

## Committee Charter

# PEOPLE, REMUNERATION AND DIVERSITY COMMITTEE

The Board of Air New Zealand Limited has established the People, Remuneration and Diversity Committee (“the Committee”) which is governed by this Charter.

## Purpose

The purpose of the Committee is to advise and assist the Board in its responsibilities with respect to oversight of People and Culture. The Committee will have specific responsibilities in respect of salary and other remuneration and benefits for the Directors, the Chief Executive Officer and the Chief Executive Officer’s direct reports, share based remuneration, and Diversity and Inclusion.

## Role

- To oversee the Company’s people-related policies, procedures and processes, towards an outcome of a sound and healthy organisation and culture;
- To ensure appropriate remuneration frameworks operate for Directors, the Chief Executive Officer, and direct reports to the CEO;
- To ensure appropriate succession plans are in place for direct reports to the CEO;
- To set diversity targets and monitor progress against these.

## Responsibilities

The Committee shall review and make recommendations to the Board, on:

- Remuneration policy for Directors and the Chief Executive Officer and the direct reports to the Chief Executive Officer;
- Salary and other remuneration and benefits for the Chief Executive Officer, including the setting of performance targets and performance evaluation;
- Remuneration for the non-executive directors (including recommendations subject to shareholder approval);
- Share-based remuneration or incentive schemes, including, but not limited to, the structure of such schemes and the allocation of shares or interests in shares;
- Disclosure of Chief Executive Officer remuneration.

The Committee shall review and approve:

- Salary and other remuneration and benefits for the direct reports to the Chief Executive Officer, the setting of their performance targets, and performance evaluation;
- The Company’s annual salary budget;
- Participants in share-based remuneration or incentive schemes;

- The structure of company-wide incentive plans or variable pay schemes including, but not limited to, the Short Term Incentive plan and Company Performance Bonus, and the exercise of any discretion associated with making or withholding cash payments under these;
- The selection and engagement of independent consultants for the review of executive and director remuneration;
- Succession plans for the Chief Executive Officer's direct reports;

The Committee shall establish, review and approve:

- Criteria by which a sound and healthy organisation and culture will be assessed. Specific initiatives, and progress against these criteria will be reviewed regularly.
- Measurable objectives on diversity and ensure progress is reviewed regularly and disclosed in the Annual Report.

## **Composition and Appointment**

### **Membership/Appointment/Qualifications**

The Committee shall be appointed by the Board and shall consist of at least two (2), and not more than seven (7), members.

All members of the Committee must be non-executive directors and a majority must be independent directors.

### **Chair**

The Chairperson shall be appointed by the Board and will be an independent director.

## **Authority**

Unless specifically mandated, the Committee has recommendatory powers only.

The Committee is authorised by the Board to undertake any activity pursuant to its functions and responsibilities defined in this Charter or otherwise assigned to it by the Board. It is authorised to seek any information it requires from any employee and all employees shall be directed to cooperate with any request made by the Committee.

The Committee shall have the authority of the Board to obtain legal or other independent professional advice, and to secure the attendance at meetings of third parties with the relevant experience and expertise if it considers this necessary.

The Committee shall not have nor exercise any power that the Board is prohibited from delegating under s130 of the Companies Act 1993.

The Committee has authority to sub-delegate. The Committee must ensure any activities outside the scope of the Committee are referred to the appropriate responsible body.

## **Administration**

### **Secretary**

The Chief People Officer shall act as Secretary of the Committee.

### **Meetings**

The Committee will hold at least three (3) meetings per year.

Any Board member may request, through the Board Chair, that the Committee convene to address any matter within the purview of the Committee that is of serious concern.

The Chair of the Committee shall also call a meeting of the Committee if so requested by any Committee member.

The Secretary, in conjunction with the Chair, shall draw up the Agenda.

The Agenda and Committee papers shall be distributed to members at least one (1) week prior to each meeting.

If the Chairperson is absent from a meeting, the members of the Committee participating in that meeting shall elect a chairperson for the meeting from their number.

The contemporaneous linking together by telephone or other means of instantaneous audio or audio-visual communication of sufficient members of the Committee to constitute a quorum and by which all the members participating can simultaneously hear each other throughout the meeting, whether or not one or more of such members of the Committee shall then be out of New Zealand, shall be deemed to constitute a meeting of the Committee.

### Quorum

A quorum shall be more than half of the members of the Committee.

### Conflicts of Interest

A member of the Committee who has an interest in any matter being determined by the Committee shall excuse themselves from the relevant discussions and shall not vote on that matter.

The Companies Act anticipates Directors making certain decisions in respect of their own remuneration or other benefits, and they are not expected to abstain from discussions or decisions on those matters. In such self-interested situations, Directors are required to certify as to the fairness to the company of any Director remuneration or other benefit they approve.

### Attendees

Meetings shall be attended by the Chief Executive Officer and the Chief People Officer, and others as appropriate, at the discretion and invitation of the Committee. Adequate notice shall be given to those to be invited.

Invitees may be requested to withdraw from the meeting at any time by the meeting Chairperson.

### Written Resolutions

A resolution in writing, signed or assented to by more than half of the members of the Committee, is as valid and effective as if it had been passed at a meeting of the Committee duly convened and held. Any such resolution may consist of several documents (including transmissions by facsimile or e-mail or other similar means of written communication) in like form, each signed or assented to by one (1) or more members of the Committee.

### Records

The Secretary shall ensure minutes, resolutions, papers and other records of the Committee are retained in accordance with any applicable policies or guidelines issued by the General Counsel and Company Secretary.

## Review

The Committee shall undertake a formal review of its objectives and activities regularly, and recommend any consequential changes to this Charter to the Board. Proposed changes to the Charter should clearly state whether they relate to the objectives or activities of the Committee, or are a restatement of existing objectives and activities.

The Committee's objectives and activities shall also be subject to Board review, and review by such other parties (including senior management) as the Board may determine.

## **Reporting**

### **Reporting to the Board**

The Chair of the Committee shall make a report to the Board after each PRDC meeting on the decisions, findings and recommendations of the Committee.

### **Annual Report**

The Committee is to prepare an annual report to the Board. The Report is to address all matters relevant to the Committee's role and responsibilities.

### **Minutes**

The Committee must ensure that minutes are kept of all proceedings at its meetings.

Minutes shall be confirmed at the subsequent Committee meeting and/or signed as correct by the chairperson of the meeting.

Approved minutes shall be made available to all directors and attendees of the meeting, the Chief Executive Officer and the Chief Financial Officer, and to other parties as the Committee Chairperson or the Board directs.

*This Charter was last confirmed by the Board of Air New Zealand Limited on 18 December 2019.*

## Appendix: Board and PRDC Resolutions

Subject to the specific roles, responsibilities and delegations in the PRDC Charter, and delegations to management by the Board, the table below summarises the role of the Board, PRDC and Management in recurring resolutions.

Item	BoD	PRDC	CEO
Remuneration policy for Directors	Resolves	Propose	
Remuneration Policy for CEO	Resolves	Propose	
Remuneration Policy for CEO direct reports	Resolves	Propose	Prepares
Company remuneration policy	Information	Resolves	Prepares
CEO Remuneration	Resolves	Propose	
CEO performance targets <sup>1)</sup>	Resolves	Propose	
CEO appointment <sup>2)</sup>	Resolves		
CEO Direct reports Remuneration	Information	Resolves	Propose
CEO Direct Reports performance targets	Information	Resolves	Propose
Plan design of shared based incentive schemes	Resolves	Propose	Propose
Participants in share based scheme <sup>3)</sup>	Information/Resolves CEO	Resolves	Propose
Pay out of share based schemes	Information	Resolves	Propose
Disclosures of CEO remuneration	Resolves	Propose	Propose
STI plan incl targets and measures <sup>4)</sup>	Information	Resolves	Propose
CPB plan incl targets and measures <sup>4)</sup>	Information	Resolves	Propose
Independent consultant	Information	Resolves	Propose
Withholding of incentives <sup>4)</sup>	Information	Resolves	
Diversity and Inclusion objectives	Information	Propose	Prepares
Company Remuneration Review Budget	Information	Resolves	Propose