

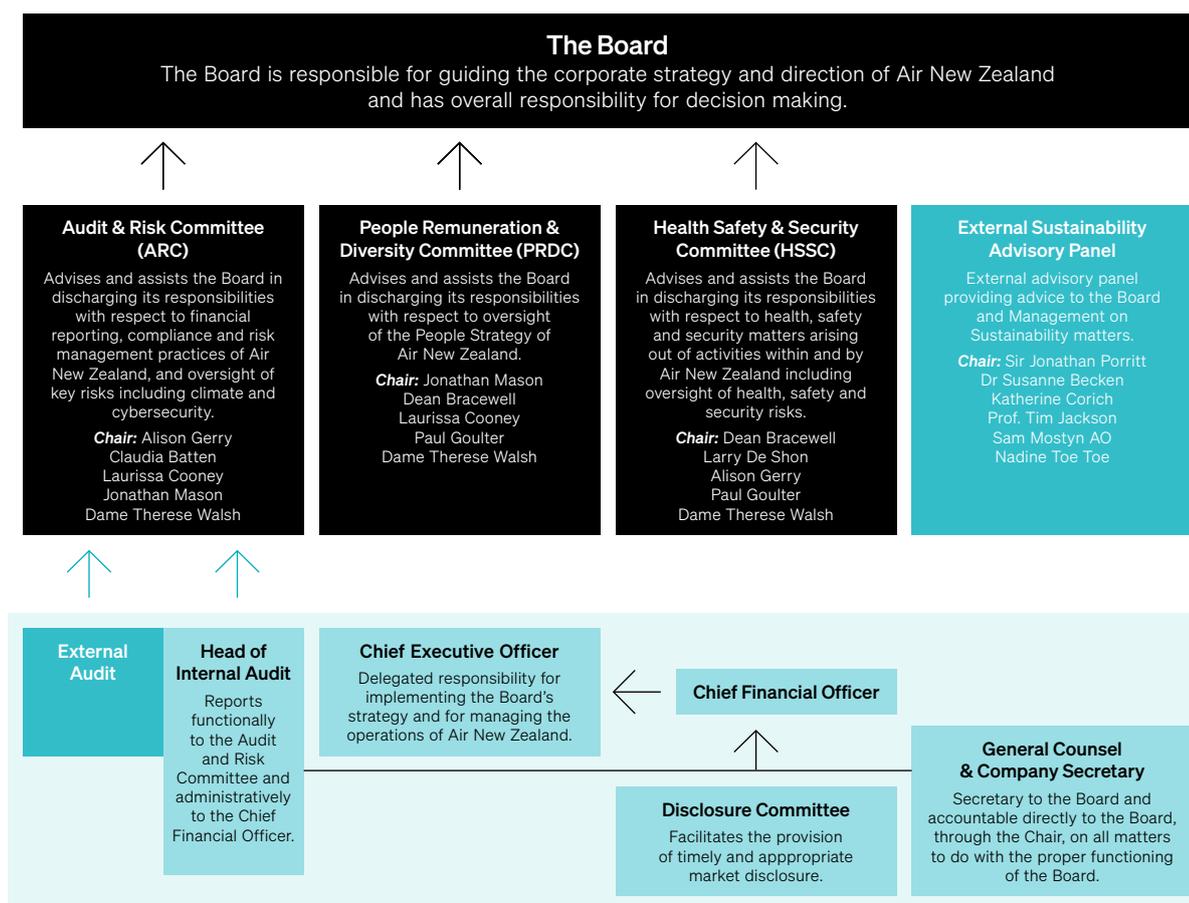
# CORPORATE GOVERNANCE STATEMENT

Effective corporate governance is at the heart of the Air New Zealand Board's agenda, and it considers its governance practices to be consistent with the Principles of the NZX Corporate Governance Code.

This Corporate Governance Statement was approved by the Board on 24 August 2022 and is current as at that date.



## Our Governance Structure



## Board / Committee meeting attendance – 1 July 2021 to 30 June 2022

	Board	Audit and Risk Committee	People Remuneration & Diversity Committee	Health, Safety and Security Committee	Covid-19 Committee
	Attendance <sup>1</sup>	Attendance <sup>1</sup>	Attendance <sup>1</sup>	Attendance <sup>1</sup>	Attendance <sup>1</sup>
Dame Therese Walsh	17/17	4/4	5/5	4/4	8/8
Claudia Batten	13/13	3/3			
Dean Bracewell	16/17		5/5	3/3	
Laurissa Cooney	17/17	4/4	5/5		
Larry De Shon	16/17			4/4	
Alison Gerry	13/13	3/3		2/3	4/4
Paul Goulter	13/13		3/3	3/3	
Jonathan Mason	16/17	4/4	5/5		8/8
Jan Dawson	4/4	1/1	2/2		4/4
Rob Jager	3/4			1/1	
Linda Jenkinson	4/4			1/1	

<sup>1</sup> The attendance is the number of meetings attended / number of meetings for which the director was a member.



# CORPORATE GOVERNANCE STATEMENT (CONTINUED)

## Current Directors



**Dame Therese Walsh**  
DNZM, BCA, FCA  
Independent Non-Executive Director  
(Appointed 1 May 2016)  
Chair



**Claudia Batten**  
LLB(Hons), BCA  
Independent Non-Executive Director  
(Appointed 28 October 2021)



**Dean Bracewell**  
Independent Non-Executive Director  
(Appointed 20 April 2020)  
Health Safety & Security Committee Chair



**Laurissa Cooney**  
BMS(Hons), FCA, CMInstD  
Independent Non-Executive Director  
(Appointed 1 October 2019)



**Larry De Shon**  
BA Communications, BA Sociology  
Independent Non-Executive Director  
(Appointed 20 April 2020)



**Alison Gerry**  
BMS(Hons), MAppFin  
Independent Non-Executive Director  
(Appointed 28 October 2021)  
Audit and Risk Committee Chair



**Paul Goulter**  
LLB, MA(Hons), BA  
Independent Non-Executive Director  
(Appointed 28 October 2021)

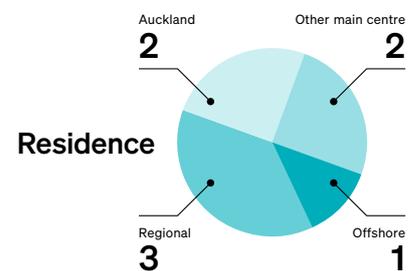
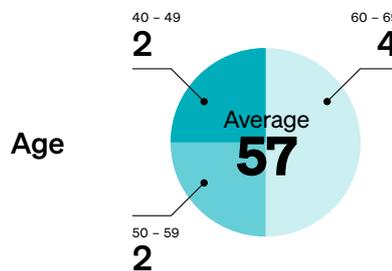
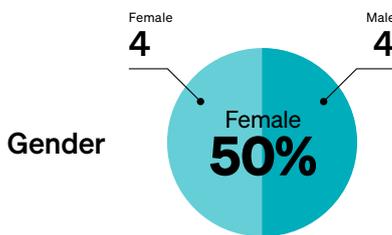
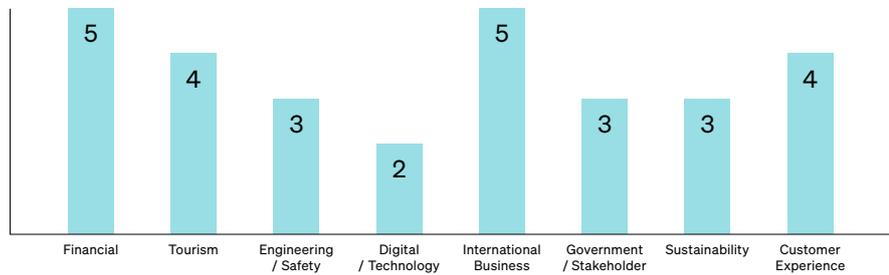


**Jonathan Mason**  
MBA, MA, BA  
Independent Non-Executive Director  
(Appointed 1 March 2014)  
People Remuneration & Diversity Committee Chair

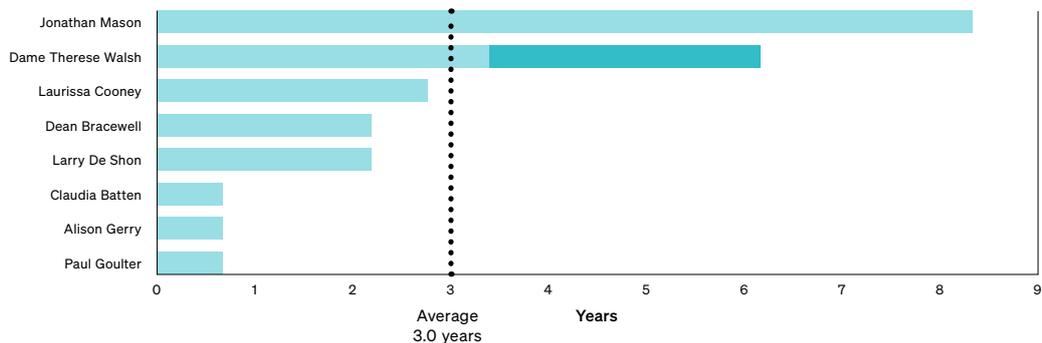


Details of directors' skills and experience can be found at [airnewzealand.co.nz/air-new-zealand-board](http://airnewzealand.co.nz/air-new-zealand-board)

## Board skills and diversity



## Tenure as at 30 June 2022



# CORPORATE GOVERNANCE STATEMENT (CONTINUED)

## Independence

The Board has identified criteria in its Charter, against which it evaluates the independence of directors in line with the NZX Listing Rules. These are designed to ensure directors are not unduly influenced in their decisions and activities by any personal, family or business interests.

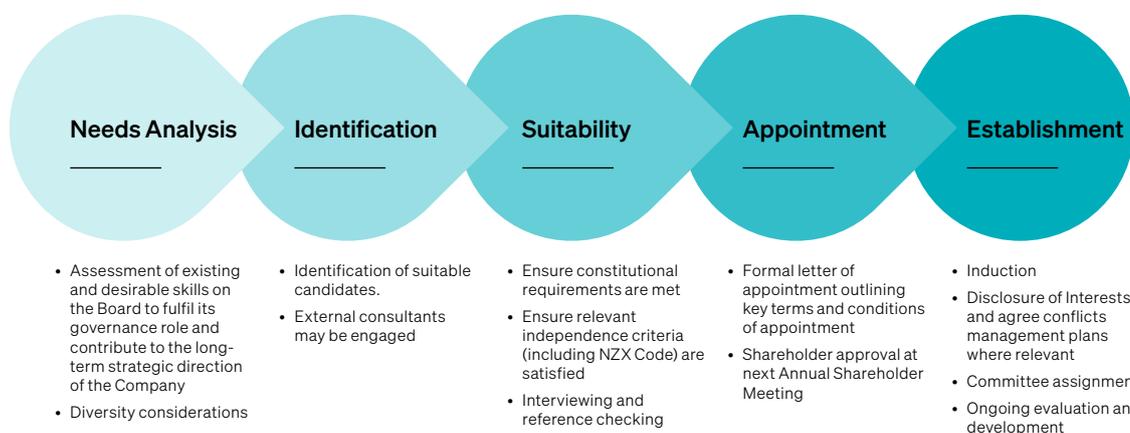
All directors have been determined to be Independent Directors under these criteria, and for the purposes of the NZX Listing Rules. Directors are required to inform the Board of all relevant information which may affect their independence such that the Board continually considers the independence of its members.

The Board Charter makes explicit that the Chair and the Chief Executive roles are separate.

## Director Appointments

Jan Dawson, Rob Jager and Linda Jenkinson retired from the Board at the conclusion of the Annual Shareholders' Meeting held on 28 October 2021. Shareholders at that meeting elected Claudia Batten, Alison Gerry and Paul Goulter to the Board as independent, non-executive directors.

The Board's approach to appointing directors is depicted below. The Board as a whole considers the requirement for additional or replacement directors.



Directors are expected to acquire a shareholding in the Company equivalent to 50% of the annual base director fee within 3 years of appointment.



## Key Governance documents are available on the Air New Zealand website. These include:

- the Company's **Code of Conduct and Ethics**, stating our guiding principles of ethical and legal conduct, applicable to everyone working at or for Air New Zealand – directors, executives, employees, contractors and agents
- the **Securities Trading Policy**, identifying behaviours that are illegal, unacceptable or risky in relation to dealings in Air New Zealand's securities by directors, employees or their associated persons
- the **Continuous Disclosure Policy**, addressing compliance with continuous disclosure obligations, and the timely treatment of Material Information.
- Charters for the Board and each of its Committees**, detailing authorities, responsibilities, membership and operation

Air New Zealand's key Governance documents can be found at [airnewzealand.co.nz/corporate-governance](https://airnewzealand.co.nz/corporate-governance)





# CORPORATE GOVERNANCE STATEMENT (CONTINUED)

## Diversity and Inclusion

The Company's Diversity, Equity & Inclusion Policy recognises the value of a diverse workforce, proudly representative of Aotearoa, and aims to create an inclusive environment where Air New Zealanders can be themselves and thrive.

Diversity is considered across a number of measures, including gender, ethnicity, disability, age, and sexual identity. There is a focus on recruitment practices that promote the retention and attraction of diverse talent, and a broad range of employee initiatives to reflect, support and develop the diversity we have in the airline. We continue to focus on improving inclusion and accessibility for people with disabilities and creating more opportunities for youth. Air New Zealand's 10 Employee Networks all play a key role in supporting and advocating for employees and ensuring the success of the airline's Diversity, Equity & Inclusion strategy.

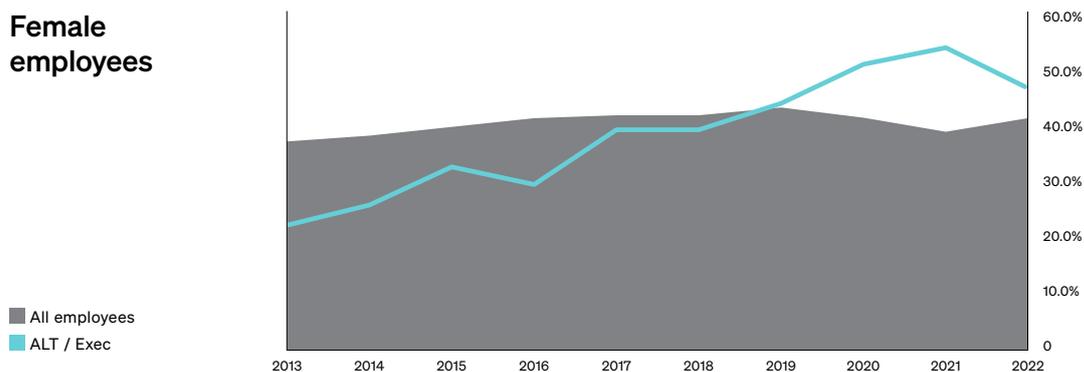
With an ongoing challenging environment, Air New Zealand's performance has remained consistent in respect of the Policy. With a target of 50% women in the Airline Leadership Team (which includes the Executive Team), the Company achieved 45.5% as at 30 June 2022. This target will be maintained and there will be a continued focus on building a pipeline of women leaders at all levels of leadership to help us achieve this.

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Committed to Accessibility

## Female employees



Air New Zealand also has a target of 20% of the Company's people leadership roles being held by Māori and Pasifika employees by 2025; as at 30 June 2022 the result was 15%. The target will be maintained for the following financial year, and the Mangōpare leadership development programme continues to support growth in our Māori and Pasifika aspiring leaders, with two cohorts totalling 36 people having completed the programme during the 2022 financial year.

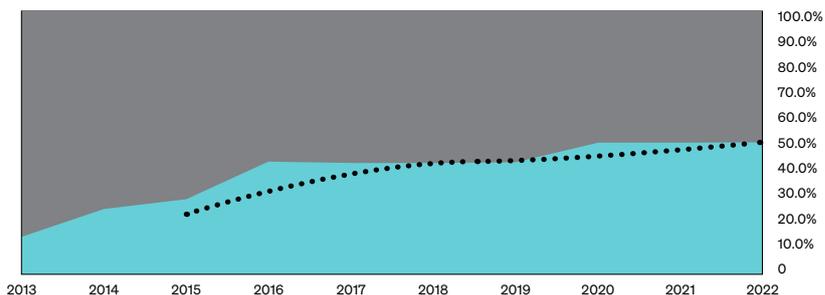
*AS AT 30 JUNE	2021	2022
Directors (female:male:gender diverse)	4:4:0	4:4:0
Executive team (female:male:gender diverse)*	3:4:0	3:6:0

\* The Executive Team comprises the Chief Executive Officer and direct reports to the Chief Executive Officer, and corresponds to "Officers" as defined in the Listing Rules. The Company has announced the appointment of a Chief Sustainability Officer to commence in December 2022 who is not included in the figures above.

# CORPORATE GOVERNANCE STATEMENT (CONTINUED)

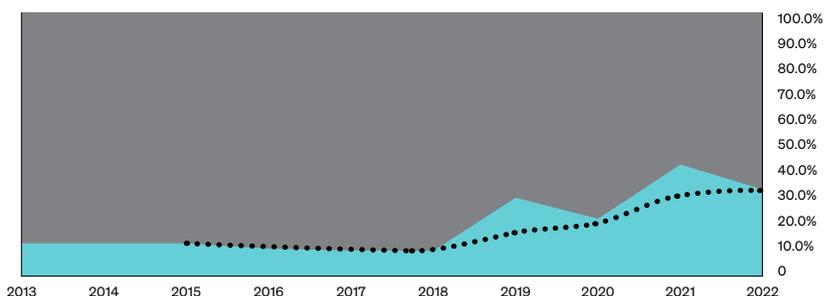
## Gender balance – Board

● 3 year average  
 ■ Male  
 ■ Female



## Gender balance – Executive

● 3 year average  
 ■ Male  
 ■ Female

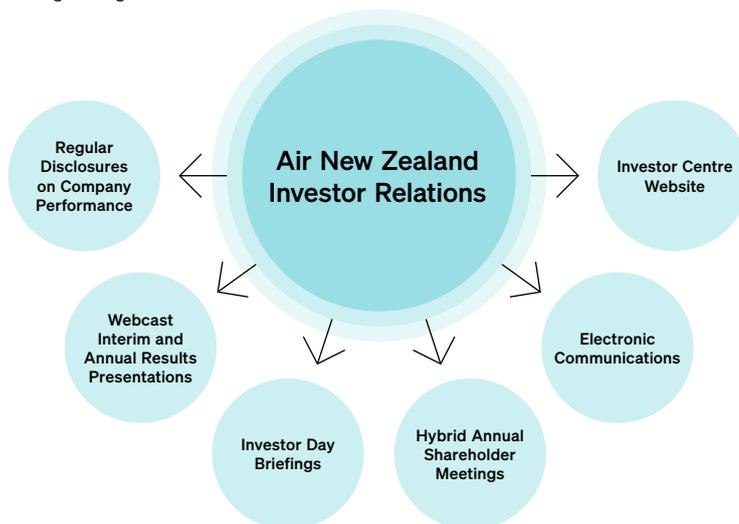


Air New Zealand’s Investor Centre can be found at [airnewzealand.co.nz/investor-centre](http://airnewzealand.co.nz/investor-centre)



## Shareholder Engagement

Air New Zealand utilises a number of channels to communicate with its shareholders. The investor centre on the Air New Zealand website is the focal point for many of these, and shareholders are encouraged to utilise this site, which contains current and historical financial information, shareholder meeting materials, and links to other information of relevance to investors. The Investor Relations e-mail can also be used by shareholders to efficiently address enquiries regarding their investment.



Disclosure of material information is first made through announcements to NZX and ASX. In accordance with the Companies Act, Constitution and Listing Rules, Air New Zealand refers any significant matters to shareholders for approval at a shareholder meeting.

Air New Zealand posts any Notices of Shareholder Meetings on its website as soon as these are available. The general practice is to make these available not less than four weeks prior to the shareholder meeting. The hybrid form of shareholder meeting (attendance either physically or digitally) enables wide participation by shareholders.



# CORPORATE GOVERNANCE STATEMENT (CONTINUED)

## Differences in Practice to NZX Code

The Board has not established protocols setting out procedures to be followed in the event of a takeover offer. This is because the Board considers receipt of a takeover offer to be an extremely unlikely event in light of the Crown's majority shareholding in the Company and the other shareholding restrictions that apply to Air New Zealand. In addition, Air New Zealand would have adequate time to implement such protocols and procedures, and communicate those to shareholders, should circumstances change. Accordingly, and having regard to the supporting commentary in the NZX Corporate Governance Code, the Board considers that it is reasonable and appropriate for Air New Zealand not to follow Recommendation 3.6 of the Code at this time. Notwithstanding this, the Board agrees with the principles behind this recommendation, being good communication with shareholders and independent directors leading matters that require appropriate independence.



## Board Activities

The ongoing effects of the Covid-19 pandemic impacted on the Board activities and decisions during the year, with a high workload and time commitment being required. However, the Board ensured it retained a strategic perspective and that the Company is positioning itself for the future. The Board operates a regular schedule of formal Board meetings, most of which utilised on-line meeting tools due to lockdowns, and where necessary the use of written resolutions. This activity is supplemented by a programme of Strategy sessions enabling deep dives into topical matters.

During the year Directors attended 17 Board meetings and 7 Strategy sessions. There were also 21 Committee meetings (4 ARC, 4 HSSC, 5 PRDC and 8 Covid-19).

## Key areas addressed during the year include:

### Kia Mau

Guiding the Company's strategy, ensuring it remains appropriate in a dynamic operating context, and monitoring progress towards achievement, is central to the Board's activities. The Kia Mau strategy has been refined during the year in light of internal and external factors including global concerns over carbon emissions, the pathways to recovery from the Covid-19 pandemic, changing competitive threats, technological developments including artificial intelligence, and changing stakeholder expectations.

At heart, the Kia Mau strategy remains robust, focussed on the opportunities to Grow Domestic, Optimise International, and Lift Loyalty. The business drivers – Brilliant Basics, Serious about Sustainability, Digital Dexterity, and Prioritising People & Safety – remain key to the airline best serving its customers, shareholders, and wider society.

### Funding

A key focus area of the Board was the preparation for and execution of a capital raise to provide adequate funding for the future success of the airline. Directors were particularly conscious of their legal duties to the company and its shareholders, employees, customers and creditors, and gave careful consideration to advice prior to resolving to make a rights issue, and in the successful completion of this exercise and the subsequent debt raising.

The Renounceable Rights Offer raised \$1.2 billion, and the Company subsequently raised a further AUD550 million (~NZD608 million) in an Australian Medium Term Note (AMTN) debt issuance. With a further \$400 million standby facility available from the Crown, the airline is financially well positioned to thrive.

Prior to the capital raise the Board also issued \$600 million in Redeemable Shares to the Crown, and has since redeemed and cancelled \$400 million of these.

### Climate Change

Climate change presents a significant challenge to the airline, and the Board has considered the key risks and management's pathway towards a net zero carbon goal. The Board has had visibility of the development of a science based target (which has subsequently been validated by the Science Based Targets initiative) and the ongoing process of developing meaningful climate-based reporting including the initial iteration of scenario modelling. New technology will be crucial to achieving the desired outcomes, and the Board continues to monitor and promote initiatives in this space, including Sustainable Aviation Fuel and zero emission aircraft technologies. The Audit and Risk Committee has specific responsibility to oversee this area, and the forthcoming appointment of a Chief Sustainability Officer has been a welcome recognition of the importance of this activity.

# CORPORATE GOVERNANCE STATEMENT (CONTINUED)

## Airline Restart

The Board's clear focus as the airline restarted passenger operations was safety: of passengers, pilots and crew, ground staff, aircraft, and operations. The lead time necessary to prepare for a safe restart required careful assessment, and the airline had to work through timing uncertainties around easing of domestic and international travel constraints. As routes have reopened, the Board has engaged with management on the ongoing resourcing challenges in the airline, to minimise impacts on customers and maintain the level of manaaki we pride ourselves on. Almost 1,500 staff were recruited or returned to the airline during the year, and recruitment has continued at pace into the new financial year. Similar resource challenges are faced by many of the airline's suppliers and partners, and the Board has supported flexibility in management's responses to customer disruption, and focussed investment in systems and people to help address these.

## Full Potential

The Board has engaged closely with management as the airline has explored and moved towards an Agile operating model. Directors have brought their experience with both the model and the transition process to assist and challenge management, and the Board is also addressing how its own operations can best adapt and support an Agile approach.

## Te Ao Māori

Celebrating our indigenous culture is important to our business, and the Board encourages this dimension to be part of the way we work. This year the Board has actively brought this into the Boardroom, with directors participating in and endorsing the creation of a Te Ao Māori strategy for the business. This has given the Board a renewed appreciation of the taonga we are privileged to share. Our Tiaki Promise, which formed the backbone of the latest Safety video, is another way the Company links its desire to care for our environment and our pride in our Māori culture and heritage.

## Safety

Primarily through the Board's Health Safety and Security Committee, the safety of our customers, employees and aircraft has been a consistent theme. All Directors take the opportunity when visiting airports and offices to participate in Safety Walk Arouns, and these are shared with the Board and management to identify areas where improvements can be made, or to recognise the good work being done by our employees.

The Board was particularly pleased to note the success of both the company and individual managers in the NZ Workplace Health & Safety Awards, recognising industry leadership in health and safety, and the HeadFit Awards recognising innovation and technology excellence in respect of mental health.

## Remuneration

Ensuring our employees are rewarded for their contribution, and motivated toward achievement of the company's objectives, has been the focus of the Board's oversight of remuneration. Through the People, Remuneration and Diversity Committee, the Board has supported a focus on ensuring our lower paid employees are fairly remunerated, and is also paying close attention to the structure of incentive plans.

## Board Assessment

The Board engaged Propero to review its performance, and this exercise was completed in August 2022. The Board is developing action plans to address key findings.

## Employee Surveys and Culture

Regular employee surveys are taken, and the Board monitors the results. In addition to the overall engagement scores, particular attention is paid to staff comments, and any trends that these highlight. Staff have remained very engaged despite the challenges of the past two years, and the Board is keen to build on the sense of purpose that is evident amongst our whanau, and encouraged by the high levels of commitment to safety.

The Company's values underpin the cultural behaviours required to make the Full Potential transformation a success, and the project to relocate the Head Office to the Auckland Airport base should better align the culture and ensure strong connections between operational and administrative activities.

Each Board meeting includes an opportunity for the Directors to get to know one of our leaders, both as a senior manager and as an individual. The commitment of these leaders to making our airline the best flying experience on Earth is evident, and helps explain the manaaki expressed throughout the airline.

## Fleet Plan

The Board has engaged with management, especially through the preparation for the capital raise, on the appropriate composition of the wide body fleet to meet projected demand and align to the Kia Mau strategy. In addition to the aircraft mix, the interior layout options have been considered by the Board, including a refresh of the Business Premier offering, and determining the optimal mix of seat offerings for different destinations.

The Board is also being kept abreast of developing technologies to support the sustainability objectives, particularly zero emissions aircraft.



# CORPORATE GOVERNANCE STATEMENT (CONTINUED)

## Customer Initiatives

The Board has been kept up to date by management on a number of customer initiatives, from in-flight food offerings to innovative aircraft layouts including the Skynests to be offered on the Boeing 787 fleet. Customer satisfaction is constantly measured, and remained strong despite the challenges presented, especially by Covid-19, on staff and schedules, and the impacts on the call centre.

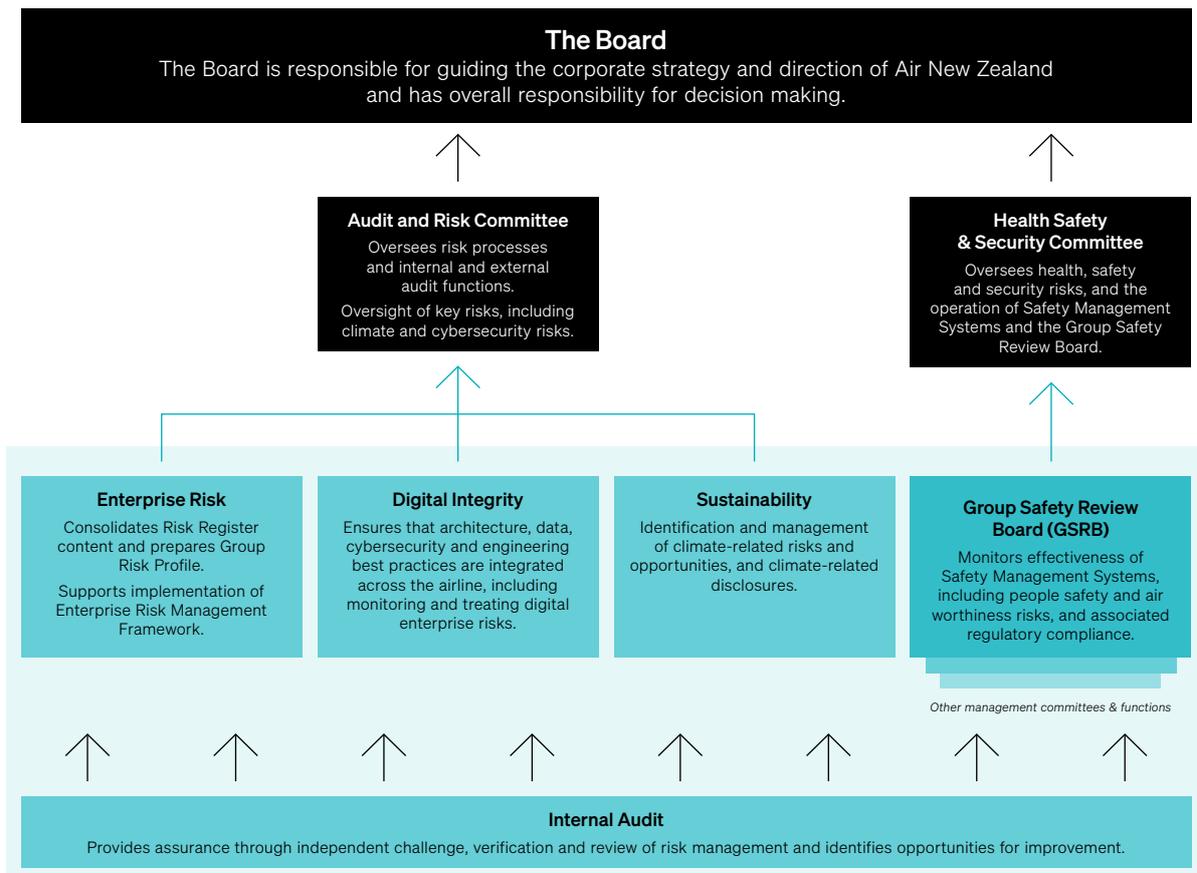
The care our people demonstrate to our customers has been a major factor in the Company's success in external awards and industry recognition.

- **AirlineRatings.com: Best Long-Haul Airline Pacific, Best Premium Economy, and Best Economy and 2nd in the Top Twenty Airlines for 2022**
- **First – Kantar Corporate Reputation**
- **Judges award – 2021 Deloitte Top 200 Awards**
- **Best Air Cargo Carrier – Oceania** at the 2021 Asian Freight and Supply Chain (AFLAS) Awards



## Risk Management/Strategic Risks

In a complex operating environment, risk is a fact of life, and it is important to the Board that material risks are identified and appropriately managed. In some cases, there is also a legal or regulatory overlay to be addressed.



**Note:** Only principal management relationships are depicted.

# CORPORATE GOVERNANCE STATEMENT (CONTINUED)

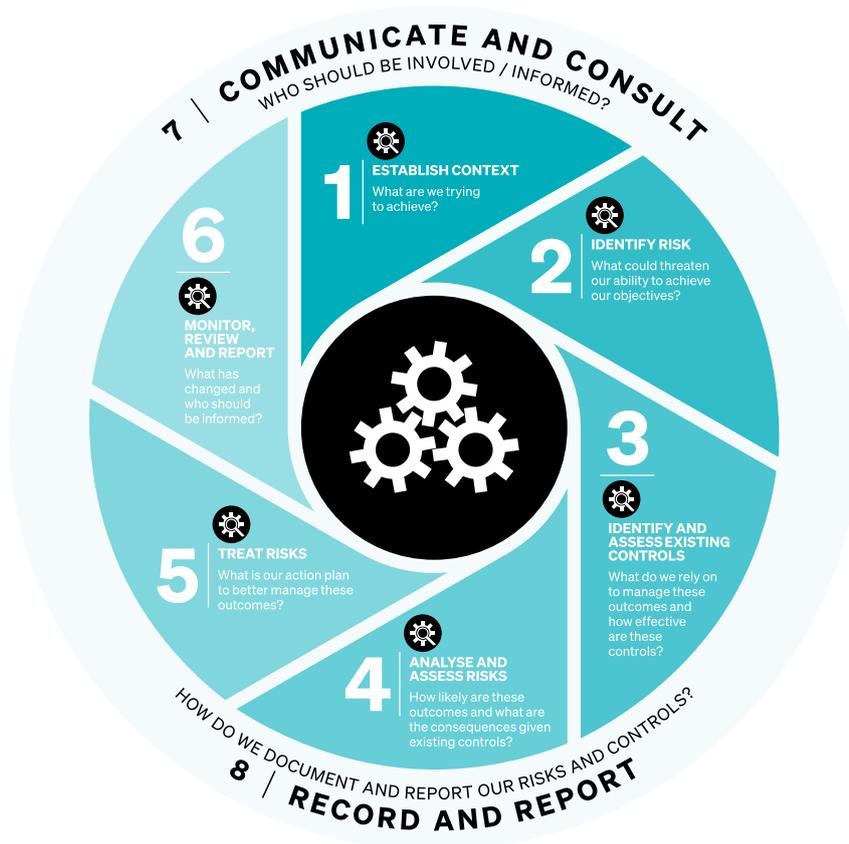
Risks are identified through both top-down and bottom-up processes, and follow a regular cadence of reporting to relevant management, Board Committees or the Board.

Each of the Strategic Risks is confirmed by the Audit and Risk Committee, and prioritised based on an assessment of the level of risk, itself a function of the likelihood and the impact of an event. All risks are also assigned a responsible manager, who ensures appropriate management of the risk. Given their significance, Principal Risks are assigned to members of the Executive Team.

A broad review of the risk management framework is underway to ensure it continues to operate effectively under the Full Potential model. As well as considering how the process will perform under the new model, recognising changes to the organisational structure and functional interactions, the exercise is addressing the cadence of risk review and reporting, and where capability can be improved. The Audit and Risk Committee is closely involved in this review.

The Company’s key Strategic Risks include the risks tabulated below. The identification of Strategic Risks guides both the Board and its Committees as they address risk priorities and this year there have been deep dives on a number of these including Sustainability, Cybersecurity and Loyalty.

Particular attention has been paid to climate risks and cybersecurity, both areas where the Board has continued to up-skill and also draws on a range of internal and external advice. Risks associated with the recent deterioration in the economic sector, the knock-on effects of the Covid-19 pandemic, and the transition to the Full Potential operating framework are also being closely monitored.





# CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Strategic Risk Area	Description	Mitigation
<b>Climate Change: Transitional Risks</b> 	Increasing carbon regulation globally, changing customer sentiment and constraints in relation to decarbonisation may adversely impact travel demand, cost of operations, investor expectations and Air New Zealand's social licence.	Initiatives into and promotion of sustainable fuels and zero emission aircraft, and mitigation of carbon cost. Active engagement with stakeholders, including customer-facing initiatives and climate-related financial disclosures.
<b>Macroeconomic uncertainty</b> 	Heightened economic, geopolitical and market uncertainties could affect the ability to anticipate and plan for the recovery in travel demand (and the shape of this recovery) accurately, adversely impacting supply side planning, revenue optimisation and growth expectations.	Regular market monitoring through a range of economic and market indicators to facilitate forecasting of and planning for underlying demand, revenue and capacity.
<b>Cybersecurity</b> 	A cyber-attack could lead to a significant data privacy breach, loss of integrity/availability of information or of a control system and widespread business disruption resulting in financial loss, reputational damage and regulatory fines or sanctions.	Cybersecurity programme delivered by a dedicated Cybersecurity function, complemented by appropriate cybersecurity measures and insurance.
<b>Technology debt</b> 	An aging, disparate legacy IT asset base may lead to digital disruption, impede transformation and innovation, and introduce cyber vulnerabilities and business continuity impacts.	Technology Roadmap, System Lifecycle Management and program to reduce technology debt, supported by threat and vulnerability management systems.
<b>Breakdown in Industrial Relations</b> 	Inability to reset legacy employment agreements, pressure on pay rates and introduction of mandatory vaccines could lead to a deterioration in union relationships, a heightened risk of industrial unrest and the potential for significant operational disruption as flight demand returns in the recovery phase.	Dedicated HR team with effective union relationship management, supported by communication and issue resolution processes.
<b>Talent risk – Retention and attraction</b> 	An intensified war for talent, industry disruption and inability to attract talent may lead to a loss of specialist critical skills, loss of institutional knowledge and capability gaps constraining the ability to move toward Full Potential transformation.	Talent Strategy review and alignment for identification of critical roles and skills, supplemented with succession planning and career development for critical roles and key talent.

## Kia Mau strategies



Grow Domestic



Optimise International



Lift Loyalty



Brilliant Basics



Serious about Sustainability



Digital Dexterity



Prioritising People & Safety

# CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Strategic Risk Area	Description	Mitigation
<p><b>People Health, Safety and Wellbeing</b></p> 	<p>Continued operational uncertainty, complexity and change in the operating environment could lead to employee fatigue, burnout, mental ill health and overall heightened wellbeing concerns.</p>	<p>Health, safety and wellbeing management framework and Group critical risk protocols for active monitoring and management of risks and incidents.</p>
<p><b>Competition – Traditional and Disruptive</b></p> 	<p>A significant increase in disruptive competition from emerging technologies, traditional competition or airline/industry consolidation during and post Covid-19 may lead to disintermediation of customers and marginalisation of Air New Zealand.</p>	<p>Investment in technology through innovation partnerships and research and development, and active management of alliances relationships and partners around response to emerging trends identified.</p>
<p><b>Another Pandemic or significant unforeseen macro event</b></p> 	<p>The onset of an unforeseen significant macro event such as a pandemic, ongoing pandemic disruptions or other Acts of God could create uncertainty around demand/destinations for travel (domestic &amp; international), adversely affecting operations, financial performance and the ability to deliver strategy.</p>	<p>Activation of Group Emergency Management Team for management of Emergency response and ongoing Business Continuity Management.</p>
<p><b>Changing customer expectations</b></p> 	<p>A lack of responsiveness to changing customer expectations, adverse publicity or media perception could erode brand strength and reputation leading to loss of competitiveness and constrained growth.</p>	<p>Ongoing monitoring of customer satisfaction, and identification of and investment in valued customer product offerings. Responsive customer policies and reputation management.</p>
<p><b>Infrastructure Constraints</b></p> 	<p>Insufficient investment in New Zealand airport infrastructure (including but not limited to air traffic control, security, lounge facilities or renewable energy generation) could constrain the future growth of the airline.</p>	<p>Engagement with government and airports to influence and align infrastructure planning and promote sustainable initiatives including provision for decarbonisation and new aircraft technologies.</p>
<p><b>Climate Change: Physical Risks</b></p> 	<p>Climate change and the increasing frequency and severity of weather events may lead to chronic physical damage, sustained operational disruption and network growth limitations, which in turn could impact on the cost of operations and the customer experience.</p>	<p>Investment in new flight planning and weather tools, and continuous review of operational procedures. Promotion of sustainable aviation fuel solutions and climate-related disclosures. Ongoing engagement with key partners.</p>

A third line of defence, behind the business's identification and management of risks, and the operation of the risk management framework and engagement of the Board and Board Committees, is the internal audit function. This group acts for the Audit and Risk Committee (and through them, the Board) to independently and objectively assess, assure and enhance the business's management of risk. Outputs from this activity can include specific action plans whose achievement is monitored by the Audit and Risk Committee.

**Kia Mau strategies**



Grow Domestic



Optimise International



Lift Loyalty



Brilliant Basics



Serious about Sustainability



Digital Dexterity



Prioritising People & Safety



# CORPORATE GOVERNANCE STATEMENT (CONTINUED)

## External Audit

As a Public Entity, Air New Zealand is subject to the Public Audit Act 2001. The Auditor-General is the auditor, but may appoint an independent auditor to conduct the audit process. Melissa Collier of Deloitte has been appointed in this respect, from the 2022 financial year.

The Audit and Risk Committee liaises with the Auditor-General on the appointment and re-appointment of the external auditors, to ensure the independence of the external auditor is maintained, and to approve the performance of any non-audit services in accordance with the Audit Independence Policy.

Air New Zealand requires the external auditor to rotate its lead audit partner at least every five years, with suitable succession planning to ensure consistency.

On a regular basis the Audit and Risk Committee meets with the external auditor to discuss any matters that either party believes should be discussed confidentially. The Chair of the Audit and Risk Committee will call a meeting of that Committee if so requested by the external auditor.

The appointed external auditor has historically attended the Annual Shareholders' Meeting, and is available to answer relevant questions from shareholders at that meeting.



## Remuneration

### Director Remuneration

In accordance with the Constitution, shareholder approval is sought for any increase in the pool available to pay directors' fees. Approval was last sought in 2015, when the pool limit was set at \$1,100,000 per annum. This approval was based on 7 directors; with a Board comprising 8 directors the pool limit is \$1,232,333 per annum consistent with NZX Listing Rule 2.11.3.

Where the pool permits, the Board may amend the actual fees paid to reflect market conditions or other relevant factors. The Board has determined the following allocation of the pool.

	Position	Fees (Per Annum)
<b>Board of Directors</b>	Chair <sup>1</sup>	\$270,000
	Deputy Chair	\$114,000
	Member	\$100,000
<b>Audit and Risk Committee</b>	Chair	\$40,000
	Member	\$20,000
<b>Health, Safety and Security Committee</b>	Chair	\$40,000
	Member	\$20,000
<b>People Remuneration and Diversity Committee</b>	Chair	\$20,000
	Member	\$10,000

1. The Chair receives no additional committee fees.

Air New Zealand's Independent Non-Executive Directors do not participate in any executive remuneration scheme or employee share schemes, nor do they receive options, bonus payments or any incentive-based remuneration. Directors are entitled to be reimbursed by Air New Zealand for reasonable travelling, accommodation and other expenses they may incur whilst travelling to and from meetings of the directors or committees. Directors have an entitlement to a limited number of free of charge flights for each year served as a director as set out in a director travel policy.

## CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Remuneration and benefits of directors and former directors in the reporting period are tabulated below.

	Board Fees	ARC	HSSC	PRDC	Total Fees	Value of Travel Entitlement Utilised <sup>1,8</sup>
Dame Therese Walsh (Chair)	\$270,000	-	-	-	\$270,000	\$14,008
Claudia Batten <sup>2</sup>	\$67,436	\$13,487	-	-	\$80,923	\$1,820
Dean Bracewell <sup>3</sup>	\$100,000	-	\$26,667 (Chair <sup>3</sup> )	\$10,000	\$136,667	\$19,383
Laurissa Cooney <sup>4</sup>	\$100,000	\$20,000	-	\$7,500	\$127,500	\$32,198
Larry De Shon	\$100,000	-	\$20,000	-	\$120,000	-
Alison Gerry <sup>5</sup>	\$67,436	\$26,975 (Chair <sup>5</sup> )	\$13,487	-	\$107,898	\$11,208
Paul Goulter <sup>6</sup>	\$66,667	-	\$13,333	\$6,667	\$86,667	-
Jonathan Mason	\$100,000	\$20,000	-	\$20,000 (Chair)	\$140,000	\$43,577
Jan Dawson (Deputy Chair) <sup>7</sup>	\$38,000	\$13,333 (Chair)	-	\$3,333	\$54,666	-
Rob Jager <sup>7</sup>	\$33,333	-	\$13,333 (Chair)	-	\$46,666	-
Linda Jenkinson <sup>7</sup>	\$33,333	-	\$6,667	-	\$40,000	\$43,096
<b>Total</b>	<b>\$976,205</b>	<b>\$93,795</b>	<b>\$93,487</b>	<b>\$47,500</b>	<b>\$1,210,987</b>	<b>\$165,290</b>

Amounts stated as FBT and GST exclusive where applicable.

- Includes value of travel benefits for related parties and benefits accrued in prior years utilised in current year.
- Claudia Batten was elected to the Board on 28 October 2021 and was appointed to the ARC from that date.
- Dean Bracewell was appointed as Chair of the HSSC from 28 October 2021.
- Laurissa Cooney was appointed to the PRDC from 28 October 2021.
- Alison Gerry was elected to the Board on 28 October 2021 and was appointed as the Chair of the ARC and a member of the HSSC from that date.
- Paul Goulter was elected to the Board on 28 October 2021 and was appointed to the HSSC and the PRDC from that date.
- Jan Dawson, Rob Jager and Linda Jenkinson retired from the Board on 28 October 2021.
- The value of the travel entitlements utilised by former directors during the 2022 financial year were as follows: Tony Carter (\$9,392), Paul Bingham (\$55,748), Roger France (\$6,486), Jim Fox (\$9,033), John Palmer (\$4,232), Warren Larsen (\$730), Jane Freeman (\$33,192). Additional travel entitlements for Jan Dawson, Rob Jager and Linda Jenkinson \$4,800, \$20,875 and \$68,530 respectively were utilised post their retirement on 28 October 2021 in accordance with the travel policy.

The Board disestablished the Funding Committee in February 2022. The Board also operated a special purpose committee comprising Jan Dawson (to 28 October 2021), Alison Gerry (from 28 October 2021), Jonathan Mason and Dame Therese Walsh, to assist in management of Covid-19 issues. No additional fees were payable to directors who were members of either the Funding Committee or the Covid-19 Committee.

In addition to the director remuneration provisions above, Air New Zealand's employee remuneration policy and the remuneration of the Chief Executive Officer is discussed in the remuneration report.



# EMPLOYEE REMUNERATION

	Remuneration paid in FY22 including base for FY22, incentive payments and performance rights issued under the LTI scheme	
	New Zealand Management	Aircrew, Engineering, Overseas and Other
100,000 - 110,000	177	254
110,000 - 120,000	155	227
120,000 - 130,000	117	233
130,000 - 140,000	99	198
140,000 - 150,000	80	181
150,000 - 160,000	72	112
160,000 - 170,000	47	138
170,000 - 180,000	36	136
180,000 - 190,000	31	148
190,000 - 200,000	20	102
200,000 - 210,000	17	68
210,000 - 220,000	12	56
220,000 - 230,000	10	42
230,000 - 240,000	7	61
240,000 - 250,000	6	43
250,000 - 260,000	9	25
260,000 - 270,000	4	19
270,000 - 280,000	2	34
280,000 - 290,000	1	76
290,000 - 300,000	1	19
300,000 - 310,000	1	18
310,000 - 320,000	1	10
320,000 - 330,000	-	2
330,000 - 340,000	1	17
340,000 - 350,000	2	9
350,000 - 360,000	3	31
360,000 - 370,000	-	20
370,000 - 380,000	2	11
380,000 - 390,000	4	12
390,000 - 400,000	5	3
400,000 - 410,000	2	8
410,000 - 420,000	-	5
420,000 - 430,000	1	2
430,000 - 440,000	-	5
440,000 - 450,000	2	4
450,000 - 460,000	1	3
460,000 - 470,000	-	2
470,000 - 480,000	-	4
480,000 - 490,000	1	3
500,000 - 510,000	-	1
520,000 - 530,000	1	-
530,000 - 540,000	-	1
550,000 - 560,000	3	1
560,000 - 570,000	1	-
570,000 - 580,000	1	1
580,000 - 590,000	1	-
630,000 - 640,000	1	-
650,000 - 660,000	2	-
680,000 - 690,000	1	-
700,000 - 710,000	1	-
710,000 - 720,000	1	-
740,000 - 750,000	1	-
850,000 - 860,000	2	-
960,000 - 970,000	1	-
1,020,000 - 1,030,000	1	-
1,030,000 - 1,040,000	1	-
2,640,000 - 2,650,000	1	-
<b>Grand Total</b>	<b>949</b>	<b>2,345</b>

# REMUNERATION REPORT

## Remuneration Philosophy

Air New Zealand's 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.

Air New Zealand'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.

## Executive remuneration

The CEO and Executive remuneration packages are made up of three components:

- Fixed remuneration;
- Short-term performance incentives; and
- Long-term performance incentives

Air New Zealand's People, Remuneration and Diversity Committee is kept apprised of relevant market information and best practice, obtaining advice from external advisors when necessary. Remuneration levels are reviewed annually for market competitiveness and alignment with strategic priorities and performance outcomes.

## Fixed remuneration

Air New Zealand's philosophy is to set fixed remuneration at the market median for Executives who are fully competent in their role. For the 2022 financial year the Air New Zealand's Chief Executive Officer fixed remuneration reverted to his contractual amount following an agreed reduction by the Chief Executive Officer and other Executives of 15% in the 2021 financial year due to the impact of Covid-19.

## Short-term performance incentives

The annual performance incentive component is delivered through Air New Zealand Short-Term Incentive Scheme (STI). For the CEO, the STI is set at 55% of annual fixed salary at target performance.

For the 2022 financial year short-term incentive scheme, the structure of the scheme was changed from prior years by:

- Changing the targets and weightings. Previously the scheme was based on individual performance and company profitability targets. The 2022 financial year targets were based on a broader range of business measures to promote collaboration through shared objectives and support the business recovery. 50% of the incentive is based on Group financial results, and 50% is based on Group customer, operational and safety measures.
- The maximum payment is capped at 175% of target if all performance measures are exceeded (vs. 200% for prior years).

## Long-term performance incentives

Air New Zealand's long-term incentive plan arrangements are designed to align the interests of the CEO and Executives with those of our shareholders and to incentivise participants in the plan to enhance long-term shareholder value. In the 2022 financial year the plan available to Executives was the Air New Zealand Long-Term Incentive Performance Rights Plan (LTIP). Participation in any year is by annual invitation at the discretion of the Board.

## Long-Term Incentive Performance Rights Plan (LTIP)

### Performance Rights

LTIP participants are eligible to receive a grant of performance rights. Any grant of performance rights is at the discretion of the People Remuneration and Diversity Committee of the Board of Directors but, in the normal course of events, is expected to equate to a value of 55% of fixed remuneration for the CEO, and between 20% and 40% of fixed remuneration for Executives. The number of performance rights to be allocated will be determined by an independent valuation of the performance rights carried out each year at the time of issue.

Three years after the date of issue of any performance rights, if the Air New Zealand share price has outperformed the performance hurdle, a proportion of the performance rights will convert to shares. The performance hurdle comprises of an index made up of the NZSX All Gross Index and the Bloomberg World Airline Total Return Index in equal proportions.

The proportion of performance rights that convert to shares will depend on the extent to which the Air New Zealand share price has outperformed the index. In particular:

Performance against index	Percent of Rights Vesting
<100%	Nil
100%	50%
101% - 119%	Additional 2.5% vesting per 1% increment
120%	100% (maximum)



## REMUNERATION REPORT (CONTINUED)

If vesting is not achieved on the third anniversary of the issue date, 50% of the performance rights will lapse. For the remaining 50% there will be a further 6 month opportunity for the performance rights to vest. If performance rights do not vest at that time, they also lapse. Unless Air New Zealand's share price outperforms the index as outlined above, no value will accrue to the participating Executive.

### Mandatory Shareholding

Participants are required to commit to investing a specified amount to purchase shares in the Company. The amount is set at a value of 55% of the fixed remuneration for the CEO, and between 20% and 40% of fixed remuneration for Executives.

Until participants have attained this target, any shares issued to them from vested performance rights must be retained as part of the mandatory shareholding. This holding must be maintained while continuing to participate in the LTIP. Executives are not required to purchase shares outside of the LTIP to satisfy this mandatory shareholding requirement.

### Chief Executive Officer Remuneration

#### CEO Target Remuneration

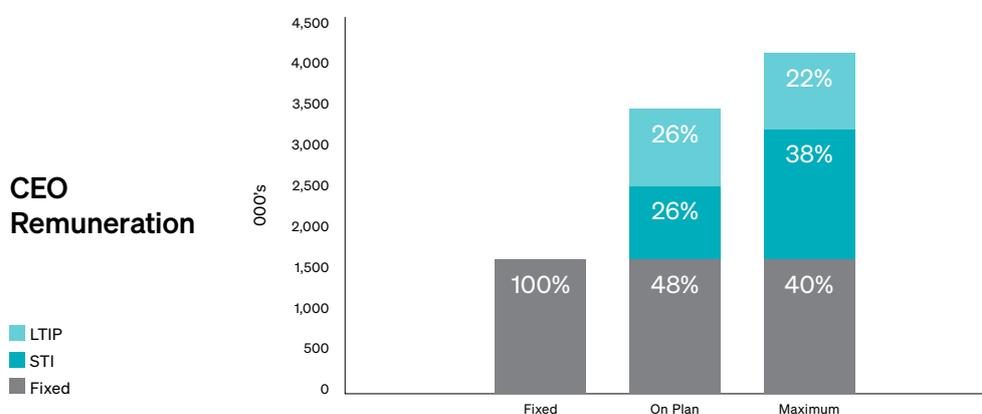
Based on remuneration components outlined earlier, CEO target remuneration is as follows:

Financial Year	CEO	Salary <sup>1</sup> \$	Benefits <sup>2</sup> \$	STI <sup>3</sup> \$	LTIP <sup>4</sup> \$	Summary \$
2022	Greg Foran	1,664,479	113,643	915,464	915,464	3,609,050
2021	Greg Foran	1,650,000	111,652	907,500	907,500	3,576,652
2020	Greg Foran	1,650,000	102,300	907,500	907,500	3,567,300

- These are full year salary equivalents. As part of the response to Covid-19, Greg Foran's annual contracted salary decreased from \$1,650,000 to \$1,400,000 for the 2021 financial year.
- Benefits include superannuation and travel taken in the relevant financial year. As a member of the scheme the CEO is eligible to contribute and receive matching Company contribution up to 4% of gross taxable earnings (including STI). The CEO and eligible beneficiaries are entitled to a number of trips for personal purposes at no cost to the individual. The dollar value represents the actual benefit received in each financial year, as no target is available for benefits. For Greg Foran's benefit calculation, 4% KiwiSaver on his target STI has been included as no actual STI was available. This is an estimated figure which will be confirmed at the end of the financial year.
- STI target entitlement is 55% of salary.
- The Long-Term Incentive Plan remains at risk. Each year Performance Rights are awarded with a term of three years. At the end of three years after the date of issue of any Performance Rights, if the Air New Zealand share price has outperformed the performance hurdle, a proportion of the Performance Rights will convert to shares. The performance hurdle comprises an index made up of the NZSX All Gross Index and the Bloomberg World Airline Total Return Index in equal proportions. Should Air New Zealand's share price not perform better than a comparison index the granted Performance Rights will lapse.

### CEO Remuneration Structure

The CEO remuneration structure is consistent with the executive management remuneration structure described previously. The CEO remuneration target and maximum total remuneration mix for the 2022 financial year is set out below.



# REMUNERATION REPORT (CONTINUED)

## CEO Realised Remuneration

Financial Year		CEO	Salary <sup>1</sup> \$	Benefits <sup>2</sup> \$	STI <sup>3</sup> \$	LTIP <sup>4</sup> \$	CRSRP <sup>5</sup> \$
2022	01/07/21 – 30/06/22	Greg Foran	1,657,169	76,733	613,361	-	-
2021	01/07/20 – 30/06/21	Greg Foran	1,400,000	65,352	-	-	-

Comments to the table:

- Salary includes cash paid to, or received by, the CEO in respect of the financial period. As part of the response to Covid-19, Greg Foran agreed to reduce his annual contracted salary from \$1,650,000 to \$1,400,000 for the 2021 financial year.
- Benefits include superannuation and travel. As a member of the Air New Zealand's group superannuation scheme, the CEO is eligible to contribute and receive a matching Company contribution up to 4% of gross taxable earnings (including STI). The CEO and eligible beneficiaries are entitled to a number of trips for personal purposes at no cost to the individual.
- STI in the reporting period reflects the cash value of amounts received where entitlement is determined by the achievement of performance measures that relate to the current period and is not the result of an award made in a previous period.
- LTIP includes the number of shares issued to the CEO on conversion of the Performance Rights, where the Air New Zealand share price has outperformed the performance hurdle. The performance hurdle comprises of an index made up of the NZSX All Gross Index and the Bloomberg World Airline Total Return Index in equal proportions. No rights converted to shares in the 2022 financial year.

## CEO Share Rights Granted 2022 Financial Year

CEO	LTIP <sup>1</sup> #
Greg Foran	953,256

Comments to the table:

- LTIP includes the number of Performance Rights granted in September 2021 (2022 financial year). The Long-Term Incentive Plan remains at risk. Three years after the date of issue of any Performance Rights, if the Air New Zealand share price has outperformed the performance hurdle, a proportion of the Performance Rights will convert to shares. The performance hurdle comprises of an index made up of the NZSX All Gross Index and the Bloomberg World Airline Total Return Index in equal proportions. Should Air New Zealand's share price not perform better than a comparison index the granted Performance Rights will lapse.

## CEO Pay for Performance Calculation

Scheme	Description	Performance Measures	Percentage/Rating Achieved
STI	STI is set at 55% of fixed remuneration and is based on Company performance measures.	100% based on Air New Zealand business measures 50% on Group financial measures 50% on Group customer, operational and safety measures.	14% achieved on financial measures 53% on non-financial measures  67% overall outcome
LTIP	Award of share rights under the Long-Term Incentive Performance Rights Plan is set at 55% of fixed remuneration.	Performance rights vest based on an index made of the NZSX All Gross Index and the Bloomberg World Airline Total Return Index in equal proportions.	100%



# CLIMATE-RELATED DISCLOSURES

## Taskforce on Climate-related Financial Disclosures (TCFD)

The airline committed to supporting the TCFD in 2019. The following disclosures summarise how the airline aligns with the TCFD recommendations.



### Governance of Climate-related Risks and Opportunities

#### TCFD Recommendation:

##### *Board's oversight of climate-related risks and opportunities*

The Board considers and provides direction on the airline's strategic consideration of the impacts of climate change. The Board is ultimately responsible for the airline's response to the risks and opportunities presented by climate-related issues. Board oversight is through its Audit and Risk Committee, which oversees key strategic risks including climate change.

This Committee meets quarterly and, amongst other things, considers updates on management of strategic risks biannually. The Board is updated following each Committee meeting. Matters meriting Board-level consideration are highlighted or dealt with as standalone Board agenda items.

Strategic climate-related risks are also considered by the Board as part of the airline's Group Risk Profile which is an output of the airline's Enterprise Risk Management Framework (ERMF).

The airline's external Sustainability Advisory Panel, consisting of subject matter experts, provides independent advice to the Board (and Management) on all aspects of the airline's sustainability strategy. This assists the airline to improve and develop its strategic response to the impacts of climate change.

#### TCFD Recommendation:

##### *Management's role in assessing and managing climate-related risks and opportunities*

Management has day-to-day responsibility for identifying and managing climate-related risks and opportunities.

Climate-related workstreams are the responsibility of the full Leadership Squad, operational management, and the Sustainability Centre of Excellence. Management focus is given to risk identification and ensuring that climate-related activities are adequately resourced (for example, programmes of work relating to Sustainable Aviation Fuel (SAF), zero emissions aircraft technologies (ZEAT), carbon offsetting, and regulatory compliance). Key issues are reported up to the Audit and Risk Committee as appropriate.

Sustainability is affirmed as a group policy and is reflected in the airline's Code of Conduct and Ethics and its Supplier Code of Conduct, which set expectations of employees and of those the airline does business with.



### Strategy

#### TCFD Recommendation:

1. *Climate-related risks and opportunities identified over the short, medium, and long-term*
2. *Actual and potential impacts of climate-related risks and opportunities on the Company's strategy and financial planning*
3. *Resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario*

In 2020 the airline set a goal to achieve net zero carbon emissions by 2050 and developed an updated decarbonisation strategy to meet this. The strategy includes investment in and advocacy to support the availability and commercial viability of SAF, investment in resource and capability to bring ZEAT to market, and ongoing engagement with stakeholders to achieve carbon emissions reductions across the network. The strategy was informed by the risks and opportunities which have been identified by the airline as part of its TCFD disclosure workstream.

In 2022, the airline launched Flight NZO™, its public campaign promoting its commitment to decarbonisation. Flight NZO™ is about acknowledging the impact of aviation on the climate and taking genuine action to decarbonise the operation. It is designed to provide transparency for customers as to the airline's decarbonisation goals and the concrete steps it is taking to meet these.

## CLIMATE-RELATED DISCLOSURES (CONTINUED)



## Strategy *(continued)*

### Transition Risks and Opportunities

Transition risks and opportunities are those related to the transition to a lower carbon economy. These include the impact of policy, legal, technological, reputational or market measures associated with climate change and decarbonisation.

In 2022, the airline engaged third-party experts Ernst and Young (EY) to consider for the first time the transition risks and opportunities and the impact of these to the airline across three climate-related scenarios. The risks and opportunities were analysed over three different time horizons: short-term (2019-2030); medium-term (2031-2040); and long-term (2041-2050).

The three climate change scenarios, each representing different climate warming and transition trajectories, are outlined in **Figure 1** over page. These three trajectories were chosen to align with the TCFD recommendation to use a 2°C or lower scenario in addition to two or three other scenarios most relevant to the business's circumstances.

The three scenarios were developed using a combination of inputs from four leading scenario providers: the Network for Greening the Financial System (NGFS), the International Energy Agency (IEA), the Air Transport Action Group (ATAG) Waypoint 2050 Report, and the New Zealand Climate Change Commission's (NZCCC's) Energy and Emissions modelling.

These four scenario providers were selected to achieve the granularity and aviation-specificity required for meaningful and decision-useful scenario analysis. This aligns with guidance from the New Zealand External Reporting Board (XRB) on using sector-specific scenarios and balances the need for aviation-specific data points with the required climate warming trajectories to sufficiently stress test the airline's strategy under different climate change scenarios.

EY used a proprietary transition risk model designed for the aviation sector to perform the modelling. This model calculates the greenhouse gas emissions profile and cost implications based on various data inputs out to 2050. These inputs were compiled from a combination of data from the airline and external data sources and assumptions.

**The overarching conclusion from the modelling was that total incremental costs to the airline would be larger in the disorderly scenario due to delayed policy, investment, and emissions reductions, which increases technology costs and results in a higher carbon price.**

The airline will continue to build on this scenario analysis to deepen its understanding of the impacts of climate change under different warming scenarios, the resilience of the company strategy in the face of these, and potential resulting material financial implications.

The airline plans to conduct physical risk analysis in the 2023 and 2024 financial years.



# CLIMATE-RELATED DISCLOSURES (CONTINUED)



## Strategy (continued)

### Transition Risks and Opportunities (continued)

Figure 1.

### The airline's climate scenarios for the consideration of transition risks<sup>1</sup>

<p>Scenario – 1</p> <p><b>Orderly Scenario</b></p> <p>1.5°C</p>	<p>Scenario – 2</p> <p><b>Disorderly Scenario</b></p> <p>1.8°C</p>	<p>Scenario – 3</p> <p><b>Business as Usual Scenario</b></p> <p>2.5°C</p>
<ul style="list-style-type: none"> <li>Emissions in the wider economy decline in a coherent and gradual fashion from now out to net zero emissions in 2050</li> <li>The aviation sector lags the wider economy by 5-10 years with meaningful decarbonisation starting from 2030-2050</li> <li>Global warming is limited to 1.5°C</li> </ul>	<ul style="list-style-type: none"> <li>Emissions in the wider economy slowly rise until 2030, before an abrupt and steep transition to net zero by 2050</li> <li>The aviation sector lags the wider economy, delaying implementation of decarbonisation strategies until 2035-2040 which requires a very sudden fleet turnover to reach net zero in 2050</li> <li>Global warming is limited to 1.8°C</li> </ul>	<ul style="list-style-type: none"> <li>Emissions in the wider economy continue to rise out to 2050 with minimal action by governments to address climate change beyond those already known and in place</li> <li>The airline's current decarbonisation strategy is considered sufficient to mitigate reputational risks</li> <li>The aviation sector does not implement any decarbonisation strategies unless it is economically preferable</li> <li>Global temperatures increase to 2.5°C</li> </ul>
<p><b>Impact</b></p> <ul style="list-style-type: none"> <li>Airline impacted by short, medium and long term transition risks due to regulatory action to decarbonise the economy in line with limiting global warming to 1.5°C</li> <li>This scenario has lower potential costs from transition impacts than the Disorderly Scenario</li> </ul>	<p><b>Impact</b></p> <ul style="list-style-type: none"> <li>This scenario would see the most impact and cost on the airline from transition risks due to delayed action to decarbonise the economy, requiring rapid change from 2035-2050</li> </ul>	<p><b>Impact</b></p> <ul style="list-style-type: none"> <li>Given Business as Usual assumes no further regulatory action, risks related to this would have less impact on the airline than under the other scenarios</li> <li>Physical risks likely to be the highest of the scenarios and significant but not modelled</li> </ul>
<p><b>External scenarios</b></p> <ul style="list-style-type: none"> <li>NGFS 2021: Net Zero 2050</li> <li>IEA World Energy Outlook (WEO) 2021: Net Zero Emissions by 2050 Scenario</li> <li>ATAG Waypoint 2050: Scenario 1: pushing technology and operations</li> <li>NZCCC: Demonstration Path</li> </ul>	<p><b>External scenarios</b></p> <ul style="list-style-type: none"> <li>NGFS 2021: Delayed transition</li> <li>A combination of Business as Usual / Reference and Orderly Scenario external scenario providers to 2030-2035 before linearly shifting to an end point slightly higher than the Orderly Scenario</li> </ul>	<p><b>External scenarios</b></p> <ul style="list-style-type: none"> <li>NGFS 2021: NDCs</li> <li>IEA WEO 2021: Stated Policies Scenario</li> <li>ATAG Waypoint 2050: Scenario 0: Baseline / continuation of current trends</li> <li>NZCCC: Current Policy Reference</li> </ul>

<sup>1</sup> The airline selected these three warming scenarios to consider transition risks, in accordance with TCFD and XRB recommendations at the time. For future scenario modeling exercises, including the modeling of physical risks planned for 2023, the airline will include consideration of a 3°C or greater climate-related scenario in accordance with the most recent XRB recommendations.

# CLIMATE-RELATED DISCLOSURES (CONTINUED)



## Strategy (continued)

### Transition Risks

The transition risks defined below have been informed by the climate-related scenario modelling outlined above.

**S** **Short-term**  
2022 – 2030

**M** **Medium-term**  
2031 – 2040

**L** **Long-term**  
2041 – 2050

Risk	TCFD category and timeframe	Risk description	Potential financial impacts	Mitigation
<b>Carbon pricing</b>	Policy and legal  <b>S</b> <b>M</b> <b>L</b>	<p>Increased carbon-related regulation in New Zealand and internationally.</p> <p>Current compliance obligations include the New Zealand Emissions Trading Scheme (NZETS) for emissions from domestic aviation fuel, and the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) for growth in international emissions from a 2019 baseline.</p>	New or increased carbon taxes present risk to EBIT by increasing operating expenditure.	<ul style="list-style-type: none"> <li>• Future carbon pricing assumptions considered in operational and strategic planning.</li> <li>• Implementation of the airline's decarbonisation strategy to achieve reductions in gross carbon emissions, including improvements to operational efficiency, ongoing fleet renewal, investment in and advocacy to accelerate the availability and commercial viability of SAF, and advocacy and planning for ZEAT.</li> <li>• The airline is advocating for NZETS auction proceeds to be used to accelerate the development and deployment of technologies to enable aviation decarbonisation. The airline's compliance costs for the NZETS were \$14.4 million (calendar year 2021), \$14.5 million (calendar year 2020) and \$14.6 million (calendar year 2019).</li> <li>• Monitoring international regulatory developments to understand risk and opportunities.</li> </ul>
<b>Government policy changes</b>	Policy and legal  <b>S</b> <b>M</b> <b>L</b>	<p>Implementation or expansion of domestic and international policy regulating carbon emitting activities. Examples include emissions trading schemes, carbon taxes, passenger levies, SAF mandates, or demand control measures.</p> <p>Differing international standards could also introduce compliance complexity, and risk distorting the competitive composition of the market.</p>	Increased operational and compliance costs present risk to EBIT.	<ul style="list-style-type: none"> <li>• The airline actively engages in government consultations on climate change policy with the goal of advancing aviation decarbonisation. This includes advocating for new policy measures to support the supply of SAF. Public submissions and advocacy documents can be found on the airline's <a href="#">website</a><sup>2</sup>.</li> <li>• Implementation of the airline's decarbonisation strategy to achieve reductions in gross carbon emissions, including improvements to operational efficiency, ongoing fleet renewal, investment in and advocacy to accelerate the availability and commercial viability of SAF, and advocacy and planning for ZEAT.</li> <li>• Monitoring international regulatory developments to understand risk and opportunities.</li> </ul>

<sup>2</sup> Air New Zealand Sustainability Reporting and communications [www.airnewzealand.co.nz/sustainability-reporting-and-communication](http://www.airnewzealand.co.nz/sustainability-reporting-and-communication).



## CLIMATE-RELATED DISCLOSURES (CONTINUED)



## Strategy (continued)

## Transition Risks (continued)

Risk	TCFD category and timeframe	Risk description	Potential financial impacts	Mitigation
<b>Cost and supply of Sustainable Aviation Fuel (SAF)</b>	Technology  <b>S</b> <b>M</b> <b>L</b>	Cost of SAF is around 2 to 5 times the cost of jet fuel.  SAF supply is limited: current SAF production is equivalent to less than 1% of the jet fuel that is consumed globally. In addition, supply is geographically constrained, with production based in jurisdictions with supporting policy: there is currently no SAF produced in the Asia-Pacific region.	SAF cost presents a risk to EBIT by increasing operating expenditure and compliance costs.  SAF supply limitations present a risk to EBIT from increased compliance costs and reputational damage.	<ul style="list-style-type: none"> <li>Continuing <a href="#">advocacy</a><sup>3</sup> for new policy measures to support the supply and commercial viability of SAF in New Zealand, including advocating for a SAF-specific mandate, and SAF-specific policies to support the establishment of import supply chains and domestic production.</li> <li><a href="#">Partnership</a><sup>4</sup> with the New Zealand Government to explore domestic SAF production in New Zealand, to secure local supply and improve fuel security.</li> <li>Membership in World Economic Forum <a href="#">Clean Skies for Tomorrow Coalition</a><sup>5</sup>.</li> <li>Collaboration with partner airlines on developing global SAF supply, including Star Alliance members.</li> </ul>
<b>Rapid fleet renewal</b>	Technology  <b>M</b> <b>L</b>	Rapid fleet renewal to mitigate emissions.  Risk that technology does not develop sufficiently to meet emissions reduction goals.	Acquiring ZEAT represents an upfront cost increasing capital and operating expenditures.  Technology lag presents a risk to EBIT from increased compliance costs and reputational damage.	<ul style="list-style-type: none"> <li>Engaging with aircraft designers to support the development of these aircraft, including providing the <a href="#">airline's own specifications</a><sup>6</sup> for ZEAT.</li> <li><a href="#">Partnership</a><sup>7</sup> with Airbus to explore the deployment of hydrogen-powered aircraft in New Zealand.</li> <li>Continuing advocacy for new policy and regulatory measures to support the deployment of ZEAT in New Zealand, including through new infrastructure and energy supply.</li> <li><a href="#">Partnership</a><sup>7</sup> with ATR to explore hybrid and zero emissions aircraft technology.</li> <li><a href="#">Partnership</a><sup>7</sup> with Wisk Aero exploring how electric vertical take-off and landing (eVTOL) aircraft could potentially enable zero emissions short-range domestic flights.</li> </ul>
<b>Reduced travel demand due to changes in consumer preferences, and damage to brand value</b>	Reputation / Market  <b>S</b> <b>M</b> <b>L</b>	Increasingly climate conscious customers – leisure and business travellers seeking to reduce their own emissions footprint may reduce air travel consumption.	Reduced air travel demand and eroded brand value presents risk to EBIT by reducing revenue.	<ul style="list-style-type: none"> <li>Building on current carbon reporting provided to corporate customers, providing Air New Zealand-specific carbon data to better inform customers as to their emissions footprints from travel.</li> <li>Developing a corporate and cargo SAF purchasing programme, to enable emissions reductions in-line with the Science Based Targets initiative guidelines.</li> <li><a href="#">Flight NZO</a><sup>8</sup> to inform customers as to the actions the airline is taking to decarbonise, and further plans for decarbonisation as the technology matures in the medium to long-term.</li> </ul>

<sup>3</sup> Air New Zealand Sustainability Reporting and communications [www.airnewzealand.co.nz/sustainability-reporting-and-communication](http://www.airnewzealand.co.nz/sustainability-reporting-and-communication).

<sup>4</sup> Air New Zealand Flight NZO™ Sustainable aviation fuel [www.flightnz0.airnewzealand.co.nz/#saf](http://www.flightnz0.airnewzealand.co.nz/#saf).

<sup>5</sup> World Economic Forum Clean Skies for Tomorrow Coalition [www.weforum.org/projects/clean-skies-for-tomorrow-coalition](http://www.weforum.org/projects/clean-skies-for-tomorrow-coalition).

<sup>6</sup> Air New Zealand Zero Emissions Aircraft Product Requirements Document [www.flightnz0.airnewzealand.co.nz/initiatives/zero-emissions-aircraft-technology](http://www.flightnz0.airnewzealand.co.nz/initiatives/zero-emissions-aircraft-technology).

<sup>7</sup> Air New Zealand Flight NZO™ Zero emissions aircraft technology [www.flightnz0.airnewzealand.co.nz/initiatives/zero-emissions-aircraft-technology](http://www.flightnz0.airnewzealand.co.nz/initiatives/zero-emissions-aircraft-technology).

<sup>8</sup> Air New Zealand Flight NZO™ [www.flightnz0.airnewzealand.co.nz](http://www.flightnz0.airnewzealand.co.nz).

## CLIMATE-RELATED DISCLOSURES (CONTINUED)



## Strategy *(continued)*

### Transition Opportunity

Opportunity	TCFD category and timeframe	Description	Potential financial impacts	Mitigation
<b>Increased demand for net zero emissions flying</b>	Products and services  <b>S</b> <b>M</b> <b>L</b>	Increasing market share and potential price premiums from business and leisure customers seeking net zero emissions flying.	Increased revenue through demand for lower emission air travel.  Better competitive position resulting in increased revenue.  Improved access to decarbonisation technologies.  Continued access to capital.	<ul style="list-style-type: none"> <li>Continue to implement decarbonisation roadmap and to identify new opportunities to decarbonise.</li> <li>Continue to engage with stakeholders through <a href="#">Flight NZO™</a><sup>9</sup>, as outlined on previous page.</li> <li>Engage with corporate and cargo customers to develop SAF purchasing programme and provide airline-specific carbon emissions data, as outlined on previous page.</li> </ul>



### Physical Risks

Physical risks are risks arising from changes in the regional and global climate and the consequential impacts and events. These may include acute physical damage from variations in weather patterns (for example severe storms, coastal/tidal flooding, drought) or chronic impacts (for example sea level rise and temperature increase).

Risk	TCFD category and timeframe	Description	Potential financial impacts	Mitigation
<b>Extreme weather events</b>	Acute Physical  <b>S</b> <b>M</b> <b>L</b>	Increasing frequency of extreme weather events resulting in greater disruption to flights and the wider network.	Decrease in flying presents risk to EBIT by reducing revenue.  Damage to infrastructure presents risk of increasing capital costs.  Increased insurance premiums and potential for reduced availability of insurance on assets in "high risk" locations.	<ul style="list-style-type: none"> <li>Implementation of flight planning software using advanced data analytics to optimise flight paths both in planning and dynamically once aircraft are airborne.</li> <li>Investment in advanced operations control thunderstorm detection in Auckland enabling proactive direct-to-aircraft-crew notification.</li> <li>The airline is a member of New Zealand's New Southern Sky Programme which has been established to future proof New Zealand's airspace with the deployment of advanced technology adoption.</li> </ul>
<b>Sea level rise and coastal intrusion</b>	Chronic Physical  <b>M</b> <b>L</b>	Sea level rise and coastal intrusion causing network disruption and loss of access to airports, other aviation support facilities, critical infrastructure and supply chains.	Decrease in flying presents risk to EBIT by reducing revenue.  Damage to infrastructure presents risk of increasing capital costs.  Increased insurance premiums and potential for reduced availability of insurance on assets in "high risk" locations.	<ul style="list-style-type: none"> <li>Spatial master planning process identifies infrastructure risks and these are reflected in master planning.</li> <li>Ensuring maintenance is fit for purpose and current to legislation and regulation for building resilience.</li> </ul>

<sup>9</sup> Air New Zealand Flight NZO™ [www.flightnz0.airnewzealand.co.nz](http://www.flightnz0.airnewzealand.co.nz).



## CLIMATE-RELATED DISCLOSURES (CONTINUED)



### *Risk Management*

#### **TCFD Recommendation :**

1. *Processes for identifying and assessing climate-related risks*
2. *Processes for managing climate-related risks*
3. *Processes for identifying, assessing and managing climate-related risks and integrating them into overall risk management*

Risks are identified at various levels of the organisation, including a “bottom up” review involving the identification of key risks by business units and a review of top divisional risks by each Executive in respect of their portfolio of functions.

These processes are supplemented with specialist input from functional experts, including from the Sustainability, Corporate Finance, Legal and Risk teams, to promote consistency and completeness. Key climate-related risks and opportunities are also identified, assessed, and managed by each business unit in accordance with this process.

Risks identified through this process are analysed and consolidated by the Enterprise Risk team to inform the Group Risk Profile, representing the top strategic risks for the airline.

Periodic workshops are held with the Board to gain insights and input, including into risk identification, assessment, and management.

Key risks identified are entered into Risk Registers and a formal assessment process determines the materiality of the risk. Risks are assigned to a responsible manager. Key mitigations for identified risks are determined and assessed for effectiveness and action plans developed where required to reduce the risks to an acceptable level.

Significant climate-related risks are brought to the attention of the Leadership Squad and/or the Audit and Risk Committee as part of the process of reporting to those bodies, and where appropriate are escalated to the Board.



### *Metrics and Targets*

#### **TCFD Recommendation:**

1. *Metrics used by the organisation to assess climate-related risks and opportunities in-line with its strategy and risk management process*
2. *Reporting greenhouse gas emissions*
3. *Targets used by the organisation to manage climate-related risks and opportunities and performance against targets*

The airline uses a range of carbon metrics in its internal reporting, strategy formation and decision making. This includes metrics related to assessing the impact of gross carbon emissions, emissions intensity values and the value of New Zealand’s carbon compliance obligations. Key metrics are reported below.

The impact of Covid-19 has had a significant impact on the airline’s operations and network as well as the key metrics that the airline reports on. As a consequence, it is difficult to meaningfully compare the key metrics with prior years.

## CLIMATE-RELATED DISCLOSURES (CONTINUED)



### Metrics and Targets *(continued)*

Carbon Emissions Data (Tonnes CO <sub>2</sub> -e) <sup>1</sup>	2020	2021	2022
Scope 1 – International network emissions (Jet Fuel)	2,649,922	817,078	1,040,786
Scope 1 – Domestic network emissions (Jet Fuel)	518,607	508,737	465,303
Scope 1 – Other emissions <sup>2</sup>	8,106	7,376	6,796
Total Scope 1 emissions	3,176,635	1,333,191	1,512,885
Scope 2 – Emissions (Electricity)	2,832	2,720	2,736
Scope 3, Category 3 (Upstream emissions of purchased fuels) <sup>3</sup>	-	-	307,335
Total Scope 1, Scope 2 and Scope 3 (category 3) emissions	-	-	1,822,956

<sup>1</sup> The airline discloses its emissions within its Greenhouse Gas (GHG) Inventory report. Full definitions of emission scopes can be found within that report; extracts from that report are duplicated here within. Deloitte was engaged to provide reasonable assurance over the scope 1 and scope 2 components over the GHG Inventory Report, and limited assurance over the scope 3, category 3 components. Refer to the reporting and communications page on Air New Zealand's website for the full GHG Inventory and Assurance Report. Gases included in the carbon dioxide equivalents (CO<sub>2</sub>-e) factor are carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>) and nitrous oxide (N<sub>2</sub>O).

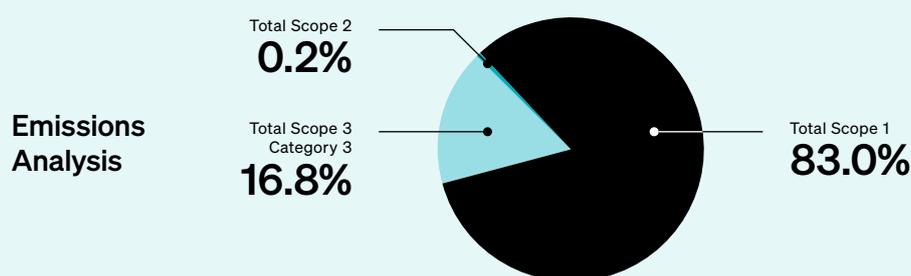
<sup>2</sup> Scope 1 other emissions include the combustion of jet fuel from ground operations, LPG, natural gas, diesel, petrol, and wood pellets.

<sup>3</sup> Scope 3, category 3 emissions include emissions generated in the extraction, production, and transportation of fuels consumed by the airline. 2022 is the first year that Scope 3 (Category 3) emissions have been reported.

### Commentary on Carbon Emissions Data

Total Scope 1 and 2 emissions increased by 13% in 2022. This increase was due to the increase in Scope 1 emissions resulting from greater network capacity as New Zealand's Covid-19 restrictions eased through 2022. These emission levels remain significantly lower than pre-Covid-19 levels.

In 2022 the airline disclosed its scope 3, category 3 emissions for the first time. Category 3 emissions are the airline's predominant source of scope 3 emissions.





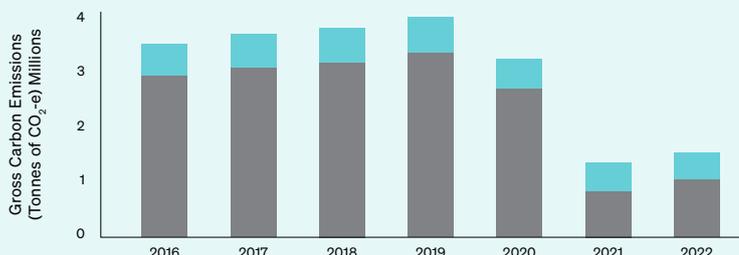
# CLIMATE-RELATED DISCLOSURES (CONTINUED)



## Metrics and Targets (continued)

### Gross Carbon Emissions (CO<sub>2</sub>-e)

■ International  
■ Domestic



### Carbon Intensity Data

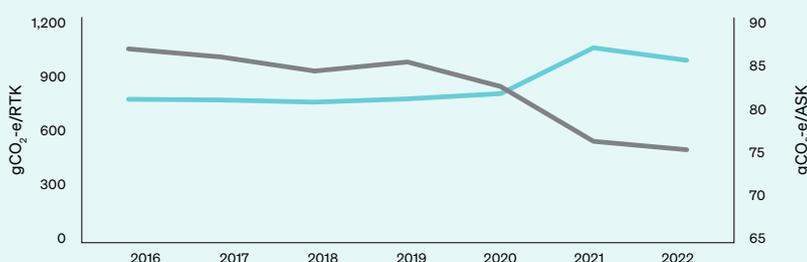
Carbon intensity data below provides a measure of emissions generated for each kilogram of payload flown and each available seat. Payload carriage is expressed as Revenue Tonne Kilometre (RTK)<sup>4</sup> and seat availability is measured in Available Seat Kilometre (ASK)<sup>5</sup>.

These are both prominent metrics for benchmarking airline carbon intensity. The airline aims to improve carbon intensity by reducing emissions from flight operations and maximising total payload carriage.

Carbon Intensity Metrics	2020	2021	2022
Grams of CO <sub>2</sub> -e per Available Seat Kilometre (ASK)	82	76	75
Grams of CO <sub>2</sub> -e per Revenue Tonne Kilometre (RTK)	789	1,039	971
Well-to-Wake Grams of CO <sub>2</sub> -e per Revenue Tonne Kilometre (RTK) <sup>6</sup>	-	-	1,165

### Carbon Intensity Analysis

■ gCO<sub>2</sub>-e/ASK  
■ gCO<sub>2</sub>-e/RTK



### Commentary on Carbon Intensity Metrics

The airline's carbon intensity (measured in gCO<sub>2</sub>-e/RTK) decreased 7% compared to 2021. This improvement was largely due to easing New Zealand border restrictions leading to higher load factors on the network. However, this metric still remains elevated when compared to pre-Covid-19 levels due to the national lockdowns and border restrictions in place at varying times throughout the 2022 financial year.

While the airline's carbon intensity (measured in gCO<sub>2</sub>-e/RTK) has trended upwards through the Covid-19 impacted period, carbon intensity (measured in gCO<sub>2</sub>-e/ASK) has continued a downward trend, decreasing 12% between 2019 to 2022. This reduction has been a result of the improved efficiency achieved through the retirement of the Boeing 777-200ER fleet and continued efforts to improve operational efficiency.

<sup>4</sup> Revenue Tonne Kilometre (RTK) is a measure of the weight that has been paid for on the aircraft (freight and passengers) multiplied by the number of kilometres transported. Freight values are from the airline's records, and passenger weights are estimated at 100kg per passenger (including checked and carry-on baggage) as recommended by IATA for generating a fuel-efficiency target. CO<sub>2</sub>-e emissions are from the airline's use of aviation fuel over the same time period.

<sup>5</sup> Available Seat Kilometre (ASK) is measured by the available seats for sale multiplied by the number of kilometres transported. The airline has participated in the Maintaining International Air Connectivity scheme using passenger aircraft to fly cargo-only flights. The equivalent ASK's from these flights has been included in the total ASK number.

<sup>6</sup> Well-to-Wake (WTW) emissions cover the activities and accompanying emissions across the value chain of jet fuel in the aviation sector. WTW emissions can be split into two components: Well-to-Tank (WTT) which encompasses emissions from feedstock sourcing, processing and transportation to fuel production and distribution (measured as scope 3, category 3 emissions); and Tank-to-Wake (TTW) includes emissions from the combustion of fuel (measured as scope 1 emissions).

## CLIMATE-RELATED DISCLOSURES (CONTINUED)

**Metrics and Targets** *(continued)***Targets**

The airline has set a 2030 science-based target (as outlined below), validated by the Science Based Targets initiative. The target includes a carbon intensity reduction component and an associated gross emissions reduction component. The target is aligned to a 'well below 2°C' pathway<sup>7</sup> and requires an absolute reduction in carbon emissions, with no provision for carbon offsets. Each component of the target should be considered side-by-side for a balanced view of performance against the target.

**The airline's science-based carbon reduction target**

**Air New Zealand commits to reduce Well-to-Wake GHG emissions related to jet fuel by 28.9% per Revenue Tonne Kilometre from owned operations, equivalent to a 16.3% absolute reduction, by 2030 from a 2019 base year<sup>8</sup>**

**Summary of Climate Targets**

- Commitment to net zero carbon emissions by 2050.
- Validated 2030 science-based carbon reduction target (as outlined above).
- The airline has signed the Clean Skies for Tomorrow 2030 Ambition Statement, pledging support for SAF and committing to help accelerate the supply and use of SAF to reach 10% of global jet aviation fuel supply by 2030.
- A cap on net CO<sub>2</sub> emissions from international aviation from 2020. Achieved through the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA).

<sup>7</sup> The Science Based Targets initiative does not provide a 1.5°C aligned pathway for the aviation industry.

<sup>8</sup> Non-CO<sub>2</sub>-e effects which may also contribute to aviation induced warming are not included in this target. The airline commits to report publicly on its collaboration with stakeholders to improve understanding of opportunities to mitigate the non-CO<sub>2</sub>-e impacts of aviation annually over its target timeframe. The target boundary includes biogenic emissions and removals from bioenergy feedstocks.

**Next steps for the airline's TCFD work plan**

- Use and build on transition risk scenario modelling that has been undertaken to deepen understanding of the impacts of climate change under different warming scenarios, the resilience of the airline strategy in the face of these, and potential resulting material financial implications.
- Conduct physical risk scenario modeling, including analysis of a 3°C or greater climate-related scenario and consideration of possible adaptation measures required.
- Contribute to sector wide scenario modelling as applicable.
- Progress towards full compliance with New Zealand's Climate-related risk disclosure standards.



# INTERESTS REGISTER

No disclosures were made of interests in transactions under s140(1) of the Companies Act 1993.

Directors have made general disclosures of interests in accordance with s140(2) of the Companies Act. Current interests, and those which ceased during the year, are tabulated below. New disclosures advised since 1 July 2021 are italicised.

Dame Therese Walsh	Antarctica NZ ASB Bank Limited Climate Change Commission – nomination panel Contact Energy Limited – ceased 31 August 2021 On Being Bold Limited Therese Walsh Consulting Limited Wellington Homeless Women's Trust	Director Director (Chair) Member Director Director Director Ambassador
Claudia Batten	<i>Pyper Vision Limited</i> <i>Serko Limited</i> <i>Vista Group International Limited</i> <i>Wonderful Investments Limited</i>	<i>Shareholder</i> <i>Chair</i> <i>Director</i> <i>Director</i>
Dean Bracewell	Ara Street Investments Limited Dean Bracewell Limited Freightways Limited Halberg Trust <i>Port of Tauranga Limited</i> Property for Industry Limited Tainui Group Holdings Limited	Director and Shareholder Director and Shareholder Shareholder Director <i>Director</i> Director Director
Laurissa Cooney	<i>Accordant Group Limited</i> <i>GMT Bond Issuer Limited</i> <i>GMT Wholesale Bond Issuer Limited</i> Goodman (NZ) Limited <i>Goodman Property Aggregated Limited</i> Ngā Tāngata Tiaki – Audit Committee – ceased 25 March 2022 Ngāi Tai ki Tāmaki Charitable Investment Trust The Aotearoa Circle Trust Western Bay of Plenty Tourism and Visitors Trust (“Tourism Bay of Plenty”)	Director <i>Director</i> <i>Director</i> Director <i>Director</i> Member Trustee Guardian Trustee (Chair)
Larry De Shon	The Hartford Financial Services Group, Inc <i>United Rentals, Inc</i>	Director <i>Director</i>
Alison Gerry	<i>ANZ Bank New Zealand Limited</i> <i>Asteron Life Limited – ceased 11 May 2022</i> <i>Glendora Avocados Limited</i> <i>Glendora Holdings Limited</i> <i>Infratil Limited</i> <i>On Being Bold Limited</i> <i>Sharesies AU Group Limited</i> <i>Sharesies Group Limited</i> <i>Sharesies Investment Management Limited</i> <i>Sharesies Limited</i> <i>Sharesies Nominee Limited</i> <i>Vero Insurance New Zealand Limited – ceased 11 May 2022</i> <i>Vero Liability Insurance Limited – ceased 11 May 2022</i>	<i>Director</i> <i>Director</i> <i>Director</i> <i>Director</i> <i>Director</i> <i>Director</i> <i>Director</i> <i>Director</i> <i>Director</i> <i>Director</i> <i>Director</i> <i>Director</i> <i>Director</i> <i>Director</i> <i>Director</i>
Paul Goulter	<i>New Zealand Educational Institute Te Riu Roa Incorporated – ceased 18 Feb 2022</i> <i>New Zealand Nurses Organisation Incorporated</i> <i>The Co-operative Bank Limited – ceased 31 December 2021</i>	<i>Officer</i> <i>Officer</i> <i>Director</i>
Jonathan Mason	Beloit College (USA) Board of Trustees – ceased May 2022 Dilworth School for Boys <i>University of Auckland Council</i> University of Auckland Endowment Fund Vector Limited Westpac New Zealand Limited World Wide Fund for Nature New Zealand Zespri Group Limited	Trustee Trustee <i>Member</i> Trustee Director Director Trustee Director

Disclosures were also made during the period by Jan Dawson (who resigned from the Board on 28 October 2021) of appointments as a director of Ports of Auckland Limited and Serko Limited.

There have been no interest register entries in respect of use of company information by directors.

## DIRECTORS' INTERESTS IN AIR NEW ZEALAND SECURITIES

Directors had relevant interests in shares as at 30 June 2022 as below:

	Interest	Shares
Dean Bracewell <sup>1</sup>	Beneficial	125,000
Laurissa Cooney	Beneficial	146,570 <sup>3</sup>
Larry De Shon	Beneficial	1,002,514
Alison Gerry <sup>2</sup>	Beneficial	84,393
Jonathan Mason	Beneficial	164,000
Dame Therese Walsh	Beneficial	500,000

During the year, directors advised the following dealings that they (or associated persons) had in shares of the company.

	Transaction	Date	Number	Consideration
Dean Bracewell <sup>1</sup>	Purchase	9 May 2022	125,000	\$98,100
Laurissa Cooney	Purchase	14 June 2022	107,570	\$59,701
	Purchase	16 June 2022	39,000	\$22,035
Larry De Shon	Issue <sup>4</sup>	9 May 2022	100,000	\$53,000
	Issue <sup>5</sup>	9 May 2022	137,514	\$111,386
	Purchase	6 June 2022	304,843	\$197,102
	Purchase	7 June 2022	410,157	\$263,799
Alison Gerry <sup>2</sup>	Purchase	9 May 2022	56,660	\$45,895
	Purchase	12 May 2022	27,733	\$19,968
Jonathan Mason	Issue <sup>4</sup>	9 May 2022	58,000	\$30,740
	Purchase	7 June 2022	77,000	\$49,665
Dame Therese Walsh	Issue <sup>4</sup>	9 May 2022	200,000	\$106,000
	Purchase	12 May 2022	200,000	\$146,875

1. Dean Bracewell holds his interest through an associated person, Ara Street Investments Limited
2. Alison Gerry holds her interest via Sharesies Nominees Limited.
3. Laurissa Cooney has an interest in 107,570 shares through a Craigs' KiwiSaver Scheme, and 39,000 shares personally held.
4. Issue of Shares pursuant to the Rights Offer
5. Issue of Shares pursuant to the Bookbuild

## INDEMNITIES AND INSURANCE

Pursuant to section 162 of the Companies Act 1993 and the Constitution, Air New Zealand has entered into deeds of access, insurance and indemnity with the directors of the Group to indemnify them to the maximum extent permitted by law, against all liabilities which they may incur in the performance of their duties as directors of any company within the Group. Insurance cover extends to directors and officers for the expenses of defending legal proceedings and the cost of damages incurred. Specifically excluded are proven criminal liability and fines and penalties other than those pecuniary penalties which are legally insurable. In accordance with commercial practice, the insurance contract prohibits further disclosure of the terms of the policy. All directors who voted in favour of authorising the insurance certified that in their opinion, the cost of the insurance is fair to the Company.



## SUBSIDIARY AND JOINT VENTURE COMPANIES

The following people were directors of Air New Zealand's subsidiary and joint venture companies in the financial year to 30 June 2022. Those who resigned during the year are signified by (R). These companies are New Zealand incorporated companies except where otherwise indicated.

No director of any subsidiary received beneficially any director's fees or other benefits except as an employee.

<b>Air Nelson Limited</b>	Kelvin Duff Jennifer Page Michael Williams
<b>Air New Zealand Aircraft Holdings Limited</b>	Jennifer Page Baden Smith Richard Thomson
<b>Air New Zealand Associated Companies Limited</b>	Jennifer Page Leila Peters Richard Thomson
<b>Air New Zealand Associated Companies (Australia) Limited</b> (Note 2)	Jennifer Page (R) Richard Thomson (R)
<b>Air New Zealand Express Limited</b>	Jennifer Page Richard Thomson
<b>Air New Zealand Regional Maintenance Limited</b>	Hamish Curson Brendon McWilliam Skye Daniels (R) Carrie Hurihanganui (R)
<b>Air New Zealand Travel Business Limited</b> (Note 2)	Jennifer Page (R) Richard Thomson (R)
<b>ANNZES Engines Christchurch Limited</b>	Jennifer Page Richard Thomson
<b>Ansett Australia &amp; Air New Zealand Engineering Services Limited</b> (Note 2)	Jennifer Page (R) Richard Thomson (R)
<b>Eagle Airways Limited</b> (Note 1)	Jennifer Page (R) Michael Williams (R)
<b>Mount Cook Airline Limited</b>	Kelvin Duff Jennifer Page Michael Williams
<b>TEAL Insurance Limited</b>	Jennifer Page Hannah Ringland Craig Tolley
<b>Air New Zealand (Australia) Pty Limited</b> (incorporated in Australia)	Paul McLean Jennifer Page Kathryn Robertson (R)

1. Eagle Airways Limited was amalgamated with Air New Zealand Associated Companies Limited on 22 December 2021
2. Air New Zealand Associated Companies (Australia) Limited, Air New Zealand Travel Business Limited and Ansett Australia & Air New Zealand Engineering Services Limited amalgamated with Air New Zealand Associated Companies Limited on 28 March 2022

## OTHER DISCLOSURES

### Donations

The Air New Zealand Group has made donations totalling \$17,500 in the financial year to 30 June 2022. No donations were made to any political party. It is Air New Zealand's policy not to make donations, in cash or in kind, or to provide free of charge travel to political parties.

### Substantial product holders

The following information is provided in compliance with Section 293 of the Financial Markets Conduct Act 2013 and is stated as at 30 June 2022. The total number of listed Ordinary shares of Air New Zealand Limited at that date was 3,368,464,315.

Substantial Product Holder	Quoted voting products in the Company in which a relevant interest is held
Her Majesty the Queen in Right of New Zealand	1,717,916,801 * ordinary shares

In 1989, the Crown issued a Notice that arises through its holding of special rights Convertible Share, the "Kiwi Share" and the power of the Kiwi Shareholder under the Constitution. Full details of the rights pertaining to these shares are set out in the Company's Constitution. The Kiwi Share does not confer any right on its holder to vote at a shareholders' meeting unless the Kiwi Share has been converted into an Ordinary Share by its holder. The Kiwi Share is not listed on any stock exchange.

\* As reported in its most recent Substantial Security Holder notice dated 11 May 2022, held by Her Majesty the Queen in Right of New Zealand acting by and through Her Minister of Finance.



# OPERATING FLEET STATISTICS

As at 30 June 2022\*

## Boeing 777-300ER

Number: 7  
 Average Age: 10.2 years  
 Maximum Passengers: 342  
 Cruising Speed: 910 km/hr  
 Average Daily Utilisation: 9:30 hrs



## Boeing 787-9 Dreamliner

Number: 14  
 Average Age: 5.8 years  
 Maximum Passengers: 302 or 275  
 Cruising Speed: 910 km/hr  
 Average Daily Utilisation: 10:45 hrs (1 Jul – 31 Dec)  
 12:12 hrs (1 Jan – 31 Jun)



## Airbus A320/321NEO

Number: 13  
 Average Age A321: 3.3 years  
 A320: 2.3 years  
 Maximum Passengers: A321: 214  
 A320: 165  
 Cruising Speed: 850 km/hr  
 Average Daily Utilisation: A321: 2:27 hrs (1 Jul to 31 Dec)  
 3:47 hrs (1 Jan to 30 Jun)  
 A320: 1:26 hrs (1 Jul to 31 Dec)  
 5:16 hrs (1 Jan to 30 Jun)



## Airbus A320CEO

Number: 18  
 Average Age: Short-haul: 16.8 years  
 Domestic: 8.4 years  
 Maximum Passengers: Short-haul: 168  
 Domestic: 171  
 Cruising Speed: 850 km/hr  
 Average Daily Utilisation: Short-haul: 2:41 hrs (1 Jul to 31 Dec)  
 2:53 hrs (1 Jan to 30 Jun)  
 Domestic: 3:06 hrs (1 Jul to 31 Dec)  
 5:16 hrs (1 Jan to 30 Jun)



## ATR 72-600

Number: 29  
 Average Age: 5.3 years  
 Maximum Passengers: 68  
 Cruising Speed: 518 km/hr  
 Average Daily Utilisation: 4:43 hrs (1 Jul to 31 Dec)  
 5:34 hrs (1 Jan to 30 Jun)



## Bombardier Q300

Number: 23  
 Average Age: 15.4 years  
 Maximum Passengers: 50  
 Cruising Speed: 520 km/hr  
 Average Daily Utilisation: 4:35 hrs (1 Jul to 31 Dec)  
 5:19 hrs (1 Jan to 30 Jun)



\* Covid-19 related domestic lockdowns and government restrictions on international travel continued to impact Air New Zealand's scheduled operations and aircraft utilisation in the 2022 financial year, particularly in the first half. Scheduled operations began to recover in the second half. The Boeing 777-300ER fleet is being gradually returned to service and the utilisation above reflects utilisation for the period following reactivation.

# SECURITIES STATISTICS

## Top Twenty Shareholders – as at 1 August 2022

Investor Name	Number of Ordinary Shares	% of Ordinary Shares
Her Majesty The Queen In Right Of New Zealand acting by and through her Minister Of Finance	1,717,916,801	51.00
New Zealand Depository Nominee	209,129,776	6.21
Citibank Nominees (NZ) Ltd	123,935,328	3.68
HSBC Nominees (New Zealand) Limited	102,908,528	3.06
HSBC Nominees (New Zealand) Limited	72,817,157	2.16
JPMORGAN Chase Bank	50,973,875	1.51
BNP Paribas Nominees NZ Limited Bpss40	35,907,230	1.07
Accident Compensation Corporation	32,879,293	0.98
BNP Paribas Nominees NZ Limited	31,228,332	0.93
Washington H Soul Pattinson and Company Limited	13,751,374	0.41
Public Trust	13,241,181	0.39
Xinwei Investment (NZ) Limited	13,164,081	0.39
Ping Luo	8,690,843	0.26
Custodial Services Limited	8,657,317	0.26
Citicorp Nominees Pty Limited	8,373,146	0.25
BNP Paribas Nominees (NZ) Limited	7,586,311	0.23
BNP Paribas Nominees Pty Ltd	7,499,519	0.22
Tea Custodians Limited	7,309,363	0.22
FNZ Custodians Limited	6,006,025	0.18
Garth Barfoot	6,000,000	0.18
<b>Total</b>	<b>2,477,975,480</b>	<b>73.59</b>

## Shareholder Statistics – as at 1 August 2022

Size of Holding	Investors	% Investors	Shares	% Issued
1-1,000	18,590	34.08	8,551,188	0.25
1,001-5,000	16,808	30.82	42,806,119	1.27
5,001-10,000	6,598	12.10	49,183,034	1.46
10,001-100,000	11,154	20.45	329,221,808	9.77
100,001 and Over	1,389	2.55	2,938,702,166	87.25
<b>Total</b>	<b>54,539</b>	<b>100.00</b>	<b>3,368,464,315</b>	<b>100.00</b>



## SECURITIES STATISTICS (CONTINUED)

### Top Twenty Bondholders – as at 1 August 2022

Investor Name	Number of Bonds	% of Bonds
Custodial Services Limited	12,630,000	25.26
PT (Booster Investments) Nominees Limited	6,133,000	12.27
FNZ Custodians Limited	5,024,000	10.05
Forsyth Barr Custodians Limited	2,428,000	4.86
Mt Nominees Limited	2,000,000	4.00
Risk Reinsurance Limited	1,500,000	3.00
Hobson Wealth Custodian Limited	1,189,000	2.38
Tea Custodians Limited	1,000,000	2.00
NZX WT Nominees Limited	861,000	1.72
JBWERE (NZ) Nominees Limited	730,000	1.46
Investment Custodial Services Limited	563,000	1.13
JBWERE (NZ) Nominees Limited	355,000	0.71
Custodial Services Limited	350,000	0.70
Forsyth Barr Custodians Limited	265,000	0.53
HSBC Nominees (NZ) Limited	260,000	0.52
Westpac Banking Corporation	206,000	0.41
Dunedin Diocesan Trust Board	200,000	0.40
J M Butland Limited	150,000	0.30
Murray Allen Sherwin & Adriana Maria Arron	150,000	0.30
JBWERE (NZ) Nominees Limited	140,000	0.28
<b>Total</b>	<b>36,134,000</b>	<b>72.27</b>

### Bondholder Statistics – as at 1 August 2022

Size of Holding	Holders	% Holders	Bonds	% Issued
1-1,000	-	-	-	-
1,001-5,000	40	7.12	200,000	0.40
5,001-10,000	137	24.38	1,338,000	2.68
10,001-100,000	365	64.94	11,697,000	23.39
100,001 and Over	20	3.56	36,765,000	73.53
<b>Total</b>	<b>562</b>	<b>100.00</b>	<b>50,000,000</b>	<b>100.00</b>

# GENERAL INFORMATION

## Stock exchange listings

Air New Zealand's Ordinary Shares have been listed on the NZX Main Board (ticker code AIR) since 24 October 1989. It also has bonds listed on the NZX Debt Market (ticker code AIRO20).

Air New Zealand's Ordinary Shares are listed on ASX (ticker code AIZ) as a Foreign Exempt Listing. The Foreign Exempt Listing means that Air New Zealand is expected to comply primarily with the Listing Rules of the NZX Main Board (being the rules of its home exchange) and is exempt from complying with most of ASX's Listing Rules.

Neither NZX nor ASX has taken any other disciplinary action against the Company during the financial year ended 30 June 2022. In particular there was no other exercise of powers by NZX under NZX Listing Rule 9.9.3 (relating to powers to cancel, suspend or censure an issuer) with respect to Air New Zealand during the reporting period.

On 20 July 2017, Air New Zealand launched a sponsored Level 1 American Depositary Receipt (ADR) programme. Air New Zealand's American Depositary Shares, each representing five Ordinary Air New Zealand shares and evidenced by ADRs, are traded over-the-counter in the United States (ticker code ANZLY).

## Place of incorporation

### New Zealand

In New Zealand, the Company's Ordinary Shares are listed with a "non-standard" (NS) designation. This is due to particular provisions of the Company's Constitution, including the rights attaching to the Kiwi Share<sup>1</sup> held by the Crown and requirements regulating ownership and transfer of Ordinary Shares.

## New Zealand Exchange

### Waivers:

The following waivers from the NZX Listing Rules were granted to the Company or relied upon by the Company during the financial year ended 30 June 2022:

1. Waivers and approvals relating to the Kiwi Share provisions of the Constitution are contained in a decision of NZX Regulation dated 23 July 2019.
2. Under a waiver granted on 29 November 2019 Air New Zealand is permitted to renew an agreement with the Crown (acting through the Ministry of Business, Innovation and Employment) under which Air New Zealand provides government agencies with discounted fares, without the requirement to obtain shareholder approval (as the Crown is a Related Party) under Listing Rule 5.2.1.
3. During the 2022 financial year the Company was granted or relied upon a number of waivers (contained in NZ RegCo Decisions dated 30 April 2021, 30 September 2021, 14 December 2021 and 30 March 2022) in respect of funding and debt arrangements it entered into with the Crown, and various amendments to these arrangements. The waivers had the effect of waiving the requirement in each case for shareholder approvals which would otherwise have been required under Listing Rule 5.1.1 (which requires shareholder approval for a major transaction) and Listing Rule 5.2.1 (which requires shareholder approval for a Material Transaction with a Related Party), and were each subject to conditions detailed in the waivers, which included certification by two independent directors of certain matters. The 14 December 2021 and 30 March 2022 waivers from Listing Rule 5.1.1 included a condition that the Company obtain shareholder ratification of the respective loan arrangements by 31 December 2022.

The 30 March 2022 decision also waived the requirement under Listing Rule 4.17.6(a) for the Company to give five business days' notice before the Ex Date for the Rights Issue, and allowed the Company to make the Ex Date for the Offer to be two Business Days following the announcement of the Offer.

The waivers granted to the company may be accessed at:

30 April 2021  
NZ RegCo decision



<https://www.nzx.com/announcements/371423>

30 September 2021  
NZ RegCo decision



<https://www.nzx.com/announcements/380126>

14 December 2021  
NZ RegCo decision



<https://www.nzx.com/announcements/384619>

30 March 2022  
NZ RegCo decision



<https://www.nzx.com/announcements/389771>

### Compliance with Listing Rules:

For the purposes of ASX Listing Rule 1.15.3, Air New Zealand Limited confirms the Company continues to comply with the NZX Listing Rules.

1. In 1989, the Crown issued a Notice that arises through its holding of special rights Convertible Share, the "Kiwi Share" and the power of the Kiwi Shareholder under the Constitution. Full details of the rights pertaining to these shares are set out in the Company's Constitution. The Kiwi Share does not confer any right on its holder to vote at a shareholder's meeting unless the Kiwi Share has been converted into an Ordinary Share by its holder. The Kiwi Share is not listed on any stock exchange.



# SHAREHOLDER DIRECTORY

## New Zealand

Link Market Services Limited  
Level 30, PwC Tower  
15 Customs Street West, Auckland 1010  
PO Box 91976, Auckland 1142  
New Zealand

### Investor Enquiries:

Phone: (64 9) 375 5998  
Fax: (64 9) 375 5990  
Email: enquiries@linkmarketservices.co.nz

## Australia

Link Market Services Limited  
Level 12, 680 George Street  
Sydney 2000, Australia  
Locked Bag A14, Sydney South  
NSW 1235  
Australia

### Investor Enquiries:

Phone: (61) 1300 554 474  
Fax: (61 2) 9287 0303

## Investor Relations

Investor Relations Office  
Private Bag 92007, Auckland 1142  
New Zealand  
Phone: 0800 22 22 18 (New Zealand)  
(64 9) 336 2607 (Overseas)  
Fax: (64 9) 336 2664  
Email: investor@airnz.co.nz  
Website: airnzinvestor.com

## Annual Meeting

Date: 22 September 2022  
Time: 2:00pm  
Venue: Ellerslie Event Centre – Tote on Ascot  
100 Ascot Avenue  
Remuera  
Auckland

## Current Credit Rating

Moody's rate Air New Zealand Baa2

## Auditor

Deloitte Limited (on behalf of the Auditor-General)  
Deloitte Centre  
80 Queen Street, Auckland Central  
PO Box 115033, Shortland Street  
Auckland 1140  
New Zealand

## Registered Office

**New Zealand**  
Air New Zealand Limited  
Air New Zealand House  
185 Fanshawe Street  
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Postal: GPO 3923, Sydney  
NSW 2000, Australia  
Phone: (61 2) 8235 9999  
Fax: (61 2) 8235 9946  
ABN: 70 000 312 685

## Board of Directors

Dame Therese Walsh – Chair  
Claudia Batten  
Dean Bracewell  
Laurissa Cooney  
Larry De Shon  
Alison Gerry  
Paul Goulter  
Jonathan Mason

### Chief Executive Officer

Greg Foran

### Chief Financial Officer

Richard Thomson

### General Counsel and Company Secretary

Jennifer Page