Directors are subject to limitations on their ability to buy and sell Air New Zealand securities by the Company's Securities Trading Policy, stock exchange listing rules and the Financial Markets Conduct Act 2013. Consent is required prior to any trading, in accordance with the Securities Trading Policy. All changes in directors' security holdings must be disclosed to NZX and the company, and will be reported to the Board.

## 4.2 Board interaction with Institutional Investors, Analysts, Media, Customers and Members of the Public

Unless otherwise directed by the Chief Executive Officer or the Chairman, communications on behalf of the Company with the media, analysts, brokers and investors must be made only by

specifically designated representatives of the Company in accordance with the Company's Media Communications Policy. Only the Chairman should speak on behalf of the Company on governance issues and strategic direction. The Chief Executive Officer is authorised to speak on all aspects of the Company other than governance. If any other director receives any enquiry relating to the Company, he or she should decline to comment and ask the enquirer to call the Chairman or the Chief Executive Officer.

#### 4.3 Board Independence from Management

The Board will meet regularly without management present, for open discussion on any Company issue.

#### 4.4 Performance Evaluation of the Board

The Board will conduct regular performance reviews of the Board as a whole. These may include the collation of views of individual directors and the senior management team on Board process, efficiency and effectiveness.

#### 4.5 Review of Charter

The Board will review this Charter periodically as required to ensure it remains consistent with the Board's objectives and responsibilities.

## ATTACHMENT A:

### INDEPENDENCE OF DIRECTORS

An independent director is one whom the Board affirmatively determines has no material relationship with the Company (either directly or as a partner, substantial security holder or officer of an organisation that has a relationship with the Company) that could reasonably influence their judgement and decision-making as a director.

In determining independence, the Board endorses the following view of the Financial Markets Authority:

It is recognised that Board effectiveness is not always enhanced by directors' formal independence if this is given too much weight in contrast to the independence of mind, and the skills, knowledge, experience, and time that a director can contribute to the entity. Independent representation is an important contributor to Board effectiveness, but only when considered along with the other attributes sought in a non-executive director.

### ASSESSMENT OF INDEPENDENCE

The Board of directors has adopted the following guidelines to assist in the determination of each director's independence. If any of the factors cannot be affirmed, the Board retains discretion to determine that a director's circumstances can still support a determination that they are independent. The reasons for such a determination and any Board agreed materiality thresholds must be disclosed in the Company's Annual Report. For the purposes of determining "independence", any reference below to "Company" includes a director's relationship with any subsidiary company of the Company.

#### A director will be presumed to be independent if the director:

1. Is not currently, and has not been within the last three years, employed as an executive of the Company or any of its subsidiaries, and there has been a period of at least three years between ceasing any such employment and serving on the Board., and
2. Has not, during the last three years, been a principal of a present or former auditor of the Company or any other material professional adviser or consultant to the Company or any of its subsidiaries, or an employee materially associated with the service provided; and
3. Has not, during the last three years, had a material business relationship with the Company or any of its subsidiaries, including but not limited to
  - a. being a director, executive officer or an employee of a company that made payments to, or received payments from, the Company for property or services in any of the last three years in an amount which, in any single fiscal year, exceeds the greater of \$1 million, or 2% of such other company's consolidated gross revenues; and
  - b. being an executive officer of a foundation, University or non-profit trust or other charitable organisation, for which the Company and its respective trusts or foundations, account or accounted for more than 2% or \$1 million, whichever is greater, of such charitable organisation's consolidated gross revenues, in any of the last three years; and
  - c. being a director, executive officer or general partner of an entity that has received an investment from the Company or any of its subsidiaries, unless such investment is less than \$1 million or 2% of such entity's total invested capital, whichever is greater, in any of the last three years; and

4. Is not a substantial productholder of the Company or a senior manager of, or otherwise associated with, a substantial productholder of the Company (other than solely as a consequence of being a director of the Company); and
5. Does not have a relationship with the Company (other than solely as a consequence of being a director of the Company) from which that director is likely to derive at least 10% of his or her revenue during the current financial year of the Company; and
6. Does not have any immediate family member in any of the categories above.
7. Has not been a director of the Company for a length of time that may compromise independence.
8. Is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

### Materiality

It is important for the Board to consider materiality thresholds from the perspective of both the Company and its directors. Materiality thresholds from the perspective of directors and third parties are included in the guidelines above. The threshold for materiality for the purpose of assessing the materiality of relationships between a non-executive director and the Company (other than as a director) will be judged according to the significance of the relationship to the director in the context of their activities as a whole.

From the Company's perspective, a relationship is presumed immaterial when it generates less than 5%, and presumed material when it generates more than 10% of revenue over a twelve month period, in the absence of evidence or convincing argument to the contrary.

### Associated Person (immediate family member)

An associated person includes any spouse or partner, child, sibling or parent (or nominee or trustee for any of them) of the director.

### Timing of Determination

The Board will make independence assessments:

1. Prior to, or immediately following, appointment of a new director;
2. Prior to the publication of the Notice of Meeting, for any director or candidate seeking election at the corresponding meeting;
3. Following any advice or information received that might impact upon a director's independence.

Immediately after making any new determination an announcement as to the director's independence will be sent to the stock exchanges.

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