Group Policy

Risk Management

1.0   Intent

1.1   Air New Zealand operates in a complex environment which cannot be devoid of Risk. 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 for the benefit of the Company and its stakeholders.

1.2   The primary purpose of this Policy is to promote a consistent approach to Risk Management enterprise-wide, and to ensure that all Risks that could jeopardise the 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.

1.3   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 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:

a)   **Risk Management is an integral part of Air New Zealand's processes.** Risk Management is a key input for strategic and business planning, decision making and day-to-day operational activities.

Business units must identify, assess, treat, monitor and review their Risks as part of their business rhythm.

b) **Risk management is dynamic, iterative and responsive to change:** Risk Management is a continuous process. Risks will be formally monitored, reviewed and reported on a regular basis in response to changes in the internal and external context. Key Risks must also be identified, assessed, treated and documented for all major change initiatives and projects.

c) **Risk management is systematic, structured and timely:** The Risk Management Process will be applied in accordance with the minimum requirements outlined in the Risk Management Standard. Risk identification will include a consideration of all types of Risk (i.e. Strategic, Operational (incl. people safety and operational safety), Financial and Legal and regulatory compliance risks). Business units should review regularly their Risks and associated controls with consideration of any incidents, issues and audit findings.

d) **Risk Management is transparent and inclusive**: Management must take all appropriate measures to safeguard the quality and integrity of the Risk Management Process. This includes engaging all relevant stakeholders/functions, both internal and external where appropriate to contribute to Risk discussions.

e) **Risk management is part of decision making:** Management are responsible for understanding, prioritising and managing their business Risks to a level that is acceptable[1] to ensure that Air New Zealand can achieve its objectives.

f) **Risk management facilitates continual improvement of the organisation:** Employees will be provided the requisite training to promote Risk awareness, ensure understanding of Risk management responsibilities and to improve the Company's Risk Management maturity.

g) **Risk management is based on best available information:** Risk Management is based on historical and current information, as well as on future expectations. Risk Management explicitly takes into account any limitations and uncertainties associated with such information and expectations. Management must 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 on an annual basis by the General Counsel and Company Secretary. This will be supplemented with quarterly updates reflecting any material changes to the Group Risk Profile.

3.3   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 Crisis, Emergency and Business Resilience Policy.

4.0   Definitions

Risk: Risk[2] is the effect of uncertainty on objectives.

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 the objectives of a business unit.

Risk Management: a coordinated set of activities and methods used to direct an organisation and to control the many Risks that can affect its ability to achieve 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

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[1] As defined in Air New Zealand's Risk Appetite Statement to be developed).
[2] Adopted from the AS/NZS ISO 31000-2018 Risk Management Standard

Risk. Air New Zealand's Risk Management Process is defined in its Enterprise Risk Management Framework.

5.0 Roles and Responsibilities

Board and Audit and Risk Committee: The Board is accountable for providing governance over the Risk management process to protect shareholder value. The Board has delegated this responsibility to the Audit and Risk Committee.

CEO and Executive Team: Responsible for supporting the implementation of the Enterprise Risk Management programme by making available appropriate resources and processes and ensuring compliance across their areas of responsibility. The Executive will also collectively contribute to the identification of top strategic Risks for the company on a periodic basis for reporting to the Audit and Risk Committee and the Board.

Chiefs: Responsible for the periodic review of their top divisional Risks and the effectiveness of key controls relied upon to manage their Risks, including committing appropriate resources required for effective Risk mitigation.

Management: The effective management of Risk is a core management competency. This responsibility cannot be delegated. Management is accountable for implementing Risk Management processes within their respective areas of responsibility.

Employees: All Air New Zealand employees have a responsibility to report any identified Risks and control improvement opportunities.

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.

Internal Audit: Responsible for monitoring and evaluating the effectiveness of the Company's Risk management processes.

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.

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 Manager, HR Business Partner or confidentially through the Speak Up Reporting Line.

7.0 Related Documents

- Code of Conduct
- Crisis Emergency and Business Resilience Policy
- Just Culture and Reporting Policy
- Risk Management Standard
- Risk Management Guidelines
- Enterprise Risk Management Framework

- Health, Safety and Wellbeing Policy

8.0 Governance and Maintenance

8.1 Policy Location

This Policy is published under the **Policy Library** on 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
4.0	Chief Financial Officer	Policy Management Committee	May 2021